THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

Organised by Board Of Studies , ICAI

HOSTED BY SIRC OF ICAI & Sicasa OF ICAI

CA STUDENTS

NATIONAL CONFERENCE 2025

AAZHI

WAVES OF WISDOM PEARLS OF KNOWLEDGE

DATE : 15TH & 16TH NOVEMBER 2025

KALAIVANAR ARANGAM, CHENNAI

TABLE OF CONTENTS

1. About ICAI
2. About SIRC
3. About SICASA
4. ICAI Dignitaries
5. About AAZHI
6. SICASA Managing Committee - 2025
7. MOC Committee
8. Volunteers Committee

THE INSTITUTE OF CHARTERED ACCOUNTANT OF INDIA

ABOUT THE INSTITUTE OF CHARTERED ACCOUNTANT OF INDIA (ICAI)

The Institute of Chartered Accountants of India (ICAI) is a statutory body established by an Act of Parliament, viz. The Chartered Accountants Act, 1949 (Act No.XXXVII of 1949) for regulating the profession of Chartered Accountancy in the country. The Institute, functions under the administrative control of the Ministry of Corporate Affairs, Government of India. The ICAI is the second largest professional body of Chartered Accountants in the world, with a strong tradition of service to the Indian economy in public interest.

The affairs of the ICAI are managed by a Council in accordance with the provisions of The Chartered Accountants Act, 1949 and The Chartered Accountants Regulations, 1988. The Council constitutes of 40 members of whom 32 are elected by The ICAI BHAVAN Chartered Accountants and remaining 8 are nominated by the Central Government generally representing the Comptroller and Auditor General of India, Securities and Exchange Board of India, Ministry of Corporate Affairs, Ministry of Finance and other stakeholders.

Over a period of time the ICAI has achieved recognition as a premier accounting body not only in the country but also globally, for maintaining highest standards in technical, ethical areas and for sustaining stringent examination and education standards. Since 1949, the profession has grown leaps and bounds in terms of Members and student base.

FUNCTIONS OF ICAI

- Regulate the profession of Accountancy
- Education and Examination of Chartered Accountancy Course
- Continuing Professional Education of members
- Conducting Post Qualification Courses
- Formulation of Accounting Standards
- Prescription of Standard Auditing Procedures
- Laying down Ethical Standards
- Monitoring Quality through Peer Review
- Ensuring Standards of performance of Members
- Exercise Disciplinary Jurisdiction
- Financial Reporting Review
- Input on Policy matters to Government

VISION

World's leading accounting body, a regulator and developer of trusted and independent professionals with world class competencies in accounting, assurance, taxation, finance and business advisory services.

MISSION

ICAI will leverage technology and infrastructure and partner with the stakeholders to:

- Impart world class education, training and professional development opportunities to create global professionals.
- Develop an independent and transparent regulatory mechanism that keeps pace with the changing times.
- Ensure adherence to highest ethical standards.
- Conduct cutting edge research and development in the areas of accounting, assurance, taxation, finance and business advisory services.
- Establish ICAI members and firms as Indian multi-national service providers.

SIRC OF ICAI

The Southern India Regional Council was formed by the Institute and notified by Central Government in the year 1952 to serve the members and students in Southern Region. It celebrated Diamond Jubilee in the year 2011 and is marching ahead with a vision to serve the profession in particular and the society in general.



SIRC has 45 branches, 11 CPE Study Circle, 4 CPE Chapters, 4 CPE Study Groups and 30 CPE Study Circle to members in industry spread across the states of Tamil Nadu, Telangana, Andhra Pradesh, Karnataka, Kerala and Union Territory of Pondicherry and the Lakshadweep Islands with about 64,000 members and about 3,50,000 students. The SIRC is the knowledge hub of the profession, providing continuing professional education to its members and students.

SOUTHERN INDIA REGIONAL COUNCIL OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA (SICASA)

Southern India Chartered Accountants Students Association (SICASA) is the student's association of Southern India Regional Council of Institute of Chartered Accountants Association (SIRC of ICAI). SICASA thrives to provide an environment where students can gain maximum from the academic, environmental, cultural, business and leadership programmes.

It is this association which provides students a platform to learn, share, participate, organize, volunteer and perform. It is a platform given by ICAI for the students, by the students and of the students. The managing committee consists of 12 members who are Chartered Accountancy course students, pursuing their articleship, and this provides them a opportunity to mould themselves to be the eminent leaders of the profession .

ICAI looks forward to build SICASA as a strong platform for every student's future growth by empowering and enabling each and every student to build their networking, social circle and to sharpen their leadership skills by participating in the various activities held by SICASA of SIRC of ICAI.

ICAI DIGNITARIES



CA.Charanjot Singh Nanda
President-ICAI



CA.Prasanna Kumar D
Vice President-ICAI

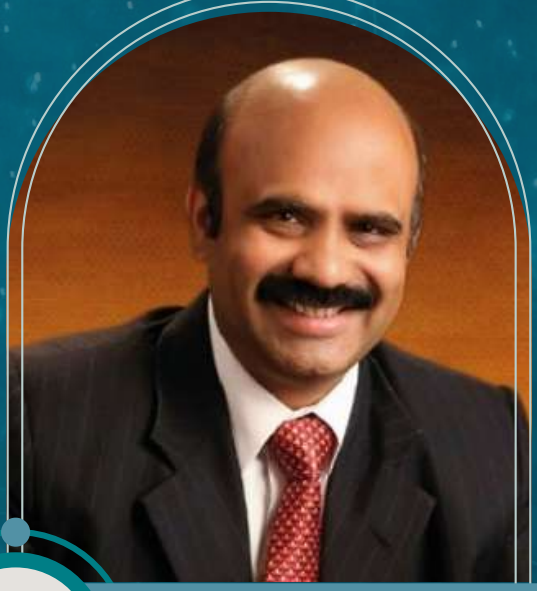


CA.(Dr.)Rohit Ruwatia Agarwal
Chairman-BOS operations ICAI



CA.Sanjib Sanghi -Vice Chairman
Bos Operations, ICAI

ICAI DIGNITARIES



CA.Rajendra Kumar P
Conference Director
Central Council Member -ICAI



CA.Sri Priya K
Conference Director
Central Council Member -ICAI



CA.Revathi S Ragunathan
Chairperson- SIRC of ICAI



CA. Pramod R Hegde
Chairman -SICASA of ICAI

NATIONAL CONFERENCE OF SIRC OF ICAI
NOV 15TH & 16TH

ABOUT AAZHI

AAZHI

WAVES OF WISDOM PEARLS OF KNOWLEDGE

From the shores where ideas rise like waves, AAZHI was born.

On behalf of the SICASA Managing Committee, it fills our hearts with immense pride and gratitude to present AAZHI – the National Conference for CA Students. What began as a quiet dream in our meeting rooms has now grown into a magnificent tide of learning, inspiration, and togetherness.

For months, we have lived and breathed this conference.
Every late-night call, every draft rewritten, every crisis solved five minutes before it could become a crisis—each moment has been a testament to how deeply we believe in creating something meaningful for our student community. We have thrived, stumbled, learned, and risen again, all with a single purpose: to craft an experience worthy of the brightest minds who walk into this hall.

AAZHI is more than an event. It is our promise.

A promise that every participant will find something to carry home—
a spark of knowledge, a new perspective, a connection that lasts, or simply the reassurance that they are not alone in this journey.

We envisioned sessions that not only educate but also empower.
We hoped to bring speakers who don't just talk, but touch hearts.
We worked to create an atmosphere where learning feels alive—where ideas flow like the ocean, unending and ever-inspiring.

If even one student walks out with renewed purpose, if even one mind feels a little lighter, and if even one dream grows stronger today, then every ounce of effort from our team would be worth it.

AAZHI
WAVES OF WISDOM PEARLS OF KNOWLEDGE

As you flip through these pages and experience the next two days, we hope you feel the sincerity with which AAZHI was created.

We hope you feel seen, valued, and uplifted.

Thank you for being a part of this journey for giving life to our vision, strength to our efforts, and meaning to every sleepless night our team put into making this conference a reality.

Welcome to AAZHI.

Welcome to the depth of learning, the tide of inspiration, and the ocean of possibilities.
– SICASA Managing Committee
With heartfelt gratitude and unwavering hope

MANAGING COMMITTEE MEMBER



CA PRAMOD HEGDE
CHAIRMAN
SICASA OF ICAI



Varun Raj AK
Vice Chairman



Kavya C
Secretary



Kavya M
Treasurer



Reshma
Member



Saai Dhivyesh M
Member



Purvika Nahar
Member



Ramachandran S
Member



Loshini
Member

MANAGING COMMITTEE MEMBER



Santhosh Kumar G
Member



Aathmikaa Sree
Member



Pooja Tarunika
Member



Pravesh Kumar`
Member

Volunteers Committee

- Karthick
- Subhiksha V
- Varun Sainath VJ
- Pavithra J S
- Amirthavarshini B
- Mohamed Mahaboob
- Magesh R
- Nithiyasri C
- Anukeerthana K
- Nilashree
- Yuvashree
- Pavithra sree P
- Ambiga M
- Arun Dinesh E
- Bharath S
- Nidhi S
- Sivasangary M
- Jeremia Khup Lian Hau
- Muthukaruppan K
- Jeyasimman J
- Kishore Kumar J
- Harikrishnan
- Roshini S
- Priyadharshini A
- Roshini K
- J Krishna
- Vahini M
- Ipsita Khadanga
- Sharumathi A
- Suhan

Volunteers Committee

- Hafsa Shafi
- RamyaS
- Shreyas D
- SaiSanjay.K
- Rupeshwar M A
- Risi Tharun
- Yokesh.U
- Achsah Nissi Sam M B
- Nathish M
- Sanat Prasad
- Hemanath K
- Surya Prakash R
- Halima Hamna K S M B
- Subhiksha M
- Akshat Agarwal
- Mokana V
- Niraimathi N
- Mathurajam K.K
- Renuka T
- Preethi G
- Chandramala. M
- Thamizh Kaviya N
- Shreya C
- Karthik.K
- Shree Ramalingam
- Guna sekar M
- S Gnanasree
- Krishna
- Suriyamani S
- Naveena Dharshini A J
- S N Sushma

MOC COMMITTEE

1. Yogaram
2. Kalaimathy
3. Nidhi
4. Jeremiah
5. Ajay
6. Aastha
7. Hayagriva
8. Priyadharshini
9. Hasanthiga
10. Nithyasri
11. Shaminia
12. Suhan
13. Yasir
14. Krithika
15. Karthika
16. Sanjay
17. Vimal
18. Pragadeesh

INSIGHTS FROM THE VISIONARIES



CA. Charanjot Singh Nanda
President, ICAI

Dear Students,

CA students represent the next generation of accounting professionals — resilient, disciplined, and driven by purpose. Their journey is marked by commitment to rigorous academics, ethical values, and the pursuit of excellence in every facet of the profession. As they prepare to take on pivotal roles in a rapidly changing global economy, they are expected not only to master technical knowledge but also to demonstrate leadership, adaptability, and forward-thinking.

To support this transformation, the Institute of Chartered Accountants of India (ICAI) offers a robust and future-ready education system that goes beyond textbooks. Through its dynamic and inclusive learning framework, ICAI equips students with the academic foundation and practical insight needed to excel. Regular mentorship, modern learning tools, and continuous guidance empower students to develop the critical thinking, communication, and problem-solving skills essential for success in both their professional and personal journeys.

In line with the evolving needs of the profession, the Board of Studies (BoS) has introduced initiatives such as the Self-Paced Online Modules, the MCQ Practice Dashboard, and the Mentoring Programme, which provide students with flexible learning options and personalized guidance. With tools like the ICAI-BOS Mobile App and the Digital Learning Portal, students have easy access to essential resources and real-time support.

INSIGHTS FROM THE VISIONARIES

The Induction programme provides an overview of ICAI's legacy, vision, and structure, guiding students on how to utilize ICAI services and explore opportunities during and after their CA journey. The student interaction programme, "Charcha Ka Vishay: CA Pariksha – Let's Talk: The CA Exam," allows students to discuss and understand the CA exam process.

These efforts ensure that CA students not only acquire technical proficiency but also develop vital skills like communication, leadership, and strategic thinking, preparing them to embrace future opportunities and shape the global finance landscape.

"यदि साहस है, तो हर कठिनाई को पार कर सकते हैं,
जीवन के हर मोड़ पर, नई राह बना सकते हैं।"
(If there is courage, we can overcome every difficulty,
At every turn in life, we can carve a new path.)
— Maithilisharan Gupta

The Board of Studies of ICAI hosts CA Student Conferences across the country, providing students with valuable opportunities to refine their speaking and presentation skills.

These conferences allow students to present research papers on contemporary professional topics, fostering critical thinking and knowledge sharing. In addition to these, seminars, workshops, counselling sessions, and industrial visits play a pivotal role in broadening students' horizons and enhancing their overall skill development.

The student conferences offer a prime chance for networking and dynamic discussions on modern aspects relevant to the profession. Furthermore, the selected topics ensure thorough coverage of vital subject areas, enriched with the latest global advancements

INSIGHTS FROM THE VISIONARIES

I am pleased to note that Board of Studies is organising the "CA Students National Conference" on 15th-16th November, 2025 at Chennai. The same is being hosted by SIRC of ICAI. The theme of the conference is "AAZHI--Waves of Wisdom, Pearls of Knowledge" which underscores the importance of continuous learning, adaptability, and the collective efforts required to shape the future of the profession.

I extend my best wishes for the success of the conference and compliment Board of Studies, SIRC of ICAI and the Southern India Chartered Accountants Students Association (SICASA) of our Institute for hosting the conference.

As the future torchbearers of the profession, your focus should not only be on mastering theoretical concepts but also on gaining hands-on experience that will shape your practical expertise. I encourage each one of you to actively participate and contribute to the continued growth and evolution of the Chartered Accountancy profession.

CA. Charanjot Singh Nanda
President, ICAI

INSIGHTS FROM THE VISIONARIES



CA. Prasanna Kumar D
Vice President, ICAI

Dear Students,

It gives me immense pleasure to extend my warmest greetings to all the participants of the CA Students National Conference, organized by the Students Skills Enrichment Board, Board of Studies (Operations) and hosted by the SICASA and SIRC of ICAI. This conference, scheduled to take place on 15th and 16th of November 2025, at Nungambakkam, Chennai promises to be an enriching and enlightening event for all the attendees.

The theme of this year's conference, "AAZHI. The word Aazhi, meaning the ocean, beautifully symbolizes depth, continuity, and boundless potential—qualities that resonate deeply with the journey of learning and professional growth.

Just as the ocean embraces countless waves, each with its own rhythm and direction, this conference represents a confluence of youthful energy, innovative ideas, and collective wisdom. It is heartening to see our students explore new dimensions of thought, question conventional boundaries, and strive toward excellence with purpose and passion. The theme reminds us that knowledge, like the ocean, is vast and ever-expanding. The more we learn, the more we realize how much remains to be explored.

In this spirit, I encourage every participant to dive deep into the sessions, absorb the insights shared, and emerge with renewed inspiration to contribute meaningfully to the profession and to society.

INSIGHTS FROM THE VISIONARIES

In the dynamic and ever-evolving field of accountancy, it is crucial to stay ahead of the curve and adapt to emerging trends and challenges. The CA Students National Conference provides a platform to explore contemporary topics, exchange ideas, and learn from eminent professionals and experts in the industry. The carefully curated sessions, interactive workshops, and engaging panel discussions will broaden your horizons, enhance your technical acumen, and foster a holistic understanding of the diverse facets of the profession.

I compliment the organizers, SIRC of ICAI, and the SICASA of ICAI, for all their efforts in putting together this remarkable event. Their commitment to fostering the growth and development of young minds is truly commendable. To all the attendees, I urge you to make the most of this conference. Immerse yourself in the wealth of knowledge and expertise that will be shared during these two days. Remember that your dedication, perseverance, and continuous pursuit of excellence will be the foundation of your achievements.

I extend my best wishes for a successful and fulfilling CA Students National Conference. May you emerge from this experience inspired, motivated, and ready to conquer new horizons in your professional journey.

Best Wishes!
CA. Prasanna Kumar D
Vice-President, ICAI

INSIGHTS FROM THE VISIONARIES



CA. (Dr.) Rohit Ruwatia Agarwal
Chairman, Board of Studies-Operations, ICAI

Dear Students,

It is with great pleasure that I extend a warm invitation to each of you for the National Conference of CA Students, scheduled to be held on 15 th and 16 th November, 2025 in the culturally vibrant city of Chennai. The theme of this year's conference, "AAZHI-Ocean/Waves of Wisdom; Pearls of Knowledge" highlights the vastness and depth of learning, comparing knowledge to the endless ocean.

The theme "AAZHI-Ocean/Waves of Wisdom; Pearls of Knowledge" symbolizes the boundless depth and power of learning. Just as the ocean holds countless mysteries beneath its waves, knowledge too is vast, dynamic, and ever-changing. Each wave represents the flow of ideas and discoveries that shape human understanding, while the pearls signify the precious insights gained through curiosity, perseverance, and reflection.

The theme encourages an exploration of wisdom that transcends boundaries embracing the continuous exchange of thoughts, experiences, and cultures reminding us that true enlightenment arises not from stillness, but from the ceaseless rhythm of learning and sharing, like the eternal dance of the sea.
The conference promises enriching knowledge sessions on topics such as Startups, AI & Technology, Tax & Audit, and Capital Markets, along with student paper presentations, motivational talks, and expert panels. Whether you're presenting or attending, your active participation will help sharpen your technical skills, soft skills, and overall professional outlook.

INSIGHTS FROM THE VISIONARIES

This event also offers valuable networking opportunities with peers and professionals, helping you build relationships that can support your career journey. Chennai's rich cultural and historical backdrop adds further charm to this learning experience.

I would like to thank the SIRC & SICASA of ICAI for organizing this impactful event. I encourage all students to actively participate whether as presenters or delegates and take full advantage of this unique platform for personal and professional growth.

"ज्ञान का सागर अनंत है, हर लहर एक नई समझ लेकर आती है"

The ocean of knowledge is endless; every wave brings a new understanding.

CA. (Dr.) Rohit Ruwatia Agarwal
Chairman, Board of Studies-Operations, ICAI

INSIGHTS FROM THE VISIONARIES

CA. Sanjib Sanghi
Vice Chairman, Board of Studies-Operations, ICAI



Dear Future Chartered Accountants,

A Warm Welcome to each one of you!

I'm extremely happy to address you on the occasion of the National Conference of CA Students, taking place on 15 th and 16 th November, 2025 at Chennai.

Conference like this plays an important role in your journey of becoming the future of our profession. They help you learn new things happening around the world related to finance, accounting and innovation, understand key topics more clearly, and get ready for the future.

