



Western India Chartered Accountants Students Association (WICASA) of The Institute of Chartered Accountants of India

Powered by Professionalism
Driven by Values



NEWSLETTER



15th August

Happy Independence Day



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CA. Priti Savla

Vice Chairman :
CA. Umesh Sharma

Secretary :
CA. Rakesh Alshi

Treasurer :
CA. Yashwant Kasar

WICASA Office Bearers

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CA. Jayesh Kala

Vice Chairman :
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Secretary :
Ms Vedika Bajaj

Treasurer :
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Index

WIRC Chairperson Communication	1
WICASA Chairman's Communication	2
Academic Events / Forthcoming Events	3
Regulations For Real Estate Projects - Rera	12
The Inexperienced Investor	14
Workplace Dynamics	20
July 2019 Event Snapshots	22



WIRC CHAIRPERSON'S COMMUNICATION



Dear Students,

The glue that holds all relationships together (including the relationship between the leader and the led) is trust, and trust is based on integrity.

Chartered Accountants are not only guardians of capital but also of information. The information CAs deal with on a daily basis is extremely confidential in nature. Extreme trustworthiness is the hallmark of great CAs and understanding and keeping this aspect sacrosanct and inviolable is what makes us the elite of finance professionals.

Celebrating Foundation Day reinforces these aspects for all professionals everywhere. The 2019, Flag Hoisting took place at ICAI Tower, BKC, wherein the flag hoisting was done by CA. Dr. Niranjana Hiranandani, MD, Hiranandani Group.

We also conducted a number of socially relevant programs this year during the Foundation Day week which included camps for Organ Donation Awareness, Tree Plantation program, Blood Donation Camp and our flagship cultural entertainment program - the 14th 'Mile Sur Mera Tumhara' which was conducted at Ravindranath Natya Mandir, Prabhadevi, Mumbai.

We were proud to witness the various talents showcased by Members, their families and students. Present on the occasion was Miss India 2019 Suman Rao. A student of our Chartered Accountancy Course she said that the CA Course helped her to win the 'Miss India' contest as it trained her to be strong and work towards and achieve success despite facing failure. We are indeed pleased that one of our students has achieved success in her chosen field.

When people honor each other, there is a trust established that leads to synergy, interdependence, and deep respect. Both parties make decisions and choices based on what is right, what is best, what is valued most highly. Taking this forward we organized a series of curated programs for Members and students over the past month.

To keep WIRC on track with our annual goals as planned at the beginning of the year, we held a Video Conference Meeting with all the Office bearers of the branch. This was a great way to connect while saving valuable time of all concerned.

We have begun the Mumbai Level CA Students Talent Search 2019. We are always looking to develop our students holistically and this is the perfect platform for our students to bring their talent to the fore.

We also organized a 2 Day CA Students Conference at Vadodra which saw students from across the Region in attendance.

The Office Bearers visit to the Aurangabad Branch was well received. It was an informative visit for all concerned with discussions on how to provide the best support for members and students in this location.

The 34th Regional Conference of WIRC will take place in August. This flagship event of ours will see some of the greats of the profession not only in attendance but also on the podium. I look forward to meeting you there.

Always remember that trust is the most important factor in our professional life. When people honor each other, there is a trust established that leads to synergy, interdependence, and deep respect. Both parties make decisions and choices based on what is right, what is best, what is valued most highly. And this is how we move forward as a Region and Nation.

Priti Savla

CA. Priti Savla
Chairperson, WIRC



WICASA CHAIRMAN'S COMMUNICATION



Dear students,

If you are determined to learn, no one can stop you.

Firstly, I would like to thank our WICASA Team 2018-19, for their wonderful efforts and contribution towards the betterment of our Student community, and would like to welcome the new WICASA team 2019-20, to take the idea forward, wishing them all the best for their expected performance.

Glad to inform you that various seminars, tax one being the major, industrial visits, quiz and elocution competition was executed during this month, and more of the same have been planned for the upcoming month, we are also going to have a trek for you all in the next month. Ensure participation to get benefit from the same.

As results are anticipated, and we already have our CA Foundation results declared, I would like to congratulate all our students, and would also like to tell my students that Failure is a Perquisite for Success, and you must not compare yourself with anyone or dishearten yourself, as I begun with, If you are determined to learn, No one a stop you!

