

The Legacy
Continues...

Rathin Datta

The Legacy Continues...

A history of Price Waterhouse,
Lovelock & Lewes and
PricewaterhouseCoopers Pvt. Ltd.
in India

Rathin Datta

This is an internal document of Price Waterhouse, Lovelock & Lewes and PricewaterhouseCoopers Pvt. Ltd. meant only for the private reading of the Partners and Executive Directors of these entities and intended to be archived by these entities as an internal record.

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Introduction

In the last quarter of the nineteenth century, in the city of Calcutta on the banks of the river Hooghly, two enterprising accountants Marc Meugens and W A Browne had started their individual professions as accountants, auditors and liquidators. From these two practices evolved the two large Indian professional firms of Price Waterhouse (PW) and Lovelock & Lewes (L&L). Almost from the inception, they were the two bigger firms among their peers – a position they retained all along as they grew and prospered together, side by side, over more than a century – living through a history which saw a country under the yoke of a foreign rule, the two world wars of 1914 and 1939, the devastating famine of 1943, a unique struggle for independence the like of which the world had never seen, the birth of an independent nation, followed immediately by the colossal bloodshed of a fratricidal communal riot from which India emerged to establish the largest democracy in the world, the struggle for growth in the restrictive post independence economic era dominated by socialist policies and finally the economic emancipation ushered in by the liberalization and

reforms of 1991 which has sent this nation of more than a billion people hurtling in the accelerated trajectory of growth and prosperity.

Out of PW had emerged a consulting company, Price Waterhouse Associates Pvt. Ltd. (PWAPL). PW and PWAPL were member firms of the Price Waterhouse network. L&L was a member of the network of Coopers & Lybrand. And when these two networks merged, PW, PWAPL and L&L came together and became members of the merged worldwide network of PricewaterhouseCoopers. PWAPL then changed its name to PricewaterhouseCoopers Pvt. Ltd. (PwCPL).

Browne had set up his practice in 1872. Meugens had followed suit 8 years later in 1880. Taking the later of the two dates, the year 2005 marks the 125th year of their combined presence in this country.



Rathin Datta, Chairman and CEO
PricewaterhouseCoopers Pvt. Ltd.

The Early Days

1

■ Calcutta in 1880

Hark back to 1880. The city which Job Charnock, then agent of the East India Company, founded on that monsoon afternoon of 24th August 1690 and which grew on the site of the three fishing villages of Gobindapur, Sutanuti and Dihi Kolikata (which his successor and son in law Charles Eyre purchased for the Company, for a sum of Rupees 1,300 from the Sabarno Roy Chaudhuri family on 10th November 1698) had, by 1880, become the most important centre of economic and administrative activity east of the Suez. Lord Ripon was the Viceroy ruling India from the imposing Government House built in 1802 by Lord Wellesly at the site of the old Buckingham House west of Chowinghee. Queen Victoria had already proclaimed herself the Empress of India on 1st January 1877. Calcutta was the capital of British India – the “city of palaces” – in the words of Lord Curzon “the second city to London in the entire British Empire.”

Following the Sepoy Mutiny in 1857, the East India Company had yielded its administrative authority over India to the British Crown in 1858. The second half of the nineteenth century which saw the consolidation of the British

rule was politically a relatively quieter period. It witnessed a spurt in machine based factories and mining. Calcutta had become the hub mainly for jute, tea and coal (and also of other sundry manufacturing business), mostly promoted by Scottish and English entrepreneurs who formed Managing Agencies in partnerships to manage not only the rupee companies set up by themselves but also the

Indian businesses of the sterling companies promoted in London by their countrymen. Their interests were represented by the powerful Bengal Chamber of Commerce which had been in existence since 1853. The Marwari traders, some of whom had made their fortunes in the earlier decades exporting opium to China



Empress Victoria



Royal Exchange
Building in 1880

and cotton to Lancashire during the American civil war, were emerging as a significant group in the Calcutta money market working as *banyans* for the managing agency houses. There were also the Armenians, the Jews, the Parsees and the Chinese. The French and the Portuguese who had preceded the British had their colonies a few miles up the river in Chandannagore and Chinsurah. They all lived side by side with the original Bengali inhabitants. It was a cosmopolitan city bustling with trade and activity.

Prior to 1880, the only means of transport were the palanquins and hackney carriages. 1880 witnessed the introduction of the first public transport by the Calcutta Tramways Company whose horse drawn trams started plying the course from the Sealdah railway station to Chandpal Ghat via Dalhousie Square. Bicycles arrived in 1889 and the first motor car in 1896. Telephones arrived in 1882 and the first movie was shown in the Star Theatre in 1898.

The English had brought cricket to Calcutta which was played under the auspices of the Calcutta Cricket Club (CCC). The discovery of a reference to this club in Hicky's Bengal Gazette of 1780, predates this club to the

Marylebone Cricket Club, which was established in London in 1787. Racing took place in the early mornings between 7 o'clock till 9 and Polo was played in the afternoon at the Maidan by those who could afford it. There was the Bengal Club established in 1827 next to the Maidan (at the site which used to be the residence of Lord Macaulay) exclusively for high placed expatriates "into which it was difficult to obtain an entrance unless you had been a long time in the city and had a certain standing". The Saturday Club was established in 1880 for sports and leisure. (The Calcutta Club started much later, in 1907.)

Nationalism was simmering on the surface. The Indian National Congress was yet to take birth. (It was founded in 1885 by seventy-two political workers with W. C. Bonnerjee as the first President, under the initiative of a retired English IAS officer A. O. Hume.) Meanwhile, the great novelist Bankim Chandra Chattopadhyay had already composed, in 1875, the famous song starting with the two famous words *Bande Mataram* (which he inserted in his novel *Ananda Math* in 1882) – which was to become the clarion call of India's independence movement.



Author of
'Bande Mataram'

The founding of PW

It was in the above ambience, on 24th September 1880 that Marc Meugens, an Englishman of Belgian descent started his practice as accountants, auditors and liquidators at 6 Old Post Office Street. It appears that the practice grew rapidly, for within four years, by 1884 he had inducted a partner, I M King converting the sole proprietorship into a partnership under the name and style *Meugens & King*. In 1892 he inducted a third partner, Simpson, into the firm and the name was changed to *Meugens, King & Simpson*. After Simpson's retirement in 1910 the name changed to *Meugens, King & Co.*

In those early days, like in the early years of the profession in the UK and USA, the individuals were more prominent than the organization and hence the firm names changed with the entry and exit of partners. At the same time there was the recognition that the goodwill remained attached to the firm which the individual helped to build during his tenure as partner, for there were adjustments for goodwill when a partner joined or left.

Little is known about Marc Meugens, King or Simpson except that they had built a thriving practice as auditors which had become well known. In 1897, Marc Meugens' son Edward Earle Meugens came to India and joined his father's firm.

Born in 1875 and educated at Malvern, E E Meugens was an enterprising young accountant when he joined *Meugens, King & Simpson* in 1897 – the year in which there was the

earthquake and plague in Calcutta. On his father's retirement he became the senior partner of the firm. Under his stewardship the firm grew rapidly. (There is an unconfirmed heresay that at some stage during this period the firm moved to 138 Canning Street.)

E E Meugens soon became a prominent member in the society. For some years he sat on the Viceroy's Legislative Council. During the war he was the Comptroller of Hostile Firms in India. His roots were from Belgium and for his distinguished services, his grandfather's native country awarded him the Order of the Crown of Belgium. It still lies in the safe in Calcutta.

He was an avid sportsman and played football for Calcutta. Football had become a craze. The Calcutta Football Club had been founded by the expatriates in 1872. The local Indians had founded the Mohun Bagan Athletic Club in 1889. In the famous match in 1911, Mohun Bagan wrested the Indian Football Association (IFA) Shield by defeating a British team. Whether Meugens actually took the field or watched from the galleries is not known. Meugens was also an enthusiastic angler and a keen shot – a catch of his unspent bullets still lies in the safe in Calcutta.



Order of the Crown of Belgium



Found in PW's iron safe - Meugens' bullets and silver filigree lady's purses



The firm subsequently moved to Clive Building (now known as Gillander House) which was built in 1912 at 8 Clive Street. Just one building away to the south, at the corner of Clive Street and India Exchange Place, stands the Royal Exchange Building – the headquarters of the Bengal Chamber of Commerce and Industry, a brass plaque at its entrance proclaiming that *"The building which formerly stood on this site and was dismantled in the year 1915 was the town house of Sir Philip Francis, Member of Council, 1774 – 1780. Tradition says that the site was occupied by a house in which Lord Clive once lived and from which Clive Street derives its name."*

In 1916, E E Meugens gave up what had rapidly become a brilliant career in India and returned to England in order not to be separated from his son who had gone back to England for reasons of health and education. There he joined W B Peat & Co as a partner in their Birmingham office. However, he retained his share in the Indian firm but left its operations in the hands of the two partners he had inducted in Calcutta, Herbert Walford Hales and Walter Percy Daniel.





Brass Plaque at the entrance of the Royal Exchange Building.
Sir Philip Francis mentioned herein was the person who fought the
famous duel with Warren Hastings in the 18th century at Belvedere
(now the site of the National Library)

Facing page: 4, Lyons Range



NEW INDIA ASSURANCE BLDG



CM
104
1
EDV



William Adolphus Browne

Arthur Samuel Lovelock

John Herbert Lewes

The founding of L&L

The history of Lovelock & Lewes goes back to 1872 when a Scottish gentleman, William Adolphus Browne set up his practice as public accountants, auditors and liquidators in Calcutta. When the Institute of Chartered Accountants of England and Wales was formed in 1880, he was one of the founding members.

He practised as a sole proprietor for 9 years and in 1881 took as his partner Arthur Samuel Lovelock who had joined his practice in 1880 as a paid assistant. The proprietorship was thus converted into a partnership under the style *Browne and Lovelock*. The practice prospered and grew rapidly and soon became a respected name in the business circle. In 1883, Browne and Lovelock became a member of the Bengal Chamber of Commerce and Industry. Soon thereafter it became the Chamber's auditors. Within 5 years, in 1886 they inducted a third partner John Herbert Lewes and the name expanded to *Browne, Lovelock and Lewes*.

In 1886, Browne and Lovelock entered into an agreement to set up a practice in London under the name Browne and Lovelock. This was not unusual in those days since the Indian stint was an adventure and most expatriates generally started thinking of retiring to their home in England once they crossed 50. The firm was established in London. In 1889, Browne expressed a desire to retire from Browne, Lovelock and Lewes, return to London and

devote his whole time to the London firm. Lovelock who had made India his home decided to settle down in India and devote his full energies in the Indian firm. Thus Lovelock retired from the London firm and Browne retired from the Indian firm. From then on, the Indian firm came to be known as *Lovelock and Lewes*.

Initially, L&L had its office at 25, Mangoe Lane, the same building in which George Henderson & Co. and Lyall Marshall & Co. had their offices. The house, one of the few that had a treasure vault, was owned by the Barretto family of ancient Portuguese origin. A century ago, in the 1770s, one of the earliest agency houses of Calcutta, Alexander and Co. had promoted the Bank of Hindostan in which Joseph Barretto was a partner. That was the first commercial bank in India. The bank was located in this building. In 1820s, Mackintosh & Co. and Palmer & Co. along with the support of several businessmen including Dwarkanath Tagore promoted the Union Bank, following which the Bank of Hindostan went into liquidation. L&L was located in the upper floor of 25, Mangoe Lane where there was a curious door studded with flat knobs about which someone once remarked that it "leads to nothing in particular but, when closed, hints at great possibilities". Sometime, after the turn of the century, L&L moved to 4, Lyons Range, behind the Writers' Building.



16/10/

This Indenture

made the twelfth day of May one thousand eight hundred and eighty one Between William Adolphus Browne of No 6 Commercial Buildings in the Town of Calcutta Chartered Accountant Auditor and Liquidator of the one part and Arthur Samuel Lovelock of No 6 Commercial Buildings aforesaid Chartered Accountant Auditor and Liquidator of the other part Whereas the said William Adolphus Browne has for some years past carried on in the Town of Calcutta the business of an accountant auditor and liquidator and the said Arthur Samuel Lovelock has from the thirteenth day of August one thousand eight hundred and eighty been serving the said William Adolphus Browne as an assistant in his said business under an agreement dated the sixth day of July one thousand eight hundred and eighty and made between the said William Adolphus Browne of the one part and the said Arthur Samuel Lovelock of the other part And whereas the said William Adolphus Browne has agreed to admit the said Arthur Samuel Lovelock into partnership as from the Thirty first day of March one thousand eight hundred and eighty one in consideration of the sum of Rupees seven thousand and five hundred to be paid by the said Arthur Samuel Lovelock to the said William Adolphus Browne in manner herein after provided and upon the terms and according to the provisions herein after expressed Now this Indenture witnesseth that in pursuance of the said Agreement and in consideration of the mutual trust and confidence which the said William Adolphus Browne and Arthur Samuel Lovelock have in each other each of them the said William Adolphus Browne and Arthur Samuel Lovelock (so far as the stipulations and provisions here in after expressed and contained are to be performed or observed by him his executors or administrators) doth hereby for himself his heirs executors and administrators covenant with the other his executors and administrators that they the said William Adolphus Browne and Arthur Samuel Lovelock will become and remain partners for the purposes and period and subject to the stipulations and provisions here in after expressed and contained that is to say.

1. The business of the partnership shall be that of Chartered Accountants, Auditors and Liquidators.

2. The partnership shall commence on the thirtieth day of March one thousand eight hundred and eighty one.

Arthur Samuel Lovelock died in Calcutta on 18th November 1903 at the age of 51. He was deeply mourned by the business community and in the social circles where he had a standing of great respect. Lovelock lived in Ballygunge and the house in which he lived still stands near the entrance of Lovelock Place, which was named after him.

Lovelock's great grandson, Ian Lovelock gives the following information from London regarding his great grandfather –

.....he married a certain Jeannette Alexandrina Scott (related to the Scottish writer Sir Walter Scott) and certainly she – and perhaps Arthur Samuel Lovelock – spent quite some time in Sumatra (though I'm not sure how this came about) and possibly met and married

there, before going into India. She was quite an accomplished amateur artist and died in Eastbourne, England in c.1935. My grandfather was their only child. He intended to join the firm but I believe the intervention of World War I put an end to this ambition.

It's interesting that Arthur Samuel Lovelock was held in high standing in the community. This confirms what my father told me and also that apparently Arthur Samuel Lovelock was offered a baronetcy for his work, which he turned down for some reason, somewhat to the disappointment of my grandfather and father!"

Following Lovelock's death, John Herbert Lewes took over as the senior partner.

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NEW MEMBERS.

Messrs. Browne and Lovelock and Messrs. Hurry Doss Dutt & Co., have been admitted as Members of the Chamber, subject to the usual confirmation.

FUNDS OF THE CHAMBER.

The balance at credit of the Chamber on the 31st December 1883, amounted to Rs. 831-0-2 exclusive of Rs. 10,000 in 4 per cent. Government Securities.

J. J. J. KESWICK,
President.

Report of the Bengal Chamber of Commerce - 31st December 1883 - recording the admission of Browne and Lovelock as member.

Facing page: The first partnership deed - dated 12th May 1881 - through which William Adolphus Browne inducted Arthur Samuel Lovelock as his partner. Marc Meugens was still practising as a sole proprietor.

Fill in date

An Agreement made this twenty-sixth day of
March one thousand eight
 hundred and eighty-six by William Adolphus Browne
 of 176 Commercial Buildings in the Town of Calcutta Chartered Accountant
 of the one part and Arthur Samuel Lovelock of the same
 place Chartered Accountant of the other part Whereas the parties
 hereto have been and are still carrying on in Calcutta the business
 of Accountants Auditors and Liquidators in partnership together
 under articles of Partnership dated the eighth day of April one
 thousand eight hundred and eighty-one and they have agreed to admit
 one John Herbert Lewis into partnership with them on their said
 business as from the thirtieth day of April next as from which date the
 said existing Articles of Partnership between the parties hereto will be
 superseded and a new partnership created between them and the said
 John Herbert Lewis for a term of sixteen years from the said thirtieth day
 of April next upon terms which have been mutually arranged by an
 agreement between the said parties hereto and the said John Herbert Lewis See
 These Presents witness and it is hereby agreed and arranged by
 and between the said parties hereto as follows:

1. That the said William Adolphus Browne and Arthur Samuel
 Lovelock shall forthwith or as soon as conveniently may be enter
 into negotiations with some firm or person carrying on in London the
 business of Chartered Accountants Auditors and Liquidators for the
 admission of the said William Adolphus Browne and Arthur Samuel
 Lovelock into a partnership in or with such firm or person or
 otherwise if they the said William Adolphus Browne and Arthur Samuel
 Lovelock shall so think fit they shall as soon as conveniently may
 be commence in London on their own account in partnership together
 or with such other person or persons as they shall deem proper the
 business of Chartered Accountants Auditors and Liquidators.

2. There shall be stipulated and include among the terms
 upon which the said parties hereto shall enter into any such going
 business as aforesaid or shall commence business on their own account
 as aforesaid the following provisions namely.

(a) That the said William Adolphus Browne and
 Arthur Samuel Lovelock shall pay in equal shares any
 Capital necessary or required.

(b) That the said William Adolphus Browne and
 Arthur Samuel Lovelock shall take an equal interest
 with each other in any such business and in the profits

Agreement dated 26th
 March 1886 by which
 William Adolphus Browne
 and Arthur Samuel Lovelock
 agreed to set up Browne &
 Lovelock in London

Registered

308 Winchester House, Old Broad Street,

W.A.BROWNE,
CHARTERED ACCOUNTANT

London. 15th November 1897
E.C.

Messrs. Lovelock & Lewes,
25, Mangoe Lane,
Calcutta.

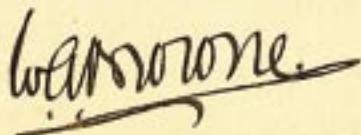
Dear Sirs,

BOND.

I beg to acknowledge the receipt of your letter of the 27th ultimo enclosing Agreement dated 15th June 1889 which I have the pleasure to return herewith with the endorsement thereon duly signed.

I have to thank you for the regular and prompt payments you have made, and offer my congratulations on the final completion.

Yours faithfully,



Browne confirms receipt of the full amount of goodwill payment in connection with retirement from Lovelock & Lewes.

BENGAL CHAMBER OF COMMERCE.

Abstract of Receipts and Disbursements from 1st January 1886 to 30th April 1886.

RECEIPTS.			DISBURSEMENTS.		
BALANCE, 1ST JANUARY 1886 :—					
Cash in Bank of Bengal ...	4,575 5 9		Establishment	4,454 15 6	
Cash in hand	127 13 11		Office Rent	800 0 0	
		4,703 3 8	Stationery	67 0 6	
Subscriptions	3,804 0 0		Stamps	148 5 0	
Price Current and other Publications	1,525 9 0		Telegrams	225 8 0	
Monthly Payments by Associations under Chamber	3,100 0 0		Printing and Binding	1,418 8 0	
Calcutta Hydraulic Press Association	600 0 0		Petty Charges	187 2 9	
		9,029 9 0	Newspapers and Books	1,045 14 4	
			Law Charges	288 0 0	
					8,236 6 1
					160 0 0
			Office Furniture		1,120 8 10
			Pension to Mr. Wood £ 83.15.0 ...		
			Interest on Government Securities and Deposits		
					80 0 0
			BALANCE, 30TH APRIL 1886 :—		9,596 14 11
			Cash in Bank of Bengal	4,078 6 4	
			Cash in hand	67 7 5	
					4,135 13 9
TOTAL Rs.	13,732 12 8	TOTAL Rs.	13,732 12 8

BROWNE, LOVELOCK & LEWES,
CHARTERED ACCOUNTANTS,
Auditors.

GOVERNMENT SECURITIES ... 2,500 0 0
S. E. J. CLARKE,
Secretary.

(60)

**Gengal Chamber of
REVENUE ACCOUNT for the**

EXPENDITURE.	Rs.	Ars.	P.	Rs.	Ars.	P.
Establishment —	—	—	—	—	—	—
Rent	1,656	0	0	51,540	15	11
Municipal Taxes	4,950	0	0			
Quadrangular Repairs	621	0	0			
Cosmet. Repairs	1,654	14	0			
Pricing Annual Report of the Chamber	4,270	10	0			
Pricing Books	1,610	0	0			
Stationery	1,188	0	0			
Depreciation on Furniture, 10% on Rs. 7,300-11=—	730	3	0			
Fire Insurance on Library, Furniture and Pictures	45	0	0			
Ferry Charges	1,654	2	0			
Law Charges	688	0	0			
Stamp	526	0	0			
Telegrams	451	15	0			
Bookbinding	247	0	0			
Newspapers	1,388	14	0			
Auto. Fines	1,654	0	0			
Advertisement	80	0	0			
No. 9, Chancery Street, P. & L. Account—Details in per opposite Account	—	—	—	10	14	0
Balance carried down being surplus	—	—	—	80	4	0
Loss on sale and re-valuation of G. P. Notes—On miles	—	—	—			
On re-valuation	1,654	14	0			
	1,654	14	0			
Total Rs.	—	—	—	2,053	2	0

Examined and found correct.

CALCUTTA :
2nd January, 1890.LOVELOCK & LEWIS,
Chartered Accountants.

(61)

Commerce, Calcutta.

year ending 31st December, 1893.

INCOME.	Rs.	Ars.	P.	Rs.	Ars.	P.
Members' Subscriptions	—	—	—	—	—	—
Monthly Contributions from Associations affiliated to the Chamber	—	—	—	—	—	—
Profit on sale of Police Currents and Railway Traffic Returns	—	—	—	—	—	—
Outlets Arbitration Fees	—	—	—	—	—	—
Subpoena Fees	—	—	—	—	—	—
Certificates of Origin	—	—	—	—	—	—
Interest on Investment	—	—	—	—	—	—
Taxes on Tax Commission	—	—	—	—	—	—
	24,739	15	0			
Balance brought down being surplus	—	—	—	370	4	0
Net Deficiency for 1893 carried to Capital Account	—	—	—	1,188	13	14
Total Rs.	—	—	—	2,053	2	0

M. C. TURNER,
President.W. PARSONS,
Secretary.

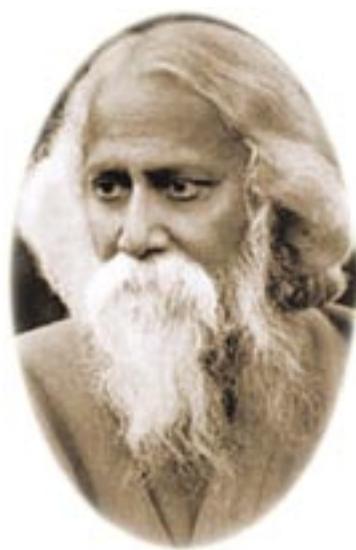
Vice-President.

ALLAN ARTHUR,
S. FINNEY,
H. H. MURRAY,
G. C. SCARAMANGA,
GEORGE HENDERSON,
A. FORSTELL,
J. M. G. PROPHIT,

Committee.

