



CHENGALPATTU DISTRICT BRANCH OF SICASA OF ICAI

E-NEWSLETTER

May 2025



எண்ணென்ப ஏனை எழுத்தென்ப இவ்விரண்டும்
கண்ணென்ப வாழும் உயிர்க்கு.

"Numbers are considered one eye, letters the other
These two are the eyes of every living being."

SICASA TEAM (2025-26)

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May 2025

| INDEX | PAGE NO. |
|--|-----------------|
| BRANCH CHAIRMAN'S COMMUNICATION | 3 |
| SICASA CHAIRPERSON'S COMMUNICATION | 4 |
| ARTICLES FOR THE MONTH OF MAY 2025 | 5 |
| STUDENTS PHOTO GALLERY | 29 |
| TRIVIA CORNER – MCQ | 30 |
| UPCOMING EVENTS | 32 |
| GLIMPSE OF APRIL 2025 SICASA PROGRAMMES | 37 |



CHENGALPATTU DISTRICT BRANCH OF SICASA OF ICAI

May 2025

BRANCH CHAIRMAN'S COMMUNICATION

Dear Students,

As we step into May 2025, a crucial month for many of you appearing for the May 2025 examinations, I would like to take a moment to reflect on the impactful student-centric initiatives carried out in April. These initiatives are a testament to our continued commitment to nurturing well-rounded professionals and empowering our student community with knowledge and practical exposure.



CA. SHIVACHANDRA REDDY K

April 2025 witnessed two significant programs organized by our SICASA team:

How to Face CA Exams? Held on 19th April 2025, this highly interactive session featured experienced professionals and All India Rank holders who shared valuable insights on exam strategies, effective presentation techniques, and motivational guidance. The session was well received and served as an excellent morale booster for students appearing in May 2025 exams.

Industrial Visit to Mudhra Fine Blanc Pvt Ltd – Conducted on 29th April 2025, this visit offered students hands-on exposure to the functioning of a modern manufacturing unit. From understanding the intricacies of industrial operations to interacting with professionals in the field, the experience was both educational and inspiring.

I extend my appreciation to the SICASA team for executing these events with precision and dedication. Their efforts continue to make a positive difference in the academic and professional journeys of our students.

As you stand on the threshold of your examinations, I urge you to stay calm, confident, and committed. Follow a structured revision plan, focus on conceptual clarity, practice mock tests, and take care of your physical and mental well-being. Remember, success is not just about hard work, it's also about smart strategies and a positive mindset.

Lastly, I wish every student appearing for the May 2025 examinations the very best. May your efforts be rewarded with success. I also look forward to the active engagement of the newly elected SICASA team, whose energy and enthusiasm will certainly add further vibrancy to our branch's student initiatives.

Together, let's continue building a future of excellence.

Warm regards,

CA. Shivachandra Reddy K

Chairman, Chengalpattu District Branch (SIRC)

The Institute of Chartered Accountants of India



CHENGALPATTU DISTRICT BRANCH OF SICASA OF ICAI

SICASA CHAIRPERSON'S COMMUNICATION

May 2025



CA. PRIYA A

"Facing the CA Exams with Confidence and Strategy"

My dear students,

This message is mainly focused on how to prepare for one of the most challenging and rewarding journeys in the professional world, the CA exams.

CA course demands discipline, consistency, and a great deal of perseverance. It is possible with not just hard work, but smart work too.

Familiarize yourself with the syllabus and exam pattern. Your understanding and application will be mainly tested.

Conceptual clarity helps in solving practical scenarios. You would have practiced case studies, past papers, and mock tests. Train your mind to think like a professional.

Stay healthy physically and mentally. Surround yourself with positive influences. Stay hydrated due to summer, eat healthy food to have high levels of energy during exam days.

Believe in yourself. You have chosen a path of excellence, one that demands more but also offers more. The CA qualification is not just a degree, it is a mark of trust, responsibility, and professionalism.

Let us face the exams with full focus and preparation.

I wish you all the very best. May your hard work turn into achievements and your dreams into reality.

Thank you.

Warm regards,

CA. Priya A

SICASA - Chairperson

Chengalpattu District Branch (SIRC)

The Institute of Chartered Accountants of India



IND AS 116 : LEASES – AN IN-DEPTH OVERVIEW



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Introduction:

Ind AS 116, which replaces Ind AS 17, is the Indian Accounting Standard for leases, aligning with IFRS 16. This standard significantly changes the way leases are accounted for, especially for lessees, by requiring most leases to be recognized on the balance sheet. This provides the students an in-depth overview of Ind AS 116, highlighting its key principles, impact on financial statements, and implementation considerations.

Scope of Ind AS 116

Ind AS 116 applies to all lease transactions, except for:

- Leases of biological assets
- Service concession arrangements
- Licenses of intellectual property granted by a lessor
- Rights under licensing agreements for items such as films, patents, and copyrights

Key Definitions and Principles

A lease is a contract that conveys the right to control the use of an identified asset for a period in exchange for consideration. Control is established when the lessee:

- Has the right to obtain substantially all economic benefits from the use of the asset
- Has the right to direct the use of the asset

Accounting Treatment Under Ind AS 116

1. For Lessees

- Right-of-Use (ROU) Asset – Initially measured at cost, which includes the lease liability, initial direct costs, and any restoration costs.
- Lease Liability – Recognized at the present value of future lease payments, discounted at the lease's implicit interest rate or the lessee's incremental borrowing rate.
- Subsequent Accounting – The ROU asset is depreciated over the lease term, and interest expense is recognized on the lease liability.

2. For Lessors

- Finance Leases – The lessor derecognizes the leased asset and recognizes a lease receivable at the net investment value.



- Operating Leases – The lessor retains the asset and recognizes lease income on a straight-line basis over the lease term.

Impact on Financial Statements

- Balance Sheet: Lessees recognize lease liabilities and ROU assets, increasing reported assets and liabilities.
- Income Statement: Lease expenses shift from operating expenses to depreciation and interest expenses.
- Cash Flow Statement: Principal repayments are classified as financing activities, while interest payments remain under operating or financing activities.

