ICAI

75 YEARS OF TRUST | ७५ साल विश्वास के

SICASA OF ICAI

NATIONAL CONFERENCE FOR CA STUDENTS

AATRAL

POWER TO MASTERY

AATRAL

2ND AND 3RD SEPTEMBER 2023

KALAIVANAR ARANGAM, CHENNAI

ORGANISED BY: SSEB, Board of Studies-Operations, ICAI

HOSTED BY: SICASA and SIRC of ICAI


AIRCEL
Namma Chennai

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

MOTTO

य एष सुप्तेषु जागर्ति कामं कामं पुरुषो निर्मिमाणः ।
तदेव शुक्रं तद् ब्रह्म तदेवामृतमुच्यते ।
तस्मिंल्लोकाः श्रिताः सर्वे तदु नात्येति कश्चन । एतद् वै तत् ॥

Ya eṣa supteṣu jāgarti kāmam kāmam purūṣo nirmimāṇah I
Tadeva śukram tad brahma tadevāmṛtamucyate I
Tasminlokāh ṣritāh sarve tadu nātyeti kaścan I Etad vai tat II

That person who is awake in those that sleep, shaping desire after desire, that, indeed is the pure. That is Brahman that, indeed is called the immortal. In it all the worlds rest and no one ever goes beyond it. This, verily, is that, kamam kamam: desire after desire, really objects of desire. Even dream objects like objects of waking consciousness are due to the Supreme Person. Even dream consciousness is proof of the existence of the self.

No one ever goes beyond it: of Eckhart: 'On reaching God all progress ends'.

Source: Kathopanishad

DISCLAIMER

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The views expressed in the articles, write-ups, etc., contained in this Souvenir are those of the concerned author(s) and do not necessarily represent the views of either the organization to which they belong or the Southern India Regional Council of the Institute of Chartered Accountants of India. SIRC of ICAI does not undertake the responsibility for the accuracy or otherwise of any views expressed or facts included in this Souvenir.

While all care has been taken to ensure that the contents of this Souvenir are error-free, any errors or omissions are purely unintentional and regretted.

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Nungambakkam, Chennai - 600 034.
Ph: 044-39893989, 30210300, Fax: 044-30210355
e-mail: sirc@icai.in, www.sircoficai.org

PAGE OF CONTENTS

DAY 2

ABOUT
THE INSTITUTE OF CHARTERED ACCOUNTANTS 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 BHAWNAN 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.

ABOUT
SOUTHERN INDIA REGIONAL COUNCIL (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, 7 CPE Chapters and 3 Study Groups and 30 CPE Study Circle to members in industry spread across the states of Tamil Nadu, Telengana, Andhra Pradesh, Karnataka, Kerala and Union Territory of Pondicherry and the Lakshadeep Islands with about 70000+ members and 3 Lakhs+ students. The SIRC is the knowledge hub of the profession, providing continuing professional education to its members and students.

ABOUT
SOUTHERN INDIA CHARTERED ACCOUNTANTS STUDENTS ASSOCIATION (SICASA OF SIRC OF ICAI)

Southern India Chartered Accountants Students Association (SICASA) is the student's wing of Southern India Regional Council of Institute of Chartered Accountants Association (SIRC-ICAI). It is this association which provides students a platform to learn, share, participate and perform. The Southern India Chartered Accountants Students' Association formed in the year 1957 and then on the branches of the student's association has only grown leaps and bounds. At present SICASA has its presence in all the 45 branches of the Southern regionthat includes the states of Tamil Nadu, Telengana, Andra Pradesh, Karnataka, Kerala and the UT of Pondicherry It is a platform given by ICAI for the students, by the students and of the students under the able guidance of a Regional Council Member. Currently the mantle FOR Year 23 -24 is held by RCM CA.Chengal Reddy Rami Reddy gari as Chairman-SICASA and we shall be shortly sharing the details and photographs of co-opted members.The managing committee consists of a maximum of 12 members who are Chartered Accountancy course students, pursuing their article ship. SIRC of ICAI looks to provide a strong platform for students to empower for their future growth and to build their network, its social circle and to sharpen its leadership skills by participating in the various activities held in SICASA.

AATRAL
NATIONAL CONFERENCE
FOR CA STUDENTS
CHENNAI
2 - 3 SEPTEMBER,
2023

ICAI DIGNITARIES

CA. Aniket Sunil Talati
President
ICAI

CA. Ranjeet Kumar Agarwal
Vice-President
ICAI

CA. Vishal Doshi
Chairman
BoS, ICAI

CA. Dayaniwas Sharma
Vice-Chairman
BoS, ICAI

CA. Mangesh Pandurang Kinare
Chairman
SSEB (BOS-Operations), ICAI

CA. Sridhar Muppala
Vice-Chairman
SSEB (BOS-Operations), ICAI

ICAI DIGNITARIES

CA. Rajendra Kumar P
CCM, ICAI
Conference Director

CA. Panna Raj S
Chairman
SIRC of ICAI

CA. Chengal Reddy Ramireddygari
Chairman
SICASA of ICAI

AATRAL

NATIONAL CONFERENCE FOR CA STUDENTS

CHENNAI | 2 - 3 SEPTEMBER, 2023

AATRAL - The Power to Mastery celebrates individuality, embracing the uniqueness of every person. It brings forth an array of Technical, special, and motivational sessions and events, opening the gateway to a world of boundless possibilities. This conference is a celebration of uniqueness, designed to empower every aspiring Chartered Accountant with the knowledge, skills, and motivation to reach new heights of excellence.

Prepare to be enraptured by the magnificence of the National Conference, spanning over two days, carefully curated to unite esteemed CCMs, honored guests, industry leaders, and CA students from every corner of the nation. Drawing from the brightest minds nationwide, the conference will delve into 'AATRAL - The Power to Mastery,' simulating the convergence of Finance and Technology and exploring its impact on financial markets, banking systems, and the global economy.

In this enriching event, participants will have a unique platform to refine their ideas and thoughts while engaging in insightful panel discussions, thought-provoking speaker sessions, and inspiring entrepreneurship and policymaker events. AATRAL beckons you to embrace the power within and master the path to success at this extraordinary conference, where the potential for greatness knows no bounds.

MANAGING COMMITTEE OF SICASA

Yazhmozhi Venkatesan
Vice Chairperson

Ramacharana
Secretary

Aditya Bharadwaj
Treasurer

Additi Solanki
Member

Hemnath
Member

Kavin
Member

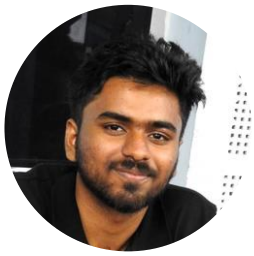
Rahul
Member

Khushi Khabani
Member

Khushi Jain
Member

Venkateshwaran
Member

Nivetha
Member



Sridhar D
Member

MESSAGE

CA. ANIKET SUNIL TALATI
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 Jointly by the SIRC and SICASA of ICAI. This conference, scheduled to take place on 2nd and 3rd Of September 2023, at Chennai promises to be an enriching and enlightening event for all the attendees.

The theme of this year's conference is "Aatral- The Power to Mastery". We are the architects of our own destiny, capable of igniting the flame within us to achieve remarkable feats. As aspiring Chartered Accountants, each one of you has embarked on a transformative journey to develop your skills, knowledge, and character. This conference aims to fuel that inner flame and equip you with the tools and inspiration to shine brightly in the professional world.

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, the Southern India Regional Council (SIRC) Of ICAI, and SICASA of SIRC 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. Aniket Talati
President, ICAI

MESSAGE

CA. RANJEET KUMAR AGARWAL
VICE PRESIDENT, ICAI

Dear Students,

A well-rounded education system provides the students with a robust academic foundation that helps them succeed professionally and personally on all fronts. Using its effective multifarious educational philosophy, the Institute of Chartered Accountants of India (ICAI) seeks to empower its students to face the challenges of the dynamic world effectively. Regular guidance and consistent hand holding certainly helps students to sharpen their abilities.

I would like to further draw your attention to the 70:20:10 learning and development model. The model elaborates that 70% of learning happens through Experiential Learning or On the Job Training (with workplace and leadership support), 20% happens through social interactions with others (including mentoring and team collaboration) and 10 % through formal learning (such as courses and conferences). Our curriculum is offering you learning in all the above three modes through Practical Training, Conferences and Seminars and Study Material respectively. You can allocate your time and resources in the above manner to maximise your efforts.

We are delighted to mention that the New Scheme of Education and Training was launched by Smt. Draupadi Murmu, Hon'ble President of India at the celebration of the 75th Foundation Day of the Institute on 1st July, 2023 at New Delhi. We are hopeful that the new methodology shall be extremely beneficial and shall go a long way in shaping the capabilities of our students.

The Student Skills Enrichment Board- Board of Studies (Operations) of ICAI organises CA Student Conferences across the country whereby opportunities are provided for refining their oratory and presentation skills. CA Students can present their papers on contemporary professional topics and subject areas. Moreover, Seminars, workshops counselling sessions and Industrial Visits are helpful towards upgrading the capabilities.

I am pleased to note that Board of Studies (Operations), SSEB is organising the "National Conference for CA Students- 'AATRAL'" on 2nd September 2023 at Chennai. The same is being hosted by SIRC of ICAI and SICASA of SIRC of ICAI. The theme of the conference is "Power to Mastery" which truly signifies the importance of updating our capabilities and determined efforts towards success.

The student conferences specifically provide an excellent opportunity for networking and vibrant discussions on contemporary areas pertaining to the profession. Moreover, the topics chosen for discussion shall provide comprehensive coverage of all important subject areas supplemented by the latest developments worldwide.

Your main goal as the aspiring members of this prestigious profession should be to learn theory and develop experience in practice. The aforementioned conference will provide you an opportunity to interact with professionals from business and academia and will update your knowledge pertaining to the significant happenings around the globe.

I extend my best wishes for the success of the conference and compliment the Student Skills Enrichment Board- Board of Studies (Operations), Chairman, Vice Chairman of SIRC and the Southern India Chartered Accountants Students Association of our Institute for hosting the conference.

I wish to share with you that this year, your alma mater shall be completing 75 years of its existence and the Institute is going to celebrate this milestone in a grand manner across the country. Students being the future of the profession, I urge you to contribute and participate actively in the endeavors planned and contribute towards their success.

CA. Ranjeet Kumar Agarwal
Vice President, ICAI

MESSAGE

CA R BUPATHY
CHIEF GUEST

I am very glad to note that Southern India Chartered Accountant Students Association of ICAI is organising a National Conference for CA Students on 2nd & 3rd September 2023 in Chennai. The objective of the Conference "To Show Case the pride of CA Students – Nation-wide" and the theme of the Conference "Aatral" (The power to Mastery) are very relevant in the present scenario. With the digital transformaton and surge in economic activities in India, the changing dimensions of borders disappearing and the globe becoming a global village, it is very important that the CA students acquire the required skills to show case the talents and contribute for the growth of the Corporate Sector, High net worth individuals, inclusive growth of the Country, emphasis for social awareness etc. In that background, the topics selected for discussion and presentation made by students will definitely make them more accomplished professionals.

The motivational sessions by experts and senior professionals drawn from different parts of India would increase the confidence of the students to complete the course and to establish themselves as good professionals.

I congratulate the organisers for designing and structuring this National conference to enable the future Chartered Accountants to contribute towards Nation Building which our professionals are presently effectively peforming.

CA R Bupathy
President – ICAI
2003-04

Inaugural Session

CHIEF GUEST

CA R BUPATHY

CA R Bupathy a product of Hindu High School, Triplicane, Chennai is a commerce graduate from Vivekananda College Chennai, and a Fellow Member of the Institute of Chartered Accountants of India.

He is a Founder Partner of R Bupathy & Co., Chartered Accountants, (Established in 1976) an India based public accounting firm which is into audit, taxation and consultancy. The Firm is ISO Certified and has a Registered Network in Dubai in the name of SPAuditing & Affiliates. The Firm is in its 47th Year and marching towards the Golden Jubilee Year.

He has more than three decades of experience in Training and served as a resource person in taxation in ICAI, LIBA, IFMR, RBI Training Institute and various Professional Institutions in South India. He has made presentations on Union Budget in most of the chapters of ICAI in GCC Countries and other Professional Bodies in rest of the Globe.

He served as a member of the Central Council of ICAI for a period of 9 years and occupied the position of President of ICAI for the year 2003-04.

He was also a member of Education Committee of International Federation of Accountants, an Apex Body for Accountants worldwide for the term 2003-06.

He is the Founder Committee Member of the Chartered Accountants Study Circle Chennai.

He is the Chairman of Geojit Financial Services Limited and Independent Director, Chairman of Audit Committee of

- Geojit Financial Services Ltd.,
- Geojit Credits Pvt Ltd.,

Director of Geojit Technologies Pvt Ltd.,

Previous Positions Held

- Director and Chairman of Audit Committee of Jubilant Industries Ltd., and Jubilant Agri and Consumer Products Ltd., of Bhartia Group, Delhi
- Director IRDA
- Member of committee constituted by World Bank to study Corporate Governance in India.
- Chairman of International Fiscal Association, India Branch, Southern Region for the term 2006-08.

Recipient of the following awards for his singular contributions to the Accounting Profession

- Paramacharya Award.
- Certification Award given by Confederation of Asia Pacific Accountants.

Inaugural


THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)


POWER TO

The Institute of Chartered Accountants of India

Interaction with BOS, ICAI

SESSION SPEAKER

CA MANGESH PANDURANG KINARE

CA. Mangesh Pandurang Kinare is an eminent Chartered Accountant with over three decades of practice experience. He has garnered a distinguished reputation in the profession for his extensive knowledge in Audits, GST, and Business Consultancy. With a B.Com. degree and LL.B. (Gen) from the prestigious University of Mumbai, he is also a Fellow Member of The Institute of Chartered Accountants of India, highlighting his exceptional academic prowess. He has further honed his skills with a post-qualification course in Information System Audit by The Institute of Chartered Accountants of India - D.I.S.A. (ICAI).

His accomplishments are not just limited to his practice, but he has also played a pivotal role in the growth and development of the Institute of Chartered Accountants of India (ICAI). As the Chairman of Western India Regional Council of ICAI, he was instrumental in implementing Mock Tests, which has been a significant boon for the students. He is well- known for his knowledge, command and passion for professional ethics. His contribution as chairman of Ethical Standards Board of ICAI in last year was revered by one and all. Similarly, his upright approach as member of Disciplinary Committee for three years has earned him great respect in fraternity. His current role as the Central Council Member of ICAI, and the Chairman of the Students Skill Enrichment Board (Board of Studies – Operations) is a testament to his unwavering commitment to the growth of the CA fraternity. He is also a member of various non-standing committees of ICAI and the Vice Chairman of the Professional Development Committee and Committee on Commercial Laws, Economic Advisory, & NPO-Cooperatives, showcasing his exceptional leadership abilities. With academic flair, he has also worked as a member of Board of Studies of few autonomous colleges in Maharashtra. He is also known for his key role in formulating and implementing the CA Curriculum which was launched by Hon'ble Prime Minister Shri Narendra Modiji on 1st July 2017.

CA. Mangesh's involvement in government committees, such as the Committee for Scrutiny of Self-Finance Private Universities in Maharashtra and Fees Regulation Authority (FRA), further highlights his contribution to the betterment of society. He was appointed by the Government of India as an Independent Director on MOIL Ltd., where he served as the Chairman of the Audit Committee of the Company.

His achievements are not limited to the professional realm; he is an erudite speaker on ICAI and other forums on various subjects, ranging from ICAI Code of Ethics to Economy related subjects such as Atmanirbhar Bharat, Union Budget, etc. He has authored many articles in newspapers and has been a sought-after expert on television channels on Union Budget and GST. He is also an active Trustee of NGOs and other Educational/Social Institutions, further highlighting his commitment to social causes.

In conclusion, CA. Mangesh Pandurang Kinare's contributions to the Chartered Accountancy profession are enormous. His vast experience, exceptional leadership, and unwavering commitment to society have made him a role model and an inspiration to many in the fraternity.

SESSION SPEAKER

CA DAYANIWAS SHARMA

Central Council Member – ICAI (2022-25)
Central Council Member – ICAI (2019-22)
Managing Partner – Laxminiwas & Co., Chartered Accountants

Role at The Institute of Chartered Accountants of India

He was one of the instrumental person in success of Self Service Portal (SSP), UDIN, Finance and Tax Literacy, Developing World's First Forensic Standards, Revising and mandating the Peer Review Process, First every skilling training on tax and financial reporting to IAS officers at COE Hyderabad, Developing the concept of NESCA – National Education Summit for Commerce and Accountancy, most importantly as Chairman Board of Studies – Academic, driving the new education and training policy "CRET 22" - Committee on Review of Education and Training and obtaining historical 25,000+ feedbacks from the members and students.

Credentials at ICAI:

1. Board of Studies (BOS – Academics) Chairman 2022-23 and Currently Vice Chairman for 2023-24
2. Chairman – Committee on Education, Training & CPD of South Asian Federation of Accountants (SAFA)
3. Convenor – Celebration of 75th Year of ICAI
4. Convenor – Estate Development Directorate (EDD)
5. Convenor – HR Development Group (HRDG)
6. Chairman – Centre of Excellence (COE) Hyderabad
7. Vice Chairman – Digital Accounting and Assurance Board (DAAB – 2019-20, 2020-21, 2021-22, 2022-23 and 2023-24)
8. Board Member - XBRL India (2nd Term)
9. Member – Chartered Accountants Worldwide (CAW) – Technology Steering Group
10. Member – Quality Review Board (QRB), Peer Review Board (PRB), Financial Reporting Review Board (FRRB) and Taxation Audit Quality Review Board (TAQRB)
11. Past - Chairman, Vice Chairman & Convenor
Chairman - Peer Review Board (PRB – 2020-21 & 2021-22),
Vice Chairman - Financial Reporting Review Board (FRRB – 2021-22),
Convenor - Member & Students Services Directorate (M&SS) including SSP (2020-21 & 2021-22),
Convenor - Financial & Tax Literacy(FTL – 2021-22 and 2022-23),
Convenor - Cyber Security Group (2022-23),
Chairman - Digital Re-engineering & Transformation Committee (DRTC – 2022-23)
12. Member of Multiple Central Committees

Role at Professional and Personal Front

1. CA. Dayaniwas Sharma Qualified in 2005, articled with Price Waterhouse. Thereafter revived Laxminiwas & Co., from 1 Member to 140 Staff firm and contributed 150+ CAs to the fraternity
2. Their group is one of its kind to be called as “Indian Multinational Firms” or “Make in India firm” of Chartered Accountants
3. He has been covered by a coffee table book and recognized as “Young India Visionary” by IMG Innovative Media Group in whole of UAE
4. At ICAI, National and International Forums, he took sessions and seminars on 23+ topics

TECHNICAL SESSION 1

Financial Fortitude: Empowering your Tax and Audit Knowledge

SESSION CHAIRMAN

CA RAJENDRA KUMAR P

CA. Rajendra Kumar P is a Chartered Accountant in practice in India for about 3 decades. He is elected member of Institute of Chartered Accountants of India, New Delhi.

