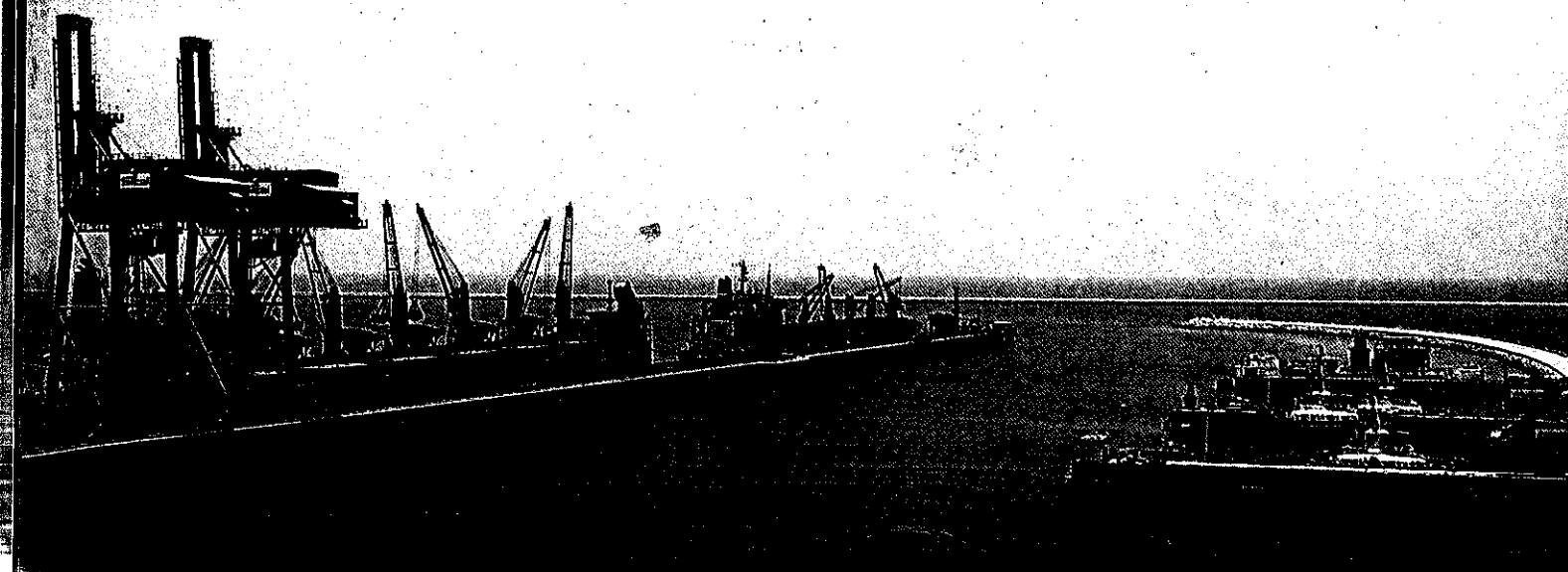
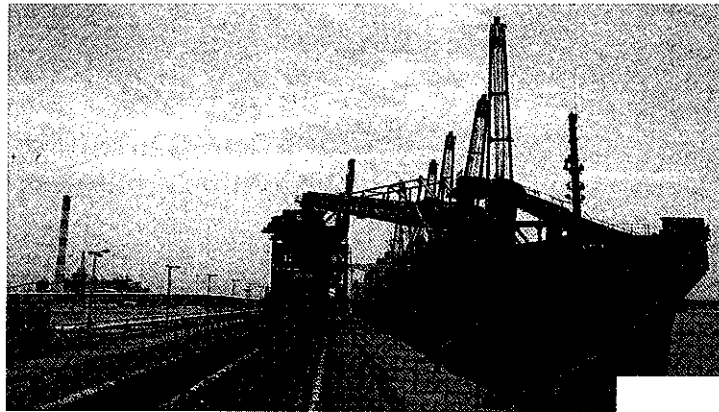


Ennore Port Limited

SIXTH ANNUAL REPORT
2005 - 06

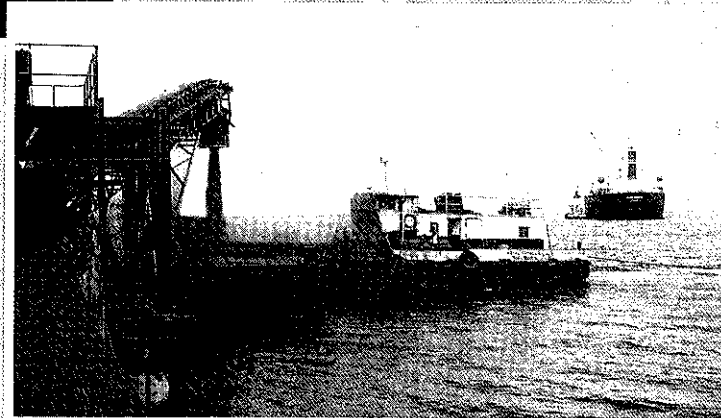


OPERATIONS AT ENNORE PORT



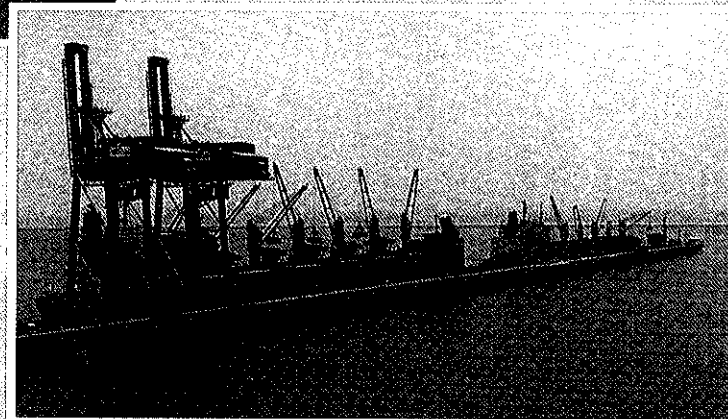
SELF UNLOADER
VESSEL DISCHARGING
COAL INTO CONVEYORS
THROUGH HOPPERS

EXPORT OF IRON ORE
BY BARGING METHOD



MOBILE UNLOADING
ARMS IN ACTION
DISCHARGING
POL PRODUCT

TWO COAL SHIPS AT
CB1 & CB2



ENNORE PORT LIMITED

SIXTH ANNUAL REPORT

2005 - 2006



ENNORE PORT LIMITED

(A GOVERNMENT OF INDIA UNDERTAKING)

BOARD OF DIRECTORS

Shri S. Velumani

Chairman cum Managing Director

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

Director

Shri K. Suresh, I.A.S.

Director

Dr. A. Rajagopalan

Whole-time Director (Operations)

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

Director

Shri N. Kumar

Director

COMPANY SECRETARY

Shri M. Gunasekaran

AUDITORS

M/s Ganesan & Company

Chartered Accountants

PRINCIPAL BANKERS

Andhra Bank

Canara Bank

State Bank of India

Indian Bank

Union Bank of India

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

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



ENNORE PORT LIMITED

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

NOTICE TO SHAREHOLDERS

Notice is hereby given that the Sixth Annual General Meeting of the Company will be held on **Friday the 22nd day of September 2006 at 10.30 a.m.** at the Regd. & Corporate Office of the Company at No.23, Rajaji Salai, Chennai – 600 001 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited accounts of the Company for the year ending 31st March 2006 together with the Reports of the Directors and Auditors.
2. To appoint a Director in the place of Shri A.K. Bhalla, who is retiring by rotation and being eligible, offers himself for reappointment.

SPECIAL BUSINESS

Item No. 3

To grant consent of the Shareholders to contribute a sum of Rs.2.65 crores towards setting up of National Maritime Academy.

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

RESOLVED that pursuant to the provisions of Section 293 (1) (e) of the Companies Act, 1956, the consent of the Shareholders be and is hereby given to the Board of Directors of Ennore Port Limited to contribute a sum of Rs. 2.65 crores to the National Maritime Academy during the financial year 2006-07.

By Order of the Board

Chairman cum Managing Director

Place : Chennai

Dated: 1st September 2006

NOTES

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



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

Item No.3

The Government of India has decided to set up a National Maritime Academy in Chennai at an estimated cost of Rs.50 crores to be funded by various organizations under the Ministry and it has been decided that all Major Ports put together shall contribute Rs.32 crores, Rs.12 crores by SCI and Rs.6 crores by DCI.

