



WIRC BULLETIN

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For Members only

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From the Desk of Chairman



Respected Members,

During the month of August we have lost our beloved Past President of the Institute CMA P. D. Phadke. He was an idol of all young CMAs of WIRC. Around 22 years ago CMA Phadke and CMA S R Roy helped me to settle at Mumbai. CMA Roy had left us long before. CMA Phadke's demise adds

to that old shock. Let's pray that departed souls remain in peace.

We congratulate all successful students of June 2015 examination and pray to almighty for their bright professional career. We will conduct campus placements for successful students on 16th & 17th October 2015 at Mumbai. We have also arranged 15 days orientation program for those successful students to enable them to appear at the interviews with full confidence.

You are aware that Central Govt has initiated to implement Goods and Service Tax (GST) very soon. Your Institute will organise number of workshops / seminars / conferences on the GST all over the India. WIRC will organise a full day Workshop on GST at Indian Merchants Chamber of Commerce - Churchgate on Saturday, 12th September 2015. This workshop is intended to equip our members to face the new challenge of implementation of GST all over the country. We are happy to inform you that Shri Sudhir Shrivastava, IAS, Additional Chief Secretary, Dept. of finance, Govt. of Maharashtra, has kindly agreed to attend the said workshop as Chief Guest. Noted speakers like, CMA Bimal Jain, Chairman of Indirect Tax Committee of PHD Chamber of Commerce, CMA B.M. Sharma, Past President of Institute, CMA Ashok Nawal, Central Council Member & Chairman of Taxation Committee of ICAI and Mr Rajendra Bhagat, Deputy Secretary, Dept of Finance, Govt. of Maharashtra have agreed to interact with the members at the Workshop. Shri Rajiv Jalota, IAS and Commissioner of Sales Tax, Maharashtra will be our Guest of Honour. I request all our members to make the workshop successful.

In the month of August, Ministry of Corporate Affairs (MCA) has uploaded the new taxonomy on Cost Audit Record Rules (CARR) at their website. WIRC has conducted CEPs on "Filing of Cost Audit Report under the Companies (Cost Records and Audit) Rules, 2014 under new XBRL Taxonomy at various locations during 21st

and 22nd August. CMA Ashwin Dalwadi & CMA Malav Dalwadi were speakers for the programme. Large numbers of members have attended those programmes.

During August 2015, WIRC has also conducted Career Counselling lectures at two colleges. Details have been published in the Bulletin. As per direction of Ministry of Corporate Affairs, Government of India, WIRC has been conducting Investor Awareness Programmes at various locations in Maharashtra. Detailed list is available with this bulletin.

You might have noticed that recently Indian Banking Association (IBA) has advised its member banks to incorporate our members in the ambit of Stock Audit/ Concurrent Audit of all scheduled banks in India. It is really a welcome move towards extension of horizon of our profession. WIRC has also started meeting appropriate authorities of different banks to make them aware on this development. We strongly believe that our members have strong potential in different fields relating to banking industry. Even our members can undertake Techno Economic Viability study of any project undertaken by different banks. Over and above our members can take active part in Pre-disbursement and Pre-commitment compliance. We assure you that WIRC will continuously meet appropriate authorities of different banks to get the proper millage for our members.

We expressed our views in different members meet that besides 'Cost Audit', which is our key area, our institute must spread its wings into diverse areas of their expertise for the benefit of industry, our profession and society at large, else the very survival of our profession in long run will be under challenge.

I wish members and their families a very happy Ganesh Chaturthi. Let Lord Ganapati bring unending sources of happiness and prosperities for all of us.

With warm regards

CMA Debasish Mitra

Acceptance of Payment by Credit Card at WIRC Office

We are happy to inform you that for the convenience of the Members & Students WIRC has installed Credit card POS terminal. So now onwards the Members and Students can make use of Credit / Debit Card facility available at WIRC office to make the payment of Membership fees, Seminar Fees, Sale of Prospectus etc.

Glimpses of CEP of XBRL organised by WIRC at WIRC, Thane SMFC and Borivali SMFC



CMA Debasish Mitra, Chairman WIRC felicitating CMA A.G. Dalwadi at WIRC Office
CMA Kailash Gandhi, Chairman PD Committee, WIRC look on.



CMA Malav Dalwadi is being felicitated by CMA Chandresh Chhaya at Borivli SMFC



View of audience at WIRC Office



View of members at Thane SMFC

Glimpses of CEPs at WIRC



CS A Sekar interacting with participants during CEP organised by WIRC on 14th August 2015.



CMA Debasish Mitra, Chairman WIRC felicitating CMA Dhiraj Sachdev during CEP organised by WIRC on 7th August 2015

Glimpses of CEP on XBRL filing organized by Ahmedabad Chapter on 08-08-2015



Welcome speech by CMA V H Savaliya, Chairman, Ahmedabad Chapter



CMA V H Savaliya offering bouquet and memento to CMA Malav Dalwadi

GST CORNER

By **CMA Ashok B. Nawal**, CCM-ICAI

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Even though Monsoon Session have become dry and no GST resolution was passed in Rajya Sabha due to chaos made by opposition, NDA Govt. is committed to introduce GST w.e.f. 1st April 2016. Govt officials are fully equipped for introduction of GST which can be observed from following announcement:

1. Revenue Secretary have stated that GST Model Law is finalized and Draft Registration will be ready soon.
2. CBEC have revamp CBEC Website and specifically made a separate tabs for GST
3. Existing Directorate General of Service tax has been renamed to Directorate General of Goods & service Tax and office has been shifted to Delhi
4. Revenue Secretary have confirmed CBEC IT backbone being improved and aligned with GSTN infrastructure
5. CBEC suggests LTUs may be used for registration of certain All India Service providers in GST regime
6. Govt reaches out to Opposition for a Special Session of Parliament; Amendments to be decided on floor of House as stated by Ministry of Parliamentary affairs - Mr. Venkaiyya Naidu

Recent Developments on the GST

Five Committees have been constituted by the Empowered Committee of State Finance Ministers (EC) to deal with the various aspects of work relating to the introduction of GST. The Committees are:

- i. The Committee on the Problem of Dual Control, Threshold and Exemptions in GST Regime;
- ii. The Committee on Revenue Neutral Rates for State GST & Central GST and Place of Supply Rules (A Sub - Committee has been constituted to examine issues relating to the Place of Supply Rules)
- iii. The Committee on IGST & GST on Imports (A Sub - Committee has been set up to examine issues pertaining to IGST model)
- iv. The Committee to examine Business Processes under GST Regime (Three Sub - Committees have been constituted to examine issues pertaining to Registration & Returns, Refunds and Payments)
- v. The Committee to draft model GST Law (Three Sub - Committees have been constituted to draft various aspects of the model law)

The first four Committees have submitted their final reports, which are under consideration of the Empowered Committee / Government of India

CBEC officials, as members of these Committees / Sub - committees, are playing a significant role in the work

relating to design and contours of the proposed GST regime

The meetings of the Empowered Committee are attended by The Nodal Member of the CBEC and other officials

A GST Cell headed by a Commissioner level officer has been created with in CBEC which functions in close coordination with TRU. Three Groups have been constituted by CBEC to work on various aspects of the GST

DG Systems has recently constituted a Steering Committee Steering Committee for implementation of GST System for CBEC. Augmentation in human resources would be necessary to handle such large number of taxpayers scattered across the length and breadth of the country. Capacity building, particularly in the field of Accountancy and Information Technology, for the departmental officers have to be taken up in a big way.

DGST has been renamed as Directorate general of Goods & Service Tax and office has been shifted from Mumbai to Delhi w.e.f. 1st August 2015

Institute of Cost Accountant of India is the Diamond Partner with ASSOCHAM for creating awareness on GST across India and holding seminars at Delhi, Kolkata, Hyderabad, Chennai, Bangalore, Mumbai & Pune and senior officials from CBEC and Revenue are going to address alongwith other experts.

