



ANNUAL REPORT
2007-2008



INDIAN INSTITUTE OF BANKING & FINANCE

(An ISO 9001: 2000 Certified Organisation)

Courses of IIBF

- 1 Flagship Course (only for Members)*
 - JAIB
 - CAIB
- 2 Diploma in Banking & Finance
- 3 Specialised Diploma Courses (Members & Non-Members)**
 - Diploma in Treasury, Investment and Risk Management (DTIRM) (in collaboration with FIMMDA)
 - Diploma in International Banking and Finance (DIBF)
 - Diploma in Banking Technology (DBT)
 - Post Graduate Diploma in Financial Advising (PGDFA)
 - Advance Diploma in Urban Co-operative Banking
 - Diploma in Home Loan Advising
 - Diploma for Micro – Finance Professionals
 - Diploma in Commodity Derivatives
- 4 Specialised Certificate Courses (For Members and Non-Members)
 - Certified Information System Banker (CeISB)
 - Certificate Course in Trade Finance (CTF)
 - Certificate Course in AML (Anti Money Laundering)/KYC (Know Your Customer)
 - Credit Card for Bankers
 - SME Banking
 - Quantitative Methods for Banking and Finance
 - Banking Oriented Paper in Hindi
 - Certification Course for DSA / DMA
 - DRA Certification
 - Certificate Course in Banking for BPO and IT Companies
- 5 Management Courses
 - Advanced Management Program in collaboration with SIES, Mumbai, Welingkar, Mumbai, IMI Delhi
 - CAIB linked MBA with IGNOU
 - Course in Project Finance.
 - Advanced Diploma in Banking Technology (with PNB IIT)
- 6 Education support through
 - Publishing specific courseware for each paper/examination;
 - Tutorials through accredited institutions;
 - Virtual Classes;
 - E-learning through portal;
 - Contact classes or campus training;
 - Model Questions and subject updates on the net;
 - Work Books, etc.
- 7 Other Educational activities
 - Research
 - Seminars, Conferences, Lectures, etc;
 - Publication
 - Daily E-newsletter, Monthly Newsletter and Quarterly Journal
 - Training and Consultancy
 - Financial Education

* Members are employees of Banks and Financial Institutions who have enrolled as members of IIBF.

** Non-Members are eligible candidates for each course/exam without IIBF Membership.

List of IIBF Publication

1. Principles & Practice of Banking
2. Accounting & Finance for Bankers
3. Legal Aspects of Banking Operations
4. Risk Management
5. Financial Management
6. General Bank Management
7. Business Economics
8. An Introduction to Computers and Their Application to Banking
9. Practice and Law of Banking
10. Perspectives on Finance, Reforms and Innovation
11. Anti-Money Laundering & Know Your Customer (Know Your Banking - III)
12. International Banking Operations
13. International Banking: Legal & Regulatory Aspects
14. International Corporate Finance
15. Laws of Co-operative Banking
16. Co-operative Banking Operations
17. Technology, Risk Management & Supervision in Co-operative Banks
18. Information Technology, Data Communication & Electronic Banking
19. Design, Development & Implementation of Information System
20. Security in Electronic Banking
21. Banking Products & Services
22. Insurance Products (Including Pension Products)
23. Mutual Funds (Products & Services)
24. Securities Market and Products
25. Managing and Marketing Financial Services
26. Introduction to Financial Planning
27. Bank Financial Management
28. Information System for Banks
29. Practitioners' Book on Trade Finance
30. Basics of Banking (Know Your Banking - I)
31. Credit Cards (Know Your Banking - II)
32. JAIB-Work Book
33. CAIB-Work Book
34. Theory and Practice of Treasury & Risk Management in Banks
35. Readings on Financial Inclusion
36. Home Loans (Know Your Banking - IV)
37. Banking Ke Siddhant
38. Bankaron Keliye Lekhankan Vitt
39. Banking Ke Vidhik Paksh
40. Jokhim Prabandhan
41. Vittiya Prabandhan
42. Bank : Samanya Prabhandhan
43. Banking Ek Parichay
44. Commodity Derivatives
45. Quantitative Methods for Banking & Finance
46. Home Loan Counseling
47. Banking Unmukh Hindi : Samanya Banking Ke Saath
48. Management of Non performing Advances
49. Hand Book on Debt recovery
50. Small and Medium Enterprises in India (Know your Banking - V)

BOOK - POST

INDIAN INSTITUTE OF BANKING & FINANCE
(An ISO 9001: 2000 Certified Organisation)

'The Arcade', World Trade Centre, 2nd Floor,
Tower-4, Cuffe Parade, Mumbai – 400 005, INDIA
Tel: 91-022-22187003/04/05 Web-site: www.iibf.org.in

GOVERNING COUNCIL



President
Shri T. S. Narayanasami
Chairman & Managing Director
Bank of India



Vice President
Shri M. V. Nair
Chairman &
Managing Director
Union Bank of India



Vice President
Dr. K. C. Chakrabarty
Chairman &
Managing Director
Punjab National Bank



Shri Yogesh Agarwal
Chairman &
Managing Director
IDBI Bank Ltd.



Shri Ananthkrishna
Chairman &
Chief Executive Officer
Karnataka Bank Ltd.



Shri S. K. Banerji
Managing Director
The Saraswat Co-op. Bank Ltd.



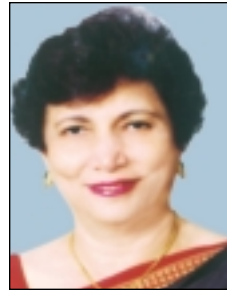
Shri O. P. Bhatt
Chairman
State Bank of India



Shri Y. K. Bhushan
Senior Advisor
ICFAI Business School



Shri Gunit Chadha
Chief Executive Officer – India
Deutsche Bank AG



Ms. H. A. Daruwalla
Chairperson &
Managing Director
Central Bank of India



Shri Amitabha Guha
Deputy Managing
Director
State Bank of India



Shri P. K. Gupta
Chairman &
Managing Director
United Bank of India



Shri C. Krishnan
Executive Director
Reserve Bank of India



Shri A. C. Mahajan
Chairman &
Managing Director
Canara Bank



Shri Y. H. Malegam
Partner
S.B. Billimoria & Co.
Chartered Accountants



Shri M. D. Mallya
Chairman &
Managing Director
Bank of Baroda



Ms. Bharati Rao
Deputy Managing
Director & CDO
State Bank of India



Dr. Asish Saha
Director
National Institute of
Bank Management



Shri U. C. Sarangi
Chairman
National Bank for Agriculture &
Rural Development



Shri M. Venugopalan
Chairman & CEO
The Federal Bank Ltd.



Shri R. Bhaskaran
Chief Executive Officer
Indian Institute of Banking & Finance

Executive Committee

M. V. Nair : Chairman

Y. H. Malegam

Y. K. Bhushan

S. K. Banerji

C. Krishnan

R. Bhaskaran

Examination Committee

Y. K. Bhushan : Chairman

Sandhip Ghose

D.M. Nachane

S.K. Banerji

R. Bhaskaran

A. R. Barve

Education & Training Committee

Y. H. Malegam : Chairman

Gunit Chadha

Sudhir Joshi

Bindi Mehta

Y. S. S. Kapdi

R. Bhaskaran

P. Balachandran

Auditors : M. M. Chitale & Co.

Bankers : State Bank of India

Solicitors : Girish & Dave & Co.

Registered Office : Indian Institute of Banking & Finance
The Arcade, Tower 4,
2nd Floor, World Trade Centre,
Cuffe Parade, Mumbai - 400 005

ANNUAL REPORT

2007-2008

Dear Members,

Your Council has pleasure in presenting the 81st Annual Report of the Institute, including the Audited Statement of Accounts for the year ended March 31, 2008.

Changing profile of the Institute

The variety of products that the banks offer, customer profile and delivery channels have been undergoing rapid change in recent years. These days the design of each bank product and delivery process calls for focused knowledge and skill levels with each and every bank employee. In view of this, over the last decade there is a discernable shift in the HR policies of banking and finance industry from one of *'any one can do any job in a bank'* towards **'each activity in a bank is a specialist job and requires appropriate skill'**. Also there are certain functions such as treasury, risk management, compliance, technology management etc., which are so complex and product differentiation so subtle that the word 'specialization' does not fully capture the situation. Because of this it is seen that instead of using experienced/qualified officials in functions which are non core and where the activities are of routine nature, banks have resorted to outsourcing as a delivery option.

It is in the background of specialist functions and products on the one hand and process outsourcing on the other, that one needs to view the recent developments in the banking and finance market. In the wake of some losses in the derivative segment and the sub-prime crisis there is an outcry for a greater understanding of the product design such that there is clear distinction between lack of knowledge of a product and mis-selling. This is extremely important as even highly paid treasury managers of corporations plead that they were not aware of the full implications of the deal that the banks structured for them. As financial and commodity derivatives are useful hedge tools, proper understanding of these instruments is crucial for the deepening of the markets. Thus, the important issue that the regulator, banker and the customer is grappling with is the issue of financial literacy.

The other issue that is vying for attention is the outcome of outsourcing and is related to customer handling. The DSA, DMA, DRA and BPO units play an important role in the sale and delivery of bank products and collection process. When there occurs some events which are not appropriate in the angle of banker customer relationship the issue of outsourcing and its consequences get debated. The Reserve Bank of India has already announced that the DSA/DMA and DRAs should be appropriately trained and educated and that these agencies/people are offered courses in banking and finance not only to make their services more effective but also to ensure that the customer gets a fair treatment.

The Institute is well aware of its responsibilities in regard to financial literacy and training of employees of outsourced units. In the case of financial literacy, the Institute feels that more and more people should undergo specialist courses and has therefore opened up most of its courses to non-members. As regards outsourced units, the Institute has marketed its courses to IT/BPO and NBF companies such that the service providers will have access to the Institute's courses. In addition to frequently reviewing and updating its courses to offer the latest subject inputs, the Institute has also taken steps to offer more and more specialist courses. More importantly, unlike in the past where the courses of the Institute were more focused on functional knowledge, the new courses and updates include appropriate inputs on management aspects of banking and finance.

The Institute, with its rich fund of information and knowledge on banking, has a definite role in the capacity building of not only banks but also other participants in the banking and finance

related domain. In this connection it is seen that the Institute's courses cover a variety of subjects whereas the candidates may not possess homogenous knowledge and skill levels to grasp the subjects by self paced learning. Thus there is a call on the Institute to support distance learning and self paced learning courses with classroom inputs and e-learning to make the learning a wholesome process.

