

# Ennore Port Limited

(A MINI RATNA GOVERNMENT OF INDIA UNDERTAKING)

## एण्णूर पोर्ट लिमिटेड

### TWELFTH ANNUAL REPORT 2011-2012

### बारहवीं वार्षिक रिपोर्ट



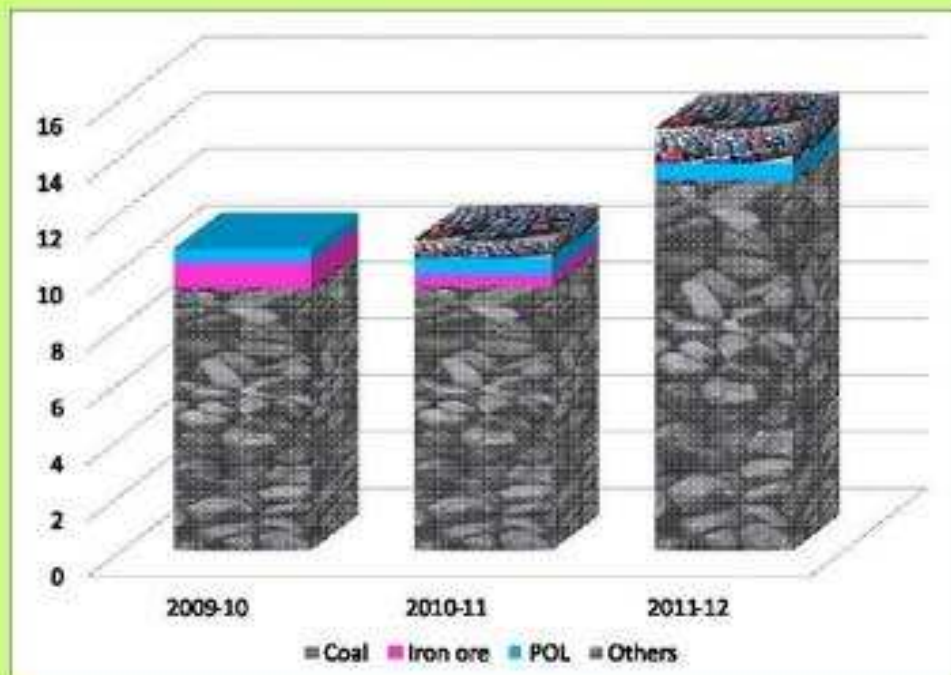
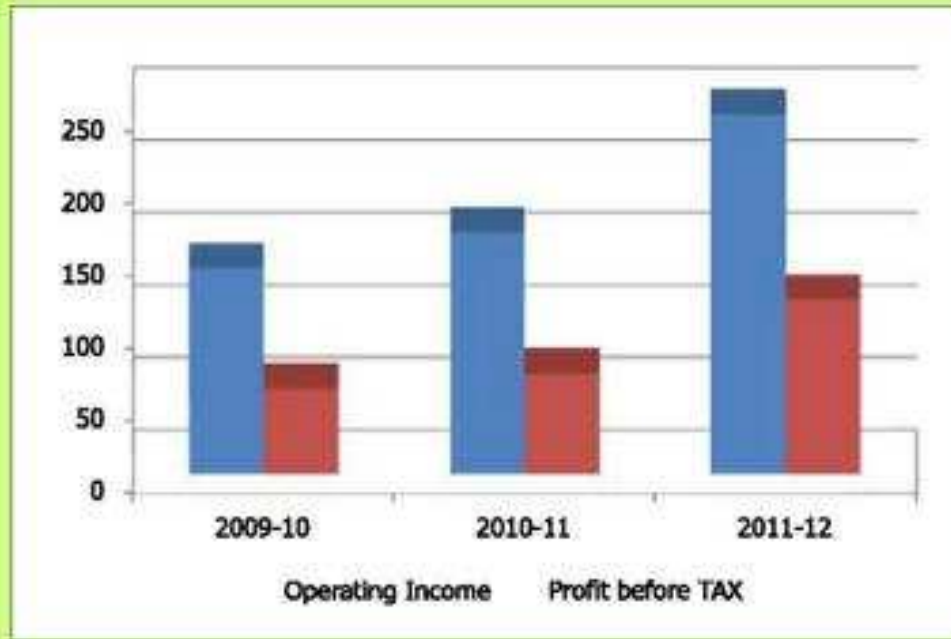
The first project Cargo vessel 'M.V. PAC ATHENA' berthed at Ennore Port on 27.1.2012



*India's Port of the Millennium...*

*इस मिलिनियम का भारतीय पोर्ट...*

## Marching ahead in Profitability....





# **ENNORE PORT LIMITED**

**(A MINI RATNA GOVERNMENT OF INDIA UNDERTAKING)**

**TWELFTH ANNUAL REPORT**

**2011 - 12**



# ENNORE PORT LIMITED

(A MINI RATNA GOVERNMENT OF INDIA UNDERTAKING)

## BOARD OF DIRECTORS

**Shri S. Velumani**

*Chairman cum Managing Director*

**Shri N. Muruganandam, I.A.S.**

*Government Nominee Director*

**Shri Atulya Misra, I.A.S.**

*Government Nominee Director*

**Shri Sanjay Kumar**

*Whole time Director (Operations)*

**Shri S. Manoharan, I.A.S. (Retd.)**

*Independent Director*

**Dr. S. Ram Mohan**

*Independent Director*

**Shri A.R. Rao**

*Independent Director*

\*\*\*\*\*

**Shri M. Gunasekaran**  
*General Manager (Finance)*

**Shri Sudarsan Pahi**  
*Company Secretary*

\*\*\*\*\*

## AUDITORS

**M/s. N. Sankaran & Co.**

*Chartered Accountants*

## PRINCIPAL BANKERS

Axis Bank  
State Bank of India  
Andhra Bank

Indian Bank  
Union Bank of India

**Regd. & Corporate Office:** 23, Rajaji Salai, Chennai 600 001

**Port Office** : Vallur (Post), Chennai 600 120.



## BOARD OF DIRECTORS



**Shri S. Velumani**  
Chairman Cum Managing Director



**Shri N. Muruganandam**  
GOI Director



**Shri Atulya Misra**  
Govt. Nominee - Director, C H P T



**Shri Sanjay Kumar**  
Whole Time Director (Operations)



**Dr. S. Ram Mohan**  
Independent Director



**Shri S. Manoharan**  
Independent Director



**Shri A.R. Rao**  
Independent Director

## KEY OFFICIALS



**Shri M. Gunasekaran**  
General Manager (Finance)



**Shri R. Senthil Kumar**  
General Manager (Operations)



**Capt. A.K. Gupta**  
General Manager (Marine Services)



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# **VISION & MISSION**

## ***Our Vision***

*To develop Ennore Port as a mega port with world class facilities to become the Eastern Gateway port of India*

## ***Our Mission***

*To Provide Port Services of International Standards.*



## CHAIRMAN'S MESSAGE

Dear Shareholders,

I have great pleasure in welcoming you all to the 12th AGM of the Company and to present the Annual Report of the Company for the FY 2011-12. The Directors' Report and the Audited Financial Statements of the Company along with the Auditors' Report for the period ended 31st March 2012 have already been circulated to all the Shareholders. With your permission, I have taken them as read:

### Physical Performance of the Company

In terms of cargo composition, thermal coal handled by TNEB continues to be dominant cargo which accounted for 64.36% of the total cargo in 2011-12. Non- TNEB Coal handled during the year 2011-12 was also prevalent which accounted for 23.30%. Car was the next largest cargo in the mix, accounting for 5.91%, closely followed by POL at 5.95%. The productivity in terms of average Turn round time and average ship Berth output has improved during the year.

### Highlights of physical performance during 2011-12:

- ❖ The total number of 385 vessels were handled in the year under report which is the highest ever since inception of the Port in 2001.
- ❖ Average pre-berthing detention on port account was 0.015 hrs as against MOU target of 0.75 hrs.
- ❖ The quality of harbour water was as per the prescribed environment norms throughout the year which led to achieving 'Excellent' score in the MOU.
- ❖ There was no loss of operative days due to lack of navigational safety for vessels as against the MOU target limit of 48 hours and hence the 'Excellent' score in MOU was realised.
- ❖ Capital Dredging Phase-II works to provide a depth of -18 m CD alongside the Iron



Ore Berth, 18 m CD in Port Basin and -20m CD in the channel so that Ennore Port could handle Capesize vessels, was inaugurated by Hon'ble Minister of Shipping on 26th Feb, 2011. A dredging volume of 3.70 Million Cu.M has been completed as on 31st March, 2012, under this scheme.

### Financial Performance

During the year ended 31st March 2012 your Company registered a total income of Rs.250.26 crores as against Rs.168.11 crores reported during the previous year reflecting an increase of 48.87%. The operating expenditure incurred during the year 2011-12 was Rs.44.23 crores as against Rs. 32.63 crores during the previous year representing an increase of 26.22%. Profit After Tax (PAT) grew by about 74.01% to Rs.96.72 crores as against Rs. 55.58 crores reported during the previous year.

It gives me great pleasure to mention that your Company has recorded the following milestones:

- a. As per the MOU performance appraisal based on audited figures, the rating shows 'Excellent'.
- b. the Company has recommended a dividend of 20% on post tax profit.
- c. ICRA has upgraded the Credit Rating as 'A+' which means the outlook on the rating is



stable for the term loan of Rs.141.75 crores availed by the Company.

#### Development Plans

The Port has taken up implementation of the projects identified in NMDP as Second Phase development and has been successful in attracting a total investment of Rs.2600 crores on development of various cargo terminals liquid bulk (Rs.250 Cr), Common user coal (Rs.400 Cr) and Iron Ore (Rs.480 Cr) and 1.5 MTEU Container Terminal (Rs.1400 Cr) on PPP-BOT model. EPL has also developed a General Cargo Terminal at an investment of Rs.110 crores. EPL has also planned an ambitious Capex programme of Rs.1852 crores during the next five years in the 12th Five Year Plan on account of common infrastructure facilities to facilitate the commissioning of PPP projects and for other capacity expansion projects mainly Coal Berths for handling TNEB coal. The projects also include deepening of the Port's approach channel to 20 meters for handling Cape Size bulk carriers and augmenting Rail/Road connectivity. Recently Government of Tamil Nadu has signed an MOU with IOCL for setting up a LNG Terminal of 5 MTPA at Ennore Port.

#### Corporate Governance

I am pleased to inform you that your Company has complied with the Corporate Governance norms as stipulated by the Central Government through the guidelines issued by Department of Public Enterprises and your Company is taking all efforts to adopt the best Corporate Governance practices. Your Company's Director's report contains a separate section on Corporate Governance. Your company is regularly obtaining a certificate on compliance of Corporate Governance from independent agency.

#### Corporate Social Responsibility

Your Company has Corporate Social Responsibility high on its agenda and is carrying out various activities which are aimed at improving the quality of life of the peripheral area and neighbourhood community. During the year 2011-12, about Rs. 79.75 lakhs was spent in supporting various activities, such as providing livelihood opportunities to rural women in the Port neighbourhood through Self Help Group, construction of additional building of primary school at Attipattu Village, medical camp, cash award to poor meritorious school students, etc.

#### Women Empowerment

Your Company takes pride in the fact that because of its conscientious efforts, the women employees constitute 15.95% of EPL's work force.

#### Conclusion

Before concluding I wish to place on record our deep sense of appreciation of the sincere efforts put in by our employees at all levels which enabled your company to record improved performance during the year. I would also like to thank my colleagues on the Board, who spared considerable time and participated actively in the deliberations of the Board with their in depth knowledge and guidance on various issues which greatly contributed in taking appropriate decisions. I gratefully acknowledge the guidance and support extended by Ministry of Shipping for continued growth and expansion of your company. I wish to convey my sincere thanks to our valued Port Users, particularly TNEB & BOT Licensees/Concessionaires for their continued support and cooperation. I also thank the Government of Tamil Nadu, Railways, Chennai Port Trust, IPA, and Banks for their continued support and cooperation.

**S. Velumani**

Chairman cum Managing Director

# ENNORE PORT LIMITED

(A Mini Ratna Government of India Undertaking)  
Regd. & Corporate Office : P.T. Lee Chengalvaraya Naicker Maaligai,  
23, Rajaji Salai, Chennai 600 001

## NOTICE

NOTICE IS HEREBY GIVEN THAT the 12th Annual General Meeting of Members of Ennore Port Limited will be held on Wednesday, the 29th day of August 2012 at 11.00 a.m. at the Regd. & Corporate Office of the Company at P.T. Lee Chengalvaraya Naicker Maaligai, 1<sup>st</sup> Floor, 23, Rajaji Salai, Chennai - 600 001 to transact the following business:

## ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2012 and Profit & Loss Account for the financial year ended on that date together with the Report of Board of Directors' and the Auditors' Report thereon.
2. To declare dividend for the year 2011-12.
3. To appoint a Director in place of Shri Atulya Misra, who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Shri A. R. Rao, who retires by rotation and being eligible, offers himself for re-appointment.

## SPECIAL BUSINESS

To consider and, if though fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Shri N. Muruganandam, who was appointed as a Ex-officio Government Director of the Company with effect from 13<sup>th</sup> July, 2012 with the approval of the Board of Directors, pursuant to the nomination of the Ministry of Shipping vide letter No. EPL/19/2012-PD.1 dated 3<sup>rd</sup> July 2012 be and is hereby appointed as the Director of the Company, liable to retire by rotation."

