

TOWARDS TRANSPARENCY

Implementation of IFRS-converged standards would help in bringing excellence in financial reporting in India, and ICAI is going out of its way to ensure this

As April 1, 2011, the date for the convergence with International Financial Reporting Standards (IFRS) for the first phase of entities fast approaches, all the stakeholders, including the regulators, auditors, and those involved in preparing the financial statements, are gearing up for the change.

For implementation of IFRS-converged standards, the most important requirement is the formulation of IFRS-converged Indian Accounting Standards. The Institute of Chartered Accountants of India (ICAI) has played a proactive role in this direction. The Institute had issued Exposure Drafts of the IFRS converged Accounting Standards corresponding to IFRSs for public comments.

After taking the viewpoint of the public, these standards have been finalised by the ICAI except for the accounting standard on Insurance Contracts in respect of which inputs from Insurance Regulatory and Development Authority (IRDA) are awaited.

All except a few Accounting Standards have been cleared by the National Advisory Committee on Accounting Standards (NACAS); the remaining ones are expected to be taken up shortly. Thereafter, the Government would notify the Standards after receiving a recommendation in this regard from NACAS.

With a view to facilitate convergence with IFRS, changes required in the Companies Act have already been identified and are under consideration of the Ministry of Corporate Affairs, Government of India. The Government is expected to amend the Act shortly. Changes required in other laws, such as Banking Regulations, Insurance laws, SEBI Rules and Regulations are being finalised.

Sincere efforts are being made by the ICAI to create requisite capacity building to implement IFRS-converged standards in the same spirit in which they are being formulated. For this purpose, IFRS Certificate Course, IFRS e-learning course have been undertaken by the ICAI. Workshops, seminars on IFRSs are being organised all over the country. All India chain workshops on IFRS-converged stan-



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dards are also being conducted by the ICAI in collaboration with the MCA.

Implementation of IFRS-converged standards would help in bringing excellence in financial reporting in the country, as these standards would generally be based on the premise that the financial statements should be transparent and should faithfully represent the actual financial position and performance of the entity. Accordingly, financial statements prepared on the basis of such standards would be comparable, globally understandable and transparent, which would help the investors to take more informed decisions.

The decision to converge with IFRS and not to adopt the same signifies that efforts are being made to formulate Accounting Standards which, as far as possible, are in line with the corresponding IFRS.

However, keeping in view the Indian conditions and circumstances, a few departures are being contemplated, where it is felt that these are absolutely essential in the national interest. For instance, IFRS 3, Business Combination requires recognition of gain on bargain purchase (i.e. excess of

value of net assets acquired over purchase consideration) in a business combination in profit or loss. It is proposed that such gain on bargain purchase should be recognised in capital reserve.

IAS 39 on Financial Instruments - Recognition and Measurement requires recognition of gain on change in fair value of a financial liability on account of deterioration of own credit rating of the entity in profit and loss account. It is felt that such a gain should not be recognised and, accordingly, a departure in this regard is being contemplated.

Similarly, IAS 41, Agriculture, requires gains/losses on change in fair values of biological assets such as trees, crops and livestock to be recognised in the profit and loss account, which does not seem proper in view of uncertainties in the fair values of agricultural assets. At the same time, Indian concerns are being raised before the IASB so that these are properly addressed at the international level also. These initiatives would bring the Indian accounting practices at par with the best of international accounting practices.

In future, the Indian accountancy profession is expected to play a significant role not only in Indian financial reporting system but also in international financial reporting. This process has already begun, eg: to play an influential role in formulation of IFRSs before their finalisation, incisive comments are being submitted to IASB on their consultative documents.

A recent initiative is the constitution of Asia-Oceania Standard Setters Group (AOSSG) for the purpose of taking up concerns of the accounting standards setters in the Asia-Oceania region with the IASB.

India, being a member of AOSSG, has been making contributions in its various endeavours through its Working Groups. ICAI has been selected to chair the Working Group on Agriculture to address concerns arising from implementation of International Accounting Standard (IAS) 41, Agriculture. CA Amarjit Chopra, the current President of the ICAI is leading this group.

Some opinions



CA. AMARJIT CHOPRA
President, ICAI
The ICAI is spearheading convergence of the Indian Accounting Standards with the IFRSs for a sustained economic growth.



CA. G. RAMASWAMY
Vice-President, ICAI
The ICAI is all geared up to meet the deadlines for the implementation of Indian Accounting Standards converged with IFRS.



MRS. RENUKA KUMAR
Joint Secretary, MCA
The ICAI should play a pioneering role in the wide dissemination of the converged Indian Accounting Standards across the country for the benefit of all stakeholders.



CA. MANOJ FADNIS
Chairman, ASB, ICAI
The Indian Accounting Standards 'Ind AS' are converged with IFRSs keeping in mind the Indian economic conditions and the Indian laws.



CA. S. SANTHANAKRISHNAN
Vice-Chairman, ASB, ICAI
1,50,000 Indian Accounting Professionals will have an early mover advantage with IFRS knowledge... sounds great!



