

AUDITORS' REPORT

Chhajed & Doshi
Chartered Accountants

1. We have audited the attached Balance Sheets of Deposit Insurance Fund, Credit Guarantee Fund and General Fund of the **Deposit Insurance & Credit Guarantee Corporation** as at 31st March 2007 and annexed Revenue Accounts and also Cash Flow Statements of the said three Funds of the Corporation for the year ended on that date.

2. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on the accounts maintained and produced for our audit.

3. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence and supporting the amounts and disclosures in the financial statements and also includes assessing the accounting principles used, significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

4. We report that:

- i) We have obtained all information and explanations, which to the best of our information and belief were necessary for the purpose of audit and found them to be satisfactory.
- ii) In our opinion the said Balance Sheets and Revenue Accounts have been drawn up and set out in the manner prescribed by the Deposit Insurance and Credit Guarantee Corporation Act, 1961.
- iii) The said Balance Sheets and the Revenue Accounts of the Corporation comply with the applicable mandatory Accounting Standards.
- iv) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with significant accounting policies and other notes thereon, contain all necessary particulars and are properly drawn up so as to exhibit a true and correct view in conformity with the accounting principles generally accepted in India:
 - (a) in case of the said Balance Sheets, which are full and fair, of the state of affairs of the Corporation as at 31st March 2007;
 - (b) in case of the said Revenue Accounts of the surplus of the Corporation, in case of Deposit Insurance and Credit Guarantee Fund and excess of expenditure over income in case of the General Fund, for the year ended on that date; and
 - (c) In the case of Cash Flow Statements, of the cash flows for the year ended on that date.

Dated: June 12, 2007

Place : MUMBAI

For **CHHAJED & DOSHI**
Chartered Accountants

Aruna Dhanesha

(Aruna Dhanesha), Partner
Membership No. 107863



DEPOSIT INSURANCE AND
(Established under the Deposit Insurance
(Regulation 18 –
Balance Sheet as at the close
I - DEPOSIT INSURANCE FUND (DIF)

(Rupees in lakh)

Previous Year		LIABILITIES	Deposit Insurance Fund		Credit Guarantee Fund	
Deposit Insurance Fund	Credit Guarantee Fund		Amount	Amount	Amount	Amount
Amount	Amount					
102,596.00	—	1 Fund : (Balance at the end of the year)		121,130.00		
		2 Surplus :				
694,251.29	25,000.00	Balance at the beginning of year	807,693.58		34,472.37	
-5,000.00		Transferred to/ from other Fund/s				
118,442.29	9,472.37	Transferred from Revenue Account	169,058.39	976,751.97	432.28	34,904.65
807,693.58	34,472.37					
		3 (a) Investment Reserve :				
22,361.35	2.66	Balance at the beginning of year	31,469.00		605.41	
9,107.65	602.75	Transferred from Revenue Account	31,233.30	62,702.30	1,638.34	2,243.75
31,469.00	605.41					
		(b) Investment Fluctuation Reserve				
25,170.53	10,289.89	Balance at the beginning of year	32,670.53		2,789.89	
7,500.00	(7,500.00)	Transferred to / from IFR of DIF / CGF				
—	—	Transferred from Revenue Account	—	32,670.53	—	2,789.89
126,045.27	—	4 Estimated Liability in respect of		61,624.19		—
		claims intimated but not admitted				
4,140.72	—	5 Insured Deposits remaining unclaimed		4,298.18		
		6 Other Liabilities				
1,167.86	—	i) Sundry Creditors	1,698.97		0.00	
304,324.06	98,512.46	ii) Provision for Income Tax	439,966.85		100,904.93	
106.35	34.63	iii) Sundry Deposit	1.77			
—	78.87	iv) Provision for Debtors	—	441,667.59		100,904.93
305,598.27	98,625.96					
1,410,213.37	136,493.63	TOTAL		1,700,844.76		140,843.22

As per our report of even date.

