



AHMEDABAD BRANCH OF WICASA

सारांश

AN EPITOME OF WISDOM



W I C A S A
A H M E D A B A D
TOGETHER TOWARDS EXCELLENCE

01st JULY, 2021

- CA DAY
- DOCTORS DAY
- 4TH GST ANNIVERSARY



E-NEWSLETTER FOR THE MONTH OF JULY, 2021

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Team WICASA Ahmedabad



CA HARIT DHARIWAL
Chairman, ICAI Ahmedabad



CA RAHUL MALIWAL
Chairman, WICASA Ahmedabad



MR. JAYPRAKASH MOTWANI
Vice-Chairman



MS. KHUSHI CHAKRAVORTY
Secretary



MR. AKSHAT SHAH
Treasurer

Managing Committee Members



MS. DIVYA S. JAIN



MR. VRAJ R. CHOKSI



MS. RADHIKA DHANUKA



MESSAGE FROM CHAIRMAN OF AHMEDABAD BRANCH OF WIRC OF ICAI

Dear Students,

Let me start by wishing you all a very **Happy CA Day** – Our Foundation day. 1 st July is a day of pride for the entire CA fraternity. It is the day when the relentless efforts of our visionary founding fathers fructified and an independent accounting body was established in India. On this momentous occasion of CA Foundation Day we salute all those visionaries who have laid the strong foundation of our esteemed Institute and have bestowed upon us the legacy of this noble profession.

The month of June saw activities in full swing as the month started with unique and first of its kind **Plogging event** on the **World Environment day** - where CA members and students walked / jogged, collected litter and cleaned the streets of Ahmedabad. This event was followed with Tree plantation drive and distribution of bird nest, water pots & saplings. We had lot of competitions for students - elocution, blog writing, painting, poem writing, photography, drama etc. which had a huge participation and platforms like these will definitely help the students to have an overall development. We had a special session on **“Awaken the giant within”** wherein our Central Council member CA Aniket Talati had addressed the participants on the new opportunities in the digital world and CA Ajay Jagnani had addressed on the topic **“Entrepreneurship as a career option”**. We also conducted an **Educational visit to GLS University** where the students got so many useful insights and it was a really enriching experience for all. We also had a session on English and ethics – much needed in today's world. Our revision series for CA inter and final students was well appreciated as we had the best of the faculties from the country join us with participation of more than 1,500 students from across the country.

After the grand launch of **MOVEMENT 73– a Fitness Carnival** on 18th April, 2021, the event has now become a national movement with participation of 86 ICAI branches from across the country. We had started with participation of 1,825 members and 14 branches of ICAI. As I write, we have more than **3,000 registered participants** with **86 branches of ICAI** join us for this mega health & fitness initiative of Ahmedabad Branch. This innovative program, which was **ideated** before three months and supported & collaborated by branches across the

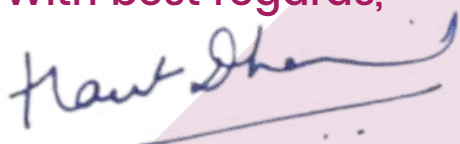
country, will surely make everyone **adaptable** to a new and healthy lifestyle. I am thankful to each and every chairman and MCM of the branches that have joined us for reposing their faith in us. I am also very happy to inform that the **Fit India Mission Directorate** has approved our request for using the 'FIT INDIA' logo in our communications/ outdoor media channels for the event. We can use the hashtag **#NewIndiaFitIndia** and also tagline "Fitness ki Dose Aadha Ghanta Roz" on our campaign flyers and participation certificates. We are proud to have **Red FM 93.5, FitFormance, Fitness Experts & Nimba Nature cure** as our event partners. The registration for the movement is still on, so those who want to join this unique health carnival, please register at the earliest.

We plan to celebrate our **73rd CA day** and the kick start to the celebrations of **60th year** of establishment of Ahmedabad Branch with full day events lined up on 1st July – starting with **Happy CA Street** (with lots of fun activities – Zumba, fitness zone, wall painting, flash mob etc.), **Flag hosting, AGM, interaction with past President, CCM', RCM' and Chairmen from Ahmedabad and evening gala cultural extravaganza** which will be hosted live on youtube for all members and students.

For the month of July, we have several sessions planned on the skill development for students, sessions on new practice areas, refresher course for various laws and many more technical sessions to help students learn, unlearn and relearn the ever changing laws. In these uncertain times, let's stay connected and help each other to the maximum extent possible. Ahmedabad Branch is always with you and we are all always available for any assistance / support that you or your family members may require.

As you would have by now realized that the activities of the branch have been synchronized and planned from the beginning of my term as the Chairman and we are conducting all events in line with our theme – **Ideation, Collaboration, Adaptability and Innovation**. We would urge you to stay connected and continue to provide your unstinting support to all the endeavors of the Branch.

With best regards,



CA Harit Dhariwal
Chairman, Ahmedabad Branch of WIRC of ICAI

MESSAGE FROM CHAIRMAN OF AHMEDABAD BRANCH OF WICASA OF ICAI



Greetings to all the dear students for 73rd year of foundation of our Institute. Usually, we all celebrate the C.A. Day with utmost pride, but due to the current pandemic of corona we won't able to celebrate in the same manner. As the WICASA Ahmedabad is best known for novel ideas, so we will celebrate our foundation day also in unique manner.

We share this date with other noble professional brother i.e., doctors and in the current crises they proved as health army of our country. These two professions have left no stone unturned to look after physical and financial health of the society. 1st July also marks fourth anniversary of GST. The introduction of GST was a game changer for Indian economy as it has replaced multi-layered, complex indirect tax structure. However, the implementation of GST has not been without challenges especially in the early months, the C.A. once again proved them self as partners in national building by helping in successful implementation of GST.

Our Prime Minister always showed faith on Chartered Accountants as partner in National Building. So, we have to diligently work towards economic growth of county by raising support to Manufacturing and Service industry in raising demand of Vocal for local. In recent months we have seen the global investors investing huge amount in India, it has shown numerous opportunities for us also.

I am happy to share the same during this pandemic situation also Ahmedabad Branch first ever completed the revision series for students having more than 1500 unique participation across the India from the best faculties of Nation.

In spite of all this hard time the Ahmedabad WICASA has not left any stone unturned in terms of knowledge sharing of students. We have organized the various webinars and workshop on topics like GST, Direct tax, corporate tax, and RERA for constant knowledge updating. We even started the series with the name Awakening the giant with in to know the future growth opportunity and concept of value migration.

Competition with peers is overrated. Helping our peers is underrated.
Large personal net worth is overrated. Good karma is underrated.

Talent is overrated. Resilience is underrated.
Knowledge is overrated. Wisdom is underrated.
Intellect is overrated. Temperament is underrated.
Outcome is overrated. Process is underrated.
Confidence is overrated. Humility is underrated.

Being the best is overrated. Being the most authentic version of yourself
is underrated.

So, let this CA Day make some underrated theory to be part of our life.



CA RAHUL MALIWAL
CHAIRMAN, AHMEDABAD BRANCH OF WICASA



MESSAGE FROM VICE-CHAIRMAN OF AHMEDABAD BRANCH OF WICASA OF ICAI

Respected Future Chartered Accountants,

We Owe this Attitude to Ourselves, Today is the very special day for each and every chartered accountant and student. So, Let me take this honor to wish all the students of WICASA Ahmedabad a Very Happy CA Day !!

Today on the same day we'll observe Doctor's day too. You know what's common in both of these profession is "Discipline". The Most importantly, Discipline to Serve the Nation.

I extend my gratitude and love towards all the doctors and frontline workers who selflessly worked for noble cause. Being a Aspirant of this eminent profession, we need to understand that with Great Power comes Great Responsibility.

As of Now ,The exams are going to be conducted and Institute has planned in best manner to ensure the safety of its students. But along with we also need to recognize our own liability.

- Liability to not go out of homes until and unless you have no other option.
- Reaching Exam Centers on time and not before of after the specific time.
- Not Gathering outside exam centers etc.

This Coming month let's motivate ourselves to perform even better.

Help you friends give the exams very safely. WICASA Ahmedabad is always here on ground level to help students in Anyway Possible.

I take honor to thank the entire Editorial Team and WICASA Team for their support and pro-activeness.