He is a thought leader, influencer and a person with charitable and reformist mind set. Born on May 13, a Taurean, he is always walking that extra mile, winning friends and touching lives of those who come in contact with him. RK as he is popularly known, enjoys providing leadership, talking to the students and listening to intellectuals. In his personal capacity he is an internationally recognised expert on GST and VAT. He is the only Asian on the Technical Advisory Group of the OECD and offers his technical expertise in the area of Consumption Taxes to the standard setting body. A widely travelled person RK has presented more than 1000 papers in the area of VAT and GST in India and Abroad. He loves to guide and interact with students; donning leadership roles is passion. RK a multifaceted personality is a solution provider.

He is elected member of Institute of Chartered Accountants of India, New Delhi. He is on the Boards of reputed Corporates, in his individual capacity as well as Government Nominee. He is an Independent Director on the Board of Central Warehousing Corporation.

HOST

CA REKHA UMA SHIV

CA Rekha Uma Shiv is an engineer turned chartered accountant. She is a Regional Council Member of SIRC of ICAI and the chairperson of Digital Accounting and Assurance Committee of SIRC. She completed her B Tech from Kerala University and then worked as a software engineer for 4 years. She completed her Chartered Accountancy course in the year of 2017. Right now she is also a partner in S C Pillai and Co Chartered Accountants. Her interests lie in the fields of information technology and accounting. She's also helping students of CA, CMA and CS courses by taking auditing and taxation subjects.

She is an Electrical and Electronics Engineer, and excels in Data warehousing and ETL Tools. With a background as a senior software engineer at Accenture and Mindtree, she's a key member of the campus recruitment team and a mentor for Oracle SQL.

CA Rekha Uma Shiv also contributes significantly to the ICAI community as a resource person and faculty for CPE sessions. Her dedication extends to serving as a guest faculty, reviewer, and mentor for CA, CMA, and CS education, having guided thousands of students across India. She's an empaneled soft skill trainer with the Student Skill Enrichment Board, ICAI, facilitating various Management Communication skill courses and career guidance sessions. Rekha holds ex-officio positions in several ICAI branches and chairs committees focused on Digital Accounting and Assurance, as well as Women and Young Members Empowerment. Rekha's expertise extends to being a public speaker, paper presenter, and magazine content writer, actively contributing to ICAI, corporates, and other esteemed institutions.

TAX ON INDIAN CRICKET AND BCCI

By
Shabarish Shetty
SRO0698964

CONTENTS

We shall discuss the following:

- BCCI & ICC
- The Revenue Allocation
- Hosting an ICC Tournament
- The Feud between ICC and BCCI
- Issue with ICC Men's World Cup 2023
- IPL and Taxes
- Cricketers and Taxes
- POV: Economy

LET US UNDERSTAND BCCI & ICC

ICC

- ICC (International Cricket Council), earlier known as Imperial Cricket Conference, neither invented Cricket nor does it make rules for the game
- It is just responsible for conducting cricket matches between international countries and to take care that the rules are being followed duly and diligently.
- The game's rules, the Laws of Cricket are maintained by Marylebone Cricket Club (MCC) in London

BCCI

- BCCI (Board of Control for Cricket in India) was formed in 1928, as a charitable trust representing 'Indian Cricket Team"
- It is an autonomous body and does not receive any grant or funding from the government
- The government may just aid the autonomous body in terms of Infrastructure & financial assistance, but it is fascinating to note that – till date BCCI has not asked for any grant from the government (Zero role of government)
- The managing & selecting committee of BCCI are independent, and are nowhere related to the government & government institutions
- BCCI is registered as a charitable organization for the purpose of promoting cricket in India and the income earned is exempt from tax u/s 12A of Income Tax Act, 1961

THE REVENUE ALLOCATION

- ICC has 108 members, it has 12 full members i.e., the test playing nations
- A country gets the status of a test playing nation – when it beats 5 test playing nations & ODI status when it beats 2 test playing nations.
- A cricketing nation competes in 2 possible ways

a) Bilateral series
b) Tournaments

A) BILATERAL SERIES

- ICC has no much role in bilateral series
- Say, if there is a series between India and England – the revenue is being shared between boards of the two countries competing against each other i.e., BCCI & ECB
- Here, the revenue earned by BCCI is EXEMPT (Charitable Trust)

B) TOURNAMENTS

- In case of Tournaments (T20 World Cup, World Cup, Test Championship), the revenue is allocated between ICC & host of the tournament

HOSTING A TOURNAMENT

- In conducting an ICC tournament, the ICC on its own bears expenses such as salary for umpires, commentators, team maintenance, stump camera, spider camera, winning prize etc
- On the other hand, the revenue so earned by such tournaments are shared between the ICC and the host of tournament. The sources of revenue include:
    - Title Sponsorship rights
    - Broadcasting rights
    - Collection of ground tickets
    - Official umpire partner
    - Boundary line sponsors
    - Kit sponsors

THE FEUD BETWEEN ICC AND BCCI

- All was well until India hosted T20 World Cup 2016 (So, revenue allocation – ICC & BCCI)
- BCCI have been asked by ICC to either pay 193 Crores (USD $23 mn) by the end of the year as compensation for tax deductions incurred in hosting 2016 T20 World Cup or end up losing the 2023 World Cup rights
- BCCI would have to compensate for tax deductions that ICC faced as India hosted T20 World Cup 2016, after no exemption in taxes was given by either the State and Central government

- Every cricket board benefits from tax exemption from their respective government, when they host an ICC event. But, BCCI is only exception in this rule as Indian Govt isn't ready to exempt these taxes
- A BCCI Official had quoted – "Every other cricket board gets tax exemption from Indian government, but BCCI can't expect the Central Government to bear the loss. Hence, all the members feel that ICC should bear the loss on its own"
- BCCI paid US$ 23.5mn as demanded – Only remedy to get hold of the rights to conduct ICC Cricket World Cup 2023

ISSUE WITH ICC WORLD CUP 2023

- ICC Cricket World Cup 2023 is scheduled in October & November 2023 to be held in INDIA
- Considering the 2016 T20 World Cup tax compensation feud, BCCI was obliged to deliver a tax exemption or a tax solution to the ICC for this event, latest by April 2022. Further, it was extended by ICC till 31st May 2022. But, no proper solution was sought in this regard.
- ICC has now received a 20%+surcharge tax order for its broadcast revenue for 2023 event from tax authorities in India. As per BCCI documents, if 21.84% (20% + surcharge) tax is paid on the same, BCCI would have to pay US$ 116.47mn (Rs. 955 Crore)

INDIAN PREMIER (PAISA) LEAGUE - IPL

- BCCI launched IPL as a Franchisee.
- BCCI takes up 50% of the revenue earned by hosting this prestigious league
- IPL - A very rich cricket league

Eg: Just the media broadcasting rights of IPL (2023-2027) was sold for a whooping Rs. 6.2 Billion

- A touch of glamour

The whole scenario of Indian Cricket took a turn when India were reigned as Inaugral Champions of 2007 T20 world cup in South Africa. From then, cricket took a different dimension. It needed a promotion and what better with a much-needed touch of glamour in the form of IPL

- It is fascinating to take note of the Special Window – ICC(FTP) – ICC Future Tours Programme, where a very minimal international matches to be played when IPL is being conducted

TAX INCIDENCE ON IPL?

IT DEPARTMENT VIEW

- IPL organized by BCCI has an 'entertainment value' and activities relating to IPL are related to trade, commerce and business.

BCCI STANCE

- The activities involved are wholly charitable and genuine, the funds generated by IPL are employed for promoting cricket
- IPL doesn't vitiate the pre-dominant character of BCCI of promoting cricket

THE DECISION

- Surprisingly, the decision was in BCCI's favour !
- The ITAT observation stated – Improving the rules of the game, adding entertainment value can be viewed as an innovative idea to popularize the game. Thus, IPL is not liable to tax, as it is a Sport promotion

CRICKETERS AND TAXES

- To understand, the impact of tax on cricketers it is essential for us to know their revenue source and routes
- As like grading system in Schools and Colleges, Cricketers are also graded based on their performance and this grading is done annually.

Fixed Income

(i.e., the Central Contract of BCCI)

A+	= 7 Crores
A	= 5 Crores
B	= 3 Crores
C	= 1 Crore
	and such payment is done annually.

Variable Income

15 Lacs per Test match
6 Lacs per ODI match
3 Lacs per T20I match

Bonuses

5 Lacs – Century in a test match
5 Lacs – 5 Wicket haul
7 Lacs – Double Century

A COMPARISON

- In case of England Cricket board, a player graded A+ receives Rs. 9.8 Crores per year + upto 25% more (in case of a Captain) [Fixed Income]
- In case of Sri lanka, a player graded A+ receives Rs. 72 lakhs per year which is almost 10 times less than what is being offered in India. And, that is why cricket in India is 'RICH'

CONFUSIONS AND CLARIFICATIONS

- One of the well-known cricketers, Parthiv Patel had declared his income under the head – 'Profits and Gains from business and profession' (PGBP) and had also declared expenditures against the income earned such as business development, fuel expenses, telephone expenses, repairs and other business expenses
- The Income Tax Department had an issue with such declaration and said, playing cricket is not a business or profession

WHERE TO DECLARE THE INCOME?

- The Income so earned by the cricketers shall be declared under the head – 'Income from Salaries'
- The Income earned from test match, ODI, T20I and even IPL shall be declared in the same head but as a different line item

Eg: In 2017, Virat Kohli declared 1.82 Crore salary income, which included Income from test matches, ODIs and T20Is (excluding advertising, brand endorsements and social media posts). It is interesting to note that he had also declared a Non-taxable Income of Rs. 2.61 Crore and this includes – ICC's reward for being the No.1 test team, Cash reward by BCCI for being the ICC Men's Cricketer of the year and also the Central Contract amount by BCCI

IPL KA PAISA 😉

- The Auction Amount which the player receives is the Player's SALARY
- In Retention contract, the players are paid same salary as before & it cannot be less (unless there exists a mutual consent between the player and franchise), but it may be hiked due to better performance of such player
- If a team releases a player before his term is up, they will have to pay FULL SALARY to such player for the term

ECONOMY POV

- BCCI is a big, strong and influential board. It has highest viewership in India. Around 700 million people watch cricket in India
- Almost 75% of the world's cricket income comes from India. The ECB (England Cricket Board) and Australian Cricket Board being the other 2 giants.
- On the other hand, IPL helps in generating employment among many classes helping the economy in a good scale
- Fantasy Online games such as Dream 11, MPL – addiction to youngsters. TDS on winnings drawn by user, and also 28% GST.
- It is true that BCCI is exempt from tax, but at the same time – cricketers and the franchisee pay a whooping bunch of tax. Thus, giving a boost to the economy.

OECD - THE TWO PILLAR SOLUTION

By
Radhesh S
SRO0702657

ABSTRACT

In an era of rapid globalization, businesses are presented with propitious environment to extend their operations across multiple nations.

As a result, companies find themselves engaging with countries that offer enticing incentives, including reduced tax rates and infrastructural support.

However, this scenario could potentially enable multinational corporations (MNCs) to leverage these opportunities with the intent of minimizing expenses, notably taxes, through the establishment of diverse global branches.

OBJECTIVE

The paper focuses on providing information with regards to OECD – 2 pillar solution. It further dives deep into the challenges that the policy is intending to resolve. The background and the way forward for the policy would also be discussed in the research paper.

BACKGROUND

The Organisation for Economic Co-operation and Development (OECD) introduced a significant initiative known as the Base Erosion and Profit Shifting (BEPS) project, encompassing 15 comprehensive Action Plans which was undertaken as a primary step to tackle the complex issues of profit shifting and tax avoidance perpetuated by Multinational Entities (MNEs). At its core, the BEPS project diligently directed its efforts towards matters pertaining to zero and low taxation, the promotion of tax transparency, and the meticulous scrutiny of the substantive operations executed by MNEs in profit earning countries. Further, BEPS needed a concrete solution to address the digital economy. To address this twin challenge of digitalisation and globalisation, 141 countries have come to consensus to be part of Inclusive Framework Agreement in connection with historic two pillar solution.

- The focus of Pillar 1 ensures fairer distribution of profits and taxes among countries with respect to largest MNE's, which are primarily the winners of globalisation. The agreement to re-allocate profit under Pillar One includes the removal and standstill of Digital Services Taxes (DST) and other relevant, similar measures, bringing an end to trade tensions resulting from the instability of the international tax system. It will also provide a simplified and streamlined approach to the application of the arm's length principle in specific circumstances, with a particular focus on the needs of low capacity countries.
- Pillar Two puts a floor on tax competition on corporate income tax through the introduction of a global minimum corporate tax at a rate of 15% that countries can use to protect their tax bases (the GloBE). Pillar Two does not eliminate tax competition, but it does set multilaterally agreed limitations on it. Tax incentives provided to spur substantial economic activity will be accommodated through a carve-out. Pillar Two also protects the right of developing countries to tax certain base-eroding payments (like interest and royalties) when they are not taxed up to the minimum rate of 9%, through a "Subject to tax rule" (STTR).

KEY ELEMENTS OF THE TWO PILLAR SOLUTION

PILLAR ONE	PILLAR TWO
Taxing rights of over 25% of the residual profits of largest and most profitable MNE's would be re-allocated to the jurisdiction where the customers and the users of the MNE's are present.	GloBE rules provide a global minimum tax of 15% on all the MNE's with an annual revenue of over 750 million euros.
Tax certainty through mandatory and binding dispute resolution, with an elective regime to accommodate certain low-capacity countries	Requirement for all jurisdictions that apply a nominal corporate income tax rate below 9% to interest, royalties and a defined set of other payments to implement the "Subject to Tax Rule" into their bilateral treaties with developing Inclusive Framework members when requested to, so that their tax treaties cannot be abused.
Removal and standstill of Digital Services Taxes and other relevant, similar measures	Carve-out to accommodate tax incentives for substantial business activities
The establishment of a simplified and streamlined approach to the application of the arm's length principle in specific circumstances, with a particular focus on the needs of low capacity countries.	

BENEFITS TO DEVELOPING COUNTRIES

Overall, the GloBE(Global Anti Base erosion rules) rules will ensure that the developing countries would be relieved from providing excessively generous tax incentives to attract foreign investment. OECD estimated that the low income jurisdiction would be benefited the most due to the implementation of Pillar 1.

Certain benefits aimed at developing countries include:

- the Subject to tax rule (STTR), which prevents companies from avoiding tax on their profit earned in developing countries by making deductible payments such as interest or royalties that benefit from reduced withholding tax rates under tax treaties and which are not taxed under the tax laws in the treaty partner; this will help developing countries protect their treaty networks from abuse through profit shifting to low tax jurisdictions.
- a lower threshold for determining the re-allocation of profit under Pillar One to smaller economies.
- the simplified and streamlined approach to the application of the arm's length principle to in-country baseline marketing and distribution activities, as low capacity countries often struggle to administer transfer-pricing rules and will benefit from a formulaic approach in those cases.

A DEEP DIVE INTO OECD'S 2 PILLAR SOLUTION

PILLAR ONE

In-scope companies are the multinational enterprises (MNEs) with global turnover above 20 billion euros and profitability above 10% (i.e. profit before tax/revenue) calculated using an averaging mechanism with the turnover threshold to be reduced to 10 billion euros, contingent on successful implementation including of tax certainty on Amount A, with the relevant review beginning 7 years after the agreement comes into force, and the review being completed in no more than one year. The measure of profit/loss of an in-scope MNE would be based on the financial accounting income.

New special purpose nexus rule focuses on allocation of Amount A to a market jurisdiction when the in-scope MNE wouldgenerate a revenue of more than 1 million euros from that jurisdiction further the revenue generation threshold would reduce as the GDP of the country where the revenue generated is reduced.

For in-scope MNEs, 25% of their profit exceeding the 10% profit would be reallocated to market jurisdictions based on the revenue based allocation key. Revenue would be sourced to the market jurisdiction where the final consumers of the product consume the same. Further principles on the source rules would be developed for specific categories of transactions.

Marketing and distribution profits safe harbor would cap the residual profits allocated to the market jurisdiction in case the profits have already been taxed in the market jurisdiction.

Amount B includes the application of the arm's length principle to in-country baseline marketing and distribution activities which will be simplified and streamlined, with a particular focus on the needs of low capacity countries.

PILLAR TWO

The GloBE rules will apply to MNEs that meet the 750 million euros threshold as determined under BEPS Action 13 (country by country reporting). Countries are free to apply the IIR to MNEs headquartered in their country even if they do not meet the threshold. Government entities, international organisations, non-profit organisations, pension funds or investment funds that are Ultimate Parent Entities (UPE) of an MNE Group or any holding vehicles used by such entities, organisations or funds are not subject to the GloBE rules.