In the above background, the details of important activities undertaken during the year are presented below:

MEMBERSHIP

The number of new members enrolled during the year 2007-08 and the total number of active members of the Institute as of 31st March 2008 are given below together with corresponding figures for the previous year:

Table 1. Details of Members

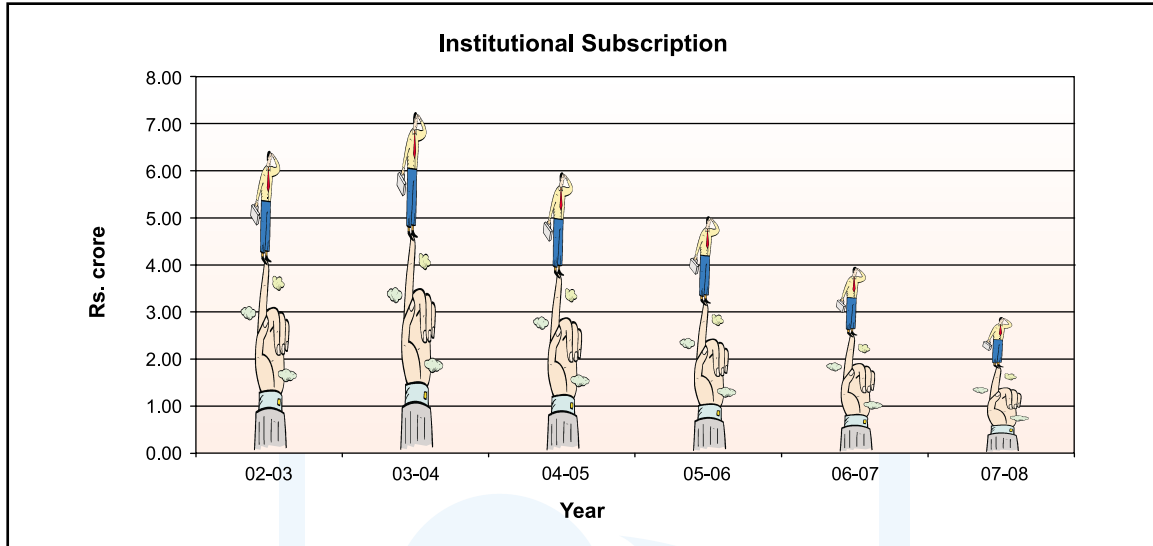
Category	Total Members as of 31.3.2007	New Members & renewals during the year 2007-08	Total Members as of 31.3.2008
Fellows	215	9	224
Associates	394	1	395
Ordinary Members	260444	14971 ¹	275415 ²
Institutions	666	32	670 ³

During the year the Institute had enrolled about 13000 new individual members. Most of them are from banking and financial institutions.

The Institute continues to receive support from the banking and financial institutions which are its corporate/institutional members. These institutions have been making annual contributions, as per demands made on them by the Institute to support the Institute in its endeavors. However, it was desirable that the Institute reduce its dependence on them for annual subscriptions and earn adequately for meeting its expenses. Accordingly, the Institute has, over the last few years taken concrete steps to rationalize the examination fee structure and increase its income stream by diversifying to new clients and adding new courses/programmes. Certain business processes were also re-engineered which resulted in saving in expenditure. As a consequence, the Institute has been able to reduce its dependence (support) on institutions. (see figure 1 overleaf).

It has been decided that beginning the year 2008-09 the Institute will collect only a nominal sum (Rs.75 lakhs) from its Institutional Members so as to retain its genre and reflect the fact that the Institute is promoted and run by banking and financial institutions. This will be a reduction of 90% from the amount collected in the year 2003-04.

1. including 1928 renewals.
2. including 974 life members who completed 35 years as of March 2008.
3. after merger of 27 banks and resignation of one bank.

Figure 1. Reduction in the Institutional subscription

As indicated previously the Institute had approached a number of IT/BPO companies working in the area of banking and finance offering them courses in banking and finance. A number of these companies have taken institutional membership of the Institute.

EXAMINATIONS

The details of the examinations conducted by the Institute during the year are as under:

Table: 2. Particulars of candidates under various courses and examinations

2006-07			Name of the Examination	2007-08		
Enrolled 1	Appeared 2	Passed 3		Enrolled 4	Appeared 5	Passed 6
46978	39103	13583	JAIIB	55493	42476	6882
33066	27082	7016	CAIIB	41933	32848	5764
			Diploma in Banking & Finance	461	300	48
Diploma Examinations						
91	35	5	Diploma in Banking Technology	110	32	8
403	143	65	Diploma in Treasury, Investment and Risk Management (old)	200	46	16
275	92	18	Diploma in International Banking	499	224	46
131	82	34	Diploma in Treasury, Investment & Risk Management (new)	408	236	70
54	23	18	Post Graduate Diploma in Financial Advising (old)	2	—	—
311	126	89	Post Graduate Diploma in Financial Advising (new)	687	524	172
Certificate Examinations						
71	34	25	Banking Oriented Paper in Hindi	28	16	6
687	589	527	Certificate in Trade Finance	1646	1462	1252
382	310	299	Certificate in AML & KYC	2340	1998	1888
277	231	57	Certified Information System Banker	1091	894	157

2006-07			Name of the Examination	2007-08		
Enrolled 1	Appeared 2	Passed 3		Enrolled 4	Appeared 5	Passed 6
BPO/IT companies						
2116	1654	1279	Certificate in Banking	1226	1114	794
			US-Fundamentals of Mortgage lending	54	43	28
30	20	17	Card Operations	32	32	26
84872	69524	23032	Total	106210	82245	17157

It can be seen from the above that the Institute has enrolled more candidates during the current year and there is a reasonable increase in the number of candidates who have appeared in the examinations for the current year than the previous year. During the year the Institute continued to individually approach those who have not completed the JAIIB and CAIIB examinations and requested them to take up the examinations. Institute also made presentations to the senior management of banks about the various courses being offered. In addition, meetings were organized in zonal centers wherein the senior bankers were apprised of the courses of the Institute. The Institute also took up issues with banks to incentivise and offer fee reimbursement for candidates who take up various courses of the Institute. These efforts have resulted in an increase in the number of candidates taking up diplomas and certificates. It is however seen that the number of candidates for the Associate Examination has reached a plateau at 50000 (see table 2). Considering that banks are recruiting candidates who are qualified in the area of banking and finance it is important that the Associate Examination is reviewed and upgraded frequently. It is also important for the Institute to make its Diploma in Banking & Finance more popular so that more people who join the Banking and Finance industry are professionally qualified at the entry level itself.

In addition, the Institute has organised an Advanced Management Programme - AMP (76 candidates in three locations) with three leading B-Schools, Project Management Course with IFMR (73 candidates in three batches) and Advanced Diploma in Banking Technology with PNB IIT (38). In respect of the last named, 28 candidates have been already placed with IT companies and banks. These programmes/courses will continue to be implemented in the year 2008-09 also.

Further, the Institute has obtained the following three courses from American Bankers Association as per the MOU entered into between the two institutions:

- **Consumer credit products**
- **Cross selling deposit products and**
- **Fundamentals of mortgage lending**

These programmes are offered to bankers and IT companies, having substantial exposure to banking and finance activities in USA. The Institute had conducted the first training cum certification programme under this arrangement for the employees of HCL, Chennai from 18 to 20 June 2007. 37 candidates have been certified jointly by IIBF and ABA.

Performance in the examinations

Table 3 gives the details of performance of candidates in various examinations. The Institute has a practice of reviewing the results carefully and takes steps to support the candidates in preparing for the examination. During the year the Institute continued its efforts in the form of (a) virtual classes, (b) contact classes, (c) updates, (d) finance quotients (e) tutorial support through accredited institutions and (f) e-mail support in case of queries by the candidates.

Table 3: Percentage of candidates appearing and passing under various examinations

Name of the Examination	Candidates appeared as a % to those enrolled		Candidates passed as a % to those appeared	
	2006-07	2007-08	2006-07	2007-08
Associate Examination (Twice)				
JAIIB	83.24	76.54	34.74	16.20
CAIIB	81.90	78.33	25.91	17.55
Diploma in Banking & Finance				
Diploma Examinations (Twice)				
Diploma in Banking Technology	38.46	29.09	14.29	25.00
Diploma in Treasury Investment & Risk Mgt (Old)	35.48	23.00	45.45	34.78
Diploma in Treasury Investment & Risk Mgt (New)	62.60	57.84	41.46	29.66
Diploma in Intl Banking & Finance	33.45	44.89	19.57	20.54
Post Graduate Diploma in Financial Advising (Old)	44.23	—	78.26	—
Post Graduate Diploma in Financial Advising (New)	40.51	76.27	70.63	32.82
Certificate Examinations				
Banking Oriented Paper in Hindi	47.89	57.14	73.53	37.50
Certificate in Trade Finance	85.74	88.82	89.47	85.64
Certificate in AML & KYC	81.15	85.38	96.45	94.49
Certified Information System Banker	83.39	81.94	24.68	17.56
BPO/IT Companies				
Certificate in Banking	78.17	90.86	77.33	71.27
Card Operations	66.67	100.00	85.00	81.25
Fundamentals of U.S. Mortgage Lending	—	79.63	—	65.12

Diploma in Banking and Finance

One of the new initiatives launched during the year was the Diploma in Banking & Finance. This diploma, pitched as an entry point qualification and equivalent to JAIIB was launched in July 2007. Candidates applying for the course have been given an option to choose the year of the examination that they would like to take. The exams for the diploma are held off-line. As on end of March 2008, a total of 3043 candidates have enrolled for the Diploma course. These candidates have been supplied with three specially developed books (on par with JAIIB syllabus) as study kits. Additionally, those who have applied for the first examination were offered virtual class facility and given inputs on job cards on important functions of banks.

The first Examination for the Diploma in Banking & Finance was held on 29th and 30th December 2007. 459 candidates had applied for the first Examination, out of which 300 (90 online and 210 offline) appeared for the Exam. 48 candidates passed the examination. Brief resume of successful candidates were sent to various banks for considering them for recruitment. Some of the candidates have been recruited by HDFC Bank and Kotak Bank. Axis Bank has indicated that it will consider some of the candidates. Union Bank of India has indicated that it will give preference to the DB & F candidates.

1119 candidates have applied for the next examination which was held on 27th, 28th and 29th June 2008. In addition to self-study kits, these candidates were offered contact classes and virtual class support for preparing for the examination.

The Institute has taken a number of steps to popularize the course. These include presentations made to various banks requesting them to make the diploma a desirable qualification for a bank job, advertisements, press meets across the country, write ups in newspapers, direct meetings with college authorities, addressing students in meeting etc. Another method of popularizing the course is entering into MOUs with leading colleges in various parts of country. In these cases the Institute has agreed to work closely with the colleges in helping them offer classroom support to the study of subjects

by the students. The Institute has also participated in job and educational fairs organized by leading newspaper companies.

In view of these measures and continuous marketing it is expected that the response to Diploma in Banking & Finance will steadily increase and it is hoped that in due course all banks will prescribe this Diploma as a desirable professional qualification for recruitment to banking industry.