And Thanks to all of you for being so patient to listen to us.
Happy CA Day Once Again.

Jayprakash Motwani
Vice-Chairman, Ahmedabad Branch of WICASA.



MESSAGE FROM COMMITTEE OF AHMEDABAD BRANCH OF WICASA

Dear Readers,

Keep your dreams alive. Understand to achieve anything requires faith and belief in yourself, vision, hard work, determination, and dedication. Remember all things are possible for those who believe.

-Gail Devers

CA means Can do Attitude. I may fail, but I would not give up because I believe I can. I am a Chartered Accountant Student. This line correctly conveys the willingness to work hard throughout the journey of CA. Hard work with passion and all the other required ingredients helps a student to achieve their target. We don't wait to find our passion, we focus on what we care about, not on what is fun, we overcome the limits of passion, we are the CA Students. And to find your passion in academics or non-academics field, WICASA Ahmedabad is the one stop solution to help in achieving all that you want.

It gives us unbound pleasure to bring Second Edition of "सारांश" to you. Ahmedabad Branch of WICASA is here with the Newsletter of the month. We would like to express our gratitude to our dynamic friends from all over the nation who have worked extensively in contributing their valuable Write-ups, Responses and Suggestions. This magnetizing participation of our friends is the factual motivation for us to keep going ahead in bringing more and more activities which could prove to be a greater platform to explore our hidden interests and talents. WICASA Ahmedabad trying to keep you connected and updated with our all the activities through this newsletter. This is the most consistent part of us. We will love to hear your thoughts about it and also contributions are always welcomed. Hope to get your reviews and a huge number of write-ups next time. Kindly mail your contribution, achievements, etc. on wicasaahmedabad@icai.org. The Editorial Team will publish the best contribution at its own discretion. We extend warm thanks to the Editorial Team for their hard work to publish this Newsletter.

WICASA Ahmedabad has taken up a initiative jointly with ICAI Ahmedabad considering the World Environment Day, we have plogging which is one of its kind along with tree plantation &

distribution of water pots for birds, bird feeders & bird nests, we had a special session from legends of our profession. Also had a wonderful educational visit at GLS University & a special session on English & Ethics. And in this line, we had completed a huge Revisionary Series in collaboration with 18 branches of CASA and many more events. Stay connected to us for further updates. And lastly, we want to end by saying,

**“One and only a profession where you get a success by your
hardwork,
Not on reservation. Proud to be a CA Aspirant.”**

Wishing you all a very happy CA Day!!!

Thanks & Regards,
Team WICASA Ahmedabad



MESSAGE FROM

EDITORIAL BOARD



Greetings to the readers,



The Editorial team is delighted to present newsletter for the month of July 2021. This is a really special edition of the newsletter as it bears the new WICASA logo that was unveiled at 13/06/2021, resembling the spirit and vigor of the whole WICASA team, fulfilled by your participation and enthusiasm in the events conducted during the course of the last month. We strive to deliver on the performance of the same and hope to see increased participation from your all side in the events to come as the team nears the culmination of their term at helm of affairs.



The date 1st July holds special significance for the whole community. Not only were the provisions of GST law rolled out today 4 years back, it's the day on which us Chartered Accountants, both professionals and students, are celebrated for their contribution towards the progress of the vibrant economy and to rejoice that appreciation is the purpose of the theme of this newsletter.



However, one must ask their own selves, are they doing enough to be a part of this revered community, are they keeping themselves up to date with the latest global trends, are they trying to go out of their way and learning something new to add to their skills, and finally are they playing an active part in dissemination of acquired knowledge to fellow professionals and aspirants. If the answers to any of these questions is 'No', then the holistic development of the community is obstructed. However, that's exactly the gap which team WICASA has successfully attempted to bridge.

Your contributions to the newsletter, your active participation in numerous WICASA events and the drive initiated by WICASA to develop and mentor the speakers of the coming era have all led to the questions above being answered in an affirmation and ultimately, that is what it takes a community forward than its present state, integration of people, cultures and ideas at the grassroots level.

The Editorial team has nothing but praise for our readers who partake in the organised activities and make them a memorable affair and we wish to see the same continue.

On that note, we now take your leave.



GEMS OF OUR CA PROFESSION



**ANIL
SINGHVI**

Anil Singhvi is the current Managing Editor of Zee Business News, India and has over 25 years of enriching and diversified experience of working with the leaders in Media, Capital and Financial Services market. For last 13 years, Anil was working with CNBC Awaaz as Executive Editor. He has also received an award for his outstanding contribution in business journalism by Padma Bhushan Rajshree Birla in 2011. He was also elected as Secretary to WICASA during 1992-93.

Dr. Prannay Roy was a consultant for a few years at Price Waterhouse in India. He is a TV / digital journalist in India, an author and has a doctorate in Economics from the Delhi School of Economics and is a Qualified Chartered Accountant from London. In 1988, Roy, along with his journalist wife Radhika, launched a television production house called New Delhi Television. On Doordarshan, he hosted news programs "The News Tonight" and "The World This Week." He also started India's first 24-hour English news channel NDTV 24x7.



**PRANNAY
ROY**



**SHEKHAR
KAPUR**

Shekhar Kulbhusan Kapoor is an Indian film director, actor, and film producer, known for his works in Hindi cinema and predominantly, international cinema. Known for his big break with Mr. India starring Anil Kapoor, he is internationally acclaimed for his movies on the Elizabethan era, for which he was honoured with an Academy Award. The nephew of Dev Anand, Shekhar Kapur was discouraged from getting into the film industry and at 22, he became a Chartered Accountant with the ICAEW in England, having studied accountancy at the behest of his parents.

TV Mohandas Pai is the chairman of Manipal Global Education (Manipal University). A former director at Infosys, he was an integral part of the team when shares of the company were listed in NASDAQ. One of the founding members of Akshay Patra (the non-profit organisation that operates one of the country's largest school lunch programme), he has also been conferred with Padma Shri in 2015. He still actively contributes to the finance industry, being a trustee of the IFRS Foundation, a body that oversees the IASB and also plays an important part in the Indian startup community, with stakes in Zoomcar and Licious to name a few.



**TV
MOHANDAS
PAI**

CA + Law + Politics a dream combination isn't it and also considered impossible to be achieved. A very inspiring person to follow the footsteps of is Mr. Piyush Goyal (55) is the Minister of Railways and Minister of Commerce & Industry in the Government of India.



**PIYUSH
GOYAL**

Mr. Goyal has had a brilliant academic record. Also, he was a well-known investment banker and has advised top corporates on management strategy and growth. He was also holding Finance portfolio in absence of Arun Jaitley presented the interim Budget 2019–20 very successfully and reflected all, that budget has something for everyone with a promise for Bhavya Bharat.

An amalgamation of Finance, Law, Industry and Economy is a Chartered Accountant, from highlighting our worth to proving the same for the economy a very dynamic minister and efficient person, CA Suresh Prabhu once said that, CA's are the backbone of the Indian Economy and act as Bridge between Taxpayers and Government.



**SURESH
PRABHU**

Suresh Prabhu, Member of Parliament, Rajya Sabha and India's Sherpa to the G7 and G20, Suresh Prabhu discussed briefly Budget Provisions. He is the Former Minister of Railways, Minister of Commerce & Industry and Civil Aviation.



**MOTILAL
OSWAL**

Motilal Oswal is an Indian businessman. He is the Chairman and Managing director of Motilal Oswal Financial Services Ltd (MOFSL) which he co-founded with Raamdeo Agrawal in 1987. Mr.Oswal and his co-founder, Raamdeo Agrawal has received the Rashtriya Samman Patra awarded by the Government of India for being amongst the highest income taxpayers in the country for a period of 5 years from FY95–FY99. He has also authored two books of quotations on 'The Essence of Business & Management' and 'The Essence of Life'.

Aman Gupta is the founder of Imagine Marketing Services Pvt. Ltd, otherwise known as BoAt Lifestyle, the go to brand of Gen Z for audio gear. He had previous stints with Citi Bank, KPMG and JBL (Harman International) in the strategy consulting and marketing divisions, which lent him relevant experience to come up with BoAt. His exceptional new-age approach towards marketing sound wearables shocked the industry when the company decided to sponsor Lakme fashion week, and partnered with a fashion designer to innovate his new line of headphones 'Rockerz'.