Key Differences Between Ind AS 116 and Ind AS 17

| Aspect | Ind AS 17 | Ind AS 116 |
|---------------------|--|--|
| Lessee Accounting | Classified as finance or operating lease | All leases (except exemptions) recognized on the balance sheet |
| Recognition | Operating leases were off-balance-sheet | Right-of-use asset and lease liability recognized |
| Expense Recognition | Rent expense in operating lease | Depreciation & interest expense |
| Impact on EBITDA | Lower, as rent is an operating expense | Higher, as lease expense shifts to depreciation & interest |

Transition Approaches

- Full Retrospective Approach – Restate prior periods as per Ind AS 116.
- Modified Retrospective Approach – Apply the standard from the transition date without restating comparative periods.

Conclusion

Ind AS 116 has revolutionized lease accounting by enhancing transparency in financial reporting. Students must grasp its impact on financial statements, key differences from Ind AS 17, and the practical implications of lease recognition. Understanding these concepts will be invaluable for exams and real-world application in corporate finance.





IND AS 109 : FINANCIAL INSTRUMENTS



Ilayaraja E R
SRO0695573

Ind AS 109, aligned with IFRS 9, provides principles for the classification, recognition, measurement, impairment, derecognition, and hedge accounting of financial instruments. It replaces Ind AS 39, introducing a forward-looking Expected Credit Loss (ECL) model and aligning hedge accounting with risk management.

1. Scope of Ind AS 109

Ind AS 109 applies to all financial instruments except:

- Investments in subsidiaries, associates, and joint ventures (covered under Ind AS 27, 28).
 - Employee benefits (Ind AS 19).
 - Share-based payments (Ind AS 102).
 - Lease receivables (Ind AS 116).
 - Insurance contracts (Ind AS 104).
 - Certain financial guarantees and loan commitments.
-

2. Classification & Measurement of Financial Assets

A. Business Model Approach

The classification depends on:

1. Business Model: How the entity manages financial assets.
2. Cash Flow Characteristics: Whether cash flows are solely payments of principal and interest (SPPI test).



B. Categories of Financial Assets

| Category | Measurement Basis | Business Model | Cash Flow Criteria (SPPI Test) |
|--|---|---|--------------------------------|
| Amortized Cost | Measured using the Effective Interest Rate (EIR) method | Held to collect contractual cash flows | Must pass SPPI Test |
| Fair Value Through Other Comprehensive Income (FVTOCI) | Fair value, changes in OCI | Both collecting cash flows & selling financial assets | Must pass SPPI Test |
| Fair Value Through Profit or Loss (FVTPL) | Fair value, changes in P&L | Trading/Speculative | Not meeting SPPI test |

Equity Instruments: Always at FVTPL unless irrevocably designated at FVTOCI (dividends in P&L).

3. Classification & Measurement of Financial Liabilities

| Category | Measurement Basis |
|----------------|---|
| Amortized Cost | Measured using EIR (e.g., loans, borrowings) |
| FVTPL | Trading liabilities or those designated at fair value |

Changes in own credit risk for financial liabilities designated at FVTPL are recorded in OCI instead of P&L.

4. Expected Credit Loss (ECL) Model – Impairment of Financial Assets

A. Scope of ECL

Applies to:

Debt instruments at Amortized Cost and FVTOCI

Lease receivables

Trade receivables

Loan commitments & financial guarantees



B. Three-Stage Approach

| Stage | Credit Risk Level | Loss Recognition | Interest Revenue Recognition |
|---------|-------------------------------------|------------------|----------------------------------|
| Stage 1 | Performing | 12-month ECL | Gross basis (on total amount) |
| Stage 2 | Significant increase in credit risk | Lifetime ECL | Gross basis |
| Stage 3 | Credit-impaired | Lifetime ECL | Net basis (on amortized balance) |

Trade Receivables Simplification: Entities can apply a simplified approach (Lifetime ECL from Day 1).

5. Hedge Accounting

Aligns accounting with risk management strategies.

A. Types of Hedges

| Hedge Type | Objective | Accounting Treatment |
|----------------------|---|---|
| Fair Value Hedge | Protects against fair value changes of an asset/liability | Gain/Loss on hedged item & instrument recognized in P&L |
| Cash Flow Hedge | Protects against variability in cash flows | Effective part in OCI, ineffective in P&L |
| Net Investment Hedge | Hedges foreign operations | OCI until disposal |

B. Hedge Effectiveness Criteria

A hedge must:

- Be related to risk management objectives
- Have an economic relationship
- Not have dominant credit risk impact

Ind AS 109 removes the 80%-125% effectiveness range required in Ind AS 39.



6. Derecognition of Financial Instruments

A. Derecognition of Financial Assets

Occurs when:

- The contractual rights to cash flows expire.
- The asset is transferred, and risks/rewards are not retained.

B. Derecognition of Financial Liabilities

Occurs when:

The obligation is discharged, cancelled, or expired.

A modification results in substantially different terms (treated as an extinguishment).

Debt Restructuring: If a financial liability is replaced with significantly different terms, it is derecognized, and the new liability is recognized.

7. Embedded Derivatives

If a host contract is not a financial asset, an embedded derivative is separated if it meets certain conditions.

If the host contract is a financial asset, the entire instrument is classified under Ind AS 109.

8. Disclosures (Ind AS 107)

Entities must provide detailed information on:

Nature and risk of financial instruments.

Credit risk, liquidity risk, and market risk management.

ECL methodology and assumptions.

Hedge accounting and its impact on financial statements.

9. Key Differences Between Ind AS 109 and Ind AS 39

| Feature | Ind AS 39 | Ind AS 109 |
|------------------|---------------------------------------|--|
| Classification | 4 categories (Loans, HTM, AFS, FVTPL) | 3 categories (Amortized Cost, FVTOCI, FVTPL) |
| Impairment | Incurred Loss Model | Expected Credit Loss (ECL) Model |
| Hedge Accounting | Strict rules, 80%-125% effectiveness | More flexible, based on risk management |
| Own Credit Risk | Recognized in P&L | Recognized in OCI |



10. Practical Considerations for Implementation

Entities need robust risk assessment models for ECL calculations.
Fair value measurement expertise is essential for FVTPL and FVTOCI assets.
Hedge accounting application requires strong documentation.

Conclusion:

Ind AS 109 simplifies classification but introduces a forward-looking ECL model and dynamic hedge accounting. It aligns accounting with economic reality, promoting transparency and better risk management.