The Government of India vide letter No.LB-14016/5/2005-DO(L), Ministry of Shipping, Road Transport & Highways, Department of Shipping dated 2nd January 2006 have communicated that all Major Ports would contribute funds towards setting up of this Academy and has indicated that Ennore Port shall contribute Rs.2.65 Crores out of the total share of Rs.32.00 Crores. Budget provision is provided in the Revenue Budget 2006-07.

Clause 29 of the Memorandum of Association provides, subject to the provisions of Companies Act, to make contributions to such persons or institutions which in the opinion of the Directors of the Company is likely to be either directly or indirectly conducive to any of the Company's objects or otherwise expedient and also to subscribe, contribute, or otherwise assist or guarantee money for institutions/ organisations having educational objects or objects of general public utility.

However, as per Section 293(1)(e) of the Companies Act, 1956, the Board of Directors of a Company shall not, except with the consent of such public company in general meeting, contribute to any charitable and other funds which are not directly relating to the business of the company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed Rs.50,000 or 5% of its average net profits as determined in accordance with the provisions of Section 349 and 350 during the three financial years immediately preceding, whichever is greater.

The contribution to National Maritime Academy is not directly related to the business of the Company and the contribution amount of Rs.2.65 crores is more than the stipulated amount and above 5% of average net profits for three preceding financial years. Therefore as per Section 293(1)(e) of the Companies Act, 1956 this proposal requires the consent of the shareholders and is accordingly placed before the General Meeting seeking consent of the Shareholders for the Board of Directors to make the above contribution.

None of the Directors is interested in this resolution.

DIRECTORS' REPORT

To

The Shareholders

Your Directors have pleasure in presenting the Sixth Annual Report of the Company together with the audited Statements of Accounts for the financial year ending 31st March 2006.

OPERATIONS

The Company showed a marginal decrease in the total cargo handled and was 9.168 million tonnes (MT) against 9.479 MT handled during the previous year. The quantum of Thermal Coal handled for the Tamil Nadu Electricity Board (TNEB) was lower at 8.387 MT compared to 8.856 MT during the previous year on account of the increase in hydro power generation by TNEB. During the year under review, the POL handled increased to 0.244 MT from the previous year 0.104 MT. The iron ore handled was 0.537 MT as against 0.519 MT of previous year. The temporary iron ore loading system was non-operational since 4th September 2005 due to damage of the barge berth. The restoration is nearing completion and the operation is likely to resume in April 2006.

The Company ended the year with profit before tax of Rs.9.32 crores (Rs. 10.01 crs during 2004-05) and Profit after tax of Rs.9.07 crores (Rs. 8.39 crs. during 2004-05).

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

Cargo handled in million tonnes		
Commodity	year 2005-06	year 2004-05
Thermal Coal	8.387	8.856
Iron ore	0.537	0.519
POL	0.244	0.104
Total (mil.t)	9.168	9.479

FINANCIAL RESULTS

Particulars	Current Financial year 2005 - 06 (Rs. in Crores)	Previous Financial year 2004 - 2005 (Rs. in Crores)
Income from services	92.32	92.00
Other Income	5.49	1.27
Total Income	97.81	93.27
Operating Expenses	28.44	30.67
Interest	42.74	37.58
Depreciation	11.07	11.05
Other provision & Loss	6.23	3.96

Total expenses & provision	88.49	83.26
Profit / (Loss) before Tax (PBT)	9.32	10.01
Tax / Deferred tax provision	0.25	1.62
Profit / (Loss) after Tax (PAT)	9.07	8.39

During the year under review, the company's performance remained stable on par with the last financial year 2004-05. The net profit before tax has marginally reduced from Rs. 10.01 crores to Rs. 9.32 crores. The net profit is arrived at after giving effect to the following transactions:

- The loan from ChPT as on the date of Balance Sheet is reconciled with a difference of Rs.13,08,25,077 being interest on interest claimed by the ChPT during the project execution period and the same is referred as a dispute to Ministry of Shipping, Road Transport & Highways, Government of India for further direction. Consequent to this additional interest charges provided for Rs. 29.22 crores (Rs.23.92 crores relate to earlier period).
- On account of Sec 10 (23G) tax benefit availed by the ChPT on interest paid by the Company, an interest credit of Rs. 17 crores (Rs. 15.50 crores relate to earlier years) is passed on by the ChPT and considered in the books of accounts.
- On account of loan swapping effected by the company during Feb/March 2005, the company has reduced the interest charges by Rs. 5.65 crores during the year under review.

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

DIVIDEND

In view of the carried forward loss, your Directors do not recommend any dividend for the year ended 31st March 2006.

DEVELOPMENT PLANS

Applications for Environment Clearance for the five projects namely Marine Liquid Terminal, Coal Terminal, Iron Ore Terminal, Container Terminal and Capital Dredging were made to the Ministry of Environment and Forests, Government of India on 1st February 2005. The process of obtaining Environment Clearance needed various steps such as Public Hearing, obtaining No Objection Certificate (NOC) from the Tamil Nadu Pollution Control Board, meetings with Tamil Nadu State Coastal Zone Management Authority / Department of Environment, Government of Tamil Nadu and furnishing necessary clarifications to the Expert Committee of MOEF. Various additional studies such as model studies, shore line studies and ship manoeuvring studies were required. These were undertaken through CWPRS, Pune and IIT Madras. The Environment Clearance was considered in the Meeting of the Expert Committee of MOEF on 28.04.06 at Bangalore. Environment Clearance for the projects was accorded by MOEF through communication No.10-28/2005-IA-III dated 19.05.06.



The work on 3 MTPA Marine Liquid Terminal is in progress. The project is being implemented on a BOT basis for which a License Agreement was signed during November 2004 with Ennore Tank Terminals Private Limited (a SPV of IMC Limited and L & T Limited). The Licensee submitted draft Detailed Project Report (DPR) and Financial Closure documents. The documents are being finalised incorporating the comments of EPL and Independent Engineer. The Zero Date for the project is 09th June 2006, the date of communication of the Environment Clearance to the Licensee. The period for completion of construction is 24 months from the Zero Date.

It was informed in the previous report that the bid process for development of 8 MTPA Coal Terminal on BOT basis is on the hold because of the injunction on the bidding process consequent to which the completion of the bidding process for this project was put on hold. Subsequently pursuant to the judgements of the Honourable High Court of Judicature at Madras, the petitioner-company was also qualified and the bid process was resumed in November 2005. The bids were evaluated and the proposal to award the project to the Preferred Bidder was forwarded to the Government. On receipt of approval, the License can be awarded. The project has a construction period of 30 months. The associated Environment Clearance has already been obtained.

The bidding process for development of the Iron Ore Terminal on BOT basis is complete. The proposal for awarding the Licence has been forwarded to the Government for approval. On receipt of approval, the License can be awarded. The project has a construction period of 30 months. The associated Environment Clearance has already been obtained.

The process for the selection of Licensee for the Container Terminal is to be initiated during the year 2006-07. The Container Terminal Project needs approval of the Public Private Partnership Appraisal Committee as per communication received from Government dated 12.03.06. The process will be taken up as per the procedure approved by CCEA. The associated Environment Clearance has already been obtained.

The master plan for development of Ennore Port includes an LNG Terminal at the Port. It was informed in the previous report that based on the proposal from the IOCL, 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 IOCL. IOCL are in the process of conducting detailed studies. The implementation of the project depends on IOCL's final decisions and programme.

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. Government requires approval of Master Plan for sanctioning. The master plan is being updated based on the new development requirements since the port commenced operations. The report is likely to be completed in June 2006. Government sanction will be pursued. The dredging programme will be synchronised with the construction of iron ore, coal and MLT berths.

The Company is also drawing up and crystallizing plans for improving the Road and Rail connectivity to the Port. The company is financially contributing to the NHAI project Ennore Manali Road Improvement Programme. The contribution is for developing the TPP Road, a critical link road to Ennore Port to a 4 lane standard. The TPP road 4 laning work has already commenced and the construction period is about 12 months.

FUTURE OUTLOOK

By the year 2011-12 the present expansion proposals, i.e., three 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) are expected to become 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 2011-12. 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 being taken up by the State Government. Ennore Port would be greatly benefited by the traffic emanating from the Ennore SEZ.

BOARD OF DIRECTORS

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

As per the terms of appointment, the tenure of Shri M. Raman, IAS, Chairman cum Managing Director of EPL ended on 10th June 2006. The Board of Directors place on record their appreciation for the valuable services rendered by Shri M. Raman, IAS during his tenure as Chairman cum Managing Director of EPL.