For M/s. Chhajed & Doshi
Chartered Accountants

Aruna
Aruna Dhanesha
Partner



Mumbai
12th June 2007

Usha Thorat
Usha Thorat
Chairperson

Sudesh Kumar
Sudesh Kumar
Director

Prakash G. Apte
Prakash G. Apte
Director

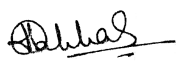
CREDIT GUARANTEE CORPORATION
and Credit Guarantee Corporation Act, 1961)
Form 'A')
of business on the 31st March 2007
AND CREDIT GUARANTEE FUND (CGF)

(Rupees in lakh)

Previous Year		ASSETS	Deposit Insurance Fund		Credit Guarantee Fund	
Deposit Insurance Fund	Credit Guarantee Fund					
Amount	Amount		Amount	Amount	Amount	Amount
81.00	14.20	1. Balance with the Reserve Bank of India		69.83		13.19
-	-	2. Cash in Transit		-		
		3. Investments in Central Government Securities (at cost)				
12,336.36		Treasury bills	28,837.92		94.21	
1,016,044.28	39,352.57	Dated Securities :	1,190,601.59	1,219,439.51	43,603.14	43,697.35
1,028,380.64	39,352.57					
945728.10	37055.21	Face Value	1132693.30		40538.12	
1018159.44	39376.52	Market Value (Dated Sec)	1168228.69		41462.00	
28,237.50	1,514.96	4. Interest accrued on Investments		32,218.65		1,584.31
		5. Other Assets				
	78.87	i) Sundry Debtors	0.00			
353,514.23	95,533.03	ii) Advance Income Tax & TDS pending final assessment / adjustment	449,097.11		95,548.37	
		(iii) Misc.other Assets	19.66	449,116.77		95,548.37
1,410,213.37	136,493.63	TOTAL	1,700,844.76		140,843.22	



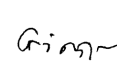
Atul Agarwal
Director



Ashwini Kakkar
Director



M. P. Kothari
Chief General Manager



J. K. Dash
Dy. Gen. Manager

**DEPOSIT INSURANCE AND
(Form
Revenue Account for the
I - DEPOSIT INSURANCE FUND (DIF)**

(Rupees in lakh)

<i>Previous Year</i>		EXPENDITURE	<i>Deposit Insurance Fund</i>	<i>Credit Guarantee Fund</i>
<i>Amount</i>	<i>Amount</i>		<i>Amount</i>	<i>Amount</i>
		1. To Claims:		
56,516.06	-	Paid during the year	54,459.85	-
126,045.27	-	Add: Estimated liability in respect of claims at the end of the year	61,624.19	-
(178,852.40)	-	Less: Estimated Liability in respect of claims at the end of the previous year	(126,045.27)	-
25,648.96	-	Add: Excess Provision written back (per contra)	42,218.99	-
29,357.89	0.00	Net Claims	32,257.76	0.00
102,596.00		2.To Balance of Fund at the end of the year (as per Actuarial Valuation)	121,130.00	-
9,107.65	602.75	3.To Provision for depreciation in the value of investments credited to Investment Reserves	31,233.30	1,638.34
		4. To Debtors Written Off		78.87
258,317.79	4,573.37	To Net Surplus Carried Down	304,701.19	2,824.76
399,379.33	5,176.12	TOTAL	489,322.25	4,541.97
		To Provision for Taxation		
86,950.00	1,539.50	Current Year	108,833.30	951.11
52,925.50	(6,438.50)	Earlier Years - Short (Excess)	26,809.50	1,441.37
118,442.29	9,472.37	To Balance Carried to Balance Sheet	169,058.39	432.28
258,317.79	4,573.37		304,701.19	2,824.76

As per our report of even date.

For M/s. Chhajed & Doshi
Chartered Accountants

Aruna Dhanesha
Aruna Dhanesha
Partner

Usha Thorat
Usha Thorat
Chairperson

Sudesh Kumar
Sudesh Kumar
Director

Prakash G. Apte
Prakash G. Apte
Director

Mumbai
12th June 2007.