May 2025

INCORPORATION OF A COMPANY FROM PRACTICAL PERSPECTIVE



PRATHIPA K
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Introduction:

Incorporation of a company is the legal process of forming a business entity that is separate from its owners. This process allows a business to operate legally and take advantage of benefits like limited liability and tax advantages.

A company may be formed for any lawful purpose by—

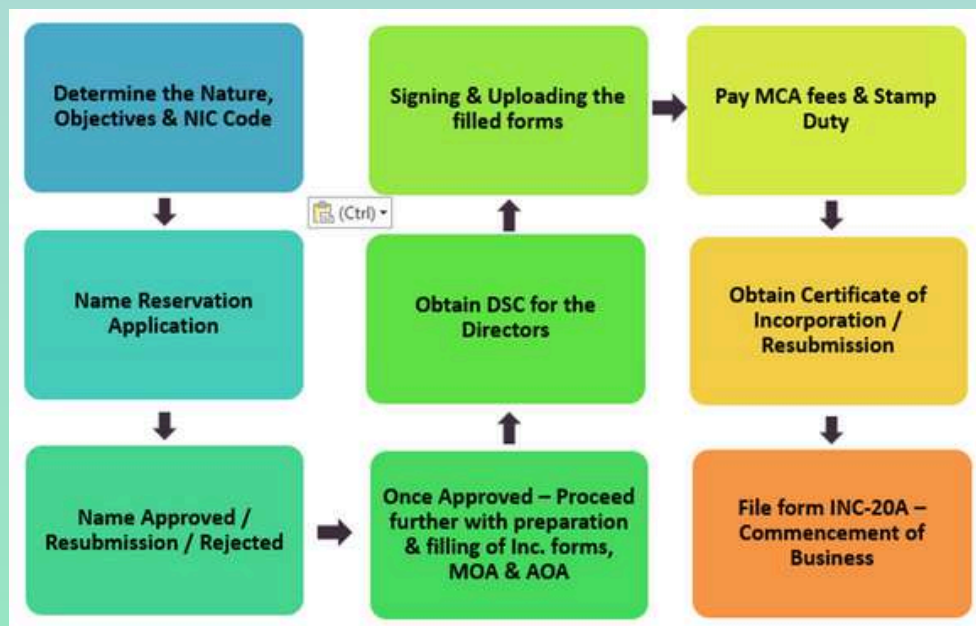
- (a) Seven or more persons, where the company to be formed is a public company;
- (b) Two or more persons, where the company to be formed is a private company; or
- (c) One person, where the company to be formed is a One Person Company that is to say, a private company,



A company formed may be either—

- (a) A company limited by shares; or
- (b) A company limited by guarantee; or
- (c) An unlimited company.

Incorporation process:





1. Determine the Nature, Objectives & NIC Code

The first step is to decide about the nature & objective of the Company

- Nature – Whether the Company is a Public/ Private Company
- Objectives – Prepare a write up regarding what business activity the company is going to take up
- NIC Code – Based on the Objectives, freeze the NIC Code from the list of NIC Codes that is available currently & there should be Minimum 2 – 3 Codes

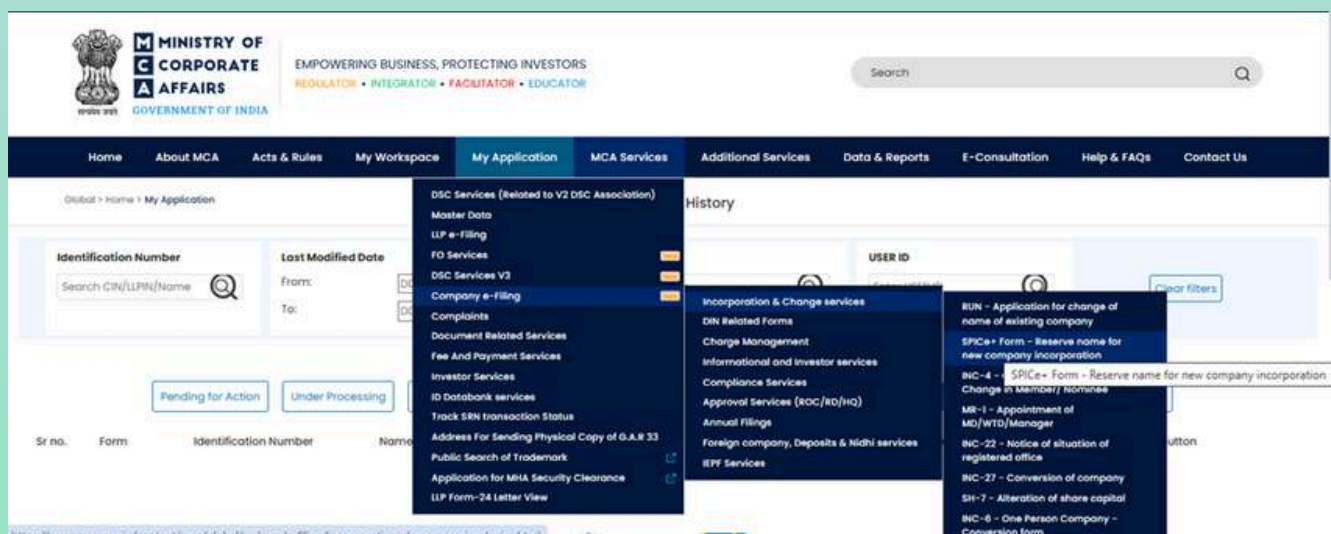
1. Name Reservation Application

The incorporation procedure actually starts at this point only wherein the Primary requirement is to get a Name Reserved for the Company. There should be 2 Names proposed in the Application.

Such Name Reservation can be done through making Application via Form Spice+ Part A in MCA V3 Portal with a payment of prescribed fees. Along with such Application the following attachments are to be attached;

- Objects of the Company signed by the Desired Directors
- Clarification Letter (If required)
- NOC from Existing Company with Similar Names (If required)

The Name reservation form can be accessed through this path – Log in to MCA V3 Portal > MCA Services Tab > Company e-Filing > Incorporation & Change Services > Spice+ Form – Reserve name for new company Incorporation





Notable points on how should the Proposed Names be:

As per The Companies (Incorporation) Rules, 2014, it shall not be,

- Identical with or resemble too nearly to an Existing Company
- If it is so, it will constitute an Offence under the Law for the time being in force.
- Undesirable in the Opinion of the Central Govt. – Should not contain any word/expression i.e. likely to create impression that the Company is in any way connected to govt.

