

INTERVIEW | ISHAAT HUSSAIN

I REALISED QUITE EARLY IN LIFE THAT CHARTERED ACCOUNTANCY WOULD BE A BETTER CHOICE THAN THE IAS



In celebration of its 50th Volume, the BCAJ brings you a series of interviews with people of eminence, those whom we can look up to as outstanding professionals. These are persons who have reached the top of their chosen spheres, are leading lights of the profession and who have set high standards for others to emulate.

The fourth interview in this series features the indefatigable Mr. Ishaat Hussain. Originally from Patna, Bihar, he went to Delhi to study at St. Stephen's College and then to England to pass Chartered Accountancy from ICAEW. He went through the rank and file at Tata Steel during one of the most fascinating times in the history of that company. He worked under four Chairmen at the Tata Sons, worked with stalwarts at the Tata Steel and played number of roles from financial management, tax, M&A, operations, banking, and so on. He served on Boards of several iconic and respected companies of India. Most notably, he served as Finance Director of Tata Steel, Board member at Tata Sons, chairman at Voltas and other group companies. 71 years old now, Mr. Hussain is a treasure trove. He tells his story, recalls anecdotes, shares his perspectives on life and work in this interview with BCAJ Editor Raman Jokhakar and Past Editor Gautam Nayak. Read on for his take on Fair Value Estimates, expectations from auditors, idea of success, conflicts of interest and what made him tick at the House of Tatas ...

Q Raman Jokhakar: Can you tell us a little about your childhood, your formative years, what made you

choose the Chartered Accountancy course and, if I may ask, why from the ICAEW? After that, how did you find your way to the Tata group?

A I am from Patna. My father was a doctor and my mother's family hailed from Lucknow. In those days, it was quite rare for a Bihari to marry in UP. I am 71 years old now; I did my initial schooling in Patna and then went to Doon School. I spent 5 years there, did my senior Cambridge and then went to St. Stephen's for my BA with Honours in Economics. St. Stephen's has probably produced 50% of the bureaucrats (and Ambassadors of India). One career option was to attempt to get into the IAS. The other choice was to do Chartered Accountancy. In retrospect I think it was the right decision not to go for the IAS. I have many friends in the IAS. **They were all very bright – but they were quite frustrated at the end of their tenures!**

I had a friend whose father was the Finance Director of Glaxo. He was going to do Chartered Accountancy. He put the idea of doing Chartered Accountancy in my head. I had lost my father when I was 15, so there was also a heavy emphasis on security. **One thing that I have learnt about the Chartered Accountancy profession is that as a CA you will never starve.** It is a "safe" profession. However, I knew that the pass rates were very low and it was very difficult to clear the exams. An elder cousin was in business and he was my mentor. When I mentioned

Chartered Accountancy to him, he said it was an excellent idea. Besides, I had the aptitude. In school, I was reasonably good in maths. I did higher maths and got good grades. I also studied economics, which in retrospect was a good decision.

For a CA if you have a good knowledge of economics it helps you enormously in understanding finance.

My cousin's auditors were A F Ferguson & Co and I got articleship with them at Allahabad Bank Building in Bombay (Fort) right after my BA results. I was there for a year from July 1967.

GOING TO ENGLAND

However, almost all my college mates had gone to England to do their CA. I was a bit late on the draw. I was pretty comfortable here. But my friends kept saying - come here, come on, come over. So I finally started looking around for articleship in the UK. It meant that I would lose a year – but that was not bad because at Ferguson's I got excellent training as an articled clerk. Finally, when I went to England, although I had lost a year, I was up to speed in accounting matters. My firm (in the UK) was very happy because of the experience I had (from the previous articleship). I was just 20 years old then, the world was opening up and it was thrilling to experience what was happening. India was a bit moribund at that time, not as advanced as it is today.

