



E-NEWSLETTER of SICASA  
Chengalpattu District Branch of SIRC of ICAI

FEBRUARY 2022

VOL IV/NO. 2

*Cordially  
Invites you  
for the  
Bhoomi  
Pooja of our  
proposed  
Branch  
premises on  
feb 7th ,2022*



BRANCH OFFICE ADDRESS:.

Flat No:401, 4<sup>th</sup> Floor, No.1A, Periyalwar Street,

Sundaram Colony, East Tambaram, Chennai – 600059



## SICASA TEAM (2021-22)

### Chairman

CA Shivachandra Reddy K

### Vice Chairperson

Shrouthi S

### Secretary

Mahatha A

### Treasurer

Thilaga C

### Members:

Aiyswarrya M

Indhumathi N

Kaviya N

Priyadharshini S

### EDITORIAL BOARD

#### Editor :

CA Shivachandra Reddy K

#### Members:

CA Aanand P

CA Arumugaraj P

CA Bhuvaneshwari R V

CA Lakshminarayan T R

CA Madhumitha R

CA Naveen Kumar

CA Priya A

CA Ravichandran S

CA Thiruppathi P

### STUDENTS DEVELOPMENT

#### COMMITTEE:

CA Priya A

CA Shivachandra Reddy K

CA Deepa Rao

CA Janani V

CA Madhumitha R

CA NarashimmaRaghavan R

CA Ravikumar M

CA Sathiyarayanan K R

CA Sivagurunathan T

CA Sridhar Ganesh

CA Ravichandran S

CA Thiruppathi P

**Note:** The views expressed in the articles published are own view of authors and SICASA Chengalpattu District Branch does not endorse or take any responsibility for the views expressed in the articles.



*SICASA Chairman's Communication - 03*

*Branch Chairman's Communication - 04*

*Recent Amendments in Companies Act,  
Applicable from 01<sup>st</sup> April 2021 - 05  
- Asmitha Mathavan*

*Why stock market crashes & its reasons -10  
-Pushp Kumar Sahu*

*Deferred Tax -12  
-Hemashree*

*Trivia Corner - 15*





*FROM THE SICASA CHAIRMAN'S  
DESK*



My dear students,

We may be born in a middle-class family, but we can scale such heights in this lifetime that we can cause an industrial revolution. We may be born to illiterate parents but we can die as a scholar of world repute. We may have been considered a misfit during our childhood days, but we can become role models for the future generation.

What we are and what we have been has no bearing on what we can be. So if you want to be somebody in life, if you want to stand above the crowd, choose what you want to be in life and work on it with absolute passion. Everything else falls in line. Wish to see each one of you to be the one who will be looked up to.

As I am signing off as SICASA CHAIRMAN of our branch during this month. I take this opportunity to thank each and every member of the technical, editorial, career counseling, and student development team and the students who contributed articles to e-newsletter for their time and effort. It was a great joy and a wonderful experience to work with the current SICASA team and the previous team.

I express my sincere thanks to the branch chairman for the opportunity, branch management committee, members and the branch staff for their support and guidance.

**BHOOMI POOJA**

Bhoomi Pooja for our branch premises will be performed by our President, ICAI in the presence of the Vice-president, ICAI on Monday, February 7, 2022, at 9.01 AM. It is a great moment and pride for all our members and the students. Pls, attend the same in large numbers by adhering to the Covid 19 protocols.

**Shivachandra Reddy K  
SICASA Chairman  
Chennai, 25 th Jan 2022**



*FROM THE BRANCH CHAIRMAN'S  
DESK*



**My Dear students,**

My chairmanship is coming to an end with this newsletter. At this point i like to inform you all that, we at the branch level have got a leasehold land for construction of new branch building. The bhoomi pooja is scheduled to be held on 7.2.22 and hopefully within two years a new building will be there for the members and CA students.

I again repeat that only discipline with ethics and moral values also take us to higher levels. These are like nitrogen gas filled in a balloon. Don't go behind money and fame. If we follow the discipline with moral ethic's, everything comes behind us.