Eg. Board, Commission, Authority, Undertaking, National, Union, Central, Federal, Republic, President, Rashtrapati, Small Scale Industries, Khadi and Village Industries Corporation, Financial Corporation and the like, Municipal, Development Authority, Prime Minister or Chief Minister, Minister, Nation, Forest corporation, Development Scheme, Statute or Statutory, Court or Judiciary, Governor, Bureau and the use of word Scheme with the name of Government (s), State, India, Bharat or any Government authority or in any manner resembling with the schemes launched by Central, State or local Governments and authorities.

A name is said to 'resemble' when difference is only and only of

- Plural or singular form of words in one or both names (Green Technology Ltd. is same as Greens Technology Ltd. and Greens Technologies Ltd.)
- Type and case of letters, spacing between letters, and punctuation marks used in one or both names (ABC Ltd. is same as A.B.C. Ltd. and A B C Ltd.)
- Use of different tenses in one or both names (Ascend Solutions Ltd. is same as Ascended Solutions Ltd. and Ascending Solutions Ltd.)
- Slight variation in the spelling of the two names including a grammatical variation thereof (Disc Solutions Ltd. is same as Disk Solutions Ltd. but it is not same as Disco Solutions Ltd)
- Use of different phonetic spellings including use of misspelled words of an expression (Bee Kay Ltd is same as BK Ltd, Be Kay Ltd., B Kay Ltd., Bee K Ltd., B.K. Ltd. and Beee Kay Ltd)
- Complete translation or transliteration, and not part thereof, of an existing name, in Hindi or in English (National Electricity Corporation Ltd. is same as Rashtriya Vidyut Nigam Ltd.)
- Use of host name such as 'www' or a domain extension such as '.net'. org', 'dot' or 'com' in one or both names (Ultra Solutions Ltd. is same as Ultrasolutions.com Ltd. But Supreme Ultra Solutions Ltd. is not the same as Ultrasolutions.com Ltd.)
- The order of words in the names (Ravi Builders and Contractors Ltd. is same as Ravi Contractors and Builders Ltd.)
- Use of the definite or indefinite article in one or both names (Congenial Tours Ltd. is same as A Congenial Tours Ltd. and The Congenial Tours Ltd. But Isha Industries Limited is not the same as Anisha Industries Limited.)
- Addition of the name of a place to an existing name, which does not contain the name of any place; (If Salvage Technologies Ltd. is an existing name, it is same as Salvage Technologies Delhi Ltd. But Retro Pharmaceuticals Ranchi Ltd. is not the same as Retro Pharmaceuticals Chennai Ltd.)



- Addition, deletion, or modification of numerals or expressions denoting numerals in an existing name, unless the numeral represents any brand (Thunder Services Ltd is same as Thunder 11 Services Ltd and One Thunder Services Ltd.)

Spice+Part A - Approval or Rejection

The submitted Name Reservation Application can either be Approved or Rejected or be directed for Resubmission by giving Remarks. These are explained below:

- Application Approved – On Approval, the reserved name will be valid for 20 days from the date of Approval and all other Incorporation forms (discussed below) are to be submitted within that time.
- However, there are options for Extension of time up to 60 Days in Total (i.e. Initial 20+20+20) with payment of prescribed fees.
- Application Rejected – Once the application gets rejected that's it, applying again for the same name is not possible.
- Resubmission of Application – The officer might order for Resubmission of the application stating anymore requirements as supporting in the remarks. The same should be rectified & resubmitted within 15 days from the date of receiving such Resubmission order. Such resubmission is allowed for maximum two times only.

3. Preparation & Filing of Incorporation forms

Once Name gets approved, we can further proceed with preparing the following incorporation forms:

i. Spice+Part B (Form INC-32)

This is the main form in which all the major details about the Company are filled. Those details are as follows;

Details of the Company

Share Capital of the Proposed Company – Authorized, Subscribed & Paid-up Capital.

Registered Office Address of the Company where it is going to function or be established.

The Supporting Attachments required are Rental Agreement, NOC & Utility Bills

Details of the Directors

- How many Directors & Shareholders are going to be? Do they have valid DIN or not?
- Director's & Shareholders personal details such as Name, Present & Permanent Address, Qualification details, Contact details, Related entity details, etc.,
- Supporting Attachments – Identity Proof (Voter Identity Card/Passport/Driving License/Aadhaar) & Residential Proof (Bank Passbook, EB Bill, Telephone Bill, Gas Bill)



- In case the proposed Company is an OPC then additionally details of Nominee & Consent is also required.
- If there are Body Corporates as Shareholders then the Resolution Copy passed among the BOD of the respective Body corporate addressing the Shareholding along with Company's proof such as COI are to be attached.

PAN & TAN Applying details

i. Memorandum of Association (Form INC-33)

MOA is a legal document that defines a company's structure, objectives, and relationship with shareholders. It's also known as the company's charter.

It sets the terms under which the company operates.

It's a public document that can be obtained by paying the prescribed fees to the ROC.

Contents of MOA:

- Name Clause
- Registered Office Clause
- Object Clause
- Liability Clause
- Capital Clause
- Nominee Clause (OPC)

Based on the above clauses MOA of the Company should be drafted and the same should be filled in the Form INC-33 – MOA.

i. Articles of Association (Form INC-34)

- A document that outlines the rules and regulations that govern a company's internal affairs.
- The AOA is a vital document that helps ensure a company's smooth and compliant operations.
- It describes about the relationship, Do's & Don'ts among the Company – Members & Members – Members.
- These details are to be filled in Form INC-34 – AOA. This form will contain certain pre-filled points & anything if required can also be added in others column. In this form the pre available details can either be checked as applicable or be checked as edited & change the same as required.



iv. Consent of Directors & Shareholders (Form INC-9)

Declaration from the First Directors & Shareholders stating they are not being refrained from acting as Director or Shareholder is to be submitted via Form INC-9

v. Agile-PRO-S (Form INC-35)

The expansion of the form is Application for Goods and services tax Identification number , employees state Insurance corporation registration pLus Employees provident fund organization registration, Profession tax Registration, Opening of bank account and Shops and Establishment Registration.