I as the chairman for WICASA, would like to extend my support to the students fraternity and would expect students to ensure the same, as one cannot expect growth by only one way participation, keep reading, and contributing in any form you can, be it participating in the events, competitions or even preparing articles for the newsletter, it has to be an collective effort.

Happy Reading!

Regards,

CA Jayesh kala.

Chairman WICASA.



ACADEMIC EVENTS

Coaching Classes

1	CA Intermediate GR II Batch for Nov 19/May 20	Date : 06/06/2019 To 22/09/2019	Venue : L N College Borivali	Fees : ₹ 15000/-
2	CA Intermediate Batch for May 20 Exam Batch 1	Date : 06/06/2019 To 15/03/2019	Venue : L N College Borivali	Fees : ₹ 30000/-
3	CA Intermediate Batch for May 20 Exam Batch 2	Date : 28/07/2019 To 15/03/2019	Venue : L N College Borivali	Fees : ₹ 30000/-

Regional level National Talent hunt for CA Students

1	Regional Level Quiz Contest for CA Students- WIRC, Mumbai	Date : 17/08/2019	Venue : ICAI Tower, BKC, Mumbai	Fees : ₹ 0/-
2	Regional Level Elocution Competition for CA Students - WIRC, Mumbai	Date : 17/08/2019	Venue : ICAI Tower, BKC, Mumbai	Fees : ₹ 0/-
3	Regional Level Instrument Music Competition for CA Students - WIRC, Mumbai	Date : 18/08/2019	Venue : ICAI Tower, BKC, Mumbai	Fees : ₹ 0/-
4	Regional Level Nukkad Drama Competition for CA Students - WIRC, Mumbai	Date : 18/08/2019	Venue : ICAI Tower, BKC, Mumbai	Fees : ₹ 0/-
5	CA Final Crash Course for Nov 19	Date : 19/08/19 to 03/10/19	Venue : ICAI Tower, BKC, Mumbai	Fees : ₹ 17000/-
6	CA Intermediate Crash Course for Nov 19	Date : 19/08/19 to 15/10/19	Venue : ICAI Tower, BKC, Mumbai	Fees : ₹ 14000/-





ACADEMIC EVENTS

Mock Tests for November 19 Exam

1	Final CA (New Course) Mock Test Series I	Date : 02/09/19 To 19/09/19	Venue : ICAI Tower, BKC	Fees : ₹ 700/-
2	Final CA (Old Course) Mock Test Series I	Date : 02/09/19 To 19/09/19	Venue : ICAI Tower, BKC	Fees : ₹ 800/-
3	Intermediate (New Course) Mock Test Series I	Date : 03/09/19 To 20/09/19	Venue : ICAI Tower, BKC	Fees : ₹ 800/-
4	IPCC (Old Course) Mock Test Series I	Date : 03/09/19 To 18/09/19	Venue : ICAI Tower, BKC	Fees : ₹ 700/-
5	Foundation Course Mock Test Series I	Date : 21/09/19 To 23/09/19	Venue : ICAI Tower, BKC	Fees : ₹ 400/-





Western India Regional Council of ICAI Announces CA Final Mock Test Series I(New Course)- ICAI Tower, BKC for Nov, 2019 Exam

Day & Date:	Monday 2 nd September, 2019 to Thursday 19 th September 2019
Time	02.00 am to 05.00 PM
Fees	Rs.700/- for All Subjects and Rs 400 for GR I and Rs 300 for GR II (Except Paper 6)
Mode of Mock Test	Written Mock Test
Last Day for Registration	27th August, 2019 (upto 05:00pm) on first come first serve basis.

For Registration and information contact 022-3367 1424/17

For Registration click
<https://bosactivities.icai.org>
OR
<https://wire-icai.org>

For first 250 Students at ICAI Tower, C-40, G Block, Near Mumbai Cricket Association Ground, BKC, Bandra (E).

CA FINAL Gr 1	
02.09.2019	Financial Reporting
04.09.2019	Strategic Financial Management
06.09.2019	Advanced Auditing & Professional Ethics
09.09.2019	Corporate and Economic Laws
CA FINAL Gr 2	
12.09.2019	Strategic Cost Management and Performance Evaluation
17.09.2019	Direct Tax Laws and International Taxation
19.09.2019	Indirect Tax Laws



Western India Regional Council of ICAI Announces CA Final Mock Test Series I(Old Course)- ICAI Tower, BKC for Nov, 2019 Exam

Day & Date:	Monday 2 nd September, 2019 to Thursday 19 th September 2019
Time	02.00 am to 05.00 PM
Fees	Rs.800/- for All Subjects and Rs 400 for GR I and Rs 400 for GR II
Mode of Mock Test	Written Mock Test
Last Day for Registration	27th August, 2019 (upto 05:00pm) on first come first serve basis.