Focus on your studies and health, be kind to your parents, respect your teachers and gurus. Always be at giving end and not at the receiving end. Give what you have and enjoy the feel of giving.

All the best for your successful, bright and happy career.

**CA Kathiresan C**  
**Branch Chairman**  
**Chennai,30<sup>th</sup> Jan 2022**



## Recent Amendments in Companies Act, 2013 Applicable from 01<sup>st</sup> April 2021

### Mandatory Registration of NGO's with MCA for raising CSR Funds.

- Every entity, covered under sub-rule (1) of Rule 4 of Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, who intends to undertake any CSR activity, shall register itself with the Central Government by filing the form CSR-I electronically with the Registrar, with effect from the 01st day of April 2021.  
Provided that the provisions of this sub-rule shall not affect the CSR projects or programmes approved prior to the 01st day of April 2021.



Asmitha Mathavan  
SRO0621397

- Form CSR-I shall be signed and submitted electronically by the entity and shall be verified digitally by a Chartered Accountant in practice or a Company Secretary in practice or a Cost Accountant in practice.
- On the submission of the Form CSR-I on the portal, a unique CSR Registration Number shall be generated by the system.

### Definition of Small Company.

In the Companies (Specification of Definitions Details) Rules, 2014,  
The definition of small company will be revised:

“Small company means a company whose Paid up capital and Turnover shall not exceed rupees 2 crores and rupees 20 crores respectively.”

### Minimum Offer period for Right offer reduced from 15 days to now 7 days.

In the Companies (Share Capital and Debentures) Rules 2014, after rule 12, the following rule shall inserted, namely:—

“12A. Period for notice under sub-clause (i) of clause (a) of sub-section (1) of sec 62.  
For the purposes of sub-clause (i) of clause (a) of sub-section (1) of section 62, the time period within which the offer shall be made for acceptance shall be **not less than seven days from the date of offer.**”

### Companies not to be considered as Listed Companies.

In the Companies (Specification of definitions details) Rules, 2014, after rule 2, the following rule shall be inserted, namely:-

“2A. Companies not to be considered as listed companies:-

For the purposes of the proviso to clause (52) of section 2 of the Act, the following classes of companies shall not be considered as listed companies, namely:-



1. **Public companies** which have not listed their equity shares on a recognized stock exchange but have listed their –
  - (i) non-convertible debt securities issued on private placement basis in terms of SEBI (Issue and Listing of Debt Securities) Regulations, 2008; or
  - (ii) non-convertible redeemable preference shares issued on private placement basis in terms of SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013; or (iii) both categories of (i) and (ii)
2. **Private companies** which have listed their non-convertible debt securities on private placement basis on a recognized stock exchange in terms of SEBI (Issue and Listing of Debt Securities) Regulations, 2008;
3. **Public companies** which have not listed their equity shares on a recognized stock exchange but whose equity shares are listed on a stock exchange in a jurisdiction as specified in sub-section (3) of section 23 of the Act.”

#### **Abridged Annual return for OPC and small companies in Form MGT-7A.**

In the Companies (Management and Administration) Rules, 2014 (herein after referred as the said rules), in rule 11, for sub-rule (1), the following sub-rule shall be substituted, namely:- “(1) Every company shall file its annual return in Form No.MGT-7 except One Person Company (OPC) and Small Company. **One Person Company and Small Company** shall file annual return from the financial year 2020-2021 onwards in **Form No.MGT-7A**”;

#### **Amendments in Schedule V; Limits prescribed for remuneration payable to ‘other directors’ in case of no profits.**

In Schedule V of the Companies Act, 2013, in PART II, under the heading **—REMUNERATION**

- (i) in Section I, in the first para, after the words —managerial person or persons, the words or other director or directors shall be inserted;
- (ii) in Section II after the words —”managerial person”, wherever occurred, the words —”or other director” shall be inserted for Table (A), the following shall be substituted, namely:-