By Order of the Board of Directors

Sd/-  
(Sudarsan Pahi)  
Company Secretary

Place : Chennai  
Date : 21.08.2012

Registered Office:  
P.T. Lee Chengalvaraya Naicker Maaligai,  
1st Floor, 23, Rajaji Salai,  
Chennai- 600 001.



## 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 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) The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item No.5 is annexed hereto and forms a part of this Notice.
- d) Members are requested to notify immediately any change of address
- e) Brief Resume of the Directors seeking appointment / re-appointment at this Annual General Meeting is attached hereto and forming part of the notice..

Place : Chennai  
Date : 21.08.2012

## EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

### Item No.5

Shri N. Muruganandam, was appointed as an Ex-officio Government Director of the Company with effect from 13th July, 2012 by the Board of Directors at its meeting held on 13th July 2012, pursuant to the letter No. EPL/19/2012-PD.1 dated 3rd July 2012 of Ministry of Shipping, Government of India.

Shri N. Muruganandam, aged 44 years, is an IAS officer of 1991 batch of Tamil Nadu cadre and presently holding the position of Jt. Secretary (Port) in the Ministry of Shipping, Government of India.

On approval of the members at the AGM, the appointment of Shri N.Muruganandam as director will be confirmed, liable to retire by rotation. Shri N.Muruganandam does not hold any shares in the Company.

None of the Directors except Shri N. Muruganandam to the extent of his appointment as director is interested or concerned in the said resolution.

By Order of the Board of Directors  
Sd/-  
(Sudarsan Pahi)  
Company Secretary



**BRIEF RESUME OF THE DIRECTORS SEEKING APPOINTMENT/  
RE-APPOINTMENT AT THE 12<sup>TH</sup> ANNUAL GENERAL MEETING.**

**Item No.3**

**Shri Atulya Misra, IAS**, aged 46 years, was appointed as an Ex-Officio Government Director of the Company effective from 23.09.2010. He belongs to the 1988 batch of Indian Administrative Service (IAS). Shri Atulya Misra is presently the Chairman of Chennai Port Trust. He is also a Director on the Board of Sethusamudram Corporation Limited.

**Item No.4**

**Shri A.R. Rao**, aged 62 years, was appointed as a Director of the Company effective from 26.2.2011. He holds Bachelor of Science (Engineering-) in Civil Engineering. He has more than three decades of experience in water transport sector including Ports, Harbours and Inland Water Transport. He lastly served as Development Advisor (Ports) in Ministry of Shipping, Government of India.

**Item No.5**

**Shri N. Muruganandam, IAS**, aged 44 years, was appointed as an Ex-Officio Government Director of the Company effective from 13.7.2012. He holds Bachelor of Engineering (Computer Science) from College of Engineering, Anna University, Chennai and P.G. Diploma in Management from Indian Institute of Management (IIM), Ahmedabad. He is an Indian Administrative Service (I.A.S) of 1991 Batch, Tamil Nadu Cadre. He has more than 20 years of experience in various fields. Presently, he is holding the position of Joint Secretary (Ports), Ministry of Shipping.

## DIRECTORS' REPORT

Dear Shareholders

On behalf of the Board of Directors of your Company, I have great pleasure in presenting the Twelfth Annual Report and Audited Statement of Accounts of the Company for the financial year ended 31<sup>st</sup> March 2012.

### FINANCIAL PERFORMANCE

During the year under review your Company registered a total income of ₹ 250.26 crores as against Rs.168.11 crores reported during the previous year reflecting a growth of 48.87%. The operating expenditure incurred during the year under review is ₹ 44.23 crores as against ₹ 32.63 crores during the previous year reflecting an increase of ₹ 11.59 crores (35.53%). Profit After Tax (PAT) grew by about 74.01% to ₹ 96.72 crores as against ₹ 55.58 crores reported during the previous year.

### Signing of MoU with Ministry of Shipping

The Memorandum of Understanding (MoU) was signed between Ministry of Shipping and Ennore Port Limited for the year 2012-13 on 28<sup>th</sup> February 2012 at New Delhi. Shri K. Mohandas, Secretary, MoS and Shri S. Velumani, CMD, Shri Sanjay Kumar, Director (Operations) and Shri M.Gunasekaran, General Manager (Finance) are seen in the picture.



MoU SIGNING FOR THE YEAR 2012-13

## FINANCIAL RESULTS

Particulars	Current Financial Year 2011-12 (₹ in crore)	Previous Financial Year 2010-11 (₹ in crore)
Income from services	248.64	167.31
Other Income	1.61	0.80
<b>Total Income</b>	<b>250.26</b>	<b>168.11</b>
Operating Expenses	44.23	32.63
Finance Cost	66.16	43.24
Depreciation	13.25	12.93
<b>Total expenses</b>	<b>123.64</b>	<b>88.80</b>
Profit before Extra ordinary & exceptional items	126.62	79.31
Exceptional Items	5.66	9.44
Extra ordinary items	0.18	0.00
<b>Profit Before Tax</b>	<b>120.78</b>	<b>69.86</b>
Taxes	24.06	14.28
<b>Profit After Tax</b>	<b>96.72</b>	<b>55.58</b>
<b>Appropriation</b>		
Proposed Dividend	19.34	11.12
Tax on Dividend	3.14	1.85
<b>Transferred to General Reserve</b>	<b>74.24</b>	<b>42.62</b>



### MOU PERFORMANCE FOR 2011-12

Your Company signed Memorandum of Understanding with Government of India, Ministry of Shipping for the fiscal 2011-12 on 14<sup>th</sup> March, 2011 and excelled in performance in various parameters covered under the MOU. As per the provisional assessment, the rating is "Excellent", for the fifth time in succession.

### FINANCE

During the year under review, your Company has repaid installments of term loans amounting to ₹ 23.11 crores which had become due during the current year. Your Company has also made fresh borrowings of Rs.20 crores to finance capital expenditure requirements.

### DIVIDEND

The Board of Directors has recommended a dividend of 20% on post tax profits which is equivalent to ₹ 0.65 per share keeping in mind the need to conserve resources. The dividend will absorb a sum of ₹ 22.48 crores including dividend distribution tax and surcharge thereon.



HANDING OVER OF 3<sup>RD</sup> DIVIDEND CHEQUE TO HON'BLE UNION MINISTER OF SHIPPING

### OPERATIONS

Your Port has 6 berths as of now capable of serving the varied needs of the maritime industry.

The cargo throughput of your Port went up by 35.85 per cent at 14.956 million tonnes compared to 11.009 million tonnes in 2010-11, mainly on account of increase in coal handling at Common User Coal Terminal.

### CAPTIVE USER TERMINAL

Coal handling at the two coal berths dedicated to TANGEDCO/Tamil Nadu Electricity Board (TNEB) continued to remain the prime cargo at your Port, and performed well, compared to previous year.

### DEVELOPMENT PLANS

Your Company has a total capacity of 29.5 million tonnes plus two lacs cars per annum. Since the construction works of new power plants of TNEB and NTECL (JV of TNEB and NTPC) are in advanced stage of completion, TNEB/NTPC will augment the handling of capacity of CB2 to 8 million tonnes from the present 4 million tonnes capacity by the year 2012-13. Taking this into account, the cargo handling capacity of Ennore Port will raise to 33.5 million tonnes plus two lacs cars by the year 2012-13. Further, the Ennore Port will continue to augment capacity as per its strategy which inter-alia includes capacity addition through expansion of capacity of existing berths, green field PPP-BOT projects and own projects and encouraging of captive use of facilities.

### MARINE LIQUID TERMINAL

Quantum of liquid cargoes handled at your Port remained more or less at the same level as that of the previous year. However, it is expected to handle more cargo in the coming year as the import of envisaged LPG, etc. are expected to commence soon.



### COMMON USER COAL TERMINAL

Your Company had signed a License Agreement for handling coal to the consumers other than TNEB, on a 30 year BOT basis, in September 2006 with the project company Chettinad International Coal Terminal Pvt. Ltd (CICTPL) with an approved project cost of ₹399.13 crores. The Licensee has developed a terminal with a cargo handling capacity of 8 MTPA. The commercial operations began from 11<sup>th</sup> March 2011. During the first full year of operation, CICTPL handled 3.49 MT of coal.



COAL UNLOADING AT CICTPL TERMINAL

### General Cargo Berth cum Automobile Export Terminal:

Your company has set up a berth for car export and for other general cargo, at an estimated cost of ₹ 110 crores. This berth will be able to accommodate the world's largest car carrier of capacity of 8,000 cars. Further it has a back-up area of about 1,41,000 sq.m with an expansive car parking yard for 10000 cars which is the largest facility in any Indian Port. During the first full year of operation the terminal handled 103576 cars, 48 buses and 43 trucks.



CAR EXPORT OPERATION AT GENERAL CARGO BERTH  
Iron Ore Terminal (12 MTPA):

Your company had signed an agreement for an Iron Ore terminal on a 30 years BOT basis on 23<sup>rd</sup> September 2006 with the project company SICAL Iron ore Terminal Limited with an approved project cost of ₹ 480 crores in two phases of 6 million tonnes each. The Licensee has developed the first phase of 6 MTPA capacity at an investment of ₹ 360 crores. The commissioning activities depend on the permits on the movement of export of Iron Ore by State Government of Karnataka and Hon'ble Supreme Court.



VIEW OF IRON ORE BERTH WITH SHIP  
LOADER & CONVEYOR SYSTEM

### Capital Dredging-Phase-II:

The work was awarded to M/s Dredging Corporation of India (DCI) at a value of ₹ 171 crores and commenced on 26.2.2011. The Project envisages deepening of Ennore Port



Channel from the existing 16m to 20m and the Basin to 18.5m from the existing depths 15.5m and the Iron Ore berth area to 18m from the existing 15m. After deepening, Ennore Port would be able to handle Cape size vessels of 1,50,000 DWT at iron ore berth. Dredging work is in progress.

To meet the growing demand in the hinterland and trade, Ennore Port has initiated action for developing the following terminals through BOT/Captive basis

#### **Container Terminal (1.5 MTEUs/ 18 MTPA):**

A Concession Agreement for development of Container Terminal at Ennore Port was signed with the Concessionaire, M/s Bay of Bengal Gateway Terminal Pvt. Ltd. on 13.8.2010 at an estimated cost of ₹ 1407 crs. with a capacity of 1.50 Million TEUs. As per the Concession Agreement, the Concessionaire has to fulfill the conditions precedent within a period of 180 days from the date of signing of the Concession Agreement. On the failure to achieve the Conditions Precedent within the normal period of 180 days, the Concessionaire has granted three more extension for a total period of 445 days by invoking the provisions of Article 3.3 of the Concession Agreement for fulfilling the Conditions Precedent. In spite of granting repeated extension of time, the Concessionaire failed to fulfill the Conditions Precedent. While communicating the last extension of time to the Concessionaire, your company vide letter dated 12<sup>th</sup> March 2012, has informed the Concessionaire that failure to fulfill the conditions precedent within the above extended period would constrain EPL to invoke Article 3.6 of the Concession Agreement, i.e. forfeiture of bid security and termination of the

agreement. Since the Concessionaire failed to achieve the financial closure even by the last extended date i.e. 30<sup>th</sup> April, 2012, EPL by invoking the aforesaid Article of the Concession Agreement has encashed the bid security to the value of ₹ 14 crores furnished by the Concessionaire.

#### **LNG Terminal (5 MTPA):**

Indian Oil Corporation Limited (IOCL) had identified Ennore as a possible location for a LNG terminal and had carried out a Feasibility Study for setting up the LNG Terminal with regassification facilities. EPL also obtained "in principle" approval of the Government in July 2005, for IOCL to set up this LNG terminal. IOCL has already appointed Consultants to carry out the detailed engineering study (FEED) and Environmental Impact Assessment (EIA) study.

The Board of Directors of your Company in its Board Meeting held on 10.2.2012 has approved the draft MOU to be entered into between the Indian Oil Corporation Limited and Ennore Port Limited for setting up of the LNG Terminal at Ennore Port. The draft MoU has been forwarded to the Ministry of Shipping for its approval.

The anticipated date of commencement of construction is 2013-14 and commissioning by 2016-17.

#### **Coal berth 3 for TNEB of 9 MTPA**

With the ongoing expansion of North Chennai Thermal Power Station (NCTPS)/ Mettur Thermal Power Station (MTPS) / Ennore Thermal Power Station (ETPS), there will be additional traffic at Your Port. Hence Your Company has already initiated action for



developing the third coal berth with a capacity of 9 MTPA. The anticipated date of commencement is during the financial year 2013-14.

### Capital Dredging-Phase-III

Capital dredging Phase-III involves dredging of about 10 million cubic meters for providing - 16 meters alongside depth at Container Terminal at an estimated cost of ₹ 220 crores. This will be taken up in synchronization with container berth construction.

## CONNECTIVITY

### Road Connectivity

Your Company is also drawing up and crystallizing plans for improving the Road connectivity to the Port. The SPV namely Chennai Ennore Port Road Company Limited (CEPRCL) promoted by Ennore Port Ltd, Government of Tamil Nadu, Chennai Port Trust and NHAI has already taken up four laning of TPP road for which the company has committed to contribute ₹ 34.02 crores, out of which ₹ 17.50 crores has already been paid. The project works were awarded by the SPV Company and construction work is in progress.

