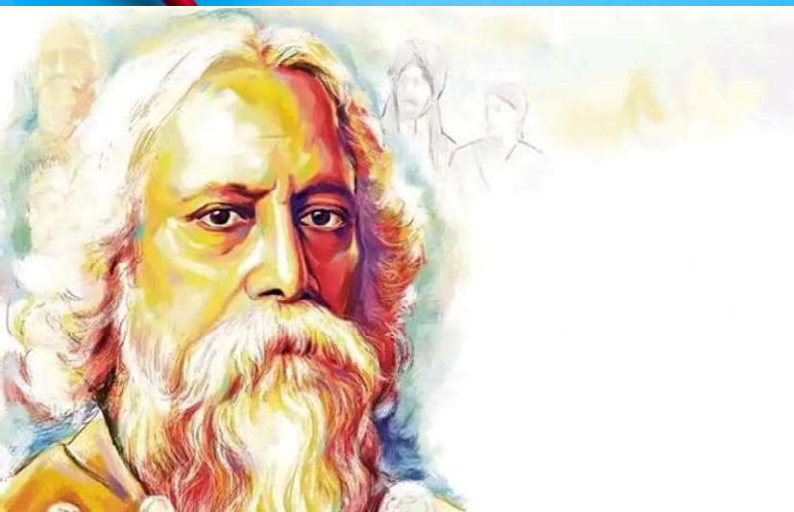




# ರೌರವಿ

continuous progress



**MANGALURU BRANCH OF**  
**SOUTHERN INDIA REGIONAL COUNCIL OF**  
**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**

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## FROM THE CHAIRMAN'S DESK

Dear readers,

This month had begun with a very disturbing “second wave of the pandemic” which led to lockdown, once again. I am certain that you all are aware of how inexplicably the pandemic is rolling out. The same needs to be handled and taken care of in a better way. We can and should do our best in taking care of ourselves, our dear and loved ones and the society. I believe that all the members and students are following the protocol given by the Government. I would like to inform you all that the committee is taking efforts to make the vaccination available to all the members. During this period, we had prepared and provided seminars for all. I hope it were all fruitful and informative to all those who participated. We will step forward and bring about more seminars that would be beneficial to all. The seminars are being conducted for the sole reason of keeping a note of the various norms and changes in the existing laws. It is very important to update our self with regards to changes in the laws prevailing. This in turn will help us to serve our clients, better. Our profession requires a lot of knowledge and passion and I believe that the same thought has to be put in our personal lives as well. We all know that, the lockdown was an attempt to narrow this contagious virus. But to look at the brighter side, during the lockdown period, I hope you all were able to work towards achieving your personal goals and have a good family time. I would like to conclude by reminding you all to wear a mask every time you step outside, carry a sanitizer at all-times and remain healthy. The saying - “Health is wealth” is best understood during this epidemic. So, let us pray to God Almighty to bless us with good health and reverse this mishap.



Have a good day.

