



**ENNORE PORT LIMITED**  
(A Government of India Undertaking)

Incorporated as "Ennore Port Limited" on October 11, 1999 as a public limited company under the Companies Act, 1956 (the "Companies Act 1956") and granted a certificate of incorporation by the Registrar of Companies, Tamil Nadu at Chennai and a certificate of commencement of business on March 8, 2002. For further details, see the section titled "History and Certain Corporate Matters" on page 82 of this Prospectus.

**Registered Office:** P.T. Lee Chengalvaraya Naicker Maaligai, 1<sup>st</sup> Floor, No.23, Rajaji Salai, Chennai 600 001

**Tel:** +91 (44) 2525 1666; **Fax:** +91 (44) 2525 1665; **Website:** [www.ennoreport.gov.in](http://www.ennoreport.gov.in);

**Port Office:** Administrative Building, Near NCTPS, Vallur Post, Chennai 600 120. **Tel:** +91 (44) 2795 0030-39; **Fax:** +91 (44) 2795 0002

**Compliance Officer:** Mr. M. Gunasekaran; **Tel:** +91 (44) 2795 0030-39; **Fax:** +91 (44) 2795 0002; **E-mail:** [mguna@epl.gov.in](mailto:mguna@epl.gov.in)

**PROMOTER OF THE COMPANY: THE PRESIDENT OF INDIA, ACTING THROUGH THE MINISTRY OF SHIPPING, GOVERNMENT OF INDIA**

**PUBLIC ISSUE BY ENNORE PORT LIMITED ("COMPANY" OR "ISSUER" OR "EPL") OF TAX FREE SECURED, REDEEMABLE, NON-CONVERTIBLE BONDS OF FACE VALUE OF ₹ 1,000 EACH, IN THE NATURE OF DEBENTURES HAVING TAX BENEFITS UNDER SECTION 10(15)(iv)(h) OF THE INCOME TAX ACT, 1961, AS AMENDED ("BONDS"), FOR AN AMOUNT AGGREGATING UPTO ₹ 2,500 MILLION WITH AN OPTION TO RETAIN OVER SUBSCRIPTION UPTO ₹ 2,500 MILLION, AGGREGATING TO A TOTAL OF ₹ 5,000 MILLION\*, (THE "ISSUE SIZE") IN FISCAL 2014 (THE "ISSUE").**

The Issue is being made under the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended (the "SEBI Debt Regulations") and pursuant to Notification No. 61/2013.F.No.178/37/2013-(ITA.I) dated August 8, 2013 issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India ("CBDT Notification"), by virtue of powers conferred on it under section 10(15)(iv)(h) of the Income Tax Act, 1961, as amended (the "Income Tax Act").

\*In terms of the Notification, the Company is authorized to raise a minimum of 70.00% of the Issue Size, by way of public issue and during the process of the public issue(s), the Company may also, at its discretion, raise Bonds through private placement route for an amount not exceeding 30.00% of the Issue Size, wherein suitable amount shall be earmarked for sovereign wealth funds, pension and gratuity funds. In case the Company issues bonds through private placement route, the Issue Size shall stand reduced accordingly. The Company shall ensure that bonds issued pursuant to the CBDT Notification through public issue route and private placement route in Fiscal 2014 shall, in aggregate, not exceed ₹5,000 million.

**GENERAL RISKS**

Investors are advised to read the risk factors carefully before taking an investment decision in relation to the Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue, including the risks involved. Specific attention is invited to "Risk Factors" on page 11 of this Prospectus before making an investment in the Issue. This document has not been and will not be approved by any regulatory authority in India, including the Securities and Exchange Board of India ("SEBI"), the Reserve Bank of India ("RBI"), any registrar of companies or any stock exchange in India.

**ISSUER'S ABSOLUTE RESPONSIBILITY**

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to the Issuer and the Issue which is material in the context of the Issue that the information contained in this Prospectus is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other material facts, the omission of which makes this Prospectus as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

**CREDIT RATING**

Credit Analysis & Research Ltd. ("CARE") has, by its letter dated January 21, 2014, assigned a rating of "CARE AA" to the Bonds. Instruments with this rating are considered to have a high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. ICRA Limited ("ICRA") has, by its letter No. RTG/Chen/271/13-14 dated January 21, 2014, assigned a rating of "[ICRA]AA with Stable Outlook" to the Bonds. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. These ratings are not a recommendation to buy, sell or hold securities, and investors should take their own decision. These ratings are subject to revision or withdrawal at any time by the assigning rating agency(ies) and should be evaluated independently of any other ratings. For the rationale for these ratings, see "Annexure B – Credit Rating".

**PUBLIC COMMENTS**

The Draft Prospectus dated February 4, 2014 was filed with the BSE Limited ("BSE") which is also the Designated Stock Exchange pursuant to the SEBI Debt Regulations and was open for public comments for a period of 7 working days i.e. till 5:00 pm on February 11, 2014.

**LISTING**

The Bonds are proposed to be listed on the BSE, which has given its in-principle listing approval by letter No. DCS/SP/PI-BOND/20/13-14, dated February 11, 2014. The Designated Stock Exchange for the Issue is BSE.

**LEAD MANAGERS**

	 <b>A.K. CAPITAL SERVICES LTD.</b> BUILDING BONDS	 <b>KARVY INVESTMENT BANKING</b>	
<b>SPA CAPITAL ADVISORS LIMITED</b> 25, C - Block, Community Centre, JanakPuri, New Delhi 110 058 Tel: +91 (11) 4567 5500 / 2551 7371 Fax: +91 (11) 2553 2644 E-mail: <a href="mailto:project.epl@spagroupindia.com">project.epl@spagroupindia.com</a> Investor Grievance E-mail: <a href="mailto:grievances.mb@spagroupindia.com">grievances.mb@spagroupindia.com</a> Website: <a href="http://www.spacapital.com">www.spacapital.com</a> Contact Person: Mr. Nitin Somani/ Ms. Ashi Sood Compliance Officer: Mr. Sanjay Gupta SEBI Registration No.: INM000010825	<b>A. K. CAPITAL SERVICES LIMITED</b> 30-39 Free Press House, 3 <sup>rd</sup> Floor, Free Press Journal Marg, 215, Nariman Point Mumbai 400 021 Tel: +91 (22) 6754 6500/ 6634 9300 Fax: +91 (22) 6610 0594 E-mail: <a href="mailto:eplfbonds13@akgroup.co.in">eplfbonds13@akgroup.co.in</a> Investor Grievance E-mail: <a href="mailto:investor.grievance@akgroup.co.in">investor.grievance@akgroup.co.in</a> Website: <a href="http://www.akcapindia.com">www.akcapindia.com</a> Contact Person: Mr. Lokesh Singhi/ Mr. Siddharth Shah Compliance Officer: Mr. Vikas Agarwal SEBI Registration No.: INM000010411	<b>KARVY INVESTOR SERVICES LIMITED</b> 701, Hallmark Business Plaza, Sant Dnyaneshwar Marg, Off Bandra Kurla Complex, Bandra East, Mumbai 400 051 Tel: +91 (22) 6149 1500 Fax: +91 (22) 6149 1515 E-mail: <a href="mailto:epnkd@karvy.com">epnkd@karvy.com</a> Investor Grievance E-mail: <a href="mailto:cmg@karvy.com/igmbd@karvy.com">cmg@karvy.com/igmbd@karvy.com</a> Website: <a href="http://www.karvy.com">www.karvy.com</a> Contact Person: Mr. Sumit Singh Compliance Officer: Mr. V Madhusudhan Rao SEBI Registration No.: INM000008365	<b>RR INVESTORS CAPITAL SERVICES PRIVATE LIMITED</b> 47 M.M. Road, Rani Jhansi Marg, Jhandewalan New Delhi 110 055 Tel: +91 (11) 2363 6362/ 63 Fax: +91 (11) 2363 6746 E-mail: <a href="mailto:epitaxfreebonds14@rrfcl.com">epitaxfreebonds14@rrfcl.com</a> Investor Grievance E-mail: <a href="mailto:investors@rrfcl.com">investors@rrfcl.com</a> Website: <a href="http://www.rrfcl.com">www.rrfcl.com</a> Contact Person: Mr. Anurag Awasthi Compliance Officer: Mr. Ravi Kant Goyal SEBI Registration No.: INM000007508

**REGISTRAR TO THE ISSUE**



**LINK INTIME INDIA PRIVATE LIMITED**  
C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078  
Tel.: +91 (22) 2596 7878; Fax:+91 (22) 2596 0329; E-mail: [epl2.ncd@linkintime.co.in](mailto:epl2.ncd@linkintime.co.in); Investor Grievance E-mail: [epl2.ncd@linkintime.co.in](mailto:epl2.ncd@linkintime.co.in); Website: [www.linkintime.co.in](http://www.linkintime.co.in); Contact Person: Mr. Sachin Achar; Compliance Officer: Mr. Sanjeev Nandu; SEBI Registration No.: INR000004058

**BOND TRUSTEE**



**GDA TRUSTEESHIP LTD.**  
GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune 411 038  
Tel: +91 (20) 2528 0081; Fax: +91 (20) 2528 0275; E-mail: [dt@gdatrustee.com](mailto:dt@gdatrustee.com); Investor Grievance E-mail: [dt@gdatrustee.com](mailto:dt@gdatrustee.com); Website: <http://www.gdatrustee.com>; Contact Person: Mr. Jatin Bhat; Compliance Officer: Ms. Priyanka Sawant; SEBI Registration No.: IND000000034

**ISSUE PROGRAMME**

**ISSUE OPENS ON**

February 18, 2014

**ISSUE CLOSES ON\***

March 14, 2014

\*The Issue shall open for subscription from 10 a.m. to 5 p.m. (Indian Standard Time) during the period indicated above with an option for early closure or extension by such period, which may be decided by the Board of Directors of the Company or a duly constituted committee thereof (the "Board of Directors"). In the event of such early closure or extension of the subscription list of the Issue, the Company shall ensure that public notice of such early closure/extension is published on or before such early date of closure or the Issue Closing Date, as applicable, through advertisement(s), in at least one leading national daily newspaper with wide circulation.

GDA Trusteeship Ltd. has by its letter No. DT/523/14 dated January 21, 2014 given its consent for its appointment as Bond Trustee to the Issue and for its name to be included in this Prospectus and in all the subsequent periodical communications sent to the holders of the Bonds issued pursuant to this Issue.

A copy of this Prospectus shall be filed with the Registrar of Companies, Tamil Nadu at Chennai, in terms of section 56 and section 60 of the Companies Act 1956 and corresponding provisions of the Companies Act, 2013, to the extent notified and in force ("Companies Act 2013") along with the requisite endorsed/certified copies of all requisite documents. For further details, please refer to the section titled "Material Contracts and Documents for Inspection" on page 194 of this Prospectus.

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## SECTION I - GENERAL

### DEFINITIONS AND ABBREVIATIONS

This Prospectus uses certain definitions and abbreviations which, unless the context indicates or implies otherwise, have the meaning provided below. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

#### Company Related Terms

Term	Description
Articles/ Articles of Association/AoA	Articles of Association of the Company
Board/ Board of Directors	Board of Directors of the Company or a duly constituted committee thereof
CAG	Comptroller and Auditor General of India
Equity Shares	Equity shares of the Company of face value ₹ 10 each
“Issuer”, “EPL”, “our Company” “the Company” “We”, “us”, or “our”	Ennore Port Limited, a company incorporated under the Companies Act 1956 and having its registered office at P.T. Lee Chengalvaraya Naicker Maaligai, 1st Floor, No.23, Rajaji Salai, Chennai - 600 001
Memorandum/Memorandum of Association/MoA	Memorandum of Association of the Company
“Port”, “our Port” or “the Port”	Ennore Port
Port Office	Administrative Building, Near NCTPS, Vallur Post, Chennai 600 120
Promoters	President of India acting through the MoS and the Board of Trustees, Chennai Port Trust
Registered Office	P.T. Lee Chengalvaraya Naicker Maaligai, 1st Floor, No.23, Rajaji Salai, Chennai 600 001
RoC	Registrar of Companies, Tamil Nadu at Chennai
Statutory Auditors/Auditors	M/s. Sankaran & Krishnan , Chartered Accountants, Chennai

#### Issue Related Terms

Term	Description
2012 Circular	Circular (No. CIR./IMD/DF-1/20/2012) dated July 27, 2012 issued by SEBI
AK Capital	A. K. Capital Services Limited
Allotment/ Allot/ Allotted	Issue and allotment of Bonds to successful Applicants pursuant to the Issue
Allotment Advice	The communication sent to the Allottees conveying the details of Bonds allotted to the Allottees in accordance with the Basis of Allotment
Allottee	Successful Applicant to whom Bonds are allotted pursuant to the Issue
Applicant / Investor	A person who makes an offer to subscribe the Bonds pursuant to the terms of this Prospectus and Application Form for the Issue
Application	An application to subscribe to the Bonds offered pursuant to the Issue by submission of a valid Application Form and payment of the Application Amount by any of the modes as prescribed under this Prospectus
Application Amount	Aggregate value of Bonds applied for, as indicated in the Application Form
Application Form	Form in terms of which an Applicant shall make an offer to subscribe to Bonds through the Direct Online Application, ASBA or non-ASBA process and which will be considered as the application for Allotment of Bonds in terms of this Prospectus
Application Supported by Blocked Amount/ASBA/ ASBA Application	The Application (whether physical or electronic) used by an ASBA Applicant to make an Application authorising the SCSB to block the Application Amount in a specified bank account maintained with such SCSB
ASBA Account	An account maintained with a SCSB which will be blocked by such SCSB to the extent of the Application Amount mentioned in the Application Form made in ASBA mode by an ASBA Applicant
ASBA Applicant	Any applicant who applies for the Bonds through the ASBA Process.
Application Interest	Interest paid on application money, in a manner detailed in “ <i>Terms of the Issue</i> ” on page 119 of this Prospectus
Base Issue Size	₹ 2,500 million
Basis of Allotment	The basis on which the Bonds will be allotted to successful Applicants under the Issue and which is described in “ <i>Issue Procedure – Basis of Allotment</i> ” on page 154 of this Prospectus

<b>Term</b>	<b>Description</b>
Bond Certificate(s)	Certificate issued to Bondholder(s) pursuant to Allotment, in case the Applicant has opted for physical bonds based on the request from the Bondholder(s)
Bondholder(s)	Any person holding Bonds and whose name appears on the beneficial owners list provided by the Depositories (in case of bonds held in dematerialised form) or whose name appears in the Register of Bondholders maintained by the Company (in case of bonds held in physical form)
Bonds	Tax free secured redeemable non-convertible bonds of the Company of face value of ₹ 1,000 each, in the nature of debentures having benefits under section 10(15)(iv)(h) of the Income Tax Act, proposed to be issued by the Company in accordance with the CBDT Notification and pursuant to this Prospectus
Bond Trust Deed	Trust deed to be entered into between the Bond Trustee and the Company
Bond Trustee Agreement	Trust agreement dated February 4, 2014 entered into between the Bond Trustee and the Company
Bond Trustee/ Trustee	Trustee for the Bondholders in this case being GDA Trusteeship Ltd.
CARE	Credit Analysis & Research Ltd.
Category I (QIBs)	Public financial institutions specified in Section 2(72) of the Companies Act 2013, scheduled commercial banks, mutual funds registered with SEBI, Alternative Investment Funds registered with SEBI under the SEBI AIF Regulations, Indian multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with the IRDA, provident funds with a minimum corpus of ₹ 250 million, pension funds with a minimum corpus of ₹ 250 million, the National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI, published in the Gazette of India, insurance funds set up and managed by the army, navy, or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India.  <i>With regard to Section 372A(3) of the Companies Act 1956, see general circular (No. 6/2013), dated March 14, 2013 issued by the MCA clarifying that in cases where the effective yield on tax free bonds is greater than the prevailing bank rate, there shall be no violation of Section 372A(3) of the Companies Act 1956.</i>
Category II (Corporates)	Companies within the meaning of Section 2(20) of the Companies Act 2013, limited liability partnerships registered under the provisions of the LLP Act, statutory corporations, trusts, partnership firms in the name of their respective partners, co-operative banks, regional rural banks, bodies corporate registered under the applicable laws in India and authorised to invest in Bonds along with Major Port Trusts whose board is constituted as a body corporate, societies registered under the applicable laws in India, association of persons and other legal entities constituted and/or registered under applicable laws in India that are authorized to invest in Bonds by their respective constitutional and/or charter documents, subject to compliance with respective applicable laws.  <i>With regard to Section 372A(3) of the Companies Act 1956, see general circular (No. 6/2013), dated March 14, 2013 issued by the MCA clarifying that in cases where the effective yield on tax free bonds is greater than the prevailing bank rate, there shall be no violation of Section 372A(3) of the Companies Act 1956.</i>
Category III (Domestic High Networth Individuals/HNIs)	High net worth individuals (including HUFs applying through their Kartas) who have applied for Bonds for an amount more than ₹ 1 million across all Series of Bonds in the Issue
Category IV (Retail Individual Investors)	Individual investors (including HUFs applying through their Kartas) who have applied for Bonds for an amount less than or equal to ₹ 1 million across all Series of Bonds in the Issue
CBDT Notification	Notification No. 61/2013.F.No.178/37/2013-(ITA.I) dated August 8, 2013 issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India
Collection Centres	Collection Centres shall mean those branches of the Bankers to the Issue/ Escrow Collection Banks that are authorized to collect the Application Forms (other than ASBA) as per the Escrow Agreement
Consortium Agreement	Consortium Agreement dated February 4, 2014 entered amongst the Company and the Consortium Members for the Issue
Consolidated Bond Certificate	The certificate that shall be issued by the Company to the Bondholder for the aggregate amount of the Bonds that are allotted to them in physical form or issued upon rematerialization of Bonds held in dematerialised form
Credit Rating Agencies	CARE and ICRA
Consortium Members for the Issue	SPA Capital, A. K. Capital, Karvy, RR Investors, SPA Securities Limited, A. K. Stockmart Private Limited, Karvy Stock Broking Limited and RR Equity Brokers Private Limited
Corporate Portion	The portion of the Issue, constituting 20% of the Issue which shall be available for allocation to Applicants falling under Category II
Coupon/ Interest Payment Date	The date, which is the day falling one year from the Deemed Date of Allotment, in case of the first coupon payment and the same date every year, until the Redemption Date for subsequent interest payments. The last interest payment will be made on the respective Redemption Dates/Maturity Dates for each Series of Bonds
Debt Listing Agreement	The listing agreement entered into between the Company and the relevant stock exchange in connection with the listing of the debt securities of the Company.
Deemed Date of Allotment	The date on which, the Board of Directors approves the Allotment of Bonds for the Issue or such date

Term	Description
	as may be determined by the Board of Directors and notified to the Stock Exchanges. All benefits relating to the Bonds including interest on Bonds shall be available from the deemed date of allotment. The actual allotment of Bonds may take place on a date other than the deemed date of allotment
Demographic Details	The demographic details of an Applicant, such as his address, category, bank account details for printing on refund orders and occupation.
Designated Branches	Such branches of the SCSBs which shall collect the Application Form used by ASBA Applicants, a list of which is available at <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a> or such other website as may be prescribed by the SEBI from time to time
Designated Date	Date on which Application Amounts are transferred from the Escrow Account(s) to the Public Issue Account or the Refund Account, and the Registrar to the Issue issues instructions to the SCSBs for transfer of funds to the Public Issue Account or unblock such amounts as are liable to be refunded, as appropriate, following which the Board shall Allot the Bonds to successful Applicants, provided that Application Amounts received will be kept in the Escrow Account(s) up to this date and the Company will have access to such funds only after creation of adequate security for the Bonds
Designated Stock Exchange	BSE
Direct Online Application	Applications made through an online interface establishment and maintained by the Stock Exchanges enabling direct application by investors to a public issue of their debt securities with an online payment facility in terms of the 2012 Circular. This facility is available only for demat account holders who wish to hold the Bonds pursuant to the Issue in dematerialised form
Draft Prospectus	This draft prospectus dated February 4, 2014 filed by the Company with the Designated Stock Exchange for receiving public comments for a period of 7 working days in accordance with the SEBI Debt Regulations
Escrow Account(s)	Account(s) opened with the Escrow Collection Bank(s), in whose favour Applicants (other than ASBA Applicants) will issue cheques or drafts in respect of the Application Amount when submitting an Application
Escrow Agreement	Agreement dated February 12, 2014 entered into by the Company, the Registrar to the Issue, the Lead Managers and the Escrow Collection Bank(s) for collection of the Application Amounts (other than by ASBA Applicants) and where applicable, refunds of amounts collected from Applicants (other than by ASBA Applicants) on the terms and conditions thereof
Escrow Collection Bank(s)/Bankers to the Issue	Banks which are clearing members and registered with SEBI as bankers to the issue, with whom the Escrow Account will be opened, in this case being Axis Bank Limited, HDFC Bank Limited, ICICI Bank Limited, IDBI Bank Limited, IndusInd Bank Limited, Kotak Mahindra Bank Limited and Yes Bank Limited
High Net Worth Individual Portion	The portion of the Issue, constituting 30% of the Issue which shall be available for allocation to Applicants falling under Category III
ICRA	ICRA Limited
Issue	Public issue of tax free secured, redeemable, non-convertible bonds of face value of ₹ 1,000 each, in the nature of debentures having tax benefits under section 10(15)(iv)(h) of the Income Tax Act, by the Issuer, for an amount aggregating upto ₹ 2,500 million with an option to retain over subscription upto ₹ 2,500 million, aggregating to a total of ₹ 5,000 million, in Fiscal 2014*.  <i>* In terms of the CBDT Notification, the Company is authorized to raise a minimum of 70.00% of the Issue Size, by way of public issue and during the process of the public issue(s), the Company may also, at its discretion, raise Bonds through private placement route for an amount not exceeding 30.00% of the Issue Size, wherein suitable amount shall be earmarked for sovereign wealth funds, pension and gratuity funds. In case the Company issues bonds through private placement route, the Issue Size shall stand reduced accordingly. The Company shall ensure that bonds issued pursuant to the CBDT Notification through public issue route and private placement route in Fiscal 2014 shall, in aggregate, not exceed ₹ 5,000 million.</i>
Issue Agreement	The agreement entered into on February 4, 2014, between the Company and the Lead Managers
Issue Closing Date	March 14, 2014. The Issue shall open for subscription from 10 a.m. to 5 p.m.(Indian Standard Time) during the period indicated above with an option for early closure or extension by such period, as may be decided by the Board of Directors.
Issue Opening Date	February 18, 2014
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days, during which a prospective investor may submit their Application Forms
Issue Size	The aggregate limit of the Issue being ₹5,000 million
Karvy	Karvy Investor Services Limited
Lead Managers	SPA Capital, A. K. Capital, Karvy and RR Investors.
Market Lot	One Bond
OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60.00% by NRIs including overseas trusts, in which not less than 60.00% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3,

Term	Description
	2003 and immediately before such date had taken benefits under the general permission granted to OCBs under the FEMA. OCBs are not permitted to invest in the Issue
Portion	The terms QIB Portion, Corporate Portion, High Net Worth Individual Portion and Retail Individual Investor Portion are individually referred to as "Portion" and collectively, referred to as "Portions"
Prospectus	The prospectus dated February 12, 2014 to be filed with the RoC, SEBI and the Stock Exchanges in accordance with the provisions of SEBI Debt Regulations
Public Issue Account	Account opened with the Escrow Collection Bank(s) to receive monies from the Escrow Account(s) and the ASBA Accounts, on the Designated Date
QIB Portion	The portion of the Issue, constituting 10% of the Issue which shall be available for allocation to Applicants falling under Category I
Record Date	Date falling 15 days prior to the relevant Coupon/ Interest Payment Date or Maturity Date on which interest or the Maturity Amount is due and payable under the terms of this Prospectus. In the event the Record Date falls on a Saturday, Sunday or a public holiday in Chennai or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, the succeeding Working Day shall be considered as the Record Date
Redemption Amount/Maturity Amount	Amount repayable on the Bonds, comprising face value of the Bonds, together with Coupon/Interest accrued at the applicable Coupon/Interest Rate for each Series of Bonds on the respective Redemption Dates or Maturity Dates
Redemption Date/Maturity Date	The respective dates on which each Series of Bonds shall be redeemed and Redemption Amount shall be paid by our Company, at the end of the respective tenure of such Series of Bonds
Refund Account	Account opened with the Refund Bank from which refunds, if any, of the whole or any part of the Application Amount shall be made (excluding Application Amounts from ASBA Applicants)
Refund Bank	The Bankers to the Issue, with whom the refund account(s) will be opened, in this case being the IndusInd Bank Limited
Register of Bondholders	Register of Bondholders maintained by the Issuer in accordance with the Companies Act 1956 and as detailed in " <b>Terms of the Issue – Rights of Bondholders</b> " on page 132 of this Prospectus
Registrar Agreement	Agreement dated February 4, 2014 entered into between the Company and the Registrar to the Issue, in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue
Registrar to the Issue or Registrar	Link Intime India Private Limited
Resident Individual	Individual who is a person resident in India as defined under the Foreign Exchange Management Act, 1999
Retail Individual Investor Portion	The portion of the Issue, constituting 40% of the Issue which shall be available for allocation to Applicants falling under Category IV
RR Investors	RR Investors Capital Services Private Limited
Self Certified Syndicate Banks or SCSBs	The banks registered with the SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 offering services in relation to ASBA, a list of which is available at <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a> . A list of the branches of the SCSBs where Application Forms will be forwarded by such members of the Syndicate is available at <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> .
Series of Bonds or Series	Series of Bonds, which are identical in all respects including but not limited to terms and conditions, listing and international securities identification number ("ISIN") (in the event that Bonds in a single Series of Bonds carry the same coupon/interest rate) and as further stated to be each, an individual Series in this Prospectus
SPA Capital	SPA Capital Advisors Limited
Specified Cities	Application centres at Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat where the members of the Syndicate shall accept Application Forms under the ASBA process in terms of the SEBI Circular No. CIR/CFD/DIL/1/2011, dated April 29, 2011
Stock Exchanges	BSE
Syndicate or Members of the Syndicate	Collectively, the Lead Managers, the Consortium Members for the Issue, the sub-consortium members, brokers and sub-brokers
Trading Lot	One Bond
Trading Member	Intermediaries registered with a Broker or a Sub-Broker under the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 and/or with the Stock Exchanges under the applicable byelaws, rules, regulations, guidelines, circulars issued by Stock Exchanges from time to time and duly registered with the Stock Exchanges for collection and electronic upload of Application Forms on the electronic application platform provided by Stock Exchanges
"Transaction Registration Slip" or "TRS"	The acknowledgement slip or document issued by any of the Members of the Syndicate, the SCSBs, or the Trading Members as the case may be, to an Applicant upon demand as proof of registration of his application for the Bonds.
Tripartite Agreements	Tripartite agreement dated January 23, 2013 between the Company, CDSL and the Registrar to the Issue and the tripartite agreement dated January 24, 2013 between the Company, NSDL and the

Term	Description
	Registrar to the Issue
Working Days	All days excluding Sundays or a public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881, except with reference to Issue Period, Coupon/ Interest Payment Date and Record Date, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881

### Conventional/General Terms, Abbreviations and Reference to Other Business Entities

Term/Abbreviation	Description/ Full Form
ADB	Asian Development Bank
Alternative Investment Funds	Alternative Investment Funds, as defined in and registered under the SEBI AIF Regulations
AS	Accounting Standards issued by the ICAI
Automobile/General Cargo Berth	Automobile/General Cargo Berth operated by the Company
BOT Operators	CICTPL, ETTPL and SIOTL
BSE	BSE Limited
Captive User	TANGEDCO, previously known as TNEB
CBDT	Central Board of Direct Taxes
CEPRCL	Chennai Ennore Port Road Company Limited
CICTPL	Chettinad International Coal Terminal Private Limited
CDSL	Central Depository Services (India) Limited
CPC	Code of Civil Procedure, 1908
CMDA	Chennai Metropolitan Development Authority
Companies Act 1956	Companies Act, 1956, as amended from time to time
Companies Act 2013	Companies Act, 2013, to the extent notified by the MCA and in force as of the date of this Prospectus
Companies Act	Companies Act 1956, as superseded and substituted by notified provisions of the Companies Act 2013
Competition Act	Competition Act, 2002, as amended from time to time
CISF	Central Industrial Security Force
CSR	Corporate Social Responsibility
DBFOT	Design Build Finance Operate Transfer
Depository(ies)	CDSL and NSDL
Depositories Act	Depositories Act, 1996
DIN	Director Identification Number
DP/ Depository Participant	Depository Participant, as defined under the Depositories Act, 1996
DPE	Department of Public Enterprises
DRR	Debenture Redemption Reserve
DTC	Direct Tax Code
EMRIP	Ennore-Manali Road Improvement Project
ETTPL	Ennore Tank Terminals Private Limited
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999
Financial Year/ Fiscal/ FY	Period of 12 months ended March 31 of that particular year
GAAR	General Anti-Avoidance Rules
GDP	Gross Domestic Product
GoI or Government	Government of India
HUFs	Hindu Undivided Families
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
Income Tax Act	Income Tax Act, 1961, as amended from time to time

<b>Term/Abbreviation</b>	<b>Description/ Full Form</b>
India	Republic of India
IOCL	Indian Oil Corporation Limited
Indian GAAP	Generally accepted accounting principles followed in India
IRDA	Insurance Regulatory & Development Authority
ISIN	International Securities Identification Number
LLP Act	Limited Liability Partnership Act, 2008, as amended from time to time
Major Port Trusts	Major port trusts constituted under the Major Port Trust Act, 1963
MAT	Minimum Alternate Tax
MoF	Ministry of Finance, GoI
MCA	Ministry of Corporate Affairs, GoI
MICR	Magnetic Ink Character Recognition
MoEF	Ministry of Environment and Forest
MoS	Ministry of Shipping, GoI
MoU	Memorandum of Understanding
NCTPS	North Chennai Thermal Power Station
NTPC	National Thermal Power Corporation
NECS	National Electronic Clearing System
NEFT	National Electronic Fund Transfer
NMIPL	Nissan Motor India Private Limited
NHDP	National Highway Development Program
NMDP	National Maritime Development Programme
NOC	Letter No.F.EPL/37/2012-PD.I dated February 10, 2014 from the MoS, GoI
NSDL	National Securities Depository Limited
p.a.	Per annum
PAN	Permanent Account Number
PAT	Profit After Tax
RBI	Reserve Bank of India
₹ or Rs. or Rupees or Indian Rupees	Lawful currency of India
RTGS	Real Time Gross Settlement
SCL	Sethusamudram Corporation Limited
SEBI	Securities and Exchange Board of India
SEBI Debt Regulations	SEBI (Issue and Listing of Debt Securities) Regulations, 2008, as amended
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEZ	Special Economic Zone
SIOTL	SICAL Iron-ore Terminal Limited
TAMP	Tariff Authority of Major Ports
TANGEDCO	Tamil Nadu Generation and Distribution Corporation Limited
TIDCO	Tamil Nadu Industrial Development Corporation
TNEB	Tamil Nadu Electricity Board
TOC	Taking over certificate
TPP Road	Thiruvottiyur - Ponneri - Pancheti Road
Trusts Act	Indian Trusts Act, 1882
UAN	Unique application number
VTM	Vessel Traffic Management

### Technical and Industry Related Terms

<b>Term/Abbreviation</b>	<b>Description/ Full Form</b>
BOOT	Build Own Operate and Transfer
BOT	Build Operate Transfer

<b>Term/Abbreviation</b>	<b>Description/ Full Form</b>
CHPT	Chennai Port Trust
CBFS	Carbon Black Feedstock
DWT	Deadweight tonnage
ERP	Enterprise Resource Planning
LNG	Liquified Natural Gas
LPG	Liquified Petroleum Gas
MMTPA	Million Metric Tonnes Per Annum
MT	Metric Tonne
NH	National Highways
NHAI	National Highways Authority of India
PCS	Port Connectivity System
POL	Petroleum Oil and Lubricants
POMS	Port Operation Management System
PPP or PPPs	Public Private Partnership(s)
TEUs	Twenty-foot Equivalent Units.
WPI	Wholesale Price Index

Notwithstanding the foregoing, terms in “**Main Provisions of the Memorandum of Association and Articles of Association**”, “**Statement of Tax Benefits**”, “**Regulations and Policies**” on pages 168, 44 and 76, respectively, and “**Annexure A - Financial Information**”, shall have the meanings given to such terms in these respective sections.

## CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION

### Certain Conventions

All references in this Prospectus to “**India**” are to the Republic of India and its territories and possessions.

### Financial Data

Unless stated otherwise, the financial data in this Prospectus is derived from our standalone financial information, prepared in accordance with accounting standards generally accepted in India and the Companies Act 1956 for the Fiscal 2013, 2012, 2011, 2010 and 2009 and for the half year ended September 30, 2013. In this Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All decimals have been rounded off to two decimal points. The audits for the years ended March 31, 2009, March 31, 2010, March 31, 2011 were conducted by M/s. Padmanabhan Prakash & Co., Chartered Accountants, and for the year ended March 31, 2012, March 31, 2013 were conducted by M/s. N.Sankaran & Co, Chartered Accountants and the limited review of the standalone unaudited financial results for the half year ended September 30, 2013, was conducted by M/s, Sanakaran & Krishnan, Chartered Accountants, the Statutory Auditors.

The financial year of the Company commences on April 1 and ends on March 31 of the next year, so all references to particular “financial year”, “fiscal year”, and “Fiscal” or “FY”, unless stated otherwise, are to the 12 months period ended on March 31 of that year.

The degree to which the financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus should accordingly be limited.

### Currency and Unit of Presentation

In this Prospectus, references to ‘₹’, ‘Rs.’, ‘Indian Rupees’ and ‘Rupees’ are to the legal currency of India and references to ‘US\$’, ‘USD’, and ‘U.S. dollars’ are to the legal currency of the United States of America and references to ‘Euro’ and ‘€’ are to the legal currency of the European Union.

### Industry and Market Data

Any industry and market data used in this Prospectus consists of estimates based on data reports compiled by government bodies, professional organizations and analysts, data from other external sources and knowledge of the markets in which the Company competes. These publications generally state that the information contained therein has been obtained from publicly available documents from various sources believed to be reliable but it has not been independently verified by us or its accuracy and completeness is not guaranteed and its reliability cannot be assured. Although the Company believes the industry and market data used in this Prospectus is reliable, it has not been independently verified by us. The data used in these sources may have been reclassified by us for purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market data is presented in this Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the Company conducts its business, and methodologies and assumptions may vary widely among different market and industry sources.

### Exchange Rates

The exchange rates of the US\$ and € as at December 31, 2013, September 30, 2013, March 31, 2013, 2012, 2011, 2010 and 2009 are provided below:

Currency	Exchange Rate into ₹ as at December 31, 2013	Exchange Rate into ₹ as at September 30, 2013	Exchange Rate into ₹ as at March 31, 2013#	Exchange Rate into ₹ as at March 31, 2012^	Exchange Rate into ₹ as at March 31, 2011	Exchange Rate into ₹ as at March 31, 2010	Exchange Rate into ₹ as at March 31, 2009
1 US\$	61.88	62.78	54.39	51.16	44.65	45.14	50.95
1 €	85.36	84.67	69.54	68.34	63.24	60.56	67.48

Source: RBI Reference Rates

*# March 31, 2013 and March 30, 2013 were Sunday and Saturday, respectively, and March 29, 2013 was a holiday; hence, exchange rates for the last working day of March 2013, i.e. March 28, 2013, have been used.*

*^March 31, 2012 was a trading holiday; hence, exchange rates for the last working day of March 2012, i.e., March 30, 2012, have been used.*

## FORWARD LOOKING STATEMENTS

Certain statements contained in this Prospectus that are not statements of historical fact constitute ‘forward-looking statements’. Investors can generally identify forward-looking statements by terminology such as ‘aim’, ‘anticipate’, ‘believe’, ‘continue’, ‘could’, ‘estimate’, ‘expect’, ‘intend’, ‘may’, ‘objective’, ‘plan’, ‘potential’, ‘project’, ‘pursue’, ‘shall’, ‘seek,’ ‘should’, ‘will’, ‘would’, or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability, new business and other matters discussed in this Prospectus that are not historical facts. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- Our ability to comply with certain specific conditions prescribed by the Government of India (“GoI”) in relation to our business or any changes in laws and regulations applicable to companies in India, including foreign exchange control regulations in India;
- Risk relating to reliance on concessions and licenses from government and quasi-governmental organisations;
- Changes in the value of Rupee and other currency changes;
- Changes in political conditions in India;
- Continuation of contractual arrangements with Captive User and BOT Operators;
- Changes in Indian and/or foreign laws and regulations, including tax, accounting, banking, securities, insurance and other regulations; changes in competition and the pricing environment in India; and regional or general changes in asset valuations;
- Occurrence of natural calamities or natural disasters affecting the areas in which our Company has operations;
- Emergence of new competitors;
- Our inability to effectively manage our growth or successfully implement our business plan and growth strategy;
- Inability to attract and retain, or appropriately replace, our key personnel and sufficient skilled workers may adversely affect our business, financial condition and prospects; and
- Other factors discussed in this Prospectus, including under “*Risk Factors*” on page 11 of this Prospectus.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “*Business*” and “*Material Developments*” on page 58 and 109 of this Prospectus, respectively. The forward-looking statements contained in this Prospectus are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, the Company cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

## SECTION II - RISK FACTORS

*The Investors should carefully consider all the information in this Prospectus, including the risks and uncertainties described below, and under “Business” on page 58 of this Prospectus and “Annexure A - Financial Information”, before making an investment in the Bonds. The risks and uncertainties described in this section are the only risks that we currently face. Additional risks and uncertainties not known to the Company or that the Company currently believes to be immaterial may also have an adverse effect on its business, prospects, results of operations and financial condition. If any of the following or any other risks actually occur, the Company’s business, prospects, results of operations and financial condition could be adversely affected and the price and value of your investment in the Bonds could decline such that you may lose all or part of your investment.*

*The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the effect is not quantifiable and hence has not been disclosed in such risk factors. The numbering of risk factors has been done to facilitate ease of reading and reference, and does not in any manner indicate the importance of one risk factor over another.*

*The investor should not invest in the Issue unless you are prepared to accept the risk of losing all or part of your investment, and you should consult your own tax, financial and legal advisors about the particular consequences of an investment in the Bonds.*

*Unless otherwise stated, our financial information used in this section is derived from our standalone financial information prepared in accordance with accounting standards generally accepted in India.*

### **RISKS RELATING TO OUR BUSINESS AND INDUSTRY**

#### ***1. Significant land-related disputes could hamper our expansion and development activities.***

We have procured land from Tamil Nadu Electricity Board (“TNEB”), Tamil Nadu Industrial Development Corporation (“TIDCO”) and Salt Department of Ministry of Commerce, Government of India. The land procured from TIDCO also contains about 300 acres obtained from ‘patta’ owners (prior owners of the land from whom the land was acquired). These owners have filed a claim for enhancement of compensation. We are additionally responsible for making the payments to the land owners from whom the land has been acquired which is in the process of being transferred to us. See “Business - Properties” on page 75 of this Prospectus. Compensation claims are pending in various courts in the State of Tamil Nadu. An area of approximately 300 acres which constitutes approximately 14.00% of the total area of 2,118.74 acres that is available for development, is currently under dispute. If any of these disputes are resolved against us, it could have an adverse impact on our financial condition and results of operations.

#### ***2. Presently we do not hold legal title to the land on which the Port is located.***

The land on which the Port is located is not registered in the name of our Company. We are in the process of having these lands registered in our name. In addition to our current contracts this may also have implication in the future if we are not able to have these lands registered in our name. We may be required to lease some of these lands in the near future under our agreements with our operators and we may not be able to successfully lease these lands.

We cannot assure you by when the registration of the lands shall be complete in our names. The Company is in possession of 2118.74 acres of land acquired from TNEB, TIDCO and Salt Department of Ministry of Commerce, Government of India. The transfer of title deeds in the name of the Company is under process. We are relying on the State Government of Tamil Nadu for getting the transfer of title deeds related to the Port land handed over by TIDCO and TNEB. Similarly, we are relying on the Central Government for transfer of title deeds related to the Port land handed over by Salt Department. Pending litigations with respect to additional compensation payable for the Port lands handed over to the Company may affect our financial position by way of payment of ordered additional compensation and other costs associated with effectuating the transfer of title deeds in favour of the Company.

#### ***3. We may not have adequate insurance to cover all losses we may incur in our business operations or otherwise.***

Operations in our Port business, and specifically the cargo handling operations, carry inherent risks of personal injury and loss of life, damage to or destruction of property, plant and equipment and damage to the environment, and are subject to risks such as fire, theft, flood, earthquakes and terrorism. While our BOT Operators and Captive User may have obtained insurance for their terminal premises, we have not insured the infrastructure facilities provided by us or the automobile/general cargo berth operated by us. Our Standard Fire and Special Perils Policy insurance coverage is limited to only cover our office premises, furniture, fixtures and electrical appliances. We maintain insurance coverage in such amounts and against such risks which we believe are in accordance with industry practice. However, such insurance may not be adequate to cover all losses or liabilities that may arise from our operations, including when the loss suffered is not easily quantifiable and in the event of severe damage to our reputation. In addition, an accident involving a ship in our channel could result in temporary closure of Port operations, which could harm our business, results of operations and financial condition. However, such insurance may not be adequate to cover all losses or liabilities that may arise, including when the loss suffered is not easily quantifiable and in the event of severe damage to our reputation.

In addition, in the future, we may not be able to maintain insurance of the types or at levels which we deem necessary or adequate or at rates which we consider reasonable. The occurrence of an event for which we are not adequately or sufficiently insured or the successful assertion of one or more large claims against us that exceed available insurance coverage, or changes in our insurance policies (including premium increases or the imposition of large deductible or co-insurance requirements), could have a material adverse effect on our business, reputation, results of operations, financial condition and cash flows.

**4. *Our inability to effectively manage our growth or successfully implement our business plan and growth strategy could have an adverse effect on our business, results of operations and financial condition.***

We have experienced considerable growth in operating revenue over the past three years. Our operating revenue for the years ended March 31, 2013, 2012 and 2011 and for the six month period ended September 30, 2013 was ₹ 3,202.12 million, ₹ 2486.43 million, ₹ 1673.05 million and ₹ 2,282.35 million respectively. We intend to pursue a growth strategy to explore existing and potential market opportunities. The development of such future business could be affected by many factors, including general political and economic conditions in India, government policies or strategies in respect of the port sector, prevailing interest rates, taxation and construction materials.

Our future prospects will depend upon our ability to grow our business and operations further. In order to manage growth effectively, we must implement and improve our operating systems, procedures and internal controls on a timely basis, create additional facilities and infrastructure and make timely and adequate investments at competitive rates. If we fail to implement these systems, procedures and controls or add additional facilities and infrastructure on a timely basis, we may not be able to meet our operators needs, hire and retain new employees, pursue new business, complete future strategic agreements or operate our business effectively. Failure to manage growth effectively could have an adverse effect on our business, results of operations and financial condition.

**5. *Our Company's auditors have highlighted certain matters of emphasis in or qualified their audit report for the financial years 2013, 2012, 2011, 2010 and 2009 and half year ended September 30, 2012***

Our Company's auditors for the financial years 2013, 2012, 2011, 2010 and 2009 have highlighted certain matters of emphasis or qualified their audit report with respect to certain matters specified in the Companies (Auditors' Report) Order, 2003 on the financial statements for each of the financial years 2013, 2012, 2011, 2010 and 2009 and half year ended September 30, 2012.

Our Company's auditors have highlighted certain matters of emphasis in the auditor's report on the financial statements as on and for the year ended March 31, 2013 as follows:

- ₹ 12,368,478 paid under protest by BOT operator, kept under trade payables, pending finalization of the dispute as referred to in Note No. 8.1
- ₹ 450,949,975 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
- We draw attention to the Note no.5.3 regarding enhancement of dividend recommended by the Board in the subsequent meeting held on July 8, 2013, as per guidelines of Ministry of Finance and in compliance with the observation made by the CAG and consequential general reserve creation.

There are qualifications in the auditor's report on the financial statements as on and for the year ended March 31, 2012 as follows:

- ₹ 12,368,478 paid under protest by BOT operator, kept under trade payables, pending finalization of the dispute as referred to in Note No. 8.1 (reformatted Note No. 2)
- ₹ 450,949,975 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 (reformatted Note No. 10)
- non confirmation of balances as referred to in Note No.37 (reformatted Note No. 29) the consequential effect, if any, in the financial statements could not be quantified at this stage.

The following qualification has been made in the auditor's report on the financial statements as on and for the year ended March 31, 2011, 2010 and 2009:

- Note No.1a of Schedule XVI, in respect of seeking opinion from expert advisory committee of the Institute of Chartered Accountants of India regarding the treatment in the books of accounts towards the payment to of ₹ 314 million made to Chennai Port Trust (inclusive of interest) towards the cost of land acquisition as per the directions from the Ministry of Shipping which is included in Other Advances.

For more information, please see the Statutory Auditors' examination report dated January 30, 2014 in "**Annexure A – Financial Information**" of this Prospectus. If such matters of emphasis or qualifications are contained in future audit reports, the operations, prospects and business of the Company may be adversely impacted.

**6. Our port operation model is different from most of the other major ports.**

We have limited experience operating in the port sector and currently operate on the landlord model where we provide basic infrastructure and subsequently enter into contractual arrangement with operators to manage the terminals. Other ports in India operate under a different model which include being a full service provider of all facilities. This may enable such ports to effectively manage the services provided by them and constantly upgrade the services. We cannot assure you that our model will continue to be profitable.

As we are a major port, all of our development activities are regulated by the Government of India, Ministry of Shipping including the various statutes and the policies issued by it. For e.g, in the event that we intend to undertake any development and other activities, which we are required to comply with the policies relating to PPP, captive projects and planned allotment as maybe applicable. Therefore, we cannot assure you that we shall be able to find the partners or be able to undertake such activities at the appropriate time and in the manner as deemed appropriate by us. Further, we cannot assure you that other major ports may not offer more attractive terms than ours.

**7. Our investments in developing additional services, facilities may not yield results as expected by us.**

We intend to continue to make investments in port development facilities in order to further grow our traffic and capacity expansion. The port development facilities that we are currently engaged in include; Phase II of the capital dredging project to increase the deep draft to a depth of 20 meters, augmenting the Company's existing rail and road connectivity to widen roads and provide faster rail connectivity. Please see, "**Objects of the Issue**" on page 42 of this Prospectus.

Further, we believe that continued expansion is essential for us to remain competitive and to capitalise on the growth potential of our business. The Company is currently in the process of obtaining environmental clearance and approval from the MoS, GoI for construction of the third coal berth at the Port for captive use of TANGEDCO. Bidding process is also in progress in relation to the construction of the proposed multi-purpose cargo terminal at the Port. GoI approval has also been obtained for leasing of land by the Company for the LNG terminal to be set up at the Port. Please see, "**Business – Future Projects**" on page 71 of this Prospectus, for further details. Our future expansion plans will involve significant capital expenditures and operational and management resources. However, we may not be successful in expanding our services and further diversifying our income which could have a material adverse effect on our business, financial condition and results of operations. Our competitors may have more experience in these areas and maybe offering better prices for such facilities. The success of these and other projects is

dependant on a variety of factors, including the timely completion of the project and available market once the services are operational. We often must enter into binding contracts with potential partners and operators to complete such projects and provide such services. The success of negotiations with respect to any particular project, including the agreement of commercial and technical terms, cannot be assured, and even with successful negotiations, each project will also require certain government consents and approvals as part of the development process. Any resulting delay or failure to complete a project or deliver additional services may adversely affect our competitiveness and our business, results of operations and financial condition.

**8. *A large proportion of our revenue depends on our contractual arrangements with a small number of operators and our relationship is governed by such agreements.***

We expect that a significant portion of our income will continue to be attributable to a limited number of operators in the foreseeable future and if any of these operators reduce their business with us, it may result in low capacity utilization of our resources, which could adversely affect our profitability and results of operations.

We have derived and believe that we will continue to derive in the near future, a significant portion of our revenue from our Captive User and BOT Operators. For the years ended March 31, 2013, 2012 and 2011 and for the six month period ended September 30, 2013, our top four operators (Captive User and BOT Operator) accounted for approximately 63.60%, 78.04%, 81.42% and 68.39% of our operating revenue, respectively. We have contractual arrangements with the Captive User and BOT Operators and are dependant on them for a significant portion of our revenue. The tariff from our Captive User can be revised only once in three years and we are dependent on the efficient operations and management capabilities of the BOT Operators as it has a direct impact on our revenue share. Our largest operator is a captive user, Tamil Nadu Generation and Distribution Corporation Limited (“**TANGEDCO**”) (formerly known as TNEB) and contributes 45.03% of our operating revenue for the half year ended September 30, 2013 and our business and growth prospects may decline if we cannot benefit from this relationship in the future. In addition, major events affecting our BOT Operators and Captive User, such as regulatory changes, bankruptcy, change of management, mergers and acquisitions could adversely impact our business. If any of our major BOT Operators and Captive Users becomes bankrupt or insolvent, we may lose some or all of our business from that entity/BOT projects and some of our receivables may have to be written off, adversely impacting our income and financial condition. Our business is dependent on the decisions and actions of our BOT Operators and Captive User, and there are a number of factors that are outside our control. The occurrence of any of these events or factors might result in the termination of a project or the loss of revenue from the BOT Operators and Captive User.

The revenue from these BOT Operators may vary from year to year. Any loss of our major BOT Operators or any significant decreases in spending by some or all of our top four operators on our services may reduce the demand for our Port and the services we offer and may adversely affect our revenue, profitability and results of operations. In addition, our income may be affected by competition, the cyclical nature of the shipping industry and decreasing tariffs in other ports and related services industry and a number of factors, other than our performance, that could cause the loss of a BOT Operator and that may not be predictable such as financial difficulties, bankruptcy or insolvency affecting our BOT Operators.

The co-operation and agreement among our BOT Operators on our existing or future projects is an important factor for the smooth operation and financial success of such projects and they may (i) have economic or business interests or goals that are inconsistent with ours, (ii) be unable or unwilling to fulfil their obligations under the relevant license agreement, or (iii) experience financial or other difficulties and be unable to achieve financial closure. Our BOT Operators are focused on permitted cargo which are shipped from and/or to specific terminals as allocated under the respective contractual agreements. We cannot assure you that all such BOT Operators shall continuously have operations which are critical for our revenues. No assurance can be given that disputes will not arise in the future. Our BOT Operators, some of whom have experienced substantial competition and other pressures on their profitability, may demand price reductions and/or other value-added services for no additional charge, which could reduce our profitability. Any significant reduction in or the elimination of the use of the services we provide to any of our BOT Operators, or any requirement to lower our tariffs or revenue share, could harm our business.

**9. *The lack of an efficient transportation network and reliable transportation infrastructure in India or the delay or failure to further improve the connectivity of Ennore Port to the Indian road and rail network***

*may have a material adverse effect on our operations, results of operations and financial condition.*

We rely on and benefit from transportation and logistics networks, and the connectivity and conditions of the road, rail and general transportation infrastructure in India is important to our business. Generally, the investment in and maintenance of transportation infrastructure in India has been poor compared to developed countries. The Government of India and State Governments have announced major infrastructure development plans such as the National Maritime Development Programme and the National Highway Development Programme. Inadequacies in the transportation infrastructure in India may result in delays in deliveries or schedules. Improvement in the transportation infrastructure in India will involve major capital expenditure. There can be no assurance that the road, rail and general transportation infrastructure will improve to a level or be maintained at such level that would result in improvement in our business.

We have made, and will continue to make, transportation and infrastructure investments to improve the connectivity of Ennore Port with the hinterlands which include certain inland regions in the State of Tamil Nadu, the State of Andhra Pradesh and the State of Karnataka. In particular, we have made investments along with NHAI for augmenting the existing roads connecting to the Port. We have obtained an approval from Southern Railways to enhance our rail connectivity and bring in connectivity to our proposed container terminal. We offer no assurance as to whether an improvement in road and rail connectivity would indeed enhance our results of operations.

**10. *Our funding requirements and deployment of the net proceeds of the Issue are based on management estimates and have not been independently appraised.***

Our funding requirements and the deployment of the net proceeds of the Issue are based on management estimates and have not been appraised by any bank or financial institution. The deployment of funds as stated in “*Objects of the Issue*” on page 42 of this Prospectus and is entirely at the discretion of our Board. All the figures included under “*Objects of the Issue*” are based on our own estimates. In view of the highly competitive nature of the industry in which we operate, we may have to revise our management estimates from time to time and consequently our funding requirements may also change. This may result in the rescheduling of our expenditure programmes and an increase or decrease in our proposed expenditure for a particular matter.

**11. *We are currently availing certain benefits and exemptions under the Income Tax Act, 1961 which are subject to the policies and decisions of the Income Tax authorities***

Our Company is engaged in the business of developing, operating and maintaining “infrastructure facility/ies” and is eligible for 100.00% deduction under Section 80-IA of the Income Tax Act in respect of its total income for 10 consecutive assessment years out of 15 years (assessment years 2002-2003 to 2016-2017), at our option. Considering combined effects of estimation income by our Company, the eligibility for deduction, the prospects, expansion plans and capacity of our Company and the difference in the rates of depreciation between the accounts and tax laws, the life of carried forward tax benefits, EPL has opted to avail certain taxation benefits under Section 80-IA for 10 years beginning from assessment year 2007-2008. Consequently, it is expected that the deferred tax assets could be realised only to the extent provided in clause (iii) explanation to Section 115JB of the Income Tax Act, 1961. The Company is currently paying Minimum Alternate Tax (“MAT”) at a rate of 20.00% (inclusive of education cess and surcharge). This rate shall be applicable till the financial year 2016-2017. Thereafter the Company may have to pay tax at the prevailing tax rate, subject to prevalent legislation. Any change in law in this regard will affect the effective rate of income tax and the amount of deferred tax asset recognised in our balance sheet.

**12. *The guidance of our Promoters and our senior management team are critical for our continued success and the loss of such personnel in the future could harm our business.***

Our ability to implement our business strategy will depend, in large part, on our ability to attract, train, motivate and retain highly skilled personnel. There is intense competition for experienced senior management and other key personnel with technical and industry expertise in the port business and if we lose the services of any of these or other key individuals to competitors and are unable to find suitable replacements in a timely manner, our ability to realise our strategic objectives could be impaired. Any shortage of skilled personnel or loss of services of our senior management could adversely affect our business and results of operations. We are a Mini-Ratna company and our shares are held by the President

of India, acting through the Ministry of Shipping, Government of India and Chennai Port Trust. Our success substantially depends on the continued service and performance of the members of our senior management team and other key personnel in our business for the management and running of our daily operations and the planning and execution of our business strategy. We rely on the guidance and advice provided by the Ministry of Shipping and the Chennai Port Trust, our shareholders. Pay scales, service regulations and promotional prospects of our employees are as per the policies of the Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises which are rigid compared to private sector. We are subject to laws and regulations governing relationships with employees, in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and terminating of employees and work permits. Any shortage of skilled personnel or work stoppages caused by disagreements with employees could have a material adverse effect on our business and results of operations.

Additionally, we rely on our relationship with the Ministry of Shipping and Chennai Port Trust for their guidance. If there is a change in our relationship with our Promoters or any of our shareholders, we may also lose the services of some of our senior management, which could adversely affect our business and results of operations.

**13. *Our performance depends on our outsourcing agencies and sub-contractors and the inability to attract such persons or any shortage of labour could adversely affect our business.***

As of September 30, 2013, we had 101 full-time employees in addition to having 638 contract labourers and outsourced manpower. In addition to our full-time employees, we utilise temporary outsourced manpower services through sub-contractors or by employment agencies in order to have access to a regular and continuous supply of labour. Although we maintain cordial relations with the sub-contractors and continue to engage them at rates which are acceptable to us, there can be no assurance that this will continue in the future. Any disruption in the steady and regular supply of labour may adversely affect our business and operations.

**14. *Our business is subject to operational risks.***

The operation of our Port handling, comprising handling of dry bulk cargo, liquid cargo and automobile and other operations may be adversely affected by many factors, such as the breakdown of equipment, labour disputes, natural disasters, increasing government regulations, lack of qualified equipment operators and a downturn in the overall performance of the shipping industry and exim trade in general. In addition, our business relies on a number of third-party companies involved in activities such as stevedoring, ship handling, stevedoring, trucking, marine operations, hiring of equipment and vehicles, survey of ships, supply of water and provision of transportation services and outsourcing agencies. The nature of our activities, requires large quantum of land area and is dependant upon water front and thus is inherent to social risks such as agitation by local population and fishermen when any of our activities or our projects are perceived by them to affect their normal life/livelihood. Severe weather conditions or climatic changes, resulting in conditions such as dense fog, low visibility, heavy rains, wind and waves, may force us to temporarily suspend operations at our Ports. In some cases, we may temporarily suspend operations based on warnings from local and national meteorological departments. If weather conditions or climatic changes of any type were to force terminals to close for an extended period of time, our business could be adversely affected. In addition, any weather condition or climatic change, including but not limited to severe monsoons or flooding, affecting ports that serve as starting points or final destinations for shipping lines could harm our business.

We do not have insurance policies for liability to our Captive User and BOT Operators and third party contractors and for anticipated loss of profit. Such operational risks may significantly affect our reputations and affect our business and results of operations.

**15. *We operate in a highly competitive environment and if we are not able to compete effectively, our income and profitability could be adversely affected.***

We compete with both major and non-major ports, particularly located on the east coast of India, and other port service providers and intermediaries that operate at existing ports such as handling, stevedoring, clearing and forwarding agents. These competitors may have extensive local knowledge and business relationships and a longer operational track record in selected areas of the domestic market than us. We are

located on the east coast of India and along our coastline there are other ports that are operational. Some of these ports have significant financial resources, marketing and other capabilities and have collaborated with international ports. Some of our international competitors are able to capitalise on their overseas experience to compete in the Indian market. As a result, there can be no assurance that we will be able to compete successfully in the future against our existing or potential competitors or that our business, financial condition and results of operations will not be adversely affected by increased competition. Some of these companies have significant impact on our financial resources, marketing and other capabilities.

Current and future competitors may also introduce new and more competitive port services, make strategic acquisitions or establish cooperative/synergy relationships among themselves or with third parties, thereby increasing their ability to address the needs of our target operators. If we cannot compete in providing competitive port services or expanding into new markets, this could have an adverse effect on our business, financial condition and results of operations. There can be no assurance that we will be able to retain our operators in the face of increased competition. Current and future competitions may result in reduced margins compared to the past margins. In addition, port operator companies from other countries that establish operations in India may compete with us, particularly if they are more efficient have access to state of the art technology and equipments and have lower costs such as cheaper access to skilled manpower.

We currently provide the Captive User and the BOT Operators with berths where they can develop and operate their product specific terminals in addition to ensuring that the Port has breakwater, jetty, wharf and turning basin, entrance channel, marine facilities, navigational aids and port user services and parking facility in case of automobiles. If we cannot compete in providing competitive and additional port services or expanding into new markets, this could have an adverse effect on our business, financial condition and results of operations. There can be no assurance that we will be able to retain our operators in the face of increased competition.

**16. *One of our Licensees, to whom we have awarded the Iron-ore terminal on PPP-BOT model is yet to commence its commercial activities.***

We are yet to receive any revenues from one of our licensees SICAL Iron Ore Terminals Private Limited as they are yet to commence operations. They operate in the iron-ore specific category which has been subject to various regulatory and other restrictions. Presently there is a ban on iron-ore export and this has resulted in seizure of operation of this terminal. This may result in loss or revenues over a period of time. Further unlike our other BOT Operators, we do not receive minimum assured revenue from SICAL. We are exploring various options in collaboration with MoS and SICAL Iron Ore Terminals Private Limited for utilising the iron-ore terminal, including handling non-iron ore cargo. We cannot assure you that this may not occur in the future with any of our existing projects or proposed projects. In the event that our licensees or the nature of the goods to be handled by them are restricted or subject to market uncertainties, this may materially affect our business and our results of operations.

**17. *Our inability to adapt to changes in technology may affect our business.***

Our future success will depend in part on our ability to respond to technological advances and implementing the best and latest industry standards and practices on a cost-effective and timely basis. Adapting to changes in technology (which may result in reducing costs); may make other ports more competitive than ours or may require us to make additional capital expenditures to upgrade our facilities. Any breaches or failure in the technology currently being used by us, could result in delays and congestions or bunching of the ships at our Port. If we are unable, to adapt in a timely manner to changing market conditions, customer requirements or technological changes, our business, financial performance and the trading price of our Bonds could be adversely affected.

**18. *Our business depends on coastal and international movement of bulk cargo, which depend on many factors such as environmental issues, intervention of Courts and Government on mining, movement of mined cargo, etc., These may affect the availability of cargo, which in turn will affect our performance and the resultant revenue derived there from.***

Our business and facilities may be adversely affected by severe weather conditions or natural disasters in Tamil Nadu or elsewhere. Our business and operational facilities may be adversely affected by severe weather conditions, such as heavy rains and flooding, dense fog and low visibility, climatic changes or

natural disasters such as earthquakes, tsunamis, storms and hurricanes. Severe weather conditions or climatic changes, may force us to temporarily suspend operations at the Port. In some cases, we may temporarily suspend operations based on warnings from local and national meteorological departments. If weather conditions or climatic changes of any type were to force Ennore Port to close for an extended period of time, our business would be materially adversely affected. In addition, any weather condition or climatic change, including but not limited to severe monsoons or flooding, that affects ports that serve as starting points or final destinations for shipping lines calling at Ennore Port could harm our business.

Additionally, various regulatory and other restrictions have led to a ban in export of iron-ore, this has led to stoppage of operations in our SICAL Iron Ore Terminal which in turn has led to a loss of revenue. Also see, Risk Factor – “*One of our Licensees, to whom we have awarded the iron-ore terminal on PPP-BOT model is yet to commence its commercial activities*”.

**19. Our operations are subject to extensive environmental and other related regulations.**

Our business and operations are subject to various environmental risks such as oil spills and disposal of hazardous waste and chemicals. We, like other port operators and manufacturers in India, are subject to various central, state and local environmental, health and safety laws and regulations concerning issues such as accidents, damage caused by air emissions, wastewater discharges, solid and hazardous waste handling and disposal. These laws, rules and regulations also prescribe the punishments for any violations. While we believe that our facilities that we provide to our operator are in compliance in all material respects with applicable environmental laws and regulations and we have obtained the requisite permissions and clearances in this regard, we may incur additional costs and liabilities in relation to environmental concerns and compliance with these laws and regulations or any remedial measures in relation thereto. Additionally, we may not be able to monitor the operations of our Captive User or BOT Operators.

These additional costs and liabilities could be on account of penalties, fines, and remedial measures and clean up liabilities or due to compliance with more onerous laws or regulations. Any non-compliance with such laws and regulations may force us to close our Port operations until such time as we are in compliance with these laws and regulations and in that event our business, results of operations and financial condition could be adversely affected. Please see “*Regulations and Policies*” on page 76 of this Prospectus.

**20. This Prospectus includes certain unaudited standalone financial information, which has been subjected to limited review, in relation to our Company. Reliance on such information should, accordingly, be limited.**

This Prospectus includes certain unaudited standalone financial information in relation to our Company, for the six months ended September 30, 2013, in respect of which the Statutory Auditors of our Company have issued their limited review report dated November 7, 2013. As this financial information has been subject only to limited review as required by the Stock Exchanges, in accordance with the debt listing agreement, and not to an audit, any reliance by prospective investors on such unaudited standalone financial information for the six months ended September 30, 2013 should, accordingly, be limited. Moreover, our financial results for any given fiscal quarter or period, including the six months ended September 30, 2013, may not be directly comparable with our financial results for any full fiscal or for any other fiscal quarter or period. Accordingly, prospective investors in the Issue are advised to read such unaudited standalone financial information for the six months ended September 30, 2013 in conjunction with the audited financial information provided elsewhere in this Prospectus in “*Annexure A - Financial Information*”.

**21. If our contingent liabilities materialise, our financial condition and results of operations could be adversely affected.**

The details of our contingent liabilities as of the period ended March 31, 2013 and September 30, 2013 are provided below:

Sl.no	Particular	Amount (in ₹ million)
1.	March 31, 2013	2,383.18
2.	September 30, 2013	2,295.26

In the event that any of our contingent liabilities crystallise, our financial condition and results of operations may be adversely affected.

**22. *We are involved in certain legal proceedings and claims that, if determined against us, could adversely affect our business and financial condition.***

There are certain ongoing legal proceedings against us pending at different levels of adjudication before various courts and tribunals. Such litigation diverts management time and attention and consumes financial resources in their defence or prosecution. No assurance can be given as to whether these matters will be settled in our favour or against us. If we are held liable under any of these matters it may have an adverse effect on our business, financial condition and results of operations. See “*Outstanding Litigation*” on page 99 of this Prospectus.

**23. *We do not own our registered office.***

We do not own the premises on which our registered office is located. Our registered office is situated on premises rented from a third party. If such lease is terminated, we may suffer a disruption in our operations and incur costs related to moving offices. See “*Business – Properties*” on page 75 of this Prospectus.

**24. *Our operations are subject to regulatory and government scrutiny.***

Our business and industry are dependent on the policies and support of the Government of India, which makes us susceptible to changes to such policies and the level of support we receive. We also rely on the Government of India, Ministry of Shipping for granting permission for development and operations of various cargo terminal/ implementation by PPP-BOT model, as per their policies which are subject to amendments from time to time and other statutory approvals like clearances from authorities relating to control of pollution, environment and national security. This could lead to a delay in implementing our projects and any prolonged delay may have an impact on our operations. Any pursuit of Government policies that are not in the interests of our Company or any significant change in Government shareholding in our Company could adversely affect our business, financial condition and prospects

**25. *We have limited protection of our intellectual property.***

We have applied to the Trademark Registry, Chennai, Tamil Nadu for grant of registration for our logo under the Trade Marks Act, 1999. Consequently, we currently do not enjoy the statutory protections accorded to a registered trademark. We cannot assure you that the applications for registration of such trademarks will be granted by the relevant authorities or when these authorities will grant the registration. Any third party claim on any of our unprotected brands may lead to erosion of our business value and our operations could be adversely affected. We may not be able to detect any unauthorised use or take appropriate and timely steps to enforce or protect our intellectual property.

**26. *Our proposed captive user project may be subject to numerous risks.***

Our Company is currently in discussions with IOCL for setting up a LNG terminal as a captive user with regasification facilities. A feasibility study was carried out in this regard and an ‘in-principle’ approval was granted by the MoS, GoI in July, 2005. The GoI granted approval to the Company for leasing land measuring 620,000 square meters to the joint venture to be led by IOCL, for setting up of the LNG terminal. In the event we are successful in implementing the proposed project, the project may have inherent risks, not within our control, attached to it considering it is of a long term nature. Additionally, there may be a failure in development of the proposed project or its financing or operations and this may affect our business, prospects, financial condition and results of operation.

## **RISKS RELATING TO THE INDIAN ECONOMY**

**1. *A slowdown in economic growth in India could cause our business to be adversely affected.***

Our results of operations are significantly affected by factors influencing the Indian economy and the global economy in general. Any slowdown in economic growth in India could adversely affect us,

including our ability to grow our loan portfolio, the quality of our assets, and our ability to implement our strategy.

Any slowdown in the growth or negative growth of sectors where we have a relatively higher exposure could adversely impact our performance. Any such slowdown could adversely affect our business, prospects, results of operations and financial condition.

**2. *Political instability or changes in GoI could adversely affect economic conditions in India generally, and consequently, our business in particular.***

GoI has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Since 1991, successive governments have pursued policies of economic and financial sector liberalisation and deregulation and encouraged infrastructure projects. The present government has announced its general intention to continue India's current economic liberalization and deregulation policies. However, the rate of economic liberalization could change and there can be no assurance that such policies will be continued. A significant change in GoI's policies in the future, particularly in respect of the banking and finance industry and the infrastructure sector, could affect business and economic conditions in India. This could also adversely affect our business, prospects, results of operations and financial condition.

**3. *We may be adversely affected by increase in taxes and duties.***

Taxes and duties, including those taxes and duties on certain types of trade transactions and industries affecting the movement and transportation of goods in India, may affect our business, financial condition and results of operations. There can be no assurance that the current levels of taxes, tariffs and duties will not increase in the future, or that State Governments will not introduce additional levies, each of which may result in increased operating costs and lower income. To the extent additional levies are imposed, there can be no assurance that we will be able to pass such cost increases on to our customers.

**4. *Significant fluctuations in exchange rates between the Rupee and foreign currencies may have an adverse effect on our results of operations.***

While a substantial portion of our revenues will be denominated in Rupees, we may enter into certain engineering, procurement and construction contracts for our project development, the price of which could be denominated in foreign currencies. Our results of operations may be adversely affected if the Indian rupee fluctuates significantly against foreign currencies or if our hedging strategy is unsuccessful. To the extent that our income and expenditures are not denominated in Indian rupees, despite us entering into foreign exchange hedging contracts from time to time, exchange rate fluctuations could affect the amount of income and expenditure we recognise. In addition, the policies of the Reserve Bank of India may also change from time to time, which may limit our ability to hedge our foreign currency exposures adequately.

**5. *Natural calamities could have a negative impact on the Indian economy and could cause our business to be adversely affected.***

India has experienced natural calamities such as earthquakes, tsunami, floods and drought in the recent past including the tsunami that struck the southern coast of India in 2004. The extent and severity of these natural disasters determine their impact on the Indian economy. In previous years, many parts of India received significantly less than normal rainfall. As a result, the agricultural sector recorded minimal growth. Prolonged spells of below normal rainfall in the country or other natural calamities could have a negative impact on the Indian economy, thereby affecting our business, prospects, results of operations and financial condition.

**6. *The effects of the Companies Act 2013 are uncertain and could adversely affect the Company's business.***

The Lok Sabha and the Rajya Sabha have passed the Companies Act 2013, which has also received the assent of the President of India. The provisions of the Companies Act 2013 will be effective on such date as is appointed by the Government by notification in the official gazette and different dates may be appointed for different provisions. As at the date of this Prospectus, 98 sections of the Companies Act 2013 have been notified and made effective. Although draft rules for implementation of certain chapters of

the Companies Act 2013 have been released for public comments, as at the date of this Prospectus, the draft rules have not been notified. There is no clarity in relation to the date of implementation of the other provisions of the Companies Act 2013 or notification of any rules thereunder. Implementation of the provisions of the Companies Act 2013 may affect the Issuer's business, growth, financial performance, results of operations, prospects and the trading price of the Bonds.

**7. *The proposed new taxation system could adversely affect our business and the price of the Bonds.***

The Government has proposed three major reforms in Indian tax laws, namely the goods and services tax, the direct taxes code and provisions relating to general anti-avoidance rules (“GAAR”). As regards the implementation of the goods and service tax and the direct taxes code, the Government has not specified any timeline for their implementation. The goods and services tax would replace the indirect taxes on goods and services such as central excise duty, service tax, customs duty, central sales tax, state value added tax, surcharge and excise currently being collected by the central and state governments. The direct taxes code aims to reduce distortions in tax structure, introduce moderate levels of taxation, expand the tax base, facilitate voluntary compliance and provide greater tax clarity and stability to investors who invest in Indian projects and companies, as well as clarify the taxation provisions for international transactions. In addition, the direct taxes code aims to consolidate and amend laws relating to all direct taxes such as income tax, dividend distribution tax and wealth tax in order to facilitate voluntary compliance. With regard to GAAR, the provisions have been introduced by the Finance Act, 2012, scheduled to come into effect from April 1, 2016. The GAAR provisions are intended to catch arrangements declared as “impermissible avoidance arrangements”, which is defined in the Finance Act, 2012 as any arrangement, the main purpose or one of the main purposes of which is to obtain a tax benefit and which satisfy at least one of the following tests: (i) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961 (the Income Tax Act); (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes. The onus to prove that the transaction is an “impermissible avoidance agreement” is on the tax authorities. If GAAR provisions are invoked, the tax authorities would have wide powers, including the denial of tax benefit or the denial of a benefit under a tax treaty. As the taxation system is intended to undergo a significant overhaul, the effects on the Company cannot be determined as at the date of this Prospectus and there can be no assurance that such effects would not adversely affect the Company's business, future financial performance or the price of the Bonds.

**8. *The effects of the planned adoption of “Indian Accounting standards converged with IFRS” (IND-AS) are uncertain.***

The Institute of Chartered Accountants of India, the accounting body that regulates the accounting firms in India, has announced a road map for the adoption of/convergence with International Financial Reporting Standards (“IFRS”). Because many details of IND-AS are yet to be finalised, there is a significant lack of clarity regarding the convergence and implementation process. In addition, there is no significant body of established practice regarding IND-AS implementation and application and there is a shortage of experienced accounting personnel familiar with IFRS accounting standards. Therefore, the Company has not clearly determined the impact that implementation and application of IND-AS will have on its financial reporting. There can be no assurance that the Company's financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under IND-AS than under current Indian GAAP. In the Company's transition to IND-AS reporting, the Company may encounter difficulties in the ongoing process of implementing and enhancing its management information systems. Moreover, there is existing competition for the small number of experienced accounting personnel familiar with IFRS accounting standards as more Indian companies begin to prepare IND-AS.

**9. *If regional hostilities, terrorist attacks or social unrest in India increases, our business could be adversely affected.***

India has from time to time experienced social and civil unrest and hostilities within itself and with neighbouring countries. India has also experienced terrorist attacks in some parts of the country. These hostilities and tensions and/or the occurrence of terrorist attacks have the potential to cause political or economic instability in India and adversely affect our business and future financial performance. Further, India has also experienced social unrest in some parts of the country. If such tensions occur in other parts of the country, leading to overall political and economic instability, it could have an adverse effect on our

business, prospects, results of operations and financial condition.

**10. *If more stringent labour laws or other industry standards in the jurisdictions in which we operate become applicable to us, our profitability may be adversely affected.***

We are subject to a number of stringent labour laws and restrictive contractual covenants related to levels of employment. India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for dispute resolution and employee removal, payment of overtime to employees and legislation that imposes financial obligations on employers upon retrenchment. In the future, if we are also required to supply manpower as part of our port services, we shall incur additional cost in addition to be exposed to other labour legislation. If labour laws become more stringent or are more strictly enforced, it may become difficult for us to maintain flexible human resource policies, discharge employees or downsize, any of which could adversely affect our business, results of operations, financial condition and cash flows.

**11. *Any downgrading of India's sovereign rating by an international rating agency (ies) may affect our business and our liquidity to a great extent.***

Any adverse revision to India's credit rating for domestic and international debt by international rating agencies may adversely impact our ability to raise additional finances at favorable interest rates and other commercial terms. This could have an adverse effect on our growth, financial performance and our operations.

## **RISKS RELATING TO THE BONDS**

**1. *There has been a limited trading in the Bonds of such nature and the same may not develop in future, therefore the price of the Bonds may be volatile.***

There has been a limited trading in bonds of such nature in the past. Although the Bonds shall be listed on BSE, there can be no assurance that a public market for these Bonds would be available on a sustained basis. The liquidity and market prices of the Bonds can be expected to vary with changes in market and economic conditions, our financial condition and prospects and other factors that generally influence market price of Bonds. Such fluctuations may significantly affect the liquidity and market price of the Bonds, which may trade at a discount to the price at which the Bonds are being issued.

Further, the price of our Bonds may fluctuate after this Issue due to a wide variety of factors, including:

- Changes in the prevailing interest rate;
- Volatility in the Indian and global securities markets;
- Our operational performance, financial results and our ability to expand our business;
- Developments in India's economic liberalization and deregulation policies, particularly in the power sector;
- Changes in India's laws and regulations impacting our business;
- Changes in securities analysts' recommendations or the failure to meet the expectations of securities analysts;
- The entrance of new competitors and their positions in the market; and
- Announcements by our Company of its financial results.

We cannot assure that an active trading market for our Bonds will be sustained after this Issue, or that the price at which our Bonds are initially offered will correspond to the prices at which they will trade in the market subsequent to this Issue.

**2. *There is no guarantee that the Bonds issued pursuant to the Issue will be listed on BSE in a timely manner, or at all or that monies refundable to Applicants will be refunded in a timely manner.***

In accordance with Indian law and practice, permissions for listing and trading of the Bonds issued pursuant to the Issue will not be granted until after the Bonds have been issued and allotted. Approval for listing and trading will require all relevant documents authorising the issuing of Bonds to be submitted. While the Company will use its best efforts to ensure that all steps for completion of the necessary formalities for allotment, listing and commencement of trading at BSE are taken within 12 Working Days of the Issue Closing Date, there can be no assurance that the same will be completed in a timely manner.

There could be a failure or delay in listing the Bonds on BSE.

We cannot assure you that the monies refundable to you, on account of (a) withdrawal of your applications, (b) withdrawal of the Issue, or (c) failure to obtain the final approval from the BSE for listing of the Bonds, will be refunded to you in a timely manner. We, however, shall refund such monies, with the interest due and payable thereon, as prescribed under applicable statutory and/or regulatory provisions.

**3. *You may not be able to recover, on a timely basis or at all, the full value of the outstanding amounts and/or the interest accrued thereon in connection with the Bonds.***

Our ability to pay interest accrued on the Bonds and/or the principal amount outstanding from time to time in connection therewith would be subject to various factors, including our financial condition, profitability and the general economic conditions in India and in the global financial markets. We cannot assure you that we would be able to repay the principal amount outstanding from time to time on the Bonds and/or the interest accrued thereon in a timely manner, or at all. Although the Company has undertaken to create appropriate security in favour of the Bond Trustee to the Issue for the Bondholders on the assets adequate to ensure 100.00% asset cover for the Bonds, the realizable value of the secured assets may be lower than the outstanding principal and/or interest accrued thereon in connection with the Bonds

**4. *Changes in interest rates may affect the trading price of the Bonds.***

All securities where a fixed rate of interest is offered, such as the Bonds, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e., when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon rate, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the trading price of the Bonds.

**5. *Any downgrading in credit rating of our Bonds may affect the trading price of our Bonds.***

The Bonds proposed to be issued under the Issue have been rated “CARE AA” by CARE and “[ICRA]AA with Stable Outlook” by ICRA through letters dated January 21, 2014 respectively. We cannot guarantee that these ratings will not be downgraded. These ratings may be suspended, withdrawn or revised at any time. Any revision or downgrading in the credit rating may lower the trading price of the Bonds and may also affect our ability to raise further debt.

**6. *The Bonds are classified as ‘tax free bonds’ eligible for tax benefits under Section 10(15)(iv)(h) of the Income Tax Act, up to an amount of interest on such Bonds.***

The Bonds are classified as ‘tax free bonds’ issued in terms of Section 10(15)(iv)(h) of the Income Tax Act and the CBDT Notification. Accordingly, only the amount of interest on the Bonds shall be entitled to exemption under the provisions of the Income Tax Act, and not the actual amount of investment, and only to the extent that any Applicant or Bondholder is eligible to take the benefit of any exemption available to an assessee under the Income Tax Act.

**7. *Payments made on the Bonds will be subordinated to certain tax and other liabilities preferred by law.***

The Bonds will be subordinated to certain liabilities preferred by law such as to claims of GoI on account of taxes, and certain liabilities incurred in the ordinary course of our transactions. In particular, in the event of bankruptcy, liquidation or winding-up, our assets will be available to pay obligations on the Bonds only after all of those liabilities that rank senior to these Bonds have been paid. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining, after paying amounts relating to these proceedings, to pay amounts due on the Bonds.

Further, there is no restriction on the amount of debt securities that we may issue that may rank above the Bonds. The issue of any such debt securities may reduce the amount recoverable by investors in the Bonds on our bankruptcy, winding-up or liquidation.

8. ***A debenture redemption reserve will be created, only up to an extent of 25.00% for the Bonds and in the event of default in excess of such reserve, Bondholders may find it difficult to enforce their interests.***

Pursuant to the circular dated February 11, 2013 issued by the Ministry of Corporate Affairs, Government of India, it has been specified that in furtherance of Section 117C of the Companies Act 1956, an infrastructure company is required to maintain DRR up to 25.00% of the value of debentures issued through public issue and 25.00% for privately placed debentures. Further, the amount to be credited as DRR will be carved out of the profits of the company only and there is no obligation on the part of the company to create DRR if there is no profit for the particular year. Therefore, we will maintain a DRR only to the extent of 25.00% of the Bonds issued and if we are unable to generate adequate profits, the DRR created by us may not be adequate to meet 25.00% of the value of the Bonds. This may have a bearing on the timely redemption of the Bonds. The Bondholders may find it difficult to enforce their interests in the event of or to the extent of a default in excess of such reserve.

Further, pursuant to this circular, every company required to create or maintain DRR shall before the 30<sup>th</sup> day of April of each year, deposit or invest, as the case may be, a sum which shall not be less than 15.00% of the amount of its debentures maturing during the year ending on the 31<sup>st</sup> day of March next, following any one or more of the following methods, namely: (a) in deposits with any scheduled bank, free from charge or lien, (b) in unencumbered securities of the Central Government or of any State Government, (c) in unencumbered securities mentioned in clauses (a) to (d) and (ee) of section 20 of the Indian Trusts Act, 1882, or (d) in unencumbered bonds issued by any other company which is notified under clause (f) of section 20 of the Indian Trusts Act, 1882. The amount deposited or invested, as the case may be, shall not be utilized for any purpose other than for the repayment of debentures maturing during the year referred to above, provided that the amount remaining deposited or invested, as the case may be, shall not at any time fall below 15.00% of the amount of debentures maturing during the 31<sup>st</sup> day of March of that year. This may have a bearing on the timely redemption of the Bonds by our Company.

### SECTION III - INTRODUCTION THE ISSUE

The following is a summary of the terms of the Bonds. This section should be read in conjunction with, and is qualified in its entirety by, more detailed information in “*Terms of the Issue*” on page 119 of this Prospectus.

COMMON TERMS FOR ALL SERIES OF THE BONDS				
<b>Issuer</b>	Ennore Port Limited			
<b>Type of Instrument/Issue of Bonds/Issue Size</b>	<p>Public issue of tax free secured, redeemable, non-convertible bonds of face value of ₹ 1,000 each, in the nature of debentures having tax benefits under section 10(15)(iv)(h) of the Income Tax Act, by the Issuer, for an amount aggregating upto ₹ 2,500 million with an option to retain over subscription upto ₹ 2,500 million, aggregating to a total of ₹ 5,000 million*, in Fiscal 2014.</p> <p><i>* In terms of the CBDT Notification, the Company is authorized to raise a minimum of 70.00% of the Issue Size, by way of public issue and during the process of the public issue(s), the Company may also, at its discretion, raise Bonds through private placement route for an amount not exceeding 30.00% of the Issue Size, wherein suitable amount shall be earmarked for sovereign wealth funds, pension and gratuity funds. In case the Company issues bonds through private placement route, the Issue Size shall stand reduced accordingly. The Company shall ensure that bonds issued pursuant to the CBDT Notification through public issue route and private placement route in Fiscal 2014 shall, in aggregate, not exceed ₹ 5,000 million.</i></p>			
<b>Face Value (₹) per Bond</b>	₹ 1,000			
<b>Issue Price (₹) per Bond</b>	₹ 1,000			
<b>Nature of Bonds</b>	Secured, redeemable, non-convertible bonds in the nature of debentures			
<b>Mode of Issue</b>	Public issue			
<b>Pay-in Date</b>	Application Date. Full amount with the Application Form, except ASBA Applications. See “ <i>Issue Procedure – Payment Instructions</i> ” on page 156 of this Prospectus.			
<b>Who can apply</b>	<b>Category I  (“Qualified  Institutional Buyers”)  (“QIBs”)*</b>	<b>Category II  (“Corporates”)*</b>	<b>Category III (“High  Networth  Individuals”)  (“HNIs”)</b>	<b>Category IV (“Retail  Individual Investors”)  (“RIIs”)</b>
	<ul style="list-style-type: none"> <li>• Public financial institutions specified in Section 2(72) of the Companies Act 2013,</li> <li>• Scheduled commercial banks,</li> <li>• Mutual funds registered with SEBI,</li> <li>• Alternative Investment Fund registered with SEBI (“<b>Alternative Investment Funds</b>”) under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 (“<b>SEBI AIF Regulations</b>”),</li> <li>• Multilateral and bilateral development financial institutions,</li> <li>• State industrial development corporations,</li> <li>• Insurance companies registered with the Insurance</li> </ul>	<ul style="list-style-type: none"> <li>• Companies within the meaning of Section 2(20) of the Companies Act 2013, limited liability partnerships registered under the provisions of the Limited Liability Partnership Act, 2008, as amended from time to time (“<b>LLP Act</b>”), statutory corporations, trusts, partnership firms in the name of their respective partners, co-operative banks, regional rural banks, bodies corporate registered under the applicable laws in India and authorised to invest in Bonds along with Major Port Trusts whose board is constituted as a body corporate and other legal entities constituted and/or registered under applicable laws in India that are authorized to invest in Bonds by their respective</li> </ul>	<ul style="list-style-type: none"> <li>• The following investors applying for an amount aggregating to more than ₹ 1 million across all Series of Bonds in the Issue               <ul style="list-style-type: none"> <li>• Resident Individual Investors</li> <li>• Hindu Undivided Families (“<b>HUF</b>”) applying through the Karta.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• The following investors applying for an amount aggregating up to and including ₹ 1 million across all Series of Bonds in the Issue               <ul style="list-style-type: none"> <li>• Resident Individual Investors</li> <li>• HUF applying through the Karta.</li> </ul> </li> </ul>

COMMON TERMS FOR ALL SERIES OF THE BONDS				
	<p>Development and Regulatory Authority (“IRDA”),</p> <ul style="list-style-type: none"> <li>• Provident funds with a minimum corpus of ₹ 250 million,</li> <li>• Pension funds with a minimum corpus of ₹ 250 million,</li> <li>• The National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI, published in the Gazette of India,</li> <li>• Insurance funds set up and managed by the army, navy, or air force of the Union of India and</li> <li>• Insurance funds set up and managed by the Department of Posts, India.</li> </ul>	<p>constitutional and/or charter documents, subject to compliance with respective applicable laws.</p>		
<b>Credit Ratings</b>	<p>Credit Analysis &amp; Research Ltd. (“CARE”) has, by its letter dated January 21, 2014, assigned a rating of “CARE AA” to the Bonds. Instruments with this rating are considered to have a high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. ICRA Limited (“ICRA”) has, by its letter No. RTG/Chen/271/13-14 dated January 21, 2014, assigned a rating of “[ICRA]AA with Stable Outlook” to the Bonds. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. These ratings are not a recommendation to buy, sell or hold securities, and investors should take their own decision. These ratings are subject to revision or withdrawal at any time by the assigning rating agency(ies) and should be evaluated independently of any other ratings. For the rationale for these ratings, see “Annexure B – Credit Rating”.</p>			
<b>Security</b>	<p>First <i>pari passu</i> charge on the Company’s assets located within the port limits of Latitude 13° 17’ 36” North and Longitude 80° 20’ 51” East, along with the right to occupy and use the land over which the assets are situated with an asset cover of one time of the total outstanding amount of Bonds, pursuant to the terms of the Bond Trust Deed. The mode of creation of security shall be by way of mortgage, such security creation requires prior approval and authorization by the Central Government as owner of the land. The letter No.F.EPL/37/2012-PD.I dated February 10, 2014 from the MoS, GoI (“NOC”) for the same has been received from the Central Government.</p>			
<b>Security Cover</b>	<p>One time of the total outstanding Bonds</p>			
<b>Nature of Indebtedness and Ranking/ Seniority</b>	<p>The claims of the Bondholders shall be superior to the claims of any unsecured creditors of the Company and subject to applicable statutory and/or regulatory requirements, rank <i>pari passu</i> inter se to the claims of other creditors of the Company having the same security.</p>			
<b>Put/Call Option</b>	<p>There is no put/call option for the Bonds</p>			
<b>Listing</b>	<p>BSE. For more information, see “Terms of the Issue – Listing” on page 119 of this Prospectus.</p>			
<b>Bond Trustee</b>	<p>GDA Trusteeship Ltd.</p>			
<b>Depositories</b>	<p>Central Depository Services (India) Limited (“CDSL”) and National Securities Depository Limited (“NSDL”)</p>			
<b>Registrar to the Issue</b>	<p>Link Intime India Private Limited</p>			
<b>Modes of Payment/Settlement Mode</b>	<p>1. Direct Credit;  2. National Electronic Clearing System (“NECS”);  3. Real Time Gross Settlement (“RTGS”);  4. National Electronic Fund Transfer (“NEFT”); and  5. Registered/Speed Post</p> <p>For more information, see “Terms of the Issue – Manner &amp; Modes of Payment” on page 130 of this Prospectus.</p>			

<b>COMMON TERMS FOR ALL SERIES OF THE BONDS</b>															
<b>Issuance</b>	In dematerialised form and physical form, at the option of the Applicant**														
<b>Trading</b>	In dematerialised form only**														
<b>Market Lot / Trading Lot</b>	One Bond														
<b>Deemed Date of Allotment</b>	The date on which, the Board of Directors approves the Allotment of Bonds for the Issue or such date as may be determined by the Board of Directors and notified to the Stock Exchanges. All benefits relating to the Bonds including interest on Bonds shall be available from the deemed date of allotment. The actual allotment of Bonds may take place on a date other than the deemed date of allotment.														
<b>Record Date</b>	The record date for payment of interest on the Bonds or the Maturity Amount will be 15 days prior to the date on which such amount is due and payable.														
<b>Lead Managers</b>	SPA Capital Advisors Limited (“ <b>SPA Capital</b> ”), A. K. Capital Services Limited (“ <b>A. K. Capital</b> ”), Karvy Investor Services Limited (“ <b>Karvy</b> ”) and RR Investors Capital Services Private Limited (“ <b>RR Investors</b> ”)														
<b>Objects of the Issue and Utilisation of Proceeds</b>	See “ <i>Objects of the Issue</i> ” on page 42 of this Prospectus														
<b>Working Day Convention/ Day Count</b>	See “ <i>Terms of the Issue – Payment of Interest on the Bonds</i> ” on page 124 of this Prospectus														
<b>Transaction Documents</b>	Documents/undertakings/agreements entered into or to be entered into by the Company with Lead Managers and/or other intermediaries for the purpose of this Issue, including but not limited to the following: - <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Bond Trustee Agreement</td> <td>Trust Agreement dated February 4, 2014 between the Bond Trustee and the Company</td> </tr> <tr> <td>Bond Trust Deed</td> <td>Trust deed to be entered into between the Bond Trustee and the Company on or before the Designated Date</td> </tr> <tr> <td>Escrow Agreement</td> <td>Agreement dated February 12, 2014 entered into by the Company, the Registrar to the Issue, the Lead Managers and the Escrow Collection Bank(s) for collection of the Application Amounts and where applicable, refunds of amounts collected from Applicants on the terms and conditions thereof</td> </tr> <tr> <td>Issue Agreement</td> <td>The agreement entered into on February 4, 2014 between the Company and the Lead Managers</td> </tr> <tr> <td>Consortium Agreement</td> <td>Consortium Agreement dated February 4, 2014 between the Company and the Consortium Members for the Issue</td> </tr> <tr> <td>Registrar Agreement</td> <td>Agreement dated February 4, 2014 entered into between the Company and the Registrar to the Issue, in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue</td> </tr> <tr> <td>Tripartite Agreements</td> <td>Tripartite agreement dated January 23, 2013 between the Company, CDSL and the Registrar to the Issue and the tripartite agreement dated January 24, 2013 between the Company, NSDL and the Registrar to the Issue</td> </tr> </table>	Bond Trustee Agreement	Trust Agreement dated February 4, 2014 between the Bond Trustee and the Company	Bond Trust Deed	Trust deed to be entered into between the Bond Trustee and the Company on or before the Designated Date	Escrow Agreement	Agreement dated February 12, 2014 entered into by the Company, the Registrar to the Issue, the Lead Managers and the Escrow Collection Bank(s) for collection of the Application Amounts and where applicable, refunds of amounts collected from Applicants on the terms and conditions thereof	Issue Agreement	The agreement entered into on February 4, 2014 between the Company and the Lead Managers	Consortium Agreement	Consortium Agreement dated February 4, 2014 between the Company and the Consortium Members for the Issue	Registrar Agreement	Agreement dated February 4, 2014 entered into between the Company and the Registrar to the Issue, in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue	Tripartite Agreements	Tripartite agreement dated January 23, 2013 between the Company, CDSL and the Registrar to the Issue and the tripartite agreement dated January 24, 2013 between the Company, NSDL and the Registrar to the Issue
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Registrar Agreement	Agreement dated February 4, 2014 entered into between the Company and the Registrar to the Issue, in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue														
Tripartite Agreements	Tripartite agreement dated January 23, 2013 between the Company, CDSL and the Registrar to the Issue and the tripartite agreement dated January 24, 2013 between the Company, NSDL and the Registrar to the Issue														
<b>Issue Opening Date</b>	February 18, 2014														
<b>Issue Closing Date</b>	March 14, 2014 The Issue shall open for subscription from 10 a.m. to 5 p.m. (Indian Standard Time) during the period indicated above with an option for early closure or extension by such period, which may be decided by the Board of Directors in accordance with applicable law. In the event of such early closure or extension of the subscription list of the Issue, the Company shall ensure that public notice of such early closure/extension is published on or before such early date of closure or the Issue Closing Date, as applicable, through advertisement(s), in at least one leading national daily newspaper with wide circulation.														
<b>Default Interest Rate</b>	As specified in the Bond Trust Deed to be executed between the Company and the Bond Trustee.														
<b>Redemption Premium / Discount</b>	Not applicable														
<b>Interest on Application Money</b>	See “ <i>Terms of the Issue - Interest on Application and Refund Money</i> ” on page 123 of this Prospectus														
<b>Option to retain oversubscription</b>	Option to retain over subscription upto ₹ 2,500 million such that the aggregate amount is ₹ 5,000 million.														
<b>Step up/step down Coupon Rate</b>	Nil														
<b>Conditions precedent/subsequent to disbursement</b>	Other than the conditions specified in the SEBI Debt Regulations, there are no conditions precedent/subsequent to disbursement. See “ <i>Terms of the Issue - Utilisation of Issue Proceeds</i> ” on page 134 of this Prospectus.														
<b>Event of Default</b>	See “ <i>Terms of the Issue – Events of Default</i> ” on page 133 of this Prospectus.														
<b>Cross Default</b>	Not applicable														

COMMON TERMS FOR ALL SERIES OF THE BONDS	
<b>Roles and Responsibilities of Bond Trustee</b>	See “ <i>Terms of the Issue - Bond Trustee</i> ” on page 133 of this Prospectus.
<b>Discount at which Bond is issued and the effective yield as a result of such discount</b>	Not applicable
<b>Governing Law</b>	Laws of the Republic of India
<b>Jurisdiction</b>	The courts of Chennai will have exclusive jurisdiction for the purposes of the Issue.

