My Dear Professional Colleagues,

Namaskar.

Friends, this year the Institute has progressed into the 58th year of its statutory recognition by the Government of India. This is the time for all of us to be reminded of the humble contribution of the Institute and its members to the Indian Economy. This is also the time to reassure ourselves that we are together capable of achieving and contributing to the professional developments that are taking place globally at breathtaking pace. We all are well aware that the global competitiveness is a challenge for everyone. The availability and expertise of professionals is the backbone of any development initiative taken by the Industry and Government. The dedication with which CMA professionals add value to the industry and society is not quantifiable but a country which is exposed to global competition, would be able to survive only due to its adaptability to face the professional challenges.

These emotions were expressed by the dignitaries on the Annual Day event, which took place on 28th May 2016 at New Delhi. In a glittering function organised by the Institute, the Chief Guest of the event, Hon'ble Shri Najib Shah, IRS, Chairman - Central Board of Excise and Customs (CBEC), Ministry of Finance, Government of India presented the 13th National Awards for Excellence in Cost Management, CMA Awards and CMA Ratna Awards to the deserving awardees.

The overwhelming presence of distinguished guests, delegates and awardees inspired all of us. I welcomed all and in my address discussed about the contribution of the Institute and CMA profession in the economic growth of the Country. While describing the significance of annual awards to the awardees and I observed that the organisations emerging victorious become doubly happy, when their efforts get recognised by a professional body. The evening saw the champions, who reached the goal post, getting recognised for the Best Performance thru the Cost Management Excellence Awards given by the Institute. The winners inspire others to get recognised in similar fashion in future. I am sure the faster emergence of more and more companies on the top grade will realise the dream of “Make in India”. I congratulated the awardees for their unstinted efforts in generating the cost consciousness in the corporate sector. A new category of awards namely CMA

Coming together is a beginning; keeping together is progress; working together is success.

- Henry Ford
Ratna awards was also introduced from this year to recognise the achievements of those CMA professionals who have excelled as IAS, IPS, IRS or other Government services. I reiterated that the corporates should take benefits of Cost Accounting and Cost Audit mechanism whether it is mandatory or not.

The Chief Guest of the evening Honourable Shri Najib Shah while praising the contribution of CMAs urged them to work in greater potential so that India’s economy can see an appreciable improvement. He presented CMA Ratna to 4 awardees, National Awards for Excellence in Cost Management to 33 awardees and CMA Awards to 28 awardees.

Friends, this was the first time that the Institute combined the three major annual programs into one mega event. It was decided by the Council to present annual awards (cost awards, CMA awards and CMA Ratna awards) during the annual day of the Institute to make this day more significant and memorable.

I take this opportunity to congratulate all the awardees for the year 2015. I hope that these awards will just be a start of their list of achievement. At the same time I urge upon all of those who could not cross the winning line this year, to work harder to get the same next year.I am grateful to the Chief Guest for his gracious presence and members of Jury and Screening Committee of the awards for their valiant efforts to make these awards successful and popular. I am thankful to the participating companies for their enthusiastic participation over the years.

1st National Conclave for Members in Industry on Sustainability for Inclusive Growth

Members of CMA profession are engaged in executive or non-executive capacity in varied areas like industry, banking & insurance, service sectors, education, not-for-profit sector, regulatory bodies and professional bodies. All stakeholders, Government and the public at large, may rely on the work of these executives as they are solely or jointly responsible for the preparation and reporting of financial and costing information of their organisation. The more senior they become, the greater will be their ability and opportunity to influence events, practices and attitudes. Members in such positions are expected to encourage an ethics-based culture in their employing organisations in order to nurture the sustainability. We, at the Institute, realise this and for the capacity building of the CMA members in Industry, the Committee on Members in Industry is organising the 1st National Conclave for Members in Industry on Sustainability for Inclusive Growth at Thiruvananthapuram, Kerala on 8th and 9th July 2016. CMA Captains of the Indian Industry and professionals from Banking & Insurance will address the participants on host of emerging topics during the event. I urge the CMA Members in Industry to get ready for this event in order to be benefited by the deliberations and experience sharing in the serene background of the God’s own Country ‘Kerala’. More information will soon be hosted on the Institute’s website.

Members Benevolent Fund

Members are kindly aware that the Benevolent Fund for the members of the Institute has been set up with the objective to provide financial assistance to members and beneficiaries by way of outright grant in the unlikely event of death of a member, outright grant for treatment for critical illness for self and family etc. I call upon all Associate and Fellow members of the institute to become life members of the fund by applying in the prescribed application format, which is downloadable from the website of the Institute, along with a one-time remittance of INR 2500. Contribution to the Fund is eligible for deduction u/s 80G. I hope membership of the benevolent Fund of the Institute grows in leaps and bounds in the days to come.