The GST Policy Wing shall act as a policy vertical in the Board under the member (GST). The Policy Wing will deal with all policy matters relating to GST including the related legislation. The Policy Wing will also formulate the CBEC's views on GSTC Secretariat and also matters relating to the subsuming of the various Central Taxes in the GST. Matters related to issues raised in Parliament including Parliamentary Questions connected to GST will be handled by the Policy Wing. It will interact with EC (Empowered Committee) and State Governments and will assist CBEC in finalizing its views in relation to various facets of the GST. It will also act as CBEC's interface with the Trade and Industry on matters relating to GST. Finally, it will also attend to any other matter relating to GST that CBEC may like to assign to the Policy Wing.

The Directorate of GST shall be headed by a Principal Director General and will be headquartered in Delhi. It will primarily function as a think tank acting as an intermediary between the Board and the field formations. It will inter alia discharge functions of research and analysis, capacity building of officers, coordinating with various Directorates of CBEC and State Institutions connected to GST and assist the GST Policy Wing in the Board on all matters related to GST. It will also handle

the transitional issues arising out of the metamorphosis of Service Tax Directorate into GST Directorate.

Hon. Finance Minister have stated in the meeting of Chief Commissioners of Central Excise & Service Tax

"The Central Board of Excise and Customs should be in readiness to implement GST by having model draft laws and IT preparedness. The three legislations - Central GST (CGST), State GST (SGST) and integrated GST (iGST) - will be moved for passage in Parliament after Constitutional Amendment Bill on GST becomes an Act."

He put a premium on training of officers, capacity building and interaction with state governments for effective implementation of GST.

The government is eyeing GST rollout from April 2016.

"It (GST) is going to be extremely friendly to the economy

and businesses. It has the capacity to widen the base and reduce the level of harassment. It has the capacity to add to the country's GDP," he added.

On the rollout preparedness, Revenue Secretary Shaktikanta Das said the exact structure and rate would be finalised by the GST Council.

Even Industry is eagerly waiting for simplified Tax regime.

No sooner, 122nd Constitutional Amendment Bill 2014 is passed in Joint House which is to be scheduled in Sept 2015 then minimum 15 State Govt. have to approve the said bill. Thereafter there will be no difficulty of implementation of GST w.e.f. 1st April 2016.

Let sense of all political parties prevail for overall growth of industry and improve the GDP by min 2%.

Career Counselling Lectures organised by WIRC in the month of August 2015

S.No.	College	Date	Resource Person
1	MMK College of Commerce & Economics, Bandra (W)	8-8-2015	CMA Sukrut Mehta
2	Mahatma Phule Education Society's College of Arts & Commerce, Parel	22-8-2015	CMA Sukrut Mehta

INVESTORS' AWARENESS PROGRAMMES conducted by WIRC-ICAI from April 2015 to August, 2015

As per directions by Ministry of Corporate Affairs

S. No.	Date	Venue	Faculty
1	10th April, 2015	Serum Institute of India Ltd., Hadapsar, Pune	Sudhakar B. Kulkarni
2	16th April, 2015	State Reserve Police Force (SRPF), Group II, Ramwadi, Pune	Sudhakar B. Kulkarni
3	5th May, 2015	Forbes Marshall Private Ltd., Kasarwadi, Pune	Sudhakar B. Kulkarni
4	6th May, 2015	Forbes Marshall Private Ltd., Chakan, Pune	Sudhakar B. Kulkarni
5	21st July, 2015	Kusumagraj Smarak Hall, Gangapur Road, Nasik	Jayant Redgaonkar
6	10th August, 2015	G.R. Patil College, Mumbra	Hemant Kale
7	10th August, 2015	KB College of Arts & Commerce for Women, Thane	Dr. Dilip B. Bhanagade
8	11th August, 2015	D G Ruparel College of Arts, Science & Commerce, Matunga, Mumbai.	Dr. Dilip B. Bhanagade
9	13th August, 2015	Saraswati Vidya Bhavan's College of Pharmacy, Dombivli (East)	Dr. Dilip B. Bhanagade
10	14th August, 2015	Mumbai Institute of Management & Research, Knowledge Centre, Wadala (East)	Hemant Kale
11	11th August, 2015	KB College of Arts & Commerce for Women, Thane	Dr. Dilip B. Bhanagade
12	11th August, 2015	D G Ruparel College of Arts, Science & Commerce, Matunga, Mumbai	Dr. Dilip B. Bhanagade
13	14th August, 2015	Saraswati Vidya Bhavan's College of Pharmacy, Dombivli (East)	Dr. Dilip B. Bhanagade
14	20th August, 2015	Manjunatha College of Commerce & Junior College of Commerce, Thakurli (East),	Dr. Dilip B. Bhanagade
15	22nd August, 2015	MMK College of Commerce, Bandra (West),	Hemant Kale
16	27th August, 2015	H R College, Churchgate, Mumbai.	Hemant Kale



STOCK AUDIT FOR BANKS

By **CMA Harshad S. Deshpande**, RCM-WIRC
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Recently Circular issued by Indian Bank Association (IBA) to consider Cost Accountants for Stock Audit, Risk Based Internal Audit and Other operations. This has opened up opportunities for CMAs to carry out stock audit on behalf of banks. Being the primary security, bankers are interested in assurance about the genuineness, correctness, safety & enforceability of their security. Stock Audit normally conducted as per the Bank's policy at frequent time intervals specifically where the exposure exceeds the predetermined threshold limit (generally over Rs. 100 Lacs).

The main purpose of Stock Audit in banks is to get an assurance on the quality and quantity of loan security. Stock Audit helps in Prevention and early detection of Frauds. The other keys objectives of Stock Audit are :

1. Proper Preservation/storage of Stock.
2. Whether obsolete & non-moving stock has been segregated.
3. Whether stock is adequately insured against all major perils.
4. Whether physical stock confirming with the stock statement submitted to the Banker.
5. Whether stock is owned by Borrower and Finance is made available against value of paid stocks only.
6. Age-wise & Party-wise Book-Debts analysis submitted to the Bankers tallied with the Books.
7. Compliance of terms & conditions of finance
8. Whether a responsible person for safeguarding the Inventories is always present
9. Whether degraded Inventories have been written off
10. Whether adequate safeguards exist against fire and natural calamities

The Procedure followed for Stock Audit is as under:

1. Obtain detailed information from Bank & borrower
2. Conduct actual verification at the borrower's office/site
3. Discuss findings with borrower & Bank Authorities
4. Issuing of Stock Audit Report

Scope of Inventory Audit

The scope of the audit covers all the aspects that have a direct impact on the working capital of the unit as well as the aspects relating to Inventories that have a bearing on the bank finance.

It encompasses the following aspects:

- Physical verification of inventories
- Verification of condition of storage

- Valuation of inventories and pointing out Variances
- Valuation of obsolete / non-moving Inventories
- Age-wise categorization of inventories
- Evaluation of the Inventories management by the company
- Reconciliation of Inventories statements submitted with the accounting records maintained by borrowers particularly, relating to quantity, rate, value of inventories, age, marketability, etc
- Verification and evaluation of sundry creditors indicating separately those relating to Inventories and their relationship with bank finance commenting upon the sources of the raw materials, i.e., whether any credit is available for the material and which of the items are available against cash payments
- Review of the Inventories valuation system
- Age-wise and value-wise qualification of debtors
- Determination of the drawing power
- Determining adequacy of the insurance cover
- Verification of documents/ securities
- Commenting upon the comparative Profitability and Inventories ratio
- Ensuring that the compliance of the terms and conditions of limit sanctioned
- Verification of transactions with sister concerns, unsecured Loans to Directors and others
- Any other matters of interest to the Bank

Relevant RBI Notifications

Regular and ad hoc credit limits need to be reviewed/regularised not later than three months from the due date/date of ad hoc sanction. In case of constraints such as non availability of financial statements and other data from the borrowers, the branch should furnish evidence to show that renewal/ review of credit limits is already on and would be completed soon. In any case, delay beyond six months is not considered desirable as a general discipline.

Hence, an account where the regular/ ad hoc credit limits have not been reviewed/renewed within 180 days from the due date/ date of ad hoc sanction will be treated as NPA.

