



M. Gopalakrishnan, President

"The power of God is with you at all times; through the activities of mind, senses, breathing, and emotions; and is constantly doing all the work using you as a mere instrument."

Bhagavad Gita

Dear Professional Colleagues,

The wheel of progress in a professional body is set in motion by the Council and the President is the facilitator who implements the policies and action plans dictated by the strategies formulated by the collective wisdom of the Council. The action plans sometimes result in immediate result but many times lays down the foundation on which the professional structure is built. I thank the Council for having unanimous in imposing their faith on me in a crucial period of the first year of the Council term, which lays the road map to be followed during the remaining period of the term. The time has come for me to say good bye and pardon me, if I have to ruminate with some nostalgic memories of the past year. In addition, this is the last opportunity for me to share my thoughts with you.

Friends, the year started with a tumultuous welcome to the new Council, which had to face the enormous challenge on the crucial issue of name change and also on the new direction that was contemplated by the Government on the core area of Cost Audit practice. Many of the crucial areas, on which tremendous efforts were put in by the previous Council, were reaching the stage of logical conclusion. As in a steeple chase, the current Council had to exert itself with a burst of speed to reach the winning post, and I am happy that the refreshing approach given by the Council which has many first timers as well as experienced members, enabled us to retune the existing policy and reframe them in light of the current business and economic environment. Each Council works on putting the profession into a higher orbit and reaching new horizons and this Council has been no exception.

Leaders with a far reaching vision make a major difference for any profession, and we are fortunate to have one such visionary as our guiding star in Dr.M.Veerappa Moily, Honourable Union Minister of Corporate Affairs. On many an occasion during the year, I was guided by his visionary zeal, which is aimed at inclusive growth of the country and the corporate sector in which all the three professions can play a major role. While he piloted the Bill for the name change in both the houses of Parliament with considerable aplomb and skill, he ensured that one of the major concerns by our members for the use of global designated letters ACMA and FCMA is clearly embedded in the Act. Our profession will remain eternally grateful to him for this key enabler, which I am sure will pave way for the final step of name change of our Institute in future.

We are also fortunate to have the counsel and wisdom of Shri Naved Masood, IAS, Secretary, Ministry of Corporate Affairs and Shri Sudhir Mittal, IAS, Additional Secretary, who have always guided us in the right direction and provided major support to us to implement many of the initiatives launched by the Ministry. This year also saw the completion of the process of various amendment to our Regulations, which could have not been possible but for the help rendered by Shri Manoj Kumar, IAS, Joint Secretary. I am also thankful to Shri Avinash Srivastava, IAS, Joint Secretary, who as a MCA representative in the Council for the guidance he has given us on many occasions.

I would like to recall the key events that have happened during the year. Many of them were launch pads, which as unique first time initiatives, were welcomed by the members and students.

General

- The Parliament passed the Amendment to The Cost and Works Accountants Act changing the name of the Institute to The Institute of Cost Accountants of India at the same time allowing the use of the designation ACMA and FCMA to denote the membership.
- Council passed resolution to rename all buildings of the Institute as "CMA Bhawan"
- Council passed resolution to allow use of CMA prefix by members
- Constituting Task Force for Election Reforms
- Commencement of Foundation Day celebrations on 19th May from this year onwards.
- Action taken for revamping the Institute infrastructure at Kolkata and Delhi

CMA Professional Development

- The Ministry of Corporate Affairs-Cost Audit Branch issued series of notifications realigning Cost Accounting Records Rules and Cost Audit Report Rules in light of the recommendation of the Expert Group Report on CARR and CAR.
- The Cost Accounting Standard Board issued further CAS and Generally Accepted Cost Accounting Principles and also Guidance Notes on CAS.
- The Cost Audit and Assurance Standards Board issued CAAS1 and CAAS 2.
- The Professional Development Committee issued FAQs. on the new notifications on CARR and CAR.
- Chain seminars on Indirect Taxation throughout the Country, involving Indirect Taxation Authorities.
- Recommendation by Standing Committee of Parliament for including cost accountants in "Accountant" definition under Income tax Act.
- Release of Institute Publications on various professional development topics.
- Establishment of CEP-2 Directorate to facilitate Continuing Education Programmes in independently or in association with Regional Councils, Chapters and Industry Associations.
- Updated Practitioner's Kit available on the website

International Initiatives

- The Institute's nominee to SAFA CMA. A. N. Raman, completed his term as President SAFA on 31st Dec 2011.
- The Institute was admitted as a member of the

Accounting Bodies Network of Prince of Wales A4S Foundation, the only Accounting Body from India.

