



APRIL-2017

NEWSLETTER

Rajkot Branch of WIRC
of the Institute of Chartered Accountants of India

Web : www.rajkot-icai.org | Email : rajkot@icai.org



FINANCIAL YEAR 2017-18



Business

Currencies

USD INR	75.00
USD AUD	0.75
USD EUR	0.75
USD GBP	0.75
USD JPY	110.00
USD CAD	1.30
USD HKD	7.80
USD SGD	1.35
USD NZD	0.70
USD KRW	1,100.00
USD BRL	3.50
USD MXN	17.00
USD THB	32.00
USD MYR	4.00
USD PHP	50.00
USD VND	23,000.00
USD IDN	15,000.00
USD INR	75.00

US Rate 1.5314 Change 4.03c

4C Rate 1.3628 Change 4.23c

Commodities

Gold A/B,00 \$1146.06 (4748) -0.94 (-0.08pc)

Brent Crude A/B,00 \$52.14 (November) -0.94 (-1.80pc)

News

Long haul for Tesco Company halts sales spiral but profits fall

... warns IMF



APRIL-2017

NEWSLETTER

Rajkot Branch of WIRC of the Institute of Chartered Accountants of India

CHAIRMAN'S MESSAGE

Dear Members!

Let me begin with wishing you all a happy and prosperous new financial year. As chartered accountants we are more concerned with the financial year than calendar year. After the taxing year end work relating to time-barring returns, many of you would have started the bank audits by the time this newsletter reaches you.



Unlike the other professions of medicine or engineering, CA has some uniqueness. It is unique in that it has to cater to the diverse, different and at times opposing needs or expectations of different groups/ services recipients like the government, clients and the public at large at the same time. At times, a CA may be called upon to report against his clients from whom he takes fees as remuneration which is his livelihood. This requires grit, determination and an inner zeal to uphold the professional ethics. Let us resolve to uphold the highest of integrity in discharging our professional assignments. Let us resolve to upgrade our professional skills and knowledge which is essential to raise the standard of our professional services.

In the month of March, branch has successfully organised a half day seminar specially for women and 2 full day seminars on bank branch audits along with a study circle covering various topics like, Audit in CBS environment, IRAC, Agriculture advances etc. This shall be useful to the great extent during the audits.

In the upcoming month branch has planned a half day seminar on office automation and on discussion related to surveys & search after demonetization. ISA PT course has also been planned from 6th May. Please ensure your participation.

I feel privileged to announce that Rajkot Branch is planning to organize a National Conference under CPE Committee of ICAI in the month of June. The details shall be announced soon. I urge members to take maximum benefit of the same.

This year branch has planned RRC at Hyderabad in the Month of August during Janmashmi Holidays as per the tradition and the same is being announced. Detailed mail regarding it shall be sent very soon. I request members to take benefit of the same in large numbers.

I also request members to contribute to branch activities by way of effective suggestions and innovative thoughts for the benefit of members at large.

Wishing all the members a very best of luck for their upcoming Endeavour of BANK AUDITS.

Point to Ponder: "Changing your perspective will not only transform you but also the whole world..."

Regards!

CA. Kalpesh Parekh
Chairman

INSIDE THIS ISSUE

Managing & Sub Committees	...2
Forthcoming events	...3
Knowledge Management	...5
Nidhi Companies and Companies Act, 2013	...8
Glimpse of Past events	...14

APPEAL TO CONTRIBUTE KNOWLEDGE SHARING :

- We wholeheartedly invite articles, professional news and updates and other useful miscellanea.
- Please send/write to us on Rajkot Branch at Raj-kot@icai.org.com or to any of the committee members.