\*See general circular (No. 6/2013) dated March 14, 2013 issued by the MCA that clarifies that in cases where the effective yield on tax-free bonds is greater than the prevailing bank rate, there shall be no violation of Section 372A(3) of the Companies Act 1956.

\*\*In terms of Regulation 4(2)(d) of the SEBI Debt Regulations, the Company will make public issue of the Bonds in the dematerialised form. However, in terms of Section 8 (1) of the Depositories Act, 1996 (“**Depositories Act**”), the Company, at the request of the Investors who wish to hold the Bonds in physical form will fulfil such request. However, trading in Bonds shall be compulsorily in dematerialized form.

Participation by any of the above category of Applicants in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that Applications made by them do not exceed the investment limits or maximum number of Bonds that can be held by them under applicable statutory and/or regulatory provisions.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking Allotment of Bonds pursuant to the Issue.

#### SPECIFIC TERMS FOR EACH SERIES OF BONDS

Options	Series of Bonds*		
	For Category I, II and III#		
	Series 1A	Series 2A	Series 3A
<b>Coupon rate (%) p.a</b>	8.36	8.75	8.75
<b>Annualized Yield (%) p.a</b>	8.36	8.75	8.75
Options	For Category IV only#		
	Series 1B	Series 2B	Series 3B
	<b>Coupon rate (%) p.a</b>	8.61	9.00
<b>Annualized Yield (%) p.a</b>	8.61	9.00	9.00
For Category I, II, III and IV			
<b>Tenor</b>	10 years	15 years	20 years
<b>Minimum Application</b>	5 Bonds (₹ 5,000) (individually or collectively, across all Series of Bonds)		
<b>In multiples of</b>	1 Bonds (₹ 1,000)		
<b>Maturity / Redemption Date</b>	10 years from the Deemed Date of Allotment	15 years from the Deemed Date of Allotment	20 years from the Deemed Date of Allotment
<b>Redemption Amount (₹/Bond)</b>	Repayment of the Face Value plus any interest that may have accrued at the Redemption Date		
<b>Coupon Type</b>	Fixed Coupon Rate		
<b>Coupon Payment Date</b>	The date, which is the day falling one year from the Deemed Date of Allotment, in case of the first coupon payment and the same date every year, until the Redemption Date for subsequent interest payments		
<b>Coupon Reset Process</b>	Not applicable		
<b>Frequency of Coupon Payment</b>	Annual		

\*The Company shall Allot Series 1A/ Series 1B (depending on the category of the Applicant) for all valid Applications, wherein the Applicants have not indicated their choice of the relevant Series.

# Pursuant to the CBDT Notification and for avoidance of doubt, it is clarified as under:

- The coupon rates indicated under Series 1B, Series 2B and Series 3B shall be payable only on the Retail Individual Investor Portion in the Issue. Such coupon is payable only if on the Record Date for payment of interest, the Bonds are held by investors falling under Category IV (Retail Individual Investor);

- b. *If the Bonds allotted against Series 1B, Series 2B and Series 3B are transferred by Retail Individual Investors to non- Retail Individual Investors, being Category I, Category II and Category III Investors, the coupon rate on such Bonds shall stand at par with coupon rate applicable on Series 1A, Series 2A and Series 3A respectively;*
- c. *If the Bonds allotted against Series 1B, Series 2B and Series 3B are sold/transferred by the Retail Individual Investors to investor(s) who fall under Category IV (Retail Individual Investors) as on the Record Date for payment of interest, then the coupon rates on such Bonds shall remain unchanged;*
- d. *If on any Record Date, the original Retail Individual Investor Allottee(s)/transferee(s) hold the Bonds under Series 1A, Series 1B, Series 2A, Series 2B, Series 3A and Series 3B for an aggregate face value amount of over ₹ 1 million, then the coupon rate applicable to such Retail Individual Investor Allottee(s)/transferee(s) on Bonds under Series 1B, Series 2B, Series 3B shall stand at par with coupon rate applicable on Series 1A, Series 2A, and Series 3A, respectively;*
- e. *Bonds Allotted under Series 1A, Series 2A and Series 3A shall carry coupon rates indicated above until the maturity of the respective Series of Bonds irrespective of category of holder(s) of such Bonds; and*
- f. *For the purpose of classification and verification of status of the eligibility of a Bondholder under the Retail Individual Investor category, the aggregate face value of Bonds held by the Bondholders in all the Series of Bonds Allotted under the Issue shall be aggregated on the basis of PAN.*

GDA Trusteeship Ltd. has by its letter No. DT/523/14 dated January 21, 2014 given its consent for its appointment as Bond Trustee to the Issue and for its name to be included in this Prospectus and in all the subsequent periodical communications sent to the holders of the Bonds issued pursuant to this Issue.

A copy of this Prospectus shall be filed with the RoC, in terms of section 56 and section 60 of the Companies Act 1956 and corresponding provisions of the Companies Act 2013, to the extent notified and in force, along with the requisite endorsed/certified copies of all requisite documents. For more information, see “**Material Contracts and Documents for Inspection**” on page 194 of this Prospectus.

**SELECTED FINANCIAL INFORMATION**

**Summary Standalone Financial Information**

**STATEMENT OF ASSETS AND LIABILITIES (STANDALONE)**

*(₹ in million)*

<b>PARTICULARS</b>	<b>NOTE NO.</b>	<b>As at September 30, 2013</b>	<b>As at March 31, 2013</b>	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>	<b>As at March 31, 2010</b>	<b>As at March 31, 2009</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Shareholders' Funds</b>							
(a) Share Capital	4	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00
(b) Reserves and Surplus	5	4,883.60	3,412.23	2,380.48	1,638.09	1,211.89	839.18
		<b>7,883.60</b>	<b>6,412.23</b>	<b>5,380.48</b>	<b>4,638.09</b>	<b>4,211.89</b>	<b>3,839.18</b>
<b>Non-Current Liabilities</b>							
(a) Long Term Borrowings	6	3,823.05	3,938.11	3,700.43	4,037.37	3,812.20	3,919.27
(b) Other Long Term Liabilities	7	69.80	24.49	71.53	38.53	22.68	6.96
		<b>3,892.85</b>	<b>3,962.60</b>	<b>3,771.96</b>	<b>4,075.90</b>	<b>3,834.88</b>	<b>3,926.23</b>
<b>Current Liabilities</b>							
(a) Trade Payables	8	178.20	50.79	41.88	9.41	39.63	16.70
(b) Other Current Liabilities	9	1,376.52	1,938.20	1,751.17	1,408.22	1,345.06	1,280.53
(c) Short Term Provisions	10	1,478.09	1,691.41	772.51	492.75	329.03	217.83
		<b>3,032.81</b>	<b>3,680.40</b>	<b>2,565.56</b>	<b>1,910.38</b>	<b>1,713.72</b>	<b>1,515.06</b>
		<b>14,809.26</b>	<b>14,055.23</b>	<b>11,718.00</b>	<b>10,624.37</b>	<b>9,760.49</b>	<b>9,280.47</b>
<b>ASSETS</b>							
<b>Non-Current Assets</b>							
(a) Fixed Assets	11						
(i) Tangible Assets		8,595.96	8,662.35	8,827.65	7,610.18	7,083.67	7,156.82
(ii) Intangible Assets		1.53	2.58	3.63	0.00	0.00	0.00
(iii) Capital Work-in-Progress		1,516.85	1,285.27	700.30	999.38	950.78	434.16
		<b>10,114.34</b>	<b>9,950.20</b>	<b>9,531.58</b>	<b>8,609.56</b>	<b>8,034.45</b>	<b>7,590.98</b>
(b) Non Current Investments	12	640.35	600.35	475.25	437.75	387.75	387.75
(c) Deferred Tax Assets (Net)	13	-	-	-	-	-	-
(d) Long Term Loans and Advances	14	577.07	514.18	500.80	1,031.53	898.62	896.23
(e) Other Non Current Assets		-	-	-	-	-	-

PARTICULARS	NOTE NO.	As at September 30, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
		<b>11,331.76</b>	<b>11,064.73</b>	<b>10,507.63</b>	<b>10,078.84</b>	<b>9,320.82</b>	<b>8,874.96</b>
<b>Current Assets</b>							
(a) Inventories	15	-	-	-	47.90	47.90	47.90
(b) Trade Receivables	16	191.54	222.83	209.15	99.38	38.86	28.01
(c) Cash and Cash Equivalents	17	1,900.99	1,803.81	504.69	53.07	145.34	63.36
(d) Short Term Loans and Advances	18	1,262.89	948.18	489.42	344.16	206.87	265.37
(e) Other Current Assets	19	122.07	15.68	7.11	1.02	0.70	0.87
		<b>3,477.50</b>	<b>2,990.50</b>	<b>1,210.37</b>	<b>545.53</b>	<b>439.67</b>	<b>405.51</b>
		<b>14,809.26</b>	<b>14,055.23</b>	<b>11,718.00</b>	<b>10,624.37</b>	<b>9,760.49</b>	<b>9,280.47</b>

#### STATEMENT OF PROFITS (STANDALONE)

(₹ in million)

PARTICULARS	NOTE NO.	As at September 30, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
<b>CONTINUING OPERATIONS</b>							
<b>Income</b>							
Revenue from Operations	20	2,282.35	3,202.11	2,486.43	1,673.05	1,434.04	1,398.29
Other Income	21	78.69	54.98	16.15	8.03	21.28	21.74
<b>Total Revenue</b>		<b>2,361.04</b>	<b>3,257.09</b>	<b>2,502.58</b>	<b>1,681.08</b>	<b>1,455.32</b>	<b>1,420.03</b>
<b>Expenses</b>							
Employee Benefit Expenses	22	46.31	88.24	76.48	59.71	77.06	35.94
Finance Costs	23	220.11	443.21	661.60	432.36	432.00	426.30
Depreciation and Amortization	24	69.22	137.61	132.54	129.35	126.30	118.22
Other Expenses	25	184.43	361.36	365.79	266.62	230.62	317.17
<b>Total Expenses</b>		<b>520.07</b>	<b>1,030.42</b>	<b>1,236.41</b>	<b>888.04</b>	<b>865.98</b>	<b>897.63</b>
Profit / (Loss) before exceptional and extraordinary items and tax		1,840.97	2,226.67	1,266.17	793.04	589.34	522.40
(Add) / Less : Exceptional Items	26	1.63	59.26	56.59	94.45	-5.29	53.34
Profit / (Loss) before extraordinary items and tax		<b>1,839.34</b>	<b>2,167.41</b>	<b>1,209.58</b>	<b>698.59</b>	<b>594.63</b>	<b>469.06</b>
Add / (Less) : Extraordinary Items	27	-	-	1.75	-	-	-
Profit Before Tax		1,839.34	2,167.41	1,207.83	698.59	594.63	469.06
Add / (Less) : Tax Expense							

PARTICULARS	NOTE NO.	As at September 30, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
(a) Current Tax		368.00	433.70	241.70	142.80	105.20	54.45
(b) Deferred Tax		-	-	-	-	-	-
(c) Tax - Earlier Year		-	-	-1.08	-	2.87	-
Profit / (Loss) for the year from continuing operations		<b>1,471.34</b>	<b>1,733.71</b>	<b>967.21</b>	<b>555.79</b>	<b>486.56</b>	<b>414.61</b>
<b>EARNINGS PER EQUITY SHARE</b>							
Nominal value of share ₹ 10 (PY: ₹ 10 per share)							
<b>Basic (₹)</b>							
Computed on the basis of profit from continuing operations		4.90	5.78	3.22	1.85	1.62	1.38
Computed on the basis of total profit for the year		4.90	5.78	3.22	1.85	1.62	1.38
<b>Diluted (₹)</b>							
Computed on the basis of profit from continuing operations		4.90	5.78	3.22	1.85	1.62	1.38
Computed on the basis of total profit for the year		4.90	5.78	3.22	1.85	1.62	1.38

#### STATEMENT OF CASH FLOWS (STANDALONE)

(₹ in million)

Sl. No	Particulars	As at September 30, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
<b>A.</b>	<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>						
	Net Profit / (Loss) after tax	1,471.37	1,733.72	967.21	555.82	486.56	414.64
	<b>Adjustment for:</b>						
	a) Depreciation	69.22	138.20	132.54	129.35	126.30	118.22
	b) Interest Income	-73.10	-40.66	-6.77	-1.03	-11.18	-17.89
	c) Interest Expense	220.10	443.21	661.60	432.36	431.99	426.29
	d) Dividend and Dividend Tax	-	-701.97	-224.82	-129.63	-113.85	-72.77
	Operating Profit before working capital changes	1,687.59	1,572.50	1,529.76	986.87	919.82	868.49
	<b>Adjustment for:</b>						
	(Increase)/Decrease Current Assets	-389.82	-481.02	-213.20	-198.13	47.82	-94.73
	(Increase)/Decrease Non Current Assets	-62.88	-13.37	530.71	-132.91	-2.38	-15.06

Sl. No	Particulars	As at September 30, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
	Increase/(Decrease) Other long Term Current Liabilities	-	-47.04	33.01	15.85	15.71	0.03
	Increase/(Decrease) Current Liabilities	-647.59	1,114.84	655.19	196.65	198.66	246.07
	<b><i>Cash Generated From Operations</i></b>	<b>587.30</b>	<b>2,145.91</b>	<b>2,535.47</b>	<b>868.33</b>	<b>1,179.63</b>	<b>1,004.80</b>
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>						
	Purchase of Fixed Assets & WIP	-188.44	-607.34	-1,056.32	-819.40	-569.84	-1,143.99
	Sale of Fixed Assets	0.38	50.52	1.77	114.94	0.08	0.62
	Non Current Investment	-40.00	-125.10	-37.50	-50.00	-	-55.00
	Interest Received	73.10	40.66	6.77	1.03	11.18	17.89
	<b><i>Net Cash used in Investing Activities</i></b>	<b>-154.96</b>	<b>-641.26</b>	<b>-1,085.28</b>	<b>-753.43</b>	<b>-558.58</b>	<b>-1,180.48</b>
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>						
	Issue of <i>Tax Free Bonds</i>	-	946.49	-	-	-	-
	Availment / (Repayment) of Loans	-115.06	-708.80	-336.95	225.18	-107.07	23.43
	Interest Paid	-220.10	-443.21	-661.60	-432.36	-431.99	-426.29
	<b><i>Net Cash Generated from Financing Activities</i></b>	<b>-335.16</b>	<b>-205.52</b>	<b>-998.55</b>	<b>-207.18</b>	<b>-539.06</b>	<b>-402.86</b>
	<b>Net Increase in cash and cash equivalents (A+B+C)</b>	<b>97.18</b>	<b>1,299.13</b>	<b>451.64</b>	<b>-92.28</b>	<b>81.99</b>	<b>-578.54</b>
	Cash and Cash equivalents as at (OB)	1,803.81	504.70	53.07	145.34	63.36	641.91
	Cash and Cash equivalents as at (CB)	1,900.99	1,803.81	504.70	53.07	145.34	63.36
		97.17	1,299.12	451.63	-92.27	81.98	-578.55

## GENERAL INFORMATION

The Company was incorporated on October 11, 1999 as a public limited company under the Companies Act 1956 and received a certificate for commencement of business on March 8, 2002. The Company is the first corporatized major port in the country and 12<sup>th</sup> major port in India. The GoI incorporated the Company as a satellite port to the Chennai Port which was subsequently developed into a major independent port. For further information see “*History and Certain Corporate Matters*” on page 82 of this Prospectus.

### Registered Office of the Issuer

P.T. Lee Chengalvaraya Naicker Maaligai,  
1<sup>st</sup> Floor, No. 23, Rajaji Salai, Chennai 600 001  
Tel No.: +91 (44) 2525 1666  
Fax No.: +91 (44) 2525 1665

### Port Office of the Issuer

Administrative Building,  
Near NCTPS, Vallur Post,  
Chennai 600 120.  
Tel No.: +91 (44) 2795 0030-39  
Fax No.: +91 (44) 2795 0002

### Registration

Details	Registration/Identification number
Registration Number	043322
Corporate Identification Number	U45203TN1999GOI043322

For information on changes in our Registered Office, see “*History and Certain Corporate Matters*” on page 82 of this Prospectus.

### Address of the Registrar of Companies

The Company is registered at the office of:

The Registrar of Companies  
Tamil Nadu – I (Chennai)  
2<sup>nd</sup> Floor, Shastri Bhawan,  
26, Haddows Road,  
Chennai 600 006  
Tel: +91 (44) 2827 7182  
Fax: +91 (44) 2823 4298

### Chief Financial Officer and Compliance Officer

Our Company does not have a designated Chief Financial Officer. The finance functions of our Company are headed by Mr. M. Gunasekaran, whose particulars are provided below:

Mr. M. Gunasekaran  
General Manager (Finance) and Compliance Officer  
Ennore Port Limited  
Administrative Building, Near NCTPS,  
Vallur Post, Chennai 600 120  
Tel No.: +91 (44) 2795 0030-39  
Fax No.: +91 (44) 2795 0002  
E-mail: [mguna@epl.gov.in](mailto:mguna@epl.gov.in)

## Company Secretary

Mr. Sudarsan Pahi  
Company Secretary  
Ennore Port Limited  
Administrative Building, Near NCTPS,  
Vallur Post, Chennai 600 120  
Tel No.: +91 (44) 2795 0030-39  
Fax No.: +91 (44) 2795 0002  
E-mail: [spahi@epl.gov.in](mailto:spahi@epl.gov.in)

**Investors may contact the Registrar to the Issue or the Compliance Officer in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice, bond certificate (for Applicants who have applied for Allotment in physical form), demat credit or refund orders.**

**All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, Application Form number, address of the Applicant, number of Bonds applied for, Series of Bonds applied for, amount paid on application, Depository Participant and the collection centre of the Members of the Syndicate where the Application was submitted.**

**All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the concerned Member of the Syndicate and the relevant Designated Branch of the SCSB in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA Centres, giving full details such as name, address of Applicant, Application Form number, series/option applied for number of Bonds applied for, amount blocked on Application.**

**All grievances arising out of Applications for the Bonds made through Trading Members may be addressed directly to the relevant Stock Exchange.**

## Lead Managers

***SPA Capital Advisors Limited***  
25, C - Block, Community Centre, JanakPuri, New  
Delhi 110 058  
Tel: +91 11 4567 5500 / 2551 7371  
Fax: +91 11 2553 2644  
E-mail: [project.epl@spagroupindia.com](mailto:project.epl@spagroupindia.com)  
Investor Grievance E-mail:  
[grievances.mb@spagroupindia.com](mailto:grievances.mb@spagroupindia.com)  
Website: [www.spacapital.com](http://www.spacapital.com)  
Contact Person: Nitin Somani/ Ashi Sood  
Compliance Officer: Sanjay Gupta  
SEBI Registration No.: INM000010825

***Karvy Investor Services Limited***  
701, Hallmark Business Plaza, Sant Dnyaneshwar  
Marg, Off Bandra Kurla Complex, Bandra East,  
Mumbai 400 051  
Tel: +91 (22) 6149 1500  
Fax: +91 (22) 6149 1515  
E-mail: [eplncd@karvy.com](mailto:eplncd@karvy.com)  
Investor Grievance E-mail: [cmg@karvy.com](mailto:cmg@karvy.com),  
[igmbd@karvy.com](mailto:igmbd@karvy.com)  
Website: [www.karvy.com](http://www.karvy.com)  
Contact Person: Mr. Sumit Singh  
Compliance Officer: Mr. V Madhusudhan Rao  
SEBI Registration No.: INM000008365

***A. K. Capital Services Limited***  
30-39 Free Press House, 3<sup>rd</sup> Floor, Free Press Journal  
Marg, 215, Nariman Point  
Mumbai 400 021  
Tel: +91 (22) 6754 6500/ 6634 9300  
Fax: +91 (22) 6610 0594  
E-mail: [epltfbonds13@akgroup.co.in](mailto:epltfbonds13@akgroup.co.in)  
Investor Grievance E-mail:  
[investor.grievance@akgroup.co.in](mailto:investor.grievance@akgroup.co.in)  
Website: [www.akcapindia.com](http://www.akcapindia.com)  
Contact Person: Mr. Lokesh Singhi/ Mr. Siddharth  
Shah  
Compliance Officer: Mr. Vikas Agarwal  
SEBI Registration No.: INM000010411

***RR Investors Capital Services Private Limited***  
47 M.M. Road, Rani Jhansi Marg, Jhandewalan,  
New Delhi 110 055  
Tel: +91 (11) 2363 6362/ 63  
Fax: +91 (11) 2363 6746  
E-mail: [epltaxfreebonds14@rrfcl.com](mailto:epltaxfreebonds14@rrfcl.com)  
Investor Grievance E-mail: [investors@rrfcl.com](mailto:investors@rrfcl.com)  
Website: [www.rrfcl.com](http://www.rrfcl.com) / [www.rrfinance.com](http://www.rrfinance.com)  
Contact Person: Mr. Anurag Awasthi  
Compliance Officer: : Mr. Ravi Kant Goyal  
SEBI Registration No.: INM000007508

## Consortium Members

In addition to the Lead Managers, following are also consortium members for marketing of the Issue:

<p><b>SPA Securities Limited</b> 25, C - Block, Community Centre, Janak Puri, New Delhi 110 058 Tel.: +91 (11) 4567 5500 Fax: +91 (11) 2553 2644 E-mail: <a href="mailto:ashok.garg@spagroupindia.com">ashok.garg@spagroupindia.com</a> Investor Grievance E-mail: <a href="mailto:rajesh.gandhi@spagroupindia.com">rajesh.gandhi@spagroupindia.com</a> Website: <a href="http://www.spacapital.com">www.spacapital.com</a> Contact person: Mr. Ashok Garg SEBI Registration No.: INB231178238/ INB011178234</p>	<p><b>A. K. Stockmart Private Limited</b> 30-39, Free Press House, Free Press Journal Marg, 215, Nariman Point, Mumbai 400 021 Tel.: +91 (22) 6634 9300 Fax: +91 (22) 6754 4666 E-mail: <a href="mailto:ankit@akgroup.co.in">ankit@akgroup.co.in</a> Investor Grievance E-mail: <a href="mailto:stockmart@akgroup.co.in">stockmart@akgroup.co.in</a> Website: <a href="http://www.akcapindia.com">www.akcapindia.com</a> Contact person: Mr. Ankit Gupta SEBI Registration No.: BSE: INB011269538 NSE: INB231269532</p>
<p><b>Karvy Stock Broking Limited</b> Karvy House, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad 500 034 Tel.: +91 (40) 2331 2454 Fax: +91 (40) 6662 1474 E-mail: <a href="mailto:ksbldist@karvy.com">ksbldist@karvy.com</a> Investor Grievance E-mail: <a href="mailto:ksblredressal@karvy.com">ksblredressal@karvy.com</a> Website: <a href="http://www.karvy.com">www.karvy.com</a> Contact person: Mr. P.B. Ramapriyan SEBI Registration No.: INB230770138</p>	<p><b>RR Equity Brokers Private Limited</b> 47 M.M. Road, Rani Jhansi Marg, Jhandewalan New Delhi 110 055 Tel.: +91 (11) 2350 8473 Fax: +91 (11) 2363 6666 E-mail: <a href="mailto:manishagrawal@rrfcl.com">manishagrawal@rrfcl.com</a> Investor Grievance E-mail: <a href="mailto:investors@rrfcl.com">investors@rrfcl.com</a> Website: <a href="http://www.rrfcl.com">www.rrfcl.com</a>/<a href="http://www.rfinance.com">www.rfinance.com</a> Contact person: Mr. Manish Agrawal SEBI Registration No.: INB231219636/ INB011219632</p>

## Bond Trustee

### **GDA Trusteeship Ltd.**

GDA House, Plot No. 85, Bhusari Colony (Right),  
Paud Road, Pune 411 038  
Tel: +91 (20) 2528 0081  
Fax: +91 (20) 2528 0275  
E-mail: [dt@gdatrustee.com](mailto:dt@gdatrustee.com)  
Investor Grievance E-mail: [dt@gdatrustee.com](mailto:dt@gdatrustee.com)  
Website: [www.gdatrustee.com](http://www.gdatrustee.com)  
Contact Person: Mr. Jatin Bhat  
Compliance Person.: Ms. Priyanka Sawant  
SEBI Registration No.: IND000000034

GDA Trusteeship Ltd. has by its letter No. DT/523/14 dated January 21, 2014 given its consent for its appointment as Bond Trustee to the Issue and for its name to be included in this Prospectus and in all the subsequent periodical communications sent to the Bondholders issued, pursuant to this Issue, pursuant to Regulation 4(4) of the SEBI Debt Regulations.

## Registrar to the Issue

### **Link Intime India Private Limited**

C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West)  
Mumbai 400 078, India  
Tel.: +91 (22) 2596 7878  
Fax:+91 (22) 2596 0329  
E-mail: [epl2.ncd@linkintime.co.in](mailto:epl2.ncd@linkintime.co.in)  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)  
Investor Grievance E-mail: [epl2.ncd@linkintime.co.in](mailto:epl2.ncd@linkintime.co.in)  
Contact Person: Mr. Sachin Achar  
Compliance Officer: Mr. Sanjeev Nandu  
SEBI Registration No.: INR000004058

## **Statutory Auditors**

M/s. Sankaran & Krishnan  
Chartered Accountants  
'Rosewood Offices'  
130, Mahathma Gandhi Road,  
Nungambakkam,  
Chennai 600 034  
Tel: +91 (44) 2833 1550  
Fax: +91 (44) 4218 2018  
E-mail: [sk@sankrish.ind.in](mailto:sk@sankrish.ind.in)  
Firm Registration No.: 003582S

## **Escrow Collection Banks/ Bankers to the Issue**

### ***Axis Bank Limited***

T. Nagar Branch,  
No. 113, G.N. Chetty Road,  
T. Nagar,  
Chennai 600 017  
Tel.: +91 (44) 2834 9300 / 9333 / 9307 / 9309 / 9304  
Fax: +91 (44) 2834 9306  
E-mail: [t.nagar.branchhead@axisbank.com](mailto:t.nagar.branchhead@axisbank.com);  
[tnagar.operationshead@axisbank.com](mailto:tnagar.operationshead@axisbank.com)  
Contact Person: R. Sathya Narayanan, Remya Nair, P. Naarayanan  
Website: [www.axisbank.com](http://www.axisbank.com)  
SEBI Registration No.: INBI000000017

### ***ICICI Bank Limited***

Capital Market Division,  
1st Floor, 122, Mistry Bhavan,  
Dinshaw Vachha Road,  
Backbay Reclamation, Churchgate,  
Mumbai 400 020  
Tel.: +91 (22) 2285 9905  
Fax: +91 (22) 2261 1138  
E-mail: [anil.gadoo@icicibank.com](mailto:anil.gadoo@icicibank.com)  
Contact Person: Mr. Anil Gadoo  
Website: [www.icicibank.com](http://www.icicibank.com)  
SEBI Registration No. INBI000000004

### ***IndusInd Bank Limited***

Bldng 10, Ground floor, Solitaire Corporate Park,  
Guru Hargovindji Marg, Andheri (East),  
Mumbai 400 093  
Tel.: +91 (22) 6772 3942  
Fax: +91 (22) 6623 8021  
E-mail: [suresh.esaki@indusind.com](mailto:suresh.esaki@indusind.com)  
Contact Person: Mr. Suresh Esaki  
Website: [www.indusind.com](http://www.indusind.com)  
SEBI Registration No. INBI000000002

### ***Yes Bank Limited\*\****

23<sup>rd</sup> Floor, India Bulls Financial Centre,  
Senapati Bapat Marg,  
Elphinstone (West),  
Mumbai 400 013  
Tel.: +91 (22) 3347 7251

### ***HDFC Bank Limited***

FIG-OPS Department, Lodha,  
I Think Techno Campus, O-3 Level,  
Next to Kanjurmarg Railway Station,  
Kanjurmarg (East),  
Mumbai 400 042  
Tel.: +91 (22) 3075 2928  
Fax: +91 (22) 2579 9801  
E-mail: [uday.dixit@hdfcbank.com](mailto:uday.dixit@hdfcbank.com)  
Contact Person: Mr. Uday Dixit  
Website: [www.hdfcbank.com](http://www.hdfcbank.com)  
SEBI Registration No. INBI000000063

### ***IDBI Bank Limited\****

Unit No. 2, Corporate Park,  
Sion Trombay Road,  
Chembur,  
Mumbai 400 071  
Tel.: +91 (22) 6690 8402  
Fax: +91 (22) 6690 8444  
E-mail: [ipoteam@idbi.co.in](mailto:ipoteam@idbi.co.in)  
Contact Person: Shri Nilesh Kishor Sutaone/ Smt. Rexlin Dmonte  
Website: [www.idbibank.com](http://www.idbibank.com)  
SEBI Registration No. INBI000000076

### ***Kotak Mahindra Bank Limited***

Kotak Towers, Cash Management Services,  
6<sup>th</sup> Floor, Zone 3, Building No. 21, Infinity Park,  
Off Western Express Highway,  
Goregaon Mulund Link Road,  
Malad (East),  
Mumbai 400 042  
Tel.: +91 (22) 6605 6959  
Fax: +91 (22) 6646 6540  
E-mail: [prashant.sawant@kotak.com](mailto:prashant.sawant@kotak.com)  
Contact Person: Mr. Prashant Sawant  
Website: [www.kotak.com](http://www.kotak.com)  
SEBI Registration No. INBI000000927

Fax: +91 (22) 2497 4875

E-mail: [dlbtiservices@yesbank.in](mailto:dlbtiservices@yesbank.in)

Contact Person: Mr. Shankar Vichare

Website: [www.yesbank.in](http://www.yesbank.in)

SEBI Registration No. INBI00000935

*\* The SEBI registration of IDBI Bank Limited as a Banker to the Issue has expired on February 7, 2014. IDBI Bank Limited has applied for renewal of its registration certificate on October 31, 2013 prior to the expiry of its registration. The approval of SEBI in this regard is awaited.*

*\*\* The SEBI registration of Yes Bank Limited as a Banker to the Issue expired on January 9, 2014. Yes Bank Limited has applied for renewal of its registration certificate on October 8, 2013 prior to the expiry of its registration. The approval of SEBI in this regard is awaited.*

## **Refund Bank**

### ***IndusInd Bank Limited***

Bldng 10, Ground floor, Solitaire Corporate Park,

167 Guru Hargovindji Marg, Andheri (East),

Mumbai 400 093

Tel.: +91 (22) 6772 3998

Fax: +91 (22) 6772 3998

E-mail: [suresh.esaki@indusind.com](mailto:suresh.esaki@indusind.com)

Contact Person: Mr. Suresh Esaki

Website: [www.indusind.com](http://www.indusind.com)

SEBI Registration No. INBI00000002

## **Self Certified Syndicate Banks**

The banks which are registered with SEBI under Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account, a list of which is available on <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries> or at such other website as may be prescribed by SEBI from time to time.

## **Bankers to the Company**

### ***Axis Bank Limited***

T. Nagar Branch,

No. 113, G.N. Chetty Road,

T. Nagar,

Chennai 600 017

Tel: +91 (44) 2834 9300 / 9333 / 9307 / 9309

Fax: +91 (44) 2834 9306

E-mail: [tnagar.branchhead@axisbank.com](mailto:tnagar.branchhead@axisbank.com);

[tnagar.operationshead@axisbank.com](mailto:tnagar.operationshead@axisbank.com)

Contact Person: R. Sathya Narayanan, Remya Nair, B.

Prabakaran, P. Naarayanan,

Website: [www.axisbank.com](http://www.axisbank.com)

## **Credit Rating Agencies**

### ***ICRA Limited***

Building No. 8, 2<sup>nd</sup> Floor, Tower A,

DLF Cyber City, Phase II,

Gurgaon 122002

Tel: +91 (124) 454 5300

Fax: +91 (124) 405 0424

E-mail: [ravichandran@icraindia.com](mailto:ravichandran@icraindia.com)

Contact Person: Mr. K. Ravichandran

Website: [www.icra.in](http://www.icra.in)

SEBI Registration Number: IN/CRA/003/1999

### ***Credit Analysis & Research Limited***

Unit No. O-509/C, Spencer Plaza,

5<sup>th</sup> Floor, No. 769, Anna Salai,

Chennai 600 002

Tel: +91 (44) 2849 7812 / 0876 / 0811

Fax: +91 (44) 2849 7812 / 0876 / 0811

E-mail: [pradeep.kumar@careratings.com](mailto:pradeep.kumar@careratings.com)

Contact Person: Mr. V. Pradeep Kumar

Website: [www.careratings.com](http://www.careratings.com)

SEBI Registration Number: IN/CRA/004/1999

## Legal Advisor to the Issue

### *Amarchand & Mangaldas & Suresh A. Shroff & Co.*

Peninsula Chambers, Peninsula Corporate Park

Ganpatrao Kadam Marg, Lower Parel

Mumbai 400 013

Tel.: +91 (22) 2496 4455

Fax.: +91 (22) 2496 3666

## Credit Rating and Rationale

CARE has, by its letter dated January 21, 2014, assigned a rating of “CARE AA” to the Bonds. Instruments with this rating are considered to have a high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. ICRA has, by its letter No. RTG/Chen/271/13-14 dated January 21, 2014, assigned a rating of “[ICRA]AA with Stable Outlook” to the Bonds. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. These ratings are not a recommendation to buy, sell or hold securities, and investors should take their own decision. These ratings are subject to revision or withdrawal at any time by the assigning rating agency(ies) and should be evaluated independently of any other ratings. For the rationale for these ratings, see “*Annexure B – Credit Rating*”.

Other than the above credit ratings mentioned hereinabove, the Issuer sought credit rating from Brickwork Ratings India Private Limited, India Ratings & Research and CRISIL Limited who assigned credit ratings of “BWR AA”, “IND AA” and “CRISIL AA-” respectively for the Bonds offered for subscription under the terms of this Prospectus. The Issuer also sought credit rating from SMERA Ratings Limited who assigned an in-principle rating of “SMERA AA (High Safety)” for the Bonds offered for subscription under the terms of this Prospectus. However these ratings were not accepted.

## Expert Opinion

Except the letters dated January 21, 2014 issued by CARE in respect of the credit rating of the Issue, the examination report dated January 30, 2014 for the Fiscal 2013, 2012, 2011, 2010 and 2009, the limited review report dated November 7, 2013 on the stand alone financial information for the six months ended September 30, 2013 and statement of tax benefits dated January 30, 2014 issued by the Statutory Auditors of the Company, the Company has not obtained any expert opinions.

## Minimum Subscription

In terms of the SEBI Debt Regulations, an issuer undertaking a public issue of debt securities may disclose the minimum amount of subscription that it proposes to raise through the issue in the offer document. Our Company has decided not to stipulate minimum subscription for this Issue.

## Underwriting

The Issue is not underwritten.

## Issue Programme

ISSUE PROGRAMME	
ISSUE OPENS ON	ISSUE CLOSSES ON*
February 18, 2014	March 14, 2014

*\*The Issue shall open for subscription from 10 a.m. to 5 p.m. (Indian Standard Time) during the period indicated above with an option for early closure or extension by such period, as may be decided by the Board of Directors. In the event of such early closure or extension, the Company shall ensure that public notice of such early closure/extension is published on or before such early date of closure or the Issue Closing Date, as applicable, through advertisement(s) in at least one leading national daily newspaper with wide circulation. For more information, see “*Issue Procedure*” on page 138 of this Prospectus.*

## CAPITAL STRUCTURE

Our share capital as on December 31, 2013 and as at the date of this Prospectus is set forth below:

	Aggregate value at face value (₹ in million)
<b>Authorised share capital</b>	
50,00,00,000 Equity Shares of ₹ 10 each	5,000
<b>Issued, subscribed and paid up share capital</b>	
30,00,00,000 Equity Shares of ₹ 10 each, fully paid up	3,000
<b>Securities premium account (before the Issue)</b>	Nil

### Change in Authorised Capital since Incorporation

The Company has not altered authorized share capital since its inception.

### Notes to Capital Structure

#### 1. Share capital history of the Company since Incorporation

The following is the history of the equity share capital of the Company since incorporation.

Date of Allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Nature of consideration	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Paid-up Share Capital (₹)	Cumulative Share Premium
March 30, 2002	7	10	10	Cash	Subscription to MoA	7	70	Nil
May 29, 2002	299,999,993	10	10	Cash	Private Placement	300,000,000	3,000,000,000	Nil

#### 2. Details of equity shares held by the Promoters as on December 31, 2013

S. No.	Name of shareholder	No. of Equity Shares held	No. of Equity Shares held in dematerialized form	Percentage of issued Equity Share capital	No. of Equity Shares pledged	Percentage of Equity Shares pledged
1.	President of India, through MoS*	200,000,000	0	66.67	0	Nil
2.	Board of trustees, Chennai Port Trust	100,000,000	0	33.33	0	Nil

\*Including through nominees

#### 3. Shareholding pattern of the Company and list of shareholders

The following is the shareholding pattern and list of shareholders of the Company, as on December 31, 2013 and as at the date of this Prospectus.

S. No.	Name of Shareholder	No. of Equity Shares held (of face value ₹ 10 each)	Percentage of issued Equity Share capital	No. of Equity Shares held in dematerialized form
1.	President of India, through MoF	19,99,99,995	66.67	0
2.	Board of trustees, Chennai Port Trust	10,00,00,000	33.33	0
3.	Dr. (Ms.) T Kumar*	1	Negligible	0
4.	Mr. M. A. Bhaskarachar*	1	Negligible	0
4.	Mr. M. Gunasekaran*	1	Negligible	0
6.	Mr. Sanjay Kumar*	1	Negligible	0
7.	Mr. V.G. Sravan Kumar*	1	Negligible	0
	<b>Total:</b>	<b>30,00,00,000</b>	<b>100.00</b>	<b>0</b>

\*As nominees of the President of India through MoS, Gol

#### 4. Top 10 holders of non-convertible debentures

As on December 31, 2013 and as at the date of this Prospectus, the 10 largest holders of non-convertible debentures issued by the Company by way of public issue in Fiscal 2013 (ISIN: INE363O07020 and INE363O07046), are set forth below.

S No.	Name of debenture holder (ISIN: INE363O07020)	Amount of debentures held (₹)
1.	Paradip Port Trust	20,00,00,000
2.	Kandla Port Trust	20,00,00,000
3.	New Mangalore Port Trust	10,00,00,000
4.	Small Industries Development Bank of India	10,00,00,000
5.	The Board of Trustees of the Port of Mumbai	10,00,00,000
6.	Indian Overseas Bank	5,00,00,000
7.	Mr. Mayank Deenbandhu Shah and Ms. Sonal H Shah	12,50,000
8.	Mr. Pravin Kantilal Vakil	10,10,000
9.	Ms. Veena H. Parikh and Mr. Gautam H. Parikh	10,00,000
10.	Mr. Bhagwandas G. Agrawal	10,00,000

S. No.	Name of debenture holder (ISIN: INE363O07046)	Amount of debentures held (₹)
1.	Mr. Jeetender Gulabrai Narsinghani	10,00,000
2.	Mr. Manojkumar Nair	10,00,000
3.	Mr. Baskaran Janakiraman	10,00,000
4.	Ms. Roshani Jignesh Shah & Mr. Jignesh Vijaykumar Shah	10,00,000
5.	Mr. Jignesh Vijaykumar Shah	10,00,000
6.	Mr. Jignesh V Shah	10,00,000
7.	Mr. Vijaykumar B. Shah	10,00,000
8.	Mr. Agam Jignesh Shah & Mr. Jignesh Vijaykumar Shah	10,00,000
9.	Mr. Ashish Parthasarthy	10,00,000
10.	Mr. Kripa Raj Mathur	10,00,000

#### 5. Debt - equity ratio

(₹ in million)

Particulars	Pre Issue*	Post Issue**
<b>Debt</b>		
Long term Debt	3,823.05	8,823.05
Current maturities of Long term Debt	230.12	230.12
Short Term Debt	-	-
<b>A</b>	4,053.17	9,053.17
<b>Equity</b>		
Share Capital	3,000.00	3,000.00
Reserve and Surplus	4,883.60	4,883.60
Share Application Money (Pending Allotment)	-	-
<b>B</b>	7,883.60	7,883.60
<b>Debt Equity Ratio (A/B)</b>	0.51	1.15

\*Pre Issue figures are as on September 30, 2013

\*\*Post Issue ratios has been calculated based upon the assumption that the Issue of ₹ 5,000 million is fully subscribed and there is no change in the Equity.

6. No Equity Shares are pledged or otherwise encumbered.
7. The Company has not issued any Equity Shares or debt securities for consideration other than cash, whether in whole or part, since its incorporation.
8. The Company has not issued any debt securities at a premium or at a discount or in pursuance of an option, since incorporation.
9. The Company has not issued any Equity Shares or debt securities on account of any acquisition, amalgamation, reorganisation or reconstruction in the last one year.
10. For information on outstanding borrowings of the Company as at December 31, 2013, see “**Description of Certain Indebtedness**” on page 98 of this Prospectus.

## OBJECTS OF THE ISSUE

This is a public issue by our Company, of tax free secured, redeemable, non-convertible bonds of face value of ₹ 1,000 each, in the nature of debentures having tax benefits under section 10(15)(iv)(h) of the Income Tax Act, upto ₹ 2,500 million with an option to retain over subscription upto ₹ 2,500 million, aggregating to ₹ 5,000 million\*.

*\* In terms of the CBDT Notification, the Company is authorized to raise a minimum of 70.00% of the Issue Size, by way of public issue and during the process of the public issue(s), the Company may also, at its discretion, raise Bonds through private placement route for an amount not exceeding 30.00% of the Issue Size, wherein suitable amount shall be earmarked for sovereign wealth funds, pension and gratuity funds. In case the Company issues bonds through private placement route, the Issue Size shall stand reduced accordingly. The Company shall ensure that bonds issued pursuant to the CBDT Notification through public issue route and private placement route in Fiscal 2014 shall, in aggregate, not exceed ₹ 5,000 million.*

### Utilisation of Net Issue Proceeds

The Company has decided to deploy the Issue proceeds towards partial financing of the various projects being implemented by the Company under the National Maritime Development Programme (“NMDP”) as follows:

( ₹ in million)

S. No.	Particulars	Objects	Utilization
1	Capital dredging projects	To deepen the approach channel, port basin and berths alongside for handling various types of vessels.	3,000
2	Connectivity Projects	Augmenting the rail and road connectivity to the Port	1,000
3	Construction of coal berth 3	Construction of third coal berth at the Port for captive use of TANGEDCO	1,000
<b>Total</b>			<b>5,000</b>

The above utilization is only indicative and will be subject to the Issue proceeds raised. The Company will have discretion to use the Issue proceeds towards partial financing of the above projects, but in any case not exceeding the amounts mentioned above. Further, the Issue expenses will be met out of the Issue proceeds. In case of shortfall in the Issue proceeds, the Company at its discretion, will fund the above mentioned objects with a combination of debt funding, internal accruals or a combination of both.

For more information on the Company’s business and associated risks, see “*Business*” and “*Risk Factors*” on pages 58 and 11, respectively.

The main objects clause of our Memorandum of Association permits the Company to undertake its existing activities as well as the activities for which the funds are being raised through the Issue.

In accordance with SEBI Debt Regulations, the Company undertakes not to utilise the proceeds of the Issue for providing loans to or acquisitions of shares of any person who is a part of the same group as the Company or who is under the same management as the Company or associate company of the Company. Further, other than as mentioned in the section titled “*Objects of the Issue*”, the Issue proceeds shall not be utilized towards full or part consideration for the purchase or any acquisition, including by way of a lease, of any property.

We shall utilise the Issue proceeds only on execution of documents for creation of security as stated in this Prospectus under “*Terms of the Issue*” on page 119 of this Prospectus and on the listing of the Bonds.

### Project Cost and Means of Financing

The proceeds of Issue will be utilised as mentioned above and not for any specified project.

### Interim use of Proceeds

The Board, in accordance with policies formulated from time to time, will have flexibility in deploying the proceeds of the Issue. Pending utilisation of the Issue proceeds for the purposes described above, the Company

intends to temporarily invest funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks or temporarily deploy the funds in investment grade interest bearing securities or inter-corporate loans as may be approved by the Board. Such investment would be in accordance with the investment policies approved by the Board of Directors from time to time.

### Issue Expenses

The following are the estimated Issue expenses, proposed to be met from the Issue proceeds:

Particulars	Estimated Issue Expenses* (₹ in million)	Percentage of Issue Size (in %)
Fee payable to the Intermediaries	2.57	0.05
Fee payable to the Stock Exchanges	0.30	0.01
Printing and Stationery	0.59	0.01
For advertising and marketing	2.15	0.04
Brokerage and selling commission	26.75	0.54
<b>Total</b>	<b>32.36</b>	<b>0.647</b>

\* Above amounts are including service tax.

As per the CBDT Notification, the Issue Expenses shall not exceed 0.65% of the Issue Size.

Our Company shall pay processing fees to the SCSBs for Applications Forms procured by the Consortium/brokers/sub-brokers/Trading Members and submitted to SCSBs for blocking the Application Amount of the Applicant, at the rate of ₹ 15 per Application Form procured, as finalized by our Company. However, it is clarified that in case of ASBA Application Forms procured directly by the SCSBs, the relevant SCSBs shall not be entitled to any ASBA processing fee.

### Monitoring of Utilization of Funds

In terms of the SEBI Debt Regulations, there is no requirement for appointment of a monitoring agency in relation to the use of proceeds of the Issue. The Board shall monitor the utilisation of the proceeds of the Issue. The Company will disclose in our financial information for the relevant fiscal commencing from Fiscal 2014, the utilization of the proceeds of the Issue under a separate head along with any details in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue.

For more information, see “*Terms of the Issue - Utilisation of Issue Proceeds*” and “*Issue Procedure - Monitoring & Reporting of Utilisation of Issue Proceeds*” on pages 134 and 135.

## STATEMENT OF TAX BENEFITS

*Under the current tax laws, the following possible tax benefits, inter alia, will be available to the Bondholder. This is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of the Bond, under the current tax laws presently in force in India. The benefits are given as per the prevailing tax laws and may vary from time to time in accordance with amendments to the laws or enactments thereto. The Bondholder is advised to consider in his own case the tax implications in respect of subscription to the Bond after consulting his tax advisor as alternate views or possible interpretation of provisions under the contents of his statement of tax benefit is formulated may be considered differently by income tax authority, government, tribunals or court. We are not liable to the Bondholders in any manner for placing reliance upon the contents of this statement of tax benefits.*

### A. INCOME TAX

#### 1. Interest from Bond do not form part of Total Income.

(a) In exercise of power conferred by item (h) of sub clause (iv) of clause (15) of section 10 of the Income Tax Act, 1961 (43 of 1961) (hereinafter referred to as 'Act') the Central Government, vide Notification NO.61/2013.F.No.178/37/2013-(ITA.1) dated August 8, 2013 authorized Ennore Port Limited ('the Issuer') to issue during the Financial year 2013-14, tax free, secured, redeemable, non-convertible bonds for the aggregate amount of ₹ 5,000 million subject to the following conditions namely -

- (i) It shall be mandatory for the subscribers of such bonds to furnish their Permanent Account Number to the Issuer.
- (ii) The tax benefits under the aforesaid section 10 shall be admissible only if the holder of such bonds registers his or her or it's name and the holding with the Issuer.
- (iii) The tenure of the bonds shall be ten years, fifteen years or twenty years.
- (iv) At least 70% of the aggregate amount of bonds issued by the Issuer shall be raised through public issue and 40% of such public issue shall be earmarked for retail investors.
- (v) There shall be a ceiling on the coupon rates based on the reference Government Security (G-Sec) rate. The ceiling coupon rate for AA rated issuers shall be reference G-Sec rate less 35 basis points in case of Retail Individual Investors (RII); and reference G-Sec rate less 60 basis points in case of other investor segments like Qualified Institutional Buyers (QIBs), Corporates and High Net Worth Individuals (HNIs). The higher rate of interest, applicable to retail investors, shall not be available in case the Bonds are transferred, except in case of transfer to legal heir in the event of death of the original investor.

The term "reference G-Sec rate" used above would be the average of the base yield of G-Sec for equivalent maturity reported by Fixed Income Money Market and Derivative Association of India (FIMMDA), on a daily basis (working day) prevailing for two weeks ending on Friday immediately preceding the week of filing of the final prospectus with the Exchange or Registrar of Companies (ROC) in case of public issue and the issue opening date in case of private placement.

The credit rating referred to above, shall mean the credit rating, as assigned by a credit rating agency which is approved by the Securities and Exchange Board of India as well as the Reserve Bank of India and where an entity has been rated differently, by more than one rating agency, the lower of the two ratings shall be considered.

- (vi) In the case of private placement, the total issue expense shall not exceed 0.25% of the issue size and in case of public issue it shall not exceed 0.65% of the issue size;
- (vii) These ceiling rates shall apply for annual payment of interest and in case the schedule of interest payments is altered to semi-annual, the interest rates shall be reduced by

15 basis points.

- (b) Section 10(15)(iv)(h) to be read with section 14A(1) of the Act provides that in computing the total income of previous year of any person, interest payable by any public sector company in respect of such bonds or debentures and subject to such conditions, including the condition that the holder of such bonds or debentures registers his name and the holding with that company, as the Central Government may, by notification in the Official Gazette, specify in this behalf shall not be included;

Section 2(36A) of the Act defines –Public Sector Company means any corporation established by or under any Central, State or Provincial Act or a Government company as defined in section 617 of the companies Act, 1956 (1 of 1956).

- (c) Accordingly, pursuant to the aforesaid notification, interest from bond will be exempt from income tax.
- (d) Since the interest Income on these bonds is exempt, no Tax Deduction at Source is required. However interest on application money would be liable for Tax Deduction at Source as well as would be subject to tax as per present tax laws.

## 2. CAPITAL GAIN

- (a) Under section 2 (29A) of the Act, read with section 2 (42A) of the Act, a listed Bond is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer.

Under section 112 of the Act, capital gains arising on the transfer of long term capital assets being listed securities are subject to tax at the rate of 20% of capital gains calculated after reducing indexed cost of acquisition or 10% of capital gains without indexation of the cost of acquisition. The capital gains will be computed by deducting expenditure incurred wholly and exclusively in connection with such transfer and cost of acquisition/indexed cost of acquisition of the bonds from the sale consideration.

However as per third proviso to section 48 of the Act, benefits of indexation of cost of acquisition under second proviso of section 48 of the Act is not available in case of bonds and debenture, except capital indexed bonds. Thus, long term capital gain tax can be considered at the rate of 10% on listed bonds without indexation.

Securities Transaction Tax (“STT”) is a tax being levied on all transactions in specified securities done on the stock exchanges at rates prescribed by the Central Government from time to time. STT is not applicable on transactions in the Bonds.

In case of an Individual or HUF, being a resident, where the total income as reduced by the long term capital gains is below the maximum amount not chargeable to tax i.e. ₹ 2,00,000 in case of all individuals, ₹ 2,50,000 in case of resident senior citizens and ₹ 5,00,000 in case of resident super senior citizens, the long term capital gains shall be reduced by amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate of ten per cent in accordance with and the proviso to sub-section (1) of section 112 of the Act read with CBDT Circular 721 dated September 13, 1995.

2% education cess and 1% secondary and higher education cess on the total income tax (including surcharge for corporate only) is payable by all categories of tax payers.

- (b) Short-term capital gains on the transfer of listed bonds, where bonds are held for a period of not more than 12 months would be taxed at the normal rates of tax in accordance with and subject to the provision of the Act.

The provisions related to minimum amount not chargeable to tax, surcharge and education cess described in paragraph (a) above would also apply to such short-term capital gains.

- (c) Exemption u/s 54EC of the Act:

Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains arising to the bondholders on transfer of their bonds in the company shall not be chargeable to tax to the extent such capital gain are invested in certain notified bonds within six month from the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said notified bonds are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gain exempted earlier would become chargeable to tax as long term capital gain in the year in which such bonds are transferred or converted into money. Where the benefit of section 54 EC of the Act has been availed of on investments in the notified bonds, a deduction from income with reference to such cost shall not be allowed under section 80C of the Act.

- (d) As per the provisions of section 54F of the Act and subject to conditions specified therein, any long-term capital gains (not being residential house) arising to Bondholder who is an Individual or Hindu Undivided Family, are exempt from capital gains tax if the entire net sales considerations is utilized, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three years from the date of transfer. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis.

Provided that the said Bondholder should not own more than one residential house at the time of such transfer. If the new residential house in which the investment is made transferred within a period of three years from the date of its purchase or construction, the amount of capital gains exempted from tax earlier would become chargeable to tax as long term capital gains in the year in which such new residential house is transferred. Similarly, if the bondholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital assets, another residential house (other than the new residential house referred above), then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

- (e) The income by way of short term capital gains or long term capital gains (not covered under section 10(38) of the Act) realized by Foreign Financial Institutions on sale of security in the Company would be taxed at the following rates as per section 115AD of the Act.
- Short term capital gains- 30% (plus applicable surcharge and education cess)
  - Long term capital gains- 10% without cost of indexation (plus applicable surcharge and education cess)

As per section 90(2) of the Act, the provision of the Act would not prevail over the provision of the tax treaty applicable to the non-resident to the extent such tax treaty provisions are more beneficial to the non resident. Thus, a non resident can opt to be governed by the beneficial provisions of an application tax treaty.

- (f) Under section 195 of the Act, income tax shall be deducted from sum payable to non residents on the long term capital gain and short term capital gain arising on sale and purchase of bonds at the rate specified in the Finance Act of the relevant year or the rate or rates of income tax specified in an agreement entered into by the Central Government under section 90, or an agreement notified by the Central Government under section 90A, as the case may be.
- (g) However under section 196D, No deduction of tax shall be made from income arising by way of capital gain to Foreign Institutional Investors.

### **3. Taxability under the head Profit and Gains from business & profession:**

In case the Bonds are held as stock in trade, the income on transfer of bonds would be taxed as business income or loss in accordance with and subject to the provisions of the Act.

### **4. Taxation on gift:**

As per section 56(2)(vii) of the Act, in case where individual or Hindu undivided Family receives bond

from any person on or after 1<sup>st</sup> October, 2009.

- A. without any consideration, aggregate fair market value of which exceeds fifty thousand rupees, then the whole of the aggregate fair market value of such bonds/debentures or;
- B. for a consideration which is less than the aggregate fair market value of the Bond by an amount exceeding fifty thousand rupees, then the aggregate fair market value of such property as exceeds such consideration;

shall be taxable as the income of the recipient.

Provided further that this clause shall not apply to any sum of money or any property received-

- (a) from any relative; or
- (b) on the occasion of the marriage of the individual; or
- (c) under a will or by way of inheritance; or
- (d) in contemplation of death of the payer or donor, as the case may be; or
- (e) from any local authority as defined in the Explanation to clause (20) of section 10; or
- (f) from any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in clause (23C) of section 10; or
- (g) from any trust or institution registered under section 12AA.

## **B. WEALTH TAX**

Wealth-tax is not levied on investment in bond under section 2(ea) of the Wealth-Tax Act, 1957.

## **C. PROPOSALS MADE IN DIRECT TAXES CODE**

The Hon'ble Finance Minister has presented the Direct Tax Code Bill, 2010 ("**DTC Bill**") on August 30, 2010, which was proposed to be effective from April 1, 2012. However, in the Budget for 2012-13, the Finance Minister said that "we received the report of the Parliamentary Standing Committee on March 9, 2012. We will examine the report expeditiously and take steps for the enactment of DTC at the earliest."

Thus, the DTC Bill is likely to be presented before the Indian Parliament thereafter. Accordingly, it is currently unclear what effect the Direct Tax Code would have on the investors.

**For & on behalf of  
Sankaran & Krishnan,  
Chartered Accountants  
FRN 003582S**

**M. Balachandran  
Partner  
Membership No. 016271  
Place: Chennai  
Date : January 30, 2014**

## SECTION IV- ABOUT THE COMPANY

### INDUSTRY OVERVIEW

The information in this section has been obtained or derived from publicly available document prepared by various sources, including officially prepared materials by the Government of India (the “GoI”), its various ministries and from various other institutions. The information in this section has not been independently verified by us, the Lead Managers or any of our or their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources it believes to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and Government publications are also prepared based on information as on specific dates and may no longer be current or reflect current trends. Industry and Government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investor’s investment decisions should not be based on such information. Figures used in this section are presented as in the original sources and have not been adjusted, or rounded off for presentation in this Prospectus.

#### World Economy

The International Monetary Fund (IMF) projects global growth at 3.70% in 2014, poised to rise to 3.90% in 2015. In advanced economies, final demand has increased broadly as expected. In emerging markets, a rebound in exports was the main driver of better activity, while domestic demand generally remained subdued except in China. (Source: Website of International Monetary Fund, [www.imf.org/external/pubs/ft/survey/so/2014/RES012114A.htm](http://www.imf.org/external/pubs/ft/survey/so/2014/RES012114A.htm))

Real GDP growth has disappointed in the emerging market and developing economies, while it has been broadly in line with projections in advanced economies. The reasons for the weaker growth differ across emerging market and developing economies and may include tightening capacity constraints, stabilizing or falling commodity prices, less policy support, and slowing credit after a period of rapid financial deepening. (Source: Website of International Monetary Fund, World Economic Outlook – October 2013 [www.imf.org/external/pubs/ft/weo/2013/02/pdf/text.pdf](http://www.imf.org/external/pubs/ft/weo/2013/02/pdf/text.pdf))

#### World Seaborne Trade

Growth in international trade slowed notably in 2012, averaging 1.80%. In 2012, the dollar value of world merchandise exports only increased by 0.20% to reach \$18.3 trillion. Exports from developed economies decelerated sharply from 4.90% in 2011 to 0.40% in 2012. On the import side, growth in world volumes slowed down significantly in 2012 (1.60%) with imports into developed countries dropping by 0.50% (3.40% in 2011). Imports into developing countries and the economies in transition recorded a rapid deceleration estimated at 4.50% and 3.90%, respectively.

(Source: UNCTAD Publication on “Review of Maritime Transport – 2013 – [http://unctad.org/en/PublicationsLibrary/rmt2013\\_en.pdf](http://unctad.org/en/PublicationsLibrary/rmt2013_en.pdf))

#### Growth in the volume of merchandise trade, by country groups and geographical region, from 2009-2012 (Annual percentage change)

Exports				Countries / region	Imports			
2009	2010	2011	2012		2009	2010	2011	2012
-13.3	13.9	5.2	1.8	<b>WORLD</b>	-13.6	13.8	5.3	1.6
-15.5	13.0	4.9	0.4	<b>Developed Countries</b>	-14.6	10.8	3.4	-0.5
				Of which:				
-24.8	27.5	-0.6	-1.0	Japan	-12.2	10.1	4.2	3.7
-14.0	15.4	7.2	4.1	United States	-16.4	14.8	3.8	2.8
-14.9	11.6	5.5	-0.2	European Union (27)	-14.5	9.6	2.8	-2.8
-9.7	16.0	6.0	3.6	<b>Developing Economies</b>	-10.2	18.8	7.4	4.5
				Of which:				
-9.5	8.8	-8.3	5.7	<b>Africa</b>	-6.2	8.4	2.8	8.0
-7.4	8.3	4.6	2.2	<b>Developing America</b>	-17.9	22.5	10.8	2.5
-9.9	18.3	7.8	3.7	<b>Asia</b>	-9.1	19.3	3.5	4.6
				Of which:				
-14.1	29.1	13.0	7.2	China	-1.1	25.4	10.3	5.9
-6.8	14.0	14.2	-2.5	India	-0.9	13.8	9.1	5.8
3.2	14.7	9.7	1.5	Republic of Korea	-2.3	17.3	14.1	1.2

-4.8	5.7	6.5	6.9	Western Asia	-14.2	8.4	8.1	5.8
-14.4	11.3	4.2	1.0	<b>Transition Economies</b>	-28.2	15.9	15.7	3.9

(Source: UNCTAD Publication on "Review of Maritime Transport – 2013 – [http://unctad.org/en/PublicationsLibrary/rmt2013\\_en.pdf](http://unctad.org/en/PublicationsLibrary/rmt2013_en.pdf))

#### Development in International seaborne trade, selected years (Million tons loaded)

Year	Oil and gas	Main bulks <sup>a</sup>	Other dry cargo	Total (all cargoes)
1970	1,440	448	717	2,605
1980	1,871	608	1,225	3,704
1990	1,755	988	1,265	4,008
2000	2,163	1,295	2,526	5,984
2005	2,422	1,709	2,978	7,109
2006	2,698	1,814	3,188	7,700
2007	2,747	1,953	3,334	8,034
2008	2,742	2,065	3,422	8,229
2009	2,642	2,085	3,131	7,858
2010	2,772	2,335	3,302	8,409
2011	2,794	2,486	3,505	8,784
2012	2,836	2,665	3,664	9,165

(Sources: UNCTAD Publication on "Review of Maritime Transport – 2013 – [http://unctad.org/en/PublicationsLibrary/rmt2013\\_en.pdf](http://unctad.org/en/PublicationsLibrary/rmt2013_en.pdf))

#### World seaborne trade in 2006-2012, by type of cargo, country group and region

(In Million Ton)

Particulars	Year	Goods Loaded				Goods Unloaded			
		Total	Crude	Petroleum products and gas	Dry Cargo	Total	Crude	Petroleum products and gas	Dry Cargo
Developing economies	2006	4,829.5	1,527.5	537.1	2,765.0	3,642.9	643.6	355.1	2,644.3
	2007	5,020.8	1,553.9	530.7	2,932.6	4,073.0	742.4	376.3	2,954.3
	2008	5,082.6	1,518.0	515.1	3,049.6	4,189.1	684.9	407.2	3,097.0
	2009	4,798.4	1,453.5	502.9	2,842.0	4,364.2	745.3	386.9	3,232.1
	2010	5,027.8	1,501.6	515.6	3,010.5	4,717.3	764.4	452.0	3,500.9
	2011	5,296.8	1,509.4	540.4	3,247.0	5,008.8	806.7	452.1	3,750.0
	2012	5,460.3	1,527.2	562.5	3,370.6	5,355.7	827.3	477.2	4,051.2

(Source: UNCTAD Publication on "Review of Maritime Transport – 2013 – [http://unctad.org/en/PublicationsLibrary/rmt2013\\_en.pdf](http://unctad.org/en/PublicationsLibrary/rmt2013_en.pdf))

As shown in above tables, international seaborne trade performed better with volumes increasing at an estimated 4.30% in 2012, nearly the same rate as 2011. About 9.2 billion tons of goods were loaded in ports worldwide, with tanker trade (crude oil, petroleum products and gas) accounting for less than one third of the total and dry cargo being responsible for the remaining major share. The five major dry bulks (that is, coal, iron ore, grain, bauxite/alumina and phosphate rock) are the main engine of growth, with ton-miles increasing by 6.60%, as compared with 6.10% for minor bulks, 3.90% for other dry cargo including containerized trade, 2.40% for oil and petroleum products, and 0.70% for gas. Much of the growth was driven by a rapid (11.80%) increase in coal ton-miles, followed by growth generated by grain and iron-ore trades with ton-miles growing by 6.20% and 4.10%, respectively.

(Source: UNCTAD Publication on "Review of Maritime Transport – 2013 – [http://unctad.org/en/PublicationsLibrary/rmt2013\\_en.pdf](http://unctad.org/en/PublicationsLibrary/rmt2013_en.pdf))

#### The Indian Economy

As per the latest estimates available on the Index of Industrial Production (IIP), the General Index for the month of November 2013 stands at 162.43, which is 2.10% lower as compared to the level in the month of November 2012. The cumulative growth for the period April-November 2013-14 over the corresponding period of the previous year stands at (-)0.20%. The indices of Industrial Production for the mining, manufacturing and electricity sectors for the month of November 2013 stand at 122.9, 170.3 and 158.5 respectively, with the corresponding growth rates of 1.00%, (-)3.50% and 6.30% as compared to November 2012. The cumulative growth in the three sectors during April-November 2013-14 over the corresponding period of 2012-13 has been

(-)2.20%, (-)0.60% and 5.40% respectively. (Source: Website of Statistics Programme and Implementation, [www.mospi.nic.in](http://mospi.nic.in), [http://mospi.nic.in/Mospi\\_New/upload/t2\\_new.pdf](http://mospi.nic.in/Mospi_New/upload/t2_new.pdf))

The Foreign Direct Investment (FDI) investment was US\$ 46.55 billion in 2011-12 and US\$ 36.86 billion in 2012-13 and US\$ 18.93 billion in 2013-14 (April – October, 2013) as per provisional figures by RBI. The cumulative amount of FDI Equity inflows from April 2000 to October 2013 stood at US\$ 205.88 billion and the total FDI inflows in India during April 2013 to October 2013 stood at US\$ 12.60 billion.

(Source: Website of Department of Industrial Policy and Promotion, [www.dipp.nic.in](http://dipp.nic.in), [http://dipp.nic.in/English/Publications/FDI\\_Statistics/2013/india\\_FDI\\_October2013.pdf](http://dipp.nic.in/English/Publications/FDI_Statistics/2013/india_FDI_October2013.pdf))

### India's International Trade

India's liberal policies have led to rapid growth in the international trade. India's Export and Import International trade data for few financial years are illustrated as under:

(In US\$ billion)

India's International Trade	2007	2008	2009	2010	2011	2012	2013	2014 (April – September)
Export	126	163	185	179	251	306	300	152
Import	186	252	304	288	370	489	491	232

(Source: Department of Commerce, GoI – [www.commerce.nic.in/eidb/iecnttopn.asp](http://www.commerce.nic.in/eidb/iecnttopn.asp))

### Ports - An Overview

Ports connect us to the world. Goods we touch every day travel to and from one of hundreds of deep draft ports that accommodate ocean-going vessels. They are located in coastal areas, as well as on the Great Lakes and on inland river systems.

Ports are busy, dynamic transportation hubs that are constantly adapting to meet the demands of global trade. Ports are the nexus of business transactions for imported and exported goods. We depend on ports to increase international trade, to strengthen local and national economies, to provide higher paying jobs, and to increase our standards of living. Trade creates new opportunities for citizens in every country.

By virtue of their location, ports also serve as environmental stewards of our coastlines. Ports spend millions of dollars each year to minimize the impacts of port operations and development of their surrounding communities and natural resources.

Ports play another critical role in our communities as well. They serve as local economic engines, generating jobs and opportunities that allow businesses to flourish. (Source: Website of American Association of Port Authorities, <http://www.aapa-ports.org/industry/>)

### Indian Port Industry

India is naturally endowed with a long coastline spanning 7,517 kilometres which gives it an edge over other countries. Globalization has led to an increase in world trade highlighting the importance of ports as a trade gateway. The port industry in India has been in greater demand due to the growth in imports and exports on account of India's economic expansion. About 95.00% by volume and 70.00% by value of India's international trade is carried out through its port. Indian ports are divided primarily into the major ports and the non major ports. The classification of a major port compared to a non-major port is not based on the capacity or cargo traffic but on control and governance.

- Major ports which fall under the jurisdiction of the Central Government and are governed by policy and directives of the MoS, GoI.
- Non-major ports fall under the State Governments' jurisdiction and are governed by policy and directives or respective State Governments' nodal departments/agencies.

India's ports comprise of 13 major ports (including Port Blair Port Trust which was declared as a Major Port on 1-06-2010, and around 199 non-major ports along the coast and islands. The major ports are under the control of the Central Government (except Ennore Port, which is a corporate entity). The remaining ports which are referred to as non-major ports are administered by the nine maritime States and three Union territories within their respective coastlines. (Source: Website of Ministry of Shipping, Maritime Agenda 2020, <http://shipping.nic.in/showfile.php?lid=261>; Website of Press Information Bureau, <http://pib.nic.in/newsite/backgrounders.aspx?relid=94576>)



(Source: [www.shipping.nic.in](http://www.shipping.nic.in))

### Private Sector Participation

The GoI has allowed private sector participation in major ports to infuse funds, induct latest technology, improved management practices and above all addition of capacity. Foreign Direct Investment (“FDI”) up to 100.00% under automatic route is permitted for construction and maintenance of ports and harbours. Maritime States have also identified projects for development of non-major ports for creation of additional capacity. The private sector is envisaged to fund most of the projects through PPP or Build Operate and Transfer (“BOT”) basis or Build Own Operate and Transfer (“BOOT”) basis. It is envisaged that private sector will meet 96.10% of the cost of development of ports in India.

It has been estimated in the Maritime Agenda 2010-20 that investments required in new projects of major ports will be ₹ 10,94,494.1 million, of which ₹ 7,28,781.6 million have been estimated to come from private sector participation and the balance ₹ 36,5712.5 million would be funded through Internal Resources/EBR and Government Budgetary support etc. The states have also identified projects for development of non-major ports at an estimated cost of ₹ 16,79,308.4 million for creation of additional capacity of 1,293.56 million tonnes.

To encourage private sector participation uniformity, clarity and transparency in the bidding process is of the prime importance. The Department of Shipping has already put in place guidelines for private sector participation. To ensure uniformity in short listing and bidding Model RFQ and RFP documents have been finalized. A Model Concession Agreement has also been finalized which attempts to bring in uniformity to the agreements to be signed by the Major Ports as Concessioning Authority with the various private operators as concessionaire. In the financial year 2012-13, twenty nine projects - Public Private Partnership (PPP) projects were awarded at an estimated cost of ₹ 1,35,480.00 million for capacity addition of 208 MT in the port sector comprising construction of berths and terminals, mechanization of existing berths etc. In the first six months of 2013-14, 4(Four) PPP projects were awarded for adding capacity of 40.79 MT at Major Ports. Investment of ₹ 20,946.5 million is expected in these 4(four) projects.

The preferred route for private sector participation is through open competitive bidding in which the bidder offering the highest percentage of revenue share out of the operation of the facility which is licensed out is selected. The tariff fixation is carried out by the Tariff Authority of Major Ports (TAMP) which is an independent Regulatory Body. At present the tariffs are fixed upfront which act as a ceiling before a project is bid out on revenue share basis as explained above. The private operators are free to charge below the ceiling.

### Areas of private investment

The following areas which are indicative in nature have been identified for participation/investment by private sector:-

(a) Leasing out existing assets of the Port.

(b) Construction/creation of additional assets, such as:

- construction and operation of container terminals.
- construction and operation of bulk, break bulk, multipurpose and specialized cargo berths.
- warehousing, container freight stations, storage facilities and tank farms.
- cranaage/handling equipment.
- setting up of captive power plants.
- dry docking and ship repair facilities

(c) Leasing of equipment for port handling and leasing of floating crafts from the private sector.

(d) Pilotage.

(e) Captive facilities for port based industries

(Source: Source: Website of Ministry of Shipping, Maritime Agenda 2020, <http://shipping.nic.in/showfile.php?lid=261>)

### Traffic at Indian Ports

#### Cargo Traffic at Indian Ports

During the first half (April-September) of 2013-14, major and non major ports in India accomplished a total cargo throughput of 485.9 million tonnes reflecting an increase of only 6.60% over the same period last year. Non-major port's growth increased to 12.80% in the first half of 2013-14 compared to 10.30% in the corresponding period of 2012-13.

Traffic Handled at Indian Ports								
Major/Non-Major Ports	Traffic Handled (In MMTPA)				Growth over previous year/period (%)			
	2011-12	2012-13	April-September		2011-12	2012-13	April-September	
			2012-13 (Provisional)	2013-14 (Provisional)			2012-13	2013-14
Major Ports	560.18	545.79	270.44	276.86	1.7	2.6	3.4	2.4
	(61.3)	(58.4)	(59.4)	(57.0)				
Non-Major Ports	353.74	388.22	185.20	208.99	12.2	9.7	10.3	12.8
	(38.7)	(41.6)	(40.6)	(43.0)				
All Ports	913.93	934.01	455.65	485.85	3.2	2.2	1.7	6.6
	(100)	(100)	(100)	(100)				

(Source: Website of Ministry of Shipping, <http://shipping.nic.in/showfile.php?lid=1535>)

#### Commodity-wise Traffic handled at Major Ports

At a broad commodity level during first six months of 2013-14, Coal POL and other Cargo posted growth of 29.00%, 4.00% and 2.10% respectively. The traffic in iron ore, fertilizers and FRM and container was affected during April – September, 2013 recording a negative growth of 34.10% , 12.10% and 5.00% respectively. In the liquid bulk category, crude and petroleum cargo improved by 4.00% during April – September, 2013 compared to 0.4% increase in the same period of last year. Growth in coal traffic has shown sharp growth of 29.80% during April – September, 2013 as against 3.80% during April – September 2012.

In terms of composition of cargo traffic handled at major ports during April – September, 2013, the largest commodity group (with share in % in total cargo handled) was POL (34.10%) followed by container traffic (20.90%), coal (19.00%), other cargo (19.20%), iron ore (4.30%) and fertilizer & FRM (2.50%).

(In MMTPA)

Commodity	2011-12	2012-13 (Provisional)	April - September		
			2012-13	2013-14	% change over (Corresponding Period)
POL	173.85	185.27	90.87	94.50	4.0
Iron ore	60.71	27.37	17.96	11.84	-34.1
Fertiliser and FRM	20.40	14.73	7.92	6.96	-12.1

Commodity	2011-12	2012-13 (Provisional)	April - September		
			2012-13	2013-14	% change over (Corresponding Period)
Coal	78.77	86.97	40.78	52.59	29.0
Others	106.16	111.61	52.01	53.12	2.1
Total	560.18	545.79	270.44	276.86	2.4

(Source: Website of Ministry of Shipping <http://shipping.nic.in/showfile.php?lid=1535>)

#### Commodity-wise Traffic handled by Non-Major Ports

Commodity Group	Traffic handled (in MMTPA)				% Change over Previous Period			
	2011-12	2012-13	April – September (Provisional)		2011-12	2012-13	April – September (Provisional)	
			2012-13	2013-14			2012-13	2013-14
POL	156.32 (44.19)	167.96 (43.27)	83.98 (45.35)	84.98 (40.66)	7.5	7.4	8.2	1.2
Iron Ore	30.61 (8.65)	21.93 (5.65)	11.73 (6.33)	12.22 (5.85)	-20.0	-28.4	-15.1	4.2
Building Materials	12.86 (3.64)	17.49 (4.51)	2.93 (1.59)	5.66 (2.71)	4.4	35.9	-70.5	92.7
Coal	79.04 (22.34)	110.63 (28.50)	48.57 (26.23)	63.15 (30.22)	35.2	40.0	30.1	30.0
Fertilizer & FRM	15.74 (4.45)	11.21 (2.89)	6.22 (3.36)	7.01 (3.36)	23.7	-28.8	-26.4	12.8
Others	59.15 (16.72)	58.98 (15.19)	31.75 (17.14)	35.94 (17.20)	22.7	-0.3	53.1	13.2
All	353.74 (100)	388.22 (100)	185.20 (100)	208.99 (100)	12.2	9.7	10.3	12.8

(Source: Website of Ministry of Shipping <http://shipping.nic.in/showfile.php?lid=1535>)

#### Capacity Utilization of Major ports

(In million tonnes)

Port Location	Capacity (as on March 31, 2013)	Traffic (2012-13)	Capacity Utilization
Kolkata	21.65	11.84	55.00%
Haldia	46.75	28.08	60.00%
Paradip	102.30	56.55	55.00%
Vizag	67.33	59.04	88.00%
Ennore	31.00	17.88	58.00%
Chennai	85.59	53.40	62.00%
Tuticorin	33.34	28.26	85.00%
Cochin	44.66	19.84	44.00%
New Mangalore	76.77	37.04	48.00%
Mormugao	36.40	17.69	49.00%
Mumbai	50.53	58.04	115.00%
Kandla	94.02	93.62	100.00%
JNPT	65.88	64.49	98.00%
Total	<b>756.22</b>	<b>545.79</b>	<b>72.00%</b>

(Source: Website of Ministry of Shipping <http://shipping.nic.in/showfile.php?lid=1535>)

**Tamil Nadu: The trends in the cargo handled at both major and non-major ports of the State during 2007-08 to 2012-13 are given below:**

**Cargo Handled at major & non-major ports in Tamil Nadu**

(In million tonnes)

Major/Non-Major	2007-08	2008-09	2009-10	2010-11	2011-12	2012-12(P)	April – September	
							2012-13(P)	2013-14(P)
Major Ports	90.19	91 (0.9)	95.55 (5.0)	98.2 (2.8)	98.77 (0.6)	99.55 (0.8)	49.16 (-1.0)	53.02 (7.9)
Non-Major Ports	0.89	0.90 (1.1)	1.17 (30.0)	1.61 (37.6)	1.21 (-24.8)	0.93 (-23.1)	0.47 (-28.0)	0.41 (-14.3)
All Ports	91.08	91.9 (0.9)	96.72 (5.2)	99.81 (3.2)	99.98 (0.2)	100.48 (0.5)	49.63 (-1.3)	53.43 (7.6)

Figures in brackets represent percentage change over the previous year. (P): Provisional  
(Source: Website of Ministry of Shipping <http://shipping.nic.in/showfile.php?lid=1535>)

**Capacity Requirement at Indian Ports during 12th Five Year Plan**

The international practice for ports is to plan for cargo handling capacity of 30.00% more than the projected cargo traffic so that pre-berthing detention of ships is minimised. The cargo handling capacities have to be planned separately for each commodity group as each of them requires different facilities. Keeping in view the projected traffic at major & non-major ports, the capacity required by major and non-major ports at the end of 12th Five Year Plan are given in the below table:

**Overall Capacity Estimation by the end of 12th Five Year Plan**

(In MMTPA)

Commodity	Major Ports	Non-Major	Total
POL (including LNG)	299.66	299.9	599.56
Iron Ore (including pellets)	143.55	101.4	244.95
Fertilizer & FRM	16.81	11.2	28.01
Coal (Coking & on coking)	178.65	365.2	543.85
Containers	306.19	130.0	436.19
Others	284.38	152.1	436.48
<b>Total</b>	<b>1,229.24</b>	<b>1,059.80*</b>	<b>2,289.04</b>

**Port Connectivity**

All the Major Ports in the country are at present having both road and rail connectivity. However, the capacity and quality of the existing connectivity require improvement so that the flow of cargo in and out of the port is smooth and efficient. The projects on rail and road connectivity are implemented mainly by the National Highways Authority of India (NHAI) and the Railways, respectively. In a number of instances, the ports have made significant financial contribution for execution of the road and rail connectivity projects. Broad objectives for better connectivity and process of undertaking such projects are given below:

**Road Connectivity Projects:** Each Major Port will preferably have minimum four lane road connectivity. Such projects could be taken up through the National Highway Authority of India (NHAI) and / or on Build, Operate and Transfer (BOT) basis and formation of Special Purpose Vehicles comprising of all the stakeholders.

**Rail Connectivity Projects:** Each Major Port should preferably have double line rail connectivity. Such projects could be taken up by the Railways and / or BOT basis and through formation of Special Purpose Vehicles in which the port may be an equity holder.

### **Initiatives on Road Connectivity**

The capacity of the port is projected to increase from the present 16 MMTPA to 39.5 MMTPA by 2010-2011 and will go up to 62 MMTPA by 2021-2022. To meet the increased demand of traffic, the port has proposed undertaking following projects for improving road rail connectivity:

#### **Road Connectivity**

1. 4-laning of Thiruvottiyur - Ponneri - Pancheti Road (“**TPP Road**”) to provide the essential link with Chennai Port and several CFSs in the Ennore-Manali stretch. The estimated cost of the project is ₹ 380 million.
2. North Chennai Thermal Power Station (“**NCTPS**”) Road which is a private road of TANGEDCO that links the port to the TPP Road needs to be taken over by the State Government and strengthened/widened to 4 lanes. This 5 kilometer stretch is estimated to cost ₹ 200 million.
3. Northern Port Access Road: A 9-10 kilometer long 4-laned new access road is required for the proposed Container Terminal to connect the proposed Northern Gate of the Port to TPP Road. The road should be extended to NH5, by passing TPP Road and NCTPS Road, providing a shorter link to the NH5.

#### **Rail Connectivity**

1. Rail connectivity to coal, iron ore and container terminals which is already in the Annual Plan 2005-06 is required to be implemented in sync with development of respective terminals. The estimated cost of the project is ₹ 300 million.
2. New Chord Line linking North-East (Chennai-Delhi/Kolkata) and South-West (Chennai-Mumbai) lines originating from Chennai would provide excellent connectivity to Ennore Port and would help in increasing iron ore export through the Port. This could be either through Puttur-Attipattu or Renigunta-Kalahasti-Tada. The estimated cost of the project is about ₹ 2,700 million.
3. Dedicated Freight Corridor between Chennai and Bangalore/Mumbai and Delhi/Kolkata.

#### **Completed Road Projects of Port Connectivity**

As on October 31, 2013, National Highway Authority of India (“**NHAI**”), as part of the NHDP, has completed the following projects:

<b>S.No</b>	<b>Stretch</b>	<b>NH No.</b>	<b>Length (Km)</b>	<b>Funded by</b>
1	Jawaharlal Nehru Port Phase - II	SH - 54	14.35	SPV
2	Port Connectivity to Mormugoa	17B	13	SPV
3	Cochin Port	47	10	SPV
4	Paradip Port	5A	77	SPV
5	Tuticorin Port	7A	47.2	SPV
6	Vishakhapatnam Port	SR	12	SPV
7	Haldia Port	41	53	SPV
8	Jawaharlal Nehru Port Phase - I	4B, 4	30	SPV
9	Gandhidham – Samakhiali Package III	8A	16.16	NHAI
10	Gandhidham – Samakhiali Package II	8A	22	NHAI
11	Gandhidham – Samakhiali Package I	8A	18	NHAI

(Source: Website of National Highway Authority of India [www.nhai.org/completedpc.asp](http://www.nhai.org/completedpc.asp))

#### **Under implementation Road Project of Port Connectivity**

As on October 31, 2013, National Highway Authority of India (“**NHAI**”), as part of the NHDP, has undertaken implementation of the following projects:

<b>S.No</b>	<b>Stretch</b>	<b>NH No.</b>	<b>Length (Km)</b>	<b>Funded by</b>
1	Development of Adequate Road Connectivity to Chennai – Ennore Port Connectivity	SR	30.2	SPV
2	New Mangalore Port	13, 17 & 48	37	SPV

(Source: Website of National Highway Authority of India [www.nhai.org/portconnectivity.asp](http://www.nhai.org/portconnectivity.asp))

### **Investment Opportunities**

The Cabinet Committee on Economic Affairs has approved the projects for the development of multi-purpose berths and mechanised berths with allied facilities on Design, Build, Finance, Operate and Transfer (DBFOT) basis at Haldia Dock II (North) for a period of 30 years at an estimated cost of ₹ 821.40 crore (US\$ 151.39 million) and at Haldia Dock II (South) for a period of 30 years at an estimated cost of ₹ 886.10 crore (US\$ 163.32 million). The Projects will enable Kolkata Port Trust to enhance its capacity by 23.4 million tonnes per annum (MTPA) and meet the demand for coal and other bulk cargo in the hinterland of Kolkata Port.

The Union Cabinet has approved a proposal of the Ministry of Shipping for licensing of land to the concessionaires for seven projects taken up in the Public Private Partnership (PPP) mode. These projects have been taken up in terms of the extant policy of the Government of India to pursue maritime development projects under the PPP mode. This will bring efficiency in operations at major ports which will benefit trade and the economy as a whole.

(Source: Website of Overseas Indian Facilitation Centre, <http://www.oifc.in/ports>)

### **POLICY INITIATIVES FOR DEVELOPMENT OF PORT SECTOR**

#### ***National Maritime Development Programme***

The National Maritime Development Programme (the “NMDP”) is a comprehensive programme to develop, strengthen and rejuvenate maritime activities in India and encompasses all the related areas such as ports, shipping, dredging, inland transport, and personnel management. The port sector projects under the NMDP involved a total investment of approximately ₹ 1,003,390 million.

The programme is proposed to be implemented through PPPs. Public investments will be primarily for common user infrastructure facilities in the ports such as dredging and maintenance of port channels, construction of breakwaters, internal circulation systems for cargo within the ports, and rail and road connectivity from ports to hinterland. Private investments will be in the areas where operations are primarily commercial in nature such as construction, management and operation of berths and terminals.

- Measures to strengthen the regulatory structures of major ports have also been initiated. These pertain to tariff rationalisation and the establishment, in a phased manner, of a corporate structure for the existing ports. The TAMP an independent authority is responsible for determining and revising tariffs on major ports only and not on non-major ports. The TAMP was constituted in April 1997 to provide for an independent authority to regulate all tariffs, both vessel-related and cargo-related, and rates for lease of properties in respect of Major Port Trusts and the private operators located therein.
- The Government has announced a series of measures to promote foreign investment in the port sector, including:
  - guidelines for private/foreign participation that permit formation of joint ventures or foreign collaboration for setting up port facilities;
  - foreign investment of 100.00% is permitted for construction and maintenance of ports and harbours and in projects providing support services to water transport;
  - FDI of up to 100.00% is allowed on an automatic basis in support services such as operation and maintenance of piers and loading and discharging of vessels; and
  - private sector entities are allowed to establish captive facilities
- The Government is offering various fiscal incentives to private investors such as a ten year tax holiday in port development, operation and maintenance. Investors in inland waterways and inland ports are also entitled to such incentives.

According to the Ministry of Shipping's press communication a new programme - Perspective 2020 - will replace the existing National Maritime Development Programme (NMDP) plan. The Maritime Agenda 2010-2020 is a perspective plan of the Shipping Ministry for the present decade which has set the goals as follows:

- To increase India's share in global ship building to 5.00% from the present 1.00%
- To increase the share of Indian seafarers from 6-7% to at least 9.00% in the global shipping industry by 2015
- To create a port capacity of around 3,200 MT to handle the expected traffic of about 2,500 MT by 2020
- To bring ports at par with the best international ports in terms of performance and capacity
- To increase the tonnage under the Indian flag and Indian control and also the share of Indian ships in our EXIM trade

- To promote coastal shipping as it will help in decongesting our roads and is environment friendly
- In order to promote private participation and foreign direct investment (FDI) in the country, the Government of India has allowed 100.00% FDI under the automatic route for:
  - Captive facilities for port based industries
  - Leasing of equipment for port handling and leasing of floating crafts
  - Leasing of existing assets of ports
  - Construction/ creation and maintenance of assets such as-container terminals bulk/ break bulk/ multi-purpose and specialised cargo berths, warehousing, container freight stations, storage facilities and tank farms, handling equipment, setting up of captive power plants, dry docking and ship repair facilities

As way of incentive, 100.00% exemption from income tax is also extended to companies investing in port infrastructure. Further, a 10-year tax holiday has been given to enterprises engaged in the business of developing, maintaining and operating ports, inland waterways and inland ports.

India's Shipping Ministry is considering removing fixing tariffs for major ports, passing responsibility for this to the ports themselves. Instead, a new regulator for the sector will be appointed who will be responsible for setting, monitoring and regulating service levels as well as technical and performance standards. The ministry has also decided that all new major ports would be built through a corporate structure and will be registered under the Companies Act 1956.

India has announced a combined US\$ 110 billion package to develop its ports and shipbuilding industry by 2020. The ten-year plan is known as Maritime Agenda 2010-2020, which intends to develop the Indian Ports' capacity to 3,200 MT by 2020. The port sector under the new plan would see investment of US\$ 66 billion, of which the majority will be from private investors. The Government believes that the private sector will handle 50 per cent of the nation's cargo by 2015. (*Source Website of Overseas Indian Facilitation Centre, <http://www.oifc.in/ports>*)

## BUSINESS

### Overview

We are the developer and operator of Ennore Port, India's 12th Major Port under the Ministry of Shipping, Government of India. Our Port is the only major port to adopt the corporate form of management. Ennore Port was developed as a green field project in the east coast of India at a distance of about 20 kilometres to the north of Chennai Port. The Port was declared as a Major Port under the Indian Ports Act, 1908 in March 1999. Ennore Port Limited was incorporated as a company in October, 1999 under the Companies Act 1956. Ennore Port was originally conceived as a satellite port to Chennai Port, primarily to handle thermal coal to meet the requirement of TNEB now known as TANGEDCO. The scope of the Port was expanded taking into account subsequent developments plans of the Government of Tamil Nadu to set up Liquefied Natural Gas (“LNG”), petrochem and naphtha cracker power projects.

We are promoted by the President of India, through the MoS, GoI and Chennai Port Trust (“CHPT”). The Port was dedicated to the nation on February 1, 2001 and commercial operations commenced from June 22, 2001. Currently our Port has six terminals out of which five terminals are operational. Ennore Port functions on the “Landlord Port Model” basis whereby the port constitutes a landlord, which manages the basic port assets by leasing land and basic infrastructure to port operators. Operating functions such as planning, safety, pilotage, mooring, navigation and overall coordination are done by the Port. Ennore Port provides the basic infrastructure facilities like construction of breakwaters, deepening and maintenance of port channels, dredged basin / channel, road and rail infrastructure for connectivity to hinterland, aids to navigation, fire fighting facilities, utilities, water and power supply and manage the resources apart from regulatory functions and overall Port planning & development.