Regards

CA K S Kamath

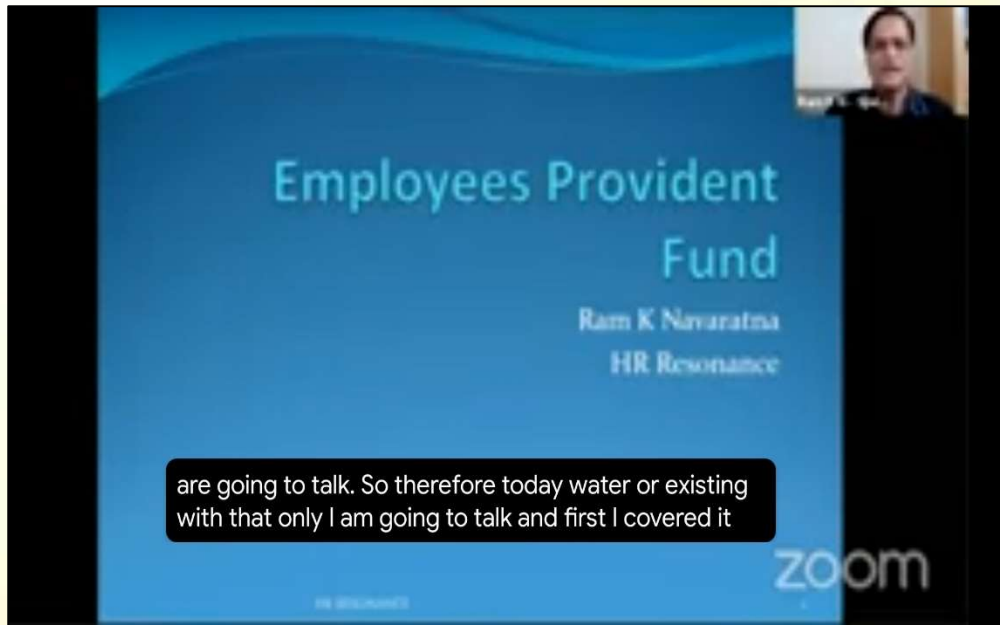
Chairman

Mangalore Branch of SIRC of ICAI

## **BRANCH ACTIVITIES FOR THE MONTH OF APRIL 2021**

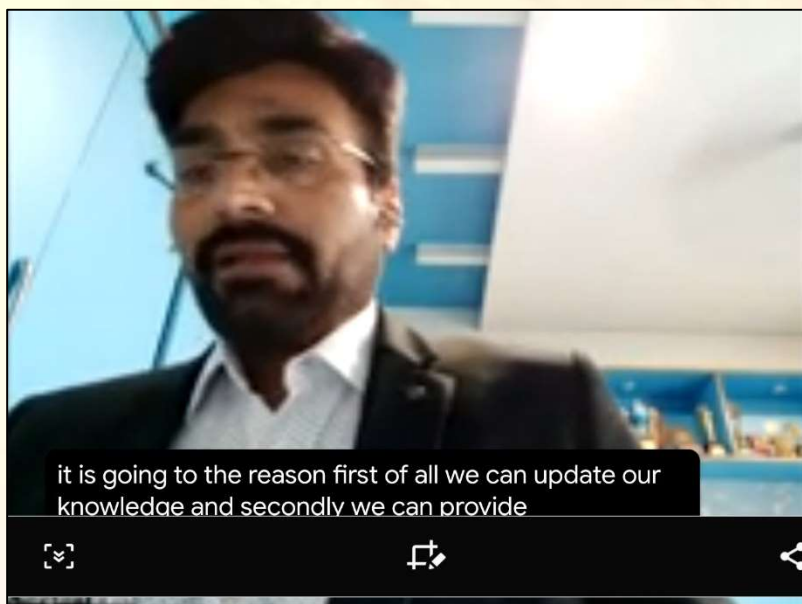
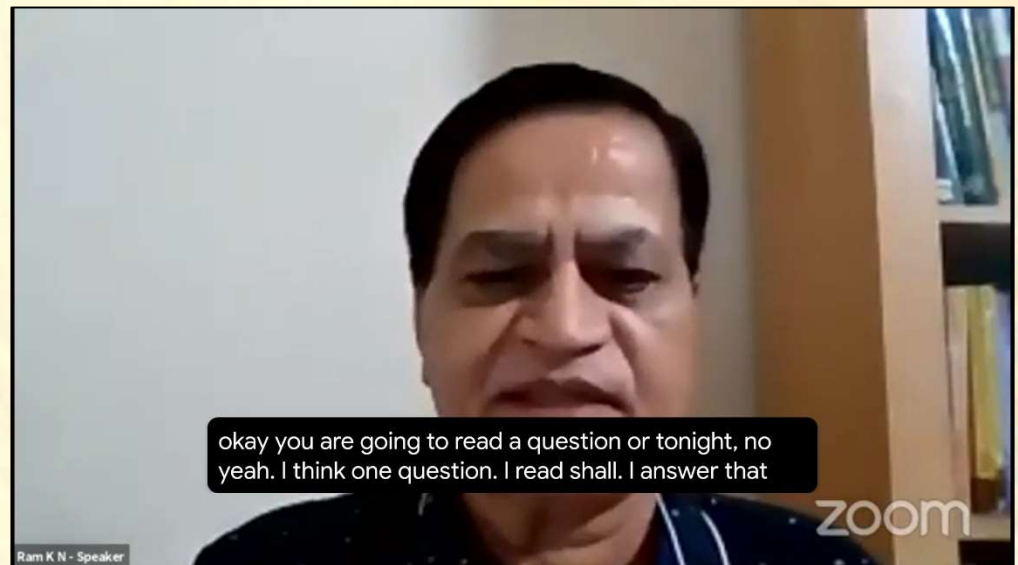
<b>Sl. No</b>	<b>Date</b>	<b>Activity</b>
1	23.04.2021	<b>Half Day Webinar on</b>  <b>Topic :</b> Latest Amendments in Income Tax by Finance Act 2021 Recent Amendments for Trusts under IT Act, 1961  <b>Resource Person : CA. Naveen Khariwal G, Bengaluru</b>
2	29.04.2021	<b>Webinar on</b>  Getting ready towards the New Labour Code Topic Covered  1. PE/ESI Compliances & Practice 2. Key Provisions of the Prevention of Sexual Harassment at Workplace Act 3. Key Highlights of New Labour Code  <b>Resource Person : Ram K Navaratna ,Bengaluru</b>