SI. NO	Where the effective capital (in rupees)	Limit of yearly remuneration payable shall not exceed (in Rupees) in case of a managerial person	Limit of yearly remuneration payable shall not exceed (in rupees) in case of other director
1	Negative or less than 5 crores	60 lakhs	12 Lakhs
2	5 crores and above but less than 100 crores	84 lakhs	17 Lakhs
3	100 crores and above but less than 250 crores	120 lakhs	24 Lakhs
4	250 crores and above.	120 lakhs plus 0.01% of the effective capital in excess of Rs.250 crores	24 Lakhs plus 0.01% of the effective capital in excess of Rs.250 crores

**Following explanation shall be inserted at the end, namely:-**

“Explanation– For the purposes of Section I, Section II and Section III, the terms ”or other director“ shall mean a non-executive director or an independent director”.

**Companies to use accounting software with audit trail of each transaction.\***

❖ **In the Companies (Accounts) Rules, 2014,-**

Every company which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.

\*This amendment is effective from 01st April 2022

**Scope of reporting by Auditors in Audit report broadened.**

In the Companies (Audit and Auditors) Rules, 2014, in rule 11-

The scope of reporting has been broadened by inserting the clause which defines ‘Other Matters to be included in the Audit Report’.





As per the amendment following Additional Disclosures are also required:

- ❖ Reporting regarding advances loans & Investment other than disclose
- ❖ Receiving of funds for further lending or investing other than disclosed in notes to accounts.
- ❖ Comment upon above 2 points whether representation made contains any material
- ❖ Dividend declared or paid is in compliance of section 123 of CA,2013.
- ❖ Comment of use of Accounting Software having Audit Trail & other rules

### **Additional disclosures to be made in Balance Sheet and P/L A/c.**

MCA vide Notification dated March 24, 2021 amended the Schedule III to the Companies Act, 2013 to incorporate the general instructions for preparation of the balance sheet and the profit and loss account of an Ind AS compliant company along with additional disclosure requirements.

Rounding off of the figures is now compulsory. Earlier it was optional.

As per the amendment following Additional Disclosures are also required:

#### **For PART-I Balance Sheet**

- ❖ In share capital schedule- Promoters holding is must to be disclosed
- ❖ Trade Payables ageing schedule with age 1 year, 1-2 year, 2-3 year & More than 3 years
- ❖ Reconciliation of the gross and net carrying amounts of each class of assets
- ❖ Trade Receivables ageing schedule with age 1 year, 1-2 year, 2-3 year & More than 3 years
- ❖ Detailed disclosure regarding title deeds of Immovable Property not held in name of the Company
- ❖ Disclosure regarding revaluation & CWIP
- ❖ Loans or Advances granted to promoters, directors, KMPs and the related parties
- ❖ Details of Benami Property held
- ❖ Reconciliation and reasons of material discrepancies, in quarterly statements submitted to bank and books of
- ❖ Disclosure where a company is a declared wilful defaulter by any bank or financial Institution
- ❖ Relationship with Struck off Companies
- ❖ Pending registration of charges or satisfaction with Registrar of Companies
- ❖ Non-Compliance with number of layers of companies
- ❖ Various ratios- (total 10 ratios) to be disclosed along with numerator and denominator and reason for variation with previous year
- ❖ Compliance with approved Scheme(s) of Arrangements
- ❖ Utilisation of Borrowed funds and share premium.



### For PART-II Profit & Loss Account

- ❖ Details of transaction not recorded in the books that has been surrendered or disclosed as income in the tax assessments
- ❖ Various detailed disclosures for Corporate Social Responsibility
- ❖ Details of trade or investment in any crypto currency or virtual currency

Thanks & Regards  
Asmitha Mathavan

CHALLENGING RISKS WILL  
MAKE YOU CRAVE  
FOR MORE SUCCESS.



## Why Stock Market Crashes and its reasons

In this article we will try to understand the reasons of stock market crashes and measures taken by SEBI to tackle the same, but before coming on to our main discussion, let us first understand what actually stock market crash is,

As per technical definition, it is a sudden dramatic decline of stock market, resulting in a significant loss of paper wealth. Crashes are driven by panic selling and underlying economic factors.