CREDIT GUARANTEE CORPORATION
‘B’)
year ended 31st March 2007
AND CREDIT GUARANTEE FUND (CGF)

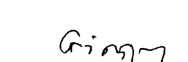
(Rupees in lakh)

<i>Previous Year</i>		INCOME	<i>Deposit Insurance Fund</i>	<i>Credit Guarantee Fund</i>
<i>Amount</i>	<i>Amount</i>		<i>Amount</i>	<i>Amount</i>
87,500.00		1. By Balance of Fund at the beginning of the year	102,596.00	-
197,360.87		2. By Deposit Insurance Premium (including interest on overdue premium)	232,092.92	-
		3. By Guarantee Fees (including interest on overdue guarantee fees)	-	-
911.64	937.41	4. By recoveries in respect of claims paid / settled (including interest on overdue repayment)	2,003.14	679.11
25,648.96		5. By excess provision of claims written back (<i>per contra</i>)	42,218.99	-
		6. By income from Investments		
94,706.86	4,243.84	(a) Interest on Investments	108,356.71	3,684.15
(6,813.18)	(5.13)	(b) Profit (Loss) on sale / redemption of securities (Net)	(486.50)	(24.95)
		7. Other Incomes		
-	-	(a) Interest on Refund of Income Tax	2,540.99	124.79
-	-	(b) By Provision for Debtors Written Back	-	78.87
64.18		(c) By other Receipts		
399,379.33	5,176.12	Total	489,322.25	4,541.97
258,317.79	4,573.37	By Net Surplus Brought Down	304,701.19	2,824.76
258,317.79	4,573.37		304,701.19	2,824.76


Atul Agarwal
 Director


Ashwini Kakkar
 Director


M. P. Kothari
 Chief General Manager


J. K. Dash
 Dy. Gen. Manager

DEPOSIT INSURANCE AND
(Established under the Deposit Insurance
Regulation 18 –
Balance Sheet as at the close
II — GENERAL

(Rupees in lakh)

Previous Year Amount	LIABILITIES	Amount	Amount
5,000.00	1. Capital : Provided by Reserve Bank of India as per Section 4 of the DICGC Act, 1961		5,000.00
	2. RESERVES		
	A) General Reserve		
2,577.16	Balance at the beginning of the year	7,384.65	
5,000.00	Transferred from Deposit Insurance Fund	-	
(192.51)	Surplus / Deficit transferred from Revenue Account	(426.72)	6,957.93
7,384.65			
	B) Investment Reserve		
146.32	Balance at the beginning of the year	278.50	
132.18	Transferred from Revenue account	457.79	736.29
	C) Investment Fluctuation Reserve		
1,636.33	Balance at the beginning of the year	1,636.33	
	Transferred from Revenue Surplus	-	1,636.33
	3. CURRENT LIABILITIES AND PROVISIONS		
131.89	Outstanding Employees' Cost	136.79	
253.22	Outstanding Expenses	71.78	
2.46	Sundry Creditors	1.16	
375.51	Provision for Income Tax	1,035.49	
17.50	Provision for Fringe Benefit Tax(FBT)	32.00	1,277.22
15,080.06			15,607.77

As per our report of even date.

For M/s. Chhajed & Doshi
Chartered Accountants

Aruna Unanesna
Aruna Unanesna
Partner

Usha Thorat
Usha Thorat
Chairperson

Sudesh Kumar
Sudesh Kumar
Director

Prakash G. Apte
Prakash G. Apte
Director

Mumbai
12th June 2007.