APRIL-2017

NEWSLETTER

Rajkot Branch of WIRC of the Institute of Chartered Accountants of India

MANAGING COMMITTEE

CHAIRMAN	■	CA Kalpesh Parekh 9898464348 kpparekh@ymail.com
VICE CHAIRMAN & WICASA CHAIRMAN	■	CA Ankit Chotaliya 9925760766 anchotaliyanassociates@gmail.com
SECRETARY	■	CA Bhavin Mehta 9974741312 bhavindmehta@icai.org
TREASURER	■	CA Vinay Sakariya 9638982500 cavinaysakariya@gmail.com
IMMEDIATE PAST CHAIRMAN:	■	CA Chandresh Dholakia 9824299724 dholakiacp@gmail.com
BRANCH NOMINEE:	■	CA Aniket Talati 9825551448 aniket@talatiandtalati.com
MANAGING COMMITTEE MEMBERS:	■	CA Sumit Shingala 9978387093 scshingala@gmail.com
	■	CA Khushboo Ganatra 9427165300 cakhushbooganatra@gmail.com

Sub Committees

Program Organizing Committee
CA Bhavin Mehta
CA Nayan Shah
CA Tanmay Shah

Representation Committee
CA Sumit Shingala
CA Alpesh Trivedi
CA Sandip Katba

Women Empowerment Committee
CA. Khushboo Ganatra
CA Swati Rathod
CA Dipti Savjani

Course Management Committee
CA Vinay Sakariya
CA Alpesh Trivedi
CA Prashant Lathigra

Cultural Committee
CA Chandresh Dholakia
CA Tanmay Shah
CA Jenish Rabadiya

Student Management Committee
CA. Ankit Chotaliya
CA Paresh Davda
CA Jenish Rabadiya

Public Relation Committee
CA. Maulik Bagdai
CA Jignesh Rathod

Sport Committee
CA. Ankit Chotaliya
CA Amar Unadkat
CA Ravi Bhatti



APRIL-2017

NEWSLETTER

Rajkot Branch of WIRC of the Institute of Chartered Accountants of India

FORTHCOMING EVENTS

■ Half Day Seminar:

April 15, 2017

Saturday

CPE: 4 hours

Fees: ₹ 300/-

Venue: ICAI Bhawan,
Rajkot.

1st Session

04:00 to 06:00 pm

CA Manojkumar Sahu, Baroda

Accounting Standard Amendment Rules, 2016

2nd Session

06:00 to 08:00 pm

CA Vinod Pahilwani, Baroda

Smart Way of Managing Practice

■ Lecture Meet:

April 22, 2017

Saturday

CPE: 3 hours

Fees: ₹ 300/-

Venue: ICAI Bhawan,
Rajkot.

1st Session

05:00 to 08:00 pm

CA Bhupendra Shah, Mumbai

Inquiries, Surveys and Search post Demonetisation

RRC at Hyderabad and Ramoji Film City

Rajkot Branch is pleased to announce the Residential Refresher course at Hyderabad along with visit to Ramoji Film City from 14th August to 17th August. The members are requested to take part in large numbers. The full detail for RRC and application form is available at Branch website very soon.



APRIL-2017

NEWSLETTER

Rajkot Branch of WIRC of the Institute of Chartered Accountants of India

FORTHCOMING EVENTS

■ Felicitation of Team WIRC

April 29, 2017
5:30 to 6:30pm
Saturday

Venue: ICAI Bhawan,
Rajkot.



Rajkot Branch has organised a program for felicitation of our esteemed regional leaders, all office bearers of WIRC of ICAI along with other WIRC members. Rajkot branch request presence of all members at this occasion.

■ Half Day Seminar:

April 29, 2017
Saturday

CPE: 4 hours

Fees: ₹ 400/-

Venue: ICAI Bhawan,
Rajkot.

1st Session

03:30 to 05:30 pm

CA. Jayesh Gogri, Mumbai

Core Concepts of GST and Latest Updates regarding Implementation.

2nd Session

06:30 to 08:30 pm

Eminent Speaker

Recent Changes in Income Tax Provisions (Fin. Bill 2017), ITR Forms and 3CD Reports



APRIL-2017

NEWSLETTER

Rajkot Branch of WIRC of the Institute of Chartered Accountants of India

KNOWLEDGE MANAGEMENT

Compiled by
CA. Khushboo Ganatra, Rajkot
cakhushbooganatra@gmail.com



In the words of Benjamin Franklin, “An investment in knowledge pays the best interest.” To earn this interest, one needs to manage knowledge. The need of the hour for the world is to have sustainable development, and for this, knowledge management is essential. Knowledge management is essentially about getting the right knowledge to the right person at the right time. This in itself may not seem so complex, but it implies a strong tie to corporate strategy; understanding of where and in what forms knowledge exists, creating processes that span organizational functions, and ensuring that initiatives are accepted and supported by organizational members. It is necessary to capture, share and put the knowledge to use. Knowledge management may also include new knowledge creation, or it may solely focus on knowledge sharing, storage, and refinement. The overall objective is to create value and leverage and refine the firm's knowledge assets to meet organizational goals.