**AMAN
GUPTA**



**RAAMDEO
AGRAWAL**

Raamdeo Agrawal is an Indian businessman, stock market investor and Chairman of Motilal Oswal group. As of 2018, Mr. Raamdeo Agarwal had a net worth of \$1 billion according to Forbes. Further, he is regularly in the spotlight where he has been even interviewed by Saif Ali Khan. In 1986, he wrote the book Corporate Numbers Game, along with co-author Ram K Piparia. He also authored the book The Art of Wealth Creation. He has also been featured on 'Wizards of Dalal Street on CNBC TV 18.

Harish Salve is an Indian senior advocate who practices at the Supreme Court of India. He served as the Solicitor General of India from 1 November 1999 to 3 November 2002. He also fought the case of Kulbhusan Jadhav at the International Court of Justice (ICJ). For this case he charged only ₹1 (INR) in legal fees. India Today magazine ranked him 43rd in India's 50 most powerful people of 2017 list. On 16 January 2020 he was appointed as a Queen's Counsel for the courts of England and Wales.



**HARISH
SALVE**



**SANJEEV
MEHTA**

Sanjeev Mehta is the incumbent Chairman and MD of Hindustan Unilever Limited, India's largest 'fast moving consumer goods' (FMCG) Company. He also leads Unilever's South Asia business as President. He started off his career with Union Carbide India and was a part of the crisis management efforts at the company in the wake of the Bhopal gas leak. There from, he began his journey with HUL, and really hit stride when he oversaw the turnaround of Unilever Bangladesh into a successful profitable venture in the early 2000s. He was awarded with the CA Business Leader award by ICAI in January, 2018.



SECURITIZATION

Rudiments Of Securitization

Need of Securitization

Why and from where the concept of Securitization was coined?

The concept of securitization was originally formulated in Waever 1995, and worked out more systematically in Buzan, et al. 1998.

Devised by Ole Wæver, the concept of securitization provided a fresh take on the increasingly tiresome debate between those who claimed that threats are objective (i.e., what really constitutes a threat to international security) on the one hand, and those that maintained that security is subjective (what is perceived to be a threat) on the other.

One way may to adopt borrowing route, but this results in change debt equity ratio of the company which may not be acceptable to some stakeholders but also put companies to financial risk which affects the future borrowings by the company. To overcome this problem the term 'securitization' was coined.

Concept

Securitization is a process by which a company clubs its different financial assets/debts to form a consolidated financial instrument which is issued to investors. In return, the investors in such securities get interest.

This process enhances liquidity in the market. This serves as a useful tool, especially for financial companies, as its helps them raise funds. If such a company has already issued a large number of loans to its customers and wants to further add to the number, then the practice of securitization can come to its rescue.

Features Of Securitization

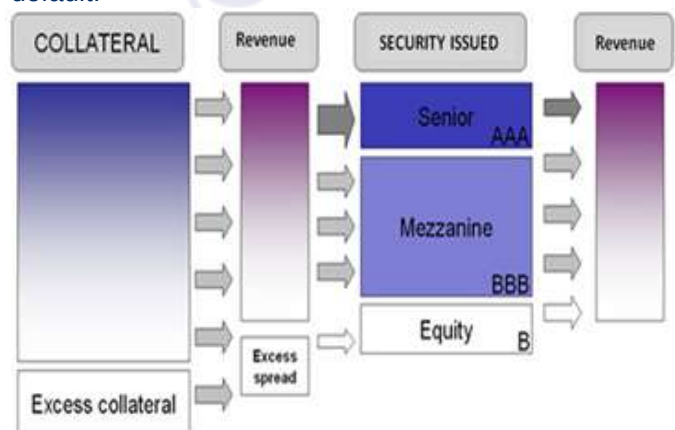
The underlying assets are "transformed" into securities, hence the expression "securitization". The holder of the security receives income from the products of the underlying assets, and this has given rise to the generic term **ABS (Asset-Backed Securities)**.



- **Commoditization:**– Securitization is the process of commoditization, where the basic idea is to take the outcome of this process into the capital market.
- **Merchantable Quality:**– To be market acceptable a securitized product should be of saleable quality. This concept, in case of physical goods, is something which is acceptable to merchants in normal trade.
- **Homogeneity:**– Under each tranche the securities issued are of homogenous nature and even meant for small investors who can afford to invest in small amounts.
- **Trenching:**– Portfolio of different receivable or loan or asset are split into several parts based on risk and return they carry called 'Tranche'. Each Trench carries a different level of risk and return.
- **Marketability:**– The very purpose of securitization is to ensure marketability to financial claims. Hence, the instrument is structured in such a way as to be marketable.
- **Structured Finance:**– It is also called structured funding because risk is structured in accordance with investor's needs.

Techniques of Credit Enhancement

There are several techniques, known as "credit enhancement," that can be used to reduce the risk of default.



Excess spread: the interest rate offered on the securities issued is less than the average interest rate received on the underlying assets.

Overcollateralization: the overall value of the underlying assets is higher than the total nominal value of the securities issued.

Margin deposit: the assignor makes a margin deposit with the SPV.

Subordination: the securities issued are not all identical, but are divided into a series of tranches. The repayment of each tranche is subordinated to (contingent upon) the repayment of the tranche that is immediately above it. The higher tranche is said to be more “senior,” therefore has priority over the intermediate “mezzanine” tranche, etc. The risk is compensated by higher interest rates: the higher the risk of default, the higher the interest rate will be. The lowest tranche, called “equity,” is typically not issued to investors, but is held by the originator.

Guarantee by a third party: monoline insurance companies specialize in providing guarantees for securitization structures.

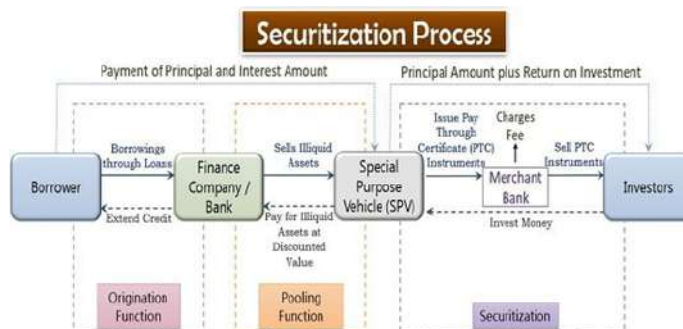
Derivatives (credit derivatives): the use of derivatives, particularly credit derivatives, also makes it possible to hedge against the risk associated with the pool of collateral.

Parties Involved

- **Originator** – The lessor that originates and transfers to an SPV by means of a true sale of the legal title together with the risk, rewards and control of a pool of the lease receivables used as collateral for the asset-backed securities;
- **Sponsor** – The party in a multiseller conduit transaction that arranges and structures the transaction, often the parent entity or an affiliated arranger of the originator;
- **Special purpose vehicle (SPV)** – The bankruptcy-remote third-party securitization vehicle that is set up by the originator solely to purchase lease receivables from the originator, to hold and protect the pooled assets from the originator’s bankruptcy, and to finance the purchase of the assets by issuing and selling ABSs;
- **Servicer** – A party – commonly the originator – that is responsible for the ongoing interaction with the debtors (borrowers/lessees), monitoring the pooled assets and collecting rental payments and other cash flow from the underlying assets and their remittance to the SPV, usually accumulated in a reserve with any excess paid to the originator, as well as managing the flow of information between the parties in the ABS transaction;
- **Credit enhancer** – A party that improves the credit rating of an ABS above that of the underlying assets by means of a credit enhancement from the originator in the form of an internal credit enhancement, such as cash collateral or overcollateralization, and/or from a third party as an external credit enhancement, such a letter of credit, surety bond, wrapped security or cash collateral account (CCA);
- **Rating agency** – The party that analyses the securitization program and rates the transaction by assessing the originator, the quality of the underlying assets, the SPV, the servicer and the credit enhancement – all ABSs must be rated; and

- **Underwriter** – The financial intermediary commonly contracted by the originator to advise on the structuring of the transaction, analyze investor demand, price and market the securities to investors, and provide liquidity support in the securities’ secondary trading, whereby they often underwrite the issue by buying the offer at a discount before reselling to investors

Mechanism Of Securitization



- **Origination Function:** The borrower approaches a bank or other financial institution (originator) for a loan. The respective financial institution allows a certain sum as debts in exchange for any collateral.
- **Pooling Function:** The originator then sells off its receivables through pledge receipts to the special purpose vehicle.
- **Securitization:** The SPV transforms these receivables into marketable securities, i.e., either pay through Certificate or PTC (Pass-Through Certificate). These instruments are then forwarded to the merchant banks for selling it to the investors. The investors buy these instruments to benefit in the long run.