The shifting of the Capital

In 1899, Lord Curzon became the Viceroy of India. In October 1905, at Curzon's initiative a partition line was drawn down the middle of Bengal to create two provinces, for "administrative convenience". The partition of Bengal ignited widespread protests. The *swadeshi* movement started and spread throughout the country. Over the next 6 years in Bengal it turned to revolutionary militancy. These led to the secret conception of shifting the Capital.



Rabindranath Tagore

Among the songs composed by Rabindranath Tagore during that period were *Jana Gana Mana Adhinayaka* and *Amar Sonar Bangla*. The former was sung in the Calcutta session of the Indian National Congress in 1911 and became the national anthem of

independent India. The latter became the national anthem of Bangladesh following its liberation in 1971.

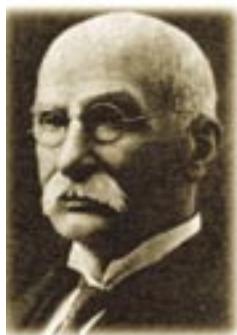
King George V who succeeded Edward VII came to India and held the great Durbar in Delhi. He annulled the partition, announced clemency, awarded honours (including knighthood to Mr. Justice Ashutosh Mukherji) - and announced the shifting of the Capital.

The Capital was transferred from Calcutta to Delhi on the April fools day in 1912. This was the first time the British Raj had retreated before its subjects.

Despite the transfer of the capital, Calcutta continued to remain the centre of manufacturing activity and the headquarters of PW and L&L – and it was not until 70 years later that the branches in Mumbai and Delhi really began to grow.

The agitation died down considerably after the annulment of the partition

International linkage of PW



W B Peat

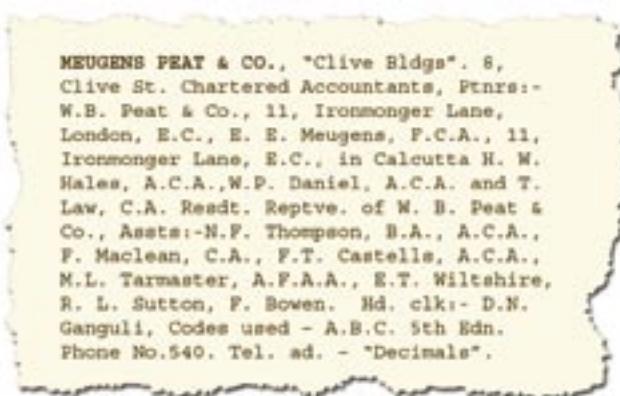
After the First World War, the established accounting firms in England started looking out for tie ups abroad, not for imperialist reasons but as a reactive response to serve clients who had spread overseas or to take up new clients developing in new territories. One such was W.B. Peat & Co. which had been founded by a Scottish accountant, Sir William Barclay Peat. In 1916, following E. E. Meugens' return to England, Peat purchased a portion of the former's share in the Indian firm, Meugens, King & Co. and from 1917 the name of the Indian firm changed to *Meugens, Peat & Co.*

Legal opinion was obtained from a counsel in London, William Finlay, that as the Indian partnership carried on business in India only, no part of the profits could be taxed in England despite the fact that some partners resided in England. With the tax position cleared, W.B. Peat & Co. sent A E H Digby to Calcutta to represent their interest. The partners in India, however, ensured that the practice

could be continued by them without day to day interference from England. Clause 17 of the partnership deed provided -

"Neither the said Edward Earle Meugens nor any partner in the business of W. B. Peat & Co. shall be required to reside in or to visit India or to do any work for the partnership or be required to interfere in the carrying on of management or conduct of the partnership business and each and all of them shall be at liberty to be engaged or concerned in any other business but the said Edward Earle Meugens and W.B. Peat & Co., shall nevertheless influence any Indian business which may come to the partnership firm within the scope of the partnership business."

From 1st January 1920 A E H Digby, was replaced by Thomas Law as the resident representative of W. B. Peat & Co. The constitution of the reconstituted firm was described as follows in the local directory;



COPY.

MESRS. W. B. PEAT & CO.

RE MEUGENS PEAT & CO.

Counsel was asked to advise whether under the proposed new Partnership deed the profits of the firm of Meugens Peat & Co. could be made liable for taxation in this Country as distinguished, of course, from the share of profits received in this country by the holders of the nine annas share, and, if the answer to the above question was in the affirmative, in what respect could the deed be varied so as to prevent such a question arising.

O P I N I O N .

In my opinion the profits of Meugens Peat and Co. will not be liable to taxation in this Country.

The taxation of partnerships has been the subject of recent legislation. See s. 10 of the Finance Act 1914. The object of that section is not I think to alter the law but rather to make clear what always was the law. It has been well settled since the decision in Suller v. A. G. (1860) 5 H. & N. 711 that partnership profits are liable to taxation in this Country only if the business of the partnership is carried on in this country.

The question to be solved is really one of fact. Regard will of course be had to the documents in the case but Commissioners attach and rightly more weight to the evidence of the actual course of business. The question in the present case would be this :- is the business in fact carried on, are the profits earned in London or in

Calcutta ? It seems to me that the right inference is that this business is carried on and controlled in Calcutta. I base my opinion on this question of fact really upon one's knowledge of how business is carried on and must be carried on. It seems to me that it is practically impossible that the business of auditors in Calcutta could be carried on in London. And if the business is not carried on in London I am clearly of opinion that the fact that ⁹ ~~18~~ths of the shares are held in London will not involve any liability of the Partnership business to British taxation.

Upon the question of the liability of the English partners I am in entire agreement with the view suggested in my Instructions. Those partners will of course be liable in respect of the profits remitted to them in this country but not in respect of profits retained in India. See Colquhoun v Brooks. (1889) 14 A.C. 493. This is not affected by s. 5 of the Finance Act 1914. It is not very easy to see why the measure of taxation applied to a Partner should be different from that applied to a shareholder in a Company. But in my opinion it is impossible as a matter of construction to say that profits derived from a partnership business fall within the words "securities stocks, shares or rents" in S. 5.

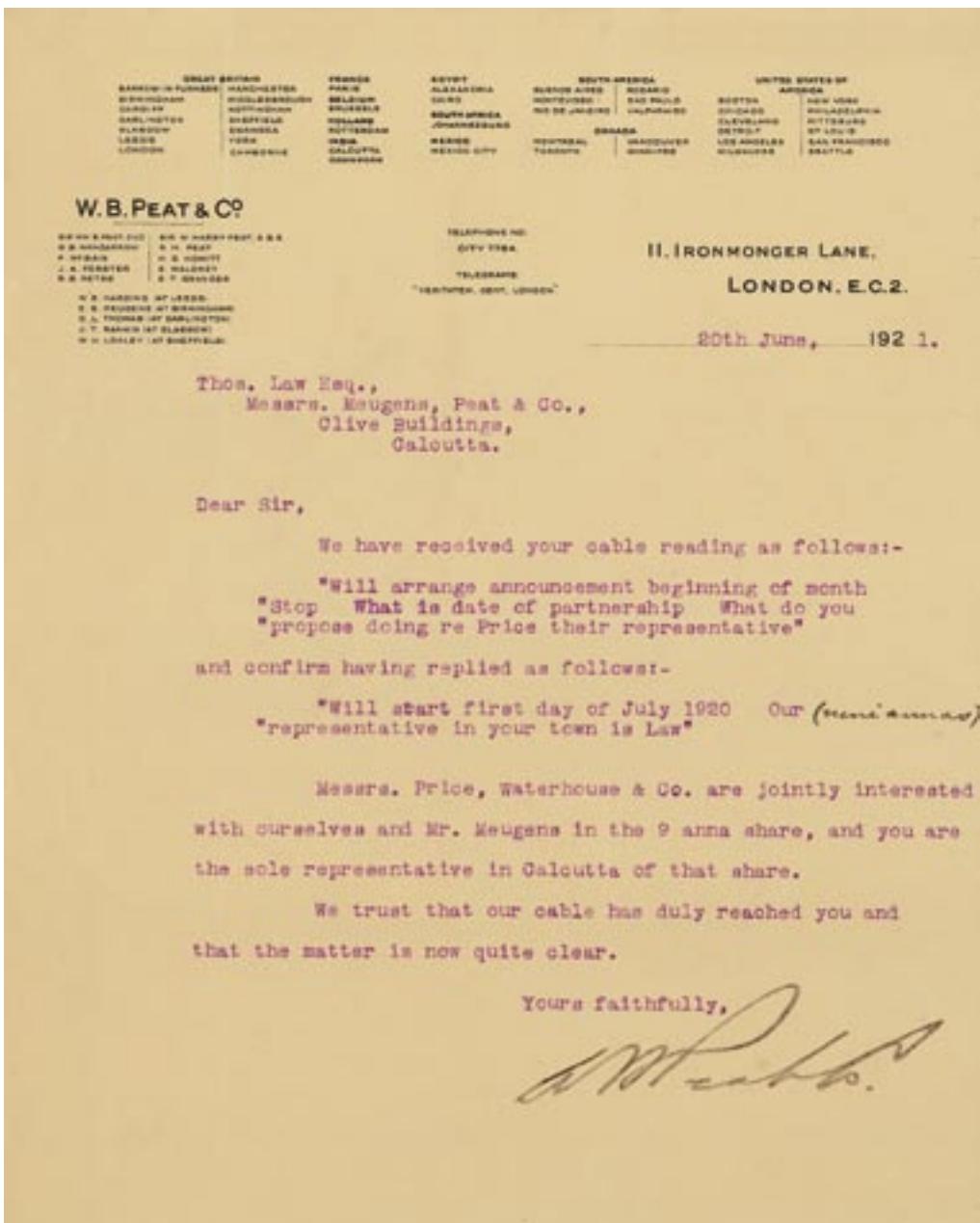
Having regard to the view which I take of the main question here the last question raised in my Instructions does not arise.

WILLIAM FINLAY.

11th June, 1917.

Temple.

This & facing page:
Legal Opinion dated
11th June 1917,
obtained by W B Peat
& Co. from the Hon. W.
Finlay, K.C. of Munns
& Longden of 4B,
Fredricks Place, Old
Jewry. E.C.2



William Barclay Peat informed Thomas Law that he represented Peats, Price Waterhouse and E E Meugens in India

Early in 1920, Sir William Peat had been in negotiation in London with Sir Gilbert Garnsey of Price, Waterhouse & Co with the object of merger of the two firms. The fact that Sir Harry Peat was a personal friend of Sir Nicholas Waterhouse and the two families had become close helped. The merger negotiations had been preceded by discussions on possibilities of extending their collaboration in territories outside the UK in line with the joint firm they already had in Egypt since 1911. In 1916, Peats joined the

existing Price Waterhouse partnership in Argentina where the firm was renamed Price, Waterhouse & W. B. Peat. In 1919, a joint partnership was set up to start an office in Rotterdam. In 1920, they set up a joint firm in South Africa under the name Price, Waterhouse, Peat & Co. and finally established with fanfare the joint Continental Firm in Paris also called Price, Waterhouse, Peat & Co.

It was during the merger talks in July 1920 and in line with the discussions regarding collaborations overseas that Price, Waterhouse & Co had acquired from W. B. Peat & Co. fifty percent of the latter's share in the Indian firm. The Indian firm thus came to be known as Price, Waterhouse, Peat & Co. from 1921.

The merger talks in London fell through in 1921 largely due to the objection of Sir Albert Wyon, then Senior Partner of Price, Waterhouse & Co. Following this, W. B. Peat & Co. revived their earlier relationship with the American practice of Marwick & Mitchell and finally merged with them in 1924. Thus was born Peat, Marwick, Mitchell & Co. Since Marwick & Mitchell already had an office in Paris, they pulled out of the joint venture in the Continental Firm. However, the two firms continued their joint interests in India, South America, Egypt and South Africa.

Thomas Law remained the resident representative for W. B. Peat & Co., Price Waterhouse and E E Meugens. The international linkage resulted in referrals to the Indian firm and the tie up increased the work undertaken in India. In 1921, A.L. Dickinson along with Cathles and W. Wright spent months investigating the accounting system of different Indian Railway Companies. Tradition has it that, Peat had also visited India to render consultancy services in connection with

the accounting of the Government of India. In those days, the Comptroller & Auditor General's (C&AG) office was located in Shillong (Meghalaya). In 1923, M C Spencer, a partner of Price, Waterhouse & Co., UK toured India to review the organisation and business of Price, Waterhouse, Peat & Co. This resulted in the induction of Wilfred John Younie into the partnership in 1924.

Herbert Walford Hales continued as the senior partner in India until 30th June 1929 (when he proceeded on leave prior to his retirement from June 1930) whereupon Thomas Law became the senior partner. E E Meugens died in England on 16th October 1929. One-third of his share was taken by the resident partners in India and the balance equally by Peats and Price Waterhouse.

The Tinplate Co. of India, LIMITED.

Directors :

H. A. L. LAIDLAW, Esq.	G. F. LORD, Esq.
H. S. WILSON, Esq.	T. W. TUTWILER, Esq.
A. B. RITCHIE, Esq.	G. HARVEY, Esq.
K. CAMPBELL, Esq.	

Auditors :

MESSRS. MEUGENS, PEAT & CO

Managing Agents :

MESSRS. SHAW WALLACE & CO.

Registered Offices :

No. 4, BANKFIELD STREET,
CALCUTTA.

TOTAL RS.	11,51,481	7	11
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We beg to report that we have audited the Balance Sheet of THE TINPLATE COMPANY OF INDIA, LIMITED, dated 31st December, 1920, and above set forth, with the Books and Accounts as kept in Calcutta, and have obtained all the information and explanations we have required. In our opinion, such Balance Sheet is drawn up in conformity with the law, and exhibits a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us, and as shown by the books of the Company.

MEUGENS, PEAT & CO.,
CHARTERED ACCOUNTANTS, } *Auditors*.

CALCUTTA, 15th March, 1921.

THE
Tinplate Company of India,
LIMITED.

Directors :

H. A. L. LAIDLAW, Esq. (<i>Chairman</i>).	
A. B. RITCHIE, Esq.	K. CAMPBELL, Esq.
G. F. LORD, Esq.	T. W. TUTWILER, Esq.
A. K. FAULKNER, Esq.	G. HARVEY, Esq.

Auditors :

MESSRS. PRICE, WATERHOUSE, PEAT & CO.

Managing Agents :

MESSRS. SHAW WALLACE & CO.

Registered Office :

NO. 4, BANKSHELL STREET,
CALCUTTA.

(10)

The Tinplate Company

BALANCE SHEET AS

LIABILITIES.	Rs.	A.	P.	Rs.	A.	P.
CAPITAL—						
Authorised—						
50,000 Shares of Rs. 15 each	75,00,000	0	0			
Issued and Subscribed—						
50,000 Shares of Rs. 15 each fully paid	75,00,000	0	0			
12½% DEBTOR'S LOAN	12,60,000	0	0			
LOAN FROM THE BURMAH OIL CO., LTD., £25,000/- @ 1/4d	63,90,170	9	0			
SURVEY CREDITORS	5,98,849	10	10			
TOTAL RS.	1,57,49,020	3	10			

We beg to report that we have audited the Balance Sheet of THE TINPLATE COMPANY OF INDIA, LIMITED, dated the 31st December, 1922, and above set forth with the books and accounts as kept at the Golmari Works and in Calcutta, in which are incorporated the certified cash statements from Messrs. Perin and Marshall, New York, supported by manufacturers' invoices and from The Burmah Oil Company, Limited, Glasgow, and have obtained all the information and explanations we have required. In our opinion, such Balance Sheet is drawn up in conformity with the law, and exhibits a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us, and as shown by the Books of the Company.

PRICE, WATERHOUSE, PEAT & CO., Auditors.

CALCUTTA, 4th June, 1923.

(11)

of India, Limited.

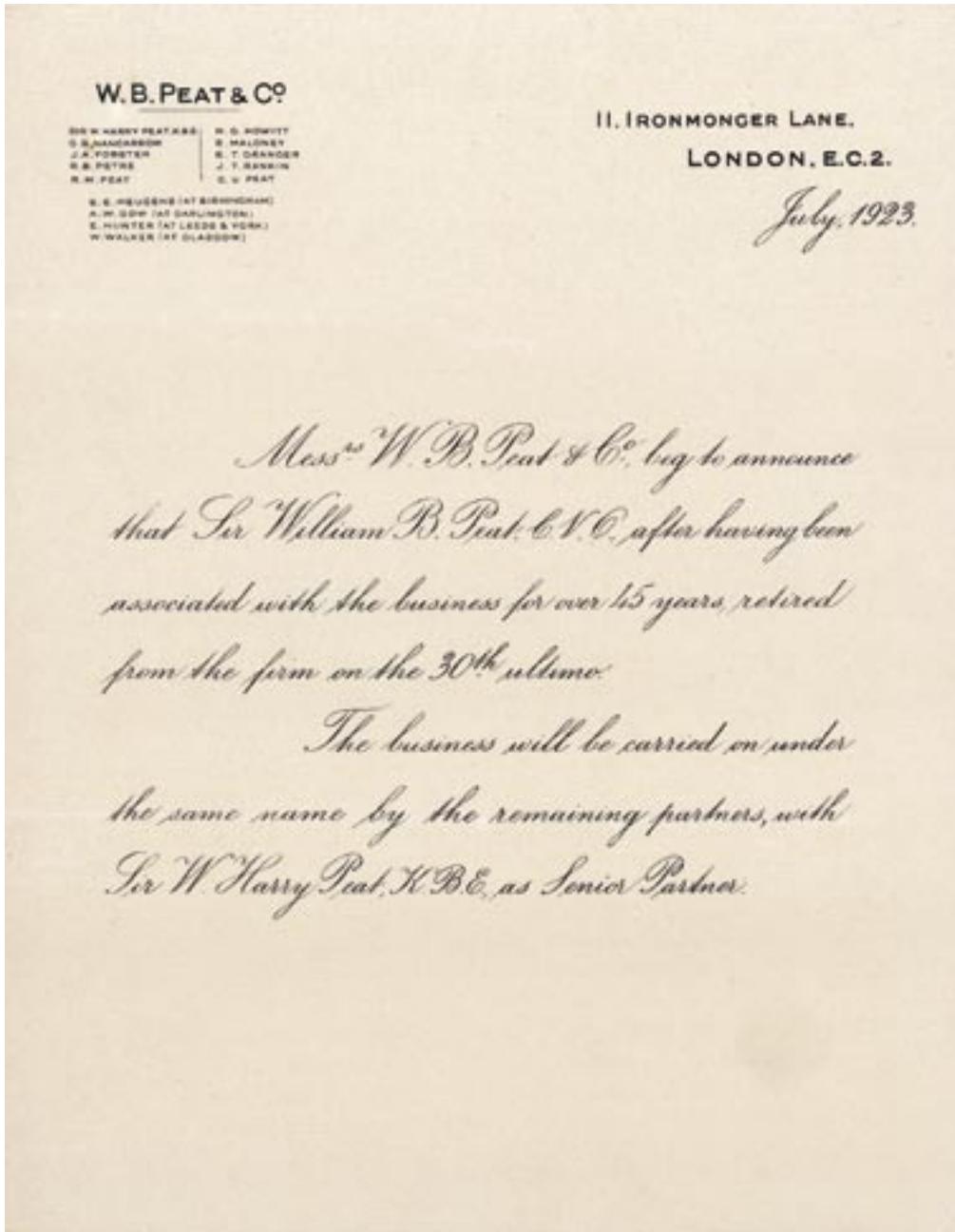
AT 31ST DECEMBER, 1922.

ASSETS.	Rs.	A.	P.	Rs.	A.	P.
BUILDINGS, PLANT AND MACHINERY AND GENERAL EXPENDITURE DURING CONSTRUCTION—						
Buildings	45,43,460	12	3			
Machinery and Plant	81,34,030	12	3			
Sidings	3,47,475	0	0			
Preparation of Site	1,03,328	7	3			
Furniture	60,720	3	11			
Golmari Town	7,56,746	15	3			
American Shipments in Transit	57,498	0	0			
Interest on Loans during Construction	4,00,067	14	1	1,45,07,324	10	4
PRELIMINARY EXPENSES				1,08,288	11	3
OPERATION EXPENDITURE IN SUSPENSE				3,33,390	1	10
STORES AT WORKS AND IN TRANSIT				4,22,861	1	5
SUNDAY DEBTORS				1,14,647	9	7
CASH—						
With Hongkong and Shanghai Banking Corporation on Current Account	1,74,434	11	6			
At Works	31,101	5	9			
With Managing Agents	1	0	2			
With Messrs. Perin and Marshall, New York, \$ 17,717.50 at Exchange 321	55,070	7	0	2,62,508	1	5
TOTAL RS.	1,57,49,020	3	10			

A. K. FAULKNER,
G. F. LORD,
T. W. TUTWILER,
S. K. SAWDAY,
J. B. BACKHOUSE,

Directors.

SHAW WALLACE & CO.,
Managing Agents.



Announcement of retirement
of Sir William Barclay Peat

The Managing Agency Houses

Those were the hey-days of the managing agency houses in Calcutta. Practically, the entire tea, jute and coal were under their control. The wasteland order promulgated by the Viceroy in 1861 permitting acquisition of wasteland on liberal terms (intended to promote cotton cultivation in India in the wake of the American Civil War of 1861 which had disrupted American cotton exports to Lancashire) had actually led to acquisition of large wastelands in north Bengal and Assam by the British businessmen for cultivation of tea. The Assam Company was the pioneer. This was followed by the Jorehaut Tea Company and a large number of other tea companies. Majority of the tea companies were under British managing agency houses like Andrew Yule & Co., Williamson Magor & Co., Shaw Wallace & Co., Duncan Brothers, Gillanders Arbouthnot & Co., Alex Lawrie & Co., Devonport & Co., Jardine Skinner & Co., Octavius Steel, Kilbrun & Co., and James Finlay & Co. Most of them were clients of either PW or L&L.

The demand for coal to feed the Indian Railways led to the formation of a number of coal mining companies. The founding of the Equitable Coal Company broke the monopoly of the Bengal Coal Company originally founded by Dwarkanath Tagore. Equitable Coal was a client of PW. Burrakar Coal Co. was founded by an American, Richard MacAllister who had come to Calcutta as an employee of Tudor Company of Boston (which

used to bring natural ice in wooden sailing ships to Calcutta dug out from the Wenham Lake in USA before ice manufacturing was started in Calcutta in 1878 by Bengal Ice Company promoted by Geo Henderson & Co). Burrakar Coal was later acquired by Bird & Co. and became a client of L&L.

In those days, jute was a highly profitable business. Jute was grown extensively in the Gangetic plains of Bengal and was transported down the river by barges to the jute mills which lined the banks of Hooghly. Some of the big ones were, Champdany Jute Mills (set up by a Dundee businessman), Samnuggur Jute (floated by Thomas Duff) and Fort Gloster Jute Mill (promoted by Kettelwell Bullen & Co). All the three were clients of L&L. Jute used to be exported from the Calcutta port to Europe, Australia, New Zealand and Africa by Mackinon Mackenzie & Co. and Shoene Kilburn & Co. Practically all the jute mills were under the managing agency houses and many of them were clients of either PW or L&L – with L&L having the larger share.