The sessions in this conference are curated to help you stay updated with changes in the profession and give you a fresh perspective on your studies and career.
The theme of the conference for the year "AAZHI-Ocean/Waves of Wisdom; Pearls of Knowledge" reflects the infinite and ever-evolving nature of learning. Like the ocean, wisdom is deep, mysterious, and constantly in motion each wave carrying fresh insights and discoveries to those who seek them.

The pearls hidden within represent the rare and valuable truths that emerge from curiosity, perseverance, and reflection. This theme reminds us that knowledge is not a destination but a journey one that flows, grows, and connects us all, inspiring a lifelong quest to dive deeper into the vast ocean of understanding.

INSIGHTS FROM THE VISIONARIES

Such conferences also come with an additional takeaway the opportunity to network with your peers, fellow students and even professionals. Such networking can give you new ideas, guidance, and even bring upon future possibilities. Never underestimate the power of a good conversation or a shared experience.

I would like to wholeheartedly thank the entire team of SIRC & SICASA of ICAI for the hard work and commitment in putting the entire event together.

I encourage all of you to participate fully ask questions, meet new people, and soak in the learning. May this conference become a turning point in your professional journey.

Wishing you all a wonderful and meaningful experience!

Warm regards,
CA. Sanjib Sanghi
Vice Chairman, Board of Studies-Operations, ICAI

INSIGHTS FROM THE VISIONARIES



CA. Sripriya Kumar
CCM, ICAI
Conference Director

From the Desk of Conference Director

The ocean symbolizes vastness, depth, and continuity — so does learning.
Each CA student stands at the shore of opportunity,
ready to dive into the AAZHI – Waves of Wisdom, Pearls of Knowledge.
This National Conference is not merely an event; it is a voyage of discovery.
It reminds us that excellence is born when curiosity meets courage.

When you 'Aspire' beyond comfort, you begin your true journey.
When you 'Absorb' from mentors and peers, wisdom begins to take shape.
When 'Zeal' fuels your preparation, it transforms effort into achievement.
When you 'Harness' your skills and integrity, success follows naturally.
And when you 'Inspire' others through humility and ethics, a legacy is built.

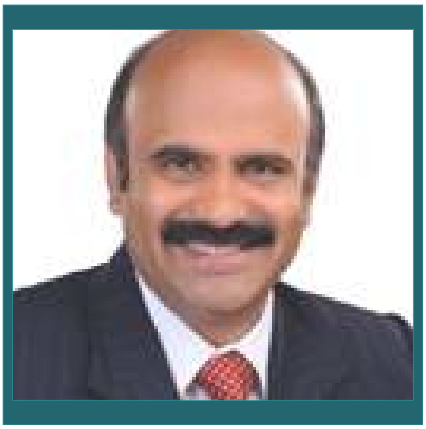
The BoS–Academics of ICAI anchors the intellectual foundation of our profession, constantly redefining how students learn, engage, and apply.
Its learning modules, e-resources, and mentoring networks have set new standards.
In harmony, BoS–Operations nurtures the all-round personality of students — through IT and MCS training, leadership programs, and skill enrichment initiatives.
Together, they create an ecosystem where knowledge meets confidence.

INSIGHTS FROM THE VISIONARIES

AAZHI stands as the living expression of that integration —
a celebration of wisdom, growth, and youthful excellence.
May every participant ride these waves with purpose,
explore their depths with passion,
and surface with pearls of knowledge that guide their future journey.
Let AAZHI be remembered not just for what we learned,
but for how it changed the way we think and lead.
As waves meet the shore, let learning meet life — boundless, brave, and bright.

— CA. Sripriya Kumar
Conference Director, AAZHI 2025

INSIGHTS FROM THE VISIONARIES



CA. Rajendra Kumar
CCM, ICAI
Conference Director

From the Desk of Conference Director

**The ocean teaches us silent lessons — depth in thought, rhythm in motion,
and grace in every tide that rises to meet the shore.
So too must every CA student learn not merely to study,
but to flow, to adapt, and to grow with purpose and poise.**

**AAZHI 2025 – Waves of Wisdom, Pearls of Knowledge
is more than a conference; it is a living sea of ideas, reflections, and revelations.
Each session is a tide of discovery, each speaker a beacon of guidance,
each student a wave adding strength to our shared ocean of learning.**

**When you Aspire, you awaken the dreamer within.
When you Absorb, you cultivate wisdom beyond words.
When Zeal guides your effort, challenges turn into opportunities.
When you Harness skill with sincerity, knowledge becomes character.
And when you Inspire, you transform from seeker to source — a light for others.**

**The BOS–Academics continues to illuminate intellectual mastery
through dynamic learning models and evolving professional insights.
The BOS–Operations complements this by shaping the human spirit —
through IT and MCS programs, communication training,
competitions, and conferences that refine both skill and soul.
Together, they form the twin currents that steer the CA student forward —
one of knowledge, the other of character.**

INSIGHTS FROM THE VISIONARIES

**AAZHI stands at their confluence — where intellect meets integrity,
and ambition blends with empathy.
May this conference awaken your courage to question,
your humility to learn, and your strength to lead with purpose.
As the waves rise and recede, let your learning remain — deep, calm, and eternal.
For in every ocean, there lies a pearl — and in every student, infinite potential.**

**— CA. Rajendra Kumar
Conference Director, AAZHI 2025**

INSIGHTS FROM THE VISIONARIES

CA Revathi S Raghunathan
Chairperson,
SIRC of ICAI



Dear Students,

As you stand on the threshold of new learnings, choices, and opportunities, I wish to share with you a verse that carries timeless strength:

"அறவாழி அந்தணன் தாள்சேர்ந்தார்க் கல்லால்
பிறவாழி நீந்தல் அரிது." — திருக்குறள் 8

Only those who anchor themselves to the feet of the One who is an ocean of virtue can truly cross the many oceans of life. In this single kural, Thiruvalluvar offers a profound truth: Skill may help us move forward, but only virtue helps us rise.

Your CA journey will present you with waves — some that lift you, some that test you, and some that ask you to pause and reflect. At every stage, what steadies you is not just knowledge, but your inner compass — your honesty, your humility, your discipline, and your sense of responsibility.

The divine is described here as "அற ஆழி" — the Ocean of Virtue.
When you hold on to values that reflect this depth, every challenge becomes navigable, every decision becomes clearer, and every success becomes meaningful.

As future professionals: Let integrity be your strength even when shortcuts seem easy. Let compassion guide your choices, for leadership is not only brilliance but also kindness.
Let perseverance define you, for the ocean does not retreat from a single wave.
And let virtue be your anchor, for it is the one force that never wavers, no matter how turbulent the tide

INSIGHTS FROM THE VISIONARIES

You are the generation that will redefine excellence — not just by what you achieve, but by the values that shine through your achievements. Carry this kural in your heart as a reminder that your greatest success will come when your knowledge is deep, and your character is deeper.

As you walk into AAZHI 2025, may you rise with clarity, courage, and a quiet inner strength that can only come from standing rooted in virtue.

With faith in your promise and pride in your journey,

CA Revathi S Raghunathan

Chairperson, SIRC of ICAI

INSIGHTS FROM THE VISIONARIES

CA Pramod Hegde
Chairman, SICASA
SIRC of ICAI



Dear Students,

AAZHI 2025 is not just another conference it is a defining moment for the student fraternity of the Southern Region.

Today, more than a thousand young minds gather under one roof to celebrate learning, leadership, and the legacy of a profession that has shaped India for over 75 glorious years.

ICAI has always stood as the beacon and bedrock of trust a profession built on ethics, integrity, independence and nation-building.

Every CA student carries this legacy forward, and this conference is your gateway to experience that responsibility first-hand.

As Chairman of SICASA of SIRC, my commitment has been simple and unwavering:

to bring every student of this region the exposure, opportunities, and platforms that prepare you for the future you deserve.

AAZHI 2025 is a result of that conviction.

This conference is an all-round movement a carefully crafted blend of technical depth, practical insight, and future-forward thinking.

From forensic auditing to digital documentation, from ESG to crypto dynamics, from live usage of audit tools and latest cutting edge technology to entrepreneurial dialogues every session has been chosen with a singular purpose:

INSIGHTS FROM THE VISIONARIES

To equip you with the skillset, mindset, and resilience demanded by tomorrow's CA profession.

The dignitaries you hear over these two days represent the full spectrum of possibilities from the auditor to the innovator, from the knowledge leader to the entrepreneur.

Absorb their insights. Challenge your assumptions. Shape your vision.

SICASA has always been for the students, by the students and of the students, and

This is your platform to rise, to refine, and to reconnect with your own potential.

To every student who has stepped forward to be here a big thank you.

Your commitment is the real success of this conference. Let every session ignite clarity, courage and purpose.

Let AAZHI be the wave that lifts you higher and the moment you look back at years later as your turning point.

SICASA proudly dedicates AAZHI 2025 to your journey, your growth, your grit, and your future.

— CA. Pramod R. Hegde

Chairman, SICASA of SIRC of ICAI

NATIONAL CONFERENCE OF SIRC OF ICAI
NOV 15TH & 16TH

AAZHI
WAVES OF WISDOM PEARLS OF KNOWLEDGE

TECHNICAL SESSION - I

DETECTING HIDDEN FRAUDS: FORENSIC AUDIT OF SHELL AND BENAMI COMPANIES

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TECHNICAL SESSION - I

DETECTING HIDDEN FRAUDS: FORENSIC AUDIT OF SHELL AND BENAMI COMPANIES

In today's complex financial ecosystem, appearances can be deceiving. Businesses often project an image of prosperity and compliance through polished financial statements, while beneath the surface lies a carefully constructed web of deception. Fraud, manipulation, and concealment have become increasingly sophisticated, especially with the use of shell and benami companies. These entities, though seemingly legitimate, frequently act as silent vehicles for money laundering, tax evasion, and corporate fraud. In such an environment, forensic auditing has emerged as a critical tool for uncovering hidden financial misconduct and restoring transparency.

Shell and benami companies thrive on anonymity and illusion. A shell company, though legally registered, typically has no substantial operations, employees, or physical presence. Its primary purpose is to obscure ownership and facilitate financial manoeuvres, which may be legal or illegal depending on usage. Benami companies, on the other hand, are explicitly illegal under Indian law. They involve assets or businesses registered in the name of one person while the real ownership and control rest with another, often to evade taxes, creditors, or law enforcement. Together, these structures form a deceptive corporate veil that enables large-scale financial crime.

One of the most prominent examples of such misuse came to light in 2018, when India witnessed the Punjab National Bank scam involving Nirav Modi and Mehul Choksi. Through a vast network of over one hundred shell companies spread across India, Hong Kong, and Dubai, the perpetrators siphoned more than ₹11,000 crore using forged Letters of Undertaking and fake trade documents. Many of these entities were benami in nature, registered under the names of employees or associates, while real control remained hidden. The layering of transactions and cross-border fund movements made detection extremely difficult, exposing significant weaknesses in financial oversight and regulatory systems.

The modus operandi of shell and benami companies follows recognizable patterns. Proxy ownership is commonly used, where individuals with no financial capacity are shown as directors or shareholders. Undisclosed beneficial ownership ensures that the true controller remains hidden behind layers of entities. Circular transactions are employed to simulate legitimate business activity, inflating turnover and masking fund diversion. Fake invoicing is another widespread technique, used to justify fraudulent transfers or claim undue tax credits. In more complex cases, offshore structuring and tax havens are used to exploit secrecy laws and further distance the real beneficiary from the source of funds.

TECHNICAL SESSION - I

DETECTING HIDDEN FRAUDS: FORENSIC AUDIT OF SHELL AND BENAMI COMPANIES

India has witnessed several large-scale frauds illustrating these techniques. The IL&FS crisis revealed how over ₹91,000 crore of debt was masked using more than 250 interconnected entities, with internal fund rotation creating an illusion of revenue. In 2023, authorities uncovered a ₹8,100 crore GST scam involving nearly 5,000 shell firms issuing fake invoices using stolen identities. Another case involved a ₹750 crore loan app scam, where shell companies were floated using forged Aadhaar and PAN details to bypass KYC norms.

International leaks such as the Panama Papers further exposed how offshore shell entities were used by Indian nationals to conceal assets worth hundreds of crores.
Detecting such sophisticated fraud requires more than traditional auditing. Forensic auditing goes beyond compliance checks and focuses on investigation, reconstruction, and evidence gathering. Financial statement analysis plays a crucial role, as auditors look for inconsistencies such as unusually high receivables, unexplained expenses, or large transactions without corresponding revenue. Ratio analysis helps identify abnormal patterns that signal asset diversion, while tools like Benford's Law are used to detect manipulated numerical data.

Transactional link analysis is another powerful technique. By tracing fund flows across entities, forensic auditors can uncover circular transactions and layering, both hallmarks of shell company fraud. Network mapping enables visualization of relationships between directors, shareholders, and companies, often revealing hidden control and benami ownership. Document and identity verification further strengthens investigations, with scrutiny of PAN, Aadhaar, invoices, contracts, and property deeds helping to expose forged documents and proxy arrangements.

Beyond financial records, forensic audits extend into asset and lifestyle analysis. Real estate audits compare declared income with property ownership to detect benami holdings, while lifestyle audits assess whether personal spending aligns with reported earnings. Digital footprint analysis—covering emails, online transactions, and social media—has become increasingly relevant in uncovering hidden relationships and control structures. Collaboration among regulatory bodies such as the Enforcement Directorate, MCA, RBI, and Income Tax Department, along with whistleblower inputs and international cooperation, has significantly improved detection capabilities.

TECHNICAL SESSION - I

DETECTING HIDDEN FRAUDS: FORENSIC AUDIT OF SHELL AND BENAMI COMPANIES

The integration of artificial intelligence has further transformed forensic auditing. AI-driven tools now assist in lifestyle versus asset matching, ownership pattern recognition, cash flow reconstruction, facial recognition, and legal compliance checks. Advanced techniques such as graph analytics map complex relationships, anomaly detection algorithms flag suspicious transaction patterns, and natural language processing scans filings and communications for undisclosed intent or control. Predictive modelling enables regulators to assign risk scores and identify high-risk shell clusters before major frauds occur.

A recent case from 2025 highlights the effectiveness of these methods. The Directorate General of GST Intelligence (DGGI), Bengaluru, uncovered a ₹266 crore GST fraud involving six shell companies with no physical operations. Through fake invoicing and circular trading, fraudulent input tax credit claims of ₹48 crore were generated. Forensic tools such as GST data mining, bank statement analysis, KYC verification, site inspections, and link analysis revealed the absence of genuine business activity and exposed proxy ownership structures. As a result, the shell companies were deregistered, fraudulent credits reversed, and arrests were made, including that of a chartered accountant who acted as a key enabler.

Recognizing the growing threat posed by shell and benami companies, the Indian government has introduced significant legal and regulatory reforms. Recent proposals include the creation of a centralized shell company registry, enhanced disclosure norms for beneficial ownership, real-time KYC verification using Aadhaar and PAN integration, and stricter penalties for professionals facilitating such structures. Amendments to the Companies Act, expansion of the Benami Transactions Act, and mandatory forensic audits for high-risk entities reflect a proactive approach to strengthening corporate governance.

In conclusion, shell and benami companies are no longer obscure financial anomalies; they are deliberately engineered instruments of deception embedded deep within the financial system. As fraudsters continue to evolve their methods, forensic auditing has emerged as the most effective countermeasure. By combining financial expertise, investigative techniques, technological tools, and legal support, forensic auditors play a vital role in uncovering hidden ownership, reconstructing complex financial trails, and upholding transparency. In an era where trust in financial systems is paramount, forensic auditing is not merely about identifying wrongdoing—it is about protecting the integrity of the economy itself.

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TECHNICAL SESSION - I

DIGITAL WORKING PAPERS AND AUDIT DOCUMENTATION: IS INDIA REALLY READY?

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TECHNICAL SESSION - I

DIGITAL WORKING PAPERS AND AUDIT DOCUMENTATION: IS INDIA REALLY READY?

Auditing as a profession is undergoing a fundamental transformation across the globe. Traditional paper-based audit files once the backbone of assurance engagements are rapidly giving way to digital systems that capture procedures, evidence, judgments, and conclusions in structured and searchable electronic repositories. This transition is not merely a technological upgrade; it represents a shift in how audit quality, accountability, and transparency are achieved. In India, this movement toward digital working papers is being accelerated by evolving auditing standards, data protection laws, cybersecurity expectations, and successful public-sector implementations.

However, while the direction is clear, the level of readiness across the Indian audit ecosystem remains uneven. Digital working papers refer to electronic records of audit work performed, evidence obtained, and conclusions reached, maintained within a controlled audit file environment. These systems typically incorporate indexing, version control, review notes, access restrictions, and retention mechanisms. The objective of audit documentation, as articulated under Standard on Auditing (SA) 230, is to enable an experienced auditor to understand the nature, timing, and extent of audit procedures performed, the results obtained, and the conclusions reached. Importantly, SA 230 does not prescribe the format of documentation. Instead, it emphasizes sufficiency, clarity, and timeliness attributes that digital systems are often better equipped to deliver than physical files.

Implementation guidance issued by the Auditing and Assurance Standards Board (AASB) further reinforces the importance of timely preparation, proper assembly of the final audit file, and clear documentation of significant professional judgments. Digital working paper platforms operationalize these requirements through built-in workflows, mandatory sign-offs, metadata tagging, and audit trails. In contrast, paper-based files rely heavily on manual discipline, making consistency and completeness harder to enforce, especially across large or geographically dispersed teams.

The regulatory environment in India has also become a powerful driver of digital documentation. Alongside SA 230, the Digital Personal Data Protection Act, 2023 (DPDP Act) introduces stringent obligations relating to secure storage, access control, retention, and accountability for personal data. For entities classified as Significant Data Fiduciaries, the law mandates enhanced governance measures, including independent audits and impact assessments. These requirements directly affect audit documentation systems, as audit working papers frequently contain personal, financial, and commercially sensitive information.

TECHNICAL SESSION - I

DIGITAL WORKING PAPERS AND AUDIT DOCUMENTATION: IS INDIA REALLY READY?

As cybersecurity directives and sector-specific regulations expand, auditors are increasingly expected to demonstrate not only the quality of their audit work, but also the security and integrity of the platforms on which that work is stored.

A compelling proof point for India's readiness lies in the public sector. The Comptroller and Auditor General of India (CAG) implemented the "One IAAD One System" (OIOS), making all new audit work paperless from April 1, 2021. OIOS is an enterprise-wide, web-enabled system supporting the entire audit lifecycle from planning and execution to reporting and follow-up. With multilingual support, offline functionality, and mobile access, the platform accommodates India's operational realities, including field audits in remote locations. More importantly, it functions as a single source of truth, significantly improving quality control, consistency, and institutional knowledge management across more than a hundred audit offices nationwide.