Our operating revenue for the fiscal years ended March 31, 2013, 2012 and 2011 was ₹ 3,202.12 million, ₹ 2,486.43 million and ₹ 1,673.05 million respectively and our operating revenue for the six month period ended September 30, 2013 was ₹ 2,282.35 million.

The profit after tax for the six month period ended September 30, 2013 is ₹ 1,471.37 million and for the year ended March 31, 2013, 2012 and 2011 was ₹ 1,733.72 million, ₹ 967.21 million and ₹ 555.79 million respectively. Our Company was conferred with Mini Ratna Category I status on June 30, 2009 by the GoI based on consistent profitability of the Company over the previous three years.

### Key Financial and Operational Parameters

(In ₹million)

S. No	Particulars	As at September 30, 2013	Fiscal 2013	Fiscal 2012	Fiscal 2011
1.	Total Income	2,361.04	3,257.09	2,502.58	1,681.08
2.	Operating Revenue	2,282.35	3,202.12	2,486.43	1,673.05
3.	EBIDTA	2,130.30	2,807.50	2,060.31	1,354.75
4.	EBIT	2,061.08	2,669.88	1,927.77	1,225.4
5.	EBIDTA /Total Income (%)	90.23%	86.19%	82.33%	80.59%
6.	Depreciation	69.22	137.61	132.54	129.35
7.	Finance Cost	220.11	443.21	661.60	432.36
8.	Net Profit	1,471.34	1,733.71	967.21	555.79
9.	Net Worth	7,883.60	6,412.23	5,380.48	4,638.09
10.	Shareholder Funds	7,883.60	6,412.23	5,380.48	4,638.09
11.	Loan Funds	4,053.17	4,168.23	4,231.13	4,262.20
12.	Total Debt	4,053.17	4,168.23	4,231.13	4,262.20
	- Non-current maturities of Long Term Borrowing	3,823.05	3,938.11	3700.43	4037.37
	- Short Term Borrowing	Nil	Nil	Nil	Nil
	- Current Maturities of Long Term Borrowings	2,30.12	230.12	530.69	224.82
13.	Fixed Assets (Net Block)	8,597.49	8,664.93	8,831.27	7,610.18
14.	Capital WIP	1,516.85	1,285.27	700.30	999.38
15.	Non Current Assets	1,217.31	1,114.53	976.05	1469.28
16.	Cash and Cash Equivalents	1,900.99	1,803.81	504.69	53.07
17.	Investments	640.25	600.35	475.25	437.75
18.	Current Investments	Nil	Nil	Nil	Nil
19.	Net Current Assets	446.02	-689.89	-1,355.19	-1,364.85
20.	Current Liabilities (including current maturities )	3,031.47	3,680.39	2565.56	1910.38
21.	Net Sales	2,282.35	3,202.11	2486.43	1673.05

22.	P&L A/C(Retained Surplus)	4,730.81	3,412.23	2,380.48	1,638.09
23.	Earnings per Share (₹)	4.90	5.78	3.22	1.85
24.	ROE %	18.66%	27.04%	17.98%	11.98%
25.	RoCE (%)	17.49%	25.16%	10.06%	6.24%
26.	D/E Ratio	0.51	0.65	0.79	0.92
27.	Dividend Amount	-	600.00	193.44	111.16
28.	Current Ratio	1.15	0.81	0.47	0.29
29.	Interest Coverage Ratio	9.38	6.13	4.06	2.92
30.	Debt Service Coverage Ratio	3.91	3.44	2.65	1.98

\* If the same are annualized, the Earnings per Share (₹), ROE (%) & RoCE (%) would be ₹ 9.80, 37.32% & 34.97% respectively.

### Operational Parameters

S. No	Particulars	Fiscal 2013	Fiscal 2012	Fiscal 2011	Fiscal 2010
1.	Turnaround time (days)	0.09	0.08	0.08	0.07
2.	Average Ship berth day output (in MT)	24,498	24,322	27,466	17,684
3.	Pre-berthing detention (hours)	0.05	0.04	0.01	0.00

### Our History

The Government of India had appointed CHPT as an implementing agency for the Ennore Port project. The project was sanctioned on April 23, 1993 and a loan agreement was signed with Asian Development Bank (“ADB”) in February 1993. The Port was declared as a Major Port and its limits were declared under the Indian Ports Act, 1908 on May 23, 1999.

CHPT as per the directives of the MoS, GoI incurred a total expenditure of ₹ 4,450 million excluding the cost of the land for completion of Ennore Port. Additionally a loan of ₹ 4,310 million availed from ADB was intermediated as a Rupee loan from the GoI (“Government Loan”) towards developing the Port.

Thereafter the operations of the Port were handed over to the management of the Company. Part of the Government Loan amounting to ₹ 2,000 million was converted into equity and allotted to MoS, GoI and the balance amount remained as a loan from the MoS, GoI to the Company. Subsequently the Company had swapped the entire loan.

Similarly part of the CHPT’s expenditure amounting to ₹ 1,000 million was converted into equity and allotted to CHPT. Based on directives from the MoS, GoI the remaining amount of ₹ 3,450 million was treated as an inter-corporate loan.

Our Company was incorporated on October 11, 1999 to build, construct, operate and maintain the port at Ennore in the State of Tamil Nadu, India. We were initially promoted as a coal port dedicated to handling thermal coal requirements of TANGEDCO for its thermal power plants in North Chennai, Ennore and Mettur and the Port was originally christened as Ennore Coal Port Project.

In the first phase of development of the Port, an investment of ₹ 10,585.20 million was made to create a (i) protected Port basin along with an approach channel with a depth of 15.50 meters and 16 meters respectively; (ii) two coal wharves of length 280 metres each and alongside depth of 15 meters to accommodate two Panamax size vessels with a total coal handling capacity of 12 MMTPA.

During the second phase of development of the Port, the Port set up a 3 MMTPA liquid terminal, an 8 MMTPA common user coal terminal and a 12 MMTPA iron-ore terminal through Public Private Partnership(s) (“PPP”). Additionally we developed our Automobile/General Cargo Berth with a capacity of 0.20 million cars per annum and other project cargo capacity of 0.50 MMTPA.

The Ministry of Shipping, Road Transport & Highways Department issued the NMDP in 2005 wherein Ennore Port had been identified for the development of container terminal, to meet the challenges of growing international traffic demand.

Subsequently our Port has expanded its capacity, with an investment of ₹ 12,100 million, by developing a liquid cargo handling terminal, Common User Coal Terminal, an Automobile/General Cargo Berth, an iron-ore terminal and phase –I capital dredging. We operate on the “Landlord Port” model wherein the port provides the basic infrastructure and manages the resources. The Port has licensed the development and operation of cargo handling terminals on Build Operate Transfer (“BOT”) basis through PPP.

## **Our Competitive Strengths**

### ***Natural and locational advantage***

The major strength of our Port is its geographical location, the Port lies on the north-eastern corner of the State of Tamil Nadu on the Eastern Coastal Plains. It is located on the east coast of the Indian peninsula known as the Coromandel Coast in the Bay of Bengal and is known as the “gateway” to India and is well connected to other major cities by rail and road network. The Port is a greenfield major port situated in the vicinity of Chennai city.

The Port is in a strategic position to serve cargo routed in and around the city of Chennai and the vast hinterland network that extends up to Andhra Pradesh in the north and Karnataka in the west from the Port.

The Port is situated in the thermal equator zone and experiences minimal variations in seasonal temperature. Its location away from the city of Chennai reduces traffic congestion and allows it to handle dusty cargo. The natural deep draft, tranquil waters, expansive waterfront and the two breakwaters available at our Port allows for berthing of large size and new generation vessels resulting in reduced freight rate and saving time. The breakwaters constructed at the Port enables operations during all weather conditions and round the year operations.

Being situated outside of the city limits, we believe it can handle dusty and hazardous cargo like coal, iron-ore, LNG, LPG and petroleum products, with less environmental and related concerns which are usually faced by city ports.

### ***Operates on Landlord Port model***

We operate on a land-lord model wherein cargo operations are vested with private BOT Operators and a Captive User. The obligation to bring in capital related to cargo handling operations, and ensure efficiency in operations and management is passed on to individual BOT Operators and the Captive User. The Port only provides basic infrastructure and allied services.

As we operate on the land-lord port model, this places us at an advantage by reducing capital expenditure incurred by us for development of projects and brings efficiency and responsiveness in the operations of our Port.

### ***Well developed port infrastructure***

We believe that we have a well-developed port infrastructure. The 3,775 meters entrance channel length at the Port enables day and night marine operations throughout the year due to favourable oceanographic conditions. We have a north breakwater of 3080 meters and south breakwater of 1070 meters which helps us in maintaining tranquillity in the protected harbour basin. The entrance navigational channel is being realigned to a length of 5,100 metres from 3,775 metres and the Port carries out day and night operations throughout the year.

Another strength of our Port is the availability of protected waterfront of about 3,000 meters in length and back-up lands of 836 hectares for development of deep drafted cargo terminals benchmarking high productivity standards and quality parameters. The Port connects to the national highways NH4, NH5 and NH45 through state highways without entering into the populated Chennai city area.

Presently the Port permits maximum draft of 13.50 meters at all berths except the Automobile/General Cargo Berth where the maximum draft is restricted to 10.50 meters. Our capital dredging is divided into three phases, of which phase I has been completed and work is in progress for phase II of the capital dredging. Upon completion of our ongoing phase II dredging work, which will increase our existing deep draft to 20 meters in the channel and 18.50 meters in the basin, our Port will be able attract new generation vessels such as Cape size vessels. The deep draft port facilitates berthing of large size and new generation vessels resulting in reduced freight rate and time usage.

We believe that the existing rail and road network from our Port to hinterland networks, including major cities such as Chennai, Coimbatore and Bangalore provides us with a competitive advantage for attracting large volumes of cargo. Proximity to NH4, NH5 and NH45 and Indian Railways mainlines provides excellent connectivity to the hinterland network.

We also have access to land and extensive support infrastructure. We have the right to develop approximately 2,118.74 acres of land of which we have developed approximately 960 acres.

Our cargo handling operations are fully mechanised with state of the art equipments like unloaders, pipelines, tankforms and closed conveyor system.

### ***Diversified Revenue Model***

#### *i. Captive User*

TANGEDCO as a Captive User at our Port guarantees us captive cargo and income from all coal based thermal power stations of TANGEDCO located at North Chennai, Ennore and Mettur. TANGEDCO and its associates have made investments by installing top side facilities like fully mechanized unloading equipments, conveyors, etc. Operations and maintenance are handled by TANGEDCO and this ensures assured cargo throughput and income for the Company. Since the existing coal requirement of TANGEDCO is 9.50 MMTPA, vide its letter dated July 23, 2012, TANGEDCO had requested the Company to construct additional third and fourth berths to meet its proposed capacity addition through various new power projects, which would increase its coal requirement to 35 MMTPA, thereby generating additional revenue for the Company.

#### *ii. BOT Operators*

The licence agreements with each of our three BOT Operators is for a period of 30 years. The long duration of these contracts protects us from constant change in the operations and management of the terminals and enables us to allocate all operations and management related risks to the BOT Operators. Additionally, the Chettinad International Coal Terminal Private Limited (“**CICTPL**”) and Ennore Tank Terminals Private Limited (“**ETTPL**”) contracts provide for minimum assured revenue, which protects our interests despite not having any control over the operations of the terminals. The long term licence agreements reduce the investment and operational costs incurred by the Company.

#### *iii. Automobile/General Cargo Berth*

We commissioned an automobile export cum general cargo terminal (“**Automobile/ General Cargo Berth**”) in January 2011 to meet this demand. The Automobile/General Cargo Berth can accommodate a car carrier with a capacity of 8,000 cars.

The Automobile/General Cargo Berth also has a back-up area of 141,000 square meters with a car parking yard for 10,000 mid-size cars in addition to the transit parking area of 25,000 square meters behind the Automobile/General Cargo Berth. The throughput of cars at the Automobile/General Cargo Berth for Fiscal 2013 was 1,44,685 cars and 368 high and heavy automobiles

### ***Low manpower cost***

As we operate on a land-lord model type management, we have very low manpower cost. Additionally we do not have to provide for pension liability as prevalent in other major ports. As on September 30, 2013 our full time employee strength was 101. Our employee cost to operating income ratio for FY2011, FY2012, FY2013 and the six month period ended September 30, 2013 was 3.56%, 3.07%, 2.76% and 2.03% respectively, which significantly contributes to our gross margin.

Additionally, we have no compulsions to engage any large labour force, as other major ports and many of the services that the Port has to provide as a land-lord port, such as marine services, have been outsourced. Any major works to be executed by the Port, such as dredging and rail and road connectivity has been contracted to third party contractors. Therefore the Port is not affected by issues such as availability, quality and cost of labour.

### ***Tariff***

Our tariffs are not regulated by any regulatory authority and this gives us operational flexibility. Being a corporatized port we are not covered within the regulatory purview of the TAMP, and are entitled to determine the tariffs at the Port. Our ability to determine tariff rates helps us to compete effectively with other ports.

### *Mini Ratna status*

Our Company was conferred with Mini Ratna status on June 30, 2009 based on our continuous profitability. The status enables the Company to exercise autonomy in its operations and in taking financial decisions.

### *Experienced management*

We are led by experienced and highly qualified professionals some of whom have vast experience in the port sector in India and have worked in some of the major ports across India. Our Chairman cum Managing Director, Mr. M.A. Bhaskarachar, has about 22 years of experience in the Port Sector. Our key employees include highly skilled and experienced port management personnel. Our management team has an established track record and knowledge in the port and shipping industry. We believe that our management's expertise in successful implementation of projects provides us with significant competitive advantages.

Under the leadership of our management, the Port has been operating at a profit and we have received certificates of excellence from the Department of Public Enterprises ("DPE") for the past six years.

The licence agreements with each of our three BOT Operators is for a period of 30 years. The long duration of these contracts protects us from constant change in the operations and management of the terminal and enables us to allocate all operations and management related risks to the BOT Operators. Additionally, the CICTPL and ETTPL contracts provide for minimum assured revenue, which protects our interests despite not having any control over the operations of the terminal. The long term licence agreements reduce the investment and operational costs incurred by the Company.

### **Our Strategy**

We intend to capitalise on our strategic location, tranquil waters and our well developed port infrastructure. The various strategies adopted by the Company under the heads of development, commercial and financial strategy are as follows;

#### *Development Strategy*

- **Cargo Handling Terminals:** We plan on developing additional cargo handling terminals through PPPs. This model will enable us to bring in various required resources such as capital, expertise, operations and management resources without much capital expenditure contribution from the Company and in a time efficient manner.
- **Dredging:** We plan to augment the vessel acceptance draft by way of dredging which will result in an increase in the depth from 15.50 to 18.50 meters in the basin and an increase in the depth from 16 to 20 meters in the channel, as well as extend the channel length from 3.80 kilometres to 5.10 kilometres. Additionally we propose to dredge alongside the proposed container berth area to provide a depth of 16 meters.
- **Hinterland connectivity:** We plan on augmenting our hinterland connectivity by expanding our rail and road network. We propose to implement the Avadi / Tiruvallur - Attipattu new chord line for which we have approached the Government of Tamil Nadu and have expressed our interest in supporting the construction of the railway line through equity participation, along with other beneficiaries in a special purpose vehicle. With regard to our road connectivity we have approached the Government of Tamil Nadu to develop the Northern Port access road. Additionally, we have requested the NHAI, Government of Tamil Nadu and Chennai Metropolitan Development Authority ("CMDA") to expedite the widening of the TPP Road, outer ring road and construction of Chennai bye-pass roads.
- **Inland Container Depot:** The Company proposes to develop a container yard at the Port which shall be strategically located alongside the Attipattu - Minjur stretch of the existing railway line.
- **Land Procurement:** The Company proposes to use the land aggregating to 734.64 acres allotted by the Salt Department (DIPP) to install necessary support infrastructure for the long-term development of Port facilities.

## Financial Strategy

- We plan to access cheaper source of funds, such as external commercial borrowings, bonds, term loans from commercial banks and financial institutions to finance our capital expenditure for development of common infrastructure facilities to support PPPs and captive user terminals in addition to utilising our internal resources.
- We plan on mobilising funds from the private sector for expanding and developing our cargo terminals.

## Our Operations

We are principally engaged in providing port services for handling vessels carrying: (i) dry bulk cargo like coal, iron-ore (ii) liquid bulk cargo like petroleum products; and (iii) automobile cargo/general cargo. In addition, we generate revenue from land-related and infrastructure activities.

The following table shows our cargo handling volume for coal, liquid bulk, iron-ore, automobile and general cargo for the six month period ended September 30, 2013 and year ended March 31, 2013, 2012 and 2011;

Period	Coal (TANGEDCO)	Liquid bulk	Iron-ore	Automobile/General Cargo
September 30, 2013	10.60	1.00	Nil	1.08
March 31, 2013	14.93	1.22	Nil	1.74
March 31, 2012	13.11	0.60	Nil	1.25
March 31, 2011	9.37	0.59	0.40*	0.65

*(in MMTPA)*  
\*Through temporary facilities by Minerals and Metals Trading Corporation (MMTC) Limited

## Captive User

A coal terminal was developed exclusively for handling coal required by TANGEDCO for its thermal power plants in North Chennai, Ennore and Mettur. The terminal consists of two berths for accommodating two 240 metre long coal carriers of up to 65,000/77,000 Deadweight Tonnage (“DWT”) each.

A composite tariff, comprising of vessel related charges and cargo related charges, is paid by TANGEDCO to the Company. The composite tariff of ₹ 143.37 per tonne for bulk thermal coal handling was revised to ₹ 178.92 per tonne confirmed by TANGEDCO vide their letter dated June 27, 2013. The revised composite tariff is effective on ships berthing at the Port between 06.00 hours of July 1, 2013 to 06.00 hours on July 1, 2016.

## Our BOT model

Private investments by BOT operators are made in the areas where operations are primarily commercial in nature like construction, management and operation of berths/ terminals. Cargo handling services, ancillary services, berths etc are privatised on PPP - BOT basis to licensees/ concessionaires through a bid process. Port operators and other undertakings which need to be located in the Port lease the land, infrastructure and associated services and provide them to the secondary users - cargo owners, ship owners and cargo ship owners. The development and operation of cargo handling terminals are carried out through private sector participation on BOT basis.

The following are the different terminals that were developed at the Port through PPPs

## Licence Agreement with Ennore Tank Terminals Private Limited

We entered into a licence agreement with ETTPL on November 10, 2004, pursuant to which ETTPL was granted the right to develop and operate a marine liquid terminal for a period of 30 years on BOT basis. The marine liquid terminal has cargo handling capacity of 3 MMTPA and was constructed with an investment of ₹ 2,520 million in the first phase. The terminal was commissioned in January, 2009. In the second phase of construction an investment of ₹ 1,670 million was made to build additional storage tanks and LPG handling equipments were installed. The cargo being handled at the terminal presently comprises of petroleum, oil, lubricants, liquefied petroleum gas (“LPG”), Carbon Black Feedstock (“CBFS”) and chemicals.

The cargo handled by ETTPL for Fiscal 2011, 2012 and 2013 is 0.59 MMTPA, 0.60 MMTPA and 1.22 MMTPA respectively and 1.00 MMTPA for the period ended September 30, 2013.

*Licence Agreement with Chettinad International Coal Terminal Private Limited*

We entered into a licence agreement with CICTPL on September 14, 2006 for handling of common user coal cargo. Pursuant to the licence agreement, CICTPL was granted the right to develop and operates a coal handling terminal dedicated to handle common user coal cargo for a period of 30 years on BOT basis. The terminal has a capacity of 8 MMTPA with an investment of ₹ 4,000 million. The terminal was commissioned in March 2011.

The cargo handled by CICTPL for Fiscal 2011, 2012 and 2013 is 0.50 MMTPA, 3.49 MMTPA and 5.05 MMTPA respectively and 3.68 MMTPA for the period ended September 30, 2013.

*Licence Agreement with SICAL Iron-ore Terminal Limited*

We entered into a licence agreement with SICAL Iron-ore Terminal Limited (“SIOTL”) on September 14, 2006 for handling of iron-ore for a period of 30 years on BOT basis. In the first phase of development the BOT Operator has developed a terminal of 6 MMTPA capacity at an investment of ₹ 3,600 million. While, the project has been completed, it has not been commissioned due to the ban on iron-ore export imposed by the Government of India.

**Total operating revenue from our BOT Operators:**

Period	Total operating revenue from BOT Operators (in ₹ million)	Percentage of our total operating revenue
September 30, 2013	533.19	23.36%
March 31, 2013	689.97	21.55%
March 31, 2012	556.43	22.38%
March 31, 2011	170.89	10.21%

*Automobile/General Cargo Berth*

The Company with its own investment developed an automobile/general cargo berth for handling automobile exports and imports and other general cargo at a cost of ₹ 1,400 million. The berth was commissioned in January, 2012. The berth can accommodate car carriers with a capacity of 8,000 cars. The berth has a back-up area of 141,000 square meters with a car parking yard for 10,000 mid-size cars in addition to the transit parking area of 25,000 square meters behind the berth.

The Company has entered into an agreement with Nissan Motor India Private Limited (“NMIPL”) on July 20, 2013 for utilization of its automobile / general cargo berth for export of cars on a need based requirement with a minimum assured traffic of 60,000 cars each financial year.

The following table provides a brief summary of the installed capacity in each terminal operating at our Port and the type of cargo handled:

Licensee / Terminal User	TANGEDCO 1*	TANGEDCO 2*	ETTPL**	CICTPL**	SIOTL**	Automobile/General Cargo Berth
Installed capacity (MMTPA)	8	4	3	8	6	0.20 million cars +0.50 MMTPA
Types of cargo handled	Coal	Coal	Petroleum oil lubricants and LPG	Common user coal	Iron-ore	Automobile and project cargo.

\*Captive user

\*\*Operated by respective licensees.

**Sources of revenue**

The following are the various sources from which the Company derives its revenue;

### 1. Vessel related charges

These charges are payable by the owner of the vessel, typically through an agent. The following are the various vessel related charges:

- Port dues - Port dues are payable for the waterfront facilities provided by the Port. The total dues payable for each vessel is determined by the gross registry tonnage of each vessel. The Port dues are denominated in US\$ for foreign vessels and in Rupees for coastal vessels.
- Pilotage fees – We collect pilotage fees for the berthing/unberthing/shifting of the vessels.
- Berth hire charges – We collect berth hire charges for usage of the Automobile/General Cargo Berth and the two berths allocated to TANGEDCO.

### 2. Cargo related charges

- Wharfage – The wharfage toll is fixed based on the type of cargo handled (volume or unit).

### 3. Estate income

We also generate income from land leased, right of way and renting of office premises to Port users and BOT Operators.

### 4. Revenue share from BOT Operators/Licensees; and

The revenue share from our BOT Operators comprises of gross revenues accruing to the Company for the services rendered and facilities provided by us including revenues accruing from a part of the berth hire charges, handling, wharfage, stevedoring, storage and loading and unloading cargo.

### 5. Revenue share from BOT contracts

The contractual period for all three BOT contracts is 30 years (inclusive of construction period). The capital investments made by the Company in these projects are typically; capital dredging, raising of ground level of stackyard, rail connectivity either up to exchange limits or siding to the main lines and road access up to boundary limits of the Port.

Under the terms of the contracts, the obligation for operations and maintenance of the terminal is of the respective BOT Operators. The BOT Operators have to adhere to the various environmental regulations applicable to them and they have to comply with the directions of Government and regulatory agencies. With regard to the land allocated for setting up the terminal, each BOT Operator has to pay estate charges for the land and right of way. The BOT Operators have to pay the Port a percentage of their gross revenue, the revenue share under the three BOT contracts being as follows:

Name of BOT Operator	CICTPL	ETTPL	SIOTL
Percentage of revenue share	52.524%	21.678%	51.60%
Minimum annual guaranteed revenue	Increasing from ₹ 50 million in the 1st year to ₹ 206.00 million in the 30th year	Increasing from ₹ 25 million from the 1st year to ₹ 103.00 million in the 30th year.	Not applicable

## Connectivity

We recognise that good rail and road connectivity is a vital factor in any port's successful operation. Ennore Port is well connected by rail and road to the transportation network of India. We believe that the existing rail and road network from Ennore Port to inland regions of Tamil Nadu and the available land for future transportation initiatives provides us with a competitive advantage for attracting larger volumes of cargo. A good network of road and rail connectivity in appropriate form, adequate in capacity and offering high level of service is important to enable efficient movement of goods and promote profitability of the Port. The following is a brief description of the road and rail connectivity available at our Port.

## *i. Road Connectivity*

### *Existing road connectivity*

The Port is connected to NH4, NH5 and NH45 through the Port access road, the TANGEDCO approach road, the TPP Road, the Inner Ring Road and Chennai bye-pass road and provides hinterland connectivity. In light of the considerable increase in volume of road traffic in the Port, we have requested NHAI to upgrade the existing two lane TPP Road to a four lane road. In order to upgrade the TPP Road, we expressed our interest in contributing to the difference in costs between the four laning and two laning, of the 9 kilometres long stretch, from Manali to Vallur junction.

Based on the approval letter dated August 31, 2006 from the MoS, GoI the Company joined the existing special purpose vehicle, Chennai-Ennore Port Road Company Limited, the other stakeholders being NHAI, the Government of Tamil Nadu and Chennai Port Trust. The Company has made a total equity commitment of ₹ 340.20 million and has till date contributed ₹ 340 million. The project is currently in the implementation stage and the expected date of completion is June, 2014.

### *Proposed Northern Port Access Road*

Ennore Port is envisaged to handle large volumes of container traffic in the future. The proposed Northern Port access road will be an important link between Port area and TPP Road near Vallur and then on to NH5 (Chennai Kolkata Corridor) at Thachur thus providing connectivity to Chennai metropolitan area and the deep hinterland. The proposed road would provide a direct link from the Port to Tachur on NH5 at a total distance of 21.15 kilometres and 4 kilometres link to TPP Road. The Government of Tamil Nadu has taken over the project and is currently in the process of acquiring land for the project. We have placed a request with the State Government for early implementation of the project. The Government of Tamil Nadu has appointed Tamil Nadu Road Development Company Limited, a state public sector undertaking under Government of Tamil Nadu as a nodal agency for implementation of the project.

## *ii. Rail Connectivity*

### *Existing rail connectivity*

Our Port is connected to Attipattu and Attipattu-Pudhunagar railway stations on the Chennai - Guddur section of the Southern Railway network. A branch rail link from the aforementioned two stations measuring an extent of 6 kilometres connects the Port. The branch rail link is shared with NCTPS. Additionally the Port also provides rail connectivity from the branch line to coal and iron-ore stockyards developed by the BOT Operators.

### *Proposed rail connectivity projects*

#### Ennore Port – Avadi/Thiruvallur Rail Link

The Company proposes to take up the 30 kilometres chord line green field project connecting Avadi / Tiruvallur (on the Chennai-Arakkonam section) to Attipattu station, upon approval from Southern Railways and the State Government of Tamil Nadu. The proposed railway link would bye-pass the critical section from Avadi to Chennai which is highly congested with traffic.

#### Rail connectivity to proposed container terminal yard

Ennore Port is also planning to provide rail connectivity to the proposed container terminal from the Indian Railways mainline for rail movement of container traffic from the Port. The estimated cost of the project is ₹ 360 million and completion is to be synchronised with completion of the container terminal project. We have submitted a detailed project report to Southern Railway for approval. The permanent way plan of container yard was approved by the Southern Railways on November 20, 2013.

## **Tariff**

Our tariffs are not regulated by any regulatory authority and this gives us operational flexibility. Being a corporatized port we are not covered within the regulatory purview of the Tariff Authority for Major Ports, and our Board of Directors are entitled to determine the tariffs at the Port from time to time. The tariff with respect

to our BOT terminals is fixed by the respective BOT Operators who have the freedom of fixing their own tariff whereas the tariff for our Automobile/General Cargo Berth is decided by us. Our ability to determine our tariff helps us to take into account various market conditions and demand for Port facilities, investments made, cost incurred, number of ships calling at the Port, tariff at competing ports, which enables us to compete effectively with other ports. Our tariff in the form of slab rates for various cargo and services is published on our website.

## **Infrastructure**

The following are the specifications of the various berths allocated/operated by the Company;

### Specifications of our TANGEDCO terminals:

No. of berths	2 dedicated berths to handle Thermal coal for TANGEDCO
Length	280 meters each
Alongside Depth	-15 meters
Permissible draft	13.5 meters
Size of vessels handled	65,000 / 77,000 DWT

### Specifications of our Marine Liquid Terminal:

Jetty Length	360 meters
Width	20.75 meters
Alongside Depth	-15 meters
Pipelines	24" diameter (2 nos.) 12" diameter (2 nos.) 8" diameter (1 no.) 18" diameter (2 nos.) insulated for LPG
Storage Terminal	
No. of tanks	63
Tank size range	850 kilo litres to 12,000 kilolitres
Total storage capacity	247,500 kilo litres
BOT Operator	ETTPL

### Specifications of our Common user Coal Terminal:

Capacity	8 MMTPA
Quay Length	325 meters
Alongside Depth	-15 meters
BOT Operator	CICTPL

### Specifications of our Iron Ore Terminal:

Phase I	
Capacity (Phase I)	6 MMTPA
Quay Length	347 meters
Alongside Depth	-15 meters (Phase-I) / -18 meters (Phase-II)
BOT Operator	SIOTL

Specifications of our Automobile/General Cargo Berth:

Capacity	0.20 million cars plus 0.50 MMTPA general cargo & heavy lift
Quay Length	2,780 meters
Alongside Depth	-12 meters
Car Parking Yard	141,000 square meters can accommodate 10,000 mid-size cars at a time.

Breakwaters

Ennore Port is an artificial deep sea harbour and therefore enjoys a tranquil harbour. The two rubble mound type breakwaters with concrete capping, at the Port enables round the year operations. The Port has six berths of which two berths have been dedicated to handle thermal coal from TANGEDCO, one berth has been allotted for common user coal (operated by CICTPL), one berth to handle liquid cargo (operated by ETTPL), one berth to handle iron-ore (operated by SIOTL) and an automobile/general cargo berth. The following are the specifications of the breakwaters:

South Breakwater	1,070 meters
North Breakwater	3,080 meters
Type of Breakwater	Rubble mound with concrete capping; North Breakwater has been armoured with accropodes. South Breakwater has been armoured with natural rocks.

Entrance Channel

The dredged entrance channel outside the breakwaters provides straight access to ships. The following are the specifications of the entrance channel:

Length	3,775 meters
Width	250 meters
Depth	-16 meters
Width at entrance	300 meters

Turning Basin

The turning basin allows access for the vessels to turn and enter the respective terminals. The following are the specifications of the turning basin:

Diameter	600 meters
Depth	-15.5 meters

Marine Facilities

We provide marine services for berthing and unberthing vessels of dry bulk, liquid bulk, automobile units and project cargo. Additionally we provide port utilities such as power, water and other infrastructure facilities, 24 hour navigation services and ancillary facilities, such as fire fighting system. The navigational aids are owned by the Company however the maintenance of the navigational aids is outsourced.

Port User Facilities

Ennore Port has facilities for Port users, such as stevedoring agents, survey companies, truck drivers and custom house agents, who visit and work at our Port for short periods of time. These include commercial facilities that cater to the Port users' intermediary requirements such as a customs office.

#### Signal Station

The Port has a signal station that operates round the clock and controls and co-ordinates for safe berthing, shifting and un-berthing of vessels. The signal station carries out monitoring and surveillance of the marine activities and is the control centre of marine operations. Some of the equipments that the signal station is equipped with are; RADAR, Automatic Identification System, VHF sets, walkie talkies, Binoculars, communication system, megaphone, barometer, psychrometer and anemometer. The Company owns the signal station however operations and maintenance is outsourced. We are upgrading our communication and tracking equipment system to Vessel Traffic Management ("VTM") system under a directive from the MoS, GoI. Tenders have been invited towards procuring and installing an integrated VTMS.

#### Navigation Facilities

Aids to Navigation assist in guiding the vessels for safe navigation to and from the Port. Since our Port is an all weather port and has round the clock pilotage movements, we have installed two leading light towers in the centre line of the navigational channel to guide vessels in and out of the Port. Presently the Port has five channel buoys on either side of the channel and one fairway buoy for navigational purpose. Additionally, the Port has installed two break water lights at the end of the break waters and a dolphin light at one of the coal berth to enable safe navigation.

#### Tugs, Pilotage and Mooring

The Port is equipped with three tugs of 40 tonne bollard pull to carry out pilotage and shipping movements for the berthing and unberthing of vessels at the Port. The tugs have steerable rudder and aqua master propulsion system. Additionally, the Port has two pilot launches and three mooring launches for assisting shipping movements. The Port has also engaged a mooring crew to carry out mooring and unmooring of vessels in the Port. The following are the list of marine crafts leased by the Company.

Tugs	3 Nos. (40 Tonne Bollard Pull)
Pilot Launches	2 Nos.
Mooring Launches	3 Nos.

#### Navigational Aids

Transit Light Towers	2 Nos.
Channel Buoys	6 Nos.
Fairway Buoy	1 No.
Signal station	For communication and regulation of ship movements

#### **Cargo Storage Facilities**

Separate cargo storage facilities exist on the premises of each BOT Operator. The Automobile/General Cargo Berth at the Port has a back-up area of 141,000 square meters with a car parking yard for 10,000 mid-size cars in addition to the transit parking area of 25,000 square meters behind the Automobile/General Cargo Berth.

#### **Power Facility**

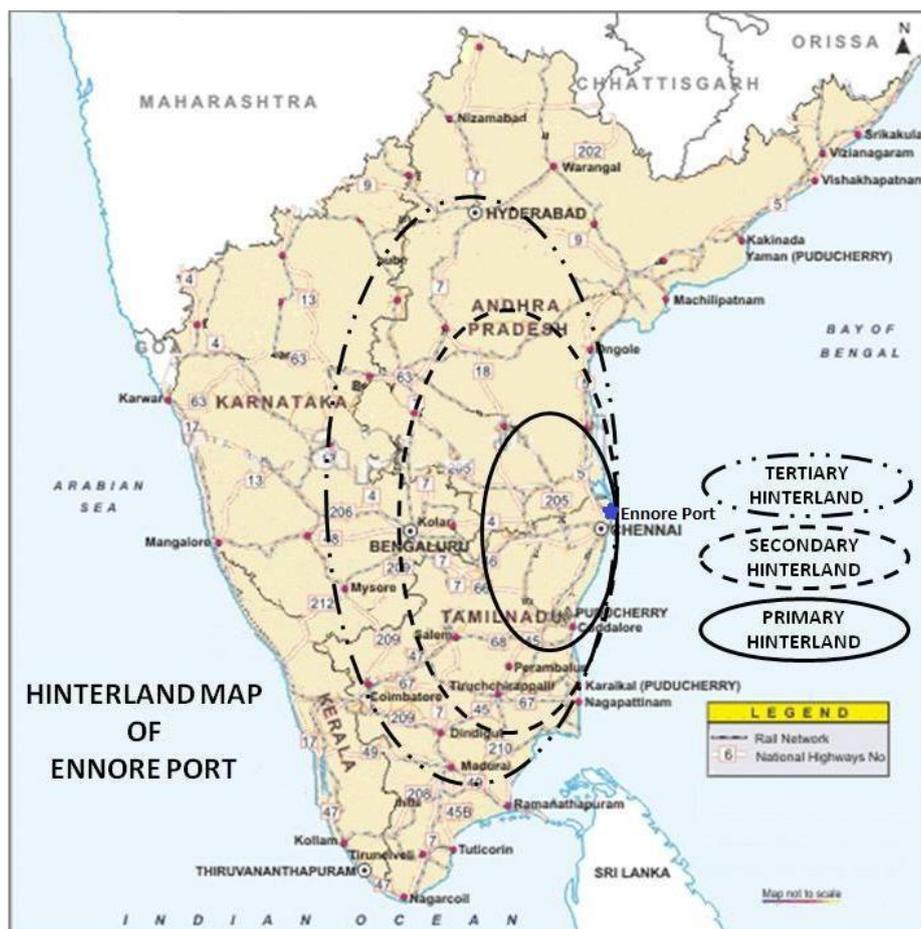
Presently 11 kilo volts power with maximum demand of 750 kilo volts ampere is drawn from TANGEDCO 33 kilo volts/11kilo volts substation through high tension under ground cable situated inside North Chennai Thermal Power Station. TANGEDCO has extended their power supply to the Port via 11 kilo volts ring main

grid with metering arrangement. Accordingly the Port receives 11 kilo volts power in the 11 kilo volts/433volt main sub-station installed near the Port implementation office building.

The main low tension panel housed in the sub-station area has outgoing feeders which feeds the low tension power to navigational equipments, passenger lift, air conditioners and lighting in the signal tower, coal wharf area lighting, finger jetty-1, 2 and 3 area lighting, high mast towers 3, 4, 5 & 6, the project implementation office building, pump room which caters water supply to the entire Port area comprising of two 15 kilo volts capacity motors and temporary power supply to various BOT Operators and various Port users.

A diesel generator with a capacity of 400 kilo volts ampere supplies power to a 400 kilo volts ampere diesel generator automatic main failure panel, housed in the same area and the outgoing of this panel also feeds the main low tension panel 03 to cater power in case of power failure to security area road lighting from west gate to north gate, road from west gate to the Automobile/General Cargo Berth, car parking yard lighting, general cargo berth lighting and navigational lights.

### Port Location



The Port is located 20 kilometres north of Chennai Port. The above map shows the location of Ennore Port and highlights the regions and states within India for which our Port handles most of its cargo as well as the rail and road connectivity.

Our Port is strategically located on the east coast which helps us to serve imports and exports to various international destinations. Some of the countries from where coal is imported through our Port are; Indonesia, Singapore, South Africa and the United States of America. LPG is imported from Kuwait and Qatar.

Our proximity to the city of Chennai has contributed to an increase in automobile cargo handled at our Port. Our Automobile/General Cargo Berth can accommodate a car carrier with a capacity of 8,000 cars. The Automobile/General Cargo Berth has a back-up area of 141,000 square meters, a car parking yard for 10,000 mid-size cars in addition to the transit parking area of 25,000 square meters behind the Automobile/General

Cargo Berth. Some of the countries to where automobiles are exported through our Port are; South Africa, United Kingdom, Spain, Italy, United Arab Emirates, and Mexico.

### **Our investments**

#### *Chennai Ennore Port Road Company Limited (“CEPRCL”)*

CEPRCL, a special purpose vehicle was formed in participation with NHAI, CHPT and Government of Tamil Nadu. CEPRCL was constituted to implement the Ennore-Manali Road Improvement Project (“EMRIP”). One of the components under the EMRIP was to make improvements to the existing two lane TPP Road to a four lane road. The Company’s initial equity contribution was ₹ 175.00 million. CEPRCL revised the cost estimate and the Company’s equity contribution was raised to ₹ 340.20 million. Till date the Company has made a contribution of ₹ 340 million. The project is under implementation and the expected date of completion is June, 2014.

#### *Sethusamudram Corporation Limited (“SCL”)*

The MoS, GoI vide letter No. PD 26014/1/2004- Sethu, decided to set up SCL, a special purpose vehicle to raise finance and undertake activities necessary to facilitate creation and operation of a navigable channel from Gulf of Mannar to Bay of Bengal through Palk Bay (the “Sethusamudram Ship Canal”).

The Company’s initial equity contribution was ₹ 300 million. The Government of India revised the cost estimate for the project and requested all stakeholders to increase their contribution. Accordingly the Company’s equity contribution was raised to ₹ 500 million. The project is a strategic investment made by the Company as the vessels coming from and to the west coast of India can have shorter access to our Port, thereby reducing travel and costs. Till date the Company has made a contribution of ₹ 300 million. The project has been temporarily suspended as the matter is sub-judice before the Supreme Court of India.

### **Future projects**

To meet the growing demand from our Captive User and growth in trade, Ennore Port has initiated action for developing the following terminals through captive/BOT basis:

#### *Additional coal berth allocation to TANGEDCO*

At present TANGEDCO is the only captive user at the Port and the Company has allocated two dedicated coal berths for their use. Considering the expansion of the existing thermal power plants of TANGEDCO and NTECL, a joint venture company formed by TANGEDCO and National Thermal Power Corporation (“NTPC”), TANGEDCO had requested the Company to establish two additional coal berths. The Board of our Company has approved the setting up of the coal berths in a phased manner. Accordingly, in the first phase of development a dedicated third coal berth has been approved for TANGEDCO. The proposed berth shall have a capacity of 9 MMTPA. The project has been awarded to ITD Cementation India Limited at a cost of ₹ 1,989.43 million pursuant to the Company’s work order dated December 30, 2013.

The Company is in the process of obtaining environmental clearance and approval from the MoS, GoI. The construction of the third coal berth is proposed to commence in 2014 and the expected time frame for completion is 2015-2016.

#### *Development of Liquefied Natural Gas (LNG) Import Terminal by IOCL*

Our Company is currently in discussions with IOCL for setting up a LNG terminal as a captive user with regasification facilities and had carried out a feasibility study in this regard. An ‘in-principle’ approval was granted by the MoS GoI in July, 2005. The proposed terminal would be used for LNG import, storage and regasification with an initial capacity of 5 MMTPA with expansion capabilities of up to 10 MMTPA. IOCL is in the process of obtaining environmental clearance from the Ministry of Environment and Forest (“MoEF”). The GoI granted approval to the Company for leasing land measuring 620,000 square meters to the joint venture to be led by IOCL, for setting up of the LNG terminal.

### Development of container terminal

Ennore Port had initiated action for rebidding in relation to the development of the container terminal (in two phases) with a capacity of 1.4 million TEUs (16.8 MTPA) through PPP mode at an estimated cost of ₹ 12,700 million on DBFOT basis. Post opening of the financial bids, the internal evaluation committee has scrutinized the evaluation report submitted by the project advisor and recommended awarding the project to the highest bidder viz., M/s. Adani Ports and Special Economic Zone Ltd, subject to the approval of the Board of Directors. If approved by the Board of Directors, a letter of award will be issued to the selected bidder, followed by signing of concession agreement within 30 days from the date of issue of letter of award.

### Development of Multipurpose Cargo Terminal of 2 MTPA

In order to cater to the export - import traffic of bulk and project cargo like turbine, generators, windmills, fertilizer, wooden logs, etc., the Company proposes to develop a multi purpose cargo terminal for handling dry, bulk and project cargos other than coal, iron ore, petroleum products and automobile units, on DBFOT basis at an estimated cost of ₹ 1,510 million. The project was approved by MoS, GoI on December 20, 2013. The project is to be implemented within a period of 24 months from the date of award. Bidding process is in progress, with the project scheduled to be awarded by the end of 2013-14, subject to approvals from competent authority.

### Capital Dredging Phase -II

In order to provide adequate draft for its BOT projects the Company has engaged in capital dredging projects. The second stage of capital dredging has been trifurcated into three phases. The second phase of development is ongoing and thereafter the Company proposes to implement the third phase of development.

The current infrastructure at the Port permits a maximum draft of 13.50 meters at all berths except the Automobile/General Cargo Berth where the maximum draft is restricted to 10.50 meters. Our Port has undertaken capital dredging activities of which Phase -I has been completed and the project is currently in Phase - II. Upon completion of the ongoing dredging work, the deep draft at the channel will be increased to a depth of (-)20 meters and this would allow new generation vessels such as Cape size vessels to access our Port. The total cost of the project for Phase - II envisaged at the time of award of the project was ₹ 1,709.90 million and the expected date of completion is March, 2014. An expert nominated by the Company is currently examining the following requests from the Dredging Corporation of India: (a) rate of ₹ 396/- per cu.m (4x99 tender rate per cu.m) for the removal of about 1.0 million cu.m of stiff clay; and (b) grant of extension of time up to March 31, 2014 with fuel escalation and without liquidated damages.

### **Competition**

The factors that drive competition in the port industry are; location of the ports, infrastructure, facilities and services offered by the port. Other key competitive factors include, among others, the number of berths, the size and quantity of equipment, and the efficiency of cargo handling and transportation. We compete primarily against Chennai Port, Krishnapatnam Port and Karaikal Port.

### **Human Resources**

The Port functions with a lean organization strength of around 101 officers and staff. The Port has basically the following four functional divisions:

- i. Operations,
- ii. Marine Services,
- iii. Finance, and
- iv. Human Resources & Administration.

We are led by experienced and highly qualified professionals some of whom have experience in the port sector in India and have worked in some of the major ports across India. Our management team has an established track record and knowledge in the port and shipping industry. We believe that our management's expertise in successful implementation of projects provides us with significant competitive advantages.

We had about 101 full-time employees which include officers and staff as on September 30, 2013. Our employees have a wide range of experience and skills, including in areas such as port planning, marine operations, stevedoring, logistics services and port information systems.

In order to keep a lean organisational structure, the Company has outsourced works and services to the maximum extent and this includes marine services. We also employ temporary contract workers. The number of contract workers vary from time to time based on the nature and extent of work at Ennore Port contracted to independent contractors. We enter into contracts with independent contractors to complete specified assignments. All contract workers engaged at Ennore Port are assured minimum wages notified by relevant authorities from time to time.

We believe that our employee relations are satisfactory and we have not experienced any industrial unrest, major strikes, lockouts or other disruptive labour disputes or work stoppages. Presently there are no employee unions at Ennore Port.

See “*Management*” beginning on page 85 of this Prospectus.

### **Corporate Social Responsibility (“CSR”)**

The Department of Public Enterprises from time to time issues CSR guidelines which the Company adheres to. The Company has over the years consciously and continuously endeavoured to contribute to community development and services. In order to achieve its vision the Company has taken up various activities particularly activities that contribute to the development of the villages located around the Port. With these objectives in mind we have engaged in the following corporate social responsibility initiatives, among several others;

- Development of educational and road infrastructure like school buildings, furniture and sanitary facilities in Kattupalli Village and Athipattu Village.
- Development of the approach road to Kattupalli Village roads and installation of street lights in the villages located near the Port.
- Provided computers, sports kits to school children
- Provided sewing machines and tricycles to the poor and needy people.
- Conducted free medical camps in Kattupalli Village
- Contributed to the employment of marginalised women in the nearby villages by providing them with employment by deploying them for housekeeping services through a women’s self help group.
- Engaged in costal clean up activities and beach nourishment.
- Medical infrastructure for primary health centre at Athipattu Village
- Financial support to Adyar Cancer Institute
- Provided transport facility (bus) to higher secondary schools of M/s. Sivananda Orphanage, Chennai
- Improvement works (sanitation works) at Annai Fathima Child Welfare Centre, Chennai
- Imparted skills training to the wards of fishermen through the Institute of Fisheries Technology, Ponneri
- Improvement of Village road from stackyard to Athipattu Railway station in Athipattu village
- Provided road from pump house of NCTPS to Nandiampakkam village
- Sponsored community health and educational services to NGO Udhavum Karangal, Chennai
- Provided cash award of ₹ 0.5 million to Selvi Prema, topper in All India Chartered Accountancy Exam 2013
- Promoted education by conducting programme on knowledge competition for children, youth and women through Mylai Thiruvalluvar Tamizh Sangam, a NGO
- Constructed a laboratory block (science and computer lab) in Government High School, Athipattu village, Ponnneri, Tamil Nadu

### **Sales and Marketing**

The Company has allocated two of its berths to TANGEDCO and three berths have been constructed and are operated by its BOT Operators who are responsible for marketing their respective terminals. The Company has entered into an agreement with NMPL for utilisation of its Automobile/General Cargo Berth, on a need based requirement with a minimum assured traffic of 60,000 cars each financial year. The Company has also entered into an agreement with Ford India Private Limited for export/ import of its automobile units through the Automobile/ General Cargo Berth

### **Tender Process**

Being a public sector undertaking, the Company follows the “lowest bidder wins” (L1) tender system for awarding work contracts. Under the tender process a tender processing committee is formed and the group commences preparation of the bid document with detailed scope of work, specifications and cost estimates for tendering. The Company has a detailed process and guidelines for issuing request for qualification, tender process, types of tender, submission of bids, opening of bids, guidelines for award of work and signing of the agreement. Based on the comparative statement, L1, L2, L3.... Ln shall be determined and the rates of L1 shall be examined in detail with reference to the estimated rates. If the L1 rates are reasonable the tender processing committee shall recommend the placement of order /appointment of the L1 party.

### **Safety, Risk Management and Internal Controls**

We are dedicated to the implementation of work safety measures and standards to ensure a safe working environment at the Port. The Company has a safety manual in place for employees of Port users as well as employees of the Company. The Company has a list of fundamental safety rules that has to be followed in the Port. Additionally the policy covers safety measures to be undertaken while handling bulk/break bulk cargoes, lifting equipment, fork-lift trucks, working on heights and transport operations. The Company also has first aid and fire safety measures in place. The Port has a fire station located within its premises with manning personnel deployed round the clock under the control of a fire officer. The fire station is equipped with a fire-cum-foam fender, fire hoses, nozzles and extinguishers. The Port carries out fire patrols and checks and also conducts periodical fire drills. The Port has an ambulance service with a driver for round the clock operation. The Company has a health, safety and security department that monitors and ensures compliance with the safety measures and applicable policies and regulations.

Our internal control systems can be categorised into two broad categories: internal controls in respect of expenditure and internal controls in respect of receipts. All expenditures are categorized into plan (capital), non-plan (capital) and revenue expenditure. Each proposal for expenditure has to be approved in-principle by the competent authority as per the delegation of powers. After in-principle approval, each proposal is sent to finance department of the Company for financial concurrence. After financial concurrence, the proposal is presented to the competent authority for final sanction. The approved proposal is processed for tendering as per works procedure and a successful vendor for purchase of material (or) execution of works / service contract is finalized and accordingly work order / supply order is issued. The finance department pre-audits such bills/invoices and verifies whether it is bonafide and confirms with the terms and condition of the contract / work order / supply order and releases the payment after deducting statutory deductions. Revenue receipts are generally categorized for collection and accounting of revenue vessel related, cargo related and other miscellaneous charges.

### **Technology and IT Systems**

The Company has implemented the Port Operation Management System (“POMS”) developed by the National Informatics Centre. POMS enables port users such as shipping agents for registration of ship certificates, voyage registration and berth request through the Port Connectivity System (“PCS”) developed by the Indian Ports Association. By installing this system the Port can collect port charges through e-payment of PCS, exchange messages with customs and issue port clearance for vessels through PCS.

The Company implemented Phase - II of the Enterprise Resource Planning (“ERP”) system covering other activities like accounts, finance, human resource management and estate management. This procedure will ensure standardisation of business transactions and documentation and efficient procedure and process along with additional transparency. The marine and accounts department has full automation of revenue collection and paperless transaction in receipts, salary etc.

### **Insurance**

We are covered by Standard Fire and Special Perils Policy for any loss or damage that may occur to our buildings (administrative office, guest house, fire station, overhead tank and pump house), plant/machinery & accessories (radar and communication equipment), electrical installations and electrical appliances at administrative and guest house buildings, electrical facilities at all buildings, furniture fixtures and fittings at administrative and guest house buildings and non-stock items such as computers and cash in hand.

Notwithstanding our insurance coverage, damage to our Port, facilities, equipment, machinery, buildings or other properties as a result of occurrences such as fire, explosion, power loss, telecommunications failure, intentional unlawful act, human error or natural disaster or terrorism, or any decline in our business as a result of

any threat of war, outbreak of disease or epidemic could nevertheless have a material adverse effect on our financial condition and results of operations to the extent such occurrences disrupt the normal operation of our business. See ***“Risk Factors – We may not have adequate insurance to cover all losses we may incur in our business operations or otherwise”*** on page 11 of this Prospectus.

### **Properties**

The Company is in possession of 2,118.74 acres of land, on which our Port is located, acquired from TANGEDCO, TIDCO and Salt Department, Ministry of Commerce, GoI. However the land is not registered in the name of our Company. We are in the process of having these lands registered in our name. The Company has been in possession of the land for more than ten years although title change has not been effected and therefore mutation of records has not been achieved. We have requested the Government of Tamil Nadu to issue the alienation order. The process is ongoing. Further, the land procured from TIDCO contains 300 acres of land obtained from ‘patta’ owners pertaining to which there are certain claims for enhancement of compensation. See ***“Risk Factors – Significant land-related disputes could hamper our expansion and development activities”*** on page 11 of this Prospectus and ***“Risk Factors – Presently we do not hold legal title to the land on which the Port is located”*** on page 11 of this Prospectus.

Our Registered Office presently operates on leased premises and is located at P. T. Lee Chengalvaraya Naicker Maaligai, Ist Floor, No. 23, Rajaji Salai, Chennai - 600 001, Tamil Nadu. The office space covers an area of 5,040 square feet. Additionally, we have a Port office located at Administrative Building, Near NCTPS, Vallur (Post), Chennai 600 120.

### **Intellectual Property**

The Company has applied to the Trademark Registry, Chennai, Tamil Nadu for grant of registration of our logo under the Trade Marks Act, 1999.

## REGULATIONS AND POLICIES

*The following description is a summary of certain specific laws and regulations in India, which are applicable to the Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice.*

*Except as otherwise specified in this Prospectus, taxation statutes such as the Income Tax Act, 1961 and Central Sales Tax Act, 1956 and other miscellaneous laws apply to us as they do to any other Indian company. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.*

### **Port Related Regulations and Policies**

The port related regulations governing the Issuer and the Port are as follows:

#### ***The Indian Ports Act, 1908 (the “Ports Act”)***

The Ports Act consolidates the enactments relating to ports and port charges. Under the Ports Act, the government of India has the power to declare a port a ‘major’ port, with the remaining referred to as the ‘non-major’ ports. A ‘major’ port is regulated by the government of India through a port trust under the Major Port Trusts Act, 1963 (see next section below) except for Ennore Port which is incorporated as a company under the Companies Act 1956. A ‘non-major’ port is regulated by the relevant state government under the Ports Act through a state maritime board.

The Ports Act regulates the safety and conservation of ports as well as matters relating to the administration of port duties, pilotage and other charges. State Governments have been given power to make rules with respect to regulating the time, hours, speed, manner and conditions in which vessels may enter, leave or move in the port; berths, stations and anchorages to be occupied by vessels in a port; the anchoring, fastening, mooring and un-mooring of vessels in any such port; regulating the moving and warping of all vessels; removal or proper hanging or placing of anchors, spars and other things being in or attached to vessels etc. The Government of India can make rules for the prevention of danger arising to the public health by the spread of any infectious or contagious disease from vessels arriving at or sailing from any such port.

The Ports Act also lays down the rules for the safety of shipping and the conservation of ports. It also provides for port dues, fees and other charges. State governments in consultation with the state maritime boards can exempt and extend/ cancel the exemption to any vessel(s) from payment of port related dues. The state government can also vary the rates at which port dues are to be fixed. However, the rates should not exceed the amount authorized to be levied under the Ports Act. State governments are entitled to charge fees for pilotage, hauling, mooring, re-mooring, hooking and other services rendered to vessels. Failure to pay the above mentioned port dues and charges are punishable by a fine which may increase by up to five times the amount due and payable. Any other violation of the provisions of the Ports Act, depending on the gravity of the violation, is punishable with a fine which may amount to ₹ 1,000 or imprisonment of the responsible officer for up to six months, or both, and in some cases permission to carry out certain activities may be withdrawn.

#### ***Fixation of tariff***

Tariff Authority of Major Ports (“TAMP”) exercises its authority only on the Major Ports, which are covered by the Major Port Trust Act, 1963. This excludes around 200 Non-Major Ports which come within the jurisdiction of the respective State Governments. Ennore Port (which is a corporatized Major Port, set up under the Companies Act 1956) has been outside the scope of TAMP and hence fixes its own tariff.

#### ***The Draft Indian Ports Bill, 2011 (the “Indian Ports Bill”)***

The Indian Ports Bill proposes to update and consolidate the provisions of the existing Ports Act and Major Ports Act into a single legislation. It also proposes to make a provision for the constitution of port authorities for major ports in India to vest the control, administration and management of such ports in such authorities and for all matters connected thereto. The India Ports Bill was posted on the Ministry of Shipping website on 21 July 2011 and stakeholders were invited to give their comments on the Bill.

The Indian Ports Bill proposes various changes in the law including granting overriding powers to the government of India in respect of defining or altering port limits. Further, it will empower the government of India to, at its discretion, divest the ownership, control and management of a major port from the board of trustees to a company. It is divided into three parts which are further sub-divided into chapters and sections. While the Part A and Part C are applicable to all the ports i.e. ‘major’ and ‘non-major’ including the corporatized ports, the Part B of the Indian Ports Bill and its provisions are applicable only to the major Ports. However no provisions are applicable to any vessel belonging to or in the service of the central government or a state government or to any vessel of war belonging to any sovereign country, and used for the time being, only on government non-commercial services. The Indian Ports Bill enables appointment of a conservator for each port who shall act with the power to ensure the compliance of all the regulations relating to the operations of ports or affecting them and who is authorized to carry proceedings for offences and to levy penalties on the concerned offender. The amounts of penalties to be levied on the person found guilty of offence has also been increased in the Indian Ports Bill.

The provisions relating to the TAMP have been de-linked from the IPB 2011 and a separate statute, namely the Port Regulatory Authority Act, is proposed to be promulgated, a draft of which was released for public comments by the Ministry of Shipping in March 2011. This draft of the Port Regulatory Authority Bill, 2011 (the “**PRAB 2011**”), proposes to constitute the Major Ports Regulatory Authority (the “**MPRA**”) and State Ports Regulatory Authorities (the “**SPRAs**”). The MPRA is intended to succeed the TAMP. The current draft of the PRAB 2011 proposes that the MPRA and the SPRAs will, among other things: (1) regulate the charges for facilities and services provided at all ports including the ‘non-major ports’, which are not currently subject to such regulations; (2) monitor performance standards of port authorities and private operators; (3) advise the appropriate government on matters relating to the port sector; and (4) determine any disputes arising at ports.

#### ***Land Policy for Major Ports, 2010 (the “2010 Major Ports Land Policy”)***

The 2010 Major Ports Land Policy applies to all the ‘major’ ports in India. The 2010 Major Ports Land Policy has been issued by the government of India to ensure optimal utilisation of the land connected to ‘major’ ports. Under the 2010 Major Ports Land Policy, every ‘major’ port must have a ‘land use plan’ which accounts for all the land owned and/or managed by the ‘major’ port. Such plan has to be approved by the Trustee Board and any proposal for the revision of such plan has to be published on the website of the Trustee Board and finalised after considering the objections and suggestions received. The 2010 Major Ports Land Policy allows for the relevant land to be licensed or leased to third parties. Any such lease may extend to a period of 30 years, with prior approval by the Trustee Board. The land is usually leased through a competitive bidding process with a reserve price normally fixed at 6.00% of the market value, which is determined in accordance with information published by the state government or by reference to recent tenders for comparable land or as prescribed by the TAMP. The lessee may be allowed to transfer the lease on obtaining prior approval of the Trustee Board provided that the transferee undertakes the liabilities of the original lessee. In the event of a breach of provisions of the lease agreement, the port trust may impose a penalty on the lessee or cancel the lease depending on the magnitude of the breach. Further, in the case of unauthorised occupancy, the 2010 Major Ports Land Policy provides for the imposition of a fine which may reach an amount up to three times the lease rent due and payable. The way-leave permission for laying pipelines from jetties to the tank farms and outside the port area can be given on a temporary basis with the prior approval of Trustee Board and will not be a lease or a licence.

#### ***Policy Guidelines for Land Management by Major Ports, 2014 (the “2014 Major Ports Land Management Policy”)***

The 2014 Major Ports Land Management Policy applies to all the ‘major’ ports in India. It has been formulated to provide the necessary regulatory framework for land allotment and other port specific practices like waterfront charges/way-leave permissions etc. It is the endeavour of the policy guidelines to enable the ports to carry out leasing and licensing of port land in a transparent manner. Discretionary powers have been reduced and tender-cum-auction methodology has been prescribed as the dominant method of allotment. The thrust of the 2014 Major Ports Land Management Policy has been to maximize the realisation for ports by linking the value of the land resources with the prevailing market rates. Under the 2014 Major Ports Land Management Policy every major port shall have a land use plan covering all the land owned and/or managed by the port. Such plans shall be approved by the Board and a copy would be forwarded to the Government. Any proposal for revision of land use plan shall be finalized by the Trustee Board only after considering the objections and suggestions received from various stakeholders. Land can be allotted either on licence or lease basis as per the approved land use plan/zoning. Under the new policy guidelines, land can be allotted only through licensing in custom bond areas by inviting competitive bidding, while land outside custom bond areas can be leased through tender-cum-auction. There is also a provision to license land outside custom bond areas for port related

activities. The boards of respective ports can approve leasing of land for a period up to 30 years. For leasing of land beyond 30 years and up to 99 years, approval of the Government has to be obtained through the mechanism of empowered committee.

#### ***Policy for preventing Private Sector Monopoly in Major Ports, 2010 (the “Private Sector Monopoly Policy”)***

The Private Sector Monopoly Policy applies to all the ‘major’ ports in India. Under the terms of the Private Sector Monopoly Policy, where a single private terminal/berth operator in a port handles a specific type of cargo, the operator of that berth or its associates cannot bid for another terminal in the same port to handle the same cargo. For the purposes of the Private Sector Monopoly Policy an operator includes any consortium member of the bidder and its associates. The term ‘associate’ is defined as a person who is controlled by or is under common control with the applicant or consortium member. The term ‘control’ is defined as (1) ownership, directly or indirectly, of more than 50.00% of the voting shares with respect to a company or corporation; and (2) the power to direct management and policies with respect to a person which is not a company or corporation.

#### ***Customs Act, 1962 (the “Customs Act”)***

The Customs Act deals with the levy of customs duty, the power of the central government to prohibit import and export of certain goods and prevention and detection of illegally imported goods. Section 8 of the Customs Act empowers the Commissioner of Customs to approve proper places in any customs port or customs airport or coastal port for the unloading and loading of goods or for any class of goods. The Commissioner of Customs is also empowered to specify limits of any customs area. Section 45 of the Customs Act lays down that all imported goods unloaded in a customs area shall remain in the custody of the person approved by the Commissioner of Customs until they are cleared for home consumption or warehoused or transhipped. The custodian is required to keep a record of such goods and send a copy of the record to the designated officer. The custodian shall not permit the goods to be removed unless approved by the designated authority. The Customs Act further provides that if the goods are pilfered while in the custody of the custodian, then such custodian shall be liable to pay duty on such goods.

#### **Labour Laws**

India has extensive labour related legislation. Preliminary information on some of the labour laws that may be applicable, have been provided below. This list is incomplete and does not cover all provisions of the law specified nor covers other applicable labour laws.

#### ***Dock Workers (Safety, Health & Welfare) Act, 1986 (the “Dock Workers Welfare Act”)***

The Dock Workers Welfare Act, which is a common comprehensive law on safety and health of dock workers was framed and made applicable from April 15, 1987. Under the Dock Workers Welfare Act, a set of comprehensive regulations called the Dock Workers (Safety, Health and Welfare) Regulation 1990 was framed and brought into force with effect from March 18, 1990. The new Act and Regulations are in line with the ILO Convention 152 concerning safety and health in dock work. The Director General, Factory Advice and Labour Institutes (“**DGFAL**”) is the Chief Inspector of Dock Safety and administration of these dock safety statutes is carried out by the Ministry of Labour through DGFASIL, Mumbai. The appropriate government i.e. Central Government in respect of ‘major’ ports and State Governments in respect of ‘non-major’ ports are empowered to framed rules and regulations.

#### ***The Dock Workers (Regulation of Employment) Act, 1948 (the “Dock Workers Act”)***

This Dock Workers Act regulates the employment of dock workers. It provides that a scheme may provide for the registration of dock workers and employers to ensure greater regularity of employment. Such a scheme may provide for the following:

- Classes of dock workers and employers to be covered under the scheme;
- Obligations of dock workers and employers; and
- Regulation of the employment of dock workers (whether registered or not) including their remuneration and working hours.

The scheme may also provide for penalty and/or imprisonment in case of contravention of any provision of the scheme. The Dock Workers Act also provides for the establishment of a board responsible for administering the

scheme for the ports for which it has been established.

#### ***Employees State Insurance Act, 1948 (the “ESI Act”)***

The ESI Act provides for certain benefits to employees in case of sickness, maternity and employment injury. Employees drawing wages up to a certain limit in establishments covered by the ESI Act are required to be insured. The ESI Act imposes an obligation imposed on the employer to make certain contributions in relation thereto. In addition, the employer is also required to register himself under the ESI Act and maintain prescribed records and registers in addition to filing of forms with the concerned authorities.

#### ***Payment of Gratuity Act, 1972 (the “POG Act”)***

The POG Act provides for payment of gratuity to employees employed in factories, shops and establishments who have put in a continuous service of five years, in the event of their superannuation, retirement, resignation, death or disablement. Under the POG Act, an employer is obliged for a maximum gratuity payout of ₹ 1 million for an employee.

#### ***Employees Provident Fund and Miscellaneous Provisions Act, 1952 (the “EPF Act”)***

The EPF Act provides for the institution of compulsory Provident Fund, Pension Fund and Deposit Linked Insurance Funds for the benefit of eligible employees in factories and establishments as may be specified. A liability is placed on the employer and employee to make certain contributions to the funds mentioned above after obtaining the necessary registrations.

#### ***The Maternity Benefits Act, 1961***

The purpose of the Maternity Benefits Act, 1961 is to regulate the employment of pregnant women and to ensure that they get paid leave for a specified period during and after their pregnancy. It provides, among other things, for paid leave of 12 weeks, payment of maternity benefits and enacts prohibitions on dismissal, reduction of wages paid to pregnant women. The Maternity Benefit Act, 1961 was amended in 2008 to provide the pregnant woman medical bonus of rupees three thousand five hundred, if no pre-natal confinement and post-natal care is provided for by the employer free of charge.

#### ***The Industrial Employment (Standing Orders) Act, 1946***

The Industrial Employment (Standing Orders) Act, 1946 requires employers in industrial establishments, which employ 100 or more workmen to define with sufficient precision the conditions of employment of workmen employed and to make them known to such workmen. The employers are required to register the draft standing orders proposed by them.

#### ***The Minimum Wages Act, 1948 (the “MWA”)***

Under the MWA every employer is mandated to pay not less than the minimum wages to all employees engaged to do any work whether skilled, unskilled, manual or clerical (including out-workers) in any employment listed in the schedule to the MWA, in respect of which minimum rates of wages have been fixed or revised under the MWA. The Central and the State Governments stipulate minimum wages, calculated based on the basic requirement of food, clothing and housing required by an average Indian adult.

#### ***Contract Labour (Regulation and Abolition) Act, 1970 (the “CLRA”)***

The CLRA was enacted to regulate the employment of contract labour in certain establishments and to provide for its abolition in certain cases. The CLRA applies to every establishment in which 20 or more workmen are employed or were employed in the preceding 12 months and to every contractor who employs or employed any day during the last 12 months, more than 20 workmen. These establishments are required to be registered as principal employer. The CLRA provides for the establishment of canteens, restrooms, provision for drinking water and on failure on part of the contractor to provide such facility the principal employer is responsible to make provision for the same. The contravention of the provisions of the CLRA shall be punishable with imprisonment up to three months or fine up to one thousand rupees or both.

#### ***Employees Compensation Act, 1923***

On December 1, 2009, the Indian Parliament passed the Workmen’s Compensation Amendment Bill, 2009,

which proposed to expand the scope of the Workmen's Compensation Act beyond companies with at least 20 employees and to include clerical staff, raise monetary compensation payable in the event of death or permanent disability, and introduce reimbursement for treatment of injuries sustained in course of employment. The Workmen's Compensation (Amendment) Act, 2009 was notified on December 23, 2009 by which the said Act will be called Employees Compensation Act, 1923. The said Act as amended requires an employer to pay compensation for personal injury or death due to such personal injury caused by accident during employment, except in certain cases for instance where such workman was at the time of injury under the influence of drugs or alcohol, or wilfully disobeyed safety rules.

#### ***Payment of Bonus Act, 1965***

The Payment of Bonus Act, 1965 ("**Bonus Act**") is applicable on every establishment employing 20 or more employees. The Bonus Act provides for payment of bonus irrespective of profit and makes payment of minimum bonus compulsory to those employees who draw a salary or wage up to ₹ 10,000 per month and have worked for a minimum period of 30 days in a year. It further requires for the maintenance of certain books and registers and submission of annual return within 30 days of payment of the bonus to the Inspector.

#### ***The Building & Other Construction Workers (Regulation of Employment and working Conditions) Act, 1996***

The Building & Other Construction of Workers (Regulation of Employment and Conditions of Service) Act, 1996 is applicable to every establishment which employs, or had employed on any day of the preceding twelve months, fifty or more workers in any building or other construction work. It is requires for registration of establishments employment construction workers and appointment of registering officers, registering building workers as beneficiaries and provision for their indentity cards, provision for temporary living accommodation, fixing hours for normal working days, weekly paid rest days, wages for overtime, provision of basic welfare amenities like drinking water, latrines and urinals, cretches, first-aid, canteen etc, for building workers, provision for temporary living accommodation to all building workers within or near for work site, making adequate provisions for safety and health measures for construction workers including appointment of safety committees and safety officers and compulsory notification of accidents. It further requires for maintenance of such books and registers giving particulars of inter alia, building workers employed, the work performed by them, the number of hours of work which shall constitute a normal working days, a day of rest in every period of seven days which shall be allowed to them, wages paid to them and the receipts given by them.

#### ***The Building & Other Construction Worker's Welfare Cess Act, 1996***

The Building & Other Construction Worker's Welfare Cess Act, 1996 was enacted to provide for the levy and collection of a cess on the cost of construction incurred by employers with a view to augmenting the resources of the Building and Other Construction Workers' Welfare Boards constituted under the Construction Workers Act. It is further requires for submission of return to the authority within the prescribed time frame.

### **Environmental Legislations**

#### ***Environment (Protection) Act, 1986 (the "EPA")***

The EPA vests with the Government of India, the power to take any measure it deems necessary or expedient for protecting and improving the quality of the environment and preventing and controlling environmental pollution, including the power to prescribe standards for emission of environmental pollutants or hazardous substances, inspection of any premises, plant, equipment or machinery, and examination of manufacturing processes and materials likely to cause pollution. There are also provisions with respect to furnishing of information to the authorities in certain cases, establishment of environment laboratories and appointment of Government analysts.

The three major statutes in India which seek to regulate and protect the environment against pollution related activities in India are the Water (Prevention and Control of Pollution) Act 1974, the Air (Prevention and Control of Pollution) Act, 1981 and the EPA. Pollution Control Boards ("**PCBs**"), which are vested with diverse powers to deal with water and air pollution, have been set up in each state to control and prevent pollution. The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking investigations to ensure that industries are functioning in compliance with the standards prescribed. All industries and factories are required to obtain consent orders from the PCBs, and these orders are required to be renewed annually.

#### ***Water (Prevention and Control of Pollution) Act, 1974 (the "Water Act")***

The Water Act was enacted to provide for the prevention and control of water pollution, and for the maintaining or restoring of wholesomeness of water in the country. The Water Act prohibits the use of any stream or well for disposal of polluting matter, in violation of standards set down by the State Pollution Control Board (“SPCB”). The Water Act also provides that the consent of the SPCB must be obtained prior to opening of any new outlets or discharges, which is likely to discharge sewage or effluent. The Act was amended in 1988. In addition, the Water (Prevention and Control of Pollution) Cess Act, 1977 was enacted to provide for the levy and collection of a cess on water consumed by persons operating and carrying on certain types of industrial activities. This cess is collected with a view to augment the resources of the Central Board and the State Boards for the prevention and control of water pollution constituted under the Water Act. The Act was last amended in 2003 and conferred power of Central Government to exempt the levy of water cess.

#### ***Air (Prevention and Control of Pollution) Act, 1981 (the “Air Act”)***

The Air Act under which any individual, industry or institution responsible for emitting smoke or gases by way of use as fuel or chemical reactions must obtain consent from the SPCB prior to commencing any industrial activity. The consent may contain conditions relating to specifications of pollution control equipment to be installed.

#### ***Hazardous Wastes (Management and Handling) Rules, 1989***

The Hazardous Wastes (Management and Handling) Rules, 1989 fixes the responsibility of the occupier and the operator of the facility that treats hazardous wastes to properly collect, treat, store or dispose the hazardous wastes without adverse effects on the environment. Moreover, they must take steps to ensure that persons working on the site are given adequate training and equipment for performing their work. When an accident occurs in a hazardous site or during transportation of hazardous wastes, then the SPCB has to be immediately alerted and the occupier will have to pay for remedial and restoration expenses.

#### ***Coastal Regulation Zone Notification, 1991***

The Central Government issued the Coastal Regulation Zone (“CRZ”) Notification, 1991 under Section 3(1) and Section 3(2)(v) of the EPA and Rule 5(3)(d) of the Environment (Protection) Rules 1986, for the purpose of conserving and protecting the coastal environment. By this CRZ Notification 1991 the Central Government has declared the coastal stretches of seas, bays, estuaries, creeks, rivers and backwaters which are influenced by tidal action up to 500 metres from the High Tide Line (“HTL”) and the land between the Low Tide Line (“LTL”) and the HTL as Coastal Regulation Zone; and certain restrictions on the setting up and expansion of industries, operations or processes, in the said notification. The CRZ Notification, 1991 provides a list of prohibited activities and regulates the permissible activities. Operational constructions for ports and harbours and light houses and constructions for activities such as jetties, wharves, quays and slipways, pipelines, conveying systems including transmission lines has been identified as an activity requiring environmental and CRZ clearance from the Ministry of Environment and Forest, Government of India. The CRZ Notification, 1991 further divides the coastal zone into four zones and lays down the activities that can be undertaken in each area.

#### ***Coastal Regulation Zone Notification, 2011***

The Minister of State for Environment & Forests announced the CRZ Notification, 2011 on January 6, 2011. The CRZ Notification, 2011 codified 25 amendments that were made to CRZ Notification 1991 between 1991 and 2009. The CRZ Notification, 2011 has several new features, such as:

- Clear procedures for obtaining CRZ approval with time-lines have been stipulated along with post-clearance monitoring and enforcement mechanisms.
- Water area up to 12 nautical miles in the sea and the entire water area of a tidal water body such as creek, river, estuary, etc would now be included in the CRZ areas, without imposing any restrictions of fishing activities.
- The “no development zone” is being reduced from 200 metres from the high-tide line to 100 metres only to meet increased demands of housing of fishing and other traditional coastal communities.
- The concept of a Coastal Zone Management Plan (CZMP), to be prepared with the fullest involvement and participation of local communities, has been introduced.

## HISTORY AND CERTAIN CORPORATE MATTERS

The Company was incorporated on October 11, 1999 as a public limited company under the Companies Act 1956 pursuant to receipt of a certificate of incorporation from the RoC and received a certificate for commencement of business on March 8, 2002. The Company is the first major corporatized port in the country and 12th major port in India. The GoI incorporated the Company as a satellite port to the Chennai Port which was subsequently developed into a major independent port. For more information on the Company's business activities and investments, see "**Business**" on page 58 of this Prospectus.

### Changes in Registered Office

Our Registered Office is currently situated at P.T. Lee Chengalvaraya Naicker Maaligai, Ist Floor, No.23, Rajaji Salai, Chennai - 600 001, Tamil Nadu, India. Our registered office was initially situated at Rajaji Salai, Chennai Port Trust, Chennai 600 002, Tamil Nadu, India. The table below encapsulates changes in our registered office since our incorporation.

Date of change	Change in address of the Registered Office
15th December 2001	No.15, Kasturirangan Road, Alwarpet, Chennai – 600 018, Tamil Nadu
1st July 2006	P.T. Lee Chengalvaraya Naicker Maaligai, Ist Floor, No.23, Rajaji Salai, Chennai - 600 001, Tamil Nadu

### Main objects of the Company:

Our main objects, as contained in Clause III A of our Memorandum of Association, are:

*“To acquire, promote, develop, undertake, design, engineer, procure, finance, construct, complete, establish, equip, operate, provide, maintain, augment, modernize and upgrade in India or elsewhere, any existing or proposed port and all port related works, services and facilities including but not limited to acquisition, assumption, takeover, completion, performance, discharge as the case may be, of all or any of the assets including water front, land, buildings, works in progress, building materials, raw materials, liabilities, obligations, contracts, rights tangible and intangible, relating to infrastructure, superstructure, equipment, facilities and services of Ennore Port in the State of Tamil Nadu under construction; operation and maintenance of the said port; construction, installation or provision of any additional works, equipment, facilities and services in the said port, by itself or through management, joint venture, build operate and transfer or other contracts or arrangements and to perform all port related functions including conservancy, navigation, health, safety, regulatory and other functions as are permitted or required by or under any law.”*

The main objects clause and the objects incidental or ancillary to the main objects of our Memorandum of Association enable us to undertake our existing activities and the activities for which the funds are being raised through the Issue.

### Subsidiaries

As on the date of this Prospectus, the Company does not have any subsidiaries.

### Investment in Special Purpose Vehicles

#### Chennai Ennore Port Road Company Limited

CEPRCL, a special purpose vehicle was formed in participation with NHAI, CHPT and Government of Tamil Nadu. CEPRCL was constituted to implement the EMRIP. One of the components under the EMRIP was to make improvements to the existing two lane TPP Road to a four lane road. The Company's initial equity contribution was ₹ 175.00 million. CEPRCL revised the cost estimate and the Company's equity contribution was raised to ₹ 340.20 million. Till date the Company has made a contribution of ₹ 340 million. Further, as on date, the Company has been allotted shares to the extent of ₹ 137.5 million only. The project is under implementation and the expected date of completion is June, 2014.

#### Sethusamudram Corporation Limited

The MoS, GoI vide letter No. PD 26014/1/2004- Sethu, decided to set up SCL, a special purpose vehicle to raise finance and undertake activities necessary to facilitate creation and operation of a navigable channel from Gulf of Mannar to Bay of Bengal through Palk Bay (the "Sethusamudram Ship Canal").

The Company's initial equity contribution was ₹ 300 million. The Government of India revised the cost estimate for the project and requested all stakeholders to increase their contribution. Accordingly the Company's equity contribution was raised to ₹ 500 million. The project is a strategic investment made by the Company as the vessels coming from and to the west coast of India can have shorter access to our Port, thereby reducing travel and costs. Till date the Company has made a contribution of ₹ 300 million. The project has been temporarily suspended as the matter is sub-judice before the Supreme Court of India.

#### Ennore SEZ Company Limited

The Company has also paid advance of ₹ 0.25 million towards share application money on February 1, 2005 to Ennore SEZ Company Limited, a special purpose vehicle formed for implementing the Ennore SEZ project. However no shares have been allotted to the Company as on date.

### **Material Agreements**

#### Memorandum of Understanding with Chennai Port Trust

MoU between the Company and CHPT dated March 30, 2002 whereby CHPT handed over the Port along with all assets and liabilities, rights and licenses to the Company according to the directions of the GoI and laid down the amounts owed by the Company to the GoI and CHPT by way of debt and equity.

#### License Agreement with SICAL Iron Ore Terminal Limited

Licence Agreement dated September 23, 2006 between the Company and SITOL, granting SITOL the licence to design, engineer, finance, construct, operate, maintain, market and transfer an iron ore terminal at Ennore Port in consideration of SITOL agreeing to pay the revenue share and other applicable payments as per the Licence Agreement. The licence granted to SITOL includes the right to implement the project and provide project facilities at the cost and expense of SITOL within the licensed premises at Ennore Port for a period of 30 years.

#### License Agreement with Ennore Tank Terminal Private Limited

Licence Agreement dated November 10, 2004 between the Company and ETTPL, granting ETTPL the licence to design, engineer, finance, construct, operate, maintain, market and transfer a common user marine liquid terminal with all back up facilities and equipment at Ennore Port in consideration of ETTPL agreeing to pay the revenue share and other applicable payments as per the Licence Agreement. The licence granted to ETTPL includes the right to implement the project and provide project facilities at the cost and expense of ETTPL within the licensed premises at Ennore Port for a period of 30 years. The Licence Agreement provides for a minimum assured revenue.

#### License Agreement with Chettinad International Coal Terminal Private Limited

Licence Agreement dated September 14, 2006 between the Company and CICTPL, granting CICTPL the licence to design, engineer, finance, construct, operate, maintain, market and transfer a common user coal terminal at Ennore Port in consideration of CICTPL agreeing to pay the revenue share and other applicable payments as per the Licence Agreement. The licence granted to CICTPL includes the right to implement the project and provide project facilities at the cost and expense of CICTPL within the licensed premises at Ennore Port for a period of 30 years. The Licence Agreement provides for a minimum assured revenue.

#### Letter Agreement with Tamil Nadu Generation and Distribution Corporation Limited

A composite tariff, comprising of vessel related charges and cargo related charges, is paid by TANGEDCO to the Company. The composite tariff of ₹ 143.37 per tonne for bulk thermal coal handling was revised to ₹ 178.92 per tonne confirmed by TANGEDCO vide their letter dated June 27, 2013. The revised composite tariff is effective on ships berthing at the Port between 06.00 hours of July 1, 2013 to 06.00 hours on July 1, 2016.

#### Agreement with Nissan Motors India Private Limited (NMIPL)

The Company has entered into a agreement with NMIPL on July 20, 2013 for utilisation of its automobile/general cargo berth, on a need based requirement with a minimum assured traffic of 60,000 cars for each financial year. The agreement is valid until December 31, 2022, unless terminated by either parties giving three months prior notice.

Agreement with Ford India Private Limited

The Company has entered into a agreement with Ford India Private Limited on Janaury 21, 2014 for utilisation of its Automobile/General Cargo Berth for a period of 10 years and 3 months commencing from January 1, 2014 to March 31, 2024, unless terminated by either parties giving three months prior notice.

## MANAGEMENT

### Board of Directors

As per the Articles of Association, the number of directors shall not be less than three and not more than 12 excluding the debenture and alternate directors (if any). Presently, there are seven directors on our Board consisting of two executive directors including one Chairman cum Managing Director and one Director (Operations) and five non-executive directors including two government nominee and three independent directors. The appointment, as well as terms and conditions of employment of whole-time directors including the Chairman-cum-Managing Director are also approved by GoI.

The following table sets out details regarding the Board, as at the date of this Prospectus:

Name, Designation, DIN, Age, Nationality and Director of the Company Since	Address	Other Directorships
<b>Mr. M.A. Bhaskarachar</b> <b>Designation:</b> Chairman-cum-Managing Director <b>Director on the Board Since:</b> December 21, 2012 <b>DIN:</b> 02250459 <b>Nationality:</b> Indian <b>Age:</b> 56 years	B-6, Chennai Port Trust Officers Quarters, Near Napier Bridge, Chennai 600 009	Sethusamudram Corporation Limited
<b>Mr. N. Muruganandam</b> <b>Designation:</b> Government Nominee Director <b>Director on the Board Since:</b> July 13, 2012 <b>DIN:</b> 00540135 <b>Nationality:</b> Indian <b>Age:</b> 46 years	D- II, 305, Vinay Marg, Chanakya Puri, New Delhi 110021.	Sethusamudram Corporation Limited Also the trustee of Chennai Port Trust
<b>Mr. Atulya Misra</b> <b>Designation:</b> Government Nominee Director <b>Director on the Board Since:</b> September 23, 2010 <b>DIN:</b> 02210369 <b>Nationality:</b> Indian <b>Age:</b> 48 years	Chennai Port Trust Quarters, Springhaven Road, Rajaji Salai, Chennai 600 001	Sethusamudram Corporation Limited Also the trustee of Chennai Port Trust
<b>Mr. S. Manoharan</b> <b>Designation:</b> Independent Director <b>Director on the Board Since:</b> February 26, 2011 <b>DIN:</b> 03521659 <b>Nationality:</b> Indian <b>Age:</b> 63 years	New No. 4, Thirumurugan Street, Kalakshetra Clolony, Chennai 600 090	KIOCL Limited
<b>Dr. S. Ram Mohan</b> <b>Designation:</b> Independent Director <b>Director on the Board Since:</b> February 26, 2011 <b>DIN:</b> 03462613 <b>Nationality:</b> Indian <b>Age:</b> 64 years	687, 46th Street, 9th Sector, KK Nagar West, Chennai 600 078	Hindustan Paper Corporation Limited
<b>Mr. A.R. Rao</b> <b>Designation:</b> Independent Director <b>Director on the Board Since:</b> Febraury 26, 2011 <b>DIN:</b> 03529192 <b>Nationality:</b> Indian <b>Age:</b> 64 years	F- 43, SBI Officers Flats, G Block, East of Kailash, New Delhi 110065, Delhi	Nil
<b>Mr. Sanjay Kumar</b> <b>Designation:</b> Director (Operations) <b>Director on the Board Since:</b> June 8, 2011 <b>DIN:</b> 03554919 <b>Nationality:</b> Indian <b>Age:</b> 50 years	Flat No.1, First Floor, The Grace Apartments, Crescent Avenue, Kesava Perumal Puram, Chennai- 600 041.	Chennai Ennore Port Road Company Limited

None of the Directors are on the RBI defaulter list and/or the Export Credit Guarantee Corporation default list.

### Brief Profiles

#### Mr. M.A. Bhaskarachar

Mr. M. A. Bhaskarachar, aged 56 years, is the Chairman-cum-Managing Director (CMD) of the Company since December 21, 2012. He holds a Bachelor's degree in Commerce, a Masters degree in Business Administration and is a fellow member of The Institute of Cost Accountants of India. He has varied experience in the field of finance, administration, project evaluation and management, streamlining procedures, preparation of

memorandums of understanding and agreements, port planning and management, vigilance administration, human resource development, drafting of policies, implementation of e-governance and innovative technologies to improve efficiency.

Prior to joining the Company, he was working as Deputy Chairman, Kandla Port Trust for more than four years since October 30, 2008. He has worked as Chairman-in-charge of Kandla Port for more than 2 months intermittently. He also served as Deputy Chairman of Kolkata Port Trust for more than 4 years, Deputy Chairman of New Mangalore Port Trust for 2 years and 9 months and Chief Vigilance Officer for about 5 years in two major ports as additional charge. He has visited international ports in Netherlands, Belgium, France, United Kingdom, Singapore, Germany and Japan and also attended various international seminars on port management at Netherlands, Dubai and Germany.

#### **Mr. N. Muruganandam**

Mr. N. Muruganandam, aged 46 years, is an Ex-Officio Government Nominee Director of the Company since July 13, 2012. He holds a Bachelor's degree in Engineering (Computer Science) from the College of Engineering, Guindy and also a Post Graduate Diploma in Management from the Indian Institute of Management (IIM), Ahmedabad. He joined the administrative service in 1991, Tamil Nadu cadre. During his 22 years as a Civil Servant, he held various positions at the Centre and the State. He served as Managing Director of Poompuhar Shipping Corporation Limited from 1996 to 1998. He also served as Director in the Ministry of Environment and Forests and Joint Secretary in the Ministry of Rural Development of the GoI. At present, he is working as Joint Secretary (Ports) in MoS since June 2012. He is also a Government Nominee Director of Sethusamudram Corporation Limited.

#### **Mr. Atulya Misra**

Mr. Atulya Misra, aged 48 years, is an Ex-Officio Government Nominee Director of our Company since September 23, 2010. He holds a Master's degree in Science, certificate in (i) Public Private Partnership from Institute of Development Studies, Sussex, UK, (ii) Marijuana Policy Project from Texas, USA & TERI University, New Delhi and (iii) 'Ship for World Youth' from United Nations University, Tokyo. He belongs to the 1988 batch of Indian Administrative Service (IAS), Tamil Nadu cadre and has been in the Civil Services for about 25 years. He is presently the Chairman of Chennai Port Trust and acting Chairman-cum-Managing Director of Sethusamudram Corporation Limited (additional charge).

Prior to joining Chennai Port Trust, he has served as the Secretary to Transport Department, Government of Tamil Nadu. He has also served as the Commissioner of Sugar and Chairman and Managing Director of Tamil Nadu Sugar Corporation Limited, Chairman and Managing Director of Perambalur Sugar Mills Limited, Member Secretary, Sports Development Authority of Tamil Nadu, Additional Secretary to Government of Tamil Nadu, Adi Dravidar and Tribal Welfare Department, Director of GoI, Ministry of Youth Affairs & Sports, New Delhi, Private Secretary to Minister for Health & Family Welfare, Coal and Railways, GoI, Joint Commissioner, Prohibition & Excise Department, Chennai, Additional Director, Rural Development, Chennai, General Manager, Tamil Nadu Cooperative Milk Producers Federation, Chennai, Chief Executive Officer, Nadippisai Pulavar K.R.Ramasami Co-operative Sugar Mills Limited, Additional Sub Collector, Padmanabhapuram, Assistant Collector (Training), Salem. He has participated in the World Health Assembly, Geneva, Common Wealth Games, Manchester, World Mining Conference, Las Vegas, World T. B. Conference, Amsterdam, Sports Administrators Conference, Kuala Lumpur, International Conference on "Meeting the challenges of Sugar Crops and Integrated Industries in Developing Countries" at Al Arish, Egypt, Seminar on "Port Sector in India" at Singapore, Vessel Traffic Management System Programme at Norway and the United States Trade and Development Agency's (USTDA) reverse trade mission to ports in Baltimore, San Diego and Los Angeles.

#### **Mr. S. Manoharan**

Mr. S. Manoharan, aged 63 years, is a part-time non-official Independent Director of the Company since February 26, 2011. He holds two post graduate degree i.e. Master degree of Science from Annamalai University and the University of Madras. He also holds a Master's degree of Arts in International Development Studies from the University of Bradford in the United Kingdom. He belongs to the 1975 batch of Indian Administrative Service (IAS), Assam-Meghalaya cadre and had been in the Civil Services for about 35 years till his superannuation on May 31, 2010.

During his tenure in the Civil Services, he held important assignments in the State Government of Assam and

the GoI. Under the Government of Assam, he has done several field assignments such as Deputy Commissioner of two districts and Divisional Commissioner of two divisions. He has served as Commissioner and Secretary, Health and Family Welfare, Election in addition to some other assignments. Moreover, he has served as Joint Chief Controller of Imports and Exports under the Ministry of Commerce, Joint Secretary in the Ministry of Steel and Additional Secretary and Special Secretary in the Ministry of Water Resources in the GoI.

He attended various training programmes, inter alia, on human resource development, international trade, financial management, information technology in government, e-governance and its benefits, infrastructure development and institutional financing, World Trade Organization and the new trade regime and administrative law. He visited more than 20 countries during his Civil Services tenure and participated in a large number of international conferences as the leader of the Indian delegation representing the country.

#### **Dr. S. Ram Mohan**

Dr. S. Ram Mohan, aged 64 years, is a part-time Non-official Independent Director of our Company since February 26, 2011. He holds a Bachelor's Degree in Science (Mathematics) from Madras University. He joined the Indian Railway Accounts Service through Indian Administrative Services examinations 1973. He holds Master's Degrees in Arts in the field of Economics and Defence & Strategic Studies from Madras University, a Master's degree in Arts (Sanskrit) from Mysore University, a Master's degree in Arts (Tamil) from Annamalai University, a Ph.D (Strategic Studies - Finance) from Madras University, Master of Business Administration (Management), Advanced Diploma (Spanish) from Central Institute of English and Foreign Languages (CIEFL) University, Advanced Diploma (Finance) from Indira Gandhi National Open University University (IGNOU), Bachelor of General Law (Law) from Annamalai University. He held various key positions in the Railway Board including Financial Advisor & Chief Account Officer in various railways and retired as Additional Member of Finance, Railway Board in 2009. He has 35 years of experience in the field of financial and accounting management, planning and policy formulation, wages fixation and methodologies, project finance and management, information technology, costing methodologies and analysis, budgeting and expenditure management, Human Resources Management. He was awarded 'Best Performance Medal' in The Lal Bahadur Sastri National Academy of Administration, Mussorie for outstanding performance among all Indian Administrative Service Exam trainers, a Gold Medal for Best Performance in the professional course of Indian Railway Account Service at Railway Staff College, Baroda in 1974, conferred with the prestigious "Fellowship Award" for 2003 by Computer Society of India, conferred with the award "Expert in Eastern Knowledge" in July 2006 by the World Association for Vedic Studies (WAVES) Organisation, USA at Houston, Texas and 'Saraswati Puraskar' in 2012 by Itihas Samiti. He has delivered lectures, inter alia, on management ideology, philosophy and science in various international forums. He is On the board of governance of Mahatma Gandhi International University, Wadha.

