



B. M. Sharma, President

Dear professional colleagues,

After a hectic one year as the President of ICWAI, the time has come for me to leave. During my term of office, I hope that I have been able to make my views known on many issues. However, as it is the tradition, we all try to impart some last-minute wisdom to our colleagues, and I propose to do the same.

Let me begin by saying how privileged I feel to have had the opportunity to serve this institution. I wish to thank the Central Council of the Institute of Cost and Works Accountants of India for giving me the opportunity to serve in this position and especially Ministry of Corporate Affairs, Government of India for their encouragement and support to ICWAI and me during the past one year. I truly feel that the last twelve months as President of ICWAI have been fulfilling, and have given me the opportunity to contribute to the development of the profession of Cost and Management Accountants in India and make it an effective instrument in the process of nation building.

When I started my term as President, I was one of the youngest Central Council members, clearly fascinated by this prestigious assignment. Being a practicing cost accountant and a former Vice President of the Institute, I found my involvement in issues with a national impact a most stimulating experience. I certainly changed a lot in the process. And I am very pleased to say that the ICWAI also changed dramatically. Without a doubt, with the recent changes in economic and regulatory environment combined with the recognition by the Government of India, the profession has metamorphosed into a powerful career option for young individuals today.

As this is my last message as President of the Institute, I take this opportunity to quote a shloka from Brihadaranyakopanish at 4.4.5 as follows :

काममय एवायं पुरुष इति । स यथाकामो भवति तत्कृतुर्भवति ।

यत्कृतुर्भवति तत्कर्म कुरुते । यत्कर्म कुरुते तदभिसंपद्यते ॥

*(You are what your deep, driving desire is As your desire is, so is your will. As your will is, so is your deed As your deed is, so is your destiny.)*

I have always felt that to succeed, we need to begin with strong inner conviction in our beliefs and ideals combined with superior wisdom and intellect. Cost and Management Accountants are endowed with intellectual skills to man the highest positions and the recent events have provided the necessary momentum to support this belief. You may be aware of the increased role CMAs have been bestowed with in the Indian Business Environment. The new business environment has already given boost to India's Corporate Sector which has the potential and capacity of reaching newer zeniths of professionalism and overall growth. The Institute today is recognised as a body of professional accountants who care and continuously search for the pearls of wisdom to apply to the everyday business. Moving away from Creative Accounting, CMAs are known for Cleanly Maintained Accounts. Even International forums and professional bodies are recognizing the value addition CMAs can make to the corporate sector around the world.

To prove my point of view, I am happy to provide point wise status of each of the items listed on priority since I assumed the charge of President of ICWAI on 22<sup>nd</sup> July, 2010 :

| Item  | Status  |
|---|---|
| Cost and Works Accountants (Amendment) Bill, 2010 dealing with enabling provision for LLP and Name Change of the Institute] | Parliamentary Standing Committee submitted its report on the Bill. ICWAI has made representations to appropriate authorities and concerned officials on the issue. I am sure Ministry of Corporate Affairs (MCA) shall resolve the issue in favour of ICWAI.  |
| Wider role for members of the Institute under the Companies Bill, 2009  | Even before the passage of new the Companies Bill 2009, the profession has been put on a much higher pedestal where members of the ICWAI would be required to play very significant role in the governance of the Indian Corporates as a result of the restructured cost accounting records rules and the revised cost audit report rules structure. Other issues concerning the profession have also been addressed by us and are under consideration. |
| Implementation of Expert Group recommendations  | The Ministry of Corporate Affairs has recognized the utility and efficacy of the recommendations of the Expert Group and the recent notifications bear testimony towards this.  |
| Greater role for CMAs in upcoming GST and DTC   | Bills are under discussion and I am confident that CMAs will get their due role in the future.  |
| Formalising the remaining Cost Accounting Standards and alignment of the first 5 standards with the revised structure.      | Till date 13 Cost Accounting Standards have been issued by ICWAI which have now been recognized for application with the issue of Companies (Cost Accounting Records) Rules 2011 and Companies (Cost Audit Report) Rules 2011. Revision of the first 5 CASs are also under progress.  |

