

## Blue Sky, Green Sea and Red Earth

13 might be an unlucky number for some, but not for the brave 13 from JVR who set out in their trusted two wheelers to wherever the road takes them. The bike trip got kick started at early hours of the 1st of October from Palarivattom with 7 bikes (ranging from a humble but strong Honda Deo to a Royal Enfield Bullet).

Bhoothathankettu dam was our first destination, offering great scenic beauty for many photographs. Then via Thattekadu we headed on to our initially planned destination Munnar. A quick halt for lunch at Adimali powered our hungry souls to drive through cold weather and bad roads reaching Munnar. However the showers and weather didn't appeal to our nature and we decided to head further down the road. By the time it was late and setting sun forced us to settle into a 20 bed dormitory at Marayoor for the night. Later that night, we had hot thattu dosa with coconut chutney and extra black coffee.

On Day 2, we embarked our journey by 6:30 a.m. to Chinnar wildlife sanctuary, climbed the forest watchtower and officially crossed into Tamil Nadu border. After a typical Tamilian breakfast of vadas and dosas we headed out again into the ever blazing Tamil Nadu sun to Amaravati dam. After a couple of photographs, we visited the Crocodile Park that happened to be a big rip off (except for Sakku) in monetary terms for what it had to offer. The climate and scenery got pleasant once we reached Aliyar dam and from then on we started our ascension onto the 40 hair pin mountain at Valparra. The amazing beauty and commendable road left us all mesmerized and it never got us one bit tired even while we curved on the final 40th bend. We sped off to make it to the checkpoint on time but only after we reached did the forest officer explain that the road through the forest gets dark really quick and the danger of angry elephants. We were stuck in a forest that was neither Kerala nor Tamil Nadu with tea plantations everywhere. However the night was celebrated as if it was day in a lovely 2 bedded house with only one channel on TV.

Early morning the third day, we set off braving blinding mist and leech infested roads through 55 kms of forest. We left homebound to Ernakulam through Vazhachal while we also had a glimpse of the majestic Athirampally falls. Reaching Kochi tired (due to Ernakulam traffic), we came back strong in body (due to climbing steep mountains) despite the leech bites, maybe a little tanned in skin (blame it on the Tamil Nadu sun) and completely refreshed in mind ready to live our newly enriched lives. We cannot end this without thanking our partners at JVR who rewarded this tiny vacation for our efforts during the Tax audit filing season.

Brave 13



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# Echo

Quarterly Newsletter -9

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## From The Editor's Desk:

Introducing you to the 9th Edition of "Echo" at JVR Associates, we feel proud to have made it this far doing justice to our Firm's belief "Bigger, Better, Bolder".

September 1st saw JVR revolving around the sun 8 times and over the years we have grown from a family of 10 to a little over 50.

On Onam, JVR welcomed the return of King Mahabali extravagantly with a vibrant "Pookalam" at our doorstep and fun and frolic inside. After the festive games, we feasted to a very lavish "Onam Sadya".

The Editorial team congratulates 'Team JVR' for the sincere and exemplary efforts put in during the last two months, resulting in the successful completion of all our tax audit reports and tax returns on time. (Three cheers for JVR!!!)

With the very same dedication and team spirit, let's stay focused for the upcoming audit under KVAT law and filing of documents with the ROC.

Our best wishes to the students appearing for their IPCC/Final exams in November. May all of you come out with flying colours.

This edition of Echo covers articles on the provisions applicable to Auditors in the Companies Act 2013, the diminishing rupee value and the strategy used to complete filing of tax returns on time. Also read about the bike trip experience that was intended for Munnar but ended up in the middle of nowhere (literally nowhere – neither Kerala nor Tamil Nadu).

We thank each and every one of you for your contribution and valuable suggestions for bringing out this newsletter.

Wishing you all a great reading experience...