Capacity Building measures by Taxation Committee

Friends, we are aware that a majority of Corporate-India is on the process of transition to IFRS-converged Ind-AS. This would bring in some major changes in accounting for transactions having an impact on their cost structure - for both products and services. I understand that this would also have a material effect on valuation of goods/services and hence impact tax liability. Further, with the continuity of
Accounting Standards there are two different sets of accounting standards. Again, for computation of Income from Business and Income from Other Sources, MoF has mandated ICDSs (Income Computation and Disclosure Standards). While these measures taken by the Union Government would create a congenial environment and increase the degree of ease for doing business in India. On the other hand, these investor friendly measures have also signalled all Finance and Tax Professionals to rise to the need of the hour and meet the expectation of stakeholders. Taxation Committee is in the process of capacity building of the members and are also continuing dialogues with authorities. Besides a number of technical publications are on works. Taxation Committee is working on a series of seminars/ workshops across the country to take on board industry-rich experienced members to share their knowledge besides capacity building. As we move ahead towards the implementation of proposed GST in India, I urge all my colleagues for their wider participation.

Cochin Centre of Excellence
I am pleased to inform that the building of Cochin Centre for Excellence was inaugurated on 1st May 2016 in my presence by CMA (Dr.) A.S. Durgaprasad, Immediate Past President of the Institute. Central Council Members from south, SIRC Regional council members and members of Cochin Chapter were also present on the occasion. The CoE will be used for the research activities for Rubber Board and Spices Board.

Discussion on Risk Management in BFSI
I wish to inform you that Committee on Banking & Insurance organized the third meet on ‘Risk Management in BFSI’ on 30th May 2016 in Chennai. Shri Pawan Kumar Bajaj, Executive Director of Indian Overseas Bank was the Chief Guest at the event. Valuable discussions on Basel III, Risk issues concerning digital banking, risk based supervision audit, and the need for integrated perspective of risk governance were discussed in the panel discussion. Dr. J. D. Sharma, Director, Indian Overseas Bank, CMA Ramesh Subramanian, former GM, RBI, Shri J. S. Jagadeesan, Zonal manager, Universal Sombo Insurance and CMA V. Murali, former director, State Bank of Hyderabad were among the speakers at the program. I hope that such programs would help us develop rapport with BFSI and utilize our professional expertise to serve the sector in a greater way.

Initiatives by various departments of the Institute

Advanced Studies Department
The webinars for 2nd batch of three Diploma Courses viz. Diploma in Business Valuation, Diploma in IS Audit & Control and Diploma in Internal Audit are being conducted as per the schedule. Members pursuing these courses must get benefitted by this. Examinations for the First batch of the Diploma Courses are going to be held in the month of June 2016. I take this opportunity to wish the examinees good luck.

CASB Initiatives
I am happy to inform that on the recommendation of Cost Accounting Standards Board (CASB), the Council of the Institute has approved two more Cost Accounting Standards on “Overburden Removal Cost” and “Treatment of Revenue in Cost Statement” and also Guidance Note on “Treatment of Costs Relating to Corporate Social Responsibility (CSR) Activities”. These Standards (CAS-23 & CAS-24) are mandatory from 1st April 2017 for being applied for preparation and certification of the General Purpose Cost Statements. These documents can be downloaded from the Institute’s website. I congratulate Chairman and all members of the Board for completing the task of formulating and bringing out above Cost Accounting Standards and Guidance Note on the much awaited topics within a shortest possible time.

The Guidance Note on “Treatment of Costs Relating to Corporate Social Responsibility (CSR) Activities” issued by the Institute was very much required to guide the stakeholders regarding the treatment of costs relating to CSR activities as per provisions of section 135 of the Companies Act, 2013. The Guidance Note provides guidance on recognition, measurement, presentation and disclosure of CSR expenses in the cost statements and many related issues and treatments of various items of costs. I am sure this Guidance Note will be very much useful to professionals and industry.
Advocacy of CASs and SCAs

I am happy that Chairmen, CASB and CAASB have taken initiative to organize Seminars on “Analysis & Implications of Cost Accounting Standards and Standards on Cost Auditing” on 5th May 2016 at New Delhi, on 12th May 2016 at Chennai and on 17th May 2016 at Kolkata. The purpose of these Seminars was to impart technical knowledge and build capacity of members of the Institute. I am happy that the seminars got overwhelming response from members and industry. The Chairman, CAASB has taken initiative to organize series of webinars on Standards on Cost Auditing (SCAs) for proper advocacy, capacity building and knowledge sharing on technical issues contained in the Standards. Two of such seminars have been conducted in May 2016. I urge members of the Institute to participate in large number in these webinars as they impart relevant technical knowledge and provide practical approach to deal with the particular Standard.

CPD Initiatives

The webinars on ‘Internal Audit- Value Addition by CMA’s’, ‘Enterprise Risk Management’ and ‘Equalisation Levy’ were well received by the members. I feel happy to note the increasing number of programs by our Regional Councils and Chapters. I am sure that our members are immensely benefitted with the programs and I am looking forward to active participation of our members to enhance professional knowledge and skills. Recorded webinars and the presentations of these programs are available in Knowledge bank on the website of the Institute

International Affairs

The Confederation of Asian and Pacific Accountants (CAPA) organised its events at Kuala Lumpur, Malaysia from 16th to 18th May 2016 which were attended by me and CMA Rakesh Singh, Past President, ICAI who is also the Chairman of the GAC Committee of CAPA. During the events a number of Committee Meetings, CAPA Board Meeting, CAPA AGM and FRED forum were organised which were attended by us. A meeting with the representatives of ‘Chartered Institute of Public Finance and Accountancy (CIPFA)’ was also organised at Kuala Lumpur which was attended by us which was focussed on signing of an MoU with CIPFA. The progress was positive and the MoU is expected to materialise shortly.