DR. AVINASH CHANDER
Technical Director, ICAI
Convergence with IFRS would lead to better presentation of economic reality in financial statements along with more disclosures leading to greater transparency and accountability.

CORPORATE TALK

HONoured

P-mech Softtech CEO Maheshkumar Nirmal bags Udyog Rattan Award and Excellence Award in Thailand



>> FROM LEFT: MR. KORN DABBARANSI, MR. MAHESHKUMAR NIRMAL, AND MS. NAGMA MALLICK

Maheshkumar Nirmal, CEO of P-mech Softtech, has been conferred with the prestigious Udyog Rattan Award by the Institute of Economic Studies, New Delhi, in a glistering ceremony held on 8 October, 2010 at the Indo-Thai Economic Cooperation, Bangkok, Thailand.

The Institute of Economic Studies is one of the premier research-oriented and awareness promoting organisations conducting studies in various problems relating to the Indian economy with the help of eminent academicians, which is a non-profit body having a large number of membership from all over India.

The award was presented by His Excellency Korn Dabbaransi, Former Deputy Prime Minister of Thailand and Nagma Mallik, Deputy Chief-Embassy of India.

P-mech Softtech was also conferred with the Excellence Award in the same ceremony.

This award has been conferred on Maheshkumar in recognition of his outstanding performance for providing engineering-based consulting services. It is with his sincere endeavours and prolonged dedication that Mr. Maheshkumar Nirmal has brought P-mech Softtech to this level and has set an inspiring example for the potential entrepreneurs of India today.

In his speech on the occasion, Maheshkumar Nirmal said, "It is an honour to receive this award. This award has been possible with the collective efforts of my whole team and family. I highly appreciate Indian talent being recognised on international level."

P-mech Softtech has been providing services across the globe for over twenty years now in different sectors like Refineries, Petrochemicals, Chemicals, Power and Infrastructure.

Mr Maheshkumar Nirmal is confident of achieving many more milestones in the years to come and has a vision of making P-mech Softtech a group worth Rs 25,000 million by the year 2030.

Hearty congratulations to him for his remarkable achievement and here's wishing him all the very best in the journey of enduring success.

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FOR A GOOD CAUSE

Xavier Institute Of Social Service has been doing exemplary work in both education and social service



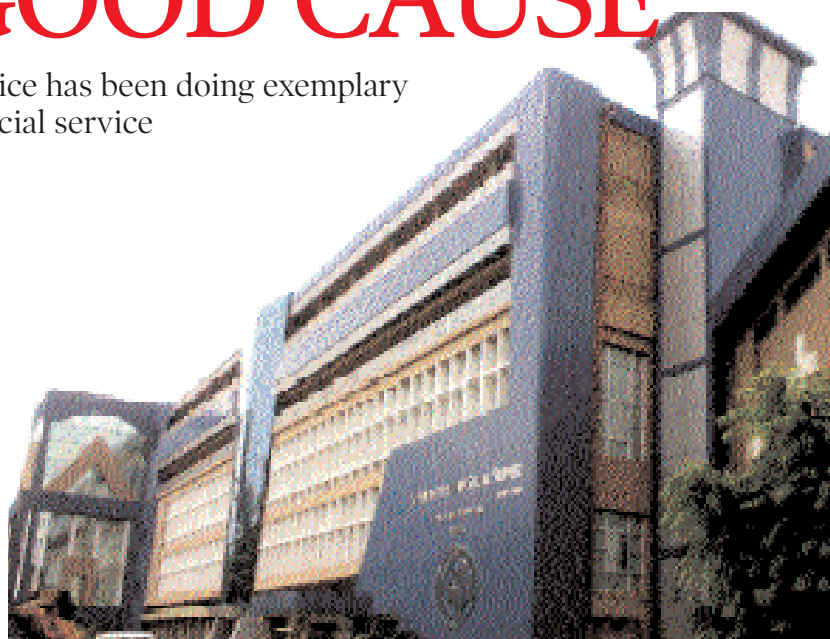
Xavier Institute of Social Service (XISS) was started with the mandate from the Superior General of the Society of Jesus in Rome, Fr. J Janssens, S.J., who in 1949 had urged Jesuits to engage in social action. The Ranchi Jesuit province responds to this call for action, and had set foot in Chotanagpur in 1869. Thus a Jesuit social centre was started in 1955 in the premises of St. Xavier's college, Ranchi by the name of Xavier Institute of Social Service. The first programme started in XISS was Social Service League, which was to enable students to engage in social work.

LONG-TERM OBJECTIVES

1. Provide quality education, innovate and upgrade - curriculum, methodology, staff capability, infrastructure, research and documentation courses, present and new.
2. Enhance capabilities of professionals on the job through short-term programs.
3. Provide relevant services for deprived in their struggle for empowerment through access and control over resources.
 - Promote and strengthen self-governance at the grassroots.
 - Conscientisation, awareness, skill building through education and training.
 - Access to higher education in courses.
4. Influence policy makers, international, national agencies through policy advocacy, information dissemination, publication of books, journals, research articles, organising and participating in debates and discussions.