## BRANCH ACTIVITY GALLERY FOR THE MONTH OF APRIL 2021

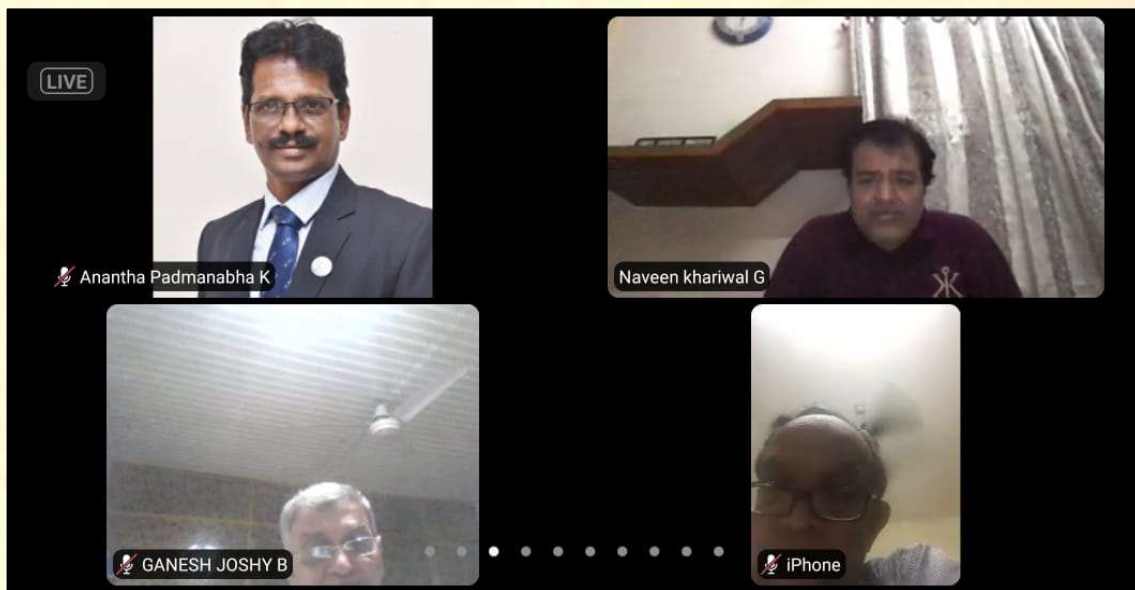


**Webinar on Getting ready towards the New Labor Code Topic Covered**

**Resource Person:  
Ram K Navaratna,  
Bengaluru**



**Chairman: CA K S Kamath**



**Half Day Webinar on Latest Amendments in Income Tax by Finance Act 2021**

**Recent Amendments for Trusts under IT Act, 1961**

**Resource Person : CA. Naveen Khariwal G, Bengaluru**

# **TEST YOUR KNOWLEDGE**

## **CORPORATE LAW:**

- ◆ Monster Private Limited is a company in which there are 9 shareholders. The issued and paid up share capital of the said company is Rs. 1 Crore Consisting of 1 Lakhs Shares of Rs.100 each. They want to file an application before the National Company Law Tribunal alleging various acts of fraud and mismanagement. \_\_\_\_\_ can apply to the National Company Law Tribunal for relief against oppression and mismanagement under section 244 of the Companies Act, 2013.
- ◆ Aakaar Solar Energy Private Limited was allowed the status of a 'dormant company' and a certificate to this effect was issued on 1st July 2018 by the Registrar of Companies, Delhi and Haryana. \_\_\_\_\_ is the latest date after which the Registrar is empowered to initiate the process of striking off the name of the company if Aakaar Solar Energy continues to remain as a dormant company.