Pillar Two consist of the following

- two interlocking domestic rules (together the Global anti-Base Erosion Rules (GloBE) rules):
  - an Income Inclusion Rule (IIR), which imposes top-up tax on a parent entity in respect of the low taxed income of a constituent entity; and
  - an Undertaxed Payment Rule (UTPR), which denies deductions or requires an equivalent adjustment to the extent the low tax income of a constituent entity is not subject to tax under an IIR.
- a treaty-based rule (the Subject to tax rule (STTR)) that allows source jurisdictions to impose limited source taxation on certain related party payments subject to tax below a minimum rate. The STTR will be creditable as a covered tax under the GloBE rules.

The GloBE rules will provide for a formulaic carve-out that will exclude an amount of income that is 5% of the carrying value of tangible assets and payroll. In a transition period of 10 years, the amount of income excluded will be 8% of the carrying value of tangible assets and 10% of payroll, declining annually by 0.2 percentage points for the first five years, and by 0.4 percentage points for tangible assets and by 0.8 percentage points for payroll for the last five years. The GloBE rules will also provide for a de minimis exclusion for those jurisdictions where the MNE has revenues of less than EUR 10 million and profits of less than EUR 1 million.

The minimum tax rate for IIR & UTPR will be 15% whereas for STTR it would be 9%.

HOW IS THE 2 PILLAR MODEL – A SOLUTION PROVIDER?

Problems with the existing international taxation rules:

There are two problems

- The first is that the old rules provide that the profits of a foreign company can only be taxed in another country where the foreign company has a physical presence.
- The second problem is that most countries only tax domestic business income of their MNEs, but not foreign income, on the assumption that foreign business profits will be taxed where they are earned.

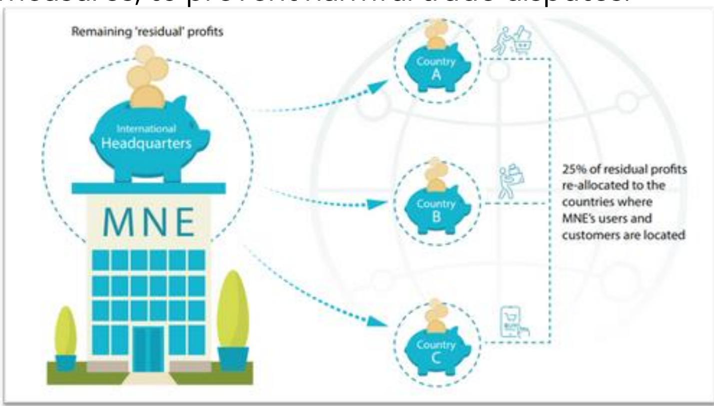
OECD Estimates corporate tax avoidance of USD 100-240 Billion annually, which is equivalent to 4-10% of global corporate income tax revenues.

The 2 pillars provide solution to the existing problems in the following way.

PILLAR ONE

It provides the market jurisdiction rights to tax the MNEs where the don't have their physical presence.

- Under Pillar One, 25% of profits of the largest and most profitable MNEs above a set profit margin (residual profits) would be reallocated to the market jurisdictions where the MNE's users and customers are located; this is referred to as Amount A.
- Pillar One also provides for a simplified and streamlined approach to the application of the arm's length principle to in-country baseline marketing and distribution activities (Amount B).
- Pillar One includes features to ensure dispute prevention and dispute resolution in order to address any risk of double taxation, but with an elective mechanism for some low-capacity countries.
- Pillar One also entails the removal and standstill of Digital Services Taxes (DST) and similar relevant measures, to prevent harmful trade disputes.



Under Pillar One, taxing rights on more than USD 125 billion of profit are expected to be re-allocated to market jurisdictions.

PILLAR TWO

- Pillar Two provides a minimum 15% tax on corporate profit, putting a floor on tax competition. Governments worldwide agree to allow additional taxes on the foreign profits of MNEs headquartered in their jurisdiction at least to the agreed minimum rate. This means that tax competition will now be backstopped by a minimum level of taxation wherever an MNE operates.
- A carve-out allows countries to continue to offer tax incentives to promote business activity with real substance, like building a hotel or investing in a factory.

Under Pillar Two, the global minimum tax, with a rate of 15%, is expected to generate around USD 150 billion in new tax revenues globally.

IMPACT

The precise revenue impact will depend on the extent of the implementation of Pillar One and Pillar Two, the nature and scale of reactions by multinational enterprises and governments and future economic developments. In terms of investment, the Two-pillar solution would provide a more favourable environment to growth. Under Pillar One, taxing rights on more than USD 125 billion of profit are expected to be reallocated to market jurisdictions each year. With respect to Pillar Two, with a minimum rate of 15%, the global minimum tax is estimated to generate around USD 150 billion in additional global tax revenues per year.

ARTIFICIAL INTELLIGENCE IN AUDITS

By
Kasak Vijaywargi
SRO0721455

AI IN AUDITING: ILLUMINATING AUDITING'S FUTURE

INTRODUCTION

Artificial Intelligence (AI) has revolutionized how auditors work. AI can analyze enormous sets of data and deliver insights that can augment an auditor’s judgment. This reduces errors, saves time and provides a more comprehensive and accurate examination of financial statements. The following sections will outline the benefits and challenges of using AI in auditing, describe the AI technologies used in auditing, and highlight the impact and ethical considerations of this emerging technology.

"Imagine an auditor who never sleeps, never misses a detail, and has a knack for spotting financial anomalies faster than you can say 'balance sheet.' Welcome to the world of AI-powered auditing!"

"Did you know that by 2025, it's projected that AI will contribute a staggering $2.9 trillion (about $8,900 per person in the US) to business value?"

"AI in auditing is like having a supercharged magnifying glass that helps auditors see beyond the surface and into the intricate web of financial transactions."

"In today's digital age, we're generating 2.5 quintillion bytes of data every day. Auditors face the challenge of sifting through this data haystack to find the needles of insight."

"AI is the Sherlock Holmes of auditing, piecing together clues from data fingerprints."

"A recent survey found that AI-powered audits improved accuracy by 96%, detecting anomalies that would have been missed by human auditors."

THE BENEFITS OF AI IN AUDITING

Efficiency

AI CAN RAPIDLY ANALYZE VAST AMOUNTS OF DATA, IDENTIFYING AREAS THAT REQUIRE GREATER ATTENTION OR PROVIDING THE MEANS FOR TARGETED SAMPLING.

Increased Accuracy

BY REDUCING HUMAN ERROR, AI ENHANCES THE RELIABILITY OF AUDIT FINDINGS.

Enhanced Insights

THE USE OF AI IN AUDITING CAN UNCOVER HIDDEN PATTERNS AND RELATIONSHIPS THAT WOULD OTHERWISE REMAIN UNDISCOVERED, PROVIDING NEW INSIGHTS TO AUGMENT THE JUDGEMENT OF THE AUDITOR.

CHALLENGES OF IMPLEMENTING AI IN AUDITING

Data Quality

Assessing data completeness and accuracy, and ensuring an adequate level of data privacy is maintained.

Adoption

Scepticism, training, and implementation costs all create challenges that must be overcome during the integration of AI technology into the auditing process.

Limitations

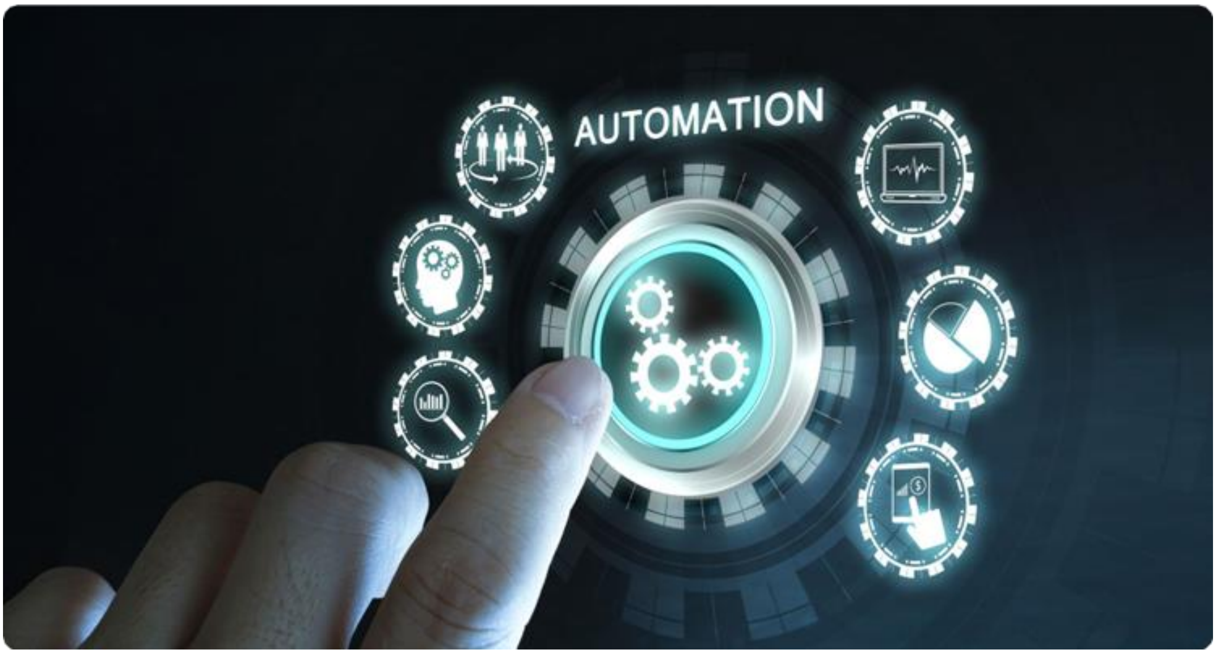
Some forms of audit judgment depend on qualitative factors and professional judgment that may not be machine- readable.

TYPES OF AI TECHNOLOGIES USED IN AUDITING

Machine learning algorithms	Intelligent algorithms that can analyze data to find patterns and recurring themes.
Natural language processing (NLP)	Analyzes text data and can understand human language, enabling machines to comprehend and respond to human speech.

THE SYMPHONY OF AUTOMATION AND EXPERTISE

"AI doesn't replace auditors;it empowers them to make symphonies out of numbers."



Studies indicate that automation can reduce audit time by up to 50%, enabling auditors to reallocate their efforts toward higher-value analytical pursuits.

While automation streamlines processes, the human touch remains indispensable. Auditors, armed with their expertise, become the maestros of interpretation. They infuse life into the financial composition, understanding the context behind the numbers, and deciphering the intricate melodies of transactions.

Consider a multinational corporation undergoing an audit. Automation sweeps through the volumes of financial data, identifying trends, discrepancies, and potential issues. Yet, it's the auditor's expertise that recognizes the pattern as an indicator of a broader strategic shift in the company's operations.

Research reveals that incorporating automation into auditing processes can improve the accuracy of financial data analysis by up to 95%, minimizing the risk of human error.

Imagine a retail company's audit. Automation scans through thousands of transactions, highlighting deviations. The auditor, leveraging their industry knowledge, realizes that these deviations align with a recent marketing campaign, uncovering a unique link between financial data and business strategy.

REAL-LIFE EXAMPLE

"Lehman Brothers' collapse could have been predicted—AI can identify such vulnerabilities and prevent future meltdowns."

The Indian government collaborated with AI experts to develop advanced algorithms that could analyze massive GST data sets. The goal was to identify potential instances of tax evasion, mismatched transactions, and discrepancies between declared income and actual financial activities.

As the global business landscape evolves, India's experience with AI in auditing showcases the potential for technology to tackle complex challenges and enhance transparency in financial practices. It's a testament to the harmonious partnership between AI's capabilities and human insights, creating a more robust auditing ecosystem.

Automation's Impact

Automation played a pivotal role in sifting through millions of transactions at unprecedented speed. Algorithms flagged transactions that deviated from the norm, signaling potential tax evasion attempts.

Expertise's Touch

Here's where expertise came into play. Trained auditors reviewed the flagged transactions, applying their knowledge of local business practices, industry standards, and historical trends. This interpretative layer ensured that legitimate business activities weren't mistakenly targeted.

Balancing the Score

The successful marriage of automation and expertise transformed the Indian tax landscape. AI efficiently highlighted areas of concern, while human auditors exercised judgment to confirm if these concerns were indeed indicative of evasion.

Outcome and Impact

This AI-augmented auditing process led to the identification of numerous cases of tax evasion that might have otherwise gone unnoticed. The government recovered substantial amounts of tax revenue, and tax compliance improved as businesses became more aware of the intensified scrutiny.

Potential Impact on the Auditing Industry

"AI has the potential to revolutionize the field of auditing by reducing human errors, enhancing accuracy, and providing new insights. The result will be more efficient and effective audits that can better identify financial statement risks, making it easier to mitigate these risks and uncover new opportunities for improvement."

By providing real-time reporting, an integrated audit trail, and increasing efficiency levels, audit firms will be able to move toward a more consultative approach to engagement.

Enhanced Efficiency and Speed

AI-driven automation takes over manual and repetitive tasks, allowing auditors to focus on high-value analysis. Tasks that used to take weeks can now be completed in days or even hours, freeing auditors to allocate their time more strategically.

Unparalleled Accuracy

AI's analytical capabilities significantly reduce the risk of human error. Algorithms can process vast amounts of data with pinpoint precision, detecting anomalies, inconsistencies, and irregularities that could be easily missed by human auditors.

Proactive Risk Identification

AI acts as an early warning system, identifying potential risks and fraud in real-time. This proactive approach ensures that issues are addressed before they escalate, preventing financial crises and protecting organizational integrity.

ETHICAL CONSIDERATIONS IN USING AI IN AUDITING

Data Privacy

Audit firms must ensure that confidential financial information is kept secure from unauthorized access.

Transparency and Accountability

Clearly defining how AI technology is used in an audit to ensure the transparency and accountability of the auditor.

Mitigating Bias

Ensuring that the data sets analyzed by AI technology aren't biased themselves, as biased data can lead to biased conclusions, ultimately impacting the integrity of the audit.

FROM DATA DUMPS TO GOLD MINES

"AI turns data dumps into gold mines, extracting valuable nuggets of insight."

Illustrative Example:

"With AI, an audit that took weeks now takes days, and it's as if we've upgraded from a flashlight to a high-definition spotlight in a dark room."

Natural Language Processing: A New Language for Auditors:

"AI speaks the language of data fluently, and with NLP, it's translating financial hieroglyphics for auditors."

Case in Point:

"IBM's Watson analyzed thousands of pages of contracts in seconds, catching compliance issues that could've cost millions."

Example in Action: Contracts Review

Consider a scenario where auditors need to review hundreds of contracts for compliance. Traditionally, this process was time-consuming and prone to errors. NLP steps in as the auditors' linguistic ally. It rapidly scans through contract language, identifying key clauses, potential risks, and non-compliance indicators.

Automation's Contribution: NLP automates the tedious task of reading through mountains of text, increasing efficiency by over 80%.

Expertise Amplified: However, it's the auditor's expertise that gives meaning to the extracted insights. Auditors can weigh the legal implications, interpret contractual nuances, and assess potential financial impacts.

THE FUTURE: AUDITING IN QUANTUM LEAPS

"AI's impact on auditing is like a quantum leap—a transformation that defies the laws of traditional audit gravity."

Future Prediction: "By 2030, AI-powered audits could cover 80% of the audit process, allowing auditors to focus on strategic insights and decision-making."

A study by Deloitte suggests that organizations using predictive analytics witnessed a 73% increase in profitability.

Automation isn't a mere assistant; it's a trailblazer, leading auditors to uncharted territories of efficiency. Mundane tasks like data entry become automated, allowing auditors to focus on high-level analysis and decision-making. Just as a rocket's initial boost propels it beyond the Earth's gravity, automation launches auditors toward the pinnacle of their potential.

FROM GATEKEEPERS TO VISIONARIES: AUDITORS' TRANSFORMATION

The quantum leap elevates auditors from being gatekeepers of financial records to being visionaries who illuminate the path ahead. Armed with predictive insights, auditors guide businesses in making informed decisions, identifying growth opportunities, and navigating potential pitfalls.

CONCLUSION AND FUTURE OUTLOOK

The use of AI in auditing is in its early stages, and firms are just beginning to understand the benefits and challenges of implementing this emerging technology. However, it is anticipated that AI technology will become a standard tool in auditing, providing auditors with a more accurate, efficient, and strategic approach to their work.

"In the symphony of finance, AI is the conductor of precision, harmonizing numbers into financial symphonies."

"So, let's embrace AI not as a threat but as a partner—a partner that allows us to amplify our expertise, strengthen our insights, and navigate the complexities of finance with unprecedented clarity."

Engaging Call to Action: "As we embark on this AI-auditing journey, let's remember: It's not about humans versus machines; it's about humans with machines—working together to compose a future where financial transparency reigns supreme."

SPECIAL SESSION 1

The SICASA Showtime

A PANEL DISCUSSION ON “THE STAKES AND EXPECTATIONS - G20 PRESIDENCY”

SESSION CHAIRPERSON

CA SRIPRIYA KUMAR

Sripriya, a standing elected Central Council Member (2022-25) of the Institute of Chartered Accountants of India, an apex statutory body enacted by the parliament for regulating the profession of chartered accountants in India. She had earlier served as a central council member in (2016-19) and in the South Indian Regional Council in (2012-15)

She was the chairperson of the Continuing Professional of Education Committee and was also the Vice Chairman of the Peer Review Board in her previous tenure in the central council.

In the last few years, she has served on the Executive Committee, the Examination Committee and the Management Committee of the ICAI and also made noteworthy contributions to the Corporate Laws Committee, the Expert Advisory Committee and the Financial Review and Reporting Board. She is the Convenor of Insolvency and Bankruptcy Laws group of ICAI.

She had been appointed to the working group constituted by the Ministry of Corporate Affairs for drafting the rules and regulations of the bankruptcy and insolvency code. Apart from this, she is a regular faculty on training programs of ICAI and other accredited institutions and has delivered over 200 lectures till date.

A chartered accountant since 1996 commenced her practice in 2001 after her stints with Ford India limited and PWC. She is a registered insolvency practitioner who is currently leading the corporate restructuring and insolvency practice of the firm after developing the risk vertical of the practice.

