

Dear CA Pariwar,

The enthusiasm of our members and students throughout the country in celebrating our Diamond Jubilee Year has indeed been overwhelming and I would also like to take this opportunity to extend my heartfelt gratitude to all our members, students, my colleagues in the Council, Regional Councils and Branch Managing Committee Members for making the Diamond Jubilee celebrations an unprecedented success. The celebrations showcased the myriad hues of our Institute - a perfect blend of professional outlook, social demeanour and humanitarian touch.

In my last communication, I had advised the prospective candidates for the forthcoming elections of the ICAI, both at Central and Regional level, to show their capabilities and positive contribution to the profession rather than resorting to cheap publicity through mud-slinging activities. I sincerely trust that the candidates would heed to my advice and refrain from raising unnecessary issues at different forums. These practices of gaining publicity will ultimately harm our profession.

All elected members have amply proved their capabilities and enjoy the trust and confidence of the members. The elected members are bound by the laid down rules and regulations and have to work within the legal framework so constituted. Each activity that is undertaken by the Institute is debated in various committees, within their terms of reference and budget, and finalised based on its merits. There are eight Government nominees who have also been appointed on various Standing & Non-Standing committees. Perceptions of events may differ from person to person, but depending on a common consensus, plans and activities are chalked out for the year. This year being the Diamond Jubilee Year, our focus was on Brand Building. So we undertook events that were off the beaten path and which created the brand image of our Institute and its members. Some of these activities are part of our social responsibility which are undertaken with a view to increase professional bonhomie and sense of belonging with the members and students. To finance many of these activities we have also obtained sponsorships to the tune of Rs. 1.20 crore instead of spending the hard-earned money of our students and members. It is these sponsorships that help us to organise the events on a mega scale. Details of the various activities are given elsewhere in this journal for your reference.

Dream turning into reality at the Bandra Kurla Complex

As a Vice President I had the earnest desire to get built a world class ICAI Bhawan at the Bandra Kurla Complex at Mumbai during my tenure as President. However, the project got delayed due to unwanted litigation. Today, I am immensely happy to inform you that the litigant has withdrawn writ petition filed against ICAI in this regard and the construction work for this dream-project shall commence soon. I promise you that this

new building in the heart of one of Mumbai's main business and financial districts would be like a Jewel in the crown of the Institute.

Centre of Excellence

In 2006, the Council proposed to open Centres of Excellence in various key cities across India with world class facilities and infrastructure. Being the second largest accounting body in the world it was imperative that we have facilities and infrastructure that are at par with the best educational institutes around the world. Our infrastructure and facilities should be of such high standards that not only make us proud but we also become role models for the rest of the world. Our first Centre of Excellence at Hyderabad fulfils this long standing need and it is hoped that we will be able to open more such Centres in the coming few years.

Centres of Excellence with world class infrastructure facilities are expected to provide an ideal venue to hold international events, conferences, residential courses for member and students, workshops and training programmes on IFRS, XBRL and other emerging areas of profession interest. I am confident that all our members and students would be able to take advantage of these Centres as we open more and more of them in different parts of the country. With this objective, I have recently performed the foundation stone ceremony of Centre of Excellence at Bangalore which will be named as CA. Rameshwar Thakur Centre of Excellence to acknowledge the all round support given by him.

XBRL

As you know, we had established XBRL India Jurisdiction as part of a key initiative to promote and develop XBRL in India. Taking that initiative forward, we have since developed XBRL Taxonomy for Commercial and Industrial Companies and the Banking Taxonomy. We are developing other sector specific taxonomies as well.

The next step as part of our XBRL initiative is to approach various regulators, stakeholders and the user community at large and apprise them about the benefits of XBRL, finalise membership issues and prepare bye-laws. We have decided to set up a separate department to manage and promote XBRL India Jurisdiction. We have also created a separate website www.xbrl.org/in International Recognition Satyam Case dedicated to the XBRL India Jurisdiction to make members and other users aware about the Indian XBRL Jurisdiction. We will also be sending a proposal to XBRL International Inc. to host the next XBRL International Conference in India in January 2010 for the benefit of our members. Plans are also afoot to include XBRL in the CA syllabus and in the CPE calendar. This issue of the journal also highlights the XBRL and its various aspects.

New Direct Taxes Code Bill, 2009

As promised by the Finance Minister in his budget speech, the Direct Taxes Code Bill, 2009 has been released on 12th August, 2009 for comments which has been well received by the public at large. The code has been drafted in a transparent, lucid and simplified manner which can be easily comprehended by a common man.