CREDIT GUARANTEE CORPORATION
and Credit Guarantee Corporation Act, 1961)
Form 'A'
of business on the 31st March 2007
FUND (GF)

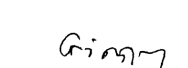
(Rupees in lakh)

<i>Previous Year Amount</i>	ASSETS	<i>Amount</i>	<i>Amount</i>
	1. CASH		
0.01	(i) In hand	0.02	
17.85	(ii) With Reserve Bank of India	26.95	26.97
<u>17.86</u>			
	2. Investments in Central Government Securities (At Cost)		
4,927.67	Treasury Bills	80.08	
7,073.92	Dated Securities	11,955.32	
1,957.34	Dated Securities deposited with CCIL	1,865.97	13,901.37
<u>13,958.93</u>	(Face Value 1800.00)		
13491.01	Face Value	13145.83	
7863.34	Market Value (Dated Securities)	13255.65	
<u>322.61</u>	3. Interest accrued on Investments		416.55
<u>322.61</u>			
	4. Other Assets		
38.94	Furniture, Fixtures & Equipment (less depreciation)	44.94	
1.17	Stock of Stationery	1.77	
1.76	Pre-paid Expenses	1.95	
18.50	Interest accrued on Staff Advances	17.51	
99.46	Advances to Staff/ expenses / allowances etc.	94.78	
2.05	Sundry Debtors	3.00	
200.00	Margin Deposit with CCIL	200.00	
409.64	Advance Income Tax and TDS pending final assessment / adjustment	867.03	
9.14	Advance Fringe Benefit Tax (FBT)	31.90	1,262.88
<u>780.66</u>			
<u>15,080.06</u>			<u>15,607.77</u>


Atul Agarwal
 Director


Ashwini Kakkar
 Director


M. P. Kothari
 Chief General Manager


J. K. Dash
 Dy. Gen. Manager

DEPOSIT INSURANCE AND CREDIT GUARANTEE CORPORATION
(Form 'B')
Revenue Account for the year ended 31st March 2007
II — GENERAL FUND (GF)

(Rupees in lakh)

Previous Year Amount	EXPENDITURE	Amount Rs. P.	Amount Rs. P.	Previous Year Amount	INCOME	Amount Rs. P.	Amount Rs. P.
564.79	To Payment / Reimbursement of staff cost		491.96		By Income from Investments		
0.90	To Directors' and Committee Members' Fees		0.95	901.46	(a) Interest on Investments	1,185.96	
2.76	To Directors' / Committee Members' Travelling & other allowances / expenses		7.89	(14.13)	(b) Profit (Loss) on sale / redemption of investments	(3.36)	1,182.60
97.97	To Rents, Taxes, Insurance, Lightings etc.		97.68		By Miscellaneous Receipt		
90.98	To Establishment, Travelling and Halting Allowances		106.65		Share of Recoveries Under GOI Credit Guarantee Scheme - SSI	0.27	
10.93	To Printing, Stationery and Computer Consumables		24.69		Interest on advances to staff	4.36	
13.44	To Postage, telegrams and Telephones		18.29	0.24	Profit / Loss on sale of dead stocks (Net)	0.99	
2.45	To Auditors' Fees		2.77	24.63	Other Misc. Receipts	3.50	
23.22	To Legal Charges		38.20	0.84	Excess provision written back		9.12
0.00	To Advertisements		1.03	3.14			
132.18	To Provision for depreciation in the value of investments credited to Investment Reserve		457.79	5.42			
	To Miscellaneous Expenses						
187.64	Professional Charges (including Rs.5.06 lakh for earlier years, previous year Nil)	36.60			By Interest on Refund of Income Tax		401.72
8.65	Service Contract / Maintenance	9.15					
2.46	Books, News Papers, Periodicals	2.52					
0.89	Book Grants	1.14					
0.03	Repair of Office Property-Dead Stock	0.18					
12.15	Transaction Charges-CCIL	10.24					
21.80	Others	22.55					
233.62			82.38				
11.87	Depreciation		15.40				
	To Balance being excess of Income over Expenditure for the year carried down		247.76	263.51	By Balance being excess of Expenditure over Income for the year carried down		
1,185.11	Total		1,593.44	1,185.11	Total		1,593.44
263.51	To balance being excess of Expenditure over Income brought down			0.00	By balance being excess of income over expenditure for the year brought down		247.76
	To Provision for Income Tax						
0.00	Current Year	83.43		192.51	By General Reserve Account		426.72
(88.50)	Earlier Years - Short (Excess)	576.55	659.98				
17.50	To Provision for Fringe Benefit Tax (FBT)		14.50				
192.51	Total		674.48	192.51	Total		674.48

As per our report of even date.