#### **Mr. A.R. Rao**

Mr. A.R. Rao, aged 64 years, is a part-time Non-official Independent Director of our Company since February 26, 2011. He holds a Bachelor's Degree in Science (Civil Engineering), a Post Graduate Diploma in Business Administration, a certificate in Fluvial Transport, a certificate in Port Management and Operations. He retired as Development Advisor (Ports) under the MoS, GoI. He has 38 years experience in water transport sector including ports, harbours and inland water transport. He was responsible for various developments in Major Ports of India including River Regulatory Measures for Haldia Estuary and for indentifying the location of 15 fishing harbours both in east coast and west coast of India along with site investigations like both topographic & hydrographic surveys, soil investigations, preparation of feasibility reports, preparation of detailed drawings after detailed structure design, for designing of deep drafted ports in Andaman & Nicobar islands, for setting up Inland Waterways Authority of India, declaration of national waterways like Brahmaputra, West Coast Canal, development and management of waterways in India. He was the Chairman of Technical Advisory Committee of Haldia Port for river regulatory measures, Official Trustee in the Ports of Kandla, Visakhapatnam and Chennai for consequent terms, Director of Dredging Corporation of India Limited, A governing body member of Central Water and Power Research Station, Pune, National Institute of Ocean Technology, Chennai, and Indian National Centre for Ocean Information Services, Hyderabad, a member of Costal Protection and Development Advisory Committee under Ministry of Water Resources, Co-Chairman of Cooperative Commission of Permanent International Association for Navigational Congress (PIANC), headquartered in Brussels, Belgium. He had participated in various activities/conferences organized by PIANC and presented papers on Inland Waterborne Transport in the Smart Rivers '20 at Vienna, Austria. He has also prepared papers on 'Application of Network – The Career Techniques in Civil Engineering Projects' and 'Exporation and Management of Inland Water Transport of India & Planning of Ports and Harbours including Fishing Harbours'.

## Mr. Sanjay Kumar

Mr. Sanjay Kumar, aged 50 years, is the Director (Operations) of our Company since June 8, 2011. He holds a Bachelor's degree in Physics from Bhagalpur University. He started his career in Central Services - Group 'A' in Government of India in Central Industrial Security Force (CISF) and has got vast experience of working at different levels in the infrastructure sector like ports, airports and oil companies.

As Director (Operations) of our Company, he acts as the head of the Operations at the Port and is responsible for Planning and Development of the Port, formulation and implementation of projects through the PPP model, commercial functions including coordination with BOT terminal operators, cargo accounting and marketing of berths and terminal. Prior to his taking over charge as Director (Operations) of the Company, he was working in the Company as General Manager (Corporate Planning & Human Resource)

### Relationship with other Directors

None of our Directors is related to one another.

### Borrowing Powers of our Directors

Pursuant to a resolution passed by the shareholders of the Company on August 29, 2011 and in accordance with the provisions of the Companies Act and the AoA of the Company, the Board is authorised to borrow sums of money on such terms and conditions and for such purposes as the Board may think fit, not exceeding, at any given time, a sum of ₹ 15,000 million.

The aggregate value of the Bonds offered under this Prospectus, together with the existing borrowings of the Company, is within the approved borrowing limits of ₹ 15,000 million.

### Shareholding of Directors

Our Articles of Association do not require our Directors to hold qualifying shares in the Company. The details of equity shares held by the Directors of the Company are as under:

S. No.	Name of the Directors	No. of shares held
1	Shri M. A. Bhaskarachar, CMD	1*
2	Shri Sanjay Kumar, Director (O)	1*

\* Beneficial interest of the said share was held by the President of India acting through the MoS, GoI

For more information, see "*Capital Structure*" on page 40 of this Prospectus.

### Remuneration of the Directors

#### A. Whole Time Directors

The following table sets forth the remuneration paid to the whole-time Directors during Fiscal 2013:

Name	Remuneration and Other Allowances	Perquisites	Performance linked incentive/ PRP	Total
Mr. S. Velumani, Chairman-cum-Managing Director upto November 30, 2012*	2.27	-	2.01	4.28
Mr. M. A. Bhaskarachar, Chairman-cum-Managing Director from December 21, 2012	0.60	-	-	0.60
Mr. Sanjay Kumar, Director (Operations) from June 8, 2011	2.23	-	0.46	2.69

\* Mr. S. Velumani ceased to be the Chairman-cum-Managing Director on December 1, 2012

#### B. Part-Time Non-Official Directors

No sitting fees is paid to our whole-time Directors. All our part-time non-official Directors are entitled to sitting fees of ₹ 3,000 per meeting of the Board and a committee thereof, which was increased to ₹ 10,000 from March 2013. The following table sets forth the sitting fees paid to our Directors during Fiscal 2013:

(in ₹)

Name of Director	Sitting Fees for Board Meeting	Sitting fees for Committee Meeting	Total
Mr. S. Manoharan	28,000	1,27,000	1,55,000
Dr. S. Ram Mohan	12,000	12,000	24,000
Mr. A.R. Rao	22,000	19,000	41,000

### Changes in our Board in during the last three years

The changes in our Board in the last three years preceding this Prospectus are as follows:

Name, DIN and Designation	Date of Appointment	Date of Cessation	Reason
Mr. M. A. Bhaskarachar DIN: 02250459 Designation: Chairman-cum-Managing Director	December 21, 2012	Continuing	Appointment pursuant to a notification by the Ministry of Shipping, Government of India.
Mr. S. Velumani DIN: 00605200 Designation: Chairman-cum-Managing Director	July 30, 2006	December 1, 2012	Cessation pursuant to superannuation
Mr. N. Muruganandam DIN: 00540135 Designation: Government Nominee Director	July 13, 2012	Continuing	Appointment pursuant to a notification by the Ministry of Shipping, Government of India
Mr. Rakesh Srivastava DIN: 00321459 Designation: Government Nominee Director	June 29, 2006	June 1, 2012	Cessation pursuant to a notification by the Ministry of Shipping, Government of India
Capt. D.K. Mohanty DIN: 01513863 Designation: Director (Marine Services)	May 1, 2007	November 29, 2011	Cessation pursuant to a notification by the Ministry of Shipping, Government of India
Mr. Sanjay Kumar DIN: 03554919 Designation: Director (Operations)	June 8, 2011	Continuing	Appointment pursuant to a notification by the Ministry of Shipping, Government of India
Mr. C. Damodaran DIN: 02192409 Designation: Director (Operations)	May 9, 2008	April 30, 2011	Cessation pursuant to a notification by the Ministry of Shipping, Government of India
Mr. S. Manoharan DIN: 03521659 Designation: Independent Director	February 26, 2011	Continuing	Appointment pursuant to a notification by the Ministry of Shipping, Government of India
Mr. A.R. Rao DIN: 03529192 Designation: Independent Director	February 26, 2011	Continuing	Appointment pursuant to a notification by the Ministry of Shipping, Government of India
Dr. S. Ram Mohan DIN: 03462613 Designation: Independent Director	February 26, 2011	Continuing	Appointment pursuant to a notification by the Ministry of Shipping, Government of India
Shri Atulya Misra DIN: 02210369 Designation: Government Nominee Director	September 23, 2010	Continuing	Appointment of Director pursuant to a notification by the MoS, GoI

### Interests of our Directors

All our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof, as well as to the extent of other remuneration and reimbursement of expenses payable to them.

Our Directors may also be regarded as interested to the extent they, their relatives or the entities in which they are interested as directors, members, partners or trustees, are allotted Bonds pursuant to the Issue, if any.

Except as otherwise stated in “*Annexure A - Financial Information – Related Party Transactions*”, the Company has not entered into any contract, agreement or arrangement during the two years preceding the date of this Prospectus, in which the Directors are interested directly or indirectly and no payments have been made to them in respect of such contracts, agreements or arrangements.

### Corporate Governance

Our Company is a Central Public Sector Undertaking Company functioning under the Ministry of Shipping, GoI. The Guidelines on Corporate Governance for Central Public Sector Enterprises dated May 14, 2010 issued by the Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises (the “**DPE Guidelines**”) lay down certain corporate governance norms to be adhered to by all central public sector enterprises. Our Company, as on date of this Prospectus, is in compliance with the DPE Guidelines with respect to corporate governance.

Our Company has constituted an Audit Committee in accordance with Section 292A of the Companies Act 1956 and the DPE Guidelines and a Remuneraton Committee, Risk Management Committee, Board level committee on CSR and Sustainability and a Board level Committee on Research and Development in accordance with the DPE Guidelines.

### **Committees of Board of Directors**

Our Board has constituted, among others, the following committees of Directors: (A) Audit Committee; (B) Remuneration Committee; (C) Organizational Restructuring Committee; (D) Risk Management Committee; (E) Share Allotment and Share Transfer Committee; (F) Bond Transfer and Bondholders' Grievance Committee; (G) Board level Committee on CSR and Sustainability; (H) Board level Committee on Research and Development; and (I) Bond Issue Committee. The details of these committees are set forth below:

#### **A. Audit committee**

The audit committee was constituted pursuant to a resolution of our Board dated September 5, 2002. As on date, the Audit Committee comprises of the following members:

1. Dr. S. Ram Mohan, Chairman
2. Mr. S. Manoharan, Member
3. Mr. A.R. Rao, Member
4. Mr. Sanjay Kumar, Member

#### ***Scope and terms of reference***

The role and terms of reference of audit committee are in line with the requirements of Section 292A of the Companies Act 1956 and in accordance with the DPE Guidelines. The terms of reference of the audit committee include the following:

- (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.

The Audit Committee met 4 times in Fiscal 2013.

#### **B. Remuneration Committee**

The remuneration committee was constituted pursuant to a resolution of our Board dated February 7, 2009. As on date, the Remuneration Committee comprises of the following members:

- 1. Mr. A. R. Rao, Chairman
- 2. Mr. S. Manoharan, Member
- 3. Dr. S. Ram Mohan, Member
- 4. Mr. Sanjay Kumar, Member

##### ***Scope and terms of reference***

The appointment of Directors and payment of their remuneration are decided by the MoS. However, in line with the requirement under the DPE Guidelines for implementation of revised pay scales, the Company has constituted a remuneration committee. The functions of the remuneration committee include deciding the quantum of performance related pay (PRP) within the prescribed limits as notified by DPE across the whole-time Directors, executives and non-unionized supervisors.

The Remuneration Committee has not met in Fiscal 2013.

In addition, the Board constitutes committees from time to time for delegating specific powers of the Board that are recurring of nature and relate to routine matters.

#### **C. Organizational Restructuring Committee**

The Organizational Restructuring Committee was constituted by the Board of Directors in its meeting held on March 1, 2013. As on date, the Organizational Restructuring Committee comprises of the following members:

- 1. Mr. A. R. Rao, Member
- 2. Mr. S. Manoharan, Member
- 3. Dr. S. Ram Mohan, Member

The Organizational Restructuring Committee was constituted to study the functioning of vertical divisions of the Company and to suggest the restructuring of the functional vertical divisions.

The Organizational Restructuring Committee met once in Fiscal 2013.

#### **D. Risk Management Committee**

The Risk Management Committee was constituted by the Board of Directors in its meeting held on November 18, 2013. As on date, the Risk Management Committee comprises of the following members:

1. Mr. M. A. Bhaskarachar, Chairman
2. Dr. S. Ram Mohan, Member
3. Mr. Sanjay Kumar, Member

**Terms of reference**

1. To identify the risk being faced by the Company under its own projects, captive projects and PPP-BOT projects:
  - a. Project Risk
  - b. Operational Risk
  - c. Marketing Risk
  - d. Security Risk
  - e. Safety and Environmental Risk
2. To identify the financial risk being faced by the Company, mainly on the following:
  - a. Interest rate risk
  - b. Currency fluctuations
  - c. Market Risk(Capital and Money Market)
3. Risk determination and Ranking
4. Risk mitigation measures

**E. Share Allotment and Share Transfer Committee**

The Share Allotment and Share Transfer Committee was constituted by the Board of Directors in its meeting held on March 30, 2002. As on date, the Share Allotment and Share Transfer Committee comprises of the following members:

1. Mr. M. A. Bhaskarachar, Member
2. Mr. N. Muruganandam, Member
3. Mr. Sanjay Kumar, Member

**F. Bond Transfer and Bondholders' Grievance Committee**

The Bond Transfer and Bondholder's Grievance Committee was constituted by the Board of Directors on September 26, 2013. As on date, the Bond Transfer and Bondholder's Grievance Committee comprises of the following members:

1. Mr. M. A. Bhaskarachar, Member
2. Mr. Sanjay Kumar, Member

**G. Board Level Committee on CSR and Sustainability**

The Board level Committee on CSR and Sustainability was constituted by the Board of Directors on May 29, 2013. As on date, the Board Level Committee on CSR and Sustainability comprises of the following members:

1. Shri S Manoharan, Chairman
2. Shri A.R.Rao, Member

3. Shri Sanjay Kumar, Member

#### H. Board Level Committee on Research and Development

The Board level Committee on Reserach & Development was constituted by the Board of Directors on December 13, 2013. As on date, the Board Level Committee on Reserach & Development comprises of the following members:

1. Shri A. R. Rao, Chairman
2. Shri S. Manoharan, Member
3. Shri Sanjay Kumar, Member

#### I. Bond Issue Committee

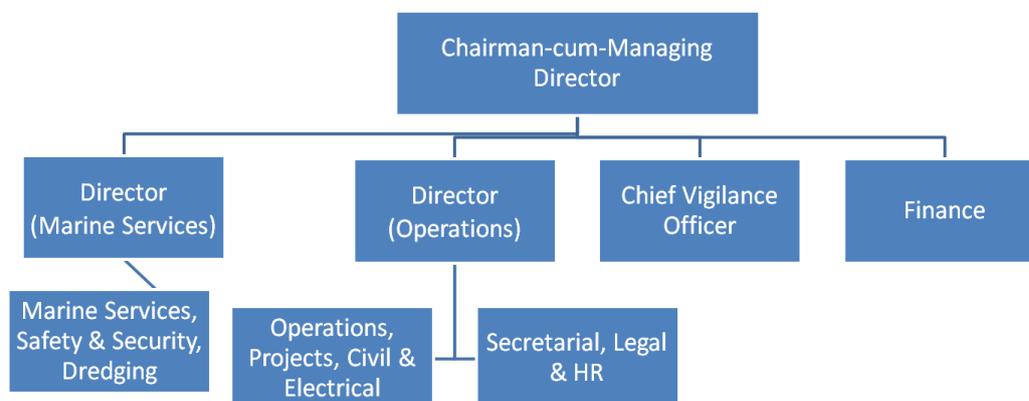
The Bond Issue Committee was constituted by the Board of Directors in its meeting held on August 23, 2013 for finalization of this Prospectus, including the detailed terms and conditions, for the Issue of Bonds in Fiscal 2014.

The current composition of the Bond Committee of the Board of Directors is as under:

1. Shri M. A. Bhaskarachar, Member
2. Shri Sanjay Kumar, Member

#### Organization chart

The Company's management organization structure is set forth below:



#### Key Managerial Personnel

All our key managerial personnel are permanent employees of the Company and none of them is related to each other or to any Director of the Company.

##### Mr. M. Gunasekaran

Mr. M. Gunasekaran, aged 51 years, is the General Manager (Finance) of our Company since February 23, 2010. He holds a Master Degree in Commerce from Loyola College, Madras University, Chennai. He is an Associate Member of the Institute of Cost Accountants of India and an Associate Member of the Institute of Company Secretaries of India.

As General Manager (Finance) of our Company, he acts as the head of the finance and accounts functions and responsible for corporate planning, budget and costing, Management Information Systems (MIS) report, corporate accounts and audit, taxation, treasury management and internal control and internal audit. Prior to his taking over charge as General Manager (Finance) of our Company, he was holding various key positions in the

Company since 2001. He has 27 years of experience in the field of finance, accounts and secretarial in both public and private sector companies.

### **Mr. R. Senthil Kumar**

Mr. R. Senthil Kumar, aged 46 years, is a General Manager (Operations) of our Company, who is responsible for the Port operations and mainly co-ordinating between railways and the Company for rail connectivity projects. He joined the Company on deputation basis from July 2008. He holds Masters degree in Science (Agriculture) from Tamil Nadu Agriculture University and is an IRTS Officer of Civil Services, 1994 batch.

During the period of Civil Service, he had held important assignments as Head of Operation Department, Madurai Division, Southern Railway, Head of Commercial Department, Chennai Division, Southern Railway, Deputy Chief Commercial Manager and Deputy Chief Operation Manager, SR Head Quarters.

### **Capt. Arun Kumar Gupta**

Capt. Arun Kumar Gupta, aged 53 years, is General Manager (Marine Services) of our Company since December 31, 2010. He holds a Bachelor Degree in Arts and having professional qualification of Master (Foreign Going) issued by Mercantile Marine Department, Government of India. Prior to his taking over charge as General Manager (Marine Services), he served in Tuticorin Port Trust (presently V. O. Chidambaranar Port Trust) and Visakhapatnam Port Trust for more than 11 years and contributed his rich experience not only in Marine Department but also extended these experiences to Traffic, Mechanical and Civil Departments etc.

As General Manager (Marine Services) of our Company, he acts as the head of the Marine Services Department which is responsible for marine services, ISPS compliances, pilotage & navigation, cargo handling at general cargo berth, survey and dredging, environmental management and pollution control, port reception facility and dock safety. Before joining the port sector, he has served on merchant ships for more than 19 years in various capacities including the highest position on merchant ships i.e. as Master (Captain) of a ship.

### **Mr. Sudarshan Pahi**

Mr. Sudarshan Pahi, aged 46 years, is the Company Secretary of our Company since January 4, 2012. He holds a Bachelor Degree in Commerce from Bhadrak College, Bhadrak, Utkal University, Orissa and a Bachelor Degree in Law from Utkal University, Orissa. He is a Fellow Member of the Institute of Company Secretaries of India and an Associate Member of the Chartered Secretary and Administration, London.

As Company Secretary of our Company, he acts as head of secretarial department of the Company. Prior to his taking over charge as Company Secretary of our Company, he was the company secretary in various companies since 2000. He has 15 years of experience in the secretarial and legal matters in both public and private sector companies.

### **Shareholding of key managerial personnel**

Details of equity shares held by the key managerial personnel as on December 31, 2013

S. No.	Name of shareholder	No. of Equity Shares held	No. of Equity Shares held in dematerialized form	Percentage of issued Equity Share capital	No. of Equity Shares pledged	Percentage of Equity Shares pledged
1.	Mr. M. A. Bhaskarachar	1*	0	Negligible	Nil	Nil
2.	Mr. Sanjay Kumar	1*	0	Negligible	Nil	Nil
3.	Mr. M. Gunasekaran	1*	0	Negligible	Nil	Nil

\* Beneficial interest of the said share was held by the President of India acting through the MoS, GoI

### **Changes in key managerial personnel during the last three years**

Name	Date of Appointment	Date of Cessation	Reason
Capt. Arun Kumar Gupta	December 31, 2010	-	Appointment

### **Interest of Key Managerial Personnel**

Except as stated in “*Annexure A - Financial Information – Related Party Transactions*”, and to the extent of remuneration or benefits to which they are entitled as per the terms of their appointment and reimbursement of

expenses incurred by them in the ordinary course of business, the Company's key managerial personnel do not have any other interest in the Company. The key managerial personnel may also be deemed to be interested in the Company to the extent they or any of their relatives are allotted Bonds pursuant to the Issue, if any.

**Payment or Benefit to Officers of the Company**

On retirement, our employees are entitled to superannuation benefits. No officer or other employee of the Company is entitled to any benefit on termination of employment in the Company, other than statutory benefits such as provident fund and gratuity in accordance with applicable laws.

## **PROMOTER**

Our Promoters are the President of India acting through the MoS and the Board of Trustees, Chennai Port Trust who currently hold 66.67% and 33.33% respectively of the paid-up equity share capital of the Company.

## STOCK MARKET DATA FOR OUR DEBENTURES

The stock market data for the tax free secured, redeemable, non-convertible bonds issued by our Company listed on BSE are set forth below. The tax free secured, redeemable, non-convertible bonds for which data is not stated are infrequently traded on BSE. The following tax free secured, redeemable, non-convertible bonds issued by our Company have been traded on WDM segment of BSE in the last three years / six months preceding the date of this Prospectus:

**Scrip Code: 961762**

**ISIN: INE363O07020**

**Maturity Date: March 25, 2023**

The high and low closing prices and associated volumes of tax free secured, redeemable, non-convertible bonds traded during last three (3) years recorded on BSE is as follows:

Calendar Year	High (₹)	Date of High	Volume on date of high (no. of shares)	Low (₹)	Date of Low	Volume on date of low (no. of shares)	Weighted Average Price (₹)
2013	950.00	19/08/2013	5	880.00	25/10/2013	5	915.00

\*The tax free secured, redeemable, non-convertible bonds of our Company are listed on BSE w.e.f April 2, 2013.

(Source: [www.bseindia.com](http://www.bseindia.com))

The high and low price, and associated volume of tax free secured, redeemable, non-convertible bonds traded during the last six (6) months on BSE is as follows:

Period	High (₹)	Date of High	Volume on date of high (no. of shares)	Low (₹)	Date of Low	Volume on date of low (no. of shares)	Weighted Average Price (₹)
January 2014#	-	-	-	-	-	-	-
December 2013#	-	-	-	-	-	-	-
November 2013#	-	-	-	-	-	-	-
October 2013	880.00	25/10/2013	5	880.00	25/10/2013	5	880.00
September 2013#	-	-	-	-	-	-	-
August 2013	950.00	19/08/2013	5	950.00	19/08/2013	5	950.00

#There has been no trading for this scrip code.

(Source: [www.bseindia.com](http://www.bseindia.com))

**Scrip Code: 961763**

**ISIN: INE363O07046**

**Maturity Date: March 25, 2028**

The high and low closing prices and associated volumes of tax free secured, redeemable, non-convertible bonds traded during last three (3) years recorded on BSE are as follows:

Calendar Year	High (₹)	Date of High	Volume on date of high (no. of shares)	Low (₹)	Date of Low	Volume on date of low (no. of shares)	Weighted Average Price (₹)
2013	972.00	27/05/2013	1000	972.00	27/05/2013	1000	972.00

\*The tax free secured, redeemable, non-convertible bonds of our Company are listed on BSE w.e.f April 2, 2013.

There has been no trading during the last 6 (six) months for this scrip code. (Source: [www.bseindia.com](http://www.bseindia.com))

## DESCRIPTION OF CERTAIN INDEBTEDNESS

Set forth below is a summary of the Company's significant outstanding secured and unsecured borrowings as at December 31, 2013. For more information, see "*Annexure A – Financial Information*".

1. Set forth below is a summary of our outstanding standalone borrowings as at December 31, 2013:

### A. Details of secured loan facilities

(₹ in million)

Sr. No.	Lenders Name	Type of facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Date / Schedule	Security
1.	Chennai Port Trust	Secured term loan	3,451.9	3,049.16	60 equal quarterly installments starting from June 2010 (being 1 <sup>st</sup> quarter)	Charge over immovable assets

### B. Details of non-convertible debentures

(₹ in million)

Sr. No.	Debenture series	Tenor/ period of maturity	Coupon	Principal Amount outstanding	Deemed date of allotment	Repayment Date / Schedule	Credit rating	Security
1.	Series 1	10 years from deemed date of allotment	7.01% to 7.51%.	82.93	March 26, 2013	10 years from deemed date of allotment	BWR AA+ (SO) (Outlook: Stable) CARE AA-CRISIL AA-/Stable	Charge over Company's assets located within the Port limits of Latitude 13° 17' 36" North and Longitude 80° 20' 51" East, along with the right to occupy and use the land over which the assets are situated.
2.	Series 2	10 years from deemed date of allotment	7.17% to 7.67%.	11.72	March 26, 2013	10 years from deemed date of allotment	BWR AA+ (SO) (Outlook: Stable) CARE AA-CRISIL AA-/Stable	

### 2. Servicing behaviour on existing debt securities, payment of due interest on due dates on term loans and debt securities

As at the date of this Prospectus, there has been no default in payment of principal or interest on any existing secured term loan undertaken by the Company or the Company's debt securities in the past five years. The Company has neither defaulted in repayment or redemption of any of its borrowings nor affected any kind of roll-over against any of its borrowings in the past, excepting mutual extension of moratorium period of term loan from Chennai Port Trust.

The Company does not have any outstanding unsecured loans, short term borrowings, corporate guarantees, commercial paper or hybrid debt as on December 31, 2013.

The Company confirms that it has not issued any debt securities or availed any borrowings for a consideration other than cash, whether in whole or in part, at a premium or discount or in pursuance of an option since inception.

Apart from the indebtedness mentioned above and in "*Annexure A - Financial Information*", the Company does not have any other borrowings.

## SECTION V – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION

*Except as described below, there are no outstanding litigations, suits or criminal or civil prosecutions, arbitration proceedings or tax liabilities against us, that would have a material adverse effect on our business and there are no defaults, non-payment or overdue of statutory dues, institutional/bank dues as of the date of this Prospectus.*

*No criminal prosecution has been launched against our Directors for alleged offences under the enactments specified in Part I of Schedule XIII to the Companies Act 1956. Further, neither the Company nor persons in control of the Company have been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force.*

We are involved in a number of legal proceedings, which are pending before various Courts, Tribunals and other Authorities. A summary of the same is provided hereunder:

*(amount in ₹ million)*

S. No.	Nature of the Claims/ Cases	No. of Claims/Cases	Aggregate amount under dispute (to the extent quantified) as on September 30, 2013
1.	Civil Proceedings	33*	1,191.43*
2.	Arbitration Proceedings	2	N.A.
3.	Miscellaneous Proceedings	2	N.A.
TOTAL			1,191.43

*\* Includes amounts under dispute in relation to two arbitral awards published on December 27, 2013. Aggregate amount under dispute in these proceedings is ₹ 19.67 million.*

The litigation involving the Company includes claims and counter claims filed by and against the Company that have arisen out of the various contracts entered into by the Company, CHPT and the respective contractors at the time of the construction of the Ennore Port; disputes arising in relation to claim for revenue share and disputes relating to claims for absorption of workmen into the Company. As of the date of this Prospectus, there are no criminal cases filed by or against the Company.

Details of the legal proceedings involving the Company disclosed as follows have been restricted to those claims wherein the amount involved is ₹ 50 million or higher. Provided below in a consolidated manner are all significant proceedings within the materiality threshold as aforementioned.

#### A. CLAIMS FILED AGAINST THE COMPANY

##### 1. Claims under the contract for consultancy services, Agreement bearing No. 58 of 1994, dated August 17, 1994.

CHPT had entered into a consultancy agreement with M/s. Haskoning B.V., wherein the latter was required to provide consultancy services and act as an engineer with respect to the works done under the contracts of CHPT entered into for the construction of the Ennore Port. The claims with respect to this contract are as follows:

- 1.1 M/s. Haskoning initiated arbitration proceedings against CHPT and our Company, disputing the recovery of deductions made by CHPT towards additional facilities availed over and above the facilities provided free of cost by CHPT under the consultancy contract. It is the claim of Haskoning that the agreement clearly set out the provisions relating to the payments to be made to Haskoning with a ceiling limit, with an understanding that the Haskoning would be provided assistance, facilities etc., free of charge by CHPT and on that understanding, Haskoning was using certain additional facilities provided to an engineer and including the costs of these facilities in the monthly bills payable to Haskoning. CHPT contended that though such facilities were included in the respective work contracts by Haskoning at the time of preparation of bid documents, CHPT vide its letter dated January 17, 1996 itself had informed Haskoning about the duplication of such facilities further informed them that the cost of such facilities would be debited to the respective items of the consultancy agreement. Relying on this action, CHPT vide its letter dated July 14, 1998, informed Haskoning that the additional facilities utilised by Haskoning would be recovered from their monthly running bills. As Haskoning was not agreeable to this deduction, the dispute was referred to arbitration. A counterclaim was filed by CHPT against Haskoning's Claim to recover the

alleged excess amounts already paid to Haskoning. The Arbitral Tribunal vide its award dated March 11, 2009, rejected the claim of Haskoning and further directed Haskoning to pay to CHPT/ our Company ₹ 0.58 million towards the amount claimed in the counterclaim with 12.00% interest from the date of the counter claim till actual date of payment.

- 1.2 M/s. Haskoning initiated arbitration proceedings against CHPT /our Company, for recovery of the consultancy fees for the extended period of contract i.e. from May 1999 to March 2001 along with interest. It is the claim of Haskoning that, when the project was not completed as per the agreement entered into, vide notes on discussion (NoD), the period was extended from May 1999 to March, 2001. Haskoning stated that they had been raising invoices to CHPT from time to time for the services rendered by them during the extended period but CHPT failed to pay the monthly payments, thereby committing breach of the consultancy agreement. Therefore, Haskoning referred the dispute to arbitration claiming ₹ 119.07 million, US\$ 161,429.56 and Dutch Guilders 3,583,600.20 as the amount remaining unpaid. Our Company filed a counterclaim of ₹ 503.98 million and US\$ 25,445 being the loss accrued to it due to the alleged failure of Haskoning to perform their obligations under the contract. The Arbitral Tribunal vide its award dated March 11, 2009 and rectification award dated April 7, 2009, rejected the counter claim of our Company and further directed our Company to pay to Haskoning a total of ₹ 78.58 million, US\$ 161,429.56 and Dutch Guilders 3,447,736.33, with 12.00% p.a. interest from May 20, 2002 till actual date of payment.
- 1.3 The awards passed under both these claims were to be set off against each other. The payment to be made to Haskoning was suspended in light of a CBI charge pending against Haskoning and vide Board meeting dated December 21, 2012, it was decided that the payment would be suspended until outcome of the case and the arbitral award be challenged before the High Court of Madras. In this regard, a condonation petition diary No. A 5157/2012 in Original Petition Diary No. 23372/2009 has been filed before High Court of Madras, which was allowed and Original Petition No.348 of 2013 is pending before the Hon'ble High of Madras.

## **2. Claims under the contract for rock quarrying and transportation, Agreement bearing No. 24 of 1996, dated June 6, 1996.**

CHPT entered into a contract for rock quarrying and transportation with M/s. Hindustan Construction Company Ltd. (“HCC”), wherein the works to be executed comprised of quarrying, transportation and stockpiling of various grades of rocks, to be then used by others in the constructions of breakwaters and coastal protection works in the vicinity of the Port site. The claims with respect to this contract are as follows:

- 2.1 HCC initiated arbitration proceedings against CHPT and our Company, with respect to a dispute relating to non-payment of certified bills. It is the claim of HCC that certain certified bills amounting to ₹ 53.40 million remained unpaid by CHPT/ our Company. To recover the same, HCC referred the dispute to the Dispute Review Board (DRB) which recommended that the payment be made to HCC. CHPT/our Company in turn stated that amount arrived at by HCC was erroneous and rejected the DRB’s recommendations. The dispute was subsequently referred to the Arbitral Tribunal, which vide its award dated June 10, 2009 and amended award dated August 24, 2009, held that there is no provision in the contract entered into for withholding of the certified payment and directed CHPT/our Company to pay to HCC ₹ 53.40 million and release the retention money to the tune of ₹ 1.61 million, with interest at 12.00% p.a. and future interest at 13.00% p.a., if the amounts remained unpaid after 90 days of the arbitral award (“**future interest**”). Our Company has filed an Original Petition bearing No. 284 of 2010 against HCC before the High Court of Madras, challenging the arbitral award, which is currently pending.
- 2.2 HCC filed a counterclaim against our Company’s claim for recovery of excess payments on operational delay filed by our Company against HCC. It is the claim of HCC that as per the agreement entered into by it, in case of any operational delay, our Company had to bear the liability to pay the necessary operational delay charges to HCC. HCC claimed an amount of ₹ 743.10 million as balance operational delay payments and escalation on operation delay ₹ 176.10 million to be paid to them. Our Company in turn claimed that an excess of ₹ 129.30 million was already paid to HCC and sought to recover the same. HCC and our Company therefore referred the dispute to arbitration. The Arbitral Tribunal clubbed both the claims of

HCC and our Company. The Arbitral Tribunal vide majority award dated September 4, 2007, directed our Company to pay to HCC an amount of ₹ 212.48 million towards balance overdue payment with simple and future interest at the rate of 10.00%. Our Company has filed an Original Petition bearing No. 964 of 2007 against HCC, before the High Court of Madras, challenging the arbitral award, which is currently pending.

- 2.3 In addition to the above, there are three more cases/claims relating to the said agreement which are currently pending before the High Court of Madras. Two out of the three cases/claims have been challenged before the High Court of Madras solely on the ground that the rate of interest levied was erroneous. Aggregate amount involved in the above three cases/claims is ₹ 7.72 million.
- 2.4 There is an additional claim relating to the said agreement, partly pending settlement with HCC with regard to the interest.

**3. Claims under the contract for construction of breakwater, agreement bearing No. 33 of 1997, dated August 22, 1997:**

CHPT had entered into a contract for the construction of breakwaters with M/s. HCC Van Oord Acz, a joint venture of Hindustan Construction Company Limited, India and Van Oord Acz, Netherlands, wherein the works to be executed comprised of construction of two rubble mound type breakwaters approximately to total length of 4 km in depths upto (-) 12 m CD partly with accropode armouring units. The rock required for construction of breakwaters was supplied under a different contract by CHPT. HCC Van Oord Acz was required to use the said rock for construction of breakwaters. The claims with respect to this contract are as follows:

- 3.1 HCC Van Oord Acz initiated arbitration proceedings against CHPT and our Company with respect to a dispute relating to the omission of compaction of backfill work by CHPT. It is the claim of HCC Van Oord Acz that as per the contract entered into by them, the soil to be replaced over the area on which breakwaters were to be constructed was to be compacted by vibro compaction method. However, during the course of the execution of the contract, CHPT omitted the work of compaction of backfill. As a result, HCC Van Oord Acz had incurred losses to the tune of ₹ 169.29 million. HCC Van Oord Acz referred the dispute to the Dispute Review Board (DRB) which recommended the payment of ₹ 67.50 million to be made to HCC Van Oord Acz. HCC Van Oord Acz rejected the DRB's recommendations and referred the dispute to arbitration. Vide award dated December 12, 2006, the tribunal directed our Company to pay to HCC Van Oord Acz ₹ 71.75 million plus escalation along with interest at 9.00% p.a. and future interest at 12.00% p.a. Our Company has filed an Original Petition bearing No. 694 of 2007 against HCC Van Oord Acz, before the High Court of Madras, challenging the arbitral award, which is currently pending.
- 3.2 HCC Van Oord Acz initiated proceedings against CHPT and our Company, with respect to a dispute relating to the additional costs incurred by it which weren't foreseeable at the time of submitting the tender for the contract. It is the claim of HCC Van Oord Acz that at the time of passing the rocks through the weighbridge, it was noticed that the density of the rock was different from that mentioned in the contract and subsequently accounted for in the bill of quantities. HCC Van Oord Acz submitted that, due to this density of the rock, additional costs to the tune of ₹ 100.74 million were incurred by it. The DRB recommended CHPT/ our Company to pay ₹ 47.53 million to HCC Van Oord Acz. As the dispute was not settled, HCC Van Oord Acz referred the matter to arbitration. The arbitral tribunal vide award dated October 21, 2004 directed our Company to pay HCC Van Oord Acz ₹ 17.58 million with interest at 12.00% p.a. and future interest at 15.00% p.a. Our Company filed an Original Petition bearing No. 258 of 2005 against HCC Van Oord Acz before the High Court of Madras. The High Court of Madras vide order dated August 1, 2008 set aside the arbitral award and passed an order in favour of our Company. HCC Van Oord Acz has filed an Original Side Appeal bearing. No. 320 of 2009, against our Company, before the Division Bench of the High Court of Madras, challenging order dated August 1, 2008, which is currently pending.
- 3.3 HCC Van Oord Acz initiated proceedings against CHPT and our Company, with respect to a dispute relating to the issuance of the 'Taking over Certificate' ("TOC") /Substantial

completion certificate for section 5 i.e. whole of works w.e.f. February 1, 2001 (as per the agreement). It is the claim of HCC Van Oord Acz that when they had given a notice for the issuance of the TOC to the engineer, the same was refused by the latter on the ground that substantial amount of work was incomplete. HCC Van Oord Acz submitted that the said work would be completed during the defect liability period, which was not acceptable to the engineer. HCC Van Oord Acz referred the dispute to DRB, which recommended CHPT/our Company to issue TOC for section 5 w.e.f. February 1, 2001 and release the retention money of ₹ 49.64 million and domestic preference securities of US\$ 4,558,849 with 18.00% interest. Our Company rejected DRB's recommendations and subsequently referred the dispute to the arbitration. The arbitral tribunal vide award dated January 1, 2005 directed our Company to issue TOC for section 5 works w.e.f. June 1, 2001, issue of defect liability certificate w.e.f. May 31, 2002, release of retention money of ₹ 25.88 million with simple interest 12.00% p.a. and future interest 15.00% p.a. Our Company filed an Original Petition bearing No. 325 of 2005 before the High Court of Madras for setting aside the arbitral tribunal's award, which was rejected, vide order dated August 14, 2009 modifying its earlier order dated July 13, 2009. Our Company filed an Original Side Appeal bearing No. 165 of 2010 before the Division Bench of High Court of Madras challenging interest part of the arbitral tribunal's award. The Division Bench of High Court vide its order dated June 18, 2010 reduced simple interest from 12.00% p.a. to 9.00% p.a., however, could not clarify the future interest. HCC Van Oord Acz has filed a review application bearing RA No. 113 of 2010 before the Division Bench of the High Court of Madras, which is currently pending.

- 3.4 HCC Van Oord Acz initiated arbitration proceedings against our Company with respect to a claim of bank guarantee charges. It is the claim of HCC Van Oord Acz that the bank guarantee submitted by it to our Company at the time of the contract was extended and kept alive by it even after the period which was contractually required. Therefore, HCC Van Oord Acz included the bank guarantee charges in its final bill, which was not accepted by the engineer. Therefore, HCC Van Oord Acz referred the dispute to arbitration. The arbitral tribunal vide award dated November 28, 2007, directed our Company to pay to HCC Van Oord Acz ₹ 21.03 million, US\$ 15,062 and EURO 14,003 with simple interest at 12.00% p.a., and future interest at 15.00% p.a. Our Company filed an Original Petition bearing No. 356 of 2010 against HCC Van Oord Acz before the High Court of Madras, challenging the arbitral award, which is currently pending.
- 3.5 HCC Van Oord Acz initiated arbitration proceedings against our Company, with respect to a dispute for refund of the sales tax paid by them to the Sales Tax Department. It is the claim of HCC Van Oord Acz that as per the pre bid minutes, it was clarified by CHPT that sales tax on the rocks supplied by them, if applicable, would be paid by CHPT. As sales tax was levied and HCC Van Oord Acz had paid the charges and the penalty therein to the Sales Tax Department, the same was sought to be reimbursed from CHPT, which was included in their final bill. Our Company rejected the claim contending that clarifications of the pre bid minutes does not form part of the contract agreement. HCC Van Oord Acz referred the dispute to arbitration. The arbitral tribunal vide its award dated April 26, 2009, directed our Company to pay to HCC Van Oord Acz ₹ 47.43 million with simple interest at the rate of 12.00% p.a. and future interest at 15.00% p.a. Our Company filed an Original Petition bearing No. 303 of 2010, challenging the award, which is currently pending before the High Court of Madras.
- 3.6 HCC Van Oord Acz initiated arbitration proceedings against our Company with respect to a dispute arising out of certain balance payments with respect to the bill of quantities for maintenance of contractor's site facilities and management, supervision and administrative under the contract. It is the claim of HCC Van Oord Acz that the figures mentioned in the bill of quantities were only estimates which were subject to variation according to the actual and correct quantities that had arisen. HCC Van Oord Acz contended that the contract had made provisions for these extra payments, which were to be paid until the end of the defect liability period and hence included in the final bill, but the same was rejected by the engineer. HCC Van Oord Acz therefore referred the dispute to arbitration. The arbitral tribunal vide its award dated June 5, 2009, directed our Company to pay to HCC Van Oord Acz ₹ 37.01 million with simple interest at 12.00% p.a. and future interest at 15.00% p.a. Our Company has filed an Original Petition bearing No. 444 of 2012, challenging the arbitral award, which is currently pending before the High Court of Madras.

- 3.7 HCC Van Oord Acz initiated arbitration proceedings against our Company, with respect to a dispute arising out of claim for additional costs incurred by them in connection with the increase in bulk density/variation in the gradation of rock in the our Company's stock piles from that foreseeable at time of tender. It is the claim of HCC Van Oord Acz that as per the contract, the rate for placement of rock includes the cost for transportation which has been estimated at ₹ 250 per MT and paid to them. HCC Van Oord Acz claims that during the execution of the works, increase in the density/variation in the gradation of rock was noticed, whereby they had to pay excess tonnage for rock to the tune of ₹ 216.79 million. As this claim was denied by our Company, the dispute was referred to arbitration. The arbitral tribunal vide its award dated March 31, 2011, directed our Company to pay to HCC Van Oord Acz ₹ 216.79 million with simple interest at 12.00% p.a. and future interest at 15.00% p.a. Our Company has filed a petition being Original Petition No. 214 of 2012, challenging the award, which is currently pending before the High Court of Madras.
- 3.8 HCC Van Oord Acz initiated arbitration proceedings against our Company, with respect to non-payment of monthly interim payment certificates certified by the engineer in respect of works executed. It is the claim of HCC Van Oord Acz that they were diligently executing the works under the contract and submitting the monthly interim payment certificates to the engineer for the payment. However, CHPT had withheld certain payments of certified monthly interim payment certificates which were due to them. CHPT in turn informed that as per the observation of the Comptroller and Auditor Generals ("CAG") during the audit, it was noticed that certain excess payments were being made to HCC Van Oord Acz, which were to be deducted from the certified monthly interim payment certificates, in order to recover the same, the payment of monthly interim payment certificates were withheld. The fact of excess payments was disputed by HCC Van Oord Acz and therefore they referred the dispute to arbitration. The arbitral tribunal vide its award dated May 22, 2008, directed our Company to pay HCC Van Oord Acz ₹ 234.61 million, US\$ 794, 043 and NLG/EURO 2,186,646, with simple interest at 12.00% p.a. and future interest at 15.00% p.a. Our Company had filed an Original Petition bearing No. 487 of 2008, before the High Court of Madras, challenging the arbitral tribunal's award. The High Court Madras vide its order dated August 14, 2009 dismissed our Company's appeal. Our Company filed an Original Side Appeal bearing No. 279 of 2010 before the Division Bench of High Court of Madras, challenging the High Court's order and to set aside the arbitral tribunal's award. The Division Bench of High Court of Madras vide its order dated September 20, 2013 upheld the arbitral tribunal's Award (including pre award interest at 12.00% p.a) with modification to the extent of the reduction in post award interest from 15.00% to 10.00%. Based on the opinion of the Solicitor General of India, our Company has filed a Special Leave Petition before the Supreme Court of India, challenging the Division Bench order with regard to the pre and post award interest rate and the same is pending.
- 3.9 HCC Van Oord Acz initiated arbitration proceedings against our Company with respect to a dispute relating to additional costs incurred in respect of the extra work of carrying out surveys at 2.5 m intervals and grabbing the C in toe/V notch beyond the requirement for contract specifications. It is the claim of HCC Van Oord Acz that as per the contract entered into by them, they had to place the rocks in such a manner as to form a V notch in the construction of the northern breakwaters. However, according to HCC Van Oord Acz, the requisite V notch could not be formed as per the provided profiles with dimension allowing tolerances provided in the Technical Specification in the contract and further claimed that in order ensure formation of the V notch, the engineer asked the HCC Van Oord Acz to conduct surveys at 2.5 m intervals against 10 m which was provided in the contract. It is therefore claimed by HCC Van Oord Acz that the additional work of conducting survey and grabbing the stones for the formation of the V notch were in variation of the contract and hence, sought to add this additional cost in the final bill, which was not certified by the engineer. Therefore, HCC Van Oord Acz referred the dispute to arbitration and claimed ₹ 15.55 million towards additional costs incurred for surveys conducted and ₹ 8.91 million towards additional costs for formation of V notch along with interest. The arbitral tribunal vide its award dated April 2, 2013, directed our Company to pay HCC Van Oord Acz ₹ 9.95 million towards direct cost with simple interest at 12.00% p.a. and future interest at 15.00% p.a. and ₹ 10.47 million towards indirect cost with future interest at 12.00% p.a. Our Company has filed an Original Petition bearing No.543 of 2013, challenging the award, which is currently pending before the

High Court of Madras.

- 3.10 In addition to the above, there are six more cases relating to the said agreement which are currently pending before the High Court of Madras. Two out of the six cases have been challenged before the High Court of Madras solely on the ground that the rate of interest levied was erroneous. With respect to one case out of the six cases, the rate of interest and the escalation amount of the arbitral award has been challenged before the High Court of Madras. Aggregate amount involved in the above six cases is ₹ 33.98 million.

**4. Claims under the contract for construction of coal wharf, Agreement bearing No. 34 of 1997 dated August 22, 1997**

CHPT had entered into a contract for construction and handling of coal wharfs and jetties with M/s. Afcons Infrastructure Limited (“M/s. Afcons”), wherein works to be executed related to the construction and handing over of the western wharf, approach bridge and west mooring dolphin and construction of the eastern wharf, three small craft jetties and completion of whole of the works. The claims with respect to this contract are as follows:

- 4.1 M/s. Afcons initiated arbitration proceedings against our Company, with respect to a dispute relating to the grant of extension of time and the levy of liquidated damages for construction of coal wharfs and small craft jetties at Ennore port. It is the claim of M/s. Afcons that during the execution of works certain delays took place, and therefore they sought extension of time from the engineer, which was granted by the engineer’s representative. M/s. Afcons states that, even though extension of time had been granted to them, our Company claimed ₹ 56.75 million as cost for liquidated damages against them for the damages incurred due to the delay. M/s. Afcons further claimed for the release of bank guarantees held by our Company and the cost for revalidation of the same for the extended period. Accordingly, M/s. Afcons referred the dispute to arbitration. The arbitral tribunal vide its award dated December 9, 2006, rejected our Company’s claim of liquidated damages amount and granted extension of time to Afcons. The arbitral tribunal further directed our Company to release the bank guarantees to M/s. Afcons along with revalidation charges for the extended period. Our Company filed an Original Petition bearing No. 272 of 2010, challenging the arbitral award, which is currently pending before the High Court of Madras.
- 4.2 M/s. Afcons initiated arbitration proceedings against our Company, with respect to a dispute relating to non payment of statement of completion, final statement and reimbursement of works contract tax to them. It is the claim of M/s. Afcons that even though the final bill had been submitted to the engineer and certified by him for payment, the same was still unpaid by our Company. Our Company in turn stated that all amounts to the tune of ₹ 16.26 million which was to be paid under the contract were paid by them. M/s. Afcons therefore referred the dispute to arbitration and claimed an amount of ₹ 19.04 million. The arbitral tribunal vide its award dated August 12, 2010, directed our Company to pay to M/s. Afcons an amount to the tune of ₹ 11.47 million with simple interest at 12.00% p.a. and future interest at 18.00% p.a. Our Company filed an Original Petition bearing No. 284 of 2011, challenging the award, which is pending before the High Court of Madras.
- 4.3 In addition to the above, there are six claims clubbed in to one case relating to the said agreement which are currently pending before the High Court of Madras. In the said case, the interest rate has been challenged before the High Court of Madras.
- 4.4 M/s. Afcons Infrastructure Limited initiated proceedings against our Company, with respect to additional costs incurred due to change in site condition. It is the claim of M/s. Afcons that during the execution of works it was noticed that 135 metres of road was not existing as shown in the tender documents and also that there was a hot water channel which had to be routed by some other agency before the commencement of the works. During the construction of the access roads, it was found that M/s. Afcons was unable to proceed with the filling due to the flow of the said hot water channel. M/s. Afcons claims that while continuing with its contractual obligation in the changed site conditions, they had incurred certain additional costs, which was rejected by the engineer. M/s. Afcons referred the dispute to DRB, which in turn recommended deletion of cost towards temporary groyne amounting to ₹ 0.05 million and payment of 75.00% of the actual expenditure incurred by M/s. Afcons. Our Company rejected

the DRB's recommendations and referred the dispute to the arbitral tribunal disputing a claim amount of ₹ 13.06 million and US\$ 35,231 along with interest. The arbitral tribunal vide its award published on December 27, 2013, directed our Company to pay M/s. Afcons ₹ 8.50 million and US\$ 26,423 with simple interest at the rate of 9.00% p.a. and future interest at the rate of 12.00% p.a. The Company is considering its future course of action.

4.5 M/s. Afcons initiated proceedings against our Company, with respect to outstanding payments for laps and supports. It is the claim of M/s. Afcons that based on the engineers drawings under the contract, they had submitted bar bending schedule including the laps to the engineer. M/s. Afcons further claim that while executing the works, the payments received was not commensurate to the materials used in the works and therefore sought to include the payment of the laps and support, which were to be measured and then paid. Our Company rejected the claim of M/s. Afcons and contended that the payments to be made for bar bending and laps were not included in Contract M/s. Afcons referred the dispute to DRB which in turn recommended that the laps and supports actually provided in the permanent works on the basis of the record of measurement produced by M/s. Afcons and as certified by the engineer may be admitted for payment. Our Company rejected the DRB's recommendations and issued notice for commencement of arbitration disputing a claim amount of ₹ 9.11 million and US\$ 28,300 along with interest. The arbitral tribunal vide its award published on December 27, 2013, directed our Company to pay M/s. Afcons ₹ 8.19 million and US\$ 25,445 with simple interest at the rate of 9.00% p.a. and future interest at the rate of 12.00% p.a. The Company is considering its future course of action.

## **B. MISCELLANEOUS PROCEEDINGS**

### **1. Claims relating to absorption of workmen:**

1.1 Minjur General Workers Union filed a writ petition bearing W.P. No. 29437 of 2008 against Govt. of India (Respondent No.1), our Company (Respondent No.2), Asst. Labour Commissioner (Respondent No.3) and M/s. Radiant engineers (the 'Respondent No.4') before the High Court of Madras. The petitioner union is acting on behalf of certain workmen allegedly employed in our Company, which does not have a trade union of its own. It is the claim of the petitioner that, while the Ennore Port was being constructed, CHPT handled the operation and maintenance of the entire electrical and allied work which was being done through direct labour. The petitioner claim that CHPT is not registered under section 7 of the Contract Labour (Regulation and Abolition Act, ("CLRA") and the appointment of contractors by CHPT was merely as a smokescreen to avoid the statutory compliance under the labour laws. Anticipating termination, the petitioners have filed this petition praying to the Court to issue a writ of mandamus directing the Respondent No.3 to hold a conciliation in a time bound manner, and to bring a settlement to the issue and to maintain status quo till the dispute is finally adjudicated upon. The matter is currently pending before the High Court of Madras.

1.2 M/s.Uppalla Thozhilalar Sangham filed a writ petition bearing W.P. No 14169 of 2009 against Deputy Salt Commissioner (Respondent No.1), TIDCO (Respondent No.2) & our Company (Respondent No.3) before the High Court of Madras. It is the claim of the petitioner that they ought to be compensated and rehabilitated because of the acquisition of the said salt lands that they had been working on. The petitioner claims that as our Company is one of the assignees of the land, they should be provided employment in our Company. The High Court vide order dated February 26, 2004 in W.P. No. 8006 of 2000, directed TIDCO to consider the claims for compensation and rehabilitation sought by the petitioner due to acquisition of the salt lands where upon they worked. TIDCO was thereby directed to take steps to rehabilitate the salt workers by giving appointment to them in a suitable post by interacting with the beneficiaries of the industrial establishments to whom they have assigned the lands. The petitioner filed the aforementioned writ praying to the High Court to issue a writ of mandamus directing the respondents to provide employment to the petitioner union in a time bound manner. The matter is currently pending before the High Court of Madras.

### **2. Claims pertaining to revenue share:**

2.1 ETTPL, the BOT operator of marine liquid terminal had been permitted to handle the

excluded cargo i.e. car export through car carrier vessel during the year 2010 with a condition that 50.00% of wharfage be remitted to our Company as the car parking facilities developed by our Company had been used. ETTPL had remitted 21.678% of revenue share as per license agreement for car cargo handled. In spite of repeated requests, ETTPL had not paid the 50.00% wharfage on cars handled till Aug 2010. Subsequently, ETTPL had remitted the 50.00% wharfage for the period from August 2010 to Aug 2011 under protest and issued notice to refer the issue to expert committee as per the provision of clause 24 of license agreement. A single member expert committee has been constituted and the matter is currently pending.

### C. ARBITRATION PROCEEDINGS

1. CICTPL filed an injunction application bearing O.A. No. 181 of 2011 against our Company before the High Court of Madras from seeking enforcement of payment towards revenue share in view of the alleged breach of fundamental terms in the license agreement. It is the claim of CICTPL that the our Company had *inter-alia*, failed to comply with its obligations of providing road access to them in relation to the transportation infrastructure under the terms of the licence agreement dated September 14, 2006 entered into by them. CICTPL claims that non availability of the required access roads had seriously affected their business prospects. CICTPL therefore filed the said application to seek an injunction restraining our Company from requiring CICTPL to pay the contractual share of the gross revenue to our Company. The High Court of Madras vide its interim order dated March 2, 2011, restrained by an order of interim injunction till the disposal of arbitration proceedings from in any manner seeking revenue share under the licence agreement entered into between the CICTPL and our Company till such time as our Company provide the draft berth and road connectivity as provided in the agreement and further directed to forthwith permit berthing of M/s. M.V. SPAR HYDRA and other ships bringing in coal at CICTPL's coal terminal at Ennore Port in order to discharge of cargo without insisting upon payment of revenue share till such time as it complies with its principal obligations as provided in the agreement. Our Company filed an appeal bearing O.S.A No. 196 of 2011 and M.P. No. 1 of 2011 before the Division Bench of High Court of Madras challenging the High Court of Madras's order dated March 2, 2011. The Division Bench of High Court of Madras vide its order dated August 1, 2011, while granting liberty to CICTPL to approach the expert committee for redressal of their grievances as provided for under the licence agreement, has set aside the impugned award dated March 2, 2011 and dismissed the application filed by CICTPL under Section 9 of the Arbitration and Conciliation Act, 1996 as premature. As per the directions of the Division Bench of the High Court of Madras, an expert committee was constituted to resolve the above issue. The expert committee vide its majority decision dated April 17, 2012 directed EPL to waive the liquidated damages to the tune of ₹ 13.10 million levied on CICTPL for delay in completion of the project and to waive the interest amount for delay in payment of lease rent by CICTPL. The expert committee further directed CICTPL to remit the revenue share of EPL's portion collected by them towards augmentation charges to EPL with simple interest of 9.00%p.a. from the date of commencement of operation i.e. September 10, 2010. CICTPL has challenged the expert committee's opinion before the arbitral tribunal. The arbitral tribunal vide its interim order dated June 29, 2013 directed CICTPL to pay EPL ₹ 60 million. EPL has received ₹ 30 million as on date. The matter is currently pending before arbitral tribunal.

#### 2. **Claim under contract for construction of rail connectivity to coal and iron ore yards – Civil works' Agreement bearing No. EPL/Rail/01 dated December 23, 2008:**

Our Company had entered into a contract for construction of rail connectivity to coal and iron ore yards – civil works' with ARRS Infrastructure Projects Limited ("AIPL"). As per the contract conditions, AIPL had procured a bank guarantee issued by ICICI Bank Limited on December 10, 2008 to the tune of ₹ 5,16,07,000 towards contract performance security deposit. On AIPL's failure to complete the contract works even after expiration of the fourth extension, our Company terminated the said contract on May 16, 2012 and advised AIPL to handover the usable balance permanent way materials for which 90.00% payment has already been made by our Company. Further our Company requested AIPL to submit the final bill. In response, AIPL gave its commitment to execute the balance works from other contractor /agency at the risk and cost of AIPL and agreed to deposit the balance amount payable to our Company. After scrutiny of quantities in the certified final bill dated November 5, 2012 and effecting various recoveries, it was found that ₹44,19,221 was recoverable from AIPL. In order to recover the said amount, our Company sought to invoke the bank guarantee submitted by AIPL. AIPL however filed an application under Section 9 of the Arbitration and Conciliation Act, 1996, in the court of District Judge, Khurda, Bhubaneswar, which was registered as ARBP No.317 of 2012 and obtained an injunction on December 26, 2012, prohibiting EPL from encashing the bank guarantee. On receipt of

notice, our Company filed a petition under Order 7, Rule 10 of the Code of Civil Procedure, 1908 (“CPC”) with a prayer to return the arbitration petition for presentation before the competent courts in Chennai. An application was also filed by our Company under Order 39, Rule 3 of the CPC for revocation of the order of injunction. The District Judge, Khurda, Bhubaneswar vide order dated March 14, 2013 held that it would be ideal to decide question of jurisdiction at the time of final hearing and disposal of matter. Our Company subsequently filed a writ petition bearing No. 10205 of 2013 before the High Court of Orissa, Cuttack and obtained an interim stay order on all proceedings under ARBP No.317 of 2012. The High Court of Orissa, Cuttack, subsequently vide its order dated January 29, 2014 quashed the order dated March 14, 2013 passed by the District Judge and directed him to take up the question of territorial jurisdiction as a preliminary issue. A sole arbitrator has also been appointed in October 2013 for settlement of disputes between the Company and AIPL. The arbitration proceedings are pending.

### 3. CLAIMS FILED BY THE COMPANY

#### 1. Claims under the contract for rock quarrying and transportation, Agreement bearing No. 24 of 1996, dated June 1996.

1.1 Our Company/CHPT initiated arbitration proceedings against HCC, with respect to the erroneous method of calculation adopted for adjustment in price variation in the base price of the explosives used for the works of the contract. It is the claim of our Company that as per the provisions of the contract, the HCC had to quote the base price of explosive i.e. 80.00% gelatine which are subject to price adjustment based on the current base indices and accordingly, HCC had quoted ₹ 41 per kg. Consequent to the failure of HCC to provide proof for the current indices CHPT independently obtained the rates from Tamil Nadu Industrial Explosives Limited (“TNIEL”), which was ₹ 43.65 per kg. This rate has been adopted as the base price and provisionally calculated the current indices for the price adjustment of explosives. On January 12, 2000, the price of explosives for the subsequent period, namely after October 1997 was received. On receipt, the engineer revised the provisional calculation and found that ₹ 48.30 million excess payment was provisionally made to HCC, based on the provisional indices. Out of which only ₹ 9.60 million have been certified by the engineer for recovery. CHPT informed HCC to refund the balance excess amount of ₹ 38.70 million paid to them based on provisional indices. HCC, did not accept the price adjustments and rejected the CHPT’s claim. Therefore, our Company referred the dispute to arbitration claiming refund of balance excess amount of ₹ 38.70 million initially, which was later modified for a sum of ₹ 68.60 million being the escalation paid on the costs of explosives under the said contract along with interest. The Arbitral Tribunal vide its award dated October 8, 2004, directed HCC to pay our Company ₹ 12.44 million at interest at 8.00% p.a. Our Company filed an Original Petition bearing No. 259 of 2005, challenging Tribunal’s award before the High Court of Madras to recover ₹ 38.70 million. In the meantime the award amount of ₹ 10.47 million was partially adjusted in the Arbitral Tribunal’s award dated June 10, 2009 with respect to another dispute relating to non payment of certified bills. The High Court of Madras vide its order dated January 19, 2012 upheld the Tribunal’s award. However the balance payment of the arbitral award amount is still outstanding.

1.2 Our Company initiated arbitration proceedings against HCC, with respect to the recovery of excess payment made to HCC towards wagon hire charges. It is the claim of our Company that our Company supplied wagons for transporting the rocks from Melpakkam Railway siding to Ennore Port stockpile at a fixed price of ₹ 6,000 per wagon per trip (later reduced to ₹ 5,500) and same has been deducted from HCC’s monthly payment certificates. However, southern railway increased the wagon hire charges from ₹ 5,500 to ₹ 7,055 per wagon on April 1, 1998 and further increased from ₹ 7,055 to ₹ 8,185 as on April 1, 1999, which was paid by CHPT. During the audit, The CAG observed that CHPT had made excess payments to HCC in connection with price variation on wagon hire charges and the same shall be recovered from them. The same has been communicated to HCC. However, HCC rejected the CHPT/EPL claim and therefore, CHPT/our Company referred the dispute to arbitration and claimed ₹ 99.92 million as excess payments made towards the wagon hire charges. The Arbitral Tribunal vide its majority award dated August 3, 2004, rejected the claim of the Company. Our Company has filed an Original Petition bearing No. 427 of 2005, challenging the arbitral award, which is currently pending before the High Court of Madras.

**2. Claims under contract for construction of breakwater, Agreement bearing No. 33 of 1997 dated August 22, 1997:**

- 2.1 Our Company initiated arbitration proceedings against HCC Van Oord Acz with respect to the recovery of price variation charges for rock supplied by CHPT. It is the claim of our Company that as per the Contract condition, the cost of rock provided by the Employer i.e. CHPT were to be deducted at the rate of ₹ 250/- per tonne from the HCC Van Oord Acz monthly statements. During the audit, the CAG observed that certain payments were made in excess of HCC Van Oord Acz actual entitlement, which are liable to be recovered from HCC Van Oord Acz. As per the CAG's observation, our Company informed HCC Van Oord Acz that excess payment to the tune of ₹ 97.23 million were made towards the price variation on rock supplied and the same shall be recovered from them. However, HCC Van Oord Acz rejected the claim of our Company and therefore, our Company referred the dispute to arbitration. The Arbitral Tribunal vide its majority award dated October 10, 2003, rejected the claim of our Company. Our Company has filed an Original Petition bearing No. 348 of 2008, challenging the arbitral award, which is currently pending before the High Court of Madras.
- 2.2 Our Company initiated arbitration proceedings against HCC Van Oord Acz, with respect to disputes arising out of revocation of engineer's representative's on variation order. It is the claim of our Company that after evaluation of the bids at the time of construction, CHPT decided to realign the north breakwater and due to this realignment, the rates quoted by the HCC Van Oord Acz were subject to revision, which could be done by the engineer by issuing variation orders, subject to the condition that the issue shall be limited to 10.00% of the contract value. Accordingly, the engineer's representative issued the Variation order for an amount of ₹ 204.30 million. However, CHPT did not accept the variation order amount and requested the engineer to review the engineer's Representative determination. The engineer reviewed the engineer's Representative determination and gave his assessment for an amount of ₹ 188.30 million. Based on the engineer's review amount, CHPT recovered an amount to the tune of ₹ 26.81 million from the HCC Van Oord Acz as excess amount paid. However, the HCC Van Oord Acz objected that as per the contract, the engineer has no powers to review the determination of the engineer's Representative and accordingly, requested the engineer to revoke his review. The engineer did not accept the request of the HCC Van Oord Acz and therefore, HCC Van oord Acz, referred the dispute to DRB. DRB accepted the contentions of the HCC Van Oord Acz and directed our Company to refund recovered amount of ₹ 26.81 million to the HCC Van Oord Acz. CHPT/our Company rejected the recommendations of DRB and referred the dispute to arbitration. The Arbitral Tribunal vide its award dated October 31, 2003, rejected our Company's claim and further directed to release to HCC Van Oord Acz ₹ 26.81 million with interest at the rate of 18.00% p.a. Our Company filed an Original Petition No. 247 of 2004 before the High Court of Madras, challenging the Tribunal's award and subsequently referred a fresh arbitration disputing the working methodology of the engineer's Representatives determination. The High Court of Madras vide its order dated December 22, 2008, dismissed the appeal filed by our Company and upheld the Tribunal's award. Our Company further filed an Original Side Appeal bearing No. 234 of 2010 before the Division Bench of High Court of Madras, challenging the order passed by the High Court of Madras, which is currently pending.
- 2.3 With respect to the claim mentioned immediately hereinabove, in the fresh case that was filed, the Arbitral Tribunal vide its award dated October 7, 2006, declared the cost of the variation order as ₹ 198.60 million instead of ₹ 204.30 million as determined by the engineer's representative (which was disputed and pending before the Division Bench of High Court of Madras as Original Side Appeal bearing No. 234 of 2010 as mentioned above). The award of Arbitral Tribunal in respect of this claim was objected by both the parties and challenged the same before the High Court of Madras. Our Company has, an interim measure of protection to secure the amount in dispute without prejudice to the petition filed by it, deposited an amount to the tune of ₹ 21.78 million with the Registrar General of the High Court of Madras, which was withdrawn by HCC Van oord Acz.

## MATERIAL DEVELOPMENTS

### Material Developments since the date of the latest balance sheet

Except as disclosed below, there have not arisen, since the date of the last financial information disclosed in this Prospectus, any circumstances which materially and adversely affect or are likely to affect our performance, profitability or prospects, within the next 12 months:

1. The MoS, GoI, *vide* its letter F.No.EPL/6/2014-PD.I dated January 31, 2014 had requested the Company for renaming of the Company as Kamarajar Port Limited, in honour of Bharat Ratna Shri K. Kamaraj. In furtherance of the same, the Board has accorded its approval for change in the name of the Company to Kamarajar Port Limited *vide* its resolution passed on February 1, 2014, subject to the approval of the shareholders of the Company and the Central Government. Form 1A (application form for availability or change of name) has been filed with the RoC on February 3, 2014. The RoC has intimated its no objection in the availability of the changed name Kamarajar Port Limited *vide* its letter dated February 4, 2014, subject to compliance with Section 21 and other applicable provisions of the Companies Act 1956. An EGM is proposed to be held on February 14, 2014 to seek approval of the shareholders for change in the name of the Company.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

The Central Board of Direct Taxes (“**CBDT**”) has, by the CBDT Notification, authorised the Company to issue Bonds aggregating to ₹ 5,000 million. The Company proposes to raise an amount aggregating upto ₹ 2,500 million with an option to retain over subscription upto ₹ 2,500 million, aggregating to a total ₹ 5,000 million\* by the Issue.

*\*\* In terms of the CBDT Notification, the Company is authorized to raise a minimum of 70.00% of the Issue Size, by way of public issue and during the process of the public issue(s), the Company may also, at its discretion, raise Bonds through private placement route for an amount not exceeding 30.00% of the Issue Size, wherein suitable amount shall be earmarked for sovereign wealth funds, pension and gratuity funds. In case the Company issues bonds through private placement route, the Issue Size shall stand reduced accordingly. The Company shall ensure that bonds issued pursuant to the CBDT Notification through public issue route and private placement route in Fiscal 2014 shall, in aggregate, not exceed ₹5,000 million.*

The Issue has been authorised by the resolution of the Board passed during its meeting held on August 23, 2013.

### Eligibility to make the Issue

The Company and persons in control of the Company have not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force.

### Consents

Consents in writing of the Directors, Compliance Officer, Company Secretary, Statutory Auditors, Escrow Collection Bank(s), Lead Managers, Consortium Member for the Issue, Registrar to the Issue, Credit Rating Agencies, Bond Trustee and Legal Advisors to the Issue, in their respective capacities, have been obtained and will be filed along with a copy of this Prospectus with the RoC.

### Expert Opinion

Except the letters dated January 21, 2014 issued by CARE in respect of the credit rating of the Issue, the examination report dated January 30, 2014 for the Fiscal 2013, 2012, 2011, 2010 and 2009, the limited review report dated November 7, 2013 on the stand alone financial information for the six months ended September 30, 2013 and statement of tax benefits dated January 30, 2014 issued by the Statutory Auditors of the Company, the Company has not obtained any expert opinions.

### Minimum Subscription

For information, see “*Issue Structure – Minimum Subscription*” on page 117 of this Prospectus.

### No Reservation or Discount

Pursuant to the CBDT Notification, at least 70.00% of the Issue size shall be raised through public issue, of which 40.00% shall be earmarked for Retail Individual Investors. There is no discount being offered in the Issue, to any category of Applicants.

### Common Form of Transfer

There will be a common form of transfer for Bonds held in physical form and relevant provisions of the Companies Act and other applicable laws will be duly complied with in respect of all transfers of the Bonds and registration thereof. The transfer of Bonds in demat form will be done as per the procedure/rules prescribed by the relevant Depositories and DPs of the transferor or transferee and other applicable laws and ruled notified in respect thereof.

### Dividend

The following table sets forth certain details regarding the dividend paid by the Company on the Equity Shares for Fiscal 2011, 2012 and 2013:

(₹ in million, except per share data)

Particulars	Fiscal 2011	Fiscal 2012	Fiscal 2013
Face value of Equity Shares (₹ per share)	10	10	10
Interim dividend on Equity Shares (₹ per share)	Nil	Nil	Nil
Final dividend of Equity Shares (₹ per share)	0.37	0.65	2.00
Total dividend on Equity Shares	111.16	193.44	600.00
Dividend tax (gross)	18.46	31.38	101.97

### Previous Public or Rights Issues by the Company during last five years

The Company has not undertaken any public or rights issue of any securities since incorporation other than the issuance of tax free bonds of face value of ₹ 1,000 each, in the nature of secured redeemable non-convertible debentures having benefits under Section 10(15)(iv)(h) of the Income Tax Act, aggregating to ₹ 946.4 million, pursuant to the prospectus dated February 22, 2013.

### Commission or Brokerage on Previous Issues

In relation to the issuance of tax free bonds of face value of ₹ 1,000 each, in the nature of secured redeemable non-convertible debentures having benefits under Section 10(15)(iv)(h) of the Income Tax Act, aggregating to ₹ 946.4 million, pursuant to the prospectus dated February 22, 2013, the total commission/brokerage paid to brokers/ ASBA collection bankers was ₹ 1.55 million and the total fee paid/ payable to the lead managers was ₹ 3.

### Change in auditors of the Company during last three years

The Company is a central public sector undertaking and accordingly, the Statutory Auditors are appointed as per the directions of CAG.

Name	Address	Date of Appointment / Resignation	Auditor of the Company since (in case of resignation)	Remarks
Padmanabhan Prakash & Co, Chartered Accountants	5, Smith Road, Second Floor, Chennai- 600 002.	Appointed on August 6, 2007	From the Financial Year 2007-08 to 2010-11	Appointed by CAG, New Delhi.
N. Sankaran & Co, Chartered Accountants	I-A, Raja Annamalai Building, 72, Marshals Road, Egmore, Chennai 600 008.	Appointed on August 8, 2011	From the Financial Year 2011-12 to 2012-13	Appointed by CAG, New Delhi.
Sankaran & Krishnan, Chartered Accountants	Rosewood Offices, 130, Mahathma Gandhi Road, Nungambakkam, Chennai- 600 034.	Appointed on July 30, 2013	For the Financial Year 2013-14	Appointed by CAG, New Delhi.

### Revaluation of assets

The Company has not revalued its assets in the last five years.

### Details of any Acquisition or Amalgamation in the last one year

There has been no acquisition or amalgamation in the last one year.

### Details of any reorganization or reconstruction in the last one year

There has been no reorganization or reconstruction in the last one year.

### Utilisation of Issue Proceeds

For information, see “*Terms of the Issue - Utilisation of Issue Proceeds*” on page 134 of this Prospectus.

### Track record of past public issues handled by the Lead Managers

Details of the track record of the Lead Managers, as required by SEBI circular number CIR/MIRSD/1/2012 dated January 10, 2012, has been disclosed on the respective websites of the Lead Managers. The track record of past issues handled by SPA Capital, A. K. Capital, Karvy and RR Investors are available at <http://www.spacapital.com/TrackRecordofPublicIssues.aspx>, <http://www.akcapindia.com/Knowledge.aspx?linkId=F4C7B7A9-1F5E-47F3-AE84-0DC4B3841E1B> / [www.akcapindia.com](http://www.akcapindia.com), [www.karvy.com](http://www.karvy.com) and <http://www.rfinance.com/offerdocument/TrackRecord.aspx> / [www.rfcl.com](http://www.rfcl.com) / [www.rfinance.com](http://www.rfinance.com) respectively.

## **Listing**

For information, see “*Terms of the Issue – Listing*” on page 119 of this Prospectus.

### **Disclaimer clause of BSE**

**BSE LIMITED (“THE EXCHANGE”) HAS GIVEN VIDE ITS LETTER DATED FEBRUARY 11, 2014 PERMISSION TO THIS COMPANY TO USE THE EXCHANGE’S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THIS COMPANY’S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS COMPANY. THE EXCHANGE DOES NOT IN ANY MANNER:**

- (A) WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; OR**
- (B) WARRANT THAT THIS COMPANY’S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR**
- (C) TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS COMPANY, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS COMPANY;**

**AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THIS OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. EVERY PERSON WHO DESIRES TO APPLY FOR OF OTHERWISE ACQUIRES ANY SECURITIES OF THIS COMPANY MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR FOR ANY OTHER REASON WHATSOEVER.**

### **Statement by the Board:**

- (i) All monies received pursuant to the Issue shall be transferred to a separate bank account other than the bank account referred to in Section 40 of the Companies Act 2013;
- (ii) Details of all monies utilised out of the Issue shall be disclosed under an appropriate separate head in the Company’s balance sheet, indicating the purpose for which such monies were utilised; and
- (iii) Details of all unutilised monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the Company’s balance sheet, indicating the form in which such unutilised monies have been invested.

### **Mechanism for redressal of investor grievances**

Link Intime India Private Limited has been appointed as the Registrar to the Issue to ensure that investor grievances are handled expeditiously and satisfactorily and to effectively deal with investor complaints.

Communications in connection with Applications made in the Issue should be addressed to the Registrar to the Issue, quoting all relevant details including the full name of the sole/first Applicant, Application Form number, Applicant’s Depository Participant (“**DP**”) ID, Client ID and Permanent Account Number (“**PAN**”), number of Bonds applied for, date of the Application Form, name and address of the Member of the Syndicate or Trading Member of the Stock Exchanges or Designated Branch of the SCSB, as the case may be, where the Application was submitted, and cheque/draft number and issuing bank thereof, or with respect to ASBA Applications, the ASBA Account number in which an amount equivalent to the Application Amount was blocked. Applicants may contact the Compliance Officer and Company Secretary and/or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice, refunds, interest on Application Amounts or refund or credit of Bonds in the respective beneficiary accounts, as the case may be. Grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB.

Grievances relating to the Direct Online Applications may be addressed to the Registrar to the Issue, with a copy to the relevant stock exchange.

## SECTION VI – OFFER INFORMATION

### ISSUE STRUCTURE

CBDT has, by the CBDT Notification, authorised the Company to issue Bonds aggregating to ₹ 5,000 million. The Company proposes to raise an amount aggregating upto ₹ 2,500 million with an option to retain over subscription upto ₹ 2,500 million, aggregating to a total of ₹ 5,000 million\* by the Issue.

*\*\* In terms of the CBDT Notification, the Company is authorized to raise a minimum of 70.00% of the Issue Size, by way of public issue and during the process of the public issue(s), the Company may also, at its discretion, raise Bonds through private placement route for an amount not exceeding 30.00% of the Issue Size, wherein suitable amount shall be earmarked for sovereign wealth funds, pension and gratuity funds. In case the Company issues bonds through private placement route, the Issue Size shall stand reduced accordingly. The Company shall ensure that bonds issued pursuant to the CBDT Notification through public issue route and private placement route in Fiscal 2014 shall, in aggregate, not exceed ₹ 5,000 million.*

The Issue has been authorised by the resolution of the Board passed during its meeting held on August 23, 2013.

#### Particulars of the Bonds

The following are the key terms of the Bonds. This section should be read in conjunction with, and is qualified in its entirety by, more detailed information in “*Terms of the Issue*” on page 119 of this Prospectus.

COMMON TERMS FOR ALL SERIES OF THE BONDS				
<b>Issuer</b>	Ennore Port Limited			
<b>Type of Instrument/Issue of Bonds/Issue Size</b>	Public issue of tax free secured, redeemable, non-convertible bonds of face value of ₹ 1,000 each, in the nature of debentures having tax benefits under section 10(15)(iv)(h) of the Income Tax Act, by the Issuer, for an amount aggregating upto ₹ 2,500 million with an option to retain over subscription upto ₹ 2,500 million, aggregating to a total of ₹ 5,000 million*, in Fiscal 2014.  <i>* In terms of the CBDT Notification, the Company is authorized to raise a minimum of 70.00% of the Issue Size, by way of public issue and during the process of the public issue(s), the Company may also, at its discretion, raise Bonds through private placement route for an amount not exceeding 30.00% of the Issue Size, wherein suitable amount shall be earmarked for sovereign wealth funds, pension and gratuity funds. In case the Company issues bonds through private placement route, the Issue Size shall stand reduced accordingly. The Company shall ensure that bonds issued pursuant to the CBDT Notification through public issue route and private placement route in Fiscal 2014 shall, in aggregate, not exceed ₹ 5,000 million.</i>			
<b>Face Value (₹) per Bond</b>	₹ 1,000			
<b>Issue Price (₹) per Bond</b>	₹ 1,000			
<b>Nature of Bonds</b>	Secured, redeemable, non-convertible bonds in the nature of debentures			
<b>Mode of Issue</b>	Public issue			
<b>Pay-in Date</b>	Application Date. Full amount with the Application Form, except ASBA Applications. See “ <i>Issue Procedure – Payment Instructions</i> ” on page 156 of this Prospectus.			
<b>Who can apply</b>	<b>Category I  (“Qualified  Institutional Buyers”)  (“QIBs”)*</b>	<b>Category II  (“Corporates”)*</b>	<b>Category III (“High  Networth  Individuals”)  (“HNIs”)</b>	<b>Category IV (“Retail  Individual Investors”)  (“RIIs”)</b>
	<ul style="list-style-type: none"> <li>• Public financial institutions specified in Section 2(72) of the Companies Act 2013,</li> <li>• Scheduled commercial banks,</li> <li>• Mutual funds registered with SEBI,</li> <li>• Alternative Investment Fund registered with SEBI under the SEBI AIF</li> </ul>	<ul style="list-style-type: none"> <li>• Companies within the meaning of Section 2(20) of the Companies Act 2013, limited liability partnerships registered under the provisions of the LLP Act, statutory corporations, trusts, partnership firms in the name of their respective partners, co-operative banks, regional rural banks, bodies</li> </ul>	<ul style="list-style-type: none"> <li>• The following investors applying for an amount aggregating to more than ₹ 1 million across all Series of Bonds in the Issue                             <ul style="list-style-type: none"> <li>• Resident Individual Investors</li> <li>• HUFs applying through the Karta.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• The following investors applying for an amount aggregating up to and including ₹ 1 million across all Series of Bonds in the Issue                             <ul style="list-style-type: none"> <li>• Resident Individual Investors</li> <li>• HUFs applying through the Karta.</li> </ul> </li> </ul>

COMMON TERMS FOR ALL SERIES OF THE BONDS				
	<ul style="list-style-type: none"> <li>• Regulations, Multilateral and bilateral development financial institutions,</li> <li>• State industrial development corporations,</li> <li>• Insurance companies registered with the IRDA,</li> <li>• Provident funds with a minimum corpus of ₹ 250 million,</li> <li>• Pension funds with a minimum corpus of ₹ 250 million,</li> <li>• The National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI, published in the Gazette of India,</li> <li>• Insurance funds set up and managed by the army, navy, or air force of the Union of India and</li> <li>• Insurance funds set up and managed by the Department of Posts, India.</li> </ul>	<p>corporate registered under the applicable laws in India and authorised to invest in Bonds along with Major Port Trusts whose board is constituted as a body corporate and other legal entities constituted and/or registered under applicable laws in India that are authorized to invest in Bonds by their respective constitutional and/or charter documents, subject to compliance with respective applicable laws.</p>		
<b>Credit Ratings</b>	<p>CARE has, by its letter dated January 21, 2014, assigned a rating of “CARE AA” to the Bonds. Instruments with this rating are considered to have a high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. ICRA has, by its letter No. RTG/Chen/271/13-14 dated January 21, 2014, assigned a rating of “[ICRA]AA with Stable Outlook” to the Bonds. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. These ratings are not a recommendation to buy, sell or hold securities, and investors should take their own decision. These ratings are subject to revision or withdrawal at any time by the assigning rating agency(ies) and should be evaluated independently of any other ratings. For the rationale for these ratings, see “<i>Annexure B – Credit Rating</i>”.</p>			
<b>Security</b>	<p>First <i>pari passu</i> charge on the Company’s assets located within the port limits of Latitude 13° 17’ 36” North and Longitude 80° 20’ 51” East, along with the right to occupy and use the land over which the assets are situated with an asset cover of one time of the total outstanding amount of Bonds, pursuant to the terms of the Bond Trust Deed. The mode of creation of security shall be by way of mortgage, such security creation requires prior approval and authorization by the Central Government as owner of the land. The NOC for the same has been received from the Central Government.</p>			
<b>Security Cover</b>	<p>One time of the total outstanding Bonds</p>			
<b>Nature of Indebtedness and Ranking/ Seniority</b>	<p>The claims of the Bondholders shall be superior to the claims of any unsecured creditors of the Company and subject to applicable statutory and/or regulatory requirements, rank <i>pari passu</i> inter se to the claims of other creditors of the Company having the same security.</p>			
<b>Put/Call Option</b>	<p>There is no put/call option for the Bonds</p>			
<b>Listing</b>	<p>BSE. For more information, see “<i>Terms of the Issue – Listing</i>” on page 119 of this Prospectus.</p>			
<b>Bond Trustee</b>	<p>GDA Trusteeship Ltd.</p>			
<b>Depositories</b>	<p>CDSL and NSDL</p>			
<b>Registrar to the Issue</b>	<p>Link Intime India Private Limited</p>			
<b>Modes of Payment/Settlement Mode</b>	<p>1. Direct Credit; 2. NECS;</p>			

<b>COMMON TERMS FOR ALL SERIES OF THE BONDS</b>															
	3. RTGS; 4. NEFT; and 5. Registered/Speed Post  For more information, see “ <i>Terms of the Issue – Manner &amp; Modes of Payment</i> ” on page 130 of this Prospectus.														
<b>Issuance</b>	In dematerialised form and physical form, at the option of the Applicant**														
<b>Trading</b>	In dematerialised form only**														
<b>Market Lot / Trading Lot</b>	One Bond														
<b>Deemed Date of Allotment</b>	The date on which, the Board of Directors approves the Allotment of Bonds for the Issue or such date as may be determined by the Board of Directors and notified to the Stock Exchanges. All benefits relating to the Bonds including interest on Bonds shall be available from the deemed date of allotment. The actual allotment of Bonds may take place on a date other than the deemed date of allotment.														
<b>Record Date</b>	The record date for payment of interest on the Bonds or the Maturity Amount will be 15 days prior to the date on which such amount is due and payable.														
<b>Lead Managers</b>	SPA Capital, A. K. Capital, Karvy and RR Investors														
<b>Objects of the Issue and Utilisation of Proceeds</b>	See “ <i>Objects of the Issue</i> ” on page 42 of this Prospectus														
<b>Working Day Convention/ Day Count</b>	See “ <i>Terms of the Issue – Payment of Interest on the Bonds</i> ” on page 124 of this Prospectus														
<b>Transaction Documents</b>	Documents/undertakings/agreements entered into or to be entered into by the Company with Lead Managers and/or other intermediaries for the purpose of this Issue, including but not limited to the following: - <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Bond Trustee Agreement</td> <td>Trust Agreement dated February 4, 2014 between the Bond Trustee and the Company</td> </tr> <tr> <td>Bond Trust Deed</td> <td>Trust deed to be entered into between the Bond Trustee and the Company on or before the Designated Date</td> </tr> <tr> <td>Escrow Agreement</td> <td>Agreement dated February 12, 2014 entered into by the Company, the Registrar to the Issue, the Lead Managers and the Escrow Collection Bank(s) for collection of the Application Amounts and where applicable, refunds of amounts collected from Applicants on the terms and conditions thereof</td> </tr> <tr> <td>Issue Agreement</td> <td>The agreement entered into on February 4, 2014, between the Company and the Lead Managers</td> </tr> <tr> <td>Consortium Agreement</td> <td>Consortium Agreement dated February 4, 2014 between the Company and the Consortium Members for the Issue</td> </tr> <tr> <td>Registrar Agreement</td> <td>Agreement dated February 4, 2014 entered into between the Company and the Registrar to the Issue, in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue</td> </tr> <tr> <td>Tripartite Agreements</td> <td>Tripartite agreement dated January 23, 2013 between the Company, CDSL and the Registrar to the Issue and the tripartite agreement dated January 24, 2013 between the Company, NSDL and the Registrar to the Issue</td> </tr> </table>	Bond Trustee Agreement	Trust Agreement dated February 4, 2014 between the Bond Trustee and the Company	Bond Trust Deed	Trust deed to be entered into between the Bond Trustee and the Company on or before the Designated Date	Escrow Agreement	Agreement dated February 12, 2014 entered into by the Company, the Registrar to the Issue, the Lead Managers and the Escrow Collection Bank(s) for collection of the Application Amounts and where applicable, refunds of amounts collected from Applicants on the terms and conditions thereof	Issue Agreement	The agreement entered into on February 4, 2014, between the Company and the Lead Managers	Consortium Agreement	Consortium Agreement dated February 4, 2014 between the Company and the Consortium Members for the Issue	Registrar Agreement	Agreement dated February 4, 2014 entered into between the Company and the Registrar to the Issue, in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue	Tripartite Agreements	Tripartite agreement dated January 23, 2013 between the Company, CDSL and the Registrar to the Issue and the tripartite agreement dated January 24, 2013 between the Company, NSDL and the Registrar to the Issue
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Registrar Agreement	Agreement dated February 4, 2014 entered into between the Company and the Registrar to the Issue, in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue														
Tripartite Agreements	Tripartite agreement dated January 23, 2013 between the Company, CDSL and the Registrar to the Issue and the tripartite agreement dated January 24, 2013 between the Company, NSDL and the Registrar to the Issue														
<b>Issue Opening Date</b>	February 18, 2014														
<b>Issue Closing Date</b>	March 14, 2014  The Issue shall open for subscription from 10 a.m. to 5 p.m. (Indian Standard Time) during the period indicated above with an option for early closure or extension by such period, which may be decided by the Board of Directors in accordance with applicable law. In the event of such early closure or extension of the subscription list of the Issue, the Company shall ensure that public notice of such early closure/extension is published on or before such early date of closure or the Issue Closing Date, as applicable, through advertisement(s), in at least one leading national daily newspaper with wide circulation.														
<b>Default Interest Rate</b>	As specified in the Bond Trust Deed to be executed between the Company and the Bond Trustee.														
<b>Redemption Premium / Discount</b>	Not applicable														
<b>Interest on Application Money</b>	See “ <i>Terms of the Issue - Interest on Application and Refund Money</i> ” on page 123 of this Prospectus.														
<b>Option to retain oversubscription</b>	Option to retain oversubscription upto ₹ 2,500 million such that the aggregate amount is ₹ 5,000 million.														
<b>Step up/step down Coupon Rate</b>	Nil														
<b>Conditions</b>	Other than the conditions specified in the SEBI Debt Regulations, there are no conditions														

COMMON TERMS FOR ALL SERIES OF THE BONDS	
precedent/subsequent to disbursement	precedent/subsequent to disbursement. See “ <i>Terms of the Issue - Utilisation of Issue Proceeds</i> ” on page 134 of this Prospectus.
Event of Default	See “ <i>Terms of the Issue – Events of Default</i> ” on page 133 of this Prospectus.
Cross Default	Not applicable
Roles and Responsibilities of Bond Trustee	See “ <i>Terms of the Issue - Bond Trustee</i> ” on page 133 of this Prospectus.
Discount at which Bond is issued and the effective yield as a result of such discount	Not applicable
Governing Law	Laws of the Republic of India
Jurisdiction	The courts of Chennai will have exclusive jurisdiction for the purposes of the Issue.

\*See general circular (No. 6/2013) dated March 14, 2013 issued by the MCA that clarifies that in cases where the effective yield on tax-free bonds is greater than the prevailing bank rate, there shall be no violation of Section 372A(3) of the Companies Act 1956.

\*\*In terms of Regulation 4(2)(d) of the SEBI Debt Regulations, the Company will make public issue of the Bonds in the dematerialised form. However, in terms of Section 8 (1) of the Depositories Act, the Company, at the request of the Investors who wish to hold the Bonds in physical form will fulfil such request. However, trading in Bonds shall be compulsorily in dematerialized form.

### SPECIFIC TERMS FOR EACH SERIES OF BONDS

Options	Series of Bonds*		
	For Category I, II and III#		
	Series 1A	Series 2A	Series 3A
Coupon rate (%) p.a	8.36	8.75	8.75
Annualized Yield (%) p.a	8.36	8.75	8.75
Options	For Category IV only#		
	Series 1B	Series 2B	Series 3B
	Coupon rate (%) p.a	8.61	9.00
Annualized Yield (%) p.a	8.61	9.00	9.00
For Category I, II, III and IV			
Tenor	10 years	15 years	20 years
Minimum Application	5 Bonds (₹ 5,000) (individually or collectively, across all Series of Bonds)		
In multiples of	1 Bonds (₹ 1,000)		
Maturity / Redemption Date	10 years from the Deemed Date of Allotment	15 years from the Deemed Date of Allotment	20 years from the Deemed Date of Allotment
Redemption Amount (₹/Bond)	Repayment of the Face Value plus any interest that may have accrued at the Redemption Date		
Coupon Type	Fixed Coupon Rate		
Coupon Payment Date	The date, which is the day falling one year from the Deemed Date of Allotment, in case of the first coupon payment and the same date every year, until the Redemption Date for subsequent interest payments		
Coupon Reset Process	Not applicable		
Frequency of Coupon Payment	Annual		

\*The Company shall Allot Series 1A/ Series 1B (depending on the category of the Applicant) for all valid Applications, wherein the Applicants have not indicated their choice of the relevant Series.

# Pursuant to the CBDT Notification and for avoidance of doubt, it is clarified as under:

- g. The coupon rates indicated under Series 1B, Series 2B and Series 3B shall be payable only on the Retail Individual Investor Portion in the Issue. Such coupon is payable only if on the Record Date for payment of interest, the Bonds are held by investors falling under Category IV (Retail Individual Investor);
- h. If the Bonds allotted against Series 1B, Series 2B and Series 3B are transferred by Retail Individual Investors to non-Retail Individual Investors, being Category I, Category II and Category III Investors, the coupon rate on such Bonds shall stand at par with coupon rate applicable on Series 1A, Series 2A and Series 3A respectively;
- i. If the Bonds allotted against Series 1B, Series 2B and Series 3B are sold/transferred by the Retail Individual Investors to investor(s) who fall under Category IV (Retail Individual Investors) as on the Record Date for payment of interest, then the coupon rates on such Bonds shall remain unchanged;
- j. If on any Record Date, the original Retail Individual Investor Allottee(s)/transferee(s) hold the Bonds under Series 1A, Series 1B, Series 2A, Series 2B, Series 3A and Series 3B for an aggregate face value amount of over ₹ 1 million, then the coupon rate applicable

- to such Retail Individual Investor Allottee(s)/transferee(s) on Bonds under Series 1B, Series 2B, Series 3B shall stand at par with coupon rate applicable on Series 1A, Series 2A, and Series 3A, respectively;*
- k. Bonds Allotted under Series 1A, Series 2A and Series 3A shall carry coupon rates indicated above until the maturity of the respective Series of Bonds irrespective of category of holder(s) of such Bonds; and*
  - l. For the purpose of classification and verification of status of the eligibility of a Bondholder under the Retail Individual Investor category, the aggregate face value of Bonds held by the Bondholders in all the Series of Bonds Allotted under the Issue shall be aggregated on the basis of PAN.*

### **Minimum Subscription**

In terms of the SEBI Debt Regulations, an issuer undertaking a public issue of debt securities may disclose the minimum amount of subscription that it proposes to raise through the issue in the offer document. Our Company has decided not to stipulate minimum subscription for this Issue.

