

From the President



CA. Manoj Fadnis, President, ICAI

Dear Friends,

Integrity without knowledge is weak and useless, and knowledge without integrity is dangerous and dreadful”, said Samuel Johnson. Chartered Accountants are traditionally known for their skills in the areas of accounting, auditing, taxation, finance and business strategy. By virtue of their holistic education and rigorous training they are efficiently managing in almost all functional areas in multi-faceted organisations. Although their knowledge and expertise are required to be used for the good of the organisation, its stakeholders, society and the nation, but yet at times, promoting vested interests of individuals tend to overshadow the professional virtues of independence, integrity and excellence.

Admittedly, unhealthy practices with ulterior motives are neither limited to accounting profession nor restricted to our country. From time to time, aspersions have been made on legal, medical and other professional world

where morality and ethics have been kept aside only to ultimately land on the wrong side of the law. There have also been accounting scandals in the western world. But we are more concerned about ourselves. We need to keep our house in order. ICAI has a strong disciplinary mechanism wherein proceedings are initiated and taken to their logical end through a well-defined procedure which maintains the interests of natural justice while ensuring that the guilty are never spared.

The recent decision of the Hon’ble Special CBI Court in the Satyam matter validates the disciplinary mechanism of the Institute. The Special CBI Court pronounced its verdict in the Satyam Case and awarded imprisonment to the ten accused who have been found guilty. Members may recall that in the wake of the Satyam scam, disciplinary actions were initiated against six members of the Institute. The first of disciplinary cases was completed in October 2010, whereas the last one was completed in April 2012. The maximum punishment prescribed under the Chartered Accountants’ Act, *i.e.* permanent name removal and penalty of ₹5 lakh, was awarded to them. In three cases, names have been formally removed. The remaining cases are before the Hon’ble High Court/the Appellate Authority.

I wish to reiterate that during my tenure as ICAI President and in my dual capacity as presiding officer of Board of Discipline under Section 21-A and Disciplinary Committee under Section 21-B of the Chartered Accountants Act, 1949 apart from being the Chairman of Disciplinary Committee under the *old mechanism*, *i.e.* (21-D), it will be my continuous endeavour to give priority to the pending disciplinary cases and ensure their speedy disposal after affording due opportunities to the concerned parties to present their case before the Committee/Board, as the case may be. From a statistical point of view, out of a total numbers of 2,481 complaints/information cases registered and dealt with under the *new disciplinary mechanism*, a total of 1,654 cases have since been disposed of at the *prima-facie*

opinion stage. Twenty-three cases before the Board of Discipline and 119 cases before the Disciplinary Committee will be taken up at meetings fixed with increasing frequency so as to ensure that most of the cases are concluded this year.

Theodore Roosevelt said: *To educate a man in mind and not in morals is to educate a menace to society.* ICAI is committed to ensure justice in all the disciplinary cases and thereby uphold the ethical values that form the hallmark of the profession. I request my fraternity to work with utmost integrity and ensure that the society, government and other stakeholders consider CAs as highly trustworthy.

Let us now consider some of the significant professional developments that took place in the last one month:

Meeting with the Hon'ble Union Finance Minister

Recently, I along with my Central Council colleague CA. S. Santhanakrishnan met the Hon'ble Minister of Finance, Corporate Affairs and Information & Broadcasting, Shri Arun Jaitley, where the Hon'ble Member of Parliament CA. Kirit Somaiya was also present. We had discussions on various professional issues including on the ease of doing business in India, the changes required in the Companies Act, 2013, etc. We also shared the ICAI's concerns pertaining to the National Financial Regulatory Authority (NFRA) with them.

Here, I would like to inform that in order to properly communicate our concerns on the NFRA, we had meetings with the Chairman as well as some of the Members of the Parliamentary Standing Committee on Finance, i.e. Dr. M. Veerappa Moily, Dr. Kirit Somaiya, Shri Shyama Charan Gupta, Shri Ajay Sancheti and Shri Anil Shirole.