Implementing knowledge management thus has several dimensions, which are as discussed below:

- **Strategy:** Knowledge management strategy must be dependent on corporate strategy. The objective of knowledge management should be to manage, share, and create relevant knowledge assets that will help meet necessary and strategic requirements.
- **Organizational Culture:** The culture of an organization has great impact on the manner in which people interact, the context within which knowledge is created, the resistance they will have towards certain changes, and ultimately the way they share (or the way they do not share) knowledge.
- **Organizational Processes:** The right processes, environments, and systems that enable Knowledge Management have to be implemented in the organization.
- **Management & Leadership:** Knowledge Management requires competent and experienced leadership at all levels. There are a wide variety of Knowledge Management related roles, including a Chief Knowledge Officer [CKO], knowledge managers, knowledge brokers and so on.



- **Technology:** The systems, tools, and technologies that fit the organization's requirements should be properly designed and implemented.

The processes of Knowledge Management involve knowledge acquisition, creation, refinement, storage, transfer, sharing and utilization. Knowledge Management function in an organization should operate these processes, develop methodologies and systems to support them, and motivate people to participate in them. Although individuals certainly can personally perform each of the Knowledge Management processes, Knowledge Management is largely an organizational activity that focuses on what managers can do to enable Knowledge Management's goals to be achieved, how they can motivate individuals to participate in achieving them and how they can create social processes that will facilitate the success of Knowledge Management. As recited in Bhagwad Geeta, "knowledge is embedded in every human; problem is only that there is a layer of ignorance." Organizations should strive to remove this layer of ignorance and manage knowledge effectively.

Each enterprise should define knowledge management in terms of its own business objectives. Knowledge management is all about applying knowledge in new, previously overburdened or novel situations. The world today, demands "innovation" and this is possible only with efficient knowledge management. According to John Chamber, every organization should focus on 3 things: innovation, next generation technology and creating the right culture.

Knowledge management is currently seen as a continuous cycle of three processes, namely

- Knowledge creation and improvement
- Knowledge distribution and circulation
- Knowledge addition and application

Knowledge management expresses a deliberate, systematic and synchronized approach to ensure the complete utilization of the company's knowledge base, paired with the potential of individual skills, competencies, thoughts, innovations and ideas to create a more efficient and effective company. In simple words, knowledge management incorporates both holding and storing of the knowledge perspective, with respect to the intellectual assets.

Knowledge Management shall bring an improvement in the goods or services one offers and the processes that one uses to sell them. Customers shall have increased satisfaction. There shall be improved staff productivity, as employees shall benefit from colleagues'



APRIL-2017

NEWSLETTER

Rajkot Branch of WIRC of the Institute of Chartered Accountants of India

knowledge and expertise to find out the best way to get things done. The greatest advantage is the ability to sell or license one's knowledge to others. One may be able to use one's knowledge and expertise in an advisory or consultancy capacity.

To sum up, one can say that Knowledge Management serves as one of the major response to the challenge of trying to handle this complex, information overloaded work environment. As such, Knowledge Management is perhaps best clustered as a science of complexity.

Knowledge management systems work best when the people who generate the knowledge, are the same people who store it, explain it to others, and coach them as they try to implement it.

In the words of Peter F. Drucker, "Knowledge has to be improved, challenged and increased constantly, or it vanishes." Thus, Knowledge Management is the need and the key to success in the 21st century.

Congratulations to Gold Medalist...

Rajkot Branch Congratulates and appreciates the hard work of CA Indresh N Palan, member of institute branch for winning a National Para Swimming Gold Medalist along with family responsibilities and being mother of 8 year young boy.



CA. Indresh Palan Started swimming as a hobby. She took swimming as sports two years back. She First participated in XV - National Para Swimming Championship in 2015 held at Belagavi Karnataka. She Won Gold Medal in 100m Freestyle in XVI - National Para Swimming Championship, held at Jaipur from 30th March 2017 till 4th April 2017.