For M/s. Chhajer & Doshi
Chartered Accountants

Usha Thorat

Usha Thorat
Chairperson

Sudesh Kumar

Sudesh Kumar
Director

Prakash G. Apte

Prakash G. Apte
Director

Atul Agarwal

Atul Agarwal
Director

Aruna Dhanesha

Aruna Dhanesha
Partner

Ashwini Kakkar

Ashwini Kakkar
Director

M. P. Kothari

M. P. Kothari
Chief General Manager

J. K. Dash

J. K. Dash
Dy. Gen. Manager

Mumbai
12th June 2007.



Deposit Insurance and Credit Guarantee Corporation
Deposit Insurance Fund & Credit Guarantee Fund
Cash Flow Statement for the year ended March 31, 2007

(Rupees in lakh)

Previous Year (March 31, 2006)							
DIF		CGD		DIF		CGD	
Amount		Amount		Amount		Amount	
Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
258317.79		4573.37					
Cash Flow from Operating Activities							
Excess of Income over Expenditure				304701.19		2824.76	
Adjustments to reconcile excess of Income over expenditure to net cash from operations :							
(94706.86)		(4243.84)		(108356.71)		(3684.15)	
6813.18		5.13		486.50		24.95	
15096.00				18534.00		0.00	
9107.65		602.75		31233.30		1638.34	
Interest on Investments							
Profit/(Loss) on Sale/Redemption of Securities							
Increase in Fund balance (Actuarial Valuation)							
Transfer to Investment Reserve							
Changes in Operating Assets and Liabilities :							
ASSETS :							
Decrease (Increase) in							
(133646.68)		(1987.62)		(95582.88)		(15.35)	
Increase in Advance Income Tax TDS							
Other Assets				(19.67)		0.00	
LIABILITIES :							
(Decrease) Increase in							
(52807.13)				(64421.08)			
Increase in Estimated Liability in respect of claims intimated but not admitted							
(1250.76)				157.45			
Increase in Unclaimed Deposits							
Other Liabilities							
(561.99)				531.11		0.00	
102.49		(0.01)		(104.58)		(34.63)	
Sundry Creditors							
Sundry Deposit Accounts							
6463.69		(1050.22)		(A)	87158.63	753.92	
Cash Flow from Investing Activities							
89981.31		4564.38		104375.57		3614.80	
(6813.18)		(5.13)		(486.50)		(24.95)	
Interest on Investments Received							
Profit/(Loss) on Sale/Redemption of Securities							
(89562.85)		(3506.45)		(191058.87)		(4344.78)	
Decrease (Increase) in							
Increase in Investments in Central Government Securities							
(6394.72)		1052.80		(B)	(87169.80)	(754.93)	
0.00		0.00		(C)	0.00	0.00	
68.97		2.58		(A+B+C)	(11.17)	(1.01)	
12.03		11.62			81.00	14.20	
81.00		14.20			69.83	13.19	
Net Cash Flow from Operating Activities							
Cash Flow from Investing Activities							
Cash Flow from Financing Activities							
Net Increase in Cash							
Cash Balance at Beginning of Year							
Cash Balance At the End of Year							

Note : Cash Equivalent Investments are not segregatable, hence not included in Cash Balance
Transfer of Surplus/Investments and Inv. Res. From one fund to other fund.
Investments in Central Government Securities (DIF)