HOST

CA REVATHI RAGHUNATHAN

Qualifications

- Insolvency Professional with IBBI-Reg No. IBBI/IPA-001/IP-P00832/2017-18/11417
- CharteredAccountant- Mem. No. 200052
- Certified Information Systems Auditor- Mem. No. 134697
- Certified Software Test Manager
- B.Sc Chemistry

Current Positions

- Regional Council member of SIRC of ICAI (2nd Term)
- Chairman of the committee for Insolvency and Bankruptcy Code and Valuation (2018-2021 and 2022-2025) of SIRC of ICAI
- Chairman of the Corporate Laws Committee of SIRC of ICAI (2022-2025)
- Chairman SICASA and Students Committee and Women Empowerment Committee of SIRC of ICAI (2018-2022)
- Member of various Committees of SIRC and HCC
- Partner, A.Raghunathan and Company, Chartered Accountants
- Independent Director in 2 listed companies
- Director of Private Limited companies
- Faculty for IBC with SIRC, IIIP of ICAI and IIIP of ICSI
- Faculty for Direct and Indirect taxes with IGTC and MSME

Current Membership in Committees

- Member of the Expert Committee on Corporate Affairs of the Hindusthan Chamber of Commerce.
- Member of the Women Empowerment committee of The Hindusthan Chamber of Commerce.
- Was a Member of the Managing Committee of the Society of Auditors
- Member of the Inner Wheel Club of Madras Central

Core Competencies

- Insolvency Professional
- Internal Audit and Management Audit, with a special focus on Telecom and Retail sectors
- Transaction Advisory
- Fraud Investigation
- Systems Audit
- Direct and Indirect Taxation
- Companies Act

- G20 is a collection of twenty world's largest economies.
- G20 was conceived as to bring together the most important industrialised and developing economies.
- India will host the G20 Summit in New Delhi.
- G20 countries account for:
  - 80% of Gross World Product.
  - 75% of International Trade.
  - 2/3rd of Global Population.

G20 Countries

PANELISTS

Devanath V
SRO0776739
Role: Economics Expert

Ramesh Kumar Vysyaraju
SRO0288785
Role: Environmental Activist

Keshava Muralidhar
SRO0765137
Role: Security and Defense Analyst

Omamah Akhtar
SRO0640352
Role: International Relations Expert

FACILITATOR

Pooja M
SRO0764189

TECHNICAL SESSION 2

Capital Connections: When Investors meet Bankers

SESSION CHAIRMAN

CA KOUSHIK MUKHESH

CA KOUSHIK MUKHESH, FCA, B.COM is a practicing Chartered Accountant engaged in the practicing field of Company Law, Insolvency and Bankruptcy Law, Foreign exchange Laws, and regularly appearing before the National Company Law Tribunal for Corporate Restructuring as well as Company Law and Insolvency Law.

He has more than 8 years of experience in Practicing Corporate Law and he is in the teaching profession for the last 8 years, he is also a member of other professional Institutes like ICAI (CMA).

Mr. Koushik Mukhesh has authored several books for students and for professionals on various topics of Company Law and Insolvency Laws. He is a regular contributor of articles on various corporate matters in professional journals and is a speaker

on Company Law, Allied Laws and Insolvency Law at various professional institutes like ICAI, ICAI (MA) and ICSI.

Mr Koushik Mukhesh has secured 7 exemptions out of 8 subjects in CA Final Level and he is an inspirational teacher at all levels of CA (Foundation, Inter and Final) and has covered 30,000 plus students from various states like Andhra Pradesh, Telangana, Tamil Nadu, Karnataka, Kerala and many more.

THE WORLD OF NEGATIVE INTEREST RATE

By
Srivenkatesan S
SRO0731426

Money has been around for a long time. And we have always paid for using someone else's money or savings. The charge for doing this is known by many different words, from prayogn in ancient Sanskrit to interest in modern English. The oldest known example of an institutionalized, legal interest rate is found in the Laws of Eshnunna, an ancient Babylonian text dating back to about 2000 BC.

For most of history, nominal interest rates—stated rates that borrowers pay on a loan—have been positive, that is, greater than zero. However, consider what happens when the rate of inflation exceeds the return on savings or loans. When inflation is 3 percent, and the interest rate on a loan is 2 percent, the lender's return after inflation is less than zero. In such a situation, we say the real interest rate—the nominal rate minus the rate of inflation—is negative.

With negative interest rates, cash deposited at a bank yields a storage charge, rather than the opportunity to earn interest income. By charging European banks to store their reserves at the central bank, the policyholders hope to encourage banks to lend more . In theory, banks would rather lend money to borrowers and earn at least some interest as opposed to being charged to hold their money at a central bank. Additionally, negative rates charged by a central bank may carry over to deposit accounts and loans. This means that deposit holders would also be charged for parking their money at their local bank while some borrowers enjoy the privilege of actually earning money by taking out a loan.

Another primary reason the ECB has turned to negative interest rates is to lower the value of the euro. Low or negative yields on European debt will deter foreign investors, thus weakening demand for the euro. While this decreases the supply of financial capital, Europe's problem is not one of supply but of demand. A weaker euro should stimulate demand for exports and, hopefully, encourage businesses to expand

In theory, negative interest rates should help to stimulate economic activity and stave off inflation, but policymakers remain cautious because there are several ways such a policy could backfire. Because banks have certain assets such as mortgages that are contractually tied to the prevailing interest rate, such negative rates could squeeze profit margins to the point where banks are actually willing to lend less.

There is also nothing to stop deposit holders from withdrawing their money and stuffing the physical cash in mattresses. While the initial threat would be a run on banks, the drain of cash from the banking system could lead to a rise in interest rates—the exact opposite of what negative interest rates are supposed to achieve.

In modern times, central banks have charged a positive nominal interest rate when lending out short-term funds to regulate the business cycle. However, in recent years, an increasing number of central banks have resorted to low-rate policies. Several, including the European Central Bank and the central banks of Denmark, Japan, Sweden, and Switzerland, have started experimenting with negative interest rates —essentially making banks pay to park their excess cash at the central bank. The aim is to encourage banks to lend out those funds instead, thereby countering the weak growth that persisted after the 2008 global financial crisis. For many, the world was turned upside down: Savers would now earn a negative return, while borrowers get paid to borrow money? It is not that simple.

Simply put, interest is the cost of credit or the cost of money. It is the amount a borrower agrees to pay to compensate a lender for using her money and to account for the associated risks. Economic theories underpinning interest rates vary, some pointing to interactions between the supply of savings and the demand for investment and others to the balance between money supply and emand. According to these theories, interest rates must be positive to motivate saving, and investors demand progressively higher interest rates the longer money is borrowed to compensate for the heightened risk involved in tying up their money longer. Hence, under normal circumstances, interest rates would be positive, and the longer the term, the higher the interest rate would have to be. Moreover, to know what an investment effectively yields or what a loan costs, it important to account for inflation, the rate at which money loses value. Expectations of inflation are therefore a key driver of longer-term interest rates.

While there are many different interest rates in financial markets, the policy interest rate set by a country's central bank provides the key benchmark for borrowing costs in the country's economy. Central banks vary the policy rate in response to changes in the economic cycle and to steer the country's economy by influencing many different (mainly short-term) interest rates. Higher policy rates provide incentives for saving, while lower rates motivate consumption and reduce the cost of business investment. A guidepost for central bankers in setting the policy rate is the concept of the neutral rate of interest : the long-term interest rate that is consistent with stable inflation. The neutral interest rate neither stimulates nor restrains economic growth. When interest rates are lower than the neutral rate, monetary policy is expansionary, and when they are higher, it is contractionary.

Today, there is broad agreement that, in many countries, this neutral interest rate has been on a clear downward trend for decades and is probably lower than previously assumed. But the drivers of this decline are not well understood. Some have emphasized the role of factors like long-term demographic trends (especially the aging societies in advanced economies), weak productivity growth, and the shortage of safe assets. Separately, persistently low inflation in advanced economies, often significantly below their targets or long-term averages, appears to have lowered markets' long-term inflation expectations. The combination of these factors likely explains the striking situation in today's bond markets: not only have long-term interest rates fallen, but in many countries, they are now negative.

Returning to monetary policy, following the global financial crisis, central banks cut nominal interest rates aggressively, in many cases to zero or close to zero. We call this the zero lower bound, a point below which some believed that interest rates could not go. But monetary policy affects an economy through similar mechanics both above and below zero. Indeed, negative interest rates also give consumers and businesses an incentive to spend or invest money rather than leave it in their bank accounts, where the value would be eroded by inflation. Overall, these aggressively low interest rates have probably helped somewhat, where implemented, in stimulating economic activity, though there remain uncertainties about side effects and risks.

A first concern with negative rates is their potential impact on bank profitability. Banks perform a key function by matching savings to useful projects that generate a high rate of return. In turn, they earn a spread, the difference between what they pay savers (depositors) and what they charge on the loans they make. When central banks lower their policy rates, the general tendency is for this spread to be reduced, as overall lending and longer-term interest rates tend to fall. When rates go below zero, banks may be reluctant to pass on the negative interest rates to their depositors by charging fees on their savings for fear that they will withdraw their deposits. If banks refrain from negative rates on deposits, this could in principle turn the lending spread negative, because the return on a loan would not cover the cost of holding deposits. This could in turn lower bank profitability and undermine financial system stability.

A second concern with negative interest rates on bank deposits is that they would give savers an incentive to switch out of deposits into holding cash. After all, it is not possible to reduce cash's face value (though some have proposed getting rid of cash altogether to make deeply negative rates feasible when needed). Hence there has been a concern that negative rates could reach a tipping point beyond which savers would flood out of banks and park their money in cash outside the banking system. We don't know for sure where such an effective lower bound on interest rates is. In some scenarios, going below this lower bound could undermine financial system liquidity and stability.

In practice, banks can charge other fees to recoup costs, and rates have not gotten negative enough for banks to try to pass on negative rates to small depositors (larger depositors have accepted some negative rates for the convenience of holding money in banks). But the concern remains about the limits to negative interest rate policies so long as cash exists as an alternative.

Overall, a low neutral rate implies that short-term interest rates could more frequently hit the zero lower bound and remain there for extended periods of time. As this occurs, central banks may increasingly need to resort to what were previously thought of as unconventional policies, including negative policy interest rates.

Source : IMF

SIP AND NEW TRENDS OF INVESTMENT

By
Alston Sonil Dias
SRO0709844

INTRODUCTION

The modern world and the society which we live in is highly dynamic. Each day is witnessed and awakened towards the innovations and the adversities that take place. One thing which is constant throughout the process is change which is backed by an equal risk and opportunities.

Investment is a buzz term which has taken the common public on a ride. Often, we encounter many instances be it in news-letters, advertisement or social media which promote the importance of investment and financial freedom. In the midst of umpteen number of choices being available, making an informed decision and opting a suitable channel for investing is crucial step. Primarily, Investment is application of money to earn more money. In betwixt of these what plays pivotal role is understanding the dynamics of the business markets to ensure that the returns earned on investments made are maximum. With modern era, the information being power, every information is made available at the tip of the finger, Investing has become the talk of the town where people in guise of influencers are seen promoting financial literacy by giving various investment related advices. This could be dangerous at times, as the practical application of money on these advices without understanding the reality grounds may not yield the desired returns. In this line, the concept of "Systematic Investment Planning" commonly known as SIP's are potential way to begin with the investment with amount as little as Rs. 100 or Rs. 500. A SIP is a vehicle offered by mutual funds to help investor save regularly. Under SIP, a fixed sum every quarter, month, or week can be invested as per investor's convenience. The SIP culture today is widely embraced by many investors. An investor with little amount can continue to pool in big money into mutual funds in an auto pilot mode. As the saying goes, "A drop of water can make an ocean", SIP's too aim towards the same goal where small regular investments in a long run can compound and build your wealth. The humble SIP is turning into a behemoth. As per the data from the Association of Mutual Funds in India, new SIP registrations for the month of July-23 hit a record high of 33.06 lakh, with SIP inflows hitting an all-time high of Rs. 15,245 crores. The monthly SIP inflows crossed 14,000 crores for the second consecutive month. Clearly, investors are now sold on the benefits of SIP discipline.

MEANING, BENEFITS & TYPES

A SIP works on the basis of periodic and constant investments, quite like a recurring bank deposit, difference here being that the amount is invested in a ULIP or a mutual fund. The investment amount is auto-debited from the bank account on the basis of standing instructions, and the corresponding amount of mutual fund units are allocated. The number of units received depends on the scheme's current Net Asset Value. In SIP offered by SEBI registered mutual funds, the investments are managed by a team of professional fund managers for which a nominal amount of fee would be levied.

Investing by way of SIP's can be beneficial in numerous ways. Below are the few advantages of investing in an SIP.

Limited Capital and Convenience

The primary being you can start investing with very low capital in your hand with the convenience of starting the investment with as low as Rs 100 a month. Hence, burden of accumulating a large sum to invest is avoided.

Rupee Cost Averaging

Secondly, SIP enables equity fund investing without the need for stock market timing. It helps to buy more equity fund units when the stock markets are crashing and lesser units when markets rise. The cost of purchasing equity fund units will be averaged out over time, reducing the impact of short-term market changes on the investments made. Since NAV of all mutual funds are updated on a daily basis, the cost of purchase may vary from one SIP instalment to another. Over time, the cost of purchase averages out and turns out to be on the lower side. This is known as rupee cost averaging. This benefit is not available when you invest a lump sum.

Power of Compounding

It helps in multiplying the returns over time. The small amounts contributed each month may not be heavy on the investor's pockets As SIP Investor remains invested for a long time, benefit of compounding can be enjoyed. There are various types of SIPs available in the market, few of them being highlighted below.

Top-up SIP

This is a mechanism allows you to invest more when you have extra money or funds available thereby steadily increasing the invested amount.

Flexible SIP

As the name suggests there's a flexibility to increase or decrease the investment amount.

Perpetual SIP

In this scenario, the end date of SIP Investment is not pre-determined. The amount continues to be deducted and invested unless the specific banking instructions are served to cease the same.

RATIONALE

Having a brief understanding about the functioning of SIP Investment it is also necessary and essential to know the critical attributes of SIP throughout its life to earn the desired returns. It is always said that longer the SIP term, the better the outcome. Historical data suggests that SIP deliver positive outcomes over 8 years or in longer time frames. The initial period of investment can be challenging to ensure the investment discipline. The market behavior in this phase is not significant or critical for investing. Given the volatilities in the market there will be times when there are always dispersions which trend lower or sideways. If this situation persists for a year or two many investors often tend to withdraw their investments. Vidya Bala, co-founder of Primeinvestor.in states that "Most investors quit SIPs if the returns in the initial years are not encouraging, but this is the time when it is averaging on lows so that when the market turns later, the returns seem magnified." Hence a slow start can be good way to dive into the investment dynamics. It is also necessary to note that after a certain point of time, i.e., when your portfolio grows beyond a certain limit, every incremental SIP contributions do not impact materially, reason big the SIP Investment amount started initially with is small and may not average well to compress the purchase cost of entire capital. For instance, a SIP amount of Rs. 5000 will get any hardly averaging benefit in the portfolio of Rs. 15,00,000. Markets having the nature of rebounding quickly, the SIP contributions during this period will make hardly any dent. To really make a difference in the final outcome's investor has to occasionally invest the lumpsum amount or steadily increase the SIP amount according to the rising portfolio value. The unique feature of SIPs is to ability to recover faster from bear markets. The rupee cost averaging technique works very well in this case fetching more units at lower cost. When the markets tides change and start performing well, there returns are always attractive. This was also witnessed during the COVID impact which had on markets. On recovery, the markets boomed, thereby giving an exceptional return on the invested amount. Staying persistent during the volatility will push the SIP value much faster on market recovery. It is said that the real magic of compounding happens in the last phase. As the invested amount grows over the period and returns being re-invested it leads to higher returns in the foreseeable future. Irrespective of the timeline of the SIP, the real gains accrue in the later years. The longer the investment horizon, better are the results. Further, at the time of withdrawal of SIP in the end, if the aim is to have the bigger corpus it is advised not to skip any SIP investments particularly when the markets are heated up. Skipping SIP during this time may result in giving you higher returns. However, the return rate in either two instances of staying invested and not is always incremental, but the corpus in hand would be less if the SIPs are paused during the troubled market phases.

Inculcating and practicing these factors would not necessarily guarantee the expected outcomes if the investor is not aligned with the market performance. It is always advisable to plan the exit at least two years before the goal maturity and chalk out the exit strategy. Any uncertain circumstances in the last leg of SIP journey would cause a threat to the corpus. Having a defined exit strategy would always enable in mitigating the risks or any adverse impacts on the invested corpus.

MODERN TRENDS

Today's market is witnessing many trends of investment and it is essential for every investor to be aware of it. Amidst many industries in the phase of recovering from covid impact the markets rally have been remarkable with volatility turning its play in and out. With indices being positive and favorable anticipated economic conditions markets are expected to perform good. With inflation surging at 7.44% in July 2023 has created a frenzy of attracting rise in interest rates and may impact the markets to slip. However, this would give an opportunity to invest in bonds and fixed income investments. Indian economy having shown great signs of recovery and with expected growth of 7% for FY-23, and steady increase in Private Equity and Venture Capital closing its deals, investing in the potential projects would be lucrative options if it's executed and well timed. Choice of an apt sector for investing will play a vital role in determining the returns. For instance, investing in a mutual fund will have different ROI from the investment made in a Startup. The credible market analysis portrays those industries like IT, Healthcare, Pharmaceuticals, Edtech, and Food & Beverages have the potential to generate 25 per cent more revenue. It is predicted that retail investors will contribute to the progression of the startup ecosystem in 2023 by making eminent investments. Evidently, the tier-2 and tier-3 cities of India have lately emerged as the prominent hubs of retail investments. With AI (Artificial Intelligence) brining in the technological revolution in the society has become most influential industry of the century. It is predicted that AI having a capability of replicating human intelligence with greater accuracy and speed, that in near future worldwide revenues for AI market could reach around $900 billion, with growth rate around 18%. ESG Investments in India has also gained significant momentum. It is projected that around 64% of investors are anticipated to increase their exposure to sustainable funds in this year. According to FIS' 2023 Global Innovation Report, 60% of financial services and fintech firms globally are developing new ESG products and services. While the momentum of ESG investments shows its growing appeal, the pace of change introduces challenges with need for stringent regulatory requirements. Crypto Currency and Digital currency also being active in arena of investment, the framework regulation almost being nonexistent, the security of investing in these is a debatable topic. Gold ETFs are also seen gaining slow momentum after an outflow for three consecutive quarters. They attracted Rs. 298 crores in April-June period, and expert believe that investors will continue to invest in safe haven products. This flow could be on an account of removal of long-term capital gain benefits and relative underperformance of gold as compared to domestic equities.