She also Secured 2nd and 3rd Place in Khel Mahakumbh 2016 and 2015 respectively in General Category- Gujarat.



APRIL-2017

NEWSLETTER

Rajkot Branch of WIRC of the Institute of Chartered Accountants of India

NIDHI COMPANIES AND COMPANIES ACT, 2013

Compiled by
CS Vijay Anadkat
csvijayanadkat@yahoo.com



One of the evolutions in the Companies Act, 2013 was brought in while the word NIDHI was given the legal surrounding by NIDHI Companies. In Hoi polloi language, NIDHI was referred to as “KHAJANA”.

Prior the word used for such companies was Mutual Benefit Company, wherein no stricter provisions were applicable to the company.

But by Introducing NIDHI Companies the public interest was taken the priority and imposition of certain time based compliance was introduced.

Purpose Behind:-

There are mainly two specific purposes for which such companies are formed,

- Cultivating the habit of thrift and savings amongst its members,
- Receiving deposits from its members, and lending to its members, for their mutual benefit

Meaning:-

The Companies Act, 2013 has defined Nidhi Companies Under Section 406 as Nidhi to mean “a Company which has been incorporated as a Nidhi with the object of cultivating the habit of thrift and savings among its members, receiving deposits from, and lending to, its members only, for their mutual benefit, and which complies with such rules as are prescribed by the Central Government for regulations of such class of Companies.

Recognition:-

Nidhi Companies have been recognised as in to benefit to the individual members only. Anyone may become member by contributing to the funds of Nidhi Company. The loans are given to the members at relatively reasonable rates. The deposits mobilized by Nidhi’s are not much when compared to the organized banking sector.



APRIL-2017

NEWSLETTER

Rajkot Branch of WIRC of the Institute of Chartered Accountants of India

NIDHI companies have become an alternative to NBFC as Reserve Bank of India has tightened the rules and regulations for NBFC's which has lead promoters to move towards incorporation of NIDHI Companies.

In recognition of the fact that these Nidhi's deal with their shareholders/ members only, RBI has exempted the notified Nidhi's from the core provisions of the RBI Act and other directions applicable to NBFCs. RBI does not have any specified regulatory framework for Nidhi's till now.

To Whom:-

The 'Nidhi Rules, 2014' deals with 'Nidhi' companies which are given under the Chapter XXVI of Companies Rules, 2014, which applies to.

- (i) Every company declared as a Nidhi or Mutual Benefits under Section 620A(1) of Companies Act, 1956;
- (ii) Every company functioning as a Nidhi company or Mutual benefit society but has not applied for or has applied for and is awaiting confirmation under Section 620A(1) of Companies Act, 1956 by Central Government;
- (iii) Every company incorporated as a Nidhi Company pursuant to the provisions of Section 406 of the Companies Act, 2013.

What is Needed?:-

- (i) Constitution: Public Limited Company
- (ii) Name of Company: Shall have Words 'Nidhi Limited';
- (iii) Minimum Capital: Rs.5,00,000/-
- (iv) Issue of Shares: The Company Shall issue equity Shares can be issued. There is restriction on issuance of preference shares. If preference shares had already been issued by a Nidhi Company before commencement of this Act, such preference shares are to be redeemed in accordance with the terms of issue of such shares;
- (v) Every Nidhi shall, within a period of one year from the commencement of these rules, ensure that it has—
 - (i) Minimum 200 Members;



APRIL-2017

NEWSLETTER

Rajkot Branch of WIRC of the Institute of Chartered Accountants of India

(ii) Net owned funds Shall be Rs.10,00,000/- or more

‘Net owned funds’ means the aggregate of paid up equity share capital and free reserved as reduced by the accumulated and intangible assets appearing in the last audited balance sheet; and Ratio of net owned funds to deposit shall be not more than 1:20;