In the UK I joined a medium-sized firm. Doing small audits in the UK was a very different experience and a great learning in those days. In small firms you learnt a lot about accounting. Some of the clients could not put their final accounts together and you had to handle 'incomplete records'. You won't believe this, but once I had to prepare the accounts of some Pub. The proprietor came with a sack and left it on the table – that sack contained cheques, stubs, vouchers and all that you needed to piece his accounts together! Putting a set of accounts together from incomplete records provided tremendous learning. Even today, unless I am satisfied on the debits and credits I find it difficult to move ahead.

To return to my Chartered Accountancy, I passed my Inter with flying colours. I was in the top 5%. I got to my part 1 and then to part 2 and passed that also at the first attempt. That gave me terrific confidence in myself, plus I gained good experience, too. I used to do the largest audits for the firm.

And then, for personal reasons, I decided to come back to India. Very few amongst my contemporaries came back, Deepak Parekh was one of them, although I didn't know him there. Keki Dadiseth was also a very dear friend and was also at Ferguson for a year. He, too, came back. I can count on my fingertips the number of people who came back.

BACK IN BOMBAY

On my return to India, I joined the ICI Group and was posted as the Financial Accountant to CAFI (Chemicals and Fibres of India) which used to make Terylene under the brand Terene. I joined them in Vashi where Reliance (ADAG) stands today. It was a great experience for me because I looked after all accounting, banking and insurance matters. As a front line manager, I also got to handle a large body of unionised staff. In those days, unions were very strong. Everything was a negotiation. Industrial relations in Bombay were not good and in CAFI, it was definitely bad. In fact, CAFI were just recovering from a two month old strike prior to my joining. This exposure to managing a large body of unionised staff has helped me in very good stead throughout my career. That is why whenever I recruited accountants, I used to tell them while by and large all C.A.s have the requisite technical skills, they need to sharpen their people and inter-personal skills.

I was with CAFI for a year and a half; in ICI they used to transfer people around very quickly. I was transferred to ACCI (Alkali and Chemical Corporation of India) which used to make Dulux and Duco paints which was a very hot commodity in those days. I was with them in Bombay as the Regional Accountant. The Regional Accountant had much more to do than accounting, and the accounting was very simple, involving just branch accounting. But the godowns also reported to the Regional Accountant. All the contracts of the transporters used to be negotiated by me. Thus, I got considerable commercial experience.

LIAISING WITH BANK AND LENDERS

Since ACCI was headquartered in Calcutta and all the Financial Institutions such as IDBI, ICICI, LIC, the banks and RBI had headquarters in Bombay, a part of my job as the Regional Accountant was to liaise with these institutions. This was a unique and great experience and I was really lucky to get this exposure. One of the long-standing benefits of which was that many of those whom I dealt with in the 1970s had risen to the highest levels in

these organisations which was of considerable value to me when I returned to Bombay in the '90s.

When I had completed five years, I felt I needed to step out and learn more about financing capital evaluation, project evaluation and so on. I mentioned this to my Finance Director and he said “fine, you come and work as my assistant”. I was transferred to Calcutta as Assistant to the Finance Director. There was a Finance Director, there was a Head of Finance and there was the Assistant (me). The three of us were a sort of think tank and I used to do all the legwork. In those days, there were no Excel spreadsheets.

While working on the financial part of the project evaluation, one had to start getting involved with the engineers to understand how the project cost was developed, talk to the commercial people about how they looked at the markets and assess the demand. One might have read all this in textbooks but I was now doing all this in practice. ICI was a very process oriented company. Both at CAFI and ACCI, the systems and procedures were well developed, though computers, thanks to the unions, were few and far between. Charts of authority along with delegation of powers, checks and counter balances and so on were in place and governance was of a high standard. ICI was also very sound in financial analysis and techniques. If you remember, in the early '80s, inflation was running at a very high level. In fact, there were proposals to dump “Historic cost Accounting” and to adopt “Inflation Accounting”. In ICI I was involved in “inflation accounting” which had been mandated by the ICAEW – it was a fascinating intellectual exercise.

I strongly believe that after one qualifies, one's first job must be with a good company where one can get hands-on experience and exposure to good systems, procedures, governance and management.



Gautam Nayak, Ishaat Hussain and Raman Johkakar

Q Gautam Nayak: From heading financial functioning at a flagship entity to Tata Sons, how did that happen? Any memorable stops along the way?