| Issue   | Position  |
|---|---|
| Issuance of Guidance notes on Cost Accounting Standards                   | Cost Accounting Standards Board (CASB) of ICWAI is working overtime to issue Guidance Notes on the cost accounting standards as well as Generally Accepted Cost Accounting Principles.  |
| Research based topics in Management Accountancy                           | ICWAI issued various research based publications during National Cost Convention, viz., revised editions of Guidance Notes on CENVAT Audit, Valuation Audit, Value Added Tax - its Accounting & Auditing, Risk Based Internal Audit & Concurrent Audit of Commercial Banks, Members' Handbook 3 Volumes (for members in Practice and Employment), Work Books for students on "Cost and Management Accounting" and "Financial Accounting" and Compendium on - Management Accounting - Enterprise Performance Management. |
| Role of members of ICWAI in LLP.  | MCA has accepted our contention and paved the way for implementation of LLPs of the Cost Accountants.   |
| Newly designed courses on Valuations, IFRSs, etc.                         | Institute has launched courses on IFRS into both the formats - On-line and Offline. In the online course, Institute has introduced the training programme to provide learning at the pace and comfort level of participants. The CEP Directorate of the Institute has also started classroom certificate course at different centres. having short term interaction with faculty also. The structure of the courses on Valuation and Foreign Exchange Risk Management have been designed and will be launched soon.     |
| Representation to the Government for enhanced role for our members.       | Continuous follow up with the Government has yielded various outcomes prescribing new role for our members.   |
| Strategic tie ups with more International Institutions for mutual benefit | Institute has entered into MoU with Institute of Professional Accountants (IPA), Russia; Institute of Public Accountants (IPA), Australia and ICMASL, Sri Lanka. These MoUs as well as our earlier MoUs with CIMA, UK and IMA-USA has proved very fruitful for our members.   |

In addition to the above, my focus was on some of the other important activities for the growth of the Institute. I am pleased to intimate the progress made on the various issues by quoting the following line :

उद्यमेन हि सिध्यति कार्याणि न मनोरथैः । न हि सुप्तस्य सिंहस्य प्रविशन्ति मुखे मृगाः ॥

*(Work gets completed by efforts, not by thinking only. Deer do not enter into the mouth of sleeping lion. He has to actively hunt them.)*

| Issue  | Position  |
|--|---|
| Provision of prompt and timely service to members and students   | Various initiatives have been started with the use of IT to link students' requirements and to meet members' expectations.  |
| Bringing Head Quarter, Regional Councils and Chapters on a common IT platform to achieve inter connectivity        | The linking up process is nearing completion and will be put into effect before the end of the tenure of this Council.  |
| Greater efforts for placement of our members   | More than 1000 (Maximum number of students) of our newly qualified students were placed during the year in 50 leading corporates throughout the Country through Campus Interviews.  |
| To facilitate Council working with better coordination among various Committees and Boards of the Institute        | Achieved with the cooperation of the members of the Central Council of ICWAI.   |
| Making practice as a Cost and Management Accountant a sought after option.   | With the notifications issued by MCA during April, May and June, 2011 the profession of practice as a Cost Accountants has become a sought after option and large number of members are joining the profession.   |
| Updating the knowledge of members by organising more and varied workshops and seminars                             | A number of workshops were organised throughout the year.   |
| Provide a unified structure in the working of the Institute  | New Chapter Bye-Laws have been implemented. Amendments to the CWA Regulations have been completed in line with the CWA Amendment Act. Unified financial discipline across regional Councils and Chapters in line with the Head Quarters has also been introduced. |
| Increasing the visibility of the Institute in International Forum  | Mr. A. N. Raman took over as President, SAFA. Our role in IFAC-PAIB is being appreciated by the global body.  |
| ICON of the Year Awards  | The Institute initiated steps to Honour members of the profession who have attained global recognition in their respective fields and were awarded "ICON of the Year Award".  |
| Participation in the initiatives of Ministry of Corporate Affairs towards Investor Education, Corporate Week, etc. | Record number of programmes were organised for the Investor Awareness, India Corporate Week by the Institute across the country.  |
| Augmenting Financial resources of the Institute  | One of the highest surplus of around Rs. 25 Crores has been reported this year.   |

#### Activities during the month

##### Meeting with HE Ms. Pratibha Devi Singh Patil, Hon'ble President of India

Friends, I am extremely happy to share with you that Mr. M. Gopalakrishnan, Vice President of the Institute and I called on Her Excellency Ms. Pratibha Devi Singh Patil, Hon'ble President of India on 27<sup>th</sup> June, 2011. We apprised her of the contribution our Institute is making to the Indian growth story and other issues related to the profession. I thank Mr. S J Deore, Secretary of Aurangabad Chapter of ICWAI for his untiring efforts in arranging our meeting with HE President of India.