What not to do? :-

- 1.** Issue Preference Shares, Debentures or Any Other Debt Instrument by any name or in any form whatsoever;
- 2.** Carry the business of Hire Purchase Finance, Chit Fund, Leasing Finance, Insurance or Acquisition of Securities issued by anybody corporate;
- 3.** Opening of Current Account;
- 4.** Acquire another company by Purchase of securities or Control the composition of the Board of Directors of any other company in any manner whatsoever OR Enter into any arrangement for the change of its management, unless it has passed a special resolution in its general meeting and also obtained the previous approval of the Regional Director having jurisdiction over Nidhi;
- 5.** Carry on any business other than the business of borrowing or lending in its own name;
- 6.** Accept Deposits from or lend to any person, other than its members;
- 7.** Pledge any of the assets lodged by its members as security;
- 8.** Take Deposits from or lend money to anybody corporate;
- 9.** Enter into any Partnership Arrangement in its borrowing or lending activities;
- 10.** Issue or cause to be issued any advertisement in any form for soliciting deposit;
- 11.** Pay any brokerage or incentive for mobilizing deposits from members or for deployment of funds or the granting loans.
- 12.** Admit a body corporate, trust or minor as a member.



APRIL-2017

NEWSLETTER

Rajkot Branch of WIRC of the Institute of Chartered Accountants of India

DEPOSITS - Period of Time:-

A Nidhi shall not accept deposits exceeding 20 times of its Net Owned Assets as per last audited financial statements.

The fixed deposits shall be accepted for a minimum period of 6 months and a maximum period of 60 months.

Recurring deposits shall be accepted for a minimum period of 12 months and a maximum period of 60 months.

In case of recurring deposits relating to mortgage loans, the maximum period of recurring deposits shall correspond to the repayment period of such loans granted by Nidhi Company.

The maximum balance in a savings deposit account at any given time qualifying for interest shall not exceed Rs.1,00,000/- and the interest shall not exceed 2% above the rate of interest payable to savings bank account by nationalized banks.

Interest for fixed and recurring deposits shall be at a rate not exceeding the maximum rate of interest prescribed by RBI which the NBFC can pay on their public deposits.

Every Nidhi shall invest and continue to keep invested, in unencumbered term deposits with a scheduled commercial bank or post office deposits in its own name an amount which shall not be less than 10% of the deposits outstanding at the close of the business on the last working day of the second preceding month.

Temporary withdrawal may be permitted with the prior approval of the Regional Director for the purpose of repayment to depositors, subject to such conditions and time limit which may be specified by the Regional Director to ensure restoration of the prescribed limit of 10%.

Loan to Members:-

1) The loans given by a Nidhi to a member shall be subject to the following limits, namely

- (a)** Two lakh rupees, where the total amount of deposits of such Nidhi from its members is less than two crore rupees;
- (b)** Seven lakh fifty thousand rupees, where the total amount of deposits of such Nidhi from its members is more than two crore rupees but less than twenty crore rupees;
- (c)** Twelve lakh rupees, where the total amount of deposits of such Nidhi from its



APRIL-2017

NEWSLETTER

Rajkot Branch of WIRC of the Institute of Chartered Accountants of India

members is more than twenty crore rupees but less than fifty crore rupees; and

- (d) Fifteen lakh rupees, where the total amount of deposits of such Nidhi from its members is more than fifty crore rupees:

Provided that where a Nidhi has not made profits continuously in the three preceding financial years, it shall not make any fresh loans exceeding fifty per cent of the maximum amounts of loans specified in clauses (a), (b), (c) or (d).

Provided further that a member shall not be eligible for any further loan if he has borrowed any earlier loan from the Nidhi and has defaulted in repayment of such loan.

- (2) For the purposes of sub-rule (2), the amount of deposits shall be calculated on the basis of the last audited annual financial statements.

- (3) A Nidhi shall give loans to its members only against the following securities, namely:-

- (a) gold, silver and jewellery: Provided that the repayment period of such loan shall not exceed one year.

- (b) immovable property:

Provided that the total loans against immovable property [excluding mortgage loans granted on the security of property by registered mortgage, being a registered mortgage under section 69 of the Transfer of Property Act, 1882 (IV of 1882)] shall not exceed fifty per cent of the overall loan outstanding on the date of approval by the board, the individual loan shall not exceed fifty per cent of the value of property offered as security and the period of repayment of such loan shall not exceed seven years.

- (c) Fixed deposit receipts, National Savings Certificates, other Government Securities and insurance policies:

Provided that such securities duly discharged shall be pledged with Nidhi and the maturity date of such securities shall not fall beyond the loan period or one year whichever is earlier:

Provided further that in the case of loan against fixed deposits, the period of loan shall not exceed the unexpired period of the fixed deposits.