A new Northern Port Access Road from Port's North Gate to Tachur on NH5 was proposed by the Company and it was taken up by NHAI under the 'Port Connectivity to the Golden Quadrilateral or North-South & East-West Corridors' programme. NHAI had proposed to implement the project on PPP model and EPL was to bear the cost of land acquisition, etc. for the project. NHAI had taken action to select the concessionaire. Now Govt. of Tamil Nadu has proposed to take up the project on commercial format and for incurring land acquisition cost.



*Shri. T.K.A. Nair, Advisor to the Prime Minister, visited Ennore Port, on 26.11.2011 and held discussions with Shri. S. Veiumani, CMD and other Senior Officials of EPL on Chennai - Bangalore Industrial corridor and Port Connectivity issues.*

### Rail Connectivity

Your company is connected to the Southern Railway network at Attipattu and Attipattu Pudhunagar Railway Stations, at about 6km from the Port, on the Chennai-Gudur section of the Southern Railways.

Rail connectivity between Your Port and mainlines of Indian Railways (Ennore Port to Attipattu and Attipattu Pudhunagar Railway Stations) to coal / iron ore stackyards at a total estimated cost of ₹ 80 crores is in progress. Your company is planning to provide rail connectivity to the proposed Container Terminal from the Indian Railways mainline for rail movement of container traffic at an estimated cost of ₹ 40 crores.

A new BG Railway line between Puthur and Attipattu costing ₹ 446 crores has been approved by Govt. of India. Your company is to meet 50% share of this project cost. This project was envisaged with a view to facilitate iron ore movement from Bellary Hospet region to reach your Port without entering the congested Arakkonam-Chennai sector, reducing the distance by 37km and thereby achieving



reduction in freight cost. Subsequently, a draft Concession Agreement for financing and implementation of such projects is under finalisation by Ministry of Railways. EPL is awaiting final Concession Agreement for taking up the Puttur-Athipattu line with an additional line to Tiruvallur in the 1<sup>st</sup> phase and then laying line up to Puttur in 2<sup>nd</sup> phase. EPL is pursuing with the Ministry of Railways to finalize this project expeditiously.

### INDUSTRIAL RELATIONS

During the year under review cordial and harmonious Industrial Relations were maintained in the Company and no man day was lost on account of industrial unrest.

### PERSONNEL

The manpower as on 31.03.2012 of your Company is given below:

Class/ Group	SC	ST	OBC	Others	Total
Class I	03		10	19	32
Class II	04		04	11	19
Class III	07		15	13	35
Class IV	04	01	01	02	08
<b>Total</b>	<b>18</b>	<b>01</b>	<b>30</b>	<b>45</b>	<b>94</b>
<b>Total %</b>	<b>19.14%</b>	<b>1.06%</b>	<b>31.91%</b>	<b>47.87%</b>	

### Representation of SCs / STs / OBCs and Minorities

The policies and directives of the Government relating to the recruitment of Scheduled Castes, Scheduled Tribes, Physically Challenged, Other Backward Classes, Ex-Servicemen and Minorities etc. continued to be adhered to by EPL during the year.

### Training Programme

During the year 2011-12, your company imparted 10 No. of various training programmes to 30 employees conducted by different institution in various parts of the country.

### Grievance Redressal Mechanism

EPL has its own grievance redressal procedure for Executives as well as non-executive employees. The grievances of employees are accordingly dealt with as per the rule.

### WOMEN EMPOWERMENT

Your Company has 15 women employees which constitute 15.95% of its total workforce of 94 as on 31.03.2012.

The women employees are facilitated to perform and display their efficiencies to the betterment of the organization as well as self improvement. Your company is taking all measures to implement the policy to curb Sexual Harassment of women workers at work place. No case of any harassment has since been reported at any time in your company. Various cultural, social, educative and community activities, such as adult educating, blood donation camps, eye camps, etc. are being organised regularly mostly for the benefit of the women residing in the neighbouring areas.

Every year 8<sup>th</sup> March is celebrated as International Women's Day and various programmes are organised with the active employment of women employees to mark the day. Company has enhanced the period of Maternity Leave from 90 days to 180 days.

120 Self Help Group comprising women hailing from surrounding villages are provided livelihood opportunity in the Port for several years in the past.

### CORPORATE SOCIAL RESPONSIBILITY

It has been your Company's conscious and continuous endeavour to contribute to the



community development and services. Towards its commitment to the society, your Company has taken up various activities as detailed below:

- ❖ Providing infrastructure and other facilities to neighbouring schools at a cost of ₹ 19.18 lakhs.
- ❖ Village link road connecting Athipattu Pudu Nagar Railway Station to main road at a cost of ₹ 22.51 lakhs.
- ❖ Providing financial assistance to Self-Help women's group to the tune of ₹ 34.52 lakhs
- ❖ One time contribution of ₹ 3,00,000/- has been made to CSRhub.

During the year under review a total sum of ₹ 79.21 lakhs excluding CSR training expenses of ₹ 54,425/- was spent by EPL on account of Corporate Social Responsibility activities. However, the Company would make all efforts to ensure that the expenses on CSR during the financial year 2012-13, would be in accordance with the DPE Guidelines on CSR for CPSEs which prescribes 3% to 5% of PAT of the previous financial year.

#### **RIGHT TO INFORMATION ACT, 2005 (RTI ACT)**

An effective mechanism has been set up in the organization to deal with the requests received under the RTI Act, 2005.

EPL has appointed a PIO and a Transparency Officer at the Corporate Office to look after the compliances of RTI Act, 2005. Director (Operations) has been appointed/designated as Appellate Authority under the Act.

During the year under report, the Company has received total 20 No. of applications under RTI Act, from which 19 Applications accepted, 1 rejected and one appeal accepted under RTI and the same had been disposed off during the period.

#### **INFORMATION TECHNOLOGY**

Your Company has implemented with an investment of ₹ 92 Lakhs on Port Operation Management System (POMS) developed by National Informatics Centre (NIC), Government of India and started exchanging messages with Port Users like Shipping Agents for Registration Ships Certificates, Voyage Registration, Berth Request, etc., through Port Community System (PCS) developed by Indian Ports Association (IPA). Your Port will start collecting Port Charges through e-payment of PCS, start exchange of messages with Customs and start issuing Port Clearance for vessels through PCS once dedicated Customs Office and EDI are established by Customs Department at Ennore Port.

Your Company has taken up the implementation of Phase-II implementation of ERP System covering other activities like Accounts, Finance, Human Resource Management, Payroll, Procurement & Maintenance, Project & Contract Management, Estate Management, etc., in a phased manner at an investment of ₹ 81.29 lakhs. Action plan - 'To-be Report' was completed in July 2011 and training was given to all employees for e-publishing and e-procurement modules in February 2012. Implementation of other modules is in progress.

This entire exercise will ensure Standardization of business transactions and documentation and efficient Procedure & Process along with more transparency.

#### **IMPLEMENTATION OF OFFICIAL LANGUAGE**

Your Company has made focused efforts for the propagation and implementation of the official language policy of the GoI. All important circulars/advertisements and correspondences were issued in Hindi. Employees are encouraged to undergo Hindi courses conducted by Central Hindi Directorate.



## DIRECTORS

Subsequent to the last Directors' Report, Capt. D.K. Mohanty, Director (Marine Services) resigned from the Board w.e.f 30.11.2011. After resignation of Capt. D.K. Mohanty, Director (Marine Services) there is no change in the composition of the Board of Directors of your company and the present composition of board consists of Two Whole-time Directors including Chairman-cum-Managing Director, two Government Nominee Directors and three Independent Directors.

Pursuant to the provisions of Section 255 & 256 of the Companies Act, 1956 and in accordance with clause 140 (a) of Articles of Association of the Company two Directors, other than Managing Director and Whole-time Directors have to retire by rotation, who have been longest in office since the date of last appointment at the ensuing Annual General Meeting. Accordingly Mr. Atulya Misra, Director and Mr. A.R.Rao, Independent Director shall retire by rotation at the Annual General Meeting of your Company and being eligible, offer themselves for re-appointment.

## AUDIT COMMITTEE

The Audit Committee of the Company comprised of four Directors, all are independent except one Whole-time Director. As on 31<sup>st</sup> March, 2012 Audit Committee comprised of the following members:

1. Dr. S. Ram Mohan Independent Director
2. Shri S. Manoharan Independent Director
3. Shri A. R. Rao Independent Director
4. Shri Sanjay Kumar Whole-time Director

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 ended 31<sup>st</sup> March 2012.

Head of Finance, Internal Auditors, Statutory Auditors and Senior Executives from various functions were invited in the Audit Committee meetings for interacting with the members of the Audit Committee.

## 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

As required under Section 217 (2AA) of the Companies Act 1956, your Directors confirm that:

- 1) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- 2) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2011-12 and of the profit of the company for that period.
- 3) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- 4) the Directors had prepared the Annual Accounts on a going concern basis.



## **FIXED DEPOSITS**

During the year under review, the Company has not accepted any fixed deposits.

## **AUDITORS**

Pursuant to the provisions of Section 619 (2) of the Companies Act, 1956, The Controller & Auditor General of India, New Delhi has appointed M/s.N.Sankaran & Co, Chartered Accountants, Chennai as Statutory Auditors of the Company for the period ended 31<sup>st</sup> March 2012.

## **AUDITOR REPORT**

The report submitted by the Statutory Auditors of the Company M/s. N. Sankaran & Co. Chartered Accountants, Chennai for the financial year ended 31st March 2012 is circulated along with the Annual Financial Statements. In their report M/s. N. Sankaran & Co., the Statutory Auditors of the Company have drawn specific reference to Note No. 8.1, 14.2 and 37 of the Notes to Account of the financial statement for financial year ended 31st March 2012. The said notes are self-explanatory.

## **REPORT ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO.**

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is given at Annexure - I to this report.

Place : Chennai  
Dated : 13<sup>th</sup> July 2012

## **REPORT ON CORPORATE GOVERNANCE**

As per the guidelines of the Government of India, Department of Public Enterprises, a report on Corporate Governance for the year ended 31-03-2012 forms part of this Report as Annexure II to this report.

## **REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS**

A report on Management Discussion and Analysis is placed at Annexure III.

## **ACKNOWLEDGEMENT**

Your Directors acknowledge gratefully the support and guidance received from the Ministry of Shipping, Government of India and Chennai Port Trust and appreciate co-operations received from TANGEDCO/TNEB, TNPSB, GoTN and GoI, particularly the Ministry of Environment & Forests, Planning Commission, Department of Public Enterprises, Ministry of Finance and Indian Railways/Southern Railways.

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

**For and on behalf of the Board of Directors**

**Sd/-  
S. Velumani  
Chairman cum Managing Director**

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

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

**A) Conservation of Energy:**

**(a) Energy Conservation measures taken:**

To ensure effective utilization of electrical energy, Energy Audit was conducted by M/s. Dynaspede Integrated Systems Private Limited and audit report was obtained in November-2010. The implementation of recommendations of the Energy Audit Report is received on December 2011 and installation of Energy savers is in process and expected to complete by the end of December-2012.

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

Nil

**(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:**

Nil

**(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:**

Enclosed in Form A

**B) Technology absorption:**

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

Enclosed in Form B

## ANNEXURE TO DIRECTOR'S REPORT ON ENERGY CONSERVATION

### Form A

Form for disclosure of particulars with respect to conservation of Energy

<b>A.</b>	<b>Power and Fuel Consumption</b>	<b>2011-12</b>
	<b>1. Electricity</b>	
	<b>a) Purchased</b>	
	Unit (in Kw Hr.)	10,79,616
	Total Amount (in ₹/-) (excluding demand and other charges)	62,61,773
	Demand and other charges (in ₹)	28,71,133
	Rate/Unite (average) (₹/ Kw Hr.) (excluding demand and other charges)"	5.80
	<b>b) Own generation</b>	
	Through Diesel Generator	
	Unit (in Kw Hr.)	65610
	Units per litre of diesel (17,631ltrs)	2.70
	Diesel Cost / Unit (₹) (5,13,260)	16.22
	<b>2. Coal</b>	<b>Not Applicable</b>
	<b>3. Furnace Oil</b>	<b>Not Applicable</b>
	<b>4. Others/ Internal generation Fuel gas</b>	<b>Not Applicable</b>
<b>B.</b>	<b>Consumption Per Unit of Production</b>	<b>Not Applicable</b>

### Form B

#### RESEARCH AND DEVELOPMENT (R&D) ACTIVITIES

1	Specific areas in which R&D was carried out by the company	Not Applicable
2	Benefits derived as a result of above R&D	Not Applicable
3	Future plan of action	Not Applicable
4	Expenditure on R&D	Not Applicable
5	Technology Absorption, Adaptation and Innovation	Not Applicable

#### Annexure to Form B

1	Benefits derived as a result of R&D activities	Not Applicable
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## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY

The Department of Public Enterprises (DPE) had issued Guidelines on Corporate Governance for listed and unlisted Central Public Sector Enterprises (CPSEs). The Board of Directors of your Company strongly supports the principles of Corporate Governance which involves Board, employees, shareholders and other stakeholders. The management and employees of the Company are committed to uphold the core values of transparency, integrity, honesty and accountability.

### 2. BOARD OF DIRECTORS

The Company is managed by the Board of Directors, which formulates strategies, policies and reviews its performance periodically. The Chairman cum Managing Director (CMD) and two Whole-time Directors viz. Director (Marine Services), Director (Operations) manage the business of the Company under the overall supervision, control and guidance of the Board.