For Registration and information contact 022-3367 1424/17

For Registration click
<https://bosactivities.icai.org>
OR
<https://wirc-icai.org>

For first 250 Students at ICAI Tower, C-40, G Block, Near Mumbai Cricket Association Ground, BKC, Bandra (E).

CA FINAL Gr 1	
02.09.2019	Financial Reporting
04.09.2019	Strategic Financial Management
06.09.2019	Advanced Auditing & Professional Ethics
09.09.2019	Corporate and Allied Laws
CA FINAL Gr 2	
12.09.2019	Advanced Management Accounting
14.09.2019	Information Systems Control and Audit
17.09.2019	Direct Tax Laws
19.09.2019	Indirect Tax Laws



**Western India Regional Council of ICAI
Announces
Foundation Course Mock Test (Series I) – ICAI
Tower, BKC
for Nov, 2019 Exam**

Day & Date:	Saturday 21 st September 2019 to Monday 23 rd September 2019
Time	10 am to 1 pm and 2.00 pm to 4.00 pm
Fees	Rs.400/- for All Subjects
Mode of Mock Test	Written Mock Test
Last Day for Registration	27th August, 2019 (upto 05:00pm) on first come first serve basis.

For Registration and information contact 022-3367 1424/17

For Registration click
<https://bosactivities.icai.org>
OR
<https://wire-icai.org>

For first 250 Students at ICAI Tower, C-40, G Block, Near Mumbai Cricket Association Ground, BKC, Bandra (E).

Day 1		
21-09-2019	10 am to 1 pm	Principles and Practice of Accounting
21-09-2019	2 pm to 4 pm	Business Mathematics and Logical Reasoning & Statistics
Day 2		
23-09-2019	10 am to 1 pm	Business Laws and Business Correspondence and Reporting
23-09-2019	2 pm to 4 pm	Business Economics and Business and Commercial Knowledge



Western India Regional Council of ICAI Announces Intermediate IPCC Mock Test (New Course) Series I-ICAI Tower, BKC for Nov, 2019 Exam

Day & Date:	Tuesday 3 rd September 2019 to Friday 20 th September 2019
Time	02.00 pm to 05.00 pm
Fees	Rs.800/- for All Subjects and Rs 400 for GR I and Rs 400 for GR II
Mode of Mock Test	Written Mock Test
Last Day for Registration	27th August, 2019 (upto 05:00pm) on first come first serve basis.

For Registration and information contact 022-3367 1424/17

For Registration click
<https://bosactivities.icai.org>
OR
<https://wirc-icai.org>

For first 250 Students at ICAI Tower, C-40, G Block, Near Mumbai Cricket Association Ground, BKC, Bandra (E).

IPCC Gr 1	
03.09.2019	Accounting
05.09.2019	Corporate and Other Laws
07.09.2019	Cost and Management Accounting
11.09.2019	Taxation
IPCC Gr 2	
13.09.2019	Advanced Accounting
16.09.2019	Auditing and Assurance
18.09.2019	Enterprise Information Systems & Strategic Management
20.09.2019	Financial Management & Economics for Finance



**Western India Regional Council of ICAI
Announces
IPCC Mock Test Series I(Old Course) – ICAI
Tower,BKC
for Nov, 2019 Exam**

Day & Date:	Tuesday 3 rd September 2019 to Wednesday 18 th September 2019
Time	02.00 pm to 5.00 pm
Fees	Rs.700/- for All Subjects and Rs 400 for GR I and Rs 300 for GR II
Mode of Mock Test	Written Mock Test
Last Day for Registration	27th August, 2019 (upto 05:00pm) on first come first serve basis.

For Registration and information contact 022-3367 1424/17

For Registration click
<https://bosactivities.icai.org>
OR
<https://wirc-icai.org>

For first 250 Students at ICAI Tower, C-40, G Block, Near Mumbai Cricket Association Ground, BKC, Bandra (E).