Branch Offices:-

- (i) Nidhi Company may open branches only if it has earned net profits after tax continuously during the preceding three financial years.



APRIL-2017

NEWSLETTER

Rajkot Branch of WIRC of the Institute of Chartered Accountants of India

- (ii) The company may open up to 3 branches not outside the district, if it proposes to open more than 3 branches within the district or any branch outside the district, it shall obtain prior permission of the Regional Director and intimation is to be given to the Registrar about opening of every branch within 30 days of such opening.
- (iii) No Nidhi Company shall open branches or collection centres or offices or deposit centres, or by whatever name called outside the State where its registered office is situated.
- (iv) Further branches or collection centres or offices or deposit centres shall be opened unless financial statement and annual return are filed with the Registrar.

Regular Compliances:-

NDH – 1: To file with ROC within 90 days from the closure of the first financial year after its incorporation duly certified by a Company Secretary in practice or a Chartered Accountant in practice or a Cost Accountant in practice.

If the company is not complying with the above it shall within 90 days from the close of the first financial year, apply to the Regional Director in Form NDH -2 along with fee for extension of time and The Regional Director may consider the application and pass orders within 30 days of the receipt of the application.

If there is failure the Nidhi shall not accept any further deposits from the commencement of the second financial year till it complies with the provisions besides being liable for penal consequences provided in the Act.

Non Compliances:-

Contravention of any of the provisions of the rules, the company and every officer of the company who is in default shall be punishable with fine which may extend to Rs.5,000/- and where the contravention is a continuing one, with a further fine which may extend to Rs.500/- for every day after the first during which the contravention continues.

Core Facts:

Conclusively, NIDHI Companies new rules have balanced the Modus Operandi for both promoters as well as common public.



APRIL-2017

NEWSLETTER

Rajkot Branch of WIRC of the Institute of Chartered Accountants of India

GLIMPSE OF PAST EVENTS:

Full Day Seminar on Bank Branch Audit – Part – I on 12th March, 2017



Lecture by CA. Nilesh Joshi, Mumbai



Lecture by CA Kuntal Shah, Ahmedabad



MOC by Secretary CA. Bhavin Mehta



Presentation of Memento to CA. Nilesh Joshi by Chairman CA. Kalpesh Parekh



Presentation of Memento to CA. Kuntal Shah by Chairman CA. Kalpesh Parekh



Delegates Attending Seminar



APRIL-2017

NEWSLETTER

Rajkot Branch of WIRC of the Institute of Chartered Accountants of India

Full Day Seminar on Bank Branch Audit – Part – II on 18th March, 2017



Lecture by CA Atul Bheda, Mumbai



Lecture by Shri P.B. Mishra, Bhavnagar



Lecture by CA Julfesh Shah, Nagpur



CA. Julfesh Shah with Chairman CA. Kalpesh Parekh and Vice Chairman CA. Ankit Chotaliya



Delegates Attending Seminar



MOC by CA. Nayan Shah, Committee Member



APRIL-2017

NEWSLETTER

Rajkot Branch of WIRC of the Institute of Chartered Accountants of India

Study Circle meet on “Excel as a Tool to Bank Branch Audit” on 24th March, 2017



Speakers CA. Ramesh Patel and CA. Bhavesh Pabari



Participants at Study Circle

HELP US TO SERVE YOU BETTER

To Start Receiving Sms & E-mails
From Branch Please Send Your
Details At rajkot@icai.org

DISCLAIMER:

The views and opinions or implied in the branch newsletter are those of the authors and do not necessarily reflect those of Branch/ICAI. Unsolicited articles and transparencies are sent in at the owners risk and publishers accepts no liability of loss or damage. Material in the publication may no be reproduced, whether in part or in whole, without the consent of Branch/ICAI. It is “For Private Circulation only”.

RAJKOT BRANCH OF WIRC OF INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

ICAI BHAVAN, Giriraj Nagar Main Road, Nr. Raiya Circle, Off 150 Feet Ring Road, Rajkot—360007

Tel. : 0281 — 2582411-13

Web: www.rajkot-icai.org | Email: rajkot@icai.org