## **TAXATION:**

- ◆ PQR Ltd., a domestic company, has distributed on 15.10.2020, dividend of Rs.230 lakh to its shareholders. On 17.9.2020, PQR Ltd. has received dividend of Rs.60 lakh from its domestic subsidiary company XYZ Ltd. The deduction under section 80M allowable to PQR Ltd. would be \_\_\_\_\_
- ◆ A Ltd. filed its return of income for A.Y.2021-22 on 30th September, 2021. The return is selected for regular assessment under section 143(3). The time limit for service of notice u/s 143(2) in this case is \_\_\_\_\_

## **GENERAL KNOWLEDGE:**

- ◆ National Technology Day is marked as the anniversary of \_\_\_\_\_ test of 1998.
- ◆ Red Cross Day is the anniversary date of the birth of \_\_\_\_\_ who was the founder of International Committee of the Red Cross.

## **TRICKY PUZZLE:**

- ◆ Mathew had 6 siblings. They were all born 2 years apart. The youngest is Izza who is only 7 years old while Mathew is the oldest. What is Mathew's age?
- ◆ Suresh's sister is the wife of Ram. Ram is Rani's brother. Ram's father is Madhur. Sheetal is Ram's grandmother. Rema is Sheetal's daughter in law. Rohit is Rani's brother's son. Who is Rohit to Suresh?

*Answers may be sent to [icaiebulletin@gmail.com](mailto:icaiebulletin@gmail.com)*

*Correct answers will be out in the next edition.*

*The names of the first five persons who give correct answers to all the questions, will also be published*

## **TEST YOUR KNOWLEDGE- ANSWERS FOR APRIL EDITION**

### **CORPORATE LAW:**

- ◆ Since in the given scenario, the company is a small company it shall be sufficient if at least one board meeting has been conducted in each half of the calendar year provided that the gap between the two is not less than 90 days. So, the meeting has to be held on and after 12.05.2020.
- ◆ In Section 8 Companies, the quorum for conducting the meeting is 8 directors or 25% of the total directors, whichever is lower provided that the quorum shall not be less than 2 directors. In the given case, 25% of the total directors is 3 directors. Thus, this is the requirement for the quorum.
- ◆ Vikas Pvt Ltd is not required to appoint a whole-time company secretary.  
Reason: As per Rule 8A, amended w.e.f 01.04.2020, every private company having a paid-up share capital exceeding Rs. 10 Crore shall have a whole-time company secretary.

### **GENERAL KNOWLEDGE:**

- ◆ Under the command of **Col. Reginald Dyer** British Officer, the massacre of Jallianwala Bagh took place.
- ◆ The Indian revolutionary **Udham Singh** assassinated Michael O' Dwyer the, then Lieutenant-Governor of Punjab who had approved the order of the British commander.
- ◆ **US Senator Gaylord Nelson** started the initiative of Earth Day in USA.
- ◆ Under the sponsorship of **WHO**, World Health Day is organized.

### **TAXATION**

- ◆ Residential Status: **Resident**

Justification: As the income of Mr. Ananth exceeds the limit of Rs. 15 Lacs, he is not eligible to avail the benefit of Covid Relaxations in respect of residential status, given by the government through circular no: 2\_2021\_F. No. 370142/18/2020-TPL

### **TRICKY PUZZLE:**

- ◆ Nidhi walks 5kms starting from her house towards west, then turns right and walks 3kms. Thereafter, she takes a left turn and walks 2kms. Further, she turns left and walks 3kms. In what direction is she now from her house? -**WEST**
- ◆ A is B's daughter, B is C's mother. D is C's brother. How is D related to A? -**BROTHER TO A**
- ◆ Four children are sitting in a row. A is occupying a seat next to B, but not next to C. If C is not sitting next to D, who is occupying the seat next to D? - **A**