Since the investors extend the loan, they are liable to receive a return on investment. The borrowers are unaware of this securitization and pay timely instalments.

The originator receives a lump sum amount, though at a discounted value from the SPV. The merchant bank charges fees for its services.

Pros & Cons of Securitization

Advantages of Securitization



Benefits to Originator

For the originator, the main reason for securitizing is to reduce (some might say “get rid of”) the amount of assigned debt from his balance sheet, which on the one hand leads to a corresponding reduction in his regulatory capital requirements under Basel II, and on the other hand enables him to bring in additional liquidity (which can be used to make new loans).

In the securitization process, the multiple parties involved are borrowers, originator, special purpose vehicle, merchant bank and investors. Thus, each one these parties benefit from the process, where the originator and the investor have multiple advantages as shown in above chart.

Benefits to Small Investors

ABS present an opportunity to invest in asset classes that are not accessible in the markets and that offer a risk/return profile that is, in principle, attractive.

“ABS are a means of diversifying a portfolio into low-risk products that, by virtue of their structure, offer exposure to a diversified portfolio.”

“ABS have become a well-established asset class within the fixed income markets, offering high credit quality and attractive risk-adjusted yields compared to other spread product. Despite some of the risks associated with ABS such as prepayment or extension risk, the significant credit enhancement and structural support inherent in most transactions make ABS a quality fixed income investment choice for the institutional portfolio.” (“A primer on Asset-Backed Securities” – Dwight asset management company)

Securitization requires proper analysis and expertise; otherwise, it may prove to be quite unsound to the investors.

Hence the drawbacks are as follows:



With the subprime mortgage crisis and the ensuing crisis of confidence, the securitization market is losing steam, and certain segments, particularly those concerning the most complex products, have come to a complete standstill. ABS, which used to be a real “El Dorado” for investors, now fall within the “toxic” asset category.

Securitization in INDIA

Securitization in India is regulated and governed by the Reserve Bank of India (“RBI”) under the provisions of the 2006 and 2012 Guidelines on Securitization of Standard Assets (“RBI Guidelines”) for standard assets and by the Securitization and Reconstruction of

Financial Assets and Enforcement of Security Interest Act, 2002 (“SARFAESI Act”) for stressed financial assets.

India’s foray into securitization can be traced back to 1991, when CRISIL rated the first securitization programme in India, where Citibank securitized a pool from its auto loan portfolio and placed the paper with GIC Mutual Fund. The first significant legislation in this field in India was the SARFAESI Act, notified in 2002, which even today remains the principal legislation for the securitization of non-performing loans and financial assets.

The last few years especially have seen major developments in the area of securitization and direct assignments, which are further augmented by commercially astute law and regulation, be it stamp duty relaxations, the RBI modifying its guidelines from time to time or the IBC and the Rules. Other measures that have fueled the securitization market in India include the RBI temporarily relaxing the MHP requirements for NBFC originators/ assignors, which has, as of 31 December 2019, been further extended until 30 June 2020. The relaxation allows a larger asset pool to be eligible for securitization by NBFCs.

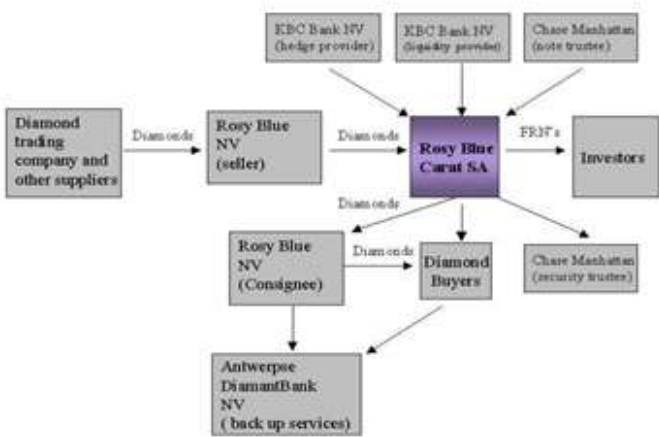
Banks, NBFCs and financial institutions remain interested in securitization to meet their minimum priority sector lending requirements. With better reach to these sectors, NBFCs remain by and large the originators, while banks with a smaller branch network often prefer to satisfy their priority sector lending commitments using the securitization route as an investor instead of originating loans directly to this sector. For NBFC originators, the securitization option – especially after the IL&FS and DHFL crisis – provides access to alternative sources of funding where traditional sources may not be as easily available. The past year has also seen assignments and securitization transactions by unregulated entities (i.e other than banks, financial institutions and NBFCs) falling outside the purview of the RBI Guidelines and the SARFAESI Act.

Practical Example

Belgian Diamond inventory securitization

- **The Rosy Blue diamond securitization deal**
 - Raised USD 100 million for Rosy Blue, a Belgian diamond trader
 - Rosy Blue owned by an Indian
 - Demonstrates excellent use of whole business device for inventory securitization
 - Almost the entire funding for Rosy Blue currently comes out of securitization
 - One of the 3 deals from Belgium in year 2001
- **The securities**
 - Floating rate notes rated A
 - Sold to investors on floating rate basis; hedged with a hedge counterparty
 - Cost to Rosy Blue 9%
 - 8 year funding against inventory stock worth USD 165 million.

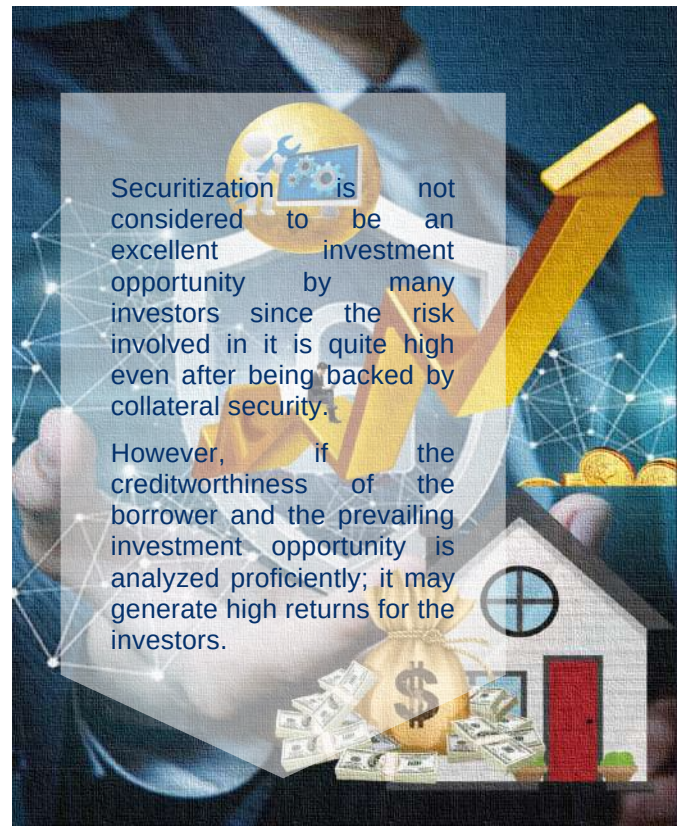
Transaction Diagram of Rosy Blue Securitization



Flow of the deal

- At inception, operating company sells USD 165 million worth diamonds to SPV
- SPV sends it back on consignment basis. Diamond stocks remain with the operating company but the property of the SPV
- Operating company gets USD 100 million from SPV; balance a deferred consideration, subordinated.
- Whenever any diamond is to be sold, SPV makes a sale to operating company; operating company makes a sale to buyer.
- Proceeds come to SPV; are revolved back to
- buy fresh diamonds
- If trigger events happen, the sale proceeds can
- be used to pay off investors
- At any time, investors fully collateralized by
- commodity - a unique instance of physical asset securitization

Remarks:



Securitization is not considered to be an excellent investment opportunity by many investors since the risk involved in it is quite high even after being backed by collateral security.