The Ministry of Finance desires us to submit our suggestions on the new Direct Tax Code latest by 30th September, 2009. Accordingly, study groups have been formed all over the country to identify the issues arising from this new Bill for making suitable recommendations to the Government. We also propose to organize Seminars and Conferences all over the country in coordination with the Ministry of Finance to generate discussions and bring about awareness about the proposed law.

International Recognition

It has been my ardent desire to make ICAI's presence felt globally. In this regard, you will be pleased to know that following our sustained efforts, the accounting world at large is now taking note of ICAI. Continuing that trend, the Mongolian CPA Institute has approached us to assist them in their professional programs at the end of their holidays this October.

Our Hyderabad Centre of Excellence will be hosting the Strategic and Finance Committee meeting of CAPA along with the training of the trainers (TOT) program on IFRS for private entities from 25th to 27th January 2010. This meet will introduce the CAPA members to our world class Centre of Excellence and its facilities. I am sure that the enthusiasm and drive of my Council colleagues and members from Hyderabad will ensure success of this convention.

Satyam Case

You may recall that the High Powered Committee set by us to look into the entire Satyam fiasco has submitted its draft report to the Council. Based on the deliberation and discussions held in the Council, the report has been finalized and submitted to the Ministry of Corporate Affairs. I am happy to say that our report was highly appreciated by the Ministry of Corporate Affairs which took note of the detailed content and the independent views of ICAI as a regulator. This was amply expressed by Smt. Renuka Kumar, Joint Secretary, Ministry of Corporate Affairs, during my detailed discussion with her relating to amendments required to be carried out on the various statutes as outlined in the report. We have also finalized and submitted to the Government the review of the general purpose financial statements of Satyam Computers for the last five years.

We are also reviewing and bringing about amendments in the Rules and Regulations of our Institute and are also in discussion with other Regulators to do likewise. We have also reconstituted our Committees and have withdrawn the name of CA. S.Gopalakrishnan from various non-standing committees. It has also been decided by

the Executive Committee that not more than two firms with the same name would be allowed to practice in India. This decision will now be further deliberated and discussed by the Council. All these amendments would go a long way in better regulating the growth of our profession and build greater confidence amongst the stakeholders.

Information Technology

I have always maintained that we have to be at the forefront of cutting edge technology to serve better. With that aim, we had begun a futuristic hi-tech 'Project Parivartan', which has made quite a headway with ICAI and Infosys IT teams receiving inputs from stakeholders from across the country, including RBI and SEBI. We have already received the Business IT Strategy Alignment document from Infosys. This document has extensively covered our various processes. With ICAI at the forefront in the implementation of XBRL and IFRS convergence, the regulatory bodies are looking up to us to lead the way. RBI and SEBI have come forward to extend all the possible support in this quest.

Our webcast channel is growing in leaps and bounds with more than 10,000 members having already visited the site. Further expanding this successful and highly beneficial venture, we will soon extend the webcast facility to our students as well, who will reap the maximum benefits from this initiative.

Taking technology one step further we have decided to use P-EVM (Preferential Electronic Voting Machine) for our forthcoming Central and Regional elections. These touch based voting machines will ensure that our elections will be conducted in an efficient, transparent and speedy manner. Due to their touch screen interface, members will now be able to vote for both Regional and Central Councils one after another in a matter of seconds. I am sure that all our members will find this voting method smooth and efficient. It will also lead to savings in paper that will indirectly lead to lesser pressure on the environment.

In yet another crucial hi-tech initiative, we have launched a new ISA eLearning site. This is a value added facility where currently one can access two modules on Network Security. It will be further upgraded by adding more modules. This site can be used as a development source by taking the self assessment quiz which asks random questions and also gives explanations as to the correct choice. The unique feature of the ISA eLearning site, as compared to other eLearning courses elsewhere, is that here experts would be directly presenting useful content with audio presentations. Members pursuing or having completed the ISA PQC can access the site using their ISA Number and Password at <http://cit.icaai.org>. I strongly recommend that ISA Members should benefit from this on-demand learning and development facility.

Earlier, obtaining a Firm Constitution Certificate always posed a big problem as considerable time was spent on this activity due to administrative issues. Now one need not fret anymore. Issue of Firm Constitution Certificate as on first day of every calendar

year has now become a matter of routine. Members can now download their firm constitution certificate online, as and when desired, from the website of the Institute on their own as the facility has already been activated. This new service will help members to download the certificate by entering their firm registration number and date of establishment correctly.