### **Market Lot & Trading Lot**

As per the SEBI Debt Regulations, since trading in the Bonds will be in dematerialised form only, the tradable lot is one Bond (“**Market Lot**”). The Company has made depository arrangements with CDSL and NSDL for trading of the Bonds in dematerialised form, pursuant to the tripartite agreement dated January 23, 2013 between the Company, CDSL and the Registrar to the Issue and the tripartite agreement dated January 24, 2013 between the Company, NSDL and the Registrar to the Issue (collectively, “**Tripartite Agreements**”).

### **Listing**

For information, see “*Terms of the Issue – Listing*” on page 119 of this Prospectus.

## TERMS OF THE ISSUE

### GENERAL TERMS OF THE ISSUE

#### Authority for the Issue

CBDT has, by the CBDT Notification, authorised the Company to issue Bonds aggregating to ₹ 5,000 million. The Company proposes to raise an amount aggregating upto ₹ 2,500 million with an option to retain over subscription upto ₹ 2,500 million, aggregating to a total of ₹ 5,000 million\* by the Issue.

*\*\* In terms of the CBDT Notification, the Company is authorized to raise a minimum of 70.00% of the Issue Size, by way of public issue and during the process of the public issue(s), the Company may also, at its discretion, raise Bonds through private placement route for an amount not exceeding 30.00% of the Issue Size, wherein suitable amount shall be earmarked for sovereign wealth funds, pension and gratuity funds. In case the Company issues bonds through private placement route, the Issue Size shall stand reduced accordingly. The Company shall ensure that bonds issued pursuant to the CBDT Notification through public issue route and private placement route in Fiscal 2014 shall, in aggregate, not exceed ₹5,000 million.*

The Issue has been authorised by the resolution of the Board passed during its meeting held on August 23, 2013.

#### Terms & Conditions of the Issue

The terms and conditions of Bonds being offered in the Issue are subject to the Companies Act, the SEBI Debt Regulations, the debt listing agreement entered into by our Company with the Stock Exchanges (“**Debt Listing Agreement**”), the CBDT Notification, this Prospectus, the Application Form, the Abridged Prospectus and other terms and conditions as may be incorporated in the Bond Trust Deed to be entered into between the Company and the Bond Trustee, which expression will include its successor(s) as trustee), as well as laws applicable from time to time, including rules, regulations, guidelines, notifications and any statutory modifications or re-enactments including those issued by GoI, SEBI, RBI, the Stock Exchanges and/or other authorities and other documents that may be executed in respect of the Bonds.

For more information, see “*Issue Structure*” on page 114 of this Prospectus.

#### Ranking of the Bonds

The Bonds will be secured by first *pari passu* charge over the Company’s assets located within the port limits of Latitude 13° 17’ 36” North and Longitude 80° 20’ 51” East, along with the right to occupy and use the land over which the assets are situated with an asset cover of one time of the total outstanding amount of Bonds, pursuant to the terms of the Bond Trust Deed. Accordingly, the Bonds would constitute direct and secured obligations of the Company and will rank *pari passu inter se* to the claims of other creditors of the Company having the same security and superior to the claims of any unsecured creditors of the Company, now existing or in the future, subject to any obligations preferred under applicable law.

#### Listing

The Bonds will be listed on the BSE, which will also be the Designated Stock Exchange. The Company has obtained in-principle approval for the Issue from BSE, by a letter No. DCS/SP/PI-BOND/20/13-14, dated February 11, 2014.

If permissions to deal in and for an official quotation of the Bonds are not granted by the Designated Stock Exchange, the Company will forthwith repay, without interest, all such moneys received from the Applicants pursuant to this Prospectus. If permissions to deal in and for an official quotation of the Bonds are not granted by the Stock Exchange, our Company will forthwith repay, without interest, all such moneys received from the Applicants pursuant to this Prospectus(es). If such money is not repaid within the period prescribed under the Companies Act, our Company and every officer in default shall be liable to pay interest to such extent and in such manner as prescribed.

#### Face Value

The face value of each Bond is ₹ 1,000.

## Title

In case of:

- (i) the Bonds held in the dematerialized form, the person for the time being appearing in the register of beneficial owners maintained by the Depository; and
- (ii) the Bond held in physical form, the person for the time being appearing in the Register of Bondholders as Bondholder,

shall be treated for all purposes by the Company, the Bond Trustee, the Depositories and all other persons dealing with such person as the holder thereof and its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, theft or loss of the Consolidated Bond Certificate issued in respect of the Bonds and no person will be liable for so treating the Bondholder.

No transfer of title of a Bond will be valid unless and until entered on the Register of Bondholders or the register of beneficial owners maintained by the Depository prior to the Record Date. In the absence of transfer being registered, interest and/or Maturity Amount, as the case may be, will be paid to the person, whose name appears first in the Register of Bondholders maintained by the Depositories and/or the Company and/or the Registrar, as the case may be. In such cases, claims, if any, by the purchasers of the Bonds will need to be settled with the seller of the Bonds and not with the Company or the Registrar. The provisions relating to transfer and transmission and other related matters in respect of the Company's shares contained in the Articles of Association of the Company and the Companies Act shall apply, mutatis mutandis (to the extent applicable) to the Bond(s) as well.

## Security

The Bonds will be secured by a first *pari passu* charge over the Company's assets located within the port limits of Latitude 13° 17' 36" North and Longitude 80° 20' 51" East, along with the right to occupy and use the land over which the assets are situated with an asset cover of one time of the total outstanding amount of Bonds, pursuant to the terms of the Bond Trust Deed. The mode of creation of security shall be by way of mortgage, such security creation requires prior approval and authorization by the Central Government as owner of the land. The NOC for the same has been received from the Central Government. The Bondholders are entitled to the benefit of the Bond Trust Deed and are bound by and are deemed to have notice of all provisions of the Bond Trust Deed. Our Company confirms that all permissions and/or consents for creation of a *pari passu* charge for the Bonds have been obtained from the existing debenture trustees/lenders of our Company, who have an existing charge over the above mentioned assets.

## Credit Rating

CARE has, by its letter dated January 21, 2014, assigned a rating of "CARE AA" to the Bonds. Instruments with this rating are considered to have a high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. ICRA has, by its letter No. RTG/Chen/271/13-14 dated January 21, 2014, assigned a rating of "[ICRA]AA with Stable Outlook" to the Bonds. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. These ratings are not a recommendation to buy, sell or hold securities, and investors should take their own decision. These ratings are subject to revision or withdrawal at any time by the assigning rating agency(ies) and should be evaluated independently of any other ratings. For the rationale for these ratings, see "**Annexure B – Credit Rating**".

## Issue Period

Issue Opens On	February 18, 2014
Issue Closes On	March 14, 2014

The Issue shall open for subscription from 10 a.m. to 5 p.m. (Indian Standard Time) during the period indicated above with an option for early closure or extension by such period, which may be decided by the Board of Directors. In the event of such early closure or extension of the subscription list of the Issue, the Company shall ensure that public notice of such early closure/extension is published on or before such early date of closure or the Issue Closing Date, as applicable, through advertisement(s), in at least one leading national daily newspaper

with wide circulation.

Applications Forms for the Issue will be accepted only between 10 a.m. and 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchanges during the Issue Period mentioned above, on all Working Days, i.e., between Monday and Friday, both inclusive, barring public holidays: (i) by the Members of the Syndicate or Trading Members of the Stock Exchange(s), as the case may be, at the centres mentioned in the Application Form through the non-ASBA mode, or (ii) in case of ASBA Applications, (a) directly by Designated Branches of SCSBs or (b) by the centres of the Members of the Syndicate or Trading Members of the Stock Exchange(s), as the case may be, only at the specified cities (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat) ("**Specified Cities**"), except that on the Issue Closing Date, Application Forms will be accepted only between 10 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m (Indian Standard Time) or such extended time as may be permitted by the Stock Exchanges (after taking into account the total number of Applications received up to the closure of timings for acceptance of Application Forms as stated herein). Applicants may also make their Applications through Direct Online Applications using the online payment facility offered through the Stock Exchange during the Issue Period, subject to such online payment facility being made available by the Stock Exchange prior to the date of filing of this Prospectus by the Company with the RoC.

**Due to limitation of time available for uploading Applications on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, no later than 3.00 p.m (Indian Standard Time) on the Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload. Such Applications that cannot be uploaded will not be considered for allotment under the Issue.**

**Neither the Company, nor the Members of the Syndicate or Trading Members of the Stock Exchanges shall be liable for any failure in uploading Applications due to failure in any software/hardware system or otherwise.**

#### **MINIMUM APPLICATION**

5 Bonds and in multiples of one Bond thereafter (for all Series of Bonds, either taken individually or collectively). The Bonds are being issued at par and the full amount of the face value per Bond is payable on Application, except ASBA Application.

#### **ESCROW MECHANISM**

Please refer "*Issue Procedure – Escrow Mechanism for Applicants other than ASBA Applicants*" on page 156 of this Prospectus and "*Issue Procedure – Payment into Escrow Account*" on page 157 of this Prospectus.

#### **Deemed Date of Allotment**

The Deemed Date of Allotment will be the date on which, the Board of Directors approves the Allotment of Bonds for the Issue or or any such date as may be determined by the Board of Directors and notified to the Stock Exchanges. All benefits under the Bonds including payment of interest will accrue to the Bondholders from the Deemed Date of Allotment. Actual Allotment may occur on a date other than the Deemed Date of Allotment.

#### **Allotment of Bonds**

For details please refer "*Issue Procedure – Basis of Allotment*" on page 154 of this Prospectus.

#### **Form of Allotment and Denomination**

The Allotment of Bonds shall be in dematerialized form as well as physical form. In terms of Regulation 4 (2)(d) of the SEBI Debt Regulations, the Company shall make public issue of Bonds in dematerialized form. However, in terms of Section 8(1) of the Depositories Act, the Company, at the request of the Investors who wish to hold the Bonds in physical form will fulfill such request. However, trading in Bonds shall be compulsorily in dematerialized form.

The Company shall take necessary steps to credit the DP account of the Applicant with the number of Bonds Allotted. The Bondholders shall deal with the Bonds in accordance with the provisions of the Depositories Act

and/or rules as notified by the Depositories and the Companies Act, from time to time.

In case of Bonds held in physical form, whether on Allotment or on rematerialization of Bonds allotted in dematerialised form, a single certificate will be issued to the Bondholder for the aggregate amount (“**Consolidated Certificate**”) for each type of Bond. The applicant can also request for the issue of Bond certificates in denomination of the Market Lot.

In respect of Consolidated Certificates on Allotment or on rematerialization of Bonds Allotted in dematerialized form, we will, only on receipt of a request from the Bondholder, split such Consolidated Certificates into smaller denominations subject to the minimum of Market Lot in accordance with applicable law. No fees would be charged for splitting of Consolidated Certificates, but stamp duty payable, if any, would be borne by the Bondholder. The request for splitting should be accompanied by the original Consolidated Certificate which would then be treated as cancelled by us.

## **PAYMENT OF REFUNDS**

### ***Refunds for Applicants other than ASBA Applicants***

Within 12 Working Days of the Issue Closing Date, the Registrar to the Issue will dispatch refund orders/issue instructions for electronic refund, as applicable, of all amounts payable to unsuccessful Applicants (other than ASBA Applicants) and also any excess amount paid on Application, after adjusting for allocation/Allotment of Bonds. In case of Applicants who have applied for Allotment of Bonds in dematerialized form, the Registrar to the Issue will obtain from the Depositories the Applicant’s bank account details, including the MICR code, on the basis of the DP ID and Client ID provided by the Applicant in their Application Forms, for making refunds. In case of Applicants who have applied for Allotment of Bonds in physical form, the bank details will be extracted from the Application Form or the copy of the cheque. For Applicants who receive refunds through ECS, direct credit, RTGS or NEFT, the refund instructions will be issued to the clearing system within 12 Working Days of the Issue Closing Date. A suitable communication will be dispatched to the Applicants receiving refunds through these modes, giving details of the bank where refunds will be credited with the amount and expected date of electronic credit of refund. Such communication will be mailed to the addresses (in India) of Applicants, as per Demographic Details received from the Depositories or the address details provided in the Application Form, in case of Applicants who have applied for Allotment of Bonds in physical form. The Demographic Details would be used mailing of the physical refund orders, as applicable.

Investors who have applied for Bonds in electronic form, are advised to immediately update their bank account details as appearing on the records of their Depository Participant. Failure to do so could result in delays in credit of refund to the investors at their sole risk and neither the Lead Managers nor the Company shall have any responsibility and undertake any liability for such delays on part of the investors.

### ***Mode of refunds for Applicants other than ASBA Applicants***

Payment of refund, if any, for Applicants other than ASBA Applicants would be done through any of the following modes:

1. Direct Credit – Applicants having bank accounts with the Refund Bank(s), as per Demographic Details received from the Depositories, will be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.
2. NECS – Payment of refund would be done through NECS for applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the Magnetic Ink Character Recognition (“**MICR**”) code from the Depositories.
3. RTGS – Applicants having a bank account at any of the centres where such facility has been made available and whose refund amount exceeds ₹ 0.2 million, have the option to receive refund through RTGS provided the Demographic Details downloaded from the Depositories contain the nine digit MICR code of the Applicant’s bank which can be mapped with RBI data to obtain the corresponding Indian Financial System Code (“**IFSC**”). Charges, if any, levied by the applicant’s bank receiving the credit would be borne by the Applicant.

4. NEFT – Payment of refund will be undertaken through NEFT wherever the Applicant’s bank has been assigned the IFSC which can be linked to an MICR code, if any, available to that particular bank branch. IFSC will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Applicants have registered their nine digit MICR number and their bank account number while opening and operating the beneficiary account, the same will be duly mapped with the IFSC of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage, hence use of NEFT is subject to operational feasibility, cost and process efficiency. If NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.
5. For all other Applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched through speed/registered post only to Applicants that have provided details of a registered address in India. Such refunds will be made by cheques, pay orders or demand drafts drawn on the relevant Refund Bank and payable at par at places where Applications are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.

#### ***Mode of refunds for ASBA Applicants***

In case of ASBA Applicants, the Registrar to the Issue will instruct the relevant SCSB to unblock funds in the relevant ASBA Account for withdrawn, rejected or unsuccessful or partially successful ASBA Applications within 12 Working Days of the Issue Closing Date.

#### **INTEREST ON APPLICATION AND REFUND MONEY**

##### ***Interest on Application Amounts received which are used towards Allotment of Bonds***

Interest on Application Amounts against which Bonds are Allotted to Applicants will be paid at the rate of 8.61% p.a., 9.00% p.a., and 9.00% p.a. on Series 1B, Series 2B and Series 3B, respectively, and at the rate of 8.36% p.a., 8.75% p.a., and 8.75% on Series 1A, Series 2A and Series 3A, respectively, subject to deduction of income tax under the Income Tax Act, from the date of realization of Application Amount through cheque(s)/demand draft(s) up to one Working Day prior to the Deemed Date of Allotment. In the event that the date of realization of the cheque(s)/demand draft(s) is not ascertainable in terms of banking records, we shall pay interest on Application Amounts from three Working Days from the date of upload of each Application on the electronic Application platform of the Stock Exchanges up to one Working Day prior to the Deemed Date of Allotment, at the aforementioned rate. We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the Applicants. Alternatively, the interest warrant will be dispatched along with the Allotment Advice at the sole risk of the Applicant, to the sole/first Applicant. A tax deduction certificate will be issued for the amount of income tax deducted on such payments.

However, the Company shall not be liable to pay any interest on Application Amounts in case of (a) ASBA Applications and (b) monies paid in excess of the amount of Bonds applied for in the Application Form.

##### ***Interest on Application Amounts received which are liable to be refunded***

Interest on Application Amounts which are liable to be refunded to Applicants will be paid at the rate of 5.00% p.a., subject to deduction of income tax under the Income Tax Act, from the date of realization of Application Amount through cheque(s)/demand draft(s) up to one Working Day prior to the Deemed Date of Allotment. In the event that the date of realization of the cheque(s)/demand draft(s) is not ascertainable in terms of banking records, we shall pay interest on Application Amounts from three Working Days from the date of upload of each Application on the electronic Application platform of the Stock Exchanges up to one Working Day prior to the Deemed Date of Allotment, at the aforementioned rate. Such interest, shall be paid along with the monies liable to be refunded. Such interest shall be paid along with the monies liable to be refunded. Interest warrant will be dispatched/credited (in case of electronic payment) along with the refund orders at the sole risk of the Applicant, to the sole/first Applicant.

Provided that, notwithstanding anything contained hereinabove, the Company shall not be liable to pay any interest on application monies to the ASBA Applicants and on monies liable to be refunded in case of (a) invalid Applications or Applications liable to be rejected, and/or (b) Applications which are withdrawn by the Applicant, and/or (c) refund monies to the ASBA Applicants, and/or (d) monies paid in excess of the amount of

Bonds applied for in the Application Form. For more information, see “*Issue Procedure - Rejection of Application*” on page 159 of this Prospectus.

## **REDEMPTION**

The Company will redeem the Bonds on the Maturity Date.

### ***Bonds held in electronic form:***

No action is required on the part of Bondholders at the time of maturity of the Bonds.

### ***Bonds held in physical form:***

No action will ordinarily be required on the part of the Bondholder at the time of redemption, and the Maturity Amount will be paid to those Bondholders whose names appear in the Register of Bondholders maintained by the Company on the Record Date fixed for the purpose of redemption. However, the Company may require the Bond Certificate(s), duly discharged by the sole holder or all the joint-holders (signed on the reverse of the Consolidated Bond Certificate(s)) to be surrendered for redemption on Maturity Date and sent by the Bondholders by registered post with acknowledgment due or by hand delivery to the Registrar to the Issue or the Company or to such persons at such addresses as may be notified by the Company from time to time. Bondholders may be requested to surrender the Bond Certificate(s) in the manner stated above, not more than three months and not less than one month prior to the Maturity Date so as to facilitate timely payment.

## **PAYMENT OF INTEREST ON BONDS**

For Bonds Allotted to Applicants falling under Category I, Category II and Category III, the Bonds under Series 1A, Series 2A and Series 3A shall carry interest at the fixed coupon rate of 8.36% p.a., 8.75% p.a., and 8.75% p.a., respectively, irrespective of the category of Applicants, payable from and including, Deemed Date of Allotment up to, but excluding, their respective Maturity Dates, payable annually on the Coupon/ Interest Payment Date, to the Bondholders as of the relevant Record Date. Depending on the option selected by the Applicant, the effective yield to Category I, II and III Bondholders would be 8.36% p.a., 8.75% p.a., and 8.75% p.a. for Bonds under Series 1A, Series 2A and Series 3A, respectively.

For Bonds Allotted to Applicants falling under Category IV, the Bonds under Series 1B, Series 2B and Series 3B shall carry interest at the coupon rate of 8.61% p.a., 9.00% p.a., and 9.00% p.a., respectively, payable from and including, Deemed Date of Allotment up to, but excluding, their respective Maturity Dates, payable on the Coupon/ Interest Payment Date, to the Bondholders as of the relevant Record Date. Depending on the option selected by the Applicant, the effective yield to Category IV Bondholders would be 8.61% p.a., 9.00% p.a., and 9.00% p.a. for Bond Series 1B, Series 2B and Series 3B, respectively.

Pursuant to the CBBDT Notification and for avoidance of doubt, it is clarified as under:

- a. The coupon rates indicated under Series 1B, Series 2B and Series 3B shall be payable only on the Retail Individual Investor Portion in the Issue. Such coupon is payable only if on the Record Date for payment of interest, the Bonds are held by investors falling under Category IV (Retail Individual Investor);
- b. If the Bonds allotted against Series 1B, Series 2B and Series 3B are transferred by Retail Individual Investors to non- Retail Individual Investors, being Category I, Category II and Category III Investors, the coupon rate on such Bonds shall stand at par with coupon rate applicable on Series 1A, Series 2A and Series 3A respectively;
- c. If the Bonds allotted against Series 1B, Series 2B and Series 3B are sold/transferred by the Retail Individual Investors to investor(s) who fall under Category IV (Retail Individual Investors) as on the Record Date for payment of interest, then the coupon rates on such Bonds shall remain unchanged;
- d. If on any Record Date, the original Retail Individual Investor Allottee(s)/transferee(s) hold the Bonds under Series 1A, Series 1B, Series 2A, Series 2B, Series 3A and Series 3B for an aggregate face value amount of over ₹ 1 million, then the coupon rate applicable to such Retail Individual Investor Allottee(s)/transferee(s) on Bonds under Series 1B, Series 2B, Series 3B shall stand at par with coupon rate applicable on Series 1A, Series 2A, and Series 3A, respectively;
- e. Bonds Allotted under Series 1A, Series 2A and Series 3A shall carry coupon rates indicated above until the maturity of the respective Series of Bonds irrespective of category of holder(s) of such Bonds; and

- f. For the purpose of classification and verification of status of the eligibility of a Bondholder under the Retail Individual Investor category, the aggregate face value of Bonds held by the Bondholders in all the Series of Bonds Allotted under the Issue shall be aggregated on the basis of PAN.

The Coupon/ Interest Payment Date shall be the date, which is the day falling one year from the Deemed Date of Allotment, in case of the first coupon payment and the same date every year, until the Redemption Date for subsequent interest payments.

The last interest payment in each case will be made on the Maturity Date on a *pro rata* basis.

### Day Count Convention

Interest will be computed on a 365 days-a-year basis on the principal outstanding on the Bonds. Where the interest period (start date to end date) includes February 29, interest will be computed on 366 days-a-year basis, on the principal outstanding on the Bonds.

### Effect of holidays on payments

If the date of payment of coupon/ interest rate specified does not fall on a Working Day, the coupon payment shall be made on the immediately succeeding Working Day along with the interest for such additional period. Further, interest for such additional period so paid, shall be deducted out of the interest payable on the next Coupon/ Interest Payment Date. If the Redemption Date/ Maturity Date (also being the last Coupon/ Interest Payment Date) of any Series of Bonds falls on a day which is not a Working Day, the redemption proceeds shall be paid on the immediately preceding Working Day along with the interest accrued on the Bonds until but excluding the date of such payment.

Set forth below is an illustration for guidance in respect of the day count convention and effect of holidays on payments.

<b>Name of the Issuer</b>	Ennore Port Limited		
<b>Face value of the Bonds</b>	₹ 1,000 per Bond		
	For Category I, II and III		
<b>Series of Bonds</b>	Series 1A	Series 2A	Series 3A
<b>Coupon Rate</b>	8.36%	8.75%	8.75%
	For Category IV		
<b>Series of Bonds</b>	Series 1B	Series 2B	Series 3B
<b>Coupon Rate</b>	8.61%	9.00%	9.00%
<b>Deemed Date of Allotment*</b>	March 25, 2014	March 25, 2014	March 25, 2014
<b>Redemption Date/Maturity Date</b>	March 25, 2024	March 25, 2029	March 25, 2034
<b>Frequency of Coupon Payment with specified dates</b>	The date, which is the day falling one year from the Deemed Date of Allotment, in case of the first coupon payment and the same date every year, until the Redemption Date for subsequent interest payments		
<b>Day Count Convention</b>	Actual / Actual Interest shall be computed on an “actual/actual basis”. Where the interest period (start date to end date) includes February 29, interest shall be computed on 366 days-a-year basis		

\* Based on current Issue Closing Date and post Issue timelines. Subject to further change.

### Series 1A

Cashflow	Due Date	Date of Payment	Number of days in Coupon Period	Amount (in ₹)
1 <sup>st</sup> Coupon/ Interest Payment Date	Wednesday, March 25, 2015	Wednesday, March 25, 2015	365	83.60
2 <sup>nd</sup> Coupon/ Interest Payment Date	Friday, March 25, 2016	Friday, March 25, 2016	366	83.83
3 <sup>rd</sup> Coupon/ Interest Payment Date	Saturday, March 25, 2017	Monday, March 27, 2017	367	84.06

Cashflow	Due Date	Date of Payment	Number of days in Coupon Period	Amount (in ₹)
4 <sup>th</sup> Coupon/ Interest Payment Date	Sunday, March 25, 2018	Monday, March 26, 2018	364	83.37
5 <sup>th</sup> Coupon/ Interest Payment Date	Monday, March 25, 2019	Monday, March 25, 2019	364	83.37
6 <sup>th</sup> Coupon/ Interest Payment Date	Wednesday, March 25, 2020	Wednesday, March 25, 2020	366	83.83
7 <sup>th</sup> Coupon/ Interest Payment Date	Thursday, March 25, 2021	Thursday, March 25, 2021	365	83.60
8 <sup>th</sup> Coupon/ Interest Payment Date	Friday, March 25, 2022	Friday, March 25, 2022	365	83.60
9 <sup>th</sup> Coupon/ Interest Payment Date	Saturday, March 25, 2023	Monday, March 27, 2023	367	84.06
10 <sup>th</sup> Coupon/ Interest Payment Date	Monday, March 25, 2024	Monday, March 25, 2024	364	83.37
	<b>Principal</b>	Monday, March 25, 2024		<b>1,000</b>
				<b>1,836.69</b>

### Series 2A

Cashflow	Due Date	Date of Payment	Number of days in Coupon Period	Amount (in ₹)
1 <sup>st</sup> Coupon/ Interest Payment Date	Wednesday, March 25, 2015	Wednesday, March 25, 2015	365	87.50
2 <sup>nd</sup> Coupon/ Interest Payment Date	Friday, March 25, 2016	Friday, March 25, 2016	366	87.74
3 <sup>rd</sup> Coupon/ Interest Payment Date	Saturday, March 25, 2017	Monday, March 27, 2017	367	87.98
4 <sup>th</sup> Coupon/ Interest Payment Date	Sunday, March 25, 2018	Monday, March 26, 2018	364	87.26
5 <sup>th</sup> Coupon/ Interest Payment Date	Monday, March 25, 2019	Monday, March 25, 2019	364	87.26
6 <sup>th</sup> Coupon/ Interest Payment Date	Wednesday, March 25, 2020	Wednesday, March 25, 2020	366	87.74
7 <sup>th</sup> Coupon/ Interest Payment Date	Thursday, March 25, 2021	Thursday, March 25, 2021	365	87.50
8 <sup>th</sup> Coupon/ Interest Payment Date	Friday, March 25, 2022	Friday, March 25, 2022	365	87.50
9 <sup>th</sup> Coupon/ Interest Payment Date	Saturday, March 25, 2023	Monday, March 27, 2023	367	87.98
10 <sup>th</sup> Coupon/ Interest Payment Date	Monday, March 25, 2024	Monday, March 25, 2024	364	87.26
11 <sup>th</sup> Coupon/ Interest Payment Date	Tuesday, March 25, 2025	Tuesday, March 25, 2025	365	87.50
12 <sup>th</sup> Coupon/ Interest Payment Date	Wednesday, March 25, 2026	Wednesday, March 25, 2026	365	87.50
13 <sup>th</sup> Coupon/ Interest Payment Date	Thursday, March 25, 2027	Thursday, March 25, 2027	365	87.50
14 <sup>th</sup> Coupon/ Interest Payment Date	Saturday, March 25, 2028	Monday, March 27, 2028	368	88.22
15 <sup>th</sup> Coupon/ Interest Payment Date	Sunday, March 25, 2029	Friday, March 23, 2029	361	86.54
	<b>Principal</b>	Friday, March 23, 2029		<b>1,000</b>
				<b>2,312.98</b>

**Series 3A**

Cashflow	Due Date	Date of Payment	Number of days in Coupon Period	Amount (in ₹)
1 <sup>st</sup> Coupon/ Interest Payment Date	Wednesday, March 25, 2015	Wednesday, March 25, 2015	365	87.50
2 <sup>nd</sup> Coupon/ Interest Payment Date	Friday, March 25, 2016	Friday, March 25, 2016	366	87.74
3 <sup>rd</sup> Coupon/ Interest Payment Date	Saturday, March 25, 2017	Monday, March 27, 2017	367	87.98
4 <sup>th</sup> Coupon/ Interest Payment Date	Sunday, March 25, 2018	Monday, March 26, 2018	364	87.26
5 <sup>th</sup> Coupon/ Interest Payment Date	Monday, March 25, 2019	Monday, March 25, 2019	364	87.26
6 <sup>th</sup> Coupon/ Interest Payment Date	Wednesday, March 25, 2020	Wednesday, March 25, 2020	366	87.74
7 <sup>th</sup> Coupon/ Interest Payment Date	Thursday, March 25, 2021	Thursday, March 25, 2021	365	87.50
8 <sup>th</sup> Coupon/ Interest Payment Date	Friday, March 25, 2022	Friday, March 25, 2022	365	87.50
9 <sup>th</sup> Coupon/ Interest Payment Date	Saturday, March 25, 2023	Monday, March 27, 2023	367	87.98
10 <sup>th</sup> Coupon/ Interest Payment Date	Monday, March 25, 2024	Monday, March 25, 2024	364	87.26
11 <sup>th</sup> Coupon/ Interest Payment Date	Tuesday, March 25, 2025	Tuesday, March 25, 2025	365	87.50
12 <sup>th</sup> Coupon/ Interest Payment Date	Wednesday, March 25, 2026	Wednesday, March 25, 2026	365	87.50
13 <sup>th</sup> Coupon/ Interest Payment Date	Thursday, March 25, 2027	Thursday, March 25, 2027	365	87.50
14 <sup>th</sup> Coupon/ Interest Payment Date	Saturday, March 25, 2028	Monday, March 27, 2028	368	88.22
15 <sup>th</sup> Coupon/ Interest Payment Date	Sunday, March 25, 2029	Monday, March 26, 2029	364	87.26
16 <sup>th</sup> Coupon/ Interest Payment Date	Monday, March 25, 2030	Monday, March 25, 2030	364	87.26
17 <sup>th</sup> Coupon/ Interest Payment Date	Tuesday, March 25, 2031	Tuesday, March 25, 2031	365	87.50
18 <sup>th</sup> Coupon/ Interest Payment Date	Thursday, March 25, 2032	Thursday, March 25, 2032	366	87.74
19 <sup>th</sup> Coupon/ Interest Payment Date	Friday, March 25, 2033	Friday, March 25, 2033	365	87.50
20 <sup>th</sup> Coupon/ Interest Payment Date	Saturday, March 25, 2034	Friday, March 24, 2034	364	87.26
	<b>Principal</b>	Friday, March 24, 2034		1,000
				2,750.96

**Series 1B**

Cashflow	Due Date	Date of Payment	Number of days in Coupon Period	Amount (in ₹)
1 <sup>st</sup> Coupon/ Interest Payment Date	Wednesday, March 25, 2015	Wednesday, March 25, 2015	365	86.10
2 <sup>nd</sup> Coupon/ Interest Payment Date	Friday, March 25, 2016	Friday, March 25, 2016	366	86.34
3 <sup>rd</sup> Coupon/ Interest Payment Date	Saturday, March 25, 2017	Monday, March 27, 2017	367	86.57

Cashflow	Due Date	Date of Payment	Number of days in Coupon Period	Amount (in ₹)
4 <sup>th</sup> Coupon/ Interest Payment Date	Sunday, March 25, 2018	Monday, March 26, 2018	364	85.86
5 <sup>th</sup> Coupon/ Interest Payment Date	Monday, March 25, 2019	Monday, March 25, 2019	364	85.86
6 <sup>th</sup> Coupon/ Interest Payment Date	Wednesday, March 25, 2020	Wednesday, March 25, 2020	366	86.34
7 <sup>th</sup> Coupon/ Interest Payment Date	Thursday, March 25, 2021	Thursday, March 25, 2021	365	86.10
8 <sup>th</sup> Coupon/ Interest Payment Date	Friday, March 25, 2022	Friday, March 25, 2022	365	86.10
9 <sup>th</sup> Coupon/ Interest Payment Date	Saturday, March 25, 2023	Monday, March 27, 2023	367	86.57
10 <sup>th</sup> Coupon/ Interest Payment Date	Monday, March 25, 2024	Monday, March 25, 2024	364	85.86
	<b>Principal</b>	Monday March 25, 2024		1,000
				1,861.71

### Series 2B

Cashflow	Due Date	Date of Payment	Number of days in Coupon Period	Amount (in ₹)
1 <sup>st</sup> Coupon/ Interest Payment Date	Wednesday, March 25, 2015	Wednesday, March 25, 2015	365	90.00
2 <sup>nd</sup> Coupon/ Interest Payment Date	Friday, March 25, 2016	Friday, March 25, 2016	366	90.25
3 <sup>rd</sup> Coupon/ Interest Payment Date	Saturday, March 25, 2017	Monday March 27, 2017	367	90.49
4 <sup>th</sup> Coupon/ Interest Payment Date	Sunday, March 25, 2018	Monday, March 26, 2018	364	89.75
5 <sup>th</sup> Coupon/ Interest Payment Date	Monday, March 25, 2019	Monday, March 25, 2019	364	89.75
6 <sup>th</sup> Coupon/ Interest Payment Date	Wednesday, March 25, 2020	Wednesday, March 25, 2020	366	90.25
7 <sup>th</sup> Coupon/ Interest Payment Date	Thursday, March 25, 2021	Thursday, March 25, 2021	365	90.00
8 <sup>th</sup> Coupon/ Interest Payment Date	Friday, March 25, 2022	Friday, March 25, 2022	365	90.00
9 <sup>th</sup> Coupon/ Interest Payment Date	Saturday, March 25, 2023	Monday, March 27, 2023	367	90.49
10 <sup>th</sup> Coupon/ Interest Payment Date	Monday, March 25, 2024	Monday, March 25, 2024	364	89.75
11 <sup>th</sup> Coupon/ Interest Payment Date	Tuesday, March 25, 2025	Tuesday, March 25, 2025	365	90.00
12 <sup>th</sup> Coupon/ Interest Payment Date	Wednesday, March 25, 2026	Wednesday, March 25, 2026	365	90.00
13 <sup>th</sup> Coupon/ Interest Payment Date	Thursday, March 25, 2027	Thursday, March 25, 2027	365	90.00
14 <sup>th</sup> Coupon/ Interest Payment Date	Saturday, March 25, 2028	Monday, March 27, 2028	368	90.74
15 <sup>th</sup> Coupon/ Interest Payment Date	Sunday, March 25, 2029	Friday, March 23, 2029	361	89.01
	<b>Principal</b>	Friday March 23, 2029		1,000
				2,350.49

**Series 3B**

Cashflow	Due Date	Date of Payment	Number of days in Coupon Period	Amount (in ₹)
1 <sup>st</sup> Coupon/ Interest Payment Date	Wednesday, March 25, 2015	Wednesday, March 25, 2015	365	90.00
2 <sup>nd</sup> Coupon/ Interest Payment Date	Friday, March 25, 2016	Friday, March 25, 2016	366	90.25
3 <sup>rd</sup> Coupon/ Interest Payment Date	Saturday, March 25, 2017	Monday, March 27, 2017	367	90.49
4 <sup>th</sup> Coupon/ Interest Payment Date	Sunday, March 25, 2018	Monday, March 26, 2018	364	89.75
5 <sup>th</sup> Coupon/ Interest Payment Date	Monday, March 25, 2019	Monday, March 25, 2019	364	89.75
6 <sup>th</sup> Coupon/ Interest Payment Date	Wednesday, March 25, 2020	Wednesday, March 25, 2020	366	90.25
7 <sup>th</sup> Coupon/ Interest Payment Date	Thursday, March 25, 2021	Thursday, March 25, 2021	365	90.00
8 <sup>th</sup> Coupon/ Interest Payment Date	Friday, March 25, 2022	Friday, March 25, 2022	365	90.00
9 <sup>th</sup> Coupon/ Interest Payment Date	Saturday, March 25, 2023	Monday, March 27, 2023	367	90.49
10 <sup>th</sup> Coupon/ Interest Payment Date	Monday, March 25, 2024	Monday, March 25, 2024	364	89.75
11 <sup>th</sup> Coupon/ Interest Payment Date	Tuesday, March 25, 2025	Tuesday, March 25, 2025	365	90.00
12 <sup>th</sup> Coupon/ Interest Payment Date	Wednesday, March 25, 2026	Wednesday, March 25, 2026	365	90.00
13 <sup>th</sup> Coupon/ Interest Payment Date	Thursday, March 25, 2027	Thursday, March 25, 2027	365	90.00
14 <sup>th</sup> Coupon/ Interest Payment Date	Saturday, March 25, 2028	Monday, March 27, 2028	368	90.74
15 <sup>th</sup> Coupon/ Interest Payment Date	Sunday, March 25, 2029	Monday, March 26, 2029	364	89.75
16 <sup>th</sup> Coupon/ Interest Payment Date	Monday, March 25, 2030	Monday, March 25, 2030	364	89.75
17 <sup>th</sup> Coupon/ Interest Payment Date	Tuesday, March 25, 2031	Tuesday, March 25, 2031	365	90.00
18 <sup>th</sup> Coupon/ Interest Payment Date	Thursday, March 25, 2032	Thursday, March 25, 2032	366	90.25
19 <sup>th</sup> Coupon/ Interest Payment Date	Friday, March 25, 2033	Friday, March 25, 2033	365	90.00
20 <sup>th</sup> Coupon/ Interest Payment Date	Saturday, March 25, 2034	Friday, March 24, 2034	364	89.75
	<b>Principal</b>	Friday March 24, 2034		1,000
				2,800.99

**Assumptions:**

1. For the purposes of the above-mentioned illustrations, none of the Coupon/ Interest Payment Dates and Redemption Dates/Maturity Dates detailed in such illustrations fall on public holidays; accordingly, only such dates that fall on Saturdays and Sundays have been considered non-Working Days.
2. The Deemed Date of Allotment is assumed to be March 25, 2014.
3. For cash flows under Series 1B, 2B, 3B it is assumed that on all the Record Dates, the Bondholder falls in the Category IV (Retail Individual Investor) and the Coupon rate remains unchanged at 8.61%, 9.00% and 9.00% p.a. respectively.

**Notes:**

1. As Fiscal 2016, Fiscal 2020, Fiscal 2024, Fiscal 2028 and Fiscal 2032 are leap years, Coupon/ Interest Payment dates have been calculated for 366 days-a-year basis, on the principal outstanding on the Bonds.
2. Since the 3<sup>rd</sup>, 4<sup>th</sup>, 9<sup>th</sup>, 14<sup>th</sup>, 15<sup>th</sup> Coupon/ Interest Payment Dates are falling on a non-Working Day, interest is payable on the next Working Day along with interest of one additional day.
3. Since interest for an additional day is to be paid on 3<sup>rd</sup>, 4<sup>th</sup>, 9<sup>th</sup>, 14<sup>th</sup>, 15<sup>th</sup> Coupon/ Interest Payment Date, interest for one day is deducted from the interest payable on the 4<sup>th</sup>, 10<sup>th</sup>, 15<sup>th</sup>, 16<sup>th</sup> Coupon/ Interest Payment Date.
4. Since the Redemption/ Maturity Date is falling on a non-Working Day, the redemption proceeds shall be paid on the immediately preceding Working Day.

**COUPON/INTEREST PAYMENT SHALL BE ROUNDED TO THE NEAREST RUPEE AS PER THE FIXED INCOME MONEY MARKET AND DERIVATIVES ASSOCIATION HANDBOOK ON MARKET PRACTICES.**

**Manner & Modes of Payment*****For Bonds held in electronic form***

No action is required on the part of Bondholders on the Maturity Date. Payment on the Bonds will be made to those Bondholders whose name appears first in the register of beneficial owners maintained by the Depository, on the Record Date. **The Company's liability to Bondholders for payment or otherwise will stand extinguished from the Maturity Date or on dispatch of the amounts payable by way of principal and/or interest to the Bondholders. Further, the Company will not be liable to pay any interest, income or compensation of any kind accruing subsequent to the Maturity Date.**

The Bondholders' respective bank account details will be obtained from the Depository for payments. **Applicants are therefore advised to immediately update their bank account details as appearing on the records of their DP. Failure to do so could result in delays in credit of payments to applicants at their sole risk, and neither the Company, the Members of the Syndicate, Trading Members of the Stock Exchange(s), Escrow Collection Bank(s), SCSBs, Registrar to the Issue nor the Stock Exchanges will bear any responsibility or liability for the same.**

***For Bonds held in physical form***

The bank details will be obtained from the Registrar to the Issue for effecting payments.

**Moreover, the Company, Lead Managers and Registrar to the Issue will not be responsible for any delay in receipt of credit of interest, refund or Maturity Amount so long as the payment process has been initiated in time.**

All payments to be made by the Company to the Bondholders will be made through any of the following modes, in the following order of preference:

(a) ***Direct Credit***

Applicants having bank accounts with the Refund Bank(s), as per Demographic Details received from the Depository, will be eligible to receive payments through direct credit. Charges, if any, levied by the Refund Bank for the same would be borne by the Company.

(b) ***NECS***

Applicants having a bank account at any of the centres notified by RBI, as per Demographic Details received from the Depository, will be eligible to receive payments through NECS. This mode of payment is subject to availability of complete bank account details with the Depository, including the MICR code, bank account number, bank name and bank branch. The corresponding IFSC will be obtained from the RBI website as at a date prior to the date of payment, duly mapped with the relevant MICR code.

(c) ***RTGS***

Applicants having a bank account with a bank branch which is RTGS enabled, as per the information

available on the website of RBI and as per records received from the Depository, will be eligible to receive payments through RTGS in the event the payment amount exceeds ₹ 0.2 million. This mode of payment is subject to availability of complete bank account details with the Depository, including the MICR code, bank account number, bank name and bank branch. Charges, if any, levied by the Refund Bank for the same would be borne by the Company. Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant. The corresponding IFSC will be obtained from the RBI website as at a date prior to the date of payment, duly mapped with the relevant MICR code.

(d) ***NEFT***

Applicants having a bank account with a bank branch which is NEFT enabled, as per records received from the Depository, will be eligible to receive payments through NEFT. This mode of payment is subject to availability of complete bank account details with the Depository, including the MICR code, bank account number, bank name and bank branch. The corresponding IFSC will be obtained from the RBI website as at a date prior to the date of payment, duly mapped with the relevant MICR code.

(e) ***Demand Draft/Cheque/Pay Order***

For all other Applicants, including those who have not updated their bank particulars with the MICR code, payment will be dispatched by post for value up to ₹ 1,500/- and through Registered/Speed Post for value of ₹ 1,500/- and above, only to Applicants that have provided details of a registered address in India.

### **Printing of Bank Particulars on Interest Warrants**

As a matter of precaution against possible fraudulent encashment of payment orders/warrants due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be given for printing on the orders/warrants. In relation to Bonds applied for and held in dematerialised form, these particulars would be taken directly from the Depositories. In case of Bonds held in physical form on account of rematerialisation, Applicants are advised to submit their bank account details with the Company or the Registrar to the Issue at least seven days prior to the Record Date, failing which the orders/warrants will be dispatched to the postal address (in India) of the Bondholder as available in the register of beneficial owners maintained by the Depository. Bank account particulars will be printed on the orders/warrants which can then be deposited only in the account specified.

### **Record Date**

The record date for payment of interest on the Bonds or the Maturity Amount will be 15 days prior to the date on which such amount is due and payable ("**Record Date**"). In case of redemption of Bonds, the trading in the Bonds shall remain suspended between the Record Date and the date of redemption.

### **TRANSFER OF THE BONDS**

The provisions relating to transfer and transmission and other related matters in respect of our shares contained in the Companies Act and the Company's Articles of Association will apply, *mutatis mutandis* (to the extent applicable to debentures) to the Bonds.

#### ***Transfer of Bonds held in dematerialized form***

In respect of Bonds held in the dematerialized form, transfers of the Bonds may be effected, only through the Depositories where such Bonds are held, in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time. The Bondholder shall give delivery instructions containing details of the prospective purchaser's DP's account to his DP. If a prospective purchaser does not have a demat account, the Bondholder may rematerialize his or her Bonds and transfer them in a manner as specified below.

#### ***Transfer of Bonds in physical form***

The Bonds may be transferred by way of a duly executed transfer deed or other suitable instrument of transfer as may be prescribed by the Company for the registration of transfer of Bonds. Purchasers of Bonds are advised to send the Consolidated Bond Certificate to the Company or to such persons as may be notified by the Company from time to time. If a purchaser of the Bonds in physical form intends to hold the Bonds in dematerialized form, the Bonds may be dematerialized by the purchaser through his or her DP in accordance with the

Depositories Act and/or rules as notified by the Depositories from time to time.

**The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date, failing which the interest and/or Maturity Amount for the Bonds will be paid to the person whose name appears in the register of debenture holders maintained by the Depositories. In such cases, any claims will be settled *inter se* between the parties and no claim or action will be brought against the Company or the Registrar to the Issue.**

## **TAXATION**

For details, please see “*Statement of Tax Benefits*” on page 44 of this Prospectus.

## **BONDHOLDER NOT A SHAREHOLDER**

The Bondholders will not be entitled to any of the rights and privileges available to equity and/or preference shareholders of the Company.

### **Rights of Bondholders**

Provided below is an indicative list of certain significant rights available to the Bondholders. The final rights of the Bondholders will be as per the Bond Trust Deed.

- (a) The Company will maintain at its Registered Office or such other place as permitted by law a register of Bondholders (“**Register of Bondholders**”) containing such particulars as required by Section 152 of the Companies Act 1956. In terms of Section 152A of the Companies Act 1956, the Register of Bondholders maintained by a Depository for any Bond in dematerialised form under Section 11 of the Depositories Act will be deemed to be a Register of Bondholders for this purpose.
- (b) The rights, privileges and conditions attached to the Bonds may be varied, modified and/or abrogated with either (i) the consent in writing of the holders of at least three-fourths of the outstanding amount of the Bonds; or (ii) the sanction of at least three-fourths of the Bondholders present and voting at a meeting of the Bondholders (“**Special Resolution**”), provided that nothing in such consent or resolution will be operative against the Company, where such consent or resolution modifies or varies the terms and conditions governing the Bonds if modification, variation or abrogation is not acceptable to the Company.
- (c) The Bondholder or, in case of joint-holders, the person whose name stands first in the register of beneficial owners maintained by the Depository will be entitled to vote in respect of such Bonds, either by being present in person or, where proxies are permitted, by proxy, at any meeting of the concerned Bondholders summoned for such purpose and every such Bondholder will be entitled to one vote on a show of hands and, on a poll, his or her voting rights will be in proportion to the outstanding nominal value of Bonds held by him or her on every resolution placed before such meeting of the Bondholders.
- (d) Bonds may be rolled over, at the option of the Company, with the consent in writing of the holders of at least three-fourths of the outstanding amount of the Bonds or with the sanction of a Special Resolution passed at a meeting of the Bondholders convened with at least 21 days prior notice for such roll-over and in accordance with the SEBI Debt Regulations. The Company will redeem the Bonds of all the Bondholders who have not given their positive consent to the roll-over.

The above rights of Bondholders are merely indicative. The final rights of the Bondholders will be as per the terms of this Prospectus and Bond Trust Deed between the Company with the Bond Trustee.

### **Joint-holders**

Where two or more persons are holders of any Bond(s), they will be deemed to hold the same as joint holders with benefits of survivorship subject to the Company’s Articles of Association and applicable law.

### **Nomination**

In accordance with Section 109A of the Companies Act 1956, the sole/first Bondholder, with other joint Bondholders (being individuals), may nominate any one person (being an individual) who, in the event of death of the sole Bondholder or all the joint Bondholders, as the case may be, will become entitled to the Bonds. A

nominee entitled to the Bonds by reason of the death of the original Bondholder(s) will become entitled to the same benefits to which he would be entitled if he were the original Bondholder. Where the nominee is a minor, the Bondholder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Bonds in the event of the Bondholder's death during minority. A nomination will stand rescinded on a sale/transfer/alienation of Bonds by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Company's Registered and Port Office or with the Registrar to the Issue or at such other addresses as may be notified by the Company.

The Bondholders are advised to provide the specimen signature of the nominee to the Company to expedite the transmission of the Bond(s) to the nominee in the event of demise of the Bondholders. The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

In accordance with Section 109B of the Companies Act 1956, any person who becomes a nominee by virtue of Section 109A of the Companies Act 1956, will on the production of such evidence as may be required by the Board, elect either to register himself or herself as holder of Bonds; or to make such transfer of the Bonds, as the deceased holder could have made.

Further, the Board may at any time issue notice requiring any nominee to choose either to be registered himself or to transfer the Bonds, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividend, bonuses or other monies payable in respect of the Bonds, until the requirements of the notice have been complied with.

In case of Application for allotment of Bonds in dematerialised form, there is no need to make a separate nomination with the Company. Nominations registered with the respective DP of the Applicant will prevail. If Applicants want to change their nomination, they are advised to inform their respective DP.

#### **Events of Default**

Subject to the terms of the Bond Trust Deed, the Bond Trustee at its discretion may, or if so requested in writing by the holders of at least three-fourths of the outstanding amount of the Bonds or with the sanction of a Special Resolution, passed at a meeting of the Bondholders, (subject to being indemnified and/or secured by the Bondholders to its satisfaction), give notice to the Company specifying that the Bonds and/or any particular Series of Bonds, in whole but not in part are and have become due and repayable on such date as may be specified in such notice *inter alia* if any of the events listed below occurs. The description below is indicative and a complete list of events of default and its consequences is specified in the Bond Trust Deed:

- (i) Default in any payment of the principal amount due in respect of any Series of the Bonds and such failure continues for a period of 30 days;
- (ii) Default in any payment of any installment of interest in respect of any Series of the Bonds and such failure continues for a period of 15 days;
- (iii) Default in any payment of any other sum due in respect of any Series of the Bonds and such failure continues for a period of 15 days;
- (iv) The Company is (in the reasonable opinion of the Bond Trustee or as notified by the Company to the Bond Trustee), or is deemed by a court of competent jurisdiction under applicable law to be, insolvent or bankrupt or unable to pay a material part of its debts, or stops, suspends or threatens to stop or suspend payment of all or a material part (in the reasonable opinion of the Bond Trustee) of, or of a particular type of, its debts;
- (v) The Company does not perform or comply with one or more of its other material obligations in relation to the Bonds and/or under the Bond Trust Deed and/or Security Documents, which default is incapable of remedy or, if in the reasonable opinion of the Bond Trustee is capable of remedy, is not remedied within 30 days of written notice of such default being provided to the Company by the Bond Trustee; or
- (vi) Any encumbrancer takes possession, or an administrative or other receiver or an administrator is appointed, of the whole or (in the reasonable opinion of the Bond Trustee) any substantial part of the property, assets or revenues of the Company, and is not discharged within 45 days.

The amount(s) so payable by the Company on the occurrence of one or more Event(s) of Default shall be as detailed in the Bond Trust Deed. If an Event of Default occurs, which is continuing, the Bond Trustee may, with the consent of the Bondholders, obtained in accordance with the Bond Trust Deed, and with prior written notice to the Company, take action in terms of the Bond Trust Deed. In the event of a conflict between the terms mentioned here and those in the Bond Trust Deed, the Bond Trust Deed shall prevail.

### **Bond Trustee**

The Company has appointed GDA Trusteeship Ltd. to act as Bond Trustee for the Bondholders. GDA Trusteeship Ltd. has by its letter No. DT/523/14 dated January 21, 2014 given its consent for its appointment as Bond Trustee to the Issue and for its name to be included in this Prospectus and in all the subsequent periodical communications sent to the holders of the Bonds issued, pursuant to this Issue, pursuant to Regulation 4(4) of the SEBI Debt Regulations.

The Company has entered into a Bond Trustee Agreement with the Bond Trustee, the terms of which along with the Bond Trust Deed will govern the appointment and functioning of the Bond Trustee and specified the powers, authorities and obligations of the Bond Trustee. Under the terms of the Bond Trustee Agreement and the Bond Trust Deed, the Company covenants with the Bond Trustee that it will pay the Bondholders the principal amount on the Bonds on the relevant Maturity Date and also that it will pay the interest due on Bonds at the rate/on the date(s) specified under the Bond Trust Deed. The Bond Trust Deed shall be provided to the Designated Stock Exchange within five Working Days of its execution.

The Bondholders will, without further act or deed, be deemed to have irrevocably given their consent to the Bond Trustee or any of their agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the Bonds as the Bond Trustee may in their absolute discretion deem necessary or require to be done in the interest of the Bondholders. Any payment made by the Company to the Bond Trustee on behalf of the Bondholders will discharge the Company *pro tanto* to the Bondholders. All the rights and remedies of the Bondholders will vest in and will be exercised by the Bond Trustee without reference to the Bondholders. No Bondholder will be entitled to proceed directly against the Company unless the Bond Trustee, having become so bound to proceed, failed to do so. The Bond Trustee will protect the interest of the Bondholders in the event of default by the Company in regard to timely payment of interest and repayment of principal and they will take necessary action at the Company's cost.

### **Pre-Issue Advertisement**

Subject to Section 30 of the Companies Act 2013, the Company will, on or before the Issue Opening Date, publish a statutory pre-Issue advertisement in the form prescribed under the SEBI Debt Regulations, in one national daily newspaper with wide circulation. Material updates, if any, between the date of filing of this Prospectus with the RoC and the date of release of the statutory pre-Issue advertisement will be included in the statutory pre-Issue advertisement.

### **Impersonation**

**Attention of the Applicants is specifically drawn to sub-section (1) of Section 38 of the Companies Act 2013, reproduced below:**

*“Any person who:*

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

*shall be liable for action under Section 447.”*

### **Utilisation of Issue Proceeds**

The Issue proceeds may be utilised towards financing of the various projects being implemented by the Company under the NMDP.

In accordance with the SEBI Debt Regulations, the Company is required not to utilise the Issue proceeds for providing loans to or acquisitions of shares of any person who is a part of the same group as the Company or who is under the same management as the Company or any Subsidiary of the Company. Further, the Company is a public sector enterprise and, as such, the Company does not have any identifiable 'group' companies or 'companies under the same management'. In addition, the Issue proceeds shall not be utilised towards full or part consideration for the purchase or any acquisition, including by way of a lease, of any property. Further, the Issue proceeds shall be utilized in course of our normal business activities and shall not be utilized towards any purposes restricted under the Foreign Exchange Management (Borrowing or Lending in Rupees) Regulations, 2000, including investment in the stock market or in real estate business or for carrying on agricultural/plantation activities, purchase of shares/debentures/Bonds issued by companies in India or for re-lending.

Further, in accordance with the SEBI Debt Regulations and the Debt Listing Agreement as well as the Bond Trust Deed, the Issue proceeds will be kept in separate Escrow Account(s) and the Company will have access to such funds only after creation of Security for the Bonds and/or as per applicable law.

For more information (including with respect to interim use of the Issue proceeds), see "*Objects of the Issue*" on page 42 of this Prospectus.

#### **Monitoring & Reporting of Utilisation of Issue Proceeds**

In terms of the SEBI Debt Regulations, there is no requirement for appointment of a monitoring agency in relation to the use of proceeds of the Issue. The Board shall monitor the utilisation of the proceeds of the Issue.

The end-use of the proceeds of the Issue, duly certified by the Statutory Auditors, will be reported in the Company's annual reports and other reports issued by the Company to relevant regulatory authorities, as applicable, including the Stock Exchanges in relation to the Company's reporting obligations under the Debt Listing Agreement.

Further, our Company confirms that funds raised by our Company from previous public issues and private placements of bonds have been utilized for our Company's business as stated in the respective offer documents, and as reported to the Stock Exchanges under applicable law.

For more information (including with respect to interim use of the Issue proceeds), see "*Objects of the Issue*" on page 42 of this Prospectus.

#### **Statement by the Board:**

- (i) All monies received pursuant to the Issue shall be transferred to a separate bank account other than the bank account referred to in Section 40 of the Companies Act 2013;
- (ii) Details of all monies utilised out of the Issue shall be disclosed under an appropriate separate head in the Company's balance sheet, indicating the purpose for which such monies were utilised; and
- (iii) Details of all unutilised monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the Company's balance sheet, indicating the form in which such unutilised monies have been invested.

#### **Other Undertakings by the Company**

The Company undertakes that:

- (a) Complaints received in respect of the Issue will be attended to by the Company expeditiously and satisfactorily;
- (b) Necessary cooperation to the Credit Rating Agency(ies) will be extended in providing true and adequate information until the obligations in respect of the Bonds are outstanding;
- (c) The Company will take necessary steps for the purpose of getting the Bonds listed within the specified

time, i.e., within 12 Working Days of the Issue Closing Date;

- (d) Funds required for dispatch of refund orders/Allotment Advice/Bond certificates will be made available by the Company to the Registrar to the Issue;
- (e) The Company will forward details of utilisation of the Issue Proceeds, duly certified by the Statutory Auditor, to the Bond Trustee at the end of each half year.
- (f) The Company will provide a compliance certificate to the Bond Trustee on an annual basis in respect of compliance with the terms and conditions of the Issue of Bonds as contained in this Prospectus.
- (g) The Company will disclose the complete name and address of the Bond Trustee in its annual report, and on its website on an ongoing basis.

#### **DRR**

Pursuant to Regulation 16 of the SEBI Debt Regulations and Section 117C of the Companies Act 1956, any company that intends to issue debentures is required to create a DRR to which adequate amounts shall be credited out of the profits of the company until the redemption of the debentures. Further, the MCA has, through circular dated February 11, 2013, specified that an infrastructure company is required to maintain DRR up to 25.00% of the value of debentures issued through public issue and 25.00% for privately placed debentures. Further, the Company is required to create DRR out of profits, if any, earned by the Issuer.

The Company will credit adequate amounts to the DRR from its profits every year until the Maturity Date. The amounts credited to the DRR will not be utilised by the Company for any purpose other than redemption of the Bonds. Maintenance of the DRR is subject to, and shall be liable to modification pursuant to applicable law from time to time.

#### **Guarantee/Letter of Comfort**

The Issue is not backed by a guarantee or letter of comfort or any other document and/or letter with similar intent.

#### **Replacement of Bond Certificates**

In case of Bonds in physical form, if a Bond certificate is mutilated or defaced then on production thereof to the Company, the Company shall cancel such certificate and issue a new or duplicate certificate in lieu thereof, however, they will be replaced only if the certificate numbers and the distinctive numbers are legible. If any Bond certificate is lost, stolen or destroyed, then, on proof thereof to the satisfaction of the Company and on furnishing such indemnity as the Company may deem adequate and on payment of any expenses incurred by the Company in connection with proof of such destruction or theft or in connection with such indemnity the Company shall issue a new or duplicate Bond certificate. A fee may be charged by the Company not exceeding such sum as may be prescribed by applicable law for each new or duplicate Bond certificate issued hereunder except certificates in replacement of those which are old, decrepit or worn out or defaced or where the pages for recording transfers have been fully utilised.

#### **Put/Call Option**

There is no put or call option for the Bonds.

#### **Future Borrowings**

The Company will be entitled at any time in the future during the term of the Bonds or thereafter to borrow or raise loans or create encumbrances or avail of financial assistance in any form, and also to issue promissory notes or debentures or any other securities in any form, manner, ranking and denomination whatsoever and to any eligible persons whatsoever, and to change its capital structure including through the issue of shares of any class, on such terms and conditions as the Company may deem appropriate, without requiring the consent of, or intimation to, the Bondholders or the Bond Trustee in this connection.

#### **Lien**

The Company will have the right of set-off and lien, present as well as future on the moneys due and payable to

the Bondholder or deposits held in the account of the Bondholder, whether in single name or joint name, to the extent of all outstanding dues by the Bondholder to the Company.

### **Lien on Pledge of Bonds**

Subject to applicable laws, the Company, at its discretion, may note a lien on pledge of Bonds if such pledge of Bond is accepted by any bank or institution for any loan provided to the Bondholder against pledge of such Bonds as part of the funding.

### **Procedure for Rematerialisation of Bonds**

Bondholders who wish to hold the Bonds in physical form may do so by submitting a request to their DP at any time after Allotment in accordance with the applicable procedure stipulated by the DP, in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time. For further details, see “*Terms of the Issue - Form of Allotment and Denomination*” on page 121 of this Prospectus.

### **Sharing of Information**

The Company may, at its option, use its own, as well as exchange, share or part with any financial or other information about the Bondholders available with the Company, its Subsidiary(ies) and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required. **Neither the Company nor its Subsidiaries and affiliates nor its or their respective agents will be liable for use of the aforesaid information.**

### **Notices**

All notices to the Bondholders required to be given by the Company or the Bond Trustee will be published in one English language newspaper having wide circulation and/or, will be sent by post/courier to the Bondholders from time to time, only to Applicants that have provided a registered address in India.

### **Jurisdiction**

The Bonds, the Bond Trustee Agreement, the Bond Trust Deed and other relevant documents shall be governed by and construed in accordance with the laws of India. The courts of Chennai will have exclusive jurisdiction for the purposes of the Issue.

## ISSUE PROCEDURE

*This section applies to all Applicants. Applicants are requested to note that in terms of circular (No. CIR./IMD/DF-1/20/2012) dated July 27, 2012 (“2012 Circular”), SEBI has mandated issuers to provide, through a recognized stock exchange which offers such a facility, an online interface enabling direct application by investors to a public issue of their debt securities with an online payment facility (“Direct Online Application Mechanism”). In this regard, SEBI has, through the 2012 Circular, directed recognized stock exchanges in India to establish necessary systems and infrastructure for the implementation of the Direct Online Application Mechanism. In the event that either of the Stock Exchanges establishes such necessary systems, infrastructure and processes so as to enable the adoption of the Direct Online Application Mechanism prior to the Issue Opening Date, we shall offer eligible investors desirous of applying in the Issue the option to make Applications through the Direct Online Application Mechanism.*

*If such systems, infrastructures or processes are established by either of the Stock Exchanges after the filing of this Prospectus but prior to the Issue Opening Date, the methods and procedure for relating to the Direct Online Application Mechanism shall be widely disseminated by us through a public notice in at least one national daily newspaper with wide circulation.*

*ASBA Applicants and Applicants making Direct Online Applications using the online payment facility of the Stock Exchanges should note that the ASBA and Direct Online Application processes involve application procedures which may be different from the procedures applicable to Applicants who apply for Bonds through any of the other permitted channels and accordingly should carefully read the provisions applicable to ASBA and Direct Online Applications, respectively.*

*All Applicants are required to make payment of the full Application Amount with the Application Form. ASBA Applicants are required to ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Application Amount can be blocked by the SCSBs.*

*ASBA Applicants may submit their ASBA Applications to the Members of the Syndicate or Trading Members of the Stock Exchanges only in the Specified Cities or directly to the Designated Branches of SCSBs. Applicants other than ASBA Applicants are required to submit their Applications to the Members of the Syndicate or Trading Members of the Stock Exchanges or make Direct Online Applications using the online payment facility of the Stock Exchanges.*

*This section is based on the 2012 Circular issued by SEBI, and is subject to the Stock Exchanges putting in place the necessary systems and infrastructure for implementation of the abovementioned circular, including the systems and infrastructure required in relation to Direct Online Applications through the online platform and online payment facility to be offered by Stock Exchanges and accordingly is subject to any further clarification, notification, modification, direction, instructions and/or correspondence that may be issued by the Stock Exchanges and/or SEBI. The following Issue procedure may consequently undergo change between the date of this Prospectus and the Issue Opening Date; Applicants are accordingly advised to carefully read this Prospectus, Application Form and Abridged Prospectus in relation to any proposed investment in the Bonds. The Company, the Registrar to the Issue and the Lead Managers shall not be liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date thereof.*

*Trading Members of the Stock Exchanges who wish to collect and upload Applications on the electronic application platform provided by the Stock Exchanges will need to approach the respective Stock Exchanges and follow the requisite procedures prescribed by the relevant Stock Exchange. **The Members of the Syndicate, the Company and the Registrar to the Issue shall not be responsible or liable for any errors or omissions on the part of the Trading Members of the Stock Exchanges in connection with the responsibility of such Trading Members of the Stock Exchanges in relation to collection and upload of Applications in the Issue on the online platform and online payment facility to be provided by the Stock Exchanges.** Further, the relevant Stock Exchanges shall be responsible for addressing investor grievances arising from Applications through Trading Members registered with such Stock Exchanges.*

*For purposes of the Issue, the term “Working Day” shall mean all days excluding Sundays or a public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881, except with reference to Issue Period, Coupon/ Interest Payment Date and Record Date, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India or at any other payment centre notified in*

terms of the Negotiable Instruments Act, 1881.

## PROCEDURE FOR APPLICATION

### Availability of Prospectus, Abridged Prospectus and Application Forms

Physical copies of the Abridged Prospectus containing salient features of this Prospectus together with Application Forms and copies of this Prospectus may be obtained from:

- (a) The Company's Registered and Port Office;
- (b) Offices of the Members of the Syndicate;
- (c) Trading Members of the Stock Exchanges; and
- (d) Designated Branches of SCSBs.

Electronic Application Forms will be available on the websites of the Stock Exchanges that permit submission of ASBA Applications electronically. A unique application number ("UAN") will be generated for every Application Form downloaded from the websites of the Stock Exchanges. In addition, online beneficiary account portals may provide a facility of submitting Application Forms online to their account holders.

Trading Members of the Stock Exchanges can download Application Forms from the websites of the Stock Exchanges. Further, Application Forms will be provided to Trading Members of the Stock Exchanges at their request.

On a request being made by any Applicant before the Issue Closing Date, physical copies of this Prospectus and Application Form can be obtained from the Company's Registered and Port Office, as well as offices of the Lead Managers. Electronic copies of this Prospectus will be available on the websites of the Lead Managers, the Designated Stock Exchange, SEBI and the SCSBs.

### Who Can Apply

Category I ("Qualified Institutional Buyers") ("QIBs")*	Category II ("Corporates")*	Category III ("High Networth Individuals") ("HNIs")	Category IV ("Retail Individual Investors") ("RIIs")
<ul style="list-style-type: none"> <li>• Public financial institutions specified in Section 2(20) of the Companies Act 2013,</li> <li>• Scheduled commercial banks,</li> <li>• Mutual funds registered with SEBI,</li> <li>• Alternative Investment Funds registered with SEBI under the SEBI AIF Regulations,</li> <li>• Multilateral and bilateral development financial institutions,</li> <li>• State industrial development corporations,</li> <li>• Insurance companies registered with the IRDA,</li> <li>• Provident funds with a minimum corpus of ₹ 250 million,</li> <li>• Pension funds with a minimum corpus of ₹ 250 million,</li> <li>• The National Investment</li> </ul>	<ul style="list-style-type: none"> <li>• Companies within the meaning of Section 2(20) of the Companies Act 2013, limited liability partnerships registered under the provisions of the LLP Act, statutory corporations, trusts, partnership firms in the name of their respective partners, co-operative banks, regional rural banks, bodies corporate registered under the applicable laws in India and authorised to invest in Bonds along with Major Port Trusts whose board is constituted as a body corporate and other legal entities constituted and/or registered under applicable laws in India that are authorized to invest in Bonds by their respective constitutional and/or charter documents, subject to compliance with respective applicable laws</li> </ul>	<ul style="list-style-type: none"> <li>• The following investors applying for an amount aggregating to more than ₹ 1 million across all Series of Bonds in the Issue <ul style="list-style-type: none"> <li>• Resident Individual Investors</li> <li>• HUFs applying through the Karta</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• The following investors applying for an amount aggregating up to and including ₹ 1 million across all Series of Bonds in the Issue <ul style="list-style-type: none"> <li>• Resident Individual Investors</li> <li>• HUFs applying through the Karta</li> </ul> </li> </ul>

Category I (“Qualified Institutional Buyers”) (“QIBs”)*	Category II (“Corporates”)*	Category III (“High Networth Individuals”) (“HNIs”)	Category IV (“Retail Individual Investors”) (“RIIs”)
Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI, published in the Gazette of India, <ul style="list-style-type: none"> <li>• Insurance funds set up and managed by the army, navy, or air force of the Union of India and</li> <li>• Insurance funds set up and managed by the Department of Posts, India</li> </ul>			

\* See general circular (No. 6/2013) dated March 14, 2013 issued by the MCA that clarifies that in cases where the effective yield on tax-free bonds is greater than the prevailing bank rate, there shall be no violation of Section 372A(3) of the Companies Act 1956.

**Participation of any of the aforementioned persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities in the nature of the Bonds by such persons or entities. Applicants are advised to ensure that Applications made by them do not exceed the investment limits under applicable statutory and or regulatory provisions. Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking Allotment of Bonds pursuant to the Issue.**

The Lead Managers and their respective associates and affiliates are permitted to subscribe in the Issue.

#### **Persons not eligible to apply**

**The following persons and entities will not be eligible to participate in the Issue and any Applications from such persons and entities are liable to be rejected:**

- Minors without a guardian name (A guardian may apply on behalf of a minor. However, Applications by minors must be made through Application Forms that contain the names of both the minor Applicant and the guardian).
- Persons resident outside Indian and Foreign nationals (including NRIs, Foreign Institutional Investors and Qualified Foreign Investors).
- Venture Capital Funds and Foreign Venture Capital Investors.
- Overseas corporate bodies (“OCBs”).
- Persons ineligible to contract under applicable statutory/regulatory requirements.
- Any other category of investors not mentioned in Categories I, II, III and IV above.

Based on information provided by the Depositories, the Company will have the right to accept Applications for Bonds in dematerialised form belonging to an account for the benefit of a minor (under guardianship). In case of Applications for Allotment of Bonds in dematerialised form, the Registrar to the Issue shall verify the foregoing on the basis of records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded to the electronic system of the Stock Exchanges.

**The concept of OCBs (meaning any company, partnership firm, society and other corporate body or overseas trust irrevocably owned/held directly or indirectly to the extent of at least 60.00% by NRIs), which was in existence until 2003, was withdrawn by the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, OCBs are not permitted to invest in the Issue.**

**No offer to the public (as defined under Directive 20003/71/EC, together with any amendments and**

implementing measures thereto, the “Prospectus Directive”) has been or will be made in respect of the Issue or otherwise in respect of the Bonds, in any Member State of the European Economic Area which has implemented the Prospectus Directive (a “Relevant Member State”) except for any such offer made under exemptions available under the Prospectus Directive, provided that no such offer shall result in a requirement to publish or supplement a prospectus pursuant to the Prospectus Directive, in respect of the Issue or otherwise in respect of the Bonds.

### Modes of Making Applications

Applicants may use any of the following facilities for making Applications:

- (a) ASBA Applications through the Members of the Syndicate or Trading Members of the Stock Exchanges only in the Specified Cities (“**Syndicate ASBA**”). See “*Issue Procedure - Submission of ASBA Applications*” on page 144 of this Prospectus;
- (b) ASBA Applications for Allotment only in dematerialized form through Designated Branches of SCSBs. See “*Issue Procedure - Submission of ASBA Applications*” on page 144 of this Prospectus;
- (c) Non-ASBA Applications through Members of the Syndicate or Trading Members of the Stock Exchanges at centres mentioned in the Application Form. See “*Issue Procedure - Submission of Non-ASBA Applications (other than Direct Online Applications)*” on page 145 of this Prospectus;
- (d) Non-ASBA Applications for Allotment in physical form through the Members of the Syndicate or Trading Members of the Stock Exchanges at centres mentioned in the Application Form. See “*Issue Procedure - Submission of Non-ASBA Applications for Allotment of the Bonds in physical form*” on page 143 of this Prospectus; and
- (e) Direct Online Applications using the online payment facility offered through the Stock Exchanges. See “*Issue Procedure - Submission of Direct Online Applications*” on page 146 of this Prospectus.

### Applications by certain categories of Applicants

#### *Application by Major Port Trusts*

In case of Applications by Major Port Trust authorised to invest in the Bonds, the Application Form must be accompanied by certified true copies of: (i) resolution of the board of trustees authorising investments; and (ii) approval from the Central Government to invest in the Bonds or such category of securities. **Failing this, the Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

#### *Applications by MFs*

No MF scheme may invest more than 15.00% of its net asset value in debt instruments issued by a single company which are rated not below investment grade by a credit rating agency authorised to carry out such activity. Such investment limit may be extended to 20.00% of the net asset value of the scheme with the prior approval of the board of trustees and the board of the asset management company (“**AMC**”).

A separate Application can be made in respect of each scheme of an MF; such Applications will not be treated as multiple Applications. Applications made by the AMCs or custodians of an MF must clearly indicate the name of the scheme for which such Application is being made. In case of Applications made by MFs, the Application Form must be accompanied by certified true copies of their (i) SEBI registration certificate; (ii) trust deed (iii) resolution authorising investment and containing operating instructions; and (iv) specimen signatures of authorised signatories. **Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

#### *Applications by Trusts*

Applications made by trusts settled under the Indian Trusts Act, 1882, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must be accompanied by a (i) certified true copy of the registered instrument for creation of such trusts, (ii) power of attorney, if any, in favour of one or more trustees

thereof; and (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason.

Further, any trust applying for Bonds must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in bonds, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in bonds, and (c) applications made by them do not exceed the investment limits or maximum number of Bonds that can be held by them under applicable statutory and/or regulatory provisions.

#### ***Application by Alternative Investment Funds***

Applications made by Alternative Investments Funds eligible to invest in accordance with the SEBI AIF Regulations for Allotment of the Bonds must be accompanied by certified true copies of (i) SEBI registration certificate; (ii) a resolution authorising investment and containing operating instructions; (iii) memorandum and articles of associations; and (iv) specimen signatures of authorised signatories. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof. The Alternative Investment Funds shall at all times comply with the requirements applicable to it under the SEBI AIF Regulations and the relevant notifications issued by SEBI.

#### ***Application by Scheduled Commercial Banks, Co-Operative Societies and Regional Rural Banks***

Scheduled commercial banks, co-operative societies and regional rural banks can apply in the Issue based on their respective investment limits and approvals. The Application Form must be accompanied by certified true copies of their (i) memorandum and articles of association/charter of constitution; (ii) power of attorney; (iii) resolution authorising investments/containing operating instructions; (iv) specimen signatures of authorised signatories; and (v) PAN card. **Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

**Pursuant to SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making Applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.**

#### ***Application by Insurance Companies***

The Application Form must be accompanied by certified copies of their (i) certificate of registration issued by IRDA; (ii) memorandum and articles of association; (iii) resolution authorising investment and containing operating instructions; (iv) power of attorney; and (v) specimen signatures of authorised signatories. **Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

#### ***Applications by PFIs***

In case of Applications by PFIs authorised to invest in the Bonds, the Application Form must be accompanied by certified true copies of: (i) any act/rules under which they are incorporated; (ii) board resolution authorising investments; and (iii) specimen signature of authorised person. **Failing this, the Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

#### ***Applications by Provident Funds and Pension Funds***

In case of Applications by Indian provident funds and pension funds authorised to invest in the Bonds, the Application Form must be accompanied by certified true copies of: (i) any act/rules under which they are incorporated; (ii) power of attorney, if any, in favour of one or more trustees thereof; (iii) board resolution authorising investments; (iv) such other documents evidencing registration thereof under applicable statutory/regulatory requirements; (v) specimen signature of authorised person; (vi) certified copy of the registered instrument for creation of such fund/trust; and (vii) tax exemption certificate issued by income tax

authorities, if exempt from income tax. **Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

#### ***Applications by National Investment Fund***

In case of Applications by National Investment Fund, the Application Form must be accompanied by certified true copies of: (i) resolution authorising investment and containing operating instructions; and (ii) specimen signature of authorised person. **Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

#### ***Applications by Companies and Bodies Corporate***

In case of Applications by companies and bodies corporate, the Application Form must be accompanied by certified true copies of: (i) any act/Rules under which they are incorporated; (ii) board resolution authorising investments; and (iii) specimen signature of authorised person. **Failing this, the Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

#### ***Applications by Limited Liability Partnerships***

In case of Applications made by limited liability partnerships the Application Form must be accompanied by a certified copy of certificate of registration issued under the LLP Act. **Failing this, the Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

#### ***Applications under Power of Attorney***

In case of Applications made pursuant to a power of attorney by Applicants in Category I and Category II, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, with a certified copy of the memorandum of association and articles of association and/or bye laws must be submitted with the Application Form. In case of Applications made pursuant to a power of attorney by Applicants in Category III and Category IV, a certified copy of the power of attorney must be submitted with the Application Form. **Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor. The Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney with the Application Forms subject to such terms and conditions that the Company and the Lead Managers may deem fit.**

#### ***Applications by Partnership Firms***

The Application must be accompanied by certified true copies of: (i) partnership deed; (ii) any documents evidencing registration thereof under applicable statutory/regulatory requirements; (iii) resolution authorizing investment and containing operating instructions (resolution); (iv) specimen signature of authorised person. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason.

Brokers having online demat account portals may also provide a facility of submitting the Application Forms (ASBA as well as non-ASBA Applications) online to their account holders. Under this facility, a broker receives an online instruction through its portal from the Applicant for making an Application on his/ her behalf. Based on such instruction, and a power of attorney granted by the Applicant to authorise the broker, the broker makes an Application on behalf of the Applicant.

## **APPLICATION FOR ALLOTMENT OF BONDS IN PHYSICAL AND DEMATERIALISED FORM**

### **Application for allotment in physical form**

#### ***Submission of Non- ASBA Applications for Allotment of the Bonds in physical form***

Applicants can also apply for Allotment of the Bonds in physical form by submitting duly filled in Application Forms to the Members of the Syndicate or the Trading Members of the Stock Exchanges, with the

accompanying account payee cheques or demand drafts representing the full Application Amount and know-your-customer (“KYC”) documents as specified under “*Issue Procedure - Applications by certain Categories of Applicants*” and “*Issue Procedure - Additional instructions for Applicants seeking Allotment of the Bonds in physical form*” at pages 141 and 152, respectively. The Members of the Syndicate and Trading Members of the Stock Exchanges shall, on submission of the Application Forms to them, verify and check the KYC documents submitted by such Applicants and upload details of the Application on the online platforms of Stock Exchanges, following which they shall acknowledge the uploading of the Application Form by stamping the acknowledgment slip with the date and time and returning it to the Applicant.

On uploading of the Application details, the Members of the Syndicate and Trading Members of the Stock Exchanges will submit the Application Forms, with the cheque/demand draft to the Escrow Collection Bank(s), which will realise the cheque/demand draft, and send the Application Form and the KYC documents to the Registrar to the Issue, who shall check the KYC documents submitted and match Application details as received from the online platforms of Stock Exchanges with the Application Amount details received from the Escrow Collection Bank(s) for reconciliation of funds received from the Escrow Collection Bank(s). In case of discrepancies between the two databases, the details received from the online platforms of Stock Exchanges will prevail, except in relation to discrepancies between Application Amounts. The Members of the Syndicate/Trading Members of the Stock Exchanges are requested to note that all Applicants are required to be banked with only the designated branches of Escrow Collection Bank(s). On Allotment, the Registrar to the Issue will dispatch Bond certificates/Allotment Advice to the successful Applicants to their addresses as provided in the Application Form. **If the KYC documents of an Applicant are not in order, the Registrar to the Issue will withhold the dispatch of Bond certificates pending receipt of complete KYC documents from such Applicant. In such circumstances, successful Applicants should provide complete KYC documents to the Registrar to the Issue at the earliest. In such an event, any delay by the Applicant to provide complete KYC documents to the Registrar to the Issue will be at the Applicant’s sole risk and neither the Company, the Registrar to the Issue, the Escrow Collection Bank(s), nor the Members of the Syndicate will be liable to compensate the Applicants for any losses caused to them due to any such delay, or liable to pay any interest on the Application Amounts for such period during which the Bond certificates are withheld by the Registrar to the Issue. Further, the Company will not be liable for any delays in payment of interest on the Bonds Allotted to such Applicants, and will not be liable to compensate such Applicants for any losses caused to them due to any such delay, or liable to pay any interest for such delay in payment of interest on the Bonds.**

For instructions pertaining to completing Application Form please see “*Issue Procedure - General Instructions*” and “*Issue Procedure - Additional Instructions for Applicants seeking allotment of Bonds in physical form*” on pages 146 and 152, respectively.

## **Application for allotment in dematerialised form**

### ***Submission of ASBA Applications***

Applicants may also apply for Bonds using the ASBA facility. ASBA Applications can be submitted only by Applicants opting for Allotment in dematerialised form. ASBA Applications can be submitted through either of the following modes:

- (a) Physically or electronically to the Designated Branches of SCSB with whom an Applicant’s ASBA Account is maintained. In case of ASBA Application in physical mode, the ASBA Applicant will submit the Application Form at the relevant Designated Branch of the SCSB. The Designated Branch will verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the ASBA Application, prior to uploading such ASBA Application into the electronic system of the Stock Exchanges. **If sufficient funds are not available in the ASBA Account, the respective Designated Branch will reject such ASBA Application and will not upload such ASBA Application in the electronic system of the Stock Exchanges.** If sufficient funds are available in the ASBA Account, the Designated Branch will block an amount equivalent to the Application Amount and upload details of the ASBA Application in the electronic system of the Stock Exchanges and thereafter will stamp the Application Form. In case of Application in the electronic mode, the ASBA Applicant will submit the ASBA Application either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for application and blocking funds in the ASBA Account held with SCSB, and accordingly registering such ASBA Applications.

- (b) Physically through the Members of the Syndicate or Trading Members of the Stock Exchanges only at the Specified Cities, i.e., through the Syndicate ASBA mechanism. ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchanges at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Application, is maintained has not named at least one branch at that Specified City for the Members of the Syndicate or Trading Members of the Stock Exchanges, as the case may be, to deposit ASBA Applications. A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>.

On receipt of the Application Form by the Members of the Syndicate or Trading Members of the Stock Exchanges, as the case may be, an acknowledgement will be issued by giving the counter foil of the Application Form with the dated stamp to the ASBA Applicant as proof of having accepted the Application. Thereafter, the details of the Application will be uploaded in the electronic system of the Stock Exchanges and the Application Form will be forwarded to the relevant branch of the SCSB, in the relevant Specified City, named by such SCSB to accept such ASBA Applications from the Members of the Syndicate or Trading Members of the Stock Exchanges, as the case may be. A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>. On receipt of the ASBA Application, the relevant branch of the SCSB will perform verification procedures and check if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the ASBA Form. **If sufficient funds are not available in the ASBA Account, the relevant ASBA Application is liable to be rejected.** If sufficient funds are available in the ASBA Account, the relevant branch of the SCSB will block an amount equivalent to the Application Amount mentioned in the ASBA Application. The Application Amount will remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted Bonds to the Public Issue Account(s), or until withdrawal/failure of the Issue or withdrawal/rejection of the Application Form, as the case may be.

ASBA Applicants must note that:

- (a) Physical Application Forms will be available with the Designated Branches of SCSBs and with the Members of the Syndicate at the Specified Cities; and electronic Application Forms will be available on the websites of the SCSBs at least one day prior to the Issue Opening Date. Trading Members of the Stock Exchanges can download Application Forms from the websites of the Stock Exchanges. Application Forms will also be provided to Trading Members of the Stock Exchanges at their request. The Application Forms would be serially numbered.
- (b) The Designated Branches of SCSBs will accept ASBA Applications directly from ASBA Applicants only during the Issue Period. The SCSB will not accept any ASBA Applications directly from ASBA Applicants after the closing time of acceptance of Applications on the Issue Closing Date. However, in case of Syndicate ASBA, the relevant branches of SCSBs at Specified Cities can accept ASBA Applications from the Members of the Syndicate or Trading Members of the Stock Exchanges, as the case may be, after the closing time of acceptance of Applications on the Issue Closing Date. For further information on the Issue programme, see “*Terms of the Issue - Issue Period*” on page 120.
- (c) In case of Applications through Syndicate ASBA, the physical Application Form will bear the stamp of the Members of the Syndicate or Trading Members of the Stock Exchanges, as the case may be; if not, the same will be rejected. **Application Forms submitted directly to the SCSBs should bear the stamp of the SCSBs, if not, the same are liable to be rejected.**

**Please note that ASBA Applicants can make an Application for Allotment of Bonds in dematerialized form only.**

For instructions pertaining to completing Application Form please see “*Issue Procedure - General Instructions*” on page 146.

#### ***Submission of Non-ASBA Applications (other than Direct Online Applications)***

Applicants must use the Application Form, which will be serially numbered, bearing the stamp of the relevant Member of the Syndicate or Trading Member of the Stock Exchanges, as the case may be, from whom such Application Form is obtained. Such Application Form must be submitted to the relevant Member of the Syndicate or Trading Member of the Stock Exchanges, as the case may be, with the cheque or bank draft for the Application Amount, before the closure of the Issue Period. The Stock Exchanges may also provide Application

Forms for being downloaded and filled. Accordingly, Applicants may download Application Forms and submit the completed Application Forms together with cheques/demand drafts to the Members of the Syndicate or Trading Member of the Stock Exchanges. On submission of the completed Application Form, the relevant Members of the Syndicate or Trading Member of the Stock Exchanges, as the case maybe, will upload the Application Form on the electronic system provided by the Stock Exchanges, and once an Application Form has been uploaded, issue an acknowledgement of such upload by stamping the acknowledgement slip attached to the Application Form with the relevant date and time and return the same to the Applicant. Thereafter, the Application Form together with the cheque or bank draft will be forwarded to the Escrow Collection Bank(s) for realisation and further processing.

The duly stamped acknowledgment slip will serve as a duplicate Application Form for the records of the Applicant. The Applicant must preserve the acknowledgment slip and provide the same in connection with: (a) any cancellation/withdrawal of their Application; (b) queries in connection with Allotment and/or refund(s) of Bonds; and/or (c) all investor grievances/complaints in connection with the Issue.

For instructions pertaining to completing Application Form please see “*Issue Procedure - General Instructions*” on page 146.

### ***Submission of Direct Online Applications***

Applicants having operational beneficiary accounts can opt to submit Direct Online Applications through the online platform and online payment facility offered by Stock Exchanges. Such Applicants must:

- log on to the online platform of the Stock Exchange;
- use and duly fill the Application Form available on the online platform of the Stock Exchange;
- use the optional facility (if provided by the Stock Exchange to supply the details of the broker who referred the Issue to the Applicant, if any);
- submit the above information online following the instructions stated therein; and
- make the requisite payment for the Bonds applied for using the online payment facility.

Relevant “know your customer” details of such Applicants will be validated online from the Depositories, on the basis of the DP ID and Client ID provided by them in the Application Form.

On successful submission of a Direct Online Application, the Applicant will receive a system-generated UAN and an SMS or an e-mail confirmation on credit of the requisite Application Amount paid through the online payment facility with the Direct Online Application. On Allotment, the Registrar to the Issue shall credit Bonds to the beneficiary account of the Applicant and in case of refund, the refund amount shall be credited directly to the Applicant’s bank account. Applicants applying through the Direct Online Application facility must preserve their UAN and quote their UAN in: (a) any cancellation/withdrawal of their Application; (b) in queries in connection with Allotment of Bonds and/or refund(s); and/or (c) in all investor grievances/complaints in connection with the Issue.

**As per the 2012 Circular, the availability of the Direct Online Applications facility is subject to the Stock Exchanges putting in place the necessary systems and infrastructure, and accordingly the aforementioned disclosures are subject to any further clarifications, notification, modification deletion, direction, instructions and/or correspondence that may be issued by the Stock Exchanges and/or SEBI.**

## **INSTRUCTIONS FOR COMPLETING THE APPLICATION FORM**

### **General Instructions**

- (a) Applications must be made only in the prescribed Application Form.
- (b) Applications must be completed in block letters in English as per the instructions contained in this Prospectus, Abridged Prospectus and Application Form.

- (c) If the Application is submitted in joint names, the Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the depository account held in joint names. If the Depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the Depository account, and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.
- (d) Applications must be for a minimum of 5 Bonds and in multiples of one Bond thereafter.
- (e) Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any of the other languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his official seal.
- (f) Applicants should hold a valid PAN allotted under the Income Tax Act and mention it in the Application Form.
- (g) Applicants must tick the relevant box for the 'Category of Investor' provided in the Application Form.
- (h) Applicants must tick the relevant box for the 'Mode of Application' provided in the Application Form, choosing either ASBA or Non-ASBA mechanism.
- (i) ASBA Applicants should correctly mention the ASBA Account number and ensure that funds equal to the Application Amount are available in the ASBA Account.
- (j) Applications should be made by the Karta in case of HUFs. Applicants are required to ensure that the PAN details of the HUF are mentioned and not those of the Karta.
- (k) **No separate receipts will be issued for the Application Amount payable on submission of the Application Form.** However, the Members of the Consortium, Trading Members of the Stock Exchanges or the Designated Branches of the SCSBs, as the case may be, will acknowledge the receipt of the Application Forms by stamping the date and returning to the Applicants an acknowledgement slip which will serve as the duplicate of the Application Form for the records of the Applicant.

**The Company, the Members of the Syndicate, Trading Members of the Stock Exchanges, Designated Branches of SCSBs, and the Registrar to the Issue will not be liable for errors in data entry due to submission of incomplete or illegible Application Forms.**

#### **Applicant's Beneficiary Account and Bank Account Details**

Applicants applying for Allotment in dematerialised form must mention their DP ID and Client ID in the Application Form, and ensure that the name provided in the Application Form is exactly the same as the name in which the Beneficiary Account is held. In case the Application Form for Allotment in dematerialised form is submitted in joint names, it should be ensured that the Beneficiary Account is held in the same joint names and in the same sequence in which they appear in the Application Form. **In case the DP ID, Client ID and PAN mentioned in the Application Form for Allotment in dematerialised form and entered into the electronic system of the Stock Exchanges do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form for Allotment in dematerialised form is liable to be rejected. Further, Application Forms submitted by Applicants applying for Allotment in dematerialised form, whose beneficiary accounts are inactive, will be rejected.**

On the basis of the DP ID and Client ID provided by the Applicant in the Application Form for Allotment in dematerialised form and entered into the electronic system of the Stock Exchanges, the Registrar to the Issue will obtain from the Depositories the Demographic Details of the Applicant including PAN, address, bank account details for printing on refund orders/sending refunds through electronic mode, Magnetic Ink Character Recognition ("MICR") Code and occupation. These Demographic Details would be used for giving Allotment Advice and refunds (including through physical refund warrants, direct credit, NECS, NEFT and RTGS), if any, to the Applicants. Hence, Applicants are advised to immediately update their Demographic Details as appearing on the records of the DP and ensure that they are true and correct, and carefully fill in their Beneficiary Account

details in the Application Form. **Failure to do so could result in delays in dispatch/credit of refunds to Applicants and delivery of Allotment Advice at the Applicants' sole risk, and neither the Company, the Members of the Syndicate, Trading Members of the Stock Exchanges, Escrow Collection Bank(s), SCSBs, Registrar to the Issue nor the Stock Exchanges will bear any responsibility or liability for the same.**

The Demographic Details would be used for correspondence with the Applicants including mailing of Allotment Advice and printing of bank particulars on refund orders or for refunds through electronic transfer of funds, as applicable. Allotment Advice and physical refund orders would be mailed at the address (in India) of the Applicant as per Demographic Details received from the Depositories. Delivery of refund orders/ Allotment Advice may be delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such event, the address and other details provided by the Applicant (other than ASBA Applicants and Applicants using Direct Online Applications through the online payment facility of the Stock Exchanges) in the Application Form would be used only to ensure dispatch of refund orders. In case of refunds through electronic modes detailed in this Prospectus, refunds may be delayed if bank particulars obtained from the DP are incorrect. **Any such delay will be at such Applicants' sole risk and neither the Company, the Members of the Syndicate, Trading Members of the Stock Exchanges, Escrow Collection Bank(s), SCSBs, Registrar to the Issue nor the Stock Exchanges will be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay, or to pay any interest for such delay.**

In case of Applications made under power of attorney, the Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar to the Issue that for the purpose of printing particulars on the refund order and mailing of refund orders/ Allotment Advice, the demographic details obtained from the Depository of the Applicant will be used. By signing the Application Form, the Applicant would be deemed to have authorised the Depositories to provide to the Registrar to the Issue, on request, the required Demographic Details available on their records. The Demographic Details provided by the Applicant in the Application Form would not be used for any purpose by the Registrar to the Issue except in relation to the Issue.