IPCC Gr 1	
03.09.2019	Accounting
05.09.2019	Business Laws, Ethics and Communication
07.09.2019	Cost Accounting and Financial Management
11.09.2019	Taxation
IPCC Gr 2	
13.09.2019	Advanced Accounting
16.09.2019	Auditing & Assurance
18.09.2019	Information Technology & Strategic Management



Crash Course for CA Final (New Course) Nov 19
ICAI Tower, BKC, Mumbai
19-08-2019 to 03-10-2019
9.00 am to 6.00 pm

Rs 17,000 for both Groups			
	CA Final Group I		CA Final Group II *
	Rs 10,000/-		Rs 10,000/-
Dates	19 Aug 2019 TO 18 Sep 2019	Dates	26 Aug 2019 TO 03 Oct 2019
	Financial Reporting For Group I		Indirect Tax Laws For Group II
Faculties	CA P S Beniwal , Prof. Israr shaikh, Dr. CA. Vijay Satra,	Faculties	CA Yashwant Mangal, (26,27 Aug) CA Amit Jain (28,29) CA Vivek Laddha,(30)
Fees	Rs 3,000/-	Fees	Rs 4,000/-
Dates	19.08.2019 to 25.08.2019 (6 Days) (24 holiday)	Dates	26.08.2019 to 30.08.2019 (5 Days)
	Advanced Auditing & Professional Ethics For Group I		Strategic Cost Management & Performance Evaluation For Group II
Faculties	CA Pankaj Garg CA Chirag Mehta	Faculties	Prof Jignesh Sangani (22, 23,24) CA.Sankalp Kansatiya,(19,20) CA Anu Agarwal. (25)
Fees	Rs 2,500/-	Fees	Rs 3,000
Dates	01.09.2019 to 04.09.2019 (3 days) (2 nd Holiday)	Dates	19.09.2019 to 25.09.2019 (6 days) (21 th holiday)
	Corporate & Economic Law For Group I		Direct Tax Laws & International Taxation For Group II
Faculties	CA Paridhi Gupta (5) CA Aditi Chaturvedi , (6) CA Amit Tated (Corporate & Economic Laws (8,9 Sept)	Faculties	CA Bhanwar Borana, CA Durgesh Singh (1,2,3)
Fees	Rs 2,500/-	Fees	Rs 4,000/-
Dates	5.09.2019 to 09.09.2019 (4 days) (7 th Sep Holiday)	Dates	26.09.2019 to 03.10.2019 (6 Days) (30, 28Sep. holiday)
	Strategic Financial Management For Group I		
Faculties	CA Sanjay Saraf (11,12) Prof Rahul Malkan (13,16,17) CA Jhanvi, (15) CA Ankit Sarvaiya (18).		
Fees	Rs 3,000/-		
Dates	11.09.2019 to 18.09.2019 (7 days) (14th holiday)		

Note:

- All the batches will be held at **WIRC** premises at BKC, Mumbai. The class shall be from **9 am to 6 pm**
- Fees once paid will not be refunded back in any case after the commencement of the concerned course for which the student takes admission
- For Online Registration Visit website www.wirc-icai.org under Students menu - Students Events
Registration for Enquiry 022-33671424/21
- Fees will be payable either in cash (*for spot registration only*) or Cheque in favour of **WIRC of ICAI**, payable at Mumbai

***The Fees does not include Crash Course for Elective Subjects The same can be organised as and if required by students.**



Crash Course for CA Intermediate Nov 19
ICAI Tower, BKC, Mumbai
19.08.2019 to 15.10.2019
9.00 am to 6.00 pm