CONCLUSIONS

The Indian markets are doing well, driven mainly by flows from the foreign portfolio investors (FPIs) and locals. The disruption in businesses has led to a shifting of market share from unorganized small players to larger players who have mastered the art of cost-cutting. This has led to an expansion in the valuation of such stocks. However, further hikes in interest rates or aggressive withdrawal of liquidity can result in a reversal in the mood of global markets.

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LETS EXPLORE
BITCOINS VS OTHER CRYPTO CURRENCIES

By
Rishabh V
SRO0702994

OVERVIEW OF AREAS COVERED

- Concept of Crypto and Bitcoin
- History
- Working model
- Impact
- Pros and cons
- Taxability
- Comparison
- Conclusion

CONCEPT OF CRYPTO AND BITCOIN

UNDERSTANDING CRYPTOCURRENCY

- Cryptocurrency is a digital currency designed for exchange over a computer network.
- It operates without relying on central authorities like governments or banks.
- Transactions are verified through a decentralized system.
- Parties' claimed funds are verified in transactions, reducing reliance on traditional intermediaries.
- Banks are not required for fund transfers between entities.
- By March 2022, over 9,000 cryptocurrencies existed, with over 70 having a market capitalization exceeding $1 billion.

UNDERSTANDING BITCOIN

- The first cryptocurrency, Bitcoin, was released as open-source software in 2009.
- Bitcoin was invented in 2008 by an individual or group using the pseudonym Satoshi Nakamoto.
- Term "bitcoin" is a compound of "bit" and "coin."
- There is a fixed supply of 21 million bitcoins, making it a deflationary asset.
- Bitcoin is mined through a process called proof of work, where miners solve complex mathematical puzzles to validate transactions and add them to the blockchain.

HISTORY

1983: David Chaum and ecash

- American cryptographer David Chaum conceptualized ecash, a form of cryptographic electronic money.

1995: Digicash Implementation

- Chaum implemented his idea through Digicash, an early version of cryptographic electronic payments.
- Digicash required user software to withdraw notes from a bank and create encrypted keys for transactions.
- This approach allowed for untraceable digital transactions, enhancing privacy.

1996: NSA's Cryptocurrency System

- The National Security Agency (NSA) published a paper titled "How to Make a Mint: The Cryptography of Anonymous Electronic Cash," outlining a cryptocurrency system.
- The paper was shared on an MIT mailing list and later published in The American Law Review in 1997.

1998: Early Cryptocurrency Concepts

- Wei Dai introduced "b-money," an anonymous, distributed electronic cash system.
- Nick Szabo described "bit gold," an electronic currency system with a proof-of-work function.

2009: Birth of Bitcoin

- In January 2009, the pseudonymous developer Satoshi Nakamoto introduced Bitcoin.
- Bitcoin used the SHA-256 cryptographic hash function in its proof-of-work scheme to secure transactions.

2011: Emerging Variants

- Namecoin was launched, aiming to establish a decentralized DNS system.
- Litecoin emerged, utilizing the scrypt hash function instead of SHA-256, intended to be more memory-intensive.

2013 – Bitcoin Price Crash

- Bitcoin's price surged to $1,000 for the first time but subsequently declined rapidly.
- Many investors faced losses as the price dropped to around $300, and it took more than two years to regain $1,000.

2014 – Scams and Mt.Gox Incident

- Bitcoin's anonymity attracted criminal attention, leading to incidents like the Mt.Gox exchange going offline.
- Owners of 850,000 Bitcoins lost them, valued at $450 million then or $4.4 billion today.
- Investigations continue to uncover the details behind the disappearance.

2016 – Rise of Ethereum and ICOs

- Ethereum gained prominence with its cryptocurrency Ether, used for blockchain-based smart contracts and apps.
- Initial Coin Offerings (ICOs) emerged as fundraising platforms, leading to potential investment scams.
- SEC in the US and China's government warned of the risks associated with ICOs.

2017 – Bitcoin's Continued Growth and Adoption

- Bitcoin's increased usability contributed to sustained popularity and growth, even as values fluctuated.
- Market cap of all cryptocurrencies surged from $11 billion to over $300 billion.
- Major banks like Barclays, Citi Bank, Deutsche Bank, and BNP Paribas explored ways to engage with Bitcoin.
- Blockchain technology underlying Bitcoin sparked a fintech revolution with widespread implications.

WORKING MODEL

Here's a step-by-step process flow of a typical cryptocurrency transaction, using Bitcoin as an example:

Initiation

- A user initiates a cryptocurrency transaction by creating a transaction request in their digital wallet.
- The request includes the recipient's public address, the amount of cryptocurrency to be sent, and any transaction fee.

Digital Signature

- The sender's wallet generates a digital signature using their private key to prove ownership of the funds.
- The digital signature ensures the transaction's authenticity and prevents unauthorized access.

Broadcasting

- The transaction request, along with the digital signature, is broadcasted to the cryptocurrency network.

Verification by Nodes

- Network nodes, distributed computers connected to the network, receive the transaction.
- Nodes verify the sender's digital signature to ensure the transaction's legitimacy.

Inclusion in Mempool

- Verified transactions are temporarily stored in the mempool, a waiting area for pending transactions.

Miner Selection

- Miners, participants in the network who validate and add transactions to the blockchain, select transactions from the mempool to include in the next block.

Proof-of-Work (PoW) Process

- Miners compete to solve a complex mathematical puzzle through the PoW algorithm.
- The first miner to solve the puzzle announces the solution to the network.

Block Validation

- Other nodes validate the solution and the transactions included in the block.

Block Addition

- Once the block is validated, it is added to the blockchain, creating a new link in the chain of blocks.

Mining Reward

- The miner who successfully added the block to the blockchain is rewarded with newly minted cryptocurrency and transaction fees paid by users.

Confirmation

- The transaction is considered confirmed when it's included in a block and added to the blockchain.
- The number of confirmations indicates the transaction's level of security. More confirmations generally mean a more secure transaction.

Update of Account Balances

- The recipient's account balance is updated to reflect the received cryptocurrency.
- The sender's account balance is reduced by the sent amount plus any transaction fees.

Transaction Finality

- Cryptocurrency transactions are irreversible once confirmed and added to the blockchain.
- Double-spending is prevented as a result of the decentralized and transparent ledger.

Notification to User

- Both the sender and the recipient receive notifications of the successful transaction.

Record on Blockchain Explorer

- The transaction details, including sender and recipient addresses and transaction amount, become publicly viewable on a blockchain explorer.
- This process flow provides a detailed understanding of how a cryptocurrency transaction, like a Bitcoin transaction, takes place within a decentralized network, from initiation to confirmation and record-keeping on the blockchain.

IMPACT

ECONOMIC IMPACT

Market Capitalization Growth

- Bitcoin's market capitalization has grown tremendously since its inception. Until now, it has exceeded $1 trillion USD.
- This growth has attracted institutional investors, funds, and retail traders, contributing to increased market activity.

Investor Interest

- Institutional investors and hedge funds have shown increasing interest in Bitcoin. Companies like Tesla, MicroStrategy, and Square have allocated billions of dollars to Bitcoin investments.

Blockchain Technology Innovation

- Bitcoin's underlying technology, blockchain, has inspired innovation across industries beyond cryptocurrencies. It's used in supply chain management, healthcare, and more.

Increased Crypto Ecosystem

- Bitcoin's success has paved the way for the development of thousands of other cryptocurrencies, each with its use cases and technologies.

Cryptocurrency Exchanges and Trading

- The growth of cryptocurrency exchanges, both centralized and decentralized, has facilitated trading and investment in Bitcoin and other cryptocurrencies.

CONCERNS

- Nouriel Roubini referred to Bitcoin as the "mother of all bubbles," and James Heckman compared it to the 17th-century tulip mania.
- Concerns about Bitcoin being a Ponzi scheme have been voiced by journalists, economists, investors, and the central bank of Estonia.
- Law professor Eric Posner differentiated Bitcoin from a Ponzi scheme, characterizing it as more of a collective delusion.
- The World Bank's 2014 report concluded that Bitcoin wasn't a deliberate Ponzi scheme.
- The Swiss Federal Council stated in 2014 that Bitcoin lacked typical profit promises and couldn't be considered a pyramid scheme.
- Bitcoin's wealth distribution is highly skewed, with 0.01% of holders possessing 27% of the circulating currency, as of 2021.

PROS AND CONS

PROS

Decentralization

- Cryptocurrencies operate on decentralized networks, reducing the control of central banks and governments over the financial system.
- Transactions are peer-to-peer, allowing for direct transfers without intermediaries.

Global Accessibility

- Cryptocurrencies can be accessed and used by anyone with an internet connection, providing financial inclusion to those without access to traditional banking services.

Fast and Low-Cost Transactions

- Cryptocurrency transactions can be processed quickly, especially for cross-border transfers, reducing transaction times compared to traditional banking systems.
- Transaction fees are often lower than those associated with traditional financial systems, particularly for international transfers.

Ownership and Control

- Cryptocurrency users have direct ownership and control over their funds, eliminating the need for intermediaries like banks.
- Users can send, receive, and store their funds without relying on third parties.

Cross-Border Transactions

- Cryptocurrencies eliminate the need for currency conversion in cross-border transactions, reducing fees and simplifying processes.

CONS

Price Volatility

- Cryptocurrencies are known for their extreme price volatility, with values that can fluctuate dramatically within short periods.
- This volatility can pose risks to investors and hinder their use as stable forms of currency.

Lack of Regulation and Consumer Protections

- The decentralized and relatively new nature of cryptocurrencies has led to a lack of consistent regulations in many jurisdictions.
- This lack of oversight can expose investors to risks, including scams, fraud, and loss of funds, without traditional consumer protections.

Security Concerns

- Despite cryptographic security measures, cryptocurrency exchanges and wallets are still susceptible to hacking and cyberattacks.
- High-profile breaches have resulted in the loss of large amounts of cryptocurrency.

Limited Acceptance and Adoption

- While cryptocurrencies are gaining popularity, they are not universally accepted as a form of payment.
- Limited merchant adoption can hinder the practical use of cryptocurrencies in everyday transactions.

TAXABILITY OF CRYPTOCURRENCIES IN INDIA

- Cryptocurrencies in India are classified as virtual digital assets and are subject to taxation.
- The tax applies to all investors, including private individuals and commercial entities, conducting crypto asset transfers.
- The tax rate of 30% (plus a 4% surcharge) is consistent for both short-term and long-term gains, covering all types of income.
- Income from trading, selling, or swapping cryptocurrencies is subject to the flat 30% tax rate, regardless of its classification as capital gains or business income.
- An additional 1% TDS applies to the sale of crypto assets exceeding Rs 50,000 (or Rs 10,000 in specific cases).
- Mining income received will be taxed at flat 30%. The cost of acquisition for the crypto mining will be considered as 'Zero' for computing the gains at the time of sale. No expenses such as electricity cost or infra cost can be included in the cost of acquisition.
- As per Section 115BBH, any losses incurred in crypto cannot be offset against any income, including gains from cryptocurrency.

COMPARISON OF BITCOIN VS OTHER CRYPTOS

ASPECT	BITCOIN (BTC)	OTHER CRYPTOCURRENCIES (ALTCOINS)
Introduction	First cryptocurrency created in 2009	Diverse range of altcoins with varying launch dates
Market Dominance	Highest market capitalization	Varied market capitalization across different coins
Supply	Capped supply of 21 million coins	Varies among altcoins, some with capped supplies
Use Case	Store of value, digital gold	Diverse use cases, including smart contracts, DApps

Network Security	Proof-of-work (energy-intensive)	Various consensus mechanisms with different security
Adoption	Widely recognized and adopted	Varies by altcoin, some gaining niche recognition
Innovation	Limited focus on digital gold	Many altcoins developed for specific innovations
Investment Volatility	Generally less volatile compared to altcoins	Altcoins tend to have higher price volatility
Recognition	Highly recognized and synonymous with "cryptocurrency"	Recognition varies across different altcoins
Market Niche	Broad market recognition	Some altcoins target specific industries or niches
Investment Opportunities	Considered a safe haven by some investors	Offers diverse investment opportunities with risks

CONCLUSION

In conclusion, Bitcoin and other cryptocurrencies have undeniably disrupted the financial landscape, introducing new paradigms of digital value, decentralized transactions, and financial inclusivity.

Their emergence has ignited discussions on the future of money, global finance, and technological innovation. However, the journey ahead for both Bitcoin and other cryptocurrencies is marked by regulatory hurdles, scalability concerns, energy efficiency improvements, and the quest for wider mainstream adoption.

Striking a balance between innovation and stability will define their trajectory, influencing how they coexist with traditional financial systems.

MOTIVATIONAL SESSION 1

Let's do Interviews

SESSION SPEAKER

CA. PATTABHI RAM

A chartered accountant by profession and qualification, a writer by passion and a teacher by accident..

After a brief stint at a couple of corporates where I worked in their corporate finance, capital market, and management accounting functions, shifted to full time CA practice.

Today am part of a public accounting firm that I co-founded, Yoganandh & Ram which is a multi-partner multi-location firm with over a team strength of 80 plus. I work on valuation and strategy. Also, am part of the faculty team of Prime Academy, a CA training institution, that I co-founded with two others.

In these several years, I have been into journalism: writing for newspapers and magazines of repute on contemporary issues.

There has also been a stint when I authored a number of books including co-authoring First Lessons In Strategic Financial Management for CA final students, which was an ICAI recommended textbook. The other books that I wrote included Roadmap, a self-help book for CA students; How to get the best out of College for collegians, a career book titled CA to CEO.

I co-wrote a biography on D Rangaaswamy, the chartered accountant. Later, in 2018, I authored the book Building a Legacy, the biography of A Ramakrishna, former deputy managing director of Larsen & Toubro. The book was released by the Vice President of India.

In 2019 three bio-sketches were published. Nightingales is about 11 women CAs who overcame odds to rise to fame. Flying High is about 12 men CAs who shown in different walks of life. A Few Good Men is about 10 businessmen from different verticals.

My maiden novel, Ticking Times, is set in the backdrop of the audit profession.

A thought-leadership document titled The Future Of Higher Education -Nine Mega Trends written by me was released by thr Vice President at a virtual function and relayed live on Rajya Sabha TV.

I speak at various seminars and workshops both in India and internationally.

TECHNICAL SESSION 3

The Creatives and Critiques of The Business Realm

SESSION CHAIRMAN

CA PURUSHOTTAM Khandelwal

CA Purushottam Khandelwal is a fellow member of Institute of Chartered Accountants of India. He is also law graduate from Gujarat University Ahmedabad. He is senior partner of M/S Purushottam Khandelwal & Co. Ahmedabad. Having 25 years post qualification experience in the field of Audit, Direct & Indirect Tax and Intellectual property rights.

Key position held at ICAI

- Elected as a CENTRAL COUNCIL MEMBER of ICAI for the year 2022-25.
- Chairman of Continuing Professional Education Committee (2023-24).
- Vice Chairman for Members in Entrepreneurship & Public Service (2023-24).
- Convenor, RBA Directorate (2023-24).
- Secretary of WIRC of ICAI in the year -2018-19
- Member of Western India Regional Council for the term-2016-19
- Chairman of Ahmedabad Branch of WIRC in the year 2013-14
- Secretary of Ahmedabad Branch of WIRC in the year 2011-12
- Chairman of Ahmedabad Branch of WICASA in the year 2017-18

Key Achievements as

1. CHAIRMAN Of AHMEDABAD BRANCH

Ahmedabad branch has been awarded as best branch of ICAI for the 1st time in the history of Ahmedabad branch. Also awarded as a best branch of WIRC and best branch of WICASA.

2. A SECRETARY OF WIRC

WIRC awarded as best region of ICAI.

3. CHAIRMAN OF AHMEDABAD BRANCH OF WICASA

Ahmedabad branch of WICASA awarded as best student's association of ICAI as well as WIRC.

He was a President of ROTARY CLUB AHMEDABAD AIRPORT in the year 2014-15, He also served as a ASSISTANT GOVERNOR for ROTARY Dist 3054 in the year 2020-21.

NARRATIVES ON MONEY LAUNDERINGS AND COMBAT MECHANISM

By
K P Pranaveeka
SRO0775250

WHAT IS MONEY LAUNDERING?

According to section 3 of Prevention of Money Laundering Act, 2000 money laundering is defined as given below:

Offence of money-laundering: —Whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of offence of money-laundering.

[Explanation. --For the removal of doubts, it is hereby clarified that, --

(i) a person shall be guilty of offence of money-laundering if such person is found to have directly or indirectly attempted to indulge or knowingly assisted or knowingly is a party or is actually involved in one or more of the following processes or activities connected with proceeds of crime, namely: --

(a) concealment; or

(b) possession; or

(c) acquisition; or

(d) use; or

(e) projecting as untainted property; or

(f) claiming as untainted property,

in any manner whatsoever;

(ii) the process or activity connected with proceeds of crime is a continuing activity and continues till such time a person is directly or indirectly enjoying the proceeds of crime by its concealment or possession or acquisition or use or projecting it as untainted property or claiming it as untainted property in any manner whatsoever.]

ANALYSIS

An analysis on Section 3 of the PMLA 2000 for better understanding in layman terms on money laundering: Money laundering means that any transfer of funds with the intention of generating profit, or any attempt to disguise the source of illegally obtained funds, or to promote any illegal activity, or claiming or projecting any such proceeds as untainted property will be considered to be a breach of the Act and attracts severe penalties.