On 7th January 1897, Kilburn & Co obtained the licence to provide electricity to the 'town' of Calcutta as managing agents of the Indian Electric Co Ltd which was registered in London on 14th January 1897. The name was changed to the Calcutta Electric Supply Corporation Ltd a month later. From 17th April 1899, it started generating power from its first generating station at



Emambagh Lane near Princep Street. (New York was electrified in 1882 and London in 1888.) Calcutta Electric Supply was and still is a client of L&L.

A unique distinction between the Indian and British managing houses was that whereas the former remained within the promoter families, the latter went on changing hands as the promoters retired and returned home. For example, Andrew Yule which became a PW client was founded by Andrew after he came to Calcutta in 1863 in partnership with his brother George who came in 1875. Andrew left India in 1888 and George in 1891. In 1892 their nephew David Yule purchased their shares in the partnership and became the sole owner. After World War I David who had no son sold the business to a company Andrew Yule and Co Ltd in which his friend Thomas Catto was the main shareholder and Vivian Hugh Smith (of Morgan Grenfell & Co) was another shareholder. Thereafter, the company was run by professionals. Andrew Yule was a formidable managing agency with interests in tea, coal, flour mills, jute, oil mills, inland navigation and the only one to have landed estate (Midnapore Zamindari Co). It also set up Dishergarh Power, Indian Paper Pulp and took over the management of Tide Water Oil and Hooghly Printing, all of which were clients of PW.

Another example was Bird & Co, a client of L&L. Founded by Sam Bird in partnership with his brother Paul in

1864, they were labour contractors for the railways until they acquired Burrakur Coal and Oriental Jute (later Union Jute) from Richard MacAllister which set them on the path of becoming the largest managing agency house in Calcutta. By 1890, Sam and Paul had retired leaving the leadership to Earnest Cable who grew the business and acquired F W Heilgers and Co (which brought in Titaghur Paper, a client of PW) and they became known as Bird Heilgers. Earnest Cable was succeeded by his son in law Edward Bentall in 1920s.

In South India, Arbouthnot & Co. was one of the oldest and largest managing agents. Its banking division had attracted huge deposits mainly due to the image of its senior partner Sir George Gough Arbouthnot, who was also a member of the Madras Legislative Council. What the depositors were not aware of was that the company and its sole London agents P. Macfayden & Co. had recklessly invested in searching for gold in the Nilgiri-Wynaad areas and in speculative ventures in the South African gold fields and in coffee, sugar and indigo ventures in West Indies as a result of which the deposits were wiped out. Macfayden committed suicide in London on 20th October, 1906 and the next day, Arbouthnot & Co. declared bankruptcy. Sir George was jailed for 6 months on grounds of cheating. L&L had been engaged to carry out the investigation into the company.

The Indian Industrialists

The scene in Calcutta dominated by the expatriates was different from that in western India where the Indian trading community had already embarked into manufacturing activity from the middle of the nineteenth century, particularly in cotton textile - starting with Cowasji Nanabhai Davar the first Indian to float a cotton mill (the Bombay Spinning and Weaving Company) followed by Ranchhodlal Chhotalal (the Ahmedabad Spinning and Weaving Company), Sir Dinshaw Petit (Maneckji Petit Mills), Morarjee Gokuldas, Damodar Thackersey Mulji, Khattau Makanji - and the greatest of them all in that period, Jamshedji Nusserwanji Tata who set up the Empress Mills on 1st January 1877, the day Queen Victoria proclaimed herself Empress. His two dream projects for which he is famous - setting up a steel plant and generating power from the waterfalls of the Western Ghats - were realized by his son Sir Dorabji Tata when Tata Iron

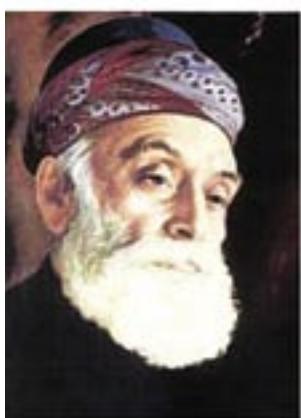
and Steel Company went into operation in 1911 and Tata Hydro-electric Power Supply Company commenced power generation in 1915.

The Swadeshi movement had inspired the setting up of some industries in Calcutta – Bengal Chemicals (under the initiative of Prafulla Chandra Roy), Banga Luxmi Cotton Mills (by the Nandi family), Mohini Mills (by Mohini Mohon Chakraborty), Calcutta Chemicals (by the Mitras and Dasguptas), Calcutta Pottery (by Manindra Chandra Nandy) and Bengal Lamp (by Kiran Shankar Roy). Apart from these companies which were born out of nationalist sentiment, industry in Calcutta till 1920s was largely owned by the expatriates. However, there were two exceptions.

One of them was Ghanshyam Das Birla. Belonging to the Maheshwari caste from Pilani in the Shekhawati region of Rajasthan, the Birlas emerged to vie with the Tatas for supremacy in the Indian business scene. With the profits the Birlas reaped from exports during the war time boom, G D Birla went on a spree of industrialisation - acquiring a sick cotton mill in Delhi, setting up the Birla Jute Mill near Calcutta in the teeth of hostilities from the Scottish businessmen who had monopoly over Jute in those days, floating Jiyajirao Cotton Mills in Gwalior and acquiring from Andrew Yule the old Kesoram Mills which was set up in 1877 - to name a few. Kesoram (which subsequently expanded into rayon,

cement and tyre and became a flagship of the Birla group) was and still is a client of PW.

The other was a Bengali engineer Rajendra Nath Mookerjee. In association with an Englishman, Acquin Martin he set up the engineering firm Martin & Co in 1892 and on Martin's death became the virtual owner. The firm built most of the waterworks in north India, light railway and tramway projects in Bengal, several buildings including the Victoria Memorial in Calcutta and by 1930 had become a large managing agency house. In early 1930s it acquired Burn & Co which had under its umbrella, Indian Iron and Steel Co, Bengal Iron and Steel Co, Indian Standard Wagon Co and the large Howrah Iron Works. They were together known as Martin Burn. Martin Burn was a client of PW.



Jamshedji Nusserwanji Tata

Post World War 1

During the First World War, business in Calcutta was booming due to the large orders for war supplies. Both PW and L&L saw changes in their leadership. Herbert Walford Hales succeeded E. E. Meugens as the senior partner of PW following the latter's return to England in 1916. On the L&L side, Charles Henry Coates (who had taken over as the senior partner on the retirement of John Herbert Lewes in 1907) retired in 1917 and was succeeded by Howard Victor Hart. Howard was a lieutenant in the 6th City of London Rifles and was killed in action in Russia on 23rd March 1919. Howard was succeeded by Walter Reginald Tanner.

Meanwhile, Gandhiji, back from Champaran had called out for a nationwide Satyagraha in February 1919 to protest against the Rowlatt Bills which aimed at curtailing civil liberties in the name of curbing terrorism. This had led to hartals all over India accompanied by violence and disorder reaching a crescendo in Punjab. On 13th April 1919 Brigadier General Dyer marched an army column through the only opening in the enclosed courtyard of Jallianwala Bagh and opened fire on a peaceful Baisakhi meeting killing 379 people (official estimate) in 10 minutes. India stood stunned. Rabindranath Tagore renounced his knighthood. The Reform Act of 1919 giving effect to the Montagu–Chelmsford Declaration of 1917 proved unsatisfactory and Gandhiji launched the Non-Cooperation Movement on 1st August 1920. (On that day in the early hours Lokamanya Tilak had passed away.) The movement spread like wild fire throughout the country.

It was in this political atmosphere that ASSOCHAM was founded in 1921 at the initiative of the expatriate led Bengal Chamber of Commerce. Six years later the Indian business community countered at the behest of G D Birla by setting up FICCI in 1927 with Purshotamdas Thakurdas as the first President.

Despite the political upheavals and uncertainties, business continued to prosper during the inter war period. It was this period which saw the arrival of the multinationals which started setting up subsidiaries in India. Many of them became clients of PW e.g. Alfred Herbert, Westinghouse Saxby &

Farmer, WIMCO, Guest Keen Williams, J Stone, Metal Box, Indian Oxygen and Shalimar Paints. In L&L's client list were added James & Nicholson, Marshall & Sons, ICI, GEC, Philips India and Alkali & Chemical Corporation. (Imperial Tobacco which had launched its manufacturing operations in India before the First World War was a client of L&L.)

It was during this time, in 1921 that PW opened a second office in Cawnpore. The office was set up by W.P. Daniel who was transferred from Calcutta. The main client there was the managing agency house, British India Corporation which had under its control and management a number of textile, woollen, leather and shoe companies. Unfortunately, the climate in Cawnpore did not suit Daniel. He suffered from ill health which was further compounded, in his words, "by a wrong injection given to me by Sir Leonard Rogers for blood poisoning" resulting in his retirement from the firm in 1923. Thereafter, for a period of years there was no partner in Cawnpore. The office was for sometime at 123 Halsey Road and was later shifted to Empire Engineering Building.

A major work undertaken by L&L during that period was in connection with the liquidation of the Alliance Bank of Simla. The bank went into liquidation in April 1923 and the then senior partner of L&L, Dugald McKechnie along with two other partners Walker and Ashworth were appointed liquidators. The work was carried out with the assistance of the bank officers who were retained by the liquidators.



Mahatma Gandhi

PRICE WATERHOUSE, PEAT & CO.

Chartered Accountants

Calcutta, Cawnpore & London

PRICE WATERHOUSE & CO. 3, FREDERICK'S PLACE, OLD JEWRY, LONDON, E.C. W.B. PEAT & CO. 11, IRONMONGER LANE, LONDON, E.C.
REPRESENTATIVE IN INDIA, T. LAW, C.A.

H. W. HALSF, A.C.A. CALCUTTA.

W. P. DANIEL, C.A. CAWNPORE.

FIRM, G.A. INDIA.

R. F. THOMPSON, B.A., A.C.A. CALCUTTA.

C/o N. Stiffe, Esq. C. S.

The Corner House

Cawnpore

LONDON

GLASGOW

BARROW-IN-FURNESS

CAMBRIDGE

LIVERPOOL

MANCHESTER

BIRMINGHAM

NOTTINGHAM

GARDFFT

SWANSEA

NEWCASTLE

MIDDLESBROUGH

DARLINGTON

SHEFFIELD

YORK

LEEDS

PLYMOUTH

PARIS

ROTTERDAM

BRUSSELS

CAIRO

ALEXANDRIA

JOHANNESBURG

CALCUTTA

CAWNPORE

BUENOS AIRES

ROSARIO

MONTEVIDEO

RIO DE JANEIRO

SAO PAULO

VALPARAISO

MEXICO CITY

MONTREAL

TORONTO

WINNIPEG

VANCOUVER

SEATTLE

SAN FRANCISCO

LOS ANGELES

NEW YORK

CHICAGO

MILWAUKEE

ST. LOUIS

DETROIT

CLEVELAND

PITTSBURG

PHILADELPHIA

BOSTON

PRICE, WATERHOUSE, PEAT & CO?

LATE MEUGENS, PEAT & CO

CHARTERED ACCOUNTANTS.

PRICE, WATERHOUSE & CO.

W.B. PEAT & CO.

E.E. MEUGENS, F.C.A. BIRMINGHAM.

H.W. HALSF, A.C.A.

W.P. DANIEL, A.C.A.

T. LAW, G.A.

R.F. THOMPSON, B.A., A.C.A.

CAWNPORE.

76 Carltonments

1-12-19²²

Cawnpore letterheads

GREAT BRITAIN	FRANCE
BIRMINGHAM	MANCHESTER
BIRMINGHAM	MIDDLEBROUGH
CARDIFF	NOTTINGHAM
GARLINGTON	SHEFFIELD
GLASGOW	STANLEY
LEEDS	YORK
LONDON	WAKEFIELD
	HABIB
	SEULS
	SHUBRELL
	HOLLAND
	ROTTERDAM
	INDIA
	CALEDONIA
	DURHAMS

EGYPT	SOUTH AMERICA	
ALEXANDRIA	BUENOS AIRES	RODRIGUES
Cairo	MONTEVIDEU	SAO PAULO
SOUTH AFRICA	RIO DE JANEIRO	VALPARAISO
JOHANNESBURG	CANADA	
MEXICO	MONTREAL	VANCOUVER
MEXICO CITY	TORONTO	WINNIPEG

UNITED STATES OF	
AMERICA	
IN	NEW YORK
AND	PHILADELPHIA
CLARK	PITTSBURGH
DET	ST. LOUIS
WHEELER	SAN FRANCISCO
WHITE	SEATTLE

W.B. Young Co.

W. B. PEAT & CO.

SIR WM. B. FEAT. ETC.
SIR HARRY FEAT. ETC. S. M. FEAT.
D. B. NANCARROW H. G. MCWHIFF
P. MC BAIN E. MALONEY
J. A. FORSTER E. T. ORAMER
R. E. PETRE J. T. RANKIN

THE CITY OF TORONTO
CITY TAXES

II. IRONMONGER LANE,
LONDON, E.C.2

27th November 1922.

PEAT, MARWICK, MITCHELL & CO.
(W. B. PEAT & CO.)

(W. B. PEAT & CO.)

SIR W HARRY PEAT, KBE.	
G MANDARIN	E MALONEY
J A FORESTER	E T GRANGER
H SPITTLE	J T BARKER
H R PEAT	G U PEAT
H S HOWITT	E F MEUSENBACH

UNITED STATES OF AMERICA
NEW YORK
ATLANTA BOSTON BROOKLYN CHARLOTTE CHICAGO CLEVELAND DALLAS DETROIT INDIANAPOLIS KANSAS CITY LOS ANGELES MEMPHIS MILWAUKEE
INDIANAPOLIS NEW ORLEANS PHILADELPHIA PITTSBURGH PORTLAND ST. LOUIS SALT LAKE CITY SAN ANTONIO SAN FRANCISCO
WASHINGTON WORCESTER
CALGARY MONTREAL TORONTO

TABLE A-10: THE "WERNERIAN" TELEGRAPHIC FIVE LETTER CODE

THE LONDON OFFICE, CITY 7704 (LAWES)
181 NEW BOND, VICTORIA, CENT. LONDON

11. Ironmonger Lane.
London, E.C.2
(P.O. BOX NO. 851)

PRICE, WATERHOUSE, PEAT & CO

CHAPTER AND ACCOUNTANTS.

PRICE, WATERHOUSE & CO.
PEAT, MARWICH, MOTTAWILL & CO.
S.E. HEUGEMAN, LTD., BIRMINGHAM,
H.M. KALEE, A.D.A.
T. LAW, C.I.A.
H. F. THOMPSON, B.A., B.C.A. | CALCUTTA,
W. J. THOMAS, C.I.A.

Telephone: mt 840.
Telegrams: "PRICEMASTER, CALCUTTA".
Cables: 41, BANTLEY'S, A.G.C., KURNAI.

B4, CLIVE BUILDINGS,

CALCUTTA.

LONDON	PARIS	Buenos Aires	MONTREAL
NEWCASTLE	ROTTERDAM	ROTORUA	TORONTO
LIVERPOOL	BRUSSELS	MONTREAL	WINNIPEG
PlyMOUTH	SUZANNEST	RIO DE JANEIRO	VANCOUVER
CARLISLE	JOHANNESBURG	SAO PAULO	SANTIAGO
CAIRO	SAULOTTA	VALPARAISO	SAN FRANCISCO
ALEXANDRIA	CAIRO	BUENOS AIRES	SYDNEY
			MONTEVIDEO IN ARGENTINA

SA FRANCISCO	NEW YORK
SA ANGELES	ST. LOUIS
CATTLE	METROPOLITAN
PORTLAND	BOSTON
UTTERBURN	PROVIDENCE
LUMBER	PITTSBURGH
LEAVELAND	PHILADELPHIA

PRICE, WATERHOUSE & CO

SIR ALBERT HYDE-WEBB, M.C. SPEAKER.
SIR LAWRENCE HALLEY, M.B.E. H. J. MORLAND.
SIR NICHOLAS WATERHOUSE, K.B.E. F. H. PRICE.
SIR GILBERT BAINES, K.B.E. H. C. SPENCER.
S. D. MAY, M.A., D.D., B.D. W. E. SMITH.

Telephone: CITY 4694 (4 LINES)
Telegrams: "HOOSURTS, STOCK, LONDON"
Cablegrams: "PWCWATSON" ALL OFFICES.

**3, FREDERICK'S PLACE,
OLD JEWRY,
LONDON, E.C.2.**

In the early days UK letterheads referred to offices in Calcutta and Cawnpore. Indian letterhead referred to offices worldwide

Early years of the profession

The first company legislation of 1850 was a laissez-faire document under which even registration was not compulsory. It was not until 1857 that an amendment was made to limit shareholders' liabilities. The Companies Acts of 1866 and 1882 brought in provisions in their Schedule regarding keeping of accounts and their audit, but there was no definition of the auditor.

Thus when Browne and Meugens had started their journey, in the absence of any prescribed qualification for auditors, anybody who chose to describe himself as an 'auditor' could audit the accounts of any organisation which opted to get its accounts audited. Tradition has it that the balance sheet of one cooperative society had been signed by an engine driver with his fireman as his co-auditor.

However, as always in history, business was ahead of law and many organized companies had provisions in their Articles of Association for placing of audited accounts in their general meeting, particularly companies under the management of the managing agency houses. The emergence in the scene of two organizations with qualified auditors therefore fulfilled a need. The fact that the auditors were not only qualified but were themselves expatriates like the expatriates who owned and managed the companies provided the level of cultural comfort. This explains the rapid growth of the two firms from inception.

During the deliberations leading to the enactment of the Companies Act, 1913 there was considerable debate whether qualifications should be prescribed for auditors. The Commerce and Industry Department strongly felt the need for licensing auditors. The Legislative Department held the contrary view that licensing could only ensure competence but not honesty and in any case the English Act as it then stood did not contain any such provisions.

Ultimately the former view prevailed and section 144 of the Companies Act 1913 provided that no person could act as auditor unless he held a certificate from the Local Government. However the Governor in Council was empowered to notify that members of specified Institutions or Associations could also act as auditors. In terms of this, by a notification dated 14th March 1914, automatic recognition was granted to the Chartered Institutes of England and Wales, Scotland, Ireland and the Society of Incorporated Accountants and Auditors.

Following the enactment of the Companies Act 1913, the Provincial Governments started issuing two types of certificates to those they considered fit to carry out audit – Unrestricted Certificates entitling the holders to act as auditors anywhere in British India and Restricted Certificates which entitled holders to audit only within the Province and in the language specified.

In 1919 the Government of Bombay started awarding the Government Diploma in Accountancy (G.D.A) for which one had to pass the qualifying examination of the Accountancy Diploma Board and complete articleship for 3 years under an Approved Accountant in practice. The Government of India issued directions to the Provincial Governments to issue Unrestricted Certificates to G.D.As (and also to those who passed B.Com. with accounting and auditing from Sydenham College, Bombay and completed 3 years articleship with an Approved Accountant). Restricted Certificates were discontinued around 1920.

The Companies Act 1930 shifted the authority of issuing the Certificate from the Provincial Governments to the Central Government with a view to maintaining a centralized Register of Accountants and regulating the certificate holders on an all India basis. *It was this Act which envisaged the setting up of the Accountancy Board which initially was to be advisory in nature but in which lay the seeds of what in due course would flower into an autonomous body to regulate the profession.*

On 4th March 1931, Lord Irwin approved the list of 16 non-official members selected to constitute *the first Advisory Indian Accountancy Board*. Thomas Law, the then senior partner of PW (following Hales' retirement in 1930) was one of the members. The other members included J.V. Pirrie (Fraser & Ross), Sir Hugh Cocke (A. F. Ferguson & Co, Bombay), Sir Shapurji Bomonji Billimoria (S. B. Billimoria & Co), Sorabji Rustomji Batliboi (S. R. Batliboi & Co) and L. Hudson (A. F. Ferguson & Co, Lahore).

The Auditors' Certificate Rules 1932 was promulgated based on the advice of the first Accountancy Board. Thomas Law had a hand in the framing of the Rules. To enroll in the Register of Accountants (R.A.) one was required to pass the First and Final Examinations to be held under the Rules and complete articleship with an Approved Accountant for a prescribed period. Existing G.D.As and Chartered and Incorporated accountants from the UK institutes were automatically recognized. The first First Exam was held in 1933 and the first Final Exam in 1935. G.D.A. exam was discontinued from 1934.

Offices in those days

In 1870s–1880s, when Browne and Meugens had started their firms there was no electricity or telephone. One could visualise the small offices behind swing doors with the pankha-puller sitting in the verandah pulling away at the rope which via a pully used to swish a large length of cloth hanging from a contraption in the ceiling. One use of the paper weight was that it got thrown at the door when the punkha-puller dosed off and the poor man had to bring it back before commencing to pull again. The Statesman regularly carried advertisements of Stoney's Patent Punkha Wheel which was available for Rs 3 and the Rippingill's Patent Punkha Wheels available for Rs 2–8 annas. There were also the aubdars, the khidmadgars, the hookahbardars, the jamadars and the palanquin bearers. For visiting clients outside the walking radius of the Dalhousie Square, one had to go on a palanquin or a hackney carriage.

By the time PW and L&L moved into Clive Building (Gillander house) and 4, Lyons Range, things had changed rapidly with the advent of electricity, telephone and cars. Broadly, the layout of the office was that there would be a wooden panelled office on one side where the partners would sit, another room (not panelled) for the assistants, a fenced off cash department with the cashier and several large and heavy iron safes, a section for the daphtry (who bound the audit reports and the accounts), the typing section with large

ruler typewriters for typing accounts and the main hall for the babus (i.e. clerks). The lunch room became a fixture in Dalhousie Square in the early 20th century and had on its walls what was called affectionately (or otherwise) the 'rouges gallery' i.e. the pictures of the retired partners. Cooked lunch was provided only to the partners and the assistants. The partners would have their certificates framed on the wall (for authority or, according to the critiques, for avoidance of doubts). The cash department would be under the personal control of the senior partner as, in those days, it was the symbol of power. There were three sets of toilets - one for the partners, one for the assistants and one for the babus. Tea would be served in trays to the partners, in cups with saucers to the assistants and the pantry-bearer would bring the kettle and pour tea into cups produced by the babus from the drawers. One could make out a person's position in the office by the toilet he used and the manner in which he was served tea.

As business grew, a 5 step hierarchy evolved – Partners, Senior European Assistants, Junior European Assistants, Special Class Indian Assistants and babus. The babus were initially sub-divided into first class, second class and third class and later into senior Indian assistants and junior Indian assistants. Senior European Assistants were generally English or Scottish. Junior European Assistants

April 23rd. 1925.

Messrs. Price, Waterhouse & Co.,
3, Frederick's Place,
Old Jewry,
London, E. C. 2.

Dear Sirs,

We are in receipt of your letter of the 30th ultimo, and in reply give below the rates which we are now charging for the services of our staff.

These rates were a matter of agreement between ourselves and Messrs. Lovelock & Lewes. You will understand that they are applied to new work only, and we do not infrequently find it politic to make considerable reduction therefrom.

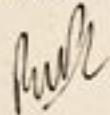
In case of audits which go back to dates prior to 1919/20, when we found it necessary to revise our rates, there are still many where our remuneration is based upon a considerably lower scale than this in spite of efforts to obtain

Letter of H. W. Hales, Senior Partner Price Waterhouse, indicating that chargeout rates in 1925 were fixed in consultation between Price Waterhouse and Lovelock & Lewes

: 2 :

increases of fees from our clients commensurate with the increase
in our own expenses.