Insurance Sector - Unlocking Opportunities

The interaction between our Institute and Insurance Regulatory and Development Authority (IRDA) has been cemented further with the nomination of CA. S.N. Jaysimhan on our Financial Reporting Review Board by IRDA. He has requested the Board to review the financial statements of certain major insurance companies to bring to light non-compliances that might have been committed which can then form the basis to prepare a Technical Guide for the Insurance Sector, making it an excellent reference manual for the future.

Taking cognizance of our suggestions, IRDA has agreed to protect the interests of the shareholders by employing the services of CAs. It has declared that Insurers having Assets under Management (AUM) of not more than Rs. 1000 crore shall conduct a Quarterly Internal Audit to cover both Transactions and related Systems. Those Insurers having AUM above Rs. 1000 crore would appoint a Chartered Accountant firm for Concurrent Audit to have the transactions and related Systems audited.

To give our members the support they require, the Committee on Insurance and Pension has published a Technical Guide on Internal/Concurrent Audit of Investment Functions of Insurance Companies. This timely publication will guide our members to conduct Insurance audits in the most proficient way possible. We are also trying to ease the path for our members by discussing with IRDA the possibilities of them conducting intensive training programs on Internal / Concurrent audit for our members.

Mechanism for Timely Feedback to SCODA

I recently participated in a meeting of SEBI Committee on Disclosures and Accounting Standards (SCODA) in Mumbai as a member. During the course of this meeting I realised that our Institute could participate and contribute meaningfully to the issues that were being discussed at SCODA such as formats for the report by the statutory auditor of the Companies coming out with IDR issuances, enhanced disclosures for utilisation of issue proceeds, voluntary adoption of IFRS by listed entities and frequency of disclosure of balance sheet of listed companies. In order that the spirit of teamwork is fostered by establishing a rapport with the capital market regulator with respect to accounting and auditing issues, I have issued instructions for putting in place a systematic mechanism of timely flow of feedback between the two organisations.

National Foundation for Corporate Governance

I had the opportunity to attend the meeting of the Governing Council of the National Foundation for Corporate Governance (NFCG) which was attended by the Honorable Minister of Corporate Affairs Shri Salman Khurshid and Shri Anurag Goel, Secretary, Ministry of Corporate Affairs, amongst others. The Honorable Minister was present in the meeting during the discussion on issues of interest to our profession such as rotation of auditors, holding the audit firms responsible for failure of due diligence of duties by its partner(s), separation of qualification and regulatory functions currently exercised by a single Institute and others. From my side, I expressed the view that the qualification and regulatory function currently exercised by a single Institute should not be separated. I was fully supported in this issue by the President, ICSI who agreed to my view of maintaining the current status quo and the matter was deferred for further discussion and deliberation.

Helping the Government

As you well know, the Government Accounting Standards Advisory Board (GASAB) holds our Institute in high esteem. The Board has suggested that ICAI formulate the Indian Government Financial Reporting Standard (IGFRS) and GASAB could review the same. We have submitted a proposal with regard to the formulation of the Accrual Accounting Standards for the Government by the ICAI for the consideration of the GASAB. According to the proposal, the GASAB may approve the IGFRSs to be formulated by the ICAI the way NACAS is currently approving the Accounting Standards for Companies.

In addition to the above, the Ministry of Corporate Affairs had approached the Institute to draw on our expertise and recommend changes to court rules regarding the winding up of companies. After studying the issue from every angle – practical as well as regulatory – and getting feedback from the Official Liquidator, broad parameters were appointed. The special Study Group formulated a preliminary draft that prescribed time limits wherever they were not set in the rules. Also suggested was an increase in the Official Liquidator's powers so as to lessen legal convolutions and to reducing the total time frame for winding up a company down to around 2-3 years. All these deliberations will be presented to the Ministry which will further look into the matter and decide on a final course of action. We feel deeply privileged that the Ministry has entrusted us with this task and I am sure that our input will have a positive impact on this vital aspect of Company Law Administration.

Convergence with IFRS

To ease convergence with IFRS, Ministry of Corporate Affairs has constituted a core group under the chairmanship of Shri Anurag Goel, Secretary, Ministry of Corporate Affairs to deal with all relevant convergence concerns. I am proud to say that three members from ICAI have been nominated for the core group, who are President ICAI, Chairman ASB & Chairman AASB. At the very first meeting of this core group, ICAI's presentation on work done on IFRS implementation was highly appreciated. The whole

committee, including the Chairman Mr. Anurag Goel, was enormously impressed not only by the quality and depth of our work but also the way it was presented to them. Here, I would like to stress that ICAI is very well prepared to implement IFRS from 2011 and there should not be any element of doubt in this regard in the minds of the stakeholders. I am also pleased to inform you that the Institute has proactively also launched a website on IFRS and has prepared study materials for each individual IFRS.