Dr. M. Naganathan was appointed Non-Official Financial Expert Part-Time Director on the Board of Directors with effect from 17th February 2006 based on order in letter No. A-11013/11/98-PE.II, Ministry of Shipping, Road Transport & Highways, Department of Shipping (Ports Wing) dated 26th December 2005. Subsequently Dr. M. Naganathan, Director tendered his resignation with effect from 30th March 2006. The Board of Directors place on record their appreciation for the valuable services rendered by Dr. M. Naganathan during his tenure as Director.

Shri A.K. Bhalla, IAS 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's 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 2006.



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:

No additional expenditure was incurred for reduction in consumption of energy during the year 2005-06. The various proposals suggested in the above reports were considered and implemented during 2004-05 at a cost of Rs.7,32,400/- and a projected annual saving of Rs.7,79,000/-.

- (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:**

The projected annual savings was Rs. 7.79 lakhs due to the expenditure of Rs. 7,32,400 incurred during the year 2004-05. The actual savings achieved was Rs. 10.65 lakhs as can be seen in the table below.

Year	Total Electricity Bills Paid to TNEB	
	Rupees	
2004-05	80,64,946	
2005-06	70,00,035	
Total Savings Rupees	10,64,911	

- (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. Ganesan & Company, Chartered Accountants were appointed as Statutory Auditors of the Company by the Comptroller & Auditor General, New Delhi for the period ended 31st March 2006. The Company is yet to receive the appointment advice for the Financial Year 2006-07 from the Comptroller & Auditor General of India, New Delhi.

AUDITORS REPORT

The report submitted by the Statutory Auditors of the Company M/s. Ganesan and company for the financial year ended 31st March 2006, 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/-
Shri K. Suresh, IAS
Chairman cum Managing Director

Place : Chennai
Dated : 19th June 2006

Annexure to Director's Report

REVIEW OF ACCOUNTS OF ENNORE PORT LIMITED, CHENNAI FOR THE YEAR ENDED 31ST MARCH 2006 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.

	2003-04	2004-05	2005-06
	(Rs. in lakhs)		
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	6784.98	0.00	0.00
(ii) From Financial Institutions	0.00	12500.00	12500.00
(iii) Others	32723.17	27604.16	29518.75
(iv) Interest accrued and due	843.14	74.95	0.00
c) (i) Current Liabilities	5454.64	5763.26	7087.15
(ii) Provision for gratuity	6.50	1.29	1.24
d) Deferred Tax Liability			
Total	75812.43	75943.66	79107.14
ASSETS			
e) Gross Block	67277.51	67520.78	68164.59
f) Less: Depreciation	2932.63	4036.79	5109.49
g) Net Block (e - f)	64344.88	63483.99	63055.10
h) Capital Work in Progress	0.00	0.00	26.83
i) Investments	0.00	0.00	100.00
j) Current Assets, loans and Advances	7769.70	9858.32	14345.80
k) Miscellaneous expenditure not written off	237.16	115.38	0.00
l) Accumulated loss	3324.45	2485.97	1579.42
m) Deferred Tax Asset	136.24	0.00	0.00
Total	75812.43	75943.66	79107.15
n) Working Capital [(j - c (i) - b (iv))]	1471.92	4020.11	7258.65
o) Capital employed (g + n)	65816.80	67504.10	70313.75
p) Net Worth [(a - k - l)]	26438.39	27398.65	28420.58
q) Net Worth per rupee paid up capital (Rs.) (p/a)	0.88	0.91	0.95

2. RATIO ANALYSIS

A. Liquidity Ratio (in Percentage)

Current Ratio (j / (c (i) + b (iv)))

123.37 168.86 202.42

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]

1.49 1.46 1.48

C. Profitability Ratios (in Percentage)

Net Profit before Tax

(579.08) 1000.90 931.72

a) Profit Before Tax to

(i) Capital employed - 1.48 1.33

(ii) Net Worth - 3.65 3.28

(iii) Income from services - 10.88 10.09

b) Profit after tax to equity - 2.79 3.02

c) Earnings per share (Re.) - 0.28 0.30



(Rs. in lakhs)

3 SOURCES AND UTILISATION OF FUNDS

Funds amounting to Rs. 4009.23 lakhs from internal and external sources were realised and utilised during the year as given below:

	2005-06
Sources of Funds	
a) Funds from operations (Profit After Tax)	906.55
b) Deferred Tax Asset provided for	0.00
c) Increase in Cumulative Depreciation	1072.71
d) Increase in Borrowings	1914.59
e) Decrease in Misc. Expenditure not written off	115.38
Total	4009.23
Utilisation of Funds	
a) Increase in Fixed Assets (including Capital WIP)	670.64
b) Repayment of borrowings	0.00
c) Increase in Investments	100.00
d) Increase in Working capital	3238.54
e) Decrease in provision of gratuity	0.05
Total	4009.23

4 WORKING CAPITAL

The Working capital (I.e. current assets less current liabilities and interest accrued and due) was Rs.1471.92 lakhs in 2003-04, Rs.4020.11 lakhs in 2004-05 and Rs.7258.65 lakhs in 2005-06.

5 WORKING RESULTS

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

	2003-04	2004-05	2005-06
1 Income from services	8564.00	9199.82	9232.19
2 Profit Before Tax	(579.08)	1000.90	931.72
3 Profit After Tax	(677.77)	838.49	906.55

6 SUNDRY DEBTORS

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

	(Rs. in lakhs)			
As on 31st March	Sundry Debtors (Doubtful)	Total Sundry Debtors	Income from Services	Percentage of Sundry Debtors to Income from services
2004	0.00	186.24	8564.00	2.17
2005	0.00	2.92	9199.82	0.03
2006	0.00	6.28	9232.19	0.07

Place : Chennai
Date : 10.07.2006

Sd/-
U. SANKAR
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 2006**

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 2006.

Place: Chennai - 34.
Date : 10.07.2006

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



GANESAN & COMPANY
Chartered Accountants

9, South Beach Avenue
MRC Nagar Main Road
R.A. Puram, Chennai - 600 028.

AUDITORS' REPORT

To the Members of Ennore Port Limited

We have audited the attached Balance Sheet of Ennore Port Limited as at 31st March 2006 and also the Profit and Loss Account and 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) As per the Notification No.GSR 829 (E) dated 21.10.2003, issued under section 620 of the Companies Act, 1956 (1 of 1956), Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 is not applicable to this company;



vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes on accounts thereon give the information required by the Companies Act 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2006;
- (b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For GANESAN AND COMPANY
Chartered Accountants

S. SWAMINATHAN
Partner
M. No. 23998.

Place: Chennai
Date : 19.06.2006

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, the Company has not disposed substantial part of fixed assets during the year.
- (ii) (a) The inventory of unutilized quarried stones has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory of unutilized quarried stones followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper record of inventory of unutilized quarried stones. No material discrepancies were noticed on physical verification.
- (iii) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) As the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 reporting requirements under clause 4(iii) (b), (c) & (d) of the order does not arise.
- (c) The Company has taken unsecured loan from a party covered in the register maintained under section 301 of the Companies Act, 1956. The Maximum amount involved during the year and the amount outstanding as at 31.3.2006 is Rs.295,18,74,942/-.
- (d) In our opinion, the rate of interest and other terms and conditions of loans taken by the Company are, prima facie, not prejudicial to the interest of the Company.
- (e) The loan availed by the Company is under moratorium period and the Company has been regular in payment of the interest.

- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchases of inventory, fixed assets and for the sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.
- (v) In our opinion and according to the information and explanations given to us, there are no transactions which need to be entered into the register maintained under section 301 of the Companies Act, 1956. Hence the requirements of clause 4(v)(b) of the order are not applicable to this Company.
- (vi) The Company has not accepted any deposit from the Public within the meaning of section 58A of the Companies Act, 1956 and the Rules framed thereunder.
- (vii) In our opinion, the Company has an internal audit system which is commensurate with its size and nature of its business.
- (viii) According to the information and explanations given to us the Central Government has not prescribed the maintenance of cost records for the Company under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 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 and protection fund, Employees' state insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Customs duty, Excise duty and any other statutory dues with the appropriate authorities to the extent applicable and there is no arrears of outstanding statutory dues as at the last day of the financial year concerned for a period more than six months from the date they became payable.
- Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we were not in a position to comment upon the regularity or otherwise of the company in depositing the same.
- (b) According to the information and explanations given to us, no dispute is pending before any forum in respect of Income-tax, Sales-tax, Wealth tax, Customs duty and Excise duty which have not been deposited on account of any dispute.
- (x) In our opinion, the accumulated losses of the Company are less than fifty percent of its net worth. Further, the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.



- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to Banks. There are no borrowings from financial institutions or through debentures.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) According to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's report) Order, 2003 are not applicable to the Company.
- (xv) According to the information and explanation given to us, the Company has not given guarantee for loans taken by others from banks or financial institutions.
- (xvi) According to the records of the Company, term loan has been applied for the purpose for which it was 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) During the year, the company has not made any preferential allotment of shares.
- (xix) According to the information and explanations given to us, the company has not issued any debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For GANESAN AND COMPANY
Chartered Accountants

Place: Chennai
Date : 19.06.2006

S. SWAMINATHAN
Partner
M. No. 23998.



BALANCE SHEET AS AT 31 st MARCH 2006				(in Rupees)	
PARTICULARS	Sch. No.	AS AT 31.03.2006		AS AT 31.3.2005	
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		1,250,000,000	
Unsecured Loans		2,951,874,942	4,201,874,942	2,760,415,659	4,010,415,659
Total			7,201,874,942		7,010,415,659
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	III	6,816,458,534		6,752,077,722	
Less : Depreciation		510,948,718		403,678,721	
		6,305,509,816		6,348,399,001	
Add : Capital WIP		2,682,757		-	
Net Block			6,308,192,573		6,348,399,001
Investments	IV		10,000,000		-
Current Assets, Loans and Advances					
a) Inventories	V	47,900,000		47,900,000	
b) Sundry Debtors		628,194		291,771	
c) Cash and Bank balances		567,807,261		348,013,097	
d) Other current assets		3,090,632		337,038	
e) Loans and Advances		815,153,814		591,907,006	
		1,434,579,901		988,448,912	
Less : Current Liabilities and Provisions	VI				
Liabilities		703,839,366		583,820,630	
Provisions		4,999,892		2,746,455	
Net Current Assets		708,839,258	725,740,643	586,567,085	401,881,826
Miscellaneous Expenditure (To the extent not written off or adjusted)					
Preliminary Expenses		-		1,600,396	
Deferred Revenue Expenditure		-		9,937,651	
Profit and Loss account		157,941,726	157,941,726	248,596,785	260,134,832
Accounting Policies and Notes on Accounts	XIII				
Total			7,201,874,942		7,010,415,659

Schedules referred to above form an integral part of the Accounts
In terms of our report of even date attached

For ENNORE PORT LIMITED	For GANESAN AND COMPANY, Chartered Accountants
K.SURESH, I.A.S Chairman cum Managing Director	S.SWAMINATHAN Partner M. No.23998
Dr.A.RAJAGOPALAN Director	T.K. ARUN Company Secretary
Place: Chennai Date : 19.06.2006	

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2006 (in Rupees)

PARTICULARS	Sch. No.	YEAR ENDED 31.03.2006	YEAR ENDED 31.03.2005
INCOME			
Income from Services	VII	923,218,907	919,981,641
Other Income	VIII	54,883,488	12,749,187
Total		978,102,395	932,730,828
EXPENDITURE			
Port Operating Expenses	IX	218,285,778	236,331,215
Establishment Charges	X	29,992,699	10,952,817
Administrative Expenses	XI	36,146,892	59,493,224
Impairment Loss		-	254,038
Deferred Revenue Expense written off		9,937,651	8,977,654
Preliminary Expenses written off		1,600,396	1,600,396
Common road and railway sidings - Expenditure written off		50,778,436	-
Total		346,741,852	317,609,344
Profit Before Interest and Depreciation		631,360,543	615,121,483
Interest and Finance Charges	XII	427,488,320	375,786,960
Depreciation		110,699,726	110,506,369
Profit / (Loss) Before Extraordinary Items		93,172,498	128,828,154
Extraordinary Items		-	28,738,580
Profit / (Loss) Before Tax		93,172,498	100,089,573
Provision for Taxation - Current		1,900,000	2,617,419
- Deferred Tax		-	13,623,561
- Fringe Benefit Tax		617,439	-
PROFIT / (LOSS) AFTER TAX		90,655,059	83,848,593
Profit / (Loss) brought forward from Previous year		(248,596,785)	(332,445,378)
PROFIT / (LOSS) CARRIED FORWARD		(157,941,726)	(248,596,785)
Earnings Per Share - Basic & Diluted		0.30	0.28
Accounting Policies and Notes on Accounts	XIII		

Schedules referred to above form an integral part of the Accounts

In terms of our report of even date attached

For ENNORE PORT LIMITED

For GANESAN AND COMPANY,
Chartered AccountantsK.SURESH, I.A.S
Chairman cum Managing DirectorS.SWAMINATHAN
Partner
M. No.23998Dr.A.RAJAGOPALAN
DirectorT.K. ARUN
Company SecretaryPlace: Chennai
Date : 19.06.2006



CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2006

	Rs.	2005 - 06	Rs.	2004 - 05
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit after tax and extraordinary items		90,655,059		83,848,594
Adjustment for:				
Depreciation		110,699,726		110,506,369
DRE & Preliminary Expenses Written off		11,538,047		12,178,050
Impairment loss		-		254,038
Contribution to common road & rail		50,778,436		-
Interest charges		427,488,320		365,419,044
Loss on sale of Fixed assets		14,318		-
Income Tax		2,517,439		16,240,980
Operating Profit before working capital changes		693,691,344		588,447,075
Adjustment for:				
(Increase) / Decrease Current Assets		(22,774,397)		13,597,223
Increase / (Decrease) Current Liabilities		(1,479,910)		32,118,438
Income Tax paid		(3,242,393)		-
Adjustment for Extraordinary Items				2,006
Net Cash Generated From Operating Activities		666,194,644		634,164,742
B. CASH FLOW FROM INVESTING ACTIVITIES				
Sale of Fixed Assets		1,200		
Purchase of Fixed Assets		8,752,416		(29,066,840)
Advance for Equity Contribution		(132,500,000)		(10,250,000)
Net Cash generated from Investing Activities		(123,746,384)		(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		(322,654,096)		(445,753,941)
Net Cash Used in Financing Activities		(322,654,096)		(374,251,741)
Net Increase in cash and cash equivalents (A+B+C)		219,794,164		220,596,161
Cash and Cash equivalents as at (OB)	348,013,097		127,416,936	
Cash and Cash equivalents as at (CB)	567,807,261	219,794,164	348,013,097	220,596,161

In terms of our report of even date attached

For ENNORE PORT LIMITED

K.SURESH, I.A.S
Chairman cum Managing DirectorDr.A.RAJAGOPALAN
DirectorPlace: Chennai
Date : 19.06.2006For GANESAN AND COMPANY,
Chartered AccountantsS.SWAMINATHAN
Partner
M. No.23998T.K. ARUN
Company Secretary

SCHEDULES TO THE BALANCE SHEET

(In Rupees)

Sch. No.	PARTICULARS	AS AT	
		31.03.2006	31.03.2005
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 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
	1,250,000,000	1,250,000,000	
Unsecured Loans	Chennai Port Trust		
	* Interest bearing Loan	2,951,874,942	2,297,930,038
	* Non Interest bearing Loan	-	462,485,621
	2,951,874,942	2,760,415,659	
IV	INVESTMENTS		
	UNQUOTED - LONG TERM (AT COST) - TRADE		
	Sethusamudram Corporation Limited 10,00,000 Equity shares of Rs.10/- each	10,000,000	-
10,000,000	-		
V	CURRENT ASSETS, LOANS & ADVANCES		
	a) INVENTORIES		
	(As taken, valued and certified by the management)		
Stock - Quarried Rock	47,900,000	47,900,000	
47,900,000	47,900,000		

SCHEDULE - III FIXED ASSETS

(in Rupees)