ACADEMIC ACTIVITIES

New Courses

Based on feedback from banks and members, the Institute had started working on a number of new courses last year. A mention of some of the courses was also made in the last year's annual report. The Institute launched the following new courses during the year.

Diploma Courses

(1) Diploma Examination for Microfinance Professionals

This Diploma is being offered in collaboration with **Sa-Dhan**, an association for community development finance institutions which has 196 member institutions. The course was launched on 2nd April 2008 by **Shri. Pawan Kumar Bansal**, Minister of State for Finance at New Delhi. The course has been designed and developed as a two paper diploma. The first paper deals with the development, theory, models and progress of microfinance in the country while the second paper deals with operational aspects of microfinance and knowledge inputs on banking and priority sector. The course is aimed at professionalizing the existing microfinance and banking staff in the field as well as educating those who are desirous of making a career in the microfinance sector. It is expected that the course will help create a large number of micro finance professionals across the country. The exam will be in objective pattern and conducted twice a year across the country. The courseware will be published shortly. The Institute will accept applications for the course from June 2008.



Launch of the Diploma Examination for Micro Finance Professionals at the hands of Mr. P. K. Bansal, Hon'ble Minister of State for Finance at New Delhi in the Sa-Dhan Conference for Micro Finance

(2) Diploma in Home Loan Advising

The Institute has been working closely with the National Housing Bank on developing the Home Loan Advising course. The course aims at building a professional cadre of competent home loan advisors/professionals. Eventually this will help home loan seekers in taking more informed decisions in the home loan market. Keeping this in mind, the two paper diploma course covers essential practices and procedures in home loans and home loan counseling. The examination will be conducted in online mode, twice a year in June and December. NHB is expected to announce, shortly that those who complete this diploma, on joining the SRO to be floated for this purpose, will be designated as Independent Mortgage Counselors/Advisors.

(3) Diploma in Commodity Derivatives for Bankers

This diploma has been designed keeping in view the fact that commodity derivatives is an emerging area of interest and business for banks who would require professionals who are well versed in handling commodity derivatives. This is a three paper diploma covering (i) theory of commodity

derivatives, (ii) trading in commodity derivatives and strategies in futures & options and (iii) economic theory. The Institute has published the courseware on the first two papers for the Diploma titled 'Commodity Derivatives' through Macmillan India Limited. The course is open to all graduates and the exam will be in descriptive mode. It is expected that this course will find favour with bankers and corporate treasury personnel.

(4) Advanced Diploma in Co-operative Banking

Hitherto the employees of co-operative banking had no special course from the Institute that could be pursued by them. In view of this the Institute has developed this distant learning course exclusively for the urban co-operative banks. As usual the Institute has also published exclusive courseware (three books) through Macmillan. A candidate appearing for this course should pass three papers viz., (i) Principles & Law of Co-operative Banking (ii) Co-operative Banking Operations, and (iii) Technology, Risk Management & Regulation of Co-operative Banks. The exam will be in objective mode and held twice a year along with Associate Examination and offered in Hindi and English.

On launching the course, the Institute got a feedback that there is a need for classroom support so that employees of co-operative banks can learn the subject more easily. Such classroom support will also encourage graduates to take up this course for greater employability in the co-operative banks. Therefore, the Institute has, jointly with National Institute of Rural Banking, Bangalore, announced a campus initiative for the above diploma. The highlight of the MOU is that NIRB will provide classroom support to the enrolled candidates before they appear for the examination conducted by IIBF. In the first batch launched in September 2007, 30 bankers from various co-operative banks in Karnataka and some students have enrolled for the programme. It should be mentioned here that the Registrar of Cooperatives Societies, Karnataka has not only recommended the course to banks but also sanctioned grant of full course fee for some of the candidates.

In order to make available similar classroom support to graduates/employees of co-operative banks in various parts of the country the Institute will be shortly signing an MOU with NCUI/NCCT for offering classroom support to the candidates of the course through Regional Institutes of Co-operative Management situated in various parts of the country.

Certificate Examinations

(1) Certificate Examination in Credit Cards for Bankers

This exam is offered with an aim to provide in-depth knowledge and understanding of all related areas in credit card business and to develop the professional competence of bank/NBFC employees especially those working in the credit cards division. The course covers various types of cards, the credit process, the billing cycle, customer service, credit card frauds and also some dos and don'ts for DSAs/DMAAs engaged in selling credit cards. The one paper examination will be in the objective pattern (multiple choice questions) online mode and conducted twice a year.

(2) Certificate Exam in Quantitative Methods for Banking & Finance

This exam was launched with the objective of enhancing the quantitative skills of bankers particularly as Basel norms and cash management products called for deeper knowledge of mathematics and statistics. The course explains the concepts and principles of quantitative methods (mathematics and statistics) in a very simple manner giving examples from everyday banking. This is a one paper exam and will be conducted twice a year in the online mode. The courseware has been specially developed and published by a leading publishing house.

(3) Certificate course for Debt Recovery Agents

Sometime in the late 2007 the Reserve Bank of India (RBI) announced that all recovery agents employed by banks should undergo a certification exam conducted by the Institute. The programme rests on three pillars as under:

- (i) 100 hours of training in banking, debt recovery code and behavioural aspects of recovery agents to be given by training institutions accredited by the Institute, banks' own training departments or staff training colleges who have indicated to the Institute their desire to extend the training. The training will be as per courseware and training plan developed by IIBF.
- (ii) On completion of the training the candidates will have to appear for and pass one paper examination conducted by the Institute. The exam will be in objective pattern (multiple choice questions) and held once a month across the country in off-line mode.
- (iii) On successful completion of the above two steps the candidate will be subjected to a due diligence exercise by banks and NBFCs for establishing the identity and antecedents by banks. Banks and NBFCs will thereafter recommend to the Institute that the candidate may be certified.

Once the above three stages are complete the Institute will award a certification to the candidate for practicing as a debt recovery agent with a bank.

The 100 hours training comprises principles of banking, role and functions of recovery agents, legal and regulatory aspects of law relating to recovery, soft skills training, etc. In order to provide uniformity in the delivery of the course inputs, the Institute organised a Train the Trainer Programme (TTP) for the officers of the banks and faculty of the training institutions accredited by the Institute.

Upto the end of March 2008, 45 institutions have been accredited to impart DRA training across the country. The Institute has brought out specific courseware which will be published and made available shortly.

In order to ensure that 100 hours training is complete and the subject coverage has been appropriate the Institute has appointed state level Mentors to visit, monitor and guide the training activities of the accredited institutions. This will ensure quality of training envisaged in the RBI guidelines.

E- Learning Courses

The Council has approved, as part of the strategic action plans, a proposal to develop more e-learning contents. Keeping in view the potentialities in this regard, the Institute is in the process of identifying a suitable partner to develop the e-learning courseware in various subjects. In the meanwhile, the Institute has developed e-courseware on Treasury and Risk Management, which is currently offered to RBI.

E-courses for the employees of RBI

This is an exclusive certificate course for the employees of RBI with a mix of e-learning and examination in 'Treasury and Risk Management'. The formal launch of this on-line e-learning package was held in an in-house function at RBI. Shri V. Leeladhar, Deputy Governor, Reserve Bank of India, inaugurated the course.

The course contains two levels of e-learning and testing viz., Level 1 (preliminary) and Level 2 (Advanced). The e-learning is through IIBF portal and access is given to the candidate through separate 'login id' and 'password'. The validity of the access for Level I is for a period of four months from the date of activation of the password. At the end of the study period the candidates will have to undergo a self proctored online examination of 100 Multiple Choice Questions to be answered in 100 minutes. The successful candidates and other eligible candidates can then enroll for the **Level II** course. Here again a four month's e-learning support through the



Mr. V. Leeladhar, Deputy Governor, Reserve Bank of India, launching the online e-learning package for the employees of Reserve Bank of India

Institute's portal will be provided, at the end of which the candidates are eligible to appear for a proctored online examination.

During the year 470 candidates have enrolled for Level I of the course and 9 candidates for Level II.

Customized courses

Keeping in view the various knowledge needs of the banks and organisations working in the banking and finance field the Institute has offered structured learning programme to Centurion Bank of Punjab and e-Serve limited. In these courses, the Institute uses its repository of material and a number of learning modules which will be useful for officers of banks and companies working in a specified area. The Institute expects that more such customized courses will happen in future.

New examinations planned

During the year the Institute has taken up the job of preparing content and courseware in areas such as Compliance, Risk Management and Business Correspondents. It is expected that these courses will be launched early next year. One course that was indicated in the previous year but could not be launched was a certificate course on SME. The Institute has however completed the work regarding syllabus and preparation of courseware. The courseware is under publication and the course will be announced shortly.

STUDY SUPPORT

The Institute has taken many steps in the past, to prepare the candidates for the examination. As the Institute follows self paced, distant learning as the mode of delivery, it was necessary to find methods of approaching the candidate with support products. The following initiatives were therefore, continued during the year.

(1) Virtual classes

Like last year, this year too the Institute organized country wide virtual classes for the candidates appearing for the JAIIB and CAIIB examinations for the May and November 2007 examinations. 475 candidates availed of the facility. The classes covered all the subjects in the courses and were well received. The virtual classes for JAIIB and CAIIB were for 20 hours each. The classes were handled by resource persons of the Institute.

The Institute has also planned virtual classes for the benefit of the students enrolled for the Diploma in Banking & Finance examination.

(2) Contact classes

The Institute has organized one/three day/s contact classes at the four metros and important state capitals for the benefit of candidates appearing for the JAIIB/CAIIB examination with a view to give them a brief overview of the subjects to equip them to face the objective type examination with confidence. There was very good response from the student community to avail of this facility. Classes were organized at Mumbai, Delhi, Chennai, Kolkata, Lucknow, Chandigarh, Cuttack, Jamshedpur, Burdwan, Ranchi, Hyderabad, Nagpur and Jaipur. 1012 candidates attended the JAIIB classes and 943 students the CAIIB classes for both the May 2007 and November 2007 examinations respectively.

(3) Train the Trainers Programme (TTP)

As the subjects for the Associate exam have changed and a number of updates were given through the journals it was thought fit to conduct a TTP for those who conduct the contact classes so that the input to the students will be uniform and comprehensive. Accordingly, the

Institute had, recently conducted Train the Trainers Programme for all the faculty members engaging tutorial classes at various centres.

TRAINING

Training is not a major activity of the Institute. But the Institute is often asked to conduct training in areas where it has specialist focus and where it has certification possibilities. In this background the Institute conducted the following training programmes in 2007-08:

- Training for senior executives of Canara Bank on Wealth Management in New Delhi. These candidates appeared for the PGDFA course of the Institute
- Trainers Training Programme on 'Financial Inclusion' for staff members of Central Bank of India in Mumbai at their staff training college. The programme covered areas such as priority sector lending, farmers and farming, RBI's initiatives on financial inclusion, KYC, etc. The programme was well received.
- Training for senior executives in urban co-operative banks
- Train the trainers programme for faculty members of institutes selected for training debt recovery agents in the country
- Currently the Institute is offering a programme on trade finance to the officials of EXIM Bank who will be appearing for the certificate course on Trade Finance.