Relevant RBI Notification

Para 5.3 on Doubtful Assets -

With a view to bringing down divergence arising out of difference in assessment of the value of security, in cases of NPAs with balance of Rs. 5 crore and above stock audit

at annual intervals by external agencies appointed as per the guidelines approved by the Board would be mandatory in order to enhance the reliability on stock valuation. Collaterals such as immovable properties charged in favour of the bank should be got valued once in three years by valuers appointed as per the guidelines approved by the Board of Directors

Relevant RBI Notification

Lending under Consortium Arrangement /Multiple Banking Arrangements - RBI/2008-2009/379 - DBOD No. BP. BC. 110/08.12.001/2008-09 - February 10, 2009 - Annexure 1 - Part II - Certifications of borrowal companies by Chartered

Accountants / Company Secretaries / **Cost Accountants** – Terms of reference for stock audit are to be spelt out clearly by the Banks, so that the Cost Accountants can give focused attention to such areas.

Stock Audit Report

Format for stock audit report may vary from bank to bank.

A stock audit report should cover the following aspects

- Compliance with terms and conditions of sanction.
- Timely & adequate submission of stock statements & other important financial information.
- Drawing power calculations by banks and by the auditors & discrepancies, if any along with the reasons.
- Physical maintenance and storage of stock and adequacy of facilities at the borrowers place.
- Systems / procedures implemented by borrower to identify the slow and non-moving stock items.
- Borrower's Management information system, its adequacy & Internal controls to safeguard stock.
- Method of valuation of stock, time interval for valuation and adequacy & sufficiency of procedures thereof.
- Insurance of stock.

Details to be obtained from Bank

1. Sanction Letter.
2. Stock /Book-Debt Statement for the last 3 months.
3. Last QIS /QMR (i.e. Quarterly Information Statement / Quarterly Monitoring Report).
4. Last Debtors/Stock Statement of the borrower, as normally required by Bank normally on Quarterly/half-yearly basis
5. Bank statement for last 3 months.
6. Copy of constitution of entity i.e. partnership deed, Memorandum/Articles of Association etc., whichever applicable.
7. Balance Outstanding in all accounts of the borrower.
8. Credit Turnover i.e. summation of the account for the last 6 months (excluding cash deposits, transfers from other financial institutions, cheque returns, etc.)

9. Particulars of Collateral Security to be checked.
10. In case of a Company, Copy of Form No. 8 & 32 for creation/modification of charge with ROC.
11. Check Documentation such as Demand Promissory Note, Agreement of Hypothecation, Letter of Acceptance, Letter of continuity, etc.
12. Check Remarks & pending compliances in respect of Internal/ concurrent/ Statutory Auditors.

Details to be obtained from Borrower

1. SA 315 - "Identifying & Assessing the Risk of Material Misstatement through understanding the entity and its environment" It requires that the Auditor should understand the entity & its environment, including entity's internal controls.
To understand following : Relevant Industry, regulatory & other factors. Nature of entity - its operations, ownership & governance structure, accounting policies, related business risks, internal controlsetc
2. Stock/Book-Debts statement as on the date of inspection.
3. Trial Balance or Provisional Balance-sheet as on the date of inspection.
4. Audited financial statements for the last financial year.
5. Insurance Policy, containing Bank Hypothecation Clause, for Primary (i.e. Stock and Book Debts) as well as Collateral Security.
6. Figures of Purchase & Sales for the Last 6 months and also for the current month till the date of inspection.
7. Invoices of Purchase and Sales, Stock Register, Other supporting documents and Overall Internal Control to be checked.
8. Policy of the borrower in respect of Stock levels like reorder level, Minimum & maximum levels etc.
9. Internal control procedures in respect of stock & purchases
10. Method of valuation of stock

Actual Verification of Stock:

1. Stock as per statement to be tallied with books & records
2. Verify excise records like RG23 Part I & part 2, RG1 etc.
3. Identify stock for more than 180 days, non moving/slow & rejected items from stock register.
4. Observe & verify physical maintenance and storage of stock and adequacy of facilities at the borrowers place.
5. Systems / procedures implemented by borrower to identify the slow and non moving stock items.
6. Borrower's Management information system, its adequacy & Internal controls to safeguard stock.
7. Are surplus and scrap items properly recorded and controlled?

8. Are inventory records kept up- to-date for all materials?
9. Method of valuation of stock, time interval for valuation and adequacy & sufficiency of procedures thereof. Stock generally valued at average sales price less G.P. or net realisable value whichever is less or any other relevant valuation method followed.
10. Reconcile value of stock submitted as per the statement as on the date of inspection with last stock statement submitted (Stock as per last statement + purchases during the period - cost of sales for the same period)
11. Arrive at Drawing Power - Net paid stock less prescribed margin (Net paid stock = Stock as per statement - creditors for purchases - obsolete/ non moving stock)
12. Stock against which pledged facility is given should not be considered for DP of normal facility.

Other factors to be verified

13. In case of pledge facility, verify stock records kept, security arrangements for stock, requisitions for release of stock against receipt / deposit of amount, insurance arrangements etc..
14. In case of bills discounting facility, proper accounting, recovery of charges, recovery of bills on due dates, discounting only of bills against which goods have actually been delivered to the customer.
15. Project Finance - period of finance, utilisation of funds, receiving of funds in proper time, no over run of time as well as costs etc...
16. Adequate Insurance of stock & collateral securities
17. Bank's name plate displayed or not
18. Operations in the account w.r.t. QIS/ MIS & Audited accounts submitted by the borrower.
19. Other details as may be specified by the Bank.

As a good practice discuss the findings with the borrower & bank before submission of report.

Submit report to the Bank only. No specific format. Formats are sometimes specified by the bank. Points to be covered in reports normally are as follows:

1. Compliance with terms and conditions of sanction.
2. Timely & adequate submission of stock statements & other important financial information.
3. Account operations - overdrawing, credit summation and cash withdrawals.
4. Drawing power calculations by banks and by the auditors & discrepancies, if any along with the reasons.
5. Physical maintenance and storage of stock and adequacy of facilities at the borrowers place.
6. Systems / procedures implemented by borrower to identify the slow and non moving stock items.
7. Borrower's Management information system, its adequacy & Internal controls to safeguard stock.
8. Method of valuation of stock, time interval for valuation and adequacy & sufficiency of procedures thereof.

9. Adequacy of Insurance of stock, Bank's clause, address on insurance, Comprehensive policy covering all kind of risks etc.

Common irregularities observed in stock audit :

1. Stock statements, QIS not submitted in time
2. Statements not submitted in prescribed format or with inadequate details
3. Statements submitted not certified by management.
4. Statements submitted includes Debtors more than 90 days or non moving/ slow/rejected stock.
5. Stock includes that received for labour job.
6. Wrong calculation of DP
7. Statement as submitted does not match with Audited financials.
8. Wrong address on insurance policy.
9. Inadequate/ under insurance
10. Collateral security not insured.
11. No Bank's clause on insurance policy.
12. Improper valuation of stock.
13. Stock/ book debts figures as per ledgers & that as per statements not tallying.
14. Bank's name plate not displayed.
15. Amounts receivable from sister & associate concerns included in receivables
16. Stock register not maintained/ updated regularly.
17. Stock of all locations not considered in statement.
18. Stock of all locations not covered by insurance.
19. Balance allowed though within limit is below the DP.
20. Statements submitted by the borrower never scrutinised by the Bank & filed as it is.
21. Turnover/ sales/ receipts routed through other banks - operations with other banks without permission/ sanction of bank
22. Operations in account not scrutinised with QIS, projections & Audited statement of accounts.
23. Diversification of funds for purpose other than sanctioned for.
24. Capital investments from cash credit account.
25. Deficiencies as pointed out by internal/ concurrent & statutory auditors not properly attended.
26. Charge not registered with ROC
27. Accounts not updated

By the latest circular of IBA, CMAs can start approaching the Banks and Financial Institutes for Empanelment for Stock Audit. There are good number of banks & their branches carrying out Stock Audits, so it will open up big area for practice. Generally such empanelment are done at Zone / Head office level. With the better analytical skills , knowledge of operations and good command over Inventory Management CMAs can definitely carry on Stock Audits in very effective way. This will bring lot of Value addition not only to bank but also can benefit the borrower in finding out the lapses and leakages in Inventory.