Meeting with the Hon'ble Union Railway Minister

I along with the ICAI Vice-President CA. M. Devaraja Reddy recently met the Hon'ble Union Minister of Railways, CA. Suresh Prabhu, and

discussed matters of professional interest. This meeting was followed by a webcast of a live interactive meet from the Rail Bhawan in New Delhi, which was organised by the ICAI. I would like to sincerely congratulate CA. Prafulla Chhajed and CA. Mukesh Singh Kushwah for organising the webcast.

More Deliberation on NFRA Desired

We have communicated our concerns to the Ministry of Corporate Affairs with regard to the changes desired in various aspects of the Companies Act, 2013 and the Ministry so far has been very receptive about our comments/suggestions. With regard to the proposed formation of NFRA, we had raised our concerns with regard to its domain conflict with that of ours, i.e. ICAI, in certain respects. In both principle and practice, this provision in its current state will overlap the domain of ICAI. In the light of the fact that we are carrying out our regulatory functions responsibly, the Government has assured us to consult the ICAI before the implementation of NFRA. It is but justified that the Government has not yet notified the NFRA provision, i.e. Section 132, till date.

Guidance under the Companies Act, 2013

The Council in its 342nd meeting held on 15th-16th April 2015 has finalised and issued the following important Guidance Notes/ Clarifications:

- i. Guidance Note on Reporting under Section 143(3)(f) and (h) of the Companies Act, 2013
- ii. Guidance on Reporting under the Companies (Auditor's Report) Order, 2015 (CARO, 2015) and Consequential Amendment to the Format of the Auditor's Report of a Company
- iii. Clarification on Auditor's Report in respect of Financial Statements of a Company for Accounting Years Beginning before 1st April 2014

The *Guidance Note on Reporting on Fraud under Section 143(12) of the Companies Act, 2013* has already been issued.

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All the above Guidance Notes/Clarifications are available on the ICAI website.

Further as the members are aware, the Government has also introduced the Companies (Amendment) Bill, 2014. Based on the ICAI's representations, this Bill contains the enabling provisions to prescribe the thresholds beyond which fraud shall be reported to the Central Government (below the threshold, it will be reported to the Audit Committee). The Bill also recommends the disclosures for the latter category, *i.e.* below threshold, to be made in the Board's Report.

ICAI Receives Invitation from CA Worldwide

It is my pleasure to inform that the ICAI has received a request from the Chairman of Chartered Accountants Worldwide, Mr. Pat Costello, to join the organisation as an Associate Member. Chartered Accountants Worldwide, established in February 2013, is an initiative of leading world institutions of chartered accountancy to develop and promote the vital role that chartered accountants play in global economy. Currently, its members are Chartered Accountants Australia and New Zealand, The Institute of Chartered Accountants in England and Wales, Chartered Accountants Ireland, The Institute of Chartered Accountants Scotland and The South African Institute of Chartered Accountants. Its membership shall expose our members to job opportunities from all parts of the world and help them in mobility to develop professionally and globally. Let me inform that this membership is open only to those professional accountancy bodies who are the members of IFAC, whose members are called *chartered accountants* and who are committed to promote the *chartered accountant* brand.

CAPA's Conference and SAFA Meetings in Kathmandu

I along with the ICAI Vice-President CA. M. Devaraja Reddy, recently attended the CAPA's Public Sector Financial Management (PSFM)

Committee Conference in Kathmandu, organised by the Institute of Chartered Accountants of Nepal. At the Conference, experts addressed the challenges in reforming and improving public financial management both globally and in Nepal, with an aim to contribute towards current and future development programmes. A technical paper on *attracting and retaining finance personnel* from the perspective of HR managers was presented in the Conference on behalf of the ICAI.

Along with the CAPA Conference, I along with the Vice-President CA. M. Devaraja Reddy, also attended the SAFA Board and SMP Committee meetings. In Nepal, we also had the opportunity to meet the Secretary-General of SAARC, H. E. Arjun Bahadur Thapa.

