

From the President



CA. Manoj Fadnis, President, ICAI

Dear Friends,

I started my journey in the active service of profession in the year 1991 as an office bearer of Indore Branch of CIRC of ICAI. I am happy that after 24 years, the profession gave me the opportunity to serve as the 63rd President of the ICAI, in the year 2015. Earlier, I was elevated as Vice-President in the year 2014. Throughout my journey, I had a dream to take the profession to higher glory the way our forefathers had visualised. Through various initiatives and measures, we collectively made sincere efforts to take our alma mater's status onto a higher pedestal. Credit for all this goes to my colleagues in Central Council, Regional councils, Branches, foreign chapters, and employees of the Institute, since they have worked all the way inexhaustibly with a never-ending enthusiasm.

We are called *partner-in-nation-building*. It was Bharat Ratna Dr. A. P. J. Abdul Kalam, who gave us that honour by recognising our contribution to the nation. Shri Lal Bahadur Shastri asked us to play an

important role in public as well as private sectors, with integrity, by creating and sustaining public confidence in the market. We believe that, for such a development, ethics has to be an integral part of our endeavours. Being members of a noble profession, it is our moral responsibility to promote ethics and integrity in society that have been our guiding forces in profession.

I must put on record my sincere appreciations for Hon'ble Union Finance and Corporate Affairs Minister Shri Arun Jaitley as well as the officials of those Ministries for encouraging our initiatives and extending their unceasing support to us. I would also express my appreciations for Hon'ble Union Minister for Railways CA. Suresh Prabhakar Prabhu and Hon'ble Union Minister of State for Power, Coal and New and Renewable Energies CA. Piyush Goyal for extending us their complete support both as Union Ministers as well as alumni of ICAI. It will be incomplete if I do not mention here Hon'ble Rajya Sabha MP CA. K. Rahman Khan and Hon'ble Lok Sabha MP CA. Dr. Kirit Somaiya who have continued to support us in our professional journey.

When I look back, I find that we have really come a long way since 1949. We have grown considerably well both qualitatively and quantitatively. Our membership today stands at more than the 2.5 lakh mark. More than 8.5 lakh students are enrolled in the CA course. We are working really hard to put in place a contemporary and close-to-economic-reality syllabus for the CA course. We have undertaken multiple initiatives in coordination with the Government, organised workshops and training programmes for their officials on accounting concepts and reforms, accrual accounting for a uniform accounting/auditing framework, *etc.* We have brought out guides and handbooks to update their technical knowledge.

In the Council year 2015-16, Indian accountancy profession has substantially increased its global reach and our representation at international accountancy bodies has considerably grown. We will soon have 28 foreign Chapters to carry out our global agenda, with Auckland and Ras-Al-Khaimah Chapters as new ones being opened shortly. We have affiliations on technical cooperation with a number of accounting bodies in various countries throughout the world.

It is my privilege to acknowledge that ICAI has continued to progress. It is my time to audit all developments of the ICAI during 2015-16 and take a complete stock of work during the year. Some of the most significant achievements of the Institute in 2015-16 have been listed immediately after my message in

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the form of a report. Meanwhile, I would like to update the readers on some of the significant developments that took place over the last one month:

2015 ICAI Elections

I am happy to acknowledge my sincere gratitude to the members of the ICAI for participating wholeheartedly in the 2015 ICAI Elections for 23rd Council and 22nd Regional Councils held on 4th-5th December 2015 (and on 18th-19th December 2015 in some parts of Southern Region where polling had been postponed due to heavy rains and consequent floods). Thanks are due to the employees of the Institute who started counting the votes on 20th December 2015 and concluded the same successfully on 8th January 2016 before the declared deadline, by working day and night. I must place on record my sincere appreciations for the ICAI Secretary who was also returning officer for executing the whole job successfully. I congratulate all elected members of the 23rd Council and 22nd Regional Councils from the core of my heart; I congratulate particularly 10 women members, two in 23rd Council and eight in 22nd Regional Council upon their election to serve the profession.

I would like to offer my best wishes with the expectations that both the Institute and the profession will touch new heights of success with the help of their endeavours. I also wish to inform that the triennial election for the Managing Committee of Branches of ICAI for the term 2016-19 will be held during January-February 2016.

IFAC to Visit ICAI in March 2016

I am glad to inform you that the IFAC (International Federation of Accountants) President Ms. Olivia Kirtley and CFO Mr. Russell Guthrie will come to India in March 2016. Communication has been sent to all Indian regulators including Securities Exchange Board of India, Reserve Bank of India, Comptroller and Auditor General of India, Controller General of Accounts, Ministry of Corporate Affairs to arrange meetings for the IFAC delegation and the ICAI leadership during their visit to India.