SUPPLIES TO DEEMED EXPORTS – ISSUES OF VALUATION

By **CMA Ashok B. Nawal, CCM-ICAI**
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Chapter 7 of Foreign Trade Policy 2015-2020 covers the Deemed Exports. Supplies by manufacturers to the following are considered as Deemed Exports:

- a. Supply of goods against Advance Authorisation / Advance Authorisation for annual requirement / DFIA;
- b. Supply of goods to EOU / STP / EHTP / BTP;
- c. Supply of capital goods against EPCG Authorisation;
- d. Supply of marine freight containers by 100% EOU (Domestic freight containers-manufacturers) provided said containers are exported out of India within 6 months or such further period as permitted by customs;

Such supplies are eligible for:

- a. Advance Authorisation / Advance Authorisation for annual requirement / DFIA.
- b. Deemed Export Drawback.
- c. Refund of terminal excise duty, if exemption is not available.

In other words, if supply has been made against above, those manufacturers are entitled to import duty free raw material, components, parts etc. etc. and do not pay import duty on such material. Thereby the price / transaction value is not the sole consideration of the value of goods supplied.

In view of the above:

Issue for consideration is as to whether it would constitute 'additional consideration' received by the assessee as per the definition of 'transaction value' contained in Section 4 of the Act read with Rule 6 of the Rules. We, therefore, shall reproduce the relevant portion of the provisions of Section 4 which existed at the material time, which read as under:

"4. Valuation of excisable goods for purposes of charging of duty of excise:

- (1) Where under this Act, the duty of excise is chargeable on any excisable goods with reference to their value, then, on each removal of the goods, such value shall -
 - (a) in a case where the goods are sold by the assessee, for delivery at the time and place of the removal, the assessee and the buyer of the goods are not related and the price is the sole consideration for the sale, be the transaction value.

xxxxxx

- (d) "transaction value" means the price actually paid

or payable for the goods, when sold, and includes in addition to the amount charged as price, any amount that the buyer is liable to pay to, or on behalf of, the assessee, by reason of, or in connection with the sale, whether payable at the time of the sale or at any other time, including, but not limited to, any amount charged for, or to make provision for, advertising or publicity, marketing and selling organization expenses, storage, outward handling, servicing, warranty, commission or any other matter; but does not include the amount of duty of excise, sales tax and other taxes, if any, actually paid or actually payable on such goods."

As is clear from the reading of the aforesaid provision, the duty of excise is chargeable on the excisable goods with reference to the value of such goods. Generally, the price of the goods, i.e. the price at which such goods are ordinarily sold by the assessee to a buyer is to be the value of the goods. This value is called the 'transaction value'. The Central Government has also framed the Rules which, inter alia, lay down the provisions for determination of value. Rule 6 thereof, with which we are specifically concerned, reads as under:

"RULE 6. Where the excisable goods are sold in the circumstances specified in clause (a) of sub section (1) of section 4 of the Act except the circumstance where the price is not the sole consideration for sale, the value of such goods shall be deemed to be the aggregate of such transaction value and the amount of money value of any additional consideration flowing directly or indirectly from the buyer to the assessee.

Explanation. - For removal of doubts, it is hereby clarified that the value, apportioned as appropriate, of the following goods and services, whether supplied directly or indirectly by the buyer free of charge or at reduced cost for use in connection with the production and sale of such goods, to the extent that such value has not been included in the price actually paid or payable, shall be treated to be the amount of money value of additional consideration flowing directly or indirectly from the buyer to the assessee in relation to sale of the goods being valued and aggregated accordingly, namely:

- i. value of materials, components, parts and similar items relatable to such goods;
- ii. value of tools, dies, moulds, drawings, blue prints, technical maps and charts and similar items used in the production of such goods;
- iii. value of material consumed, including packaging

materials, in the production of such goods;

- iv. value of engineering, development, art work, design work and plans and sketches undertaken elsewhere than in the factory of production and necessary for the production of such goods." Even when these goods are sold by the assessee at different prices to different classes of buyers (not being related persons), each such price is to be deemed to be the normal price of such goods in relation to each class of buyers. However, as per the definition of 'transaction value' contained in this very section, i.e. Section 4(3)(d), certain charges can be added to the price at which the goods are actually sold, under certain circumstances.

These include the provision for advertising or publicity, marketing and selling organization expenses, storage, outward handling, servicing, warranty commission etc. However, Rule 6 of the Rules specifies that if the goods are sold in the circumstances specified in clause (a) of sub-section (1) of Section 4, then the value of such goods shall be deemed to be the aggregate of such transaction value plus the 'amount of money value of any additional consideration flowing directly or indirectly from the buyer to the assessee'. The implication of this Rule is that any form of additional consideration which flows from the buyer to the assessee, monetary value thereof is to be included while arriving at the transaction value. It is not necessary that such an additional consideration is to flow directly and even indirect consideration is includible.

Hon. Supreme Court have agreed with the views of Commissioner, Central Excise and which was upset by the Tribunal and not disputed by the assessee in the case of Commissioner of Central Excise, Nagpur-I Vs. M/s. Indorama Synthetics (India) Ltd. [Civil Appeal No. 1834 of 2006] that we would like to recall the following findings arrived at by the Commissioner, which are not upset by the Tribunal in the impugned decision or even disputed by the assessee:

- a. The assessee had supplied goods to a particular type of buyers at much lower price than the price charged from the general buyers in the normal course of trade as it had obtained the facility of invalidating of advance licences from such buyers and procured imported raw material (duty free) against such licences for manufacturing of finished goods. It is, therefore, alleged that the assessee and the buyers had mutuality of interest in the business of each other and there was a flow back and the price was not the sole consideration for sale in these cases in accordance with the provisions of Section 4(1)(a) of the Act.
- b. Therefore, they were related persons in terms of provisions of the erstwhile Section 4(4)(c), presently Section 4(3)(b)(iv) of the Act.
- c. It is observed that para 7.7 of the EXIM Policy on Advance Release Order speaks of mutuality of interest as the assessee had procured duty free imported raw materials against invalidation of advance licence of

the consignees and in turn it sold the finished goods to the said consignees at lower prices as compared to other normal buyers. Thus, the price was not the only consideration.

- d. Once the advance licence is invalidated, the said clearance to the buyers who were earlier holding the said licences need not be treated as deemed export and rightly the assessee had cleared the said goods to such buyers on payment of excise duty, but at lower value than the clearance made to the normal buyers. Thus, the assessee appeared to have derived double benefits in these transactions, i.e.
 - a. enhanced sale and paid less duty on lower value; and
 - b. imported duty free raw materials.
- e. In this case, the right to procure duty free imported raw material is being transferred to supplier by the buyer. This indicates the flow back of additional considerations from the buyer of the said goods to the seller, which is the assessee. On the facts of this case, we are of the opinion that the Commissioner has rightly come to the conclusion with regard to the fact that additional monetary consideration, in addition to the price being paid for the goods, i.e. transfer of advance import licence in favour of the seller by the buyer enabling the seller of the goods to effect duty free import of the raw materials and bringing down the cost of production/procurement, is a consideration, the monetary value of which has to be considered under the provisions of the Rules, i.e. Rule 6 thereof.

To conclude, this judgement of Hon. Supreme Court have lot of impact in the following circumstances:

- a. **Supply against CT-3 to EOU / EHTP / BTP / STP:** Such EOU / EHTP / BTP / STP procures the goods duty free in accordance with notification no. 22/2003 CE Dtd. 31.03.2003 and debit in the B-17 Bond to the extent of duty forgone. The duty forgone is calculated based on the transaction value and rate of duty applicable. Supply to EOU / EHTP / BTP / STP is considered as Deemed Export and Manufacturer Supplier is entitled to obtain Advance Authorization, EPCG Authorization and avail the duty exemption. Such duty exemption will be considered as additional flow back in accordance with Rule 6 of Central Excise (Determination of Value of Excisable Goods) Rules 2000 and thereby bond amount is less debited which may unnecessarily lead to litigation even though CT-3 is issued by EOU unit and CT-3 covers only quantity and not the value but unnecessary litigations may arise.
- b. **Supply against Advance Authorization / ARO:** Para 7.04 of Foreign Trade Policy 2015-2020 provides benefits of Terminal Refund of Excise Duty only in the case where, there is no exemption under Central Excise. In the present case, supply is made against ARO, excise duty is payable and therefore valuation of such goods supplied against ARO will have the impact of the above decision and hence any custom

duty benefit availed by such manufacturer should be considered as additional flow of consideration.