Rs 14,000 for both Groups

CA Intermediate Group I		CA Intermediate Group II	
	Rs 9,000/-		Rs 8000/-
Dates	19.08.2019 To 10.10.2019	Dates	31.08.2019 To 15.10.2019
Accounting For Group I		Auditing & Assurance For Group II	
Faculties	CA Vijay Satra (19 th) CA Pravin Pawar (20 th , 21 st) CA Pooja Bisaria (22 nd , 23 rd) CA Sunil Udasi (25, 26)	Faculties	CA Chirag Mehta
Fees	Rs 2,500/-	Fees	Rs 1,500
Dates	19.08.2019 to 26.08.2019 (7 DAYS) (24 holiday)	Dates	18.09.2019 TO 20.09.2019 (3 Days)
Cost & Management Accounting For Group I		Advanced Accounting For Group II	
Faculties	CA Rahul Panchal (27,28), CA Prateek Mantri (29,30)	Faculties	CA Pravin Pawar,(22 nd 23 rd & 24 th) CA Vijay Satra (25 th and 26 th) . CA Pooja Bisaria (27 th) Dr Deepak Jaggi (29 th)
Fees	Rs 2,500/-	Fees	Rs 2,500/-
Dates	27.08.2019 TO 30.08.2019 (4 Days)	Dates	22.09.2019 TO 29.09.2019 (7 Days) (28 holiday)
Corporate & Other Laws For Group I		Strategic Management For Group II	
Faculties	Prof. Khushbu Sanghavi,(8th), CA Chirag Mehta (9th 11th)	Faculties	Meera Doshi, CA Meeta Mangal
Fees	Rs 1,500/-	Fees	Rs 1,000/-
Dates	08.09.2019 TO 11.09.2019 (3 Days) (10 Holiday)	Dates	30.09.2019 TO 03.10.2019 (3 Days) (2nd Holiday)
Direct Tax For Group I		Enterprise Information Systems For Group II	
Faculties	CA Prachi Parekh (12 th -13 th), CA Amit Rajpurohit (15 th ,16 th)	Faculties	CA Vivek Panwar(11 th & 13 th), CA Amit Tated (14 th , 15 th)
Fees	Rs 2000/-	Fees	Rs 1500/-
Dates	12.09.2019 TO 16.09.2019 (4 days) (14 Holiday)	Dates	11.10.2019 To 15.10.2019 (5 DAYS) (12 Holiday)
Indirect Tax For Group I		Financial Management & Economics for Finance For Intermediate Group II	
Faculties	CA Nihalchand Jain (9 th & 10 th), CA Sandeep Gupta (6 th & 7 th)	Faculties	Prof. Sneha Tulsan (31Aug, 1sep) (Eco) CA Anu Agarwal (3, 4&5) CA Pravin Pawar (6 th)
Fees	Rs 2000/-	Fees	Rs 2,500/-
Dates	06.10.2019 TO 10.10.2019 (4 DAYS) (8th holiday)	Dates	31.08.2019 TO 06.09.2019 (6 days)(2 Holiday)

Note:

- All the batches will be held at **WIRC** premises at BKC, Mumbai. The class shall be from **9 am to 6 pm**
- Fees once paid will not be refunded back in any case after the commencement of the concerned course for which the student takes admission
- For Online Registration Visit website www.wirc-icai.org under Students menu - Students Events Registration for Enquiry 022-33671424/21
- Fees will be payable either in cash (for spot registration only) or Cheque in favour of **WIRC of ICAI**, payable at Mumbai





Bhavik Mandowara
Reg No. WRO0622268

REGULATIONS FOR REAL ESTATE PROJECTS - RERA

RERA Act, 2016 refers to REAL ESTATE REGULATORY AUTHORITY ACT, 2016.

Basically, the main aims for establishing/formulating this act were:

- To establish an authority for regulation & promotion of real estate sector.
- To ensure sale of plot/apartment/building/Real Estate Project, in an efficient and transparent manner.
- To protect the interests of consumers in the real estate sector.
- To establish an adjusting mechanism for speedy dispute redressal.
- To bring transparency & accountability inn real estate sector.

According to RERA, each State & Union Territory will have its own regulator and set of rules to govern the functioning of the regulator. For instance; in Gujarat State, there is GujRERA.

RERA aims to address issues like delay in transfer of possession, dispute over prices, quality of construction & the construction material, etc. Delay in projects is the biggest issue faced by the buyers. The reason for the delay includes diversion of funds to other projects, changes in regulation by authorities, etc. Errant builders often sell projects to investors without the approval of plans, unauthorised increase in prices, bad quality of construction, projects stuck in litigation, etc. This is where the provisions of RERA come into role of saviour.

Regarding the provisions of the RERA, the Act makes it mandatory for all the commercial & the residential real estate projects where the land is over 500 square metres or there are more than Eight apartments, to register with the RERA for launching a project; in order to provide greater transparency in project marketing and execution. Also, this will reduce the number of real estates being used for illegal purposes.

Developers cannot invite, advertise, sell, offer, market or book any plot, apartment, house, building, investment in projects, without first registering it with the regulatory authority. It is also a reason, why builders will be keen for registering their projects. The number, type of apartments, plot and projects and their completion status will be uploaded on a quarterly basis on the Website. If a promoter fails to register his project, a penalty of upto 10 percent of the project cost or three years' imprisonment may be proposed.