- Discussion on Integrated Reporting jointly with CIMA-UK
- Hosting of PAIB Meeting of IFAC for the first time in India in Feb 2012 at New Delhi
- Joint hosting of IFAC-Donor Community Meet at Jaipur.
- Establishment of contact with International Controller Verenin EV of Germany
- Hosting SAFA-EFAA (European Federation) conference at Delhi, followed by two quarterly webinars. The Institute also participated in the SAFA-EFAA meetings held at Italy, Rome during the year
- The Institute and ICMAP held a Seminar through Video Conferencing which is repeated every quarter. Such seminars are also planned to be held regularly.
- Recognition for Bahrain centre of the Institute from Bahrain Accountants Association
- International Conference on Micro Finance jointly with Burgundy School of Business

CMA Capacity Building and CMA Centres of Excellence

- The Board of Advanced Studies was formed and announced Courses on Business Valuation Management, Foreign Exchange Treasury and Risk Management, Enterprise Performance Appraisal and Business Strategy
- Formation of an Independent Board of Advanced Studies headed by an eminent academician and representation from eminent external experts.
- The state of art 28000 sq feet Hyderabad Centre of Excellence was inaugurated.
- The proposed state of art 35000 Sq. ft, Navi Mumbai project put back on track with an action plan to complete the project by Dec 2013, after obtaining the approval from CIDCO, Navi Mumbai.
- Launch of Joint programme with CII on "Certified Sustainability Assurance Practitioner Course"
- Tie up with Institute of Internal Auditors
- Chain seminars on XBRL throughout the country

CMA Connect

- The Management Accountant Journal was made into full colour publication for the first time in the Institute history.
- CMA – Outreach Programme approved by Council for opening CMA Support centres throughout the country.

- Launch of Survey for members in Industry on improving services to them
- CEO-CFO Connect programmes at New Delhi, Mumbai, Kolkata, Chennai, Hyderabad, Bangalore and Coimbatore.
- Launch of Industry Institute connect with a pilot CMA Learning Centre at WIPRO- Chennai

CMA Government Connect

- The Institute was admitted as a full fledged member of the Government Accounting Standards Board.
- The Institute became a member of the "Committee to formulate a Policy Document on Corporate Governance" formed by the Ministry of Corporate Affairs.
- Training programme for Regional Training Centre of CAG at Kolkata.
- Meeting with Shri.Naveen Patnaik- Chief Minister Orissa for professional development in the State

CMA Membership

- Launch of online application for admission for Associate and Fellow Membership
- Publishing of members admitted in the website immediately after their admission
- Approval of guidelines for formation of LLP
- MOU with Chartered Institute of Securities and Investment—UK for memberships

CMA Learning and Examination

- Nationwide launch and enablement of Integrated Education Processing System
- First Convocation for students completing Institute examinations.
- Highly successful countrywide Campus Placements by Training & Placement Directorate.
- MOU with Food Corporation of India for engaging cost trainees followed by other similar organizations.
- Direct dispatch of study materials to students from Head Quarters
- Launch of photo admit card for students
- Suggested Answers made available to registered students free through website
- Launch of Multiple Choice OMR examination system for CAT courses
- Launch of TV phone in programme on Career Launch through Gyan Darshan of IGNOU.

CMA Research

- Formation of a separate Research Committee by the Council
- Establishment of a full fledged Directorate of Research headed by a Senior Director at Kolkata

- Launch of Research projects on
 - Pilot Study on Standard Treatment Guidelines and their cost for selected Health Care procedures
 - Study of Agricultural product cost
 - Study on Cost Competitiveness of Textile Industry—China Vs India
 - Study on Costs of Ship Building (Defence) industry

CMA-MCA Connect

- Record number of Investor Awareness programmes
- Series of seminars on XBRL throughout the country
- Joint workshops with Indian Institute of Corporate Affairs and CII on Integrated Reporting and Corporate Social Responsibility
- India Corporate Week initiatives

Regional Councils and Chapters

- Appointment of Regional Co-ordinators in all the four Regions to head Technical Directorate— Extension Centres
- Strengthening the infrastructure in the Regions and Chapters— Opening of Centre of Excellence at Ahmedabad, new building at Thrissur, land at Bhopal etc.,
- Opening of new Chapter at Vapi-Daman-Silvassa.
- Modernised Class Rooms launch at Southern India Regional Council at Chennai and Ahmedabad.
- Preparation of consolidated accounts for the Institute as a whole including Regional Councils and Chapters
- Establishment of Toronto Overseas Centre at Canada.