Yours faithfully,



Rates of our present fees.

Rs. 200/-	per day of 6½ hours	for Partners
Rs. 150/-	ditto	for Senior European Assistants
Rs. 100/-	ditto	for Junior European Assistants
Rs. 50/-	ditto	for Special Class Indian Assts.
Rs. 20/-	ditto	for Senior Indian Assistants
Rs. 10/-	ditto	for Junior Indian Assistants.

were mainly graduate Anglo-Indians, Jews or Zoroastrians. Special Class Indian Assistants were G.D.As and later R.As. Generally speaking Parsees and Christians, if available, were preferred over the Hindus. Babus were matriculates.

The scenario changed somewhat after Indian students started going to the UK and returning as Chartered Accountants or Incorporated Accountants. (For becoming a Chartered Accountant one had to do the articleship in the UK, but for becoming an Incorporated Accountant one could do the articleship under an Incorporated Accountant in India and go to the UK only to sit for the examination of the Society of Incorporated Accountants and Auditors – hence many students who could not afford to bear the cost of a 3-5 years stay in the UK preferred to become Incorporated Accountants.)

In 1925 new charge out rates were fixed at Rs. 10 per day for Junior Indian Assistants rising to Rs. 200 per day for Partners. It appears that the rates were fixed in consultation. In a letter dated 23rd April, 1925 to Price, Waterhouse & Co, London, H. W. Hales, then senior partner of PW, wrote that *"these rates were a matter of agreement between ourselves and Messrs. Lovelock &*

Lewes." Hales hastened to add "*you will understand that they are applied to new work only and we do not infrequently find it politic to make considerable reduction therefrom.*"

The burra babu or head clerk was an institution. He was the interface between the sahibs (i.e. expatriates) and the babus (i.e. clerks). He recruited the babus, allotted their daily routine including allocation to clients and had total disciplinary jurisdiction over them to keep them under control. The burra babu worked closely with the burra sahib (i.e. senior partner), was his eyes and ears, carried out his instructions, maintained discipline and decorum and kept the office running. It was a position of power looked upto in fear and in some instances became synonymous with tyranny. Kripa Sindhu Chakraborty was the last burra babu in PW. The last in the line of burra babus in L&L was Nalinaksha Das. The institution of the burra babu came to an end in the post war period when identified audit groups were formed with designated group-in-charges and the staff got permanently allocated to the groups.

Kripa Sindhu babu (or Krip as he was affectionately called by the sahibs), the last burra babu in PW, had joined the firm in 1908 when it used to be called

Meugens, King & Co and retired after an incredible 57 years of service. In December 1958 a function was held in the Star Theatre to felicitate him on his completing 50 years with the firm. He was presented with a gold watch and the drama Mishar Kumari was staged by the staff members (in which Dinen Sen, Ram babu and Bishnu Chatterjee acted commendably in leading roles).

Run up to World War II

The political ambience continued to be volatile. On 5th February 1922 a Congress and Khilafat procession in Chauri Chaura (in UP), provoked by police firing, had attacked the police station where the police had taken refuge and set it on fire killing 22 policemen. Concerned that violence would lead to countrywide repression, Gandhiji had withdrawn the Non-Cooperation Movement on 12th February 1922. Gandhiji had been arrested in March 1922 and released only in February 1924. C.R. Das and Motilal Nehru had broken away, formed the Swaraj Party and having successfully fought the elections to the legislative councils in November 1923, had sought to obstruct the work of the central legislature. Amidst all this, on 3rd February 1928 the Simon Commission headed by John Simon had landed in Bombay to investigate the workings of the 1919 reforms. The Commission did not contain a single Indian. This had provoked demonstrations across India in one of which at Lahore on 30th October 1928, a brutal lathi charge had taken the life of Lala Lajpat Rai.

Meanwhile in May 1929 a Labour Government under Ramsay MacDonald came to power in Britain and on its instructions Viceroy Lord Irwin declared on 31st October 1929 that the implicit idea of the Montagu–Chelmsford Declaration of 1917 was the natural progression of India to Dominion Status. But when? On 23rd December Lord Irwin conceded to Gandhiji that he had no answer. The battle lines

were drawn and in the 1929 Lahore Congress, Jawaharlal Nehru declared that India's goal was Purna swaraj (total independence). On 26th January 1930 in public meetings across India, the Independence Pledge was read out and collectively affirmed. Gandhiji picked on the salt tax to register his protest. He started his famous march to Dandi in the Gujarat sea coast. This galvanized the nation. On 6th April 1930 he reached the coast and picked up a handful of salt - and the civil disobedience movement started throughout the country.

Gandhiji was arrested along with other members of the Congress Working Committee, but was released in 1931 and the Gandhi-Irwin Pact of March 1931 provided for provisional truce. In August, Gandhiji sailed for London to attend the Second Round Table Conference. Nothing came out of it. Winston Churchill vented his anger by describing Gandhiji as "a seditious Middle Temple lawyer, now posing as a fakir of a type well known in the East, striding half naked up the steps of the Viceregal palace.....to parlay on equal terms with the representative of the King Emperor." The British Government however knew that suppression could not be a long term solution and this finally led to the Government of India Act of 1935 providing for the establishment of a union of British Indian provinces and Princely States (nevertheless with ultimate powers resting with the Viceroy). In the ensuing general elections of 1937 the Congress swept the polls.

In 1935, Wilfred John Younie succeeded Thomas Law as the senior partner of PW. C. G. Ashworth was the senior partner in L&L.

Clearly, the nationalist sentiment was at its highest. In the midst of all this it was decided that the third Accountancy Board would be constituted by election. By 1939, the number of Indian qualified accountants i.e R.A.s far exceeded the British qualified accountants. In the prevailing climate the senior partners of two of the largest firms, B. J. Whitby of A. F. Ferguson & Co and W. J. Younie of PW failed to get elected - the former getting only 17 votes (out of 386), the latter getting 55 votes (out of 384). Cyril Gill of Fraser & Ross also lost getting only 19 votes. However, the Government took into account the fact that firms with foreign qualified accountants held more than 80% of the audit work. On that basis, in the notification dated 1st July 1939, the Government named B. J. Whitby and W. J. Younie as its nominated members on the third Indian Accountancy Board.

Within 3 months thereafter, on 1st September 1939, Britain went to war with Nazi Germany and Fascist Italy. The World War II had begun.

Apparently for sometime during the inter war period, L&L had some kind of an association with Spicer & Pegler of London. The association terminated in 1943 during the Second World War.

During those days, as now, unrequited ambition led to departures. George Reed who did not make it to the partnership in L&L, left and started his own practice as George Reed & Co in Tower House. This was mirrored in the south by Ron Price who left Fraser & Ross and set up his own practice under the name R G N Price & Co.

A. F. Ferguson & Co.

Alexander Fletcher Ferguson, a chartered accountant from Scotland came to Bombay in 1889 as the chief accountant of Ritchie Stewart & Co. (later to become Forbes Forbes Campbell & Co.). In 1893 he started his practice and was the first British Chartered Accountant to do so in Bombay. In 1898 he took as his partner P.G. Irvine, naming his firm Ferguson & Irvine. In 1902, Irvine retired owing to ill health and the firm became A. F. Ferguson & Co. with A. F. Ferguson and W. Turner Green as partners.

Ferguson returned to England in 1912 and started a practice in London (the successors to which is the firm Ferguson Rowland & Davies).

A. F. Ferguson & Co. grew rapidly and soon became the largest firm in western India. It set up an office in Karachi in 1908 and established an office in Delhi in 1922. In 1926, it purchased Niessen Dignasse & Co. in Lahore. Small offices were also started in Rawalpindi and Indore. For some years between 1910 and 1926 it had a branch in the Middle East.

After independence, the Indian and Pakistan practices split on 1st November 1952. However, in both the countries, the independent firms carried on their practices under the name A.F. Ferguson & Co. At that stage they were representing both Price Waterhouse and Peats. In 1977, A. F. Ferguson & Co. Bombay opted to represent only Peats and A.F. Ferguson & Co. Pakistan opted to represent only PW.

After the formation of KPMG in 1987 [as a result of the merger of Peat Marwick Mitchell (PMM) with Klynveld Main Goerdeler (KMG)], A.F. Ferguson & Co. Bombay ceased to represent KPMG in 1994 and in August 2004 it joined the network of DTT. A. F. Ferguson & Co. Pakistan continues to represent PwC.

S.B. Billimoria & Co., S.R. Batliboi & Co.

Sir Shapurji Bomonji Billimoria had set up S B Billimoria & Co. in Bombay in 1902. 11 years later in 1913 Sorabji Rustomji Batliboi had set up S R Batliboi & Co. in Calcutta. (Incidentally, "Double Entry Book Keeping" which everybody studied to learn accountancy in those days was written by his brother Jamshedji Rustomji Batliboi who had separately established the firm Batliboi & Purohit in Bombay.)

S B Billimoria & Co. used to represent Ernst & Whinney (which was formed by the merger of Ernst & Ernst of USA with the London firms of Whinney, Murray & Co. and Turquand, Barton, Mayhew & Co.). S R Batliboi & Co. used to represent Arthur Young & Co.

In 1989, Ernst & Whinney merged with Arthur Young to form Ernst & Young (E&Y). From 1989 to 1996 both S B Billimoria & Co. and S R Batliboi & Co. represented E&Y. S B Billimoria & Co. ceased to represent E&Y in 1996 and in November 1999 joined the network of DTT.

E&Y continues to be represented in India by S R Batliboi & Co. After the implosion of Andersen, their Indian practice merged with the E&Y practice in India in June 2002.

Fraser & Ross

Graham Ross had come to India in 1902 and joined as an assistant in Best & Co. He met Ian Fraser in the Madras Club when the latter was looking to set up an accounting firm. Thus was born Fraser & Ross on 24th May, 1907 with its first office at 17, Armenian Street, Madras. James Voce Pierrie became a partner in 1912 and was a member of the first Accountancy Board along with Thomas Law of PW. Pierrie retired in 1939. Cyril Gill became a partner in 1923 and had unsuccessfully contested in the elections to the third Accountancy Board in 1939. Gill retired in 1947.

One of the European assistants, Ron Price who did not make it to the partnership left the firm and set up his own practice under the name R G N Price & Co.

In 1983, Fraser & Ross started representing Touche Ross & Co. along with C C Chokshi & Co (Bombay). In those days Deloitte Haskins & Sells was represented in India by P C Hansotia & Co (Bombay), Khanna & Annadhanam (Delhi) and Gupta Chowdhury & Ghosh (Calcutta).

In 1990, Touche Ross merged with Deloitte Haskins & Sells and became Deloitte Touche & Tohmatsu (DTT). (The adoption of Tohmatsu in the name was in recognition of the Deloitte member firm in Japan, Tohmatsu Awoki Sanwa which had combined with the Touche related firm, Mita to form Tohmatsu & Co.) Khanna & Annadhanam left the network in November 1996 and Gupta Chowdhury & Ghosh was dissolved in 2000. The DTT network in India was augmented when S B Billimoria & Co (Mumbai) joined it in November 1999 and A. F. Ferguson & Co (Mumbai) joined it in August 2004. Thus DTT is now represented in India by Fraser & Ross, P C Hansotia & Co., C C Chokshi & Co., S B Billimoria & Co. and A. F. Ferguson & Co. They also practise in India under the name Deloitte Haskins & Sells.

Bharat S Raut & Co.

Bharat Raut left the partnership in Sharp & Tannan and joined Price Waterhouse in 1983 in the tax department in Mumbai. On 1st July 1986 he became a partner in Price Waterhouse but left the firm in 1990 to set up his own practice as Bharat S Raut & Co. In 1993 Bharat S Raut & Co. became a member firm of KPMG following which the relationship which KPMG had with A. F. Ferguson snapped in 1994.

■ Birth of a Nation



Netaji Subhas Chandra Bose

Viceroy Lord Linlithgow had abruptly announced British India's entry into Second World War without consultation with the elected bodies in India. This eventually led to the resignation of the Congress ministries in the Provinces. In June 1940, Winston Churchill became Prime Minister in Britain and declared that "I have not become First Minister of the Crown in order to preside over the liquidation of the British Empire".

The course of the war changed the situation. In December 1941, Japan attacked the American naval base at Pearl Harbour bringing the war nearer home to India. Soon the European empires in South East Asia and South

Pacific fell to the Japanese. In 1942 Japanese forces overran Burma, crossed the borders into Assam and Japanese bombs fell on Calcutta. Meanwhile, Netaji Subhas Chandra Bose had formed the Indian National Army (INA) in 1942 recruiting 50,000 Indian prisoners-of-war from Japanese prison camps and started marching towards India. His voice was heard over the radio exhorting Indians, "give me your blood and I will give you freedom".

As the situation worsened, Churchill, under pressure from President Roosevelt of USA, President Chiang Kai-Shek of China and the Labour Party leaders to secure the active cooperation of India in the war, sent Sir Stafford Cripps to India. The draft declaration which Stafford Cripps brought promising Dominion status to India was rejected by the nationalists who craved for full independence. Congress passed the "Quit India" resolution in August 1942 and violent protests followed. The authorities arrested hundreds of Congress leaders. In the vacuum created, the Muslim League, now led by Mohammad Ali Jinnah, propagated that the British Raj would turn into a Hindu Raj on independence and demanded that Britain "Divide and Quit".

On 6th August 1945, the first atom bomb dropped on Hiroshima and 3 days later a B-29 bomber dropped another on Nagasaki. 70,000 people were killed. The Second World War was over.

The war years of 1939 to 1945 were difficult times for both PW and L&L. The conscription laws of the United Kingdom applied to the Europeans in India and many were called up to the army. Only the partners were exempt. In L&L for instance the European qualified staff was reduced to five partners and one assistant who had failed the medical test. The position was similar in PW. Yet the firms had to contend with the increased volume of work resulting from the new clients that had come in during the inter war boom. Also the war itself generated additional work. For example, L&L had to carry out the audits of the cost of construction of the landing fields in Assam and the voyage accounts for the UK Ministry of War Transport. The partners of both PW and L&L were all members of the auxiliary forces and had to contend with doing the duties of those organisations. After the fall of Rangoon to the Japanese these special duties included training in explosives and other preparations in the event of an invasion. Faced with the situation, both firms started recruiting larger numbers of Indians – both foreign qualifieds and Indian R.As. Indians with UK qualifications were appointed at higher levels.

In PW, for example, R. N. Sen who joined in 1940 and Kailash Bhargava who had joined earlier were both taken in as Senior European Assistants. *In fact, it was the war years which saw the beginning of the Indianisation of both the firms.*

The war shortages, real and created, had also disrupted living and working conditions. Petrol was rationed, but side by side there was a flourishing black market. The partners came to the office in buses specially run for top expatriates. Younie, senior partner of PW, travelled in a car run on charcoal.

In the inter war period the Income-tax Act of 1922 had been enacted. Auditors had to verify the tax provision in the accounts and this had led to some specialization in tax by the partners signing the accounts. The need to raise resources for the Second World War led to the enactment of the Excess Profits Tax Act in 1940. This highly complicated piece of legislation attracting tax in excess of a balance depending on the movement of capital employed, called for real specialisation and soon a viable tax practice independent of the audit started to evolve. When the audit was reorganized into groups and the clerical staff who hitherto were under the jurisdiction of the burra babu, were permanently allotted to the groups, some identified staff were allocated for tax work. The separate tax departments in PW and L&L evolved from this nucleus. Eventually specialized qualified assistants were recruited in the tax departments.

Britain went to the polls in 1945 and the Labour Party won a landslide victory. Clement Attlee became the Prime Minister. In the 1945–1946 elections in



Jawaharlal Nehru

India, Congress formed ministries in 11 provinces and the Muslim League in Bengal and Sind. A coalition was formed in Punjab. The Cabinet Mission came to India and suggested the formation of an interim Government leading to independence. However, Jawaharlal and Jinnah were clearly not seeing eye to eye and Muslim League's Direct Action Day was called on 16th August, 1946. Communal riots broke out in Calcutta, and spread elsewhere. On 20th February 1947 the Prime Minister announced in the House of Commons that Britain would withdraw from India no later than June 1948 and Lord Mountbatten was sworn in as the last Viceroy on 24th March 1947. Soon it became clear that partition was inevitable.

At the stroke of midnight on 14th August, 1947 the British Raj came to an end and two nations were born. Heralding the independence, Nehru made a moving speech –

"Long years ago we made a tryst with destiny, and now the time comes when we shall redeem our pledge, not wholly or in full measure, but very substantially. At the stroke of the midnight hour, when the world sleeps, India will awake to life and freedom. A moment comes, which comes but rarely in history, when we step out from the old to the new, when an age ends, and when the soul of a nation long suppressed finds utterance."

Both Bengal and Punjab stood partitioned. Violent communal riots raged in both sides of the partition resulting in mass migration. Over a million people died. In the aftermath, on 30th January 1948, Gandhiji was shot at point blank range by Nathuram Godse and the Father of the Nation passed away.

Post Independence Era



The dawn

Younie was a dynamic person with a vision and under his leadership PW had prospered significantly. Just before or around the time of independence, Younie retired after serving as senior partner of PW for 12 years. He was succeeded by Walter Toft. About the same time the South African firm of Price, Waterhouse, Peat & Co had split up into Price Waterhouse & Co and Peat, Marwick, Mitchell & Co and Younie joined the latter firm as the senior partner which he served for about 3 years before finally retiring to his home in Moffat near Edinburgh in Scotland.

Within a year of independence, in July 1948, the Government appointed an Expert Committee under the Chairmanship of C C Desai, Secretary of Commerce, to examine the question of setting up an autonomous association of accountants. It was on the recommendations of this Committee that the Bill to regulate the profession of accountants was moved before the Constituent Assembly on 4th September 1948 by K C Neogy,

then Minister of Commerce. The Bill went through the Select Committee and was passed by the Constituent Assembly. The Chartered Accountants Act, 1949, received the assent of the Governor General in Council on 1st May, 1949 and the Institute of Chartered Accountants of India was born. G P Kapadia became the first President. G Basu was the first Vice President.

1952-1953 were milestone years for both the firms. In 1952 Rabindra Nath Sen became the first Indian to become a partner of PW. In 1953 Priyamohan Chakrabarti and Premanjan Niyogi became the first Indian partners of L&L. Three years later, in 1956, Susil Kumar Ganguly was inducted as a partner in L&L.

With the passing of the Chartered Accountants Act, the Auditors' Certificates Rules, 1932, which granted recognition to the Chartered and Incorporated Accountants of the English Institutes, lapsed. This created an uncertainty for UK qualified

accountants who were sought by PW and L&L. The matter was set at rest by a Resolution passed by the Council in February 1958 recognising members of the Chartered Institutes of England and Wales, Scotland, Ireland and the Society of Incorporated Accountants and Auditors, London provided the person resided in India and the Board of Trade of UK continued to accord reciprocal practising rights to the members of the Indian Institute. The Council also recognised the members of the Institute of Chartered Accountants of Pakistan, Australia, Ceylon and the approved accounting bodies of Burma and South Africa.

(In 1989, the Department of Trade and Industry in UK stopped granting recognition to practise to members of the Indian Institute. Consequent upon this, from 8th December 1995, the Indian Institute ceased giving new membership to those with UK qualifications and from 8th December, 1997 to those with qualifications from Ceylon, South Africa, Pakistan, Burma and Australia.)

Cawnpore & Madras

Fuller had become a partner of PW during Younie's reign and was in charge of PW's Cawnpore branch. Fuller was a bachelor and a real burra sahib. He lived lavishly in a sprawling bungalow in Cawnpore with a battery of servants and their dependents all well looked after. He loved driving long distances and also owned an old aeroplane in which he would sometimes fly. He retired in 1956, married an Austrian lady post retirement and settled down in Tyrol, Austria. The Cawnpore branch was slowly wound down after Fuller's retirement. By that time the spelling of the city's name had changed to Kanpur.

R S Arthur was the senior partner of L&L at the time of independence. A significant development in L&L's history was the start of its Madras branch in 1947 at the initiative of Arthur. This fulfilled a long standing demand of L&L's large client base in the South to have permanent audit staff stationed in Madras. 16 years later, in 1963, PW set up its branch in Madras – one of the objects apart from client compulsions was to establish presence first, in view of the informal understanding PW then had with A.F. Ferguson & Co. that one would not open an office in a city if the other was already present.

East Pakistan

After independence, a number of Calcutta based business houses opened their East Pakistan corporate entities. Also the (now foreign) branches of clients needed to be served. PW responded to the situation initially by flying out people from Calcutta to audit the East Pakistan clients. In late 1949 Kenneth Hartley a partner from Calcutta visited the port city of Chittagong on the banks of the Karnaphuli to set up an office. Nirmalendu Das, Satya Chakraborty and Debi babu were the first few people who went to Chittagong from Calcutta.

Initially space was taken in the office of Orr Dignam & Co. Later the office shifted to the Chambers Building in the new business centre in Chittagong. The first clients apart from Orr Dignam & Co included IGRSN, Lipton, James Warren, Esso and Duncans.

At that time the Price Waterhouse, Peat & Co, East Pakistan firm was formed with the expatriate partners of PW India and soon an office was opened in Dhaka. Sifton who had joined Calcutta relocated to East Pakistan as the resident partner there. He was later joined by D. J. Belton. The Calcutta

based partners visited Dhaka or Chittagong as and when necessary. R. Rahman who had joined Dhaka visited Calcutta to gain experience as he was being groomed for partnership. After he qualified as a member of the Institute of Chartered Accountants of England and Wales, he was admitted as a partner in Dhaka.

The political situation was volatile. The Hindu-Muslim riots sparked intermittently and there were the great Dhaka killings of 1952. Eventually, no expatriate partner was willing to stay in East Pakistan and it was decided to close down the practices in Dhaka and Chittagong from June 1962. Belton returned to Calcutta but then left India and after changing a few jobs worked for some time in Price Waterhouse, Paris.

At that stage A. F. Ferguson & Co Pakistan decided to set up an

office in East Pakistan anticipating that some of the clients would shift to them. They offered R. Rahman partnership initially for 3 years as their partner in charge for East Pakistan. R. Rahman declined the offer and with his two friends Saifur Rahman and Haq formed Rahman, Rahman & Haq. Some of the clients of Price Waterhouse, Peat & Co East Pakistan went with them. Later R. Rahman left for Europe and Saifur became the senior partner. A.F.Ferguson & Co formally commenced their practice in Spencers Building in Quaid-i-Azam Road Chittagong from 1st May 1962 and also set up an office in Dhaka from 1st December in that year. The practices ceased with the fall of Dhaka in December 1971 – when East Pakistan became the independent country of Bangladesh. (Currently, Rahman, Rahman & Haq represents KPMG and Saifur Rahman is the Hon'ble Finance Minister of Bangladesh.)

Socialistic Pattern of Society

During the struggle for independence, the nationalists regarded the British rule as an imperialist capitalist onslaught on the poor country. They were enamoured by the Russian Revolution and its policy of State planned development. It was not surprising that in the prevailing atmosphere, in 1944, the leading Indian industrialists in Bombay – J R D Tata, G D Birla, Lala Shri Ram, Kasturbhai Lalbhai, Purshotamdas Thakurdas, A D Shroff and the well known economist, John Mathai had produced the famous "Bombay Plan" advocating the need for planned development and state ownership and control of key industries following independence.