Three New Branches Notified

I am really very happy to inform our stakeholders that three more Branches of the Institute will be set up soon. Two Branches of CIRC will be set up at Haridwar and Haldwani in Uttarakhand, and one Branch of SIRC will be at Kalaburgi (Gulbarga) in Karnataka. These notifications will soon be published in the Gazette of India. With this, the total number of ICAI's Branches has reached the figure of 150.

Campus Placement for Newly-Qualified Chartered Accountants

It is satisfying to note that the ICAI in February-March organised the campus placement programme for the newly-qualified chartered accountants at 20 centres across the country in two phases. The first phase of the programme was organised in 14 smaller centres that successfully resulted in about 397 job offers to the newly-qualified chartered accountants, who got 1,339 offers in the second phase of the placement programme organised at 6 bigger centres, *i.e.* New Delhi, Mumbai, Bangalore, Chennai, Kolkata and Hyderabad. The highest salary offered for domestic and international postings were ₹21.50 lakh and ₹30 lakh per annum respectively. The average salary (*i.e.* CTC) offered was ₹7.25 lakh per annum. The

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Institute also organised orientation programme in soft skills for them for the purpose. Altogether, 87 organisations and 178 interview teams participated in this placement programme.

Non-Applicability of Wealth-tax for November 2015 Final Examination

I wish to inform our stakeholders that the Council of the Institute has decided that wealth-tax will not be made applicable for the November 2015 examination and subsequent ones.

ICAI to Launch New Diploma Course in International Tax

I take pleasure to inform our stakeholders that the ICAI has received an approval for the *Diploma Course in International Tax* from the Ministry of Corporate Affairs. The Council of the Institute has approved the syllabus for this *Diploma Course* and decided that there would be two papers. Details of the syllabus, examination patterns, class structure, e-learning modules, etc., will be worked out soon.

Investor Awareness Programmes in 2014-15

Going by our professional standing and social responsibility in our country, we conduct from time to time, regular and empowering workshops, training programmes and awareness seminars for our stakeholders. I am happy to inform that the ICAI has already conducted a total of 812 investor awareness programs during April 2014 – March 2015. These were conducted by our POUs (program organising units) and with the help of resource persons.

Next ICAI International Conference in Indore in August 2015

Over the years, the accountancy professionals of India have magnificently evolved and smoothly graduated from mere financial experts to strategic thought leaders. Leading by example, the ICAI has always inspired innovation and growth among its stakeholders while safeguarding the public interest. Being acutely

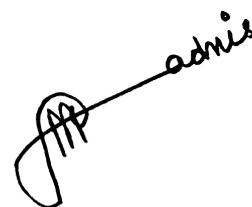
aware of the shifting paradigms and emerging needs, and our responsibility, this year too, the ICAI will organise an International Conference on *Accountancy Profession: Spearheading Excellence* in August 2015 in Indore. The Conference will aim to bring both Indian and global perspectives to the fore before the accounting fraternity. I would request my membership fraternity to keep checking the ICAI website, as details in that regard will soon be hosted there.

As we know, behind every achievement, there has to be a motivation. This motivation may effect from our accomplishments, our fears and compulsions, our desire for authority and distinction, our interests in the object, our desire for truth and understanding, or our divine and innocent curiosity. Through our accomplishments, sometimes we aim at recognition, while on other occasions we get competitive and want to be acknowledged as better, stronger and more intelligent individuals than those who live in the circle of our existence.

I wish everyone *Happy May Day*, that is widely celebrated as the International Workers' Day and also as spring festival in the northern hemisphere of the world.

It is also to extend my heartfelt greetings to the nation on the occasion of *Buddha Purnima* that falls on May 4 this year. May this day enlighten and inspire all of us to become responsible citizens of our nation!

Best wishes



CA. Manoj Fadnis
President, ICAI

New Delhi, April 23, 2015