Reduction in Retention Period for Engagement Documentation

The Council, pursuant to the provisions of Rule 12 of the Chartered Accountants (Procedures of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, has reduced the retention period for the engagement documentation from 10 years from the date of the auditor's report, or, if later, the date of the group auditor's report, as required by paragraph 83 of SQC 1 to seven years from the date of the auditor's report, or, if later, the date of the group auditor's report. The paragraph 83 of SQC 1 accordingly stands amended.

Companies Bill, 2009

The corporate form of organisation is increasingly emerging as the preferred vehicle for economic and commercial activity. This has contributed significantly to the growth of the Indian economy and the emergence of service, information and knowledge-based enterprises. Companies are now mobilising resources at a scale unimaginable even a decade ago, continuously bringing new activities into the fold of the Indian economy. A need was being felt to help sustain the growth of the Indian corporate sector by enabling a new legal framework that would be compact, amenable to clear interpretation, and respond in a timely and appropriate manner to meet the requirements of ever evolving economic activities and business models, while fostering a positive environment for investment and growth.

Against this backdrop, the introduction of the Companies Bill, 2009 in Lok Sabha on 3rd August, 2009 is welcome move, more so for the professionals.

The Bill proposes to open up new avenues for the professionals, especially Chartered Accountants, and at the same time casts a lot of responsibility on them for the conduct of affairs of the companies. Articulation of shareholders democracy with protection of the rights of minority stakeholders, responsible selfregulation with disclosures and accountability, substitution of government control over internal corporate processes and decisions by shareholder control, new structures like One Person Companies, etc. are some of the prominent features of the Companies Bill, 2009, which shall, on enactment, allow the country to have a modern legislation for the growth and regulation of the corporate sector.

DISA Recognition

The world economy is integrating at a rapid pace. My brethren are amongst the top professionals trained in India. One of my main goals has been to make it possible for our members to work on an international level. I am in discussion with ISACA for giving recognition to ICAI's DISA qualification and am quite close to finalizing an MoU with ISACA to not only agree to recognise ICAI's DISA qualification but also give it a global recognition as ICAI-CISA. Once the MoU is signed, our members with DISA qualification will have much better global prospects.

ICAI Job Portal

Taking yet another major step to help and serve our parivar better, we have launched a comprehensive ICAI Job Portal, dedicated to our profession. This portal will benefit all our members – new or old, raw or experienced, as well as industry in line with other popular job portals. I am sure this portal will prove to immensely beneficial to both the members looking for career opportunities and the industry looking for chartered accountants or Accounting Technicians.

The Campus Placement Program for qualified Chartered Accountants who have qualified in May 2009 and November 2008 final examinations will be held at 17 centers. I request our members to take part and support this program to make it successful for everyone. As you know, the recent Campus Placement Programme met with huge success despite the economic slowdown.

Infrastructure

We are growing fast, so much so that almost every day somewhere in the country a new infrastructure project is undertaken by the Institute or its constituents with the support of Branch Managing Committee members and the Government which has provided us land on subsidised rates at various places. This positive enthusiasm to share and to grow is what fuels us. It is the spark that leads to such spectacular results like the Centre of Excellence in Hyderabad, the Institute's building in Noida and others. In the last few weeks we have acquired land and performed bhoomi poojan for our branches in Kota, Bhilwara, Mathura, Kakinada, Vijaywada, and Sangrur. We have also recently inaugurated a seminar hall in Guntur and an auditorium in Indore besides opening 15 more ITT Labs including at Rajamahendravaram and Ratlam. At this rate of growth I believe that my dream of a branch office in every city and town of India will be fulfilled in the foreseeable future.

ICAI ARF - Department of Posts Project

In a move that will culminate in opening new avenues of practice for our members, ICAI ARF has recently taken up a pilot project for Department of Posts for the implementation of accrual accounting system in two primary postal units. The MoU along with a Strategy Paper in this regard was recently signed by me, being the Chairman, ICAI ARF and the Joint Secretary cum FA of Department of Posts. This pilot

project and its relevant studies are scheduled to be completed by June 2010.

Student Programs

Students are our future and giving them the best education will always be my priority. In this regard, you will be pleased to know that our positive efforts have seen the sixth batch of 60 participants complete their three month residential program at the world renowned IIM Indore. In fact the seventh batch has already begun with 54 participants studying at the National Institute of Financial Management, Faridabad.