Jawaharlal Nehru who became the first Prime Minister of independent India was a Fabian socialist. (Sardar Vallabhbhai Patel had a capitalist tilt and did not favour control beyond a point.) Under Nehru's guidance the first Industrial Policy Statement of 1948 provided that the State would have exclusive rights to set up certain specified basic industries requiring large outlays and the private sector could operate in the rest of the area but strictly under government control within the framework of 5 Year Plans developed by the Planning Commission. To this end the Industries (Development and Regulation) Act, 1951, was passed requiring businessmen to obtain licence to set up units, to expand capacity or even to change the product mix. The First 5 Year Plan (1951 – 1956) was similar to the "Bombay Plan" advocated by the

industrialists in the pre independence atmosphere charged with nationalistic and idealistic feelings.

During the 1950s, Prasanta Chandra Mahalanobis was the key intellectual figure in the Planning Commission and the main influence behind the Second 5 Year Plan (1956 – 1961) which declared as its object, the creation of a "socialistic pattern of society". The Industrial Policy Resolution of 1956 was announced and it effectively put private industry in straight jacket. The concept was of a "mixed economy" which envisaged the setting up of large public sector undertakings to dominate the commanding heights of the economy, with the private sector under strict State control. The policies were one of high tariffs (to ensure protection), import substitution (considered to be the key to self sufficiency) and reservation of areas for small scale industries (for protection of employment). It was during this period that T T Krishnamachari as Commerce Minister nationalised life insurance and as Finance Minister accepted Prof. Kaldor's concepts and introduced wealth tax, expenditure tax, gift tax and capital tax on top of 87.5% income tax rate.

The economic theories then prevailing were those propagated by Rosenstein-Rodan which argued in favour of massive State investment, the Harrod-Domar model which stressed on increasing the savings ratio as the path to growth and Ragnar Nurkse's

concept of "disguised unemployment" which could be absorbed with proper State investment. Everybody in those days thought that with large State investments in industry, India would, in the words of Prof. Rostow, "take off". That was the age of the radio and after



Prasanta Chandra Mahalanobis

dinner, people would hear the English news read authoritatively by Melville De Mellow which covered Nehru's famous speech describing the public sector projects as the "temples of modern India".

1950s was a comparatively smoother period for PW and L&L. G.R.Crooks who had taken over as the senior partner of PW from Walter Toft in 1949, also looked after the tax department and had the halo of a tax partner. He retired after serving as senior partner for 7 years and was followed for a brief

■ Leadership changes

period by Arnold Just and then by Kenneth Hartley. The otherwise smooth operations of the period were interrupted by a tragic plane crash on 29th March 1959. The flight had taken off from Calcutta for Silchar stopping en route in Gauhati but encountered an air pocket and crashed in Hila Kandi. The crash took the lives of two employees of PW on their way to audit the tea gardens (Pranab babu and Sunil Baran Chakraborty). During the 1950s, John Steward Fyee Gibb was the senior partner of L&L. He had succeeded R. S. Arthur in 1950. Gibb retired after serving as senior partner for 14 years in 1964 and was followed by John Cuthbert Laing.

1964 and 1966 were milestone years for the country. Jawaharlal Nehru died on 27th May, 1964 and with him ended a chapter in Indian history. Lal Bahadur Shastri was sworn in as Prime Minister within a week of Nehru's death. It was a milestone year for PW also. Following a visit to Calcutta by two London partners from Price Waterhouse & Co and Peat, Marwick, Mitchell & Co to look into the affairs of the firm in India, Kenneth Hartley retired and from 1st July, 1964 R. N. Sen became the first Indian senior partner of PW.

After serving as Prime Minister for barely nineteen months, Lal Bahadur Shastri died of a sudden heart attack on 10th

January 1966 in Tashkent (where he had gone for a meeting with General Ayub Khan, President of Pakistan). In the same year, on 29th December 1966, the last expatriate senior partner of L&L, Lt. Col. John Cuthbert Laing, OBE died in Calcutta and S. K. Ganguly took over as the first Indian senior partner of L&L (the two Indians who had preceded him in partnership having retired earlier – P. Chakrabarti sometime before 1962 and Premanjan Niyogi in April 1966). In the following year, i.e. 1967, under the leadership of S. K. Ganguly, L&L became an associate member of the Coopers & Lybrand International network.



R. N. Sen



S. K. Ganguly

30Rs.



The first Lovelock & Lewes deed without any expatriate partner - deed of 24th April, 1967

THIS SUPPLEMENTAL DEED OF PARTNERSHIP is made this twenty-fourth day of
April One thousand nine hundred and sixtyseven BETWEEN SUSIL
KUMAR GANGULY of 4, Lyons Range, Calcutta of the first part, SAMIR
GHOSH of 4, Lyons Range, Calcutta of the second part, KUPPUSWAMI
GANESEN of 4, Lyons Range, Calcutta of the third part, UPENDRA NATH
DAS of 4, Lyons Range, Calcutta of the fourth part, RAJAGOPALA
bal BALASUBRAMANIAN of Mercantile Bank Buildings, First Line Beach,
Madras of the fifth part, NARESH KHOSLA of 4, Lyons Range, Calcutta
of the sixth part, NIRENDRA CHANDRA CHAKRABARTI of Hamilton House,
Cannought Place, New Delhi of the seventh part and DURAISWAMY
GUNASEELA RAJAN of Elphinstone Building, Veer Nariman Road, Bombay
of the eighth part.

W H E R E A S :

- (1) By a Deed of Partnership dated the 1st day of May, 1966 and
made between John Cuthbert Laing of the first part, Susil
Kumar Ganguly of the second part, Samir Ghosh of the third
part, Kuppuswami Ganesan of the fourth part, Upendra Nath Das
of the fifth part, Rajagopala Balasubramanian of the sixth
part

P.W. bal

Eclipse of the Agency Houses

Lal Bahadur Shastri had inherited a country with a terrible food shortage - a "basket case" sustaining on American PL-480 wheat. To his credit goes his selection of C Subramaniam as the Minister of Food & Agriculture. It was the latter who took the initiative of importing 16,000 metric tones of the miracle Mexican dwarf wheat seeds which ushered in the "Green Revolution" in Punjab and Haryana and made the country surplus in food. While agriculture prospered, industry continued to be under severe constraints. In particular, in Bengal, 1960s saw the leftists organising large mass movements and trade union struggles reaching its peak in 1967-69 and continuing right through the next decade. Bengal became synonymous with Bandhs (strikes bringing everything to a stand still) and Gheraos (forced confinement of management personnel by militant unionised staff). It was in that atmosphere that the Lovelock & Lewes Employees' National Union was formed in 1965. 4 years later, the clerical staff of PW formed the Price Waterhouse Staff Union with Pranab Dutta of the L&L Union as its President.

It is an interesting fact of history that whereas the invaders who came to India over the centuries, the Mongols, Huns, Persians, Pathans and Moghuls had all assimilated in the Indian melting pot (including the Parsees and the Jews) – the Europeans i.e. the Dutch, French, Portuguese and the British never really integrated en masse into India. They left on the conclusion

of their Raj. The Managing Agency houses had started disintegrating soon after the independence as the expatriates started withdrawing from India. The socialistic policies of independent India added impetus to this and what little remained was swept away during the days of militant trade union agitation. The Marwari traders and banyans, some of whom were money lenders to the managing agency houses, now entered industry acquiring the companies from the retreating expatriates. Thus the Bangurs acquired Kettellwell Bullen, Ganges Manufacturing (from MacNeill and Barry) and Bengal Paper (from Balmer Lawrie). Similarly the Goenkars acquired Duncan Brothers and Octavius Steel and the Khaitans who were suppliers to the tea gardens acquired Williamson Magor, took a stake in Macneill and Barry (which after merger with the former became Macneill and Magor) and McLeod Russell. The change of hands did not, by and large, affect PW or L&L since they continued to remain the auditors of the entities. On the positive side it gave PW and L&L entry into the Indian houses.

Whatever was left of Andrew Yule after the sale of their units to the Dalmias, Bangurs and Goenkars faced major problems due to continuing labour troubles and the House was taken over by the Government of India in 1967. Martin Burn met the same fate and its undertakings were taken over by the Government in the same year. Bird & Co lasted a little longer and when

the Bentall family finally withdrew it sold the controlling shares to the employees who acquired them through their pension and savings funds. The Government eventually took over the company in 1976.

30RS.

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30RS

भारत

INDIA

• THIRTY RUPEES •

The first Price Waterhouse
deed without any non
resident partner - deed
dated 15th December
1977

THIS DEED made the fifteenth day of December One thousand nine hundred and seventy-seven BETWEEN PESI KUSHRU CHOKSEY (hereinafter called "Mr. Choksey) KAMESH PRASAD BHARGAVA (hereinafter called "Mr. Bhargava") ISHAN CHANDRA MITTRA (hereinafter called "Mr. Mittra") MOHIT KUMAR NIYOGI (hereinafter called "Mr. Niyogi") AJIT KUMAR CHAKRABARTI (hereinafter called "Mr. Chakrabarti") PRASANTA KUMAR MALLIK (hereinafter called "Mr. Mallik") SATYA BRATA GHOSH (hereinafter called "Mr. Ghosh") AMAL GANGULI (hereinafter called "Mr. Ganguli") SUBHRA JYOTI DUTT (hereinafter called "Mr. Dutt") MOHAN LAL DAGA (hereinafter called "Mr. Daga") TAPASRANJAN RAY (hereinafter called "Mr. Ray") and ATINDRA KUMAR CHAUDHURY (hereinafter called "Mr. Chaudhury") all of Gillander House Calcutta and all parties being Chartered Accountants carrying on practice in Partnership in India under the style or firm name of "Price Waterhouse & Co." (formerly Price Waterhouse Peat & Co.) (hereinafter called "The Partnership")

IS SUPPLEMENTAL TO :

1. A Deed of Partnership (hereinafter called "the Principal Deed") dated the sixteenth day of June One thousand nine hundred and seventy-six and made between the parties hereto (other than Mr. Chaudhury) and Kenneth John Harold Hartley (hereinafter called "Mr. Hartley") Stanley Malcolm Duncan (hereinafter called "Mr. Duncan") Sir Ronald George Leach (hereinafter called "Sir Ronald Leach") and Henry Peat (hereinafter called "Mr. Peat").
2. A Supplemental Deed (hereinafter called the First Supplemental Deed) dated Twentyfirst day of March One thousand nine hundred and seventy-seven amending the Principal Deed so as to admit Mr. Chaudhury as a resident partner.

Other Offices

In the 1960s, Bombay was rising not only as the financial capital but also as the headquarters for a large number of companies in different sectors. Both L&L and PW were eyeing Bombay. L&L set up their office first in 1961 – in Elphinstone Building, Veer Nariman Road. Samir Ghosh took charge initially and was then replaced by D G Rajan. PW was constrained by the informal arrangement it had with A. F. Ferguson & Co. Bombay under which they were to respect each other's territory. Sometimes in mid 1960s, the arrangement broke down. In 1966-67, PW was carrying out a major consulting assignment in Bombay Port Trust for which partner S B Ghosh had to be stationed in Bombay for about 2 years. It was during that period that PW's Bombay office took birth – initially operating from the auditors' room in Burmah Shell and the residence of Ashutosh Sen (who was transferred to Bombay) at Ishwar Bhavan, Malabar Hills until a small office was taken in Bajaj Bhavan in 1974.

L&L set up a branch in Delhi in 1964 at Gulab Bhawan, Bahadur Shah Zafar Marg. In late 1960s labour trouble was at its peak in Bengal. In the situation, many of the clients of PW and L&L were considering shifting their headquarters out of Calcutta. The Price Waterhouse Staff Union had been formed by the clerical staff in 1969 and started aggressively agitating for their rights (finally leading to a gherao of the partners by the union members

on 11th June, 1970). Apart from client compulsions and future prospects, one of the reasons for the conception of the office in Delhi was the agitating union. In May 1970, a Manager, Arun Chatterjee was sent to Delhi to set up an establishment and operations were started from a small space within a client's (Mr Vadera's) office in New Delhi South Extension Part II. From there the office shifted to Himalaya House when I C Mittra arrived from Calcutta to take charge.

{In 1973, the PW partners felt that there should be a second vehicle for carrying on practice, if need be. Accordingly, from 1st January, 1973 they set up a separate firm called Choskey, Bhargava & Co. with head office at Himalaya House in Delhi, named after P K Choksey and Kamesh Bhargava the two senior most partners of PW at that time. (Permissions had also been obtained in December, 1972 from the UK to start up two subsidiary firms, Price Waterhouse & Co. and Peat, Marwick Mitchell & Co. in New Delhi.) As events turned out later, PW weathered the union agitations.}

PW was the first to go to Bangalore – in 1974 when it arranged to have an "address office" for receiving mails within client Monotype's office in Church Street, which was later shifted to Hotel Kamadhenu. After Maloy Sengupta's transfer to Bangalore (following closure of the Digboi office) his residence served as the office

for a period until a proper office was taken at 4606 High Point, Palace Road. L&L's Bangalore branch started when Ramesh Rajan was transferred there in 1988, his residence at 422, 4th Block, Koramangala serving also as the first office until an office was taken in Copper Arch, Infantry Road.

In 1986, L&L transferred S Gopalakrishnan to Hyderabad who started operating, first from his residence at Skylark Apartments, Basheerbagh and then took a proper office in Lingapur House in Himayat Nagar. The first Pune office was opened by PW in 1979 in Yerawada and Anita Utamsingh was the first manager. PW's Bhubaneswar office was the project office for the large consulting assignment of the Orissa State Electricity Board, operating from 1994, first out of Oberoi Hotel and then from 1995 from Orissa Construction Corporation Building. L&L also set up their Bhubaneswar office at Forest Park in 1994.

It has been a long journey since the days of the pioneers who sowed the seeds working out of their residences and from clients' offices. The story thereafter has been one of taking larger and larger offices as clients and staff grew with the initiative and enthusiasm of the partners who subsequently came in (see Appendix).

An interesting coincidence in history was that both S B Ghosh and D G Rajan who pioneered the growth of the PW and L&L Bombay offices, returned to Calcutta to become the senior partners of the respective firms.



The names of Bombay and Madras changed to Mumbai and Chennai in 1996 and Calcutta became Kolkata on 1st January 2000

Map not to scale

Nationalisation



Indira Gandhi

Indira Gandhi succeeded Lal Bahadur Shastri as the Prime Minister of India. Some of the policies adopted during her reign directly affected PW and L&L. Faced with opposition from within her party (which finally led to the split of the Congress Party in 1969) she started taking a left of the centre stand. In July, 1969, she nationalised the major private commercial banks. PW lost the audits of Bank of India and Central Bank. In the same year, the Monopolies and Restrictive Trade Practices (MRTP) Act, 1969, was passed severely restricting the activities of large business houses. Substantial expansion by business groups with assets over Rs. 200 crore was no longer possible without the clearance of the MRTP Commission.

In the ensuing election in March 1971, Indira Gandhi won a landslide victory on the plank of the slogan *Garibi Hatao* (remove poverty) and based on the election promises adopted a radical stand with the support of intellectuals with leftist leanings like P.N. Haskar, D.P. Dhar and Mohan Kumaramangalam. Insurance was nationalised in 1972. PW lost its insurance clients like Ruby General Insurance, Commercial Insurance, Thread Needle Insurance and Eagle Star. L&L lost Alliance Insurance, Royal Insurance, Norwich Insurance and Queensland Insurance. In 1973, coal was nationalised. This was a big blow with PW losing Raneegunj Coal, Equitable Coal, Bengal Coal, Katras Jheriah Coal and New Beerbhum Coal. L&L lost all its colliery audits including Kalapahari Coal and Barakar Coal.

In the same year, the Foreign Exchange Regulation Act, 1973 (FERA) was passed. Crippling controls were put on foreign exchange transactions. Under FERA, foreign companies (except foreign banks) could no longer carry on business in India through branches. They had to convert to Indian companies. The foreign equity holdings in Indian companies were required to be brought down, with certain exceptions, to 40%. This called for restructuring of companies, particularly the sterling tea companies and valuation of the undertakings and the shares. These generated substantial work for PW and L&L at the partner

level. For example in PW, these were handled by P.K. Choksey (who had taken over as the senior partner when R.N. Sen retired on 31st December, 1971) and M.L. Daga.

However, FERA also took its pound of flesh. The foreign oil companies operating in India, already facing stiff competition from the large public sector giant Indian Oil Corporation set up in 1964, lost their interest following the FERA requirement to dilute foreign ownership to 40% and accepted the government's decision to nationalise their Indian operations. PW lost three of its largest clients, Burmah Shell, Assam Oil and Oil India between 1974 and 1976.

(In 1969, PW had relocated Maloy Sengupta from Calcutta to Digboi for the audit of Assam Oil (Digboi), Assam Railways and Trading Co based in Margharita (AR&T – which laid the first rail track in North East Region), Oil India based in Duliajan and the tea gardens of McLeod Russel group and James Warren. Bungalow No. 56B which was provided by Assam Oil for Maloy Sengupta's residence became the official address of PW Digboi office and it changed to Bungalow No.6 when he shifted residence. The Digboi office was closed down consequent upon the nationalisation of Assam Oil and the acquisition of Oil India by the Government.)



The comptometer machines were the early calculating machines patented by Dorr Eugene Felt in 1887 who started the Felt & Tarrant Mfg. Co in partnership with Robert Tarrant. To become a comptometer operator one had to take training with Felt & Tarrant who had their office in 4 Lyons Range, the same building where

L&L had its office. Training was also given by Central Commercial College in Beadon Street. Comptometers became obsolete in 1980s with the advent of calculators and computers and now are collector's items. Bishnu Charan De and Mukul Banerjee were the last comptometer operators in L&L and PW.

■ 1970s - 1980s

I joined Price Waterhouse, Peat & Co as an articled clerk on 15th January 1968 - an inexperienced young man just graduated with commerce from the Calcutta University – on a princely stipend of Rs 60 per month. R. N. Sen was the senior partner and I owe my entry to the decision by the then partners of PW to grant preference to rank holders over candidates coming through references. (The legacy of this policy is reflected in the number of rank holders in the CA examinations in subsequent years, some of whom have remained back with the organization.) By that time, the designations in the officers' cadre in PW had changed to Manager, Assistant Manager and Junior Officer. In L&L, the designations were Senior Qualified Assistants and Junior Qualified Assistants. In both PW and L&L all officers were allocated to specific groups headed by group-in-charges. PW, in those days, was an entirely male dominated world – the only lady in the office being the motherly telephone operator Mrs Stephens. L&L was more progressive and had a pool of lady secretaries (mysteriously called staff x).

I was articled to I. C. Mittra who was the staff partner at the time and was allotted to Amit Sen Roy's Group and on day one was sent to do *casting* (checking additions in the books of account) in a bakery outfit called Kalimpong Home Products (who served pastries along with the morning

and afternoon tea to the auditors) and then packed off to audit an orphanage school called Dr Graham's Home in the scenic hills of Kalimpong. Those were the pre-computer days of hand written ledgers and cash books. PW and L&L had a fleet of comptometer operators who would carry their comptometer machines to the client's offices to check the arithmetic accuracy of the books.

I qualified as a Chartered Accountant and joined PW on 15th January, 1971 initially on a temporary basis for 15 days at Rs. 200 and then from 1st February, 1971 was absorbed as an Assistant Manager at a salary of Rs. 850 per month. In those days PW had four departments - Audit, Tax, Secretarial and Management Consultancy Services (MCS). The MCS had been started formally some time back with Jagdish Agarwal and Gurdip Singh Bindra and had a kind of a halo. Bhaskar Banerjee who had appeared in the CA examination along with me and had come out first in the exam was given the first choice and decided to join MCS. I decided to join Tax.

In those days the Tax department, except for the clerical staff, was manned by ex Revenue Officers. I was the first home grown chartered accountant to join the Tax department and this set the precedence. Kamesh Bhargava, then the second partner in seniority after P K Choksey, had oversight of the Tax department

1st Rank Holders in CA Final from PW	
Bhaskar Banerjee	Nov 1970
D. Purnikayastha	May 1971
Uday Mitra	May 1975
Amitava Guha Roy	May 1986
Joy Kumar Jain	May 1988
Sonoya K	May 1994
Anil Malhotra	Nov 1998



PW football team 1960

in addition to his audit and MCS responsibilities.

Life was more relaxed in those days. As a normal routine, after showing the face in the office, many of the officers would go down to Café de Paris next door for a cup of coffee before dispersing to the client offices. Price Waterhouse Recreation Club was very active. The PW team used to participate regularly in competitive football organized by Office Sports Federation. I had taken the field for PW in the football match against Sen Raleigh. The Recreation Club used to hold indoor games competitions which were keenly contested. Prizes were distributed in the Annual Social which was held in the winter every year, where the prize distribution

was followed by a drama enacted by the employees. The female casts were played by external professional actresses. (Barsha Sanyal who joined PW as a Junior Officer after qualifying as a chartered accountant was the first lady officer to take part in a female role in 1991.) The L&L Recreation Club was equally active. It was affiliated to the Cricket Association of Bengal and had its proud moment in 1972 when it got into First Division Cricket. A glimpse of its 1968 tournament results is revealing

–
Inter Office Football League
Inter Office Cricket League
Inter Office Table tennis League
Lakshmibilas Shield Fixture

6th position
8th position
2nd position
1st position

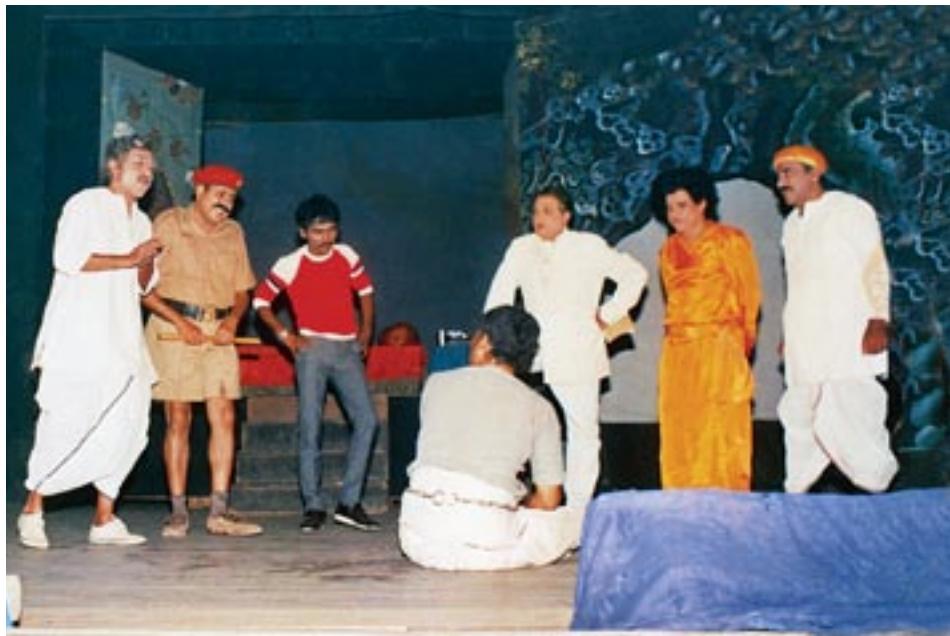
I was under instruction from Kamesh Bhargava to go to the Income Tax department every morning by 10.30 a.m. and not to show my face before noon irrespective of whether I had work there. That was how I came to know all the Income-tax officers at the time and it was much later that I realised the merits of the suggestion.