REGULATIONS FOR REAL ESTATE PROJECTS - RERA

RERA also obliges the developer to park 70% of the project funds in a dedicated bank account, i.e., ESCROW ACCOUNT. This will ensure that developers are not able to invest in numerous new projects with the proceeds of the booking money for one project, thus delaying completion and early handover to consumers.

RERA is very interesting to read and it provides a fascinating field to the professionals like CHARTERED ACCOUNTANTS. RERA related work is growing area for CHARTERED ACCOUNTANTS. All Registered projects have to file Quarterly RERA Returns as per their respective State Regulator (For instance; GujRERA). While filing this return, it requires to be submitted a “CA-CERTIFICATE i.e., FORM 3”; which provides details like cost incurred and paid for land and construction, revenue earned through sold units, estimated revenue to be earned from both sold and unsold units, amount withdrawn from the escrow account, etc.

Also, as per Chapter-III, the Third proviso to section 4(2)(I)(D) of the RERA Act, the promoter shall get his accounts Audited (FORM-5) within Six months after the end of every Financial Year by a Chartered Accountant in practice, and shall produce a statement of accounts duly certified and signed by such Chartered Accountant and it shall be verified during the Audit that the amounts collected for a particular project have been utilized for the project and the withdrawal has been in the compliance with the proportion to the percentage of completion of the project.

RERA is very interesting to read and it provides a fascinating field to the professionals like chartered accountants or company secretaries or cost accountants or legal practitioners to impart their expertise in order to assist Promoters as well as to Real Estate Agents. A good and strong step has been taken by the government to curb black money and it will be interesting to know the way forward after some time in various states.

Further, it is a massive field for the Chartered Accountants or Company Secretaries and they will definitely play a substantive role under the Act. There will be no restriction on young professionals to practice under this law unlike Insolvency Bankruptcy Code (IBC').

THANK YOU.



The Inexperienced Investor

The topic of the article might sound a little harsh in the beginning, but there are some common mistakes committed by most of the investors in their initial years ¹ https://en.wikipedia.org/wiki/Rich_Dad_Poor_Dad of investing. The small investors (often with less and limited capital), more often than not begin with investing in well-thought-of goodwill backed blue-chip companies (let's say, Infosys or TCS or Reliance etc.) which have given good profits consistently.

These companies, more often than not, do not disappoint the investors and consistently produce good returns on investment ('ROI'). Now, these investors are carrying heaps of confidence along with a good rate of return on their investments in the blue-chips. The next step they take, in these series of events, is to try and understand the market (covering more stocks, information based trading etc.), its movement and the respective stocks better by reading about the same on online self-help articles. However, what people don't understand is that a 'risk adjusted average return' earned from their investments in any blue-chip company is not because of their expertise in the equity markets. Any person with moderate knowledge about the current economic environment would have most likely invested in one of the blue-chip company to safeguard their initial capital and earn a normal rate of return. With this superficial confidence booster, a common mistake that comes up next is the "**change in the investors mindset for earning more, all at once**". Investors start thinking from a trader mindset rather than an investor's perspective.

The aim of this write up is to identify and put forward the common mistakes done by any rational investor in their investing career and to have a opportunity to avoid them and create wealth.

1. Lack of Patience

Investors need to understand that the entire journey of investing is a long and continuous process.

Along with money, time is an important resource that is required to be invested in the stock market. The longer you are invested, the better are the returns (provided you are sailing in the right ship).

Illustration: Let us assume that average returns from equity markets ranges from 20 percent to 30 percent per annum. A small investment of **INR 2 lakhs** today can earn you more than **INR 16 crores** for a period of 30 years as against a return of **INR 6 lakhs** in 5 years timeframe (considering an average rate of return of 25 percent).

Once a good company is selected, the company will help your money grow. You just have to '**Buy Right and Sit Tight**'².

The prime goal to invest in equity markets should be to satisfy the long-term objectives. For example, one should utilise the money earned from the equity markets to accomplish long term goals like buying a house, children's



The Inexperienced Investor

education, marriage, world tour or any other specific capital outflow.

The greed to earn quickly is the biggest problem of all investors who have not prospered in the Indian Stock Market.

2. Investment in penny stocks / small caps stocks

One of the most consistent mistakes that a majority of inexperienced investors tend to make is being drawn to a type of common stock known as penny stocks / small caps. The reason for this (ultimately dangerous) attraction always comes down to the fact that penny stocks appear to fluctuate tremendously in price, which, they convince themselves, should lead to an opportunity to generate a very high return, and that too, very quickly. The reason most people seem to be drawn to investing in penny stocks is because these companies fluctuate wildly in very short periods of time. In a single week, shares might go from INR 5 to INR 30.