Within the professional audit community, momentum toward digital working papers is steadily building. ICAI, through its standards-setting and guidance mechanisms, has continued to clarify expectations around documentation quality while explicitly supporting digital-first interpretations of SA 230. Capacity-building initiatives, including post-qualification courses such as Information Systems Audit (ISA 3.0), are equipping practitioners with skills in IT risk assessment, data analytics, and systems assurance. These competencies are essential for operating effectively in digital audit environments, where understanding system-generated evidence and automated controls is as important as traditional substantive testing.

Market trends further indicate a gradual shift. India's audit software and governance, risk, and compliance (GRC) market is expanding, driven by regulatory complexity, increasing governance expectations, and the operational efficiencies enabled by automation. Cloud-based platforms, analytics-enabled testing, and workflow digitization are gaining traction, particularly in technology-led and compliance-intensive sectors. However, adoption remains uneven. Mid-sized and smaller audit firms often face barriers such as licensing costs, limited training budgets, and constrained change-management capacity, resulting in continued reliance on paper files or fragmented digital tools such as shared drives and spreadsheets.

TECHNICAL SESSION - I

DIGITAL WORKING PAPERS AND AUDIT DOCUMENTATION: IS INDIA REALLY READY?

The case for digital working papers extends beyond efficiency. Digital platforms embed controls such as version management, timestamped activity logs, reviewer sign-offs, and direct evidence linkages, making compliance with SA 230 more consistent and verifiable. Electronic documentation enhances retrieval, cross-referencing, and analytical review, enabling auditors to scale data-driven procedures and better document professional judgment. For regulators and quality reviewers, the traceable and reproducible nature of digital files improves inspection outcomes and strengthens confidence in audit conclusions.

At the same time, digitization introduces new risks, particularly in the areas of cybersecurity and privacy. Housing audit evidence on cloud or centralized platforms elevates information security to a strategic concern. Guidance from CERT-In and emerging cyber audit expectations require stronger controls, transparent vendor risk management, and prompt incident reporting. Under the DPDP Act, audit firms servicing data-intensive clients must ensure that their documentation systems enforce purpose limitation, role-based access, secure retention, and timely deletion. Failure in these areas can expose firms to regulatory and reputational risk, undermining the very trust audits are meant to build.

The shift to digital working papers also necessitates changes in talent and operating models. Auditors must develop proficiency in IT controls, data analytics, and secure collaboration tools alongside core audit skills. While ICAI's structured learning pathways provide a foundation, firms must invest in tool-specific training, standardized templates, and clear review protocols. Change management—often underestimated—is critical. Without it, electronic files risk becoming digital replicas of inefficient paper habits rather than enablers of higher-quality audits.

From a cost perspective, digital adoption involves upfront investments in software licenses, secure infrastructure, system integrations, and training. For smaller firms, these costs can appear disproportionate. However, over time, benefits such as reduced rework, faster reviews, standardized processes, and easier regulatory inspections can significantly improve engagement economics. Firms that have institutionalized digital documentation frequently report better quality control outcomes and smoother interactions with regulators.

TECHNICAL SESSION - I

DIGITAL WORKING PAPERS AND AUDIT DOCUMENTATION: IS INDIA REALLY READY?

Sectoral readiness in India varies widely. Banking, financial services, and technology-driven enterprises are generally more advanced in digitizing controls and evidence, making electronic audits more feasible. Public sector audits under the CAG have already normalized paperless workflows at scale.

The OIOS experience offers valuable lessons for private firms. Its emphasis on standardized audit design, guided execution, unified master data, and disciplined file assembly demonstrates how digital systems can reduce variability and enhance auditability.

Despite progress, readiness gaps persist. Many firms still operate with fragmented digital environments rather than integrated working paper systems. Cybersecurity and privacy obligations further raise the stakes, making security-by-design and privacy-by-design essential rather than optional. Addressing these gaps requires a structured roadmap: starting with gap assessments against SA 230 and DPDP requirements, followed by pilot engagements, parallel investments in training and platform selection, and gradual scaling supported by internal inspections and feedback loops.

Looking ahead to the period between 2025 and 2028, India's audit profession stands at a decisive juncture. The public sector has demonstrated that end-to-end digital audits are feasible at national scale. Commercial platforms are maturing, and regulatory expectations increasingly favor robust electronic documentation. Whether digital working papers become a true quality enhancer or merely a re-platforming exercise will depend on disciplined implementation, sustained capability building, and thoughtful governance.

In conclusion, India is partially ready for digital working papers. The standards framework fully supports electronic documentation, and emerging data protection and cybersecurity laws make digital systems more of a necessity than an option. While readiness varies across firms and sectors, the path forward is clear. Where digital documentation is implemented with intent, skill, and discipline, it measurably improves audit quality, scalability, and stakeholder confidence. The challenge now is not whether India should move to digital working papers, but how effectively it can do so.

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NOV 15TH & 16TH

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TECHNICAL SESSION - I

FROM BRICKS TO BALANCE SHEETS: BREAKING DOWN COMPLEXITIES IN THE AUDIT OF CONSTRUCTION COMPANIES

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TECHNICAL SESSION - I

FROM BRICKS TO BALANCE SHEETS: BREAKING DOWN COMPLEXITIES IN THE AUDIT OF CONSTRUCTION COMPANIES.

Skyscrapers often inspire awe through their sheer scale and architectural brilliance. To most people, they are symbols of progress, engineering excellence, and urban growth. To an auditor, however, that sense of wonder takes a different form. Beyond concrete and glass lie escalation clauses, variation orders, cost overruns, and revenue recognition judgments. Auditing a construction company is not merely about verifying numbers it is about understanding how people, paperwork, and projects intertwine to shape financial reality.

The construction sector occupies a critical position in the Indian economy, contributing nearly nine percent to the nation's GDP and accounting for substantial public expenditure. It is also one of the most judgment-intensive industries under Indian Accounting Standards. While a construction audit may appear similar to any other statutory audit to the untrained eye, a deeper examination reveals an intricate landscape shaped by estimates, contractual nuances, and operational uncertainty. Auditing such entities is akin to navigating an ocean vast, complex, and demanding professional skill to stay afloat.

Unlike audits confined largely to financial records, construction audits extend far beyond paperwork. Auditors are often required to visit project sites to assess physical progress, safety standards, material quality, and workmanship. They must evaluate whether projects comply with environmental regulations, labour laws, and statutory approvals. A sound understanding of how construction projects operate in practice becomes just as important as technical accounting knowledge.

One of the defining complexities in auditing construction companies arises from revenue recognition. Under Accounting Standards, revenue from construction contracts is recognized using the Percentage of Completion Method (POCM). At first glance, the formula appears deceptively simple. However, each component of the formula introduces significant judgment.

Determining actual cost is not straightforward questions arise as to whether only direct materials and labour should be included, or whether site overheads, escalation adjustments, and idle machinery costs also qualify. Timing of recognition further complicates matters, as costs may be incurred long before they contribute to actual progress.

TECHNICAL SESSION - I

FROM BRICKS TO BALANCE SHEETS: BREAKING DOWN COMPLEXITIES IN THE AUDIT OF CONSTRUCTION COMPANIES.

Budgeted cost presents an equally challenging area. Auditors must evaluate whether budgets are based on realistic feasibility studies or optimistic assumptions designed merely to secure contracts. External factors such as material price volatility, regulatory delays, and supply chain disruptions can quickly render budgets obsolete. Contract value, often perceived as a fixed figure, is rarely final. Variation orders, escalation clauses, liquidated damages, bonuses, and arbitration claims mean that even the so-called “final” number remains fluid throughout the project lifecycle. Consequently, what appears to be a mathematical exercise becomes one of the most judgment-heavy areas of the audit.

Before an auditor even reaches revenue recognition, complexities begin at the very inception of a construction contract. Permits and approvals can significantly delay project commencement. For instance, infrastructure projects such as metro rail systems may face land acquisition hurdles, environmental clearance delays, and coordination challenges with multiple government agencies. These uncertainties often lead to time overruns and cost escalations. From an audit perspective, it is critical to assess whether such risks have been adequately factored into cost estimates and whether appropriate provisions or disclosures have been made.

Subcontracting risk represents another major challenge in construction audits. Large engineering, procurement, and construction (EPC) contracts frequently rely on numerous subcontractors due to the scale and technical diversity of work involved. While subcontracting is operationally necessary, the principal contractor remains fully liable for the actions and omissions of subcontractors. Auditors must therefore evaluate not only the financial arrangements but also the systems in place to monitor compliance with labour laws, safety standards, provident fund obligations, and GST requirements. Any non-compliance at the subcontractor level can expose the main contractor to significant legal and financial liabilities.

Completion risk lies at the heart of most EPC contracts. Delays in achieving project milestones often trigger liquidated damages, which can materially impact profitability. Calculating provisions for liquidated damages is rarely straightforward. Although contracts typically specify maximum limits often between five and ten percent of contract value—the actual amount depends on the extent of delay and the specific milestones affected.

TECHNICAL SESSION - I

FROM BRICKS TO BALANCE SHEETS: BREAKING DOWN COMPLEXITIES IN THE AUDIT OF CONSTRUCTION COMPANIES.

Auditors frequently need to engage directly with project teams and site engineers, conduct site visits, and obtain real-time evidence of progress. Reliance solely on management representations can result in inaccurate provisions, whereas field-level verification enhances audit reliability.

Revenue recognition under Ind AS introduces additional layers of complexity. Ind AS 115 mandates a five-step model for recognizing revenue from contracts with customers, beginning with the identification of a legally enforceable contract. In practice, construction companies often commence preliminary work based on memoranda of understanding or letters of intent. However, unless a legally enforceable contract exists, revenue recognition is not permitted. Auditors must remain vigilant in ensuring compliance with this principle, particularly in cases involving government contracts subject to political or administrative uncertainty.

Identifying distinct performance obligations presents further challenges. Construction contracts frequently bundle multiple services such as design, engineering, construction, equipment supply, and maintenance. Determining whether these constitute a single performance obligation or multiple distinct obligations requires careful judgment. Maintenance services, for instance, may need to be separated and recognized over time rather than being bundled with construction revenue. Errors in identifying performance obligations can lead to premature or inflated revenue recognition.

Determining the transaction price is another high-risk area due to variable consideration. Bonuses for early completion, penalties for delays, escalation clauses, and claims introduce uncertainty into revenue measurement. Ind AS 115 permits recognition of variable consideration only when it is highly probable that significant reversals will not occur. Auditors must therefore reassess management assumptions continuously and ensure that recognized revenue reflects realistic outcomes rather than optimistic projections.

Allocating the transaction price to performance obligations adds yet another layer of judgment. Lump-sum contracts covering multiple deliverables must be allocated based on standalone selling prices. Failure to do so can result in revenue being front-loaded into early stages of the project, distorting financial performance. Auditors must challenge such allocations and ensure adherence to the principles laid down in Ind AS 115.

TECHNICAL SESSION - I

FROM BRICKS TO BALANCE SHEETS: BREAKING DOWN COMPLEXITIES IN THE AUDIT OF CONSTRUCTION COMPANIES.

Finally, selecting the appropriate method for measuring progress—input or output—requires careful consideration. While the input method is generally preferred, it excludes costs that do not contribute to performance, such as unused materials lying at site. Auditors must scrutinize cost components included in progress calculations to ensure compliance and prevent overstatement of revenue.

In conclusion, auditing construction companies demands far more than mechanical application of standards. It requires professional scepticism, technical expertise, industry understanding, and practical judgment. The construction industry is indeed an ocean of complexities contractual, accounting, and operational. By understanding how these challenges manifest in real-world audits, auditors can navigate this ocean with greater confidence and competence. The goal is not merely to survive the complexity, but to master it transforming bricks and blueprints into reliable balance sheets that stakeholders can trust.

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TECHNICAL SESSION - 2

INNOVATING AUDIT ONE PROBLEM AT A TIME CA HACKATHON

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TECHNICAL SESSION - 2
INNOVATING AUDIT ONE PROBLEM AT A TIME CA HACKATHON

AUDIT FLOW IDEATION

"Innovating Audit, One Exception at a Time"

PROBLEM STATEMENT:

Auditors must vouch large volumes of purchase transactions by tracing entries in the purchase ledger back to invoices and tying books to GSTR-2B, but this work is still done manually across scattered PDFs, varied invoice formats, and month-wise reconciliations, making it slow and prone to oversight. Every mismatch—invoice number inconsistencies, GSTIN differences, tax split variances, and month cut-off shifts—demands repetitive lookups that do not scale during peak audits and closings.

This process is not optional in an audit. Vouching establishes that purchases recorded in the ledger occurred, are accurate, and are recorded in the correct period with proper classification, which underpins audit evidence and reviewer confidence. For indirect taxes, reconciling purchases with GSTR-2B indicates whether tax treatment recorded in books aligns with supplier-reported data and period of reflection, helping auditors judge the reasonableness of amounts carried and disclosures without turning the tool into a filing-time ITC engine.

The pain compounds when vendor compliance is uneven. If a supplier's GSTIN is inactive or cancelled, or an invoice is absent or variant in 2B, the risk of misstatement or later disputes rises and should be flagged promptly for targeted audit procedures. As Warren Buffett said, "Risk comes from not knowing what you're doing." But in this case, risk comes from not knowing where the invoice is.

Today, identifying these higher-risk cases requires manual checks that consume reviewer time and still miss patterns in volume. There is a clear need for an audit-focused system that ingests

There is a clear need for an audit-focused system that ingests invoices, the purchase ledger, and GSTR-2B; extracts and standardizes key invoice fields; deterministically matches invoices to ledger entries; reconciles books with 2B; and flags supplier GSTIN status. By shifting the process to exception-first review—without expanding scope into authenticity checks—the tool helps auditors find what matters faster, document decisions consistently, and produce review-ready workpapers that support timely, defensible audit

TECHNICAL SESSION - 2
INNOVATING AUDIT ONE PROBLEM AT A TIME CA HACKATHON

AFFECTED USERS

Articles & Audit Staff

- Spend hours manually matching invoices to ledger entries.
- Re-key data across formats, often missing near-duplicates or cut-off errors.
- High effort, low insight—like searching for pearls in a sea of PDFs.

Reviewers & Engagement Managers

- Receive inconsistent exception reports.
- Lack standardized reason codes or audit trails.
- Must redo testing under time pressure, risking missed material issues.

PROPOSED SOLUTION:

"From Manual Mayhem to AI Magic"

We propose an audit-focused purchases vouching system that transforms this chaos into clarity. The tool ingests:

- Invoice PDFs/images
- Purchase ledger (Excel)
- GSTR-2B (Excel)

It extracts and standardizes key fields:

- Supplier name, GSTIN
- Invoice number & date
- Taxable value, CGST/SGST/IGST
- Total amount, HSN/SAC, Place of supply

Then it applies deterministic matching logic:

- Primary match: GSTIN + Invoice number + Date window
- Fallback: Fuzzy vendor name + Date + Amount tolerance
- Flags duplicates, mismatches, and cut-off errors

TECHNICAL SESSION - 2
INNOVATING AUDIT ONE PROBLEM AT A TIME CA HACKATHON

Finally, it produces:

- Matched list
- Exceptions list with reason codes (e.g., GSTIN mismatch, Not in 2B, Tax variance)
- Thus creating a simple audit trail of what was vouched, what matched, and why something was flagged

LAW, TECH & LOGIC

Law

- Vouching first: In audit, purchases must be supported by proper source documents and correctly recorded to evidence occurrence, accuracy, classification, and cut-off; tracing ledger entries to invoices is a standard vouching procedure that underpins reliable audit conclusions and defensible workpapers.
- GSTR-2B reconciliation: Books-vs-GSTR-2B comparison is used in audit to assess whether tax treatment recorded in the purchase ledger aligns with supplier-reported data and period of reflection, highlighting issues like Not in 2B, tax split variances, and month cut-off differences that warrant queries and documentation.
- GSTIN status check: Supplier GSTINs that appear inactive/cancelled indicate higher compliance risk around purchases and related tax credits; flagging such vendors help auditors focus procedures, escalate to management for explanations, and consider presentation/disclosure impacts.

Tech

- Standardized extraction: Convert invoices into a consistent field set (GSTIN, invoice no/date, taxable value, CGST/SGST/IGST, total, HSN/SAC, place of supply) so review does not depend on layout or manual re-keying.
- Deterministic comparisons: Apply clear, rule-based joins for invoice↔ledger and books↔GSTR-2B with tolerances and reason codes, producing reviewer - ready outputs and a simple audit trail.
- Exception-first evidence: Generate compact exception lists with field-level diffs and status tags (e.g., Not in 2B, GSTIN mismatch, Amount/tax variance, Month cut-off difference, Inactive GSTIN) to drive faster, more consistent reviews.

TECHNICAL SESSION - 2
INNOVATING AUDIT ONE PROBLEM AT A TIME CA HACKATHON

Logic

• Matching hierarchy: Start with supplier GSTIN + invoice number and a date window; fall back to fuzzy vendor name + date window + small amount tolerance to handle rounding/posting differences without masking real errors.
• Exception taxonomy: Use a fixed set of reason codes for audit clarity — Duplicate invoice number, GSTIN mismatch, Not in 2B, Tax split variance, Month cut-off difference, Inactive/cancelled GSTIN— each carrying the minimal fields needed to act.
• Risk prioritization: Rank exceptions by materiality and risk (e.g., Inactive GSTIN combined with Not in 2B at the top) so reviewers spend time where it changes conclusions, not on low-impact noise.

TOOLS TO BE USED:

• Python: Primary runtime for extraction, matching logic, reconciliation, and exports.
• Streamlit: Simple UI for batch runs, exception filters, and reviewer actions.
• Python libraries: Pandas (dataframes), NumPy (calc), Regex (field cleanup), RapidFuzz (fuzzy matching), Pydantic/Marshmallow (optional schema validation).
• OCR: Google Cloud Vision API for robust invoice text extraction across layouts.
• Data structuring: Google Gemini API to map OCR text into a fixed invoice schema (GSTIN, invoice no/date, tax split, etc.).
• GSTIN validation: gstincheck.co.in API to flag inactive/cancelled GSTINs.
• Database (audit trail): SQLite for rule outcomes, timestamps, and reviewer actions.
• Report generation: OpenPyXL/XlsxWriter for Matched and Exceptions Excel outputs.

WHY THIS MATTERS

This tool doesn't aim to replace auditors—it aims to free them. From repetitive matching to strategic review. From manual rework to intelligent exception-first analysis. As Steve Jobs said, "Simple can be harder than complex. But it's worth it." This tool simplifies audit vouching—without compromising on rigor.