I know you may not understand the reality as it is little bit technical, don't worry we will deeply analyse the same with demand and supply example;



Pushp kumar sahu  
CRO0553317

Stock Market Crash is nothing but a steep downfall of stock indices like Sensex, Nifty 50 and many other small and mid cap indices and its listed shares; gradually due to rapid dumping of shares in the market usually by big investors like FII's, DII's which ultimately creates panic among the investors and they also start selling their holdings (shares) with a fear of losing more and more value of investment which ultimately results in excess supply i.e. selling and there are less or few buyers, in simple words it is just a basic concept of economics i.e. demand & Supply, Seller has to sell their holdings at whatever rate buyer is willing to pay which is usually low, thereby taking share price to downward, apart from this there are several other reasons of stock market crashes like high fluctuation in inflation rates, foreign exchange rates, RBI monetary policy, rise or fall in Gold and oil prices, global cues etc. It is just an illustrative list there are as many possible reasons of rise and fall of stock market indices.

The example taken of rapid dumping of shares in above explanation is just a trailer, there are so many other reasons of market crash which are discussed below;

- ❖ Economic factors of the country like GDP growth rate, inflation rates, policies of government etc.
- ❖ Global Factors like most of the world stock exchange have an effect due to stock markets of U.S. i.e. Dow Jones and Nasdaq, if U.S. market increases then other markets will increase and vice-versa. This is because of the dominance the developed economies have with rest of the world.
- ❖ Expose of any scam done by any person who is engaged in large volume of trading of shares like Harshad Mehta scam of 1992 and Ketan Parekh scam of 2001 and many more.

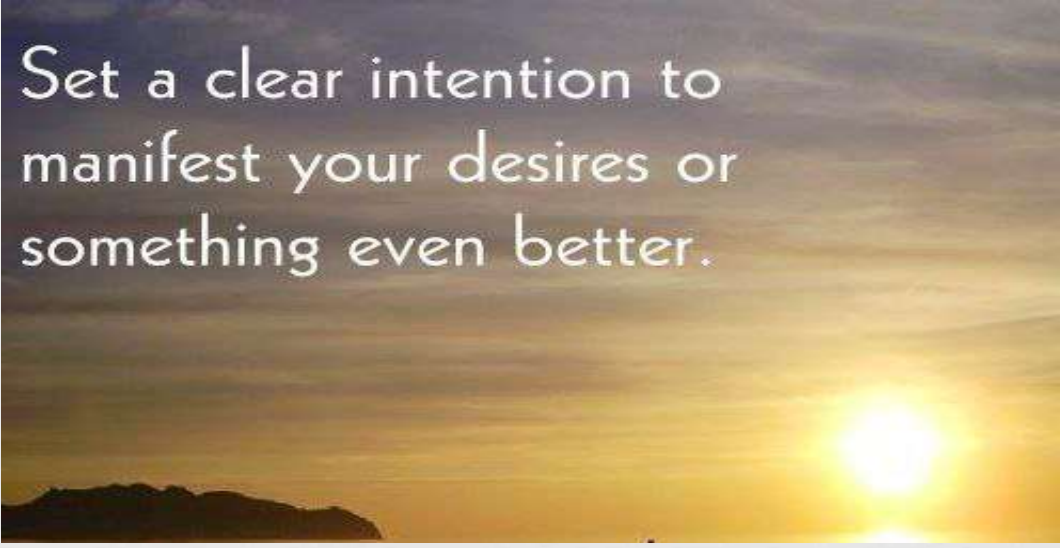


- ❖ Expose of frauds done by large cap companies which ultimately results in market crash like window dressing done by Satyam computers and Enron.
- ❖ Rise or fall in commodities market especially gold, silver and oil prices.

To overcome market crashes problem, SEBI ( Regulator of securities market in India ) has prescribed certain rules like trading halt, upper and lower circuits, declaration by trader before selling and buying major stake in a company etc to protect the interest of small investors and to stop manipulation of market by big players of the market.