A My ex-boss at CAFI left the ICI Group to join Indian Oxygen. The Chairman of Indian Oxygen was Mr. Russi Mody. Mr. Mody told him that he was trying to modernise Tata Steel, particularly the finance and accounts department, which he felt was very archaic in its approach. He wanted to rejuvenate Tata Steel. He asked him whether he knew of any young guys who would consider joining Tata Steel. To cut a long story short, I agreed to meet Mr. Mody. We had an interview. He offered me two jobs – one was the number 2 man in accounts in Jamshedpur and the other was Finance Director in Indian Tube Company, which at that time was among the top 100 companies in India. I chose the latter.

THE SKY IS THE LIMIT

Indian Tube Company was 40 % owned by Tata Steel, 40 % by British Steel (which Tata Steel later acquired) and 20 % was held by the Indian public. It was not a listed company. British Steel was in trouble at that time and wanted to sell their shares and Tata Steel wanted to buy them out. Mr Mody told me that they were looking for a Finance Director, and he added that some day it would merge with Tata Steel and I would be back with him in Tata Steel. If I did well, then the sky was the limit for me. I said I would take my chance. I was only 30 or 31 then. That's how I came in to Tatas.

In 1983, Indian Tube merged with Tata Steel. The Board continued because the merger was a contested merger and that was another experience that I had – how to deal with contested mergers. One of my jobs was to see the merger through. It went up to the MRTP (there was a hearing at MRTP). I made a presentation before them. I learned about share valuations and got a good understanding of M & A. It was a terrific learning experience. I continued to be on the Board because the company was not dissolved till two and a half years later but I, as an executive, was transferred to Tata Steel and became the Joint Director of Accounts, the no. 2 man – something that Mr. Mody had originally offered me.

Mr. Mody gave me two tasks at Tata Steel – to complete the merger and to go and “smell” Jamshedpur because what he had in mind for me was the position of Finance Director of Tata Steel. But he told me that in order to

become the Finance Director it was necessary to go and live in Jamshedpur, to see what steel is about, imbibe the culture of Tata Steel and the Tatas.

OVER TO JAMSHEDPUR

I went to Jamshedpur as no. 2 but very unfortunately, the Director of Accounts (DOA) got a heart attack and took retirement. So I became the Director of Accounts. At that time, Mr. Mody was acquiring companies – Kumardhinbi Fire Clay, Metal Box Bearings Division, Dairy Ashmore. I dealt with all these three acquisitions, in addition to the ITC merger.

As Director of Accounts, I was truly overawed by the enormity of the job. The diversity of Tata Steel's operations is best captured by the famous by-line "We also make Steel". Furthermore, the Director of Accounts was not only responsible for accounting for such a diversified company, he was also responsible for despatches of all the steel from Jamshedpur. In other words, all the weighbridges came under the DOA's charge.

Furthermore, the maintenance of attendance records, the Time Offices, which meant keeping a tab on some 45,000 people also came under the DOA's jurisdiction. And you have to keep in mind this was in the '80s when there was very little computerisation. The departments reporting to me had a strength of 2000 people!

I often reflect on how I came through this "Baptism by fire". As I said earlier that by and large, C.A.s have a high level of technical skills, but to manage a large body of people, one must have competence in inter-personal skills. I didn't manage by sitting in my room. I was young then and I had boundless energy. I made it a point to be in touch with the troops, visit them informally and have some tea and pakoras with them. I would slap their backs, joke with them, motivate them – and I actually brought the overtime level down.

I treated my fellow professionals, about 150 of them, as equals and empowered them fully. I concentrated on doing things that I believed I could do better than anyone else and left the experts and specialists alone. However, I did not abdicate my responsibility and told them to come to me if they had a problem.



Ishaat Hussain

I was also very lucky with my choice of people. About two years into my tenure as DOA, I began a search for my successor. With the help of Mr. Mody, we selected Mr. R. Sankaran, from SAIL as the Joint Director of Accounts. Mr. Sankaran was an outstanding professional, some 15 years my senior and vastly more experienced than I was. I credit him for much of my success, not only when I was in Jamshedpur but later on when I moved to Bombay as Finance Director.