Inauguration of the 1st Advanced Management Programme at Welingkar Institute of Management Development and Research by Mr. M.D. Mallya, CMD, Bank of Baroda.



Hon'ble Finance Minister, Tripura State, Mr. Badal Chowdhury addressing the participants at the Regional Seminar held on 'Financial Inclusion' at Agartala.

RESEARCH

The Institute funds certain micro & macro research each year. The research initiatives of the Institute are guided by a Research Advisory Committee comprising eminent members from the banking industry and academics.

(1) Macro-level Research

The Institute had called for research proposals in 2007-08 in the following areas:

- Payment systems/e-payments
- Securitization in banks
- Cross Country Experience in Housing Finance
- Mutual funds and banking: Indian and global experiences
- Pricing of bank products and services

In response to its advertisement the Institute had received 20 proposals of which 9 were short

listed for presentation to the Institute's Research Advisory Committee (RAC). Of the 9 proposals, 3 were awarded the research grant for the year 2007-08. The proposals that were granted the research award are:

- Dr. B.K. Swain (National Institute of Rural Development) for '**Pricing of Bank Product and Services**'
- Dr. N.K. Thingalaya and team (Justice K S Hegde Institute of Management) for '**Cross Country Experiences in Housing Finance**' (with some additional guidelines to them to include inter-institutional experiences of housing finance companies in India).
- Dr. Subramanyam and Prof. R.K. Mishra (Institute of Public Enterprises, Hyderabad) for '**Mutual Funds and Banking: Indian and Global Experiences**'



Mr. A. Krishna Kumar, Chief General Manager, State Bank of India addressing the audience on the Regional Seminar on 'Financial Inclusion' held at Patna. Mr. K.K. Vohra, Regional Director, Reserve Bank of India, Patna is also on the Dias.

(2) Micro-level research

The Institute had received 33 essays in response to its advertisement calling for micro-level research papers. No topic was specified for the research. The Institute received papers in areas such as financial inclusion, financial literacy and core banking, among others. This year the Institute enhanced the prize money to Rs. 10,000/-, Rs 5000/- and Rs. 3000/- for 1st, 2nd and 3rd prizes respectively.

PUBLICATIONS

Books

The Institute has published a number of books in the last three years. It is indeed a pleasure to note that the books are being used by various Universities and Colleges across the country to spread the knowledge of banking and finance. A list of recent publication by the Institute is placed below from which it can be seen that banking and finance area is rather vast and the knowledge requirements are ever increasing. The global cue on financial literacy is also an indicator to the Institute that it must use its resources and come out with more and more focused books on the subject of banking and finance. In fact the publication of books helps in spreading financial literacy which is one of the important agenda of the banking and finance sector

During the year the Institute brought out the following books:

- Published updated and revised editions of the following books as courseware for **Diploma in International Banking & Finance**; viz: 1) **International Banking Operations** 2) **International Banking: Legal & Regulatory Aspects** 3) **International Corporate Finance**.
- Two books are undergoing the process of publication (1) **Modern Banking** (collection of articles on various areas of banking in contemporary times) and (2) **Research Papers** (reports of the various macro-level researches sponsored by the Institute since 2003-04). The reports are in the following areas:
 1. WTO and its implications for agriculture and financial services
 2. Microfinance

3. Basel II and risk management
4. Mergers & acquisitions
5. Regional imbalances in agricultural credit in India

Other books published during the year were:

- Commodity Derivatives
- Home loan Counseling
- 3 books on Co-operative Banking

Journals

The Institute brought out its quarterly magazine **Bank Quest** on the following themes:

- Banking Technology
- Micro-research award winning papers 2005 to 2007
- Mutual Funds
- Rural Lending

IIB Vision was brought out on a monthly basis with an occasional new column on 'From the Bank for International Settlements (BIS)' containing some relevant articles/speeches from BIS.

SEMINARS

The Institute held its member education seminar for this year on the topic of '**Financial Inclusion**' in various parts of the country viz., Kolkata, Chennai, Agartala, Patna, Pune and Irinjalakuda (Trichur). The design of the seminar was appreciated by the participants as it had sessions by academics, senior bankers, demonstration of technology solutions for financial inclusion as well as speech by the regulators. The Institute's book 'Readings on Financial Inclusion' was given as seminar kit to the participants. In all the centres, the seminar was well attended by bankers and in each of the seminars the Regional Director, RBI of the respective regions gave the valedictory address. As part of the programme, the Institute had invited a major technology player in the area to come and demonstrate the role of technology in achieving financial inclusion for the benefit of the participants.

CONFERENCES

The **9th Bank HR Conference** (previously known as the Bank Education Conference) was organised in Kuala Lumpur between 29th February and 2nd March, 2008. The theme for the conference was 'Building Human Capital for Meeting Emerging Challenges'. The conference was inaugurated by Dr. Zeti Akhtar Aziz, Governor, Bank Negara Malaysia. Around 40 senior executives from various banks in India attended the conference. Some of the speakers of the conference were Dr. Anil Khandelwal, the then CMD, Bank of Baroda; Mr. Sam Srinivasulu, Director, Kesdee; Mr. David J. Winfield, Executive Director, International Centre for Leadership in Finance (ICLIF), Malaysia; Dr. C.S. Venkataratnam, Director, International Management Institute, New Delhi; Ms. Ranjanie Goonatilleke, Director General, Institute of Bankers, Sri Lanka; Ms. Mandeep Maitra, Country Head, Human Resources Department, HDFC Bank and Prof. Y K Bhushan, Head and Senior Advisor, IBS.

LECTURES

- The annual **Sir Purshotamdas Thakurdas Memorial Lecture** was organised by the Institute on 12 November, 2007. The Lecture was delivered by Dr. Zeti Akhtar Aziz, Governor, Bank Negara, Malaysia, on 'Managing Financial Liberalisation and its Challenges: Implications for

Emerging Economies'. The lecture was presided over by Dr. Y.V. Reddy, Governor, Reserve Bank of India.

- The **1st R.K. Talwar Memorial Lecture** was organised by the Institute in memory of the late R.K. Talwar, former Chairman of State Bank of India. The Lecture was delivered by Dr. C. Rangarajan, Chairman of the Economic Advisory Council to the Prime Minister on 'The Indian Banking System: Challenges Ahead'. The Lecture was organised with the funds



Mr. Vinod Rai, IAS and CAG delivering the R. K. Talwar Memorial Lecture - 2008 at Mumbai.

raised by the admirers, supporters of Shri. R.K. Talwar with SBI providing matching grants for the funds raised. The Second R. K. Talwar Memorial was delivered by Shri Vinod Rai, Comptroller and Auditor General of India on 25th July 2008 at the SBI Auditorium, Mumbai on 'Human Resource as the Value Driver in Indian Banking'.



Tan Sri Dato' Sri Dr. Zeti Akhtar Aziz, Governor, Bank Negara, Malaysia delivering the Sir P T M L - 2007 held at Mumbai

SCHOLARSHIP / AWARD

The Institute revived the **Diamond Jubilee Banking Overseas Research Fellowship (DJBORF)** in 2007-08 after recasting it substantially. The DJBORF was merged with the CH Bhabha Fellowship offered by the Indian Banks' Association (IBA) so far. The other features of the Fellowship are that it now requires the recipient to spend one month in a research institute in India under a guide from that institute. The guide will serve as a guide for the student till he/she submits the final report. Each year one candidate will be offered the Fellowship. Some of the highlights of the revised Diamond Jubilee and C H Bhabha Research Fellowship (DJCHBRF) are:

- For life members of IIBF only
- **Educational qualifications:** Candidate should have at least a Master's degree and also be a CAIIB
- **Experience:** At least 5 years in banking
- **Study period:** 4 months
- Prior interest, research in the proposed area may be laid down as additional eligibility criterion
- **Location:** Of the four months, the candidate may spend one month at the local research institute in India. One month of the remaining period may be spent abroad in a university/institute as suggested by the Committee/the chosen research institute/candidate.
- A faculty member of the chosen partner institute may act as a **guide** to monitor the candidate's work.

OTHERS

- The Institute conducted an **essay competition and quiz competition for RBI employees and their children** (in various categories) on behalf of the Reserve Bank of India Archives' as a part of RBIA's Silver Jubilee Celebrations.

- The Institute contributed in preparing questions for **RBI's Young Scholars'** Programme which was launched recently. The Programme has been conceived by RBI to offer internship to young scholars in the age group of 18-23 in the various offices of RBI on various projects. It is hoped that this programme will create an interest among young scholars to pursue a career in central banking later.
- The Institute launched its initiative in financial literacy by putting on its portal '**Learning Vault**' which provides basic information in banking and finance in very simple terms. This is a part of the Institute's contribution towards financial education in the country. The learning vault is organised as frequently asked questions (FAQs) on banks, banking services and products.
- **IBSS- 2009:** Thanks to the efforts of the Institute, the 62nd International Banking Summer School (IBSS) will be held in India. Dr. Rakesh Mohan, Deputy Governor, RBI heads the Special Steering Committee which has been constituted to organise the IBSS-2009 in India. 7 nominees from the Indian banking industry attended the **IBSS-2008** held in Hong Kong, China between July 13th and 24th 2008.

COLLABORATIONS

The Institute has chosen collaboration as one of the modes of diversifying its activities and a business driver. Collaboration gives, to the members of the Institute, the benefit of core-competency of the partner. The following are among the important collaborations.

Memorandum of Understanding (MOU) signed with IGNOU

The Institute signed an MOU with the Indira Gandhi National Open University (IGNOU) on 20th March, 2008 with the objective of offering a programme of studies at the post graduate level adapted to the need and career development of the members of the Institute in the discipline of banking and financial services. The programme of studies leading to the award of specialised programme for banker's namely post graduate degree called MBA (Banking and Finance) from IGNOU. IIBF will also establish a chair in the area of Banking and Finance in IGNOU.



Signing of MOU with IGNOU. Dr. K.C. Chakrabarty, CMD, Punjab National Bank and Dr. Radhakrishnan, Vice Chancellor, IGNOU exchanges the MOU.

Memorandum of Understanding (MOU) signed with ICSI - CCRT

The Institute has signed an MOU with The Institute of Company Secretaries of India- Centre for Corporate Research and Training (ICSI-CCRT) on 27th March, 2008. As per the MOU, IIBF will accredit ICSI-CCRT to offer educational support services to the students enrolled for Diploma in Banking & Finance (DB&F) and conduct Train the Trainers Programme (TTP) for the faculty appointed by the ICSI-CCRT. The Institute will partner with the ICSI-CCRT to offer a Certificate course in Project Finance to banking and finance professionals based on the course structure developed by IIBF. It will associate with the ICSI-CCRT to design, develop, deliver and certify a course in Compliance and Risk Management for the banking sector. The two institutes will also collaborate to develop, offer and hold seminars, workshops, conferences, etc. which would be of mutual benefit and interest.