1028380.64	Closing Balance	DIF Securities	1219439.51
(7500.00)	Less : Transferred from CGF		
1020880.64			1219439.51
5000.00	Add : Transferred to General Fund		
1025880.64			1219439.51
(936317.79)	Less : Opening Balance		1028380.64
89562.85	Cash Outflow		191058.87
	Investments in Central Government Securities (CGF)		
		CIF Securities	
39352.57	Closing Balance	43697.35	
7500.00	Add : Transferred from DIF	0.00	
46852.57		43697.35	
(43346.12)	Less : Opening Balance	39352.57	
3506.45	Cash Outflow	4344.78	

For M/s Chhajed & Doshi
Chartered Accountants

Aruna Dhanesha
Aruna Dhanesha
Partner
M.No. 107863

M.P.Kothari
M.P.Kothari
Chief General Manager

J.K.Dash
J.K.Dash
Dy.General Manager

Mumbai
12th June, 2007

(Rupees in lakh)

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SIGNIFICANT ACCOUNTING POLICIES

1. General

The financial statements are prepared by following going concern concept on the historical cost basis and conform to the statutory provisions and practices prevailing in the country. Management makes estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes, particularly in respect of claims under Deposit Insurance. Actual results could differ from these estimates.

2. Recognition of Income & Expenditure

- i) (a) Items of income and expenditure are generally accounted for on accrual basis unless otherwise stated.
- (b) Interest on Income Tax Refund is accounted for on accrual basis on receipt of relevant assessment order allowing interest on such refund.
- ii) Receipts towards deposit insurance premia and guarantee fees are generally appropriated as revenue income on receipt of relevant statements of deposits and guaranteed advances and in cases, where such statements are not received till the finalisation of accounts, ad-hoc payments, if any, made by the participating credit institutions are recognised as income, if considered adequate, when compared with the previous years' records. Unadjusted amounts are carried forward under the head 'Sundry Creditors'.
- iii) Pending the assessment of the guarantee fees due from the banks/credit institutions, which have opted out of the Credit Guarantee Schemes in respect of the claims lodged by them after their opting out is accounted on receipt basis.
- iv) Unrealised amount of deposit insurance premia and guarantee fee is not recognized as income, unless the relevant statements are received from insured banks/ participating credit institutions.
- v) Penal interest for delay in payment of

guarantee fee and insurance premia is accounted as income up to the date of last such payment by the credit institutions/ banks and interest on outstanding amount of guarantee fee / premia is not recognised as income.

- vi) The recovery (including penal interest) by way of subrogation rights in respect of deposit insurance claims settled/Guarantee Claims paid is accounted in the year in which it is received. Likewise, recoveries in respect of claims settled and subsequently found not eligible are accounted for when realised/ adjusted.
- vii) Interest on investments is accounted on accrual basis.
- viii) Provision for year end liability in respect of claims is made on the basis of events taking place up to the date of Balance Sheet, to the extent of information available till the time of finalization of accounts and retained till the full and final settlement.
- ix) Adequate provision for the liability towards fund balances as at the end of the year is made on the basis of actuarial valuation.
- x) The claims for refund of guarantee fees and of repayments against claims settled are accounted for on such refund claims being admitted by the Corporation. The year end liability towards such refund claims (including cases falling under Agricultural Rural Debt Relief Scheme, 1990) and its impact on the actuarial valuation of fund balances as at the close of the year remain undetermined.
- xi) Claims for reimbursement from RBI against certain establishment expenses, such as, salaries and allowances are accounted on claim receipt basis.
- (xii) Balances unclaimed and outstanding for more than three consecutive years in transitory accounts including "Stale Cheques Accounts" are reviewed and written

back to income. Claims in this respect are considered and charged against income in the year of payment.