I truly believe that you must get people who are the best, even better than you, and if you have to work under them, then so be it. The organisation is more important than individuals. However, I have also learnt that what people value most is recognition and respect and who reports to whom is irrelevant. It is the team that matters.

Amongst the more significant impacts that I made as DOA in Jamshedpur was rationalising the manpower and setting the scene for the digital transformation which Tata Steel subsequently undertook.

With Mr. Sankaran in position and after completing four years in Jamshedpur, I told Mr. Mody I was ready for my next assignment.

MOVING TO BOMBAY HOUSE

I moved to Bombay House and became Finance Director. It was very interesting to work with Mr. Yezdi Malegam who was the Tata Steel Auditor and for whom I have the greatest respect. I think he is the finest accountant this country has ever had. I relied very heavily on him and he on me. We shared a very good relationship.

There was also Mr. Soonawala who was the Finance Director of Tata Sons. He was an outstanding man, a mentor in many ways. We all worked together as a team. **We had only one objective – the good of the organisation. There were no personal agendas. This is where organisations fail and the culture you have to build is that of trust, a culture of respect.** I did not give a damn about whether I was a Finance Director of Tata Sons or not. The respect, the treatment that I received, and gave, is what I value.



At Tata Steel, we did interesting things. We invented the SPN (Secured Premium Note). The financing of the entire modernisation programme of Tata Steel was an interesting challenge. I had Mr Tata and Mr Soonawala to advise and guide me. **We worked collectively. Don't be individualistic to seek credit. These are small things, but very vital in any organisation.**

I attended Tata Steel Board meetings from 1984 when I became the Director of Accounts. Mr. JRD Tata was there – I saw him in action for 7 years. Mr. Nani Palkhivala was there, Mr. Keshub Mahindra was there. When I interacted with these people in the same boardroom, I was struck by their sense of decency. Although I was only 37 years old, they would listen to me, show me the courtesies. I developed confidence interacting with people like them.

TATA SKY IS DEAR TO MY HEART

In 1997-98, Mr. Tata was setting up his Group Executive Office. I had a very good relationship with him and had worked very closely with him. He was my Chairman. I used to meet him almost on a daily basis to report to him. So when he formed the Group Executive Office, he asked me to come and work with him. He said you can oversee Tata Steel as you know it so well now, get another man. So we brought in another person and I moved to Tata Sons as Executive Director with a clutch of companies to look after. And when Mr. Soonawala retired, I became Finance Director. I became Chairman of Voltas. I had earlier joined the Board of Titan in 1989 and was on the Board for 25 years! That was a terrific experience, tremendous breadth of businesses to be involved with – from steel to watches to jewellery and airconditioners. And when Tata Sky was formed, Mr. Tata told me to look after it. There was, of course, the telecom war, which was not a good story. I was also on the insurance companies for some time and eventually became chairman of two of them. In the meantime, there was the meltdown of Tata Finance. I became Chairman of Tata Finance, revived it and saved it. Tata Sons provided the money and there were a lot of people involved.

Tata Sky is very dear to my heart because I started it from scratch. I am so happy that it is likely to have an EBIDTA of over Rs.2,000 crores and a turnover of over Rs.6,500 crores. Its market valuation would probably be about \$3 billion – it is an unquoted company.

It has been a very rewarding career. If I were to sum up, I would say that you have to do the right thing.