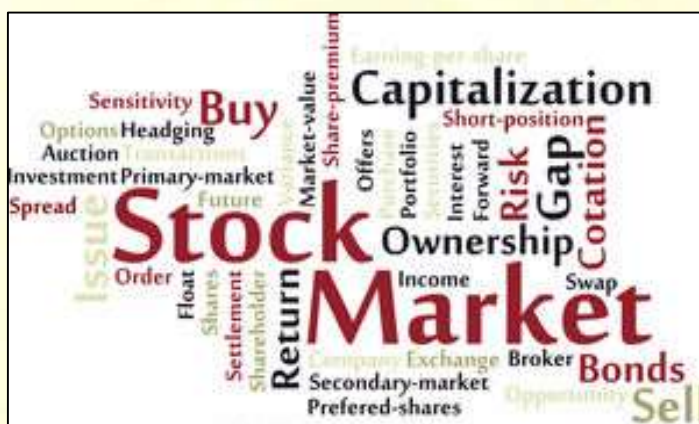
### **UNSCRAMBLE THE WORDS:**

- ◆ D N F U   D R F I N E ----- **FUND FINDER**
- ◆ A R D N G E M T B O K I ----- **DEMAT BROKING**
- ◆ O I G S D O T L C K H ----- **STOCKHOLDING**

## INVESTMENT IN SHARE MARKET

### **Introduction:**

During early 90s, the rate of interest on deposits and various government schemes were reasonable say 14% to 20%, so the community at large ended up investing their money in the deposit / government schemes and there were cases where they preferred not to opt for the



pension scheme, with the cost benefit analysis that, if they would opt for this scheme, they would be losing out on the benefit of investing their savings into the deposits/ government schemes as the rate of returns offered was high. However as the year passed by, the rate of interest got deregulated and RBI gave the power to the banks to fix rate on the lending and deposits to banks, the banks started reducing the rates as and when there is cut in Bank Rate by RBI. From 15% to 20% the rate of interest has now come down to 5 to 7%.

With the increase in the standard of living and the inflation crisis, an individual will have to diversify his investment and build up a strong financial portfolio, with one aim i.e. to lead a comfortable life in the future. Though the risk of investing in shares is high, the returns is high as well. This is the time when every one of us have to think of the alternative source of investments compared to conventional source of savings / Investments.

### **Perception among General Public about Investment in shares:**

It is generally seen that majority of the population are reluctant to invest in the share market for the following reasons:

1. It is risky and there is a possibility of loss of capital
2. The profit entirely depends on luck and it is speculative in nature.
3. It does not give regular returns
4. Lack of Knowledge

Though they are correct in their own way, carefully analysed investments will mitigate risk, will give them a decent profit and sometimes a regular income as well.

The Golden Rules for all the Investors are:

- ◆ **Invest early** – The investment should start at an early age. If an individual feels that he does not have any technical skill or time to track the movements of the stock market on a daily basis, he may think of mutual funds. Mutual funds with Systematic Investment Plan commonly known as SIP, will definitely give a return of 20% to 30% on an average, over the span of 10 years.
- ◆ **Invest regularly** – It is always better to invest on a regular basis, say every month. Share values are always fluctuating on a day to day basis and when there is a continuous fall in the market, it is the right time to buy. While buying also it is better to buy in smaller lots, because sometimes, no expert will be able to provide clarity regarding the level up to which the price may fall. So one has to go on buying shares in smaller lots and average the price, so that when the market starts going up he can sell and earn a reasonable profit.
- ◆ **Be clear regarding your Long term or Short term goals as an Investor** –  
The Investor should decide the strategy clearly. Normally long term investments will yield good returns. For example Rs.10,000.00 invested in the shares of Infosys in the year 1993 is worth Rs. 2.97 crores and Rs.10,000.00 invested in MRF in the year 2001 is worth Rs.14.80 lakhs. It is advised to invest in fundamentally strong company if your goal is long term and invest based on technicals if your goal is short term.



- ◆ **Don't keep the fund Idle** – It is not a good practice of keeping huge amount in the savings bank or current account which earn nominal or no interest. Instead, it may be invested in shares, which have the tendency to rise so that reasonable return can be earned within a short span.