- c. Supply against DFIA : Para 7.04 of Foreign Trade Policy 2015-2020 provides benefits of Terminal Refund of Excise Duty only in the case where, there is no exemption under Central Excise. In the present case, supply is made against DFIA, excise duty is payable and therefore valuation of such goods supplied against DFIA will have the impact of the above decision and hence any custom duty benefit availed by such manufacturer should be considered as additional flow of consideration.

Conclusion:

1. EOU / STPI / BTP / EHTP Unit should include in the CT-3 value of custom duty forgone by the supplier, when goods are procured from supplier who is availing the benefit of Advance Authorization / DFIA / Deemed

Exports Duty Drawback and such value of CT-3 to be enhanced and supplier should include the value of duty forgone in the goods supplied to the EOU and thereafter further reduce the said amount of duty forgone and B-17 Bond to be debited on the excise duty on the value inclusive of duty forgone.

2. If goods are supplied against ARO, customs duty forgone should be added in the assessable value and thereafter duty has to be paid. However, the same can be obtained under refund from DGFT as per para 7.03 of the Foreign Trade Policy 2015-2020 or recipient can avail cenvat credit and there is no loss.
3. If goods are supplied against ARO, customs duty forgone should be added in the assessable value and thereafter duty has to be paid. However, the recipient is eligible to avail cenvat credit or can take the drawback of Excise Duty paid.

CEP Report

WIRC organised CEP on Filing of Cost Audit Report under the Companies (Cost Records and Audit) Rules, 2014 under new XBRL Taxonomy at WIRC on 21st August 2015 and Thane & Borivali SMFC on 22nd August 2015. CMA Ashwin Dalwadi & CMA Malav Dalwadi were the speakers for the programme.

Large number of members attended the programme.

The Hitavada

RAIPUR ■ Tuesday ■ August 25 ■ 2015

ICAI mainly provides industry based services, says Bhattad

■ Our Correspondent
BILASPUR, Aug 24

"THE Institute of Cost Accountants of India (ICAI) is the single statutory organisation set up under the Act of Parliament. There are about 68,000 members in ICAI of which 3000 are practitioners and the remaining in service. All the members are voters who elect the new body in democratic process after every four years. ICAI also conducts placement for the candidates and the success rate is more than 50 per cent", asserted National President of ICAI P V Bhattad while interacting with media persons in a conference held here on Sunday.

Bhattad said that they mainly provide industry based services and are also members of four international bodies. Besides headquarter in Kolkata ICAI is spread in four regions with 96



P V Bhattad addressing the press meet while Regional Secretary Sriram N Mahankaliwar and President of Bilaspur Chapter Dipak Mehra looks on.

chapters in India and nine in other nations. He said that the companies with more than Rs.100 crores turnover has to undergo cost audit. ICAI manages optimum utilization of resources to improve profit and market competitiveness. He said that institute has been continuously contributing to the growth of the industrial and economic climate of the country. "It is the only recognized statutory professional

organization and licensing body in India specializing in exclusively in Cost and Management Accountancy", he pointed. The main objectives of the institution are to develop the Cost and Management Accountancy function as a powerful tool of management control in all spheres of economic activities by promoting the adoption of scientific methods in Cost and Management Accountancy.

"The institute develops a professional body of members and equips them fully to discharge their functions and fulfill the objectives of the institute in the context of the developing economy by keeping them abreast the latest professional developments and incorporating such changes that are essential for sustained vitality of the industry and other economic activities", informed. Bhattad further said that ICAI envisage a major role towards achieving the right competitiveness with interest ensure that the industry is given the right help wherever necessary. "The institute helps in evaluating cost benefit analysis of infrastructure projects in fixing up tariff for different services and developing viable and affordable model to arrive at a right price for the projects under PPP model", he added.

Reproduced below the Article published in Industrial Products Finder – July 2013

TECHNOLOGY

Making Poly Fuel From Plastic

By Huned Contractor

Pune-based Rudra Environmental Solution India Ltd has taken a lead in the designing and setting up of a plant that converts all kinds of plastic waste into poly fuel that can be used for furnaces and boilers

An environmentalist at heart, Pune-based entrepreneur Shirish Phadtare's second love is trekking and photography. He's, in fact, just returned from Leh and Ladakh where he says the snowfall had almost threatened to prevent his return on time. The wall of his office is adorned with framed pictures of tigers, deer, and other wild animals, which he has shot in the Kanha Tiger Sanctuary. But then what's his first love? It's a new business venture that will turn plastic garbage into fuel with the help of a machine that he and his partners have designed and put into operation. Rudra Environmental Solution India, the company set up for this purpose, has set up its first plant at Jejuri near Pune to convert plastic waste into poly fuel through a process called pyrolysis.

Pyrolysis, Phadtare explains, is the thermo-chemical decomposition of organic material at elevated temperatures in the absence of oxygen or any halogen. It involves the simultaneous change of chemical composition and physical phase, and is irreversible. Pyrolysis



is a type of thermolysis, and is most commonly observed in organic materials exposed to high temperatures. It is one of the processes involved in charring wood, starting at 200-300°C. It also occurs in fires where solid fuels are burning or when vegetation comes into contact with lava in volcanic eruptions. In general, pyrolysis of organic substances produces gas and liquid products and

leaves a solid residue richer in carbon content, char, which can be used for tarring of roads. Extreme pyrolysis, which leaves mostly carbon as the residue, is called carbonisation.

Pyrolysis differs from other high-temperature processes like combustion and hydrolysis in that it usually does not involve reactions with oxygen, water, or any other reagents. "Anhydrous pyrolysis can also be used to produce liquid fuel similar to diesel from plastic waste, with a higher cetane value and lower sulphur content than traditional diesel. Using pyrolysis to extract fuel from end-of-life plastic is a second-best option after recycling, is environmentally preferable to landfill, and can help reduce dependency on foreign fossil fuels and geo-extraction," he adds. Using this principle, and after almost five years of trial and error, Rudra Environmental Solution India now has a fully operational plant with a capacity for 200 kg of plastic waste that can, in optimal conditions, produce about 100 litres of poly fuel.

Such a plant costs a minimum of Rs 38 lakh for continuous processing and Rs 32 lakh for batch processing. "We can use about 25-30 kg of plastic per hour in the continuous process machine. The output will depend on the quality of plastic used, as for example the condition of the plastic bags or the water bottles, etc," Phadtare elaborates. For the company, one business alternative was to design and set up such plants for others while the second was to make the fuel themselves. Phadtare and his partners chose the latter. "Our commercial fuel production will start from next month and we aim to target those manufacturers who are currently using furnace oil in their boilers. "We have already produced fuel during our trial runs and sold it at Rs 40 a litre. According to our calculations, the return on investment can start within four to five years," Phadtare reveals.



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TECHNOLOGY

But what about the raw material? How does the company plan to collect as much as 200 kg a day of plastic waste? Phadtare admits that this is a big challenge. "We approached the Pune Municipal Corporation to get the plastic waste from them, which is collected from as many as 14 wards across the city. This would have also solved their problem of disposing the waste. Also, burning plastic in the open is dangerous for health since it is one of the biggest pollutants. However, the PMC is yet to accept our offer. Therefore, we have devised an ingenious way to collect the raw material on our own," he replies.

The company has set up a team to collect plastic bottles, polythene bags, food packages, soiled plastic, etc., from around 1,300 households in various parts of the city. "We ask the residents to keep the plastic aside and we pick it up free of cost," says Medha Tadpatrikar, a partner with the company.



It's a huge cost that is being borne by the company for lack of any other option. "If only the civic body would chip in, we can start a plant to convert 9,000 kg plastic a month into 5,400 litres of fuel. This would be profitable for both us and the PMC or any other civic body," Phadtare points out.

