

"A multi-family office is the financial trustee - a consulting firm that combines personal service of a family advisor with expertise of an investment firm."

"Family Office's main task is to coordinate & integrate in a unique organizational centre all the activities linked to Family Asset Management, Family Business and generational transition."



FROM THE DESK OF CEO

“Hello Friends!



Wish you Happy Diwali and we wish that your new year will be full of happiness, safety and growth.

These five days of break is given by God to re-generate your mind to develop the bonding and relationship with your family and give confidence that you are always with them.

Also this will provide you time to think on what business opportunity you have not grabbed and where value is not added to your family from your busy schedule.

Recently, it was observed that 10 year Government security spread between India and USA again increased crossing 6% and with stable rupee volatility, there is possibility that FII flow may be attracted towards India. This may result into increase in returns from G-sec funds and other debt funds.

As threat of US default was averted which gave breathing space to world as well as Indian policy makers, resulting into markets hovering near all time high.

Grow Safely... Be Happy

Best Regards

H. P. Shah



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FAMILY OFFICE STRATEGY

In the previous issues we talked about services related to family and now in this issue we will be looking at **Business Advisory Services**.

The "**Business Advisory Report**" is one of the integral part of "**Business Advisory Services**". It analyzes in depth the financials, strength & weakness of the management team, total number of manpower, inventory cost analysis and such many other aspects.

It analyzes companies short term and long term profitability, financial strength, manpower utilization strength, working capital, bank fund and liquidity analysis.

This analysis is done on the basis of different ratios like Current ratio, Liability to Net worth, Debt to Equity ratio, Interest Coverage ratio and Altman Z Score (Bankruptcy ratio). Analysis of financials and ratios will give idea about the strength and weakness of the company and the right blend of ratios will help in improving credit profile and optimizing the borrowing cost, thereby enhancing the profitability.

Thus, the report will give idea about the current standing of the company and suggestions to improve overall performance of the company.





TAX FUNDA

Bharat Popat, CA

Know About Income Tax Settlement Commission – Part 4

Limitations / Disadvantages to be considered and precautions to be taken while opting for Settlement

Commission route:

In this issue we will see limitations on opting for Settlement Commission Route. They are:

- A person can make an application for settlement of his case only once in his lifetime. One has to thus consider this aspect while taking a decision to file settlement application.
- A person has to make full and true disclosure of his additional income. He has also to clarify about the manner in which he has derived such income. This has to be done in the settlement application itself and any failure in doing this may result in his application being treated as invalid.
- If the Settlement Commission fails, for any reasons, to pass a final order within the prescribed time limit of 18 months, the entire application gets abated and all the documents and papers are made available to the AO who is once again entrusted with the task of completing the assessments in due course of time there after and after relying upon the evidentiary value of these documents that may have been filed by the Applicant. (Though such situations generally do not arise, if the applicant is prompt enough to respond to all the notices of hearings sent by the commission).

- Settlement Commission route is considered to be a one-way lane wherein, once a person enters and once his application is admitted, he is not empowered to withdraw his application so as to thereafter opt for the regular route of assessment, appeal, etc.



"Risk comes from not knowing what you're doing."

- Warren Buffett

CORPORATE ZONE

Six Thinking Hats

Six thinking hats is an important and powerful technique to look at decisions from a number of perspectives. It is a simple and effective **parallel thinking process** that helps people to be more productive, focused and mindfully involved.

Each thinking role is identified with a colored "thinking hat".

- The **White Hat** calls for information known or needed.
- The **Yellow Hat** symbolizes brightness and optimism. Under this hat you explore the positives and probe for value and benefit.
- The **Black Hat** is judgmental thinking. Under this hat you try to spot the difficulties, dangers and thinking where the things might go wrong.
- The **Red Hat** signifies feelings, hunches and intuition. When using this hat you can express emotions and feelings and share fears, likes, dislikes, loves, and hates.
- The **Green Hat** focuses on creativity; the possibilities, alternatives, and new ideas. It's an opportunity to express new concepts and new perceptions.
- The **Blue Hat** focuses on managing the thinking process. It is guiding and controlling the thinking process.

The organization that use the six thinking hats concept for making decision have added advantage to make quicker and accurate decisions compared to others.

The decision speed and accuracy increases because each individual in the team requires looking at all the sides of an issue. So it is an useful meeting management tool.





IDEA OF THE MONTH

Eight Steps to Simplify Your Finances

If time is a precious commodity for you, here are eight ideas to save time and reduce the stress and anxiety of managing your financial affairs.

1. **Enroll for Direct Deposit.** It eliminates trips to the bank and keeps your money working longer.
2. **Avail for Overdraft Protection.** Availing in your bank account the overdraft facility to avoid the cost, hassle and embarrassment of a bounced cheque.
3. **Establish an Automatic Savings Plan.** Regular, automatic transfers to a savings account will add up.
4. **Use Electronic Bill Paying.** Eliminate the task of writing cheques.
5. **Consolidate your Financial Relationships.** Dealing with one institution makes everything easier.

6. **Consider Personal Finance Software or Hire Financial Advisor/Consultant** of that level who can manage your personal finance well.

