APPENDIX - I

DEPRECIATION

i) Depreciation on fixed assets is provided on straight line basis as per Sec.205(2)(b) of the companies Act, 1956. In case of fixed assets acquired as a result of nationalisation the life of the asset for the purpose of depreciation has been considered as if these were new. These assets have been taken at the value then approved by the Board of Directors of the Corporation.

ii) With effect from 1.4.1988 depreciation has been calculated on the assets acquired after 2.4.1987 as per the rates prescribed under Schedule XIV of the Companies Amendment Act, 1988 and for the assets held prior to 2.4.1987 it has been calculated as per the existing rates prescribed in the guidelines received from Government of India, Ministry of Industry, Department of Company Affairs, vide Circular No.1/86 dated 21st May, 1986.

iii) With effect from 1984-85, Plant and Machinery having value upto Rs.5,000/- in case of each asset has been depreciated at 95 per cent in the year of installation.