3. Investments

- i) All investments are current investments. The same are valued scrip-wise at weighted average cost or market value whichever is lower. For the purpose of valuation, rates provided by the Fixed Income Money Market and Derivatives Association of India (FIMMDA) and Primary Dealer Association of India (PDAI) are taken as market rates as per the guidelines of RBI as applicable to banks/financial institutions.
- ii) Provision for diminution in the value of securities is not deducted from investments in the balance sheet but such provision is retained by way of accumulation to Investment Reserve Account in conformity with the prescribed format for statement of accounts.
- (iii) The Investment Fluctuation Reserve (IFR) is maintained to meet the market risk arising on account of the depreciation in the value of portfolio in future. The adequacy of IFR is assessed on the basis of market risk of the investment portfolio, as on the balance sheet date. The IFR in excess of the market risk, if any, is retained and carried forward. Whenever the IFR size falls below the required size, credits to IFR are made as an appropriation of excess of income over expenditure before transfer to Fund Surplus / General Reserve.
- iv) Inter fund transfer of securities is made at cost price.

4. Fixed Assets

- i) Fixed assets are stated at cost less depreciation.
- ii) Depreciation on assets is provided in the following manner:
 - a) Computer & Computer accessories, electronic communication equipment and electrical office equipment -32 per cent on Straight Line method.

- b) Furniture & fixtures and other office equipment - 20 per cent on Straight Line method.
- c) Depreciation on addition to the assets is provided for the full year if in use over six months and no depreciation is provided on assets sold/disposed off during the year.

5. Employees' Cost

Employees' cost such as salaries, allowances, contribution to PF and Gratuity Fund is being incurred as per the arrangement with Reserve Bank of India, since all the staff of the Corporation is on deputation from the Reserve Bank of India.

6. Segment Reporting

The Corporation is at present primarily engaged in providing Deposit Insurance to Banks / Credit Institutions at a uniform rate of premium irrespective of location of the Bank / Institution. Thus in the opinion of the management, there is no distinct reportable segment, either Business or Geographical.

7. Taxation

Liability in respect of taxation is provided for in accordance with the provisions of the Income Tax Act, 1961 and rules framed there under. Deferred Tax Asset and Liability are measured using the tax rates and tax laws that have been enacted or substantively enacted as on the Balance Sheet date and recognized, if material.

8. Prior period income/expenditure

- (i) Income and expenditure over Rs.1,00,000/- in each case pertaining to prior period items arising in current period on account of errors and omissions are considered as prior period credits/debits.
- (ii) Prepaid expenses are not recognised unless the amount involved exceeds Rs.5,000/- in each case.

NOTES TO ACCOUNTS

1. Contingent Liabilities not provided for:
Income tax liability disputed in appeals for Assessment Years 1988-89 to 2002-03 Rs.3,709.48 lakh (Pre. Year Rs. 604.29 lakh.)
2. Share in recoveries by way of subrogation right in respect of a re-constructed bank, has been deposited by way of Government Securities (at cost) amounting to Rs. 2,564.65 lakh (Previous year Rs. 2,912.51 lakh) held in joint CSDL A/c and balance of Rs. 989.97 lakh (Previous year Rs. 165.24 lakh) is held in the bank account jointly with the re-structured bank, in accordance with the Scheme of Reconstruction and will be accounted for in the year of realization.

3. Details of movement in provisions (AS-29)

(Rs. in lakh)

Particulars	Opening balance as on 01-04-2006	Provision made during the year	Provision written back	Provisions / reversed / adjusted	Closing balance as on 31-3-2007
Provision for expenses	75.35	5.00	Nil	75.35	5.00

4. There is no material deferred tax liability or asset hence not recognized.
5. **Related Party Disclosure:**
 - (a) Key Management Personnel:
Mr. M.P.Kothari, Chief General Manager
 - (b) Transactions with related parties:
Remuneration Rs. 6.29 lakh
(Including Gratuity and Perquisites)
(Previous year Rs.6.77 lakh)
6. The figures of Previous Year have been recast / regrouped / rearranged to make them comparable with those of current year.

Note on Currency Unit

- The reference rate of Indian Rupee (INR / Rs.) with respect to major foreign currencies can be observed from www.rbi.org.in.
- Rs. 1 lakh = Rs.100,000.00 or Rs.0.10 million
- Rs.10 lakh = Rs. 1 million
- Rs.1 crore = Rs.10 million
- Rs. 100 crore = Rs.1 billion