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TECHNICAL SESSION - 2

AUDITFLOW: SOLVING THE SA 230 COMPLIANCE CRISIS

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TECHNICAL SESSION - 2

AUDITFLOW: SOLVING THE SA 230 COMPLIANCE CRISIS

Audit documentation plays a critical role in maintaining audit quality, ensuring accountability, and demonstrating compliance with professional standards. One of the key standards governing audit documentation is SA 230 – Audit Documentation, which requires auditors to maintain adequate records that support the basis of the audit opinion and demonstrate that the audit was conducted in accordance with applicable auditing standards. Specifically, SA 230 requires that audit documentation must provide a sufficient and appropriate record of the basis for the audit report and evidence that the audit was planned and performed in accordance with the Standards on Auditing. The documentation must be assembled within sixty days of the audit report date and retained for at least seven years from that date. It must be complete, accurate, and accessible, clearly identifying who performed the work, when it was performed, who reviewed it, and when the review occurred. Furthermore, documentation must demonstrate the linkage between the audit evidence obtained under SA 500 – Audit Evidence and the conclusions reached by the auditor.

While these requirements appear straightforward, the practical implementation of SA 230 presents significant challenges for many audit firms. Survey findings show that several requirements of SA 230 are difficult to comply with in practice. Among these, linking evidence to conclusions is one of the most challenging tasks, reported by approximately 40% of respondents.

Other difficulties include maintaining a complete audit trail, documenting review processes, ensuring sufficient detail for an experienced auditor to understand the work performed, managing 60-day assembly requirements, and handling seven-year retention and retrieval of audit files. These challenges indicate that the compliance problem is not limited to isolated firms but is widespread across the auditing profession. To understand these challenges better, it is important to examine the ground reality in many Chartered Accountant firms. Although auditors understand what SA 230 requires, the actual documentation process often lacks structure and integration. Survey data indicates that 60% of firms rely exclusively on Excel and Word for audit documentation, while 30% use no specific audit documentation software at all. Only 10% of firms have adopted some form of structured or custom system. This heavy dependence on manual tools highlights a significant documentation crisis within the profession, as such tools are not designed specifically for audit workflows and compliance requirements.

In practice, audit documentation is often scattered across multiple locations and formats. Planning memoranda may be stored as Word documents on individual laptops, while working papers are maintained in numerous Excel files with confusing names such as “TB_Final_v3_updated_FINAL.xlsx.” Audit evidence may be buried within hundreds of email exchanges between the audit team and the client.

TECHNICAL SESSION - 2

AUDITFLOW: SOLVING THE SA 230 COMPLIANCE CRISIS

Review notes are frequently communicated through printed documents, WhatsApp messages, or verbal discussions rather than being formally documented. Confirmation copies might be stored in one folder, bank statements in another, and previous-year audit files might even be stored physically in cartons in storage rooms. As a result, documentation becomes fragmented and difficult to trace, making compliance with SA 230 extremely challenging.

One of the most serious compliance gaps relates to the requirement to demonstrate who performed audit work and when it was performed. According to the survey results, this requirement remains unmet for approximately 80% of firms. About 50% of firms document this information manually, which is both time-consuming and prone to error, while 30% can only partially prove the documentation trail. Only 20% of firms have automatic logging systems that capture this information reliably. This deficiency creates a fundamental compliance risk because firms cannot always demonstrate a clear audit trail during regulatory inspections or peer reviews.

The absence of structured documentation systems leads to several operational problems. Firms often struggle with unclear audit trails, making it difficult to prove when work was performed or who performed it. Cross-references between evidence and working papers are often missing, resulting in weak linkage between audit procedures and conclusions. Documentation may be incomplete, with auditors sometimes performing procedures but failing to record them properly. Multiple versions of Excel files create version control chaos, making it difficult to determine which document represents the final working paper. Review documentation is often absent, meaning that partners or managers may review work without leaving a documented trail of their comments or conclusions. In addition, the 60-day assembly requirement becomes stressful because manual compilation of the audit file can take more than forty hours. Finally, the seven-year retention requirement creates logistical challenges when firms attempt to retrieve older audit files. These issues collectively lead to peer review anxiety, where firms are uncertain whether they can adequately demonstrate compliance with SA 230

Survey results further reveal that many professionals lack confidence during peer reviews and quality control inspections. Only 30% of respondents reported high confidence levels, rating their confidence at four out of five. About 50% reported moderate confidence, while 20% expressed low confidence, rating their confidence between one and two out of five. This lack of confidence stems largely from the weaknesses in documentation systems rather than from deficiencies in the actual audit work performed.

TECHNICAL SESSION - 2

AUDITFLOW: SOLVING THE SA 230 COMPLIANCE CRISIS

The practical consequences of these issues are experienced by professionals at every level of the audit team. Articled assistants often complete procedures such as cash verification but struggle to determine where to file the supporting documents or how to properly cross-reference them. Seniors may review revenue testing procedures but record their comments in separate Word documents, making it difficult to ensure that juniors have addressed the review notes. Managers often need to evaluate substantive procedures across several Excel files, which makes it difficult to obtain a consolidated view of the audit work performed. Partners face even greater challenges during peer reviews or inspections, when they must demonstrate that key considerations such as materiality assessments were properly documented. In many cases, the audit team knows that the work was performed, but they cannot easily locate the supporting documentation when required.

Survey results confirm that this situation is widespread. Approximately 50% of audit professionals reported experiencing situations multiple times where they could not locate evidence or explain conclusions, even though the procedures had been performed. Another 30% experienced such situations once or twice, while only 20% reported never encountering this issue. This demonstrates that the problem is not merely an operational inconvenience but a fundamental compliance failure that undermines audit quality and exposes firms to regulatory risk.

Despite these challenges, the profession clearly recognizes the need for improvement. Survey data indicates that 90% of audit professionals believe that firms would benefit from a dedicated audit documentation platform capable of handling real-time documentation, centralized evidence collection, automated compliance tracking, and client document portals.

Among the respondents, 10% expressed an urgent need for such a solution, 30% confirmed that it would be helpful, and 60% indicated that they would be open to exploring such a platform depending on features and pricing. Notably, no respondents expressed satisfaction with existing manual documentation methods, which strongly validates the demand for a comprehensive solution.

To address this challenge, the proposed solution is AuditFlow, an integrated platform designed to ensure full compliance with SA 230 through automation, structured workflows, and centralized documentation. AuditFlow is built on a simple philosophy: if SA 230 requires it to be documented, the system ensures that it is documented automatically, systematically, and traceably.

TECHNICAL SESSION - 2

AUDITFLOW: SOLVING THE SA 230 COMPLIANCE CRISIS

The first key feature of AuditFlow is a centralized audit file structure. Under this system, every audit engagement is maintained within a single digital audit file containing a predefined folder structure aligned with the audit cycle. The file is divided into a Permanent File, which includes client information, constitutive documents, and continuity records from previous years, and a Current Year File, which contains documentation related to planning, execution, review, and finalization of the audit. Every document within the system is assigned a unique index number, such as "A.1.2 – Cash and Bank Balance," ensuring that documents are organized systematically and can easily be located through search functions.

Another essential feature is automatic timestamping and author tracking. The system automatically records who created a document, when it was created, who modified it, when modifications were made, who reviewed the document, and when the review took place. This information is captured in an immutable audit trail that cannot be altered. For example, the system might display a record such as: "Cash and Bank working paper created by Ravi on 15 January 2025, reviewed by Sneha on 18 January 2025, and approved by the partner on 20 January 2025." This functionality ensures full compliance with SA 230 requirements related to documentation of work performed and review processes.

AuditFlow also introduces built-in cross-referencing capabilities that directly link audit evidence, working papers, and conclusions. For instance, a bank statement serving as audit evidence can be linked to the Cash and Bank working paper (B.1), while purchase invoices can be linked to the Purchase Testing working paper (D.3). Conclusions reached during the audit are also linked to the relevant working papers, ensuring a clear and traceable connection between evidence and audit conclusions.

To improve documentation quality, the platform includes structured working paper templates for common audit areas such as cash and bank verification, revenue testing, expense testing, fixed asset physical verification, loan confirmations, related-party transaction reviews, and subsequent events reviews. Each template includes sections describing the audit objective, the procedures performed, the evidence obtained, the sample selection methodology, the results of the procedures, any exceptions identified, and the final conclusion. The system also automatically records the names of the preparer and reviewer along with timestamps. This ensures that the documentation is sufficiently detailed for an experienced auditor with no prior connection to the engagement to understand the work performed.

TECHNICAL SESSION - 2

AUDITFLOW: SOLVING THE SA 230 COMPLIANCE CRISIS

Another key component of the platform is the Integrated Evidence Vault, which acts as a secure repository for all audit evidence. Each piece of evidence stored in the vault is tagged according to its source (client, third party, or auditor-generated), its type (invoice, bank statement, confirmation, contract, etc.), its relevance to specific financial statement assertions, and its reliability classification (high, medium, or self-generated). Evidence stored in the vault can then be linked directly to relevant working papers. For example, when a client uploads bank statements through a portal, the documents are automatically saved to the Evidence Vault. When the auditor prepares the Cash and Bank working paper, they can attach the bank statement from the vault, creating a permanent link. A partner reviewing the working paper can then click the evidence link and view the supporting document instantly. This system simultaneously satisfies the requirements of SA 500, which defines what evidence must be obtained, and SA 230, which governs how that evidence must be documented.

AuditFlow also incorporates a multi-level review and approval workflow designed to reflect real-world audit hierarchies. At the first level, a senior reviewer examines working papers prepared by junior team members, adds review notes directly within the system, and marks the status as approved, clarification required, or rework needed. At the second level, a manager reviews the senior's work and may add further comments. At the final level, the partner reviews the entire audit file through a dashboard that displays the number of working papers approved and those still pending review. The partner can drill down into individual working papers and provide final approval using a digital signature. All review actions are automatically logged with timestamps. The system also includes a review point tracker, which allows reviewers to raise issues, assign them to team members, track responses, and document when the issue is resolved.

To address the SA 230 requirement that the audit file be assembled within sixty days of the audit report date, AuditFlow includes a 60-day assembly automation feature. Before assembly, the system runs a pre-assembly checklist that scans the entire audit file and identifies missing reviews or incomplete documentation. It also displays the overall completion percentage of the audit file. Once all requirements are satisfied, the partner can assemble the audit file with a single click. The system then generates a locked, indexed, and time-stamped audit file that includes automatic cross-references and records the date of assembly. After assembly, documents cannot be deleted, and any additional documents must be placed in a separate "post-assembly additions" folder along with a justification for the addition.

TECHNICAL SESSION - 2

AUDITFLOW: SOLVING THE SA 230 COMPLIANCE CRISIS

Finally, AuditFlow ensures compliance with the seven-year retention requirement through automated archival processes. Once an audit file is assembled, it is automatically moved to archive status and stored in secure, encrypted cloud storage. The system calculates the required retention date—for example, retaining a file until 15 January 2032 if the audit report was dated 15 January 2025. Archived files are maintained in read-only mode to prevent modification, and the system records access logs showing who accessed the file, when it was accessed, and the reason for access.

In conclusion, the evidence clearly demonstrates that SA 230 compliance challenges are widespread across the auditing profession. Fragmented documentation systems, manual processes, and the lack of integrated tools have created systemic compliance gaps that expose firms to regulatory risks and reduce confidence during peer reviews and quality inspections. AuditFlow addresses these challenges by providing a structured, automated, and centralized documentation platform that ensures every requirement of SA 230 is met. By replacing scattered Excel files and manual processes with an integrated system, AuditFlow transforms audit documentation from chaotic and stressful processes into systematic, transparent, and reliable workflows. Ultimately, it represents a shift from documentation uncertainty to compliance assurance, enabling auditors to focus on audit quality while maintaining full regulatory compliance.

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TECHNICAL SESSION - 2

STATOMATE ESI MODULE EXPLANATION

S. ANURITHA
SRO0754027

SRI VAISHNAVI M
SRO0771018

TECHNICAL SESSION - 2

STATOMATE ESI MODULE EXPLANATION

Statomate is a comprehensive compliance framework comprising four modules: ESI, PF, TDS and GST.

For the purpose of Round 1, we have provided the ESI module for your reference.
The ESI module covers the following key tasks:

- Task 1: Compliance verification
- Task 2 : Column head matching
- Task 3 : Challan documentation
- Task 4 : Recomputation
- Task 5 : Reconciliation
- Task 6 : Due date and interest calculation
- Task 7 : Tax audit presentation (Clause 20b)

TASK 1: - Compliance verification

The user is required to specify the ESI applicability and the relevant previous year in the Statomate app. Based on the selected previous year; the statutory due dates are automatically computed.

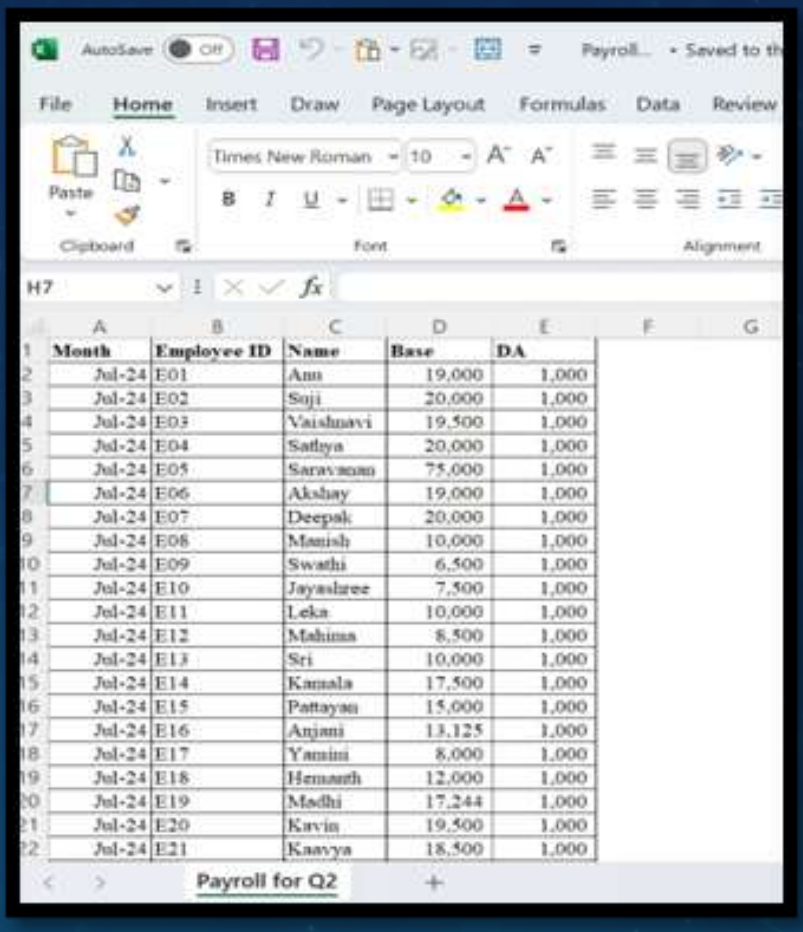
Under Task 1, the user has the option to modify the contribution rates in case of any future changes in statutory compliance requirements



TECHNICAL SESSION - 2

STATOMATE ESI MODULE EXPLANATION

TASK 2: Column matching



	A	B	C	D	E
1	Month	Employee ID	Name	Base	DA
2	Jul-24	E01	Ann	19,000	1,000
3	Jul-24	E02	Soji	20,000	1,000
4	Jul-24	E03	Vaishnavi	19,500	1,000
5	Jul-24	E04	Sathya	20,000	1,000
6	Jul-24	E05	Saravanan	75,000	1,000
7	Jul-24	E06	Akshay	19,000	1,000
8	Jul-24	E07	Deepak	20,000	1,000
9	Jul-24	E08	Manish	10,000	1,000
10	Jul-24	E09	Swathi	6,500	1,000
11	Jul-24	E10	Jayashree	7,500	1,000
12	Jul-24	E11	Leka	10,000	1,000
13	Jul-24	E12	Mahima	8,500	1,000
14	Jul-24	E13	Sri	10,000	1,000
15	Jul-24	E14	Kamala	17,500	1,000
16	Jul-24	E15	Pattayan	15,000	1,000
17	Jul-24	E16	Anjani	13,125	1,000
18	Jul-24	E17	Yamini	8,000	1,000
19	Jul-24	E18	Hemanth	12,000	1,000
20	Jul-24	E19	Madhi	17,244	1,000
21	Jul-24	E20	Kavin	19,500	1,000
22	Jul-24	E21	Kaavya	18,500	1,000

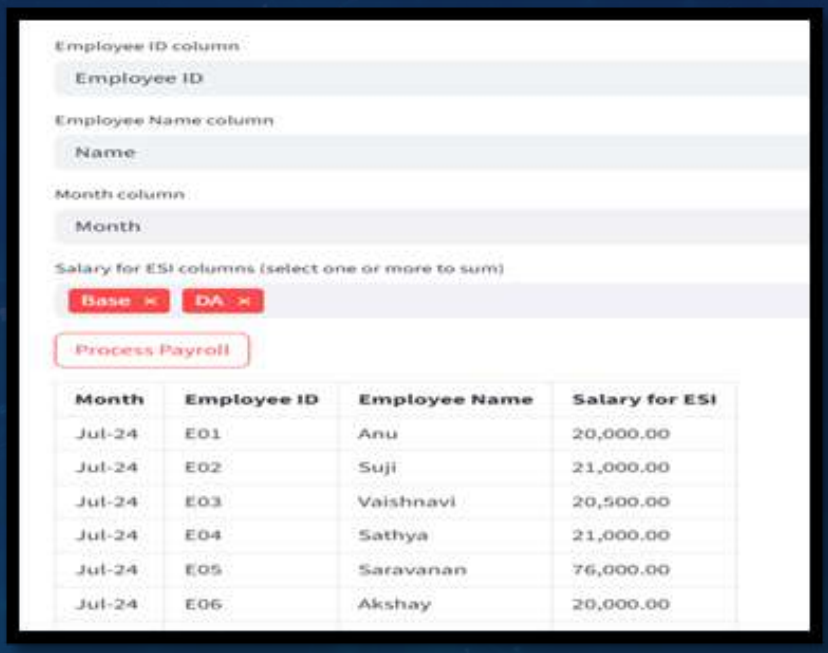
Payroll for Q2

The user is required to upload the payroll data, based on which the Employee ID, Employee Name, month, and relevant salary components must be mapped.
These mapped fields are used to compute the ESI wages, which form the basis for ESI contribution calculation.