Sl. No.	Particulars	GROSS BLOCK		As at 31.03.2006	Rate in %	As at 01.04.2005	DEPRECIATION		NET BLOCK AS AT				
		As at 01.04.2005	Additions / (Deletions) (Adjustments)				For the Opening Balance	Additions / (Adjustments)	Total for the Year	Deletions	As at 31.03.2006	31.03.2005	31.03.2006
1	Port Basin and Entrance Channel Port Basin and Entrance Channel	1,040,399,618	84,271,336	1,040,399,618	1.00	38,791,192	10,403,986	876,423	10,403,986	-	48,195,188	1,001,608,426	991,204,430
2	Buildings, Sheds & Other Structures Administrative Building Security Cabins Rest House Electrical Substation Security Watch Tower	54,640,885 115,125 878,229 2,158,130	159,215 91,303	54,640,885 115,125 878,229 2,315,345	1.63 100.00 1.63 1.63	3,332,414 115,125 28,630 132,885	880,647 - - - 164 974	876,423	880,647 - - - - 974	-	4,253,061 115,125 42,945 167,894	51,278,481 849,559 2,023,445	50,387,834 835,284 2,147,351
3	Wharves, Roads and Boundaries Port Access Roads Wharves Boundary Walls	251,478,789 787,236,284	(31,090,070) 9,198,612	220,388,719 787,236,284	1.63 2.50	15,338,091 74,307,824	3,592,336 19,682,407	942,583	3,592,336 19,682,407	2,421,380	16,509,047 93,990,231	236,140,688 712,988,440	203,879,672 683,303,033
4	Railway and Rolling Stocks Railway Sidings	235,659,841		235,659,841	4.75	34,882,465	9,788,842		9,788,842		44,661,298	170,777,385	161,008,543
5	Docks, Seawalls, Piers & Nav. Aids Breakwater Construction Breakwater Construction Breakwater Construction	4,278,105,166	(14,874,250) 7,782,824	4,263,230,916	1.33 1.39	214,281,661	58,700,971		58,700,971	945,236	270,037,396	4,063,823,505	3,998,193,520
6	Navigation Aids Cranes & Vehicles Diesel Lifting Truck Vehicles - Motor Cars Vehicles - Mini Bus Vehicles - Two wheelers	24,661,612	3,138,331	24,661,612	10.00	9,310,604	2,466,161		2,466,161		11,776,765	15,351,008	12,884,847
7	Installation of Water, Elec, Telecom & Fire Water & Communication Facilities Internal Electrical Facilities External Electrical Facilities	300,000 2,339,282 200,000 107,368	1,677,601	300,000 4,006,883 200,000 107,368	11.31 9.50 11.31 9.50	128,087 666,338 85,368 30,994	33,930 246,526 22,620 10,199		33,930 246,526 22,620 10,199		162,027 840,353 108,018 41,193	171,933 1,672,924 114,602 76,394	137,973 3,165,511 91,982 66,165
8	Other Assets Electrical Appliances Office Equipments Furniture & Fittings Computers	11,790,564 28,883,863 15,788,831	72,345	11,790,564 28,883,863 15,788,831	4.75 4.75 4.75	898,245 4,822,843 2,833,184	590,052 1,277,468 750,444		590,052 1,277,468 750,444		1,418,297 6,102,639 3,583,628	10,932,319 22,071,020 12,965,647	10,372,267 20,863,569 12,215,203
		2,881,680 4,175,581 7,727,682 1,893,219	77,418 1,220,169 1,233,315 1,404,443	2,909,098 5,395,750 8,960,997 2,987,662	4.75 4.75 6.33 16.21	325,872 339,736 780,618 611,022	131,427 187,787 488,252 256,640		131,427 187,787 488,252 256,640		467,983 601,918 1,480,548 1,128,925	2,505,806 3,836,786 6,947,064 972,197	2,441,105 4,793,832 7,480,449 1,857,737
	Total	6,752,077,722	84,380,812	6,816,458,534		403,673,721	108,015,672	2,684,064	110,689,736	3,429,729	510,948,718	6,346,398,001	6,305,693,816
	Previous Year	6,727,751,152	24,326,570	6,752,077,722		283,263,314	107,948,250	2,557,119	110,506,359	90,952	403,678,721	6,434,487,838	6,348,999,001

SCHEDULES TO THE BALANCE SHEET

(In Rupees)

Sch. No.	PARTICULARS	AS AT	
		31.03.2006	31.03.2005
	b) SUNDRY DEBTORS (Unsecured and considered good) Debts Outstanding over six months Other Debts	- 628,194	- 291,771
		628,194	291,771
	c) CASH AND BANK BALANCES Cash on hand Balances with Scheduled Banks in Current Accounts in Deposit Accounts	10,094 15,128,227 552,668,939	16,542 13,565,225 334,431,330
		567,807,261	348,013,097
	e) LOANS & ADVANCES (Advance recoverable in cash or in kind or for value to be received - Unsecured, considered good) Deposits Advance for capital works Advance towards Equity Contribution Income Tax Prepaid Expenses Other Advances Service Tax Credit	8,247,310 542,912,975 132,750,000 28,448,225 545,701 100,216,390 2,033,213	7,838,130 462,485,621 10,250,000 8,922,259 115,540 100,299,507 1,995,949
		815,153,814	591,907,006
VI	CURRENT LIABILITIES AND PROVISIONS		
	1. CURRENT LIABILITIES Sundry Creditors Contract Liabilities Other Liabilities	41,808,082 355,025,482 307,005,802	40,290,060 361,919,965 181,610,606
		703,839,366	583,820,630
	2. PROVISIONS Provision for Leave Salary Provision for Gratuity Provision for Taxation	341,929 124,296 4,533,667	60,315 68,721 2,617,419
		4,999,892	2,746,455

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2006

(In Rupees)

Sch. No.	PARTICULARS	Year Ended 31.03.2006	Year Ended 31.03.2005
VII	INCOME FROM SERVICES		
	(Net of Service Tax)		
	Composite Tariff on Coal	834,213,254	864,021,521
	Composite Tariff on Iron Ore	10,976,580	10,144,800
	Import Wharfage - POL	9,599,370	4,097,280
	Port Dues	15,928,539	7,045,618
	Berth Hire Charges	11,323,533	10,423,559
	Anchorage Charges	8,312,004	3,222,743
	Pilotage Charges	26,701,137	12,230,883
	Way Leave Charges	4,847,678	7,494,510
	Other Services	1,316,812	1,300,727
		923,218,907	919,981,641
VIII	OTHER INCOME		
	Interest on Bank Deposits	31,443,888	12,161,964
	(including Tax deducted at source of Rs.54,84,764; Previous Year Rs.19,58,755)		
	Other Income	23,439,600	587,223
		54,883,488	12,749,187
IX	PORT OPERATING & MAINTENANCE EXPENDITURE		
	Power, Fuel & Water Charges	10,984,472	12,824,386
	Manning Expenditure	4,193,432	3,350,545
	Time Charter Payments	197,113,140	197,127,792
	Repairs and Maintenance: Maintenance Dredging	-	17,131,355
	Machinery	2,138,776	1,441,661
	Others	3,855,958	4,455,476
		218,285,778	236,331,215

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2006

(In Rupees)

Sch. No.	PARTICULARS	Year Ended 31.03.2006	Year Ended 31.03.2005
X	ESTABLISHMENT CHARGES		
	Salaries and Allowances	11,773,436	9,577,437
	Staff Welfare Expenses	603,000	439,978
	Contribution to PF and Pension Funds	399,389	297,876
	Terminal Benefits	295,020	637,527
	Special Establishment charges	16,921,854	-
		29,992,699	10,952,817
XI	ADMINISTRATIVE EXPENSES		
	Rent, Rates & Taxes	1,309,087	1,122,281
	Electricity & Water Charges	346,750	352,904
	Postage, Telephone & Fax Charges	976,221	1,121,116
	Printing and Stationery	678,787	673,700
	Books & Periodicals	49,530	47,678
	Insurance	9,249	20,563
	Housekeeping Expenses	143,512	134,578
	Landscape Maintenance	1,117,466	1,080,608
	Repairs & Maintenance - Office	170,381	134,558
	Security & Safety Expenses	7,247,588	6,961,737
	Entertainment Expenses	890,741	474,351
	Gifts & Presentations	23,862	136,556
	Membership Fees & Subscription	2,674,015	2,734,967
	Seminar Fees & Exhibition	685,654	204,205
	Travelling and Conveyance	1,096,903	1,648,441
	Vehicle Fuel and Maintenance	5,157,204	3,484,445
	Advertisement and Publicity	882,833	1,019,910
	Legal & Arbitration Expenses	5,169,900	5,439,705
	Professional Charges	7,091,192	7,529,136
	Donations & Contributions	-	25,000,000
	Audit Fees	75,000	105,000
	Bank Charges	8,445	39,830
	Sundry Expenses	21,749	26,956
	Loss on sale of Fixed Assets	14,318	-
	Social Overheads	306,506	-
		36,146,892	59,493,224
XII	INTEREST AND FINANCE CHARGES		
	Term Loans	409,834,321	368,935,148
	Others	17,653,999	6,851,812
		427,488,320	375,786,960



SCHEDULE – XIII

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

I. ACCOUNTING POLICIES

a. GENERAL :

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

b. REVENUE RECOGNITION :

Income is recognized upon completion of services rendered and no significant uncertainty exists regarding the amount of consideration that would be derived after rendering the service.

c. FIXED ASSETS :

Fixed assets are stated at cost of acquisition, including any attributable cost for bringing the asset to its working condition for its intended use, less accumulated depreciation. Expenses capitalised also include applicable borrowing costs. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. All upgradation/enhancements are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

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

d. DEPRECIATION :

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

e. DEFERRED REVENUE EXPENDITURE :

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

f. ACCOUNTING FOR TAXES ON INCOME:

i. Provision for taxation comprises current taxes and deferred taxes. Current tax is determined as the amount of tax payable in respect of taxable income for the period.