However, if the creditworthiness of the borrower and the prevailing investment opportunity is analyzed proficiently; it may generate high returns for the investors.

Closing Remarks

The RBI has constituted a committee to review the existing state of mortgage-backed securitization in India and recommend specific measures to facilitate second market trading in such instruments. The report of the committee dated 5 September 2019 has been released and recommends various measures to improve the securitization market in India. The legislative and regulatory clarity so far, especially on the IBC front, and the regulator's willingness to further develop the market should bolster investor and assignee confidence and appetite for securitization and assignments across asset segments.

In its press release dated 15 July 2019, ICRA Limited (a rating agency), announced that, in the first quarter of the financial year 2019-2020, the Indian securitization market clocked the highest issuance volumes seen in the first quarter of any financial year (with 56% year-on-year growth over the same period in the previous fiscal year).

With the continuing need for liquidity by NBFCs, the growing appetite of investors and the developments on the regulatory front, securitization is likely to remain on the upward curve in the near future.



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CA Final Student

CA - एक सफर

ख्वाब देखा तो हमें लगा के सिर्फ तीन पड़ाव है इसके,
लेकिन जब हुई शुरुआत तो जाना कि तीन अलग-अलग सफर है इसके ।

जब मुश्किल हुआ सफर तो थाम लिया हमने इसका हाथ,
और हमें लगा अब हो जाएंगे हम CA पास ।

मगर इस सफर ने हमें बहुत कुछ सिखाया,
मेहनत तो हमने भी बहुत की और उसका परिणाम भी आया ।

CA एक ऐसा सफर जहां Tax बचाते बचाते और Balance Sheet का Analysis करते करते हम इतना खो गए,
कि हम अपनों से दूर लेकिन client के चहेते हो गए ।

Articleship भी अलग ही सफर है जहां Client की मनवार और Principal की तलवार लटकती ही रहती है,
यहां खाने में Principal की गालियां और Client की फोकट की तालियां भी मिलती ही रहती है ।

शुरुआत से अंत तक ऐसा Professionalism का छाया जादू,
पहले थे student अब बन गए Professional साधु ।

CA Day के दिन ली हमने कसमें,
कि भारत की विकास की तरफ ही अग्रसर होंगे हमारे सपने ।

जब देखता हूं मुड़ के उन बीते सालों की यादें,
जहां है अनगिनत मुश्किलें, नाकामिया और अनेकों मुलाकातें ।

लेकिन कुछ मुलाकातें इतनी खास है कि आज भी वो हमारे साथ हैं ।

सच कहते हैं वह लोग की CA सिर्फ नहीं है course,
यहां तो अच्छे-अच्छो के बदल गए जिंदगी के Race Course ॥

**- प्रथम अग्रवाल
CA FINALIST
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B KABRA & CO.**





MANDATORY UPDATION OF UDIN IN ALL INCOME TAX FORMS

This article intends to inform the readers about the latest development in the Unique Document Identification Number (UDIN). In the notification dated 12th May 2021, the Institute of Chartered Accountants (ICAI) has directed its members to update the UDINs at the earliest by 30th June 2021. The detailed analysis of the release is illustrated below in detail-

- **What does a UDIN stand for?**

Unique Document Identification Number is an 18-Digit unique number generated for every document certified by Whole-time Practicing Chartered Accountants.

- **What were the critical grounds for conceptualizing UDIN?**

The Council of ICAI at its 374th meeting implemented UDIN to curb the burgeoning cases of forged attestation by third parties impersonating themselves as Chartered Accountants.

- **Is UDIN compulsory for all the documents uploaded at the e-filing Portal?**

Yes. Central Board of Direct Taxes (CBDT), vide its press release dated 26th November 2020, mandated the authentication of UDIN in all the Income Tax Forms and Audit Reports uploaded by the members.

- **If CBDT already mandated the validation of UDIN, then what is the significance of the current ICAI announcement?**

Earlier, members could upload the form without quoting the UDIN, provided they updated it within 15 days since upload.

However, there is rising speculation that the CBDT is most likely to necessitate that the members-

- first, generate the UDIN from the ICAI portal, and
- subsequently, upload the duly authenticated form at the e-filing portal.

Moreover, CBDT has also extended the last date for validating the UDINs at the e-filing portal to 30th June 2021.

In light of the above considerations and to avert the likely invalidation of uploaded forms and certificates, ICAI issued the notification dated 12th May 2021.

- **What procedure has been established for updating UDINs?**

After logging in to the e-filing portal, the user should click on the link "View/Update UDIN details" under the 'My Account' tab for updating the UDIN generated from the ICAI portal.

- **What are the ramifications of failure to update the UDIN within the specified period?**

In such a case, the forms uploaded on the e-filing portal by the members without quoting the UDIN will be deemed invalid. Also, due provisions of the law will get attracted as a result.

Aayushi Agarwal
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ART OF DRAFTING E-MAIL

Introduction

“EMAIL HAS AN ABILITY MANY CHANNELS DON'T : CREATING VALUABLE, PERSONAL TOUCHES – AT SCALE.”

We all know the importance of Good “People Skills” when it comes to interpersonal communication . It helps us determine the opinion others have for us like – knowledgeable or ignorant, pleasant or rude, and most importantly professional or immature in corporate culture.

“ IT TAKES 20 YEARS TO BUILD A REPUTATION AND 5 MINUTES TO RUIN IT.”

When it comes to email its not easy to determine how others perceive us because how you use email and the way you write and present it can affect whether your delivered email gets read, or responded to.

So, below are the tips and tricks to write an effective email following the **E-MAIL ETIQUETTES**.

GENERAL ETIQUETTE :-

As most employees spend a sizeable amount of time reading & sending emails, making silly errors can have dire professional consequences as emails are written and can be stored and used as evidence against you.

Organizing Different Parts of an E-Mail

- Sender and Receiver (TO, CC & BCC)
- Subject Line
- Salutations
- Email Body
- Attachments
- Signature

- **SENDER :-** The sender's name will reflect your name & email address.
- **RECEIVER :-** The receiver in the 'TO' section will be the one you are responding to. This field shall be used when your email is being sent to one person.
- **CC FIELD :-** The receiver in 'CC' section (Carbon Copy) will be the one who should be kept in loop (like your senior). This field shall be used when your email is being sent to more than one person. Use CC section SPARINGLY !
- **BCC FIELD :-** This is very beneficial when sending to large number of people/clients. The receiver in BCC (Blind Carbon Copy) section will be the one who is kept in loop, but other parties in email may not be aware. This field is **like your FRIEND** as it keeps the recipients' emails hidden. Thus , **BCC list is a SECRET to everyone except the sender**.
- **SUBJECT LINE :-** It is the first thing your reader sees. It must be **“Meaningful”**, **“Crisp”**, **“Concise”** & related to the content of email. Without a subject line your email will probably be seen as a junk mail. Avoid using “Hii” or “Check This Out” kind of words in subject line.
- **NOTE :-** **“33% OF THE E-MAIL RECEIPIENTS OPEN E-MAIL BASED ON THE SUBJECT LINE ALONE.”**
- **SALUTATION :-** It must be professional even when sent for non professional reasons like Congratulatory Messages to Top Level Mgt. or Clients.
- **BODY :-** The email body consists of Introduction, Reasons for writing & Closing Remarks.

- **USE OF SIGNATURE :-** Always end your message with “Thank You”, or “Sincerely” or the like. Never tamper with pre-set signatures or else create a professional one with your name, signature & contact coordinates.