When I had joined PW we looked up to the partners with awe. R N Sen, the senior partner was a towering personality. P K Choksey, the next in command, was highly regarded for his professional acumen. Kamesh Bhargava was exceptionally brilliant. He held the record of coming out first in the CA final examinations of the Institute of Chartered Accountants of England and Wales. (The only other senior partner who had such a record, to my

knowledge, was Albert William Wyon who won the first prize in the 1890 final examination of the English Institute and was the senior partner of PW, UK for 21 years.) I C Mittra was a gentleman par excellence. It was he who wrote the Code of Conduct for the partners and how they should behave. S B Ghosh (who articled under William Pickles in the UK and assisted him in revising his famous book on "Accountancy" which Pickles acknowledged in the Preface) was a dynamic person, with tremendous decision making acumen. P K Mallik was larger than life. He radiated warmth and drew people like a magnet. He became the President of the Institute of Chartered Accountants of India, the Sheriff of Calcutta and acted in "Seemabaddha" directed by the famous film director Satyajit Ray.



K. P. Bhargava



Annual drama of Recreation Club

A NOTE FOR NEW PARTNERS ON THE NORMS TO BE FOLLOWED

Certain qualifications and qualities, as laid down in MAN 3 in MAP issued by PWI, are required in a person who is being considered for Partnership in a PW firm. In addition to these qualifications and qualities, an incoming partner has to realise that certain responsibilities, other than those related to his professional abilities, also devolve on him. On becoming a partner he becomes a member of a team, the object of which is to maintain a high degree of professional excellence, to maintain the goodwill and reputation of the firm and the partners (both individually and collectively), to ensure the continuity of the firm and its steady progress. A strong team spirit, therefore, coupled with the feeling that partners in the firm are complementary to one another, is an absolutely essential factor in a partnership. Any point of weakness in or difficulty of a partner should be considered as a weakness or difficulty of the firm as a whole and therefore each and every partner should ungrudgingly come forward to lend a helping hand to remedy such a situation. It should be the constant and continuous endeavour of the partner even at the cost of their individual interests, inclinations and preference, to create and meticulously maintain a spirit of harmony and cohesiveness amongst themselves. Their relationship has to be based on mutual respect and reciprocity and, in case of need, of utmost restraint. Every partner has to defend his colleagues or the firm, with all the force at his command, in the event of any adverse comment from any non-partner - be that a client, a member of the staff or anybody else. Any reflection on the firm or any partner should be considered as a reflection on oneself. The firm can survive and make progress only on this basis. Individual professional competence will lose much of its value if it cannot be united and harmonised by a cohesive team spirit, which should be considered to be the biggest asset of the partnership. It has to be borne in mind that the ultimate strength of the firm lies in the collective strength of the partners.



I. C. Mittra

A handwritten signature in red ink, appearing to read "I. C. Mittra". Below the main signature, there is a smaller, less distinct signature or date.



S. B. Ghosh, Freny Bathena and P. K. Choksey

In 1975, I was sent to the UK and US on an international exchange programme and had the opportunity to work under two of the giants at that time, M.D.Car in the UK and Dick Hammer in the US – albeit for a limited period. Two years after my return, in 1977, Price Waterhouse & Co and Peat, Marwick, Mitchell & Co decided in the UK not to have a common firm representing both in India. PW India had to choose and it decided to go with Price Waterhouse. Consequently PW India so long called Price Waterhouse, Peat & Co changed its name from 1st July 1977 to Price Waterhouse & Co. Whatever little nonresident interest that had remained, ceased and it became a partnership with only Indian partners all resident in

India. Following this, A. F. Ferguson & Co started representing only Peats in this country.

I was inducted as a partner on 1st July, 1981. By then, R N Sen had retired and P K Choksey had become the senior partner. At that time PW had 19 partners. The names of the partners used to be printed at the bottom of the letterheads. All partners would meet first thing in the morning in the teak panelled board room in Gillander House, to open all incoming mail and review all correspondence of the previous day. I noticed that most partners took soda (brought from Calcutta Club) as a matter of course and I had to instruct the bearer not

to serve soda every time I asked for water. We had a sumptuous lunch every afternoon, cooked in the kitchen which was on the roof. The lunch was discontinued in mid 90s.

In 1985, the Bonus Act was amended making payment of bonus mandatory only for those drawing salary less than Rs. 2500. By that time, P K Choksey had retired and Kamesh Bhargava had taken over as the senior partner. It was before the pujas. The union was agitating for bonus. Kamesh Bhargava put up a notice on the notice board in the afternoon to the effect that bonus would be paid only as per the Bonus Act and by implication, no bonus would be paid to clerical staff drawing salary above Rs.2500, and left for Delhi. I was the lone partner present in the office that late afternoon and the clerical staff gheraoed me. I was released only around 8.30 p.m. That was my first tiff with the union. 9 years later in 1994, I again had a conflict with the union in the context of the dismissal of a temporary bearer. That was when I decided that I had reached my limit. On 17th August, 1994, I shifted out from Gillander House with the officers of the tax department leaving behind the clerical staff and set up the new

tax office in Park Street. By then I had already become the tax leader in PW following M K Niyogi's retirement in 1990.

The 1970s and 80s were difficult days in Calcutta. The climate of labour agitations led several clients to shift their headquarters to other States (e.g. Molins of India, Avery India, Brooke Bond and Metal Box). The nationalisation of insurance, banks, coal and petroleum denuded the client list. Jute had become sick and with changes in ownership, both PW and L&L lost many of their clients. The silver lining was the work which the firms started getting in neighbouring States / Countries. For example PW got substantial work in Nepal (e.g. Helvetas, International Centre for Integrated Mountain Development, Royal Nepal Airlines, Soaltee Hotels), Bhutan (e.g. Helvetas, Royal Insurance Corporation of Bhutan, Unit Trust of Bhutan, Druk Air, Bhutan Logging Corporation, Chukha Hydel Power, Royal Monetary Authority, State Trading Corporation of Bhutan), Bangladesh (e.g. ICDDR and USAID jobs) and Orrisa (e.g. Protexa, Indian Oil). What saved the day, however, was the introduction of tax audit by the insertion

Facing page: P. K. Mallik with Satyajit Ray on the sets of "Seemabaddha"

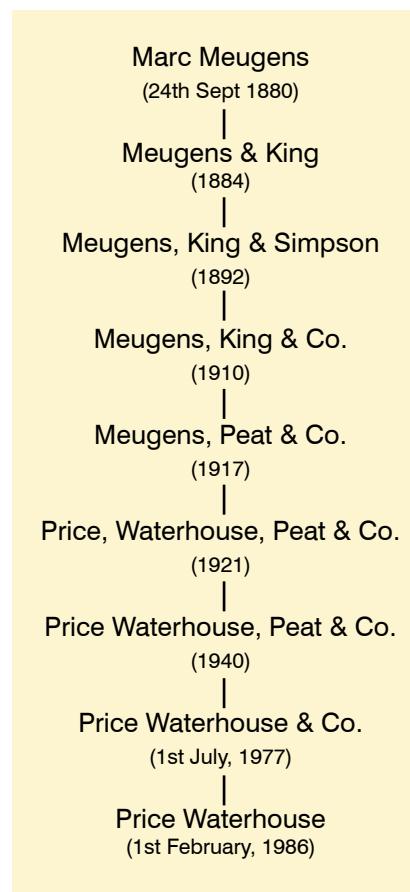


of Section 44AB in the Income-tax Act in 1984. All businesses with a turnover exceeding Rs.4 million were required to furnish along with their tax return, a separate certificate from the auditors certifying various facts and figures which were necessary for a proper tax assessment. This added substantially to the audit revenue.

In the fall of 1984 we received news that Price Waterhouse was in merger talks with Deloitte. One attraction of the merger was Deloitte's association with SGV in Philippines and its associates in Japan. P. K. Mallik had informal discussions with Salil Gupta of Gupta Chowdhury & Ghosh which represented Deloitte Haskins & Sells in India at the time. The merger however fell through because although PW US and Canada were in favour, PW UK decided against it. In the summer of 1989 we again received news of merger talks, this time with Arthur Andersen. Roy Rohatgi then leading Arthur Andersen in India visited our office in Gillander House for informal discussions. I remember him joining us for lunch in the lunch room. The merger talks were called off in September 1989 because Andersen had joint ventures with IBM and Hewlett- Packard both of which were audit clients of Price Waterhouse and the merger would have meant giving up either the joint ventures or the audits.

On the morning of 31st October 1984, Indira Gandhi's tenure as prime minister had come to an end with her assassination by two members of her security guards.

From 1st February 1986 PW India abandoned "& Co" and changed its name to Price Waterhouse.



Between 1987 and 1992, PW lost 3 partners unexpectedly. M L Saha died on 25th December 1987, K P Bhargava, the senior partner, on 20th April 1989 and P R Majumdar on 26th March 1992. On K P Bhargava's death S B Ghosh took over the reigns of PW (after a short interim stint by M K Niyogi).

Regulations

The Chartered Accountants Act requires the auditor to be either a sole proprietor or a partnership of chartered accountants. The Companies Act limits the number of partners in a partnership to 20. Thus there is a statutory limitation on size.

In early 1970s the bogie of audit rotation was raised. It was debated at length and deliberated upon by the Joint Committee of the Parliament. Apart from the representations made by the senior members of the profession, a representation was also made by the Joint Committee of the Audit Firms' Union, which was formed for the purpose. Utpal Sarkar and Samar Dalal of L&L represented before the Parliamentary Committee on behalf of the Audit Firms' Union. The Parliamentary Committee rejected rotation and recommended that a ceiling on the number of audits would achieve equitable distribution of audit work among different auditors and simultaneously serve to dissociate auditors from groups of companies thus avoiding temptation to shield the shortcomings of the management. On the recommendations of the Committee, section 224 of the Companies Act limited the number of public company audits to 20 out of which not more than 10 could be companies with a paid up capital of 2.5 million or more. (Following the scandals in the US, the Government set up the Naresh Chandra Committee in 2002 to review the issue of corporate

governance including the role of auditors. The Committee after hearing the views of all stakeholders submitted a report to the government on 23rd December, 2002 rejecting the idea of rotation of audit and proposing rotation of partners.)

However, rotation continues in Government companies where the auditor is appointed by the C&AG. The C&AG ensures that the auditors are rotated in the case of Navaratnas every 5 years, mini-Navaratnas every 4 years and non-Navaratnas every 3 years. Under the Banking Regulation Act, appointments / reappointments / removal of auditors require Reserve Bank approval. No audit firm is allowed to audit more than 4 private sector banks and 1 State owned bank. Bank audits are rotated at least once in 4 years. There has to be a cooling off period of 2 years before an auditor can be appointed to audit the same bank. Insurance is regulated by the Insurance Regulatory and Development Authority (IRDA) and appointment of joint auditors and rotation every 4 years is mandatory.

When the Chartered Accountants Act of 1949 was enacted there was no provision for registration of firms. There were provisions for registration of the members. The existing firms continued with their existing names. The Council of the Institute however did not permit names which smacked of publicity. For example a firm was asked to change

OFFICES IN INDIA - CALCUTTA, NEW DELHI, MADRAS, BANGALORE, DIBRUI (ASSAM)
ASSOCIATED FIRMS OVERSEAS - GREAT BRITAIN, UNITED STATES OF AMERICA, CANADA, THE CARIBBEAN, SOUTH AND CENTRAL AMERICA, CONTINENT OF EUROPE, THE MIDDLE EAST,
AFRICA, AUSTRALIA, NEW ZEALAND, MALAYSIA, SINGAPORE, JAPAN. CORRESPONDENTS IN - IRELAND, NORTHERN IRELAND, EAST AFRICA, PAKISTAN, HONG KONG, PHILIPPINES.

PRICE WATERHOUSE, PEAT & CO

PRICE WATERHOUSE & CO.
PEAT MARWICK MITCHELL & CO.
RESIDENT PARTNERS
CALCUTTA OFFICE

P. K. CHOKSEY
H. P. BHARGAVA
A. P. CHAKRABARTI
NEW DELHI OFFICE
I. C. MITTRA

P. K. MALLIK
S. B. GHOSH
A. GANGULI
MADRAS OFFICE
M. R. NIYOGI

TELEPHONE:
22-9001/4
TELEGRAMS:
PRICEWATER, CALCUTTA
OR
VERITATEM, CALCUTTA
POST BOX NO. 2238

B 4, GILLANDER HOUSE NETAJI SUBHAS ROAD CALCUTTA-I

Lovelock
& Lewes

chartered accountants

our reference

Antriksh Bhawan
2nd Floor
Room No. 202 & 204
22, Kasturba Gandhi Marg
New Delhi-110001
telegrams Velox
telephone : 332-4285
telex : 31-66474 LLND-IN

in association with
Coopers & Lybrand (International)

Earlier Price Waterhouse and Lovelock and Lewes used to refer to associate firms on their letterheads

its name from "True & Fair". In 1983, the Council of the Institute however came out with a guideline regarding firm name. While protecting existing names, the guidelines provided that new names should be restricted only to the name(s) of the proprietor / partners. Thus adoption of new foreign names are no longer permitted. (Accordingly, the audit firms Price Waterhouse and Lovelock & Lewes continue in their old names in which they have been practising for over 100 years.)

When I had joined PW, the letterhead referred to the associated firms overseas. In 1995, the Council of the Institute decided that the use of expressions / words "in association with...", "Associates of ...", "Correspondents of ...", on the stationery, letterheads, visiting cards and other professional documents of firms of chartered accountants was not permissible.

Earlier there was no prohibition against use of logos / monograms. A decision was however taken sometime in 1995 that logos unconnected with the first letters of the name of the firm / partners should not be permitted since it would amount to advertisement / publicity. One firm with partners called Kapadia, Pereira, Makhijani and Girish started using the acronym KPMG. This was struck down by the Institute.

In 1997, the Institute decided that the use of logo / monogram of any kind / form / style / design / colour whatsoever on any display material or media e.g. paper stationery, documents, visiting cards, magnetic devices, internet, sign board by chartered accountants / firms shall be prohibited.

Consequent upon these decisions, the firms of chartered accountants PW and L&L stopped referring to associate firms and using logos.

The Era of Reforms

3

1990s

As the country entered the 1990s it became abundantly clear that the socialist economic theories and policies had miserably failed and the economy, far from taking off as predicted by the economists in the 1950s, was virtually in a state of collapse. Most public sector undertakings had not yielded the anticipated returns. The "licence raj" had made the industry dependent on the bureaucracy on what to produce, how much to produce and where to produce. This had a crippling effect on growth. The stress on import substitution had a negative impact on the propensity to export. The high tariff rates sheltering the Indian industry had adversely affected the competitive instinct and the initiative to innovate. The high tax rates had led to a large black economy.

Three things changed PW and L&L for ever. First, the minority government led by Narasimha Rao came into power in the Centre and Manmohan Singh became the Finance Minister. Manmohan Singh initiated the economic reforms and liberalization, which changed the course of India's economic history. India which had achieved its political freedom in 1947

got its economic freedom in 1991. Second, there was the worldwide merger of Price Waterhouse and Coopers & Lybrand in 1998. Third, 1990s saw the rise of MCS, particularly in PW and the unprecedented boom in the other disciplines.

1990s also saw the rise of women in both firms. In 1992, Bharti Gupta Ramola became an executive director in PW. In 1997, Usha Narayanan and Sharmila Karve became partners in L&L. These were a far cry from the old days when partners had hesitations in admitting women even as articled clerks. (L&L had created precedence when Purabi Dhar joined as the first lady articled clerk in 1966. It was not until 1972 that PW took its first lady articled clerk, Manjula Khastagir.) Satyavati Berera, Usha Rajeev and Anuradha Tuli became partners in 1995, 1999 and 2000. In 2003, Latha Ramanathan joined as an executive director.

Women now work shoulder to shoulder with their male colleagues. Anuradha Tuli's experience bears special mention. At the height of insurgency she successfully carried

out a USAID assignment in Sri Lanka, her report being ultimately used at the International Court of Justice in The Hague. In 1989, she was involved in the audit of PL 480 food programme, another USAID project, visiting remote areas in Tamil Nadu and Andhra Pradesh, living in hostels meant for priests, auditing records on the bonnet of a jeep, in the middle of the field or under a tree and walking miles in the scorching tropical sun to reach the audit locations. Her report made the frontpage of the Washington Post (25th May 1990) and an article in India Today. She made 9 trips to Kabul in 6 months for a UN project involving land mine clearance, having her briefing meeting at the UN headquarters "which felt like I was being briefed for a military mission", "having our entrance meeting with Afghan NGOs in an arms & ammunition museum", "entering into my bathroom after a bomb blast only to find myself walking on glass" and having the satisfaction of the UN sending appreciation letters to each one of her team members for a job well done in excruciating circumstances.



MINE ACTION SERVICE
SERVICE DE LUTTE ANTIMINES

18 January 2005

Dear Mr. Sabharwal,

I am writing to thank you for your efforts as Project Manager of the 2004-5 Price Waterhouse (New Delhi) audit of the Afghan NGO implementing partners working within the Mine Action Programme for Afghanistan (MAPA). This audit was extremely significant to the Programme as it provides a comprehensive picture of the status of the partner organisations, as well as a clear indication of the steps required to ensure that they continue to develop, and remain a sustainable asset for the people of Afghanistan.

At times, the work environment inside Afghanistan was difficult and indeed, often stressful, requiring considerable operational and personal flexibility on your part, particularly in your role as Project Manager. The work also required your dedication to both the objectives of the audit itself, and to the continual support and assistance of the national organisations undergoing the process. This relationship created an atmosphere of mutual trust and cooperation between your team and key staff of the Afghan NGOs, thereby enabling the project to be implemented extremely effectively, and with maximum benefit to all parties involved.

This project has made a major contribution to the strengthening and continued success of the Mine Action Programme for Afghanistan, and your leadership and management of Price Waterhouse team in the field is greatly appreciated.

Kindest regards,

Martin Barber
Director

Mr. Hemant Sabharwal
Project Manager
Price Waterhouse
Afghanistan Audit Team

United Nations Mine Action Service - 2 United Nations Plaza, Room DC2-610, New York, NY 10017, USA
Telephone: (+1 212) 963 1875 • Facsimile: (+1 212) 963 2498 • Email: minaction@un.org
Webpage: <http://www.mineaction.org>



Bharti Gupta Ramola
First Lady Executive Director of PW (1992)



Usha Narayanan



Sharmila Karve



Purabi Dhar
First Lady Articled Clerk in L&L (1966)



Manjula Khastagir
First Lady Articled Clerk in PW (1972)

Reforms

24th July, 1991 was a milestone in India's economic history. On that day the licensing system was abolished except for 18 listed industries (which was reduced to 6 in 1998-99). Within years the number of industries reserved for public sector was reduced from 17 in 1991-92 to only 2 (atomic energy and railways). FDI upto 51% was permitted under the automatic route in 35 priority sectors. In 1993, Foreign Institutional Investors (FIIs) were allowed to purchase shares in listed companies. In 1998, procedures were simplified by making the automatic route completely free of any approvals and in 2000, the FDI policy was revamped with the introduction of a negative list with everything else qualifying under the automatic route. The New Industrial Policy of 1991 had announced a series of exchange reforms to pave the way to make the Rupee partly convertible. In 1992, the office of the Controller of Capital Issues (CCI) was abolished and the Securities and Exchange Board of India (SEBI) was upgraded as a fully autonomous body. Electronic trading in shares was introduced to improve transparency in establishing prices and dematerialisation of shares eliminated the need for physical movement and storage of paper securities.

The National Telecom Policy 1994 heralded private sector participation and the Telecom Regulatory Authority of India (TRAI) was set up in 1997. In 1999, exchange control shifted from regulation to a management regime with FERA being replaced by FEMA. Pricing of coal was deregulated from

1st January 2000. The MRTP Act was repealed in 2002 and is being replaced by a competition law. The Petroleum Products Administered Price Mechanism (APM) was dismantled in 2002. Infrastructure sectors including roads, ports and airports opened up for private participation.

Basically, what started happening since 1991 was that the controls which had been set up under the socialistic regime which followed independence were being slowly and consciously dismantled. The effect was that India was being unshackled. Foreign investments started rolling into the country. New industries started being set up. As areas previously reserved for the public sector opened up to private investment, new private players started coming into the scene. Existing industries began to reorganize to face the new situation. Simultaneously, the government sector also embarked on reforms (power taking a lead), institutional strengthening, and e-governance initiatives. Fiscal reforms ushered in Transfer Pricing and VAT. All these resulted in a substantial increase in the work in all the disciplines.



Dr. Manmohan Singh,
who initiated the
reforms

Merger

On 18th September, 1997, the announcement was made of the worldwide merger of Price Waterhouse and Coopers & Lybrand. PW had been a member of the worldwide network of Price Waterhouse from the inception of the network. From 1967 to 1993, L&L was an associate of and since then a member firm of Coopers & Lybrand International. Separately, a company

had been incorporated on 1st February 1990 in Bombay called Coopers & Lybrand Pvt. Ltd. which was carrying on consulting business. In some of the larger territories the merger was consummated on 1st July, 1998. In India, what effectively happened was that, all the employees of Coopers & Lybrand Pvt. Ltd. left that company and took up employment on 1st January,

1999 in Price Waterhouse Associates Pvt. Ltd. which was renamed PricewaterhouseCoopers Pvt. Ltd. The audit firms Price Waterhouse and Lovelock & Lewes and the consulting company PricewaterhouseCoopers Pvt. Ltd. became members of the PricewaterhouseCoopers international network.

First there was the Big 8

Arthur Andersen
Arthur Young
Coopers & Lybrand
Deloitte Haskins & Sells
Ernst & Whinney
Peat, Marwick, Mitchell
Price Waterhouse
Touche Ross

Then it became the Big 6

Andersen Worldwide
Copers & Lybrand
Deloitte & Touche
Ernst & Young
KPMG Peat Marwick
Price Waterhouse

Now it is the Big 4

Deloitte Touche Tohmatsu
Ernst & Young
KPMG
PricewaterhouseCoopers



Samuel Lowell Price



Edwin Waterhouse



William Cooper

PRICEWATERHOUSCOOPERS 

Price Waterhouse and Coopers & Lybrand

Price Waterhouse was founded on 24th December, 1849 by Samuel Lowell Price at 5 Gresham Street, London. In May, 1865 he took as his partner William Hopkins Holyland and Edwin Waterhouse and the firm was called Price, Holyland & Waterhouse. Interestingly, Edwin Waterhouse recalled in his memoirs that in 1866 -

...the troubles of the Indian cotton trade which followed a month or two later led to our taking charge of the affairs of Dadabhai Naroji, a very interesting and virtuous Parsee merchant who failed for a large sum, of those of Jamsetjee

Musserwanjee Tata, and the winding up of the Commercial Bank of India, a very heavy matter of business which occupied Holyland for some years entrusted to us by Messrs Freshfields as representing Bank of England".