As the name itself states, this is the form wherein application for all those mentioned above can be applied along with Incorporation procedures by filling the required details. The following are the attachments required.

- Signature Card for PF & ESI Application (In the prescribed Format)
- ID Proofs of Signatory person who has been mentioned as Authorized Signatory
- Bank A/c opening Letter addressing the Branch Manager requesting to open Bank Account along with Bank & Branch details.
- Photograph of Desired Directors.

Snapshot of MCA V3 Portal_Mini Dashboard

The Incorporation forms can be accessed through this path – Log in to MCA V3 Portal > My Application Tab > Approved Tab (Once name gets approved the application will be available in this tab)> Select the Spice+Part A – Mini Dashboard > Spice+ Part B

The screenshot shows the MCA V3 Portal Mini Dashboard. The top navigation bar includes links for Home, About MCA, Acts & Rules, My Workspace, My Application (selected), MCA Services, Additional Services, Data & Reports, E-Consultation, Help & FAQs, and Contact Us. The main content area is titled 'Application History' and features a search bar and filters. The table below shows a list of applications.

| Sr no. | Form | Identification Number | Name of the entity / individual | SRN of e-form | Status of the form | Last modification date | Action button |
|--------|---------------|-----------------------|---------------------------------|---------------|--------------------|------------------------|-----------------------------|
| 3 | Spice+ Part A | SPICE+PART A | SPICE+PART A | SPICE+PART A | Approved | 13/02/2025 | Download All Mini dashboard |



CHENGALPATTU DISTRICT BRANCH OF SICASA OF ICAI

May 2025

Once Spice+ Part B is filled and submitted other forms will be opened > AGILE PRO, INC-9, INC-34, INC-33

| SRN : 00000000000000000000 | | | | |
|----------------------------------|----------------|----------------------|--------------------|---|
| Reference : 00000000000000000000 | | | | |
| Sr No. | Form Name | Status | Last Modified Date | Action |
| 1 | INC-9 | Approved | 10/3/2025 | Upload PDF Download PDF |
| 2 | INC-33 | Approved | 10/3/2025 | Upload PDF Download PDF |
| 3 | SPICE + Part B | Approved | 10/3/2025 | Upload PDF Download PDF |
| 4 | INC-34 | Approved | 10/3/2025 | Upload PDF Download PDF |
| 5 | AGILE PRO | Approved | 10/3/2025 | Upload PDF Download PDF |
| 6 | Spice+ Part A | Approved | 13/2/2025 | Download PDF |
| 5b | EPFO | 00000000000000000000 | | |
| 5c | Bank Account | Applied For | | |
| 5d | ESIC | 00000000000000000000 | | |
| | | | | FILE |

4. Obtain DSC for the Directors

Before starting with preparation of Incorporation forms, simultaneously availability of DSC for the Directors should also be ensured.

One more important & notable aspects about DSC is that if it's the DSC of an Existing Director where he/she is a director in another existing company, we should ensure that it is associated against their respective DIN in V3 portal under Director Login.

The DSC Association can be done through this path – Log in to MCA V3 Portal > My Services Tab > DSC Services V3 > Associate DSC



CHENGALPATTU DISTRICT BRANCH OF SICASA OF ICAI

May 2025

It will take you to Association page then click on Associate DSC > Select the DSC details & password > click on Register > DSC will be Associated

5. Signing & Uploading of forms

Once all of the above forms are prepared then it has to be Signed with DSC of the Directors & Verifying Practicing professional (CA/CS) and the same has to be uploaded by paying the prescribed MCA fees & Stamp duty.



6. Approval of Incorporation application

Once the forms are submitted the Officer will either approve or pass order for resubmission along with remarks. The same is explained below;

- Application Approved – On Approval, the Company gets incorporated and Certificate of Incorporation (COI) will be issued along with PAN and TAN numbers.
- Resubmission of Application – The officer might order for Resubmission of the application stating anymore requirements as supporting in the remarks. The same should be rectified & resubmitted within 15 days from the date of receiving such Resubmission order. Such resubmission is allowed for maximum two times only.

NOTE: If the company has not been incorporated, the reserved name shall be cancelled and the person making application under sub-section (4) shall be liable to a penalty which may extend to one lakh rupees

7. Commencement of Business (Form INC-20A)

Merely completing the Incorporation forms and obtaining the COI is not the end point of Incorporation. One has to complete filing Form INC-20A – Commencement of Business also.

- Every incorporated Company should file this form within 180 days from DOI.
- It has to be verified by Chartered Accountant/ Company Secretary/ Cost Accountant (In Whole-time practice)
- The Attachments required are
- Registered Office Photo – Outside Building & Inside entrance, Name Board with CIN, Name, Address, Contact details, Photo of Director sitting inside the office.
- Bank statement extract showing Capital amount received into the Bank Account of the Company.
- Any default in filing this the penalties applicable are as follows,
- Penalty may be imposed up to Rs.50,000 for the Company
- Penalty may be imposed to the Officer in default also – Rs.1,000 per day but not exceeding Rs.1,00,000
- Also, the Registrar may initiate action for removal of name of the Company.
- Late fee applicability : Up to 30 days – 2 times; 30-60 days – 4 times; 60-90 days – 6 times; 90-180 days – 10 times; More than 180 days – 12 times.



CHENGALPATTU DISTRICT BRANCH OF SICASA OF ICAI

May 2025

The form can be accessed through this path – Log in to MCA V3 Portal > My Services Tab > Company e-filing > Informational and Investor services > INC-20A – Declaration for Commencement of Business

Global > Home > MCA Services > DSC Services V3 > Associate DSC

Associate DSC

Important Information

*Please ensure you have e

1.*To download and i

2.*To download and install

3.*For the **New Token Users** Please update your DSC Pki from the default before proceeding with association.

<https://www.mca.gov.in/content/mca/global/en/mca/e-filing/informational-and-investor-services/INC-20A.html>





May 2025

ICAI – OUR MOTHER



PRIVHINA S
SRO0636767

The Institute of Chartered Accountants of India (ICAI) is akin to a nurturing mother for its students. Just as a mother performs miracles in raising her children, ICAI creates wonders in shaping future professionals.

