

Schedule – M

B. Notes to Accounts –

1. Basis of Preparation of Financial Statements

- (a) The financial statements of the subsidiaries used in the consolidation are drawn upto the same reporting date as that of the Parent Company, i.e. year ending 31st. March.
- (b) The financial statements have been prepared under the historical cost convention and on the accrual basis of accounting. The accounts of the subsidiaries have been prepared in accordance with the Accounting Standard issued by the Institute of Chartered Accountants of India and on the basis of accounting principles generally accepted in India.

2. Principles of Consolidation

- 2.1 The consolidated financial statements relate to Coal India Ltd. and its subsidiaries. The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard – 21 – “Consolidated Financial Statements” issued by the Institute of Chartered Accountants of India.
- 2.2 Significant Accounting Policies and Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding the consolidated position of the Companies. Recognizing this purpose, the Company has disclosed only such Policies and Notes from the individual financial statements, which fairly present the needed disclosures.

3. Fixed Assets

- 3.1 The assets and liabilities taken over by from Mines Labour Welfare Organization and Coal Mines Rescue Organization for which no quantitative details are available and have not been incorporated in the accounts pending determination of value thereof.
- 3.2 The transfer formalities from the Holding Company and other subsidiaries have not been completed and consequently some documents continue to be held in the name of the holding Company and other subsidiaries.

- 3.3 Land acquired under Coal Bearing Areas (Acquisition and Development) Act, 1957 and Land Acquisition Act, 1984 is accounted for on payment basis.
- 3.4 The net value of assets of Rs. 817.02 lakhs (details not available) acquired by Eastern Coalfields Ltd. on nationalization of coal mines under Coal Mines Nationalization Act, 1973 have been taken into accounts and fully provided for.
- 3.5 49519.47 Ha. of land at Central Coalfields Ltd. has been acquired under CBA(A&D) Act, 1957. Out of this, approximately 13500 Ha. is tenancy land and rest is forest and GMK land. Out of 13500 Ha. of tenancy land compensation has been assessed for 6130 Ha. for an amount of Rs. 3593.00 lakhs. Out of this an amount of Rs. 2431.00 lakhs has been paid and the balance is being paid by holding regular payment camp in different projects.
- 3.6 Land acquired by Northern Coalfields Ltd. under Coal Bearing Area(A&D) Act, 1957 has been shown as Land- Leasehold in Fixed Assets (Schedule-F).
- 3.7 In respect of Chandrapur area of Western Coalfields Ltd., Rs. 968.29 lakhs (Rs. 6437.34 lakhs) has been paid during the year towards acquisition of forest land from Forest Department, Government of Maharashtra. Till date the ownership of land has not been vested and the amount is shown as advance under capital commitments.
- 3.8 In Chandrapur Area of Western Coalfields Limited, the estimated life of Durgapur Opencast Mine is 26 years as per original Project report which ended on 31-03-2006. The actual mining of the project had stopped from 10-10-2003 onwards, due to restriction by forest department for fulfillment certain conditions being the safety zone area. The company has since fulfilled the conditions relating to transfer of land to Forest Department and will be able to extract coal from the said area and the life of the mine will be extended for more than five years. The acquisition received final approval from the Central Government during the current year and accordingly a sum of Rs. 1235.05 lakhs has been capitalized in Land account.
- 3.9 DFD Plant and CBE Plant at Western Coalfields Limited continue to remain inoperative during the year. CBE Plant stands closed since 28-04-2003 and DFD Plant since 1994. Leasehold Land of DFD Plant is being amortised over the lease period of 30 years. Plant & Machinery of CBE Plant excepting hospital equipments has been disposed of by auction through MSTC. All the other assets of both these plants are carried in the books at a residual value of 5% of their cost.
- 3.10 Discarded / surveyed off assets lying in Stores of Western Coalfields Ltd. amounting to Rs. 1429.65 lakhs (Rs. 1233.82 lakhs) valued at residual 5% have not been physically verified. A provision has been made to the extent of Rs. 300.40 lakhs (Rs. 185.21 lakhs) for discrepancies on verification.