7. **Build a Safety Cushion.** Be ready for unexpected expenses or use some extra from safety cushion for a special vacation.

8. **Review your Investments.** Make sure your asset allocation matches your time horizon and risk tolerance. This can be done by getting help from Financial Advisor.

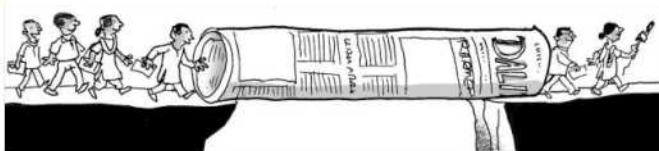


WHAT'S UP @ INDIA INC.

- **Web Based Litigation System:** Income Tax Department intends to set-up a web based "National Judicial Reference System (NJRS)" with the objective to improve litigation management. The NJRS will facilitate close monitoring and management of appeals, analytics for tax policy and it will facilitate decision making in general.
- **Increasing NPAs:** The net Non-Performing Assets (NPAs) of banks have gone up 51% in FY13. According to a recent CRISIL report, the gross NPAs of banks are slated to increase from 3.3% in March 2013 to 4% by March 2014.
- **SME Listing without IPO:** SEBI has initiated new trading platform for the SMEs to give boost to SME sector. SMEs would be able to get listed without coming out with an IPO, thus doing away with many a costs and legal hassles.
- **Related Party Transaction:** Under New Companies Act,

2013 there are certain changes in the Related Party Transaction under Section 188 & 297.

- **Custom, Excise and Service Tax Appellate Tribunal:** The Union Cabinet today gave its approval for setting up six additional benches of Custom, Excise and Service Tax Appellate Tribunal. With the creation of six additional benches disposal of cases will increase and pendency will decrease benefitting the government and tax payers.
- **New Companies Bill:** The New Companies Bill which seeks to enhance compliance and transparency, makes corporate social responsibility mandatory and protects the interest of employees and small investors. It is designed to balance the stakeholders' interests, viz. promoters, shareholders and public at large.
- **KYC Verification:** IRDA has accepted e-KYC service offered by Unique Identification Authority of India (UIDAI) as a valid process for KYC verification. Recently, SEBI has also allowed the mutual fund houses to accept e-KYC of UIDAI as a valid process for the KYC verification. Thus, UIDAI information valid for proof of identity and address.



"Our CEO Mr. H.P. Shah receiving award from the honourable chairman of LIC of India, Mr. S.K.Roy in presence of other LIC dignitaries on 15th October, 2013 in Mumbai for 34 years of outstanding services and best performer among a very few all over India."



Safety

INVESTMENT IN THE WORTHY ASSETS

Real Estate Investment Trust (REITs)

REITs are trusts which are patterned like Mutual Funds. They pool capital from investors and deploy in real estate. Both, investors as well as property developers are expected to benefit from the launch of REITs.

The investors can make investment in real estate accessible to those who may not have the resources or may not want to directly buy a property. It also offers as an alternative investment avenue.

REITs majorly invest in completed projects and generate regular cash flows through rents earned. Thus, investing in them is relatively safe than investing in an under construct project.

Investing through REITs would give investors an opportunity to diversify. Now investors would not only get a chance to invest in real estate with less capital but would also get diversification within real estate as an asset class since a REIT would invest across projects and property markets. You may also be able to avail benefit of professional management.



Moreover, minimum investment for investors would be kept substantially lower at Rs 2 lakh.

Unlike mutual funds, income distributed by REITs wouldn't be tax free in the hands of investors.

ASK THE EXPERT

H.P. Shah, LUTCF (USA), RFC (USA)

1) How can I optimize my capital gains tax liability?

- Pradeep Chokshi, Surat

Tax liability arising from long-term capital gains, on the sale of property, gold or other jewellery can be optimized by investing in a residential house under Section 54 or any other specified assets like capital gains bonds.

In this case, you need to analyze the best option between payment of tax and utilization of balance capital. If payment of tax makes more profit, you should opt to pay tax and enjoy the capital.

Short-term capital gains can be adjusted against short-term capital losses.

2) As an NRI, can I avail loans against bank accounts in India? If yes, then for what purposes?

- Alpesh Thakkar, Vadodara

There are certain banks authorized by the Reserve Bank of India that are permitted to grant loans to NRIs holding NRE, NRO and FCNR accounts in India against their security of term deposits. NRIs can avail loans for the acquisition of flat/house in India against NRE or FCNR fixed deposits on repatriable basis, provided the amount to be repatriated is governed by Foreign Exchange Management Regulation (Acquisition and Transfer of Immovable Property in India).

3) Can I as an individual resident lend money to my close relative NRI / PIO? - Bhavin Verma, Ahmedabad

Yes, an individual resident can lend money by way of crossed cheque /electronic transfer within the overall limit of USD 75,000 per financial year under the Liberalised Remittance Scheme, to meet the borrower's personal or business requirements in India, subject to conditions. The loan should be interest free and have a maturity of minimum one year and cannot be remitted outside India.



VALUE PLUS
The Family Office




Grow Safely..Be Happy

For any query, contact our expert team.

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