### Meeting with Secretary, Ministry of Corporate Affairs

We have been meeting Shri D K Mittal, IAS, Hon'ble Secretary to the Government of India, Ministry of Corporate Affairs regularly and keeping him updated on the various developmental activities being undertaken by the Institute.

### Professional Development Directorate

In my last month's communiqué, I informed our members a very significant development regarding the profession i.e. issuance of Notifications by the Central Government on common Companies (Cost Accounting Records) Rules 2011 vide notification number G.S.R. 429 (E) dated 3rd June 2011 and revised Companies (Cost Audit Report) Rules 2011 vide notification number G.S.R. 430 (E) dated 3rd June 2011. The revised structure of the cost audit report and common cost accounting records rules as notified by Central Government were based on recommendations of the Expert Group.

The Cost Audit Branch of MCA is also leading from the front and working overtime to provide succor to common man of the country. In a series of orders, it has changed the whole canvas for the members of the Institute to operate. In continuation of the orders issued recently, by order dated 30<sup>th</sup> June, 2011, Central Government has ordered Cost Audit for companies engaged in production/activity of 8 industries of national importance like Cement, Tyres and Tubes, Steel, Paper, Insecticides, Glass, Paints and Varnishes and Aluminum. The orders have been issued on all companies engaged in any of the products listed above having turnover of Rs. 100 crores or more which is a distinct departure from the earlier practice of ordering cost audit on selected companies only

Cost Audit Branch of MCA is also in the process of revising the Cost Accounting Records Rules for various regulated Industries namely Pharmaceuticals, Fertilizers, Sugar, Industrial Alcohol, Electricity, Petroleum and Telecommunications and has asked for comments from stakeholders. I urge all concerned to give befitting comments on the draft rules quickly for early finalisation.

The above Rules have introduced the concept of "Product Group". The revised Cost Accounting Records Rules as well as the Cost Audit Report Rules has mandated reporting according to the Product Group concept. While a definition of "product group" has been given in both the Rules, the application of this new concept across companies and industries requires further clarification to enable the concept to be used uniformly across industries. The Institute is bringing out a detailed guidance note in consultation with Industry Associations and Chambers of Commerce to help the companies and our professional members to smoothly implement the proposed framework.

The Institute has also hosted FAQs on the notification in the website of the Institute, for the guidance of members and industry. The Professional Development Committee has also been organizing interactive session at different cities to apprise the members of the details of the notifications.

### Advance Studies Directorate

The Directorate has finalized and has initiated the process of launch of two post qualification courses on Business Valuation Management and Foreign Exchange Risk Management. These two programmes shall be offered in association with two different national level institutions and would be open to members of the institute and other stakeholders. The Directorate is also supporting the efforts of the Ministry of Corporate Affairs towards investor awareness and investor protection. Director-Advance Studies attended a series of meetings conducted at the Ministry on behalf of ICWAI under the aegis of IEPF. The Directorate has also initiated action with Confederation of Indian Industries for supporting activities of National Foundation for Corporate Governance.

### Vision 2030 of ICWAI

As desired by Ministry of Corporate Affairs the ICWAI have initiated

steps to prepare Action Plan 2011-13 and Vision 2030 of ICWAI under the guidance of a renowned Management Consultant of India.

### CEP Directorate

CEP Directorate has been organizing various programmes across the country.

I attended a programme organised by ICWAI in collaboration with Standing Conference of Public Enterprises on 'Understanding Revised Schedule VI - Presentation and Disclosures' at SCOPE Convention Centre, New Delhi during 23-24 June, 2011. The inauguration session of the same was attended by Mr. Arup Roy Choudhury, Chairman, SCOPE and CMD NTPC, Dr. UD Choubey, Director General, SCOPE, Shri R Bandyopadhyay, IAS (Retd), Chairman, Quality Review Board, ICAI and Former Secretary, Ministry of Corporate Affairs and by Dr. TP Ghosh, Professor, Institute of Management Technology, Dubai and the speaker of the course.