TECHNICAL SESSION - 2

STATOMATE ESI MODULE EXPLANATION



Month	Employee ID	Employee Name	Salary for ESI
Jul-24	E01	Anu	20,000.00
Jul-24	E02	Suji	21,000.00
Jul-24	E03	Vaishnavi	20,500.00
Jul-24	E04	Sathya	21,000.00
Jul-24	E05	Saravanan	76,000.00
Jul-24	E06	Akshay	20,000.00

TASK 3: Challan documentation

The user is required to upload the ESI challan in the prescribed format. The Statomate app automatically extracts and records the necessary information from the uploaded document.



TECHNICAL SESSION - 2

STATOMATE ESI MODULE EXPLANATION



TASK 4: Recomputation

Based on the contribution rates specified under Task 1 (Compliance Verification), the ESI contributions are automatically calculated.

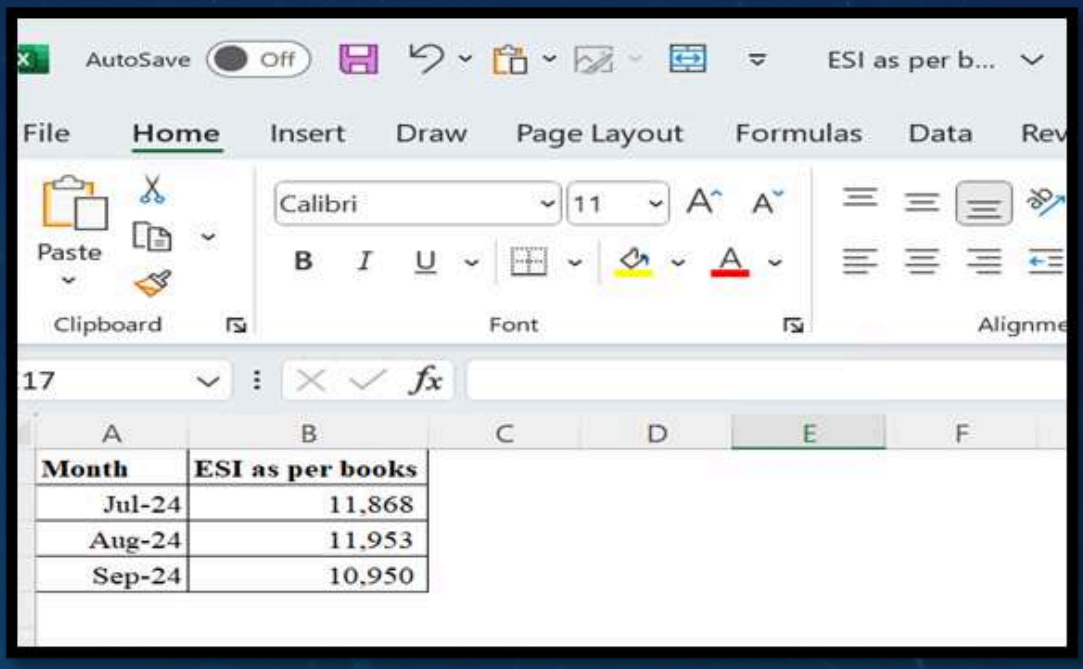


Month	Employee ID	Employee Name	Salary for ESI	Emp'er contribution	Emp'ee contribution	Total ESI
Jul-24	E01	Anu	20,000.00	650.00	150.00	800.00
Jul-24	E02	Suji	21,000.00	682.50	157.50	840.00
Jul-24	E03	Vaishnavi	20,500.00	666.25	153.75	820.00
Jul-24	E04	Sathya	21,000.00	682.50	157.50	840.00
Jul-24	E05	Saravanan	76,000.00	0.00	0.00	0.00
Jul-24	E06	Akshay	20,000.00	650.00	150.00	800.00
Jul-24	E07	Deepak	21,000.00	682.50	157.50	840.00
Jul-24	E08	Manish	11,000.00	357.50	82.50	440.00
Jul-24	E09	Swathi	7,500.00	243.75	56.25	300.00
Jul-24	E10	Jayashree	8,500.00	276.25	63.75	340.00
Jul-24	E11	Leka	11,000.00	357.50	82.50	440.00
Jul-24	E12	Mahima	9,500.00	308.75	71.25	380.00
Jul-24	E13	Sri	11,000.00	357.50	82.50	440.00

TECHNICAL SESSION - 2

STATOMATE ESI MODULE EXPLANATION

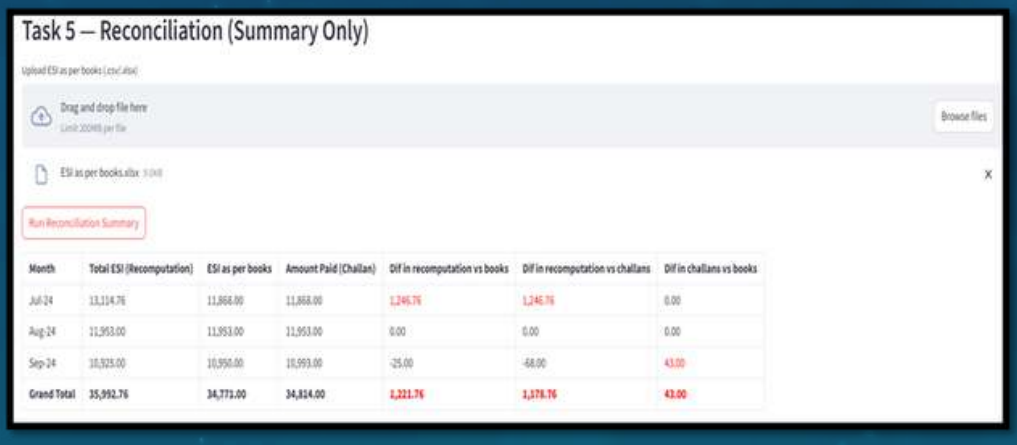
TASK 5: Reconciliation



· The user is required to upload the ESI ledger as per books in the prescribed Excel format.

· Once uploaded, the Statomate app automatically performs a reconciliation between the recomputed ESI values, Amount as per books, and ESI challan data.

· Any instances of short deduction or short payment are automatically highlighted in red.

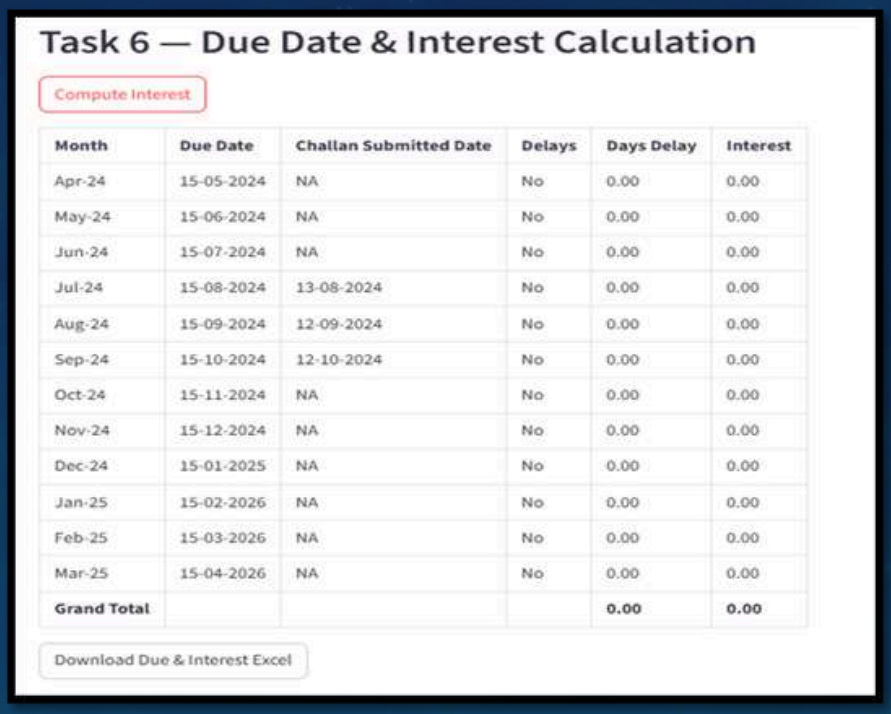


TECHNICAL SESSION - 2

STATOMATE ESI MODULE EXPLANATION

TASK 6: Due date and interest calculation :

Based on the previous year selected by the user, the statutory due dates are automatically mapped to the respective months, and interest is computed at the applicable rates specified under Task 1 (Compliance Verification)



Task 6 — Due Date & Interest Calculation

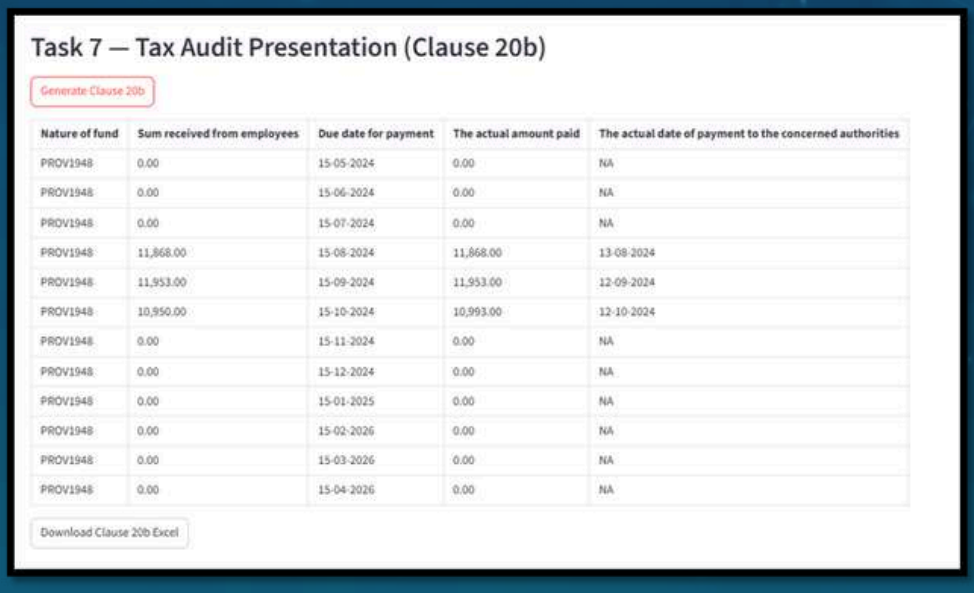
Compute Interest

Month	Due Date	Challan Submitted Date	Delays	Days Delay	Interest
Apr-24	15-05-2024	NA	No	0.00	0.00
May-24	15-06-2024	NA	No	0.00	0.00
Jun-24	15-07-2024	NA	No	0.00	0.00
Jul-24	15-08-2024	13-08-2024	No	0.00	0.00
Aug-24	15-09-2024	12-09-2024	No	0.00	0.00
Sep-24	15-10-2024	12-10-2024	No	0.00	0.00
Oct-24	15-11-2024	NA	No	0.00	0.00
Nov-24	15-12-2024	NA	No	0.00	0.00
Dec-24	15-01-2025	NA	No	0.00	0.00
Jan-25	15-02-2026	NA	No	0.00	0.00
Feb-25	15-03-2026	NA	No	0.00	0.00
Mar-25	15-04-2026	NA	No	0.00	0.00
Grand Total				**0.00**	**0.00**

Download Due & Interest Excel

TASK 7: Tax audit presentation (Clause 20b)

Based on the tasks performed above, the Statomate app automatically generates an instant Tax Audit Report in accordance with Clause 20(b).



Task 7 — Tax Audit Presentation (Clause 20b)

Generate Clause 20b

Nature of fund	Sum received from employees	Due date for payment	The actual amount paid	The actual date of payment to the concerned authorities
PROV1948	0.00	15-05-2024	0.00	NA
PROV1948	0.00	15-06-2024	0.00	NA
PROV1948	0.00	15-07-2024	0.00	NA
PROV1948	11,868.00	15-08-2024	11,868.00	13-08-2024
PROV1948	11,953.00	15-09-2024	11,953.00	12-09-2024
PROV1948	10,950.00	15-10-2024	10,993.00	12-10-2024
PROV1948	0.00	15-11-2024	0.00	NA
PROV1948	0.00	15-12-2024	0.00	NA
PROV1948	0.00	15-01-2025	0.00	NA
PROV1948	0.00	15-02-2026	0.00	NA
PROV1948	0.00	15-03-2026	0.00	NA
PROV1948	0.00	15-04-2026	0.00	NA

Download Clause 20b Excel

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TECHNICAL SESSION - 3

CRYPTO VS CAPITAL MARKETS: CONVERSION OR COLLISION

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TECHNICAL SESSION - 3

CRYPTO VS CAPITAL MARKETS: CONVERSION OR COLLISION

Introduction: Two Investments, Two Worlds

1. Five years ago, ₹100 invested in NIFTY 50 would be worth around ₹185 today (13% CAGR).
2. The same ₹100 in BITCOIN could be worth anywhere between ₹300 and ₹520 — depending on entry timing.
3. Both represent two distinct philosophies — Balance Sheets vs Blockchains.
4. One is stability-driven; the other thrives on volatility and innovation.

The Rise of Two Financial Revolutions

Let's start with the old guard — the Indian CAPITAL MARKETS, with 11 crore demat accounts, daily turnover of ₹1.5–2 lakh crore, and a total market capitalization exceeding ₹400 lakh crore. Our stock market is like Rajinikanth — ageing gracefully but still delivering blockbusters every year.

In contrast, CRYPTO is the new-age disruptor — bold, fast, and tech-driven. In just a decade, it has evolved into a $2-trillion global market, with over 4 crore Indian INVESTORS, making India one of the top three countries in adoption.

The Return Reality: NIFTY vs Crypto

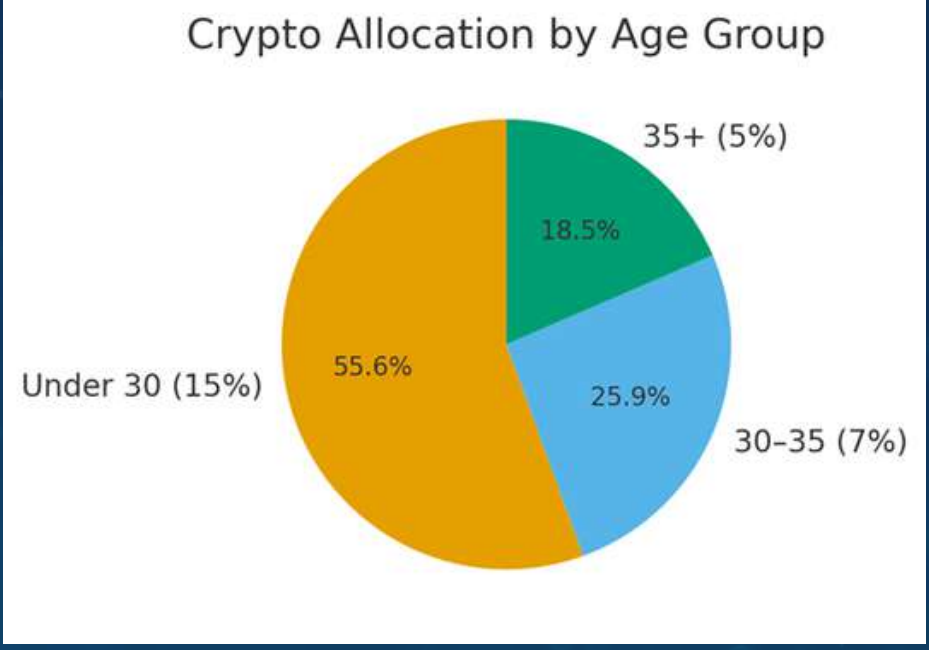
Asset	5-Year CAGR	Value of ₹100 Today	Volatility	Max Drawdown
NIFTY 50	~13%	₹185	~12%	−38%
Bitcoin	~35%	₹300–₹520	~60%	−75%

TECHNICAL SESSION - 3

CRYPTO VS CAPITAL MARKETS: CONVERSION OR COLLISION

Investor Psychology: Risk and Reward

1. 1 in 3 Indian INVESTORS under 30 hold CRYPTO (Zerodha Varsity, 2024).
2. Gen Z allocates 10–15% of portfolios to CRYPTO, while INVESTORS 35+ stay below 5%.
3. Crypto offers 24×7 access, instant gratification, and tech excitement.
4. Equities offer structure, compounding, and regulated stability.



Regulation and Reality Check

India's regulatory evolution resembles a cinematic journey:

2018 – RBI bans banks from dealing with CRYPTO.
2020 – SUPREME COURT lifts the ban.
2022 – 30% tax + 1% TDS introduced.
2024 – FIU mandates KYC for exchanges.

Blurring Boundaries: When Two Worlds Meet

1. CoinDCX and WazirX now follow SEBI-style KYC norms.
2. Mutual funds abroad hold BITCOIN ETFs.
3. Tesla and MicroStrategy added CRYPTO to their balance sheets.
4. BSE is experimenting with BLOCKCHAIN settlements.
5. Blockchain isn't killing CAPITAL MARKETS — it's upgrading them.

TECHNICAL SESSION - 3

CRYPTO VS CAPITAL MARKETS: CONVERSION OR COLLISION

Macro Perspective: India's Financial Future

According to NASSCOM, India's CRYPTO-tech economy could add $100 billion to GDP by 2030 and generate 8 lakh jobs in BLOCKCHAIN, DeFi, and Web3.
Over 300 Indian STARTUPS are active in CRYPTO-tech. Even ICICI Bank and Axis Bank are using BLOCKCHAIN for trade finance.

Conclusion: The Future of Finance — Together, Not Apart

- Capital markets bring trust, REGULATION, and long-term wealth.
- Crypto brings innovation, inclusion, and speed.
- Together, they form a powerful ecosystem where innovation meets integrity and volatility meets value.
- The FUTURE is not 'Crypto vs Capital Markets' — it's 'Crypto × Capital Markets'.

"When the traditional shakes hands with the transformational, we don't get competition — we get creation."

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TECHNICAL SESSION - 3

ESG REPORTING: CHARTERED ACCOUNTANTS' ROLE IN REDUCING CARBON EMISSIONS AND GLOBAL WARMING

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TECHNICAL SESSION - 3

ESG REPORTING: CHARTERED ACCOUNTANTS' ROLE IN REDUCING CARBON EMISSIONS AND GLOBAL WARMING

"The Earth does not belong to us; we belong to the Earth." — Chief Seattle

Environmental, Social, and Governance (ESG) reporting has evolved from a voluntary disclosure to a strategic business imperative, shaping how organizations define success in the 21st century. As the world confronts climate change and widening social inequalities, ESG reporting provides the framework for transparent accountability, linking financial outcomes with environmental and ethical responsibility.