3.11 In terms of lease agreement dtd. 14th. Day of October'2005 executed with M/s Imperial Fasteners Pvt. Limited, Central Coalfields Limited has granted the later a right to occupy and use the Captive Power Plant at Kathara together with superstructure. The lease agreement provides for a lease of 20 years from the effective date of commencement of the lease i.e. 3rd. day of February'2006. The lease rental payable by the M/s Imperial Fasteners Pvt. Limited is accounted for as per the agreement. The cost of gross carrying amount at the beginning of the year is Rs. 5422.82 lakhs and the accumulated depreciation as at the end of the year is Rs. 3475.82 lakhs. Depreciation for the year is Rs. 286.33 lakhs. The future minimum lease payment in the aggregate during the period of lease is Rs. 7436.39 lakhs.

3.12 Fixed Assets comprising of Plant & Machinery of Rs. 218.99 lakhs related to building and other assets of Rs. 1625.37 lakhs, both at book value (WDV) as on 31-03-1995 have been let out to Indian Institute of Coal Management, a registered society under Societies Registration Act, under cancelable operating lease agreement. Addition to these assets from letting out to 31-03-2007 are Rs. 361.57 lakhs on value of Plant & machinery and Rs. 317.19 lakhs on value of building and other assets. The cumulative provision for depreciation upto 31-03-2007 stood at Rs. 949.54 lakhs (including depreciation charged for the current year of Rs. 68.78 lakhs). The net W.D.V of the leased assets as per book as on 31-03-2007 is Rs. 1707.53 lakhs.

The yearly lease rent of Rs. 153.00 lakhs has been recovered

3.13 As per lease agreement dated 31st. March, 1993 executed with Dishergarh Power Supply Company Ltd., Eastern Coalfields Ltd. leased out the 2X10 MW Chinakuri Thermal Power Station including land, building plant & machinery etc. The lease agreement is for 20 years from the commencement of the lease w.e.f., 01-04-1991. The gross value of Power Plant; Building and Other Assets is Rs. 4608.97 lakhs (Rs. 4608.97 lakhs); Rs. 1074.54 lakhs (Rs.1074.54 lakhs) and Rs. 25.34 lakhs (Rs. 25.34 lakhs) respectively. The cumulative depreciation upto 31-03-2007 against the abovementioned assets is Rs. 3924.89 lakhs (Rs. 3681.54 lakhs); Rs. 415.54 lakhs (Rs.391.10 lakhs) and Rs. 12.18 lakhs (Rs. 11.55 lakhs) respectively.

The lease rental for the year Rs. 350 lakhs (Rs. 350 lakhs) has been received.

3.14 In terms of license agreement dated 19th. Day of March, 2001 executed with M/s Apollo Hospital Enterprise Ltd. Chennai, South Eastern Coal fields Ltd. has granted a right to occupy and use the fully constructed main hospital Building measuring 2,97,099.74 Sq. ft. and the residential quarters measuring 55,333 Sq. ft. with super structures on the land such as sub station building, sewerage treatment plant and pump house. The cost of the gross assets is Rs 3132.21 lakhs(Rs. 3132.21 lakhs) against which cumulative depreciation is Rs. 438.83 lakhs (Rs.382.83 lakhs). The license agreement provides for a lease period of 30 years from the effective date of commencement of the lease i.e. November, 2001.

The lease rental payable is accounted for as per agreement. During the year Rs. 165.18 lakhs (Rs.133.08 lakhs) has been accounted for against the said lease rent.

4. **Capital Work – In – Progress**

Provision has been made on Plant & Machinery which have not been put to use for more than three years and on incomplete civil jobs lying for more than four years at the rates of depreciation which would have been otherwise applicable to such items.

5. **Development Expenditure**

Expenditure relating to projects yet to be sanctioned or construction yet to be taken up has been carried forward under “Prospecting & Boring under construction”. Development expenditure of South Eastern Coalfields Ltd. has been shown in the accounts after deduction of Rs. 119.71 lakhs (Rs.879.08 lakhs) being sale of coal from development mines and Rs. 5.85 lakhs (Rs.181.86 lakhs) being closing stock of coal stock at development mines.

6. **Inventory**

6.1 At Bharat Coking Coal Limited the value of inventory of coal & coke does not include 652.45 MT seized coal received at different areas from police authorities and CISF.

6.2 Coal of 471561M.T. mixed with soil, treated as non- vendible at Eastern Coalfields Ltd. and has been taken as NIL value.

7. **Sundry Debtors**

7.1 Ministry of Power, Government of India had advised Madhya Pradesh Power generation Corporation Ltd. to securitise outstanding principal and interest upto 30-09-2001 of Rs. 17194.00 lakhs and Rs. 2199.00 lakhs respectively

MPPGCL has not yet issued bonds against apportioned amount of Rs. 7002.00 lakhs which includes principal amount of Rs. 6208.00 lakhs and interest of Rs. 794.00 lakhs.