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

g. RETIREMENT BENEFITS :

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

h. FOREIGN CURRENCY TRANSACTIONS:

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

i. PREPAID EXPENSES:

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



j. PREMIA FOR FORECLOSURE:

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

k. BORROWING COSTS:

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

II. NOTES ON ACCOUNTS

1 Chennai Port Trust Loan (ChPT) Account :

a) The loan from ChPT as on the date of Balance Sheet is reconciled with a difference of Rs.13,08,25,077 which represents interest on interest claimed by the ChPT during the project execution period and the same is referred as a dispute to Ministry of Shipping, Road & Transport, Government of India for further direction. Pending final decision from the Government, the aforesaid disputed amount is shown under 'Contingent Liability'.

b) On account of the reconciliation, the Company has absorbed the following amounts as under :

i) Special Establishment charges	: Rs.1,69,21,854
ii) Interest – Others	: Rs. 97,99,095
iii) Fixed Assets	: Rs.1,69,61,436

c) When the assets and liabilities were taken over from the ChPT during the year 2001-02, as an interim arrangement, the company kept under 'Non-interest bearing loan A/c', a sum of Rs.46,24,85,621 being the excess amount paid by the ChPT to the contractors. Pursuant to the settlement reached with the ChPT, the Company has agreed to recover the above excess amount from the contractors and credit the ChPT's Interest bearing loan a/c.

d) Accordingly, the company has transferred the entire sum of Rs.46,24,85,621 from 'Non-interest bearing loan A/c' to 'Interest bearing loan A/c'. However, the amount paid to the contractor's and referred to Arbitration (Rs.39,51,92,624) continues to remain under 'Advance to Contracts – Capital Works A/c' and the uncontested amount (Rs.6,72,92,997) is capitalized under Fixed Assets.

e) Consequent to the above, the interest payable to ChPT pertaining to the period upto 21.06.2001, (i.e. date of commercial operation) amounting to Rs. 16,46,98,752 has been capitalized wherever the amount relates to capital nature and the balance interest is added to the Advance paid to the contractors. The interest due for the period from 22.06.01 to 31.03.06 amounting to Rs. 29,22,55,772 is charged to P & L a/c (Rs.23,92,86,235/- relating to earlier years) at the rates applicable from time to time.

2. Stock represents the unutilized quarried stones of Rs.4.79 Crores having the utility value for construction / maintenance of Breakwater. These stocks have been valued at Net Realisable value or Cost whichever is lower.
3. Sundry Creditors includes Book overdraft of Rs.4,40,15,906/-.
4. Term deposits with banks include interest accrued but not due amounting to Rs.142.99 Lakhs. (Previous Year Rs.34.69 Lakhs).
5. Establishment expenses include remuneration paid to Directors.

	<u>2005-06</u>	<u>2004-05</u>
	(In Rupees)	
a. Salaries and Allowances	22,27,536	16,10,749
b. Contribution to PF & Pension Fund	1,39,612	1,32,733
c. Contribution towards leave salary	1,59,619	1,47,416
6. Details of remuneration to Auditors (Excluding Service tax)	<u>2005-06</u>	<u>2004-05</u>
	(In Rupees)	
- Statutory Audit	75,000	75,000
- Tax Audit	—	20,000
7. Transactions in Foreign Currency	<u>2005-06</u>	<u>2004-05</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	1.92	4.27
8. Information on Quantity, Cargo and No. of Vessels :	<u>2005-06</u>	<u>2004-05</u>
Quantity (in Metric Tons)	91,96,289	9,402,898
Cargo	Coal, Iron Ore & POL	Coal, Iron Ore & POL
No. of Vessels	173	171



9. Loan dues from directors: Rs. Nil (Previous Year: Rs.Nil); Maximum amount outstanding from them at any time during the year is Rs.Nil. (Previous Year: Rs. Nil).
10. The company has charged to revenue a sum of Rs.5,07,78,436/- being the share of cost for utilizing common road and railway sidings. It includes a value of Rs.4,25,97,704/- (WDV as on 31.03.2005) hitherto capitalized in the Breakwater and Port Access Roads in the earlier years.
11. **Contingent Liabilities** (as certified by the Management):
- (a) Claims against the Company not acknowledged as debts: Rs.214.32 Crores. (Previous Year: Rs.220.82 Crores)
- (b) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) Rs. 27.07 lakhs (Previous Year : 2.19 lakhs).

12. **Segment Reporting :**

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

13. **Related Party Disclosure:**

Key Management Personnel

- a. Mr. M.Raman; Chairman cum Managing Director – On leave since 07.07.05
- b. Mr. K. Suresh, Chairman cum Managing Director (In charge)
- c. Capt. K. Balachandran, Director (Marine Services)
- d. Dr.A. Rajagopalan, Director (Operations)

Details of transaction:	2005-06	2004-05
Remuneration to Directors	25,26,767	18,90,898

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

	2005-06	2004-05
Profit after tax	9,06,55,058	8,38,48,593
No. of shares outstanding of Rs.10/- each	30,00,00,000	30,00,00,000
Earnings Per Share (Rs.) - Basic & Diluted	0.30	0.28

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

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. Since the Company has not received any advice from Government of India 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. Sundry Creditors 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. Profit and Loss account includes the following prior period Expense / Income.

Prior Period Income :

Interest & Financing Charges - Term Loan	122,762
Terminal Benefits	276,129
Other Income	23,217,535

Prior Period Expenses :

Landscape Maintenance	11,520
Rent, Rates & Taxes	122,540
Security & Safety Expenses	465,656
Vehicle Fuel & Maintenance	44,382
Common road and rail - written off	42,597,704
Way Leave Charges	51,170
Professional Charges	197,500
Repairs & Maintenance - Others	289,000
Depreciation	851,346
Legal & Arbitration Expenses	1,475,301

19. Up-front fee of Rs.40,000,000/- collected from a BOT Operator is grouped under current liability.
20. There is no amount owed by the Company, on the date of balance sheet, to small scale industrial undertakings.



21. Loans and advances includes the following advance payments made towards equity contribution to

- | | |
|--------------------------------------|-------------------|
| a. Sethusamuduram corporation | - Rs.450.00 lakhs |
| b. Ennore SEZ company Ltd | - Rs. 2.50 lakhs |
| c. Chennai-Ennore Ports Road Limited | - Rs.875.00 lakhs |

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

For ENNORE PORT LIMITED

For GANESAN AND COMPANY,
Chartered Accountants

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

Dr. A. RAJAGOPALAN
Director

S.SWAMINATHAN
Partner
M.No.23998

T.K. ARUN
Company Secretary

Place : Chennai
Date : 19.06.2006

PART IV - BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No. (State Code) (Refer Code List)

Balance Sheet Date
Date Month Year

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/>	Rights Issue <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/>
Bonus Issue <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/>	Private Placement <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/>

III. POSITION OF MOBILIZATION & DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Liabilities <input type="text" value="-"/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="5"/>	Total Assets <input type="text" value="-"/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="5"/>
SOURCES OF FUNDS	
Paid-up Capital <input type="text" value="-"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>	Reserves & Surplus <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/>
Secured Loans <input type="text" value="-"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>	Unsecured Loans <input type="text" value="-"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="5"/>
APPLICATION OF FUNDS	
Net Fixed Assets <input type="text" value="-"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="3"/>	Investments <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>
Net Current Assets <input type="text" value="-"/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="0"/>	Misc Expenditure <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/>
Accumulated Losses <input type="text" value="-"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="2"/>	