This discussion explores how Chartered Accountants (CAs) play a transformative role in accelerating global efforts to reduce carbon emissions and promote sustainable growth. It analyses both Indian and global frameworks, including SEBI's Business Responsibility and Sustainability Report (BRSR), the Global Reporting Initiative (GRI), and the International Sustainability Standards Board (ISSB) standards, showing how integrated reporting aligns with the UN Sustainable Development Goals (SDGs). The study further examines carbon accounting and emission measurement, highlighting how CAs ensure reliability in climate data through standardized metrics such as the GHG Protocol and ISO 14064.

Using real-life case studies such as Infosys' carbon-neutral journey, HDFC Bank's green finance leadership, and Tata Steel's sustainability initiatives, it demonstrates how robust reporting drives investor confidence and long-term corporate resilience. The discussion also addresses emerging challenges such as greenwashing, inconsistent data quality, and the global need for skilled sustainability professionals. In addition, the paper expands to technological frontiers in ESG reporting, including the use of artificial intelligence, blockchain, and analytics for transparent and verifiable reporting systems. Ultimately, Chartered Accountants are no longer just financial stewards; they are sustainability enablers. Their expertise in assurance, ethics, and integrated thinking positions them to lead India's corporate sector toward the nation's net-zero vision by 2070. ESG reporting, when championed by the CA community, transforms compliance into a long-term commitment to people, planet, and prosperity.

TECHNICAL SESSION - 3

ESG REPORTING: CHARTERED ACCOUNTANTS' ROLE IN REDUCING CARBON EMISSIONS AND GLOBAL WARMING

Understanding ESG Reporting

ESG reporting is the structured process through which companies communicate their performance on environmental impact, social responsibility, and governance standards. It provides stakeholders with transparent insights into how organizations manage risks, create value, and contribute to sustainable development. The environmental pillar focuses on carbon footprint, energy usage, waste management, and water conservation, while Chartered Accountants play a role in tracking Scope 1–3 emissions. The social pillar addresses diversity, employee welfare, and community engagement, where CAs help audit labour practices. Governance focuses on ethics, transparency, and board accountability, where CAs ensure effective board oversight.

Initially treated as a voluntary disclosure, ESG reporting has now become a regulatory expectation. Investors, regulators, and consumers are increasingly demanding climate-conscious conduct. Global capital markets reward sustainable companies with better valuations and easier access to funding. As Peter Drucker famously stated, "What gets measured gets managed."

Why ESG Matters in the Climate Context

Climate change is the defining challenge of the 21st century, and corporate carbon emissions are a primary contributor to global warming. According to the UNEP Emissions Gap Report 2024, global emissions must fall by 45 percent by 2030 to keep temperature rise within 1.5°C. Businesses are responsible for more than two-thirds of these emissions, placing them at the centre of climate action.

ESG reporting provides a quantifiable framework for measuring environmental performance, tracking carbon footprints, and reporting climate risks. Accurate ESG disclosures transform sustainability from a slogan into a measurable business strategy. By adopting standardized ESG practices, companies can identify high-emission processes and implement efficiency measures, reduce operational costs through energy optimization and waste reduction, strengthen stakeholder trust by demonstrating accountability, and align corporate strategy with global climate commitments such as the Paris Agreement.

Effective ESG reporting also enables companies to seize financial and competitive advantages. Investors increasingly prefer businesses with strong ESG credentials, sustainable practices attract better financing options, and regulatory compliance helps avoid penalties. In essence, ESG reporting is not just a climate tool but an instrument for long-term corporate resilience, ethical accountability, and value creation.

TECHNICAL SESSION - 3

ESG REPORTING: CHARTERED ACCOUNTANTS' ROLE IN REDUCING CARBON EMISSIONS AND GLOBAL WARMING

Relevance of ESG for Chartered Accountants

The accounting profession has always revolved around transparency, trust, and truth. As sustainability becomes a financial risk factor, Chartered Accountants are no longer just accountants—they are climate accountants. The Institute of Chartered Accountants of India (ICAI) has established the Sustainability Reporting Standards Board (SRSB) to guide members in non-financial reporting.

The skills that Chartered Accountants already possess, including auditing, assurance, and data verification, are directly applicable to ESG reporting. They can help organizations develop carbon accounting systems, ensure credible ESG assurance, integrate sustainability into business risk frameworks, and detect and prevent greenwashing. As one sustainability expert stated at the 2023 forum, "Without credible assurance, ESG is just PR."

The Global Landscape of ESG

Globally, ESG reporting frameworks are rapidly evolving. In the European Union, the Corporate Sustainability Reporting Directive (CSRD), implemented in 2024, emphasizes double materiality and third-party assurance. In the United States, the proposed SEC Climate Disclosure Rules aim to focus on emission metrics and climate risks by 2025. In India, SEBI introduced the Business Responsibility and Sustainability Report (BRSR) in 2022, emphasizing ESG integration and stakeholder transparency. At the global level, the International Sustainability Standards Board (ISSB) launched IFRS S1 and S2 standards in 2023 to create a unified sustainability reporting framework.

These initiatives demonstrate a global shift toward accountable capitalism, where carbon footprints carry as much importance as financial results.

ESG Reporting in India: The BRSR Framework

SEBI made Business Responsibility and Sustainability Reporting mandatory for the top 1000 listed entities starting from FY 2022–23. The framework emphasizes carbon emission data across Scope 1, Scope 2, and Scope 3, energy efficiency measures, supply-chain sustainability, waste and water management, and CSR and governance policies. The BRSR Core metrics also require independent assurance, creating significant opportunities for Chartered Accountants to provide attestation services.

TECHNICAL SESSION - 3

ESG REPORTING: CHARTERED ACCOUNTANTS' ROLE IN REDUCING CARBON EMISSIONS AND GLOBAL WARMING

Scope 1 emissions cover direct emissions from owned or controlled sources, such as fuel combustion in company vehicles or manufacturing equipment. Scope 2 includes indirect emissions from purchased electricity, steam, heating, or cooling consumed by the company. Scope 3 accounts for all other indirect emissions across the value chain, including purchased goods, business travel, employee commuting, waste disposal, and product use. Among these, Scope 3 emissions are often the largest and most complex to measure because they involve data from suppliers and downstream partners.

Carbon accounting plays a key role in addressing these complexities. It provides a systematic process for measuring, recording, and reporting greenhouse gas emissions using frameworks such as the GHG Protocol and ISO 14064. Chartered Accountants help organizations establish credible carbon inventories and emission baselines, design internal controls for emission data collection, verify emission reduction claims and offsets, and ensure that carbon disclosures align with BRSR Core, GRI Standards, and ISSB requirements. By combining financial discipline with environmental accountability, CAs ensure that India's ESG transition remains quantifiable, comparable, and credible.

Real-World Case Studies

Infosys became carbon neutral in 2020, long before India's national net-zero commitment. The company reduced per-employee energy consumption by 55 percent and invested in large-scale solar projects. Chartered Accountants played an important role by validating carbon accounting processes, ensuring accuracy in emissions reporting, evaluating the effectiveness of internal sustainability controls, and supporting the integration of ESG data into stakeholder disclosures. This case demonstrates that professional assurance builds investor trust and reinforces corporate credibility.

HDFC Bank also demonstrated leadership in sustainability by issuing ₹10,000 crore in green bonds to fund renewable energy and clean transportation projects. Chartered Accountants designed frameworks for reporting the use of green bond proceeds, monitored compliance with ICMA Green Bond Principles and regulatory requirements, and assessed ESG-linked financial performance to maintain transparency for investors. This case illustrates that green finance depends heavily on ethical assurance provided by financial professionals.

TECHNICAL SESSION - 3

ESG REPORTING: CHARTERED ACCOUNTANTS' ROLE IN REDUCING CARBON EMISSIONS AND GLOBAL WARMING

Tata Steel has been another pioneer in embedding sustainability into operations by focusing on reducing carbon emissions, improving energy efficiency, and promoting circular economy practices such as steel recycling and waste heat recovery. Chartered Accountants audited carbon footprint data across production and supply chains, provided assurance on ESG performance metrics for board and investor reporting, and helped embed sustainability KPIs into financial and operational decision-making. Transparent ESG reporting supported by professional assurance strengthens corporate reputation and attracts sustainable capital.

The CA's Toolkit in ESG

As sustainability becomes a measurable aspect of business performance, Chartered Accountants are uniquely positioned to provide the analytical, ethical, and assurance backbone required for ESG reporting. Their traditional strengths in financial auditing, risk management, and compliance naturally extend into the sustainability domain. An ESG-focused CA is expected to interpret carbon data with the same rigor applied to financial data, ensuring that every number reported to investors, regulators, and the public is both accurate and credible.

Their roles span carbon accounting, ESG assurance, green finance advisory, and governance oversight. They measure and verify greenhouse gas emissions, conduct independent verification of sustainability data, evaluate sustainability-linked loans and bonds, and ensure compliance with governance and ethical standards. As noted in a UNEP Report (2023), "The green economy will be driven not by activists, but by accountants."

Challenges in ESG Reporting

Despite rapid progress, ESG reporting faces several significant challenges. One major issue is the lack of standardization, as multiple frameworks such as GRI, SASB, and ISSB create inconsistencies in reporting practices. Another challenge lies in data reliability, since many firms still rely on estimates rather than measured data. Greenwashing is also an increasing concern, where firms exaggerate sustainability claims to appear compliant, thereby eroding stakeholder trust. Additionally, there is a shortage of professionals trained in sustainability assurance.

Regulators such as SEBI and authorities in the European Union have begun tightening penalties for misleading ESG disclosures, reinforcing the importance of independent verification by professionals like Chartered Accountants. By combining financial rigor with ethical judgment, CAs can bridge these gaps and strengthen the credibility of sustainability reporting.

TECHNICAL SESSION - 3

ESG REPORTING: CHARTERED ACCOUNTANTS' ROLE IN REDUCING CARBON EMISSIONS AND GLOBAL WARMING

Technology, AI, and the Future of ESG

Emerging technologies are rapidly reshaping ESG verification and reporting. Artificial intelligence tools can analyze emission data to detect anomalies and improve reporting accuracy. Blockchain technology ensures traceable and tamper-proof carbon credit transactions, while advanced data analytics help link sustainability metrics with profitability indicators. Chartered Accountants with technological and financial expertise can leverage these innovations to provide real-time ESG audits, reducing manual errors and improving transparency. As the Financial Times noted in 2023, "Data is the new oil, but verified data is the new gold."

The Road Ahead for Chartered Accountants

India's commitment to achieving net-zero emissions by 2070 presents a significant opportunity for the accounting profession. The Institute of Chartered Accountants of India has outlined a roadmap for developing a new generation of "Sustainability Accountants." Accounting firms are already establishing dedicated ESG divisions to meet increasing demand from corporations and investors.

Chartered Accountants can guide companies in integrated reporting that combines financial and non-financial metrics, verify carbon offset projects and emission reduction claims, support MSMEs in adopting low-carbon business models, and collaborate with policymakers to shape national ESG standards. As Jochen Zeitz aptly stated, "Sustainability is no longer about doing less harm. It's about doing more good."

Closing Note: From Compliance to Commitment

Chartered Accountants stand at the heart of the transformation toward sustainable business. In the coming decade, the most successful companies will not merely be those with the highest profits but those with the lowest emissions, strongest ethics, and deepest sense of accountability. True corporate excellence will be measured not only in financial statements but also in a company's ability to create long-term value for people, planet, and prosperity. By translating sustainability promises into auditable performance, Chartered Accountants ensure that corporate narratives align with measurable impact. Integrating financial precision with environmental responsibility, they bridge the gap between profitability and purpose. ESG is not merely a corporate checklist but a moral balance sheet, and Chartered Accountants hold the pen—representing a commitment to truth, transparency, and the collective future of humanity, because when accountability meets sustainability, progress becomes inevitable.

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TECHNICAL SESSION - 3

REPO TO RECOVERY: HOW BANKS STAY STRONG DURING GLOBAL CRISIS

KIRAN RAJ
SRO0710797

TECHNICAL SESSION - 3

REPO TO RECOVERY: HOW BANKS STAY STRONG DURING GLOBAL CRISIS

The global financial landscape is no stranger to crises. From the 2008 collapse to the COVID-19 shock, every crisis tests the structural strength of banks — the backbone of our economies. Yet, history shows that banks do not merely survive these shocks; they often emerge stronger. Ever wondered how is it possible? Well, it is through a combination of repurchase agreements (repos), robust regulatory frameworks, proactive risk management, technological resilience, and government support, maintain stability and fuel recovery. It connects the dots between liquidity, confidence, and long-term financial sustainability — the journey from repo to recovery.

iNTRODUCTION:

Crises are the stress tests of the global economy. They expose vulnerabilities, test governance, and often redefine policy frameworks. For banks, crises are not just financial shocks — they are trust shocks. When panic strikes, liquidity dries up and credit flows freeze. In such times, banks play a dual role: stabilizers of the present and drivers of recovery. The key question this paper addresses is: “How do banks remain resilient and operationally strong when the world economy is in turmoil?” The answer lies in a multifaceted resilience strategy — from liquidity tools like repos to regulatory capital buffers, risk modeling, and digital transformation — all supported by decisive government intervention.

Understanding Repurchase Agreement (REPO) :

A repurchase agreement (repo) is a short-term borrowing tool where a bank sells securities, usually government bonds, and agrees to buy them back later at a slightly higher price. The difference between the sale and repurchase price is effectively the interest cost of borrowing. Repos are often described as the heartbeat of short-term liquidity in modern banking.

Why Repos Matter in a Crisis:

They enable banks to access instant liquidity without liquidating long-term assets. They use high-quality collateral, reducing counterparty risk. They maintain cash flow continuity, ensuring that payments and settlements continue even when markets freeze

TECHNICAL SESSION - 3

REPO TO RECOVERY: HOW BANKS STAY STRONG DURING GLOBAL CRISIS

Importance of Repo Markets:

Repo markets serve as the lubricant of the financial system. They enable: Liquidity management: Banks can meet short-term cash needs efficiently. Monetary policy transmission: Central banks use repos to inject or absorb liquidity. Collateralized safety: Counterparty risk is reduced because repos are backed by assets. Efficient pricing: Repo rates reflect the true cost of short-term money.

In times of crisis, when trust evaporates and interbank lending dries up, repos remain one of the few functioning sources of liquidity.

How Banks Use Repo to face Liquidity Stress :

- Maintaining Liquidity and Stability

During financial crises, money flow can freeze and borrowing becomes difficult. Banks can use their high-quality securities as collateral to get immediate funds. This helps them meet withdrawal demands, honor obligations, and continue lending. Because repos are secured by collateral, lenders face less risk, helping credit keep moving even when trust among banks is low.

- Stabilizing Interest Rates and Building Confidence

Repo transactions, being collateralized, tend to have more stable interest rates than unsecured loans. This stability allows banks to plan funding better and avoid sudden spikes in borrowing costs. Active participation in repo markets also signals that banks are liquid and reliable, reassuring depositors, investors, and regulators, which prevents panic withdrawals.

- Central Bank Repos as a Policy Tool

During crises, central banks step in as lenders of last resort. Repos are one of their most effective instruments. When liquidity evaporates, central banks conduct repo operations—buying securities from banks with an agreement to sell them back later. This injects cash directly into the banking system without permanently expanding the money supply.

TECHNICAL SESSION - 3

REPO TO RECOVERY: HOW BANKS STAY STRONG DURING GLOBAL CRISIS

In India, for example:

The Reserve Bank of India (RBI) uses the repo rate as its key monetary policy rate. Lowering the repo rate makes borrowing cheaper, encouraging banks to lend and support economic activity. Conversely, raising the repo rate helps curb inflation by absorbing liquidity.

During global crises, such repo operations expand in scale and frequency, acting as monetary shock absorbers

Case Study I: The 2008 Global Financial Crisis :

The 2008 crisis began with the collapse of the U.S. housing bubble and the ensuing failure of Lehman Brothers. Interbank markets froze, and panic spread worldwide.

Repo Market's Role

Initially, repos were at the center of the turmoil because many were backed by risky mortgage securities. But as central banks intervened and replaced risky collateral with government securities, the repo market became the main vehicle for liquidity restoration. The Federal Reserve conducted massive repo operations through its Term Auction Facility (TAF) and Primary Dealer Credit Facility (PDCF). Banks accessed trillions of dollars in liquidity through repos. This prevented widespread collapses and stabilized interbank funding.

Outcome

Although the crisis revealed flaws in collateral standards, repos ultimately became a foundation for recovery. Once trust returned, repo markets normalized faster than unsecured lending markets. The crisis led to Basel III reforms, emphasizing capital adequacy and liquidity discipline. The system became more shock-absorbent, setting a new global standard for crisis management.

TECHNICAL SESSION - 3

REPO TO RECOVERY: HOW BANKS STAY STRONG DURING GLOBAL CRISIS

Case Study II: The COVID-19 Liquidity Shock (2020) :

When the pandemic hit, financial markets faced unprecedented uncertainty. Investors rushed to hold cash, and credit markets froze. Even U.S. Treasury markets—the safest in the world—faced dislocation.

Central Bank Repo Interventions :

To ensure banks had enough money to lend, the RBI lowered the repo rate and conducted repo operations, lending money to banks against approved securities. This made cash readily available, so banks could continue lending to households and businesses. Repos allowed banks to convert their government bonds into cash quickly without selling them permanently. This ensured banks could meet withdrawal demands and provide emergency loans to companies facing disruptions due to lockdowns.

During the uncertainty of COVID-19, financial markets were volatile, and borrowing costs could spike. By offering repo facilities at stable rates, the RBI helped keep short-term interest rates under control, preventing panic in the banking system. The pandemic thus reaffirmed that repo mechanisms are not just crisis tools—they are integral to modern financial architecture.

Beyond Repos: Other Measures that Strengthen Banks :

While repos are central, resilience also depends on other structural elements.

❖ Capital Buffers and Basel Norms

Post-2008 reforms under the Basel III framework introduced:
- Capital adequacy requirements,
- Liquidity Coverage Ratio (LCR), and
- Net Stable Funding Ratio (NSFR).

These ensure banks maintain sufficient buffers to absorb shocks and sustain operations even during funding stress.

TECHNICAL SESSION - 3

REPO TO RECOVERY: HOW BANKS STAY STRONG DURING GLOBAL CRISIS

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TECHNICAL SESSION - 3

REPO TO RECOVERY: HOW BANKS STAY STRONG DURING GLOBAL CRISIS

❖ Asset Quality and Stress Testing

Regular stress testing helps banks anticipate worst-case liquidity and credit scenarios. This proactive approach enhances preparedness for systemic shocks.

❖ Diversified Funding Sources

By diversifying beyond traditional deposits—into repos, commercial paper, and central bank facilities—banks reduce reliance on a single funding source.