THE ABG SHIPYARD CASE

SYNOPSIS

In its biggest bank fraud case, the CBI has booked ABG Shipyard Ltd and its former chairman and managing director Rishi Kamlesh Agarwal along with others for allegedly cheating a consortium of banks led by ICICI Bank of over Rs 22,842 crore.

1985: ABG Shipyard Ltd, the flagship company of the ABG Group, is incorporated. It is promoted by Rishi Kamlesh Agarwal, and is in the business of shipbuilding and repair, with shipyards in Dahesh and Surat in Gujarat. A consortium of 28 banks, with ICICI as the leading bank, finance it

2008: The global financial crises, led by the U.S. housing bubble and the collapse of Lehman Brothers, hits ABG Shipyards. The company now has a paucity of working capital which caused "significant increase in the operating cycle, thereby aggravating the liquidity and financial problem"

March 2014: SBI attempts to re structure loans to ABG Shipyard under corporate debt restructuring or CDR. The re structuring fails as ABG Shipyards is unable to service the interest and instalments on the due date

July 2016: The ABG account is declared an NPA, with back dating to 30 November, 2013

Jan 2019: SBI identifies a fraud

Jan 2019: Ernst and Young LLP conducts forensic audit on ABG Shipyard. It finds evidence of fraud between April 2012 and July 2017. The audit shows that fraud was conducted through "diversion of funds, misappropriation, and criminal breach of trust, with an objective to gain unlawfully at the cost of the bank's funds."

November 2019: SBI files a complaint

August 2020: SBI files a more comprehensive complaint

February 2022: CBI registers a case, books ABG Shipyard and ABG International Private Ltd. CBI issues lookout notices against promoter Rishi Agarwal, and ABG executives Santhanam Muthuswamy and Ashwini Kumar

WHAT IS THE SCAM?

The company reportedly took a big hit from the financial crash of 2007-08 and by 2012, its coffers were drained. The crash led to the company taking massive loans from several banks.

However, it diverted this cash to its overseas subsidiaries and even transferred money to several offshore parties. This alleged fraud, according to a probe conducted by E&Y in January 2019, took place between April 2012 and July 2017.

At the crux of the scam is a web of transactions made by the shipping firm. The money loaned by ABG Shipyard, according to the FIR, was used to repay loans and pay for expenses of ABG Group of Companies and for letters of credit. This money was used to purchase properties being linked from funds provided by ABG Shipyard.

"After reviewing annual reports of ABG SL for the financial year 2014-15 and ledgers it appears that ABG SL had paid accommodation deposits worth Rs 83 crores in total to companies like Aries Management Services, GC Properties, Gold Croft Properties, before review period (in 2007-08). And these parties were potentially related to ABG SL and its promoters," reads the FIR.

ABGSL, which turned into a non-performing asset (NPA) in 2013, also violated the terms of Corporate Debt Restructuring (CDR). CDR is a mechanism in which the lender banks either reduce the interest rates on the loans of the distressed borrower company or increase the tenure of the repayment.

The audit shows that fraud was conducted through "diversion of funds, misappropriation, and criminal breach of trust, with an objective to gain unlawfully at the cost of the bank's funds." ABG Shipyard availed mainly three different types of loans from 28 banks.

The monies raised through these loans were then diverted through 98 sister concern companies and mainly used to create personal assets and for the purpose of evergreening of loans.

EXTENT OF FRAUD

ABG SHIPYARD	EXPOSURES
BANK	RS. IN CRORES
ICICI	7089
IDBI	3639
SBI	2925
BOB	1614
EXIM	1327
IOB	1244
PNB	1244
BOI	719
OTHER BANKS (20)	3041
TOTAL	22842

At Rs 22,892 crore, the ABG Shipyard fraud is much bigger than the one perpetrated by Nirav Modi and his uncle Mehul Choksi who had allegedly cheated Punjab National Bank (PNB) of around Rs 14,000 crore through issuance of fraudulent letters of undertaking.

DELAY IN FLAGGING THE FRAUD

The first complaint by the consortium of banks, led by SBI, was filed in November 2019, eight months after the fraud was uncovered by the E&Y probe.

In a statement on 13 February, SBI said that ABG Shipyard has been banking with the firm since 2001 and that "due to poor performance, the account became a NPA (non-performing asset) on 30 November 2013" and that "several efforts were made to revive the company operations."

The statement further reads that an attempt to restructure the account was made in March 2014 but given the company's dwindling finances, the business could not be revised. "As the restructuring failed, the account was classified as NPA in July 2016 with back dated effect from 30/11/2013.

Though ICICI Bank was the lead lender in the consortium of banks ABG Shipyard did business with, SBI was the one to lodge the complaint since it is the largest PSB lender. The first complaint was filed with CBI in November 2019.

However, according to a Times of India report, this complaint was returned by the CBI, who sought an internal investigation by the bank. The investigation concluded a year later and SBI filed a second complaint in December 2020.

Now, since December 2020, the SBI, according to the newspaper report, has been doing its own analysis to the extent of the fraud and formally acted on the complaint on 7 February, 2022.

ACTIONS TAKEN SO FAR

Recently, CBI booked ABG Shipyard Ltd, its chairman and MD Rishi Kamlesh Agarwal and several others for the alleged bank fraud.

Apart from Agarwal, CBI has named former executive director Santhanam Muthaswamy, former directors Ashwini Kumar, Sushil Kumar Agarwal and Ravi Vimal Nevetia as well as another company ABG International Pvt Ltd. The accused have been charged for offences of alleged criminal conspiracy, cheating, criminal breach of trust and abuse of official position under the various sections of IPC and the Prevention of Corruption Act.

CBI also raided the locations, including office premises and residences of the directors in Surat, Bharuch, Mumbai and Pune, on February 12-13, which led to the recovery of incriminating documents, according to the probe agency's statement.

COMBAT MECHANISMS AGAINST MONEY LAUNDERING

Money laundering not only affects the social and economic fabric of the nation but also facilitates other heinous offences such as terrorism, offences related to NDPS Act (The Narcotic Drugs and Psychotropic Substances Act) etc.

The ABG Shipyard and the Punjab National Bank Scam are a testament to how vulnerable our banking systems are.

The process of money laundering typically involves three steps which include

- Placement - wherein funds that are outcome of criminal activities are introduced into a legitimate financial institution
- Layering - during layering funds are transferred to and from various financial institutions in order to make it difficult for authorities to trace those funds to the location of their initial deposit and the last step of
- Integration - integration transfers the black money to legitimate business further legitimising the money.

This process makes it difficult for the authorities to establish a money trail. The observation by the Apex Court that 'cash travels faster than the light' holds true. There is a need for a faster investigation mechanism.

Since money laundering cases are complex and wide ranging involving a multitude of stakeholders, the coordination between the enforcement agencies such as ED, Narcotics Control Bureau etc. can lead to efficient investigation leading to successful conviction. Additionally, the delayed traceability of the origin of crime and the issues with timely detection of fraud hinders in execution of justice.

WHAT IS ANTI-MONEY LAUNDERING?

Anti-Money Laundering (AML) is a set of policies, procedures, and technologies that prevents money laundering. It is implemented within government systems and large financial institutions to monitor potentially fraudulent activity.

ANTI-MONEY LAUNDERING – CONTROLS

Criminalization

Many governments, financial institutions, and businesses impose controls to prevent money laundering. The first is criminalization by the government. The United Nations Convention Against Transnational Organized Crime has set forth guidelines that help governments to prosecute individuals involved in money laundering schemes.

Know Your Customers

Financial institutions must also have "know your customer" policies in place to help prevent money laundering. This involves monitoring the activity of clients and understanding the types of transactions that should raise red flags. Financial institutions are required to report suspicious activity to a financial investigation unit.

Record Management and Software Filtering

Financial institutions and businesses also keep detailed records of transactions and implement software that can flag suspicious activity. Customer data can be classified based on varying levels of suspicion, and transactions denied if they meet certain criteria.

Holding Period

Many banks require deposits to remain in an account for a designated number of days (usually around five). This holding period helps manage risk associated with money being moved through banks to launder money.

New Technology

The technology used to identify suspicious activity linked to money laundering continues to evolve and become more accurate. Technologies, such as AI and Big Data software, allow these systems to become more sophisticated.

Prevention of Money-Laundering Act, 2002 (PMLA)

It forms the core of the legal framework put in place by India to combat Money Laundering. The provisions of this act are applicable to all financial institutions, banks(Including RBI), mutual funds, insurance companies, and their financial intermediaries.

Enforcement Directorate (ED)

It is a law enforcement agency and economic intelligence agency responsible for enforcing economic laws and fighting economic crime in India.

One of the main functions of ED is to Investigate offences of money laundering under the provisions of Prevention of Money Laundering Act, 2002(PMLA).

It can take actions like confiscation of property if the same is determined to be proceeds of crime derived from a Scheduled Offence under PMLA, and to prosecute the persons involved in the offence of money laundering.

India is a full-fledged member of the FATF and follows the guidelines of the same.

GLOBAL EFFORTS TO COMBAT MONEY LAUNDERING

The Vienna Convention

It creates an obligation for signatory states to criminalize the laundering of money from drug trafficking.

The 1990 Council of Europe Convention

It establishes a common criminal policy on Money Laundering.

G-10's Basel Committee statement of principles

It issued a "statement of principles" with which the international banks of member states are expected to comply.

The International Organization of Securities Commissions (IOSCO)

It encourages its members to take necessary steps to combat Money Laundering in securities and futures markets.

The Financial Action Task Force

It has been set up by the governments of the G-7 countries at their 1989 Economic Summit, has representatives from

- 24 OECD countries
- Hong Kong
- Singapore
- The Gulf Cooperation Council
- The European Commission

It monitors members' progress in applying measures to counter Money Laundering.

The famous Forty Recommendations are given by FATF.

IMF

It has pressed its 189-member countries to comply with international standards to thwart terrorist financing.

The United Nations office on Drugs and Crime

It proactively tries to identify and stop Money Laundering.

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AATRAL
NATIONAL CONFERENCE
FOR CA STUDENTS
CHENNAI
2 – 3 SEPTEMBER,
2023

A DIVE INTO THE RED OCEAN STRATEGY

By
Bandaru Sai Karthik
SRO0770591

INDEX

Good business leaders create a vision, articulate the vision, passionately own the vision, and relentlessly drive it to completion

BUSINESS STRATEGY

A business strategy is a comprehensive plan or approach that outlines how a company aims to achieve its long-term goals and objectives. It involves making decisions and allocating resources to maximize the company's competitive advantage and achieve sustainable success in its chosen market or industry. Business strategies guide an organization's actions, help it respond to market changes, and create a roadmap for achieving its vision.

In this paper we are going to analyse “RED OCEAN STRATEGY”

INTRODUCTION TO RED OCEAN STRATEGY

Red Ocean Strategy, also known as a competitive strategy which was coined by W. Chan Kim and Renée Mauborgne. It refers to the traditional approach where companies compete in existing market spaces, striving to outperform rivals and capture a larger share of the market. This strategy often involves competing on price, features, and incremental innovations, leading to intense competition and limited growth opportunities.

SALIENT FEATURES OF THE RED OCEAN STRATEGY

It Focuses on Competing in the Existing Marketplace

Additionally, it concentrates on beating the competition since the market and market situation will remain the same for every competitor.

It Focuses on the Value/Cost Trade-off

Value/cost trade-off is the best method to survive in the red ocean market. The red ocean strategy encourages organizations to create more value for products or services at a lesser cost. Businesses can create more value in the existing product.

It Focuses on Utilizing Existing Demand for a Company's Products or Services

Regardless of current market demand, a red ocean strategy helps to capture the market share for the business. For example, Samsung Mobile caters to every user's need, whether they fall in the high-end customer group or the low-end customer group. The red ocean strategy concentrates on execution through a lower cost base, better marketing, improved customer service, etc.

HOW CAN COMPANIES ADOPT THE RED OCEAN STRATEGY?

The red ocean strategy requires a straightforward approach: branding, marketing, pricing, and offering the best solutions in an innovative way to satisfy clients' needs.

Here are five tips on overcoming the competition by offering better value to consumers:

Don't Offer a Product; Offer a Solution

To adopt the red ocean strategy, a business should identify and understand the client's needs better than its opponents.

This can be achieved by talking with clients, asking straightforward questions to understand their needs, and then providing practical solutions.

Find a New Audience

Find and analyze demographic categories rivals do not satisfy and tailor strategies to reach them effectively. Identifying the right target audience can lead to high growth.

Pricing

Changing prices is the conventional way of acting in a competitive market, but it still works. For example, if rivals' prices are similar, consider selling at a lower cost.

Skilled Employees

Businesses must hire the best talent in the industry to develop better products or services. If it is hard to find talent, "grow" existing employees.

A company should give employees opportunities for self-improvement by providing them with training, courses, inviting special speakers, etc. In addition, creating a culture that contributes to product improvement can help a company flourish in red ocean markets.

Advertising

All effort is useless if customers are not aware of the product's benefits. A company's ad campaign should explain the value of the products or services to consumers. They should communicate that the company's products are cheaper, easier to use, or suitable for different audiences than competitors.

PROS AND CONS OF RED OCEAN STRATEGY

PROS	CONS
Immediate market presence and customer base	Intense competition leads to price wars and decreased margins
Leveraging existing market demand.	Limited growth potential due to market saturation
Potential for short-term profitability	Focus on incremental improvements can hinder true innovation
Clear Market Structure	Intense Competition
Utilization of Existing Demand	Limited Innovation
Focused Competition	Saturated Markets

EXAMPLES ON RED OCEAN

Telecom Industry

Indian telecom companies like Airtel, Vodafone Idea, and Reliance Jio are engaged in a red ocean strategy as they compete aggressively for market share through price wars, promotional offers, and enhanced service quality.

E-commerce

Companies like Flipkart and Amazon India are operating in a red ocean by competing on prices, discounts, and customer experience in the highly competitive Indian e-commerce market.

Automobile Industry

Indian automobile manufacturers like Maruti Suzuki and Tata Motors are vying for market dominance through cost-cutting measures, frequent model launches, and competitive pricing.

"Red Ocean is a race to the finish line; Blue Ocean is a journey to undiscovered horizons"

COMPARISON OF RED OCEAN STRATEGY AND BLUE OCEAN STRATEGY

Blue ocean is a business strategy focusing on creating new market spaces rather than competing in existing ones. Blue ocean redefines how businesses can look at success and offers a unique approach to growth.

RED OCEAN STRATEGY	BLUE OCEAN STRATEGY
Compete in existing market space	Create uncontested market space
Beat the competition	Make the competition irrelevant
Exploit existing demand	Create and capture new demand
Make the value-cost trade-off	Break the value-cost trade-off
Align the whole system of a firm's activities with its strategic choice of differentiation or low cost	Align the whole system of a firm's activities in pursuit of differentiation and low cost

CASE STUDY – (RED OCEAN VS BLUE OCEAN) TINDER AND BUMBLE:

TINDER

Red Ocean Strategy Tinder is often considered an example of a Red Ocean Strategy. It competes within the existing boundaries of the online dating market by focusing on features such as user profiles, swiping mechanisms, and matching algorithms. While Tinder revolutionized the dating app industry with its swipe-based interface, it primarily competes within the well-defined market space of online dating apps. It emphasizes existing value factors, such as user engagement, app usability, and geographic proximity.

BUMBLE

Blue Ocean Strategy Bumble, on the other hand, can be seen as an example of a Blue Ocean Strategy. Bumble differentiates itself by introducing unique value factors that set it apart from traditional dating apps. For instance, Bumble empowers women by allowing them to initiate conversations, creating a different dynamic compared to other platforms. Additionally, Bumble expanded beyond dating into other areas like friend-finding and professional networking, thereby creating new market boundaries and tapping into previously unexplored segments.

COMPARISON

- Tinder competes in a crowded market, focusing on existing value factors, and engaging in intense competition, which aligns with a Red Ocean Strategy.
- Bumble, with its focus on empowerment, differentiating features, and expansion into new segments, exhibits characteristics of a Blue Ocean Strategy.

It's important to note that a company's strategic positioning can evolve over time, and elements of both strategies can be present in different aspects of their operations.

Additionally, the lines between Red Ocean and Blue Ocean can sometimes be blurred, as companies may adopt elements of both strategies to varying degrees.

In summary, Tinder leans more towards a Red Ocean Strategy, while Bumble leans more towards a Blue Ocean Strategy due to its emphasis on innovation and differentiation.

RELEVANCE OF RED OCEAN STRATEGY IN TODAY'S WORLD

Immediate Revenue Generation

In a rapidly changing business landscape, companies often need to generate revenue quickly. Red Ocean tactics, such as price competition and efficient operations, can help companies capture market share and generate immediate profits.

Short-Term Goals

While long-term innovation is important, businesses often have short-term goals to meet, such as quarterly targets and financial performance. Red Ocean Strategy offers actionable steps to achieve these goals efficiently.

Incremental Improvements

In some cases, innovation might come in the form of incremental improvements to existing products or services rather than radical breakthroughs. Red Ocean Strategy guides companies in making these improvements to stay competitive.

Entry into Established Markets

New entrants into established markets often need to prove their value and gain a foothold. Red Ocean Strategy helps them navigate the competitive landscape and carve out a space for themselves.

Risk Mitigation

While Blue Ocean Strategy encourages innovation and disruption, it also carries higher risk. Red Ocean Strategy can serve as a more conservative approach for risk-averse companies that want to maintain stability.

CONCLUSION

In the realm of business strategy, the Red Ocean Strategy stands as a steadfast guide in the dynamic and competitive landscape of today's modern world. Rooted in the principles of established markets and fierce rivalry, the Red Ocean Strategy beckons companies to engage in the art of strategic competition. It is a testament to the enduring wisdom that even in the age of disruptive innovation, there exists immense value in mastering the currents of existing market spaces.

As the pages of corporate history turn, the Red Ocean Strategy retains its relevance as a compass for businesses seeking immediate revenue generation and the accomplishment of short-term objectives. In the face of saturation, this strategy lends itself to incremental improvements that elevate offerings, carving a distinctive niche even within the most crowded arenas. It extends a lifeline to new entrants, guiding them through the labyrinthine pathways of established markets and enabling them to forge their identities.

