



AUDITORS' REPORT

Habib & Co.,
Chartered Accountants,
Patharia Palace,
75, Mohamedali Road,
Mumbai - 400 003.

We have audited the attached Balance Sheets of Deposit Insurance and Credit Guarantee Fund and the General Fund of the DEPOSIT INSURANCE AND CREDIT GUARANTEE CORPORATION as at 31 March 1999 and also the Revenue Accounts of the said Funds attached thereto for the year ended on that date and report that:

1. we have obtained all the information and explanations, which to the best of our information and belief were necessary for the purpose of audit.
2. the said Balance Sheets and Revenue Accounts have been prepared and set out in the manner prescribed by the Deposit Insurance and Credit Gurantee Corporation Act, 1961.
3. in our opinion and to the best of the information and accordingly to the explanations given to us, the said accounts subject to :

Note 1 : relating to the balances of Rs. 103,32.52 lacs (cr) & Rs. 39.83 lakhs (dr) in the accounts of the participating banks under Deposit insurance Scheme being subject to reconciliation with the subsidiary records, Note 2 relating to the estimated liability of Rs. 12868.65 lakhs towards certain claims of some of the participating banks under the Credit Guarantee scheme being subject to the issues involved being resolved and Note 5 relating to the balance of Rs. 405.60 lakhs in the Sundry Creditors, outstanding at the end of the year, are subject to necessary adjustment, the effect whereof on the accounts of the respective funds remains presently unascertained,

Note 3 : relating to disputed income tax liabilities of Rs. 20927.68 lacs not having been provided for, Note 4 relating to the balances carried in Investment Reserve accounts as reflected in the Balance Sheets of the respective funds being adjusted only in the extent of additional provision for shortfall in the value of investments being required and Note 6 regarding the balances of Rs. 6.71 lakhs relating to Government of India Credit Guarantee Scheme for small scale industries (Old) not reflected in the accounts and read together with significant accounting policies and the other notes thereon exhibit a true and fair view :

- a) in the case of the Balance Sheets of (i) Deposit Insurance Fund and Credit Guarantee Fund and (ii) General Fund of the state of affairs of the Corporation as at 31 March 1999
- and
- b) in the case of the Revenue Accounts (i) of the surplus in the case of Deposit Insurance Fund and Credit Guarantee Fund and (ii) of the deficit in the case of General Fund of the Corporation for the year ended on that date.

For **Habib & Company**
Chartered Accountants

Place : Mumbai
Dated : 28 June, 1999

(S.M. Shakir)
Partner