The Board of Directors has an adequate combination of Whole-time Directors,

Nominee Directors and Independent Directors. As on 31<sup>st</sup> March 2012, the Board had 7 members, comprising of 2 Whole-time Directors (including the Chairman cum Managing Director), 2 Nominee Directors (nominated by Government of India & Chennai Port Trust) and 3 Independent Directors.

### 2.1 Composition and category of the Board of Directors as on 31<sup>st</sup> March, 2012

#### Whole-time Directors/ Executive Directors

1. Shri S Velumani,  
Chairman-cum-Managing Director
2. Shri Sanjay Kumar,  
Director (Operations)

#### Nominee Directors

1. Shri Rakesh Srivastava, IAS,  
Nominee of Govt. of India
2. Shri Atulya Misra, IAS,  
Nominee of Chennai Port Trust

#### Independent Directors

1. Shri S. Manoharan
2. Dr. S. Ram Mohan
3. Shri A.R. Rao

### 2.2 Attendance of each Director at the Meeting, Last AGM, Number of Directorship and Membership/ Chairmanship of Committee

Name of the Director	No. of Board Meetings held	No. of Board Meetings attended	Last AGM attended	Other Directorship	Committee Membership/ Chairmanship
<b>Whole Time Directors</b>					
Shri S. Velumani Chairman-cum-Managing Director	6	6	Yes	1	Nil
Capt. D.K. Mohanty Director (Marine Services) (upto 30.11.2011)	6	5	Yes	-	-
Shri Sanjay Kumar Director (Operations) (w.e.f 8.6.2011)	6	5	Yes	1	-
<b>Government Nominee Directors</b>					
Shri Rakesh Srivatsava Nominee of Govt. of India	6	3	No	3	-
Shri Atulya Misra Nominee of Chennai Port Trust	6	6	Yes	1	-
<b>Independent Directors</b>					
Shri S. Manoharan Independent Director	6	4	Yes	-	-
Dr. S. Ram Mohan Independent Director	6	5	Yes	-	-
Shri A.R. Rao Independent Director	6	6	Yes	-	-

### 2.3 No. of Board Meetings held with dates:

During the year 2011-12, six Board meetings were held on 10/05/2011, 11/07/2011, 12/08/2011, 29/08/2011, 21/11/2011 and 10/02/2012.

## 3. COMMITTEE OF BOARD OF DIRECTORS

The Board Committees play a crucial role in the governance structure of the Company and are being set out to deal with specific area / activities which concern the Company and need a closer review. Various committees of Board are as under:

### 3.1 Audit Committee of Board

Audit Committee was constituted in the Board Meeting held on 5<sup>th</sup> September 2002 and the terms of reference of the Audit Committee is in accordance with Section 292A of the Companies Act, 1956 and Guideline on Corporate Governance for CPSEs issued by DPE. The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements.

#### A. Composition of the Audit Committee

The Audit Committee of the Company was re-constituted on 12<sup>th</sup> August, 2011 with the following members:

1. Dr. S. Ram Mohan, Chairman  
(Independent Director as Chairman)
2. Shri. S. Manoharan, Member  
(Independent Director)
3. Shri A.R. Rao, Member  
(Independent Director)
4. Capt. D K Mohanty, Member  
(Whole-time Director in Charge of Marine Services)

5. Shri Sanjay Kumar, Member  
(Whole-time Director in Charge of Operations)

At present the Audit Committee comprises of four members with three Independent directors and one Whole-time Director due to resignation of Capt. D.K. Mohanty with effect from 30<sup>th</sup> Nov, 2011.

The Company Secretary acts as Secretary to the Audit Committee.

#### B. Brief description of Terms of Reference:

##### The role of Audit Committee includes:

- a. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- c. Reviewing with the management the half-yearly and annual financial statements before submission to the Board, focusing primarily on:
  - ❖ Any changes in accounting policies and practices.
  - ❖ Major accounting entries based on exercise of judgement by management.
  - ❖ Qualification in draft audit report.
  - ❖ Significant adjustments arising out of audit.
  - ❖ The going concern assumption.
  - ❖ Compliance with accounting standards.
  - ❖ Compliance with legal requirements concerning financial statements.



❖ Any related party transactions, i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.

d. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.

e. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

f. Discussion with internal auditors on any significant findings and follow up thereon.

g. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

h. Discussion with external auditors before the audit commences on nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.

i. Reviewing the company's financial and risk management policies.

j. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

### C. Meetings and Attendance during the year

During the year 2011-12, four Audit Committee meetings were held on 07/05/2011, 11/07/2011, 21/11/2011 and 10/02/2012.

### Attendance:

Members	No. of meetings held during the year 2011-12	Meetings attended
Shri S. Ram Mohan	4	4
Shri S. Manoharan	4	3
Shri A.R. Rao	4	4
Capt. D.K. Mohanty (upto 30.11.2011)	4	3
Shri Sanjay Kumar (w. e. f. 12.08.2011)	4	2

### 3.2 Remuneration Committee

Ennore Port Limited, being a Government Company, appointment and terms and conditions of remuneration of Whole-time Directors are determined by Government of India through the Administrative Ministry, namely, the Ministry of Shipping. The pay scales of the other employees are fixed in line with guidelines issued by the Department of Public Enterprises (DPE).

Nominee Directors do not draw any remuneration. Independent Directors received sitting fees of Rs.3,000/- for each Board/Committee meeting attended by them.

Ennore Port Limited has constituted a Remuneration Committee, headed by an Independent Director of the Company, for the purpose of determining the Performance Related Pay (PRP) for its executives, in line with DPE Guideline.

#### A. The Composition of Remuneration Committee:

The Remuneration Committee of the Company was re-constituted on 12<sup>th</sup> August, 2011 with the following members:

1. Dr. S. Ram Mohan, Chairman  
(Independent Director as Chairman)

2. Shri. S. Manoharan, Member  
(Independent Director)
3. Shri A.R. Rao, Member  
(Independent Director)
4. Capt. D K Mohanty, Member  
(Whole-time Director in Charge of Marine Services)
5. Shri Sanjay Kumar, Member  
(Whole-time Director in Charge of Operations)

At present the Remuneration Committee comprises of four members with three Independent Directors and one Whole-time director due to resignation of Capt. D.K.Mohanty with effect from 30<sup>th</sup> Nov, 2011.

#### B. Terms of Reference:

As per the recommendation of Second Pay Revision Committee the Remuneration Committee was constituted inter-alia to determine the annual bonus / variable pay pool and policy for its distribution across the executives and Non Unionised Supervisors, within the prescribed limits.

#### C. Meetings and Attendance during the year

During the year 2011-12, one Remuneration Committee Meeting was held on November 21, 2011.

Members	No. of meetings held during the year 2011-12	Meetings attended
Shri S. Ram Mohan	1	1
Shri S. Manoharan	1	1
Shri A.R.Rao	1	1
Capt.D.K. Mohanty (upto 30.11.2011)	1	1
Shri Sanjay Kumar (w.e.f. 12.08.2011)	1	1

#### D. Remuneration received by Functional Directors

Details of remuneration of functional directors of the Company paid for the financial year 2011-12

Name of the Directors	Salary & Other Allowances(Rs.)	Bonus/ Commission/ PRP (Rs.)	Total (Rs.)
Shri. S Velumani, Chairman-cum- Managing Director	24,00,314	-	24,00,314
Capt. D K Mohanty, Director (MS)	14,55,124	-	14,55,124
Shri Sanjay Kumar, Director (Operations)	17,06,968	-	17,06,968

#### 4. GENERAL BODY MEETING

4.1 The venue, date and time of the AGMs held during the preceding three years is as under:

Year	Venue	Date	Time
2010-11	EPL Board Room, Ennore Port Limited, No. 23, Rajaji Salai, Chennai – 600 001.	29.08.2011	11.00 hrs
2009-10	EPL Board Room, Ennore Port Limited, No. 23, Rajaji Salai, Chennai – 600 001.	30.8.2010	16.00 hrs
2008-09	EPL Board Room, Ennore Port Limited, No. 23, Rajaji Salai, Chennai – 600 001.	04.09.2009	10.15 hrs

4.2 During the period under report, no special resolution was passed.

#### 5. DISCLOSURES

- (i) **Related Party Transaction** (Subject to disclosure in the Audit Report)
- (ii) There was no case of non-compliance of provisions of Companies Act, 1956 or any other statutory laws. The statutory authorities have also not passed any strictures or imposed penalty on the company under any Act/Rules.



(iii) Your Company has a Whistle Blower Policy as per the guidelines issued by the Department of Public Enterprises (DPE) and no personnel of the Company have been denied access to the Audit Committee.

(iv) The Company has complied with the requirements of DPE Guidelines on Corporate Governances.

## 6. Code of Conduct

As part of Ennore Port's persisting endeavour to set a high standard of conduct for its employees a "Code of Business Conduct and Ethics" has been laid down for all Board Members and Senior Management Personnel. All Board Members and Senior Management personnel have affirmed compliance with Ennore Port's Code of Business Conduct and Ethics" for the financial year 2011-12

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## Declaration

As provided under the Guideline on Corporate Governance for CPSEs issued by Department of Public Enterprises, all the Board Members and Senior Management of the Company have confirmed compliance with 'Code of Business Conduct and Ethics' for the year ended 31<sup>st</sup> March, 2012

For Ennore Port Limited

Sd/-

(S. Velumani)

Chairman-Cum- Managing Director

Place: Chennai

Date: 2nd July 2012

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## 7. TRAINING OF BOARD MEMBERS

No specific training programmes were arranged for Board Members. However, at the Board/Committee Meetings, detailed presentations are made by senior executives / professionals / consultants on business related issues, risk assessment, etc. The company also nominates its directors for various seminars and training programmes conducted by various outside institutions/agencies.

## 8. REVIEW OF COMPLIANCE OF APPLICABLE LAWS

The Board has periodically reviewed the compliance reports of all applicable laws to the company and has ensured the compliance of all the applicable laws.

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## Management Discussion and Analysis Report 2011-2012

### A. Industry Structure, Market-Scenario, Opportunities & Threats, Outlook, Risks and Concerns.

#### ◆ Industry Structure and Market Scenario:

Ennore Port is operating as a landlord port limiting its functions to overall planning, development, mobilization of investments for development, conservancy of port, regulatory aspects, environment monitoring, providing / operating basic utilities (water, electricity supply, fire fighting facilities, security etc.) providing rail / road connectivity etc. The development and operations of the terminals are entrusted to private operators. All the future terminal developments are proposed through private sector participation. Many of the services are carried out by outsourcing.

Indian economy is clouded by some slowdown in growth in the current year with continuing concern about inflation and a sudden increase in uncertainty about the global economy particularly in EURO Zone

Although the Indian economy has performed well averaging 8.2% in the first four years in 11<sup>th</sup> plan period, growth in 2011-12 in final year of the 11<sup>th</sup> plan is registering a decelerated rate of growth and currently stands at 6.9% as against the projection of 9%

#### ◆ Strength and Weakness

##### Strength:

- ◆ Landlord Model wherein cargo operations are vested with the private operators who bring capital and efficiency in operations.
- ◆ Deep draft port facilitates berthing of large size and new generation vessels resulting in reduced freight rate and saving in time.

- ◆ Proximity to National Highways and Indian Railways mainlines providing excellent connectivity to hinterland.
- ◆ Fully mechanised cargo handling operations.
- ◆ Enough back up land for storage of cargo.

##### Weakness:

- ◆ The captive User TNEB and the BOT operators are responsible for day to day cargo handling operations. Hence EPL's role is limited in volume / throughput to be handled
- ◆ Movement of Iron ore from Bellary-Hospet region was banned by the Government of Karnataka. Consequently export from this region is totally affected.
- ◆ The development of common infrastructure facilities like capital dredging, road & rail connectivity is vested with EPL for which huge amount of funds are raised from the market with no government assistance/ grant.
- ◆ Raising of fresh funds on the strength of port assets is limited on account of BOT performances.

#### ◆ Opportunities and Threats

##### Opportunities:

- ◆ Market demand for Coal to feed Thermal Power Stations and Industries.
- ◆ Still a potential market for Iron Ore export.
- ◆ Market demand for Containerized traffic.
- ◆ Port is surrounded by a member of Container Freight Stations and Industries.



- ❖ Least populated neighbourhood area and availability of large tracts of land to trigger further port based developments.

#### Threats:

- ❖ Emergence of non major ports like L&T at Kattupalli, Krishnapatnam and Karaikal Ports competing to EPL's hinterland.
- ❖ No clear-cut policy on development of non-major ports particularly licensing of non-major port in the vicinity of major ports.
- ❖ Movement of Iron ore from bellary-hospet region was banned by the Government of Karnataka and the Hon'ble Supreme Court. Consequently export from this region is affected.

#### ★ Outlook

The traffic at major ports of India is likely to grow to 1215 million tonnes by 2020 from the present level of 561 million tonnes whereas the traffic at non-major ports is expected to grow 1280 million tonnes in the same period from the present level of 289 million tonnes. Thus the anticipated traffic at Indian Ports would grow to 2494 million tonnes by 2020 from the present level of 850 million tonnes at CAGR of 11.37%. Having set the tune for the growth plan, both the major ports and non-major ports have formulated ambitious plans in order to meet the growing opportunities in the EXIM trade (Source Maritime Agenda 2020 by MOS, GoI)

The Traffic forecast for the Company has been made for the period of 20 years from 2007-08 to 2026-27. The principal items of Cargo to be handled at Ennore Port comprise of Coal (for TNEB and non-TNEB), Iron Ore, POL & bulk liquids and Containers.