MAJOR STREAMS

1. Academic: Five PG courses:
 - >> PG Diploma - Rural Development
 - >> PG Diploma - Personnel Management
 - >> PG Diploma - Information Management
 - >> PG Diploma in Finance Management
 - >> PG Diploma in Marketing Management
2. Development intervention
 - >> Development Resource Centre
 - >> Research Department
 - >> Research and Publication



- >> Entrepreneurship Development Department
 - >> Field Projects
 - >> Extension Department
- Besides formal training of professionals in social service, XISS is also involved in extension programmes for managers, students, church personnel, village leaders, ranging from poultry rearing to organisational development and industrial relations. The Institute started local branches such as: The National Institute of Personnel Management, Ranchi Branch, Ranchi Council of Social Welfare, Ranchi Management Association, the Ranchi YMCA and the Ranchi Chapter of the Indian Society for Training and Development.

ATTENTION TO RURAL PROBLEMS:

The Institute was instrumental in launching of Vikas Maitri, an organisation of different Christian churches in Chotanagpur, for the development of rural people. Soon courses for six months were started for village boys and girls, mostly tribals, for setting up tiny businesses - tailoring, cycle repairs, watch repairs etc., in villages, urban fringes and way-sides of Ranchi district.

In 1975, they started a specialisation in the social service programme, Integrated Rural Development.

Some of the projects undertaken
Village Entrepreneurship development Programme, National Adult Education Programme, Programme for Women Village Level Workers, Research and Project Planning, Community Forestry. The programs/projects were implemented in Bero, Lapung, Ormanjhi,

Arki, Namkum blocks of Ranchi district. The Institute started a Diploma Course in Computer Application in 1988, which was turned into a two-year PGDBM Programme on Information Management since 2001 while MBA in Finance and Marketing was started in 2004. Development Resource Centre (DRC) draws its existence from the vision of "Just humane and equitable" society where the underprivileged assume their rightful place." Functioning for three decades, it has been able successfully to create a niche for itself.

TODAY XISS FUNCTIONS AS:

- A professional educational institution, conducting postgraduate courses in Rural Development, Personnel Management and Information Management and extension training courses.
 - An Institute for Research and consultancy undertaking socio-economic surveys and formulation and evaluation of rural projects.
 - A resource centre for Rural Development rendering expert services organisations and institutions engaged in development work.
- XISS has always believed in adopting changes as early as possible. Today it is ready to collaborate with industry, non-profit organisations which can enhance employability, slowdown migration, help improve living standards of the people of the country, especially eastern region is welcome.

Sant Kumar Prasad and Dheeraj Daniel Horo, XISS, Ranchi
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UBEL Q2 PROFIT GROWS ON HIGHER ORDER INFLOWS

During the first half of the current financial year, UBEL has posted revenue growth of 20% to Rs 269 crore



>> UBEL BOARD MEMBERS

UB Engineering Ltd, a flagship engineering and construction company of UB Group led by Dr. Vijay Malia, declared its second quarter results at the board meeting held at Pune.

During the first half of the current financial year, UBEL has posted revenue growth of 20% to Rs 269 crore as against Rs 216 crore in the same period last year and the profit before tax grew to Rs 24.25 crore which is 49% higher than the PBT of the same period last year. The company's order backlog stood at Rs 1,243 crore as of September 30 as against Rs 825 crore during the same period last year. UBEL has witnessed major improvement in the order book during this quarter by posting 51% growth at Rs 664 crore in order inflows during the period, mainly from EPC projects. A major portion of new orders came from the power sector where the company enjoys a good reputation. During the first half of the current year, order inflow from the power sector was 88% of the total order inflows. The company expects that India's growing economy led by the power sector will continue to bring more orders.

UBEL is focusing more on the domestic market because of continued slump in the international market, especially in the Middle East.

PERFORMANCE REPORT

The company sees good business potential in the domestic market especially in the power sector.

UB Engineering has been consistently performing well for the past three years and the company has found place in the elite group of companies selected by *The Construction World Magazine*. In an annual award function held by in Mumbai recently, UBEL is declared as The Third Fastest Growing Construction Company in the small segment for the second consecutive year.

On this backdrop of good reputa-

tion as reliable construction contractors which is supported by a strong order book and healthy profit margins, UBEL is going ahead with various expansion initiatives. UBEL's latest initiative of construction of the state of the art structural steel fabrication shop at Chhattisgarh is progressing as per plans.

The company expects commercial operations to commence from Q1 of FY 2011-12. The company has also declared its intention to enter into infrastructure business by floating a subsidiary called UB Infrastructure Ltd.

UBEL share is traded at Rs 203 on Tuesday at BSE and NSE.



>> CW AWARD 2010 (CONSTRUCTION WORLD)