## Why Invest in the Stock Market?

The cost of living is increasing day by day. When we are in a position to earn income, either by way of salary or through business / service activities the importance of savings and the income earned on such savings are not felt. When our regular income flow stops either may be because of retirement or because of physical incapability we have to depend entirely on the earnings generated from

our savings. With the present interest rate offered on various savings avenues, the principal will take nearly 20 years to become double. A well planned investment in shares and mutual funds sometimes may double your investments, within a short time span of say one year. Hence for maximising our wealth before we retire from our activities investment in shares is the best remedy.

## How to select a Company to Invest?

### Fundamental Analysis:

One can invest in fundamentally strong shares without much hesitation. Investment is made on the basis of intrinsic value of these shares and are normally not effected by the various other external factors which effect the share



market or even if effected only for temporary period and there will be a tendency on these shares to always bounce back to its original level within a short period.

One can determine whether the company is fundamentally strong or not based on the following:

1. The Quality of the Management team and their commitment towards the company and the performance of the other companies falling in the same group.
2. Trend of Increasing sales and profit over the years
3. Earnings per share
4. Distribution of Dividend and Issue of bonus shares
5. Future prospects for the company as per the product / services dealt with by the company.
6. The quality of the assets owned by the company and lesser reliance on borrowed funds
7. The strength of technology of the company
8. Quality of Human resources etc.,

## Technical analysis:



Technical analysis is a means of examining and predicting price movements in the financial markets, by using historical price charts and market statistics. It is based on the idea that, if a trader can identify previous market patterns, they

can form a fairly accurate prediction of the future price trajectories.

Technical analysis has three main principles and assumptions:

1. The market discounts everything
2. Prices move in trends and counter trends and
3. Price action is repetitive, with certain patterns reoccurring.

Analysts, Fund managers, and individual investors study the basic principles of technical analysis to support their decision making in financial markets. Behavioural finance, which is the study of the influence of psychology on the behaviour of investors, focuses on the fact that investors are not always rational, have limits to their self-control, and are influenced by their own biases. This relatively new field of finance is motivating more practitioners to consider technical analysis as a tool for understanding and explaining irrationalities in financial markets.

Technical analysis can be used on any freely traded security in the global market and is used on a wide range of financial instruments, such as equities, bonds, commodities, currencies, and futures. However, in



general, technical analysis is most effectively applied to liquid markets. Therefore, technical analysis has limited usefulness for illiquid securities, where a small trade can have a large impact on prices.

The primary tools used in technical analysis are charts and indicators. Charts are graphical displays of price and volume data. Indicators are approaches to analysing the charts. While the tools can be used on a standalone basis, many analysts, fund managers, and investors will find added value in combining the techniques of chart analysis with their own research and investment approach.



Charts provide information about past price behaviour and provide a basis for inferences about likely future price behaviour. Basic charts include line charts, bar charts, and candlestick charts.

The difference between the two approaches comes down to what determines a stock's value and price. Fundamental analysis considers the value of the company. This ultimately depends on the value of its assets and the profits it can generate. Fundamental analysts are concerned with the difference between a stock's value, and the price at which it is trading.

Technical analysis is concerned with price action, which gives clues as to the stock's supply and demand dynamics – which is what ultimately determines the stock price. Patterns often repeat themselves because investors often behave in the same way in the same situation. Technical analysis is concerned with price and volume data alone.

There are countless methods of stock picking that analysts and investors employ, but virtually all of them are one form or another of the two basic stock buying strategies of Value Investing or Growth Investing.



Value investors typically invest in well-established companies that have shown steady profitability over a long period of time and may offer regular dividend income. Value investing is more focused on avoiding risk than growth investing is, although value investors do seek to buy stocks when they consider the stock price to be an undervalued bargain.

Growth investors seek out companies with exceptionally high growth potential, hoping to realize maximum appreciation in share price. They are usually less concerned with dividend income and are more willing to risk investing in relatively young companies. Technology stocks, because of their high growth potential, are often favoured by growth investors.