With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified shall be suspended for credit and no credit of Bonds pursuant to the Issue will be made into the accounts of such Applicants. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected. Furthermore, in case no corresponding record is available with the Depositories, which match three parameters, namely, DP ID, Client ID and PAN, then such Applications are liable to be rejected.

## PAN

**Any Application Form without the PAN (or submitting the GIR number instead of the PAN) is liable to be rejected, irrespective of the amount of transaction.** In accordance with SEBI circular dated April 27, 2007, the PAN would be the sole identification number for the participants transacting in the Indian securities market, irrespective of the amount of transaction. Further, with effect from August 16, 2010, beneficiary accounts of Applicants for whom PAN details have not been verified have been suspended for credit and no credit of Bonds pursuant to the Issue will be made into the accounts of such Applicants. Therefore, the Applicant (in the case of Applications made in joint names, the first Applicant) should mention the PAN allotted under the Income Tax Act in the Application Form. For minor Applicants, applying through the guardian, it is mandatory to mention the PAN of the minor Applicant. However, Applications on behalf of the Central or State Government officials and officials appointed by the courts in terms of SEBI circular dated June 30, 2008 and Applicants residing in the state of Sikkim may be exempt from the requirement to specify their PAN for transacting in the Indian securities market in terms of SEBI circular dated July 20, 2006. However, the exemption for the Central or State Government and the officials appointed by the courts and for Applicants residing in the State of Sikkim is subject to the DPs verifying the veracity of such claims by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Applications, the Registrar to the Issue will check under the Depository records for the appropriate description under the PAN field, i.e., either Sikkim category or exempt category.

## Joint Applications

Applications by Applicants applying for Allotment in dematerialised form can be in single or joint names. If the Application Form is submitted in joint names, the Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the depository account held in joint names. In case of Applications in joint names for Allotment of Bonds, the names of the Applicants should be the same and

appearing in the same order as on the records of the DP. In case of Applications in joint names, any payments will be made out in favour of the first Applicant and any communications will be addressed to the first Applicant. If the Depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the Depository account, and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.

### **Additional/Multiple Applications**

For purposes of Allotment of Bonds in the Issue, Applications will be grouped based on the PAN, i.e., Applications under the same PAN will be grouped together and treated as one Application. Two or more Applications will be deemed to be multiple Applications if the sole or first applicant is one and the same.

An Applicant is allowed to make one or more Applications for the Bonds for the same or other Series of Bonds, subject to a minimum Application size of ₹ 5,000 and in multiples of ₹ 1,000 thereafter, for each Application. **Any Application for an amount below the aforesaid minimum Application size will be deemed as an invalid application and shall be rejected.** However, multiple Applications by the same individual Applicant or karta of a HUF aggregating to a value exceeding ₹ 1 million shall deem such individual Applicant to be a Category III Applicant and all such Applications shall be grouped in the Category III Portion, for the purpose of determining the Basis of Allotment to such Applicant. Applications made by any person in individual capacity and in capacity as a Karta of an HUF and/or as second or third Applicant in case of Applications made in joint names will not be treated as a multiple Application. Moreover, a separate Application can be made in respect of each scheme of an MF; such Applications will not be treated as multiple Applications.

### **Do's and Don'ts:**

Applicants are advised to take note of the following while filling and submitting the Application Form:

#### **Dos:**

1. Check if you are eligible to apply as per the terms of this Prospectus, Abridged Prospectus and applicable law.
2. Read all the instructions carefully and complete the Application Form in the prescribed form
3. Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of Bonds pursuant to the Issue.
4. If the Application Form is submitted in joint names, the Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the depository account held in joint names.
5. Ensure that signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
6. In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as “XYZ Hindu Undivided Family applying through PQR”, where PQR is the name of the Karta.
7. Ensure that the Application Forms (for non-ASBA Applicants) are submitted at the Collection Centres provided in the Application Forms, bearing the stamp of a Member of the Syndicate or a Trading Members of the Stock Exchange, as the case may be.
8. Ensure that the DP ID, Client ID and PAN mentioned in the Application Form are correct and match the details available in the Depository's database, and that the beneficiary account is activated for Allotment/trading of Bonds in dematerialised form.
9. Ensure that you have been given a transaction registration slip (“TRS”) and an acknowledgment as

proof of having accepted the Application Form.

10. Ensure that the name(s) provided in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the DP. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form.
11. Except in the case of ASBA Applications and Direct Online Applications using the online payment facility offered through the Stock Exchanges, Applicants are requested to write their names and Application serial number on the reverse of the instruments by which the payments are made.
12. Tick the relevant box for the 'Category of Investor' provided in the Application Form.
13. Tick the relevant box for the 'Mode of Application' provided in the Application Form, choosing either ASBA or Non-ASBA mechanism.
14. Tick the series of Bonds in the Application Form that you wish to apply for.
15. Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of the Bonds.
16. Ensure that the Application Forms are submitted to a Member of the Syndicate or Trading Member of a Stock Exchange, as the case may be, for Applications other than ASBA Applications/Direct Online Applications, before the closure of Application hours on the Issue Closing Date. For information on the Issue programme, see "*Terms of the Issue – Issue Period*" on page 120 of this Prospectus.
17. In case of revision of an Application during the Issue Period, ensure that you have first withdrawn your original Application and then submit a fresh Application.
18. Ensure what the Demographic Details including PAN are updated, true and correct in all respects.
19. It shall be mandatory for Applicants to furnish their PAN and any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction.

**Don'ts:**

1. Do not apply if you are not competent to contract under the Indian Contract Act, 1872 or if you are otherwise ineligible to acquire Bonds under applicable law or your relevant constitutional documents or otherwise.
2. Do not apply such that the number of Bonds applied for exceeds the Issue Size (including retention of oversubscription), and/or investment limit applicable to you under applicable laws or regulations.
3. Do not make an Application for lower than the minimum Application size.
4. Do not send Application Forms by post; instead submit the same to a Member of the Syndicate, Trading Member of a Stock Exchange or Designated Branch of an SCSB, as the case may be. Applicants other than ASBA Applicants should not submit the Application Form directly to the Escrow Collection Bank(s).
5. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue. Do not submit the GIR number instead of the PAN.
6. Do not pay the Application Amount in cash, by money order or by postal order or by stockinvest.
7. Do not submit the Application Forms without the full Application Amount for the number of Bonds applied for.

8. Do not submit Applications on plain paper or on incomplete or illegible Application Forms.
9. Do not submit an Application in case you are not eligible to acquire Bonds under applicable law or your relevant constitutional documents or otherwise.
10. Do not submit an Application that does not comply with the securities law of your respective jurisdiction.
11. Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.
12. Do not submit an Application to the Escrow Collection Bank(s), unless such Escrow Collection Bank is a Designated Branch of a SCSB where the ASBA Account is maintained, in case of ASBA Application.
13. Do not make an Application for the Bonds on multiple copies taken of a single form.

#### **Additional Instructions Specific to ASBA Applicants**

##### **Dos:**

1. Check if you are eligible to Apply under ASBA;
2. Ensure that you tick the ASBA option in the Application Form and provide correct details of your ASBA Account including bank account number/bank name and branch;
3. In terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, please note that an SCSB who is investing in the Issue should have a separate account in its own name with any other SEBI registered SCSB/s. Such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications;
4. Ensure that your Application Form is submitted either at a Designated Branch of a SCSB where the ASBA Account is maintained or with the Members of the Syndicate or Trading Members of the Stock Exchanges at the Specified Cities, and not directly to the Escrow Collection Bank(s) (assuming that such bank is not an SCSB) or to the Company or the Registrar to the Issue;
5. Before submitting physical Application Form with the Member of the Syndicate at the Specified Cities ensure that the SCSB, whose name has been filled in the Application Form, has a branch in that centre.
6. In case of ASBA Applications through Syndicate ASBA, before submitting the physical Application Form to a Member of the Syndicate, at the Specified Cities or Trading Member of the Stock Exchanges, ensure that the SCSB where the ASBA Account, as specified in the Application Form, is maintained has named at least one branch in that specified city for the Members of the Syndicate or Trading Members of the Stock Exchanges, as the case may be, to deposit Application Forms (A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>);
7. Ensure that the Application Form is signed by the ASBA Account holder in case the ASBA Applicant is not the account holder; and
8. Ensure that the ASBA Account holder has funds equal to the Application Amount in the ASBA Account before submitting the Application Form.
9. Ensure that you have correctly ticked, provided or checked the authorisation box in the Application Form, or otherwise have provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Amount mentioned in the Application Form; and
10. Ensure that you have received an acknowledgement from the Designated Branch or the Member of the

Syndicate or Trading Member of the Stock Exchanges, as the case maybe for submission of the Application Form.

**Don'ts:**

1. Do not submit the Application Amount in any mode other than through blocking of Application Amount in the ASBA Accounts;
2. Do not submit the Application Form to the Members of the Syndicate or Trading Members of the Stock Exchanges, as the case may be, at a location other than the Specified Cities.
3. Do not send your physical Application Form by post; instead submit the same to a Designated Branch of an SCSB or Member of the Syndicate or Trading Members of the Stock Exchanges, as the case may be, at the Specified Cities; and
4. Do not submit more than five Application Forms per ASBA Account.

**ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchanges at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one branch at that specified city for the Members of the Syndicate or Trading Members of the Stock Exchanges, as the case may be, to deposit such Application Forms. A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>. See “Issue Procedure - Rejection of Applications” on page 159 for information on rejection of Applications.**

For further instructions, Applicants are advised to read this Prospectus, Abridged Prospectus and Application Form.

**ADDITIONAL INSTRUCTIONS FOR APPLICANTS SEEKING ALLOTMENT OF BONDS IN PHYSICAL FORM**

Any Applicant who subscribes to the Bonds in physical form shall undertake the following steps:

- **Complete the Application Form in all respects, by providing all the information including PAN and Demographic Details. However, do not provide DP details in the Application Form.** The requirement for providing DP details shall be mandatory only for Applicants who wish to subscribe to the Bonds in dematerialised form.
- Provide the following documents with the Application Form:
  - (a) Self-attested copy of the PAN card
  - (b) Proof of identification in case of Applications by or on behalf of the Central or State Government and the officials appointed by the courts and by Applicants residing in the State of Sikkim. Any of the following documents shall be considered as a verifiable proof of identification:
    - valid passport issued by the GoI; or
    - voter’s identity card issued by the GoI; or
    - valid driving license issued by any transport authority of the Republic of India; or
    - Government ID card; or
    - Defence ID card; or
    - ration card issued by the GoI

- (c) Self-attested copy of proof of residence. Any of the following documents shall be considered as a verifiable proof of residence:
- ration card issued by the GoI; or
  - valid driving license issued by any transport authority of the Republic of India; or
  - electricity bill (not older than three months); or
  - landline telephone bill (not older than three months); or
  - valid passport issued by the GoI; or
  - voter's identity card issued by the GoI; or
  - passbook or latest bank statement issued by a bank operating in India; or
  - registered leave and license agreement or agreement for sale or rent agreement or flat maintenance bill.
  - AADHAR letter, issued by Unique Identification Authority of India, GoI.
- (d) Self-attested copy of a cancelled cheque of the bank account to which the amounts pertaining to payment of refunds, interest and redemption, as applicable, should be credited. **In the absence of such cancelled cheque, the Company reserves the right to reject the Application or to consider the bank details given on the Application Form at its sole discretion. In such case the Company, the Lead Managers and the Registrar to the Issue shall not be liable for any delays/errors in payment of refund and/or interest.**

The Applicant shall be responsible for providing the above information accurately. Delays or failure in credit of the payments due to inaccurate details shall be at the sole risk of the Applicants and neither the Lead Managers nor the Company shall have any responsibility and undertake any liability for the same. Applications for Allotment of the Bonds in physical form, which are not accompanied with the abovestated documents, may be rejected at the sole discretion of the Company.

In relation to the issuance of the Bonds in physical form, note the following:

1. An Applicant has the option to seek Allotment of Bonds in either dematerialised or physical mode. **No partial Application for the Bonds shall be permitted; any such partial Application is liable to be rejected.**
2. **Any Applicant who provides Depository Participant details in the Application Form shall be Allotted the Bonds in dematerialised form only, irrespective of whether such applicant has provided the details required for Allotment in physical form. Such Applicant shall not be Allotted Bonds in physical form.**
3. In case of Bonds issued in physical form, the Company will issue one certificate to the holders of the Bonds for the aggregate amount of the Bonds for each of the Series of Bonds that are applied for (each such certificate, a “**Consolidated Bond Certificate**”).
4. The Company shall dispatch the Consolidated Bond Certificate to the (Indian) address of the Applicant provided in the Application Form, within the time and in the manner stipulated under the Companies Act read with the Company's Articles of Association.

All terms and conditions disclosed in relation to the Bonds held in physical form pursuant to rematerialisation shall be applicable *mutatis mutandis* to the Bonds issued in physical form.

**The Applicant shall be responsible for providing the above information and KYC documents accurately. Delay or failure in credit of payments or receipt of Allotment Advice or Bond certificates due to**

inaccurate or incomplete details shall be at the sole risk of the Applicants and the Lead Managers, the Company and the Registrar to the Issue shall have no responsibility and undertake no liability in this relation. In case of Applications for Allotment of Bonds in physical form, which are not accompanied with the aforesaid documents, Allotment of Bonds in physical form may be held in abeyance by the Registrar to the Issue, pending receipt of KYC documents.

## BASIS OF ALLOTMENT

### Group of Applications and Allocation Ratio

The Registrar to the Issue will aggregate the Applications based on the Applications received through an electronic book from the Stock Exchanges and determine the valid Applications for the purpose of drawing the Basis of Allocation. Grouping of the Application received will be then done in the following manner:

For the purposes of the Basis of Allotment:

- (a) Applications received from Category I Applicants: Applications received from Applicants belonging to Category I shall be grouped together (“**QIB Portion**”);
- (b) Applications received from Category II Applicants: Applications received from Applicants belonging to Category II, shall be grouped together (“**Corporate Portion**”);
- (c) Applications received from Category III Applicants: Applications received from Applicants belonging to Category III shall be grouped together (“**High Networth Individual Portion**”); and
- (d) Applications received from Category IV Applicants: Applications received from Applicants belonging to Category IV shall be grouped together (“**Retail Individual Investor Portion**”).

Pursuant to the CBDT Notification, at least 40.00% of the Issue size shall be reserved for Retail Individual Investors.

Applications will be consolidated on the basis of PAN for classification into various categories.

For avoidance of doubt, the terms “**QIB Portion**”, “**Corporate Portion**”, “**High Net Worth Individual Portion**” and “**Retail Individual Investor Portion**” are individually referred to as a “**Portion**” and collectively referred to as “**Portions**”.

For the purposes of determining the number of Bonds available for allocation to each of the abovementioned Portions, the Company shall have the discretion of determining the number of Bonds to be allotted over and above the Base Issue Size, in case the Company opts to retain any oversubscription in the Issue up to ₹ 2,500 million. The aggregate value of Bonds decided to be allotted over and above the Base Issue Size, (in case the Company opts to retain any oversubscription in the Issue), and/or the aggregate value of Bonds up to the Base Issue Size shall be collectively termed as the “**Overall Issue Size**”.

### Allocation Ratio

QIB Portion	Corporate Portion	High Networth Individual Portion	Retail Individual Investor Portion
10% of the Overall Issue Size	20% of the Overall Issue Size	30% of the Overall Issue Size	40% of the Overall Issue Size

### Basis of Allotment for the Bonds

- (a) Allotments in the first instance:
  - (i) Applicants belonging to the Category I, in the first instance, will be allocated Bonds up to 10% of Overall Issue Size on first come first serve basis which would be determined on the basis of the date of upload of each Application into the electronic system of the Stock Exchanges;

- (ii) Applicants belonging to the Category II, in the first instance, will be allocated Bonds up to 20% of Overall Issue Size on first come first serve basis which would be determined on the basis of date of upload of each Application into the electronic system of the Stock Exchanges;
- (iii) Applicants belonging to the Category III, in the first instance, will be allocated Bonds up to 30% of Overall Issue Size on first come first serve basis which would be determined on the basis of date of upload of each Application in to the electronic system of the Stock Exchanges;
- (iv) Applicants belonging to the Category IV, in the first instance, will be allocated Bonds up to 40% of Overall Issue Size on first come first serve basis which would be determined on the basis of date of upload of each Application in to the electronic system of the Stock Exchanges;

Allotments, in consultation with the Designated Stock Exchange, shall be made on a first come first serve basis, based on the date of upload of each Application into the electronic system of the Stock Exchanges, in each Portion, subject to the Allocation Ratio.

- (b) Under Subscription: If there is any under subscription in any Portion, priority in allotments will be given in the following order on a first come first serve basis in each Portion, based on the date of upload of each Application into the electronic system of the Stock Exchanges, in each Portion:
  - (i) Retail Individual Investor Portion
  - (ii) High Networth Individual Portion
  - (iii) Corporate Portion
  - (iv) QIB Portion
- (c) For each Portion, all Applications uploaded into the electronic system of the Stock Exchanges in the same day would be treated at par with each other. Allotment within a day would be on proportionate basis, where Bonds applied for exceeds Bonds to be allotted for each Portion respectively.
- (d) Allotments in case of oversubscription: In case of an oversubscription, allotments to the maximum extent, as possible, will be made on a first come first serve basis and thereafter on a proportionate basis in each Portion, determined based on the date of upload of each Application into the electronic system of the Stock Exchanges i.e. full allotment of Bonds to the Applicants on a first come first serve basis up to the date falling 1 day prior to the date of oversubscription and proportionate allotment of Bonds to the Applicants on the date of oversubscription. The method of proportionate allotment is as described below:
  - (i) Allotments to the Applicants shall be made in proportion to their respective Application size, rounded off to the nearest integer.
  - (ii) If the process of rounding off to the nearest integer results in the actual allocation of Bonds being higher than the Issue size, not all Applicants will be allotted the number of Bonds arrived at after such rounding off. Rather, each Applicant whose Allotment size, prior to rounding off, had the highest decimal point would be given preference.
  - (iii) In the event, there are more than one Applicant whose entitlement remain equal after the manner of distribution referred to above, our Company will ensure that the basis of allotment is finalised by draw of lots in a fair and equitable manner.
- (e) Applicant applying for more than one Series of Bonds: If an Applicant has applied for more than one Series of Bonds and in case such Applicant is entitled to allocation of only a part of the aggregate number of Bonds applied for, the Series - wise allocation of Bonds to such Applicants shall be in proportion to the number of Bonds with respect to each Series of Bonds, applied for by such Applicant, subject to rounding off to the nearest integer, as appropriate in consultation with Lead Managers and the Designated Stock Exchange.
- (f) Minimum allotment of one Bond and in multiples of one Bond thereafter would be made in case of

each valid Application, subject to Basis of Allotment as mentioned above

All decisions pertaining to the Basis of Allotment of Bonds pursuant to the Issue shall be taken by our Company in consultation with the Lead Managers, and the Designated Stock Exchange and in compliance with the aforementioned provisions of this Prospectus.

The Company shall Allot Series 1A/ Series 1B (depending on the category of the Applicant) for all valid Applications, wherein the Applicants have not indicated their choice of the relevant Series.

## **PAYMENT INSTRUCTIONS**

The entire Application Amount is payable at the time of submitting the Application Form. In case of ASBA Applicants, the entire Application Amount will be blocked in the ASBA Account. In case of Allotment of a lesser number of Bonds than applied for, the Company will refund the excess amount paid on Application to the Applicant (or the excess amount shall be unblocked in the ASBA Account, as the case may be).

### **Payment mechanism for ASBA Applicants**

ASBA Applicants are required to specify the ASBA Account number in the Application Form. ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchanges at the Specified Cities will be uploaded onto the electronic system of the Stock Exchanges and deposited with the relevant branch of the SCSB at the specified city named by such SCSB to accept such ASBA Applications from the Members of the Syndicate or Trading Members of the Stock Exchanges, as the case may be (A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>). The relevant branch of the SCSB will perform verification procedures and block an amount in the ASBA Account equal to the Application Amount specified in the ASBA Application.

For ASBA Applications submitted directly to the SCSBs, the relevant SCSB will block an amount in the ASBA Account equal to the Application Amount specified in the ASBA Application, before entering the ASBA Application into the electronic system. SCSBs may provide the electronic mode of Application either through an internet enabled application and banking facility or such other secured, electronically enabled mechanism for application and blocking of funds in the ASBA Account. For ASBA Applications, the SCSBs, will block Application Amount only against/in a funded deposit account and ensure that clear demarcated funds are available for ASBA Applications and no lien shall be marked against credit limits/overdraft facility of account holders for ASBA Application, in accordance with SEBI circular CIR/CFD/DIL/12/2012 dated September 13, 2012

**ASBA Applicants should ensure that they have funds equal to the Application Amount in the ASBA Account before submitting the ASBA Application to the Members of the Syndicate or Trading Members of the Stock Exchanges, as the case may be, at the Specified Cities or to the Designated Branches of SCSBs. An ASBA Application where the corresponding ASBA Account does not have sufficient funds equal to the Application Amount at the time of blocking the ASBA Account is liable to be rejected.**

The Application Amount will remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount to the Public Issue Account(s), or until withdrawal/failure of the Issue or until withdrawal/rejection of the Application Form, as the case may be. Once the Basis of Allotment is approved, the Registrar to the Issue will send an appropriate request to the controlling branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount pertaining to Bonds allocable to the successful ASBA Applicants to the Public Issue Account(s). In case of withdrawal/failure of the Issue/refund, the blocked amount will be unblocked on receipt of such information from the Registrar to the Issue.

### **Escrow Mechanism for Applicants other than ASBA Applicants**

The Company will open Escrow Account(s) with each of the Escrow Collection Bank(s) in whose favour the Applicants (other than ASBA Applicants) will make out the cheque or demand draft in respect of their Application.

Cheques or demand drafts received for the full Application Amount from Applicants/payments received through the online payment facility offered by Stock Exchanges would be deposited in the Escrow Account(s). All cheques/bank drafts accompanying the Application should be crossed "A/c Payee only" and made payable to

“Ennore Port Tax Free Bonds 2014 - Escrow Account”.

Application Amounts paid through the online payment facility of the Stock Exchanges will also be deposited in the Escrow Account(s).

The Escrow Collection Bank(s) will maintain the monies in the Escrow Account(s) until documents for creation of security for the Bonds are executed. The Escrow Collection Bank(s) will not exercise any lien whatsoever over the monies deposited therein and will hold the monies therein in trust for the Applicants. On the Designated Date, the Escrow Collection Bank(s) will transfer the funds represented by Allotment of Bonds (other than in respect of Allotment to successful ASBA Applicants) from the Escrow Account(s), as per the terms of the Escrow Agreement, into the Public Issue Account(s), provided that the Company will have access to such funds only after receipt of final listing and trading approvals from the Stock Exchanges and execution of the Bond Trust Deed and Security Documents. The balance amount after transfer to the Public Issue Account(s) will be transferred to the Refund Account. Payments of refund to the relevant Applicants will be made from the Refund Account as per the terms of the Escrow Agreement and this Prospectus.

**Neither the Company, nor the Lead Managers or Escrow Collection Banks shall be liable for any delay in clearance of CTS 2010 and non-CTS 2010 cheques pursuant to the Standard Operating Procedure (Multi Session for Processing CTS 2010 non CTS 2010 instruments) issued by the RBI on December 16, 2013 (effective from January 1, 2014), in terms of paragraph 2(a) of RBI circular number DPSS.CO.CHD. No. /133/04.07.05/2013-14 dated July 16, 2013, which stipulates the procedure for processing of CTS 2010 and Non-CTS 2010 instruments in the three CTS grid locations (Chennai, Mumbai and New Delhi).**

#### **Payment into Escrow Account**

Each Applicant will draw a cheque or demand draft or remit the funds electronically through the mechanisms for the Application Amount as per the following terms:

- (a) All Applicants would be required to pay the full Application Amount for the number of Bonds applied for, at the time of the submission of the Application Form.
- (b) The Applicants will, with the submission of the Application Form, draw a cheque/demand draft for the full Application Amount in favour of the Escrow Account and submit the same to Escrow Collection Bank(s). **If the payment is not made favouring the Escrow Account with the Application Form, the Application is liable to be rejected. Application Forms accompanied by cash, stock invest, money order or postal order will not be accepted.**
- (c) The cheque/demand draft for payment into the Escrow Account should be drawn in favour of “Ennore Port Tax Free Bonds 2014 - Escrow Account”.
- (d) Payments should be made by cheque or demand draft drawn on any bank (including a cooperative bank) which is situated at and is a member of or sub-member of the bankers’ clearing house located at the centre where the Application Form is submitted. **Outstation cheques, post-dated cheques and cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and Applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/stockinvest/money orders/postal orders will not be accepted. Cheques without the nine digit MICR code are liable to be rejected.**
- (e) Applicants are advised to provide the number of the Application Form on the reverse of the cheque or bank draft to avoid misuse of instruments submitted with the Application Form.
- (f) The monies deposited in the Escrow Accounts will be held for the benefit of the Applicants (other than ASBA Applicants) till the Designated Date.
- (g) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Accounts as per the terms of the Escrow Agreement into the Public Issue Account(s) with the Bankers to the Issue and the refund amount shall be transferred to the Refund Account.

#### **Payment by cash/stockinvest/money order**

Payment through cash/stockinvest/money order will not be accepted in the Issue.

### **Payment mechanism for Direct Online Applicants**

Applicants making Direct Online Applications through the online platform must make payment using the online payment facility offered by the Stock Exchanges. Such online payments will be deposited in the Escrow Account(s) to be opened by the Company. See “*Issue Procedure - Escrow Mechanism for Applicants other than ASBA Applicants*” on page 156 of this Prospectus.

### **SUBMISSION OF DULY COMPLETED APPLICATION FORMS**

<b>Mode of Submission of Application Forms</b>	<b>To whom the Application Form has to be submitted</b>
ASBA Applications	(i) If using physical Application Form, (a) to the Members of the Syndicate or Trading Members of the Stock Exchanges only at the Specified Cities (“ <b>Syndicate ASBA</b> ”), or (b) to the Designated Branches of SCSBs where the ASBA Account is maintained; or  (ii) If using electronic Application Form, to the SCSBs, electronically through internet banking facility, if available.
Non-ASBA Applications (other than Direct Online Applications)	The Members of the Syndicate or Trading Members of the Stock Exchanges.  Note: Applications for Allotment in physical form can be made only by using non-ASBA Applications (other than Direct Online Applications).
Direct Online Applications	Online submission through the online platform and online payment facility offered by the Stock Exchanges.

**No separate receipts will be issued for the Application Amount payable on submission of Application Form.** However, the Lead Managers/Consortium Members for the Issue/Trading Members of Stock Exchanges will acknowledge the receipt of the Application Forms by stamping the date and returning to the Applicants an acknowledgement slip which will serve as a duplicate Application Form for the records of the Applicant.

Syndicate ASBA Applicants must ensure that their ASBA Applications are submitted to the Members of the Syndicate or Trading Members of the Stock Exchanges only at the Specified Cities. ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchanges at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Application, is maintained has not named at least one branch at that Specified City for the Members of the Syndicate or Trading Members of the Stock Exchanges, as the case may be, to deposit ASBA Applications. A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>. For information on the Issue programme and timings for submission of Application Forms, see “*Terms of the Issue – Issue Period*” on page 120.

**Applicants other than ASBA Applicants are advised not to submit Application Forms directly to Escrow Collection Bank(s); and the same are liable to be rejected and the Applicants will not be entitled to any compensation whatsoever.**

#### ***Submission of ASBA Applications***

Please refer “*Issue Procedure – Submission of ASBA Applications*” on page 144 of this Prospectus.

#### ***Submission of Non-ASBA Applications (other than Direct Online Applications)***

Please refer “*Issue Procedure – Submission of Non-ASBA Applications (other than Direct Online Applications)*” on page 145 of this Prospectus.

#### ***Submission of Non- ASBA Applications for Allotment of the Bonds in physical form***

Please refer “*Issue Procedure – Submission of Non-ASBA Applications for Allotment of Bonds in the physical form*” on page 143 of this Prospectus.

#### **Submission of Direct Online Applications**

Please refer “*Issue Procedure – Submission of Direct Online Applications*” on page 146 of this Prospectus.

## **REJECTION OF APPLICATIONS**

The Company reserves its full, unqualified and absolute right to accept or reject any Application in whole or in part and in either case without assigning any reason thereof. Applications would be liable to be rejected on one or more technical grounds, including but not restricted to the following:

- Applications where a registered address in India is not provided for the Applicant.
- Applications by persons who are not eligible to acquire Bonds of the Company in terms of applicable laws, rules, regulations, guidelines and approvals, including Applications by persons not competent to contract under the Indian Contract Act, 1872 (including a minor without a guardian name) and Applications by OCBs.
- In case of partnership firms, Bonds may be registered in the names of the individual partners and no firm as such will be entitled to apply. However, a limited liability partnership firm can apply in its own name.
- In case of Applications under power of attorney or by corporates, trusts, societies, etc., relevant documents are not submitted.
- Applications accompanied by Stockinvest/money order/postal order/cash.
- SCSBs investing in the Issue through its own ASBA account.
- Applications for an amount below the minimum Application size.
- Applications for amounts greater than the maximum permissible amounts prescribed by the regulations and applicable law.
- Applications without payment of the entire Application Amount. However, the Company may Allot Bonds up to the value of Application Amounts paid, if such Application Amounts exceed the minimum Application size prescribed hereunder.
- Application Amount paid not tallying with the number of Bonds applied for. However, the Company may Allot Bonds up to the value of Application Amounts paid, if such Application Amounts exceed the minimum Application size prescribed hereunder.
- Applications for a number of Bonds which is not in a multiple of one. However, our Company may Allot Bonds upto lower integer if such Application Amount exceeds the minimum application size.
- Submission of more than five ASBA Applications per ASBA Account.
- PAN not mentioned in the Application Form, except for Applications by or on behalf of the Central or State Government and the officials appointed by the courts and by Applicants residing in the State of Sikkim, provided such claims have been verified by the DPs.
- GIR number furnished instead of PAN.
- DP ID, Client ID and bank account not mentioned in the Application Form, in case of Allotment in dematerialised form.
- ASBA Applications not having details of the ASBA Account to be blocked.
- Authorisation to the SCSB for blocking funds in the ASBA Account not provided.
- Signature of sole and/or joint Applicants missing. In case of joint Applicants, the Application Forms

not being signed by each of the joint Applicants (in the same sequence as they appear in the records of the Depository).

- ASBA Application Forms not signed by the ASBA Account holder, if the ASBA Account holder is different from the Applicant.
- Application Forms submitted to the Members of the Syndicate or Trading Members of the Stock Exchanges does not bear the stamp of the relevant Member of the Syndicate or Trading Member of the Stock Exchanges, as the case may be. ASBA Applications submitted directly to the Designated Branches of SCSBs does not bear the stamp of the SCSB and/or the Designated Branch and/or Member of the Syndicate or Trading Members of the Stock Exchanges, as the case may be.
- In case of Allotment in dematerialised form, no corresponding record is available with the Depositories that matches three parameters, namely, DP ID, Client ID and PAN or if PAN is not available in the Depository database.
- With respect to ASBA Applications, inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the ASBA Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds.
- With respect to non-ASBA Applicants, Applications where clear funds are not available in Applicants Accounts as per final certificates from Escrow Collection Bank(s).
- Applications by persons debarred from accessing capital markets, by SEBI or any other regulatory authority.
- Applications not uploaded on the terminals of the Stock Exchanges.
- Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Stock Exchanges, as applicable.
- Applications by Applicants whose beneficiary accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010.
- Where PAN details in the Application Form and as entered into the electronic systems of the Stock Exchanges, are not as per the records of the Depositories.
- ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchanges at locations other than the Specified Cities or at a Designated Branch of a SCSB where the ASBA Account is not maintained, and ASBA Applications submitted directly to an Escrow Collection Bank (assuming that such bank is not a SCSB), to the Company or the Registrar to the Issue.
- Application Forms not delivered by the Applicant within the time prescribed as per the Application Form, Prospectus and as per the instructions in the Application Form, and this Prospectus.
- Application Form accompanied with more than one cheque.
- Date of Birth for first/sole Applicant for persons applying for Allotment of Bonds in physical form not mentioned in the Application Form.
- SCSB making an ASBA application (a) through an ASBA Account maintained with its own self or (b) through an ASBA account maintained through a different SCSB not in its own name, or (c) through an ASBA Account maintained through a different SCSB in its own name, which ASBA Account is not utilized for the purpose of applying in public issue.
- Applications by persons/entities that have been debarred from accessing the capital markets by SEBI.

- In case of Applicants applying for the Bonds in physical form, if the address of the Applicant is not provided in the Application Form.

**ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchanges at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has not named at least one branch at that Specified City for the Members of the Syndicate or Trading Members of the Stock Exchanges, as the case may be, to deposit ASBA Applications (A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>).**

For information on certain procedures to be carried out by the Registrar to the Issue for finalisation of the Basis of Allotment, see “*Issue Procedure - Information for Applicants*” on page 164. For information on payment of refunds, see “*Terms of the Issue - Payment of Refunds*” on page 122 of this Prospectus.

## **ELECTRONIC REGISTRATION OF APPLICATIONS**

- (a) The Members of the Syndicate, Trading Members of the Stock Exchanges and Designated Branches of SCSBs, as the case may be, will register Applications using the online facilities of the Stock Exchanges. There will be at least one online connection in each city where Applications are being accepted. Direct Online Applications will be registered by Applicants using the online platform offered by the Stock Exchanges. **The Company, the Members of the Syndicate, Trading Members of the Stock Exchanges, Escrow Collection Bank(s) and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to: (i) Applications accepted by the SCSBs, (ii) Applications uploaded by the SCSBs, (iii) Applications accepted but not uploaded within the time permitted by the Stock Exchanges by the SCSBs, (iv) Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts, (v) Applications accepted by the Trading Members of the Stock Exchanges, or (v) any Online Direct Applications.**
- (b) In case of apparent data entry error by the Lead Managers, Members of the Syndicate, Trading Members of the Stock Exchanges, Escrow Collection Bank(s) or Designated Branches of SCSBs, as the case may be, in entering the Application Form number in their respective schedules other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange.
- (c) The Stock Exchanges will offer an electronic facility for registering Applications, which will be available during the Issue Period on the terminals of the Members of the Syndicate, Trading Members of the Stock Exchanges and the SCSBs. The Members of the Syndicate and Trading Members of the Stock Exchanges can also set up facilities for offline electronic registration of Applications subject to the condition that they will subsequently upload the offline data file into the online facilities for Applications on a regular basis, and before the expiry of the allocated time on the Issue Closing Date. On the Issue Closing Date, the Members of the Syndicate, Trading Members of the Stock Exchanges and Designated Branches of SCSBs will upload Applications until such time as may be permitted by the Stock Exchanges. This information will be available with the Members of the Syndicate, Trading Members of the Stock Exchanges and Designated Branches of SCSBs on a regular basis. **A high inflow of Applications on the Issue Closing Date may lead to some Applications received on such day not being uploaded; such Applications will not be considered for allocation. Applicants are therefore advised to submit their Applications well in advance of the closing time of acceptance of Applications on the Issue Closing Date.** For further information on the Issue programme, see “*Terms of the Issue – Issue Period*” on page 120 of this Prospectus.
- (d) At the time of registering each Application, other than ASBA Applications and Direct Online Applications, the Members of the Syndicate or Trading Members of the Stock Exchanges will enter the requisite details of the Applicants in the online system including:
  - Application Form number
  - PAN of the sole/first Applicant

- Investor category and sub-category
  - DP ID
  - Client ID
  - Series of Bonds applied for
  - Number of Bonds Applied for in each Series of Bond
  - Price per Bond
  - Application amount
  - Cheque number
- (e) With respect to ASBA Applications submitted directly to the SCSBs at the time of registering each Application, the Designated Branches will enter the requisite details of the Applicants in the online system including:
- Application Form number
  - PAN of the sole/first Applicant
  - Investor category and sub-category
  - DP ID
  - Client ID
  - Series of Bonds applied for
  - Number of Bonds Applied for in each Series of Bond
  - Price per Bond
  - Bank code for the SCSB where the ASBA Account is maintained
  - Bank account number
  - Application amount
- (f) With respect to ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchanges at the Specified Cities, at the time of registering each Application, the requisite details of the Applicants will be entered in the online system including:
- Application Form number
  - PAN of the sole/first Applicant
  - Investor category and sub-category
  - DP ID
  - Client ID
  - Series of Bonds applied for

- Number of Bonds Applied for in each Series of Bond
  - Price per Bond
  - Bank code for the SCSB where the ASBA Account is maintained
  - Location of Specified City
  - Bank account number
  - Application amount
- (g) A system generated acknowledgement slip will be issued to the Applicant as a proof of the registration of each Application. **It is the Applicant’s responsibility to obtain the acknowledgement slip stamped with date and time from the Members of the Syndicate, Trading Members of the Stock Exchanges and Designated Branches of the SCSBs, as the case may be. Registration of the Application by the Members of the Syndicate, Trading Members of the Stock Exchanges and Designated Branches of SCSBs, as the case may be, does not guarantee that Bonds will be allocated/Allotted by the Company. The acknowledgement slip will be non-negotiable and by itself will not create any obligation of any kind.**
- (h) Applications can be rejected on the technical grounds listed on page 159 or if all required information is not provided or the Application Form is incomplete in any respect.
- (i) The permission granted by the Stock Exchanges to use their network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company and/or the Lead Managers are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, the management or any scheme or project of the Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Bonds will be listed or will continue to be listed on the Stock Exchanges.
- (j) Only Applications that are uploaded on the online system of the Stock Exchanges will be considered for allocation/Allotment. The Members of the Syndicate, Trading Members of the Stock Exchanges and Designated Branches of SCSBs will capture all data relevant for the purposes of finalising the Basis of Allotment while uploading Application data in the electronic systems of the Stock Exchanges. In order that the data so captured does not match with the Depository details, the Members of the Syndicate, Trading Members of the Stock Exchanges and Designated Branches of SCSBs will have up to one Working Day after the Issue Closing Date to modify/verify certain selected fields uploaded in the online system during the Issue Period after which the data will be sent to the Registrar to the Issue for reconciliation with the data available with the Depositories.

#### **BASIS OF ALLOTMENT**

Please refer “*Issue Procedure – Basis of Allotment*” on page 154 of this Prospectus.

#### **PAYMENT OF REFUNDS**

Please refer “*Terms of the Issue – Payment of Refunds*” on page 122 of this Prospectus.

#### **ALLOTMENT OF BONDS AND ISSUANCE OF ALLOTMENT ADVICE**

**The Company reserves, in its absolute and unqualified discretion and without assigning any reason therefor, the right to reject any Application in whole or in part.** The unutilised portion of the Application Amount(s) will be refunded to the Applicant by an account payee cheque/demand draft. In case the cheque payable at par facility is not available, the Company reserves the right to adopt any other suitable mode of payment.

The Company will use best efforts to ensure that all steps for completion of the necessary formalities for Allotment, listing and commencement of trading at the Stock Exchanges where the Bonds are proposed to be listed are taken within 12 Working Days of the Issue Closing Date. The Company will ensure dispatch of Allotment Advice/refund orders within 12 Working Days of the Issue Closing Date and/or issue instructions for credit of Bonds to the respective beneficiary accounts with DPs for successful Applicants who have been Allotted Bonds in dematerialised form within 12 Working Days of the Issue Closing Date. Allotment Advice for successful Applicants who have been Allotted Bonds in dematerialised form will be mailed to their addresses (in India) as per the Demographic Details received from the Depositories.

The Company will credit the Allotted Bonds to the respective beneficiary accounts/dispatch the Allotment Advice/refund orders, as the case may be, by speed/registered post at the Applicant's sole risk within 12 Working Days of the Issue Closing Date. The Company and every officer in default will be liable to pay interest at applicable rate for delay beyond the stipulated time, our Company becomes liable to repay any amount on account of refund, as may be prescribed under the Companies Act.

The Company will provide adequate funds required for dispatch of refund orders and Allotment Advice, as applicable, to the Registrar to the Issue.

## **OTHER INFORMATION**

### **Information for Applicants**

In case of ASBA Applications submitted to the SCSBs, in terms of SEBI circular dated April 22, 2010, the Registrar to the Issue will reconcile the compiled data received from the Stock Exchanges and all SCSBs, and match the same with the Depository database for correctness of DP ID, Client ID and PAN. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, the Company, in consultation with the Designated Stock Exchange, the Lead Managers and the Registrar to the Issue, reserves the right to proceed as per the Depository records for such ASBA Applications or treat such ASBA Applications as rejected.

In case of ASBA Applicants submitted to the Members of the Syndicate and Trading Members of the Stock Exchanges at the Specified Cities, the Basis of Allotment will be based on the validation by the Registrar to the Issue of the electronic details with the Depository records, and the complete reconciliation of the final certificates received from the SCSBs with the electronic details in terms of SEBI circular dated April 29, 2011. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, the Company, in consultation with the Designated Stock Exchange, the Lead Managers and the Registrar to the Issue, reserves the right to proceed as per the Depository records or treat such ASBA Application as rejected.

In case of non-ASBA Applications and Direct Online Applications, the Basis of Allotment will be based on the validation by the Registrar to the Issue of the electronic details with the Depository records, and the complete reconciliation of the final certificates received from the Escrow Collection Bank(s) with the electronic details in terms of SEBI circular dated April 22, 2010 and SEBI circular dated April 29, 2011. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, the Company, in consultation with the Designated Stock Exchange, the Lead Managers, the Registrar to the Issue, reserves the right to proceed as per the Depository records or treat such Applications as rejected.

Based on the information provided by the Depositories, the Company will have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship). In case of Applications for a higher number of Bonds than specified for that category of Applicant, only the maximum amount permissible for such category of Applicant will be considered for Allotment.

### **Withdrawal of Applications during the Issue Period**

#### *Withdrawal of ASBA Applications*

ASBA Applicants may withdraw their ASBA Applications during the Issue Period by submitting a request to a Member of the Syndicate, Trading Member of the Stock Exchanges or a Designated Branch of an SCSB, as the case may be, through whom the ASBA Application had been placed. In case of ASBA Applications submitted

to the Members of the Syndicate or Trading Members of the Stock Exchanges at the Specified Cities, on receipt of the request for withdrawal from the ASBA Applicant, the relevant Member of the Syndicate or Trading Member of the Stock Exchanges, as the case may be, will do the requisite, including deletion of details of the withdrawn ASBA Application Form from the electronic system of the Stock Exchanges. In case of ASBA Applications submitted directly to the Designated Branch of the SCSB, on receipt of the request for withdrawal from the ASBA Applicant, the relevant Designated Branch will do the requisite, including deletion of details of the withdrawn ASBA Application Form from the electronic system of the Stock Exchanges and unblocking funds in the ASBA Account directly.

#### *Withdrawal of Non-ASBA Applications (other than Direct Online Applications)*

Non-ASBA Applicants can withdraw their Applications during the Issue Period by submitting a request for the same to the Member of the Syndicate or Trading Member of the Stock Exchanges, as the case may be, through whom the Application had been made. On receipt of the request for withdrawal from the Applicant, the relevant Member of the Syndicate or Trading Member of the Stock Exchanges, as the case may be, will do the requisite, including deletion of details of the withdrawn ASBA Application Form from the electronic system of the Stock Exchanges.

#### *Withdrawal of Direct Online Applications*

Direct Online Applications would be withdrawn in accordance with the procedure prescribed by the Stock Exchange.

#### **Withdrawal of Applications after the Issue Period**

In case an Applicant wishes to withdraw the Application after the Issue Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalisation of Allotment. The Registrar to the Issue will delete the withdrawn Application from the electronic file provide by the Stock Exchanges and issue instruction to the SCSB for unblocking the ASBA Account (in case of ASBA Applications).

#### **Revision of Applications**

Applicants may revise/modify their Application details during the Issue Period, as allowed/permitted by the Stock Exchanges, by submitting a written request to a Member of the Syndicate/Trading Member of the Stock Exchanges/Designated Branch of an SCSB, as the case may be. However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/modification. **Revision of Applications is not permitted after the expiry of the time for acceptance of Application Forms on the Issue Closing Date.**

#### **Depository Arrangements for Applicants Applying for Allotment in Dematerialised Form**

The Company has made depository arrangements with NSDL and CDSL for issue and holding of the Bonds in dematerialised form. Tripartite Agreements have been executed between the Company, the Registrar to the Issue and both the Depositories. As per the Depositories Act, Bonds issued by us can be held in a dematerialised form. In this context:

- (i) The Company has entered into Tripartite Agreements dated January 24, 2013 with the Registrar to the Issue and NSDL and dated January 23, 2013 with the Registrar to the Issue and CDSL, respectively for offering depository option to the Applicants.
- (ii) An Applicant must have at least one beneficiary account with any of the DPs of NSDL or CDSL prior to making the Application.
- (iii) The Applicant must necessarily provide the DP ID and Client ID details in the Application Form.
- (iv) Bonds Allotted to an Applicant in the electronic form will be credited directly to the Applicant's respective beneficiary account(s) with the DP.
- (v) Applications can be in single or joint names (not exceeding two names). If the Application Form is submitted in joint names, the Application Form should contain only the name of the first Bidder whose

name should also appear as the first holder of the depository account held in joint names.

- (vi) Non-transferable Allotment Advice/refund orders will be directly sent to the Applicant by the Registrar to the Issue.
- (vii) It may be noted that Bonds in electronic form can be traded only on Stock Exchanges having electronic connectivity with NSDL or CDSL. BSE has connectivity with NSDL and CDSL.
- (viii) Interest or other benefits with respect to Bonds held in dematerialised form will be paid to those Bondholders whose names appear on the list of beneficial owners provided by the Depositories to us as on Record Date. In case of those Bonds for which the beneficial owner is not identified by the Depository as on the Record Date/book closure date, the Company would keep in abeyance the payment of interest or other benefits, until such time that the beneficial owner is identified by the Depository and conveyed to the Company, whereon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.
- (ix) Trading of the Bonds on the floor of the Stock Exchanges will be in dematerialised form only.

See “*Issue Procedure - Instructions for filling up the Application Form - Applicant’s Beneficiary Account and Bank Account Details*” on page 147 of this Prospectus.

The Bonds will cease to trade from the Record Date prior to the Maturity Date.

**Trading of Bonds on the floor of the Stock Exchanges will be in dematerialised form only in multiples of one Bond.**

Allottees will have the option to re-materialise the Bonds Allotted in the Issue as per the Companies Act and the Depositories Act.

**Interest in case of Delay**

The Company undertakes to pay interest in connection with any delay in Allotment, dematerialised credit and refunds, beyond the time limits prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under applicable statutory and/or regulatory requirements.

**Impersonation**

Please refer “*Terms of the Issue – Impersonation*” on page 134 of this Prospectus.

**Pre-closure / Extension**

The Company, in consultation with the Lead Managers, reserves the right to close the Issue at any time prior to the Issue Closing Date. In the event of such early closure or extension of the Issue Period, the Company shall ensure that public notice of such early closure/extension is published on or before such early date of closure or the Issue Closing Date, as applicable, through advertisement(s) in at least one leading national daily newspaper with wide circulation. The Company will Allot Bonds with respect to the Applications received at/until the time of such pre-closure in accordance with the Basis of Allotment as described in “*Issue Procedure - Basis of Allotment*” on page 154 of this Prospectus.

**Filing of the Prospectus with the RoC**

A copy of this Prospectus will be filed with the RoC, in accordance with the Companies Act.

**Communications**

Communications in connection with Applications made in the Issue should be addressed to the Registrar to the Issue, quoting all relevant details including the full name of the sole/first Applicant, Application Form number, Applicant’s DP ID, Client ID and PAN, number of Bonds applied for, date of the Application Form, name and address of the Member of the Syndicate, Trading Member of the Stock Exchanges or Designated Branch of the

SCSB, as the case may be, where the Application was submitted, and cheque/draft number and issuing bank thereof, or with respect to ASBA Applications, the ASBA Account number in which an amount equivalent to the Application Amount was blocked.

Applicants may contact the Compliance Officer and Company Secretary and/or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice, refunds, interest on Application Amount or credit of Bonds in the respective beneficiary accounts, as the case may be.

Grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB. Grievances relating to Direct Online Applications may be addressed to the Registrar to the Issue, with a copy to the relevant Stock Exchange.

## SECTION VII - MAIN PROVISIONS OF THE MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION

### MEMORANDUM OF ASSOCIATION

- IV.** The liability of the Members is limited.
- V.** The Authorised Share Capital of the Company is ₹ 500,00,00,000/- (Rupees five hundred crores only) consisting of ₹ 500,00,00,000/- (Rupees five hundred crores only) as equity share capital divided into 50,00,00,000/- (fifty crores) Equity shares of ₹ 10/- each, with the power to increase and reduce the capital of the Company and to divide the shares and the capital for the time being into other classes and to attach thereto respectively such preferential, guaranteed, qualified or special rights, privileges and conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by Articles of Association of the Company.
- VI.** We the several persons, whose names and addresses are subscribed below, are desirous of being formed into a company, in pursuance of this Memorandum of Association and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names:-

Sr. No.	Name, Address, description and occupation of each Subscriber	Number of Equity shares taken by each Subscriber
1.	Govt. of India, Ministry of Surface Transport represented by Kamlesh Kumar, Director, Transport Bhawan, New Delhi – 110 001	1
2.	Board of Trustees of Chennai Port Trust represented by Shri.P. Baskaradoss, Chairman, Rajaji Salai, Chennai – 600 001	1
3.	Rengaswami Vasudevan, S/o Late Shri. V. Rengaswami Iyengar, 401, Transport Bhawan, New Delhi – 110 001 Govt. Service	1
4.	Ashoke Joshi S/o Shri. Vijay Kumar Joshi, Room #509, Transport Bhawan, Parliament Street, New Delhi 110 001. Government Service	1
5.	Subramanian Gopalan S/o. Shri. Seetharaman Subramanian, 537, Transport Bhawan, New Delhi 110 001 Government Service	1
6.	Kandula Visweswara Rao, S/o. Late Shri. K.P.N.Swamy, 512, Transport Bhawan, New Delhi 110 001 Government Service.	1
7.	Kewal Ram Bhati, S/o.Shri.Uday Bhan, 409, Transport Bhawan, New Delhi 110 001 Government Service	1

### ARTICLES OF ASSOCIATION

The Regulations contained in Table 'A' in the First Schedule to the Companies Act shall not apply to the Company, but the Regulations for the management of the Company and for the observance by the members thereof and their representatives, shall, subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of, or addition to, its regulations by special resolution, or as prescribed by the Companies Act, be such as are contained in these Articles. Words and expressions used below shall have the meaning contained in the Interpretation clause.

#### CAPITAL

4. The Authorised Share Capital of the Company is ₹ 500,00,00,000 (Rupees five hundred crores only) consisting of Rs. 500,00,00,000 (Rupees five hundred crores only) as equity share capital divided into 50,00,00,000 Equity shares of ₹ 10/- each, with power to increase or reduce the said capital and to issue any part of its capital original or increased with or without any priority or special privilege subject to the restrictions, if any, as may be determined by or in accordance with the Articles and to vary, modify or abrogate any such right, privileges or conditions or restrictions in such manner as may for the time being permitted by the Articles or the legislative provisions for the time being in force in that behalf.
5. The Company in general meeting may, from time to time, increase the capital by the creation of new shares of such amount as

may be deemed expedient.

6. Subject to the provisions of Section 86 of the Act, the new shares shall be issued upon such terms and conditions and with such rights and privileges as the Company in general meeting shall prescribe, and in particular, such shares may be issued with a special or qualified right to dividend and in the distribution of assets of the Company.
7. Except in so far as otherwise provided by the conditions of issue or by the Articles, any Capital raised by the creation of new shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise
8. Subject to the provisions of section 80 of the Act and the Articles, any preference share may, with the sanction of an Ordinary Resolution, be issued on the terms that they are liable to be redeemed on such terms and in such manner as the Company may before the issue of the shares, by Ordinary Resolution determine.
9. The cumulative redeemable preference shares (hereinafter called preference shares) shall unless the terms of issue otherwise provide, confer on the holders thereof the following rights and privileges:
  - i. The right to a cumulative preferential dividend at such rate as may be prescribed by the terms of issue of such shares, on the share capital for the time being paid up thereto, free of Company's income tax but subject to deduction of taxes at source at the rate or rates prescribed from time to time.
  - ii. The right in the event of winding up to payment of such capital and arrears of dividend, whether earned, accrued, declared or not, down to the commencement of the winding up in priority to equity shares but shall not confer any further right to participate in profits or assets.
10. The Company may (subject to the provisions of Section 78, 80 and Sections 100 to 105 of the Act) from time to time by Special Resolution, reduce the share capital and any Capital Redemption Reserve Account or Premium Account in any manner for the time being authorized by law, and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have if it were omitted.
11. The Company in general meeting may by Ordinary Resolution:
  - (i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
  - (ii) convert all or any of its fully paid-up shares into stock and reconvert that stock into fully paid-up shares of any denomination;
  - (iii) sub-divide its shares or any of them into shares of smaller amount than is fixed by the memorandum, so however, that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;
  - (iv) cancel shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.

#### **MODIFICATION OF CLASS RIGHTS**

12. If at any time the share capital by any reason is divided into different classes of shares, all or any of the rights and privileges attached to each class will be effective and binding after approvals, if any, required from the Central Government and may subject to the provisions of Sections 106 and 107 of the Act, and whether or not the Company is being wound up, be varied, modified, abrogated or dealt with, with the consent in writing of the holders of not less than three fourths of the issued shares of that class, or with the sanction of a Special Resolution passed at a separate meeting of the holders of the issued shares of that class and all the provisions contained in the Articles as to general meetings (including the provisions relating to quorum at such meetings) shall *mutatis mutandis* apply to every such meeting. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly prohibited by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

#### **SHARES**

- 13 (i) When at the time subsequent to the first allotment of shares by the Company it is proposed to increase the subscribed capital of the Company by issue of new shares, then, subject to any directions to the contrary which may be given by the Company in the general meeting, issue or allot any further shares of the Company unless such further shares are first offered to the existing shareholders, in proportion to their shareholding on the date of such issue and allotment. Such offer to the existing shareholders shall be in accordance with the provisions of Section 81 (1) of the Act.
- (ii) The new shares above referred shall be offered to the existing equity shareholders, in proportion, to the capital paid-up on those shares at that date; and such offer shall be made by a notice specifying the number of shares offered in accordance with section 81 (1) of the Act. The offer aforesaid shall be deemed to include right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person; and the notice referred in Section 81 of the Act shall contain a statement of this right. After the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that declines to accept the shares offered, the Board may dispose of them in such manner as it thinks, most beneficial to the Company in accordance with the provision hereof.

- (iii) Notwithstanding anything herein contained, and subject to clause (a) above referred hereof, the new shares aforesaid may be offered to any persons, whether or not those persons include the persons who, at the date of the offer, are holders of the equity shares of the Company, in any manner whatsoever:-
- (a) if a Special Resolution to that effect passed by the Company in general meeting; or
  - (b) Where no such Special Resolution is passed, if the votes cast (whether on a show of hands or on a poll, as the case may be) in favour of the proposal contained in the resolution moved at the general meeting sanctioning the issue of such shares (including the casting vote, if any, of the Chairman) by Members, who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by Members so entitled and voting and the Central Government is satisfied on an application made by the Board of Directors in that behalf that the proposal is most beneficial to the Company.
- (iv) Nothing in the Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debentures issued or loans raised by the Company.
- (a) to convert such debentures or loans into shares of the Company, or
  - (b) to subscribe for shares in the Company; PROVIDED that the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term-
    - (A) either has been approved by the Central Government before the issue of the debentures or the raising of the loans, or is in conformity with the rules, if any, made by that Central Government in this behalf; and
    - (B) in the case of debentures or loans other than debentures issued to, or loans obtained from the Central Government or any institution specified by the Central Government in this behalf, has also been approved by a Special Resolution passed by the Company in general meeting before the issue of the debentures or the raising of the loans.
14. The Company in general meeting may determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether Members or not) in such proportion and on such terms and conditions and (subject to compliance with the provisions of Section 78 and 79 of the Act) either at a premium or at par or at discount as such general meeting shall determine and with full power to give any person (whether a Member or not) the option to call for or be allotted shares of any class of the Company either at a premium or at par or at discount (subject to compliance with the provisions of Section 78 and 79 of the Act) such option being exercisable at such times and for such consideration as may be directed by such general meeting; or the Company in general meeting may make any other provision whatsoever for the issue allotment or disposal any shares.
15. Subject to the provisions of Section 79A of the Act, the Company may issue sweat equity shares of a class of shares already issued.
16. Subject to the provisions of Section 77 A and Section 77B of the Act, the Company may purchase (Buy Back) its shares or other specified securities.
17. Subject to the provisions of the Act and the Articles, the shares in the capital of the Company for the time being (Including any shares forming part of any increased capital of the Company) shall be under the control of the directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to compliance with the provisions of Section 79 of the Act) at discount and at such times as they may from time to time think fit and proper, and with full power with the sanction of the Company in general meeting, to give to any person the option to call for or be allotted shares of any class of the Company either at par or at premium or subject to as aforesaid, at discount, such option being exercisable at such time and for such consideration as the directors think fit.
18. Any application signed by, the applicant for shares in the Company, followed by an allotment of any share therein, shall be an acceptance of the shares by him within the meaning of the Articles; and every person who thus or otherwise accepts any shares and whose name is on the Register shall, for the purposes of the Act and the Articles, be a Member of the Company.
19. The money (if any) which the Board of Directors shall, on the allotment any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall immediately on the inscription of the name of the allottee in the Register as the holder of such shares, become a debt due to and recoverable by the Company from the allottee there of and shall be paid by them accordingly.
20. Every Member or his heirs, executors or administrators shall pay to the Company the portion of the capital represented by his share or shares which may, for the time being remain and paid thereof, in such amounts, at such time or times and in such manner as the Board of Directors shall, from time to time, in accordance with the Articles, require or fix for the payment thereof.
21. The Company shall cause to be kept a Register of Members, an index of Members, a register of debentureholders and an index of debentureholders in accordance with Sections 150, 151, 152 and 158 of the Act, provided that the register and index of beneficial owners of shares and debentures maintained by a depository under Section 11 of the Depositories Act, 1996 shall be deemed to be a Register of Members, an index of Members, a register of debenture holders and an Index of debentureholders as the case may be. The Company may exercise the powers conferred on it by Sections 157 and 158 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of those sections) make and vary such regulations as it may

think fit in respect of keeping of any such register.

22. The Register of Members, the index of Members, the register and index of debentureholders and copies of all annual returns prepared under Section 159 of the Act together with the copies of certificates and documents required to be annexed thereto under Section 161 of the Act shall, except when the Register of Members or debentureholders is closed under the provisions of the Act or these presents, be open to inspection, on any working day between 11.00 a.m. and 1.00 p.m. or such other time as the Board may determine, from time to time, for any Member or debentureholder without any charges and to inspection of any other person on payment of such sum as may be prescribed by the Act. Any such Member, debentureholder or other person may take extracts therefrom without fee or additional fee as the case may be or require a copy of such register, index or copy or of any part thereof on payment of such sum as may be prescribed by the Act. The directors may at their discretion reduce or waive the sums payable for each inspection or extract.
23. Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register as the holder of any share or whose name appears as the Beneficial Owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or as by law required) be bound to recognize any benami trust or equity or equitable, contingent or other claim to or interest in such shares on the part of any other person whether or not it shall have express or implied notice thereof.
24. The Company shall be entitled to dematerialize its shares and securities pursuant to the Depositories Act, 1996 and to offer its shares, debentures and other securities for subscription in a dematerialized form. The Company shall further be entitled to maintain the Register with the details of Members holding shares both in material and dematerialized form in any media including any form of electronic media.

#### SHARE CERTIFICATES

25. The certificates of title to shares shall be issued under the Seal of the Company which shall be affixed in the presence of and shall be signed by
  - (i) two directors or persons acting on behalf of the directors under a duly registered power of attorney, and
  - (ii) the Secretary or some other person appointed by the Board for the purpose; provided that at least one of the aforesaid two directors shall be a person other than a managing or whole time director. A director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means such as engraving in metal or lithography.

**PROVIDED ALWAYS** that notwithstanding anything contained in this article the certificates of title to shares may be executed and issued in accordance with such other provisions of the Act or the rules made thereunder as may be in force for the time being and from time to time.
26. Every Member or allottee of shares shall be entitled, without payment, to receive one certificate for all the shares of each class or denomination registered in his name or, if the directors may from time to time determine, to several such certificates each for one or more such shares.
27. Share certificates shall be generally issued in marketable lots and where share certificates are issued in lots other than marketable lots, subdivision/consolidation of share certificates into marketable lots shall be done by the Company free of charge.
28. The Company may issue such fractional certificates as the Board may approve in respect of any of the shares of the Company on such terms as the Board of Directors think fit including the term relating to the period within which the fractional certificates are to be converted into share certificates.
29. Every certificate shall specify the name of the person in whose favour it is issued, and shares to which it relates and the amount paid up thereon. Every share shall be distinguished by its appropriate number.
30. Unless the conditions of issue of the shares provide otherwise, such certificates shall be delivered to the shareholders, within three months after the allotment of any shares, and within two months after the application for the registration of the transfer of any such shares has been lodged with the Company
31. (a) No certificate of any share or shares shall be issued either in exchange for those which are sub-divided or consolidated or in replacement of those which are defaced, torn, old, decrepit, worn out or where the pages on the reverse for recording transfers have been duly utilized, unless the certificate in lieu of which it is issued is surrendered to the Company.
- (b) Duplicate share certificates shall be issued in lieu of those that are lost or destroyed, with the prior consent of the Board or such authority as the Board may direct, and on such reasonable terms, if any, as to evidence, indemnify and the payment of out-of-pocket expenses incurred by the Company in investigating evidence as the Board may think fit. The Company shall in all respects comply with the provisions of the Companies (issue of share Certificates) Rules, 1960 or any modifications thereof for the time being in force and from time to time.
32. If any share stands in the names of two or more persons, the person first named in the Register shall, as regards receipt of dividends, or cash bonus, or service of notice, or any other matter connected with the Company except voting at meetings and transfer of the shares, be deemed the sole holder thereof, but the joint holders of a share shall be severally as well as jointly liable for the repayment of all installments or calls and other payments due in respect of such shares.
33. The share certificate registered in the names of two or more persons shall be delivered to the person first named in the Register.

34. Save as herein or in the Act otherwise provided, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof, and accordingly, shall not, except as ordered by a Court of competent jurisdiction, or by statute, or the Act, be bound to recognize any equitable, beneficial or other claim to or interest in such share on the part of any other person.
35. No Member, who shall change his name, or who being a female shall marry, shall be entitled, to receive any dividend or to vote in the name other than the one registered with the Company, until notice of the change of name or of marriage, as the case may be is given to the Company in order that the same be registered after production of satisfactory evidence.

#### **UNDERWRITING AND BROKERAGE**

36. The Company may at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares, debentures or other securities of the Company or procuring or agreeing to procure subscriptions (whether absolute or conditional) for any shares, debentures or other securities of the Company but so that if the commission in respect of the shares, debentures or other securities shall be paid or payable out of capital, the statutory conditions and requirements shall be observed and complied with and the amount or rate of commission shall not exceed the rates prescribed by the Act. The commission may be paid or satisfied in cash or in shares, debentures or other securities of the Company or partly in one way and partly in the other. The Company may also, on any issue of shares, debentures or other securities pay such brokerage as may be lawful.

#### **CALLS**

37. The Board may from time to time by a resolution passed at a meeting of the Board make such calls as they think fit upon the Members in respect of all moneys unpaid on the shares held by them respectively and not by the conditions of allotment thereof made payable at fixed times and each Member shall pay the amount of every call so made on him to the persons and at the time and place appointed by the Board. A call may be made payable by installments. A call may be revoked or postponed at the discretion of the Board.
38. A call shall be deemed to have been made from the time when the resolution of the directors authorizing such call was passed and may be made payable by Members on such date or at the discretion of the directors on such subsequent date as shall be fixed by the directors.
39. (a) Not less than 14 days notice of every call shall be given specifying the time and place of payment provided that before the time for payment of such call the directors may by notice in writing to the Members revoke or postpone the same.  
(b) The directors may from time to time, at their discretion extend the time fixed for the payment of any call by such Member(s) for such cause as the directors may deem fit, but no Member shall be entitled to such extension save as a matter of grace and favour.  
(c) If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by installments at fixed times, whether on account of the amount of the share or by way of premium every such amount or installment shall be payable as if it were a call duly made by the directors and of which due notice has been given and all the provisions herein contained in respect of calls shall relate to such amount or installment accordingly.  
(d) If the sum payable in respect of any call or installment is not paid on or before the day appointed for payment thereof the holder for the time being or the allottee of the share in respect of which a call shall have been made or the installment shall be due shall pay interest on the same at such rate as the directors shall fix from time to time from the last day appointed for the payment thereof to the date of actual payment, but the directors may in their absolute discretion waive payment of such interest wholly or in part.  
(e) No Member shall be entitled to receive any dividend or to exercise any privilege as a Member until he shall have paid all calls for the time being due and payable on every share held by him whether alone or jointly with any person, together with interest and expenses, if any.
40. Subject to the provisions of Section 58A of the Act and rules made thereunder, the Board of Directors may, if it thinks fit, agree to and receive from any Member willing to advance the same, all or any part of the amounts of their respective shares beyond the sum actually called up; and upon the moneys so paid in advance or upon so much thereof from time to time and at any time thereafter, as exceeds the amount of the calls then made and due in respect of the shares on account of which such advances are made, the Board of Directors may pay or allow interest, at such rate as the Member paying the sum in advance and the Board of Directors agree upon. The Board of Directors may at their absolute discretion repay at any time any amount so advanced. Provided that moneys paid in advance of calls shall not in respect thereof confer a right to dividend or to participate in the profits of the Company.

#### **FORFEITURE, LIEN AND SURRENDER**

41. If any Member fails to pay any call or instalment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, Board of Directors may, at any time thereafter while the call or instalment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non payment.
42. The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places, on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment on or before the time and at the place appointed, the shares in respect of which the call was made or installment is payable, will be liable to be forfeited.

43. If the requirements of any such notice as aforesaid are not complied with, any shares in respect of which such notice has been given may, at any time thereafter and before payment of all calls or installments, interest and expenses due in respect thereof be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture
44. When any share shall have been so forfeited notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register.
45. Any share so forfeited, shall be deemed to be the property of the Company, and may be sold, re-allotted or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board of Directors may think fit.
46. The Board of Directors may, at any time before any share so forfeited shall have been sold, reallocated or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.
47. Any Member whose shares have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand, all calls, installments, interest, expenses and other moneys owing upon or in respect of such shares at the time of the forfeiture together with further interest thereon from the time of the forfeiture until payment at such rate as the directors may determine and the directors may enforce the payment of the whole or a portion thereof if they think fit but shall not be under any obligation to do so.
48. On the trial or hearing of any action or suit brought by the Company against any Members or their representatives for the recovery of any money claimed to be due to the Company in respect of whose shares the money is sought to be recovered, appears entered on the Register of Members as the holder, at or subsequent to the dates at which the money sought to be recovered is alleged to have become due on the shares in respect of which such money is sought to be recovered in the minutes books; and that notice of such call was duly given to the Member or his representatives in pursuance of the Articles; and that it shall not be necessary to prove the appointment of directors who made such call, nor that a quorum of directors was present at the Board at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.
49. The forfeiture of a share shall involve extinction, at the time of the forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by the Articles are expressly saved.
50. The Company shall have no lien on its fully paid up shares. In the case of partly paid up shares, the Company shall have a lien only to the extent of all moneys called or payable at a fixed time in respect of such shares. Otherwise such partly paid up shares shall be free from any lien of the Company. Any lien on shares shall extend to all dividends time to time declared in respect of such shares.
51. For the purpose of enforcing such lien, the Board of Directors may sell the shares subject thereto in such manner as they shall think fit, but no sale shall be made unless a sum in respect of which the lien exists is presently payable and until notice in writing of the intention to sell, shall have been served on such Member, or the person (if any) entitled by transmission to the shares and default shall have been made by him in payment of the sum payable as aforesaid for fourteen days after such notice.
52. The net proceeds of any such sale after payment of the costs of such sale shall be applied in or towards satisfaction of all moneys called and payable in respect of such shares and the residue (if any) paid to such Member or the person (if any) entitled by transmission to the shares so sold. Provided that the amount so paid to such Member or person shall not exceed the amount received by the Company from such Member or person towards such shares.
53. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board of Directors may appoint some person to execute an instrument of transfer of the shares so sold and cause the purchaser's name to be entered in the Register in respect of the shares sold, and the purchaser shall not be bound to see to the regularity of the proceedings or to the application of the purchase money and after his name has been entered in the Register in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy (if any) of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
54. Neither a judgement nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any money shall preclude the forfeiture of such shares as herein provided.
55. A certificate in writing under the hand of any director or the Secretary or such other person as may be authorized, from time to time that, the call in respect of a share was made and that the forfeiture of the share was made by a resolution of the directors to that effect, shall be conclusive evidence of the fact stated therein as against all persons entitled to such share.
56. The provisions of the Articles as to forfeiture shall apply in the case of non payment of any sum which by the terms of the issue of a share becomes payable at a fixed time, whether on account of the amount of the share or by way of premium as if the same had been payable by virtue of a call duly made and notified.
57. The directors may, subject to the provisions of the Act, accept a surrender of any shares from or by any Member desirous of surrendering on such terms as the directors may think fit.

#### **TRANSFER AND TRANSMISSION OF SHARES**

58. In the case of transfer of shares or other marketable securities where the Company has not issued any certificates and where such securities are being held in an electronic and fungible form, the provisions of the Depositories Act, 1996 shall apply.
59. In the case of transfer of shares where the Company has issued share certificates, no transfer shall be registered unless a proper instrument of transfer has been delivered to the Company. Every such instrument of transfer shall be duly stamped and executed both by the transferor and transferee and duly attested. The transferor shall be deemed to remain as the holder of such share until the name of the transferee shall have been entered in the Register in respect thereof.
60. The instrument of transfer of any share shall be in the prescribed form and in accordance with the requirements of Section 108 of the Act. Provided that where on an application in writing made to the Company by the transferee and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnify as the Board may think fit.
61. Notwithstanding anything contained herein, but subject to the provisions of law as applicable from time to time, the directors may at their absolute discretion decline to register or acknowledge any transfer of shares under the following circumstances and no other:
- (a) where the instrument of transfer is not proper or has not been duly stamped and executed.
  - (b) where the transfer is violative of or contravenes any law in force in India.
  - (c) where the transfer has been prohibited by an order of any court/tribunal/authority under any law.
  - (d) where the transfer, if effected would change the composition of the Board or the controlling interest and such change is detrimental to the interest of the Company or the public interest.

If the Board of Directors refuse to register a transfer of any shares, it shall, within two months from the date on which the transfer was lodged with the Company, send to the transferee and the transferor notice of the refusal.

62. In the case of transfer of shares where the Company has issued certificates, every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by the certificate or certificates of the shares to be transferred and such other evidence as the Board of Directors may require to prove the title of the transferor, his right(s) to transfer the shares and generally under and subject to such condition and regulation as the Board of Directors shall from time to time prescribe; and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board of Directors. But any instrument of transfer which the Board of Directors may decline to register shall be returned to the person lodging the same.
63. No fee shall be charged for registration of transfer or for effecting transmission or for registering any probates, letters of administration and other similar documents.
64. The Board of Directors shall have power on giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the Office is situated, to close the transfer books, the Register and/or the register of debenture holders at such time or times and for such period or periods, not exceeding thirty days at time and not exceeding in the aggregate forty five days in each year, as the Board may deem expedient.
65. The executors or administrators of a deceased Member shall be the only persons recognized by the Company as having any title to his share except in cases of joint holders, in which case the surviving holder or holders or the executors or administrators of the last surviving holders shall be the only persons entitled to be so recognized; but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share jointly held by him. The Company shall not be bound to recognize such executor or administrator, unless he shall have obtained probate or letters of administration or other legal representation, as the case may be, from a competent court in India.

Provided nevertheless that in cases, which the Board in its discretion considers to be special cases and in such cases only, it shall be lawful for the Board to dispense with the production of probates or letters of administration or such other legal representations upon such terms as to indemnity, publication of notice or otherwise as the Board may deem fit.

66. Any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any Member or by any lawful means other than by a transfer in accordance with these presents, may, with the consent of the Board (which the Board shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under the Article, or of his title, as the Board of Directors shall think sufficient, be registered as a Member in respect of such shares, or may, subject to the regulations as to transfer hereinabove contained, transfer such shares. This clause is hereinafter referred to as "the transmission clause".
67. Every transmission of a share shall be verified in such manner as the directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the directors to accept any indemnity.
68. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving any effect to any transfer of shares, made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register) to the prejudice of a person having or claiming any equitable right, title or interest to or in the said shares notwithstanding that the Company may have had notice of such equitable right, title or interest, or notice prohibiting registration of such transfer and may have entered such notice referred hereto in any book or record of the Company, and the Company shall not be bound

or required to regard or to attend of give effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do, notwithstanding that the notice may have been entered in or referred to in some book or record of the Company, but the Company shall nevertheless, be at liberty to regard and attend to any such notice, and give effect thereto if the Board of Directors shall so think fit.

69. The Board may in its absolute discretion refuse applications for the subdivision of share certificates, debenture or bond certificates into denominations of less than the marketable lot except when such subdivision is required to be made to comply with a statutory provision or an order of a competent court of law.
70. The provisions of the Articles shall mutatis mutandis apply to the transfer of debentures and other securities of the Company or transmission thereof by operation of law.

#### **CONVERSION OF SHARES INTO STOCK**

71. (a) The Company may, by Ordinary Resolution:-
- (i) convert any paid-up shares into stock; and
  - (ii) reconvert any stock into paid-up shares of any denomination.
- (b) The holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit; provided that the Board may, from time to time, fix the minimum amount of stock transferable, so however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.
- (c) The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding-up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
- (d) Such of the regulations of the Company (other than those relating to share warrants), as are applicable to paid-up shares shall apply to stock and the words, "share" and "shareholder" in those regulations shall include "stock" and "stockholder" respectively.

#### **JOINT HOLDERS**

72. (a) Where two or more persons are registered as the holders of any shares they shall be deemed to hold the same as joint tenants with benefits of survivorship.
- (b) The Company shall be entitled to decline to register more than 3 persons as the joint holders of any share
- (c) The joint holder, of any share shall be liable severally as well as jointly for and in respect of all calls and other payments, which ought to be made in respect of such share.
- (d) On the death of any such joint holders the survivor or survivors shall be the only person or persons recognized by the Company as having any title to the share but the directors may require such evidence of death as they may deem fit and nothing therein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person.
- (e) Any one of such joint holders may give effectual receipts for any dividends or other moneys payable in respect of such shares.
- (f) Only the person whose name stands first in the Register as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive notice (which expression shall be deemed to include all documents mentioned in the relevant Article herein) from the Company and any notice given to such person shall be deemed notice to all the joint holders
- (g) Any one of two or more joint holders may vote at any meeting either personally or by attorney or by proxy in respect of such share as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy or by attorney, then that one of such persons so present whose name stands first or higher (as the case may be) on the Register in respect of such share shall alone be entitled to vote in respect thereof but the other or others of the joint holders shall be entitled to be present at the meeting personally and shall be entitled to vote in preference to a joint holder present by attorney or by proxy although the name of such joint holder present by attorney or proxy stands first or higher (as the case may be) in the Register in respect of such shares. Several executors or administrators of deceased Member in whose (deceased Member's) sole name any share stands shall for the purpose of this Clause be deemed joint holders.

#### **BORROWING POWERS**

73. Subject to the provisions of the Articles, the directors may, from time to time, by a resolution passed at a meeting of the Board and not by circulation, borrow moneys for the purposes of the Company. Provided that the directors shall not borrow moneys except with the approval of the Company in general meeting, where moneys to be borrowed together with the moneys already borrowed by the Company, apart from temporary loans obtained in its ordinary course of business and except as otherwise provided hereafter, shall exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say,

reserves not set apart for any specific purpose. The expression “temporary loans” mentioned hereinabove means loans repayable on demand or within six months from the date of the loan.

74. Subject to the provisions of the Act and the Articles the directors may raise and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of bonds or redeemable debentures or debenture-stock, or any mortgage or charge or other security on the undertaking of the whole or any part of the property of the Company (both present and future). Provided however that the Company shall not create a charge upon any unpaid capital of the Company.
75. Any debenture, debenture stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares and attending general meetings of the Company and the right to appoint directors and others. Debentures carrying the right of conversion into or allotment of shares may be issued to the Public Financial Institutions, specified by the Central Government in the Rules framed pursuant to clause (a) of the proviso to sub clause (3) of Section 81 of the Act provided that the terms of issue of such debentures is in conformity with the said rules. Provided however that debentures carrying the right of conversion into or allotment of shares shall not be issued to any one other than the said Public Financial Institutions except with the consent accorded by a Special Resolution of the Company in general meeting, and the prior approval of the Central Government.
76. Any bonds, debentures, debenture stock or other securities issued or to be issued by the Company shall be under the control of the directors who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.
77. Debentures, debenture stock, bonds or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
78. If the directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company, the directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the directors or person so becoming liable as aforesaid from any loss in respect of such liability.
79. The directors shall cause a proper register to be kept in accordance with the provisions of Section 143 of the Act of all mortgages and charges specifically affecting the property of the Company, and shall duly comply with requirements of the said Act in regard to registration of mortgages and charges and in regard to inspection to be given to creditors or Members of the Register of charges and of copies of instruments creating charges. Such sum as may be prescribed by the Act shall be payable by any person other than a creditor or Member of the Company for each inspection of the Register of charges.

#### **GENERAL MEETINGS**

80. The annual general meeting shall be held in accordance with Section 166 of the Act and shall be called for a time during business hours, on a day that is not a public holiday and shall be held either at the Office of the Company or at some other place within the city or town in which the Office of the Company is situated as the Board of Directors may determine and the notice calling the meeting shall specify it as the annual general meeting.
81. Every member of the Company shall be entitled to attend every general meeting either in person or by proxy; and the Auditor of the Company shall have the right to attend and to be heard at any general meeting on any part of the business which concerns him as Auditor.
82. At every annual general meeting of the Company there shall be laid on the table the director's reports and audited statement of accounts, auditors' report (if not already incorporated in the audited statement of accounts), the proxies lodged and the register of directors' holdings maintained under Section 307 of the Act. The auditors' report shall be read before the Company in general meeting and shall be open to inspection by any Member of the Company.
83. All general meetings other than annual general meeting shall be called extraordinary general meetings.
84. The Board may, whenever it thinks fit, call an extraordinary general meeting. If the directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two Members of the Company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board at such time and place as it or they may determine.
85. The Board of Directors of the Company shall on the requisition of such number of Members of the Company as is specified in sub-section (4) of Section 169 of the Act, forthwith proceed duly to call an extraordinary general meeting of the Company, and in respect of any such requisition and of any meeting to be called pursuant thereto, all the other provisions of Section 169 of the Act and of any statutory modification or re-enactment thereof for the time being shall apply.
86. A general meeting of the Company may be called by giving not less than 21 days notice in writing. However, a general meeting may be called after giving a shorter notice than 21 days, if consent is accorded thereto:
  - (i) in the case of any annual general meeting, by all the Members entitled to vote thereat; and
  - (ii) in the case of any other meeting, by Members of the Company holding not less than 95 percent of such part of the paid-up share capital of the Company as gives them a right to vote at that meeting.

Provided that where any Members of the Company are entitled to vote only on some resolution or resolutions to be passed at the meeting and not on the others, those Members shall be taken into account for the purpose of this Article in respect of the former resolution or resolutions but not in respect of the latter.

87. Every notice of a meeting of the Company shall specify the place, the date and hour of the meeting, and shall contain a statement of the business to be transacted thereat. No general meeting, annual or extraordinary, shall be competent to enter upon, discuss or transact any business which has not been specifically mentioned in the notice or notices convening the same.
88. (a) In the case of annual general meeting all business to be transacted at the meeting shall be deemed special, with the exception of business relating to:
- (i) the consideration of the Accounts, Balance Sheet and Profit and Loss Account and the Reports of the Board of Directors and of the Auditors.
  - (ii) the declaration of a Dividend;
  - (iii) the appointment of directors in the place of those retiring; and
  - (iv) the appointment of and fixing of the remuneration of the Auditors; in the case of any other general meeting all business shall be deemed special.
- (b) Where any items of business to be transacted at the meeting are deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts regarding each such item of business including in particular, the nature and extent of the interest, if any, therein of every director and the manager, if any, of the Company. Provided that where any item of special business as aforesaid to be transacted at a general meeting of the Company relates to, or affects any other company, the extent of shareholding interest in that other company, of every director and the manager, if any, of the Company shall also be set out in the Explanatory Statement, if the extent of such shareholding interest is not less than twenty percent of the paid-up share capital of that other company.
- (c) Where any item of business to be transacted at any general meeting of the Company consists of the according of approval to any document, the time and place where the document can be inspected shall be specified in the statement aforesaid.
89. A document may be served by the Company on any Member thereof either personally, or by sending it by post to him to his registered address, or if he has no registered address in India, to the address, if any, supplied by him to the Company for the giving of notice to and serving of documents on him. Notice shall be given to the persons entitled to the share in consequence of the death or insolvency of a Member, by sending it through post in a prepaid letter, addressed to them by name or by the title of the representative of the deceased or assignees of the insolvent or by any like description, at the address in India, if any, supplied for the purpose by the persons claiming to be so entitled or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred. Provided that where the notice of a meeting is given by advertising the same in a newspaper circulating in the neighbourhood of the Office of the Company under subsection (3) of Section 53 of the Act, the explanatory statement need not be annexed to the Notice as required by Section 173 of the Act, but it shall be mentioned in the advertisement that the statement has been forwarded to the Members of the Company.
90. Notice of every meeting of the Company shall be given to the Auditor or Auditors for the time being of the Company in the manner set out in the relevant Article herein for giving notice to any Member or Members of the Company.
91. The accidental omission to give notice of any meeting to or the non receipt of any notice by any Member or other persons to whom it should be given shall not invalidate the proceedings at the meeting.
92. Where by any provision contained in the Act or in the Articles, special notice is required of any resolution, notice in respect of the same shall be given to the Company and by the Company as provided in Section 190 of the Act.

#### **PROCEEDINGS OF GENERAL MEETINGS**

93. Subject to the minimum requirements prescribed by the Act and notwithstanding anything to the contrary contained in the Articles, no business shall be transacted at any general meeting unless the requisite quorum shall be present at the commencement of the meeting. If within half an hour from the time appointed for holding the meeting of the Company quorum is not present, the meeting shall stand adjourned to the same day in the next week or the next business day thereafter, and the shareholders present at such meeting shall constitute the quorum.
94. The Chairman shall be entitled to take the chair at every general meeting. If there be no such Chairman or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting or is unwilling to act, the directors present may choose one of themselves to be Chairman and in default of their doing so, the Members present shall choose a director as Chairman and if no director is present or if all the directors present decline to take the Chair, then the Members present shall choose one of themselves to be Chairman. If a poll is demanded on the election of the Chairman, it shall be taken forthwith in accordance with the provisions of the Articles, the Chairman elected on a show of hands shall exercise all the powers of the Chairman for the purpose of conducting the poll, under the said provisions. If some other person is elected Chairman as a result of the poll, he shall be Chairman for the rest of the meeting.

If within half an hour from the time appointed for holding the meeting conveyed upon the requisition of Members a quorum is not present, then such meeting shall stand dissolved.

95. Every question submitted to a general meeting and every resolution put to the vote of a general meeting shall, unless a poll is demanded as hereinafter provided, be in the first instance decided by a show of hands.
96. A declaration by the Chairman that on a show of hands a resolution has or has not been carried either unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceedings of the meeting, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.
97. (a) Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion, and shall be ordered to be taken by him on demand made in that behalf by the person or persons specified below, that is to say, by any Member or Member present in person or by proxy and holding shares in the Company
- (i) which confers a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution; or
- (ii) on which an average aggregate sum of not less than fifty thousand rupees has been paid-up.
- (b) The demand for a poll may be withdrawn at any time by the person or persons who made the demand.
98. (a) A poll demanded on question of adjournment shall be taken forthwith.
- (b) A poll demanded on any other question (not being a question relating to the election of Chairman) shall be taken at such time not being later than forty eight hours from the time when the demand was made as the Chairman may direct.
99. The Chairman of a general meeting may with the consent of the meeting adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned meeting other than business left unfinished at the meeting at which the adjournment took place. When a meeting is adjourned for more than thirty days notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of the adjournment or of the business to be transacted at an adjourned meeting.
100. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.
101. On a poll taken at a meeting of the Company, a Member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be, need not if he votes, use all his votes or cast in the same way all the votes he uses.
102. (a) Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinize the votes given on the poll and to report thereon to him.
- (b) The Chairman shall have powers, at any time before the result of the poll is declared, to remove a scrutineer from office and to fill vacancies in the office of scrutineers arising from such removal or from any other cause
- (c) Of the two scrutineers, one shall always be a Member (not being an officer or employee of the Company) present at the meeting, provided such a Member is available and willing to be appointed.
103. (a) The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting by show of hands. The Chairman present at the time of taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.
- (b) (i) Subject to the provisions of the Act, the Chairman of the meeting shall have power to regulate the manner in which the poll shall be taken.
- (ii) The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.
- (iii) In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the Meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a casting vote in addition to his own vote or votes to which he may be entitled as a Member.
104. Where a resolution is passed at an adjourned meeting of
- (a) the Company;
- (b) the holders of any class of shares in the Company, the resolution shall, for all purposes, be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed at any earlier date.
105. A copy of each of the following resolutions (together with a copy of the statement of material facts annexed under Section 173 to the notice of the meeting in which such resolution has been passed) or agreements shall, within thirty days after the passing or making thereof, be printed or typewritten and duly certified under the signature of an officer of the Company and filed with the Registrar:
- (a) Special Resolutions;

- (b) resolutions which have been agreed to by all the Members of the Company but which, if not so agreed to could not have been effective for their purpose unless they had been passed as Special Resolutions;
  - (c) resolutions of the Board or agreements relating to the appointment, re-appointment or the renewal of the appointment or variations of the terms of appointment of a Chairman or Managing director;
  - (d) resolutions or agreements which have been agreed to by all the Members of any class of shareholders but which, if not so agreed to, would not have been effective for their purpose unless they had been passed by some particular majority and all resolutions or agreements which effectively bind all the Members of any class of shareholders though not agreed to by all those Members;
  - (e) resolutions requiring the Company to be wound up voluntarily passed in pursuance of sub-section (1) of Section 484 of the Act;
  - (f) resolutions passed by the Company according consent to the exercise by its Board of Directors of any of the powers under clause (a), clause (d) and clause (e) of subsection (1) of Section 293 of the Act;
  - (g) resolutions passed by the Company approving the appointment of sole selling agents under Section 294 and 294AA of the Act; and
  - (h) copies of the terms and conditions of appointment of sole selling agents appointed under Section 294 or of a sole selling agent or other person appointed under Section 294AA. A copy of every Resolution which has the effect of altering the Articles of Association of the Company and a copy of every agreement referred to in the above sub-clauses (c), (d) and (e) shall be embodied in or annexed to every copy of the Articles issued after the passing of the Resolution or the making of the agreement.
106. (a) The Company shall cause minutes of all the proceedings of every general meeting to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered.
- (b) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such books shall be dated and signed by the Chairman of the same meeting within the aforesaid period of thirty days, or in the event of the death or inability of that Chairman, within that period by a director duly authorized by the Board for the purpose.
  - (c) In no case the minutes or proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
  - (d) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat
  - (e) All appointments of Officers made at any meeting aforesaid shall be included in the minutes of the meeting.
  - (f) Nothing herein contained shall require or be deemed to require the inclusion in any such minutes of any matter whatsoever and in particular a matter which in the opinion of the Chairman of the meeting(s):
    - (i) is or could reasonably be regarded as, defamatory of any person, or
    - (ii) is irrelevant or immaterial to the interests of the Company. The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the aforesaid grounds or otherwise.
  - (g) Any such minutes shall be evidence of the proceedings recorded therein.
107. The books containing the aforesaid minutes shall be kept at the Office of the Company and be open to the inspection of any Member without charge between 11.00 a.m. and 1.00 p.m. on any working day and any Member shall be furnished with a copy of any minutes referred to above in accordance with the terms of Section 196 of the Act.

#### **VOTES OF MEMBERS**

108. Subject to the provisions of the Act and the Articles, votes may be given either personally or by an attorney or by proxy or, in the case of a body corporate, by a representative duly authorized under Section 187 of the Act.
109. Subject to any rights or restrictions for the time being attached to any class or classes of shares:
- (a) on a show of hands, every Member present in person shall have one vote; and
  - (b) on a poll, the voting rights of Members shall be as laid down in Section 87 of the Act.
110. No Member not personally present shall be entitled to vote on a show of hands unless such Member is represented by an Attorney or unless such Member is a body corporate present by a representative duly authorized under Section 187 of the Act in which case such Attorney or representative may vote on a show of hands as if he were a Member of the Company.
111. A Member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian and any such committee or guardian may, on a poll, vote by proxy.

112. A body corporate (whether a company within the meaning of the Act or not) may if it is a Member duly authorized by a resolution of its directors or other governing body, appoint a person to act as its representative at any meeting in accordance with the provisions of Section 187 of the Act. The production at the meeting of a copy of such resolution duly signed by one director of such body corporate or by a Member of its governing body and certified by him as being a true copy of the resolution shall on production at the meeting be accepted by the Company as sufficient evidence of the validity of his appointment.
113. Any person entitled under the transmission clause (in the relevant Article herein) to transfer any shares may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that atleast fortyeight hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of Directors or any persons authorized by the Board of Directors in that behalf of his right to transfer such shares, or the directors shall have previously admitted his right to transfer such shares or his right to vote at such meeting in respect thereof.
114. Where there are any joint registered holders of any share any one of the joint holders may vote at any meeting either personally or by an Attorney duly authorized under a power of attorney or by proxy in respect of such share as if he were solely entitled thereto; and if more than one of such joint holders be personally present at any meeting then one of the said persons so present whose name stands first or higher in the Register in respect of such share shall be entitled to vote in respect thereof.
115. (a) Any Member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint any other person (whether a Member or not) as his proxy to attend and vote instead of himself, but a proxy so appointed shall not have any right to speak at the meeting.  
(b) The instrument appointing the proxy shall be in writing under the hand of the appointer or of his Attorney duly authorized in writing or if such appointer is a company, under its common seal or be signed by an officer or an attorney duly authorised by it. A person may be appointed a proxy though he is not a Member of the Company, but such proxy shall not have any right to speak at any meeting.
116. Every notice convening a general meeting of the Company shall state that a Member entitled to attend and vote at the meeting is entitled to appoint proxy to attend and vote instead of himself and that a proxy need not be a Member of the Company.
117. The instrument appointing a proxy and the power of Attorney or other authority (if any) under which it is signed or a materially certified copy of that power or authority shall be deposited at the Office of the Company not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.
118. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or transfer of the share in respect of which the vote is given provided no intimation in writing or the death, revocation or transfer shall have been received at the Office of the Company or by the Chairman of the meeting at which the vote is given.
119. Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances shall admit, be in any of the forms set out in Schedule IX of the Act.
120. Every member entitled to vote at a meeting of the Company according to the provisions of the Articles on any resolution to be moved thereat shall be entitled during the period beginning twenty-four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than three days notice in writing of the intention so to inspect is given to the Company.
121. No Member shall be entitled to vote at any general meeting either personally or by proxy or as proxy for another Member or be reckoned in a quorum while any call or other sum shall be due and payable to the Company in respect of any of the shares of such Member or in respect of any shares on which the Company has or had exercised any right of lien.