Interestingly, the idea to dispose off plastic in a suitable way first came to Phadtare's mind when he was at the Kanha Tiger Sanctuary. "I was a witness to a case of the death of three deer at the sanctuary, the cause of which was their having gorged on plastic," he recalls. In 2008, Phadtare, who is a cost accountant by profession and runs a food processing plant, met up with two friends who were chemical engineers with the National Chemical Laboratory, and proposed the idea of disposing plastic waste in a non-polluting way and generating a more useful by-

product. With information obtained from the Internet and other sources, Phadtare and his team first came up with a mini plant, which processed about 15 plastic bags to produce 5 ml of poly fuel.

"Elated by our success, we scaled up the operations and went on increasing the size of the plant till we finally reached 200 kg processing capacity. This was necessary because the plant would have to be commercially viable," Phadtare says. Can the fuel also be used for vehicles? Phadtare admits that he has tried it for his scooter and there have been no problems so far. "However, the use of poly fuel for vehicles would be a grand and complicated task because it would involve the big oil companies, the government, vehicle manufacturers, dealers, and so on, each with huge stakes that wouldn't necessarily be in favour of substituting petrol or diesel with poly fuel," he says.

Certain civic bodies though have begun to express interest in the plant and demos have been conducted for the municipal corporations of Katraj and Matheran. Meanwhile, so gripped is Phadtare with the idea of turning all kinds of waste into useful products that his company has devised yet another prototype that converts wet garbage into manure. "We just have to add a little culture for this process and it can be done in homes too for which we have designed special drums of 35 kg and 50 kg. These are priced at Rs 1,600 and Rs 2,000 and are already selling well," Phadtare says. There are more such projects in the pipeline and as Phadtare puts it, "It's business but it's also our way of saving the world from environmental degradation."

Rudra Environmental Solution India Ltd., B-1, Minar Apartments, 124/1, Erandvane, Low College Road, Pune - 411 004. Tel: 020-25448900. E-mail: rudraensolution@gmail.com.

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Application of Cost Accounting Principles To Ascertain Cost of Cooling Water

CMA Rajesh Kapadia

Any company usually has its own Cooling Water Plant to meet its requirement for Manufacturing Process (i.e. for Reactors), Refrigeration, HTM , DG Set, AC Unit of DCS, Air Compressor etc.

It is imperative for the CMA Department to ascertain the cost of Cooling Water generated by Cooling Water Plant to charge Cooling Water Cost to Manufacturing Process, Refrigeration Plant, HTM Plant, AC Unit of DCS, Air Compressor etc & ultimately to Final Products as well as to monitor, control & reduce cost of Cooling Water.

This cost can be ascertained by preparing Cost Sheet as exhibited in Annexure-I

Following Cost Accounting Principles should be followed at the time of Preparation of Cost Sheet.

(1) Monthly Report by Cooling Water Plant

Every Month Cooling Water Plant submits its monthly report to CMA Department in which following data are mentioned.

Make Up Quantity of Cooling Water

Particulars of Chemicals Consumed by Cooling Water Plant

Quantity of Raw Water / Filtered Water Used

Electricity (Kwh) Used

Cost Centrewise Consumption of Cooling Water

(2) Quantity & Value of Chemicals Consumed

Quantity of Chemicals will be available in the Monthly Cooling Water Plant Report.

There will be separate accounts code for Chemicals used for Cooling Water Plant. Value for these Chemicals can be picked up from amount appearing against these accounts codes.

(3) Cost of Electricity

Usually Electrical Department submits Monthly Report to CMA Department showing Cost Centrewise Consumption of Electricity in which Electricity Consumption for Cooling Water Plant will be mentioned separately.

Same electricity units will also be mentioned in Monthly Report for Cooling Water Plant.

Electrical Department quantifies Cost Centrewise Consumption of Electricity either through actual Meter Reading or through Technical Estimates.

Here CMA Department can advise the management to put up Meters to exactly quantify Cost Centrewise Consumption of Electricity.

For Value of Electricity, usually CMA Department prepares one working sheet showing sourcewise electricity units & value & its weighted average rate. So, this weighted average rate of electricity will appear in the Cooling Water Plant Cost Sheet.

(4) Cost of Raw Water / Filtered Water

There can be following four types of situations :

(a) Raw Water is used in Cooling Tower which is procured from Borewell.

In this situation, Value of Electricity consumed for Borewell & Salary of Operator kept for running Borewell will appear as Cost of Raw Water in the Cost Sheet

(b) Raw Water is used in Cooling Water which is purchased from Outside Party

In this situation, proportionate value of Raw Water used in Cooling Water Plant will be worked out which will appear in Cost Sheet.

This is because, Raw Water is usually used for many purposes including that for drinking water etc.

So, its value for Cooling Water needs to be worked out based on quantity of Raw Water used for Cooling Water

(c) Raw Water is used in Cooling Water Plant which is partly procured from Borewell & partly purchased from outside

In this situation, CMA Department will prepare separate working sheet showing the cost of Raw Water from Borewell, cost of Raw Water procured from outside & Weighted Average Cost of Both.

(d) Filtered Water is used in Cooling Water

In this situation, value of Filtered Water used in Cooling Water will be available in Filtered Water Cost Sheet

(5) Cost of ETP Plant

It will be available in ETP cost Sheet

(6) Cost of Employees

There will be some operators who only look after Cooling Water Plant. Their salary will be directly allocated.

Salary of Supervisory Staff, Executives who look after Cooling Water Plant as well as some other Utilities also will be apportioned to Cooling Water Plant on the basis of Technical Estimates of Time Spent.

Similarly, salary of Maintenance Staff who look after Cooling Water Plant as well as other Utilities will be apportioned between Cooling Water Plant & other Utilities on the basis of Technical Estimates.

(7) Consumable Stores

The CMA Department will allot separate Cost Centre for Cooling Water Plant.

All Consumable Stores issued to this Cost Center will appear in Cost Sheet as Consumable Stores.

(8) Repaires & Maintenance

Any Repaires & Maintenance carried out for Cooling Water Plant during the month will be booked against Cost Centre of Cooling Water Plant and will appear in Cost Sheet of Cooling Water Plant as Repaires & Maintenance.

(9) Insurance

It will be available from Insurance Section. They have the records of Sum Insured for all Cost Centres & Premium Payable / Paid for all Cost Centres.

(10) Depreciation

It will be available from Central Accounting Section as that section maintains Fixed Asset Register.

For expenditure mentioned in (6) to (8) above, CMA Department should ensure that there is no incorrect booking of expenses against Cost Centre of Cooling Water Plant i.e. expenses pertaining to other Cost Centres should not be booked against Cost Centre of Cooling Water Plant.

For expenditure mentioned in (7) & (8) above, if expenditure in any given month is substantially high as compared to expenditure incurred in previous months then CMA Department should discuss the same with Head of Cooling Water Plant & if during such discussion, if it is found that it pertains to some other Cost Centres and that it is wrongly booked against the Cost Centre of Cooling Water Plant then necessary corrections should be made both in Financial Accounts & in Cost Accounts.

When the above mentioned Cost Accounting Principles are followed for preparation of Cost Sheet of Cooling Water Plant, it will result in ascertainment of cost of Cooling Water with reliability & exactness.

Annexure-I – Filtered Water Cost Sheet for the Month of

	Unit	Qty.	Variable Cost		Fixed Cost		Total Cost		
			Rate	Total Rs.	Rate	Total Rs. Lacs	Rate	Total Rs. Lacs	%
Make up Water for Cooling Water	Klt								
Cost Particulars :									
(I) Chemicals :									
1 Chlorine	Kg								
2 I - 9443	Kg								
3 I - 9077	Kg								
4 I - 9053	Kg								
4 I - 7106	Kg								
5 Sulphric Acid	Kg								
(II) Electricity	Kwh								
(III) Filtered Water	Klt								
(IV) ETP	Klt								
(V) Salaries & Wages									
(VI) Cons. Stores									
(VII) Repaires & Maint.									
(VIII) Depreciation									
(IX) Insurance									
Total Cost									100%
Cost/Unit									

Cooling Water Used In :	Kg/hr	%	klt/month
Process	728573	45%	
Refrigeration	329510	21%	
HTM	240289	15%	
DG	Set	190102	12%
AC Unit of DCS	63367	4%	
Compressor	48159	3%	
	1600000	100%	

CHAPTER NEWS

AHMEDABAD

CEP Program on "Reporting under the Company's Cost Accounting and Audit Rules 2014 and XBRL filing" was organized on 08/08/2015. CMA V H Savaliya, Chairman welcomed speaker and members. The Chairman felicitated speaker by presenting memento and bouquet. The session was in two parts

First session was taken by CMA Ashwin Dalwadi. He had highlighted the various aspects of cost audit report and requirement of data under each para. He had also highlighted some points which are not possible to fill up like Product wise / CETA heading wise installed capacity, CETA heading wise utilization of capacity, quantitative details in Part -C Service Industry cost sheet,

No provision of disclosing WIP in service industries like Construction where only WIP is there. Another area was covered under ratio analysis. Under this Para there is no guidelines to provide details of Fixed Assets whether normal or average of 2 years etc.