For the financial year 2012-13, EPL has projected the Gross Sales 10% more than expected achievement in 2011-12. Accordingly all the financial parameters are worked out.

#### ★ Risks and Concerns

The port sector is all set to witness intense competition with the advent of many private ports being developed under State Maritime Boards.

EPL is fully prepared to match their investment, operations and pricing strategies so as to ensure adequate growth by roping in private sector in development and operations of the various cargo terminals.

#### B. Segmentwise or Productwise Performance

##### ❖ Sales Performance

The sale turnover during the year 2011-12 was ₹ 248.64 crores as against ₹ 167.31 crores during the same period in previous year.

##### ❖ Quantity

During the year 2011-12 a quantity of 14.96 MT of cargo was handled as against 11.09 MT tones previous year.

#### C. Internal Control Systems and their adequacy

The Company has an internal control system with proper internal delegation of authority, supervision and checks and balances and procedures through documented policy guidelines and manuals. This system is reviewed and updated periodically in order to improve upon it and to meet the business requirements.

D. Discussion on Financial Performance with respect to Operational Performance

E. Material developments in Human Resources, Industrial Relations front, including number of people employed.

F. Environmental Protection and Conservation, Technological conservation, Renewable energy developments, Foreign Exchange conservation.

G. Corporate Social Responsibility

The Directors' Report 2011-12 may kindly be referred as it contains the details in respect of items ie., D, E, F and G.

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF ENNORE PORT LIMITED, CHENNAI FOR THE YEAR ENDED 31 MARCH 2012**

The preparation of financial statements of Ennore Port Limited for the year ended 31 March 2012 in accordance with the financial reporting framework prescribed under the companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and the Auditor General of India under Section 619(2) of the companies Act, 1956 is responsible for expressing opinion on these financial statement under section 227 of the companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 13 July 2012.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the companies Act, 1956 of the financial statement of Ennore Port Limited for the year ended 31 March 2012. This Supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's report under Section 619(4) of the Companies Act, 1956.

Date : 14.08.2012

*sd/-*  
**(S. RAJANI)**  
**PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT**  
**AND EX-OFFICIO MEMBER AUDIT BOARD**  
**CHENNAI**





## AUDITORS' REPORT

### To the Members of Ennore Port Limited

1. We have audited the attached Balance Sheet of Ennore Port Limited ("the company") as at 31<sup>st</sup> March 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, both annexed thereto (together referred to as 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to Para 3 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, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv) In our opinion, the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- v) As per the Notification No.GSR 829 (E) dated 21.10.2003, issued under section 620 of the

Companies Act, 1956 (1 of 1956), Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 is not applicable to the company;

- vi) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the notes thereon subject to:
- a. Rs.1,23,68,478/- paid under protest by BOT Operator, kept under Trade Payables, pending finalization of the dispute as referred to in Note No.8.1
  - b. Rs.45,09,49,975/- excess payment to project contractors, kept in advances at the time of taken over of assets and liabilities from Chennai Port Trust, disputed by the company as referred in Note No.14.2

- c. non confirmation of balances as referred to in Note No.37

the consequential effect, if any, in the financial statements could not be quantified at this stage.

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 31<sup>st</sup> March 2012;

(b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For N.SANKARAN & CO  
Chartered Accountants  
Firm Regn No 003590S

(L.PATTABHIRAMAN FCA)  
Partner  
Membership No 22023

Place: Chennai  
Date: 13<sup>th</sup> July 2012



**Annexure referred to in paragraph 3 of our audit report of even date to the  
Members of Ennore Port Limited.**

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- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) The management has physically verified the fixed assets of the company during the year. No material discrepancies were noticed on such verification.
- (c) The Company has not disposed off substantial part of the fixed assets during the year.
- (ii) The Company is engaged in the development and operation of port and does not maintain any inventory. Therefore the provisions of clause 4(ii) of the Order are not applicable to the Company.
- (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.
- In view of (iii) (a) above, the clauses (iii) (b), (c) and (d) are not applicable.
- (e) The Company has taken Rs.345,18,74,941/- secured loan from Promoter covered in the register maintained under section 301 of the companies act, 1956, the rate of interest and other terms and conditions of the above loan are not prima facie prejudicial to the interest of the Company and payment of principal and interest are also regular.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of fixed assets and for rendering of services. The activities of the Company do not involve purchase of inventory and sale of goods. During the course of our audit, we have not observed any major weaknesses in internal control system of the Company.
- (v) (a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered in the register maintained under section 301 of the companies Act, 1956 and exceeding the value of Rs.5,00,000 in respect of each party during the year have been made at

prices which appear reasonable as per information available with the Company.

- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the Public to which the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA of the Companies Act, 1956 and the Rules framed there under are applicable.
- (vii) In our opinion, the Company has an internal audit system which is commensurate with its size and nature of its business.
- (viii) According to the information and explanations given to us the Central Government has not prescribed the maintenance of cost records for the Company under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
- (ix) (a) The company is generally regular in depositing undisputed statutory dues including Provident fund, 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 are 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 and records of the company examined by us the service tax amount not paid/paid under protest on account of dispute pending as under
- (c) According to the information and explanations given to us and records of the company examined by us and as informed by the Management no notification has been received under section 441A of the Companies Act, 1956 hence the disclosure under this clause is not applicable.
- (x) The company does not have any accumulated losses at the end of the financial year and the Company has not incurred cash losses in the financial year 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 the repayment of dues to Banks and financial institutions.
- (xii) According to the information and explanations given to us, the

Sl.No	Name of the Statute	Nature of the Dues	Amount (in Crore)	Period	Forum where it is pending
1	Central Excise & Service Tax	Service tax on Upfront fee	*1.85	2006-07 & 2007-08	Customs, excise & Service tax Appellate Tribunal, Chennai

\* Includes ₹ 1.17 crore paid under protest on 30.09.2008



Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

- (xiii) The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained, other than temporary deployment pending application.
- (xvii) In our opinion and according to the information and explanations given to us, and on an overall examination the Balance Sheet of the company,

we report that funds raised on short term basis have not been used during the year 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, the Company has not issued any debentures during the year.
- (xx) According to the information and explanations given to us, the Company has not raised any money by way of public issue during the year.
- (xxi) During the course of our examination of the books of account and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have not come across any instance of fraud on or by the Company, noticed or reported during the year, nor have been informed of such case by the management.

For N.SANKARAN & CO  
Chartered Accountants  
Firm Regn No 003590S

(L.PATTABHIRAMAN FCA)  
Partner  
Membership No 22023

Place: Chennai  
Date : 13<sup>th</sup> July 2012

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2012**

(In Rupees)

PARTICULARS	Note No.	AS AT 31 <sup>ST</sup> March 2012		AS AT 31 <sup>ST</sup> March 2011	
		₹	₹	₹	₹
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
Share Capital	4	3,000,000,000		3,000,000,000	
Reserves and Surplus	5	2,380,475,152	5,380,475,152	1,638,089,813	4,638,089,813
<b>Non-Current Liabilities</b>					
Long Term Borrowings	6	3,700,428,520		4,037,374,945	
Liabilities	7	71,532,589	3,771,961,109	38,526,820	4,075,901,765
<b>Current Liabilities</b>					
Trade Payables	8	41,879,059		9,409,374	
Other Current Liabilities	9	1,751,180,363		1,408,217,739	
Short Term Provisions	10	772,506,657	2,565,566,079	492,751,803	1,910,378,916
<b>Total</b>			<b>11,718,002,340</b>		<b>10,624,370,494</b>
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
<b>Fixed Assets</b>					
Tangible Assets	11	8,827,646,926		7,610,184,404	
Intangible Assets		3,627,036		-	
Capital Work-In-Progress		700,302,692		999,380,355	
		9,531,576,654		8,609,564,759	
Non Current Investments	12	475,250,000		437,750,000	
Deferred Tax Assets (Net)	13	-		-	
Long Term Loans and Advances	14	500,810,221		1,031,522,128	
Other Non Current Assets		-	10,507,636,875	-	10,078,836,887
<b>Current Assets</b>					
Inventories	15	-		47,900,000	
Trade Receivables	16	209,140,933		99,380,614	
Cash and Cash Equivalents	17	504,697,776		53,069,901	
Short Term Loans and Advances	18	489,418,965		344,161,262	
Other Current Assets	19	7,107,792	1,210,365,465	1,021,831	545,533,607
<b>Total</b>			<b>11,718,002,340</b>		<b>10,624,370,494</b>
Significant Accounting Policies	3				

The notes referred to above form an integral part of the financial statements.

**For ENNORE PORT LIMITED**
**S. VELUMANI**  
 Chairman cum Managing Director

**SANJAY KUMAR**  
 Director (Operations)

**M. GUNASEKARAN**  
 General Manager (Fin)

**SUDARSAN PAHI**  
 Company Secretary

As per report of even date

**For N Sankaran & Co.**  
**Chartered Accountants,**
**CA L. PATTABHIRAMAN FCA**  
 Partner  
 M. No. 022023

 Place : Chennai  
 Date : 13th July, 2012



**STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2012** (in Rupees)

PARTICULARS	Nota No.	For the Year Ended 31 <sup>st</sup> March 2012	For the Year Ended 31 <sup>st</sup> March 2011
<b>CONTINUING OPERATIONS</b>			
<b>Income</b>		₹	₹
Revenue from Operations	20	2,486,434,299	1,673,052,207
Other Income	21	16,138,304	8,033,484
<b>Total Revenue</b>		<b>2,502,572,603</b>	<b>1,681,085,691</b>
<b>Expenses</b>			
Employee Benefit Expenses	22	76,486,084	59,701,656
Finance Costs	23	661,599,553	432,358,019
Depreciation and Amortization	24	132,544,917	129,348,973
Other Expenses	25	365,768,341	266,607,222
<b>Total Expenses</b>		<b>1,236,398,895</b>	<b>888,015,870</b>
Profit / (Loss) before exceptional and extraordinary items and tax		1,266,173,708	793,069,821
Add / (Less) : Exceptional Items	26	56,590,000	94,446,985
Profit / (Loss) before extraordinary items and tax		<b>1,209,583,708</b>	<b>698,622,836</b>
Add / (Less) : Extraordinary Items	27	1,752,310	-
Profit Before Tax		<b>1,207,831,398</b>	698,622,836
Add / (Less) : Tax Expense			
(a) Current Tax		241,700,000	142,800,000
(b) Deferred Tax		-	-
(d) Tax - Earlier Years		(1,076,605)	-
Profit / (Loss) for the year from continuing operations		<b>967,208,003</b>	<b>555,822,836</b>
<b>EARNINGS PER EQUITY SHARE</b>			
Nominal value of share Rs. 10 (PY : Rs. 10 per share )			
<b>Basic</b>			
Computed on the basis of profit from continuing operations	28	3.22	1.85
Computed on the basis of total profit for the year	28	3.22	1.85
<b>Diluted</b>			
Computed on the basis of profit from continuing operations	28	3.22	1.85
Computed on the basis of total profit for the year	28	3.22	1.85
Significant Accounting Policies	3		

Schedules referred to above form an Integral part of the financial statements.

As per our report of even date

**For ENNORE PORT LIMITED**

**S. VELUMANI**  
Chairman cum Managing Director

**SANJAY KUMAR**  
Director (Operations)

**M. GUNASEKARAN**  
General Manager (Fin)

**SUDARSAN PAHI**  
Company Secretary

As per report of even date

**For N Sankaran & Co.**  
**Chartered Accountants,**

**CA L. PATTABHIRAMAN FCA**  
Partner  
M. No. 022023

Place : Chennai  
Date : 13th July, 2012

## Notes forming part of the Financial Statements for the year ended 31st March 2012

### 1. CORPORATE INFORMATION

Ennore Port Limited (the Company) is a public Company domiciled in India and incorporated under the provisions of Companies Act, 1956. The Company is operating as a landlord port limiting its functions to overall planning, development, mobilization of investments for the development of port and other infrastructure activities. The development and operations of the terminals are mostly entrusted to private operators / captive users.

### 2. BASIS OF PREPARATION

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on mercantile basis and under the historical cost convention.

#### PRESENTATION AND DISCLOSURE OF FINANCIAL STATEMENTS

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation and disclosures made in the financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

### 3. SIGNIFICANT ACCOUNTING POLICIES:

#### a. GENERAL :

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

#### b. REVENUE RECOGNITION :

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

#### c. FIXED ASSETS :

##### (i) TANGIBLE 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 contractor is treated as revenue expenditure in the year of award.



## **(II) INTANGIBLE ASSETS :**

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any. Cost comprises the purchase price and any cost attributable for bringing the assets to its working condition for its intended use. Amortisation is provided on Straight Line Method (SLM), which reflect the management's estimate of the useful life of the intangible assets.

### **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. Assets costing individually Rs.5000/- and below are fully depreciated in the year of addition. Where no rates are specified for any port specific asset, the depreciation is charged at the rate as determined in accordance with the life of those assets as per the practice prevailing in Major Ports in India. Depreciation on addition in value of assets due to arbitral awards is claimed over the remaining useful life of the assets from the start of the financial year in which such award is passed and accepted.

### **e. INVESTMENTS :**

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

### **f. DEFERRED REVENUE EXPENDITURE :**

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

### **g. ACCOUNTING FOR TAXES ON INCOME :**

Current tax is determined as the amount of tax payable in respect of taxable income for the period.