## **DIRECTORS**

122. Until otherwise determined by the general meeting the number of directors shall not be less than 3 (three) or more than 12 (twelve), excluding the debenture and alternate directors (if any).
123. A director shall not be required to hold any shares to qualify him to act as a director of the Company
124. If it is provided by any trust deed, securing or otherwise, in connection with any issue of debentures of the Company, that any person or persons shall have power to nominate a director of the Company, then in the case of any and every such issue of debentures, the person or persons having such power may exercise, such power from time to time and appoint a director accordingly. Any debenture director so appointed is herein referred to as a "debenture director". A debenture director may be removed from office at any time by the person or persons in whom for the time being is vested the power under which he was appointed and another director may be appointed in his place. A debenture director shall not be bound to hold any qualification shares nor shall he be liable to retire by rotation.
125. The Company may agree with any of the Public Financial Institution, any other authority or person that in consideration of any loan or financial assistance which may be granted by it, it shall have a power to nominate a director of the Company so long as moneys remain owing by the Company to such Public Financial Institution or any other authority or person, or fill any vacancy caused by death or resignation of such director and such director shall not be liable to retire by rotation.

126. The Board of Directors of the Company may appoint an alternate director to act for a director (hereinafter called “**the original director**”) during his absence for a period of not less than three months from the State in which the meetings of Board are ordinarily held and such appointment shall have effect and such appointee, whilst he holds office as an alternate director shall be entitled to notice of meetings of the directors and to attend and vote thereat accordingly. An alternate director appointed under this Article shall not hold office as such for a period longer than that permissible to the original director in whose place he has been appointed and shall vacate office if and when the original director returns to the State in which the meetings of the Board are ordinarily held. If the term of office of the original director is determined before he returns to the State in which the meetings of Board are ordinarily held any provisions in the Act or in the Articles for the automatic re-appointment of retiring director in default of another appointment shall apply to the original director and not to the alternate director.
127. Subject to and in accordance with the provisions of Section 260 and 262 of the Act and unless otherwise provided by the Articles the directors shall have power at any time to appoint any person as a director either as an addition to the Board or to fill a casual vacancy but so that the total number of directors shall not exceed the maximum fixed by the Articles.
128. Article No.128 amended by special resolution passed at Fourth Annual General Meeting held on 15th December 2004 (Item No.6)
- RESOLVED that pursuant to section 31 and other applicable provisions of the Companies Act 1956 the Article No. 128 of the Articles of Association of the Company be and is hereby deleted and substituted with the following article:
- The persons who have the right to nominate and appoint the directors to the Board shall also have the right to remove and replace such directors.
129. Subject to the provisions of Sections 198, 309, 310 and 311 of the Act, the remuneration and travelling and other expenses payable to the directors of the Company may be as hereinafter provided.
- (a) Each director shall be paid out of the funds of the Company a remuneration by way of fee, of such sum for each meeting of the Board of Directors or committee of the Board attended by him as may be determined by the Board from time to time within the limits prescribed by the Act or Central Government from time to time
- (b) In addition to the remuneration payable as above, the director who is not a bonafide resident of the place where a meeting is held and who shall come to such place for the purpose of attending the meeting shall be reimbursed such sum as the Board may consider fair compensation for travelling, hotel and other incidental expenses incurred by him in attending and returning from the meetings of the Board of Directors or any committee thereof or general meetings of the Company.
- (c) A director, including a part time chairman, who is neither in the whole time employment of the Company nor a managing director, if called upon and willing to render extra services whether of a professional or non-professional nature may be paid remuneration either by way of monthly, quarterly or annual payment or by way of commission, as may be determined by the Board, subject to the provisions of the Act, and such remuneration may be in addition to the remuneration payable under sub-clause (a) above.
- (d) In addition to the remuneration payable under sub-clause(c) above, any director referred to therein shall be reimbursed such sum as the Board may consider fair compensation for travelling, hotel and other incidental expenses incurred by him in connection with the business of the Company.
130. The continuing directors may act notwithstanding any vacancy in the Board, but if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing director or directors may act for the purpose of increasing the number of directors to that fixed for the quorum, or for summoning a general meeting of the Company, but for no other purpose.
- 131.(1) Subject to the provisions of Section 283(2) of the Act, the office of a director shall become vacant if:
- (a) he is found to be of unsound mind by a court of competent jurisdiction; or
- (b) he applies to be adjudicated as an insolvent; or
- (c) he is adjudged an insolvent; or
- (d) he fails to pay any call in respect of shares of the Company held by him, whether alone or jointly with others within six months from the last date fixed for the payment of the call unless the Central Government has by notification in the Official Gazette, removed the disqualification incurred by such failure; or
- (e) he or any of his relatives or partners or any firm of which he or any of his relatives is a partner or any private company of which he is a director or Member, accepts or holds any office or place of profit under the Company, other than that of managing director or manager or banker or trustee for the holders of Debentures of the Company, except with the consent of the Company accorded by a Special Resolution and the approval of the Central Government wherever necessary as required by Section 314 of the Act; or
- (f) he absents himself from three consecutive meetings of the Board of Directors or from all meetings of the Board of Directors for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board of Directors; or
- (g) he becomes disqualified by an Order of the Court under Section 203 of the Act; or

- (h) he is removed in pursuance of Article 142 or Section 284 of the Act; or
  - (i) he (whether by himself or by any person for his benefit or on his account) or any firm in which he is a partner or any private company of which he is a director, accepts a loan, or any guarantee or security for a loan from the Company in contravention of Section 295 of the Act; or
  - (j) he acts in contravention of Section 299 of the Act and by virtue of such contravention shall have been deemed to have vacated office; or
  - (k) he is convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months; or
  - (l) he having been appointed a director by virtue of his holding any office of other employment in the Company, ceases to hold such office or other employment in the Company, as the case may be; or
  - (m) he becomes disqualified under law in force in India.
- (2) Subject to the provisions of the Act and the Articles, a director may resign his office at any time by giving a notice in writing addressed to the Company or to the Board of Directors.
134. A director of the Company may be, or become a director of any company promoted by the Company, or in which it may be interested subject to the provisions of any law in force and the Articles, and no such director shall be accountable for any benefits received as director or Member of such company.
135. The Company shall observe the restriction imposed in the matter of grant of loans to directors and other persons as provided in Section 295 of the Act.
136. The provisions contained in Sections 292, 293, 294, 295, 297, 299, 300, 370 and 372 shall be complied with in regard to the matters referred to therein.
137. (a) Subject to the provisions of Section 297 of the Act, no director shall be disqualified by reason of his office from contracting with the Company either as vendor, purchaser, agent or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any director shall be in any way interested be avoided nor shall any director so contracting or being so interested be liable to account to the Company for any profit realized as a result of or in pursuance of any such contracts or arrangement by reason only of such director holding that office, or of the fiduciary relation thereby established.
- (b) Every director who is in any way whether directly or indirectly concerned or interested in any contract or arrangement or proposed contract or arrangement entered into or to be entered into by or on behalf of the Company shall disclose the nature of his concern or interest at a meeting of the Board of Directors or as provided by Clause (d) of this Article.
  - (c)
    - (i) In the case of a proposed contract or arrangement the disclosure required to be made by a director under clause (b) above, shall be made at a meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, or if the director was not at the date of the meeting, concerned or interested in the proposed contract or arrangement at the first meeting of the Board held after he becomes so concerned or interested.
    - (ii) In the case of any other contract or arrangement the required disclosure shall be made at the first meeting of the Board held after the director becomes concerned or interested in the contract or arrangement.
  - (d) For the purpose of this Article, a general notice given to the Board of Directors by a director to the effect, that he is a director or Member of a specified body corporate or is a Member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement that may after the date of the notice be entered into with that body corporate or firm shall be deemed to be sufficient disclosure or concern or interest in relation to any contract or arrangement to be made. Any such general notice shall expire at the end of the financial year in which it is given but may be renewed for a further period of one financial year at a time by fresh notice given in the last month of the financial year in which it would have otherwise expired. The general notice aforesaid and any renewal thereof shall be given at a meeting of the Board of Directors or the directors concerned shall take reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.
  - (e) Nothing in Clauses (b), (c) and (d) of this Article shall apply to any contract or arrangement entered into or to be entered into between the Company and any other company where any one of the directors of the Company or two or more of them together holds or hold not more than 2 percent of the paid-up share capital in the other Company.
138. An interested director defined in the preceding Article shall not take any part in the discussions of, or vote on any contract or arrangement entered into, or to be entered into, by or on behalf of the Company, if he is in any way, directly or indirectly, concerned or interested in the contract or arrangement; nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void; Provided that this prohibition shall not apply to:
- (i) any contract of indemnity against any loss which the directors or any one or more of them may suffer by reason of becoming or being sureties or surety for the Company:
  - (ii) any contract or arrangement entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the director consists solely in his being a director of such company and the holder of its shares of such number or value as is requisite to qualify him for appointment as a director thereof, he having been nominated

as such director of the company or in his being a Member holding not more than two percent of the paid-up share capital of such company;

- (iii) in case a notification is issued under sub-section (3) of section 300 of the Act to the extent specified in the notification.

#### **ROTATION OF DIRECTORS**

- 139. (a) Two thirds of the total number of directors of the Company shall be persons whose period of office is liable to determination by retirement of directors by rotation and save as otherwise expressly provided in the Act and the Articles, be appointed by the Company in general meeting.
- (b) The remaining directors shall be appointed in accordance with the provisions of the Articles
- 140. (a) Subject to the provisions of the Articles hereunder, at every general meeting of the Company one third of such of the directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three, then the number nearest to one third shall retire from office. The Chairman or any wholetime directors, if any, shall not be subject to retirement under this Article and shall not be taken into account in determining the number of directors to retire by rotation. In the Articles a 'retiring director' means a director retiring by rotation.
- (b) Subject to Sections 262 (2) and 284 (5) of the Act, the directors to retire by rotation under the foregoing Article, at every annual general meeting shall be those who have been longest in office since their last appointment, but as between persons who become directors on the same day, those who are to retire shall, in default of and subject to any agreement among themselves, be determined by lot. The retiring director shall be eligible for re-appointment.
- 141. Subject to Sections 257, 258, 259 and 284 of the Act, the Company at the annual general meeting at which a director retires in the manner aforesaid may fill up the vacancy by appointing the retiring director or some other person thereto.
- 142. (a) If the place of the retiring director is not filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week at the same time and place, or if that day is a public holiday till the next succeeding day which is not a public holidays at the same time and place.
- (b) If at the adjourned meeting also, the place of the retiring director is not filled up and that meeting also has not expressly resolved not to fill the vacancy the retiring director shall be deemed to have been re-appointed at the adjourned meeting, unless
  - (i) at that meeting or at the previous meeting a resolution for the re- appointment of such director has been put to the meeting and lost;
  - (ii) the retiring director, has by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so re-appointed;
  - (iii) he is not qualified or is disqualified for appointment.
  - (iv) the proviso to sub-section (2) of Section 263 and sub-section (3) of Section 280 of the Act is applicable to the case.
- 143. At a general meeting of the Company, a motion shall not be made for the appointment of two or more persons as directors of the Company by a single resolution, and the provisions of Section 263 of the Act in this behalf shall apply in all respects.
- 144. Subject to Section 255 and 259 of the Act and the Articles, the Company may, by Ordinary Resolution, from time to time increase or reduce the number of directors, within the limits fixed in that behalf by the Articles.
- 145. Subject to the provisions of Section 284 of the Act and the Articles, the Company may remove any director before the expiration of his period of office and appoint another person in his stead. The person so appointed shall hold office until the date upto which the director, in whose place he is appointed, would have held the same if he had not been removed.
- 146. (a) Subject to the provisions of the Act and the Articles any person who is not a retiring director shall be eligible for appointment to the office of director at any general meeting if he or some Member intending to propose him has, atleast fourteen clear days before the meeting, left at the office of the Company a notice in writing under his hand signifying his candidature for the office of director or the intention of such Member to propose him as a candidate for the office as the case may be.
- (b) Every person (other a than person who has left at the office of the Company a notice under Section 257 signifying his candidature for the office of a director) proposed as a candidate for the office of a director shall sign and file with the Company, his consent in writing to act as a director if appointed.
- (c) A director other than
  - (i) a director re-appointed after retirement by rotation or immediately on the expiry of his term of office; or
  - (ii) an additional or alternative director or a person filling a casual vacancy in the office of a director under Section 262 of the Act, appointed as a director or
  - (iii) re-appointed as an additional or alternative director immediately upon the expiry of his term of office; or

- (iv) a person named as a director of the Company under the Articles as first director, shall not act as a director of the Company unless he has within thirty days of his appointment signed and filed with the Registrar of Companies his consent in writing to act as such director.

#### **PROCEEDINGS OF THE BOARD OF DIRECTORS**

147. The Board shall meet at least once in every quarter at the times and under the circumstances specified in the Articles and in accordance with the provisions of the Companies Act 1956, for the purpose of making decisions on all matters of policy for the Company and for determination of issues regarding the business of the Company.
148. The Chairman may at any time and the Secretary or such other officer of the Company as authorized, shall, upon the request of any director, convene a meeting of the Board of Directors.
149. Subject to section 287 of the Act, the quorum for meeting of the Board of Directors shall be one-third of its total strength (excluding directors, if any, whose place may be vacant at that time and any fraction contained in that one-third being rounded-off as one), or two directors, whichever is higher provided that where at any time the number of interested directors exceeds or is equal to two-thirds of the total strength, the number of the remaining directors, that is to say, the number of directors who are not interested and present at the meeting being not less than two, shall be the quorum during such time.
150. Subject to the provisions of the Articles and the Act, all resolutions of the Board shall be adopted by a simple majority.
151. A meeting of the Board for the time being at which a quorum is present shall be competent to exercise all authority, powers and discretions which by or under the Act or the Articles of the Company are for the time being vested in or exercisable by the Board of Directors generally.
152. The directors may subject to the provisions of the Act, constitute such committee(s) as the Board may deem fit and delegate any of their powers to committees consisting of such member or members of their body as they think fit and they may from time to time revoke such delegation. Any committee so formed shall in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the directors. The members of any committee shall not decide the powers of such committee. The committees shall be subject to and be under the supervision of the Board.
153. The meetings and proceedings of any such committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the directors, so far as the same are applicable thereto and are not superseded by any regulations made by the directors under the last preceding Article.
154. No resolution shall be deemed to have been passed by the Board or by a committee thereof by circulation, unless the resolution has been circulated in draft together with the necessary papers, if any, to all the directors or to all the members of the committee then in India (not being less in number than the quorum for a meeting of the Board or committee, as the case may be), and to all other directors or members of the committee, at their usual address in India and has been approved by such of the directors or members of the committee as are then in India or by a majority of such of them as are entitled to vote on the resolution.
155. All acts done by any meeting of the Board or by a committee of the Board, or by any person acting as a director, shall, notwithstanding that it shall afterwards be discovered that there were some defects in the appointment of such directors or committee or person acting as aforesaid, or that they are any of them were disqualified or had vacated office, or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in the Articles, be as valid as if every such person had been duly appointed and was qualified to be a director and had not been vacated office or his appointment had not been terminated. Provided nothing in the Article shall be deemed to give validity to acts done by a director after his appointment has been shown to the Company to be invalid or to have been terminated.
156. The Company shall cause minutes of the proceedings of every meeting of the Board of Directors and of every committee of the Board to be recorded in accordance with the relevant provisions of Section 193 of the Act, within thirty days of the conclusion of every such meeting and the minutes shall contain the matters specified in the said Section.
157. The Company shall keep detailed minutes and other appropriate records of its meetings in English and in accordance with the Act. The minutes of all such meetings shall be signed by the Chairman of the respective meetings or by the Chairman of the next succeeding meeting and all minutes purported to be so signed shall for all purposes whatsoever be prima facie evidence of the actual passing of the resolutions recorded and the actual and regular transactions or occurrences of the proceedings so recorded and of the regularity of the meeting at which the same shall appear to have taken place.
158. The Company shall maintain the following Registers, Books and Documents,  
namely:
- (a) Register of Investments not held in the Company's name according to Section 49 of the Act.
  - (b) Register of mortgages and charges according to Section 143 of the Act.
  - (c) Register of Members and an Index of Members according to Sections 150 and 151 of the Act.
  - (d) Register of Contracts, Companies and firms in which directors are interested according to Section 301 of the Act.

- (e) Register and Index of debenture holders according to Section 152 of the Act.
  - (f) Register of directors according to Section 303 of the Act.
  - (g) Register of directors' shareholdings according to Section 307 of the Act.
  - (h) Books of Account in accordance with the provisions of Section 209 of the Act.
  - (i) Copy of instruments creating any charge requiring registration according to Section 136 of the Act
  - (j) Copies of annual returns prepared under Section 159 of the Act together with the copies of certificates and documents required to be annexed thereto under Section 161.
  - (k) Register of renewed and duplicate certificates according to Rule 7 (2) of the Companies (Issue of share Certificates) Rules, 1960.
  - (l) Foreign Register, if applicable as required by Section 157 of the Act.
  - (m) Other registers or books, if any, as may be required to be maintained under any law in force in India or any order or direction issued by the Government of India.
159. The said registers, books and documents shall be kept open for inspection by such persons as may be entitled thereto respectively, under the Act, on every working day during the hours between 11.00 a.m. and 1.00 p.m. consistent with the provisions of the Act in that behalf, and copies thereof and extracts therefrom may be furnished as provided in the Act

#### **POWERS OF DIRECTORS**

160. The management and control of the business of the Company shall be vested in the directors who may exercise all such powers of the Company and do all such acts and things as are not by the Act or any statutory modification thereof for the time being in force by any other Act or by the Memorandum or by the Articles required to be exercised by the Company in general meeting, subject nevertheless to any regulation contained in the Articles and the provisions of the Act or any statutory modification thereof for the time being in force or any other Act, and to such regulations being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in general meeting but no regulation made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. Provided that the Board of Directors shall not, except with the consent of the Company in general meeting:
- (a) Sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking;
  - (b) Remit or give time for the repayment of any debt due by a director;
  - (c) Invest otherwise than in trust Securities, the amount of compensation received by the Company in respect of compulsory acquisition of any such undertaking as is referred to in clause (a) or of any premises of properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;
  - (d) Contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five percent of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Act during the three financial years immediately preceding, whichever is greater;
- Provided that in respect of the matters referred to in clauses (d) or (e) every resolution passed by the Company in general meeting shall specify the total amount upto which moneys may be borrowed by the Board under clause (d) or as the case may be, the total amount which may be contributed to charitable or other funds in any financial year under clause (e).
- 160(A) Article No.160(A) was inserted by special resolution passed at Seventh Annual General Meeting held on 31st August 2007 (Resolution No.4)
- RESOLVED that pursuant to section 31 and other applicable provisions of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered as follows:
- Notwithstanding anything contained in any other articles, prior approval of the Government of India should be obtained in respect of sale, transfer or disposal of land and waterfront of the Company.
161. Notwithstanding anything contained in the Act or the Articles, neither the Company in general meeting nor the Board shall contribute any amount to any political party or for any political purpose, to any individual or body so long as such contribution is prohibited by law.
162. (1) Without derogating from the powers vested in the Board of Directors under the Articles, the Board shall exercise the following powers on behalf of the Company and it shall do so only by means of resolutions passed at meetings of the Board.
- (a) The power to make calls on shareholders in respect of money unpaid on their shares;

- (b) The power to issue debentures;
  - (c) The power to borrow moneys otherwise than on debentures;
  - (d) The power to invest the funds of the Company;
  - (e) The power to make loans; Provided that the Board may by resolution passed at a meeting delegate to any committee of directors or Chairman or to the Managing Director or/and other principal officer of the Company or to a principal officer of any of the branch offices, the powers specified in (c), (d) and (e) of this clause to the extent specified below on such conditions as the Board may prescribe.
- (2) Every resolution delegating the power referred to in Clause (1) (c) shall specify the total amount outstanding at any one time upto which moneys may be borrowed by the delegates; Provided however that where the Company has an arrangement with its bankers for the borrowing of moneys for the day to day operations, such borrowing shall not require the sanction of the Board.
  - (3) Every resolution delegating the power referred to in Clause (1) (d) shall specify the total amount upto which the funds may be invested and the nature of the investments which may be made by the delegates.
  - (4) Every resolution delegating the power referred to in Clause (1) (e) shall specify the total amount upto which loans may be made by the delegates and the purpose for which the loan may be made and the maximum amount of loans which may be made for each such purpose in individual cases.
  - (5) Nothing contained in this Article shall be deemed to affect the right of the Company in general meeting to impose restrictions and conditions on the exercise by the Board of any of the powers referred to in (a), (b), (c), (d) and (e) of Clause (1) above.
163. Without prejudice to the general powers conferred by the preceding articles and so as not in any way to limit or restrict these powers, and without prejudice to the other powers conferred by the Articles but subject to the restrictions elsewhere contained in the preceding Articles, the directors shall have the following powers, that is to say, power:
- (a) To pay and charge to the capital account of the Company any commission or interest lawfully payable thereat under the provisions of Sections 76 and 208 of the Act.
  - (b) Subject to Sections 292, 297 and 360 of the Act, to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorized to acquire at or for such price or consideration and generally on such terms and conditions as they may think fit, and in any such purchase or other acquisition to accept such title as all the then prevailing circumstances of the case may justify in the interests of the Company.
  - (c) To have an official seal for use abroad.
  - (d) At their discretion and subject to the provisions of the Act, to pay for any property, rights or privileges acquired by or service rendered to the Company, either wholly or partly, in cash or in shares, bonds, debentures, mortgages or other securities of the Company, and any such shares may be issued either as fully paid up and any such bonds, debentures, mortgages or securities may be either specifically charged upon all or any part of the property of the Company are not so charged.
  - (e) To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as they may think proper all or any part of the buildings, machinery, goods, stores, produce and other movable property of the Company either separately or jointly, and to sell, assign, surrender or discontinue any policies of assurance affected in pursuance of this power.
  - (f) To open accounts with any banks or financial institutions in India or abroad and to pay money into and draw money from any such accounts from time to time as the Directors may think fit.
  - (g) To secure the fulfilment of any contracts, agreements or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company or in such manner as they may think fit.
  - (h) To appoint any person or persons (whether incorporated or not) to accept and hold in trust for the Company any property belonging to the Company, or in which it is interested, or for any other purposes and to execute and to do all such acts and things as may be required in relation to any such trust, and to provide for the remuneration of such trustee or trustees.
  - (i) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debts due or of any claims or demands by or against the Company and to refer any claims or demands by or against the Company or any differences to arbitration and observe, perform, implement and enforce any awards made thereon.
  - (j) To act on behalf of the Company in all matters relating to bankruptcy and insolvents
  - (k) To make and give receipts, releases and other discharges for moneys payable to the Company and for the claim and demands of the Company.
  - (l) Subject to the provisions of Sections 292, 293 (1), 295, 369, 370, 372 and 373 of the Act, to invest and deal with any moneys of the Company upon such security (not being shares of this Company), or without security and in such manner as they may think fit, and from time to time to vary or realize such investments, save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.

- (m) To execute in the name and on behalf of the Company in favour of any director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such guarantee or indemnity as they think fit;
- (n) To determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose.
- (o) To provide for the welfare of the directors or ex-directors or the employees or ex-employees of the Company and the wives, widows and families of the dependents of such persons, by formulating schemes including the stock option scheme, by building or contributing to the building of houses, dwellings or chawls or by grants of money pensions, gratuities, allowances, bonus(es) or other payments or by creating and from time to time subscribing or contributing to provident and other associations, institutions, funds or trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board of Directors shall think fit; and to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or objects or for any exhibition, or for any public, general or useful object, or purposes which in the opinion of the Board of Directors are likely to promote the interests of the business of the Company or to further its objects.
- (p) Subject to the provisions of Section 205A and other applicable provisions of the Act, and rules made thereunder from time to time, before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to a depreciation fund, or to an insurance fund or as a reserve fund or sinking fund or any special fund to meet contingencies or to repay debentures or debenture stock, or for special dividends or for equalizing dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purposes referred to in the preceding clause) as the Board of Directors may, in their absolute discretion think conducive to the interest of the Company; and to invest the several sums so set aside or so much thereof as required to be invested (other than in the shares of the Company) as they may think fit; and from time to time deal with and expend all or any part thereof, for the benefit of the Company, in such manner, and for such purpose as the Board of Directors, in their absolute discretion, think conducive to the interests of the Company, notwithstanding that the matters to which the Board of Directors shall apply or upon which they expend the same or any part thereof, may be matters to or upon which the capital of the Company might rightly be applied or expended; and to divide the reserve fund into such special fund, as the Board of Directors may think fit, and to employ the assets constituting all or any of the above funds, including the depreciation fund, in the business of the Company or in the purchase of repayment of debentures or debenture stock and that without being bound to keep the same separate from the other assets and without being bound to pay any interest on the same, with power however to the Board of Directors at their discretion to pay or allow to the credit of such funds interest at such rate as the Board of Directors may think proper.
- (q) To appoint and, at their discretion, remove or suspend such managers, secretaries, officers, assistants, supervisors, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties, and fix their salaries, emoluments or remuneration and to require security in such instances and to such amount as they may think fit and also without prejudice as aforesaid, from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit and the provisions contained in the two next following sub-clauses shall be without prejudice to the general powers conferred by this sub-clause.
- (r) From time to time and at any time to establish any local board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to be Members of such local board or any managers or agents and to fix their remuneration.
- (s) Subject to the provisions of Section 292 of the Act and the relevant Articles herein from time to time, and at any time to delegate to any such local board, or any Member or Members thereof or any managers or agents so appointed any of the powers, authorities and discretions for the time being vested in the Board of Directors, and to authorize the Members for the time being of any such local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies; and any such appointment or delegation under clause (r) of this Article may be made on such terms and subject to such conditions as the Board of Directors may think fit, and the Board of Directors may at any time remove any person so appointed, and may annul or vary any such delegation.
- (t) At any time and from time to time by Power of Attorney under the Seal of the company to appoint any person or persons to be the Attorney or Attorneys of the Company for such purposes and with such powers, authorities and discretions and for such period and subject to such conditions as the Board of Directors may from time to time think fit.
- (u) Subject to Sections 294, 297 and 300 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company, to enter into all such negotiations, arrangements and contracts and rescind and vary all such arrangements or contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company.
- (v) Generally subject to the provisions of the Act and the Articles, to delegate the powers, authorities and discretions vested in the directors to any person, firm, Company or fluctuating body or persons as aforesaid
- (w) From time to time, to make, vary and repeal byelaws for the regulations of the business of the Company, its officers, and servants.
- (x) To pay costs, charges and expenses incurred, and/or to be incurred, both preliminary and incidental to the promotion, formation, establishment and registration of the Company.

- (y) To acquire by purchase, lease or in exchange or otherwise lands, buildings, establishments, machinery, equipment, hereditaments, rights, privileges or properties, movable or immovable.
- (z) To erect, construct, enlarge, improve, alter, maintain, pull down, rebuild or reconstruct any buildings, offices or other structure necessary or convenient for the purposes of the Company and to acquire the lands for the purposes of the Company.
- (aa) To let, mortgage, charge, sell or otherwise dispose of subject to the provisions of Section 293 of the Act, any property of the Company either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as they think fit and to accept payment or satisfaction for the same in cash or otherwise as they think fit.
- (bb) To attach in respect of any shares to be issued as consideration or part of the consideration for any contract with or property acquired by the Company, or in payment for services rendered to the Company, such conditions, subject to the provisions of the Act, as to the transfer thereof as they may think fit.
- (cc) To refer any claims or demands by or against the Company to arbitration observe and perform the awards.
- (dd) To establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pension or superannuation funds for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances or emoluments to any persons who are or were at any time in the employment or service of the Company, or of any Company which is subsidiary of the Company or with any such subsidiary Company or who are or were at any time directors or officers of the Company or of any such other Company as aforesaid, and also establish and subscribe to any institutions, associations, clubs or funds calculated to be for the benefit of, or to advance the interests and well-being of the Company or of any such other company as aforesaid, and make payments to or towards the insurance of any such person as aforesaid and do any of the matters aforesaid, either alone or in conjunction with any such other company as aforesaid.
- (ee) Any such delegatee or attorney as aforesaid may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or them.

**WHOLE TIME CHAIRMAN, MANAGING DIRECTOR OR WHOLE TIME DIRECTOR (S)**

- 164. The whole time directors including the chairman shall be appointed by the Board in accordance with the provisions of the Act and the Articles.
- 165. Unless otherwise specified in the Articles, questions arising at any Board meeting shall be decided by a majority of votes and in case of equality of votes, the Chairman shall have a second and casting vote.
- 166. Subject to the provisions of the Act and of the Articles, a whole time director shall not, while he continues to hold that office, be subject to retirement by rotation under the Act or the Articles but he shall, subject to the provisions of any contracts between him and the Company, be subject to the same provisions as to resignation and removal as the other directors of the Company and he shall *ipso facto* immediately cease to be a managing director or whole-time director if he ceases to hold the office of director for any cause, provided that if at any time the number of directors (including the whole-time director) as are not subject to retirement by rotation shall exceed one-third of the total number of directors for the time being, then such whole-time director or whole-time directors, as the directors, may from time to time select, shall be liable to retire by rotation to the intent that the directors so liable to retirement by rotation shall not exceed one-third of the total number of directors for the time being.
- 167. Subject to the superintendence, control and direction of the Board of Directors, the Board may from time to time entrust to and confer upon the Chairman or other whole time director for the time being, save as prohibited in the Act, such of the powers exercisable under these presents by the directors as they may think fit and may confer, such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they think expedient and they may subject to the provisions of the Act and the Articles confer such powers, either collaterally with or to the exclusion of or in substitution for all or any of the powers of the directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers.
- 168. Any advocate or chartered accountant or any professional who may for the time being, be a director of the Company,
  - (a) Shall be entitled to charge the Company professional remuneration for all work done by him or her on behalf of the Company at the rates agreed upon and on such terms and conditions as may be agreed upon;
  - (b) Shall be entitled to vote on all resolutions on all matters in any way he thinks fit irrespective of the fact that he has advised upon or been concerned with any matters relating to the said resolution prior to the passing thereof or is likely to advise upon or may have to deal with matters relating to any resolution after the same has been passed.
  - (c) Shall not be liable or responsible for the day to day or routine management and running of the Company and its affairs including setting aside, appropriations or payment of any statutory dues by or on behalf of the Company, and
  - (d) Shall be indemnified by the Company in respect of any fines or penalties that may be imposed upon him as a director of the Company as a result of any act or omission of the Company and/or any of the officers in failing to comply with any requirements of the law whether with regard to any payments, to be made or otherwise howsoever, and also against all costs, charges and expenses that may be incurred by him in any proceeding against or relating to the said professional director in his capacity as a director.
- 169. A director of the Company may be, or become a director of any company promoted by the Company, or in which it may be interested subject to the provisions of the Act and the Articles no such director shall be accountable for any benefits received as

a director or Member of the Company.

#### **COMMON SEAL**

171. (1) The Board of Directors shall provide a Common Seal for the purpose of the Company, and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof, and the Board of Directors shall provide for the safe custody of the Seal for the time being and the Seal shall never be used except by the authority of the Board of Directors or a Committee of Board of Directors previously given.
- (2) The Seal shall be affixed to every deed or other instrument to which it is required to be so affixed, in the presence of any two of the directors who shall sign the instrument to which the seal has been affixed and the instrument shall be countersigned by the Secretary or such other officer or person as the Board of Directors may authorize in this behalf.
172. Save as otherwise expressly provided in the Act, a document or proceeding requiring authentication by the Company may be signed by a director or the Secretary or such other officer or person authorized in that behalf by the Board of the Company and need not be under its Seal.

#### **DIVIDENDS**

174. The profits of the Company subject to any special rights relating thereto created or authorized to be created by the Memorandum or the Articles and subject to the provisions of any law for the time being in force and subject to the Articles shall be divisible among the Members in proportion to the amount of capital paid up on the shares held by them respectively. Provided always that (subject as aforesaid) any capital paid up on a share during the period in respect of which a dividend is declared shall, unless the directors otherwise determine, only entitle and shall be deemed always to have only entitled, the holder of such share to an apportioned amount of such dividend as from the date of payment.
175. The Company in general meeting may subject to Sections 205, 205A and other applicable provisions of the Act declare dividends, to be paid to Members according to their respective rights and interests in the profits but subject to any law for the time being in force and may fix the time for payment but no dividend shall exceed the amount recommended by the Board of Directors. However, the Company in general meeting may declare a smaller dividend than recommended by the Board of Directors.
176. No Dividend shall be paid otherwise than out of profits of the year or any other undistributed profits or otherwise than in accordance with the provisions of Sections 205, 205A, 206 and 207 of the Act or any other law for the time being in force and no Dividend shall carry interest as against the Company unless required by law. The declaration of the directors as to the amount of the net profits of the Company shall be conclusive.
177. Subject to the provisions of the Act and any other law for the time being in force the Board of Directors may, from time to time, pay to the Members interim dividends as, in their judgement, the position of the Company justifies
178. Where capital is paid in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to participate in profits.
179. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividends as from a particular date such shares shall rank for dividend accordingly.
180. The Board of Directors may, if they so think fit, retain the Dividends payable upon shares in respect of which any person is (under the relevant Article herein) entitled to become a Member or which any person under that Article is entitled to transfer until such person shall become a Member in respect of such shares or shall duly transfer the same.
181. No Member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise, howsoever, either alone or jointly with any other person or persons; and the directors may without prejudice to any other right or remedy of the Company deduct from the interest or dividend payable to any Member all sums or money so due from him to the Company.
182. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.
183. Any one of several persons who are registered as the joint holders of any share may give effectual receipt for all dividends and payments on account of dividends in respect of such share.
184. Unless otherwise directed any dividend may be paid by cheque or warrant sent through the post to the registered address of the Member or person entitled or in the case of joint holders to the registered address of that one of the joint holders who is first named in the Register. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant lost in transmission or for any dividend lost to the Member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent or improper recovery thereof by any executors or administrators of a deceased Member in whose sole name any share stands, shall for the purposes of this clause be deemed to be joint holders thereof.
185. No unclaimed dividend shall be forfeited by the Board unless the claim thereto becomes barred by law.
186. Where a dividend has been declared by the Company but has not been paid, or the warrant in respect thereof has not been posted within forty two days from the date of the declaration, to any shareholder entitled to the payment of the dividend, the Company shall, within seven days from the date of expiry of the said period of forty two days, transfer the total amount of

dividend which remains unpaid or in relation to which no dividend warrant has been posted within the said period of forty two days, to a special account to be opened by the Company in that behalf in any Scheduled Bank to be called "Unpaid Dividend Account of Ennore Port Limited" and all the other provisions of Section 205A of, the Act in respect of any such unpaid dividend or any part thereof shall be applicable, observed, performed and complied with.

187. No dividend shall be payable except in cash; Provided that nothing in this Article shall be deemed to prohibit the capitalisation of profits of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by the Members of the Company.
188. Any general meeting declaring a dividend may make a call on the Members of such amount as the meeting fixes but so that the call on each Member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend; and the dividend may, if so arranged between the Company and the Members be set off against the calls.

#### **CAPITALISATION**

189. A general meeting may resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the reserve fund, or any capital redemption reserve accounts or in the hands of the Company and available for dividend or representing premium received on the issue of shares and standing to the credit of the share premium account be, subject to the provisions of Section 78 of the Act, capitalized and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportion on the footing that they become entitled thereto as capital and that all or any part of such capitalized fund is applied on behalf of such shareholders in paying up in full either at par or at such premium as the resolution may provide, any unissued shares or debentures or debenture stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares or debentures or debenture stock, and that such distribution or payment shall be accepted by such shareholders in satisfaction of their interest in the said capitalized sum.
190. A general meeting may resolve that any surplus moneys arising from the realization of any capital assets of the Company, or any investments representing the same, or any other undistributed profits of the Company not subject to charge for Income tax, be distributed among the Members on the footing that they receive the same as capital.
191. For the purpose of giving effect to any resolution under the Articles herein the directors may settle any difficulty which may arise in regard to the distribution in such manner as they think expedient and in particular may issue fractional certificates, and may fix the value for distribution of any specific assets, and may determine that cash payments shall be made to any Member(s) on the basis of the value so fixed or that fractions of less value than Re.1/- may be disregarded in order to adjust the rights of all parties, and may vest any such cash or specific assets in trustees upon such trusts for the persons entitled to the dividend or capitalized fund as may seem expedient to the Board of Directors and generally may make such arrangements for the acceptance, allotment and sale of such shares or other specific assets and fractional certificates or otherwise as they may think fit. Where required a proper contract shall be delivered to the Registrar of Companies for registration in accordance with Section 75 of the Act, and the Board of Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalised fund, and such appointment shall be effective.
192. If and whenever any shares are held by any Member in fraction, the Board of Directors may subject to the provisions of the Act and the Articles and to the directions of the Company in general meeting, if any, consolidate and sell these shares which Members hold in fractions for the best price reasonably obtainable and shall pay and distribute to and amongst the Members entitled to such shares in due proportion the net proceeds of the sale thereof. For the purpose of giving effect to any such sale the Board of Directors may authorize any person to transfer the shares sold to the purchaser thereof comprised in any such transfer and he shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

#### **ACCOUNTS**

193. The financial accounts of the Company shall be prepared in accordance with Indian GAAP and where applicable, internationally accepted accounting principles.
194. The Company shall cause to be kept proper books of account with respect to
- (a) all sums of money received and expended by the Company and the matters in respect of which receipts and expenditure take place;
  - (b) all receipts and payments and deposits and other moneys received and loans and other facilities granted by the Company;
  - (c) the assets and liabilities of the Company
195. The books of account shall be kept at the Registered Office of the Company or at such other place or places as the Board of Directors think fit subject to Section 209 of the Act and shall be open to inspection by any director during business hours.
196. If the company shall have a branch office, whether in outside Indian proper books of account relating to the transactions effected at that office shall be kept at that office and proper summarized returns, made up to date at intervals of not more than three months shall be sent by the branch office to the Company at its registered office or other place in India, as the Board thinks fit, where the main books of the Company are kept.
197. All the aforesaid books shall give a fair and true view of the affairs of the Company or its branch office, as the case may be, with respect to the matters aforesaid and explain its transactions.

198. The books of account of the Company relating to a period of not less than eight years immediately preceding the current year shall be preserved in good order.
199. The Company shall comply with the provisions of Section 209A of the Act regard to the inspection of the books of accounts and other books and papers of the Company, by the Registrar of Companies or by such officer of the Central Government as may be authorized by the Central Government in this behalf, or by the officers of the Reserve Bank of India, as the case may be.
200. The accounting year of the Company for general accounting purposes shall be from April 1 to March 31.
201. The Board of Directors shall lay before each annual general meeting a profit and loss account for the financial year of the Company and a balance sheet made up as at the end of the financial year which shall be a date which shall not precede the day of the meeting by more than six months or where an extension of time has been granted by the Registrar of Companies under the provisions of the Act by more than six months from the date of extension so granted.
202. (a) Subject to the provisions of Section 211 of the Act, every balance sheet and profit and loss account of the Company, shall be in the form set out in Schedule VI of the Act or as near thereto as circumstances admit.
- In case Central Government by notification specifies some other form or forms in which the balance sheet and the profit and loss account of the Company shall be drawn, then the Company shall adopt such form of the balance sheet and the profit and loss account.
- (b) So long as the Company is a holding company having a subsidiary company, it shall conform to Section 212 and other applicable provisions of the Act.
- (c) The balance sheet and the profit and loss account shall be approved by the Board of Directors before they are signed on behalf of the Board in accordance with the provisions of the Articles and before they are submitted to the Auditors for their report thereon.
- 203.(1) Every balance sheet and every profit and loss account of the Company shall be signed on behalf of the Board of Directors by manager or Secretary if any and by not less than three directors of the Company, one of whom shall be a whole time Chairman or a managing director, if there is one.
- (2) When the number of directors for the time being in India, are less than three, then the balance sheet and profit and loss account shall be signed by all the directors and in such a case there shall be attached to the balance sheet and the profit and loss account a statement signed by them or him explaining the reason for non-compliance with the provisions of the Clause (1) above.
204. The profit and loss account shall be annexed to the balance sheet and the Auditor's report [including the Auditor's separate, special or supplementary reports, if any] shall be attached thereto.
205. (1) Every balance sheet laid before the Company in general meeting shall have attached to it a report by the Board of Directors with respect to
- (a) the state of the Company's affairs,
- (b) the amounts if any, which it proposes to carry on to any reserve in such balance sheet,
- (c) the amount if any which it recommends to be paid by way of dividend,
- (d) material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the balance sheet relates and the date of the report.
- (2) The report shall, so far as it is material for the appreciation of the state of the Company's affairs by its Members, and will not in the Board's opinion be harmful to the business of the Company or of any of its subsidiaries, deal with any changes which have occurred during the financial year in the nature of the Company's business, in the Company's subsidiaries, if any, or in the nature of the business carried on by them and generally in the classes of business in which the Company has an interest.
- (3) (a) The Board's report shall also include a statement showing the name of every employee of the Company who
- (i) if employed throughout the financial year was in receipt of remuneration for that year which, in the aggregate, was not less than the amount prescribed under the Act or the Central Government from time to time; or
- (ii) if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than the amount prescribed under, the Act of the Central Government from time to time;
- (iii) if employed, throughout the financial year or part thereof was in receipt of remuneration in that year, which in the aggregate or as the case may be at the rate which in the aggregate is in excess of that drawn by a whole-time Chairman or managing director or wholetime director or manager and holds by himself or along with his spouse and dependent children not less than 2% of the equity share capital in the Company.
- (b) The statement referred to in clause (a) shall also indicate

- (i) whether any such employee is a relative of any director or manager of the Company and if so, the name of such director; and
  - (ii) such other particulars as may be prescribed Explanation: "Remuneration" has the meaning assigned to it in the explanation to Section 198 of the Act.
- (4) The Board shall also give the fullest information and explanations in its report or in cases falling under the proviso to Section 222 of the Act in an addendum to that report, on every reservation, qualification or adverse remark contained in the Auditor's Report.
- (5) The Board's report and addendum (if any) thereto shall be signed by its Chairman, if he is authorized in that behalf by the Board; and where he is not so authorized shall be signed by such number of directors as are required to sign the balance sheet and the profit and loss account of the Company by virtue of the relevant Articles herein.
- (6) The Board shall have the right to entrust any person not being a director with the duty of seeing that the provisions of clause (1) to (3) of the Article are complied with.
206. (1) A copy of every balance sheet (including profit and loss account), the Auditor's report and every other documents required by law to be annexed or attached as the case may be, to the balance sheet, which is to be laid before the Company in general meeting shall be made available for inspection at the registered office of the Company during working hours for a period of 21 days before the date of the meeting.
- (2) A statement containing the salient features of such document in the prescribed form or the copies of the documents aforesaid, as the Company may deem fit, shall be sent to every member of the Company and to every trustee for the holders of any debentures issued by the company, not less than 21 days before the date of the meeting, as laid down in Section 219 of the Act and all the rest of the provisions of this Section shall apply in respect of matters referred to in this Article. Once at least in every year the accounts of the Company shall be examined and the correctness of the profit and loss account and balance sheet ascertained by an Auditor/Auditors to be appointed as herein provided
207. The Company shall submit an annual report on working and affairs of that Company to the Central Government to be laid before both Houses of Parliament together with a copy of audit report and any comments upon, or supplement to, the audit report, made by the Comptroller and Auditor General of India, in accordance with the provisions of Section 619A of the Act.
208. The Company shall create a reserve fund and shall out of the balance profit of each year as disclosed in the profit and loss account and before any dividend is declared transfer to the reserve fund a sum equivalent to not less than twenty per cent of such profit or such other percentage as may be notified by any regulatory agencies.
209. Shareholders funds and other assets of the Company shall only be used for its operations in India in accordance with the operating policy statement as amended from time to time, and the annual operating plan and budget as approved by the Board.
210. The Auditor of the Company shall be appointed or reappointed by the Central Government on the advice of the Comptroller and Auditor General of India.
- Provided that the limits specified in sub-sections (IB) and (IC) of Section 224 of the Act shall apply in relation to the appointment or reappointment of an auditor under this Article.
211. The remuneration of the Auditors of the Company shall be fixed by the Central Government as per the recommendations of the Board.
212. The Auditor's report shall be read before the Company in general meeting and shall be open to inspection by any Member of the Company.
213. Every account when audited and approved by a general meeting shall be conclusive except as regards any error discovered therein within three months next after the approval thereof. Whenever any such error is discovered within that period the account shall forthwith be corrected and henceforth shall be conclusive.

#### **WINDING UP**

221. If the Company shall be wound up, and the assets available for distribution amongst the Members as such shall be insufficient to repay the whole of the paid up capital such assets shall be distributed so that as nearly as may be, the losses shall be borne by the Members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up, on the shares held by them respectively. And if in a winding up the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital paid up or which ought to have been paid up on the shares held by them respectively, at the commencement of the winding up. But this Article is without prejudice to the rights of the holders of shares issued upon special terms and conditions.
222. (1) If the Company shall be wound up, whether voluntarily or otherwise, the liquidators may, with the sanction of a special resolution, divide amongst the contributories, in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories, or any of them, as the liquidators shall think fit.

- (2) If thought expedient, any such division may, subject to the provisions of the Act be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories shall be determined, any contributory who would be prejudiced thereby shall have a right to dissent and consequential rights provided in Section 494 of the Act as if such determination were a special resolution passed pursuant to the said Section of the Act.
- (3) In case any shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said shares may within seven days after the passing of the special resolution by notice in writing direct the liquidators to sell his shares and pay him his portion of the net proceeds and the liquidators shall if practicable act accordingly.
223. A Special resolution sanctioning a sale to any other Company duly passed pursuant to Section 494 of the Act may subject to the provisions of the Act in like manner as aforesaid determine that any shares or other consideration receivable by the liquidators be distributed amongst the Members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the Members subject to the rights of dissent and consequential rights conferred by the said Section.

#### **INDEMNITY**

224. Subject to the provisions of Section 201 of the Act, every director, Manager, and every other officer or servant of the Company shall be indemnified by the Company against all costs, losses and expenses which any such director, manager, officer or servant may incur or become liable to by reason of any contract entered into or act or thing done by him as such director, manager, officer or servant or in any way in the discharge of his duties including expenses, and it shall be the duty of directors to pay the same out of the funds of the Company and in particular, and so as not to limit the generality of the foregoing provisions every director, manager and every other officer or servant of the Company shall be indemnified by the Company against all liabilities incurred by him as such director, manager, officer or servant, in defending any proceedings whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act in which relief is granted by the Court, and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company.
225. Subject to the provisions of Section 201 of the Act no director, managing or wholtime director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other director or officer or for joining in any respect of other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the directors in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, company or corporation with whom any money, securities or effects shall be entrusted or deposited, or for any loss occasioned by any error or judgement, omission or default or oversight on his part or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto unless the same happens through his own dishonesty.

#### **SECRECY CLAUSE**

226. No Member shall be entitled to inspect the Company's books or establishment without the permission of the Board or require discovery of any matter which is or may be in the nature of trade secret, mystery of trade or secret process, which may relate to the conduct of the business of the Company and which in the opinion of the Board it will not be expedient in the interests of the Members of the Company to communicate to the public.

#### **GENERAL**

227. Article No.227 was inserted by special resolution passed at Fourth Annual General Meeting held on 15th December 2004 (Item No.7).

RESOLVED that pursuant to section 31 and other applicable provisions of the Companies Act 1956 the following Article be added to Articles of Association as Article No.227

As long as the Company remains a Government Company as defined in Section 617 of the Companies Act, 1956, notwithstanding anything to the contrary contained in the Articles of Association of the Company, the Company shall be exempted from such of those provisions of the Companies Act, as notified by Government, from time to time, to be not applicable or exempted to Government Companies. In the event of any conflict or ambiguity between the provisions of such notifications / exemptions and the Articles, the provisions of the notifications issued under Section 620 of the Companies Act, 1956, shall prevail. All such notifications issued under Section 620 of the Companies Act, 1956, as applicable shall have retrospective effect and shall be deemed to be effective from the date of incorporation of the Company.

## SECTION VIII – OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered or are to be entered into by the Company. These contracts and also the documents for inspection referred to hereunder, may be inspected on Working Days at the Registered Office of the Company situated at P.T. Lee Chengalvaraya Naicker Maaligai, 1<sup>st</sup> Floor, No.23, Rajaji Salai, Chennai - 600 001, from 10.00 a.m. to 4.00 p.m., from the date of this Prospectus until the date of closure of the Issue.

#### MATERIAL CONTRACTS

1. Issue Agreement dated February 4, 2014 between the Company and the Lead Managers.
2. Registrar Agreement dated February 4, 2014 between the Company and the Registrar to the Issue.
3. Bond Trustee Agreement dated February 4, 2014 between the Company and the Bond Trustee for the Bondholders.
4. Consortium Agreement dated February 4, 2014 between the Company and the Consortium Members.
5. Escrow Agreement dated February 12, 2014 between the Company, the Lead Managers, the Registrar to the Issue and the Escrow Collection Bank(s).
6. Tripartite Agreement dated January 23, 2013 between CDSL, the Company and the Registrar to the Issue.
7. Tripartite Agreement dated January 24, 2013 between NSDL, the Company and the Registrar to the Issue.

#### MATERIAL DOCUMENTS

1. Memorandum and Articles of Association of the Company, as amended to date.
2. Board resolution dated August 23, 2013, approving the Issue and related matters including authorised signatories.
3. Shareholders' resolution dated August 29, 2011, under section 293 (1) (d) of the Companies Act 1956 on the borrowing limit.
4. Company's letter No. EPL/FIN/TFB/2013-14 dated January 10, 2014, for approval and authorisation for creation of security for the Bonds, to the MoS, GoI and letter No.F.EPL/37/2012-PD.I dated February 10, 2014 from the MoS, GoI to the Company authorising the creation of security for the Bonds.
5. Letter dated January 21, 2014 by CARE assigning rating of "CARE AA" to the Bonds.
6. Letter No. RTG/Chen/271/13-14 dated January 21, 2014 by ICRA assigning rating of "[ICRA]AA with Stable Outlook" to the Bonds.
7. Consents of each of the Directors, Compliance Officer, Company Secretary, Lead Managers, Legal Advisors to the Issue, Registrar to the Issue, Escrow Collection Bank(s), Refund Bank, Bankers to the Company, the Bond Trustee for the Bonds, Consortium Members for the Issue and the Credit Rating Agencies to include their names in this Prospectus, in their respective capacities.
8. Consent of the Auditors, for inclusion of the reports on the financial statements including the annexures and notes thereto, in the form and context in which they appear in this Prospectus.
9. The statement of tax benefit report dated January 30, 2014 prepared by the Statutory Auditors.
10. Statutory Auditor's examination report dated January 30, 2014 on the audited standalone financial information prepared in accordance with the accounting standards generally accepted in India for the

Fiscal 2013, 2012, 2011, 2010 and 2009.

11. Statutory Auditor's limited review report dated November 7, 2013 on the unaudited standalone financial information prepared for the half year ended September 30, 2013.
12. Notification No. 61/2013.F.No.178/37/2013-(ITA.I) dated August 8, 2013 issued by Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India.
13. Annual Reports of the Company for the last five Fiscals.
14. In-principle listing approval from BSE, through letter No. DCS/SP/PI-BOND/20/13-14, dated February 11, 2014.
15. Due Diligence Certificate dated February 12, 2014 from the Lead Managers.
16. Due Diligence Certificate dated February 11, 2014 from the Bond Trustee.

**Any of the contracts or documents mentioned above may be amended or modified at any time, without reference to the Bondholders, in the interest of the Company in compliance with applicable laws.**

## DECLARATION

We, the Directors of the Company, certify that all applicable legal requirements in connection with the Issue, including under the Companies Act 1956, the Companies Act 2013, the SEBI Debt Regulations, and guidelines issued by the GoI, SEBI and other competent authorities in this respect, have been duly complied with and that no statement made in this Prospectus contravenes any such requirements. We further certify that this Prospectus does not omit disclosure of any material information that may make the statements made herein, in the light of the circumstances in which they were made, misleading and that all statements in this Prospectus are true and correct in all material respects.

### Signed by the Board of Directors

1. Mr. M. A. Bhaskarachar  
*Chairman cum Managing Director*



2. Mr. N. Muruganandam  
*Government Nominee Director*



3. Mr. Atulya Misra  
*Government Nominee Director*



4. Mr. S. Manoharan  
*Independent Director*



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



6. Mr. A.R. Rao  
*Independent Director*



7. Mr. Sanjay Kumar  
*Director (Operations)*



Place: Chennai  
Date: February 13, 2014

**ANNEXURE A**  
**SANKARAN & KRISHNAN**  
**CHARTERED ACCOUNTANTS**

"Rosewood Offices"  
 130, Mahathma Gandhi Road,  
 Nungambakkam, Chennai - 600 034.

Phone : 2833 1550  
 2833 0723  
 Fax : 4218 2018  
 E-mail : sk@sankrish.ind.in

**REVIEW REPORT OF ENNORE PORT LIMITED, CHENNAI**  
**FOR THE HALF YEAR ENDED 30.09.2013**

"We have reviewed the accompanying statement of unaudited financial results of M/s. Ennore Port Limited, Chennai, for the period ended 30.09.2013. This statement is the responsibility of the company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2400, engagements to review Financial statements issued by the institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of clause 29 of the Listing Agreement for debt securities including the manner in which it is to be disclosed, or that it contains any material misstatement."

for SANKARAN & KRISHNAN  
 Chartered Accountants  
 FRN 003582S



*M. Balachandran*  
**M. BALACHANDRAN**  
**PARTNER**  
 Membership No.16271

Place : Chennai  
 Date : 07.11.2013



## Ennore Port Limited

[A mini Ratna I Govt. of India company]

Regd. & Corp. Office: P. T. Lee Chengalvaraya Naicker Maalgai, 1st Floor,  
No.23, Rajaji Salai, Chennai- 600 001  
Tel: +91 (44) 2525 1666; Fax: +91 (44) 25251665; Website: www.ennoreport.gov.in

### UNAUDITED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30th SEPTEMBER 2013

S. No.	Particulars	(Rs. in lacs)			
		6 Months ended 30.09.2013	Corresponding 6 Months ended 30.09.2012	Year to Date Figures Current Period ended 30.09.2013	Previous for accounting year ended 31.03.2013
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
1 (a)	Net Sales / Income from operations	22810.94	14377.66	22810.94	31968.11
(b)	Other Operating Income	12.58	15.17	12.58	53.11
	<b>Total</b>	<b>22823.52</b>	<b>14392.83</b>	<b>22823.52</b>	<b>32021.22</b>
2	Expenditure				
	(a) Increase / decrease in stock in trade and work in progress	-	-	-	-
	(b) Consumption of raw materials	-	-	-	-
	(c) Purchase of traded goods	-	-	-	-
	(d) Employees Cost	463.05	404.53	463.05	892.27
	(e) Depreciation	892.19	696.08	892.19	1376.08
	(f) Other Expenses	1844.30	1536.65	1844.20	3613.59
	<b>Total</b>	<b>2999.44</b>	<b>2637.26</b>	<b>2999.44</b>	<b>6871.92</b>
3	Profit from Operations before other income, Interest and Exceptional Items (1-2)	<b>19824.08</b>	<b>11755.57</b>	<b>19824.08</b>	<b>26149.30</b>
4	Other Income	786.93	310.00	786.93	549.70
5	<b>Profit Before interest &amp; Exceptional Items (3+4)</b>	<b>20611.01</b>	<b>12065.57</b>	<b>20611.01</b>	<b>26699.00</b>
6	Interest	2201.05	2296.38	2201.05	4432.12
7	Exceptional Items	16.25	-1399.36	16.25	592.70
8	Profit (+) / Loss (-) from Ordinary activities before tax (3) - (4)+5+6	<b>18393.71</b>	<b>11168.56</b>	<b>18393.71</b>	<b>21674.18</b>
9	Tax Expense	3680.00	2235.00	3680.00	4337.00
10	<b>Net Profit (+) / Loss (-) from the period (9-10)</b>	<b>14713.71</b>	<b>8933.56</b>	<b>14713.71</b>	<b>17337.18</b>
11	Extraordinary Items	-	-	-	-
12	<b>Net Profit (+) / Loss (-) for the period (8-10)</b>	<b>14713.71</b>	<b>8933.56</b>	<b>14713.71</b>	<b>17337.18</b>
13	Paid-up equity share capital (Face value of the share of Rs.10/- each)	30000.00	30000.00	30000.00	30000.00
14	Paid-up Debt Capital	9464.90	-	9464.90	9464.90
15	Reserves excluding Revaluation reserve as per the Balance Sheet of previous accounting year	49935.92	32738.30	49935.92	37111.98
16	Debenture / Bond Redemption Reserve	340.29	0.00	340.29	226.86
17	Earning Per Share (EPS)	4.90	2.88	4.90	5.78
18	Debt Equity Ratio	0.51	0.04	0.40	0.82
19	Debt Service Coverage Ratio	4.58	2.62	4.58	3.97
20	Interest Service Coverage Ratio	9.36	5.25	9.36	6.02

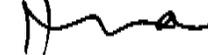
DSCR = Earnings before Interest and Tax / (Interest + Principal Repayment)

ISCR = Earnings before Interest and Tax / Interest Expenses

**Notes :**

- The above statement of Un-audited Financial Results were reviewed by the Audit Committee and approved by the Board of Directors on 6th November 2013.
- The Statutory Auditors of the Company have carried out a limited review of the Un-audited Financial Results for the half year ended 30th September 2013.

For and on behalf of the Board of Directors of  
Ennore Port Limited



(Sanjay Kumar)  
Director (Operations)

Place : Chennai  
Date : 6th November 2013

## EXAMINATION REPORT

The Board of Directors,  
**Ennore Port Limited,**  
P.T. Lee Chengalvaraya Naicker Maaligai,  
Ist Floor, 23, Rajiji Salai,  
Chennai- 600 001.

Dear Sir,

**Re: Proposed public issue by Ennore Port Limited (the “Company”) of tax free, secured, redeemable, non-convertible bonds in the nature of debentures having benefits under section 10(15)(iv)(h) of the Income Tax Act, 1961, as amended (the “Bonds”), aggregating up to Rs. 500 Crores (the “Issue”), in fiscal 2013-14 under Notification No.61/2013 F.No.178/37/2013-(ITA.1) dated August 8, 2013 issued by Central Board of Direct Taxes.**

1. We have examined the reformatted financial information of the Company annexed to this report and initialed by us for identification purposes only. The said reformatted financial statements is prepared by the company in accordance with the requirements of paragraph B(1) of Schedule II to the Companies Act, 1956 (the “Act”) and the Securities & Exchange Board of India (Issue and Listing of Debt Securities ) Regulations, 2008, as amended (the “SEBI Regulations”) issued by the Securities and Exchange Board of India, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992 and related clarifications and in terms of our engagement letter dated 22<sup>nd</sup> January, 2014, in connection with the Company’s Proposed Issue of secured, redeemable, non-convertible debentures, having benefits under Section 10(15)(iv)(h) of the Income Tax Act, 1961. The reformatted financial statements are the responsibility of the Company’s management. Our responsibility is to express our opinion on these reformatted financial statements. This reformatted financial information is proposed to be included in the Draft Prospectus and Prospectus (collectively referred to as “Offer Document”) of the Company.
2. **Financial Information as per Audited Financial Statements**

We have examined the attached ‘Statements of Assets and liabilities’ of the Company for the financial years ended 31<sup>st</sup> March 2009 to 31<sup>st</sup> March, 2013 (Annexure I), ‘Statement of Profit & Loss ‘ of the Company for the financial years from 31<sup>st</sup> March 2009 to 31<sup>st</sup> March 2013 (Annexure II), and ‘Cash Flow Statements’ of the Company for the financial years from 31<sup>st</sup> March 2009 to 31<sup>st</sup> March 2013 (Annexure III), referred to as ‘ reformatted financial statements’ hereinafter referred to “RFS”. The RFS have been extracted from the audited financial statements of the Company audited by other Statutory Auditors in the respective years. These RFS have been approved by the board of directors (the “Board”). Based on our examination of RFS, we state that:

- i. These RFS have to be read with the Significant Accounting Policies and Significant Notes to the Accounts of the respective years given in Annexure IV and V to this report.
- ii. The figures of earlier years (viz. years ended 31.03.2009 to 31.03.2012) have been regrouped / reclassified in accordance to Revised Schedule VI to the Companies Act 1956 & Guidance Note thereto issued by the Institute of Chartered Accountants of India (but not restated retrospectively except to the changes effected due to change in Accounting procedure/treatment of Wealth Tax and Interest on Income Tax under Section 234A, B and C), wherever necessary, to conform to the classification adopted for the RFS.

- iii. There are no extra ordinary items that need to be disclosed separately in the RFS.
- iv. These RFS have been presented prepared in “Millions of Rupees” for the convenience of the readers.
- v. There are no qualifications in the auditor’s report on the financial statements and for the year ended 31<sup>st</sup> March, 2013 except emphasis of matters made by the Auditors which is reproduced below.

*a. Rs.1,23,68,478/- paid under protest by BOT Operator, kept under Trade Payables, pending finalization of the dispute as referred 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. We drawn attention to the Note No.5.3 regarding enhancement of dividend recommended by the Board in the subsequent meeting held on 8.7.2013, as per guidelines of Ministry of Finance and in compliance with the observation made by the CAG and consequential General Reserve creation.*

- vi. The qualifications made by the auditor in the Financial Years 2009 to 2012 are given below:

<b>Year ended 31<sup>st</sup> March 2012</b>	<b>Years ended 31<sup>st</sup> March 2011, 2010 and 2009</b>
<i>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 (reformatted Note No.2)</i>	-
<i>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 (reformatted Note No.10)</i>	-
<i>c. non confirmation of balances as referred to in Note No.37 (reformatted Note No.29)</i>  <i>the consequential effect, if any, in the financial statements could not be quantified at this stage.</i>	-
-	<i>Note No.1a of Schedule XVI, in respect of seeking opinion from Expert Advisory Committee of the Institute of Chartered Accountants of India regarding the treatment in the books of accounts towards the payment to of Rs.31.40 Crores made to Chennai Port Trust (inclusive of interest) towards the cost of land acquisition as per the directions from the Ministry of Shipping which is included in Other Advances.</i>

3. We have examined these RFS taking into consideration the Guidance Note on reports in Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India & it may be noted *that these RFS have not been adjusted for changes in accounting policies retrospectively in the financial years to reflect the same accounting policies for all the reporting periods and the adjustments of amounts pertaining to previous years in the respective financial years to which they relate. However necessary changes have been effected due to change in Accounting procedure/treatment of Wealth Tax and Interest on Income Tax under Section 234A, B and C*

**4. Other Financial Information of the Company:**

We have examined the other information which form part of the audited financial statements of the respective years as detailed below which are proposed to be included in the offer document as approved by the Board annexed to the report:

- i. Significant Accounting Policies for the years ended 31<sup>st</sup> march, 2013, 31<sup>st</sup> march, 2012, 31<sup>st</sup> march, 2011, 31<sup>st</sup> march, 2010, 31<sup>st</sup> march, 2009 (Annexure IV)
  - ii. Significant Notes to Accounts for the years ended 31<sup>st</sup> march, 2013, 31<sup>st</sup> march, 2012, 31<sup>st</sup> march, 2011, 31<sup>st</sup> march, 2010, 31<sup>st</sup> march, 2009 (Annexure V)
  - iii. Related party Information for the years ended 31<sup>st</sup> march, 2013, 31<sup>st</sup> march, 2012, 31<sup>st</sup> march, 2011, 31<sup>st</sup> march, 2010, 31<sup>st</sup> march, 2009 (Annexure VI)
  - iv. Statements of Accounting ratios for the years ended 31<sup>st</sup> march, 2013, 31<sup>st</sup> march, 2012, 31<sup>st</sup> march, 2011, 31<sup>st</sup> march, 2010, 31<sup>st</sup> march, 2009 (Annexure VII)
  - v. Statement of the Dividend for the years ended 31<sup>st</sup> march, 2013, 31<sup>st</sup> march, 2012, 31<sup>st</sup> march, 2011, 31<sup>st</sup> march, 2010, 31<sup>st</sup> march, 2009 (Annexure VIII)
  - vi. Capitalization Statement as at 31<sup>st</sup> March, 2013 (Annexure IX)
  - vii. Statement of Contingent Liabilities for the years ended 31<sup>st</sup> March 2013, 31<sup>st</sup> march, 2012, 31<sup>st</sup> march, 2011, 31<sup>st</sup> march, 2010, 31<sup>st</sup> march, 2009 (Annexure X).
5. This report should not, in any way, be constructed as a reissuance or redrafting of any of the previous audit reports nor this should be constructed as new opinion on any of the audited Financial Statements or the RFS.
6. This report is intended solely for your information and for inclusion in the offer document, in connection with the proposed issue of bonds, having benefits under Section 10(15)(iv)(h) of the Income Tax Act, 1961 and is not to be used, referred to or distributed for any other purpose without our prior written consent.
7. It is emphasized that we do not own responsibility to update our report for events and circumstances occurring after the date of this report.

**For SANKARAN & KRISHNAN,  
Chartered Accountants,  
FRN No. 003582S**

**Place : Chennai  
Dated: 30th January 2014**

**M. BALACHANDRAN  
Partner  
M. No. 016271**

## ENNORE PORT LIMITED, 23 Rajaji Salai, Chennai 600 001.

## Statement of Assets &amp; Liabilities

(In Millions)

PARTICULARS	NOTE NO.	As at 31st March 2013	As at 31st March 2012	As at 31st March 2011	As at 31st March 2010	As at 31st March 2009
<b>EQUITY AND LIABILITIES</b>						
<b>Shareholders' Funds</b>						
(a) Share Capital	4	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00
(b) Reserves and Surplus	5	3,412.23	2,380.48	1,638.09	1,211.89	839.18
		<b>6,412.23</b>	<b>5,380.48</b>	<b>4,638.09</b>	<b>4,211.89</b>	<b>3,839.18</b>
<b>Non-Current Liabilities</b>						
(a) Long Term Borrowings	6	3,938.11	3,700.43	4,037.37	3,812.20	3,919.27
(b) Other Long Term Liabilities	7	24.49	71.53	38.53	22.68	6.96
		<b>3,962.60</b>	<b>3,771.96</b>	<b>4,075.90</b>	<b>3,834.88</b>	<b>3,926.23</b>
<b>Current Liabilities</b>						
(a) Trade Payables	8	50.79	41.88	9.41	39.63	16.70
(b) Other Current Liabilities	9	1,938.20	1,751.17	1,408.22	1,345.06	1,280.53
(c) Short Term Provisions	10	1,691.41	772.51	492.75	329.03	217.83
		<b>3,680.40</b>	<b>2,565.56</b>	<b>1,910.38</b>	<b>1,713.72</b>	<b>1,515.06</b>
		<b>14,055.23</b>	<b>11,718.00</b>	<b>10,624.37</b>	<b>9,760.49</b>	<b>9,280.47</b>
<b>ASSETS</b>						
<b>Non-Current Assets</b>						
(a) Fixed Assets	11					
(i) Tangible Assets		8,662.35	8,827.65	7,610.18	7,083.67	7,156.82
(ii) Intangible Assets		2.58	3.63	0.00	0.00	0.00
(iii) Capital Work-in-Progress		1,285.27	700.30	999.38	950.78	434.16
		<b>9,950.20</b>	<b>9,531.58</b>	<b>8,609.56</b>	<b>8,034.45</b>	<b>7,590.98</b>
(b) Non Current Investments	12	600.35	475.25	437.75	387.75	387.75
(c) Deferred Tax Assets (Net)	13	-	-	-	-	-
(d) Long Term Loans and Advances	14	514.18	500.80	1,031.53	898.62	896.23
(e) Other Non Current Assets		-	-	-	-	-
		<b>11,064.73</b>	<b>10,507.63</b>	<b>10,078.84</b>	<b>9,320.82</b>	<b>8,874.96</b>
<b>Current Assets</b>						
(a) Inventories	15	-	-	47.90	47.90	47.90
(b) Trade Receivables	16	222.83	209.15	99.38	38.86	28.01
(c) Cash and Cash Equivalents	17	1,803.81	504.69	53.07	145.34	63.36
(d) Short Term Loans and Advances	18	948.18	489.42	344.16	206.87	265.37
(e) Other Current Assets	19	15.68	7.11	1.02	0.70	0.87
		<b>2,990.50</b>	<b>1,210.37</b>	<b>545.53</b>	<b>439.67</b>	<b>405.51</b>
		<b>14,055.23</b>	<b>11,718.00</b>	<b>10,624.37</b>	<b>9,760.49</b>	<b>9,280.47</b>

**ENNORE PORT LIMITED, 23 Rajaji Salai, Chennai 600 001.**  
**Notes to Statement of Assets & Liabilities**

(In Millions)

Sch NO.	Particulars	Year ended 31st March 2013	Year ended 31st March 2012	Year ended 31st March 2011	Year ended 31st March 2010	Year ended 31st March 2009
<b>4.</b>	<b>SHARE CAPITAL</b>					
	<b>Authorised Shares</b> 500,000,000 Equity Shares of Rs. 10 each (Previous year : 500,000,000 equity shares of Rs. 10 each)	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
	<b>Issued, subscribed and fully paid up shares</b> 300,000,000 equity shares of Rs.10/- each fully paid up. (Previous year: 300,000,000 equity shares of Rs. 10 each fully paid up)	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00
	Total	<b>3,000.00</b>	<b>3,000.00</b>	<b>3,000.00</b>	<b>3,000.00</b>	<b>3,000.00</b>
	<b>a. Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:</b>					
	Equity Shares	<b>No of Shares</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
	Outstanding at the beginning of the year	30,00,00,000	3,000.00	3,000.00	3,000.00	3,000.00
	Add : Shares Issued during the year	-	-	-	-	-
	Less : Shares bought Back during the year	-	-	-	-	-
	Outstanding at the end of the year	<b>30,00,00,000</b>	<b>3,000.00</b>	<b>3,000.00</b>	<b>3,000.00</b>	<b>3,000.00</b>
	<b>b. Details of shareholders holding more than 5% of shares in the company:</b>					
	Equity Shares of Rs. 10 each	<b>No of Shares</b>				
	Government of India (66.67%)	20,00,00,000	2,000.00	2,000.00	2,000.00	2,000.00
	Chennai Port Trust (33.33%)	10,00,00,000	1,000.00	1,000.00	1,000.00	1,000.00
		<b>30,00,00,000</b>	<b>3,000.00</b>	<b>3,000.00</b>	<b>3,000.00</b>	<b>3,000.00</b>
<b>5.</b>	<b>RESERVES AND SURPLUS</b>	<b>31st March 2013</b>	<b>31st March 2012</b>	<b>31st March 2011</b>	<b>31st March 2010</b>	<b>31st March 2009</b>
<b>5.1</b>	<b>General Reserve</b> Transferred from surplus account during this year	130.10	-	-	-	-
		<b>130.10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>5.2</b>	<b>Debenture / Bond Redemption Reserve</b> Transferred from surplus account during this year Add : Transferred from surplus account during this year	22.69 -	- -	- -	- -	- -
		<b>22.69</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>5.3</b>	<b>Profit and Loss Account</b> Balance at the beginning of the year Profit for the year	2,380.48 1,733.72	1,638.09 967.21	1,211.89 555.82	839.18 486.56	497.31 414.64
		<b>4,114.20</b>	<b>2,605.30</b>	<b>1,767.71</b>	<b>1,325.74</b>	<b>911.95</b>
	<b>Less : Appropriations</b> Transferred to General Reserve Transferred to Debenture / Bond Redemption Reserve <b>Dividend</b> Proposed equity dividend Dividend distribution tax on equity shares Total appropriations	130.10 22.69 - 600.00 101.97 854.76	- - - 193.44 31.38 224.82	- - - 111.16 18.46 129.62	- - - 97.31 16.54 113.85	- - - 62.20 10.57 72.77
	Balance at the end of the year	<b>3,259.44</b>	<b>2,380.48</b>	<b>1,638.09</b>	<b>1,211.89</b>	<b>839.18</b>
	<b>TOTAL</b>	<b>3,412.23</b>	<b>2,380.48</b>	<b>1,638.09</b>	<b>1,211.89</b>	<b>839.18</b>
<b>6.</b>	<b>NON - CURRENT LIABILITIES</b>					
	<b>LONG TERM BOROWINGS</b>					
<b>6.1</b>	<b>Tax Free Bonds</b> Series 2012-13	946.49	-	-	-	-
<b>6.2</b>	<b>Term loans</b> <b>Rupee Loan</b> From Banks - Secured From Banks - Unsecured	- -	478.68 -	585.50 -	610.32 -	792.39 175.00
<b>6.3</b>	<b>Loans and Advances from related parties</b> <b>Rupee Loan - Secured</b> Chennai Port Trust	2,991.62	3,221.75	3,451.87	3,201.87	2,951.87
		<b>3,938.11</b>	<b>3,700.43</b>	<b>4,037.37</b>	<b>3,812.19</b>	<b>3,919.26</b>
	<b>The above amount includes:</b> Secured borrowings Unsecured borrowings	3,938.11 -	3,700.43 -	4,037.37 -	3,812.20 -	3,744.27 175.00
	<b>Net amount</b>	<b>3,938.11</b>	<b>3,700.43</b>	<b>4,037.37</b>	<b>3,812.20</b>	<b>3,919.27</b>

**ENNORE PORT LIMITED, 23 Rajaji Salai, Chennai 600 001.**  
**Notes to Statement of Assets & Liabilities**

(In Millions)

Sch NO.	Particulars	Year ended 31st March 2013	Year ended 31st March 2012	Year ended 31st March 2011	Year ended 31st March 2010	Year ended 31st March 2009
<b>7.</b>	<b>OTHER LONG TERM LIABILITIES</b>					
	Others					
	Security Deposit payable	24.49	71.53	38.53	22.68	6.96
		<b>24.49</b>	<b>71.53</b>	<b>38.53</b>	<b>22.68</b>	<b>6.96</b>
	<b>CURRENT LIABILITIES</b>					
<b>8.</b>	<b>TRADE PAYABLES</b>					
	Advance from Customers	50.79	41.88	9.41	14.29	16.70
	Book overdraft	-	-	-	25.34	-
		<b>50.79</b>	<b>41.88</b>	<b>9.41</b>	<b>39.63</b>	<b>16.70</b>
<b>9.</b>	<b>OTHER CURRENT LIABILITIES</b>					
9.1	Current maturities of long term debt	<b>4,168.23</b>	<b>4,231.12</b>	<b>4,262.19</b>		
	From Banks - Secured	-	300.57	224.82	182.07	151.57
	From Banks - Unsecured	-	-	-	175.00	10.00
	From Chennai Port Trust	230.12	230.12	-	-	-
9.2	Way leave charges receivable	-	-	-	-	-
9.2	Income received in advance	3.76	10.23	16.83	13.40	-
9.3	ECPP Liabilities	962.27	956.14	822.50	772.36	714.50
9.4	Creditors for Expenses / Contract Liabilities	402.56	229.12	319.38	186.28	390.20
9.5	Statutory dues payable	11.63	23.74	23.58	15.25	13.65
9.6	Other Payables	1.70	1.25	1.11	0.70	0.61
9.6	Other Payables - Book Overdraft	326.15	-	-	-	-
		<b>1,938.19</b>	<b>1,751.17</b>	<b>1,408.22</b>	<b>1,345.06</b>	<b>1,280.53</b>
<b>10.</b>	<b>SHORT TERM PROVISIONS</b>					
	Provisions					
10.1	- Terminal Benefits	1.51	3.49	2.83	1.35	0.90
10.2	- Income Tax	923.40	489.70	347.88	205.08	144.16
10.3	- Proposed Dividend	600.00	193.44	111.16	97.31	62.20
10.4	- Tax on Dividend	101.97	31.38	18.46	16.54	10.57
10.5	- Performance Related Pay	31.68	30.02	12.42	-	-
10.6	- Maintenance Dredging	10.00	10.00	-	8.75	-
10.7	- Expenses	3.37	-	-	-	-
10.8	- Common Road Maintenance	19.48	14.48	-	-	-
		<b>1,691.41</b>	<b>772.51</b>	<b>492.75</b>	<b>329.03</b>	<b>217.83</b>
<b>12.</b>	<b>NON CURRENT INVESTMENTS</b>					
	<b>Long Term - Other investments (valued at cost unless stated otherwise)</b>					
	Investments in equity instruments of Sethusamudram Corporation Limited					
12.1		300.00	300.00	300.00	300.00	245.00
	Investments in equity instruments of Chennai Ennore Port Road Company Limited					
12.2		137.50	137.50	87.50	-	-
12.3	Investments in Renewable Energy Certificate					
	Other non-current investments	0.10	-	-	-	-
12.4	Advance given to Ennore SEZ Company Limited for Equity Contribution	0.25	0.25	0.25	0.25	0.25
	Advance given to Chennai Ennore Port Road Company Limited for Equity Contribution					
12.5		162.50	37.50	50.00	87.50	87.50
	Advance given to Sethusamudram Corporation Limited for Equity Contribution					
12.6		-	-	-	-	55.00
		<b>600.35</b>	<b>475.25</b>	<b>437.75</b>	<b>387.75</b>	<b>387.75</b>
	Aggregate amount of quoted investments	-	-	-	-	-
	Aggregate amount of unquoted investments	437.50	437.50	387.50	300.00	245.00
	Aggregate provision for diminution in value of investments	-	-	-	-	-
<b>13.</b>	<b>DEFERRED TAX ASSET :</b>					
	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.					
<b>14.</b>	<b>LONG TERM LOANS AND ADVANCES</b>					
	<b>Capital Advances:</b>					
14.1	Secured, considered good	-	-	-	-	-
14.2	Unsecured, considered good	466.31	462.34	993.37	864.94	869.96
14.3	Doubtful	-	-	-	-	-
		<b>466.31</b>	<b>462.34</b>	<b>993.37</b>	<b>864.94</b>	<b>869.96</b>
	Provision for bad and doubtful advances	-	-	-	-	-
		<b>466.31</b>	<b>462.34</b>	<b>993.37</b>	<b>864.94</b>	<b>869.96</b>

**ENNORE PORT LIMITED, 23 Rajaji Salai, Chennai 600 001.**  
**Notes to Statement of Assets & Liabilities**

(In Millions)

Sch NO.	Particulars	Year ended 31st March 2013	Year ended 31st March 2012	Year ended 31st March 2011	Year ended 31st March 2010	Year ended 31st March 2009
	<b>Security Deposits:</b>					
	Secured, considered good	-	-	-	-	-
	Unsecured, considered good	30.62	25.58	25.37	25.27	20.11
	Doubtful	-	-	-	-	-
		<b>30.62</b>	<b>25.58</b>	<b>25.37</b>	<b>25.27</b>	<b>20.11</b>
	Provision for bad and doubtful advances	-	-	-	-	-
		<b>30.62</b>	<b>25.58</b>	<b>25.37</b>	<b>25.27</b>	<b>20.11</b>
	<b>Other loans and advances (specify nature)</b>					
	Secured, considered good	-	-	-	-	-
	Unsecured, considered good	17.25	12.88	12.79	8.41	6.16
	Doubtful	-	-	-	-	-
		17.25	12.88	12.79	8.41	6.16
	Provision for bad and doubtful advances	-	-	-	-	-
		<b>17.25</b>	<b>12.88</b>	<b>12.79</b>	<b>8.41</b>	<b>6.16</b>
		<b>514.18</b>	<b>500.80</b>	<b>1,031.53</b>	<b>898.62</b>	<b>896.23</b>
	<b>CURRENT ASSETS</b>					
15.	<b>INVENTORIES</b>					
	Quarry Stones (Valued at lower of cost or market value)		-	47.90	47.90	47.90
			-	<b>47.90</b>	<b>47.90</b>	<b>47.90</b>
16.	<b>TRADE RECEIVABLES</b>					
	<b>(i) Receivables outstanding for a period exceeding six months from the due date for payment</b>					
16.1	Secured, considered good	-	-	-	-	-
16.2	Unsecured, considered good	162.91	13.71	11.41	22.86	-
16.3	Doubtful	-	-	-	-	-
		162.91	13.71	11.41	22.86	-
	Provision for doubtful receivables	-	-	-	-	-
		<b>162.91</b>	<b>13.71</b>	<b>11.41</b>	<b>22.86</b>	-
	<b>(ii) Other receivables</b>					
16.4	Secured, considered good	-	-	-	-	-
16.5	Unsecured, considered good	59.92	195.44	87.97	16.00	28.01
16.6	Doubtful	-	-	-	-	-
		59.92	195.44	87.97	16.00	28.01
	Provision for doubtful receivables	-	-	-	-	-
		59.92	195.44	87.97	16.00	28.01
		<b>222.83</b>	<b>209.15</b>	<b>99.38</b>	<b>38.86</b>	<b>28.01</b>
17.	<b>CASH AND CASH EQUIVALENTS</b>					
17.1	Balances with banks includes Fixed Deposits	1,803.78	504.66	53.02	145.29	63.33
17.2	Cash on hand	0.03	0.03	0.05	0.05	0.03
		<b>1,803.81</b>	<b>504.69</b>	<b>53.07</b>	<b>145.34</b>	<b>63.36</b>
18.	<b>SHORT TERM LOANS AND ADVANCES</b>					
	<b>Secured considered good</b>					
18.1	Current maturities of Staff Advance	3.25	2.29	1.66	1.63	0.64
	<b>Unsecured considered good</b>					
18.2	Other Advances	4.81	2.36	1.32	1.93	0.47
18.3	Service Tax Credit	4.63	3.75	2.55	29.52	72.69
18.4	Income Tax Paid	935.49	459.40	338.63	173.79	169.79
18.5	Deposit - High Court	-	21.62	-	-	21.78
		<b>948.18</b>	<b>489.42</b>	<b>344.16</b>	<b>206.87</b>	<b>265.37</b>
19.	<b>OTHER CURRENT ASSETS</b>					
	Interest accrued on Bank Deposits	12.60	5.23	-	0.25	0.10
	Interest accrued on Staff Advances	3.08	1.88	1.02	0.45	0.18
	Income Accrued but not due	-	-	-	-	0.59
		<b>15.68</b>	<b>7.11</b>	<b>1.02</b>	<b>0.70</b>	<b>0.87</b>

## ENNORE PORT LIMITED, 23 Rajaji Salai, Chennai 600 001.

## FIXED ASSETS

S. No.	ITEMS	(In Millions)														
		Total cost as at 31.03.2013	Total cost as at 31.03.2012	Total cost as at 31.03.2011	Total cost as at 31.03.2010	Total cost as at 31.03.2009	As at 31.03.2013	As at 31.03.2012	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As on 31.03.2013	As on 31.03.2012	As on 31.03.2011	As on 31.03.2010	As on 31.03.2009
	<b>Tangible Assets</b>															
1	Land	542.37	542.37	-	-	-	-	-	-	-	-	542.37	542.37	-	-	-
2	Buildings, Sheds & Other Structures	256.92	252.90	179.31	63.62	63.62	19.95	15.55	12.07	10.42	9.43	236.97	237.36	167.24	53.21	54.20
3	Wharves, Roads and Boundaries	1,234.65	1,286.48	1,286.49	1,148.23	1,145.51	294.68	268.42	240.32	213.46	187.53	939.97	1,018.06	1,046.17	934.78	957.99
4	Port Basin and Entrance Channel	2,693.03	2,693.03	2,047.67	2,047.67	2,042.46	174.60	147.64	126.45	105.94	85.42	2,518.42	2,545.39	1,921.21	1,941.73	1,957.03
5	Railway and Rolling Stocks	67.09	67.09	67.09	205.66	205.66	7.57	4.38	1.20	83.73	73.96	59.52	62.71	65.90	121.93	131.70
6	Docks, Seawalls, Piers & Nav. Aids	5,008.84	5,008.15	4,932.80	4,497.66	4,464.70	738.19	671.81	602.94	539.30	476.68	4,270.66	4,336.34	4,329.86	3,958.36	3,988.01
7	Cranes & Vehicles	6.58	6.58	6.88	4.97	4.35	3.25	2.63	2.30	1.91	1.67	3.33	3.96	4.58	3.06	2.68
8	Installation of Water, Elec, Telecom & Fire	87.30	82.68	66.77	56.80	56.80	32.40	27.88	24.71	21.68	18.98	54.90	54.80	42.06	35.13	37.82
9	Electrical Appliances	12.60	7.52	6.60	6.27	5.64	2.50	1.99	1.69	1.38	1.11	10.10	5.53	4.91	4.89	4.52
10	Office Equipments	13.80	12.70	14.15	14.01	9.66	3.56	2.93	2.69	2.04	1.81	10.24	9.76	11.46	11.97	7.86
11	Furniture & Fittings	23.31	17.54	17.30	16.07	15.93	10.09	8.97	7.92	6.28	5.40	13.23	8.57	9.38	9.78	10.53
12	Computers	8.09	7.94	13.81	13.37	8.17	5.43	5.14	6.40	4.53	3.71	2.65	2.80	7.41	8.84	4.47
	<b>Intangible Assets :</b>															
13	Computer Software	6.79	6.79	-	-	-	4.21	3.16	-	-	-	2.58	3.63	-	-	-
	<b>Total</b>	<b>9,961.37</b>	<b>9,991.77</b>	<b>8,638.87</b>	<b>8,074.33</b>	<b>8,022.50</b>	<b>1,296.43</b>	<b>1,160.50</b>	<b>1,028.69</b>	<b>990.67</b>	<b>865.70</b>	<b>8,664.94</b>	<b>8,831.28</b>	<b>7,610.18</b>	<b>7,083.68</b>	<b>7,156.81</b>

**ENNORE PORT LIMITED, 23 Rajaji Salai, Chennai 600 001.**  
**Statement of Profits**

(In Millions)

PARTICULARS	NOTE NO.	Year ended 31st March 2013	Year ended 31st March 2012	Year ended 31st March 2011	Year ended 31st March 2010	Year ended 31st March 2009
<b>CONTINUING OPERATIONS</b>						
<b>Income</b>						
Revenue from Operations	20	3,202.11	2,486.43	1,673.05	1,434.04	1,398.29
Other Income	21	54.98	16.15	8.03	21.28	21.74
<b>Total Revenue</b>		<b>3,257.09</b>	<b>2,502.58</b>	<b>1,681.08</b>	<b>1,455.32</b>	<b>1,420.03</b>
<b>Expenses</b>						
Employee Benefit Expenses	22	88.24	76.48	59.71	77.06	35.94
Finance Costs	23	443.21	661.60	432.36	432.00	426.30
Depreciation and Amortization	24	137.61	132.54	129.35	126.30	118.22
Other Expenses	25	361.36	365.79	266.62	230.62	317.17
<b>Total Expenses</b>		<b>1,030.42</b>	<b>1,236.41</b>	<b>888.04</b>	<b>865.98</b>	<b>897.63</b>
Profit / (Loss) before exceptional and extraordinary items and tax		2,226.67	1,266.17	793.04	589.34	522.40
(Add) / Less : Exceptional Items	26	59.26	56.59	94.45	-5.29	53.34
Profit / (Loss) before extraordinary items and tax		<b>2,167.41</b>	<b>1,209.58</b>	<b>698.59</b>	<b>594.63</b>	<b>469.06</b>
Add / (Less) : Extraordinary Items	27	-	-1.75	-	-	-
Profit Before Tax		2,167.41	1,207.83	698.59	594.63	469.06
Add / (Less) : Tax Expense						
(a) Current Tax		433.70	241.70	142.80	105.20	54.45
(b) Deferred Tax		-	-	-	-	-
(c) Tax - Earlier Year		-	-1.08	-	2.87	-
Profit / (Loss) for the year from continuing operations		<b>1,733.71</b>	<b>967.21</b>	<b>555.79</b>	<b>486.56</b>	<b>414.61</b>
<b>EARNINGS PER EQUITY SHARE</b>						
Nominal value of share Rs. 10 (PYrs : Rs. 10 per share )						
<b>Basic</b>						
Computed on the basis of profit from continuing operations	Rs.	5.78	3.22	1.85	1.62	1.38
Computed on the basis of total profit for the year	Rs.	5.78	3.22	1.85	1.62	1.38
<b>Diluted</b>						
Computed on the basis of profit from continuing operations	Rs.	5.78	3.22	1.85	1.62	1.38
Computed on the basis of total profit for the year	Rs.	5.78	3.22	1.85	1.62	1.38

## ENNORE PORT LIMITED, 23 Rajaji Salai, Chennai 600 001.

## Notes to Statement of Profits

(In Millions)						
Sch No.	Particulars	Year ended 31st March 2013	Year ended 31st March 2012	Year ended 31st March 2011	Year ended 31st March 2010	Year ended 31st March 2009
20.	<b>Revenue from operations (Net)</b>					
	Composite Tariff on Coal	1,346.74	1,330.67	1,191.24	1,080.27	1,124.51
	Estate Income	63.89	50.64	44.72	55.40	9.48
	Revenue Share	689.97	556.43	170.89	59.69	9.74
	Vessel Related Income	793.32	492.81	260.09	187.48	175.93
	Wharfage	302.84	53.36	14.04	36.42	57.00
	Demurrage	0.04	-	-	-	-
	<b>Other operating revenue</b>	-	-	-	-	-
	Scrap Sales	-	0.74	0.66	13.44	0.20
	Other	5.31	1.78	-8.59	1.34	21.43
	<b>Revenue from operations (Net)</b>	<b>3,202.11</b>	<b>2,486.43</b>	<b>1,673.05</b>	<b>1,434.04</b>	<b>1,398.29</b>
21.	<b>OTHER INCOME</b>					
	Interest from Banks	40.66	6.77	1.03	11.18	17.89
	Other Interest	5.42	2.37	-	0.36	0.70
	Dividend income from UTI Liquid Fund	4.53	3.23	2.36	0.86	-
	Other non operating income	-	-	-	-	-
	Foreign Exchange Fluctuation Cr.	-	-	-	2.81	-
	Other services	-	0.13	0.48	-	-
	Sale of Tender Documents	0.12	0.14	0.42	0.38	0.43
	Personnel & Vehicle Entry Pass	2.60	2.32	3.27	2.80	2.55
	Profit on sale of Fixed Assets	-	0.18	-	0.14	-
	Others	1.65	1.01	0.47	2.75	0.17
	<b>54.98</b>	<b>16.15</b>	<b>8.03</b>	<b>21.28</b>	<b>21.74</b>	
22.	<b>EMPLOYEE BENEFITS EXPENSE</b>					
	Salary, wages and bonus	59.32	52.13	45.38	38.38	26.70
	Staff welfare expenses	1.44	0.99	1.18	1.37	0.30
	Superannuation	4.42	3.75	3.20	2.57	2.11
	Performance Related Pay	11.00	9.00	-	23.80	-
	EDLI & GSLI	0.04	0.14	0.14	0.11	0.06
	Employee medical and Hospitalisation expenses	1.69	1.09	1.87	2.72	1.74
	Gratuity	1.70	1.71	1.17	0.30	0.15
	Leave encashment expenses	2.12	2.55	1.81	3.23	2.24
	Other Terminal Benefits	1.47	1.47	1.11	1.49	0.84
	Fuel Reimbursement	-	-	-	-	0.17
	Rent - Accommodation	0.06	-	-	-	0.07
	Pension schemes	0.63	0.51	0.53	0.48	0.31
	Provident fund	4.35	3.14	3.32	2.61	1.25
		<b>88.24</b>	<b>76.48</b>	<b>59.71</b>	<b>77.06</b>	<b>35.94</b>
	23.	<b>FINANCE COSTS</b>				
Interest Expense :						
- From Banks		29.10	84.66	62.95	78.20	97.61
- Tax Free Bonds		1.09	-	-	-	-
- Others		371.64	349.50	319.27	311.18	287.81
Other Borrowing Costs :		-	-	-	-	-
- ECPP Liabilities		23.99	213.86	44.22	41.90	40.69
- Others		0.01	-	-	0.01	-
<b>Public Issue Expenses</b>		-	-	-	-	-
- Bond handling charges		0.06	-	-	-	-
- Bond brokerage		1.48	-	-	-	-
- Stamp Duty on Bonds		0.05	-	-	-	-
- Other Expenses		12.03	-	-	-	-
Net Loss on Forex transactions		-	-	-	-	-
- Capital	2.36	8.85	4.02	-	-	
- Revenue	1.40	4.73	1.90	-	-	
Processing Fees	-	-	-	0.71	0.19	
	<b>443.21</b>	<b>661.60</b>	<b>432.36</b>	<b>432.00</b>	<b>426.30</b>	
24.	<b>DEPRECIATION AND AMORTIZATION EXPENSE</b>					
	Depreciation	137.61	132.54	129.35	126.30	118.22
	<b>137.61</b>	<b>132.54</b>	<b>129.35</b>	<b>126.30</b>	<b>118.22</b>	

## ENNORE PORT LIMITED, 23 Rajaji Salai, Chennai 600 001.

## Notes to Statement of Profits

(In Millions)						
Sch No.	Particulars	Year ended 31st March 2013	Year ended 31st March 2012	Year ended 31st March 2011	Year ended 31st March 2010	Year ended 31st March 2009
25.	<b>OTHER EXPENSES</b>					
	<b>Port Operating Expenses</b>					
	Time Charter Crafts	120.45	120.78	120.45	120.44	126.76
	Bathymetry Survey	0.08	0.38	0.19	2.88	0.62
	Consultancy Services - Operations	2.89	4.97	3.99	-	-
	Electricity Port	6.76	7.10	4.92	4.21	3.86
	Environment	3.39	2.79	2.15	3.51	2.11
	Fresh Water	-	0.31	0.02	-	0.12
	Research & Development Expenses	6.11	-	-	-	-
	Maintenance Dredging	-	49.78	-	0.76	78.43
	Fuel Expense	26.02	20.42	13.78	12.53	10.08
	Fuel Generator	2.47	0.75	0.51	2.15	1.13
	Manning Services	15.79	15.02	10.34	7.65	7.30
	Pilotage Expense	9.53	8.56	5.70	3.48	2.41
	Repairs and Maintenance	41.46	37.96	17.30	14.93	16.04
	<b>Sub Total (A)</b>	<b>234.95</b>	<b>268.82</b>	<b>179.35</b>	<b>172.54</b>	<b>248.86</b>
	<b>Administration Expenses</b>					
	AMC - Software Expenses	0.40	0.75	0.35	-	-
	Auditors remuneration	-	-	-	-	-
	Statutory audit	0.30	0.10	0.10	0.10	0.10
	Taxation matters	0.08	-	-	-	-
	Company law matters	-	-	-	-	-
	Management services	0.26	-	-	-	-
	Reimbursement of expenses	0.05	-	-	-	-
	Bank charges	0.02	0.01	0.01	0.02	0.02
	Books and periodicals	0.08	0.10	0.11	0.08	0.17
	Directors sitting fees	0.22	0.09	0.06	0.03	0.02
	Electricity & Water Charges	1.52	1.59	0.88	1.13	0.90
	Hospitality	3.48	3.02	3.85	1.42	2.33
	Honorarium	0.01	0.03	0.03	-	-
	Insurance	0.10	0.07	0.06	0.09	0.11
	Legal & professional charges	4.00	7.32	7.43	9.27	10.38
	Miscellaneous Expense	0.58	0.28	0.21	0.23	0.21
	Printing and stationery	2.01	2.38	1.74	1.58	1.42
	Rent, Rates & Taxes	3.62	2.34	2.79	2.14	2.18
	Repairs and maintenance - Office	1.69	1.76	2.09	1.94	0.98
	Safety & security expenses	57.18	42.55	41.18	17.38	17.31
	Seminars & conference expenses	0.83	0.86	0.23	0.89	0.73
	Service Charges	0.10	0.03	0.63	0.01	0.02
	Corporate Social Welfare Expenses	17.25	8.07	3.70	1.28	2.46
	Subscription & Membership fees	3.32	2.06	0.16	2.50	7.23
	Communication Expenses	2.73	1.62	1.73	1.63	1.33
	Travelling and conveyance	5.80	3.12	2.88	3.38	3.34
	Vehicle running expenses	11.93	10.98	9.75	9.20	9.87
	Loss on sale of Fixed Assets	0.09	-	-	-	-
	Donation & Contributions	0.27	-	-	-	-
	Custodian Fees	-	-	-	-	-
	<b>Selling and distribution expenses</b>					
	Advertising and promotional expenses	8.49	7.84	7.30	3.78	7.20
	<b>Sub Total (B)</b>	<b>126.41</b>	<b>96.97</b>	<b>87.27</b>	<b>58.08</b>	<b>68.31</b>
	<b>Total (A + B)</b>	<b>361.36</b>	<b>365.79</b>	<b>266.62</b>	<b>230.62</b>	<b>317.17</b>
26.	<b>EXCEPTIONAL ITEMS</b>					
	Excess Provision written back	-	-	-8.75	-	-
	Prior Period Expense	18.02	8.69	4.01	-5.29	53.34
	Loss on sale of tangible fixed assets	-	-	99.19	-	-
	Quarried Stones written off	-	47.90	-	-	-
	Asset written off	50.42	-	-	-	-
	Compensation payable to ChPT	130.82	-	-	-	-
	Upfront Fees	-	-	-	-	-
	Invocation of Bid Security	-140.00	-	-	-	-
		<b>59.26</b>	<b>56.59</b>	<b>94.45</b>	<b>-5.29</b>	<b>53.34</b>
27.	<b>EXTRA ORDINARY ITEMS</b>					
	Assets written off	-	1.75	-	-	-
		<b>-</b>	<b>1.75</b>	<b>-</b>	<b>-</b>	<b>-</b>

**ENNORE PORT LIMITED, 23 Rajaji Salai, Chennai 600 001.**  
**CASH FLOW STATEMENTS**

(In Millions)						
Sl.No	Particulars	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
<b>A.</b>	<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>					
	Net Profit / (Loss) after tax	1,733.72	967.21	555.82	486.56	414.64
	<b>Adjustment for:</b>					
	a) Depreciation	138.20	132.54	129.35	126.30	118.22
	b) Interest Income	-40.66	-6.77	-1.03	-11.18	-17.89
	c) Interest Expense	443.21	661.60	432.36	431.99	426.29
	d) Dividend and Dividend Tax	-701.97	-224.82	-129.63	-113.85	-72.77
	Operating Profit before working capital changes	1,572.50	1,529.76	986.87	919.82	868.49
	<b>Adjustment for:</b>					
	(Increase)/Decrease Current Assets	-481.02	-213.20	-198.13	47.82	-94.73
	(Increase)/Decrease Non Current Assets	-13.37	530.71	-132.91	-2.38	-15.06
	Increase/(Decrease) Other long Term Current Liabilities	-47.04	33.01	15.85	15.71	0.03
	Increase/(Decrease) Current Liabilities	1,114.84	655.19	196.65	198.66	246.07
	<b>Cash Generated From Operations</b>	<b>2,145.91</b>	<b>2,535.47</b>	<b>868.34</b>	<b>1,179.62</b>	<b>1,004.79</b>
<b>B.</b>	<b><u>CASH FLOW FROM INVESTING ACTIVITIES</u></b>					
	Purchase of Fixed Assets & WIP	-607.34	-1,056.32	-819.40	-569.84	-1,143.99
	Sale of Fixed Assets	50.52	1.77	114.94	0.08	0.62
	Non Current Investment	-125.10	-37.50	-50.00	-	-55.00
	Interest Received	40.66	6.77	1.03	11.18	17.89
	<b>Net Cash used in Investing Activities</b>	<b>-641.26</b>	<b>-1,085.28</b>	<b>-753.43</b>	<b>-558.58</b>	<b>-1,180.48</b>
<b>C.</b>	<b><u>CASH FLOW FROM FINANCING ACTIVITIES</u></b>					
	Issue of Tax Free Bonds	946.49	-	-	-	-
	Availment / (Repayment) of Loans	-708.81	-336.96	225.18	-107.07	23.43
	Interest Paid	-443.21	-661.60	-432.36	-431.99	-426.29
	<b>Net Cash Generated from Financing Activities</b>	<b>-205.53</b>	<b>-998.56</b>	<b>-207.18</b>	<b>-539.06</b>	<b>-402.86</b>
	<b>Net Increase in cash and cash equivalents (A+B+C)</b>	<b>1,299.12</b>	<b>451.63</b>	<b>-92.27</b>	<b>81.98</b>	<b>-578.55</b>
	Cash and Cash equivalents as at (OB)	504.70	53.07	145.34	63.36	641.91
	Cash and Cash equivalents as at (CB)	1,803.81	504.70	53.07	145.34	63.36
		1,299.12	451.63	-92.27	81.98	-578.55

**ACCOUNTING POLICIES**

**FOR FISCAL 2012-13**

**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. The company has prepared financial statements as per the Revised Schedule VI notified under the Companies Act, 1956 for the half year ended 30th September 2012 for the first time and hence corresponding previous half year has not been furnished.