Sending Effective Message

- **THINK, WRITE & THINK AGAIN :-** Email is a static one way channel- unlike live communications, there’s no way to get immediate feedback or read person’s facial expressions or voice responses. **So, think twice before hitting send key.**
- **GIVE MEMORY A HELPING HAND :-** When replying to emails, include a copy of prior emails you’ve traded with the person on the topic, don’t just send a new message. It’s not possible to remember every single ‘conversation’ you have done with every single person.
- **AVOID SPECIAL CODING OR FORMATTING :-** Don’t use coloured email backgrounds, coloured fonts, special fonts, images or other “pretty” type of formatting to your messages. Keep them clean – this makes it easier for the intended recipient to read them and reply. Even they will load faster.
- **DO NOT USE CAPITALS :-** Typing all in “CAPS” seems as if you are “Yelling” at your recipient and it also becomes difficult for eyes to read something all in CAPS than it does to read something which is properly formatted.
- **AVOID ABBREVIATIONS :-** Abbreviations like BTW (By The Way), LOL (Laugh Out Loud) should be avoided. Instead use abbreviations’ which are known to all like PFB (Please Find Below), FYI (For Your Information) etc.
- **PUNCTUATIONS SHOULD BE LIMITED & NECESSARY**
- **KEEP YOUR LANGUAGE GENDER NEUTRAL**

FILE ATTACHMENT :-

- When content is too long & data oriented make use of File Attachments.
- Make sure name of file attached is **professional** and **don’t attach unnecessary files.**
- If attachment is too large **COMPRESS, COMPRESS & COMPRESS!** into a “Zipp File” or send them in few separate emails.
- **PROOF CHECK & PROPER FORMATTING :-** Before Hitting send key proofread your email draft, spell check it and check punctuation and formatting or else it leads to miscommunication.

Responding to Messages

- The golden rule for email is ‘Reply within 24 hours’ and preferably within same working day.
- Prioritize your emails. Reply to urgent ones quickly.

Conclusion

- Implementation of email etiquettes depicts Professionalism, makes email look Efficient & to-the-point and it protects you from any legal/moral liabilities later.
- It creates positive image of yours and your organization.



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Let's practice safety and cleanliness!

Taking Care

Eat more whole plant foods



Whole plant foods like fruits, vegetables, nuts, seeds, and legumes are rich in nutrients and antioxidants that may give you an upper hand against harmful pathogens. There are several whole plant foods that contain antioxidants, fiber, and vitamin C, all of which may lower your susceptibility to illness.

Limit added sugars



Emerging research suggests that added sugars and refined carbs may contribute disproportionately to overweight and obesity. They contribute significantly to obesity, type 2 diabetes, and heart disease, all of which can suppress your immune system. Lowering your sugar intake may decrease inflammation and your risk of these conditions. You should strive to limit your sugar intake to less than 5% of your daily calories. This equals about 2 tablespoons (25 grams) of sugar for someone on a 2,000-calorie diet.

This friendly reminder is brought to you by our team.

Let's practice safety and cleanliness!

Taking Care

Engage in moderate exercise

Moderate exercise can reduce inflammation and promote the healthy turnover of immune cells. Jogging, biking, walking, swimming, and hiking are great options.

Stay hydrated

Hydration doesn't necessarily protect you from germs and viruses, but preventing dehydration is important to your overall health. Dehydration can cause headaches and hinder your physical performance, focus, mood, digestion, and heart and kidney function. These complications can increase your susceptibility to illness . Given that dehydration can make you more susceptible to illness, be sure you're drinking plenty of water each day.

Manage your stress levels

Relieving stress and anxiety is key to immune health. Lowering your stress levels through meditation, yoga, exercise, and other practices can help keep your immune system functioning properly.

This friendly reminder is brought to you by our team.



OUTCOME OF CONSISTENCY = SUCCESS

Everyone knows you have to work hard to achieve something great. The part many of us miss is consistency. Even hard work cannot earn you success if it is not done consistently. Nothing happens overnight and everything requires consistency and thus it is rightly said:-

“Consistency is what transforms average into excellence.”

Importance of Consistency:

This is a crucial age and if you follow your dreams and work hard with consistency to pursue them, no one can stop you from who you want to be. You are responsible for whatever you are today, and you will be responsible for whatever you will be in the next five to ten years. One should always value the importance of consistency in their life if they want a better academic and social life.

There is a lack of consistency in our routine works which become a hindrance in achieving our long-term goals. One just gets motivated for a day and starts making plans on day one, and it lasts only for a week hardly. We need to understand that there is no shortcut for being successful and one has to be consistent throughout his life without getting tired.

We all heard the famous story about the hare and the tortoise racing it to the finish line. The hare was smart, fast and had a lead. This made the animal overconfident and decided to take a break just before the finish line. On the other hand, the tortoise remained consistent in its efforts to reach the finish line. It did not give up even when the hare was leading with a huge margin. Ultimately, the tortoise's consistency paid off and it won the race.

Clearly, if you are consistent, no goal is impossible to achieve.

Consistency In Action:

Consistency-in-action doesn't mean that you keep repeating the same thing over & over again. It's about growing, developing and learning how to make more of what you're doing. Adapting new ideas into your work, being creative in what you do. This is not about mindlessly repeating an action without looking at the results and without knowing if it is making an impact.

Last but not the least, keep trying to become consistent in your approach. Consistent actions pay off. As Anthony Robbins, an American author, coach, speaker, and philanthropist has also said: **“It's not what we do once in a while that shapes our lives. It's what we do consistently.”**



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MEDICAL TERMS

We need to Know

Allergology

The study of the causes and treatment of allergies

Archaeology

The study of past cultures

Bacteriology

The study of bacteria

Biology

The study of life

Dermatology

The study of the skin

**Gastrology or
Gastroenterology**

The Study of the stomach and intestines

MEDICAL TERMS

We need to Know

Microbiology

The study of micro-organisms

Neurology

The study of nerves

Odontology

The study of the teeth

Ophthalmology

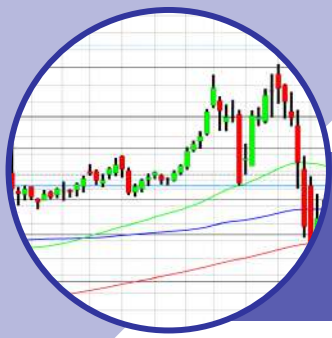
The study of the eyes

Psychology

The study of mental processes in living creatures

Radiology

The study of rays; ionising radiation



TRADING IN FUTURES

Introduction

Investors in India trade in futures to earn profit. BSE and NSE are the exchanges where futures contracts are traded by participants who are interested in buying or selling. This article provides the basic understanding about trading in futures and also about various aspects related to it.

Purpose of this Article

This article will cover various aspects related to trading in futures – governing laws and regulations, valuation and pricing of futures, its accounting treatment in books of trader, Tax Audit and return filing provisions and GST applicability.



Let's first understand meaning of few terms before we begin discussing upon the above aspects.

Meaning of Various Terms

The meaning of few terms which have been used in this article are explained below with suitable examples-

• Arbitrage

It refers to simultaneous purchase and sale of asset in different markets to take the benefit minor differences (due to market inefficiencies, like- pricing errors) and to earn profit. The arbitrage traders buys the asset in one market and sells it in the other market and earns profit= differences between two prices.

Example:

A stock is trading at R500 on BSE while at the same moment it is trading at Rs501 on NSE. The trader can buy the stock on BSE and sell the same on NSE, thus earning a profit of Rs1/share.

• Futures

Futures are derivative financial contracts where the transactions take place at a predetermined future price (irrespective of market price at expiry date) and date.

Futures can be used for speculation or hedging purposes.



Example:

A trader willing to speculate on the price of wheat enters into futures contract in April.

The July wheat futures are trading at \$70. Wheat is traded at 1000 quintals.

The investor's position is $\$70 * 1000$ Quintals = \$70,000.

In July, price rose to \$80, and trader sells the contract to square off the position. The investor gains $(\$80-\$70)*1000$ quintals = \$10,000.

In July, price falls to \$65 and trader sells the contract. The investor loses $(\$70-\$65)*1000$ quintals = \$50,000

• Initial Margin

It is a % of purchase price of a security that must be paid by cash by the trader while using a margin account. The rules for margin calculation are framed with stock exchanges

Example:

An investor buys wheat futures contract to buy for Rs.15000. Initial margin requirement is 20%. Here, investor will pay an initial margin of $15000*20\%$ = Rs.3000

• Marked-To-Market Margin

It is an accounting practice where the asset value is adjusted to reflect the current market value. (Rather than book value)

Example:

An investor buys 1 lot of 100 shares of futures on 10.05.2021, when the price was Rs2000. Next day on 11.05.2021, share price rose to Rs2500, then the investor has made a profit of =Rs50000 [(2500-2000)*100shares]. This gain will be credited to the marked-to-market margin (MTMM A/C) account of investor. The position will start from Rs2500 from the next day.