Institute Administration

- Implementation of Human Resources Policy for the Institute and its offices, as suggested by the HR Task Force constituted by the Council
- Four metros connected through Video Conferencing to enable regular interaction between the Institute offices. Future plans to expand the network to major cities.
- Formation of a Directorate of Internal Control and Systems headed by a Director.
- Draft guidelines prepared for Administration, Financial, Academic, Students and IT activities, by Task Force formed by the Council. The same Task Force has also given draft Code of Conduct for Council Members, Regional Council, Chapter Managing Committee and Executives of the Institute.

Public Relations

- Major advertisement campaigns through printed media

- Advertisements in Metro Rail at Delhi and Kolkata.
- Special advertisements in India Today, Outlook, The Week, Tehelka, Careers Today, Go-Getter, MY FM Radio and DAVP advertisements in 206 news papers throughout the country

All these are the result of the efforts of the Council members, who put in stupendous efforts and worked shoulder to shoulder with the executives of the Institute to make all these happen. Due to these initiatives, I have been receiving accolades on the apparent visibility of the Institute from the cross section of the society which I dedicate to my Council team, who have been the real enablers.

I wish to place on record my special thanks to the executives and staff at Kolkata, New Delhi, Hyderabad and Chennai who have coped up with the large volume of activity by the maximum number of Committee meetings held not only at these places but other centres also. In addition, I also thank the external experts associated with the Institute, who worked tirelessly in bringing out various publications and technical material.

National Events

I participated in the programme organized by Bengal Chamber of Commerce and EIRC on the Recent Changes in the Indirect Taxes, which was held on 15th June 2012 at Kolkata. I had an excellent interaction on the occasion to interact with senior officials of CBEC and other experts.

As a pilot project, myself and senior officials from Studies, Training & Placement and Technical Directorate, participated in a one hour Call in programme organized by IGNOU at Gyan Darshan on 27th June 2012, at New Delhi. I find that it can be a good channel through which our Directorate of Studies can start learning sessions which can be seen by any student all over the country and also clear doubts through Toll Free numbers. I have asked the Directorate to explore the possibility for future.

International Events

Members may be aware that our Institute after a long time was allotted the position of Technical Advisor to the member from India in the CAPA Board, in the Brisbane meeting held last year. CMA. Rakesh Singh, Vice President represented the Institute for the coveted post and participated in the meetings of Confederation of Asian and Pacific Accountants (CAPA) held at Beijing, China from May 30 - June 3, 2012 including Meeting of Board.

The SAFA CMA Management Accounting Summit, which is the equivalent of Global Summit on Management Accounting started by our Institute, was

organized by CMA Institute Sri Lanka from 22nd June to 24th June 2012, at Colombo. The summit was organized coinciding with the SAFA Board and Committee meetings which were held on 20th and 21st June 2012, at Colombo. Our Institute being an active participant in SAFA, sent a delegation with me in the lead and three Council Members CMA. TCA Srinivasa Prasad, CMA. S C Mohanty and CMA. Pramod V. Bhattad and Senior Executives CMA. R.N.Pal and CMA.S.C.Gupta to participate in Board and Committee Meetings of SAFA and CMA Conference and other events hosted by Institute of Cost and Management Accountants, Sri Lanka from June 20-24, 2012 at Colombo. Professor Asish K. Bhattacharyya, Advisor (Advanced Studies) addressed the participants on the topic "Sustainable Performance Management in Government". I was given the opportunity to chair a Technical Session on Global Economic Stability and Fiscal Sustainability, which was addressed by Experts from Asian Development Bank, Commonwealth Secretariat and ICMAP Pakistan.

Prior to this, during 2-4 May, 2012, a delegation from the Institute attended the meetings of SAFA Board, Committees and International Seminar at Dhaka, Bangladesh under the leadership of Vice President, CMA Rakesh Singh consisting of CMA T.C.A. Srinivasa Prasad, Council Member and Chairman of PAIB Committee of SAFA and CMA A. Om Prakash, Council Member.