Second session was taken by CMA Malav Dalwadi. He had highlighted new features included along with new requirement under each Para like Comments of Audit committee, 'data entry features of n' number of cost sheets data its view and printing and some features which are necessary to enter for generating errorless XBRL Report.

At the end of session member have asked various question which were answered by CMA Ashwin Dalwadi and CMA Malav Dalwadi.

The session was well attended by members. CMA Manish Analkat, Secretary proposed vote of thanks.

BILASPUR

Chapter had arranged one day CEP Program on 23-08-2015 at Hotel Ananda Imperial, Bilaspur. On the occasion Chapter also felicitated CMA P.V. Bhattad, President of the Institute and CMA Shriram Mahankaliwar, Secretary, WIRC.

CMA Mahankaliwar broadly discussed the activities of WIRC and plan program of WIRC for development of costing profession particularly for Chhattisgarh state. He also met with individual student of chapter and gave guidelines to students how to qualify the ICAI-CMA exam. About 80 members from Bilaspur, Raipur, Korba, Raigarh and other surrounding area was present.

Mr. R. Ganesh, student of Bilaspur Chapter of Cost Accountants has secured 2nd position in all India rank for Final Examination. Ms. Tania Mondal of Bilaspur also got 44th all India rank.

BHILAI

Workshop on Service Tax

A workshop on Service Tax has been held in a glittering ceremony on 22nd August 2015 in CMA-Bhavan, Civic Centre-Bhilai. CMA N. K. Kapila, ED (F&A)-Bhilai Steel Plant was the Chief Guest on the occasion. He explained the growing importance of Service Tax in the present economy and expected that Cost Accountants would play an important role in compliance of service tax provisions. CMA S.N. Mahankaliwar, Chairman-Nagpur Chapter of Cost Accountants and Secretary-Western Region of Institute of Cost Accountants of India explained various schemes of ICAI and also desired that Cost Accountants should be called upon to conduct VAT Audit in the State of Chhattisgarh. CMA Ashish Agrawal, Secretary Bhilai Chapter delivered Secretarial Report and explained various kind of activities being carried out by Bhilai Chapter since inception.

CMA B. N. Agrawal, Chairman-Bhilai Chapter while welcoming the guests beautifully expressed that behind every successful business decision there is always a CMA. CMA B. N. Agrawal was also the key speaker of the Workshop who with humorous examples and simple words explained the salient provisions of the Service Tax Law like Cenvat Scheme, Abatement provisions, Negative and Exemption List, Application of Works Contract Service, Liability in case of Reverse Charge Mechanism etc.

The Workshop was attended by large number of participants represented by members of ICAI from Bhilai and Raipur besides senior officers of Bhilai Steel Plant and students who took keen interest in the Workshop. The Workshop was nicely conducted by CMA Abhishek Kochar and ended up with vote of thanks proposed by CMA S. Senthilkumaran.

NAGPUR

Chapter organised a Workshop on "Goods & Services Tax" (GST) on 27th June, 2015 at Nagpur Chapter premises, CMA N.P. Viswanathan was the speaker who delivered the above subject. 43 members were attended the programme.

PUNE

Flag Hoisting

Chapter had organized celebration of "Independence Day" on 15-08-2015. The flag hoisting ceremony was held at Pune Chapter Terrace at 8.00 am. The flag was hoisted by CMA Anant Dhavale, Chairman - ICAI-Pune Chapter. Students, staff members, Managing Committee members, RCM, Past Presidents, other members and representatives from Lokbiradari Mitra Mandal, Pune were present in majority. After Flag Hoisting the Chairman delivered a speech on how one has to optimize the resource utilization and it's our role, as a CMA to ascertain the same. As Pune chapter always shares its responsibility towards social welfare, there was a small

presentation given by Lokbiradari Mitra Mandal Pune, on HEMALKASA and work done by Dr. Prakash Baba Amte. They appealed the audience to be a part of this initiative. The ceremony ended with offering snacks and tea to the attendees.

CEP REPORT 22-08-2015

Chapter organised a CEP on 22nd August 2015, on 'GST Overview' at S. M. Joshi College, Hadapsar, Pune. CMA V. S. Datey, a well known Indirect Tax Consultant and Author of many related books, from Pune was the Speaker for this programme.

CMA V. S. Datey gave overview of Goods and Service Tax (GST). He explained how "IGST and concept of 'supply' instead of 'sale' are the game changers" in new GST. He discussed the salient features, benefits and shortcomings of GST. Our honorable speaker added the importance of role of professionals in implementation of GST.

The question answer session made the programme more interactive. CMA Datey replied all the queries with suitable examples and explaining the definitions. He made the session more live with his crispy comments.

The programme was attended by our members, professionals, Indirect Tax Practitioners, students etc in large number.

SURAT-SOUTH GUJARAT

Independence Day Celebration

Surat South Gujarat Chapter celebrated 69th Independence Day at the campus of CMA Bhawan, Ritz Square, GhodDod Road, Surat. CMA Manubhai Desai, Chairman of the Chapter hoisted the Flag, addressed the students and members. After the Flag hosting, students of the Chapter sang patriotic songs. Group Discussion for students and members on the topics like (1) "Role of CMA's in Make in India" (2) "Beti Bachao Beti Padhao" was arranged on the occasion. Chapter facilitated CMA Ankit Kagalwala and CMA Gaurang Koladiya for their Promotions in their jobs. CMA Jitendra T. Parmar, Secretary and CMA Nanty Shah, member of the Chapter co-ordinated the programme.

CEP on "XBRL TAXONOMY 2015"

A CEP on "XBRL TAXONOMY 2015" was organized by Surat South Gujarat Chapter of Cost Accountants on 03-09-2015 at Chapter's Office. CMA Manubhai K. Desai, Chairman of the chapter welcomed the CMA Ashwin Dalwadi from Micro Vista, Ahmadabad, a Faculty of the CEP, who dealt in details about the XBRL Taxonomy 2015. Members from service and practice including, CMA B F Modi from vapi participated actively in the CEP Programme. Students who passed final exam of June 2015 term also joined CEP. Vote of thanks was presented by CMA Nanty Shah, Member of the Chapter.

Felicitation of successful students at JUNE 2015 term Exam

25 students were declared successful at final exam June

2015 from the chapter also 28 students cleared intermediate exam. They were invited for felicitation-cum-get together function by the chapter on 03-09-2015 at 5:30 p.m. at the Chapter's office.

CMA Manubhai K. Desai, CMA Dr. Heena Oza, CMA B F Modi and CMA Ashwin Dalwadi complimented and guided the students who passed the examination.

PUNE CENTRAL STUDY CIRCLE

'Pune Central CEP Study Circle formed under the guidelines of the Institute of Cost Accountants of India organized its second function on 22nd August 2015. CMA Prakash Sevekari delivered a lecture on the topic 'Skills and attributes required to become successful in employment as well as professional practice' for three hours. Members who attended the program got the guidance as to what path needs to be followed to become successful either in employment or in practice. The speech was a unique experience. CMA Prashant Vaze, convener of the Study Circle, Rahul Bharam, Deputy Convener along with Advisory committee members, CMA Arvind Paranjape, CMA Rajendra Pardeshi, and CMA Varsha Limaye arranged the function.