Forthcoming Union Budget and Nation's Expectations

The Union budget will be presented amidst populist expectations and comfortable growth rate at about 7.5 % in the current fiscal year. However, with global uncertainties hovering, it would be a challenge to maintain growth and meet all the expectations. ICAI has already submitted a pre-budget memorandum to

the government. I wish to inform that our suggestions in form of Pre-Budget Memorandum are intended to improve tax collection, reduce/minimize litigations, facilitate rationalisation and remove administrative and procedural difficulties. Let us hope that the forthcoming Budget pushes India towards a trajectory of double digit growth.

Draft of New CARO to be Submitted soon to MCA

As informed before, the Ministry of Corporate Affairs had constituted a Committee to develop a new Companies (Auditor's Report) Order (CARO) to be made applicable from financial year 2015-16 onwards. I am happy to inform further that a draft of the proposed revised CARO had been prepared and circulated in the ICAI Council for comments/opinions. I take this opportunity to thank all my Council colleagues for submitting their inputs on the draft. Draft of the proposed new CARO after including the inputs received from public and ICAI Council will be soon submitted to the MCA for onward consideration of the Committee on CARO.

Helping the Agenda of SEBI-QARC

As you are aware, SEBI had created Qualified Audit Report review Committee (QARC), represented by ICAI, Stock Exchanges, etc., to guide SEBI in processing the audit reports where auditors have given qualified audit reports. ICAI-FRRB considers the audit qualifications referred to it by SEBI-QARC. I am pleased to inform that during the Council Year 2015-16, QARC-SEBI had referred 35 cases to the Financial Reporting Review Board (FRRB) of ICAI that have all been reviewed and finalised. Further, FRRB has selected on *suo moto* basis general-purpose financial statements and auditors' reports thereon of 54 enterprises pertaining to the financial year 2014-15.

Accounting Research Foundation Update

The Work related to pilot study project "Study of Existing Budgeting and Costing System and Proposal for Outcome Budgeting and Integrated Cost Accounting Architecture" is moving ahead steadily. Draft Concept Paper developed by ICAI-ARF is hosted on the website of Indian Railways for comments. ICAI ARF has also submitted the proposal for the project "Migration from Cash Based Accounting System to Accrual Based Accounting System of Jaipur Division & Jaipur Head Quarter" of

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Indian Railways. Members are also aware that ICAI ARF has undertaken a Pilot Study Project to review various aspects associated with the procurement processes in respect of the Capex Policies of Coal India Limited, Kolkata (CIL), on *pro-bono* basis.

ICAI Corporate Forum and ICAI Awards 2015

I am happy to share that a two-day 9th ICAI- CMII Corporate Forum on the theme of *Transformation towards Excellence* was organised recently in New Delhi that included Corporate Conclave Financial Services Expo and ICAI Awards 2015. More than 200 members attended the Conclave. In the ICAI Awards 2015, there were three main categories—CA Business Leader, CA CFO and CA Professional Achiever—to honour the exemplary work of our members-in-industry. To decide on the awardees, a 15-member Jury had met in Mumbai in December 2015 under the leadership of Aditya Birla Group Chairman Shri Kumar Mangalam Birla. Hon'ble Union Minister of State (Independent Charge) for Civil Aviation and Tourism and Culture, Dr. Mahesh Sharma was the Chief Guest at the ICAI Awards 2015, and Sun Pharmaceuticals Limited ED Shri Sudhir V. Valia was the Chief Guest for ICAI Corporate Conclave. Celebrated singer Shri Mika Singh, among others, performed at the cultural evening.

Jury Meet for ICAI Awards for Excellence in Financial Reporting

As you are aware, ICAI conducts an annual competition ICAI Awards for Excellence in Financial Reporting to recognize and encourage excellence in preparation and presentation of financial information. The Jury meeting to decide the awardees was held recently in Mumbai under the chairmanship of former SEBI Chairman Shri M. Damodaran. Among others, NACAS Chairman CA. Amarjit Chopra, former CBDT and IRDA Chairman CA. N. Rangachary, ASSOCHAM President Shri Sunil Kanoria and FICCI President Shri Harshvardhan Neotia, were members of the Jury. The Award function will be held in Kolkata in February 2016.

6th XBRL Asia Roundtable in Mumbai

I am happy to inform that ICAI along with XBRL India hosted the 6th XBRL Asia Roundtable in Mumbai, where a closed-door workshop of XBRL International representatives and regulators from Asian XBRL jurisdictions was held. Representatives of RBI, Ministry of Corporate Affairs and Bombay Stock Exchange shared their experiences relating to XBRL

implementation in their regulatory reporting. The ICAI with the RBI's support then organized a National Conference in Mumbai to provide an insight on the benefits of XBRL and its implementation, which was hosted by the Bombay Stock Exchange.

New Professional Resources on Auditing

I am happy to inform that the ICAI Council has cleared the 2016 Guidance Note on Audit of Banks and this soon be released and made available to our members. The ICAI Council has also approved the revised Standard on Auditing 610, 'Using the Work of Internal Auditors', and new Standard on Assurance Engagement 3420 dealing with 'Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus'.