Professional Development Directorate

The Cost Audit Branch is continuing to issue circulars clarifying some of the issues relating to the notifications issued earlier by them. Some of the recent ones are :

Applicability of Cost Accounting Records Rules to the Construction Industry

The Ministry of Corporate Affairs vide letter F. No. 52/1/CAB-2012 dated 25th May, 2012 reiterated its previous clarification on the applicability of Companies (Cost Accounting Records) Rules, 2011 (CARR-2011) to Construction Industry and mentioned that CARR-2011 are applicable to all companies engaged in the construction and/or development (real estate) businesses who meet with the threshold limits laid down in Rule 3 of CARR-2011. It has been clarified by the aforesaid letter that as on date, no cost audit is applicable on the companies engaged in the construction and / or development (real estate) businesses. However the companies engaged in these sectors are required to file compliance report with the Central Government in accordance with the

provisions of these Rules. The compliance report can be signed by the cost accountant in employment in that company or the cost accountant in practice.

Clarification about coverage of SEZs, EPZs, FTZs and 100% EOU under Cost Audit and Cost Accounting Records

The Ministry of Corporate Affairs vide General Circular No. 11/2012 dated 25th May, 2012 partially modified para (b) of the General Circular No. 67/2011 dated 30th November, 2011 and extended exemption from mandatory cost audit to all units located in the specified zones such as Special Economic Zones (SEZs), Export Processing Zones (EPAs) and Free Trade Zones (FTZs) apart from 100% Export Oriented Units (100% EOU), subject to meeting the threshold criteria specified in the aforesaid General Circular. It has been clarified by this General Circular that there special Zones are not exempted from maintenance of cost accounting records and are required to file compliance report with the Ministry of Corporate Affairs in accordance with the applicable Cost Accounting Records Rules.

Extension of clarification of earlier General/ Master Circulars to Regulated Industries

The Ministry of Corporate Affairs vide General Circular No. 12/2012 dated 4th June, 2012 clarified that the Master/General circulars issued in 2011 and 2012 namely Master Circular dated 11th April 2011, General Circulars dated 11th November 2011, 30th November 2011, 10th May 2012, 25th May 2012 and the aforesaid circular dated 4th June 2012 are applicable to the Companies (Cost Accounting Records) Rules dated 3rd June 2011 and Cost Accounting Records Rules 2011 issued on 7th December 2011 in respect of regulated six industries namely Telecommunication, Petroleum, Electricity, Sugar, Fertilizer and Pharmaceutical, to the extent these are relevant and applicable to them.

The aforesaid General Circular dated 4th June 2012 also clarified the applicability cost audit order dated 2nd May 2011 to companies on whom erstwhile Industry Specific Cost Accounting Records Rules as mentioned in this cost audit order dated 2nd May 2011 and after supersession of these erstwhile rules, on regulated industries covered under the new Industry Specific Cost Accounting Records Rules 2011 notified on 7th December 2011.

I hope the above sets at rest, many issues which were raised by the industry concerned.

Guidance Note on Maintenance of Cost Accounting Records

In the previous communique, I informed the members

about the release and hosting on the Institute website the Guidance Note on Maintenance of Cost Accounting Records. Now the printed version of this Guidance Note, is available for sale at Institute headquarters, Delhi Office and all regional councils. Those interested may also download the softcopy of this Guidance Note from the Institute's website.

Tamil Nadu VAT (Third Amendment) Act, 2012

As a result of our continuing efforts, I am glad to inform the members that Tamil Nadu Government vide its Third Amendment Act, 2012 in respect of VAT, recognizes Cost Accountants for VAT Audit. The Institute is also representing to other state governments where cost accountants are not recognized in their respective VAT Acts.

CEP Directorate-1

Two programmes were organized at Srinagar during 12-15 June, 2012 on 'Updates on IFRS and Converged Indian Accounting Standards' and 'Finance for Jr. Finance AOs and Non Executives'. I released the latest book by Dr.T.P.Ghosh on "Revised Schedule VI" during the occasion. Two programmes were also organized at Ooty during 19-22 June, 2012 on 'Risk Based Internal Auditing and Corporate Governance' and 'Emerging Issues in Direct and Indirect Taxation'. All the above programmes had good response from the Corporates.