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

### **h. RETIREMENT BENEFITS :**

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

### **i. FOREIGN CURRENCY TRANSACTIONS :**

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

### **j. PREPAID EXPENSES :**

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

**k. PREMIA FOR FORECLOSURE :**

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

**l. BORROWING COST :**

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.

**m. MAINTENANCE DREDGING :**

Expenditure for the maintenance dredging is provided every year based on the estimated quantity as assessed from the Hydrographic Survey Report and as per market rate based cost of such maintenance dredging. The adjustment entries will be made in the year in which actual maintenance dredging expenditure was incurred.

**n. LIQUIDATED DAMAGES:**

Liquidated damages recovered on certainty basis. In respect of Capital Projects, the same will be reduced from the Capitalisation of Asset and on all other cases, recognized as Other Income.

**4. SHARE CAPITAL**

	As at 31 <sup>st</sup> March 2012 ₹	As at 31 <sup>st</sup> March 2011 ₹
Authorised Shares 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 fully paid up shares 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
Total	3,000,000,000	3,000,000,000

**a. Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:**

Equity shares	31 <sup>st</sup> March 2012		31 <sup>st</sup> March 2011	
	Nos.	₹	Nos.	₹
Outstanding at the beginning of the year	300,000,000	3,000,000,000	300,000,000	3,000,000,000
Add : Shares Issued during the year	-	-	-	-
Less : Shares bought Back during the year	-	-	-	-
Outstanding at the end of the year	300,000,000	3,000,000,000	300,000,000	3,000,000,000



b. Details of shareholders holding more than 5% of shares in the company:

	31 <sup>st</sup> March 2012		31 <sup>st</sup> March 2011	
	Nos.	₹	Nos.	₹
Equity Shares of Rs. 10 each				
Government of India (66.67%)	200,000,000	200,000,000	200,000,000	200,000,000
Chennai Port Trust (33.33%)	100,000,000	100,000,000	100,000,000	100,000,000
	<b>300,000,000</b>	<b>300,000,000</b>	<b>300,000,000</b>	<b>300,000,000</b>

**5. RESERVES AND SURPLUS**

**Profit and Loss Account**

Balance at the beginning of the year  
Profit for the year

Less : Appropriations

Transferred to General Reserve  
Proposed equity dividend  
Dividend distribution tax on equity shares

Total appropriations

Balance at the end of the year

TOTAL

	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
	₹	₹
Balance at the beginning of the year	1,638,089,813	1,211,894,867
Profit for the year	967,208,003	555,822,836
	<b>2,605,297,816</b>	<b>1,767,717,703</b>
Less : Appropriations		
Transferred to General Reserve	—	—
Proposed equity dividend	193,441,601	111,164,567
Dividend distribution tax on equity shares	31,381,064	18,463,323
Total appropriations	<b>224,822,664</b>	<b>129,627,890</b>
Balance at the end of the year	<b>2,380,475,152</b>	<b>1,638,089,813</b>
TOTAL	<b>2,380,475,152</b>	<b>1,638,089,813</b>

**NON - CURRENT LIABILITIES**

**6. LONG TERM BORROWINGS**

**6.1 Term loans (Secured)**

Rupee Loan  
From Banks

**6.2 Loans and Advances from related parties**

Rupee Loan  
Chennai Port Trust

The above amount includes:

Secured borrowings  
Unsecured borrowings  
Net amount

	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
	₹	₹
6.1 Term loans (Secured)		
Rupee Loan		
From Banks	478,678,575	585,500,003
6.2 Loans and Advances from related parties		
Rupee Loan		
Chennai Port Trust	3,221,749,945	3,451,874,942
	<b>3,700,428,520</b>	<b>4,037,374,945</b>
The above amount includes:		
Secured borrowings	3,700,428,520	4,037,374,945
Unsecured borrowings	—	—
Net amount	<b>3,700,428,520</b>	<b>4,037,374,945</b>

## 6.1 From Banks

- Term Loan from Facility 1 was taken during the Financial Year 2004-05. The Loan is repayable in 30 quarterly installments along with interest starting from 31.12.2006. The loan is secured by hypothecation of movable fixed asset ranking paripassu with the Facility 2 of the Company.
- Term Loan from Facility 2 was taken during the Financial Year 2004-05. The Loan is repayable in 28 quarterly installments along with interest starting from 31.01.2007. The loan is secured by hypothecation of movable fixed asset ranking paripassu with the Facility 2 of the Company.
- Term Loan from Facility 3 was taken in the month of July 2010. The Loan is repayable in 16 quarterly installments along with interest starting from 30.09.2011. The loan is secured by first sole charge on receivables from general cargo berth of the Company.
- Term Loan from Facility 4 was taken in the month of February 2011. The Loan is repayable in 16 quarterly installments along with interest starting from 30.01.2012. The loan is secured by hypothecation of receivables and revenue from TNEB coal berth of the Company.

## 6.2 Loans and Advances from related parties

₹ 345,18,74,942/- due to Chennai Port Trust includes ₹295,18,74,942/- converted as Term Loan at the time of taken over assets and liabilities in the year 2001-02. The above Loan is repayable in 60 quarterly installments commencing from 30.06.2012 and is secured by hypothecation of immovable fixed assets of the Company specifically earmarked.

## 7. OTHER LONG TERM LIABILITIES

Others

Security Deposit payable

	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
	₹	₹
Security Deposit payable	71,532,589	38,526,820
	<u>71,532,589</u>	<u>38,526,820</u>

## CURRENT LIABILITIES

### 18. TRADE PAYABLES

Advance from Customers

	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
	₹	₹
Advance from Customers	41,879,059	9,409,374
	<u>41,879,059</u>	<u>9,409,374</u>

8.1 Includes ₹ 1,23,68,478/- paid under protest by the BOT operator, suitable accounting treatment will be made on finalising the dispute.

### 9. OTHER CURRENT LIABILITIES

#### 9.1 Current maturities of long term debt

From Banks

Others

9.2 Income received in advance

9.3 ECPP Liabilities

9.4 Creditors for Expenses

9.5 Creditors for Contract Liabilities

9.6 Statutory dues payable

9.7 Other Payables

	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
	₹	₹
From Banks	300,571,428	224,821,428
Others	230,124,996	–
9.2 Income received in advance	10,228,816	16,830,195
9.3 ECPP Liabilities	956,141,687	822,497,272
9.4 Creditors for Expenses	109,456,189	95,541,093
9.5 Creditors for Contract Liabilities	119,666,898	223,836,226
9.6 Statutory dues payable	23,736,003	23,584,089
9.7 Other Payables	1,254,345	1,107,436
	<u>1,751,180,363</u>	<u>1,408,217,739</u>



9.3 Includes ₹ 21,38,56,581/- being the differential amount of interest provided during the year between the interest provided upto 31<sup>st</sup> March 2011 based on the term of the Contract Agreement and the increased interest payable as per the Arbitral Award

**10. SHORT TERM PROVISIONS**

Provisions		31 <sup>st</sup> March 2012 ₹	31 <sup>st</sup> March 2011 ₹
10.1	- Terminal Benefits	3,490,150	2,830,174
10.2	- Income Tax	489,700,000	347,878,200
10.3	- Proposed Dividend	193,441,601	111,164,567
10.4	- Tax on Dividend	31,381,064	18,463,323
10.5	- Performance Related Pay	30,015,539	12,415,539
10.6	- Maintenance Dredging	10,000,000	-
10.7	- Common Road Maintenance	14,478,304	-
		<b>772,506,657</b>	<b>492,751,803</b>

10.1 Provision for Terminal Benefits includes amount payable to Life Insurance Corporation of India towards Gratuity and Leave Encashment as per Actuarial valuation and the terminal benefits payable for employees on deputation.

10.5 Performance Related Pay provided on estimate basis for the Financial Year 2010-11 and 2011-12.

**12. NON CURRENT INVESTMENTS**

	31 <sup>st</sup> March 2012 ₹	31 <sup>st</sup> March 2011 ₹
<b>Long Term - Other investments (valued at cost unless stated otherwise)</b>		
Investments in equity instruments of Sethusamudram Corporation Limited	300,000,000	300,000,000
Investments in equity instruments of Chennai Ennore Port Road Company Limited	137,500,000	87,500,000
Other non-current investments		
Advance given to Ennore SEZ Company Limited for Equity Contribution	250,000	250,000
Advance given to Chennai Ennore Port Road Company Limited for Equity Contribution	37,500,000	50,000,000
	<b>475,250,000</b>	<b>437,750,000</b>
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	437,500,000	387,500,000
Aggregate provision for diminution in value of investments	-	-

a. The Company has paid advance of ₹ 2,50,000/- towards Share Application Money to M/s. Ennore SEZ Company Limited, a Special Purpose entity as equity contribution on 01.02.2005 is pending for allotment of shares.

b. The Company has paid advance to M/s. Chennai Ennore Port Road Company Limited, controlled special purpose entity for ₹ 3,75,00,000/- as equity contribution on 05.12.2011 is pending for allotment of shares.

**13. DEFERRED TAX ASSET :**

Deferred Tax has not been recognised since the company is having exemption under Sec. 80 IA till the Financial Year 2016-17 and having carried forward loss in addition to MAT Credit availability.

**14. LONG TERM LOANS AND ADVANCES**

Capital Advances:		31 <sup>st</sup> March 2012 ₹	31 <sup>st</sup> March 2011 ₹
14.1	Secured, considered good	-	-
14.2	Unsecured, considered good	462,342,178	993,368,191
14.3	Doubtful	-	-
		<b>462,342,178</b>	<b>993,368,191</b>
Provision for bad and doubtful advances		-	-
		<b>462,342,178</b>	<b>993,368,191</b>

**11. FIXED ASSETS**

(In \$)

GL No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK AS AT				
		As at 01.04.2011	Additions / Deletions / Adjustments	As at 31.03.2012	Rate In %	As at 01.04.2011	For the Operating Month	Additions / Adjustments	Degradation for the Year	Impairment Loss	Deletions	As at 31.03.2012	31.03.2012	31.03.2011
1.	<b>A. TANGIBLE ASSETS</b>													
2.	Land	94,940,885	-	94,940,885	1.63	9,798,298	899,847	-	-	-	-	-	-	94,940,885
	Buildings/paths & Other Structures	115,125	-	115,125	100.00	115,125	-	-	-	-	-	-	-	115,125
	Administrative Building	879,229	-	879,229	1.63	879,229	14,313	-	-	-	-	-	-	879,229
	Security Gates	3,313,346	-	3,313,346	1.63	3,313,346	37,740	-	-	-	-	-	-	3,313,346
	Bus Stops	81,203	-	81,203	1.63	81,203	1,488	-	-	-	-	-	-	81,203
	Security Watch Tower	745,070	-	745,070	1.63	745,070	12,138	-	-	-	-	-	-	745,070
	Tide Gauge	1,791,443	-	1,791,443	1.63	1,791,443	27,734	-	-	-	-	-	-	1,791,443
	Fire Station Building	41,500	-	41,500	1.63	41,500	-	-	-	-	-	-	-	41,500
	Temporary Vehicle Shed	1,028,742	-	1,028,742	1.63	1,028,742	-	-	-	-	-	-	-	1,028,742
	Solar Block	949,492	-	949,492	1.63	949,492	10,025	-	-	-	-	-	-	949,492
	Solar Block - 1402 Unit	379,080	-	379,080	1.63	379,080	6,130	-	-	-	-	-	-	379,080
	Pre-fabricated Near section building	839,220	-	839,220	100.00	839,220	-	-	-	-	-	-	-	839,220
	Parking Yard including Building	115,887,435	71,994,074	187,881,509	1.63	187,881,509	1,885,750	604,723	-	-	-	-	-	186,125,718
	Wharves, Roads and Structures	323,388,715	-	323,388,715	1.63	34,470,771	3,193,336	-	-	-	-	-	-	320,195,379
	Port Access Roads	6,899,698	-	6,899,698	2.94	890,770	201,875	-	-	-	-	-	-	6,700,823
	Road - South to North & West Gate	84,185,646	-	84,185,646	1.63	3,870,032	1,373,226	-	-	-	-	-	-	80,315,614
	Road - East of Tank Farm & Security Road	28,052,775	-	28,052,775	1.63	850,461	1,273,280	-	-	-	-	-	-	26,779,495
	Road - South of On / Coal Stackyard to RC175	51,800,289	-	51,800,289	1.63	3,849,875	944,942	-	-	-	-	-	-	47,950,414
	Coal Wharves	787,296,294	-	787,296,294	2.50	282,403,236	15,682,407	-	-	-	-	-	-	530,893,887
	Coal Wharves	9,198,612	-	9,198,612	2.98	3,120,022	229,484	-	-	-	-	-	-	6,078,590
	Coal Wharves	5,300,304	-	5,300,304	2.94	1,521,624	335,629	-	-	-	-	-	-	3,778,680
	Coal Wharves	2,018,946	-	2,018,946	3.13	612,328	61,279	-	-	-	-	-	-	1,406,617
	Boundary Walls	32,988,171	-	32,988,171	1.63	4,881,468	532,875	-	-	-	-	-	-	28,106,703
	R.L. Primary Wall & Wharfing of West Gate	8,375,240	-	8,375,240	1.63	32,204	236,207	-	-	-	-	-	-	8,343,033
	Railway and Building Structure	87,081,372	-	87,081,372	4.75	1,284,110	3,186,833	-	-	-	-	-	-	85,797,539
	Docks, Barracks, Piers & New Aids	4,437,263,783	-	4,437,263,783	1.25	579,332,444	38,729,140	-	-	-	-	-	-	4,057,931,643
	Breakwater & Coastal Protection	7,762,824	-	7,762,824	1.99	793,331	107,803	-	-	-	-	-	-	7,000,000
	Breakwater & Coastal Protection	3,138,231	-	3,138,231	1.41	285,200	44,220	-	-	-	-	-	-	2,853,031
	Breakwater & Coastal Protection	30,551,283	-	30,551,283	1.47	1,343,338	493,338	-	-	-	-	-	-	29,207,945
	Breakwater & Coastal Protection	11,172,493	-	11,172,493	1.49	186,488	166,488	-	-	-	-	-	-	11,000,000
	Breakwater & Coastal Protection	18,228,416	-	18,228,416	1.54	1,822,846	261,877	-	-	-	-	-	-	16,405,569
	Navigation Aids	27,227,162	-	27,227,162	18.00	28,332,111	2,772,716	-	-	-	-	-	-	24,454,445
	Channel Buoy	4,829,201	-	4,829,201	18.00	5,122,125	31,843	-	-	-	-	-	-	4,797,358
	General Cargo Berth	435,144,265	-	435,144,265	3.20	1,522,125	3,787,456	478,842	-	-	-	-	-	431,366,809
	Cranes & Vehicles	390,080	305,000	695,080	11.31	390,080	903,110	-	-	-	-	305,000	-	395,080
	Crane Lifting Truck	6,226,080	-	6,226,080	5.50	1,888,650	503,110	-	-	-	-	-	-	4,337,430
	Vehicle - Motor Cars	333,324	-	333,324	5.50	48,282	31,688	-	-	-	-	-	-	285,042
	Vehicle - No vehicles	33,344	-	33,344	100.00	33,344	-	-	-	-	-	-	-	33,344
	Recycle	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sanitisation of Wharf, Docks, Wharves & Piers	11,712,370	-	11,712,370	4.75	4,255,052	158,338	-	-	-	-	-	-	7,457,318
	Water & Communication Facilities	28,080,664	-	28,080,664	4.75	12,688,142	1,324,669	-	-	-	-	-	-	15,392,521
	Internal Electrical Facilities	9,984,172	-	9,984,172	4.75	331,862	473,288	-	-	-	-	-	-	9,552,884
	Lighting - GCR & Parking Yard	14,328,282	-	14,328,282	4.75	1,623,448	582,207	-	-	-	-	-	-	12,704,835
	Solar Lighting - 2000 Nos	1,073,460	-	1,073,460	4.75	73,846	16,648	-	-	-	-	-	-	1,000,000
	Internal Electrical Facilities	17,694,286	-	17,694,286	4.75	73,846	802,799	-	-	-	-	-	-	17,000,000