* * * * *

'Pune Central CEP Study Circle formed under the guidelines of the Institute of Cost Accountants of India organized its third function on 23rd August 2015. CMA Ashwin Dalwadi and CMA Malav Dalwadi, practicing members from Ahmadabad delivered a lecture on the topic 'Filing of Cost Audit Report under the Companies (Cost Records and Audit) Rules, 2014 under new XBRL Taxonomy', for three hours. Members who attended the program got the introduction of new XBRL Taxonomy which would be utilized henceforth for filing Cost Audit Reports. CMA Prashant Vaze, convener of the Study Circle along with the assistance of CMA Harshad Deshpande, RCM arranged the function.

Action as directed in the 56th AGM

As per the decision of the 56th AGM held at WIRC on 29th June 2015.

**Schedule 7 - Current Assets =
Claims Receivable Rs. 22,05,351/-**

CMA Ashish Thatte	Rs. 10,67,607/-
CMA Neeraj Joshi	Rs. 10,70,803/-
CMA Amit Apte	Rs. 26,749/-
CMA Sanjay Bhargave	Rs. 19,861/-
CMA Vijay P Joshi	Rs. 20,331/-

Schedule 7 - Current Assets = Claims Receivable
Rs. 67,30,000/- (Tree Infrastructure Pvt. Ltd. (FDAPL)
towards Penalty charges.)

Request for Proposal for empanelment of Forensic Auditor

Western India Regional Council (WIRC) of The Institute of Cost Accountants of India invites application in the prescribed format from the Firms of Cost Accountants who are conducting Forensic Audit and willing to have their firm empanelled for carrying out Forensic Audit of WIRC. The format of the application and details regarding the eligibility criteria and other terms and conditions are narrated below

Scope of Work

- A. The projects undertaken by WIRC including Mint (SPMCL), KVIC, Madhya Pradesh Electricity Board, Mahindra & Mahindra, Reliance, MSEB etc. and appointment of resource person, methodology of appointment, procedures for payment and measurement of work done by each resource person and remuneration commensurate to the work done.
- B. Authenticity of reimbursement of expenses claimed by resource person and elected council members.
- C. Debit notes raised by each chapters by WIRC covering payment by chapters and subsequently claimed from WIRC by chapters and members of Chapters, regions and Central Council
- D. Bills of travel agencies and approval of payment, travel and authenticity of thereof
- E. Expenses pertaining to research and publications
- F. Methodology, for awarding the contract, passing the bill, releasing the payment to the contractor/architect engaged for renovation of WIRC Premises.

Eligibility Criteria of the Auditor:

- A. Fellow/Associate Member of Institute of Cost accountant having relevant experience for more than 5 years
- B. The person should not be connected directly or indirectly to any of the council (Region / Central) members, past or present
- C. Such person shall not be related directly or indirectly of any of the managing committee member of Chapter / Region / Central Council
- D. The firm must have PAN No. and Service Tax Registration No.

Time Period:

Audit should be completed within 3 Months from the date of receipt of mandate and audit report to be submitted within 4 months from the date of receipt of the order.

Professional Fees:

Professional fees should be inclusive of all cost excluding travel, lodging and boarding (upto 10% of the fees).

Application:

Interested firm should send their application in the prescribed format as given below.

Format of the Application

S. No.	Particulars	Details
1.	Full Name of the Audit Firm:	
2.	Permanent Address:	
	i) Correspondence Address with PIN code:	
	ii) Landline / Mobile Number:	
	iii) Fax Number:	
	iv) Email ID	
	v) PAN Number :	
	vi) Service Tax Regd. No :	
3.	CONSTITUTION OF THE FIRM:	
4.	Details of the firm	
	i) Year of establishment	
	ii) Annual Turnover of the firm in the preceding 3 Financial Years as per Income Tax return	
	iii) Number of partners in the firm along with their membership number, if it is a partnership firm or LLP	
	iv) Number of qualified assistants (Cost Accountants) in the Firm along with membership number.	

S. No.	Particulars	Details
	v) Number of semi qualified assistant (Inter Cost Accountant) in the firm vi) Address of the Branch offices, if any along with contact number vii) Date of Partnership deed with Registration Number. (If any viii) Bank details for paying the fees through NEFT ix) Details of relevant experience as per present notice	

5. Application should enclose the declaration.

CERTIFICATE

This is to certify that proprietor or any partner or partners of the firm _____ (Name of the firm with complete address) do not have any relation (as defined in the companies Act), directly or indirectly, with any office bearer/member of the managing committee of the Central Council/ Regional Council / Chapters of the Institute for the last 14 years.

Signature of the Member:

Name of the Member:

Name of the Firm:

Position in the Firm:

Date :

Last date to receive application : 30th September 2015



Indian Banks' Association

CORPORATE & INTERNATIONAL BANKING

No C&I/Cir/2015-16/1217

August 12, 2015

To
The Chief Executive of All Member Banks

Inclusion of Cost Accountants for Stock Audit and Risk Based Internal Audit

The Institute of Cost Accountants of India (ICAI) regulates the profession of Cost and Management Accountancy (CMA), provides coaching and training facilities, organize professional development programs for the members and undertake research program in the field of CMA.

2. The Institute approached IBA stating that the Companies Act, 2013 mandates equal opportunities to Cost Accountants under various sections and provisions of the Act. These include Cost Audit of the Company under section 148(2), 232(7), 259(1), 275(2). On examinations of these sections, it was noticed that Section 138(1) states that an internal auditor could either be a chartered accountant or cost accountant. Similarly, audit of cost records under Section 148(2) would be undertaken by cost accountant as per standards prescribed by ICWAI. Other assignments are required to be given to persons appearing in approved panels / data bases maintained by relevant authorities and Cost Accountants if they are part of such databases would also qualify for these assignments. The matter was placed before the Managing Committee of the Association on July 31, 2015 for discussion. The Committee, after deliberations, decided that IBA shall write to member banks requesting to consider Cost Accountants / Firms of Cost Accountants for Stock Audit, Risk Based Internal Audit & Other Operations.

Member banks may consider the request of the Institute.

Yours faithfully,

(M K Datar)
Sr. Advisor



CMA B N Agrawal - Chairman of Bhilai Chapter welcoming the participants during Workshop on Service Tax organised by Bhilai Chapter on 22nd August 2015.



CMA B. F. Modi interacting with students during felicitation function organised by Surat-South Gujarat Chapter on 3rd Sept. 2015



Celebration of "Independence Day" at Pune Chapter on 15-08-2015



Celebration of "Independence Day" at Surat South Gujarat Chapter on 15-08-2015

Glimpses of CEP on 'GST Overview' organised by Pune Chapter on 22-08-2015



CMA V. S. Datey interacting with participants



A view of Audience

Glimpses of Workshop on "Goods & Services Tax" (GST) organised by Nagpur Chapter on 27-6-2015





CMA Harshad S Deshpande, RCM addressing at Faculty meet of Pune Chapter held on 2nd August 2015.



CMA Rahul Baram, Dy. Convenor, CMA Prashant Vaze Convenor and CMA Prakash Sevekari during programme organised by Pune Central Study Circle on 22-8-2015

OBITUARY



CMA P. D. Phadke (M/1893), Past President of the Institute (1991-92) & Chairman of WIRC-ICAI, (1984-85) has passed away on Sunday, the 9th August, 2015, at Mumbai due to ill health.

"May his soul rest in Eternal Peace"

CONDOLENCE MEETING

To mourn the sad demise of CMA P.D. Phadke, WIRC Council had arranged a Condolence Meeting on Friday, the 14th August, 2015, at 5.00 pm., at WIRC Office premises. CMA Debasish Mitra, Chairman-WIRC, CMA Kailash Gandhi, Chairman, PD Committee, WIRC, CMA Kirit Mehta, Past Chairman WIRC, Students & Members, alongwith Staff members of WIRC attended the meeting.

Condolence Meeting of CMA P D Phadke held at WIRC Office on 14th August 2015



If undelivered please return to:

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
WESTERN INDIA REGIONAL COUNCIL,
Rohit Chambers, Janabhoomi Marg, Fort, Mumbai 400 001.
Tel.: 2204 3406 / 2204 3416 / 2284 1138 • Fax : 2287 0763
E-mail : wirc@icmai.in
Website : www.icmai-wirc.in

To