In 1871, Holyland retired from the firm and went on his own, undertaking a few private assignments (which included the liquidation of the Commercial Bank of India). From 2nd November, 1874, the firm changed its name to Price, Waterhouse & Co. In the 1890s, a firm was established in USA, in 1907 in Egypt and in 1913 in Argentina. The continental

firm was set up in 1919. In 1920 an interest was taken in the Indian firm.

During the Second World War, in March 1946, the Price Waterhouse International Firm was constituted to coordinate the various PW firms. Following a review by McKinsey, in 1982, it was reconstituted as the World Firm with a more active role. Michael Coates became the first Chairman.

The comma after Price was dropped around 1940 and the " & Co." was abandoned in 1981. From then, it became Price Waterhouse.

William Cooper commenced his practice in 1854 in two rooms at 13, George Street, Mansion House, London. The practice continued to be called "William Cooper" until 1857 when his brother Arthur Cooper was admitted as a partner. From 1st January, 1858 the name changed to W. & A. Cooper and from 1st January, 1861, the name was finally changed to Cooper Brothers & Co. Two more brothers, Francis Cooper and Ernest Cooper were admitted into partnership in 1871 and 1872.

Cooper Brothers built a successful and highly reputed practice. Arthur Cooper and Ernest Cooper became Presidents of

the English Institute respectively in 1883-1884 and 1899-1901.

The International firm of Coopers & Lybrand was created in 1957. This was the result of the combination of Cooper Brothers & Co. (UK); Lybrand, Ross Bros. & Montgomery (US); McDonald, Currie & Co. (Canada); Despacho Roberta Casas Altriste (Mexico); and Treuhand – Verinigung A.G. (Germany). The US firm continued to be called Lybrand, Ross Bros. & Montgomery (effected a successful merger with Scovell – Wellington, a large second tier firm in the US in the 1960s) and from 1973 changed its name to Coopers & Lybrand.

At the time of the international merger of Deloitte Haskins & Sells with Touche Ross in 1989 to form Deloitte Touche Tohmatsu, Deloitte Haskins & Sells, UK voted against the merger with Touche Ross and merged with Coopers & Lybrand, UK. Deloitte's correspondent firms in some of the European countries also chose to affiliate with Coopers & Lybrand.

In January, 1997, Coopers & Lybrand acquired Kwasha Lipton, the New Jersey based consulting firm and thus acquired expertise in the human resources advisory area. It had similarly acquired real estate expertise through its merger with Kenneth Leventhal.

PW had abortive merger talks with W.B. Peat & Co. in 1921, with Deloitte in 1984 and with Arthur Andersen in 1989. The merger talks with Coopers in 1997, however, clicked. On 18th September, 1997, Coopers & Lybrand and Price Waterhouse announced their merger. The merger became effective

in most countries from 1st July, 1998 and PricewaterhouseCoopers came into being. Nicholas G. Moore of C&L became the worldwide Chairman and James J. Schiro of PW became the worldwide CEO. At the time of the merger, the firms had a combined revenue of \$ 13 billion, 135,000 employees and 8,500 partners.

(Immediately following the announcement of the merger, there was another announcement of a yet bigger proposed merger – between KPMG Peat Marwick and Ernst & Young. However, the regulatory authorities did not have any more appetite and the merger was called off in February, 1998.)

The rise of MCS

The accounting firms had, for years, been doing special jobs like valuations of business and shares, writing accounting manuals, advising in connection with restructuring and reorganizations, preparing project reports in collaboration with technical experts, raising project finance and the like. For example, way back in 1966-67, PW carried out large consulting assignments for the Calcutta Port Trust and the Bombay Port Trust. In the earlier days, the audit partners would do these in addition to their normal audit routines. In the 1970s-80s, a need was felt for a more focused approach to such services. This was also prompted partly by the fact that in larger territories separate Management Consultancy Services (MCS) divisions had been established to create dedicated teams with required specializations. Both the firms, PW and L&L thus set up separate MCS departments by transferring partners and recruiting staff.

In PW, Kamesh Bhargava, S.J. Dutt, M.L. Daga, Atin Choudhury, Bhaskar Banerjee and A.N. Sadhu were involved in the MCS department from time to time. In L&L, Syamal Mitra and Bhuban Basu looked after MCS. This resulted in dedicated marketing and after initial difficulties work started flowing.

We had to walk through the MCS office to reach the Tax department. Sometimes we worked together on assignments. A. N. Sadhu in particular would always call on me to check the

tax aspects of the different assignments he did. He was an avid reader and a great lateral thinker. He would come up with out-of-the-box ideas which seldom struck us. I admired his capabilities. Once he wrote a proposal in very difficult English putting simpler meanings in parenthesis after difficult words. This prompted the client to write back in similar fashion as follows – *"This alludes (refers) to the confabulations (discussions) I and Mr. N. Das had at your workstation (office) last week. Your offer (proposal) was transmitted (handed over) to me along with the chefs-d'oeuvre (masterpieces) received from other maestros (experts) for phlegmatic (objective) dactylonomy (analysis). Comprehending (understanding) the contents of your overture (offer) was an endeavour taxing the cerebral stamina (testing the patience)..."*

What changed things radically was a decision taken by the PW partners, mainly at the behest of Kamesh Bhargava, to embark on information technology. Breaking away from the traditions, culture and the mindset of the past, he pioneered the idea of starting the business in a separate company.

It was a tough and courageous decision. The reasons were manifold - (a) the limited liability nature of the entity appealed to the partners who were not certain regarding the success of the venture (b) the core business

H. NATARAJAN

128 A, SAHEED NAGAR
BHUBANESWAR - 751 007 INDIA
PHONE : (91-0674) 55723

April 13, 1993

Dear Mr. Sadhu,

This alludes (refers) to the confabulations (discussions) I and Mr. N.Das had at your workstation (office) last week.

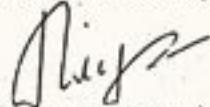
Your offer (proposal) was transmitted (handed over) to me alongwith the chefs-d'oeuvre (masterpieces) received from other maestros (experts) for phlegmatic (objective) dactylonomy (analysis).

Comprehending (understanding) the contents of your overture (offer) was an endeavour taxing the cerebral stamina (testing the patience). However, shorn of all the obfuscation (confusion) caused by the labyrinth (maze) of dialectic gymnastics, your overture (offer) seems to stand the test of comparative parameters.

The Patron (client) will designate the confidante (consultant) to whom the mandate (assignment) will be awarded in the Board Meeting scheduled on the 24th. The aide memoire (Memorandum) containing the recommendation is being prepared (got ready).

I hope that the synthesis of our efforts coupled with the union of interests will bring about synergy.

With salutations (regards),


(H NATARAJAN)

Mr. A N Sadhu
Price Waterhouse
B-3/1 Gillander House
Netaji Subhas Road
CALCUTTA 700 001.

remained ring fenced (c) non chartered accountants could be admitted to the highest ranks of leadership and a CEO could be hired who might have to be paid more than several partners, even perhaps the senior partner and (d) it would be free from the limitations attaching to chartered accountants.

Price Waterhouse Associates Pvt. Ltd which had been incorporated in Calcutta on 20th March, 1983 was a vehicle readily available. Roopen Roy who was inducted as a partner in 1984, was called by Kamesh Bhargava, directed to look after the IT business and told to sink or swim with it. He took a separate office in Sukh Sagar, Sarat Bose Road. Arnab Bhattacharya was recruited as the CEO from Dunlop. (He had an IBM background and had joined Dunlop when IBM withdrew from India in 1977 following a spat with the Minister, George Fernandes.) However, Arnab left after a while and all responsibilities for running and growing the business fell on Roopen's shoulders. On hindsight this was the best thing that could have happened. Roopen started recruiting the best and the brightest - over the years they included Jaydeep Mukherjee, Anjan Mazumdar, Ambarish Dasgupta, Joydeep Dutta Gupta, Amitabh Ray, Rajarshi Sengupta.

Two IT jobs, one at Indal and the other at Calcutta Electric Supply were obtained and the IT business was on its way. Meanwhile, Dick Wheaton who had

relinquished the global MCS leadership to a Canadian partner Dick Mineau and assumed an Asia Pacific management role proved to be of big help. He took Roopen to the MCS leader of US, Tom Beyer and Roopen struck the first staff augmentation contact at the Santa Fe Railways, Topeka, Kansas where a team of Indians led by Anjan was sent to work on the large project. That was the beginning. There was no looking back thereafter.

The practice was soon outgrowing the small office in Sukh Sagar. On 19th July 1993 a 1/4 acre of land was acquired in Salt Lake (Plot No.Y-14) and construction of a 20,000 sq. ft. office building was started. The building was completed in 1994 and the stone laying ceremony was performed by Howard Hughes, Managing Partner of the World Firm on 10th November, 1994. MCS moved into the building.

In the same year on 22nd April, 1994 Price Waterhouse Lanka (Pvt.) Ltd. was incorporated in Sri Lanka with 51% of the equity held by Price Waterhouse Associates Pvt. Ltd. and 49% held by Herman Amarasekara, a Sri Lankan national. The first local manager was Janaka Dissanayake. Dr. Ravi Corea took over as the manager after Janaka's departure. (In 2004, PwC Sri Lanka purchased Herman Amarasekara's interest and following an issue of shares, PwCPL India's stake was reduced to 45%).



Roopen Roy

In December 1995, Jim Schiro, then senior partner of PW US firm, visited Calcutta along with his deputy Woody Brittain. The terms of a cooperation agreement between PW India and PW US was agreed. (The agreement was actually signed later on 31st March 1996 incorporating the understanding reached during Jim Schiro's visit.) While the agreement was comprehensive, in practice it helped MCS the most bringing the Indian MCS in closer relationship with the US MCS. The fact that Woody had a MCS background helped.

In May 1996, the SAP CBT project was started. It was a 40 man years effort centering around developing SAP course content in CBT formats which PW was jointly marketing with the Gartner Group, out of 4 global locations in Calcutta, Shanghai, Melbourne and Philadelphia. That developed the core SAP practice of PW India. It also resulted in the direct connectivity with

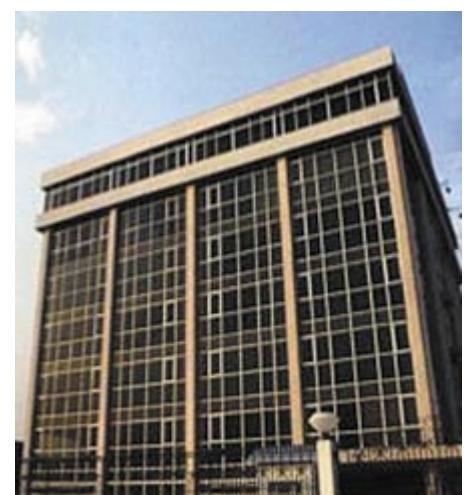
the US that the project demanded. 1996 also witnessed the start of the relationship between PW India and PW US GTS (now US IT) and a team of Indians started working onsite at Tampa covering a range of Oracle Applications (Financials), Data Warehousing, PeopleSoft and technology support. There were also the large custom software projects of PW US in Colorado and Idaho in which PW India was involved. Also in 1996, the Technology Forecast series was launched in India.

By 1997, a five storied 35,000 sq. ft. building was constructed on the adjacent land (Plot No.Y-2 which was acquired on 2nd March 1995 in anticipation of expansion) and got occupied. 1997 saw the growth of the ERP practice in PW. A niche product for the power and utility sector in India and South East Asia called EmPower was developed jointly with Oracle and the Data Warehousing and Business Intelligence group and the PeopleSoft practice started. 1998 to 2001 witnessed consolidation of the practices. Following the international merger of Price Waterhouse with Coopers & Lybrand in 1998, the name of the company was changed to PricewaterhouseCoopers Pvt. Ltd. on 22nd September, 1998.

With the internet era and the start of the dot.com boom the practice witnessed strong growth in offshoring as well as the domestic market. These years also saw the doubling of the bandwidth



Jim Schiro and Woody Brittain



Facilities built in Salt lake to accommodate growing numbers
From the top
Y14(1994), Y2(1997), X1-7(2001)

linking India with the US. There was significant increase in the work done for the PwC Global Network, GFS (Global Financial Systems) and GO (Global Office). On 22nd October 1997, a 1 acre plot (Plot No.X1-7) was acquired for construction of a third building which was completed in November, 2001.

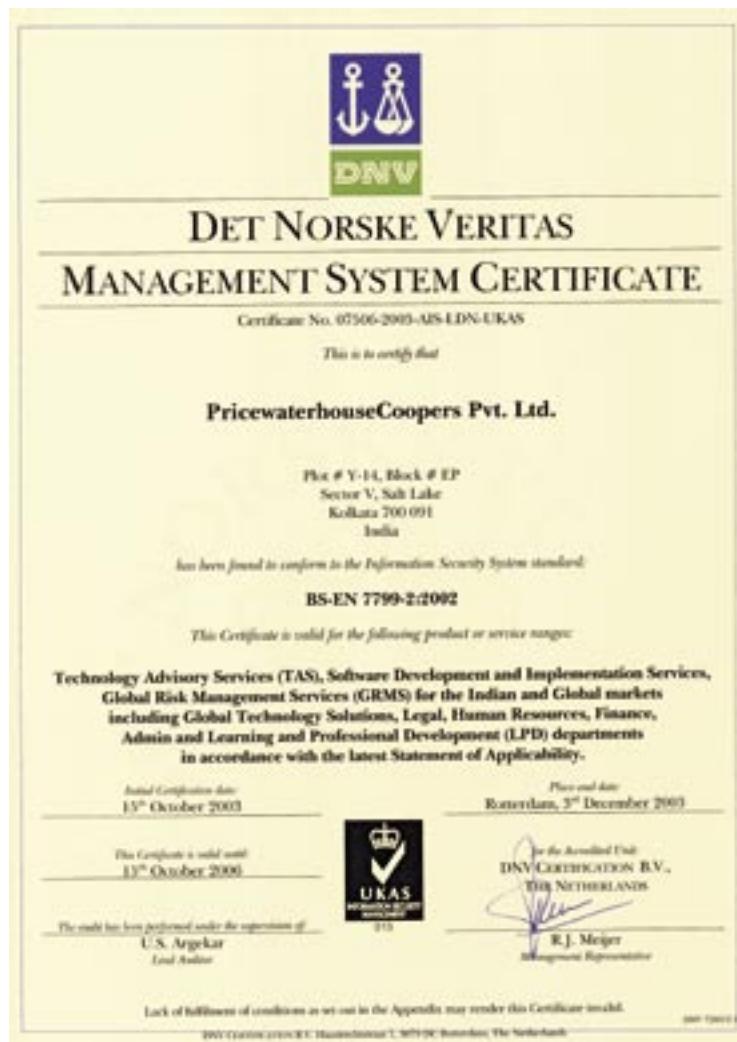
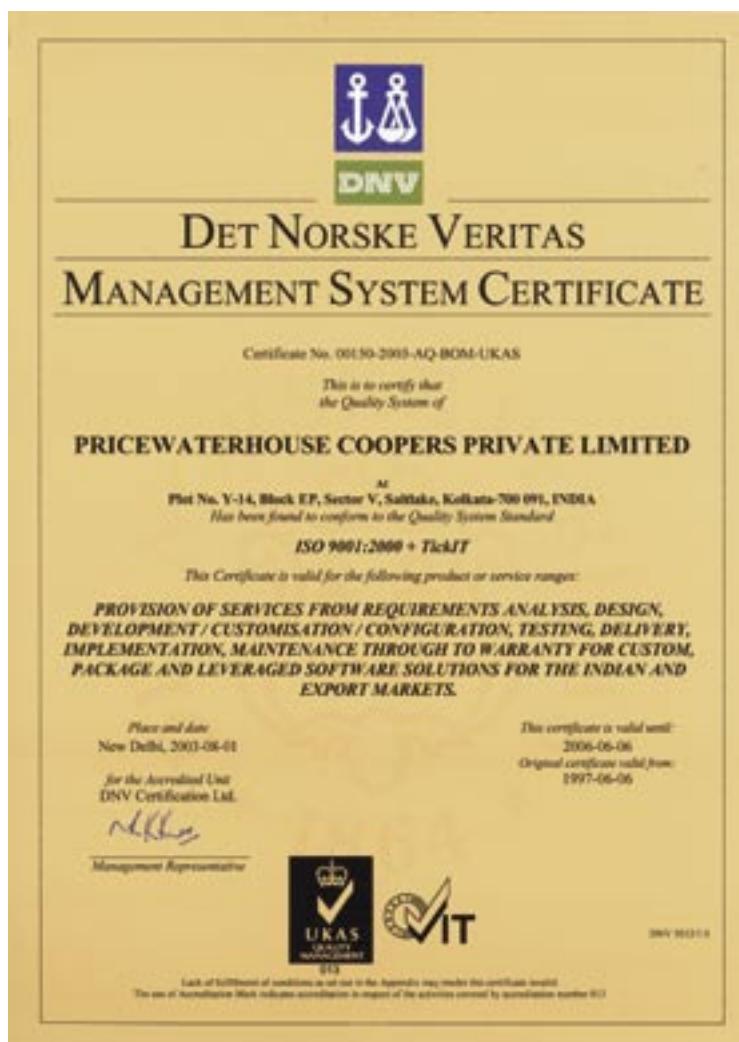
During 2000-2002, the regulatory environment took an ugly turn following financial scandals in the US. It was no longer possible for accounting firms to run consulting business globally in the format, as before. In 1989, Arthur Andersen and Andersen Consulting had become separate units of Andersen Worldwide and following an arbitration award, Andersen Consulting split from Andersen Worldwide on 1st January 2001 changing its name to Accenture. (On 15th June 2002, a judgment was given against Arthur Andersen for obstructing justice in relation to the investigation of Enron following which it surrendered its license and right to practice on 31st August 2002.) Meanwhile, Ernst & Young had sold its consultancy division to Capgemini in May 2000 and in 2001 KPMG had divested its consulting firm through an IPO of KPMG Consulting Inc, which is now called BearingPoint, Inc.

In the above atmosphere, PwC first had abortive talks with Hewlett Packard for sale of its consulting division. Thereafter, PwC worldwide

contemplated a global IPO of the MCS business, with the name "Monday". (In the context of an IPO, Kotak Securities which was an affiliate of Goldman Sachs valued PwC India's consulting business at between \$105 and \$130 million.) However, before the IPO could take place, a deal was struck at the global level with IBM. Since all the territories sold their consulting business to IBM, PwC India also divested the consulting practice to IBM India along with the building and facilities at Plot No.X1-7 on 30th September, 2002.

A new journey began. It was realised that IT competency was necessary not only to support the other practice areas of the firm, but also to support PwC globally in its in-house IT requirements. Also, it was possible to provide a number of services strictly within the limitations of the non-compete clause which PwC had globally negotiated with IBM. This resulted in the building up of the iSDC (India Solution Delivery Centre) with a contingent of highly skilled IT professionals, who now serve PwC globally. The iSDC also does off-shored work in connection with audits of the Birmingham Office of PwC UK and mutual fund audits of PwC France. The iSDC has the Det Norske Veritas' ISO 9001- 2000 + TickIT certification, the BS 7799 Certification and in March 2005 has been assessed at the highest level of quality certification – CMMi Maturity Level 5.





PRICERWHOUSE COOPERS ■ |QAI

SCAMPISM

Appraisal SEI Reference – 2260

Appraisal Method Used: SCAMPISM Version 1.1
CMMISM Model Used: CMMISM – SEI/SW Version 1.1 (Staged)
CMMISM Model Scope Description: Process Areas listed below

Process Management	Project Management	Engineering	Support
<input type="checkbox"/> Organizational Process Focus	<input type="checkbox"/> Project Planning	<input type="checkbox"/> Requirements Management	<input type="checkbox"/> Process and Product Quality Assurance
<input type="checkbox"/> Organizational Process Definition	<input type="checkbox"/> Project Monitoring and Control	<input type="checkbox"/> Requirements Development	<input type="checkbox"/> Configuration Management
<input type="checkbox"/> Organizational Training	<input type="checkbox"/> Supplier Agreement Management	<input type="checkbox"/> Technical Solution	<input type="checkbox"/> Measurement and Analysis
<input type="checkbox"/> Organizational Process Performance	<input type="checkbox"/> Integrated Project Management	<input type="checkbox"/> Product Integration	<input type="checkbox"/> Decision Analysis and Resolution
<input type="checkbox"/> Organizational Innovation and Deployment	<input type="checkbox"/> Risk Management	<input type="checkbox"/> Verification	<input type="checkbox"/> Validation
	<input type="checkbox"/> Quantitative Project Management		<input type="checkbox"/> Causal Analysis and Resolution

Price Waterhouse Ex-Senior Partners

Marc Meugens	24th Sept 1880 -
Edward Earle Meugens	1897 - 1916
Herbert Walford Hales	before 1916-1930
Thomas Law	1920 - 1935
Wilfred John Younie	1924 - 1947
Walter Toft	- 1949
G. R. Crooks	-
Arnold Hartman Just	-
Kenneth John Harold Hartley	- 1964
Rabindra Nath Sen	1952 - 1971
Pesi Kushru Choksey	1956 - 1982
Kamesh Prasad Bhargava	1960 - 1989
Satiya Brata Ghosh	1967 - 1999
Amal Ganguli	1969 - 2005

Lovelock & Lewes Ex-Senior Partners

William Adolphus Browne	1872 – 1889
Arthur Samuel Lovelock	1880 – 1903
John Herbert Lewes	1883 – 1907
Charles Henry Costes	1892 – 1917
Lieut. Howard Victor Hart (M.C. 6th City of London Rifles, Killed in Russia on 23rd March, 1919)	
Walter Reginald Tanner	1900 – 1920
Richard Randolph Griffith	1897 – 1922
Arthur Harold Lewes	1897 – 1923
Dugald McKechnie	1904 – 1925
Kenneth Blair Dunlop	1905 – 1926
E W S Russel	-
Charles Ernest Walker	1904 – 1931
C G Ashworth	1908 – 1935
Joseph Benjamin Stanley	1910 – 1935
E J Carter	1914 – 1938
James Orr	1920 – 1944
R S Arthur	1926 – 1950
John Steward Fyee Gibb	1948 – 1964
Lt. Col. John Cuthbert Lang OBE	1946 – 1966
Susil Kumar Ganguly	1943 – 1976
Samir Ghosh	1963 – 1985
D G Josan	1966 – 1990
Sujit Bhattacharya	1973 – 1995
Syamal Kumar Mitra	1973 – 2000

Not IT alone

It was not just IT alone. The 1990s witnessed growth in all the other practice areas. The demand for a wide range of services received impetus with the opening up of the economy as multinationals started being drawn to India. They called for advice on a broad variety of subjects related to doing business in India such as potential partners, location decisions, market studies, business plan preparation or review, structuring assistance, entry strategy, valuations, joint venturing and regulatory and taxation advice and assistance. Many clients seeking to set up business in India, wanted their hands held right through the entire process. These generated substantial work for the tax and the non-IT MCS. Also the authorities sought professional help for attracting investment. For example the Industry Ministry approached PW to do a comparative study on foreign investment policy environment for select countries and a similar comparative study on industrial promotion zones. Both were published by the Ministry.