CEP Committee have finalized rationalized guidelines, which were approved by the Council, which will help the members to get their CEP Hours in line with similar guidelines adopted by sister professional bodies.

CEP Directorate-2

The Continuing Education Programme Committee in association with Indirect Taxation Committee has organized a series of One day Workshop on Indirect Taxation for CMAs during May and June 2012 at Delhi, Chandigarh, Mumbai, Kolkata, Hyderabad, Bangalore and Chennai. The Workshop was graced by the authorities from the CBEC at all cities, Shri.V K Garg, Joint Secretary (TRU), CBEC, Ministry of Finance – at Delhi, Shri. Prosenjit Deb, Deputy Director (Cost), CBEC – at Chandigarh, Shri. S K Das, Commissioner, Central Excise and Shri T A Khan, Addl. Commissioner, Central Excise – at Kolkata, Shri V S Raju, President, FAPCII - at Hyderabad, Shri Kaushal Srivastava, Chief Commissioner of Central Excise and Service Tax – at Chennai. I compliment the Chairman Indirect Taxation Committee for launching these programmes, just at the right time, when Service Tax is gaining major importance in the economy.

The Department successfully concluded the second

Batch for Two days Seminar on 'Risk Based Internal Audit of Banks' (RBIA) at Bengaluru. The Seminar was inaugurated by Shri S Ramesh, Sr. Exe. Vice President, Canbankfactors Ltd. (Subsidiary of Canara bank) with active participation of leading banks and CMAs. Role of CMAs in Banks as a Concurrent Auditor was discussed among the participants, where positive response was received. Looking at the interest of CMAs and appreciation from Banks, department is shortly going to announce third & fourth batch at Chennai and Kolkata respectively.

The CEP 2 in association with Bangalore Chapter has organized a Workshop on CARR & CAR at Bangalore, Shri B B Goyal, Advisor Cost, inaugurated the Workshop and was an exemplary programme for CMAs.

CAT Directorate

I am happy to inform that the CAT Committee has changed the method of examination to OMR method with multiple choices and the first of the examination has been recently completed. This format is ideally suited for the first level examination and the Committee will also consider increasing the frequency of holding examination in future. This can be forerunner for an Online examination system, when it is warranted with sufficient numbers.

9th CMA Excellence Awards

I am happy to inform you that the 9th Cost Management Excellence Awards will be held on 17th July 2012, at Vigyan Bhavan, New Delhi. The Honourable Union Minister of Corporate Affairs Dr. M. Veerappa Moily has agreed to be the Chief Guest and present the awards. The Screening Committee has held meetings and have made an initial assessment for presentation to the Eminent Panel of Jury headed by Honourable Justice Shri. V. N. Khare. The Jury had their first meeting and will be finalizing the Awardees.

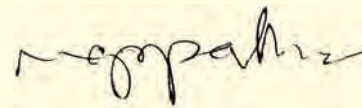
The time to say Good Bye has come, and I am overwhelmed with the affection that was showered on me by the members, Chapters and Regional Councils who stood by me in trying times and were a

source of inspiration for me which enabled the completion of the year with a reasonable sense of satisfaction. I thank my Vice President CMA Rakesh Singh, who was always with me in all the ups and downs during the year, sharing his thoughts on various matters and standing in for me when I could not be present for various meetings. I am very sure that he will steer the profession to much greater heights in the coming year, with the right balance of technical and administrative skills. I also thank my Council Colleagues, who inspite of shouldering all the hard work, gave credit to the post of President, when projecting to the world outside. I could not have completed my tenure as a President successfully, without the unstinted support from wife Smt. Bhuvanewari, who tolerated impossible hours of arrival and departure and kept me insulated from any personal worries. I am also thankful to my other family members, partners and office staff in profession who stood in for me on various occasions adequately covering my absence.

I step down from a prestigious position which has enabled me learn valuable lessons in life and have helped me to tune myself into a better person than before. As someone said, God gives one chance to do good to the society and the community you co-exist with and I feel honoured that I have been given a chance to repay in my own humble manner, to my mother profession, who has given me my professional life.

Jai Hind

With warm regards,



CMA M. Gopalakrishnan
President
Institute of Cost Accountants of India
1st July, 2012