Companies fail when they don't do the right thing. Don't get obstinate, don't get arrogant, do the right thing. Do the right thing by people, build teams because it's the people who deliver. People talk about strategy, I ask, what is strategy? **Strategy for me is setting course. Once you have set your goal, go for it. You can strategise and decide what you want to do and how you want to do it. Once you have done that, then just execute.**

This is what I have attempted to do in Tata Sky, in Voltas. When I took over Voltas, it was a Rs.300 crore company (market cap), it used to make a profit of Rs. 40 to Rs.50 crores. By the time I left, it had a market cap of Rs.20,000 crores. I was Chairman for 17 years and when I left it had cash of about Rs.1,800 crores and a pre-tax profit of Rs.700 crores. **People ask me, how did you do that? I say, I really don't know. I just did my job. You just go to office and plunge into your job. My job was to set things right, get the teams in place. Just do the right thing, do it honestly, transparently and be execution-focussed.**

Q (R): The big pillars of the Tata Group have stepped in and out; yet the culture continues. What is the secret behind keeping purpose and profit woven together in such a fine blend? Have these values ever taken precedence over business interests?

A There is a certain 'Tataness'. Where does it come from? I don't know if I have the answer. There is a certain glue which keeps the group together. **My feeling is that this comes from what the group stands for and that is what comes from the people must go back to the people.** That is what Jamshetji Tata had said. The ownership structure of the Tata Group is such that we actually practice it – because whatever we do, eventually a large part of it goes back to the Trust, which it spends on charity. This, in my humble opinion, is the essence of it. That is how I felt. At the end of the day, *kuch bhala kaam kiya*. In the Tata Group, money is not an end; money is purely a means to an end. There is a certain-self actualisation and everybody across the group feels the same. Either they have thought through it, or they feel it. The Tata Trusts own 66 % of us, we are working for the trusts. The company is just a vehicle.

And we are very proud of our heritage. Of Jamshetji, Dorabji, JRD, Ratan Tata. Mr. Ratan Tata is an iconic figure. We

have produced the only *Bharat Ratna* from the business world in this country. So many *Padma Vibhushans*, *Padma Bhushans* and *Padma Shris* have come from the Tata stable. Which organisation has achieved that? We are truly proud of this heritage. We feel proud of what we have given to the country. There is the TIFR (Tata Institute of Fundamental Research). The TISS (Tata Institute of Social Sciences). The Indian Institute of Science, Jamshedpur; Mithapur; Tata Motors in Pune; in Lucknow we have a huge plant. **Wherever we have gone, we have served the community. Some human beings are driven just by money (I am not saying it is a bad thing). But many of us, after we reach a level of comfort, we want to give back. And that sense is very strong in the Tata Group.**

When I spoke at the TISS the other day, I met a young lady who said she is doing work with the Tata Trusts. She said when she goes to talk to Tata Companies about CSR, she does not have to sell the concept of CSR to them. The connect is straightway. They know what CSR is. When she goes elsewhere, first of all people are really not interested. Secondly, she has to explain things to them. Thirdly, she doesn't even know where she stands with them. So it all comes down to the Tata culture, our rich heritage with a very noble objective. And that is what I think keeps us together. We have had mishaps, but people forgive us.

Q (G): You worked with four group Chairmen. Can you share some stories about them, especially about JRD Tata!

A In their own ways, they were all very exemplary people, exuding humility. The gap between me and Mr. JRD was very great. He was extremely courteous and correct. To give you an example...This was just after liberalisation in 1991. He was on the Board of Tata Steel but not Chairman (Mr. Mody was Chairman). Mr JRD was Chairman of Tata Sons. I was sitting in my room, my phone rang, it is not very often that he rang me up. He said this is 'Jeh' here (he called himself Jeh and we used to call him Mr. JRD). He said, are you busy? I said, not for you, Sir. He asked, are you sure? I said, absolutely sure. He said can you come up and have a cup of tea with me. I was perplexed! I went up to his office, very simple but elegant and classy. In fact, they have reconstructed his office in Pune.

When Mr. JRD used to sit in the chair in Tata Steel, he had 7 % of the vote, and although he was in charge and

in control, he behaved as a person who only had a 7 % control. He would go round the table, he would speak very little, he would introduce the agenda, he would listen to everybody, forge a consensus. So that gives you a measure of the man and his transparency.

All the Chairmen I worked with were wonderful human beings, with a genuine heart for the less privileged. I have not seen that in many people – genuineness. They were all *Deshbhakts*. For them, anything that the group did, the question always asked was - is it good for the country. You look at our vision statements. It is all about the country. So that is what is remarkable about these people I have worked with - The *Deshbhakts*.