In the symphony of strategic choices, the Red Ocean Strategy harmonizes with innovation, offering a counterpoint to the high-risk crescendo of its Blue Ocean counterpart. It grants solace to those who seek stability in the turbulent sea of competition, allowing them to navigate with measured steps and mitigate risk.

Indeed, as the great ocean of business ebbs and flows, the Red Ocean Strategy remains an enduring chapter in the saga of corporate maneuvering. It teaches us that while the tides of innovation may surge, the pillars of competitive prowess and operational finesse still stand tall, beckoning companies to master the art of strategic navigation within existing market currents.

"In the arena of business, the ocean of competition may be red, yet within its depths lie treasures of efficiency, differentiation, and market mastery."

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STARTUPS AND BURN RATE TREND

By
Akash Gupta
CRO0649023

ANYTHING AND EVERYTHING WHICH CAN BE CONVERTED INTO FEASIBLE AND PROFITABLE BUSINESS IS START UP, BUT A SUCCESSFUL START UP IS ONE WHICH COULD SET A MATRIX BETWEEN ITS BURN RATE AND REVENUE GENERATION.

What is a startup burn rate?

In their early stages, startups are often unable to generate positive net income, or a profit. Instead, they are focused on expanding the number of customers and enhancing their product.

Often referred to as cash burn or negative cash flow, the startup burn rate is usually calculated on a monthly basis. However, in some cases it may be calculated on a weekly basis.

The startup burn rate is a cash flow planning metric that helps investors (and startups) see how much a business is spending per month before running out of money and seeking new funding.

The Two Key Metrics

Two of the most important variables that play into most startups' burn rates are cost of growth and unit economics.

In this context, cost of growth refers to the costs that go into those operational expenses we referred to earlier.

Those typically include costs that stem from renting office space, employee salaries, and benefits packages. The term "unit economics" refers to what your company earns with every sale of your product or service — that figure can be calculated by subtracting each customer's acquisition cost (CAC) from their customer lifetime value (CLV).

Leadership at every startup should have a solid grip on both of those metrics. They'll be the primary factors in guiding your ability to accurately and effectively calculate your net burn rate.

WHY INVESTORS CARE ABOUT YOUR STARTUP'S BURN RATE?

- Investors, including venture capital funds (VCs), invest in startups and expect them to spend that money on growing the business, its revenues, and eventually turning a profit.
- As a startup founder, investors don't want to give you money and watch you keep it aside. Rather, they want to see you spending that money to scale your business and increase the return on their investment. In this case, the startup burn rate becomes an indicator of your pace in growing your startup and their investment.
- On the other hand, when investors see that a startup isn't spending its funds, they view a falling burn rate as an indicator of stalled business growth.

And although VCs and investors look at cash burn as an indicator of growth, they also recommend having a cash runway covering at least 12 months. So, if your burn rate is ₹10,000 a month, then you should have at least ₹120,000 in available cash to sustain your business. Having 12 months' worth of cash runway helps you as a business weather unforeseen events like a sudden increase in raw materials, a market downturn, a sudden rise in expenses, among other events.

By analyzing a startup's rate of spending cash, investors can see when the startup will need new funding and how or if this cash consumption is translating into future money.

- Another reason cash burn and runway are important for investors is because no one wants to fund a high-risk company. High-risk startups are those that will swiftly spend through their funding.

Unique

Every Start Up is having different burn rate even if competing over in same market for acquisition of same customer

Early Birds

Start Ups Which start or identifies any problem early and start working on it have to burn less of fund compared to those who have to penetrate the market

Factors affecting

- The size and scope of your budget
- Expense planning
- Opportunities to save money
- How much time a new round of funding will buy your company
- Whether to prioritize fundraising now or later

STRUGGLE WITH HIGH BURN RATE

Although burn rate is an important metric for investors, not all high burn rates are good for a startup.

For example: if a company has a high burn rate, investors will need to see:

- How much is this company generating in revenue in return?
- How long before this company begins to realize its revenue from the high cash burn?
- Is it just spending money with no clear forecast of revenue and growth?

Cash burn is important. But even more important is how your startup is spending that money.

Many startups, both globally and in India, have had to shut down because their burn rates were too high.

The problem with cash burn is that if you don't watch it closely you can go out of business!

Reduce or cut unnecessary overheads

A common cash flow planning mistake is jumping head-first and renting a luxurious office under the pretext of meeting clients.

This is quite common among new business owners and tends to shave off a lot of early-invested money.

Reduce your churn rate

If you're a software-as-a-service (SaaS) business, then you know what churn is and how important a metric it is. By reducing your churn rate and increasing retention, you can get more value from your current customers, maintain a healthy relationship with them, and increase your customer lifetime value (CLV).

Narrow down your target audience

Many startups – especially B2C ones – often believe that their target audience is 'everyone.' And trying to target everyone at the same time is not only a marketing fail, but also a costly financial endeavor. By narrowing down your target audience or at least dividing them into groups that share the same qualities, you can enhance your marketing efforts and reduce spending, thereby lowering your burn rate.

Skip expenses that don't directly impact revenue

As a startup, there are many kinds of expenses that you need to keep track of. It's therefore important that you reduce any expenses that don't directly translate into revenue.

Does renting an office and paying a hefty lease translate into higher revenues for you? Does sponsoring events every month raise your revenues?

SUCCESSFUL INDIAN START UPS

PRACTICAL SCENARIO - 1

Walmart is a 62 years old company and Amazon is just 30 years old, Amazon Valued at \$1.3Trillion and Walmart Valued at \$458billion. What makes the difference?

So back in year 2008, after global recession, amazon understood the market and started increasing its Burn Rate and Customer acquisition cost, which resulted in rapid growth for Amazon over Walmart.

Increased Expenditure on Customer acquisition and marketing resulted in high burn rate for Initial years and resulted in huge losses from operation but eventually in converted to acquisition of biggest market share which finally resulted in truck loads of Profit.

All in All it means that burning investors fund it not a bad thing, but the important consideration for the same is we are getting hand full of benefits out of it.

PRACTICAL SCENARIO – 2

Meesho does not collect any commission from its sellers, something that it says sets it apart from ecommerce platforms such as Amazon and Flipkart.
Instead, it earns revenue from sellers by offering them ad space on its app/site, and also by offering fulfilment services (help with shipping through a third-party logistics provider)

By cutting costs on customer acquisition, promotions and discounts, the company is certain to lose much of this ground and take a hit on its topline.

Meesho specialises in selling low-priced long-tail items such as clothes, home and kitchen products, bags and footwear. Longtail items are difficult-to-find products unlike commonplace items such as electronics. On an annualised basis, Meesho's gross merchandise value (GMV) is at around $4.7 billion.

Until early in 2022, ecommerce startup Meesho was burning around $40 million a month in cash as it took on bigger rivals such as Amazon India and Walmart-owned Flipkart.

That burn rate was halved over the rest of 2022 and has now been reined in to a relatively modest $5 million.

CONCLUSION

There is no standard burn Rate, it depends on the intensity of growth and diversity of the market

This seems to be very simple term, but it is very crucial as this could make or break the whole ecosystem of the start-up and may impact the investors, financial institutions and Economy at large.

MOTIVATIONAL SESSION 2

India @ 2030

SESSION SPEAKER

CA. (DR.) DEBASHIS MITRA

Introducing CA. (Dr.) Debashis Mitra, an esteemed professional who recently served as the Immediate Past President of the Institute of Chartered Accountants of India (ICAI). Dr. Mitra's leadership extends beyond the presidency, as he holds key positions such as Chairman of the ICAI Research Wing, ICAI Accounting Research Foundation, and XBRL India. He is also a vital member of the board of the Indian Institute of Insolvency Professionals of ICAI, representing ICAI on influential Indian government and regulatory committees.

With over 34 years of rich experience in Audit, Taxation, Corporate Laws, and Financial Consultancy, Dr. Mitra is not just a seasoned Chartered Accountant but also a distinguished Cost Accountant and Company Secretary. His academic achievements include a Master's degree in Commerce, a Law graduate, and a qualified Information Systems Auditor. Driven by a passion for academic research, he earned his Ph.D. with a thesis titled 'A Critical Study of Select Indian GAAP, US GAAP & IAS/IFRS.'

On the international front, Dr. Mitra plays a significant role on the board of the South Asian Federation of Accountants and Chartered Accountants Worldwide. He is also a council member of the Value Reporting Foundation and represents ICAI in the board meetings of the Pan African Federation of Accountants and Asian Federation of Accountants. His influence and expertise extend globally, having been a member of the Confederation of Asian Pacific Accountants' Audit Group. Dr. Debashis Mitra continues to shape the future of the accounting profession, leaving an indelible mark on both national and international platforms.

SESSION SPEAKER

CA G SEKAR

G. Sekar is a Chartered Accountant in practice for the last 35 years.
Faculty of Direct Taxation and has trained many finance professionals.

Member Central Council of ICAI 2013-16, 2016-19 & 2019-22.
Chairman Direct Taxes Committee of ICAI - 2014.
Chairman Auditing And Assurance Standards Board of ICAI 2019 & 2020.
Great Motivator for Chartered Accountants in Practice and in Employment, and CA Students, through his effective and convincing communication style.

1. Commerce Graduate, Gold Medalist & Rank Holder from Madurai Kamaraj University.

2. Member of Expert Study Group Committee, CBDT, New Delhi, to study the Direct Tax Code Bill in 2006.

3. Recipient of Special Award from the Income Tax Department in 2011, during their 150 years of Income Tax in India Celebrations, for his contribution and service to the Income Tax Department.

4. Speaker on Budget, Direct and Indirect Taxation in Doordarshan & other Television Channels & Print Media Programmes.

5. Board Member, Airports Authority of India (2019-22).

6. Member of Consultative Advisory Group (CAG) of IFAC-2017-19, International Accounting Education Standards Board (IAESB). It is worthy to note that he is the First Indian to be part of the CAG.

7. Faculty Member of The Institute of Chartered Accountants of India and its Branches, and other Professional and Management Institutions, for CA Intermediate/IPCC and CA Final Level, for the subjects Income Tax, Service Tax, VAT, Direct Tax Law, etc.

8. Author of Professional Books for Finance and Legal Professionals, Corporate Taxpayers, Banks, Officials of Income Tax Department, etc.

9. Author of Books for CA Students Authored about 27 Books covering the entire curriculum of CA Course.

MOTIVATIONAL SESSION 3

Too low they build those who build below the sky

SESSION SPEAKER

CA JAY CHHAIRA

CA. Jay Chhaira is a senior member with admirable credentials, charismatic personality and immense knowledge. He has to his credit several degrees including B.Com., LL.B., F.C.A., A.C.M.A., M.F.M., M.B.A.(Fin.), P.G.D.F.M., M.F.C., M.Bk.M., M.Phil.(Mgt.), M.A.(Eco), M.Com.(CIM), D.B.M., D.B.F., I.S.A.(ICA), M.B.A.(Inv.), A.D.B.A., P.G.D.Ent., P.G.D.M., P.G.D.I.B., M.G.E.M., D.I.M., P.G.D.Mkt., P.G.D.Adv., P.G.D.W.M., A.M.P.G.S.(U.S.), A.D.M.A. (London). He has studied Advanced Management at various reputed institutions in Italy, Germany, U.S., U.K. and China.

He has been associated with ICAI activities since 1995. He has served as the Chairman Surat Branch in 2005 and went on to become the Vice Chairman WIRC in the year 2012. He has served in the Central Council for 3 consecutive terms. He has chaired more than 30 National and International committees.

He has held many significant positions such as the President of The Rotary Club in 2008, Member of Civil Defence, Government of Gujarat. Owing to his exceptional contributions, he has been awarded by Governor of Gujarat as Legend of Surat, by Health Minister of Gujarat as Star of Surat, by Member of Parliament as Jewel in the Crown, by Mayor of Surat as Surat na Sitara and as Youth Icon by leading newspaper group Dainik Bhaskar. He has been awarded by the President of India for getting First in India in research and also awarded by Chief Minister of Gujarat for Science and Research.

His approach is towards holistic development of an individual and his activities are evident of it. While he is too passionate about finance, reporting and management accounting, he is equally passionate about piano, drums, photography and trekking. A state level winner in painting, singing, elocution and drama, he has acted in many Gujarati dramas and films. He has also participated in The Akshay Kumar International Martial Arts Competition. He has represented India at various prestigious fora for Higher Education at Los Angeles, Milan, Guangzhou, Phuket, London, Paris, etc

TECHNICAL SESSION 4

Market Pulse: The Navigation through Stock Market

SESSION CHAIRMAN

CA. CHARANJOT SINGH NANDA

Central Council Member: 25th Council of The Institute of Chartered Accountants of India (2022-25)
Present Designation:
Chairman
· Digital Accounting &Assurance Board, ICAI
· Committee on Financial Markets and Investors' Protection -ICAI
· Committee on Information Technology of South Asian Federation of Accountants (SAFA)
Vice Chairman
· Board of Internal Audit and Management Accounting, ICAI

Positions Held:

Member of The Central Council of The Institute of Chartered Accountants of India (2004-2016), (2019-2022).

Chairman of the following Committees of The Institute of Chartered Accountants of India:

- Internal Audit Standards Board
- Committee on Management Accounting
- Committee on Internal Audit
- Committee for Members in Industry
- Women Members Empowerment Committee
- Committee for Co-operatives & NPO Sectors
- Committee on Banking, Insurance and Pensions
- Committee on Financial Markets & Investors Protection
- Continuing Professional Education Committee
- Public Relations Committee
- Research Committee

Vice Chairman of the following Committees of The Institute of Chartered Accountants of India:

- Public Finance & Government Accounting Committee
- Banking, Financial Services and Insurance Committee
- Continuing Professional Education Committee
- Corporate Social Responsibility Committee
- Banking, Financial Services and Insurance Committee
- Research Committee

Member of Quality Review Board, set up by The Government of India.

Member of SEBI Advisory Committee on Primary Market (2007-2010) & Committee on Mutual Funds (2007-2010) and represented ICAI on SEBI Committee on Disclosures and Accounting Standards (SCODA).

Convener of the Expert Group Constituted by the Ministry of Corporate Affairs, Government of India on Investor Protection.

Member of the Southern Asian Federation of Accountants (SAFA) on Committee on Professional Accountants in Business (PAIB) and Committee on Improvements in Transparency, Accountability & Governance.

Member of Northern India Regional Council of The Institute of Chartered Accountants of India for two terms, (1998-2001) and (2001-2004)

Chairman of Northern India Regional Council of The Institute of Chartered Accountants of India, (2002-2003).

Treasurer of Northern India Regional Council of The Institute of Chartered Accountants of India, (1998-1999), (1999-2000) and (2001-2002)

Academic Pursuits:

· Contributed as Guest Speaker at Surrey Vancouver (Canada) - British Columbia Chapter of ICAI on IFRS, Effective Communication & Forensic Accounting Seminar.

· Contributed as a Guest Faculty and Program Coordinator at various Seminars and Conferences organized by International Bodies and Northern India Regional Council of ICAI, WIRC, CIRC, EIRC, SIRC and Branches and Study Circles of NIRC of ICAI.

·Has made presentations and Chaired Session on

ü Overview of the proposed GST Regime in India and its comparative analyses".

ü Overview of IAS 12 on Income Taxes.

ü Overview of IAS 18 on Revenue

ü Overview of Financial Accounting and Auditing Standards: IFRS, ICAI, INTOSAI & IPSAS

· International Conference at Kathmandu on "WTO & Trade Laws"

· Presentation to HR Professionals

· International Conference at Kathmandu on "Capital Market: The Way Forward"

· Presentation before Government Bodies

· Presentation on Overview of Sox

· Professional Opportunities for Chartered Accountants to Act as Independent Directors

· Effectiveness of CAs to Act as Independent Directors

· Proceedings Before Disciplinary Committee

HOST

CA. P. SATHEESAN

- Partner of V.K.Krishnakumar & Co., Ernakulam having 5 partners and 23 years hands-on experience as a practicing Chartered Accountant and two years' experience as Asst. Finance Manager in a multinational company.
- Specialised in GST, TDS, and International Taxation.
- During the year 2010-11 served in the Trichur Branch of ICAI as Chairman and the branch got best branch award in SIRC of ICAI for the first time.
- Taken classes to students of Chartered Accountancy on the subjects Mathematics,
- Business and corporate law and company accounts during the year 2002-2010

- Served as a coordinator and observer of CA examinations.
- Managing Committee member of Trichur Management Association.
- Had done the articles training at Varma & Varma, Chartered Accountants, Trichur
- Has presented papers in seminars at SIRC, various branches of SIRC of ICAI, and various business forums.
- Served as the secretary of All Kerala Chartered Accountants' Association during 2012 to 2021 and represented in various forums issues relating t o the Profession.
- Was an elected member of Public Finance and Government Accounting g Committee of ICAI New Delhi of the task force of Kerala for the year 2014-20 15
- Was a co-opted member of CPE committee of SIRC of ICAI during the Year 2017-18
- Was a member of GST Study Group of Kerala in the year 2017-18 under the Indirect Committee of ICAI New Delhi.
- Was a co-opted member of branch coordination committee of SIRC of ICAI for the year 2019-2020
- Served as the Chairman SICASA of SIRC of ICAI for the year 2022-23 and SIRC bagged the Second best SICASA at National Level.

FAILURE OF NEW AGE IPOS

By
Tisha Rathore
SRO0731772

TABLE OF CONTENTS

OVERVIEW

Zomato, Nykaa, PayTM, Delhivery—they were all gearing up to go public. It's almost as if the Indian startup ecosystem met at once and decided this was the most opportune moment to IPO in India. For starters, this whole IPO rush isn't just limited to India's coveted tech startups (if you can still call them that). The IPO bug has bitten everyone. Between April and May this year, 20 companies have filed their prospectus. That's them telling the regulator—"We're ready to go public." But as soon as some of these companies were listed, their share prices started crashing catastrophically.

Before diving deep into understanding the failure of these new age IPOs, let us first breakdown the terms for our easy understanding.