Accounting reforms in ICAI

I am proud to inform that as decided by the Council, ICAI has taken a conscious decision to prepare its financial statements starting from financial year 2015-16 on the basis of Ind AS. The work related to preparation of opening Balance Sheet as on 1st April 2015 is going on smoothly and we expect to complete it by the end of this month. Training on Ind AS for some of the officials of ICAI has already been completed. We are also in the process of implementing integrated software package uniformly applicable to Head Office, Decentralised Offices, Regional Councils and Branches. The project is being implemented in phases involving customisation, data migration, testing and training.

Swachh Vidyalaya Abhiyaan

As members of a noble profession, it is our responsibility to extend all possible help to our society. Our help is not a favour, but just an act of giving back. To update on the *Swachh Vidyalaya Abhiyaan*, 762 members have expressed their interest and confirmed their commitment to the Institute. 116 appointment letters have been issued by the concerned Central Public Sector Undertakings (CPSUs) and 832 toilet blocks are under verification across the country. ICAI has received 319 reports till date and 1095 toilet blocks have been allotted to our members.

Robust Disciplinary Mechanism at ICAI

Members would appreciate that upholding the image of the profession, the ICAI has been working carefully for the effective disposal of disciplinary cases.

Since December, 2015, I wish to inform that we have had 06 more meetings of the Disciplinary Committee

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under Section 21-B held in Mumbai, Kolkata, Delhi and Chennai in which we have concluded 48 cases and awarded punishments in 11 cases in such meetings. Further, a meeting of the Board of Discipline under Section 21-A was held in Chennai in which 24 *prima facie* cases have been considered and disposed. With this, during the present year, we have concluded hearing(s) in 17 cases by the Board of Discipline apart from having considered *prima facie* opinions in 175 cases. Similarly, the Disciplinary Committee under Section 21-B has concluded hearing(s) in 100 cases so far apart from considering *prima facie* opinions in 75 cases.

Summarised position of disciplinary cases under 21B is as under.

Total Cases as on 12.2.2015		129
Cases where hearing stayed by order of High Court		3
Remaining Cases		126
Cases fixed for hearing between 24 th January and 5 th February, 2016		5
Cases fixed for hearing till date		121
Cases fixed but adjourned at the request of parties	18	
Cases Part heard and adjourned	3	21
Cases Heard and Concluded		100

I am happy to submit that this is the largest number of cases disposed in the recent past.

Results of CA Final Examinations and CPT Declared

Results of the Chartered Accountants Final Examinations held in November 2015 and Common Proficiency Test held in December 2015 have been declared recently. While 5.75 % candidates passed in Both Groups, in Groups I and II, the percentage was 12.61 and 11.99. I congratulate Mr. James John Britto R. from Chennai for achieving the All India First Rank in the CA Final Examination. I also congratulate Mr. Naglou Mohan Kumar from Tirupati and Mr. Avinash Sancheti from Kolkata for achieving the All India Second and Third Ranks respectively. In CPT held in December 2015, 34.45 % of the total candidates passed the test, of which male and female percentage was 34.31 and 34.66 respectively. I congratulate all students who have passed.

Recognition for 50-Year Continuous Membership

I am happy to inform that the ICAI has dispatched Card of Recognition to 332 members who had completed 50

years of continuous membership with the Institute as on 31st December 2014.

Nothing is permanent in this life. While I am leaving the office, I would like to say: Let us respect our work not just because it gives us bread, but because our work touches the lives of others. So our decisions and measures require to be ethical. Broadly speaking, our stakeholders include each and every member of our society. As members of an empowered and noble profession, we will have to adopt this broad perspective. And with this understanding, we can create a better life for the people around us.

I am thankful to my membership fraternity and particularly to my Central Council colleagues, whose constant help and support have been an integral aspect of all my endeavours. I am grateful to them for sharing their ideas, opinions, vision, etc., with me in the interests of our dear profession. I take this opportunity to thank them all for their indomitable spirit to extend all possible help.

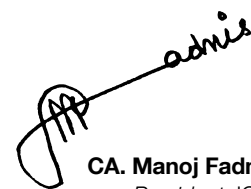
Last but not the least, I thank my colleague and close associate, the ICAI Vice-President CA. M. Devaraja Reddy. I always found him whenever I needed. I will forever cherish his enthusiasm to do things and bring new and positive dimensions in work.

It is time for me take your leave now. Someone has said—whatever position you are in, first determine your objective. Unless you lose sight of your goals obstacles wouldn't be visible. Philosopher Ralph Emerson says: *What lies behind us and what lies before us are tiny matters compared to what lies within us.* I have already started gearing up for my roles as CAPA Deputy President and IFAC's SMP Committee member.

While concluding, I would like to reproduce famous lines from a poem by Robert Frost -

*The woods are lovely, dark, and deep,
But I have promises to keep,
And miles to go before I sleep,
And miles to go before I sleep.*

Best wishes



CA. Manoj Fadnis
President, ICAI

New Delhi, 24th January 2016