7.2 Western Coalfields Ltd. has charged @ 5% of basic value of coal sales with effect from 30-09-2005 on credit sales and with effect from 19-12-2005 on e-auction sales on the basis gazette notification dated 30-09-2005 by Government of Madhya Pradesh in respect of “Madhya Pradesh Gramin Avasanrachana Tatha Sadak Vikas Adhinyam, 2005”.

However, some consumers as well as Western Coalfields Limited moved the Hona’ble High Court of Madhya Pradesh, Jabalpur which was dismissed by Jabalpur High Court in favour of M. P. Government. The company has filed a writ

before the hon'ble Supreme Court and the matter is still subjudice. The total amount due as per bills raised is Rs. 6158.61 lakhs.

SAIL has not made payment of this tax, totaling Rs. 599.00 lakhs to the company. For other, consumers the company has received upto 31-03-2007 an amount of Rs. 829.00 lakhs on this account. An amount of Rs. 1019.00 lakhs is deposited in fixed deposit as on 31-03-2007. The interest on such deposits is treated as liability.

7.3 Sundry Debtors balances are subject to confirmation by the parties.

8. **Loans & Advances**

8.1 Other Receivables include Rs. 278.05 lakhs (net of amount received Rs. 86.29 lakhs) being the amount reimbursable from Prime Minister's National Relief Fund towards construction cost of schools in cyclone affected areas of Orissa under Mahanadi Coalfields Limited.

8.2 Out of Rs. 492.16 lakhs deposited with SEC railway by Mahanadi Coalfields Limited for railway overbridge Rs. 246.08 lakhs has been adjusted in the year 2005-06 and Rs. 78.92 lakhs has been adjusted during the financial year as asset not belonging to company. The balance of Rs. 167.16 lakhs (Rs. 246.08 lakhs) is to be adjusted on completion of job/ receipt of CCDA subsidy.

8.3 As per MOU between Western Coalfields Ltd. and PWD, 16 Km stretch of road is to be constructed under CCBA scheme at a total estimated cost of Rs. 490.00 lakhs. PWD has raised their bills for Rs. 446.00 lakhs against the advance payment of RS. 450.00 lakhs. Out of the said bills an amount of Rs. 287.16 lakhs has been admitted and adjusted and the balance amount of Rs. 162.84 lakhs has been shown as advance pending admission of the said bills.

8.4 Western Coalfields Limited had approached MSRDC to construct a bridge over Wardha river near Nakoda in Wani Area to reduce the lead for coal transportation between the mines of Wani Area and railway siding at Wani. An agreement was entered into with MSRDC on 23-12-1997 for construction of the bridge and a loan of Rs. 113.00 lakhs, carrying a simple interest @ 9% was given to MSRDC in 1997-98. The loan is to be repaid by MSRDC after repayment of its other loans. The bridge is currently being used to transport coal across Wardha river.

The balance loan of Rs. 122.00 lakhs has not been released as Western Coalfields Limited wants to establish a time bound schedule for repayment of the loan and interest thereon. As per information, the cost of the project has gone upto Rs. 766.00 lakhs.

The interest accrued upto 31-03-2007 amounting to Rs. 70.74 lakhs (Current year Rs. 10.17 lakhs) has been accounted for in the respective years.

8.5 Rs.589.87 lakhs paid to WBHIDCO towards allotment of 14.536 acres of land at Newtown, Rajarhat, Kolkata. Pending finalization of conveyance deed the same has been shown as advance.

8.6 The expenditure incurred for carrying out exploratory drilling in blocks under Eastern Coalfields Ltd. command area by CMPDIL as per the approved Annual Action Plan of Coal India Ltd. and its subsidiaries, in view of critically weak financial position of Eastern Coalfields Ltd., now under BIFR, shall initially be born by Coal India Ltd. and accounted for suitably in Holding Company's books for recovery thereof only when mining activities in that block is projectised and implemented. Such expenses on exploratory drilling in blocks under command area of Eastern Coalfields Ltd. is to be funded by Holding Company and awaiting adjustments shall continue to reflect in Holding Company's book for 5 years since they were incurred and accounted for thereafter if remains unresolved / unadjusted for want of projectisation of mining activities, such unadjusted amounts shall be written off in the books of Holding Company.

The total amount on this account as on 31-03-2007 stood at Rs. 4598.89 lakhs including current year addition of Rs. 717.75 lakhs. However, as an abundant precaution it has been fully provided.