### **The following points may be kept in mind by the Investor in shares:**

- ◆ Don't put all your money in the share market. Keep sufficient liquidity which will take care of your daily needs and also in the situations of emergency. People with regular source of income may invest maximum in shares after setting aside reasonable amount for exigencies.
- ◆ Don't borrow and invest in shares. Invest only the surplus in your hand.
- ◆ Don't put money on penny stocks.
- ◆ Do not blindly believe the advice of any consultants / brokers. Analyse the company's financial performance, past and present valuation and the trend and then take informed decision.
- ◆ Do not hesitate to book the loss. Sometimes in spite of taking all the care the investment made by us prove to be wrong and under the circumstance it is wise to sell the shares, book the loss and invest the amount received on some good company shares.
- ◆ Focus on 10 to 15 companies. If you invest in several companies keeping track on the movement will become difficult.
- ◆ One should be aware that 80% of gains come in 20% of time. So an investor needs enormous patience and conviction to hold stocks or Mutual funds for over a long period of time say 10 or 20 years.
- ◆ One should keep in mind that prices change frequently. Value change over a period of time. There lies the opportunity.
- ◆ Please note most of the time, doing nothing is the best thing to do in the market. It is good to be a Rip Van Winkle investor. Activity hurts. Sit still.



- ◆ We cannot predict or control markets. What we can control is how much we save, investment process and behaviour. We have to focus only on that.
- ◆ Investors are human. That's why markets would never be fully efficient.
- ◆ Buying and selling is easy. It is holding on through ups and downs is difficult but ultimately most rewarding.
- ◆ Tiny drops of water make the mighty ocean. Invest regularly. Invest for long term. You can create huge wealth.

### **Conclusion:**

In spite of putting in our best efforts in analysing the performances of the company before investing in shares, sometimes value of the shares may come down in a shorter duration. However, a patient investor need not worry. Over a period of time the value will pick up and definitely give a return which will be more than the returns offered by the conventional investments. Investment in shares is the only way we can maximise our wealth and ensure that our purchasing power be increased to face the inflationary effect on our day to day life. Investing is a game of time and it is always worth the wait.

We wish all the investors a happy investing!!



CA.PRASHANTH PAI K

M/S PPK & ASSOCIATES

***Disclaimer: The opinions expressed within this article are the personal opinions of the author and from references taken from the internet. The facts and opinions appearing in the article do not reflect the views of the Managing Committee and ICAI does not assume any responsibility or liability for the same***

# WORDS *of* WISDOM

- ◆ You learn nothing from your life, if you think you are right all the time.
- ◆ Stop thinking of limitations and start thinking of possibilities
- ◆ The greatest prison people live in is the fear of what other people think.
- ◆ Listen with curiosity, Speak with Honesty, Act with Integrity.
- ◆ The depth of your struggle will determine the height of your success
- ◆ There is nothing called “Problem”. It is just absence of an idea to find solution.
- ◆ When you finally realize that nothing is permanent in this life, you will become more tolerant, more forgiving and less judgmental.
- ◆ Everybody seems to be special at first sight. But only very few will remain special to you till your last sight.
- ◆ Never view kindness as a weakness. It takes a lot of strength to be kind in today’ selfish world.
- ◆ Tough times are like physical exercise, you may not like it while you are doing it but tomorrow you will be stronger because of it.

## **WORDS FROM THE HOLY BOOK**

काङ्क्षन्तस्तु कर्मणां सिद्धिं यजन्त इह देवतारु ।  
क्षिप्रं हि मानुषे लोके सिद्धिर्भवति कर्मजा ॥

**In this world, those desiring success in material activities worship the celestial gods, since material rewards manifest quickly.**

Persons who seek worldly gain, worship the celestial gods and seek boons from them. The boons the celestial gods bestow, are material and temporary, and they are given only by virtue of the power, they have received from the Supreme Lord.

Shri Krishna says that most of us do not desire self-realization, we only desire material objects because they give us instant happiness. We have been conditioned to perform actions that get quick results.

We make instant coffee and it gives us instant satisfaction. And when we want results that are beyond our immediate control, we approach and appease forces in nature that can grant us the result we need. These forces could be human beings – we may propitiate a local politician if we want to set up a business in a particular town.

But, no matter how satisfying the result is, it will only give us temporary happiness because we have approached a force of nature that is a subset of Ishvaraa. Ishvaraa is the ultimate force in nature. Only he can give us permanent happiness in the form of self-realization.

Moreover, this permanent happiness is not a result of any outward actions. Actions performed in the spirit of karma yoga will no doubt help purify our mind. But the ultimate goal of self-realization, is not the result of any outward action, it is only through the removal of ignorance in the form of selfish desire.



*Ramadan Mubarak*  
to all, wish you all a happy,  
safe and blessed Ramadan.



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