ICAI, our metaphorical mother, bestows upon us essential skills, knowledge, and the right attitude. Like a parent who wants her children to face challenges independently, ICAI prepares its students to confront uncertainties while ultimately desiring their success.

This institution paves the way for students to overcome difficulties and excel in their chosen field. ICAI's support extends beyond mere professional training; it imparts life lessons and fosters lasting friendships among students and faculty.

ICAI maintains a high standard, always attuned to students' needs. While some may perceive its methods as strict, like a mother's seemingly harsh actions, it's rooted in a desire for growth and improvement. The institute's challenging changes, though difficult to adapt to, build confidence and resilience in its students.

ICAI transforms ordinary students into accomplished Chartered Accountants, illuminating their lives with opportunity and success. Its role is crucial not only in elevating individual lives and families but also in contributing to India's overall growth and international prestige.

The impact of ICAI on a student's life is profound and irreplaceable. It not only uplifts individuals and their families but also enhances the nation's reputation on a global scale.





PERSONAL FINANCE & INVESTMENT



Akshaya Nagarajan
SRO0537069

Personal finance and investment are crucial aspects of securing your financial well-being. Here's a breakdown of key concepts:

PERSONAL FINANCE:

Definition:

Personal finance encompasses managing your money, including income, spending, saving, and protection. It's about making informed decisions to achieve your financial goals.

Key Components:

- **Budgeting:** Creating a plan to track your income and expenses.
- **Saving:** Setting aside money for future needs, such as emergencies, education, or retirement.
- **Spending:** Making conscious choices about how you spend your money.
- **Debt Management:** Handling debt responsibly, including credit cards and loans.
- **Insurance:** Protecting yourself from financial risks, such as health issues or accidents.
- **Financial Planning:** Setting long-term financial goals and creating a strategy to achieve them.

INVESTMENT:

Definition:

Investment involves allocating money to assets with the expectation of generating a profit.

Key Aspects:

- **Risk and Return:** Understanding the relationship between risk and potential return. Higher potential returns typically come with higher risks.
- **Diversification:** Spreading your investments across different asset classes to reduce risk.
- **Asset Classes:** Common investment options include stocks, bonds, real estate, and mutual funds.
- **Investment Goals:** Aligning your investments with your financial goals and time horizon.

Connecting Personal Finance and Investment:

- Sound personal finance practices provide the foundation for successful investing. By managing your money effectively, you can free up funds to invest and build wealth.
- Investing is a tool to achieve your personal financial goals, such as retirement or financial independence.



Okay, let's create a practical example that combines personal finance and investment:

Sarah, a 30-year-old Professional earns a stable income of Rs.120000. Expenses are Rent of Rs.25000 , Groceries of Rs.8000, Utilities of Rs.7500, Transportation of Rs.6000 , Entertainment of Rs.5000 , Debt Repayment (Student Loan) of Rs.6500. This leaves her with balance of Rs.62000 for savings and investment.

Scenario: Personal Finance

Sarah prioritizes saving 3-6 months' worth of living expenses in a readily accessible savings account. This provides a safety net for unexpected events. She makes consistent payments on her student loans, and avoids taking on unnecessary credit card debt

Scenario: Investment

Sarah's financial goals are planning for Retirement, Buying a home in years. So she decides to invest Rs.35000 of her monthly surplus. She diversifies her investments as follows,

- **Stocks (40%):** She invests in a mix of broad market index funds and some individual stocks she has researched. This is for long term growth.
- **Bonds (40%):** She invests in bond funds for stability.
- **Gold (10%):** She invests in gold, since it is a highly liquid asset and it has been seen as a reliable hedge against inflation. When purchasing power of currencies decreases, the price of gold increases.
- **Savings account for down payment (10%):** She saves a portion of her investment money in a higher yield savings account that is earmarked for a down payment on a house.

Sarah is aware of the current economic climate, and understands that markets can go up and down. Therefore she is investing for the long term. She also checks her investment portfolio periodically and rebalances it as needed to maintain her desired asset allocation.

This example illustrates how personal finance and investment work together to build financial security.

KEY TAKEAWAYS:

- **Budgeting is fundamental:** It provides the foundation for saving and investing.
- **Emergency funds are essential:** They protect against unexpected financial setbacks.
- **Diversification reduces risk:** Spreading investments across different asset classes helps to mitigate potential losses.
- **Long-term perspective:** Investing is a long-term game; avoid making impulsive decisions based on short-term market fluctuations.
- **Regular review:** Personal finance and investments should be reviewed periodically to ensure they align with your goals.



Reasons Why You Should Start Investing Young:

In our early or mid-20s, when we start our first jobs, the salary amount that we receive is not very high. Now, from that, we have to manage all our monthly expenses like rent, food, commute, etc. And with the new-found freedom of having money in hand, the urge to spend is more. And, at this life stage, saving and investing are the last things in our minds.

However, there are several perks of starting investments early. We will talk all about that.



1) Since investment tenure is longer, investment amount can be small:

We all have dreams, like buying our favourite car or having a destination wedding, which we want to achieve. For example, say you want to get married 7 years down the line, and for this, you need to save Rs.20 lakh. You decide to invest in equity mutual funds, and though mutual funds do not provide any guaranteed returns, the long-term returns for them are in the 12% range. Now for saving Rs.20 lakh in 7 years, you would have to invest Rs.15000 every month. And the total investment amount would be Rs.12 lakh.

Meanwhile, if you start investing towards the goal 2 years later, then you would have to invest Rs.25000 per month to achieve that goal in a timely manner. Moreover, the total investments would be Rs.15 lakh.

Similarly for every goal, be it for buying a house or saving for retirement, if you start early then the monthly investments and the total investment amount would be much lesser than if you delay the goal.



2) Starting investment early improves your spending habit:

If you make the habit of saving/investing early on it will automatically improve your spending habit. We will explain how.

When you want to save a fixed amount from your fixed salary, you will have to put a restriction on your spending by creating a monthly budget for yourself. And having a budget is the best way to improve your spending habits as it helps you track your monthly expenditure on food, utilities, rent, leisurely activities, etc. And with years of practice, this simple task becomes a habit.

Now, to make saving a habit, put away the amount you want to save every month first. And then create a monthly budget with the amount that you have left. For example, if you earn Rs.25000 every month and want to save Rs.5000. Then as soon as you receive your salary, first put away the Rs.5000, then maintain your expenditure with the rest of the amount.