Further, considering the expiry of five years from the date of incurring and accounting of such expenses an amount of Rs. 360.06 lakhs, for which full provision exists on the date has been written off.

9. **Cash And Bank Balance**

At Mahanadi Coalfields Limited it includes Rs. 96.60 lakhs (unclaimed OREP Tax) received from Hon'ble Supreme Court of India towards corpus fund of trust. The trust is yet to be formed.

Further Rs. 89.08 lakhs (Rs. 83.92 lakhs) balance with schedule bank in Deposit Account which is under lien to Hon'ble District Court of Sundergarh.

10. **Current liabilities**

10.1 The liability on account of Cess on coal includes principal of Rs. 840.27 lakhs and interest of 947.11 lakhs (net of payments) against receipt from Government of Orissa in the year 2005-06 by Mahanadi Coalfields Limited as per directive of Hon'ble Supreme Court judgment dated 31-07-2001. The company has provided interest of Rs. 100.83 lakhs (Rs. 53.00 lakhs) calculated at the rate of 12% for the unpaid principal amount of Cess liability as the money is refundable to the customers. The total liability becomes Rs. 1941.21 lakhs (Rs. 1840.38 lakhs). The company has not identified the customers / parties to whom the refund is to be made. Finalisation of modalities for refunding the same to the customers / parties is yet to be done.

- 10.2 Mahanadi Coalfields Limited has not yet deposited Rs. 1788.11 lakhs towards Service Tax on transportation of coal within the mining area and the issue is pending before Commissioner of Central Excise, Customs and Service Tax, Bhubaneswar. Interest, if any, payable thereon will be accounted for during the year of disposal of issue.
- sCurrent Liabilities of Central Coalfields Limited include provision of Rs. 772.34 lakhs towards service tax on transportation of coal for the period from 01-01-2005 to 31-03-2007. The amount has not yet been deposited to the authority as no demand has been raised by the Service Tax Authority.
- 10.3 In Talcher Area of Mahanadi Coalfields Limited, a comprehensive scheme of Rs. 2765.56 lakhs (inclusive of Salaries & Wages for Rs. 1822.15 lakhs) has been prepared for stowing and stabilization of unstable working of Deulbera Colliery land effected due to mining in the area. The Company has accepted to undertake stowing and stabilization of unstable land in principle at the request of the State Government. The scheme has been submitted to CMPDI for technical examination and the feasibility of implementation of the same. Pending examination by CMPDI and final approval of the same by the Board, no provision has been made in the accounts for the same. However, a provision of Rs. 172.12 lakhs (Rs. Nil) has been made on account of expenses (other than wages) related to the portion approved by the Board for execution of the work under the Right Main Canal.
- 10.4 At Eastern Coalfields Limited in the process of making payment of cess on the annual value of coal bearing land based on average production of preceding two years valuing at a rate prevailing on 31-03-2006 and realization made from customers on the value of dispatches of coal there remains a balance accumulating to Rs. 87750.34 lakhs (Rs. 83819.37 lakhs), which has been shown in Cess Equilisation Account under Current Liabilities & Provision.
- 10.5 An amount of Rs. 227.00 lakhs received by Eastern Coalfields Limited through CMPDIL on account of value of assets and liabilities of Tara Block of Salanpur Area handed over to M/s Bengal Emta Limited, a joint venture of West Bengal Power Development Corporation and Emta Group, and an amount of Rs. 278.64 lakhs received on allotment of Bajora (North) Coal Block to Damodar Valley Corporation by the Ministry of Coal, Government of India has been shown in Deposit Account under Current Liabilities.
- 10.6 Bazaar fees collected at Bharat Coking Coal Limited on sale of coal/coke vide Gazette Notification No. 34 at 18th. January' 2006 but the same has not been deposited to the appropriate authority as the matter is subjudice at Jharkhand High Court.
- 10.7 Interest receivable / payable is not accounted for as revised agreement in respect of price of Rejects and Power tariff with D. L. F. is not yet finalized at Bharat Coking

Coalfields Ltd. The matter is also pending before an arbitrator. However, interest due to delay in payment to D. L. F. has been provisionally determined as Rs. 424.45 lakhs upto financial year 2006 – 07.