Membership Department

I am happy to note that the month of May 2016 witnessed another round of admission of 294 Associate members and advancement of 76 members to fellowship. I congratulate and welcome all. I would again like to remind and request all CoP holders who have applied for renewal of CoP for 2016-17 but have fallen short of the required CEP hours, to comply with the required CEP hours latest by 30th June 2016 by attending webinars and other programmes which carry CEP credit hours.

Professional Development

- Represented before the Chief Minister, Delhi Chairman, PD represented before the Chief Minister and Deputy Chief Minister of NCT of Delhi on the issue of formulating and determining the ideal cost structure of Private school tuition fees and appealed for inclusion of Cost Accountants for providing professional services in the similar area of other assignments. A Concept Paper on Practical Approach- A Methodology in Education Sector prepared by the PD Department was also submitted to them.

- Representation to Government, PSUs, Banks and Other Organizations

PD Directorate is continuously sending representation letters to various organisations for inclusion of cost accountants for providing professional services in the area of Accounts, Internal Audit / Concurrent Audit / Taxation, Stock audit and other assignments. The directorate has requested for inclusion of Cost Audit Report as an essential document for registration of a project and verification & certification of true costs at every stage of completion of the project and of an apartment, plot or building, by a cost accountant in practice under the provisions of Real Estate (Regulations and Development) Act, 2016. The directorate is also taking up with Insurance Institute of India for inclusion of CMA qualification for Credits, for prior learning in professional examination.

- Expression of Interest- Department of
Fertilizers
Department of Fertilizers, Government of India requested Institute to give Empanelment of Practicing Cost Accountants/ Firm of Cost Accountants to verify the reasonableness of MRPs of P&K fertilizers fixed by the companies by Scrutinising / Analysing the cost data. The PD Department invited Expression of Interest from the Practising Cost Accountants/ Firm of Cost Accountants. The applications so received have been sent to the Department of Fertilizers for their perusal.

- Monographs and Guidance Note on Banking Sector
  Preparation of Guidance Note on the Concurrent Audit of Commercial Banks, Monograph on Internal Audit of Treasury Functions of Commercial Banks and Monograph on Risk Based Internal Audit of Commercial Banks is in final stage and the documents are expected to be released soon as Institute’s Publication.

- Seminars
  Seminars on various topics are being organised by the PD Department in association with PHD Chamber of Commerce and Industry, witnessing good response from the Members.

Research and Journal Department
The Directorate of Research & Journal of the Institute in association with National Institute of Securities Markets organized a National Seminar on 'Securities Markets in India - Unleashing Start-ups Potential' on May 14, 2016 at Kolkata. Shri Prashant Saran, WTD, SEBI, the Chief Guest provided a theoretical framework of Start up in the inaugural session and encouraged the audience approaching them to boost for start-ups. Dr Sandip Ghose, Director, NISM, Shri Ambarish Dasgupta, President, BCCI, CMA A Sunil Kumar, RD, ERO, SEBI were among other eminent dignitaries during the inaugural session who also shared their valuable thoughts on the concerned theme. In the special session, Prof Paritosh Basu, Senior Professor, School of Business Management, NMIMS University elaborated on the Research Paper 'Offer For Sale-An Alternative Mechanism for Price Discovery of Equity Share-An Empirical Study in Indian Context' to provide a sound knowledge on the entry and exit of Capital Market. In the two technical sessions on 'Indian Economy & Start-up Potential' and 'Market Reforms for Start-up and SMEs', eminent resource persons from Securities Markets and other relevant fields discussed and made the sessions highly interactive. Around 250 members and eminent dignitaries attended the seminar and the event was a huge success.

Publications released
- The Quarterly publication of Research Bulletin, Volume 42, No. 1 was released on 14th May 2016.
- The Souvenir on 'Benchmark, Journey towards Cost Excellence' was released during the Annual Day Celebration and the Awards Function on May 28, 2016 at New Delhi which contains the grandeur of this Award Function since 2003.
- A ready reckoner on Service Tax on services provided by the Government & Local Authorities was also got released on 28th May 2016.
- Edited Volume on 'Contemporary Issues in Environmental and Sustainability Accounting' got released by Shri D.V. Sadananda Gowda, Hon’ble Minister for Law and Justice, Government of India on 30th May 2016 to commemorate the World Environment Week from 30th May to 5th June 2016.

I wish prosperity and happiness to members, students and their families and wish them much more success in all of their endeavours.

With warm regards,

(CMA P.V. Bhattad)
1st June 2016