❖ Digital Resilience

Technology has transformed resilience from a buzzword into a business model. Digital banking, real-time analytics, and AI-based risk monitoring empower banks to operate seamlessly even in disruption.

How Technology Strengthens Crisis Response?

- Automation: Enables faster loan approvals and credit risk evaluation.
- Cloud Infrastructure: Ensures business continuity even if physical operations halt.
- Cybersecurity Systems: Protect against digital threats that often spike during global instability.
- Data Analytics: Provide regulators and management with real-time liquidity and risk insights.

When the pandemic forced physical shutdowns, it was digital resilience that kept the financial system functioning.

Repo Markets in India: The Unsung Stability Tool :

India's repo framework, managed by the RBI, has matured significantly.

- The Liquidity Adjustment Facility (LAF) operates through repo and reverse repo transactions.
- The Marginal Standing Facility (MSF) gives emergency liquidity to banks overnight.
- Market repo between banks and financial institutions facilitates interbank liquidity without central bank intervention.

During the pandemic, RBI's Targeted LTROs ensured liquidity reached priority sectors. These moves kept credit flowing and prevented a domestic banking panic.

TECHNICAL SESSION - 3

REPO TO RECOVERY: HOW BANKS STAY STRONG DURING GLOBAL CRISIS

Risks and Grey Areas in Repo Markets :

While repos enhance resilience, they also carry hidden risks:

- Collateral risk: If the underlying securities lose value, the lender faces losses.
- Counterparty risk: If one party defaults before repurchase, trust is broken.
- Systemic dependency: Overreliance on central bank repos can mask underlying weaknesses.

The challenge is to balance liquidity support with financial discipline.

From Repo to Recovery: The Broader Narrative :

Repos symbolize more than short-term funding—they represent the architecture of modern monetary resilience.

In every global crisis, the same pattern unfolds:

1. Fear freezes markets.
2. Liquidity vanishes.
3. Central banks flood the system with repos.
4. Confidence slowly returns

Each cycle has refined how repos are designed and deployed. From ad-hoc measures in 2008 to structured operations during COVID-19, repos have evolved from a niche market instrument into a cornerstone of crisis management.

The Future of Repo Markets :

The next decade may see:

- Digital repos using blockchain for faster settlement.
- Cross-border repo networks for emerging economies.
- Green repos, where collateral includes climate-friendly bonds.
- Central bank digital currency (CBDC)–linked repo operations, integrating instant liquidity management

These innovations will make the financial system not only more efficient but also more transparent and crisis-proof.

TECHNICAL SESSION - 3

REPO TO RECOVERY: HOW BANKS STAY STRONG DURING GLOBAL CRISIS

Conclusion :

The story of "Repo to Recovery" is ultimately the story of human ingenuity in finance. Banks, often vilified for triggering crises, have also been the first to adapt, rebuild, and reinforce the system.

Repurchase agreements, though simple in design, embody the principle of trust through collateral—a principle that has repeatedly pulled the global economy back from the brink. From Wall Street to Mumbai, from Lehman to COVID, repos have proven that the foundation of resilience lies not in avoiding shocks, but in having the mechanisms to absorb and recover from them.

As the world moves into an era of digital finance and geopolitical uncertainty, the humble repo will remain the unsung hero of financial stability—quietly turning crisis into confidence, and breakdown into recovery.

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TECHNICAL SESSION - 4
MOOT COURT

NOVA COMMUNICATIONS PVT. LTD.. V. COMMISSIONER, CGST APPEALS-1, DELHI

Girisa S
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TECHNICAL SESSION - 4

MOOT COURT

NOVA COMMUNICATIONS PVT. LTD.. V. COMMISSIONER, CGST APPEALS-1, DELHI

Case Title:
Nova Communications Pvt. Ltd.. v. Commissioner, CGST Appeals-1, Delhi
(2024) 169 Taxmann.com 390 (Delhi HC) / [2025] 92 GSTL 467 (Delhi)

I. Facts of the Case
Assessee: Nova Communications Pvt. Ltd., a telecom operator.
Dispute Period: 1 July 2017-31 March 2024.

Bharti Airtel claimed Input Tax Credit (ITC) on telecommunication towers used for providing telecom services.
The tax authorities denied ITC under Section 17(5)(d) of the CGST Act, 2017, on the ground that towers are immovable property.
The company challenged the denial before the Delhi High Court.

II. Issues for Consideration
1. Whether telecommunication towers qualify as immovable property, thereby attracting the ITC restriction under Section 17(5)(d)?
2. Whether the assessee is eligible to claim ITC on towers and associated infrastructure under the GST regime?

III. Relevant Legal Provisions
Section 17(5)(d), CGST Act, 2017: Disallows ITC on goods/services used for construction of immovable property (other than plant and machinery).
Definition of "plant and machinery" excludes telecommunication towers.
Central Goods and Services Tax Act, 2017 and Delhi GST Act, 2017.

TECHNICAL SESSION - 4

MOOT COURT

NOVA COMMUNICATIONS PVT. LTD.. V. COMMISSIONER, CGST APPEALS-1, DELHI

Arguements

May it please this Honourable Court.

We appear today on behalf of the Revenue to assert that the denial of Input Tax Credit (ITC) claimed by M/s Nova Communications Pvt. Ltd. (the Assessee) on the purchase and erection of telecommunication towers and associated infrastructure for the period commencing 1 July 2017, is mandated by the explicit and restrictive provisions of the Central Goods and Services Tax Act, 2017 (CGST Act).

The Revenue contends that the structures in question are consumed in the construction of immovable property, the ITC for which is specifically blocked by the CGST Act.

I. ARGUMENT I: ITC IS STATUTORILY BLOCKED AS TOWERS AND PFBS CONSTITUTE CONSTRUCTION OF IMMOVABLE PROPERTY

The fundamental policy principle underlying the denial of credit on these items—advanced previously by the Revenue and upheld by the Bombay High Court—is that materials consumed in the creation of immovable structures are removed from the creditable chain. This principle has been formalized under the CGST Act.

A. The Explicit Block under Section 17(5)(d) of the CGST Act

The definitive denial of credit arises from the restrictive provisions governing ineligible ITC. Section 17(5) of the CGST Act, dealing with blocked credit, states unequivocally that ITC shall not be available in respect of:

"(d) goods or services or both received by a taxable person for construction of an immovable property (other than plant and machinery) on his own account including when such goods or services or both are used in the course or furtherance of business."

TECHNICAL SESSION - 4

MOOT COURT

NOVA COMMUNICATIONS PVT. LTD.. V. COMMISSIONER, CGST APPEALS-1, DELHI

1. Construction Activity: The acquisition of tower parts in Completely Knocked Down (CKD) or Semi-Knocked Down (SKD) condition, assembling them on site, and fixing them to a foundation or building, falls squarely within the meaning of "construction of an immovable property." Similarly, PFBs are assembled structures fixed to the earth to serve as shelters, constituting "construction" for the Assessee's long-term business enjoyment.

2. Removal from Credit Chain: The expenditure on the input goods and services (steel components, erection services) is consumed in creating a fixed structure. Once this transformation into a fixed asset occurs, the ITC incurred on those goods is blocked under this provision, irrespective of whether the Assessee is an MSP or an infrastructure provider.

II. ARGUMENT II: THE DOCTRINE OF IMMOVABILITY IS GOVERNED BY GST DEFINITION.

The CGST regime provides a definitive rule for classification regarding goods attached to the earth.

A. Goods Status Denied Upon Attachment

1. Statutory Definition: The CGST Act limits the scope of 'goods available for credit. Section 2(52) of the CGST Act, 2017, defines "goods" as:

"'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."

2. Lack of Severability Agreement: The towers and PFBs, once erected and fixed to the earth, constitute things "attached to or forming part of the land". Since the Assessee uses these structures for years to provide output services, they are not generally subject to an agreement to be severed before the supply of the service is rendered. The structures thus fail to meet the definition of "goods" under the CGST Act once constructed.

3. The Immovability Principle: The Revenue maintains the principle, that the property ceases to be "goods" upon attachment. This is a recognition of the legal maxim:

TECHNICAL SESSION - 4

MOOT COURT

NOVA COMMUNICATIONS PVT. LTD.. V. COMMISSIONER, CGST APPEALS-1, DELHI

Quicquid plantatur solo, solo cedit

(Whatever is affixed to the soil belongs to the soil). The fixed, permanent nature of the tower, secured by a concrete foundation, renders the input components consumed in its construction akin to building materials, which are non-creditable by policy design.

III. ARGUMENT III: THE EXPLICIT STATUTORY EXCLUSION OVERRIDES ANY FUNCTIONALITY TEST

The most potent tool provided by Parliament is the specific exclusion of these structures from the "plant and machinery" exception under Section 17(5).

A. Explicit Exclusion of Telecommunication Towers

1. Limitation of Exception: The only statutory escape from the block imposed by Section 17(5)(d) is for construction related to "plant and machinery." However, the Explanation to Section 17(5) of the CGST Act strictly curtails this exception by providing a list of exclusions from the definition of “plant and machinery.” This list includes:

(i) land, building or any other civil structures;

(ii) telecommunication towers; and

(iii) pipelines laid outside the factory premises.

2. Legislative Intent:

(Expressio unius est exclusio alterius)

The specific inclusion of “telecommunication towers” in the exclusion list [Relevant legal provision] demonstrates Parliament’s deliberate intent to deny ITC on these assets. This legislative mandate negates the prior judicial finding that the tower was a creditable "accessory" of the antenna/BTS. The legislature has unequivocally stated that the structure itself is not creditable "plant and machinery." This specific statutory exclusion is a definitive override, invoking the principle that the express mention of one thing implies the exclusion of another.

TECHNICAL SESSION - 4

MOOT COURT

NOVA COMMUNICATIONS PVT. LTD.. V. COMMISSIONER, CGST APPEALS-1, DELHI

3. Exclusion of PFBs:

The prefabricated buildings, used as shelter for protecting transmission devices, clearly fall within the excluded category of "any other civil structures" [Relevant legal provision], further cementing the denial of ITC on these items.

IV. ARGUMENT IV: THE TOWER IS MERELY A PASSIVE SUPPORT, NOT AN INDISPENSABLE FUNCTIONAL ACCESSORY

The Assessee relies on the CENVAT finding that the tower is an "indispensable accessory" because without it, the antenna cannot function effectively or provide seamless service. The Revenue vehemently rejects this finding in the context of the underlying functionality.

A. Lack of Compositional Nexus

1. **Independent Function:** The various components—antenna, BTS, PFBs, generators, and towers—have independent and definite functions and cannot be treated as a single integrated composite system.

2. **Structural vs. Service Use:** The tower is a civil structure consumed in setting up the premises, not consumed in the process of generating or transmitting the signal. Without stretching the meaning of "use", the consumption of materials in a fixed structure is too remote from the intangible service provided. The credit is intended for items consumed in or in relation to the provision of the output service. The tower is used for supporting the equipment, which then provides the service. This lack of direct operational nexus further supports the policy choice under GST to block credit on such structures.

3. Failure to Meet Compositional Test: The Revenue asserted that only articles that "go into the composition" of another article can be considered components or parts. The tower does not enter into the composition of the antenna or BTS. It is merely a structure fixed to the earth upon which the equipment is placed. To classify the tower as an accessory based merely on structural necessity expands the definition far beyond the intended scope of creditable inputs.

TECHNICAL SESSION - 4

MOOT COURT

NOVA COMMUNICATIONS PVT. LTD.. V. COMMISSIONER, CGST APPEALS-1, DELHI

4. Functionality Test Limits: While the tower is necessary for commercial viability (achieving sufficient height and making the antenna wobble- free), this fixation is for the benefit of the article itself, not to transform the tower into a functional electronic accessory. The same principle was established in general law concerning machines fixed for stable, wobble- free operation: such fixing does not constitute permanent attachment to the earth. The electronic equipment (BTS/Antenna) performs its core function regardless of whether it is supported by a tower, a concrete rooftop, or a natural elevation. The Tower is merely an ancillary to the land itself.

Conclusion

The Revenue submits that the Assessee, M/s Nova Communications Pvt. Ltd., is definitively ineligible for ITC on telecommunication towers and associated infrastructure.
The denial is warranted because:
1. The towers and PFBs are consumed in the construction of an immovable property, triggering the statutory block under Section 17(5)(d) of the CGST Act.
2. The structures are explicitly excluded from the definition of “plant and machinery” by the Explanation to Section 17(5).
3. The towers function as mere passive support, not as integral, functional accessories involved in the composition or processing of the telecom signal, and are not creditable “goods” once fixed to the earth.

We pray that this Honourable Court recognize the clear legislative intent codified in the CGST Act, 2017, and uphold the denial of Input Tax Credit by the Commissioner, CGST Appeals-1.

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TECHNICAL SESSION - 4
MOOT COURT

NOVA COMMUNICATIONS PVT. LTD.. V. COMMISSIONER (APPEALS), CGST

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TECHNICAL SESSION - 4

MOOT COURT

NOVA COMMUNICATIONS PVT. LTD.. V. COMMISSIONER (APPEALS), CGST

- FACTS OF THE CASE:

Assessee, Nova Communications Pvt. Ltd., a telecom operator had availed ITC on telecom towers erected by it. The tax authorities denied ITC under Section 17(5)(d) of the CGST Act, 2017, on the ground that towers are immovable property. The assessee has challenged the impugned order passed by the Commissioner (Appeals) in the Hon'ble High Court of Delhi for the Dispute Period: 1 July 2017-31 March 2024.

- SUBSTANTIAL QUESTION OF LAW:

As per Section 117 (3), an appeal may be made to the high court if there is a substantial question of law. In the present case the question of law arises on account of whether,

1. Whether telecommunication towers qualify as immovable property, thereby attracting the ITC restriction under Section 17(5)(d)?

2. Whether the assessee is eligible to claim ITC on towers and associated infrastructure under the GST regime?

- ARGUMENTS:

1. Whether telecommunication towers qualify as immovable property, thereby attracting the ITC restriction under Section 17(5)(d) and Whether an asset attached to land be considered as immoveable property?

The Honourable High Court noted that the Supreme Court in case of Bharti Airtel Ltd. v. Commissioner of Central Excise [2024] 168 taxmann.com 489 has conclusively held that telecommunication towers cannot be construed as immovable property. The Court further noted that telecommunication towers would not qualify as immovable property as they neither qualify test of permanency nor can be said to be attached to earth. The mobile towers can be dismantled and moved and they were never erected with an intent of conferring permanency. Their placement on concrete bases was only to enable those towers to overcome vagaries of nature. Hence any contention that telecommunication towers are immoveable property cannot be accepted as laid down by both his Hon'ble High court as well as the Supreme Court.

TECHNICAL SESSION - 4

MOOT COURT

NOVA COMMUNICATIONS PVT. LTD.. V. COMMISSIONER (APPEALS), CGST

2. The effect of retrospective amendment to definition of plant and machinery

Finance Act, 2023 had amended the definition of plant and machinery to specifically exclude telecommunication towers in order for telecommunication towers to attract disallowance under Section 17(5)(d) of the CGST Act, which states goods or services or both received by a taxable person for construction of an immovable property (other than plant and machinery) on his own account including when such goods or services or both are used in the course or furtherance of business."

However, it must be noted that prior to April 2025, Section 17(5)(d) of the CGST Act had the words plant or machinery and not plant and machinery

Hence the amendment to the definition of plant and machinery does not affect the assessee during the period of dispute as the word telecommunication towers were not excluded from plant or machinery. This has been reaffirmed by the Supreme court in Safari Retreats Private Limited vs. Chief Commissioner of CGST [TS-350-HC-2019(ORI)-NT]

3. Effect of Previous Notice

The notice issued under Section 74 of CGST act, relied on the law before this amendment. Hence the provisions invoked in the law have materially changed and thus they cannot take benefit of this retrospective amendment. As the assesse had not availed input tax credit by reason of fraud or any wilful-misstatement or suppression of facts, a fresh notice on the basis of the amendments must be issued. The previous notice cannot be construed to include any fresh amendments and must be contested on the basis of the law existing as on the date of the issue of notice.

4. Notice issue time barred.

As the assesse has not surpressed any facts or availed ITC on account of fraud or wilful- misstatement, Notice issued under Section 74 is not valid. If the department choses to consider this as a notice under Sec. 73 as the basis for Sec. 74 has collapsed, the order must have been passed within three years from the due date for furnishing of annual return for the financial year to which the tax not paid or short paid or input tax credit wrongly availed or utilised relates to or within three years from the date of erroneous refund.

TECHNICAL SESSION - 4

MOOT COURT

NOVA COMMUNICATIONS PVT. LTD.. V. COMMISSIONER (APPEALS), CGST

Its assumed the order has been passed in 2024, for the years 2017-2024. Hence the notice is time barred for the years 2017-2021. With regards to 2022-2024, a fresh assessment order should be passed and the previous notice cannot stand, as the law cited in the previous notice has changed from then to now, in a manner prejudicial to the assessee.

Anyhow, as a single notice has been issued for the period, such notice should be considered as invalid.

As the crux of the case on which the department has passed its orders, has been clearly rejected by the Hon'ble Supreme court, We pray that this Honourable Court reject the denial of Input Tax Credit by the Commissioner, CGST Appeals-1 by considering the various judicial precedents set forth by this Hon'ble High Court as well as the Supreme Court of India

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TECHNICAL SESSION - 4
MOOT COURT

M/S. VULCAN TV PRIVATE. LTD.
V. ASSESSING OFFICER
ASSESSEE SIDE

RISHMTIHA SRIRAM
SRO0805061

TECHNICAL SESSION - 4

MOOT COURT

M/S. VULCAN TV PRIVATE. LTD. V. ASSESSING OFFICER - ASSESSEE SIDE

IN THE MATTER OF:
APPELLANT: M/s. VULCAN TV PRIVATE LIMITED

VERSUS

RESPONDENT: ASSESSING OFFICER

STATEMENT OF FACTS

1. The Assessee, M/s. Vulcan TV Priavate Limited, is a company engaged in the business of television broadcasting, having been established in the year 1991. The company was jointly owned and managed by Mr. V.V., who held 50% of the shareholding and served as Chairman, and a Non-Resident Indian (NRI) who held the remaining 50% of the equity capital.

2. Owing to divergent business interests, the shareholders decided to part ways and entered into a Separation Agreement, wherein Mr. V.V. agreed to sell his entire 50% shareholding to the NRI shareholder or his nominees, relinquish all managerial and directorial roles held by him in the company, and not engage, directly or indirectly, in any business competing with the assessee company's broadcasting operations for a period of five years from the date of separation.

3. In consideration of the said restrictive covenant of non-compete, the assessee company paid to Mr. V.V. a sum of ₹7 crores during the relevant previous year.