- 10.8 By virtue of enactment of Cess and Other Taxes on Minerals (Validation) Act, 1992, the company has raised supplementary bills on customers upto 4th. April, 1991 for Rs. 10328.70 lakhs on account of cess and sales tax thereon. The said amount is reflected in “Current Liabilities and Provisions”. A special leave petition is pending in Supreme Court as the cess is not payable.
- 10.9 Provisional claims preferred by CDFI, France for technical assistance and other services for Khottadih Project at Eastern coalfields Ltd. amounting to Rs. 524.00 lakhs has not been accounted for as the company has a counter claim of Rs.18124.00 lakhs.
- 10.10 In respect of Chandrapur Area under Western Coalfields Limited, the Maharashtra Government has, through the office of Collector, Chandrapur, raised demand of Rs. 1000.37 lakhs on account of Non-Agriculture Tax. The company has made a payment of Rs. 150.00 lakhs upto 2006-07 under protest and no liability has been provided in the accounts as the company has filed an appeal before S.D.O, Chandrapur.
- In Wani Area of Western Coalfields Limited, against the demand of Rs. 1943.95 lakhs on account of Non-Agricultural Tax pertaining to the period 1973 – 2007 from the District Collector, Chandrapur, an appeal is preferred and part payment of Rs. 40.00 lakhs has been made. The payment of Rs. 20.00 lakhs during the year is debited to expenditure since Area has assessed an amount of approx. Rs. 40.00 lakhs payable on this account as on 31-03-2007.
- 10.11 Singrauli Municipal Authority has claimed license and composite fees for construction of building of Rs. 986.62 lakhs (Rs. 986.62 lakhs) to Northern Coalfields Ltd. and the same is not provided for in the accounts. However, Rs. 600.00 lakhs has been deposited under protest.
- 10.12 At Northern Coalfields Limited, Government of Madhya Pradesh has claimed Land Revenue Premium for an amount of Rs. 6213.04 lakhs (Rs. 6321.78 lakhs) against which an amount of Rs. 300.00 lakhs has been deposited under protest.
- 10.13 SSADA cess on sale of coal has not been collected from a few parties after the stay obtained by the respective parties from Hon’ble High Court, Allahabad. The amount not collected on this account amounts to Rs. 285.51 lakhs (Rs. 252.12 lakhs) upto 31-03-2007.
- 10.14 In pursuance of notification no. Nil dt. 31-03-2005 & subsequent no. F/19/60/04/XII dt. 30-09-2005 of Government of Madhya Pradesh, MPRI & RD tax @ 5% of basic coal price of reliable grade w.e.f. 30-09-2005 is levied on coal sold to customer by

Northern Coalfields Ltd. The Company had filed a writ petition in Jabalpur High Court against the claim of Rs. 24398.84 lakhs (previous year Rs. 8800.98 lakhs) and the same has not been booked in the accounts.

11. **Foreign Currency Loan**

- 11.1 The foreign currency loans drawn from IBRD and JBIC banks on account of Coal Sector Rehabilitation Project to be implemented in various subsidiaries has been shown under the head Unsecured Loan.

In terms of the agreement with IBRD and JBIC banks Coal India Ltd. has entered into back to back loan agreements with its participating subsidiaries and loans including effect of exchange rates variation thereon have been shown in the accounts.

- 11.2 Borrowing and other costs (including exchange difference) in respect of foreign currency loans obtained for subsidiaries have been recovered from the respective subsidiary companies. The company has entered into swap transaction against a portion of above stated borrowing and interest thereon. Gains/Losses arising out of swap transactions (except gain/loss on principal only swap which are being recovered from the respective Subsidiary Companies) are being carried as Reserve for Foreign Exchange Transactions. Net result of the said swap transactions will be recovered / paid to subsidiary companies upon completion of repayment of foreign currency loans.

Un crystallized loss of Rs. 473.00 lakhs due to negative marked to market value of these swap transactions at year end has been shown as contingent liability which will be accounted for at the time of materialization thereof.

12 **Profit & Loss Accounts**

- 12.1 An amount of Rs. 8588.74 lakhs (Rs.6231.58 lakhs) for grade slippage has been adjusted with the current year's sales of Eastern Coalfields Ltd. after reconciliation, settlement and issuing credit notes to parties during the year.

- 12.2 In support of relief/concession required for revival of Eastern Coalfields Ltd., according to BIFR sanctioned scheme, Government of West Bengal, Industrial Reconstruction Department, sanctioned a grant of waiver of electricity duty for five years from 2nd. November, 2004 vide its letter no. 40/PA/Pr. Secy./IRPE dated 30-08-2005. Accordingly in 2005-06, a sum of Rs. 34.32 crores was credited in Profit & Loss Account as an extra ordinary item for 15 months from November, 2004 to January, 2006. In 2006-07, total credit of Rs. 1622.08 lakhs has been considered in the accounts as an extra ordinary income on this account.