MOU with International Centre for Leadership in Finance (ICLIF), Malaysia

A Memorandum of Understanding (MOU) was signed between the International Centre for Leadership in Finance (ICLIF), Malaysia and IIBF on 12th November 2007. ICLIF is a non-profit organization set up by Bank Negara Malaysia in 2003 to build a stellar pool of top management

talent for the financial sector and corporations in Malaysia and its region. The MOU was signed to facilitate collaboration between ICLIF and IIBF to offer joint educational programmes to banking and finance professionals in both the countries. The MOU was signed by Mr. David Winfield, Executive Director, ICLIF and by the CEO of IIBF on behalf of the respective institutions in the presence of the Governor, Bank Negara Malaysia.

MOUs with colleges to offer classroom support for DB&F

The Institute had launched the Diploma in Banking and Finance examination during 2007 as already mentioned. In order to provide intensive educational support to the enrolled candidates, the Institute has also taken steps to collaborate with educational institutions. As a first step, Institute has entered into MOUs with the following three colleges viz., Krishna Arts and Science College, Coimbatore; Ethiraj College for Women, Chennai and Vellamal Educational Trust, Chennai.



Signing of MOU with ICLIF. Dr. Anil Khandelwal, President, IIBF witnessing the MOU

Accreditation of Institution:

The Institute had introduced a scheme of accreditation of institutions in 2005 for providing educational support service in the form of tutorial classes for the revamped JAIB/CAIB courses and other diplomas of the Institute. In all ten institutions were granted accreditation after carrying out Due Diligence Study on the institutions.

STAFF & PERSONNEL

Appointment:

Two faculties were appointed on contract basis to augment the strength of Academic Dept.

Retirement/Resignation:

Two officers on contract basis and one sub-staff resigned from the services of the Institute as of 31st March 2008.

Staff Strength

After taking into consideration the appointment, retirement and resignation of the staff members, the strength of the Institute as of 31st March 2008 stood at 99 the same as of 31st March 2007.

Training/Workshop for the development of Human Resources

As a part of the Human Resource Development, the Institute had arranged a training program on 'Current Trends in Banking' to the officers of the Institute which was conducted by SPBT College. A training program was also arranged for the officers and award staff outside Mumbai on topics like team building, communication, coordination and fear fighting. The Institute also continued to depute its officers to various training programs conducted by various management institutions in India and abroad.

GOVERNING COUNCIL

(i) New Members

During the year, the Council appointed the following Executives of Banks as Members of the Council in casual vacancies:

- (a) Shri M. D. Mallya, Chairman & Managing Director, Bank of Baroda
- (b) Shri A. C. Mahajan, Chairman & Managing Director, Allahabad Bank
- (c) Dr. K. C. Chakrabarty, Chairman & Managing Director, Punjab National Bank
- (d) Shri Yogesh Agarwal, Chairman & Managing Director, IDBI Limited
- (e) Dr. K. Ramakrishnan, Chairman & Managing Director, Andhra Bank
- (f) Shri U. C. Sarangi, Chairman, NABARD
- (g) Smt Bharati Rao, Dy. Managing Director & CDO, State Bank of India

(ii) Resignation of Members

The following members resigned from the membership of the Council during the year:

- (a) Shri V. P. Shetty
- (b) Shri S. C. Gupta
- (c) Dr. Y. S. P. Thorat
- (d) Shri Abhijit Datta

(iii) Governing Council Members with materially significant related party transaction, pecuniary or business relationship with the Institute

There have been no materially significant related party transactions, pecuniary transactions or relationships between Institute and its Council Members that may have potential conflict with the interest of the Institute at large.

(iv) Remuneration of Council Members: Sitting Fees, Salary, Perquisites and Commissions

Sixteen non-executive Council Members had taken sitting fees, amount to Rs.1,96,000/- in total for the meetings they attended.

(v) Frequency of Governing Council and Standing Committee Meetings

The number of meetings of the Governing Council and the three Standing Committees of the Council held during the year was as follows:

- Governing Council – 4
- Examination Committee – 2
- Executive Committee – 2
- Committee on Education & Training – 2

(vi) Information supplied to the Governing Council

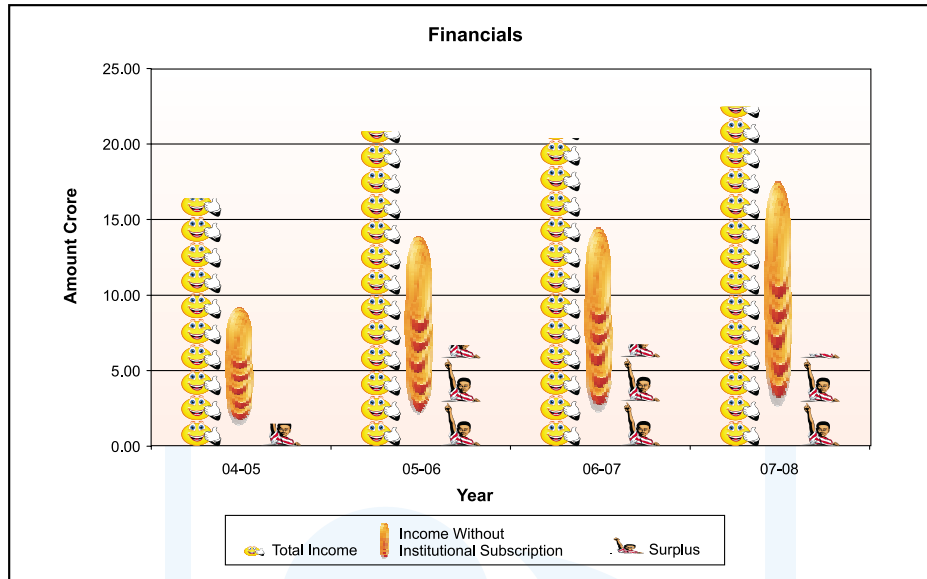
Information under the following heads was presented to the Council:

- Action taken report of the decision of Council.
- Minutes/ Decisions of different Committees.
- Income- Expenditure of the Institute.
- Recommendations of Sub-group
- Status of Academic Activities of the Institute
- Status Report of General Administration.
- Periodical updates on the Strategy Action Plan
- Collaboration of Institute with Foreign Institutes

FINANCIAL POSITION

The Income and Expenditure Statement and Balance Sheet of the Institute as on 31st March 2008 are enclosed along with the Auditors Report. The Institute has recorded an income of Rs. 23.35 crore during the year. The income from examinations (Rs.11.18 crore) has for the first time crossed Rs. 10 crore. The excess of income over expenditure for the year was Rs. 6.52 crore. A notable feature is that the Institute has reduced its dependence on the institutions and has appropriately priced its activities.

Figure 2



FUTURE PERSPECTIVES

There are a number of issues that the Institute has to address in serving the banking and finance industry. The first issue is that unless certain value additions are made the distance education programmes may not be popular. The Institute will have to therefore invest in developing e-learning, web based learning programmes and classroom support.

Currently the Institute is offering some primary courses (JAIIB) and advanced courses. Almost all of the courses are skill oriented courses. But the need of the market is directed towards courses which are a mix of skill and management. In this connection there is an urgent need to revamp CAIIB and make it more challenging and offer specialization opportunities.

Diploma in Banking and Finance is the way forward for the Institute. This diploma should come to serve as a professional qualification and a **Banking Score** for the banks to recruit qualified employees. If this were to happen (a) banks can avoid expenses on each bank conducting exclusive entrance tests and (b) candidates need to write only one exam as against the current practice of appearing in all the exams conducted by the banks. The GMAT and CAT exams have already shown that there is wisdom in using a subject oriented (not merely IQ and Psychometric) test for selection processes. A banking score in the form of Diploma in Banking and Finance will not only reduce wasteful expense but also give quality manpower. Given that a banking job needs specialist skills and the fact that the candidate is tested on the subject of banking before he/she enters the sector should augur well and result in better customer service and business. The Institute will work closely with the authorities on this issue and will also consider opening up its membership to students.

Appreciation and Acknowledgements

The Council is grateful to the Institutional Members for their continued support and advice. The Council would also like to take this opportunity to express sincere thanks to its valued members, resource persons and collaborators for their continued co-operation and patronage. The Council also takes this opportunity to thank all employees for rendering valuable services to every constituent of the Institute.

On behalf of the Governing Council

Place : Mumbai
Date : 29th July 2008

PRESIDENT

Auditors' Report to the Members of Indian Institute of Banking & Finance

1. We have audited the attached Balance Sheet of Indian Institute of Banking and Finance as at 31st March, 2008 and also the Income and Expenditure Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Institute's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. 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 supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, is not applicable to Companies licensed to operate under Section 26 of the Indian Companies Act, 1913, no report has been made on the matters specified therein.
4. We report that:
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Institute so far as appears from our examination of those books, and proper returns adequate for the purposes of our audit have been received from the sub-centers not visited by us;
 - (iii) the Balance Sheet and Income and Expenditure Account dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet and Income and Expenditure Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) on the basis of written representations received from the Members of the Governing Council (Directors) as on 31st March, 2008, and taken on record by the Governing Council, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Institute as at 31st March, 2008; and
 - (b) in the case of the Income and Expenditure Account, of the surplus of the year ended on that date.

For **Mukund M. Chitale & Co.**
Chartered Accountants

(S.M. Chitale)

Partner

M.No. 111383

Place : Mumbai
Date : 29.07.2008

Balance Sheet as

31st March 2007 Rs.	LIABILITIES	Schedule	31st March 2008 Rs.
812,177,193	Reserves and Surplus	1	901,059,821
103,314,586	Current Liabilities and Provisions	2	109,870,117
<u>915,491,779</u>	TOTAL RUPEES		<u>1,010,929,938</u>

Significant Accounting Policies - Schedule 13.

Notes To Accounts - Schedule 14.

As Per Our Report Attached.