Q (R): How do the best Boards that you have been on deal with conflict of interest, particularly when promoters/groups control the Board? Any challenge you have come across as a Finance Director such as shared services, cross-charging, questionable transactions that need more probing – how did you deal with it as a Finance Director?

A This is very easy to answer. No, I didn't come across any challenge on this score. The problem of related-party transactions arises when people start having personal agendas.

Q (R): How does a large group like the Tatas handle the challenge of Related-Party Transactions?

A As I said, the issue of related-party transactions and suspicion around them arises when people start having personal agendas. For us in the Tata Group, the culture discourages personal agendas and requires a high-level of integrity. We treat the independent Boards as truly independent Boards and all related-party transactions are entered into transparently, with an emphasis on substance over form.

Q (G): Conflict of Interest in respect of auditors – several firms have business entities with business relationship with audit clients. What are the best practices that Boards should follow from a legal and especially from an ethical point of view?

A This is definitely an issue and a contentious one. While the Institute has laid down guidelines in this regard, I believe the accounting firms, particularly the Big 4, have

to make a case for providing other services along with providing audit services. If providing just audit services is not a viable proposition, then it would appear to me that we do have a serious problem. To treat the audit as a loss leader, if that is so, is not an acceptable argument.

Q (R): From your long career as a Board member, have you seen expectations from auditors change – over the 80s to 90s to now – do Boards expect something different from what they used to?

A No – it hasn't remained static. I think what has really changed is the formation of Audit Committees. The formation of Audit Committees is a great innovation and a great force for good. Auditors now have a forum where they can strongly put their point of view across and they have time. It is up to the auditors now to make use of this forum to be much more forceful.

I think auditors must ask themselves - what does the man on the street expect from an auditor? How does he read an audit report? Is it true and fair, is it an opinion, or is it a certificate? The second point that I want to make is that the man on the street does not buy that the auditor is a watchdog, he wants the auditor to be a bloodhound. We were taught that the auditor is a watchdog and not a bloodhound. But now the ordinary man wants him to be a bloodhound.

Q (G): But from a practical perspective, considering the time limitations for an auditor, is it possible for him to be a bloodhound?

A Given the technology that we have today, I think it is possible to be a bloodhound. Today everything is on the computer. Plug in your software and you can do a hundred percent check in 5 minutes. I think we have the technology to be a bloodhound.

Q (G): You feel an auditor should adopt technology better and work differently?

A Of course. You can use it for fraud prevention. If I was the auditor, I would look at what the internal audit is doing; it should be the internal auditor's duty to do checks on every transaction in real time. If they were not doing it, I would make an observation in the Auditor's Report.

The other issue is - what do people really expect their

Auditors to be signing off on? They are only giving a true and fair view. They are not giving the company a clean bill of health, right? But it should not be that you sign the accounts today and the company collapses tomorrow.

And this is why I believe Auditors must question the "going concern" assumption very closely before they sign off. The "going concern" assumption is that the business will be viable for the next 12 months. I strongly urge that Auditors should examine *de novo* the "going concern" assumption every year.

That brings me to my favourite topic - "cash profit" vs. "accounting profit". As Chairman, I would start all my monthly, quarterly and annual accounts presentations by first looking at the cash flow statement. You start there and look at the key ratio of how much of your operating profit, how much of your PAT, is getting converted into cash. The cash flow should be the principle statement of account. It should not be item no. 3. It should be item no. 1. I don't know if you studied the Carillion case...

(R): Yes. I have.

While they were reporting accounting profits, if you looked at their cash flows, there was clearly no case for declaring dividends for the last few years. It is the Directors who are charged with recommending payment of dividends, and given the cash situation, I am amazed how they could declare dividends while borrowings were rising alarmingly. Incidentally, the Auditors have come in for heavy criticism including for allowing the payment of dividends. This is clearly being unfair to the Auditors, but just goes to show peoples' expectations from Auditors.