### 11. FIXED ASSETS

Sl. No.	Particulars	GROSS BLOCK				DEPRECIATION					NET BLOCK AS AT			
		As at 01.04.2011	Additions	Deductions / Adjustments	As at 31.03.2012	Rate in %	For the Opening Balance	Additions / Adjustments	Deductions for the Year	Impairment Loss	Deductions	As at 31.03.2012	31.03.2012	31.03.2011
■	Other Assets													
	Electrical Appliances	6,997,277	821,026	-	7,818,303	4.75	296,827	3,034	322,861	-	1,695,025	5,026,729	4,812,289	
	Office Equipments	14,146,656	745,007	2,187,706	17,079,369	4.75	659,833	27,813	687,646	-	2,052,428	15,026,941	11,498,229	
	Furniture & fittings	17,282,448	224,604	-	17,507,052	4.23	966,468	84,208	1,050,676	-	4,566,714	13,050,336	9,281,908	
	Construction	7,022,256	632,340	-	7,654,596	18.21	824,628	21,934	846,562	-	5,112,804	2,798,792	2,798,792	
●	Port Berths and Entrance Channel													
	Port Berth and Entrance Channel	1,240,799,819	-	-	1,240,799,819	3.00	37,403,396	-	37,403,396	-	11,618,184	928,796,404	919,194,435	
	Port Berth and Entrance Channel	94,271,266	-	-	94,271,266	3.00	2,828,208	-	2,828,208	-	8,234,961	78,194,433	79,022,828	
	Port Berth and Entrance Channel	3,811,867	-	-	3,811,867	3.00	30,668	-	30,668	-	92,604	3,790,283	3,779,222	
	Capital Dredging - Stage I	955,182,798	-	-	955,182,798	3.00	8,271,628	-	8,271,628	-	26,112,480	897,098,279	882,346,506	
	Capital Dredging - General Cargo Berth	645,360,127	-	-	645,360,127	3.00	671,882	-	671,882	-	671,882	644,688,245	-	
	Total (A)	6,626,666,863	1,683,999,686	2,819,886	8,313,486,435		1,88,387,888	3,287,853	1,91,675,741	-	748,428	6,322,844,628	7,266,187,022	
B. INTANGIBLE ASSETS														
	Computer Software	6,788,321	-	-	6,788,321		1,050,347	-	1,050,347	-	3,161,295	3,627,026	4,677,363	
	Total (B)	6,788,321	-	-	6,788,321		1,050,347	-	1,050,347	-	3,161,295	3,627,026	4,677,363	
	Total (A + B)	6,633,455,184	1,683,999,686	2,819,886	8,320,274,756		1,89,438,235	3,287,853	1,92,726,088	-	751,589	6,326,471,654	7,270,864,385	
C. Capital Work In Progress														

11.1 Land: (a) The company is in possession of 2118.74 acres of land acquired from TNEB, TIDCO and Salt Department, Ministry of Commerce, Govt. Pending transfer of title deeds in the name of the company, an amount of ₹ 54,23,66,052/- has been capitalised during the year including the compensation paid to Chennai Port Trust as per the opinion of Institute of Chartered Accountants of India.

(b) Includes leased land measuring about 33 acres, 128 acres and 116 acres to BOT operators viz., M/s. Ennore Tank Terminals Private Limited, M/s. Chettinad International Coal Terminal Private Limited and M/s. Sical Iron ore Terminals Limited respectively. The company would be signing the required land lease agreement, wherever applicable, with BOT operators on receipt of title transfer in favour of the company from the competent authority.

11.2 Office Equipments : Ambient Air Quality Instrument ₹ 21,97,768/- destroyed by 'Thane' Cyclone on 30.12.2011 is written off in full for which insurance was made from United India Assurance. The amount realised will be recognised as Income in the year of receipt.

- 14.2 Capital advance includes ₹ 45,09,49,975/- represents excess payment to Project contractors referred to Dispute Redressal Mechanism at the time of taken over the Assets and liabilities from Chennai Port Trust. Awaiting final outcome of the dispute, necessary accounting treatment will be made upon crystallisation of the same.

**Security Deposits:**

Secured, considered good

Unsecured, considered good

Doubtful

Provision for bad and doubtful advances

**Other loans and advances (specify nature)**

Secured, considered good

Unsecured, considered good

Staff Advance (HBA & Vehicle)

Doubtful

Provision for bad and doubtful advances

**CURRENT ASSETS**

**15. INVENTORIES**

Quarry Stones (Valued at lower of cost or market value)

- 15.1 Quarried Stones at the time of take over from Chennai Port Trust, treated as Stock, which is not saleable but can be used only for own consumption and hence written off as exceptional item, in the books of accounts, during the year. However, quantities are retained for control purpose.

**16. TRADE RECEIVABLES**

(i) Receivables outstanding for a period exceeding six months from the due date for payment

16.1 Secured, considered good

16.2 Unsecured, considered good

16.3 Doubtful

Provision for doubtful receivables

(ii) Other receivables

16.4 Secured, considered good

16.5 Unsecured, considered good

16.6 Doubtful

Provision for doubtful receivables

	-	-
	25,583,283	25,368,455
	-	-
	25,583,283	25,368,455
	-	-
	25,583,283	25,368,455

	-	-
	12,884,760	12,785,482
	-	-
	12,884,760	12,785,482
	-	-
	12,884,760	12,785,482
	500,810,221	1,031,522,128

	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
	₹	₹
	-	47,900,000
	-	47,900,000

	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
	₹	₹
	-	-
	-	-
	13,705,876	11,406,697
	-	-
	13,705,876	11,406,697
	-	-
	13,705,876	11,406,697
	-	-
	-	-
	195,435,057	87,973,917
	-	-
	195,435,057	87,973,917
	-	-
	195,435,057	87,973,917
	209,140,933	99,380,614



16.5 (a) Includes Income ₹ 9,98,39,754/- recognised during the year as per the Expert Committee recommendation, not realised. (Refer Note No.20.1)

(b) Includes ₹ 2,78,27,084/-, towards disputed revenue share income, recognised during the year.

17. CASH AND CASH EQUIVALENTS	31 <sup>st</sup> March 2012 ₹	31 <sup>st</sup> March 2011 ₹
17.1 Balances with banks	504,663,117	53,019,589
17.2 Cash on hand	34,659	50,312
	<u>504,697,776</u>	<u>53,069,901</u>

17.1 Includes Rs.2,70,97,858/- towards Margin for the Term loan availed from the Bank for Facility 4.

18. SHORT TERM LOANS AND ADVANCES	31 <sup>st</sup> March 2012 ₹	31 <sup>st</sup> March 2011 ₹
Secured considered good		
18.1 Current maturities of Staff Advance	2,286,725	1,663,261
Unsecured considered good		
18.2 Other Advances	2,365,009	1,318,998
18.3 Service Tax Credit	3,747,585	2,545,811
18.4 Income Tax Paid	459,395,483	338,633,191
18.5 Deposit - High Court	21,624,162	—
	<u>489,418,965</u>	<u>344,161,262</u>

18.5 Deposit in High Court is made against the Ennore Coal Port Project (ECP) Liabilities (Refer 9.3)

19. OTHER CURRENT ASSETS	31 <sup>st</sup> March 2012 ₹	31 <sup>st</sup> March 2011 ₹
Interest accrued on Bank Deposits	5,229,677	—
Interest accrued on Staff Advances	1,876,540	1,021,831
Income receivable on sale of Tender Documents	1,575	—
	<u>7,107,792</u>	<u>1,021,831</u>

Notes forming part of the Financial Statements for the year ended 31st March 2012

**20. REVENUE FROM OPERATIONS (Net of Service Tax)**

	For the year ended 31 <sup>st</sup> March 2012	For the year ended 31 <sup>st</sup> March 2011
	₹	₹
Composite Tariff on Coal	1,330,669,516	1,191,244,075
Estate Income	50,640,489	44,721,980
Revenue Share	556,435,678	170,885,062
Vessel Related Income	492,807,368	260,091,078
Wharfage	53,359,539	14,037,520
Other operating revenue		
Scrap Sales	741,126	662,774
Other	1,780,583	(8,590,282)
<b>Revenue from operations (Net)</b>	<b>2,486,434,299</b>	<b>1,673,052,207</b>

20.1 Revenue Share Includes ₹ 9,98,39,754/- recognised during the year as per the Expert Committee recommendation, not realised included in Other Receivables (Refer Note No.16.5)

**21. OTHER INCOME**

	31st March 2012	31st March 2011
	₹	₹
Interest from Banks	6,771,788	1,030,749
Other Interest	2,374,496	—
Dividend income from UTI Liquid Fund	3,230,213	2,357,795
Other non operating income		
Other services	125,000	480,000
Sale of Tender Documents	137,440	424,303
Personnel & Vehicle Entry Pass	2,316,759	3,272,768
Profit on sale of Fixed Assets	175,002	—
Others	1,007,606	467,869
	<b>16,138,304</b>	<b>8,033,484</b>

**22. EMPLOYEE BENEFITS EXPENSE**

	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
	₹	₹
Salary, wages and bonus	52,128,719	45,380,097
Staff welfare expenses	994,580	1,178,052
Superannuation	3,753,805	3,203,303
Performance Related Pay	9,000,000	—
EDLI & GSLI	140,089	140,073
Employee medical and Hospitalisation expenses	1,086,117	1,873,163
Gratuity	1,708,104	1,167,298
Leave encashment expenses	2,547,139	1,805,083
Other Terminal Benefits	1,473,139	1,109,466
Pension schemes	510,704	526,757
Provident fund	3,143,688	3,318,364
	<b>76,486,084</b>	<b>59,701,656</b>



<b>23. FINANCE COSTS</b>	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
	₹	₹
Interest Expense		
-From Banks	84,662,189	62,947,433
- Others	349,502,338	319,274,010
Other Borrowing Costs :		
- ECPP Liabilities	213,856,581	44,219,423
Net Loss / (Gain) on Forex transactions		
- Capital	8,849,533	4,019,057
- Revenue	4,728,912	1,898,096
	<b>661,599,553</b>	<b>432,358,019</b>

23.1 Other borrowing Costs represents interest provided as per Arbitration Award. (Refer Note No. 9.3)

<b>24. DEPRECIATION AND AMORTIZATION EXPENSE</b>	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
	₹	₹
Depreciation on tangible assets	130,749,112	129,348,973
	<b>130,749,112</b>	<b>129,348,973</b>