3) You enjoy the benefit of compounding:

The earlier you start investing, the more you enjoy the benefit of compounding as you stay invested longer.

Let's understand this with two examples. Say you want to save Rs.4cr for your retirement. In the first case, you start investing in an equity mutual fund at the age of 25. And for this, every month you would need to save Rs.6000 till the age of 60. And in the next 35 years, you would be investing Rs.25.2 lakh in total.

In the second case, you delay the goal by 15 years and start saving towards retirement at the age of 40. The target amount remains the same, i.e Rs.4cr. Now, this delay will mean your monthly investments would be Rs.40000, and the total investment amount would be Rs.96 lakh.

| Building an ₹4cr Retirement Corpus: Starting investments at 25 and 40 | | | | |
|---|----------------------|-------------------------|---------------------------|-----------------------|
| Starting Age | Tenure of investment | Expected Rate of return | Monthly investment Needed | Total Invested amount |
| 25 | 35 | 12% | Rs.6000 | Rs.25 Lakh |
| 40 | 20 | 12% | Rs.40000 | Rs.96 Lakh |



So, for delaying the investment by 15 years, your monthly investment amount increases more than 6 times and the total investment amount is 4 times more. This is how compounding works over the years. You can also check the potential compounding effects on your investments using a mutual fund return calculator.

4) You can accumulate a larger corpus for staying invested longer:

Since you can have the benefit of compounding longer for staying invested longer, the corpus accumulated over the years will also be much higher.

To explain this, we can take the cue from the point discussed earlier. While talking about the benefits of compounding, we explained that even by investing only Rs.6000 per month you can create a corpus Rs.4cr just by starting early, at 25, and staying invested for as long as 35.

But if you start investing 15 years late and decide to keep the investment amount the same amount, Rs.6000, you would be able to save Rs.59 lakh in 20 years. (In both cases, you invest till the age of 60). And if you want to create a corpus of Rs.4cr in these 20 years, then you will have to keep investing Rs.40000 till the end of the tenure.

Hence, it's always beneficial to start early and stay invested for longer to accumulate a large corpus without feeling the pinch in your pocket or compromising on your daily standard of life.

5) You have a higher risk-taking ability:

When you are young, you have the chance to take more risks than at a later stage in life. At this age, your financial responsibilities are less, so you don't have to think too much before investing your money in a risky product. And even if you go wrong with your investments, you would have ample time to correct your mistakes and recover from it in the future.

For example, The Thumb rule for investing in equity is **"70 Minus Age"** Rule:

If you are 30 years old, then you can invest 40% in equities and the rest in fixed-income investments (Such as Fixed Deposits, Bond, Gold etc.). Now, say you are 22 years old, then as per the thumb rule, you can invest up to 50% in equities. But if you start your investments at 45, you might not prefer to take that much of a risk and as per the thumb rule, invest only 25% in equities.

And even though equities are riskier than fixed income products, they have the potential to give you higher returns in the long run helping you to create a larger corpus for a smaller investment amount.



BOTTOM LINE:

So if you haven't already started your investment process, start today. Start small, keep it simple, and keep learning with the time. Remember, wealth creation is a long-term process and there is no shortcut to it. And as a young earner, the biggest advantage that you have is – Time





May 2025

STUDENTS PHOTO GALLERY



Vishnu Vardan V
SRO 0773009



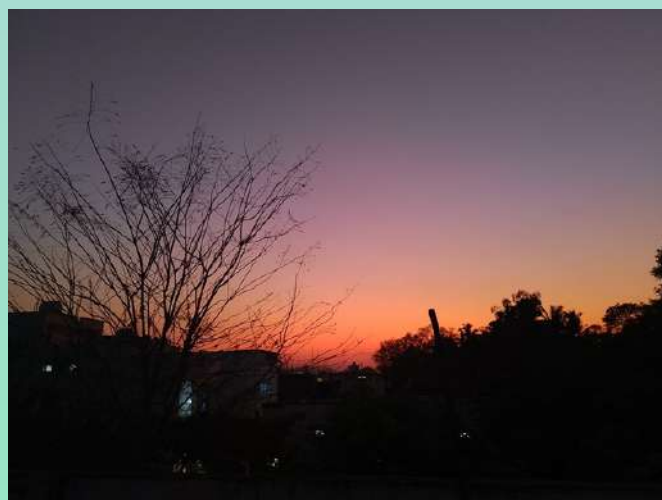
Arularasi A B
SRO 0767454



HEMANATH.K
SRO 0788652



Balaambica V
SRO 0856655



SURYA AV
SRO 0845690



TRIVIA

Case Study:

Incorporation of a Company & Prospectus Issue

Case:

M/s GreenTech Pvt. Ltd. was incorporated under the Companies Act, 2013 on 5th March 2024. Its main object is to manufacture and trade solar panels.

The company has 5 directors and 8 shareholders. It decided to raise funds by issuing shares to the public. However, the directors were advised that, as a private company, it cannot issue a prospectus to the public unless it converts into a public company.

Later, they decided to convert GreenTech Pvt. Ltd. into GreenTech Ltd., a public limited company, by passing a special resolution on 1st May 2024 and filing necessary forms with the Registrar of Companies (ROC).

After the conversion, GreenTech Ltd. issued a prospectus inviting subscriptions for its shares, but it failed to mention certain key risk factors. One of the investors, Mr. Aryan, later alleged misstatement in the prospectus and sued the company for compensation.

Questions:

Q1. As per the Companies Act, 2013, for a private company to convert into a public company, which of the following is mandatory?

- (a) Special resolution by members
- (b) Ordinary resolution by members
- (c) Board resolution only
- (d) No resolution is needed

Q2. After conversion into a public company, GreenTech Ltd. issued a prospectus. If the prospectus contains untrue statements, what type of liability can arise?

- (a) Criminal liability
- (b) Civil liability
- (c) Both (a) and (b)
- (d) No liability

Q3. Under which section of the Companies Act, 2013 is civil liability for misstatement in the prospectus covered?

- (a) Section 26
- (b) Section 34
- (c) Section 35
- (d) Section 23



Q4. Which document must a company file with the Registrar within 30 days of passing a special resolution for conversion?