SEBI acts as a watch dog of the Stock market so that big players won't be able to manipulate the market by bulk buying and selling of shares which ultimately leads to tremendous amount of loss to small investors. Market crash effects the economy in a significant manner as it is one of the most important pillar of economy of any nation, Market crash leads to erosion of billions of dollor of money from the market in a single day, huge amount of capital and investment of investors are whipped out in a moment. Therefore, the steps taken by SEBI to combat the market crashes are the welcoming steps which will lead to fair trading in the market and thus protecting the interest of investors and will surely prove to be a boon for the growth of market and its capitalisation.

With Regards,  
Pushp Kumar sahu



Set a clear intention to  
manifest your desires or  
something even better.



## DEFERRED TAX

### DEFERRED TAX – MEANING

The difference between accounting income and taxable income is known as deferred tax

### TYPES OF DEFERRED TAX

There are two types of deferred tax

- (i) Deferred tax liability
- (ii) Deferred tax asset

### DEFERRED TAX LIABILITY

Deferred tax liability is the taxes that the company is required to pay in future.



Hemashree  
SRO0697061

### REASONS FOR DEFERRED TAX LIABILITY

1. Dual accounting of figures
2. Companies generally aim to push their profits with a view to show maximum profit to shareholders.
3. To push current profit into future to reduce tax burden

Eg Deferred tax liability - Depreciation

As per financial statements the assets are depreciated using straight line method, but as per Income Tax rules, the company must charge depreciation at Written down value method.

The difference between the two is accounted as Deferred tax liability in the balance sheet.

### DEFERRED TAX ASSET

Deferred tax asset arises when a company overpays its taxes and it will be returned to the company by way of tax relief

### REASONS FOR DEFERRED TAX ASSET

1. Revenue earned is taxed before it is recognised
2. Expenses are taken into account by the taxing authority even before they are recognised



Eg. Deferred tax asset – Bad Debt

Company HIL has a book profit of Rs 50,000 for AY 21-22 which includes provision for bad debts amounting to Rs2500 .However as per Income tax act, provision for bad debt is disallowed Therefore company HIL should pay tax on profit of Rs 52,500 and hence it results in Deferred tax asset

S NO	ENTITY PROFIT STATUS	ENTITY-CURRENT	ENTITY - FUTURE	EFFECT
1	Book profit higher than taxable profit	Pay tax less now	Pay more tax	Creates Deferred Tax Liability
2	Book profit is less than taxable profit	Pay more tax now	Pay less tax	Creates Deferred Tax Asset

Thanks & Regards  
Hemashree





GLIMPSE OF 73<sup>rd</sup> REPUBLIC DAY CELEBRATED ON 26-JAN-22 AT OUR BRANCH PREMISES





# TRIVIA Corner

- i. Which was the first state in India to pass the GST bill?
- ii. A written document in support of transaction is called- ?
- iii. What is the name of all India tax passed by parliament in 2017?
- iv. Which is not a sub field of accounting?
- v. Vouching of the balances of all incomes and expenses account is known as vouching of ?

## Previous Month Answer

- i. In India GST came effective from July 1<sup>st</sup> 2017, India has chosen which countries model of dual –GST? -  
Canadian
- ii. Which is the first phase of accounting cycle ? –  
Identifying an economic event or transaction
- iii. The cost which is to be incurred even when a business unit is closed is called as ?  
-Shutdown cost
- iv. Which type of tax is not subsumed in GST ? –  
Stamp Duty
- v. What is the primary goal of the financial management? – To maximize the wealth of nation





## SICASA of Chengalpattu District Branch of SIRC of ICAI

### Contribution From Our CA ASPIRANTS:

*Articles are invited from students for publishing in e-newsletter. The articles shall be either on the 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 art work 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*

#### Follow Us on



[chengai\\_icaei.org](http://chengai_icaei.org)



SICASA Chengalpattu  
District Branch Of SIRC



Chengalpattu District  
Branch Of SIRC



[kpmsicasa@gmail.com](mailto:kpmsicasa@gmail.com)



[chengai\\_sicasa](https://www.instagram.com/chengai_sicasa)



7550009811