<b>25. OTHER EXPENSES</b>	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
	₹	₹
<b>Port Operating Expenses</b>		
Time Charter Crafts	120,783,652	120,454,380
Bathymetry Survey	382,535	188,619
Consultancy Services - Operations	4,965,564	3,987,431
Electricity Port	7,104,667	4,917,699
Environment	2,786,384	2,151,778
Fresh Water	311,907	15,286
Maintenance Dredging	49,778,398	-
Fuel Expense	20,417,553	13,781,804
Fuel Generator	746,681	513,260
Manning of Electrical Service	15,024,835	10,342,548
Pilotage Expense	8,558,945	5,697,987
Repairs and Maintenance	37,960,056	17,296,265
<b>Administration Expenses</b>		
AMC Software Expenses	746,500	351,000
Auditors remuneration		
Statutory audit	100,000	100,000
Taxation matters	-	-
Company law matters	-	-
Management services	-	-
Reimbursement of expenses	-	-
Bank charges	5,948	9,020
Books and periodicals	100,388	107,102
Directors sitting fees	87,000	57,000
Electricity & Water Charges	1,585,618	878,228
Hospitality	3,024,006	3,851,185
Honorarium	25,000	28,750
Insurance	66,485	61,035

Legal & professional charges	7,320,655	7,430,801
Miscellaneous Expense	281,597	206,496
Printing and stationery	2,375,845	1,743,635
Rent, Rates & Taxes	2,338,258	2,789,198
Repairs and maintenance - Office	1,764,811	2,086,052
Safety & security expenses	42,551,332	41,183,589
Seminars & conference expenses	860,551	225,600
Service Charges	26,740	629,584
Corporation Social Welfare Expenses	8,068,615	3,700,775
Subscription & Membership fees	2,058,346	163,067
Communication Expenses	1,622,876	1,728,383
Travelling and conveyance	3,117,912	2,875,426
Vehicle running expenses	10,978,412	9,752,638
<b>Selling and distribution expenses</b>		
Advertising and promotional expenses	7,840,269	7,301,601
	<b>365,768,341</b>	<b>266,607,222</b>

## 26. EXCEPTIONAL EXPENSES

	31st March 2012	31st March 2011
	₹	₹
Excess Provision written back	-	(8,750,000)
Prior Period Expense	8,690,000	4,008,624
Loss on sale of tangible fixed assets	-	99,188,361
Quarried Stones written off	47,900,000	-
	<b>56,590,000</b>	<b>94,446,985</b>

26.1 Prior Period Expenses includes ₹ 86,90,000/- Performance Related Pay to Employees for the Financial Year 2010-11 provided during the year.

26.2 Quarried Stones written off as per Note No.15.1

## 27. EXTRA ORDINARY ITEMS

Assets written off	1,752,310	-
	<b>1,752,310</b>	<b>-</b>

27.1 Ambient Air Quality Instrument capitalised under office Equipments destroyed by 'Thane' Cyclone on 30.12.2011 written off in the books of accounts. (Refer Note No. 11.5)

## 28. Basic & Diluted Earnings Per Share :

Particulars	For the year ended March 31, 2012 ₹	For the year ended March 31, 2011 ₹
Nominal value of Equity Shares	10/-	10/-
Profit After Tax	967208003	555822836
Profit attributable to Equity Shareholders	967208003	555822836
Weighted average number of Equity Shares outstanding during the year	300000000	300000000
Basic Earnings Per Share	3.22	1.85
Diluted Earnings Per Share	3.22	1.85



29 CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)		
CONTINGENT LIABILITIES		
	31* March 2012	31* March 2011
	₹	₹
29.1 Service tax dues not acknowledged as debt	6,800,000	6,800,000
29.2 Claims against the company not acknowledged as debt	2,150,600,000	2,108,700,000
29.3 Guarantees	-	-
	2,157,400,000	2,115,500,000
29.2. Claims includes Disputed Arbitration awards and others.		
	31st March 2012	31st March 2011
	₹	₹
<b>CAPITAL COMMITMENTS</b>		
29.4 Estimated amount of contracts remaining to be executed on Capital Expenditure (net of advances) and not provided for	1,695,042,885	-
29.5 Equity Commitments		
Chennai Ennore Port Road Company Limited	165,200,000	202,700,000
Sethusamudram Corporation Limited	200,000,000	-
	2,060,242,855	202,700,000
<b>30. Expenditure in Foreign Currency (In Accrual basis)</b>		
Travelling Expenses	20,337	-
Exchange Rate difference on account of disputed contract liabilities	13,578,445	5,917,153
	13,598,782	5,917,153

**Earnings in Foreign Currency (On receipt basis)**

31. As per the requirement of Section 22 of the The Micro, Small and Medium Enterprises Development Act, 2006, the following information are disclosed

	Nil	Nil
The principal amount remaining unpaid to supplier as at the end of the year	Nil	Nil
The interest due thereon remaining unpaid to supplier as at the end of the year	Nil	Nil
The amount of interest paid in terms of Sections 16, along with the amount of payment made to the supplier beyond the appointment day during the year.	Nil	Nil
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act.	Nil	Nil
The amount of interest accrued during the year and remaining unpaid at the end of the year	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil

**32. EMPLOYEE BENEFITS**

Disclosures required under Accounting Standard 15 'Employee Benefits' notified in the Companies (Accounting Standards) Rules 2006, are given below :

### 1. Defined Contribution Schemes :

Contributions to Defined Contribution Schemes charged off for the year are as under :

	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
	₹	₹
Employer's Contribution to Provident Fund	2841998	3016671
Employer's Contribution to Family Pension Fund	510704	526757

### 2. Defined Benefit Plans :

The present value of obligation in respect of Provision for Payment of Gratuity and Leave encashment is determined, based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation, recognized and charged off during the year as under :

Reconciliation of opening and closing balances of Defined Benefit :

	2011-12	2010-11
	₹	₹
Defined Benefit Obligation at the beginning	2129492	1552802
Current Service Cost	664163	515403
Interest Cost	170359	124224
Actuarial gain / Loss	1284318	-62937
Defined Benefit Obligation at the end	4248332	2129492
i) Expenses recognized during the year		
Current Service Cost	664163	515403
Interest Cost on benefit obligation	170359	124224
Expected return on plan assets	264490	-156305
Actuarial gain / Loss recognized in the year	1284318	-63937
Net Benefit Expenses	1854350	420385
ii) Actuarial assumptions :		
Mortality Table (L.I.C)		
Discount Rate (per annum)	8%	8%
Attrition Rate (per annum)	1-3%	1-3%
Rate of escalation in salary (per annum)	5%	5%
	Leave encashment (Unfunded)	
Reconciliation of opening and closing balances of Defined Benefit Obligation :		
Defined Benefit Obligation at the beginning	41773513	2605083
Current Service Cost	333881	498841
Interest Cost	714436	208407
Actuarial gain / Loss	438863	861182
Defined Benefit Obligation at the end	5660693	4173513
i) Expenses recognized during the year		
Current Service Cost	714436	498841
Interest Cost on benefit obligation	333881	208407
Expected return on plan assets	-361772	-236453
Actuarial gain / Loss recognized in the year	438863	861182
Net Benefit Expenses	1125408	1331977
ii) Actuarial assumptions :		
Mortality Table (L.I.C)		
Discount Rate (per annum)	8%	8%
Attrition Rate (per annum)	1-3%	1-3%
Rate of escalation in salary (per annum)	5%	5%

### 33. 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.



34. RELATED PARTY DISCLOSURE

As per Accounting Standard - 18 on 'Related Party Disclosure' related parties of the Company are disclosed below:

A. List of related parties

Key Management Personnel (KMP)

Mr. S. Velumani - Chairman Cum Managing Director  
 Mr. Sanjay Kumar - Director (Operations)  
 Mr. C. Damodaran - Director (Operations)  
 Capt. D.K. Mohanty - Director (Marine Services)

Joint Ventures (JVs)

M/s. Sethusamudram Corporation Limited  
 M/s. Chennai Ennore Port Road Company Limited

B. Transaction with related parties :

Particulars	2011-12 ₹	2010-11 ₹
Remuneration to Directors	13,174,292	6,891,617
Purchase of Fixed Assets with JVs	4,853,001	-

35. A. Operating Lease : As a Lessee

The company has entered into operating lease for Motor Cars ranging from

Particulars	Not later than one year ₹	Later than one year but not later than five years ₹	Later than five years ₹
Minimum Lease payments	2,908,752	7,526,544	-

Lease payments amounting to ₹25,54,885/- (Previous Year ₹20,99,484/-) are included in Vehicle Running Expenses in the Statement of Profit and Loss during the year.

B. Operating Lease : As a Lessor

The company has allotted land measuring about 33 acres, 128 acres and 116 acres to BOT operators viz., M/s. Ennore Tank Terminal Private Limited, M/s. Chettinad International Coal Terminal Private Limited and M/s. SICAL Iron Ore Terminals Limited respectively for 30 years. The Company would be signing the required land lease agreement with BOT operators on receipt of title transfer in favour of the company from the competent authority. However, the future minimum lease receivables in respect of the above are as follows :

Particulars	Not later than one year	Later than one year but not later than five years	Later than five years
Minimum Lease receivables	31,569,576	244,218,570	197,90,86,890

Lease rental income amounting to ₹3,93,82,304/- (Previous Year ₹ 3,67,14,098/-) are included in Estate Income in the Statement of Profit and Loss during the year.

36. Impairment of Assets

During the year the company has reviewed its assets as per As-28 on 'Impairment of Assets', no provision for impairment is required to be recognised during the year.

37. Confirmation of balances :

Loans & Advances and Deposits are subject to confirmation. The management, however, does not expect any material change.

For ENNORE PORT LIMITED

**S. VELUMANI**  
Chairman cum Managing Director

**SANJAY KUMAR**  
Director (Operations)

**M. GUNASEKARAN**  
General Manager (Fin)

**SUDARSAN PAHI**  
Company Secretary

As per report of even date

For N. SANKARAN & Co.  
Chartered Accountants,

Place : Chennai  
Date : 13th July, 2012

CA L. PATTABHIRAMAN FCA  
Partner  
M. No. 22023

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2012**

Particulars	For the year ended 31st March 2012	For the year ended 31st March 2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>	₹	₹
Net profit / (loss) before tax and extraordinary items	1,209,583,708	698,622,836
Non operating / Non-cash adjustments:		
Depreciation / Amortisation / Depletion	132,544,917	129,348,973
Impairment Loss	—	99,188,361
Provision for employee benefit	17,600,000	—
Provision for income tax	273,081,064	161,263,323
Adjustment for interest expense	661,599,553	432,358,019
Cash flow from / (used in) operating activities before changes in working capital and adjustment for extraordinary item	<b>2,294,409,242</b>	<b>1,520,781,512</b>
Changes in working capital:		
Increase / (decrease) in trade payables	32,469,684	—
Increase / (decrease) in long-term provisions	33,005,769	109,917,862
Increase / (decrease) in short-term provisions	(122,954,099)	(371,750,201)
Increase / (decrease) in other current liabilities	273,296,655	(113,851,201)
Increase / (decrease) in other long-term liabilities	(974,847,540)	(57,290,630)
(Increase) / decrease in trade receivables	(109,760,319)	(60,517,226)
(Increase) / decrease in inventories	47,900,000	—
(increase) / decrease in long-term loans and advances	530,711,907	(68,493,465)
(increase) / decrease in short-term loans and advances	(145,257,703)	(164,250,121)
(Increase) / decrease in other current assets	(6,085,961)	(522,114)
(increase) / decrease in other non-current assets		
Direct taxes paid / refunded		
Cash generated from / (used in) operating activities before adjustment for extraordinary items	<b>1,852,887,636</b>	<b>794,024,416</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of tangible fixed assets	(918,384,859)	(819,404,776)
Purchase of intangible fixed assets	(3,627,036)	—
Purchase of investment property	(37,500,000)	(87,500,000)
Proceeds from sale/disposal of tangible fixed assets	—	114,942,396
Net cash flow from / (used in) investing activities (B)	<b>(959,511,895)</b>	<b>(791,962,380)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long term borrowings	200,000,000	250,000,000
Repayment of long term borrowings	(231,071,428)	(157,071,428)
Interest paid on long term borrowings	(434,164,527)	(301,362,434)
Dividend paid on equity shares	111,164,567	97,312,878
Dividend distribution tax paid on equity shares	18,463,323	16,538,324



<b>CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2012</b>		
<b>Particulars</b>	<b>For the year ended 31st March 2012</b>	<b>For the year ended 31st March 2011</b>
	-	-
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>(335,608,065)</b>	<b>(94,582,660)</b>
Net Increase / (decrease) in cash and cash equivalents (A + B + C)	557,767,676	(92,520,624)
Cash and cash equivalents at the beginning of the year	53,069,901	145,590,525
Cash and cash equivalents at the end of the year	<b>504,697,775</b>	<b>53,069,901</b>
Components of cash and cash equivalents		
Cash on hand	34,659	50,312
With banks - on current account	16,742,389	42,937,883
- on deposit account	487,920,728	10,081,706
<b>Total cash and cash equivalents</b>	<b>504,697,776</b>	<b>53,069,901</b>
Significant Accounting Policies	3	
<b>For ENNORE PORT LIMITED</b>		
<b>S. VELUMANI</b> Chairman cum Managing Director	<b>SANJAY KUMAR</b> Director (Operations)	<b>M. GUNASEKARAN</b> General Manager (Fin)
		<b>SUDARSAN PAHI</b> Company Secretary
	As per report of even date	<b>For N Sankaran &amp; Co.</b> <b>Chartered Accountants</b>
Place : Chennai Date : 13th July 2012		<b>CA L. PATTABHIRAMAN FCA</b> Partner M. No. 022023



**Car Export Operation at General Cargo Berth**





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