If on next day i.e, 12.05.2020 the price falls to Rs2300, then the loss being Rs20000 [(2500-2300)*100shares] will be debited to MTMM A/C.

The A/c balance will be $\text{Rs}2300*100\text{shares}$ = Rs.230000

• Speculation

It refers to a financial transaction which involves substantial risk, with the expectation to make high profits based on the market price fluctuations.

Example:

If a speculator believes that a stock is under-priced, then he/she will purchase the stock (long position) and wait for price to increase. When the price increases he/she will sell the stock and earn profit.

• Squaring Off

It is a term associated with trading where the trader reverses/closing the existing position to earn profit.

Example:

Mrs. A person buys 50 shares of Infosys @Rs100. Next day she sells shares @Rs150 and pays brokerage of Rs5. Net profit earned = $(150-100)*50\text{shares}=\text{Rs}2500$. In the given case, position is reversed on the next day – i.e, this is called squaring off a transaction.

Laws and Regulations

• SCRA, 1956

As per section 2(ac) of Securities Contract (Regulation) Act, 1956 [SCRA],

Derivatives include

- a security derived from a debt instrument, share, loan, whether secured or unsecured, risk instrument or contract for differences or any other form of security
- a contract which derives its value from the prices, or index of prices, of underlying securities
- commodity derivatives; and
- such other instruments as may be declared by the Central Government to be derivatives

The most common derivative instruments are futures, options, forwards and swaps.

As per section 18A of SCRA, 1956,

Notwithstanding anything contained in any other law for the time being in force, contracts in derivative shall be legal and valid if such contracts are

- traded on a recognised stock exchange;
- settled on the clearing house of the recognised stock exchange,
- in accordance with the rules and bye-laws of such stock exchange.

Thus, futures (being derivatives) are not settled through recognised stock exchange will be invalid.

• Regulatory Environment – SEBI, 1992 and FEMA, 1999

As a capital market regulator, SEBI is the primary regulator governing derivatives in India. SEBI protects the interests of the investors and prohibits unethical and illegal practices.

As a foreign exchange regulator in India, RBI issued Foreign Exchange Management Regulations in which provide detailed guidelines about eligible derivative products, exposures that can be covered, permissions, limitations related to foreign exchange derivative contracts.

Prior approval of RBI is required to enter into any derivative contract unless it is expressly permitted in FEMA regulation.

Pricing of Futures

The value of futures prices is determined by cost of carry model which is as follows:

Future price = Spot price + Carrying cost – Returns

Here, carrying costs refers to storage cost, interest cost to acquire and hold the asset, etc.

And return includes dividend, bonus, etc.

Example:

Spot price of stock on 31.01.2021 = 500

Future price for April 2021 = 525

Face value of stock = 10

Time to expiration = 3 months

Borrowing rate = 20%

Annual Dividend payable before April = 30%

Analysis: In the given Q, spot price = Rs.500

Carrying cost (interest cost) = $\text{Rs.}10 \text{ (FV of stock)} * 20\% \text{ (rate)} * 3/12\text{months} = \text{Rs.}25$

And dividend = $\text{Rs}10 * 30\% = \text{Rs.}3$

Future price will be calculated as follows

= Spot price + interest - dividend

= $500 + 25 - 3$

= Rs.522

As per COC model, futures price is Rs522 which is less than actual price of Rs525. Thus, there exists arbitrage opportunity and trader can take benefit of it.

The trader will buy stock @Rs500 by borrowing @20% for 3months and sell futures. On April dividend of Rs3 will be received.

On expiry date, stock will be delivered to trader against futures sales.

Accounting Treatment

Inception of Contract

- Balance in initial margin/additional margin should be shown separately under 'Current Assets'
- Amount paid in excess of initial/additional margin will be disclosed separately as deposit under 'Current Assets'

Daily Settlement

- Receipts /payments of mark-to-margin money (due to daily settlement) would be credited/debited to Bank A/C and corresponding debit/credit will be to "Mark-to-market margin A/C" (MTMM A/C)

Open Positions

- According to prudence concept, provision for anticipated loss = net payment to broker (debit balance in MTMM A/C) will be debited to P&L A/C
- Anticipated profit (cr balance in MTMM A/C) should be ignored and should not be cr to P&L A/C

Final Settlement / Squaring up

- Profit/Loss = Final settlement price-contract price and it will be cr/dr in P&L A/C and corresponding dr/cr in MTMM A/C
- On release of initial margin, Initial margin A/c will be cr and Bank A/C will be dr

Disclosure

- Bank guarantee and book value and market value of securities lodged should be disclosed in for contracts having open positions at year end
- Total no. of contracts entered
- Daily settlement price on Balance Sheet date for long and short positions

Example:

On 01.01.2021, Mr. A purchases futures contract 1000 quintals of wheat @\$100. Margin requirement = 10%. On 01.01.2021 \$1 = Rs.70. Suppose on 31.03.2021 \$1 = Rs.75.

Pass the appropriate journal entries

Analysis:

Initial margin to be deposited = $1000Q * \$100 * Rs.70 * 10\% = Rs.7,00,000$

Purchase amount = $1000Q * \$100 * Rs.70 = Rs.70,00,000$

Loss as on 31.03.2021 = $\$75 - \$70 = \$5 * 100Q * \$100 = Rs.50,000$

DATE	PARTICULARS	DR	CR
01.01.21	Deposit A/c	7,00,000	
	To Bank A/c		7,00,000
01.01.21	MTMM A/c	70,00,000	
	To Bank A/c		70,00,000
31.03.21	Unrealized Loss A/c	50,000	
	To MTMM A/c		50,000
31.03.21	P&L A/c	50,000	
	To Unrealized Loss A/c		50,000

Tax Audit and Return Filing

There is a specific exclusion in section 43(5) of Income Tax Act of transactions in futures from being treated as speculative. Hence, transactions in futures will be treated as non-speculative and will be taxed as normal business income.

All expenses incurred for business purpose can be claimed against such income.

Example- telephone bills, brokerage, commission, internet costs, consultancy charges, salary. Personal expenditure are not allowable.

Normal provisions of Income Tax Act would be applicable. Normal books of accounts would require to be maintained in accordance with section 44AA provisions.

Tax Audit would be required if turnover exceeds limit as prescribed under section 44AB.

• Computation of Turnover

The transactions in futures are completed without taking the actual delivery of securities. The transactions are squared up (on or before expiry date) by payment of differences and the journal entries in books of accounts are made for such differences.

The total of favourable and unfavourable differences would be considered as turnover.

Example:

Mr. A has undertaken into 2 transactions -

1. Purchases lot of futures of Infosys Ltd worth Rs.10Lakh and sells it for Rs.12Lakh. Profit = $12 - 10 = Rs.200000$

2. Purchases lot of futures of RIL worth Rs.7Lakh and sells it for Rs.6.5Lakh. Loss = $7 - 6.5 = Rs.50000$

Analysis:

Total profit = $200000 - 50000 = Rs.150000$

However, Turnover for purpose of Tax Audit = $200000 + 50000 = Rs.250000$

• Treatment of Loss

Since transactions in futures are considered as normal business income (non-speculative), the loss arising can be set off against all incomes except salary income.

If the loss is not set off in same financial year, then such loss can be carried forward upto 8 years (and can be set off against future income which can be set off only against non-speculative income) only if return is filed on or before due date.

If transactions are based on actual delivery, then the same will be treated as capital gain and provisions of capital gain would apply accordingly.

GST Applicability

Since future contracts are considered as financial derivatives they qualify as securities.

According to section 2(52) of CGST Act, "goods" means every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply.

According to section 2(102) of CGST Act, "services" means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged

Thus, securities are excluded from definition of goods as well as services. Since securities are neither treated as supply of goods or services, they are outside the scope of supply.

Hence, futures contracts are not liable to GST.

However, if any brokerage or service charges or documentation fees associated with it are levied, then the same would be considered as supply of services and will be chargeable to GST.

If future contracts are settled by way of actual delivery of underlying commodity/currency, then they would be treated as normal supply of goods or services and will be liable to GST.