## Onam Celebration



# Companies Act 2013 – Audit and Auditors

## Appointment of Auditor - Section 139

- Every company shall, at the 1<sup>st</sup> AGM, appoint an auditor who shall hold office till the conclusion of its 6<sup>th</sup> AGM.
- Appointment of first auditor for 5 years shall be subject to ratification by members at every AGM.
- Before such appointment, a written consent and certificate (stating that such appointment is in accordance with the prescribed condition) shall be obtained from the auditor / audit firm.
- The company shall file a notice of such appointment with ROC within 15 days of the meeting in which the auditor is appointed.
- An individual auditor who has completed his term of 5 years and an audit firm which has completed its two terms of 5 years shall not be eligible for re-appointment as auditor in the same company for five years from the completion of term.
- Casual vacancy of an auditor shall be filled by the BOD within 30 days, except on resignation. On resignation, it should be done at the general meeting, convened within 3 months of the recommendation of the Board.

## Removal of auditor - Section 140

- Auditor appointed may be removed from his office before the expiry of his term only by a special resolution of the company after obtaining the previous approval of the Central Government and the auditor concerned shall be given a reasonable opportunity of being heard.
- The auditor who has resigned from the company shall file within a period of 30 days from the date of resignation, a statement in the prescribed form with the company and the Registrar indicating the reasons and other facts as may be relevant with regard to his resignation.
- If the auditor does not comply with the above, he or it shall be punishable with fine which shall not be less than Rs.50,000 but which may extend to Rs.5,00,000.

## Auditor not to render certain services - Section-144

- Auditor can render additional services as approved by the Board or the audit committee. However an auditor cannot render services directly/ indirectly to the company/its holding/subsidiary like internal audit, investment advice, management services etc

Ranimol Mathew

## Behind the Scenes

### The mantra behind our successful Audit season

- A checklist was sent to every client in June for them to be audit ready.
- Tax audit season commenced with very strong foundation, an informative seminar for students in order to have a detailed idea about the tax audit, its applicability, requirements, and procedures involved etc.
- A detailed table for every client was prepared including information like applicability of statutory audit, DSC expiry details, forms applicable (3CA, 3CB, 3CEB, 29B) etc.
- A proper audit plan and a customised audit program to the specific circumstances of an engagement covering all aspects of the audit.
- Audit samples were selected with clear cut goals and objectives.
- Audit teams were focused on timely completion in order to initiate the e-filing process.
- Daily meeting was conducted with coordinators and partners to evaluate the progress, to set the daily targets and to sort out issues that came out of e-filing process.
- After the e-filing, we also verified the client's files to ensure that copies of all necessary documents were filed for future references.
- Even though the new requirement had certain issues in the initial stage, our well planned approach, coordination and sincere effort was the mantra to another fruitful tax audit season.

## The Diminishing Rupee - Effects



“68.50 against the Dollar”....that was a figure that sent many heads spinning at RBI on the 28th of August, 2013. The Rupee had reached its all time low and this never came about as a surprise to many who were following its declining trend over the past two months.

Just two months ago, the exchange rates were between the Rs. 53-Rs. 55 mark and then abruptly in mid June the rise started steadily by touching the 60 mark on 27th June, 64 mark on 22nd August and finally the ultimate 68.50 on 28th August. How did this happen and what are the after effects of low purchasing power?

The “how” of the situation is something that is still debatable. Many economists attribute it to the adoption of “Quantitative Easing” by The Federal Reserve (American equivalent of the RBI) that lead to a higher demand in Dollar value in not just India but other Emerging Markets as well. And when the Rupee started falling, many Foreign Investors removed their investments in India that further declined the Rupee even more.

The biggest negative impact of a weak currency as per conventional economics is the increase in the price of imports. And for India, our two largest imports are Oil and Precious Gems.

84% of our Oil is imported and these imports are paid in the dollar. Hence the recent increase in the price of diesel and petrol. Also the bullion market (Gold and precious stones market) reflected record high prices during this period.

The other big negative impact would be to the CAD (Current Account Deficit) ie the difference between our Imports and Exports. The CAD is presently very high and would continue to rise with the weakening rupee.

On the political front, the rising prices of goods and services (cascading effect of increasing oil prices) puts the UPA in a fix for the upcoming elections.

On the bright side, our exports have improved and this would be a perfect time for the Government to implement policies that ensure ease of investments into the domestic markets. This would in turn help reduce the gap in our CAD. Additionally, the clearing of the many Infrastructural government projects that were stalled due to many reasons can help increase economic activity in the nation.

A weak rupee may have many down sides but let us take this opportunity to build our exports and develop our Industrial strengths while finding the best solutions for our weaknesses.

Cherian Handley Ivan