The naïve investor thinks, "Wow! If I had put INR 10,000 in that, I would have been able to turn it into INR 60,000 almost instantly!" Well, here goes to bursting their little bubble. It's an illusion, make no mistake about it. Not all small cap stocks give such returns. It often turns out to be precisely the opposite as penny stocks can wipe out your savings in the blink of an eye.

However, there are some penny stocks which have turned into multibaggers, giving a return of up to 43,000% in a span of approximately 10 years³, you just need to know how to pick them.

If you pick the right stock, the returns can be exceedingly huge. As against this, pick the wrong stock, and your entire capital can get eroded.

3. Timing the Market

Another important factor is the timing of investment i.e. entry and exit in the stock market. Wrong timing is one of the most common mistakes that the retail

² <https://www.motilaloswal.com/>

³ http://www.business-standard.com/article/markets/this-stock-has-surged-43-000-in-the-past-10-years-117112100222_1.html





The Inexperienced Investor

investors tend to make. The decision to buy and sell stocks should not be dependent on acquaintances. Do not invest in stocks because people around are also investing in it. Avoid such practices as they do not yield well in long term and often end up incurring heavy losses. Retail investors tend to enter into the stock based on some news (often called as 'tip') or they tend to follow an ace investor. **However, one important thing that they don't often understand is that stock market prices discounts the forthcoming news / events / results well in advance. Therefore, never follow any investment event which is already public.**

It all originates with investing in any stock at a wrong time with the intention to hold it for long term. However, if the wrong timing of entry leads to unfavourable returns in the near term then the stock price declines, along with the investor's confidence in the stock. However, they tend to hold it just because they cannot afford to lose money i.e. book the loss. They hold it for a medium term (forgetting all about their long-term targets) and wait for the stock to breach their break-even buy price. After months of holding the stock, they sell the stock at break-even.

What return did these investors get from holding the stock? **NEGLIGIBLE**. People tend to hold the stock at the time of downside and exit on their up-move at their break-even.

4. Lack of discipline

Another beginner's mistake is the utter lack of discipline in the stock market. The prices of all the shares in the market move several times, to a large extent, because of multiple investors booking their individual profits / losses. The price fluctuations are only an outcome of two emotions - "**greed and fear**". The greed to earn more and the fear to lose money.

One should follow strict disciplined risk-reward ratio based on the idea at the time of buying the stock i.e. intraday or positional or delivery-based trading. For example, before even the purchasing the stock, the investor has to decide the expected return and the maximum capacity to bear the loss.

The risk-reward ratio may differ based on the stock selection, investor's mindset and price volatility of the stock. Ideally and preferably, trading ideas should have a strict ratio of 1:2 i.e. against an expected 10 percent return, there should be a strict 5 percent stop loss below the purchase price.

The volatility in the market has often led to losses even in a bullish trend. Therefore, it is always advised to invest systematically, in the right shares with patience for good returns. Being patient and having a disciplined approach always helps in picking the right stocks for accomplishing long-term goals.



The Inexperienced Investor

5. Use of Margin to create leverage

This is the last and most important mistake to be avoided, but however, done by most of the investors in the beginning of their careers. First, let us understand the meaning of Margin money. Margin is a loan extended by your broker that allows you to leverage the funds and securities in your account to enter larger trades. The loan is collateralized by the securities and cash in your margin account⁴. The borrowed money doesn't come free; however, it has to be paid back with interest. Leverage in any business (also, stock market) means use of debt to finance the assets. Short term traders use Margin from their brokers to create leverage. Essentially, leverage allows you to pay less than the full price for a trade, giving you the ability to enter larger positions even with small amount of capital.

How can use of leverage be unfavorable to the trader?

Let's say, you get a margin of 5 times of the portfolio value from your trader i.e. the trader can purchase stocks of INR 500 against a portfolio value of INR 100. Suppose, you used the entire margin to purchase 5 shares of security A at a price of INR 100 per share (as against purchasing one share without margin funding). If the price of security A falls to INR 95 on the next trading day, then the trader suffers a loss of INR 5 per share. Since, the margin is available to the trader for a pre-decided number of days, let's say for 5 trading days in our example, the trader holds this position in anticipation of a price hike (an illustration of lack of discipline too). At the end of the 5th trading day, the trader has to either deposit the funds or sell the shares in order to clear the debit balance in the margin account. Most likely, the broker will sell the shares because the trader is in shortage of funds (the primary reason to use margin). Suppose, the share price on the 5th trading day is INR 90 per share. Here, the trader has incurred a loss of INR 10 per share i.e. total loss of INR 50 (INR 10 multiplied by 5 shares).