### Membership Directorate

The Membership Directorate has initiated steps to update Members' Register to ensure that Compliance Certificate as envisaged under the Companies (Cost Accounting Records) Rules 2011 is allowed to be authenticated by eligible members only.

### IT Department

Certain initiatives in the IT Department undertaken during the year will be having favourable impact on members, students and other stakeholders.

**1. Integration of Members Database with MCA :** An application service has been developed and deployed to integrate the Members Database of ICWAI with the MCA-21. With the help of this service the validation of the practicing members of ICWAI filing online returns on MCA website is done instantaneously.

**2. Upgradation of IEPS :** The IT Task Force of the Institute recommended the upgradation of online student registration system (IEPS) being used by Regional Councils and Chapters. The system has been upgraded and is currently being tested with live data.

**3. Re-designing of website :** The website of the Institute has been re-structured and re-designed to create easy to navigate and searchable website. The information architecture on the website has been re-structured to provide separate portals for

- Students (<http://students.icwai.org>)
- Training & Placement (<http://students.icwai.org/tnp>)
- Exam (<http://exam.icwai.org>)
- Members (<http://members.icwai.org>)
- CAT (<http://cat.icwai.org>)
- MDP (<http://mdp.icwai.org>)

Under each of the above sections, the information has been classified and made available under appropriate menus/links. **The new website is to likely be launched on July 18, 2011.**

**4. Online facilities for Members :** The following online facilities for members have been created :

- A Members Login section has been created, where a members can login with a user id and password to access his personal details.
- An Online payment system integrated with HDFC payment gateway has been developed that allows members to make online payment to the Institute.
- An online system for the practicing members to register as CFC under ACES scheme of CBEC as well as under MCA-21. The application also allows members to check the status of their application.
- Online facilities for students: The following online facilities for students have been created :

- i. Facility for online submission of Examination form for CAT and ICWAI Students
- ii. Facility to check Denovo Status online
- iii. Facility to check Revalidation Status online

#### 6. XBRL Training Programme for the Practicing Members of the Institute :

One day workshop on XBRL was organised for the practicing members of the Institute on April 28, 2011 at New Delhi. This workshop was organised with the help of technical resources from Iris Business Services Ltd. The participants were taught the fundamentals of XBRL and were given practical demonstration of XBRL applications.

#### 7. IT Infrastructure :

- a. Upgraded the leased line bandwidth to 1 MBPS
- b. Creation of wi-fi zone on the 3<sup>rd</sup> floor of the Delhi Office of the Institute

#### Health Check Up Insurance Policy for the members of the Institute

The speed of recent happenings would require our members to be in good shape in body and mind. I am pleased to share with you that the Institute has entered into an MOU with Religare SRL Laboratory towards a Comprehensive Health Check Up Plan for our Members, students, employees and their families at a special discounted rate of 50% on all Wellness Packages and 20% on all Pathological Tests. This has been negotiated with SRL Religare Lab and members, students and employees can avail of the benefits on the strength of their identity cards issued by the Institute. Details of the scheme would be available on our website shortly.

#### 8<sup>th</sup> ICWAI Awards for Excellence in Cost Management 2010

The function for 8<sup>th</sup> ICWAI Awards for Excellence in Cost Management 2010 is scheduled to be held on 18<sup>th</sup> July, 2011 at Vigyan Bhawan, New Delhi to honour the award winning companies. This function is going to be preceded by a Seminar on "Recent Orders by Cost Audit Branch on Cost Accounting and Audit". I invite all of you to be part of the celebrations showcasing our profession.

#### New Infrastructure of Institute and its Chapters

##### (1) Hyderabad Center of Excellence

Hyderabad Center for Excellence building is coming up very well and will be a State of Art Facility for conducting training programs, mini conferences, to form Special Interest Groups to bring out publications related to various important sectors of Indian Economy.

##### (2) NAVI Mumbai Center of Excellence

Necessary approvals are being obtained to start construction of building of Navi Mumbai Centre of Excellence.

##### (3) Jodhpur Chapter

To meet the aspirations of students and members in Jodhpur, new office building of Jodhpur Chapter has been acquired with contribution from Headquarters also.