IV. PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turnover <input type="text" value="-"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="2"/>	Total Expenditure <input type="text" value="-"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="0"/>
+ - Profit / loss before tax <input checked="" type="checkbox"/> <input type="text" value="-"/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="2"/>	+ - Profit / Loss after tax <input checked="" type="checkbox"/> <input type="text" value="-"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="5"/>
(Please tick (✓) Appropriate box + for profit, - for Loss)	
Earning per Share in Rs. <input type="text" value="-"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="0"/>	Dividend Rate % <input type="text" value="-"/> <input type="text" value="0"/>

GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY
(as per monetary terms)

Item Code No. (ITC Code)

Product Description **P O R T S E R V I C E S**

Item Code No. (ITC Code)

Product Description **L E A S E R E N T A L I N C O M E**

Item Code No. (ITC Code)

Product Description

For ENNORE PORT LIMITED

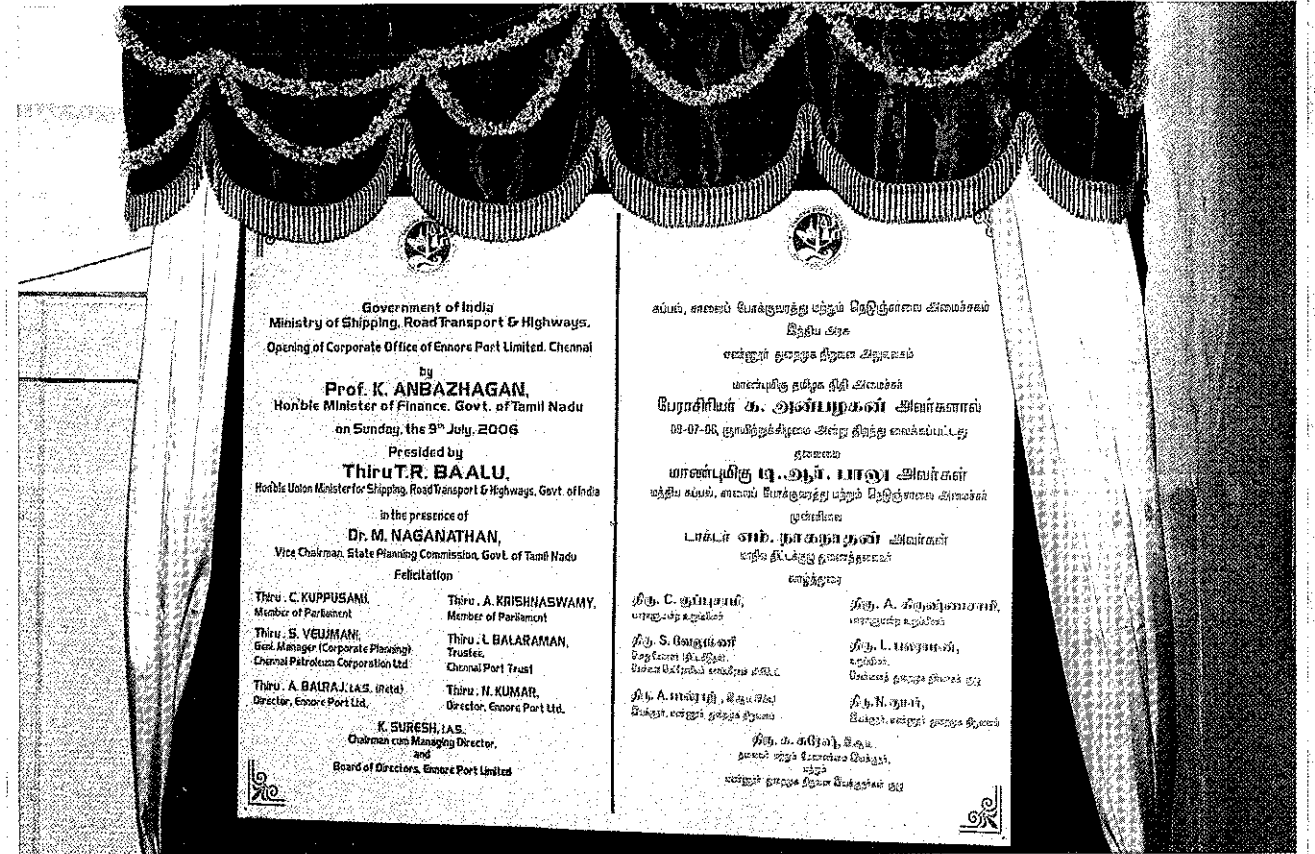
K.SURESH, I.A.S
Chairman cum Managing Director

Dr.A.RAJAGOPALAN
Director

T.K. ARUN
Company Secretary

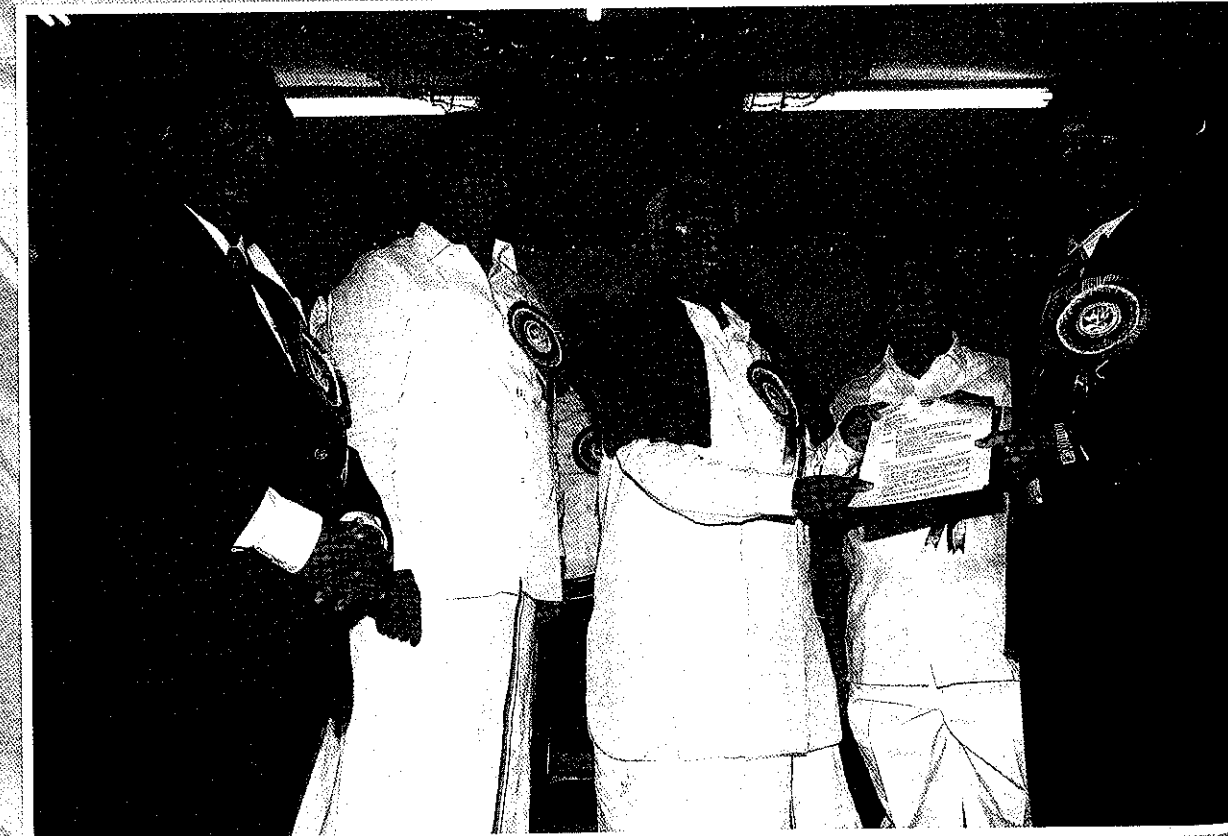
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Date : 19.06.2006