A 10 percent (INR 100 to INR 90) decline in the security has resulted a loss of 50 percent in the portfolio value (INR 100 to INR 50 i.e. total loss of INR 50).

Here, let us understand the math behind this calculation. The percentage return of the portfolio is directly proportional to the margin funding ratio. Since, the broker provided a 5 times margin on the portfolio, a normal 10 percent resulted in a total loss of 50 percent in value.

⁴ <https://www.investopedia.com/university/how-be-trader/beginner-trading-fundamentals-leverage-andmargin.asp>

Leverage can give the same multiplying effect to the profits as well, in fact, that is the motive of most of the traders – to earn quick money using leverage / margin funding. It turns out that no one has ever earned consistently in this fashion.



The Inexperienced Investor

To summarize, it is important to understand that to become a successful stock investor, you must invest your own serious money based on your capacity. Sometimes, it is better to sit on cash rather to invest and lose money. "Do not invest just for the sake of investing" - Warren Buffet in his recent annual letter to the shareholders of his company. Form a methodology of stock picking, believe in your ideas of investing and back them by having a longer term mind frame.

The beauty of investing is that there would be a million investors sailing the same boat but still their earnings from the stock can be materially different. Finding a great company is not even half the battle. Price matters. Time frame matters. Temperament matters.

Have a good day. Happy Investing.





ARTICLES



Akhil Ravindra Bambardekar
Regn No.: WRO0563603

WORKPLACE DYNAMICS

I introduce this topic as a medicine to most of the problems faced by everyone at the workplace. Everyone has our own story at the workplaces be it during the tenure of articleship or after becoming a professional. It may include diverse issues like office politics, harassment, role ambiguity, ineffectiveness in work, etc. Hence, it becomes important to study workplace dynamics.

Here are some of the guidelines that one can remember to cope up with various issues that one may face at the workplace:



1) Understand that nobody is perfect

The problem with every human is that he expects others to behave in a way that he thinks is appropriate. However, this simply isn't possible. Thus, one must stop expecting such things that would never become a reality.





WORKPLACE DYNAMICS

2) Self-awareness

Try to figure out who you are and what are your values. Never compromise on your values irrespective of the gravity of the circumstances that influence you to make compromises.

3) Keep a demarcation between personal and professional life

It's good to have office colleagues as your close friends. However, that doesn't mean you should disclose each and every thing that comes in your life. We all know the concept of grapevine communication which is most prevalent in many workplaces. Thus, you would never know as to when your personal and confidential information is being leaked out.

4) Always maintain a positive attitude

Life is full of challenges and one needs to embrace them rather than running away from them. There would be tough times when you will feel like giving up the tasks and assignments that have been bestowed upon you. Always remember that mind

chooses leisure over pain. However, always have a "Never say die" attitude, Remember, tough people last but times don't.

5) Try to create a win-win attitude

Conflicts are bound to happen when people belonging to diverse backgrounds and cultures come together. However, one must realize that not all wants can be fulfilled and hence one must try to arrive at the best possible solution possible and avoid situations that are detrimental to the entire organization.





July 2019 EVENT SNAPSHOTS

1st Meeting of Students Representatives of WICASA



54th Annual General Meeting of WICASA held



CA Students Industrial Visit to Mahindra & Mahindra Ltd





July 2019 EVENT SNAPSHOTS

Flag Hosting on CA Foundation



GST Program for Girl Students at K B College, Thane



Half Day Seminar on Income Tax Return Filing





JULY 2019 EVENT SNAPSHOTS

Marathon Run in CA Foundation Week



Music Competition for CA Students



Quiz and Elocution Competition for CA Students



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Address : ICAI Tower, Plot No. C-40, G Block, Opp. MCA Academy, Next to Standard Chartered Bank, Bandra Kurla Complex, Bandra East, Mumbai-400051.
WIRC Website : <http://www.wirc-icai.org> ICAI Website : <http://www.icai.org> Phone : 33671400/1500 • E-Mail : WIRC : wicasa@icai.in
• New Delhi : icaiho@icai.org