13. **General**

13.1 The applicability of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMEDA, 2006) to the Company for the purpose of disclosure and other requirements are being examined, pending which, the disclosure required under MSMEDA, 2006 has not been made.

13.2 In compliance with Accounting Standard – 29 the company has made a provision equivalent to Re. 1/- per tonne of coal production for back filling (reclamation of land) and other corrective EMP activities as per EMP/ EIA plan, pending review of technical assessment by CMPDIL.

14. **Discontinuing Operation**

14.1 **CBE Plant, Bhandara – western Coalfields Limited:**

The Plant used to manufacture Nitro-Glycerine based permitted explosives used in the underground mines of the company. Consequent upon decision of the Government of India to discontinue/ban production of NG-based explosives in the country and its adoption by the Board of ordinance Factories of India, the joint venture partner of the Plant, the Plant was closed on and from 28-04-2003.

The company had given its approval for disposal of the Plant and the company in its 197th. Board meeting held on 19-04-2006 had approved the disposal of plant & machineries by tendering/e-auction and accordingly the plant & machineries along with related stores & spares have been disposed of during the year by auction through MSTC. The net block of assets pending disposal is Rs.11.84 lakhs. The liability towards overheads after closure of the Plant till 31 -03-2007 for maintenance and upkeep of the Plant is Rs. 37.12 lakhs.

The revenue expenses incurred during the current year is Rs. 5.06 lakhs. Since the Plant works on No-Profit-No-Loss basis, all expenses are passed on to the Area. Hence there is no question of profit/loss. There is a net cash outflow attributable to operating, investing and financing of discontinuance to the tune of Rs. 0.66 lakhs.

14.2 **DFD Plant, Hinganghat – Western Coalfields Limited:**

The Plant used to manufacture Coal Briquettes from raw coal for domestic fuel purposes. Consequent upon non-viability of the Plant as per the decision of the Board, the Plant was closed in 1994.

The disposal of the Plant is under process and the exact date of completion of discontinuance is not determinable as of now. The net block of assets pending disposal is Rs. 2.70 lakhs and the liability towards municipal taxes is Rs. 1.45 lakhs. The company has applied for the waiver of the taxes to the authority. The revenue expenses incurred during the year is Rs. 0.51 lakh. Since the Plant is inoperative for the past ten years and the final disposal of the Plant is yet to be done, there is no question of profit/loss. There is no cash outflow attributable to operating, investing and financing of discontinuance.

15. Contingent Liabilities / Capital Commitments

- 15.1 The amount remaining to be executed on capital account not provided for is Rs.97379.98 Lakhs(Rs.104924.36 Lakhs).
- 15.2 Claims against the Company not acknowledged as debts are Rs 680372.91Lakhs (Rs.702932.96 Lakhs).
- 15.3 As on 31.03.2007 outstanding letters of credit amounted to Rs 1874.62 Lakhs (Rs.798.04 Lakhs).
- 15.4 The Negative Marked to Market Valuation of outstanding position involving two foreign currency transactions as on 31.03.2007 stood at Rs 473.00 Lakhs (Rs.720.00 Lakhs).However, the overall Marked to Market position of the existing hedge transactions (net of the negative values) as on 31.03.2007 stood at Rs. 142.00 Lakhs (Positive).
- 15.5 The Company has given counter-guarantee to Government of India for loans obtained from JBIC & IBRD Banks and on lent to its Subsidiaries. The outstanding balance of which as on 31.03.2007 stood at Rs.77325.00.Lakhs and Rs.87284.59Lakhs respectively. Further the Company has also given guarantee for loans obtained by subsidiaries the outstanding balance of which as on 31.03.2007 stood at Rs 15269.88. Lakhs (Rs16007.85 Lakhs).
- 15.6 As on 31.03.2007 outstanding Deferred payment guarantee issued by Banks amounted to Rs. 2951.48 Lakhs (Rs.4527.13lakhs).

Dr. H. Sarkar
CGM(F) & Company Secretary

A. Kundu
Chief General Manager (F)

S. Bhattacharya
Director (F)

Place: Kolkata.
Dated: 15th September ' 2007

As per our report annexed
For Mitra Kundu & Basu
Chartered Accountants

(P. Poddar)
Partner
Membership No. 51063