INAUGURATION OF CORPORATE OFFICE OF ENNORE PORT LTD - 9-7-2006

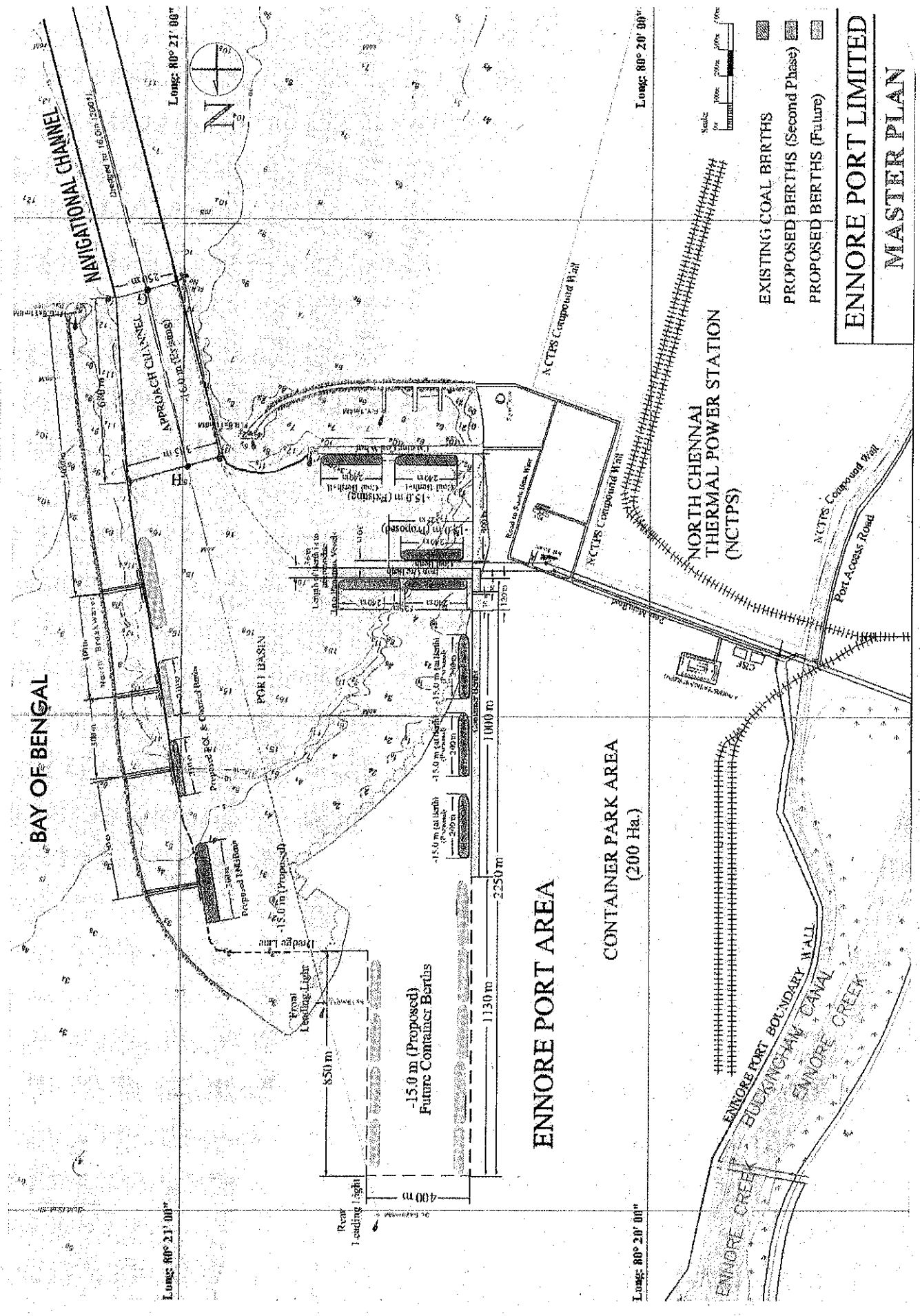
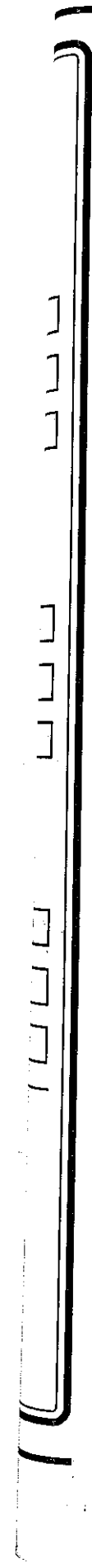


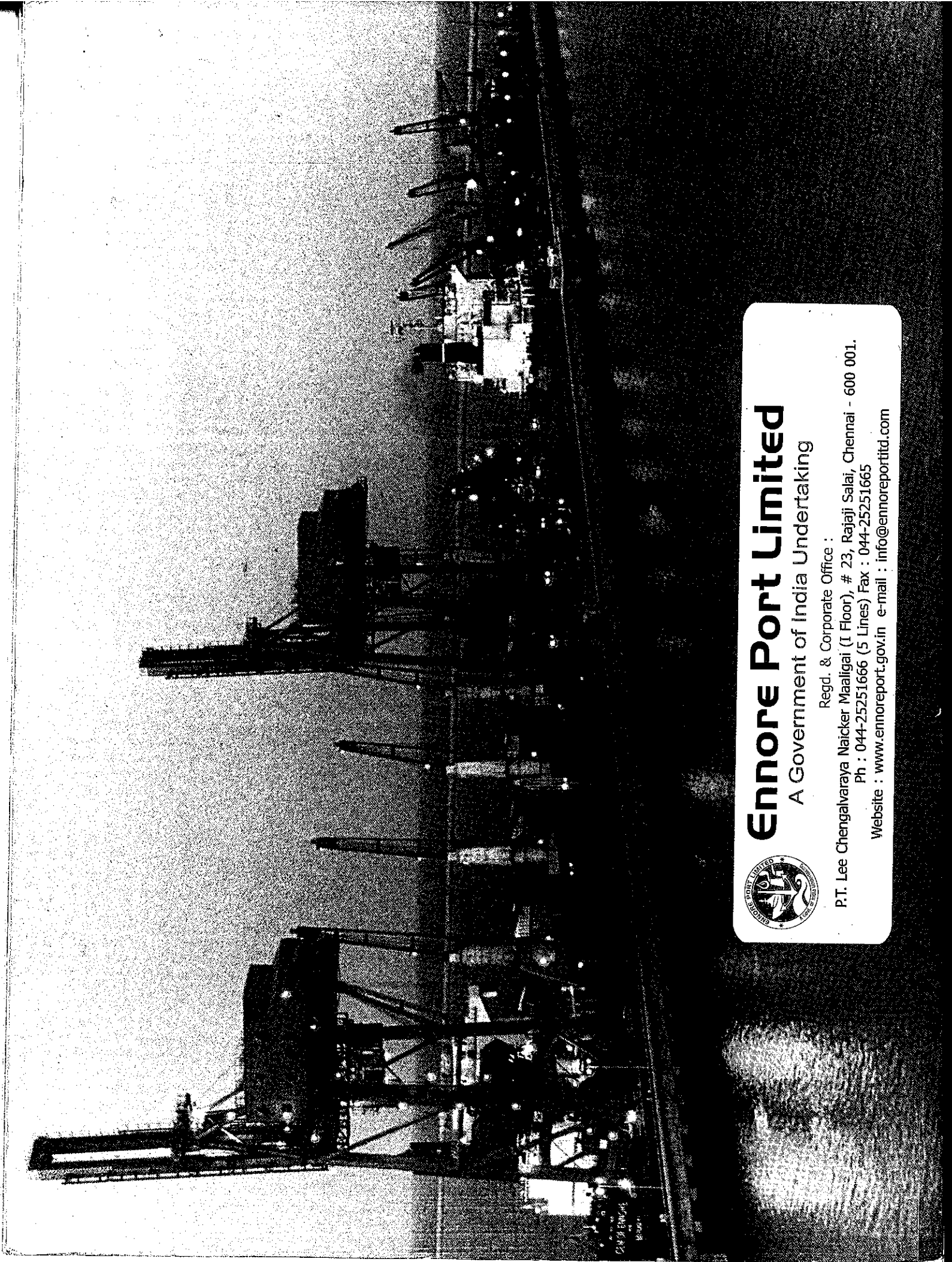


Handing over of LOI for Development of Iron Ore Terminal to Shri. A.C. Muthiah of SICAL Logistics Ltd., by Prof. K. ANBAZHAGAN, Hon'ble Minister for Finance, Govt. of Tamil



Handing over of LOI for Development of Coal Terminal to Shri. S.P. Palaniappan of South In Corporation Ltd., (SICL) by Prof. K. ANBAZHAGAN, Hon'ble Minister for Finance, Govt. of Tam





Ennore Port Limited

A Government of India Undertaking

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P.T. Lee Chengalvaraya Naicker Maaligai (I Floor), # 23, Rajaji Salai, Chennai - 600 001.
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