##### (4) Ahmedabad Chapter

Ahmedabad Chapter has acquired new premises with a contribution of Rs. 1.10 Crore from ICWAI Headquarters. I wish to place on record my appreciation of the personal financial contribution of Rs. 25 lacs by Dr. S S Shah, Chairman of the Chapter for the benefit of members and students.

#### Inauguration of new Chapters/international Centres

In addition to above, two new chapters namely Hazaribagh, Pimpri-Chinchwad-Akurdi and International Centre at Toronto, Canada have started functioning during this year.

#### New Council of the Institute

You may recall elections to the new Central and Regional Councils of the Institute were held on 3<sup>rd</sup> June, 2011. Results to these elections were announced on 13<sup>th</sup> June, 2011. While the tenure of this present Council comes to an end, I look back at the speed with which a memorable and eventful 4 years has gone by starting with organization of first ever Global

Summit of Management Accountants, constitution of Expert Group and its recommendations, signing of various international MoUs, presentation on Companies Bill 2009 and CWA Act Amendment Bill etc. The time has come for me to welcome the new President and his team eager to take over the reins with enthusiasm to work for the profession. The current year has been a year of hard work, privilege and a humbling experience made possible because of the love and affection of all the members, the faith, support and constructive suggestions from all my Council members and staff and executives of the Institute.

To brief the newly elected members on the important initiatives undertaken by outgoing Central Council, a joint meeting of the outgoing Council and the newly elected members was organized at Delhi Office of the Institute on 25<sup>th</sup> June, 2011. I am sure the momentum created by outgoing Council shall be carried forward by the new Council. I would like to cite a Sanskrit Shloka while extending my unflinching support to the new Council for the growth of our glorious profession :

आरभ्यते न खलु विघ्नभयेन नीचैः प्रारभ्य विघ्नविहता विरमति मध्याः

विघ्नैः पुनः पुनरपि प्रतिहन्यमानाः प्रारभ्य चोत्तमजनाः न परित्यजंति

*(Those who do not start the work (at all) fearing the obstacles are (called) men of low caliber; those who start the work but stop on encountering obstacles are (called) men of medium caliber; those who even after being destroyed again & again by obstacles do not leave the work once started are (called) men of high caliber.)*

Last but not the least, I am grateful in particular to the Regional Councils and Chapters of the Institute, and in particular Chapters at Aurangabad, Nagpur, Bhopal, Surat South Gujrat, Navi Mumbai, Pimpri-Chinchwad-Akurdi, Jabalpur, Kalyan Ambernath, Nashik, Baroda, Bangalore, Hyderabad, Manglore, Cochin, Madurai, Durgapur, Ranchi, Bhubaneswar, Asansol, Hazaribaug, Jaipur, Lucknow and large number of individual members who came forward to mobilize support across the country for the cause of the profession. I wish to place on record my sincere appreciation and heartfelt gratitude for the support and affection given to me by my colleagues in the Central Council, Chairmen of various Committees of the Institute, Past Presidents of the Institute, Management Committees of Regional Councils and Chapters, all the employees of the Institute in various directorates during my stint as the President of the Institute. I would be failing in my duty if I do not place on record my sincere thanks to M/s Sankar Panicker, Sunil Chacko, G. R. Paliwal, P. V. Wandrekar, Manubhai Desai, Rajendra Rathi, Santosh Mundada, Ramanand Modani, Arvind Paranjape, Sudhir Jog, Sudhir Sant and L. D. Pawar and many other members and well wishers.

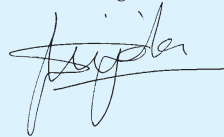
This underscores again the fact that as a team we can weather many storms and succeed in whatever missions we launch. It has been an honour to offer my services to this great Institute and I shall continue to do so throughout my life. In true sense, I am humbled by the Gita Shloka and say goodbye to all

कर्मण्ये वाधिकारस्ते म फलेषु कदाचन

कर्मफलेहतुर धुरमा ते संगोस्त्वकर्मानि ।।

(You have a right to perform your prescribed duty, but you are not entitled to the fruits of action! Never consider yourself the cause of the results of your activities, and never be attached to not doing your duty.)

With best regards to all of you,



(Brijmohan Sharma)

President,

6<sup>th</sup> July, 2011