**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 are 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.

**FOR FISCAL 2011-12**

**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 are 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.

**FOR FISCAL 2010-11**

**I. ACCOUNTING POLICIES**

**a. GENERAL :**

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

**b. REVENUE RECOGNITION :**

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

**c. FIXED ASSETS :**

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

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

**d. DEPRECIATION :**

Depreciation is provided on Straight Line Method at the rates and in the manner specified in the Schedule XIV of the Companies Act, 1956. 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:**

- i. Current tax is determined as the amount of tax payable in respect of taxable income for the period.
- ii. Deferred tax is recognized, on timing differences, being the 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 are 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.

**I. BORROWING COSTS:**

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

**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.

**FOR FISCAL 2009-10**

**I. ACCOUNTING POLICIES**

**a. GENERAL :**

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

**b. REVENUE RECOGNITION :**

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

**c. FIXED ASSETS :**

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

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

**d. DEPRECIATION :**

Depreciation is provided on Straight Line Method at the rates and in the manner specified in the Schedule XIV of the Companies Act, 1956. 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:**

- i. Current tax is determined as the amount of tax payable in respect of taxable income for the period.
- ii. Deferred tax is recognized, on timing differences, being the 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 are 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 COSTS:**

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

**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.

**FOR FISCAL 2008-09**

**I. ACCOUNTING POLICIES**

**a. GENERAL :**

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

**b. REVENUE RECOGNITION :**

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

**c. FIXED ASSETS :**

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

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

**d. DEPRECIATION :**

Depreciation is provided on Straight Line Method at the rates and in the manner specified in the Schedule XIV of the Companies Act, 1956. 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:**

- i. Current tax is determined as the amount of tax payable in respect of taxable income for the period.
- ii. Deferred tax is recognized, on timing differences, being the 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 are 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 COSTS:**

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

**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.

**NOTES TO ACCOUNTS**

**FOR FISCAL 2012 – 13**

1. General Reserve under Reserves and Surplus includes being statutory reserve created during the year for Rs. 13,01,00,000/- (Previous year - Nil) as per the provisions of the Companies Act, 1956.
2. Debenture Redemption Reserve under Reserves and Surplus includes Pursuant to Regulation 16 of the SEBI Debt Regulations and Section 117C of the Companies Act, the company creates Debenture / Bond Redemption Reserve (DRR) upto 25% of the value of bonds/ debentures issued through public issue under SEBI Guidelines, during the maturity period of such bonds/ debentures. Accordingly, during the year, the company has created DRR amounting to Rs. 2,26,85,950/- (Previous year - Nil).
3. Dividend under Profit and Loss Account in Reserves and Surplus includes Dividend proposed at 20% on PAT at the Board meeting held on 29th May, 2013 has been modified to 20% on Equity based on CAG's observation on Supplement Audit comment u/s. 619 (4) of the Companies Act, 1956 in line with the guidelines of Ministry of Finance. Accordingly, the Dividend, Dividend Distribution Tax and corresponding General Reserve has been accounted.
4. Tax Free Bonds under Long Term Borrowings - Secured Redemmmable Non- Convertible Bonds includes redemmmable at par, 829334 Nos of 10 Year Bonds of Face value - Rs.1000/- each amounting to Rs.82,93,34,000/- are due on 25.03.2023 and 117156 Nos of 15 Year bonds of Face Value - Rs.1000/- each amounting to Rs.11,71,56,000/- are ue on 25.03.2028 with interest rates @ 7.51% and 7.67% to Retail Investors and 7.01% and 7.17% to others respectively, payable annually. The bonds are secured against the assets of the company viz. Small Craft Jetty - 1, 2 and 3 and General Cargo Berth pursuant to the terms of the Bond Trust Deed registered on 25.03.2013.
5. Term loans (Secured) under Long Term Borrowings includes Term loans availed from various banks has been pre-closed during the year from the internal accruals of the company.
6. Loans and Advances from related parties under Long Term Borrowings includes Term Loan due to Chennai Port Trust Rs.345,18,74,941/- converted at the time of taken over of assets & liabilities in the year 2001-02 and is repayable in 60 Equated Quarterly installments commencing from 30.06.2012. The installments are paid up to date during this period. The above loan is secured by hypothecation of specifically earmarked immovable fixed assets of the company . The amount outstanding as on the Balance Sheet date is Rs.322,17,49,945/- includes current maturity of Rs.23,01,24,996/- as referred in 9.1.
7. Advances from Customers under Trade Payables includes Rs.1,23,68,478/- paid under protest by the BOT operator, suitable accounting treatment will be made on finalising the dispute.
8. ECPP liabilities under Other Current Liabilities includes Rs.2,39,94,543/- interest provided for the year on the basis of Award / Agreement. (Refer 22.4).
9. Creditors for Expenses under Other Current Liabilities includes Rs.13,08,21,947/- payable to Chennai Port Trust towards one time compensation payable in relation to coal handling as as per approval of the Board under reference from the Ministry of Shipping. (Refer Note No. 25.4)
10. Other payables – Book overdraft under Other Current Liabilities represents only Book liability due to cheque issued but not presented for payment on the balance Sheet date.

## ANNEXURE V

11. Terminal Benefits under Short Term Provisions 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.
12. Performance Related Pay under Short Term Provisions includes provision made on estimate basis for the years 2010-11, 2011-12 and 2012-13.
13. Expenses under Short Term Provisions includes Rs.10,93,749/- interest accrued on Secured Redemable Tax Free Bonds allotted on 26.03.2013 and the balance Rs.22,80,075/- represents provision made for services rendered on accrual basis.
14. Equity shares of Sethusamudram Corporation Limited under Long Term – Other Investments (valued at cost unless stated otherwise), the Project is still under construction stage and also the matter is under subjudice, hence, no provision is made in respect of the investments for permanent diminution, if any.
15. Advance given to Ennore SEZ Company Limited for Equity Contribution under Long Term – Other Investments (valued at cost unless stated otherwise) includes the Company has paid advance of Rs.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.
16. Advance given to Chennai Ennore Port Road Company Limited for Equity contribution under Long Term – Other Investments (valued at cost unless stated otherwise) includes the Company has paid advance as Equity contribution to M/s. Chennai Ennore Port Road Company Limited, controlled special purpose entity for Rs. 16,25,00,000/- on various dates since 2011, are pending for allotment of shares.
17. Deferred Tax Asset has not been recognised since the company is having exemption under Sec. 80 IA till the Financial Year 2016-17 in addition to MAT Credit availability.
18. Capital Advances – Unsecured, considered good under Long Term loans and advances includes Rs.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 cristalisation of the same.
19. Receivables outstanding for a period exceeding six months from the due date of payment under Trade Receivables includes Rs.14,16,79,103/- referred under dispute under various redressal forums.
20. Balances with Banks under Cash and Cash Equivalents includes the company has made a public issue of Tax Free Secured, Redemable Non-Convertible Bonds of face value of Rs.1000/- each aggregating to Rs.94,64,90,000/- during the financial year 2012-13. The bonds have been allotted on 26.03.2013 and the issue proceeds have been kept under designated Public Issue accounts and the proceeds of the funds raised become available to the company only on the listing of bonds at Bombay Stock Exchange Limited (BSE Ltd.) on 02.04.2013.
21. Current maturities of Staff Advance under Short Term loans and advances includes secured by hypothecation of vehicles for Vehicle Advance and title deeds in respect of House Building Advance.
22. Revenue Share under Revenue from operations includes in view of the uncertainty of the revenue receipt, Augumentation charges amounting to Rs.13,38,06,082/- for the year 2012-13 not recognized as Income as per the accounting policy of the company.
23. Interest Expense - Tax Free Bond under Finance Costs includes interest accrued on Secured Redemable Tax Free Bonds allotted on 26.03.2013 provided.

## ANNEXURE V

24. Interest Expenses - Others under Finance Costs includes Rs.37,02,39,594/- to Chennai Port Trust (Related party) paid for Secured borrowings (Refer Note No. 6.3).
25. Public Issue expenses under Finance Costs considered as Other Borrowing Costs and fully charged to Revenue as per Accounting Policy.
26. Auditors' remuneration under Other Expenses includes Payment for other services includes Rs.2,15,000/-for professional services rendered relating to public issue of Tax Fee Bonds.
27. Prior Period Expenses under Exceptional Items includes Rs.1,73,38,683/- Road Under Bridge being expenditure incurred on enabling assets not owned by the company included in the Capital WIP in the previous year ( Refer Note No.11.11).
28. Asset written off under Exceptional Items represents the expenditure incurred in connection with the strengthening and widening of Public Road leads to South of Ore / Coal Stackyard of EPL capitalized during the year 2010-11 termed as Enabling asset and the same has been written off (Net of depreciation) (Refer Note No. 11.3).
29. Compensation payable to ChPT under Exceptional Items represents one time compensation to Chennai Port Trust as per approval of the Board under reference from the Ministry of Shipping (Refer Note No.9.4).
30. Encashment of Bid Security under Exceptional Items represents encashment of Bid Security as per the terms of the agreement due to non- achievement of financial closure by the Concessionaire with regard to development of Container Terminal at EPL.

### 31. Basic & Diluted Earnings Per Share:

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Nominal value of Equity Shares	10/-	10/-
Profit After Tax	1733716172	967208003
Profit attributable to Equity Shareholders	1733716172	967208003
Weighted average number of Equity Shares outstanding during the year	300000000	300000000
Basic Earnings Per Share	<b>5.78</b>	<b>3.22</b>
Diluted Earnings Per Share	<b>5.78</b>	<b>3.22</b>

## ANNEXURE V

### 32. CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)

<b>CONTINGENT LIABILITIES</b>	<b>31st March 2013</b>	<b>31st March 2012</b>
	\	\
Service tax dues not acknowledged as debt	68,00,000	68,00,000
Claims against the company not acknowledged as debt	2,37,64,00,000	2,15,06,00,000
Guarantees	48,00,000	-
	<b>2,38,80,00,000</b>	<b>2,15,74,00,000</b>

Claims includes Disputed Arbitration awards and others.

	<b>31st March 2013</b>	<b>31st March 2012</b>
	\	\
<b>CAPITAL COMMITMENTS</b>		
Estimated amount of contracts remaining to be executed on Capital Expenditure (net of advances) and not provided for	113,11,34,878	169,50,42,885
Equity Commitments		
Chennai Ennore Port Road Company Limited	4,02,00,000	16,52,00,000
Sethusamudram Corporation Limited	20,00,00,000	20,00,00,000
	<b>137,13,34,878</b>	<b>206,02,42,885</b>

### 33. Expenditure in Foreign Currency (in Accrual basis)

Travelling Expenses	1,78,100	20,337
Exchange Rate difference		
- On Contract Liabilities	37,61,729	59,17,153

### 34. Earnings in Foreign Currency (on receipt basis)

Nil                      Nil

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

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

## ANNEXURE V

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

### 36. 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 :

	<b>31st March 2013 Rs.</b>	<b>31st March 2012 Rs.</b>
Employer's Contribution to Provident Fund	3928234	2841998
Employer's Contribution to Family Pension Fund	626668	510704

#### 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 :

<b>Reconciliation of opening and closing balances of Defined Benefit Obligation:</b>	<b>2012-13</b>	<b>2011-12</b>
	<b>Gratuity (Unfunded)</b>	
	\	\
Defined Benefit Obligation at the beginning	4248332	2129492
Current Service Cost	1003186	664163
Interest Cost	339867	170359
Actuarial gain / Loss	720497	1284318
Defined Benefit Obligation at the end	6136193	4248332

## ANNEXURE V

i) Expenses recognized during the year		
Current Service Cost	1003186	664163
Interest Cost on benefit obligation	339867	170359
Expected return on plan assets	-397437	-264490
Actuarial gain / Loss recognized in the year	720497	1284318
Net Benefit Expenses	1666113	1854350
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	5660693	41773513
Current Service Cost	892015	333881
Interest Cost	452855	714436
Actuarial gain / Loss	647042	438863
Defined Benefit Obligation at the end	7379776	5660693

i) Expenses recognized during the year		
Current Service Cost	452855	714436
Interest Cost on benefit obligation	892015	333881
Expected return on plan assets	526619	-361772
Actuarial gain / Loss recognized in the year	647042	438863
Net Benefit Expenses	1465293	1125408
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%

### 37. 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.

**38. 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. M.A. Bhaskarachar - Chairman Cum Managing Director (From 21.12.2012)

Mr. S. Velumani - Chairman Cum Managing Director (Upto 30.11.2012)

Mr. Sanjay Kumar - Director (Operations)

**Joint Ventures (JVs)**

M/s. Sethusamudram Corporation Limited

M/s. Chennai Ennore Port Road Company Limited

**B. Transaction with related parties (Previsous figures are in brackets) :**

S. No.	Nature of Transactions	Joint Venture	Key Managerial Personnel	Total
		\	\	\
	<b>Transactions with JV</b>			
1	Investments - Sethusamudram Corporation Limited	30,00,00,000		30,00,00,000
		(300000000)		(300000000)
2	Investments - Chennai Ennore Port Road Company Limited	13,75,00,000		13,75,00,000
		(137500000)		(137500000)
3	Equity Advance - Chennai Ennore Port Road Company Limited	16,25,00,000		16,25,00,000
		(37500000)		(37500000)
	<b>Transactions with KMP</b>			
	Payment to Key Management Personnel		75,61,707	75,61,707
			(13174292)	(13174292)

**39. A. Operating Lease : As a Lessee**

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

<b>Particulars</b>	<b>Not later than one year</b>	<b>Later than one year but not later than five years</b>	<b>Later than five years</b>
	\	\	\
Minimum Lease payments	26,08,848	49,17,696	-

Lease payments amounting to Rs.28,72,623/-(Previous Year - Rs.25,54,885/-) 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 :

<b>Particulars</b>	<b>Not later than one year</b>	<b>Later than one year but not later than five years</b>	<b>Later than five years</b>
Minimum Lease receivables	3,57,36,585	27,43,43,937	2,02,58,09,612

Lease rental income amounting to Rs.4,72,50,277/- (Previous Year - Rs. 3,93,82,304/-) are included in Estate Income in the Statement of Profit and Loss during the year.

**40. 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.

**41. Confirmation of balances :**

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

**FOR FISCAL 2011 - 12**

1. Term Loan under Long Term Borrowings includes :

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.

2. Loans and Advance from related parties includes Rs.345,18,74,942/- due to Chennai Port Trust includes Rs.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.
3. Trade Payable under Current Liabilities includes Rs.1,23,68,478/- paid under protest by the BOT operator, suitable accounting treatment will be made on finalising the dispute.
4. ECPP Liabilities under Other Current Liabilities includes Rs.21,38,56,581/- being the differential amount of interest provided during the year between the interest provided upto 31st March 2011 based on the term of the Contract Agreement and the increased interest payable as per the Arbitral Award .
5. 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.
6. Performance Related Pay provided on estimate basis for the Financial Year 2010-11 and 2011-12.
7. Land under Fixed Assets includes\_(a) The company is in possession of 2118.74 acres of land acquired from TNEB, TIDCO and Salt Department, Ministry of Commerce, GoI . Pending transfer of title deeds in the name of the company, an amount of Rs.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.

8. Office Equipments under Fixed Assets includes Ambient Air Quality instrument Rs. 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.
9. (a) Non Current Investments includes the Company has paid advance of Rs.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) Non Current Investments includes the Company has paid advance to M/s. Chennai Ennore Port Road Company Limited, controlled special purpose entity for Rs. 3,75,00,000/- as equity contribution on 05.12.2011 is pending for allotment of shares.

**10. 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.

11. Capital advance under Long Term loans and advances includes RS.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.
12. Inventories under Current Assets includes 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 ; hence written off as exceptional item, in the books of accounts, during the year . However, quantities are retained for control purpose.
13. (a) Other Receivables under Trade receivables includes income Rs.9,98,39,754/- recognised during year as per the Expert Committee recommendation, not realised.  
  
(b) Includes Rs.2,78,27,084/-, towards disputed revenue share income, recognised during the year.
14. Cash and Cash Equivalents includes Rs.2,70,97,858/- towards Margin for the Term loan availed from the Bank for Facility 4.
15. Short Term Loans and advances includes Deposit in High Court is made against the Ennore Coal Port Project (ECP) Liabilities.
16. Revenue from operations includes Rs.9,98,39,754/- recognised during the year as per the Expert Committee recommendation, not realised included in Other Receivables
17. Other borrowing Costs under Finance costs represents interest provided as per Arbitration Award.
18. Prior Period Expenses under Exceptional Items includes Rs.86,90,000/- Performance Related Pay to Employees for the Financial Year 2010-11 provided during the year.
19. Ambient Air Quality Instrument capitalised under office Equipments destroyed by 'Thane' Cyclone on 30.12.2011 written off in the books of accounts.

## ANNEXURE V

### 20. 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

### 21. Contingent Liabilities

CONTINGENT LIABILITIES	31st March 2012	31st March 2011
Service tax dues not acknowledged as debt	6,800,000	6,800,000
Claims against the company not acknowledged as debt	2,150,600,000	2,108,700,000
Guarantees	-	-
	<b>2,157,400,000</b>	<b>2,115,500,000</b>

### 22. CAPITAL COMMITMENTS

Estimated amount of contracts remaining to be executed on Capital Expenditure (net of advances) and not provided for	1,695,042,885	
Equity Commitments		
Chennai Ennore Port Road Company Limited	165,200,000	202,700,000
Sethusamudram Corporation Limited	200,000,000	-
	<b>2,060,242,885</b>	<b>202,700,000</b>

### 23. Expenditure in Foreign Currency (in Accrual basis)

Travelling Expenses	20,337	-
Exchange Rate difference on account of disputed contract liabilities	13,578,445	5,917,153
	<b>13,598,782</b>	<b>5,917,153</b>

## ANNEXURE V

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

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

### **25. 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 Denfined Contribution Schemes charged off for the year are as under :

	31st March 2012 Rs.	31st March 2011 Rs.
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 :

<b>Reconciliation of opening and closing balances of Defined Benefit Obligation:</b>	<b>2011-12</b>	<b>2010-11</b>
	<b>Gratuity (Unfunded)</b>	
	<hr/>	
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%

	<b>Leave encashment (Unfunded)</b>	
	<hr/>	
<b>Reconciliation of opening and closing balances of Defined Benefit Obligation:</b>		
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

## ANNEXURE V

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%

### 25. 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.

### 26. 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	-

**27. A. Operating Lease : As a Lessee**

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

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

Lease payments amounting to Rs.25,54,885/- (Previous Year Rs.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 :

<b>Particulars</b>	<b>Not later than one year</b>	<b>Later than one year but not later than five years</b>	<b>Later than five years</b>
Minimum Lease receivables	31,569,576	244,218,570	1,979,086,890

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

**28. 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.

**29. Confirmation of balances :**

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

**FOR FISCAL 2010 - 11**

1. a. The Company is in possession of 2,083.74 acres of lands acquired from ChPT & TNEB towards development of Port. However the title of the lands in the possession of the company is under the process of transfer in favour of the company. As per direction of the Ministry of Shipping, Road, Transports & Highways in July 2007, the company has paid `31.40 Crore (inclusive of ` 16.51 Crore towards interest) to ChPT towards amount invested by ChPT for land acquisition included under Other Advances. The company has sought the opinion from the Expert Advisory Committee of the Institute of Chartered Accountants of India (ICAI) about the accounting treatment to be made in the Books of the Accounts with reference to the interest element paid to Chennai Port Trust. On receipt of opinion from ICAI, suitable adjustment will be made in the Books of Accounts.  
  
b. Similarly an amount of `10 Crore paid to TNEB as against their claims of `15.14 Crore in earlier year towards cost of land is shown under Other Advances. The balance claim of `5.14 Crore made by TNEB is included in Contingent Liabilities pending the receipt of final statement of claims from TNEB.  
  
c. During the year, the company has paid an amount of `12.84 Crore to Department of Industrial Promotion & Policy towards advance for purchase of salt department land at Ennore of about 35 Acres included in Other Advances as the title of the lands in the possession of the company is under the process of transfer in favour of the company.
2. Stock represents the unutilized quarried stones of `4.79 Crore having the utility value for construction / maintenance of Breakwater. These stocks have been valued at Cost or Net realizable value whichever is lower.
3. Term deposits with banks include interest accrued but not due amounting to `Nil (Previous Year `2.47 Lakh).
4. Deposits under 'Loans and Advances' schedule includes remittance of Service Tax paid under protest amounting to ` 1.17 Crore as against the Department's claim of Rs.1.40 Crore payable on Upfront Fees received from the developers of Iron Ore and Coal Terminal during the year 2008-09. Since the appeal made by the company to the Commissioner of Service Tax (Appeals) was rejected, the company has filed an Appeal & Stay petition with Customs, Excise and Service Tax Appellate Tribunal, Chennai. The balance claim including interest and penalty amounting to `0.68 Crore included under Contingent liabilities.
5. Other income includes `1.04 Crore reversed as per the Single Expert Opinion on the claims raised for the delay in achieving 'Completion Certificate' of Marine Liquid Terminal.

6. Managerial Remuneration :

	<u>2010-11</u>	<u>2009-10</u>
	( )	( )
a. Salaries and Allowances	56,80,642	50,50,312
b. Contribution to PF & Pension Fund	5,26,068	6,59,867
c. Sitting Fees	57,000	32,000
d. Contribution towards leave salary	6,27,907	2,64,304

7. Payment to Statutory Auditors  
(Excluding Service tax)  
- Statutory Audit

<u>2010-11</u>	<u>2009-10</u>
( )	( )
1,00,000	1,00,000

## ANNEXURE V

<b>8. Transactions in Foreign Currency</b>	<u>2010-11</u>	<u>2009-10</u>
Earnings in foreign currency	Nil	Nil
Outgo in foreign currency towards capital expenditure	Nil	Nil
Outgo in foreign currency towards revenue expenditure	Nil	Nil

**9. Information on Quantity, Cargo and No. of Vessels :**

	<u>2010-11</u>	<u>2009-10</u>
Quantity (Million Tons)	11.01	10.71
Cargo	Coal, Iron Ore, POL& Other Cargo	Coal, Iron Ore & POL
No. of Vessels	294	273

**10. Loan dues from directors:** ` Nil (Previous Year: ` Nil); Maximum amount outstanding from them at any time during the year is Rs. Nil. (Previous Year: ` Nil).

**11. Details of claims for income not recognized in the Books of Accounts :**

(` in crore)

S. No	Nature of Income	Claims made	Transferred to Income	Income not recognized
1	Revenue Share / Others	6.45	1.80	4.65

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

Claims against the Company not acknowledged as debt: `211.55 Crore (Previous Year: `193.89 Crore).

**13. Capital commitments (net of advances) not provided for:**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) ` 203.83 Crore (Previous Year: ` 78.58 Crore)

Amount remaining to be paid consequent to the commitment made by the Company towards equity participation in the following company:

Chennai Ennore Port Road Ltd - `20.27 Crore (Previous Year: `25.27 Crore)

**14. Employee Benefits :**

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

**I. Defined Contribution Schemes:**

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

(₹. in Lakhs)

Employer's Contribution to Provident Fund	30.17
Employer's Contribution to Family Pension Fund	5.26

**II. 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 are as under:

Particulars	(₹. in Lakhs)	
	2010-11	2009-10
	Gratuity (Unfunded)	
Reconciliation of opening and closing balances Of Defined Benefit Obligation:		
Defined Benefit obligation at the beginning	15.52	9.29
Current Service Cost	5.15	3.97
Interest Cost	1.24	0.74
Actuarial (gain) /loss	(0.62)	1.52
Defined Benefit obligation at the end	21.29	15.52

		Gratuity (Unfunded)	
i)	Expenses recognized during the year		
	Current Service Cost	5.15	3.97
	Interest Cost on benefit obligation	1.24	0.74
	Expected return on plan assets	(1.56)	(0.90)
	Actuarial (gain) /loss recognized in the year	(0.62)	1.52
	Net benefit expenses	4.21	5.33

## 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%

**ANNEXURE V**

<b>Particulars</b>	<b>( . in Lakhs)</b>	
	<b>2010-11</b>	<b>2009 -10</b>
ii) Reconciliation of opening and closing balances Of Defined Benefit Obligation:		Leave encashment (Unfunded)
Defined Benefit obligation at the beginning	26.05	14.38
Current Service Cost	4.99	7.43
Interest Cost	2.09	1.15
Actuarial loss	8.61	3.09
Defined Benefit obligation at the end	41.74	26.05
iii) Expenses recognized during the year		
Current Service Cost	4.99	7.43
Interest Cost on benefit obligation	2.08	1.15
Expected return on plan assets	(2.36)	(1.57)
Actuarial (gain)/loss recognized in the year	8.61	3.09
Net benefit expenses	13.32	10.10
iv) 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%

**15. 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.

**16. Related Party Disclosure: Key Management Personnel**

- a. Shri. S. Velumani - Chairman cum Managing Director
- b. Capt. D.K. Mohanty - Director (Marine Services)
- c. Shri. C. Damodaran- Director (Operations)

Details of transaction:	<u>2010-11</u>	<u>2009-10</u>
Remuneration to Directors	68,91,617	59,74,483

**17. a) As Lessee:**

Assets taken on operating lease:

Particulars	Total	(`. In lakhs)		
		Not later than one year	Later than one year and not later than five years	Later than five year
Future lease rentals payable	28.38	20.99	7.39	--

**b) As 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. 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.

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

	<u>2010-11</u>	<u>2009-10</u>
Profit after tax	`55,58,22,835	`48,65,64,389
No. of shares outstanding of Rs.10/- each	30,00,00,000	30,00,00,000
Earnings Per Share (Rs.) - Basic & Diluted	1.85	1.62

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

20. During the year, the company dismantled the Railway Sidings (constructed during the initial stages of port development) by e-auction through MSTC Ltd, (a Government of India Enterprise). The book loss of `9.90 Crore after considering net realizable value and terminal depreciation on disposal of railway sidings was debited to Profit & Loss account.

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

22. As a matter of prudence, Deferred Tax Assets (net) is not recognised in the financial statements.

23. Loans and advances includes the following advance payments made towards equity contribution pending allotment :

a. Chennai-Ennore Port Road Company Limited	-	` 5.000 Crore
b. Ennore SEZ Company Limited	-	` 0.025 Crore

**24. Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006**

(a) An amount of ` Nil (Previous Year Nil) and ` Nil (Previous Year Nil) was due and outstanding to suppliers as at the end of the accounting year on account of Principal and interest respectively.

(b) No interest was paid during the year.

(c) No interest payable at the end of the year under Micro, Small and Medium Enterprises Development Act, 2006.

(d) No amount of interest was accrued and unpaid at the end of the accounting year.

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

**FOR FISCAL 2009 – 10**

1. a. The Company is in possession of 2,083.74 acres of lands acquired from ChPT & TNEB towards development of Port. However the title of the lands in the possession of the company is under the process of transfer in the name of the company. As per direction of the Ministry of Shipping, Road, Transports & Highways in July 2007, the company has paid Rs.31.40 Crore (inclusive of interest) to ChPT towards amount invested by ChPT for land acquisition included in Other Advances. The company has referred this matter to Expert Advisory Committee of the Institute of Chartered Accountants of India (ICAI) for their opinion. The company has discussed the issue with ICAI officials and furnished additional information sought for in that meetings. On receipt of opinion from ICAI, suitable treatment will be made in the books of accounts.  
  
b. Similarly an amount of Rs.10 Crore paid to TNEB in earlier year towards cost of land is shown under other advances. The balance claim of Rs.5.14 Crore made by TNEB is included in Contingent Liabilities pending the receipt of final statement of claims.
2. The Company has withheld certified bills of a contractor M/s. Haskoning – (CO) of Ennore Coal Port Project on account of counter claims made against it. Based on the award and subsequent negotiation with M/s.Haskoning, the company has capitalized an amount Rs.1.80 Crore and Rs. 0.19 Crore (net) accounted in Profit and loss account during the year as per Accounting policies and AS-11.
3. Stock represents the unutilized quarried stones of Rs.4.79 Crore having the utility value for construction / maintenance of Breakwater. These stocks have been valued at Cost or Net realizable value whichever is lower.
4. Sundry Creditors includes Book overdraft of Rs.2,53,43,541/-
5. Term deposits with banks include interest accrued but not due amounting to Rs.2.47 lakh (Previous Year Rs.0.95 Lakh).
6. Deposits under 'Loans and Advances' schedule includes remittance of Service Tax paid under protest amounting to Rs 1.17 Crore towards Upfront Fees received from the developers of Iron Ore and Coal Terminal during the year 2008-09. Since the appeal made by the company to the Commissioner of Service Tax (Appeals) was rejected, the company has filed an Appeal & Stay petition with Customs, Excise and Service Tax Appellate Tribunal, Chennai. The differential claim, interest and penalty amounting to Rs.0.68 Crore has shown under Contingent liabilities.
7. Other Income includes a sum of Rs.1.34 Crore towards sale of scrap - concrete blocks (which was lying at the port) to M/s. Chennai Water Desalination Limited.
8. Sundry Debtors include a sum of Rs.2.28 Crore towards compensation claimed from M/S Ennore Tank Terminals Pvt. Ltd due to delay in completion of the project as per 7.3 of License Agreement and the same is pending before the Independent Expert Committee appointed as per terms of the License Agreement.
9. Establishment Charges includes Rs.2.38 Crore towards provision made for 'Performance Related Pay' (PRP) to the employees, consequent to the implementation of the 2<sup>nd</sup> Pay Revision Committee recommendations. The above mentioned amount also includes amount payable for the previous financial years 2007-08 & 2008-09.

## ANNEXURE V

### 10. Managerial Remuneration :

	<u>2009-10</u>	<u>2008-09</u>
	(In Rupees)	
a. Salaries and Allowances	5050312	47,92,772 *
b. Contribution to PF & Pension Fund	659867	2,78,728
c. Sitting Fees	32000	18,000
d. Contribution towards leave salary	264304	2,07,175

\* Includes Previous Year Rs.19,81,477/-

### 11. Payment to Statutory Auditors

(Excluding Service tax)

- Statutory Audit

<u>2009-10</u>	<u>2008-09</u>
(In Rupees)	
1,00,000	1,00,000

### 12. Transactions in Foreign Currency

<u>2009-10</u>	<u>2008-09</u>
(Rupees in lakh)	

Earnings in foreign currency	Nil	Nil
Outgo in foreign currency towards capital expenditure	Nil	Nil
Outgo in foreign currency towards revenue expenditure	3.23	Nil

### 13. Information on Quantity, Cargo and No. of Vessels :

	<u>2009-10</u>	<u>2008-09</u>
Quantity (Million Tons)	10.71	11.50
Cargo	Coal, Iron Ore & POL	Coal, Iron Ore & POL
No. of Vessels	273	250

14. Loan dues from directors: Rs. Nil (Previous Year: Rs.Nil); Maximum amount outstanding from them at any time during the year is Rs.Nil. (Previous Year: Rs. Nil).

### 15. Contingent Liabilities (as certified by the Management):

Claims against the Company not acknowledged as debt: Rs.193.89 Crore (Previous Year: Rs.211.63 Crore).

### 16. Capital commitments (net of advances) not provided for:

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) Rs. 78.58 Crore (Previous Year: 67.24 Crore)

Amount remaining to be paid consequent to the commitment made by the Company towards equity participation in the following company:

Chennai Ennore Port Road Ltd      Rs.25.27 Crore (Previous Year: Rs.8.75 Crore)

### 17. Employee Benefits :

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

### III. Defined Contribution Schemes:

Contributions to Defined Contribution Schemes charged off for the year are as under:  
(Rs. in Lakh)

Employer's Contribution to Provident Fund	20.74
Employer's Contribution to Family Pension Fund	4.69

**IV. 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 are as under:

Particulars	(Rs. in Lakh)	
	2009-10	2008-09
	Gratuity (Unfunded)	
Reconciliation of opening and closing balances Of Defined Benefit Obligation:		
Defined Benefit obligation at the beginning	9.29	5.35
Current Service Cost	3.97	2.14
Interest Cost	0.74	0.43
Actuarial gain/loss	1.52	1.37
Defined Benefit obligation at the end	15.52	9.29

Particulars	(Rs. in Lakh)	
	2009-10	2008-09
	Gratuity (Unfunded)	
v) Expenses recognized during the year		
Current Service Cost	3.97	2.14
Interest Cost on benefit obligation	0.74	0.43
Expected return on plan assets	(0.90)	0.31
Actuarial gain/loss recognized in the year	1.52	1.30
Net benefit expenses	5.33	3.56
vi) 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%

**ANNEXURE V**

<b>Particulars</b>	<b>(Rs. in Lakh)</b>	
	<b>2009-10</b>	<b>2008 -09</b>
vii) Reconciliation of opening and closing balances Of Defined Benefit Obligation:		Leave encashment (Unfunded)
Defined Benefit obligation at the beginning	14.38	9.61
Current Service Cost	7.43	8.43
Interest Cost	1.15	0.77
Actuarial loss	3.09	(4.43)
Defined Benefit obligation at the end	26.05	14.38
viii) Expenses recognized during the year		
Current Service Cost	7.43	8.43
Interest Cost on benefit obligation	1.15	0.77
Expected return on plan assets	(1.57)	0.48
Actuarial gain/loss recognized in the year	3.09	4.54
Net benefit expenses	10.10	4.17
ix) 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%

**18. 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.

**19. Related Party Disclosure: Key Management Personnel**

- a. Shri. S. Velumani - Chairman cum Managing Director
- b. Capt. D.K. Mohanty - Director (Marine Services)
- c. Shri. C. Damodaran- Director (Operations)

Details of transaction:	<u>2009-10</u>	<u>2008-09</u>
	(In Rupees)	
Remuneration to Directors	59,74,483	52,78,675*

\* Includes previous years - Rs.19,81,477/-

**20. a) As Lessee:**

Assets taken on operating lease:

Particulars	Total	(Rs. In lakh)		
		Not later than one year	Later than one year and not later than five years	Later than five year
Future lease rentals payable	49.37	20.99	28.38	--

**b) As 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. 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.

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

	<b><u>2009-10</u></b>	<b><u>2008-09</u></b>
Profit after tax	48,64,23,948	41,46,37,708
No. of shares outstanding of Rs.10/- each	30,00,00,000	30,00,00,000
Earnings Per Share (Rs.) - Basic & Diluted	1.62	1.38

**22.**

**23.** During the year the company has reviewed its fixed assets for impairment loss as required by Accounting Standards-28 and an amount of Rs.2.40 lakh has been debited to Profit and loss account towards impairment.

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

**25.** As a matter of prudence, Deferred Tax Assets (net) is not recognised in the financial statements.

**26.** Loans and advances includes the following advance payments made towards equity contribution pending allotment :

a. Chennai-Ennore Ports Road Limited	-	Rs.8.75 Crore
b. Ennore SEZ Company Limited	-	Rs.0.025 Crore

**27. Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006**

(a) An amount of Rs. Nil (Previous Year Nil) and Rs.Nil (Previous Year Nil) was due and outstanding to suppliers as at the end of the accounting year on account of Principal and interest respectively.

(b) No interest was paid during the year.

(c) No interest payable at the end of the year under Micro, Small and Medium Enterprises Development Act, 2006.

(e) No amount of interest was accrued and unpaid at the end of the accounting year.

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

**FOR FISCAL 2008 – 09**

1. a. The Company is in possession of 2,083.74 acres of lands from ChPT & TNEB towards development of Port. However the title of the lands in the possession of the company is under the process of transfer in the name of the company. As per direction of the Ministry of Shipping, Road, Transport & Highways in July 2007, the company has paid Rs.31.40 Crores (inclusive of interest) to ChPT towards amount invested by ChPT for land acquisition included in Other Advances. The company has referred this matter to Expert Advisory Committee of the Institute of Chartered Accountants of India (ICAI) for their opinion. On receipt of opinion from ICAI, suitable treatment will be made in the books of accounts.  
  
b. Similarly an amount of Rs.10 Crores paid to TNEB in earlier year towards cost of land is shown under other advances. The balance claim of Rs.5.14 Crores made by TNEB is included in Contingent Liabilities.
2. The Company has withheld certified bills of a contractor Haskoning – (C0) of Ennore Coal Port Project on account of counter claims made against it. Based on the outcome of arbitral award received during the year, interest liability due on the above certified bills amounting to Rs.5.99 Crs (Rs.5.12 Crs related to previous years) is now provided and the same is shown under Interest and Finance charges.
3. Stock represents the unutilized quarried stones of Rs.4.79 Crores having the utility value for construction / maintenance of Breakwater. These stocks have been valued at Cost or Net realizable value whichever is lower.
4. Term deposits with banks include interest accrued but not due amounting to Rs.0.95 Lakhs. (Previous Year Rs.133.25 Lakhs).

5. Managerial Remuneration :

	<u>2008-09</u>	<u>2007-08</u>
	(In Rupees)	
a. Salaries and Allowances	47,92,772 *	20,80,726
b. Contribution to PF & Pension Fund	2,78,728	1,78,509
c. Sitting Fees	18,000	14,000
d. Contribution towards leave salary	2,07,175	2,65,750

\* Includes previous years - Rs.19,81,477/-

	<u>2008-09</u>	<u>2007-08</u>
	(In Rupees)	
6. Payment to Statutory Auditors (Excluding Service tax) - Statutory Audit	1,00,000	75,000

	<u>2008-09</u>	<u>2007-08</u>
	(Rupees in lakhs)	
7. Transactions in Foreign Currency		
Earnings in foreign currency	Nil	Nil
Outgo in foreign currency towards capital expenditure	Nil	Nil
Outgo in foreign currency towards revenue expenditure	Nil	1.36

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

	<u>2008-09</u>	<u>2007-08</u>
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## ANNEXURE V

Quantity (Million Tons)	11.50	11.56
Cargo	Coal, Iron Ore & POL	Coal, Iron Ore & POL
No. of Vessels	250	213

9. Loan dues from directors: Rs. Nil (Previous Year: Rs.Nil); Maximum amount outstanding from them at any time during the year is Rs.Nil. (Previous Year: Rs. Nil).

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

Claims against the Company not acknowledged as debts: Rs.211.63 Crores (Previous Year: Rs.183.24 Crores).

11. Capital commitments (net of advances) not provided for:

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) Rs. 67.24 Crores (Previous Year: 108.58 Crores)

Amount remaining to be paid consequent to the commitment made by the Company towards equity participation in the following companies:

Name of the Company	(Rupees in Crores)
Chennai Ennore Port Road Ltd	8.75 (Previous Year: Rs.8.75 Crores)

### 12. Employee Benefits :

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

#### V. Defined Contribution Schemes:

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

	(Rs. in Lakhs)
Employer’s Contribution to Provident Fund	10.00
Employer’s Contribution to Family Pension Fund	2.95

#### VI. 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 are as under:

<b>Particulars</b>	<b>(Rs. in Lakhs)</b>	
	<b>2008-09</b>	
	Gratuity (Unfunded)	Leave encashment (Unfunded)
x) Reconciliation of opening and closing balances Of Defined Benefit Obligation:		
Defined Benefit obligation at the beginning	5.35	9.61
Current Service Cost	2.14	8.43
Interest Cost	0.43	0.77
Actuarial loss	1.37	(4.43)
Defined Benefit obligation at the end	9.29	14.38

<b>Particulars:</b>	<b>(Rs. in Lakhs)</b>	
	<b>2008-09</b>	
	Gratuity (Unfunded)	Leave encashment (Unfunded)
xi) Expenses recognized during the year		
Current Service Cost	2.14	8.43
Interest Cost on benefit obligation	0.43	0.77
Expected return on plan assets	0.31	0.48
Actuarial gain/loss recognized in the year	1.30	4.54
Net benefit expenses	3.56	4.17
xii) 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%

This being the first year of implementation, previous year figures have not been given.

### 13. 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.

### 14. Related Party Disclosure: Key Management Personnel

- a. Shri. S. Velumani - Chairman cum Managing Director
- b. Capt. D.K. Mohanty - Director (Marine Services)
- c. Dr. A. Rajagopalan - Director (Operations) (upto 02.04.2008)
- d. Shri. C. Damodaran- Director (Operations) (from 09.05.2008)

## ANNEXURE V

Details of transaction: 2008-09 2007-08  
(In Rupees)

Remuneration to Directors 52,78,675\* 25,46,831

\* Includes previous years - Rs.19,81,477/-

**15. Assets taken on operating lease:**

(Rs. In lakhs)

Particulars	Total	Not later than one year	Later than one year and not later than five years	Later than five year
Future lease rentals payable	70.37	20.99	49.38	--

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

	<u>2008-09</u>	<u>2007-08</u>
Profit after tax	41,46,37,708	34,88,24,809
No. of shares outstanding of Rs.10/- each	30,00,00,000	30,00,00,000
Earnings Per Share (Rs.) - Basic & Diluted	1.38	1.16

**17.** As a matter of prudence, Deferred Tax Assets (net) is not recognised in the financial statements.

**18.** Loans and advances includes the following advance payments made towards equity contribution pending allotment :

a. Sethusamudram Corporation Limited	-	Rs.5.50 Crores
b. Chennai-Ennore Ports Road Limited	-	Rs.8.75 Crores
c. Ennore SEZ Company Limited	-	Rs.2.50 Lakhs

**19. Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006**

(a) An amount of Rs. Nil (Previous Year Nil) and Rs.Nil (Previous Year Nil) was due and outstanding to suppliers as at the end of the accounting year on account of Principal and interest respectively.

(b) No interest was paid during the year.

(c) No interest payable at the end of the year under Micro, Small and Medium Enterprises Development Act, 2006.

(f) No amount of interest was accrued and unpaid at the end of the accounting year.

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

**ENNORE PORT LIMITED, 23 Rajaji Salai, Chennai 600 001.**  
**RELATED PARTIES DISCLOSURES**

**(a) Name of Joint Ventures :**

As at 30th Sep 2013	As at 31st March 2013	As at 31st March 2012	As at 31st March 2011	As at 31st March 2010	As at 31st March 2009
Sethusamudram Corporation Ltd					
Chennai Ennore Port Road Company Ltd					

**(b) Key Management Personnel during the year :**

Name of Directors	As at 31st March 2013	As at 31st March 2012	As at 31st March 2011	As at 31st March 2010	As at 31st March 2009
Shri M.A. Bhaskarachar	Chairman Cum Managing Director - Whole time Director (from 21.12.2012)				
Shri S. Velumani	Chairman Cum Managing Director - Whole time Director (Upto 30.11.2012)	Chairman Cum Managing Director - Whole time Director	Chairman Cum Managing Director - Whole time Director	Chairman Cum Managing Director - Whole time Director	Chairman Cum Managing Director - Whole time Director
Shri Sanjay Kumar	Director (Operations) - Whole Time Director	Director (Operations) - Whole Time Director (from 08.06.2011)			
Shri. C. Damodaran		Director (Operations) - Whole Time Director (upto 30.04.2011)	Director (Operations) - Whole Time Director (from 09.05.2008)	Director (Operations) - Whole Time Director (from 09.05.2008)	Director (Operations) - Whole Time Director (from 09.05.2008)
Dr. A. Rajagopalan					Director (Operations) - Whole Time Director (Upto 02.04.2008)
Capt D.K. Mohanty		Director (Marine Services) - Whole Time Director (Upto 29.11.2011)	Director (Marine Services) - Whole Time Director	Director (Marine Services) - Whole Time Director	Director (Marine Services) - Whole Time Director

**(c) Transactions with Joint Ventures :**

Name of Joint Venture	Nature of Transactions	(Rs. In Millions)				
		As at 31st March 2013	As at 31st March 2012	As at 31st March 2011	As at 31st March 2010	As at 31st March 2009
Sethusamudram Corporation Ltd	Purchase of Fixed Assets	-	4.85	-	-	-

**ENNORE PORT LIMITED, 23 Rajaji Salai, Chennai 600 001.**  
**Statement of Accounting Ratios**

PARTICULARS		As at 31st March 2013	As at 31st March 2012	As at 31st March 2011	As at 31st March 2010	As at 31st March 2009
Earnings Per Share (Basic / Diluted)	Rs.	5.78	3.22	1.85	1.62	1.38
Return on Net worth (%)	%	27.04	17.98	11.98	11.55	10.80
Net Assets Value per Equity Share	Rs.	21.37	17.93	15.46	14.04	12.80
Weighted average number of Equity shares outstanding during the year / period	Rs. in Millions	300.00	300.00	300.00	300.00	300.00
Total Number of share outstanding at the end of the year / period	Rs. in Millions	300.00	300.00	300.00	300.00	300.00
Debt Equity Ratio	Times	0.65	0.79	0.92	0.99	1.06
<b>Notes :</b>						

<b>The ratios have been computed as below :</b>		
Earnings Per Share (Rs.)	=	Profit After Tax / Number of Equity Shares at the end of the year.
Return on Net worth (%)	=	Profit After Tax / Net Worth at the end of the year.
Net Asset Value Per Equity Share (Rs.)	=	Net worth at the end of the year / Number of Equity shares outstanding at the end of the year
Net Worth	=	Paid up Share Capital + Reserves & Surplus - Misc. Expenditure to the extent not written off
Debt Equity	=	Total Debt outstanding at the end of the year / Net worth at the end of the
Debt	=	Long Term Borrowings + Short Term Borrowings + Current maturities of Long term debit + Cash Credit

\*\* If the EPS for the Half year ended 30th September, 2012 is annualised, it would be Rs. 5.96.

\*\* If the Return on Networth (%) for the Half year ended 30th September, 2012 is annualised, it would be 28.48%

**ENNORE PORT LIMITED, 23 Rajaji Salai, Chennai 600 001.**  
**Statement of Dividend**

PARTICULARS		As at 31st March 2013	As at 31st March 2012	As at 31st March 2011	As at 31st March 2010	As at 31st March 2009
Equity Share Capital (Subscribed & Paid Up) Face Value Per share	Rs.	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>
Interim Dividend	(Rs. in Millions)	-	-	-	-	-
Final Dividend	(Rs. in Millions)	600.00	193.44	111.16	97.31	62.20
Total Dividend	(Rs. in Millions)	<b>600.00</b>	<b>193.44</b>	<b>111.16</b>	<b>97.31</b>	<b>62.20</b>
Dividend Rate	%	<b>20.00%</b>	<b>6.45%</b>	<b>3.71%</b>	<b>3.24%</b>	<b>2.07%</b>

Annexure IX

**ENNORE PORT LIMITED, 23 Rajaji Salai, Chennai 600 001.  
Capitalization Statement**

PARTICULARS	Rs. in Millions	
	Pre-issue (As on March 31 2013)	Post Issue
Short Term Debt	-	-
Long Term Debt	4,168.24	9,168.24
<b>Total Debt</b>	<b>4,168.24</b>	<b>9,168.24</b>
<b>Shareholders Funds</b>		
Share Capital	3,000.00	3,000.00
Reserves & Surplus	3,412.23	3,412.23
<b>Total Shareholder's Fund</b>	<b>6,412.23</b>	<b>6412.23</b>
<b>Long Term Debt / Equity (Number of Times)</b>	<b>0.65</b>	<b>1.43</b>
<b>Total Debt / Equity (Number of Times)</b>	<b>0.65</b>	<b>1.43</b>
<b>Notes</b>		
<b>1. Long Term Debt / Equity</b>	Long Term Debt /Shareholders' Funds	
<b>2. Total Debt / Equity</b>	Total Debt / Shareholders' Funds	

**ENNORE PORT LIMITED, 23 Rajaji Salai, Chennai 600 001.**  
**Statement of Contingent Liabilities**

	PARTICULARS	As at 31st March 2013	As at 31st March 2012	As at 31st March 2011	As at 31st March 2010	As at 31st March 2009
A	Claims of Contractors not acknowledged as debts					
	- ECPP Liabilities - Pending with various arbitration forums	2,189.73	1,849.41	1,926.54	1,749.93	1,934.14
	- Other Contractors	3.74	118.25	-	-	-
B	Chennai Port Trust - Interest on interest on I D C	131.56	131.56	130.80	130.80	130.80
C	Compensation for Land from TANGEDCO	51.40	51.40	51.40	51.40	51.40
D	Disputed Service Tax demands against which Company has gone for Appeal with CESAT	6.75	6.75	6.75	6.75	-
		<b>2,383.18</b>	<b>2,157.37</b>	<b>2,115.49</b>	<b>1,938.89</b>	<b>2,116.34</b>

# ANNEXURE B



**Shri M Gunasekaran**  
General Manager - Finance  
**Ennore Port Limited**  
P.T. Lee Chengalvaraya Naicker Maaligai (I Floor),  
No. 23, Rajaji Salai, Chennai 600 001.

January 21, 2014

## Confidential

Dear Sir,

### Credit rating for proposed tax free bonds issue aggregating Rs.500 crore

Please refer to your request for rating of proposed tax free bonds issue aggregating to Rs. 500 crore of your company. The proposed Tax Free Bonds would have tenure of upto 20 years.

2. Our Rating Committee has assigned a '**CARE AA**' [**Double A**] rating to the aforesaid tax free bond issue. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. Our rating symbols for various medium and long term instruments (including bonds) are annexed. The rationale for the rating will be communicated to you separately.
3. Please arrange to get the rating revalidated, in case the proposed issue is not made within a period of **six months** from the date of our initial communication of rating to you (that is Jan 08, 2014).
4. In case there is any change in the size or terms of the proposed issue, please get the rating revalidated.
5. Please inform us the details of issue [date of issue, name of investor, amount issued, interest-rate, date of payment of interest, date and amount of repayment etc.] as soon as the Tax Free Infrastructure Bonds have been placed.
6. Kindly arrange to submit to us a copy of each of the documents pertaining to the Tax Free Infrastructure Bond issue, including the offer document and the trust deed.

R

**CREDIT ANALYSIS & RESEARCH LTD.**

Unit No. O-509/C, Spencer Plaza, 5<sup>th</sup> Floor, No.769, Anna Salai, Chennai - 600 002.

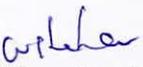
Tel / Fax : 2849 7812 / 0876 / 0811 | [www.careratings.com](http://www.careratings.com)

7. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
8. CARE reserves the right to suspend/withdraw/revise the rating assigned on the basis of new information or in the event of failure on the part of the company to furnish such information, material or clarifications as may be required by CARE. CARE shall also be entitled to publicize/disseminate such suspension/withdrawal/revision in the assigned rating in any manner considered appropriate by it, without reference to you.
9. Users of this rating may kindly refer our website [www.careratings.com](http://www.careratings.com) for latest update on the outstanding rating.
10. CARE ratings are **not** recommendations to buy, sell or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,

  
[C. Vidhyashankar]  
Deputy Manager

  
[P. Narrmatha]  
Deputy Manager

Encl : As above

**Disclaimer**

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

## Annexure

### A. Rating Symbols and Definitions for Long /Medium Term Debt Instruments

Symbols	Rating Definition
<b>CARE AAA</b>	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.
<b>CARE AA</b>	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.
<b>CARE A</b>	Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.
<b>CARE BBB</b>	Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk.
<b>CARE BB</b>	Instruments with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations.
<b>CARE B</b>	Instruments with this rating are considered to have high risk of default regarding timely servicing of financial obligations.
<b>CARE C</b>	Instruments with this rating are considered to have very high risk of default regarding timely servicing of financial obligations.
<b>CARE D</b>	Instruments with this rating are in default or are expected to be in default soon.

*Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories CARE AA to CARE C. The modifiers reflect the comparative standing within the category.*



*Celebrating Two Decades of Analytical Excellence*

**Shri M Gunasekaran**  
**General Manager - Finance**  
Ennore Port Limited  
P.T. Lee Chengalvaraya Naicker Maaligai (I Floor),  
No. 23, Rajaji Salai, Chennai 600 001.

January 21, 2014

Dear Sir,

**Credit rating for proposed tax free bond issue of Rs 500 crore**

Please refer to our rating letter dated January 21, 2014 and rating rationale dated January 15, 2014 on the above subject.

2. The rationale for the rating is attached as an **Annexure - I**. Kindly note that the rationale would be published in the forthcoming issue of our quarterly journal, 'CAREVIEW'.
3. A write-up (brief rationale) is proposed to be issued to the press shortly. A draft of the press release is enclosed for your perusal as **Annexure - II**.
4. We request you to peruse the annexed documents and offer your comments, if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible.

If you have any further clarifications, you are welcome to approach us.

Thanking you,

Yours faithfully,

*Narmatha P*

**P. Narmatha**  
**Deputy Manager**

Encl: As above

**Annexure-I  
Rating Rationale  
Ennore Port Limited**

**Ratings**

<b>Facilities</b>	<b>Amount (Rs. crore)</b>	<b>Ratings<sup>1</sup></b>	<b>Remarks</b>
Long-term Instruments – Tax Free Bonds	94.65 (reduced from 1000)	<b>CARE AA (Double A)</b>	Revised from 'CARE AA-' (Double A Minus)
Long-term Instruments – Proposed Tax Free Bonds	500.00	<b>CARE AA (Double A)</b>	Assigned

**Rating Rationale**

*The revision in the long-term rating assigned to the bonds issue of Ennore Port Ltd (EPL) factors in the strong operational and financial performance of the company in FY13 (refers to the period April 1 to March 31) and six months period ended September 2013. The rating derives strength from majority ownership of EPL by Govt. of India (GoI), strong revenue visibility arising out of well-established coal handling operations, greater autonomy to the port in fixing tariff, ability to handle diverse cargo types, healthy financial risk profile characterized by high profit margin on account of landlord port model and moderate leverage levels. The rating also factors in transport bottleneck associated with road connectivity which is partially offset as almost half of the cargo handled is being moved through conveyers.*

*In view of large debt funded projects proposed for augmenting port infrastructure, the company's ability to complete these connectivity projects on time and timely commencement of commercial operations of the proposed terminals will be key rating sensitivities.*

**Background**

EPL was incorporated on October 1999 and declared as a major port under the Indian Ports Act 1908 in March 1999. EPL's commercial operation started on June 22, 2001 and full-fledged operations started by December 2002. EPL is the only corporatized major port and has Mini Ratna Category I status. As on March 31, 2013, GoI held 66.70% stake in EPL with the rest being held by the Chennai Port Trust (ChPT).

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

The port is located about 24 km from Chennai. With a permissible draught of 13.5 meters, the port has six berths (3 coal handling, 1 Iron ore handling, 1 Liquid handling and 1 general purpose berth) with aggregate capacity of 29.5 Million Metric Tonnes Per Annum (MTPA) of cargo and 1.5 lakh cars per annum.

***Credit Risk Assessment***

***Port owned by GoI and Chennai Port Trust***

Ennore Port was originally conceived primarily to handle thermal coal to meet the requirement of Tamil Nadu Electricity Board (TNEB). The scope was expanded taking into account subsequent development plans of Tamil Nadu including addition of coal based power plants of huge capacity. As on March 31, 2013, GOI has 66.70% stake in EPL and rest is held by Chennai Port Trust (ChPT). The day to day activities of EPL is managed by CMD who in turn supported by a team of well experienced management in their respective fields. There are 100 employees on the rolls of the company as on March 2013.

***Port infrastructure to handle diverse cargo types at its terminals with significant land availability for future projects***

EPL is an all-weather port and can handle diverse cargo comprising of petroleum (including LPG), oil, lubricants, coal, iron ore, minerals, cars and other clean cargoes. EPL has six berths with total capacity of 29.5 metric tonnes per annum (MTPA) and 1.5 lakh cars per annum. This includes two coal berths (CB1 & CB2) of 12 MTPA exclusively for TANGEDCO (Tamilnadu Generation And Distribution Corporation Ltd), one non-TANGEDCO common user coal terminal of 8 MTPA operated by Chettinad International Coal Terminal Ltd (CICTL) on BOT basis, one liquid cargo terminal of 3 MTPA of Ennore Tank Terminal Private Ltd (ETTPL, rated 'CARE BBB+', 'CARE A3+') on BOT basis, one 6 MTPA of iron ore terminal operated on BOT basis by Sical Iron Ore Terminals Ltd (SIOT) and one port operated general cargo berth of 0.5 MTPA capacity which can also handle 1.5 lakh cars per annum.

To meet the growing demand in the hinterland and trade, EPL has initiated action for developing the following terminals through BOT/Captive basis such as expanding the terminal capacity of CB2 berth from 4 MTPA to 8 MTPA through mechanisation of terminal which is expected to become operational in the near-term, Liquefied Natural Gas (LNG) Import Terminal of 5 MTPA to be set up by Indian Oil Corporation, development of container terminal of 1.4 million TEUs and development of multi-

purpose cargo terminal of 2 MTPA. While the present availability of land with EPL is 2,124 acres, EPL expects to augment the land bank to ensure availability of land for future projects.

***Strong revenue visibility from well-established coal handling operations***

While the port is capable of handling diverse cargo, income from handling of coal is the major contributor to the revenue. This could be attributed to the fact that the port was originally conceived to primarily handle coal for thermal power plants of TNEB (presently TANGEDCO). It is to be noted that the North Chennai Thermal Power station (NCTPS) of TANGEDCO is located adjacent to the boundary of EPL. Coal from both CB1 & CB2 are moved through conveyers to the storage yard of NCTPS. Though there is no contract in place with TANGEDCO for these terminals, factors such as cost advantages and close proximity results in optimal utilisation of these terminals by TANGEDCO. As per this arrangement, EPL is paid Composite coal tariff (cargo handling & vessel charges) on per tonne basis. This tariff is revised once in every three years and revision is linked to Whole Sale Price Index (WPI).

EPL had signed a 30 years Concession Agreement (CA) with CICTL and ETTPL for construction and operation of Coal terminal (common user coal berth) and marine liquid terminal respectively. As per the agreement, EPL gets a revenue share of 52.52% from CICTL and 21.68% from ETTPL.

Cargo throughput at EPL increased by 20% in FY13 to 17.90 MTPA as compared to 14.96 MTPA in FY12 attributed to the increase in coal handling at common user coal terminal (Non-TNEB coal), multi-purpose cargo and POL (Petroleum, Oil and Lubricant). Non-TNEB coal has increased due to increased import by private power producers and diversion of coal cargo from Chennai Port to EPL following restrain order from High court of Madras. Cargos including POL and multipurpose cargo has also seen significant increase in volume due to commissioning of LPG terminal by Indian Oil Petronas Private Ltd and addition of new clients like Toyota & Honda (export of cars) respectively.

Composite coal handled at coal berths (CB1 and CB2) of TANGEDCO continued to remain the prime cargo at EPL contributing 44% (PY 54%) of EPL's total income followed by CICTL which contributed 20% (PY 16%). While ETTPL (4%) and other cargo collectively accounted for 12% (PY 8%) of the total income, vessel related charges accounted for 21%.

R

Cargo throughput increased further to 12.68 MTPA in H1FY14 (8 MTPA in H1FY13) as a result of additional coal volumes handled at CB1 and CB2 following commissioning of additional power plants of around 1700 MW by TANGEDCO and its Joint ventures and steady increase in volumes at Non-TNEB coal and POL. With additional power projects by TANGEDCO likely to be commissioned in medium term, revenue visibility from coal handling continues to be strong.

The major cargo, coal accounted for around 55% of total volume in FY13 and H1FY14. With EPL's plans to setup LNG terminal and Container terminal, share of non-coal cargo expected to increase in the long run.

#### ***Autonomy in fixing tariff***

The Tariff Authority for Major Ports (TAMP) was constituted in April 1997 to act as an independent Authority to regulate all tariffs, both vessel related and cargo related, and rates for lease of properties in respect of Major Port Trusts and the private operators located therein. Being a corporate port incorporated under the Companies Act, terminals at the port enjoy autonomy in fixing of tariff and is not regulated by TAMP which regulates all the other major ports in India. Though there is no tariff regulation, presence of private terminal operators at the port ensures competitive pricing to attract cargo.

#### ***Strong operational and financial performance in FY13 and H1FY14***

In FY13, EPL's total operating income increased by 30% to Rs.325 crore mainly due to a 20% increase in throughput. Operating expenditure however increased by only 1.6% only. This also led to an increased profitability in FY13. EPL made PBILDT margin of 86.20% and a PAT margin of 53.26%.

Generally PBILDT margin of EPL is on higher side on account operating under 'landlord port model'. Being landlord port, EPL's functions are limited to overall planning, development, mobilization of investments for the development of port and other infrastructure activities. EPL had also pre-closed term loans amounting to Rs.77.92 crore availed from various banks through internal resources. The Company raised funds through public issue of Tax Free Bonds aggregating of Rs.94.65 crore during FY13. Overall gearing remained low at 0.71x as on March 31, 2013.

During H1FY14, EPL's operating income grew by 75% to Rs.236 crore as compared to same period mainly due to increased throughput in TNEB coal terminals following commissioning of power plants during the period. EPL reported PBILDT and PAT of

Rs.213 crore and Rs.147 crore respectively, growth of 86% and 79% compared to H1FY13.

As on March 31, 2013, amount of contingent liabilities amounting Rs.237.64 crore, which primarily corresponds to unsettled claims arising out of takeover of assets and liabilities of Ennore coal port project (ECP) from ChPT. Provisions for these liabilities were made to the tune of Rs.96.62 crore up to March 31, 2013. However, in case of the actual cash outflow arising on account of contingent liability, ChPT is expected to compensate EPL.

***Proposed debt funded capex plans***

EPL has number of capex plans with estimated capex of around Rs.1,100 crore (1.5x of networth as on March 2013) in remaining 12th five year plan (FY14-17). These include capex for dredging of its channel and basin at an outlay of Rs.620 crore to increase draft of port basin and channel from 16 metres to 18 metres, port development and connectivity projects to the tune of Rs.300 crore. It has planned for development of one additional coal berth (CB 3) of 9MTPA. EPL has proposed to acquire land at an outlay of Rs.300 crore for all future expansion projects. Majority of above capex will be funded through the proposed bond issue. Timely implementation of these projects without any cost overrun is critical for growth prospects of EPL.

***Uncertainty associated with commencement of commercial operations of Iron Ore Terminal***

EPL had signed an agreement for development of the iron ore terminal on a BOT basis with Sical Iron Ore Terminal Limited in 2006. The terminal has a capacity to handle 6 MTPA. Though terminal was completed physically, due to ban on iron ore exports from Karnataka, the terminal could not be commissioned and remain unutilised as the terminal's traffic is totally dependent on the commodity originating from the Bellary-Hospet belt (Karnataka). Commissioning of this terminal or conversion of this terminal to multi-cargo terminal is likely to aid throughput volumes.

***Competition from nearby ports***

EPL faces competition from emergence of non-major private ports like Chennai Port, Krishnapatnam, Karaikal port and L&T Kattupalli port. L&T Kattupalli port is located within few km radius of EPL. It operates a container terminal with 1.2 million TEU per annum capacity. It may be noted that EPL has awarded BOT contract for

development of container terminal to a consortium led by Lanco group. However, due to failure of the consortium to achieve financial closure, now EPL has started re-bidding the development of Container Terminal with a capacity of 1.4million TEUs (16.8 MTPA) through PPP mode. With delay in development of the proposed container terminal by EPL, L&T's port is likely to benefit and gain market share. Both Krishnapatnam and Karaikal port are likely to compete in respect of major cargos like coal and car. However, there is assured revenue from the captive customer, i.e., TANGEDCO as it has made significant investments in coal handling equipment in the jetty, setting up of conveyer system to move coal directly from the vessel to TANGEDCO's stockyard. Also this facility offers significant benefits to TANGEDCO.

***Transport bottleneck and delay in implementation of road connectivity projects***

The Thiruvottiyur-Ponneri-Pancheti (TPP) road is one of the arterial roads catering to EPL. EPL has committed a total investment of Rs.34.02 crore for the road project expected to ease congestion in movement of traffic. Out of the total cost, Rs.30 crore has already been paid. There has been a delay in implementation (expected completion by June 2014) of the Rs.600 crore project, which was announced in 1998. The delay has hindered free movement of truck traffic to and from the port. However, as movement of TANGEDCO coal is done through conveyors to NCTPS facility, there has been no impact in operations of CBI&CB2. EPL is connected to the railway line at Attipattu railway station. However, works are on to extend the rail connectivity to coal and iron ore stack yards.

***Prospects***

The financial performance of EPL has seen continuous improvement in the past two years ended September 2013, primarily supported by increase in throughput volume on account of commissioning of new terminals and increase in volume of cargo handled. The financial risk profile of EPL is characterised by high profitability supported by landlord port model and strong internal accruals in relation to debt obligations. With strong revenue visibility from well-established coal handling operations and expected increase in throughput post commissioning of new thermal power plants, the financial risk profile of EPL is expected to remain strong. In view of large debt funded projects proposed for augmenting port infrastructure, execution of these projects in a timely manner without cost overrun and effective utilisation of the enhanced port capacity are key to the growth prospects.

## **Financial Performance**

	(Rs. Cr)		
<i>For the period ended / as at Mar.31,</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>
	<i>(12m, A)</i>	<i>(12m, A)</i>	<i>(12m,A)</i>
<b><u>Working Results</u></b>			
Total Operating income	167	250	326
PBILDT	135	204	281
Interest	43	66	44
Depreciation	13	13	14
PBT	70	119	217
PAT (after deferred tax)	56	95	173
Gross Cash Accruals	69	108	187
<b><u>Financial Position</u></b>			
Equity share capital	300	300	300
Networth	464	538	641
Total capital employed	894	968	1,093
<b><u>Key Ratios</u></b>			
<i>Growth</i>			
Growth in Total income (%)	17.77	49.36	30.28
Growth in PAT (after D.Tax) (%)	14.22	70.22	83.26
<i>Profitability</i>			
PBILDT/Total Op. income (%)	80.66	81.46	86.20
PAT (after deferred tax)/ Total income (%)	33.22	37.86	53.26
ROCE (%)	12.99	19.85	25.51
<i>Solvency</i>			
Long Term Debt Equity ratio (times)	0.93	0.80	0.65
Overall gearing (times)	0.93	0.80	0.71
Interest coverage(times)	3.16	3.08	6.33
Term debt/Gross cash accruals(years)	6.28	3.99	2.24
Total debt /Gross cash accruals(years)	6.28	3.99	2.41
<i>Liquidity</i>			
Current ratio(times)	0.29	0.46	0.81
Quick ratio(times)	0.26	0.46	0.81
<i>Turnover</i>			
Average collection period (days)	15	22	24
Average inventory period (days)	54	19	0
Average creditors period (days)	650	249	270
Operating cycle (days)	-581	-208	-246

*A - Audited*

Q

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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**Annexure II**  
**Brief Rationale**  
**CARE revises/assigns rating to the tax free**  
**Bonds Issue of Ennore Port Limited**

**Ratings**

<b>Facilities</b>	<b>Amount (Rs. crore)</b>	<b>Ratings<sup>2</sup></b>	<b>Remarks</b>
Long-term Instruments – Tax Free Bonds	94.65 (reduced from 1000)	<b>CARE AA (Double A)</b>	Revised from 'CARE AA-' (Double A Minus)
Long-term Instruments – Proposed Tax Free Bonds	500.00	<b>CARE AA (Double A)</b>	Assigned

**Rating Rationale**

*The revision in the long-term rating assigned to the bonds issue of Ennore Port Ltd (EPL) factors in the strong operational and financial performance of the company in FY13 (refers to the period Apr 01 to Mar 31) and six months period ended September 2013. The rating derives strength from majority ownership of EPL by Govt. of India (GoI), strong revenue visibility arising out of well-established coal handling operations, greater autonomy to the port in fixing tariff, ability to handle diverse cargo types, healthy financial risk profile characterized by high profit margin on account of landlord port model and moderate leverage levels. The rating also factors in transport bottleneck associated with road connectivity which is partially offset as almost half of the cargo handled is being moved through conveyers.*

*In view of large debt funded projects proposed for augmenting port infrastructure, the company's ability to complete these connectivity projects on time and timely commencement of commercial operations of the proposed terminals will be key rating sensitivities.*

**Background**

EPL was incorporated on October 1999 and declared as a major port under the Indian Ports Act 1908 in March 1999. EPL's commercial operation started on June 22, 2001 and full-fledged operations started by December 2002. EPL is the only corporatized major port and has Mini Ratna Category I status. As on March 31, 2013, GoI held 66.7% stake in EPL with the rest being held by the Chennai Port Trust (ChPT).

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

The port is located about 24 km from Chennai. With a permissible draught of 13.5 meters, the port has six berths (3 coal handling, 1 Iron ore handling, 1 Liquid handling and 1 general purpose berth) with aggregate capacity of 29.5 Million Metric Tonnes Per Annum (MTPA) of cargo and 1.5 lakh cars per annum.

During FY13, EPL earned PAT of Rs.173 crore on total operating income of Rs.326 crore. During six months period ended Sep 2013, EPL earned PAT of Rs.147 crore on total operating income of Rs.236 crore.

**Analyst Contact**

Name: P.Sudhakar

Tel # 044-28497812

Mobile # 9442228580

Email: P.Sudhakar@careratings.com

*CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.*

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

✍

**CONFIDENTIAL**

Ref. No.RTG/Chen/271/13-14

January 21, 2014

**Mr.M. Guanasekaran**  
**General Manager (Finance)**  
**Ennore Port Limited**  
**P.T. Lee Chengalvaraya Naicker Maaligai**  
**(I Floor) # 23, Rajaji Salai**  
**Chennai – 600 001**  
**Ph No.: 044 – 25251666**

Dear Sir,

**Re: ICRA rating for Rs. 500 crore Tax Free Bond programme of Ennore Port Limited**

Please refer to your Rating Requisition dated December 21, 2013, and the subsequent Rating Agreement of December 24, 2013, for carrying out the rating of the aforesaid Bond Programme. The Rating Committee of ICRA, after due consideration, has assigned a "[ICRA]AA" (pronounced ICRA double A) rating with **Stable** Outlook to the captioned Bond Programme. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

In any of your publicity material or other document wherever you are using our above rating, it should be stated as "[ICRA]AA with **Stable** Outlook". We would appreciate if you can sign on the duplicate copy of this letter and send it to us within 7 days from the date of this letter as confirmation about the use of the assigned rating. The rationale for assigning the above rating will be sent to you on receipt of your confirmation about the use of our rating, as above. Any intimation by you about the above rating to any Banker/Lending Agency/Government Authorities/Stock Exchange would constitute use of this rating by you.

This rating is specific to the terms and conditions of the proposed issue as was indicated to us by you and any change in the terms or size of the issue would require the rating to be reviewed by us. If there is any change in the terms and conditions or size of the instrument rated, as above, the same must be brought to our notice before the issue of the instrument. If there is any such change after the rating is assigned by us and confirmed to use by you, it would be subject to our review and may result in change in the rating assigned.

ICRA reserves the right to suspend, withdraw or revise the above at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned to you.

The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the bonds to be issued by you. If the instrument rated, as above, is not issued by you within a period of 3 months from the date of this letter communicating the rating, the same would stand withdrawn unless revalidated before the expiry of 3 months.

Karumuttu Centre, 5<sup>th</sup> Floor  
634, Anna Salai, Nandanam,  
Chennai - 600 035.

Tel. : +(91 44) 4596 4300  
Fax : +(91 44) 2434 3663

website : [www.icra.in](http://www.icra.in)  
email : [info@icraindia.com](mailto:info@icraindia.com)

Regd. Office: 1105, Kailash Building, 11<sup>th</sup> Floor, 26, Kasturba Gandhi Marg, New Delhi - 110001



You are required to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing. You are also required to keep us forthwith informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s).

You are required to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority (ies) is exceeded.

We thank you for your kind cooperation extended during the course of the rating exercise. Should you require any clarification, please do not hesitate to get in touch with us.

With kind regards,

Yours sincerely,  
for ICRA Limited

A handwritten signature in black ink, appearing to read 'K. Ravichandran', is written over the typed name.

(K. Ravichandran)  
Senior Vice President & Co-Head, Corporate Ratings

A handwritten signature in black ink, appearing to read 'T. Raghunath', is written over the typed name.

(Raghunath T)  
Senior Analyst



## Rating of [ICRA]AA assigned for Rs 500 crore Tax Free Bond programme of Ennore Port Limited; the outlook on the rating is stable

Instrument	Amount	Rating Action
	In Rs Crore	January 2014
Long term, Tax free Infrastructure bonds	500.0	[ICRA]AA (Stable); assigned

ICRA has assigned a long term rating of **[ICRA]AA** (pronounced as ICRA double A) to the Rs 500.0 crore<sup>1</sup> proposed bond issue of Ennore Port Limited (EPL)<sup>2</sup>; the outlook on the long term rating is **Stable**.

The assigned rating reflects the strong growth in revenues and cash accruals of EPL in 2012-13 and in the current financial year following increase in throughput and the expectation that the cargo growth will continue to be favourable over the medium term, driven by the increase in coal requirement of Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO) and the scale-up of operations at the common user coal terminal, EPL's own car export terminal and the marine liquid terminal.

The rating also takes into consideration the strong business profile of EPL, attributable to its favorable location; the port's all weather characteristics; modest draft enabling handling of large vessels; the well developed storage and handling infrastructure; EPL's status as the first corporatized port, which gives it greater autonomy to decide financial and administrative matters; and the flexibility to determine its tariff levels as it does not fall under the purview of the Tariff Authority for Major Ports (TAMP). The rating also considers the stable revenue streams of the company in the form of revenue shares from build-operate-transfer (BOT) concessionaires and the coal handling arrangement with TANGEDCO for the coal requirements of the latter's thermal power stations in North Tamil Nadu. Further the primary hinterland offers significant cargo potential, particularly for coal, from the existing and proposed power projects of TANGEDCO for which dedicated conveyor belts and rail links have been established by EPL thereby restricting competition from other ports. ICRA also notes the likeliness of further shift of cargo from ChPT due to the capacity constraints and environmental concerns arising out of ChPT handling bulk cargo like coal and POL. The rating also factors in the comfortable financial profile characterized by healthy profitability, low gearing levels and strong debt coverage metrics; and the company's favorable ownership pattern, with GoI holding 66.7% stake and ChPT holding 33.3% stake.

The rating is however constrained by connectivity issues, with significant congestion on the roads from Ennore Port to its immediate hinterland and the delays in implementation of new connectivity projects which could impact the future growth of cargo volumes at the port. However, the risks are currently limited as most of the cargo is transported through specialized conveyors, rail links and pipelines. The rating also takes into account the significant competition from nearby ports for cargo such as non-TANGEDCO coal, cars and POL; uncertainty with regard to commencement of operations of the iron ore terminal, which has been impacted by the ban on iron ore exports from Karnataka; and the delays in setting up of the container terminal following cancellation of the BOT contract on account of non-achievement of financial closure by the concessionaire. Also, EPL has planned a large capital expenditure outlay on development of new terminals, capital dredging and connectivity projects, which will have a long payback period and hence will impact the company's return on capital employed in the medium term. Moreover, EPL has significant contingent liabilities arising out of disputes with contractors at the time of the initial development of the port; however the actual liabilities post arbitration are expected to be paid out over a period of time, and are not expected to materially impact the liquidity profile of the company.

### Company Profile

Ennore Port Limited (EPL), incorporated in 1999, is a major port located 24 km north of Chennai. It was declared a major port under the Indian Ports Act in March 1999, and is the first major port to be

<sup>1</sup> 100 lakh = 1 crore = 10 million

<sup>2</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications



incorporated under the Companies Act, 1956. The port was dedicated to the nation in February 2001 and operations commenced in June 2001 with two dedicated coal berths handling thermal coal for the power stations of Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO). Ennore Port was originally conceived as a satellite port to the Chennai Port, primarily to handle thermal coal to meet the requirements of TNEB (now TANGEDCO); subsequently its scope has been expanded to enable EPL to handle other cargo. The port largely functions under the landlord concept, wherein new terminals are being developed through build-operate-transfer (BOT) model by private operators. A marine liquid terminal to handle POL products was commissioned in February 2009 through the public-private-partnership (PPP) model. Other terminals developed / under development through similar models include an iron ore terminal, a coal terminal (for non-TANGEDCO users) and a container terminal. EPL has constructed, as its own project, a general cargo berth that can handle export of cars and project cargo. The Government of India holds 66.7% stake in EPL with the remaining stake being held by ChPT.

**January 2014**

*For further details, please contact:*

*Analyst Contact:*

**K Ravichandran**, (Tel. No. +91-44- 4596 4301)

[ravichandran@icraindia.com](mailto:ravichandran@icraindia.com)

*Relationship Contact:*

**Mr. Jayanta Chatterjee**, (Tel. No. +91-98450 22459)

[jyantac@icraindia.com](mailto:jyantac@icraindia.com)

# ANNEXURE C



**GDA Trustee**

*Believe in yourself...Trust us!*

An ISO 9001 Company



DT/523/14

21.01.2014

Shri. M. Gunasekaran  
General Manager ( Finance)  
**Ennore Port Limited**  
No.23, First Floor,  
P.T. Lee Chengalvaraya Naicker Maaligai,  
Rajaji Salai, **Chennai - 600 001**

Dear Sir,

**Proposed public issue of tax free, secured, redeemable, non-convertible bonds in the nature of debentures having benefits under section 10(15)(iv)(h) of the Income Tax Act, 1961, as amended ("Bonds") aggregating up to Rs. 5,000.00 million (the "Issue") by Ennore Ports Limited ("Company")**

We, the undersigned, hereby consent to act as the Debenture Trustee to the Issue in accordance with Regulation 4(4) of the Securities and Exchange Board Of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended, with respect to the Issue and to our name and our details being inserted as Debenture Trustee to the Issue in the Draft Prospectus proposed to be filed with the relevant stock exchanges for the purposes of receiving public comments and Securities and Exchange Board of India ("SEBI") and the Prospectus proposed to be filed with the Registrar of Companies, Chennai (the "RoC"), stock exchanges and SEBI which the Company intends to issue in respect of the Issue and also all related advertisements and the subsequent communications sent to the holders of Bonds pursuant to the Issue.

The following details with respect to us may be disclosed:

**Name** : GDA Trusteeship Limited  
**Address:** GDA House,  
Plot No. 85, Bhusari Colony (Right),  
Paud Road, **Pune - 411 038**

**Telephone No.:** 020 – 25280081

**Fax number :** 020 – 25280275

**E-mail ID** : dt@gdatrustee.com

**Investor Grievance E-mail ID** : dt@gdatrustee.com

**Website** : www.gdatrustee.com

**Contact person:** Mr. Jatin Bhat

**SEBI Registration No.** : IND000000034



## **GDA Trusteeship Ltd.**

GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune - 411 038

● Tel: +91-020-25280081 ● Fax : +91-020-25280275 ● Email: dt@gdatrustee.com ● Web: www.gdatrustee.com

**Mumbai Office** : Office No. 9, Kamer Building, Plot No. 407, Cawasji Patel Street, Fort, Mumbai 400 001. Tel. : +91-022-22850254 Fax : +91-022-22850253 Email : dt@gdatrustee.com

**Bengaluru Office** : D II - 207, Shriram White House, Netaji Subhashchandra Bose Road, 15th Cross, 6th Main, R.T. Nagar, IInd Block, Bengaluru - 560 032 Tel.: +91-080-2354 2436 Email: vgjoshi@gdaca.com

**Delhi Office** : B-22, Ansal Chambers -1, 3 Bhikaji Kama Place, New Delhi - 110066 Tel: +91-011-26163600 Mobile: +91-09915938874 Email: dt@gdatrustee.com



**GDA Trustee**

*Believe in yourself... Trust us!*

An ISO 9001 Company



We confirm that we are registered with SEBI and having a Registration No.IND000000034 and such registration is valid upto 30/04/2015.

We are enclosing herewith our SEBI registration certificate. We further certify that we have not been prohibited from SEBI to act as an intermediary in capital market issues.

We also agree to keep strictly confidential, until such time the proposed transaction is publicly announced by the Company in the form of a press release (i) the nature and scope of this respect; and (ii) our knowledge of the proposed transaction of the Company.

We shall immediately intimate the Company and the Lead Managers to the Issue of any changes, additions or deletions in the aforesaid details till the date when the Bonds of the Company, offered, issued and allotted pursuant to the Issue, are listed and traded on the relevant stock exchanges. In absence of any such communication from us, the above information should be taken as updated information until the listing and trading of the Bonds on the relevant stock exchanges.

We hereby authorise you to deliver this letter of consent to the relevant Stock Exchanges, the RoC or other Regulatory Authorities as required by law.

Yours faithfully,

**Managing Director**



Encl: As above

डिबेंचर न्यासी

फॉर्म ब  
FORM-B

DEBENTURE TRUSTEE

भारतीय प्रतिभूति और विनियम बोर्ड  
SECURITIES AND EXCHANGE BOARD OF INDIA

(डिबेंचर न्यासी) विनियम, 1993  
(DEBENTURE TRUSTEE) REGULATIONS, 1993

000215

(विनियम 8)  
(Regulation 8)

रजिस्ट्रीकरण प्रमाणपत्र  
CERTIFICATE OF REGISTRATION

- 1) बोर्ड, भारतीय प्रतिभूति और विनियम बोर्ड अधिनियम, 1992 के अधीन डिबेंचर न्यासी के लिए बनाए गए नियमों और विनियमों के साथ पठित उस अधिनियम की धारा-12 की उपधारा (1) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए,
- 1) In exercise of the powers conferred by sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992, read with the rules and regulations made thereunder for the debenture trustee the Board hereby grants a certificate of registration to

GDA TRUSTEESHIP LTD.  
GDA HOUSE,  
FIRST FLOOR, PLOT NO.85,  
S.NO.94 & 95, BHUSARI COLONY (RIGHT)  
KOTHRUD, PUNE - 411 038

को नियमों में, शर्तों के अधीन रहते हुए और विनियमों के अनुसार डिबेंचर न्यासी के रूप में रजिस्ट्रीकरण का प्रमाणपत्र इसके द्वारा प्रदान करना है।  
as a debenture trustee subject to the conditions in the rules and in accordance with the regulations.

- 2) डिबेंचर न्यासी के लिए रजिस्ट्रीकरण कूट
- 2) Registration Code for the debenture trustee is

IND000000034

- 3) जब तक नवीकृत न किया जाए, रजिस्ट्रीकरण का प्रमाणपत्र

RENEWAL GRANTED FROM

- 3) Unless renewed, the certificate of registration is valid from

MAY 01, 2010 TO APRIL 30, 2013

Deemed initial registration granted from  
01/03/2010 to 30/04/2015 in terms of SEBI  
(Debt Finance Trustee) (Amendment) Regulations, 2011.



आदेश से  
भारतीय प्रतिभूति और विनियम बोर्ड  
के लिए और उसकी ओर से  
By order  
For and on behalf of  
Securities and Exchange Board of India

स्थान Place : MUMBAI

तारीख Date : NOVEMBER 20, 2012

RUCHI CHOJER

प्राधिकृत हस्ताक्षरकर्ता Authorised Signatory