In 1994, PW India took a decision to set up a Corporate Finance practice. (This was not something new – years ago, in the 1960s R N Sen had worked and appeared on behalf of the government in the Sahu Jain case which was essentially a valuation and compensation dispute.) Ashwani Puri went to London for training. The CF practice was set up on his return with Ashwani based in Delhi and Martin

Foley (a partner from the London CF practice who came on secondment for 2 years in 1995) based in Bombay, initially concentrating on transaction advisory and valuations. The focus was extended to project finance when Bharti Gupta Ramola joined the group. Subsequently, they started conceiving and implementing restructuring solutions for large Indian groups/companies. Meanwhile, the Transaction Services practice headed by Deepak Kapoor started booming with a large number of assignments for due diligence and assistance in connection with M&A transactions. The merger of CF with Transaction Services in 2003 has created additional synergy.

The IFE practice received the initial boost when PW got the Institutional Strengthening Project of the Orissa State Electricity Board in 1994. (It was initially in the context of that project that a wholly owned subsidiary, Price Waterhouse Development Associates Ltd. was formed in London on 31st October, 1994. The name was subsequently changed to PricewaterhouseCoopers Development Associates Ltd.) Namasivayam took charge of the Orissa project in April 1995 replacing Saumen Ray. This was a large project, involving at its peak more than 150 consultants and ran for several years. The expertise gained on the back of this project led to the specialisation in power and under Namasivayam's leadership, the power group started winning large power





New iSDC building at DN 56-57
Salt Lake, Kolkata, to be dedicated
to staff and clients in 2005

sector reform projects in the other States. Along the way, work started coming in sectors other than power including privatisation and financial and fiscal reforms of the State Governments and Agencies. The practice was rechristened as Government Reforms and Infrastructure Development (GRID) and got a boost when Amrit Pandurangi and Latha Ramanathan along with their team joined from KPMG in 2003. The Business Solutions practice led by Joydeep Dutta Gupta also started growing. A number of e-governance projects were won by Neel Ratan. The same situation prevailed in GRMS spearheaded by Sanjay Hegde and Kaushik Dutta. Kaushik later went back to assurance.

Tax also witnessed explosive growth with Nityanand Gupta spearheading Delhi till March, 2003 and as tax leader from 1st April, 2003. It was a concerted effort by all working as teams led by Rajan Hingwala supported by Subhankar Sinha in Mumbai, Indraneel Roy Choudhury in Bangalore, Somnath Ballav in Kolkata, Sivasubramanian in Chennai and Ashlesh Verma in Hyderabad. Vivek Mehra led the charge for regulatory advice and assistance. The indirect tax practice was started with the induction of S Madhavan and when transfer pricing was introduced, Shyamal Mukherjee took charge and with the assistance of Keith Sparkes (a TP specialist on secondment from London) built a substantial TP practice.

As MNCs started setting up subsidiaries in India, there was a significant increase in the assurance client lists of PW and L&L. The growth has been phenomenal. All assurance partners in PW and L&L have ever since been up to their neck with work. To name anybody to the exclusion of another would be unfair. In 1998, the new PwC Audit Approach was adopted with TeamAsset as the execution, documentation and review tool. In 2003 this was upgraded and TeamAsset was replaced by MyClient. 1000 assurance professionals had to be trained in 100 days involving 70,000 man hours of training.

As new expertise and new areas of business developed, some of the old businesses which had historically developed and which were no longer profitable were wound down or divested. Thus, work relating to managing of provident and pension funds were given up and the secretarial department was closed down. Similarly, the business of registrar and share transfer agents which was being carried on in Choksey Bhargava & Co. was divested to Duncans Software Ltd. in 1994. In 2003, the business of credit card processing and other outsourcing operations was divested to iSmart.

In the midst of all this, the offices at Gillander House and 4 Lyons Range which were taken in the first decade of the twentieth century by the expatriate partners were given up following the

assurance practice moving out to Salt Lake in mid-February 2002. The unions have disappeared with attrition and voluntary retirement payments. A new iSDC is under construction in the 2 acre plot (DN 56 & 57) in Salt Lake with large training facilities and to house the increasing numbers, scheduled for dedication to the clients and staff in this 125th year.

Necessarily, the post liberalisation period, since 1991 has been a period of seeking more and more office space to cope with the increasing numbers and the increasing work. PW and L&L had earlier experienced a quantum jump during the inter-war boom of the 1920s-1930s. The quantum jump in business post 1991 far exceeds all historical data. I have been fortunate to be a part of it first as the tax leader, then as the managing partner and finally as the Chairman and CEO of PwCPL from 1st April 2003.

Epilogue

The world of professional accountants changed forever with the enactment of the Sarbanes Oxley Act in the US following scandals like Enron and WorldComm. One of world's largest accounting firms, Arthur Andersen imploded and has ceased to exist. Regulatory bodies in other countries are emulating the US, some in a more extreme fashion. The Eighth Directive is due in the European Union. Over the last few years, the regulatory ambience in India became increasingly difficult following virulent propaganda against the large accounting firms (who are members of international networks) by the Swadeshi Jagaran Manch. These led to a decision to remain above all controversy and the partners of PW and L&L as a matter of risk mitigation, divested all the shares they held in PwCPL by 2003.

Today the audit firms PW and L&L and the consulting company PwCPL are wholly owned and managed by Indians in India, each separately a member of the PricewaterhouseCoopers worldwide network and proud of their heritage spanning 125 years of this country's history.

In the early days, the expatriates used to return home to the UK retiring from the Indian partnership and leaving the Indian firm in the hands of the remaining partners. This set a practice and process of continuity of the profession in the firms as they got transferred from one generation to the next. As newer and younger blood replaced the old, the firms lived and changed with the times growing with enthusiasm and initiative at every step when a new generation took on the mantle. The relay continued, each new runner trying to run a little faster. Partners in PW and L&L and executive directors in PwCPL have always been trustees during their period of ownership and they have always endeavoured to leave behind an organization stronger and bigger than the one they had joined. This has made these organizations what they are today. It has been a great legacy. The legacy continues ...



Author with Samuel A. DiPiazza, Jr.
CEO of PwC Network

Appendix

■ Other Offices



Madras

R. S. Arthur was the senior partner of L&L at the time of independence. For years, L&L had important clients in the South which used to be served by visits from Calcutta e.g. Parry & Company (managing agents for East India Distilleries & Sugar Factories Ltd), Deccan Sugar and Akhbari Ltd, Secretaries and Treasurers for Travancore Ltd and Spencer & Company Ltd. In 1947, on Arthur's initiative L&L set up a branch in Madras, initially taking a temporary space in Dare House (Parry & Co building) to recruit people and then moving into a proper office in Mercantile Building (now The Hongkong Bank Building), First Line Beach (now Rajaji Salai). Stewart Smith, a Senior Qualified assistant, was the first Branch-in-charge. In 1951 on his retirement he was succeeded in that capacity by Premanjan Niyogi.

The Madras office was also responsible for serving clients in Cochin (Madura Company Pvt. Ltd. of the Mackinon Group, Forbes Ewart & Figgis, Carritt Moran), Bangalore (Automatic Telephones & Electric Company Ltd.), Hyderabad (Ripley & Co of the Mcleod Group and Vazir Sultan Tobacco Company) and the erstwhile Central Provinces (Manganese Ore Ltd., Nagpur). Interestingly, initially, it was also responsible for the branch audits of Remington Rand and Mackinon & Mackenzie in Bombay.

The Branch used to be supervised from Calcutta initially by the senior

partner Arthur himself and later by his partner Bhatty until Premanjan Niyogi became partner. Niyogi returned to Calcutta around 1958 and for a period the branch was overseen from Calcutta by John Laing until R. Balasubramanian became the first home grown partner in Madras in 1964. On the latter's retirement in 1984, K. Ganesan relocated to Madras from Calcutta. B.R. Vaithiswaran had joined as an audit manager in 1982 and had become a partner in 1985. He took over the reigns from Ganeshan in 1990. On Vaithiswaran's retirement in 1998, Ramesh Rajan relocated from Bangalore to take charge.

In August 1995 the L&L office had shifted to Whites Road, Chockani Towers, Royapettah and in June 1997 from there to 98A, R. K. Salai, Aurora Corporate Centre, Mylopoore – next to the building which used to be the residence of the renowned philosopher Dr. Sarvapalli Radhakrishnan who was the first Vice President of independent India and later the President after Dr Rajendra Prasad from 1962 to 1967.

PW set up its branch in Madras 16 years after L&L, in 1963. In those days PW (which had offices in Calcutta, Cawnpore and East Pakistan) had an understanding with A. F. Ferguson & Co (which had offices in Bombay and Delhi) that they would not encroach in each other's territory and they referred work to each other on referral fee sharing basis. A feeling evolved within PW that they could pre-empt their



stake in the south by opening offices in Madras and Bangalore. In any event, there was pressure from Tractors and Farm Equipments (TAFE belonging to the Simpson Group) an important audit client to set up an office in Madras with promises to give further audits from within the group. An advertisement was given in the Newspaper through TAFE and based on the responses R. N. Sen travelled to Madras and selected the office at 610 Mount Road (now Anna Salai). Mohit Niyogi became partner in July 1963, relocated to Madras and PW's Madras office became operational from July 1963.

Apart from TAFE the other clients in those days included Tea Estates, English Electric, Daverashola Tea

Estates, Thiashola Tea Estates and Madras Annamalai Tea Estates. Subsequent additions included Harrison Crossfields, Bimetal Bearings, Amalgamation Repco, TI&M Sales and Needle Industries.

Mohit Niyogi returned to Calcutta in June 1973 to take charge of the tax department. He was succeeded successively by S. J. Dutt, A.K. Chaudhury and Sankar Datta. With increase in activity two home grown partners were added N. Sivasubramanian (1991) and J. Sekar (1997). Tax practice started in 1983 and Sivasubramanian was part time in tax until he shifted full time to tax in 1992/93. The office shifted from Mount Road to Aurora Corporate Centre in

phases from 2002 and Mount Road office was finally given up in 2003.

In 2005 both PW and L&L shifted from Aurora Corporate Centre to a brand new office in 32, Khader Nawaz Road, Nungambakkam.

The name of the city had changed to Chennai in 1996.

Bombay

L&L started their Bombay office in 1961 at Elphinstone Building, Veer Nariman Road sharing an office with Brandon & Co. Samir Ghosh became a partner in L&L on 1st October, 1964 and shifted to Bombay in 1965-66. The main clients were Rallis India, Philips India and Britannia Biscuits apart from branch audits. Samir Ghosh returned to Calcutta due to his father's illness in 1967 when he was replaced by D G Rajan, from Calcutta. DGR was a keen sportsman and had considerable business acumen and professional competence. Soon he became known in the business and social circles. He shifted the office to Wavell House (later known as Mahindra Spicer Building and now called Dubash House) in Ballard Estate. Business prospered and Bhikhalal Shantilal Trivedi was admitted as a second partner in Bombay in 1973. By then, a management consultancy division had been started in 1970 with a number of consultancy jobs in the Sultanate of Oman and J Rajagopal was taken in as a senior consultant. In 1984, DGR returned to Calcutta to replace K Ganesan who was moving over to Madras. T V Thyagarajan (who had become a partner in Madras in 1980 and for a temporary period shifted to Delhi) replaced DGR in Bombay.

In 1966-67, PW was carrying out a major consulting assignment for Bombay Port Trust which necessitated S B Ghosh to be stationed there for about 2 years. Burmah Shell, then a big client headquartered in Bombay, was pressing for permanent audit staff.

SBG recruited P N Ghatalia (nephew of S V Ghatalia whose book on auditing was the standard text book for the CA examination). Ashutosh Sen was transferred from Calcutta and took up residence in Ishwar Bhawan in the Malabar Hills which also served as the office. Operations were also directed from the auditor's office of Burmah Shell. Apart from Burmah Shell, other clients included the branches and factories of GKW, Indian Aluminum, Metal Box and Century Enka in Pune. Following Ashutosh Sen's return to Calcutta, A N Sadhu and later T Ray were temporarily resident partners in Bombay till S B Ghosh who had gone to the UK returned in 1977 and took charge. Meanwhile, the auditor's office in Burmah Shell had to be closed down following its nationalisation and the first regular office of PW had been taken up in 1974 in Bajaj Bhavan, Nariman Point.

It was under S B Ghosh's leadership that the Bombay office of PW began to prosper significantly. Soon, it made a name in the financial and banking sectors with a large number of clients. Ghatalia was inducted as a second partner in 1978 and in 1980, a bigger office was taken in Raheja Chambers, Nariman Point. Kersi Vachha was inducted as a third partner in 1985 (his father Homi Jamshedji Vachha was the senior partner of A. F. Ferguson & Co. from Nov 1964 to Oct 1971 and his grandfather Jamshedji Bejan Vachha was the first Indian Commissioner of Income Tax during the British Raj).



Meanwhile, exploration/drilling activity increased in the Bombay High and tax work started coming in from foreign companies like Salvation Offshore and Viking Offshore. That was the tipping point for Bombay tax. Bharat Raut was recruited for taxation work and Rajen Hingwala had dual responsibility for audit and tax. An office was taken at 1104 Dalamal Towers, Nariman Point. Both Bharat and Rajen became partners in 1986. Bharat subsequently left to set up his own practice which is now a part of KPMG. MCS started when N Suresh was transferred to Bombay from Delhi in late 1980s and an office had been taken in Asea House, Ballard Estate from where it shifted to Khar.

It was 1990s which saw the explosive growth. It was a story of huge expansion which necessitated taking more and more space, – Tulsiani Chambers, Nirlon House, Kamala Mills and additional space in Raheja Chambers.

Coopers had their offices in Sandoz House and Shah & Nahar, Worli. In 1999, there were offices in 9 different locations. In 2005, all offices were given up and everyone moved to one office in Shivaji Park.

The name of the city had changed to Mumbai in 1996.

New Delhi

In 1964, L&L rented a small office at Gulab Bhawan, Bahadur Shah Zafar Marg. It started carrying out locally the branch audits of Gestetner, Blackwood Hodge, Spencer, Parry, ICI and Macneill & Magor. Within 2 years, L&L had outgrown the office and shifted to Hamilton House, Connaught Place. A number of senior managers / partners from different offices were transferred from time to time to manage the operations – Deva (1964-65), N C Chakraborty (1966-68) Sujit Bhattacharya (1968-72), M K Banerjea (1972-74), Thyagarajan (1974-79), Ratnam (1982-84), P N Ghosh (1984-98). The office prospered over the years and additional space had to be taken in Antrikish Bhawan in 1992 and Adishwar at Feroze Shah Road and

Shriram Bhartiya Kala Kendra were added in 1995. Kaushik Dutta was inducted as a partner in 1994.

In May 1970, PW sent Arun Chatterjee, a senior manager, to Delhi. He set up a small office occupying around 100 sq. ft. inside a client (Mr. Vadera's) office in New Delhi South Extension Part II. Among the first recruits was Nityanand Gupta. Almost immediately, Arun Chatterjee was on the look out for a proper office. An office in Himalaya House was located but the landlord was dilly dallying. Around July / August, I C Mittra arrived from Calcutta, sealed the deal with the landlord

and sent a telegram to Calcutta from the Parliament Street Post Office stating, "Himalayan problem solved". Soon Sujan Sen, K C Srivastava, M K Raha, S P K Shukla were transferred from Calcutta. That was the beginning. I C Mittra, M L Saha and M L Daga had successively been in charge of the office initially until Amal Ganguli settled down in Delhi.

Work and office expanded rapidly. Additional space had to be taken at Sagar Apartments in Tilak Marg in 1978, Padma Towers, Rajendra Place in 1980 and Vandana Building at Tolstoy Marg in 1990. Around 1990, The Tax department moved to Gandharva Mahavidyalaya at Rouse Avenue which





was augmented by additional space at Sucheta Bhawan. The fragmentation of offices was making operations inefficient and in 1997 around 12,000 sq. ft. was acquired in Saidulajab, Mehrauli Badarpur Road, Saket and both Padma Towers and Vandana Building were vacated.

Delhi is a story of astronomic growth due to the initiatives of the homegrown Delhi partners. This had resulted in a number of offices in different locations to keep up with expansion. Coopers had their office in Copernicus Marg. After 2003, a concerted effort was

made to consolidate following which various offices were given up and the practice is now housed largely in Saket, with the tax in Sucheta Bhawan and the back office in Gandharva Mahavidyalaya.

Bangalore

PW Bangalore office was started in January, 1974 by arrangement with the client Monotype Corporation to use two of their rooms, located in Church Street off Brigade Road. From October 1974, PW became co-tenants of the same space with Macmillan India Pvt. Ltd. On 15th November, 1977 the office was shifted to Room No.15, Hotel Kamadhenu, Annexe, Trinity Circle. However, all these were essentially offices for receiving mail only and audits were carried out by staff sent from Madras office. J. Sekar, then a trainee, was transferred to Bangalore in 1977 and the divisional office of Avery India Ltd. at Shivaji Nagar started being used as a communication office as the divisional accountant R V Ramani was familiar with most of the staff and also incidentally shared an apartment with Sekar. In those days PW was carrying out a large consulting assignment in Bangalore for MetChem Canada for which Jiten Dhar from Calcutta was stationed there, living in an apartment opposite Mount Carmel College (a popular ladies college). Around the time Jiten Dhar was concluding the assignment, Maloy Sengupta transferred to Bangalore in November, 1982 following the closure of the Digboi office and took up residence in the same apartment. A room in that apartment started being used as the office. The key clients in those days were Monotype, GKW, Graphite India, Usha Martin Black, Reckitt & Coleman and Indal.

The first proper office was taken on 24th January, 1983 at 4606 High Point IV, 6th Floor, 45 Palace Road, next to the High Ground Police Station. Sagar Datta became a partner in 1988 and shifted to Bangalore. In August, 1988, a large office space of about 4100 sq. ft. was taken at St Patrick's Business Complex, Museum Road and converted into a modern office, where the office shifted.

Meanwhile, in 1988, Ramesh Rajan of L&L was transferred to Bangalore from Madras and on 19th August, 1988 he took up residence at 422, 4th Block, Koramangala which served as the office cum residence. In 1989, a proper office was taken by L&L in Copper Arch building on Infantry Road. Around that time, N V Sivakumar returned to India after a stint with the Muscat office and joined as an Audit Manager. K R Girish who was working as Taxation Manager with Bata, also joined L&L as Tax Manager. Towards the end of 1993, the office shifted to a larger premises in Mittal Tower, 14th Floor.

With the opening up of the economy in 1991, Bangalore became a desired location for industry, especially software. There was explosive growth in both PW and L&L. In 1999, PW shifted its office to 10th floor of Mittal Tower in MG Road to be in the same building as L&L.

On 27th January, 1999, Indraneel Roy Choudhury then a Senior Manager

in Calcutta tax department was transferred to Bangalore to take charge of tax. He took new space in the same building on the 14th Floor. Thereafter, the tax department witnessed phenomenal growth. The MCS division of PwCPL had its office in Indira Nagar. Consequent upon the transfer of that office to IBM in October 2002, PwCPL's advisory division moved its office to the 7th floor of Mittal Towers.



ಮಿತ್ತಲ್ ಟವರ್

MITTAL TOWER

Pune

PW had a number of clients in Pune – Century Enka, Chloride India, Alfa Laval, Mather & Platt, Mahindra Engineering & Chemical Products Ltd. These were serviced from Bombay. Over the years this was proving inconvenient and in 1979, the Pune Office was set up at Yerawada. Anita Utamsingh was the Manager and she was helped by 2 qualified chartered accountants and 2 articled clerks, all locally recruited. As with all other offices, business and staff began to increase significantly and soon outgrew the office. In November, 1993, an office was acquired in Century Arcade, Narangi Baug Road and the office shifted there. It was renovated into a first world office in 2003. The space has been augmented in 2005.



CENTURY ARCADE

Jetal
Limited
GENERAL SALES A

Hyderabad

L&L had big clients e.g. VST which used to be serviced out of Madras or Calcutta. In 1986, D G Rajan, then senior partner of L&L, decided to set up a local presence in Hyderabad considering the growth potentials in that region. S R Batliboi & Co., A.F. Ferguson & Co. and S B Billimoria & Co. already had offices in Hyderabad tapping into the local market. S. Gopalakrishnan, a Manager from Calcutta, was relocated to Hyderabad. He took on rent B-51, Skylark Apartments, Basheerbagh which served as his residence cum office. N V Sivakumar who had recently qualified as a Chartered Accountant from the Madras office was transferred to Hyderabad and a trainee accountant S S Mirza was appointed. That was the beginning of the Hyderabad Office. Business prospered and in 1993, the office was shifted to Lingapur House,

416 Himayat Nagar. Soon the practice outgrew the office and in 1998, it shifted to L.B. Bhavan, Somajiguda. The number of clients increased significantly and with Satyam adding to the client list, the L&L Hyderabad branch became bigger than all the competitors in the city. After 1999, PwCPL opened two offices in the same building, one led by Ashlesh Verma who heads the tax division and the other by Kameswara Rao who is in the advisory practice.



BANK OF BAHRAIN AND KUWAIT
बङ्क ऑफ बाहरैन एंड कुवैत

بنك البحرين وال الكويت
ବାହ୍ରେନ ଏବଂ କୁଵୈତ ବନ୍କ ଓପରେ

PRUDENTIAL
ICICI

Prudential ICICI Mutual Fund



Bhubaneshwar

C&L in association with L&L had conducted a study for CII on the investment prospects in Orissa and on the back of the study, L&L had set up a small office at 26, Forest Park, Bhubaneswar in October 1994, to service local industries like Nalco, OMC and Ortel Communications.

In the same year, PW got the Institutional Strengthening Project of the Orissa State Electricity Board. This was a very large project. Operations started initially from the Oberoi Hotel (now Trident Hilton) and in January, 1995 the project office shifted to 2nd floor, Orissa Construction Corporation Building, Unit – 8, Namasivayam, replacing Saumen Ray, transferred to Bhubaneswar from Madras in April, 1995. At its peak, 1997-98, there were more than 150

consultants working on the project out of which about 30 were expatriates. Howard Digby Jones used to spend about 50-75% of his time on the project. To house the consultants, a number of guest houses had to be maintained, three in Bhubaneswar, one in Cuttack, one in Rourkela, one in Jajpur Road and one at Balasore. At the peak, sixty ambassador cars were on hire.

As the project reached its completion, the project office was shifted to IDCOL House in May, 1995. In January 2001, L&L shifted to this office giving up the office in Forest Park.

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Normand

The Bengal Chamber of Commerce & Industry

The Tinplate Company of India Ltd.

Ian Lovelock, great grandson of Arthur Samuel Lovelock

Inputs from partners / executive directors / employees of PW, L&L and PwCPL

PW, L&L and PwCPL records and archives

Barsha Sanyal

Gargi Banerjee

Lorraine Alford

Devasis Goswami



Top: Lovelock & Lewes in 1890
Sitting in the second row, 3rd from left - Arthur Samuel Lovelock
and to his Left is John Herbert Lewes.

Back Cover: The old Ratner Safe in PwC
heritage room