Conclusion

Futures are effective instruments to earn income from price changes in the underlying stocks, commodities, currencies, indices, etc. Futures have become popular in India and provide opportunities to maximize the returns.

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CA Final Student



WALL OF FAME



PRUTHVI V. MAURYA
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CA FINAL STUDENT

IMPORTANT ANNOUNCEMENT FOR NEWSLETTER

Best Article of Month

- Every month from the articles published in newsletter, one article shall be announced as Best Article of the Month.
- The photo and details of candidate whose article has been awarded as best article of the month shall be published in next month newsletter.
- During the year all the Best articles of month will be deemed nominated for Best Article of the Year.

Best Article of the Year

- Three articles amongst nominated articles shall be declared as Best Articles of the year at the end of year.
- The photo and details of candidate whose article has been awarded as best article of the year shall be published in newsletter of August 2021.

RULES & FORMAT FOR ARTICLE

- Candidates shall submit their Articles on official mail id i.e., wicasaahmedabad@icai.org.
- Last Date of Submission of articles: 15th of the month.
- Subject of Mail shall be "**Article for the Newsletter**".
- Every candidate is **required to mention** Name, Registration No., Stage of CA curriculum pursuing, Name of the Firm (if pursuing articleship), contact number, State and topic of Article in the body of mail.
- Every candidate is required to attach PDF and WORD File of the Article.
- Candidates are advised to use Font: Calibri because newsletter shall contain the same font and font size should remain 12.
- Article should be of maximum or 1500-2000 words.
- Formatting of the article may change in order to bring the uniformity in newsletter.
- Best Article of the Month and Best Article of the Year will be announced as and when required.
- **For all the creative minds, if writing is not your cup of tea, you may highlight your creativity skills by sending your art to us. Since, creativity has no fixed parameters so, you can send to us: drawing, painting, poem, photographs and all the art work which is unusual in your way!**

JUNE 2021

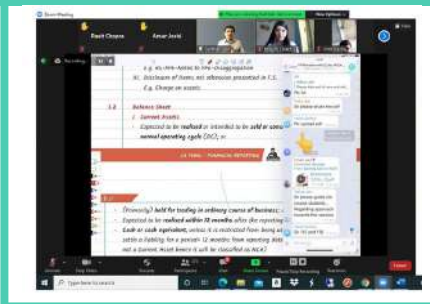


REVISION SERIES

FOR JULY 2021 EXAMINATION

Jointly with 19 Branches of CASAs

- Attended by More than 1500 Students
- National Level Faculties
- Rapid Revision of Important Topics
- Study Material provided to students
- Live doubt solving session



ENVIRONMENT WEEK

- Cleanliness Drive-Plogging
- Sapling Distribution
- Bird Feeder, Water Pots, Bird Nest distribution
- Awareness Activities
 - Painting / Drawing
 - Acting / Video making
 - Photography



INFORMATION XCHANGE

EVERY SATURDAY

Initiative to promote spread of weekly updates by CA Students - for CA Students !

Bulletin Containing :

- Income Tax
- GST
- Company Law
- ICAI Notifications
- Significance of the week

EDUCATIONAL VISIT

To GLS University



SPECIAL SESSION ON ENGLISH & ETHICS

VACCINATION DRIVE FOR CA STUDENTS, MEMBERS & THEIR FAMILY

STAY TUNED FOR AN EPIC JULY !!!

LEXICON

WORD:- FRUGALITY

(froo-gal-i-tee)

noun

Meaning :- the quality of being careful when using money or food

In Hindi :- अल्पव्यय, कमखर्ची, किफायत
Synonyms :- economical, careful, meticulous, prudent, unwasteful

Antonyms :- careless, incautious, wasteful, spendthrift, uneconomical

Examples :- 1. She was known for her simplicity and frugality.
2. They taught that frugality must be observed in food and clothing.
3. He learned much of his food knowledge and frugality from his mother.
4. She was surprised by the frugality of his lifestyle.



WORD:- CULMINATE

(kuhl-muh-neyt)

verb

Meaning :- to reach the highest point, summit, or highest development; to end or arrive at a final stage; to bring to a close

In Hindi :- चोटी पर पहुँचना, पराकाष्ठा पर पहुँचना, समापन होना
Synonyms :- complete, climax, end up, conclude, round off, terminate, wind up

Antonyms :- begin, commence, open, start, create

Examples :- 1. My arguments with the boss got worse and worse, and finally culminated in my resignation.
2. Their many years of research have finally culminated in a cure for the disease.
3. A rock song culminates the performance.
4. The day will culminate with a presentation to members of Parliament.



WORD:- DESIST

(dih-sist, -zist)

verb

Meaning :- to stop doing something, especially something that someone else does not want you to do

In Hindi :- परहेज करना, बंद कर देना, छोड़ देना
Synonyms :- abstain, cease, relinquish, stop, end, refrain from, quit

Antonyms :- carry on, continue, finish, endure, go on, keep on, resume

Examples :- 1. The soldiers have been ordered to desist from firing their guns.
2. The high winds are expected to desist tomorrow.
3. Last month, Randle issued a cease-and-desist letter demanding the commission stop using her name or likeness to promote the official commemoration.



WORD:- CONSPICUOUS

(kuhn-spik-yoo-uhs)

adjective

Meaning :- easily seen or noticed; readily visible or observable

In Hindi :- प्रत्यक्ष, प्रसिद्ध, विख्यात, स्पष्ट, ऐसा स्थान या व्यक्ति जिस पर सब की दृष्टि पड़े

Synonyms :- apparent, evident, noticeable, visible, clear, manifest

Antonyms :- obscure, secret, unseen, unknown, unnoticeable, inconspicuous

Examples :- 1. He was conspicuous by his booming laughter.
2. His zeal and energy met everywhere with conspicuous success.
3. During the summer months, the mosquitos are very conspicuous near the water.



WORD:- SOAR

(sawr, sohr)

verb

Meaning :- to rise very quickly to a high level; to reach a great height

In Hindi :- बहुत वृद्धि होना, ऊँची उड़ान भरना
Synonyms :- climb, fly, escalate, rise, shoot up
Antonyms :- decline, drop, fall, weaken

Examples :- 1. All night long fireworks soared into the sky.
2. The highest peak in the range soars 15,771 feet into the sky.
3. You've been there through my highs and lows, but always made me feel like I could soar! Happy Father's Day!



WORD:- ABROGATE

(ab-ruh-geyt)

verb

Meaning :- to end a law, agreement, or custom formally; to avoid something that you should do

In Hindi :- रद्द करना, निराकरण करना
Synonyms :- abolish, annul, abate, nullify, quash, repeal, revoke, dissolve, invalidate

Antonyms :- approve, establish, legalize, sanction, support, validate, allow, ratify, set up, enact, permit, schedule

Examples :- 1. The Supreme Court can abrogate laws deemed unconstitutional.
2. If you abrogate your responsibility to vote, then you're asking for another four years of this nightmare.
3. He seemed to abrogate his duty to withhold law and order.
4. The opposition party pledged to abrogate the law if they won the election.



WORD:- FIAT

(fee-aht, -at; fahy-uht, -at)

adjective

Meaning :- an order given by a person in authority

In Hindi :- आज्ञा, आदेश, हुक्म
Synonyms :- order, proclamation, command
Antonyms :- denial, disapproval, opposition

Examples :- 1. The matter was settled by presidential fiat.
2. Fiat has been one of the greatest casualties of the recession.
3. So the judges, once again by their own fiat, simply changed the law.
4. He has tried to impose solutions to the country's problems by fiat.



WORD:- MERRIMENT

(mer-ee-muhnt, mer-i-)

noun

Meaning :- an occasion when people laugh or have an enjoyable time together

In Hindi :- आनंद, आमोद-प्रमोद, उत्सव, चहलपहल
Synonyms :- amusement, cheerfulness, enjoyment, frolic, fun, happiness, jollity, joviality

Antonyms :- depression, gloom, misery, seriousness, sorrow, unhappiness

Examples :- 1. Wishing that your birthday be filled with happy hours and wondrous moments to be remembered for a lengthy time. I hope that life will bring you a stunning surprise for each candle on your scrumptious birthday cake. May your day be full of prosperity & merriment.
2. His unusual name has long been a source of merriment among his friends.





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Carnival

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Conclave

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