For **Mukund M Chitale & Co.**
Chartered Accountants

(S. M. Chitale)

Partner

M. No. 111383

Place : Mumbai

Date : 29th July, 2008

at 31st March 2008

31st March 2007 Rs.	ASSETS	Schedule	31st March 2008 Rs.
54,921,954	Fixed Assets	3	54,019,498
530,381,173	Investments	4	566,837,765
330,188,652	Current Assets, Loans and Advances	5	390,072,675
<u>915,491,779</u>	TOTAL RUPEES		<u>1,010,929,938</u>

R. Bhaskaran
Chief Executive Officer

P. J. Lonappan
Deputy Chief Executive Officer

T. S. Narayanasami
President

H. N. Sinor
Vice President

Place : Mumbai

Date : 29th July, 2008

Income and Expenditure Account

31st March 2007 Rs.	EXPENDITURE	Schedule	31st March 2008 Rs.
34,401,504	Staff expenses	6	40,069,350
8,415,368	Premises expenses	7	9,401,303
27,191,272	Administration expenses	8	46,334,534
33,585,828	Examination expenses		43,080,203
13,476,265	Educational expenses	9	19,024,114
116,096	Library books expenses	10	211,741
18,426	Loss on sale/write off of fixed assets		444,069
16,603,939	Depreciation/amortisation		6,334,501
3,467,907	Amortisation of premium on Investments		3,189,509
106,000	Prizes awarded		227,000
66,779,421	Surplus carried down to Income and Expenditure appropriation account		65,205,720
204,162,026	TOTAL RUPEES		233,522,044

Income and Expenditure Appropriation Account

2006-2007 Rs.		2007-2008 Rs.
	Transfers to :	
655,888	Staff welfare fund	731,652
66,123,533	General Reserve	64,474,068
66,779,421	TOTAL RUPEES	65,205,720

Significant Accounting Policies - Schedule 13.

Notes to accounts - Schedule 14 .

As Per our report attached

For **Mukund M Chitale & Co.**

Chartered Accountants

(S. M. Chitale)

Partner

M. No.111383

Place : Mumbai

Date : 29th July, 2008

for the year ended 31st March 2008

31st March 2007 Rs.	INCOME	Schedule	31st March 2008 Rs.
39,974,140	Subscription	11	28,917,380
77,947,686	Examination fees		111,811,820
61,376,160	Income from Investments, etc.	12	74,991,571
2,091,516	Educational income		1,361,521
1,254,850	Tutorial class/Seminar fees		2,606,578
105,613	Study kit fees		—
4,062,587	Royalty on Publications		3,071,908
1,352,074	Miscellaneous income		1,390,364
—	Excess Fees written back		2,727,583
—	Provision for expenses written back		1,642,782
—	Advance Institutional Membership written back		2,278,418
15,378,000	Life Membership fees written back		2,356,700
619,400	Advance Examination fees written back		365,419
204,162,026	TOTAL RUPEES		233,522,044

for the year ended 31st March 2008

2006-2007 Rs.		2007-2008 Rs.
66,779,421	Surplus brought forward from income and expenditure account	65,205,720
66,779,421	TOTAL RUPEES	65,205,720

R. Bhaskaran
Chief Executive Officer

T. S. Narayanasami
President

P. J. Lonappan
Deputy Chief Executive Officer

H. N. Sinor
Vice President

Place : Mumbai

Date : 29th July, 2008

Schedules Annexed to and Forming Part of the Balance Sheet as at 31st March 2008

SCHEDULE 1 – RESERVES AND SURPLUS

	As at 1st April 2007	Additions	Transfer from Income & Expenditure Account	Utilisation / Transfer during the year	As at 31st March 2008
	Rs.	Rs.	Rs.	Rs.	Rs.
Prize funds	1,584,650 (1,584,650)	965,000 (-)	- (-)	- (-)	2,549,650 (1,584,650)
R.K. Talwar Memorial Lecture fund	- (-)	2,600,000 (-)	- (-)	- (-)	2,600,000 (-)
Staff welfare fund	6,406,210 (6,042,260)	- (-)	731,652 (655,888)	252,992 (291,938)	6,884,870 (6,406,210)
Life membership fund	270,005,539 (263,850,032)	22,721,600 (21,533,507)	- (-)	2,356,700 (15,378,000)	290,370,439 (270,005,539)
General Reserve	534,180,794 (468,057,261)	- (-)	64,474,068 (66,123,533)	- (-)	598,654,862 (534,180,794)
TOTAL	812,177,193 (739,534,203)	26,286,600 (21,533,507)	65,205,720 (66,779,421)	2,609,692 (15,669,938)	901,059,821 (812,177,193)

Figures in brackets indicate corresponding figures for the previous year.

Schedules Annexed to and Forming Part of the Balance Sheet
as at 31st March 2008

SCHEDULE 2 – CURRENT LIABILITIES AND PROVISIONS

31st March 2007		31st March 2008
Rs.		Rs. Rs.
	A. CURRENT LIABILITIES	
	Sundry creditors (No amount due to small scale)	
1,076,167	Industrial undertakings)	6,303,140
8,568,515	Excess examination fees received	1,296,755
2,338,558	Advance Membership Subscription	20,400
59,749,785	Examination fees received in Advance	67,989,442
<u>71,733,025</u>		<u>75,609,737</u>
	B. PROVISIONS	
24,023,208	Staff retirement benefits	26,853,481
7,558,353	Provision for expenses	7,406,899
<u>31,581,561</u>		<u>34,260,380</u>
<u>103,314,586</u>	TOTAL RUPEES	<u>109,870,117</u>

SCHEDULE 3 – FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 01.04.2007	Additions	Deductions	As at 31.03.2008	As at 01.04.2007	For the year	On dedu- ctions	As at 31.03.2008	As at 31.03.2008	As at 31.03.2007
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
TANGIBLE ASSETS										
Office premises	24,757,940	-	-	24,757,940	16,291,091	423342	-	16,714,433	8,043,507	8,466,849
Leasehold premises	2,977,281	-	-	2,977,281	1,492,680	49487	-	1,542,167	1,435,114	1,484,601
Residential flats *	40,166,455	-	-	40,166,455	9,415,688	1537538	-	10,953,226	29,213,229	30,750,767
Room air conditioners	3,022,411	256400	645000	2,633,811	2,268,984	113396	450383	1,931,997	701,814	753,427
Furniture, fittings and office equipment	22,785,959	1113839	1260072	22,639,725	17,941,378	1155213	954192	18,142,398	4,497,327	4,844,581
Electrical installations	3,557,775	240320	42147	3,755,948	2,451,629	183213	5294	2,629,548	1,126,400	1,106,146
Motor cars	2,695,485	1013697	947082	2,762,100	1,517,018	493586	661392	1,349,212	1,412,888	1,178,467
Data processing systems - Hardware	35,136,473	1810518	1062709	35,884,282	31,014,117	2369226	1045540	32,337,803	3,546,480	4,122,356
SUB TOTAL - TANGIBLE ASSETS	135,099,779	4,434,774	3,957,010	135,577,542	82,392,585	6,325,001	3,116,801	85,600,784	49,976,758	52,707,194
INTANGIBLE ASSETS										
Computer Software	22,414,623	9,500	-	22,424,123	22,414,623	9500	-	22,424,123	-	-
SUB TOTAL - INTANGIBLE ASSETS	22,414,623	9,500	-	22,424,123	22,414,623	9,500	-	22,424,123	-	-
TOTAL RUPEES	157,514,402	4,444,274	3,957,010	158,001,665	104,807,208	6,334,501	3,116,801	108,024,907	49,976,758	52,707,194
31.03.2007	153,218,446	4,605,753	309,797	157,514,402	88,462,575	16,603,450	258,817	104,807,208	52,707,194	64,755,871
Advances on Capital Account and Capital work in progress at cost									4,042,740	2,214,760
									54,019,498	54,921,954

* Residential flats includes Rs 5,750/- being the cost of shares in Co-operative Housing societies, which comprise shares of Rs.250/- in Twin Star Jupiter Co-operative Housing Society Ltd, transferred in the name of Institute on 22nd May, 2006.

Schedules Annexed to and Forming Part of the Balance Sheet
as at 31st March 2008

SCHEDULE 4 – INVESTMENTS (At cost, long term and non trade; unquoted unless otherwise stated)

31st March 2007 Rs.	PARTICULARS	31st March 2008 Rs.	Rs.
	Units of Unit Trust of India :		
10,010,000	Unit Trust of India-6.75% US-64 Bonds: quoted 100,100 bonds of Rs.100/- each	10,010,000	
	Fixed deposit with :		
30,000,000	Housing Development Finance Corporation Limited	—	
	Bonds :		
	Bank of Maharashtra Bonds		
—	2 bonds of Rs.1,000,000/- each	2,110,797	
	HDFC Bank Ltd. Bonds		
—	5 bonds of Rs.1,000,000/- each	5,046,317	
	HDFC LTD. BONDS		
—	55 bonds of Rs.1,000,000/- each	57,243,269	
20,000,000	ICICI Limited (Unquoted)		
	200 bonds of Rs.100,000/- each	20,000,000	
	ICICI Bonds		
12,169,093	12 bonds of Rs.1,000,000/- each	12,151,026	
	Indian Overseas Bank Bonds		
25,360,853	25 bonds of Rs.1,000,000/- each	25,322,874	
	Indian Railway Bonds		
15,127,438	15 bonds of Rs.1,000,000/- each	15,118,418	
	L I C Bonds		
—	5 bonds of Rs.1,000,000/- each	5,104,415	
11,000,000	State Bank of India Bonds		
	11 bonds of Rs.1,000,000/- each	11,000,000	
	Syndicate Bank Bonds		
3,051,455	3 bonds of Rs.1,000,000/- each	3,045,936	
	Union Bank of India Bonds		
8,065,333	8 bonds of Rs.1,000,000/- each	8,058,476	
	Uco Bank Bonds		
9,098,911	9 bonds of Rs.1,000,000/- each	9,088,227	
	Investment in Government Securities (Quoted) :		
21,024,867	Rs.20,000,000 11.99% Government of India Loan 2009	20,517,301	
10,821,198	Rs.10,000,000 11.30% Government of India Loan 2010	10,574,298	
4,685,354	Rs.4,000,000 11.50% Government of India Loan 2011	4,538,031	
49,935,562	Rs.40,500,000 11.50% Government of India Loan 2015	48,777,143	
3,081,308	Rs.2,900,000 10.80% Government of India Loan 2008	2,942,861	
3,182,369	Rs.2,900,000 12.25% Government of India Loan 2008	2,986,429	
13,767,432	Rs.11,600,000 12.32% Government of India Loan 2011	13,201,947	
	Investment in Government of India 8% Savings (Taxable) Bonds - 2003 (Unquoted)		
280,000,000	280,000 bonds of Rs. 1,000/- each	280,000,000	
386,498,090			383,538,010
530,381,173	TOTAL RUPEES		566,837,765
230,381,173	Aggregate cost of quoted investments [Aggregate market value of quoted investments is Rs.267,382,242 (as at 31.03.2007 : Rs.197,854,890)]		266,837,765
300,000,000	Aggregate cost of unquoted investments		300,000,000
530,381,173	TOTAL RUPEES		566,837,765