4. The assessee, being of the bona fide belief that the said payment was incurred wholly and exclusively for the purpose of its business, claimed deduction under Section 37(1) of the Income-tax Act, 1961, treating the same as a revenue expenditure.

5. The Assessing Officer, however, disallowed the claim on the ground that the said payment was capital in nature, contending that the expenditure resulted in the acquisition of an enduring benefit to the assessee, and therefore could not be allowed as a deduction under Section 37(1).

6. The Appellant, being aggrieved by the assessment order passed, is filing this appeal under the provisions of section 246A of the Income-tax Act, 1961.

TECHNICAL SESSION - 4

MOOT COURT

M/S. VULCAN TV PRIVATE. LTD. V. ASSESSING OFFICER - ASSESSEE SIDE

GROUNDS OF APPEAL

1. The Assessing Officer erred in treating the payment made for the non-compete covenant as capital expenditure and disallowing the claim under Section 37(1) of the Income Tax Act, 1961.

1.1. The payment of ₹7 crores was made under a restrictive covenant restraining the outgoing director, Mr. V.V., from engaging in any business competing with the Appellant for a period of five years.

1.2. The true test for determining whether an expenditure is capital or revenue in nature was laid down by the Supreme Court in Empire Jute Co. Ltd. vs. CIT, which requires examining whether the expenditure adds to capital, creates a new asset, expands profit making apparatus, or acquires a new profit source.

1.3. In the present case, the payment neither acquired new business nor altered the profit making apparatus or assets; it merely anticipated potential benefits from reduced competition, with no guaranteed accrual, distinguishing it from capital outlays that endure regardless of profits.

1.4. Reliance is placed on the judgment of the Madras High Court in Asianet Communications Ltd. vs. CIT (2018) 407 ITR 706 (Mad) wherein it was held that payment of non-compete fees did not entail any enduring benefits to the taxpayer in its business and therefore was allowed as revenue expenditure.

1.5. The non-compete payment made purely to safeguard the existing business from potential competition for a temporary period of five years, is unequivocally revenue expenditure and fully deductible under Section 37(1) of the Income-tax Act, 1961. Any contrary finding is wholly unsustainable in law and on facts.

2. The Assessing Officer erred in holding that the non-compete payment resulted in acquisition of a new asset or an enduring benefit to the assessee.

2.1. As detailed in Ground 1, the Empire Jute tests confirm that the payment does not satisfy criteria for capital expenditure.

TECHNICAL SESSION - 4

MOOT COURT

M/S. VULCAN TV PRIVATE. LTD. V. ASSESSING OFFICER - ASSESSEE SIDE

GROUNDS OF APPEAL

2.2. Under Section 27 of the Indian Contract Act, 1872, the payment anticipates benefits from absent competition but offers no certainty, as business outcomes depend on unpredictable factors like market conditions. Limited to five years, it provides temporary protection without creating a capital asset or permanent value, unlike enduring investments.

2.3. The restrictive covenant is inherently limited to five years, after which Mr. V.V. would be free to compete. The payment was made solely to safeguard existing operations during the transitional phase following shareholder separation, without conferring lasting advantage. There is no certainty of benefit accrual, as absent competition does not preclude losses or market challenges. Thus, the expenditure is revenue in nature, aimed at protecting ongoing business rather than generating a capital asset

2.4. The Assessing Officer's conclusion treating the non-compete payment as capital expenditure is wholly misconceived. There is no enduring benefit, no creation of any capital asset, and no acquisition of business or profit-making apparatus arising from the payment. Such a finding is legally unsustainable, factually unfounded, and devoid of commercial basis.

3. The Assessing Officer erred in law and on facts in placing reliance on the accounting treatment adopted by the Appellant in determining the tax treatment of the non-compete payment.

3.1. Without prejudice to the accounting treatment adopted by the Appellant whether by amortising the payment over a period of five years or by expensing it in a single year, such treatment clearly demonstrates that the expenditure was never considered to create a capital asset, but rather to provide temporary protection during the non compete period. The true tax character of an expenditure must be determined in accordance with the provisions of the Income-tax Act, 1961, and not by the entries in the books.

TECHNICAL SESSION - 4

MOOT COURT

M/S. VULCAN TV PRIVATE. LTD. V. ASSESSING OFFICER - ASSESSEE SIDE

GROUNDS OF APPEAL

3.2. It is respectfully submitted that accounting treatment and tax treatment operate in different domains and serve different purposes. Accounting treatment aims to present a true and fair view of financial statements in accordance with accounting standards and the matching principle, often spreading expenditure over multiple periods to avoid distortion. Tax treatment, on the other hand, is governed exclusively by the provisions of the Income-tax Act, 1961, which provides statutory tests to determine the deductibility of expenditure

3.3. Reliance is placed on the judgment of Taparia Tools Limited vs Joint Commissioner of Income Tax (2015) 372 ITR 605 (SC) wherein it was held that entries in the books of account are not determinative or conclusive and the matter is to be examined on the touchstone of provisions contained in the Income-tax Act, and that merely because a different treatment was given in the books of account cannot be a factor which would deprive the assessee from claiming the entire expenditure as a deduction. The Supreme Court further held that once a return is filed claiming the expenditure in accordance with the statutory provisions, the Assessing Officer is bound to carry out the assessment by applying the provisions of the Act and not to go beyond the return, and that there is no estoppel against the Statute.

4. The Assessing Officer erred in contending that a non-compete covenant included in a share purchase agreement must be treated as part of a capital transaction

4.1. The mere inclusion of a non-compete covenant within the same instrument as the share transfer agreement does not automatically confer a capital character upon the payment. The covenant not to compete represents a distinct contractual obligation, independent of the transfer of shareholding, and its consideration must therefore be evaluated on its own merits. Reliance is placed on the Supreme Court decision in Continental Construction Ltd. vs. CIT (1992) 195 ITR 81, wherein it was held that:

TECHNICAL SESSION - 4

MOOT COURT

M/S. VULCAN TV PRIVATE. LTD. V. ASSESSING OFFICER - ASSESSEE SIDE

GROUNDS OF APPEAL

4.1.1. For the purposes of income-tax, a principle of apportionment has always been applied in different contexts, and the consideration paid under a contract legitimately attributable to different services should be apportioned and each component tested separately;

4.1.2. It is well settled that exigibility of an item to tax or tax deduction cannot be made to depend on the label given to it by the parties, and the absence of a specific label or separate agreement cannot be destructive of the right to claim proper tax treatment if, in fact, the consideration for the receipts can be attributed to distinct sources;

4.1.3. Even where a single contract separately identifies two sets of activities, the consideration should be apportioned to each activity and tested independently for its nature as capital or revenue expenditure.

4.2. The non-compete payment of ₹7 crores represented A personal restraint on Mr. VV as an individual, not a right annexed to or flowing from the shares themselves. The shares could have been transferred without any non-compete obligation, and conversely, a non-compete could have been executed even without a share transfer.

4.3. The substance of the payment is clearly for restricting an individual from competing with the Appellant's business for a temporary period. This is quintessentially revenue expenditure under Section 37(1), notwithstanding its documentation within the same instrument as the share transfer.

4.4. The conclusion drawn by the learned Assessing Officer reflects a superficial and perfunctory reading of the agreement. Such a mechanical and inattentive approach has led to a wholly misconceived conclusion that disregards the clear separation between the transfer of shares and the independent non-compete obligation.

TECHNICAL SESSION - 4

MOOT COURT

M/S. VULCAN TV PRIVATE. LTD. V. ASSESSING OFFICER - ASSESSEE SIDE

GROUNDS OF APPEAL

5. Inapplicability of the decision in CIT v. Coal Shipments Pvt. Ltd. (82 ITR 902) to non compete covenants for a fixed duration?

5.1. The decision in CIT vs. Coal Shipments Pvt. Ltd. (1971) 82 ITR 902 (SC) involved an assessee-company engaged in coal exports to Burma, which entered an oral agreement with a rival exporter (H.V. Low & Co.) whereby the rival agreed to abstain from competing in the Burma market and assist in coal procurement in exchange for per-ton payments. The Supreme Court held that these payments constituted revenue expenditure deductible under Section 10(2)(xv) of the Income-tax Act, 1922, as the arrangement was temporary, terminable at will with no fixed duration, and conferred no enduring or monopoly advantage, being merely linked to ongoing trading activities rather than capital acquisition.

5.2. The said decision is not applicable to the facts of the present case and is clearly distinguishable on material grounds. In Coal Shipments (supra), the compensation was paid for an uncertain period without any fixed tenure, rendering the benefit ephemeral and wholly revenue in nature; in contrast, in the assessee's case, the restrictive covenant was expressly limited to a fixed period of five years, further emphasizing its transitory and protective character without any element of permanence or capital outlay.

5.3. Additionally, the factual matrix in Coal Shipments (supra) pertains to payments made to an active rival trader to avert immediate competition in a specific market, which reinforced the revenue linkage to day-to-day business operations. Here, the non compete payment was a one-time lump-sum consideration to an outgoing shareholder and director (Mr. V.V.) as part of a shareholder separation agreement, aimed solely at preventing potential post-exit competition during a transitional phase, without involving any acquisition of rival business assets, monopoly rights, or enhancement to the assessee's profit-making apparatus

TECHNICAL SESSION - 4

MOOT COURT

M/S. VULCAN TV PRIVATE. LTD. V. ASSESSING OFFICER - ASSESSEE SIDE

GROUNDS OF APPEAL

5.4. It is respectfully submitted that although the decision in Coal Shipments (supra) does not apply to the present facts, the non-compete payment of ₹7 crores made by the Appellant remains unequivocally revenue in nature based on the specific facts and circumstances of the case, as well as the arguments advanced in the preceding grounds.

PRAYER

For these grounds and such other grounds that may be raised, may be altered, amended or modified, with the leave of this respected authority before or during the hearing of the appeal, it is most humbly prayed that this respected authority may be pleased to

1. Quash the penalty order passed under Section 270A, and/or

2. Hold that the payment of ₹7 crores made by the Appellant towards the non-compete covenant is allowable as a revenue expenditure under Section 37(1) of the Income-tax Act, 1961, and/or

3. Delete the disallowance of ₹7 crores from the total income assessed, along with any consequential interest or penalty levied thereunder, and/or

4. Grant such further relief as deemed fit in the interests of justice.

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TECHNICAL SESSION - 4
MOOT COURT

M/S. VULCAN TV PVT. LTD. V. ASSESSING OFFICER
AUTHORISED REPRESENTATIVE OF ASSESSING OFFICER

SRI KRISHNA
SRO0821387

TECHNICAL SESSION - 4

MOOT COURT

M/S. VULCAN TV PVT. LTD. V. ASSESSING OFFICER AUTHORISED REPRESENTATIVE OF ASSESSING OFFICER

BACKGROUND OF THE CASE:

• M/s. Vulcan TV Pvt. Ltd. ("the Assessee") is engaged in the business of television broadcasting. The company was co-owned by Mr. V and an NRI shareholder, each holding 50% equity. Due to differences between them, it was mutually decided to separate their business interests.

• Under the separation arrangement, Mr. V agreed to sell his shareholding, relinquish all managerial positions, and not compete with the Assessee's business for five years. In consideration of the non-compete covenant, the Assessee paid INR 7 crores to Mr. V during the relevant year.

• The Assessee claimed this amount as revenue expenditure under Section 37(1); however, the assessing officer was of the view that the said expenditure is capital in nature and disallowed the claim. The assessee has now disputed the claim of assessing officer and preferred an appeal before your goodself. In this regard, please find below our submisison.

OUR GROUNDS OF APPEAL:

1. APPLICABILITY OF SECTION 37(1) OF THE INCOME TAX ACT, 1961 ("ACT") AND NATURE OF EXPENDITURE

• We submit that Section 37(1) of the Act allows deduction only for expenditure wholly and exclusively incurred for the purposes of business, excluding capital expenditure. Expenditure incurred for acquisition of an enduring benefit, a new source of income, or a profit-making apparatus is treated as capital in nature.

• The payment for the non-compete covenant was made for a fixed term of five years, during which the assessee enjoyed complete freedom from competition by its former promoter. Such immunity enabled the assessee to protect and consolidate its market position and secure its goodwill and viewership base (advantages of an enduring character). The duration of the non- compete term is immaterial; what is relevant is the enduring nature of the benefit arising

therefrom. In the context of the assessee being in the television broadcasting sector, a five-year period is substantial, as market presence, audience loyalty, and brand value are critical and take considerable time to build. Hence, the enduring benefit derived from the non-compete covenant justifies treating the expenditure as capital in nature.

TECHNICAL SESSION - 4

MOOT COURT

M/S. VULCAN TV PVT. LTD. V. ASSESSING OFFICER AUTHORISED REPRESENTATIVE OF ASSESSING OFFICER

- We rely on the following judicial precedence in claiming the above fees as capital expenditure:
  - The Hon'ble Supreme Court in Assam Bengal Cement Co. Ltd. v. CIT [1955] 27 ITR 34held that expenditure made for obtaining enduring benefit or creating a new asset is capital, irrespective of whether payment is spread over multiple years. The present non-compete fee secures immunity from competition from a key former promoter for a significant period, which enhances the profit-making potential and goodwill of the assessee and is therefore capital in nature.
  - The Hon'ble Supreme Court in Empire Jute Co. Ltd. v. CIT (124 ITR 1) has held that even if no tangible asset is created, expenditure that secures an enduring business advantage may still be capital in nature. Supreme Court and High Court decisions establish that payments for securing enduring business benefits or rights are capital in nature.
  - The Hon'ble jurisdictional Madras High Court in case of M/S. Indo National Limited, Chennai vs Acit Corporate Cricle-2(2), Chennai, ... on 19 March, 2025 upheld the capital nature of non-compete fees paid for the acquisition of business rights from two operating companies. The Court emphasized that such payments resulted in the acquisition of valuable business or commercial rights, thereby qualifying as capital expenditure.
  - The Hon'ble jurisdictional Madras High Court in the case of Pentasoft Technologies Ltd Vs DCIT (41 taxmann.com 120) held that the non-compete compete fees to be capital in nature. We further note that the Hon'ble jurisdictional Madras High Court in their latest judgment in the case of CIT Vs Areva T & D India Ltd [TS-231-HC HC-2021(MAD)] dated 25.03.2021 also held that the non-compete fees paid for acquisition of business rights from two running companies was upheld to be capital in nature.
  - In Blaze & Central (P.) Ltd. v. CIT [1979] 1 Taxman 33 (Madras HC), payments to rivals for exclusion from business were treated as capital expenditure as they created an income-generating advantage.
  - In CIT v. Tecumseh India (P) Ltd. [2010] 127 ITD 1 (Delhi SB), the Special Bench held that non-compete fees paid as part of business acquisition constitute initial outlay for acquiring new business assets and are capital in nature.

TECHNICAL SESSION - 4

MOOT COURT

M/S. VULCAN TV PVT. LTD. V. ASSESSING OFFICER AUTHORISED REPRESENTATIVE OF ASSESSING OFFICER

- Similarly, Pitney Bowes India (P.) Ltd. v. CIT [2012] 17 Taxmann 116 (Delhi HC) and Sharp Business Systems v. CIT [2012] 27 Taxmann 50 (Delhi HC) upheld capital treatment for non-compete fees paid to protect the business or restrict competition for a defined term.

In view of the above facts and judicial precedents, including those of the Hon'ble Supreme Court and Madras High Court, we respectfully request that the non-compete fee paid by the assessee be treated as capital expenditure, as it confers an enduring benefit to the assessee.

2. ACCOUNTING TREATMENT:

The Hon'ble Supreme Court ruling in Taparia Tools Ltd v. Jt. CIT [2015] 55 taxmann.com 361/231 Taxman 5/372 ITR 605 (which relied on SC decision in the case of Kedarnath Jute Mfg Co. Ltd v. CIT [1971] 82 ITR 363), held that entries in the books of account are not conclusive for its tax impact.

3. NON-COMPETE COVENANT AS INTEGRAL PART OF SHARE PURCHASE ARRANGEMENT

The non-compete covenant was not an independent or incidental clause; it formed an integral part of the overall separation agreement under which Mr. V divested his entire shareholding and managerial control in favour of the other shareholder. The payment of INR 7 crores was thus part of a composit transaction aimed at realigning ownership and management. The non-compete clause merely facilitated this restructuring by ensuring that the outgoing promoter did not re-enter the same business and disturb the control acquired by the continuing shareholder. In Eaton Power Quality Private Limited vs. DCIT [2023] 156 Taxmann.com 14 (Chennai-Trib.), the Hon'ble Income Tax Appellate Tribunal held that the non-compete fee paid by the assessee formed part of the initial outlay on the acquisition of the business. The combined reading of the asset purchase agreement and the non-compete agreement indicated that the non-compete covenant was not an independent or incidental clause; rather, it was an integral part of the overall business acquisition. By virtue of the non-compete agreement, the assessee acquired the right to carry on the business without any competition, thereby protecting the business as a whole and enhancing the value of its capital assets. Therefore, the payment, though described as non-compete fees, in substance represented part of the consideration for acquisition of full ownership and management rights and must accordingly be treated as capital in nature.

TECHNICAL SESSION - 4

MOOT COURT

M/S. VULCAN TV PVT. LTD. V. ASSESSING OFFICER AUTHORISED REPRESENTATIVE OF ASSESSING OFFICER

4. DISTINCTION FROM COAL SHIPMENTS CASE:

The reliance on CIT v. Coal Shipments (P.) Ltd. [1971] 82 ITR 902 is not applicable to the present case. In Coal Shipments, the Hon'ble Supreme Court emphasized that when an agreement can be terminated at any time, there is no certainty as to the duration of the benefit, and therefore, the payment could not be treated as capital expenditure. In the present case, however, the non-compete covenant is for a fixed period of five years, and the benefit (protection from competition) is certain and enforceable for that term. Thus, the reliance of assessee on the Coal shipments case will not apply to this specific case.

CONCLUSION & PRAYER:

In view of the above, it is respectfully submitted that the INR 7 crore payment to Mr. V for the non-compete covenant was an integral part of the separation and share divestment arrangement, providing enduring commercial benefit by securing immunity from competition and protecting goodwill and market position. The expenditure facilitated acquisition of valuable business rights and consolidation of ownership and management control and thus qualifies as capital expenditure.

The assessee's accounting treatment is not determinative for the tax treatment, and reliance on CIT v. Coal Shipments is distinguishable, as the non-compete here is for a fixed, enforceable term ensuring assured commercial advantage.

In substance, the payment cannot be treated as an independent revenue expenditure, and it is, therefore, respectfully prayed that the assesse's claim of deduction under Section 37(1) of the Act may be disallowed and the order of the Assessing Officer be upheld in the interest of revenue.

We shall be glad to provide any other details or documents that your goodself may require on this behalf.

Thanking You.