Our skill and proficiency increases every day and nowhere was it more evident than at the recently organized National Convention for CA Students. The quality of the lectures was so good that the convention was unanimously appreciated by the participants. In fact, taking into account the success of the convention, we are considering making attendance mandatory for all students in such programmes. This will also enable the students to fully appreciate and comprehend the CA Course and its benefits.

We are introducing a three part Test Series for students comprising Concepts, Questions and Answers to enable them to practice and gain more confidence.

Results of the CA Final Examination

That our profession is highly sought after is obvious from the fact that the number of candidates appearing for CA exams is increasing every year. A total of 18625 candidates appeared in both groups of which 2579 passed. There has been an increase in the number of students appearing for the exams by at least 4000 for each group as well as for both the groups compared to last years November exams. This is indeed good news and so is the fact that we are also keeping pace by increasing the number of examination centers every year. Currently we have 252 examination centers with more locations being allocated every year.

However, the results declared for the New Syllabus has not been encouraging. A total of only 9 students passed out of which only 2 students passed in both groups. I have constantly been reiterating that students should take their article training and the CA Course more seriously. Practical training would immensely benefit the students in their examinations as well as in gaining experience.

Continuing Professional Education

With a view to realize the very objective of the Continuing Professional Education and serve the members promptly at their door steps, we have been forming CPE Study Circles, CPE Chapters and CPE Study Groups from time to time across the country. You will appreciate that continuing with that initiative, during the current Council year we have so far given approval for formation of One Study Circle (KCAS Study Circle of

CIRC, Kanpur), Two Study Chapters - one each at Malegaon of WIRC and Haridwar of CIRC, and 14 Study Groups.

You will appreciate, that our recently launched initiative to form CPE Study Circles for members in industry has taken off very well. As many as 14 such study circles have already been constituted across the country, which are offering ample opportunities to members to interact and share knowledge. Many of these Study Circles have already started conducting CPE Programs on topics of contemporary relevance, justifying our decision to go in for a separate CPE delivery mechanism for our Members in Industry. Many more such study circles are on the cards. I urge members in industry to join these study circles for their professional growth and comply with their CPE requirements.

World Congress of Accountants, 2010

The XVIII World Congress of Accountants, on the theme “Accountants: Sustaining Value Creation”, is scheduled to be held in Kuala Lumpur, Malaysia from November 08-11, 2010.

A wide array of speakers and panel discussions will cover various aspects of issues that could affect, directly or indirectly, accountants in the foreseeable future. This is a great opportunity for us to showcase the strengths of Indian Chartered Accountants. I am positive that the international community and panelists will be most impressed by the informed views and contributions by our erudite members. Do not miss this opportunity to interact on the global stage. For further details regarding the programme, members can log on to the following link:

<http://www.wcoa2010kualalumpur.com/congress/cpe.html>

Meanwhile, I have requested IFAC to grant ICAI three speaker slots for this World Congress of Accountants 2010 as this is a golden opportunity to showcase the activities of our Institute on the international stage.

Observing the success of our Diamond Jubilee Celebrations, IFAC has communicated with us to know if we would be interested in hosting the World Congress of Accountants 2014. This is indeed an honour to which we would respond soon after due deliberations.

Women Steering Group

I am pleased to share with you the success of 2nd conference of Women Steering Group of ICAI held in Indore on 22nd August 2009. After the success of 1st conference, organised in Delhi in June, 2009, the success of the 2nd conference further boosted the mission of the Group. The event was graced by Smt. Malini Gaud, Member of Madhya Pradesh Legislative Assembly who delivered key note address to women fraternity present there.

Panels and presentations on the theme of 'Women Taking the Lead' left the delegates highly impressed. The conference, first of its kind in CIRC, was a great success with large participation from women CAs not only from Indore but also from Bhopal, Ujjain, Dewas and other cities. Taking note of enthusiastic response to this event, I have decided to dedicate the whole December 2009 issue of the CA Journal to Women Chartered Accountants and therefore invite entire female fraternity of ICAI to contribute articles for this special issue.

The annual festival season is round the corner. Please accept my warmest wishes for the coming festivals. Let us celebrate these festivals and pray for our nation, but let us also not forget that God helps those who help themselves. In the words of Swami Vivekananda, "Stand up, be bold, be strong. Take the whole responsibility on your own shoulders, and know that you are the creator of your own destiny. All the strength and succor you want is within yourself. Therefore, make your own future".

My pranaams to all,

CA. Uttam Prakash Agarwal
New Delhi