Schedules Annexed to and Forming Part of the Balance Sheet as at 31st March 2008

SCHEDULE 5 – CURRENT ASSETS, LOANS AND ADVANCES

31st March 2007 Rs.		31st March 2008 Rs.	Rs.
A. CURRENT ASSETS			
	Interest accrued on :		
6,420,424	Staff loans	6,848,472	
10,186,572	Bank deposits	8,549,148	
73,816,909	Investments	87,326,491	
90,423,905		102,724,111	
250,860	Stock of study kits	—	
	Sundry debtors (unsecured, considered good)		
4,262,972	Outstanding less than six months	2,952,520	
1,577,108	Outstanding for more than six months	1,544,618	
27,076	Cash on hand	22,506	
647,417	Cheques on hand	126,715	
	Balances with scheduled banks :		
28,624,871	On current accounts	9,126,191	
363,243	On savings accounts	208,124	
183,142,958	On fixed deposit accounts	243,742,958	
212,131,072		257,723,632	360,447,743
309,320,410			
B. LOANS AND ADVANCES			
	Advances recoverable in cash or in kind or for value to be received : (Considered Good)		
9,186,819	Secured loans to employees	10,304,522	
7,220,772	Income tax paid (includes paid under protest Rs.2,500,000)	10,633,714	
	Unsecured advances recoverable in cash or kind or for value to be received		
2,984,565	Deposits with the parties	6,347,865	
615,253	Prepaid expenses	946,308	
640,750	Advance For Expenses	1,294,052	
220,083	Others	98,471	
20,868,242			29,624,932
330,188,652	TOTAL RUPEES		390,072,675

Schedules Annexed to and Forming Part of the Income and Expenditure Account for the year ended 31st March 2008

31st March 2007		31st March 2008	
Rs.		Rs.	Rs.
SCHEDULE 6 – STAFF EXPENSES			
25,426,582	Salaries		28,234,557
1,722,091	Contribution to provident fund		1,792,631
2,868,432	Staff recruitment/ training/other related expenses		4,228,974
2,371,060	Provision for staff retirement benefits		2,830,273
2,013,339	Staff welfare expenses		1,531,435
—	Arrears of Provident fund Contribution		1,168,080
—	Arrears of Administration Charges contribution		283,400
34,401,504	TOTAL RUPEES		40,069,350
SCHEDULE 7 – PREMISES EXPENSES			
3,011,024	Rent		3,902,842
1,776,777	Electricity charges		2,631,073
	Outgoings in respect of premises		
105,433	Ground Rent	224,336	
207,141	Rates and taxes	356,648	
3,314,993	Others	2,286,404	
3,627,567			2,867,388
8,415,368	TOTAL RUPEES		9,401,303
SCHEDULE 8 – ADMINISTRATION EXPENSES			
3,672,505	Printing and stationery		4,088,724
4,573,721	Postages, telephone and telegram expenses		5,709,511
2,663,655	Web Portal expenses		3,354,543
-	Software Development and Maintenance Charges		3,831,029
82,998	Insurance		102,735
	Repairs :		
366,397	Building	580,563	
2,670,289	Machinery	3,499,377	
771,129	Others	1,786,766	
3,807,815			5,866,706
2,964,191	Travelling expenses		3,560,206
1,012,918	Conveyance		1,288,094
1,154,133	Motor car expenses		1,065,882
2,793,736	Sundry expenses		2,181,197
600,051	Advertisement expenses		1,274,657
167,386	Corporate Development Expenses		9,532,353
291,515	Honorarium to Local Hon. Secretaries		232,975
	Auditors' remuneration :		
505,620	Audit fees	505,620	
—	Taxation matters	—	
—	Other matters	—	
505,620			505,620
2,748,131	Legal & professional charges		3,587,411
152,897	Platinum Jubilee medical Benefit Scheme		152,890
27,191,272	TOTAL RUPEES		46,334,533

Schedules Annexed to and Forming Part of the Income and Expenditure Account for the year ended 31st March 2008

31st March 2007 Rs.		31st March 2008 Rs.
SCHEDULE 9 – EDUCATIONAL EXPENSES		
2,496,067	Correspondence course/Study Kit expenses	—
4,003,743	Tutorial class/Seminar expenses / Research fellowship expenses	9,953,549
737,969	Sir Purshotamdas Thakurdas memorial lecture expenses	601,818
7,237,779		10,555,367
905,870	Journal expenses	2,191,672
5,332,616	Vision expenses	6,277,075
13,476,265	TOTAL RUPEES	19,024,114
SCHEDULE 10 – LIBRARY BOOKS EXPENSES		
59,667	Library books	73,690
56,429	Subscription to papers & periodicals	138,051
116,096	TOTAL RUPEES	211,741
SCHEDULE 11 – SUBSCRIPTION		
Annual subscription :		
39,942,820	Institutional members	28,917,380
31,320	Enrolment/re-enrolment fees	—
39,974,140	TOTAL RUPEES	28,917,380
SCHEDULE 12 – INCOME FROM INVESTMENTS, ETC.		
60,446,766	Interest and dividend on Investments/Fixed deposits	74,119,885
929,394	Interest on staff loans	871,686
61,376,160	TOTAL RUPEES	74,991,571

Schedules Annexed to and Forming Part of the Balance Sheet as at 31st March 2008 and the Income and Expenditure Account for the year ended on that date

SCHEDULE 13 – SIGNIFICANT ACCOUNTING POLICIES:

1. ACCOUNTING CONVENTION:

The accounts are drawn up on historical cost basis and have been prepared in accordance with the applicable Accounting Standards and are on accrual basis unless otherwise stated.

2. FIXED ASSETS / DEPRECIATION

- 2.1 Tangible/Intangible fixed assets are stated at cost less depreciation/amortization.
- 2.2 Depreciation on Tangible assets is provided on the written down value method at the rates specified in Schedule XIV to the Companies Act, 1956. Leasehold premises are amortized over the period of lease. Computer software is amortized over the period of 3 years on a straight line basis.
- 2.3 Additions to Tangible/Intangible fixed assets are depreciated/amortized for the full year in the year of addition. No depreciation is charged on assets sold during the year.
- 2.4 Fixed Asset costing less than Rs. 5000/- are amortised fully in the year of addition.

3. INVESTMENTS

All investments are treated as long term and stated at cost. Provision is made for diminution to recognize a decline, other than temporary, where required, in the value of each investment. With effect from 1st April, 2005, the difference between the cost price (being higher) and the face value of such investments (where maturity date is fixed) is amortized over the remaining period upto the date of maturity or date of disposal, whichever is earlier.

4. RETIREMENT BENEFITS:

4.1 Gratuity and Leave Encashment :

Provision for gratuity and leave encashment benefits payable to staff is made on the basis of actuarial valuations as at the balance sheet date. The Gratuity Valuation has been carried out using the Projected Unit Credit Method. and Leave encashment valuation has been carried out using the projected accrued benefit method. The discount rate used for Gratuity and Leave Encashment valuation is 8.30% p.a. which is based on prevailing market yield of government securities as on the valuation date for the estimated terms of obligation. The salary escalation rate used for Gratuity and Leave Encashment valuation is 6% p.a. which is the estimate of the future salary increases taking into the account the inflation, seniority promotion and other relevant factors. The employees of the company are assumed to retire at the age of 60 Years.

4.2 Provident Fund :

Employees receives benefit from the provident fund under a defined contribution plan. The employee and employer make a monthly contribution to the plan equal to 10% of the covered employee salary. The contribution is made to the Government Provident Fund managed by the company.

Schedules Annexed to and Forming Part of the Balance Sheet as at 31st March 2008 and the Income and Expenditure Account for the year ended on that date

5. REVENUE RECOGNITION

- 5.1 Subscriptions are accounted for as income. With effect from 1st April, 2005, Life Membership Fees received from members, which hitherto was credited directly to "Life Membership Fund" infinitely, continues to be credited to "Life Membership Fund" and is written back as income in the Income and Expenditure Account upon completion of specified life membership period as decided in the resolution passed by the Annual General Meeting dated 26th August, 2005. Accordingly, a sum of Rs. 2,356,700 is written back from Life Membership Fund to the Income and Expenditure Account, during the current year.
- 5.2 Examination fees collected in advance for a block of consecutive attempts (one time examination fees) are accounted for under the proportionate completion method in accordance with the rules framed. The balance of such fees is treated as 'Advance Examination Fees'.
- 5.3 Interest on Investments is booked on a time proportion basis taking into account the amount invested and the rate of interest. Dividend Income on Investment is accounted when the right to receive payment is established.
- 5.4 Income from Investment (including from investment earmarked for funds) is credited to the Income and Expenditure Account and utilized for the general/prizes/fellowship expenses incurred during the year.
- 5.5 The company receives the Royalty from certain publishers which is on the basis of Books sold by them during the year. Royalty is accounted for on an accrual basis based on sales made by the publishers during the year.

SCHEDULE 14

NOTES TO ACCOUNTS:

- 1) In view of the omission of Section 10(22) of the Income Tax Act, 1961 (Act) with effect from the financial year ended 31.3.1999 (under which the Institute was exempt from income tax), the Institute has applied for exemption in respect of the assessment years 1999-2000 to 2008-2009 under the amended provisions of Section 10(23C)(vi) of the Act. Response from the authorities is awaited. The Institute is also registered under Section 12A of the Act, whereby its income, subject to compliance of conditions laid down, is exempt from income tax. Accordingly, also, as the Institute intends to comply with the necessary conditions laid down, no provision for taxation has been made in the accounts for the year ended 31st March, 2008.
- 2) In respect of Investments the difference between the cost price (being higher) and the face value of such investments (where maturity date is fixed) as referred to in note 3 on schedule 13, amounting to Rs. 31,89,509 has been amortised during the year.
- 3) The Institute has initiated the process of reconciliation of Excess fee account and the subsidiary records, for some earlier years. During the year, based on the process of reconciliation, excess fees amounting to Rs.27,27,583/- has been written back to the Income and Expenditure account. Also, during the year advance Institutional membership amounting to Rs.22,78,418 has been written back to the Income and Expenditure account based on the identification and verification of data carried out by the Institute
- 4) The Institute has appropriated Rs.731,652 to staff Welfare Fund consisting of Rs.100, 000 as the annual contribution and Rs.631,652 as interest earned on investments held for this purpose. An amount of Rs 252,992 spent towards staff welfare has been shown as utilization during the year.

Schedules Annexed to and Forming Part of the Balance Sheet as at 31st March 2008 and the Income and Expenditure Account for the year ended on that date

5) Income in foreign currency:

	2007-08 Rs.	2006-07 Rs.
Membership fees	6,056	6954.50
Fees for designing & development of courseware	123,971	667290

6) Expenditure in foreign currency (payment basis)

	2007-08 Rs.	2006-07 Rs.
Educational expenses	1,491,071	806,897
Traveling/Training expenses	887,310	693,519
Honorarium	81,583	45,470
License fees	—	491,040
Sponsorship Fees	496,775	—
Subscription to Other Bodies	93,535	—
Examination Centre Expenses	19,656	—

7) Managerial Remuneration:

7.1 Paid/payable to the Chief Executive Officer (CEO) as a Council Member during the year (excluding contribution to gratuity fund and provision for leave encashment on retirement):

	2007-08 Rs.	2006-07 Rs.
Salary	948,540	829,160
Perquisites	118,059	115,659
Contribution to Provident Fund	65,600	63,200
TOTAL	1,132,199	1,008,019

7.2 Sitting fees to Council Members

	215,000	1,47,000
--	---------	----------

8) In the opinion of the Institute, there is no impairment of assets (to which Accounting Standard 28 applies) as at March 31, 2008 requiring recognition in terms of the said standard.