Q (R): Any views on Fair Value, Estimates and Judgements that now are a legitimate part of most financial statements – the shift from historical cost and prudence to market-linked approach?

A The accounting that I learnt sought primarily to preserve the entity's capital. From this grew the conventions of historic cost, prudence, accruals and going concern. If in any situation there was a conflict between prudence and the other conventions, then prudence would prevail. The historic cost convention has the advantage of verifiability. It is imperative that all the numbers in the financial statements are verifiable. While the argument for fair market value and mark to market are theoretically compelling, but in practice are very difficult to implement with any degree of certainty and

objectivity. The classic example of this difficulty was when options given by AIG to Goldman Sachs were valued and each party ended up with claims against the other party!

As I mentioned earlier, in ICI under instructions from the holding company we attempted inflation accounting in the '80s which tended to modify the historic cost convention. The idea was abandoned after a few trials because of the highly subjective nature of the assumptions that required to be made.

Therefore, to sum up, while I am sympathetic to the idea of fair value accounting, for the reasons explained earlier, I wouldn't vote for it. However, even though my vote doesn't count and Accounting Standards have accepted Fair Valuation Accounting, I would still urge that all unrealised gains arising from Fair Value Accounting should only be booked through other comprehensive income.

While "intangibles" are inherently difficult to value, and in many cases constitute a significant part of the balance sheet, one intangible in particular I would like to touch upon is goodwill arising on acquisition. Under extant accounting standards, goodwill is subject only to impairment testing. I have earlier spoken of my reservations about fair value accounting, and in the case of goodwill arising on acquisition, I strongly believe it should be amortised over a period of time. I'd like to draw your attention to a very interesting case I came across recently concerning Adidas in Germany. Adidas was carrying a large value for goodwill arising from an acquisition it made some 12 years ago. In Germany, they have a super regulator for financial reporting who disagreed on the value of goodwill being carried by Adidas, and the regulator forced Adidas to write down the value of goodwill.

Q (G): We saw some auditor resignations recently and some last-minute resignations. How do you see the role of auditors; any shortcomings you notice as a Board member?

A Very good. I am wholly supportive of it. If they are not satisfied, and if the auditors take a stand, managements and boards can do nothing about it. I am not saying that they should become unreasonable. Be professional. Be what you were trained for. Be what you are taught in the classroom. Practice it. Don't be unreasonable. I tell my friends who always knock auditors: I say to them, the auditor is a bit like the Reserve Bank of India. If the Reserve Bank of India says this bank is in trouble, there will be a run

on the bank. If the auditor says that this company is not a going concern, there will be a run on it and it will pack up. This is a huge dilemma and I would advise auditors to make use of the regulators when they face this dilemma.

Q (G): SEBI has some regulations that if the auditor is qualifying, then the company can be forced to restate the accounts.

A I am not aware of the regulation, but I don't see any harm in it. In any case, the accounting standards do cover such eventualities.

Q (R): But isn't it a matter of judgement where there is an element of subjectivity?

A There you have to take materiality. If this judgement goes wrong, does this company go bankrupt? It depends on materiality.

Q (R): Has the idea of success changed over the years and how?

A Yes, it has certainly evolved. I was very designation conscious at one point of time and I thought that that would be the measure of success. But that changed completely. Designations became irrelevant. At one point, money was important. But as I got better paid and I built up some assets – money became less important - how could I be helpful and useful? That became a great source of encouragement for me to continue.

Q (R): Some takeaways for the present generation!

A **Work hard, continuously widen your horizons, go beyond finance and accounting, go beyond business, have hobbies and you must play the game beyond the prize.** Do your best. I can assure you that if you do your best, the results will come. I have not seen anybody who has tried and the result has not come.

You must have noticed I have stressed a lot on leadership and behavioural issues. I have done this for two reasons. Firstly, while there is a lot of talk around this issue, I haven't seen people really walking the talk. Secondly, peoples' expectations of good Corporate behaviour is continuously increasing. Corporate behaviour and a company's culture are strongly co-related. Hence, leadership and behavioural attitudes assume considerable significance. ■