- (a) Form MGT-7
- (b) Form PAS-3
- (c) Form MGT-14
- (d) Form INC-20A

Q5. A prospectus must contain which of the following key elements to avoid misstatements?

- (a) Risk factors
- (b) Company objectives
- (c) Capital structure
- (d) All of the above

Answers to MCQ is in below pages



UPCOMING EVENTS

May 2025

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**
(Set up by an Act of Parliament)

CHENGALPATTU DISTRICT BRANCH (SIRC)
Near Tambaram Sanatorium Railway Station

COACHING CLASSES



Classes to Commence from Last Week of May 2025

Foundation for September 2025 Examination
Morning Batch : 06.30 am - 09.30 am
Evening Batch : 05.30 pm - 08.30 pm
Fees Rs.15,000/-



Classes to Commence from Last Week of May 2025

Intermediate for September 2025 Examination
Group I : 06.30 am - 9.30 am
Group II : 05.30 pm - 8.30 pm
**Fees : Single Group Rs.12,000/-
Both Group Rs. 21,000/-**

- Duration - 3 Months
- Chapter Wise Coverage
- Mock Test as per ICAI Guideliness
- Eminent Faculties
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East Tambaram, Chennai - 600 059 Ph : 044-22390098 / 80562 44300
Mail ID : chengalpattu@icai.org | www.chengai-icai-org

Answers to MCQ at page no: 31

1. A) 2. C) 3. C) 4. C) 5. D)



The Institute of Chartered Accountants of India

(Set up by an Act of Parliament)



Chengalpattu District Branch of SICASA

CA STUDENTS' NATIONAL TALENT SEARCH



Pitch Deck Competition



Quiz Contest
(Doubles)



Debate Competition



Elocution Competition
(Individual)



Essay Competition

**COMPETITION AT BRANCH PREMISES
MAY 31 ST | 10.00 AM TO 5.00 PM**



COMPETITION INSTRUCTIONS FOR ALL PARTICIPANTS

Students pursuing Intermediate/Final course and undergoing articleship can participate

- * Students registered with Branch for the course/articleship can participate
- * Students can participate in any one competition only
- * Read the ICAI guidelines for each competition separately
- * Topics for the competition to be selected from the list given by BoS only
- * Rules will be announced separately

CA. Shivachandra Reddy K
Chairman

CA. Priya A
SICASA Chairperson

CA. Arumugaraj P
Nominated Member SICASA

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Member

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"Empowering Tomorrow's Chartered Accountants with the Intelligence of Today"

Speaker

CA. Shanmugapriya V

Registration
Fee: Rs. 100/-



10.00 am to 5.00 pm

On 24th May 2025, Saturday

Stay tuned – the venue will be announced shortly.

Followed by Lunch

Registration Link: <https://events.cglportal-icai.org/student>

All Are Welcome

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SICASA Chairperson

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Nominated Member - SICASA

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East Tambaram, Chennai-600 059

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Career Counselling Programme

Programme : Hindu Education Plus Career Counselling Fair 2025

Date : 5th and 6th April 2025 (Saturday & Sunday)

Venue : Chennai Trade Centre - Nandambakkam





CHENGALPATTU DISTRICT BRANCH OF SICASA OF ICAI

May 2025





CHENGALPATTU DISTRICT BRANCH OF SICASA OF ICAI

May 2025





CHENGALPATTU DISTRICT BRANCH OF SICASA OF ICAI

May 2025

Programme : HOW TO FACE CA EXAMS?

Date : 19th April 2025 (Saturday)

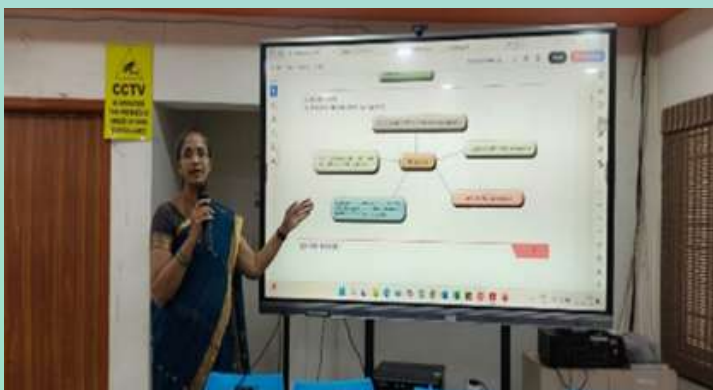
Venue : Branch Premises





CHENGALPATTU DISTRICT BRANCH OF SICASA OF ICAI

May 2025





CHENGALPATTU DISTRICT BRANCH OF SICASA OF ICAI

May 2025

Programme : Industrial Visit to Mudhra Fine Blanc Pvt Ltd

Date : 29th April 2025 (Tuesday)

Venue : B39 And 40 SIPCOT, Industrial Area, Irungattukottai, Sriperumbudur







OPPORTUNITY FOR OUR CA STUDENTS

Articles are invited from students for publishing in the e-newsletter. The articles shall be either on a specific subject or a general article.

For all the artistic minds, you may highlight your artistic skills by sending your art to us. It could be drawing, poem, photographs and all the artwork which is unusual in your way!

Students can mail their work with Name, SRO Number, Mobile Number, Residential Address, Office Address & Photo to our E-Mail mentioned below.

Email Id : sicasa@chengai-icai.org | Mobile No : 80562 44300 | 7550009811.

We wholeheartedly thank all the students who have provided their valuable Inputs for this newsletter as well as for the upcoming newsletters.


CALLING ALL PASSIONATE CA STUDENTS FOR VOLUNTEERING !

Are you eager to grow, connect, and make a real difference? We're looking for enthusiastic and committed volunteers to be part of a series of exciting events curated exclusively for CA students!

These events are not just gatherings—they're gateways to professional development, networking with industry leaders, and knowledge-sharing within the CA community. As a volunteer, you'll be at the heart of it all—gaining hands-on experience in event planning, coordination, and team collaboration.

This is your chance to:

- Sharpen your leadership and organizational skills
- Be part of something meaningful
- Build lasting connections in the CA fraternity
- Stand out and grow personally & professionally

 Ready to step up and shine? Join us and be a driving force behind these impactful events. Let's create something unforgettable—together!