9) Contingent Liability:

In respect of assessment years 1996-97, 1997-98 and 1998-99, the Income Tax Department has treated the Institute as not eligible for exemption under Section 10(22) of the Income Tax Act, 1961 (the Act) and has assessed its income as chargeable to tax. Consequently, demands of Rs. 55,204,320 (as at 31.03.2006: Rs. 55,204,320) have been raised. The Institute has paid Rs. 2,500,000 (as at

Schedules Annexed to and Forming Part of the Balance Sheet as at 31st March 2008 and the Income and Expenditure Account for the year ended on that date

31.03.2006: Rs. 2,500,000) in line with the stay orders granted by the Income Tax Appellate Tribunal (ITAT).

For the assessment years 1996-97 and 1998-99, the Institute has received favorable orders from the ITAT. However, the Department's appeal for these years before the Bombay High Court is pending. For assessment year 1997-98, the Institute has received favorable order from ITAT. For assessment years 1999-2000, 2000-01, 2002-03, notice under Section 143(2) of the Act for scrutiny assessment has not been issued.

Pending approval under Section 10(23C) (vi) of the Act from the Central Board of Direct Taxes (CBDT) for assessment years 1999-2000 to 2001-02, the Income Tax Department has denied exemption to the Institute under Section 10(23C) (vi) of the Act and assessed its income of Rs.65, 011,641 (as at 31.03.2006 Rs.65, 011,641) as chargeable to tax for assessment year 2001-02. Consequently, demand of Rs.32, 260,727 (as at 31.03.2006: Rs.32, 260,727) covering tax and interest has been raised for assessment year 2001-02. However, the demand for the A.Y. 2001-02 has been increased to Rs. 42,582,299 (as at 31.03.2007 : Rs. 32,260,727) as per Assessment Order under Section 143(3) r.w.s. 250 dated 31.12.2007.

Against the appeal filed by the Institute, the CIT (Appeals) has held the Institute is entitled for exemption under Section 10(23C) (VI) of the Act subject to notification by the CBDT. Pending CBDT approval, CIT (Appeals) confirmed the additions made by assessing officer and deleted interest levied under Sections 234A and 234C of the Act. The revised demand after giving effect to the order of CIT (Appeals) is awaited. The Institute has filed an appeal against the order of the CIT (Appeals) before the ITAT, which is pending for the disposal. Further, Institute had also made a claim for exemption under Section 11 of the Act by way of rectification of application under Section 154 of the Act, which was rejected by the assessing officer. Against the order of the assessing officer rejecting Institute's rectification, the Institute has filed an appeal before the CIT (Appeals) for grant of exemption under Section 11 of the Act which is pending for disposal.

The assessment under section 143 (3) of the Act for assessment year 2003-04 had been completed in the financial year ended 31st March 2006 determining income of Rs. 62,530,820 subject to tax. Accordingly, demand of Rs. 26,900,939 (as at 31.03.2006: Rs. Nil) covering tax and interest has been raised. The Institute filed an appeal with CIT (Appeals) against this order in April, 2006 and also sought stay of demand. The CIT (A) vide his order dated 20th October 2006 directed the assessing officer to examine the claim under section 11 of the Act and decide on eligibility. Therefore till the time AO decides on this issue, demand does not survive.

During the year 2006-2007 the assessment under section 143(3) of the Act for assessment year 2004-05 had been completed determining the income of Rs. 1,48,42,512 subject to tax and consequently a demand of Rs. 6,509,624 had been raised .

During the year 2007-08, the assessment under Section 143(3) of the Act for the assessment year 2001-02 and 2005-06 has been completed determining the Tax Liability of Rs. 42,582,299 and Rs. 64,241,570 respectively.

- 10) Estimated amount of contracts remaining to be executed on capital account and not provided as at 31.03.2008 Rs.16,23,452/- (Previous year 1,141,980).
- 11) The Company's significant leasing arrangements are in respect of operating leases for residential/ office premises. These leasing arrangements which are not non-cancellable range between 11 months

Schedules Annexed to and Forming Part of the Balance Sheet as at 31st March 2008 and the Income and Expenditure Account for the year ended on that date

and 3 years. The aggregate lease rentals Rs. 3,902,842 (Previous year Rs. 3,011,024) are charged as rent under Schedule 7.

- 12) The Institute has paid arrears of Provident Fund contribution amounting to Rs.11,68,080/- and arrears of Administration charges of Provident Fund amounting to Rs.283,400/- to the concerned authorities in respect of earlier years in order to effect change in the monthly contribution payable to the authorities.
- 13) Accounting Standard (AS)22-“Accounting for Taxes on Income” applicable to the Institute for the accounting periods commencing on or after 01-04-2002 has not been applied in accounting for taxes on income. The Council is of the opinion that there is no deferred tax liability as the institute is not liable to pay Income tax and thus AS 22 would not apply to the Institute.
- 14) The Institute has discontinued the practice of issuing study kits to the candidates on its own. The Institute has tied up with two publishers for distribution of study kits to candidates. Thus, study Kits amounting to Rs. 152820/- have been written off as on 31st March, 2008.
- 15) Previous year’s figures have been regrouped/restated wherever necessary.

Signatures to Schedules 1 to 14

Mukund M. Chitale & Co.
Chartered Accountants

R. Bhaskaran
Chief Executive Officer

T. S. Narayanasami
President

S.M. Chitale
Partner
M.No. 111383

P. J. Lonappan
Deputy Chief Executive Officer

H. N Sinor
Vice President

Place : Mumbai
Date : 29th July, 2008

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	1391	State Code	11
Balance Sheet Date	31.03.2008		

II. Capital raised during the year (Amount in Rs Thousands) Not Applicable

III. Position of Mobilisation and Deployment of Funds (Amount in Rs Thousands)

Total liabilities	1,010,930	Total Assets	1,010,930
-------------------	-----------	--------------	-----------

Sources of Funds

Paid-up Capital	Nil	Reserves & Surplus	901,060
Secured Loans	Nil	Unsecured Loans	Nil

Application of funds

Net Fixed Assets	54,019	Investments	566,838
Net Current Assets	280,203	Misc Expenditure	—
Accumulated Losses	Nil		

IV. Performance of the Company (Amount in Rs. Thousands)

Turnover & Other Inc.	233,522	Total Expenditure	168,316
Surplus	65,206		

V. Generic Names of the three Principal/Services of the Company (as per monetary terms)

Item Code No. (ITC Code)	—
Service Description	Education and conduct of examinations in banking and related subjects

Notice of the 81st Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 81st Annual General Meeting of the members of the Indian Institute of Banking & Finance will be held on 26th September 2008 at 4.00 p.m. in 'VISTA', World Trade Centre, Centre I, 31st Floor, Cuffe Parade, Mumbai 400 005 to transact the following business:

Ordinary Business:


1. To receive and adopt the Income and Expenditure Accounts of the Institute for the financial year ended on March 31, 2008, the Balance Sheet as at that date and Reports of the Governing Council and the Auditors.
2. To elect a member of the Council in place of Shri Amitabha Guha, who retires by rotation under Article 48 of the Articles of Association of the Institute and, being eligible, offers himself for re-election.
3. To elect a member of the Council in place of Shri Gunit Chadha, who retires by rotation under Article 48 of the Articles of Association of the Institute and, being eligible, offers himself for re-election.
4. To elect a member of the Council in place of Dr. K C Chakrabarty, who retires by rotation under Article 48 of the Articles of Association of the Institute and, being eligible, offers himself for re-election.
5. To elect a member of the Council in place of Shri Yogesh Agarwal, who retires by rotation under Article 48 of the Articles of Association of the Institute and, being eligible, offers himself for re-election.
6. To elect a member of the Council in place of Shri C Krishnan who retires by rotation under Article 48 of the Articles of Association of the Institute and, being eligible, offers himself for re-election.
7. To elect a member of the Council in place of Shri O P Bhatt, who retires by rotation under Article 48 of the Articles of Association of the Institute and, being eligible, offers himself for re-election.
8. To elect a member of the Council in place of Dr. Asish Saha, who retires by rotation under Article 48 of the Articles of Association of the Institute and, being eligible, offers himself for re-election.
9. To elect a member of the Council in place of Smt. H A Daruwalla, who retires by rotation under Article 48 of the Articles of Association of the Institute and, being eligible, offers herself for re-election.
10. To consider and, if thought fit, to pass with or without modification, the following resolution:
"RESOLVED THAT pursuant to Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s.Mukund M. Chitale & Co., Chartered Accountants, Mumbai, be and are hereby appointed as Auditors of the Institute from the conclusion of this meeting till the conclusion of the next Annual General Meeting and that their remuneration be and is hereby fixed at Rs.5,50,000/- apart from service tax and reimbursement of out-of-pocket and actual travelling expenses incurred by them for the purpose of audit".

Special Business:

11. To appoint Shri T S Narayanasami, Chairman & Managing Director, Bank of India, as the President of the Institute from the conclusion of 81st Annual General Meeting to the conclusion of the next Annual General Meeting.

Mumbai
Date: July 18, 2008

By Order of the Council



(R. Bhaskaran)
Chief Executive Officer

Registered Office:

Indian Institute of Banking & Finance
"The Arcade", Tower 4, 2nd Floor
World Trade Centre, Cuffe Parade, Mumbai 400 005

NOTES:

- (a) Individual Members who are Fellows and Associates and Institutional Members are entitled to attend and vote at the General Meetings. Certificated Associates and Ordinary Members are entitled to attend all General Meetings but are not entitled to vote thereat. Persons who attend and vote at the meetings on behalf of the Institutional Members will have to produce a proper authorization from such members.
- (b) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself / herself and a proxy need not be a member.
- (c) The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 is annexed hereto.
- (d) A copy of the Memorandum and Articles of Association referred to in Item Nos.2 to 8 and 11 above will be open for inspection by the members from 10.30 hours to 12.30 hours on any working day at the Registered Office of the institute.

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

Resolution No.11

The Council has decided to propose the name of Shri T S Narayanasami, Chairman & Managing Director, Bank of India, as the President of the Institute under Article 69 of the Articles of Association and he has kindly consented to be elected as the President of the Institute from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting.

No Member of the Council has any interest in the Resolution No.11. other than Shri T S Narayanasami being the member of the Council. Ordinary Members, Certificated Associates, Associates and Fellows may be deemed to be concerned or interested in the Resolution No.11.