- New age companies: They generally have an innovative business model belonging to the knowledge-based, technology sector. It is completely different from that of traditional firms which are asset-heavy in nature.
- IPO: An IPO is a process of selling of securities to the public in the primary market. One of the biggest way to raise funds, one could say.
- Failure of an IPO: In the context of this paper, failure of an IPO is being referred to the performance of the stock after its listing and not to SEBI's Minimum Subscription criteria.

DRAWING A COMPARISON

A wise man once said, “If you want to understand the future, go back and study the past. History always repeats itself because we don’t pay attention the first time.”

Drawing a comparison between the past and the present, one can observe similarities between the Dot-com Bubble of the 1990s in the USA and the Startup Boom of the 2020s in India.

DOT-COM BUBBLE OF THE 1990S IN THE USA

- The 1990s was marked by the rise of personal computing and the internet, leading to the creation of numerous digital businesses.
- Speculative investments became rampant as investors funneled money into any ".com" venture, often overlooking the actual business viability.
- Venture capital was readily available, with startups receiving significant funding based on mere ideas.
- While many businesses prioritized user growth over profits, believing profitability would follow, this often wasn't the case.
- By the early 2000s, the unsustainable nature of many of these businesses became evident, leading to the collapse of the dot-com bubble.

STARTUP BOOM IN INDIA (2020S)

- India's startup boom has been primarily driven by the widespread use of smartphones and the digital literacy of its vast population.
- The startup scene in India is diverse, spanning tech, e-commerce, fintech, edtech, healthtech, and more.
- Significant investments are coming into Indian startups not just from domestic sources but also from global giants like SoftBank, Tencent, and Sequoia.
- 2021 observed numerous startups like Zomato, Paytm, and Nykaa making their public debuts. While some were embraced by the market, others faced skepticism similar to the dot-com era.
- Rapid growth in the sector has introduced the risk of overvaluation, and some startups may struggle to meet expectations, particularly if they face challenges in profitability or regulations.

Despite the similarities, the Indian startup ecosystem seems to have taken lessons from past bubbles, emphasizing more on sustainability and profitability. Yet, as is the nature of any rapidly evolving market, risks remain, and the eventual trajectory of India's startup boom remains to be seen.

IPOS IN A YEAR IN INDIA STOCK MARKET

YEAR	NUMBER OF IPOS	AMOUNT RAISED (RS CR)	SUCCESSFUL IPOS	FAILED IPOS
2023*	17	13,749	16	1
2022	40	59,939	40	0
2021	63	119,882	63	0
2020	16	26,628	15	1
2019	16	12,687	16	0
2018	25	31,731	24	1
2017	38	75,279	38	0
2016	27	26,501	26	1

Source: https://www.chittorgarh.com/report/list-of-ipo-by-year-fund-raised-success-mainboard/85/

KEY FACTORS CONTRIBUTING TO THE FAILURE OF THESE IPOS

Now let us talk about the key factors that might have led to the failure of these IPOs. For ease of understanding, let us consider the example of Zomato which went public in July, 2021 raising a total of 9,000 crores through IPO.

VALUATION ANALYSIS

Several factors can explain these high valuations and subsequent disappointments:

Novelty and Hype

When new-age companies or sectors emerge, they often generate excitement because they promise to redefine industries or even create entirely new ones. The potential for significant growth can drive a lot of speculative investment.

New Valuation Methods

Traditional valuation metrics, like P/E ratios, may not apply as readily to these firms. Instead, analysts might look at metrics like user growth, network effects, Customer Acquisition Cost (CAC) and Customer Lifetime Value (CLV). This can sometimes lead to valuations that seem inflated by traditional measures.

Network Effects

Companies that benefit from network effects can grow exponentially as more users join their platform. This potential growth can justify higher valuations, but it also depends on the company's ability to effectively monetize its user base.

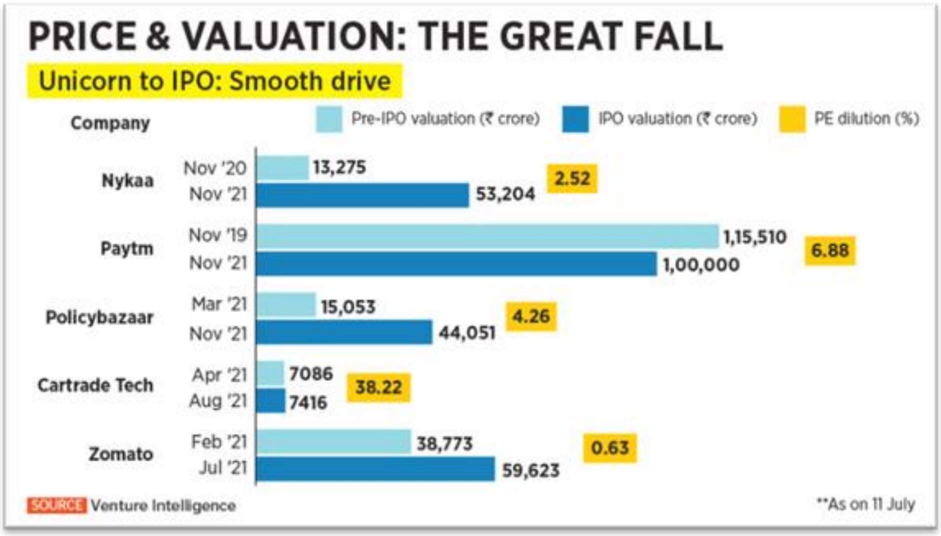
Future Profitability

A lot of new-age companies aren't profitable in their early years, but investors believe they will be in the future once they reach a certain scale. Amazon is a famous example of a company that wasn't initially profitable but grew into one of the world's most valuable companies.

Pressure to Exit

Early investors, especially venture capitalists, are under pressure to show returns on their investments. An IPO or sale to another company can provide these returns, even if the long-term sustainability of the business is uncertain.

Post-IPO performance can vary. Some companies justify their high valuations and grow into them, while others struggle. When the latter happens, it can erode trust in the market and make investors more cautious.



Listing to trading: Speed bumps

Company	Listing Date	Issue Price (₹/share)	Listing Price (₹/share)	Life High (₹/share)	CMP (₹/ share)	% change in stock price post listing	% change in Sensex post listing
Nykaa	Nov '21	1085-1125	2001	2574	1406	-3	-11
Paytm	Nov '21	2080-2150	1950	1955	703	-6	-10
Zomato	July '21	72-7	116	169	55	-53	1
RateGain Travel	Dec '21	405-425	360	525	301	-17	-6
Policybazaar	Nov '21	940-980	1156	1470	527	-54	-12
Latent View	Nov '21	190-197	512	755	349	-32	-9
CE Info Systems	Dec '21	1000-1003	1581	1915	1438	-9	-5
Cartrade Tech	Aug '21	1585-1618	1600	1618	640	-60	-3

SOURCE Bloomberg **As on 11 July

US FED DECISION

The US Federal Reserve's move to retract liquidity and signal several interest rate hikes to combat inflation led to a downturn in NASDAQ. This, in turn, curtailed the bullish momentum in the Indian stock market, impacting the performance of new age IPOs. This made the global investors retract their investments in these startups and going public was a way out for exit of the Initial Investors. Given below is a list of the notable investors in these companies:

Stock	Funds Raised ($ Mn)	Notable Investors
Paytm	1,122	BlackRock, CPP Investment Board, Birla Sun Life Mutual Fund, GIC
zomato	572	BlackRock, TIGERGLOBAL, Fidelity, J.P.Morgan
policybazaar	350	New World Fund, American Funds, BlackRock, Baillie Gifford
NYKAA	326	BlackRock, BEST Investment Corporation, Emerging Markets Growth Fund, Fidelity
CarTrade	123	NOMURA, HSBC, Goldman Sachs, JUPITER
Nazara	36	Singapore Government, ADIA, Goldman Sachs, NOMURA
EaseMyTrip	31	HSBC, NOMURA, Birla Sun Life Mutual Fund, TATA TRUSTS
indiamart	29	ICICI Prudential Mutual Fund, HDFC Mutual Fund, SBI Mutual Fund, Birla Sun Life Mutual Fund

Source: Inc42 Plus, Multiple Secondary Sources

EFFECTS OF THE BUSINESS MODEL USED

The business model used by these companies is rather interesting and also a factor contributing to this effect:

CASH DRAIN

Many startups, especially those in sectors like e-commerce, food delivery, and ride-hailing, have been burning cash to capture market share. They offer deep discounts, invest heavily in marketing, and undertake aggressive expansion efforts. The idea is often to outspend competitors and acquire a dominant market position.

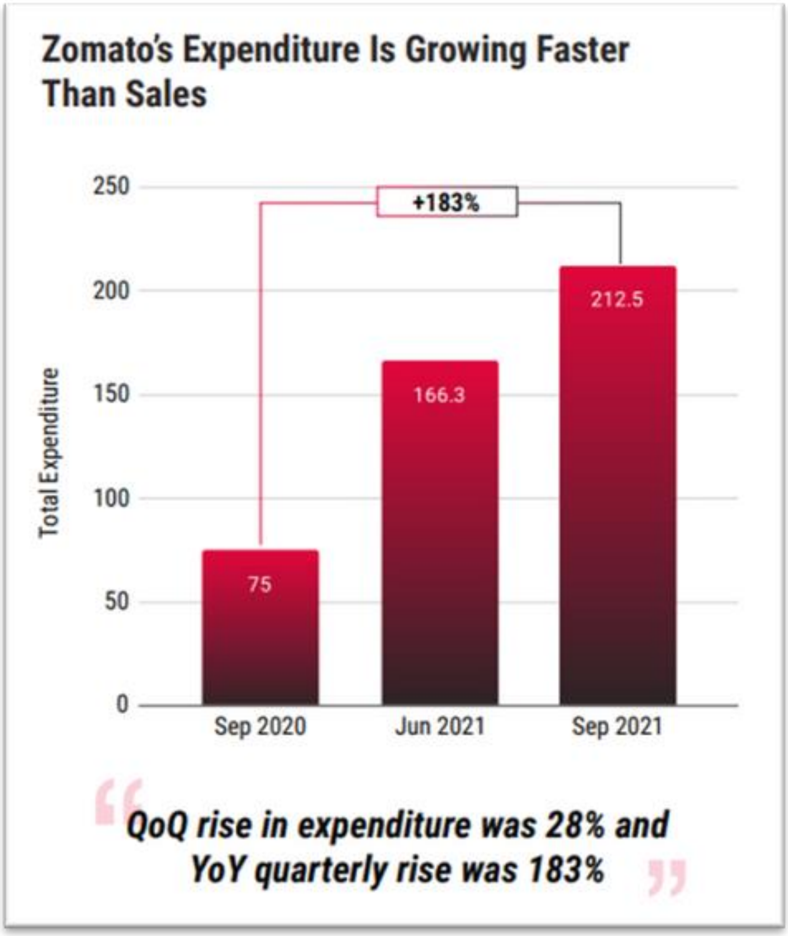
Return On Ad Spend (ROAS) Of Listed Startups

Company	FY21 Sales ($ Mn)	FY21 Ad Spend ($ Mn)	ROAS (FY21)
zomato	272	72	4
NYKAA	333	23	14
indiamart	91	0.295	309
Nazara	62	31	2
EaseMyTrip	15	2	7
CarTrade	34	2	19

Source: Inc42 Plus, Company Filings
Note: INR to USD exchange rate is 73.4.

Loss-making

As a consequence of the aggressive cash burn, many startups operate at a loss. The emphasis is often on growth at all costs, with profitability seen as a future goal. Companies like Flipkart, Ola, and Zomato have been known for their high losses, especially in their early and growth stages.



Valuation Based on Market Opportunity

Investors often value startups based on the size of the addressable market and potential future earnings rather than current profitability. Given India's vast population and growing middle class, the country presents an enormous market opportunity. However, this approach can sometimes lead to inflated valuations and a bubble-like scenario if unchecked.

Customer-Centric Approach

To capture market share, startups focus intensely on customer acquisition. This is often achieved through promotional offers, loyalty programs, and premium services. While this can lead to rapid growth in customer numbers, the challenge lies in retaining these customers when the incentives are reduced or withdrawn.

Lack of Product Research

In the rush to launch and scale, some startups might not invest adequately in product research and development. While speed is crucial in the competitive startup landscape, insufficient research can lead to products or services that don't adequately address market needs or have scalability issues.

Unit Economics

One of the key criticisms has been the unit economics of certain startups. Even at scale, if the cost of acquiring and serving a customer remains higher than the revenue they generate, the business model's sustainability is questionable.

External Factors and Competition

With the influx of international players in various sectors (e.g., Amazon in e-commerce), the competitive landscape has become even more challenging for Indian startups, pushing them to invest even more aggressively.

Exit Strategy Pressure

Given the high valuations and investment, there's pressure on startups for successful exits, either through acquisitions or IPOs. This can sometimes lead to decisions that prioritize short-term gains over long-term sustainability.

AFTERMATH OF THE EVENT

PLIGHT OF THE RETAIL INVESTORS

Many retail investors who have applied for the IPO have lost sums of money. The reasons behind oversubscription of these shares can be due to fear of missing out and since these companies are a household name, the excitement to subscribe its shares may also be a reason.

SEBI NORMS

The Securities and Exchange Board of India (SEBI) on Wednesday (9th August, 2023) has halved the IPO listing timeline to three days from existing six days. The move is likely to benefit issuers who would receive securities listed in a shorter period along with those who have not been allotted securities as they will get their money back faster, the capital market's watchdog said, explaining the rationale. Additionally, the purpose of raising funds through IPO for inorganic growth initiatives has been limited to 35%.

CONCLUSION

The failure of new age IPOs has reverberating effects on the economy, most visibly manifesting in employee layoffs, which can further dampen consumer confidence and spending. There's an urgent call for startups to adopt sustainable business models, focusing not just on growth but also on profitability and long-term viability. This underscores the need to refine and mature India's startup ecosystem, emphasizing mentorship, business acumen, and innovation. For retail investors, these IPO failures serve as a stark reminder of the importance of thorough fundamental analysis before making investment decisions. It's crucial to steer clear of the 'fear of missing out' (FOMO) and to be discerning in their investment choices. Furthermore, regulatory adjustments, such as those introduced by SEBI, including the limit on inorganic growth initiatives at 35% and the reduction of listing time to just 3 days, aim to create a more transparent and efficient market. These norms, while facilitating growth and investment, also emphasize the need for caution, due diligence, and a focus on sustainable practices in the startup arena.

IMPACT OF INFLUENCERS IN STOCK MARKET

By
Amritha Bhandary
SRO0701048

INTRODUCTION

Social media has become an inseparable aspect of our daily life. It's strange how we all wind up scrolling through Instagram or other social media platforms when we're bored. Think about this: how much time do we truly spend on these apps? It's as though they've become the norm. We stumble upon all sorts of content, even about stocks. It's incredible how influencers have stepped into this new role, almost as if they were our modern-day advisors. They provide investment advice while also providing entertainment, and we are all ears (or eyes).

Because of social media, a whole new species of market participants has emerged: The Influencers. They have a big fan base that hangs on their every word. They have direct access to the minds and wallets of their target audience. When these personalities talk about stocks or making investments, it has a ripple effect. People do listen and may even act on what they say.

Not to mention the celebrity element. For instance, look at what happened with Snapchat when Kylie Jenner tweeted that she was no longer using the app. The stock price dropped by a whopping 6%. The stock market may be swayed by a single person's viewpoint. It simply goes to demonstrate how much power these people have in the financial sector.

WHO ARE THE INFLUENCERS?

Finance influencers have large social media followings and can affect their followers' investing decisions. These experts are well-known for providing sound recommendations. Their views on stocks or industries might generate demand, thereby rising stock prices. Finance influencers wield enormous power since they are believed and trusted by many investors. Some people can even affect markets with a single tweet.

SOCIAL MEDIA WEBSITES & STOCK MARKETS

Several social media websites and platforms have been known to impact the stock market by promoting discussions, exchanging information, and even influencing stock price changes. Some of the platforms traditionally connected with stock market influence include:

Twitter

Twitter is a famous social media network where traders, investors, analysts, and even celebrities exchange their views and opinions on stocks and market movements. With their tweets, certain powerful accounts with a significant following can influence stock prices. Elon Musk's tweet on Tesla is noteworthy in this context. Musk tweeted in 2018 about taking Tesla private at a significant premium, prompting the stock price to skyrocket.

Reddit

There are several subreddits (online groups) on Reddit dedicated to discussing stocks and financial methods. Notably, the subreddit "r/wallstreetbets" received widespread notice for its involvement in supporting and debating certain stocks, which occasionally resulted in major market fluctuation.

YouTube

YouTube has a range of channels and content providers that share investing advice, stock market data, and analysis. Some of these creators have significant followings and have the ability to affect viewer impressions. Popular financial influencers/pages include Investing with Tom, CA Rachana Ranade, Ankur Warikoo, Market Gurukul, and many others.

Instagram/TikTok

While these platforms have typically been renowned for shorter, entertainment-focused content, these platforms have also witnessed the rise of financial and investing advising makers who give brief insights and suggestions.

Discord

Some private Discord servers and groups have acquired popularity among their members for exchanging financial ideas and conversations.

Facebook Groups

There are several Facebook groups dedicated to investing and trading, where individuals may exchange ideas, discuss tactics, and offer stock updates.

Telegram

The quick financial transactions that take place in Telegram's groups and channels have an influence on stocks. Telegram coordinated retail investor actions during the GameStop mania of January. Stock market volatility and movements are fueled by real-time communication on Telegram.

INSTANCES THAT SHOOK THE STOCK MARKET

There have been certain incidents where the price of stocks has either seen a rise or fall due to the actions of certain influential people.

Rakesh Jhunjhunwala - Titan Company Limited

The stock market was significantly impacted by Rakesh Jhunjhunwala's relationship with Titan Company Limited. Investors were interested when he acquired a sizeable share in the business—roughly 8.45% as of September 2021. Titan's development trajectory and market potential were endorsed by Jhunjhunwala, which gave the firm more assurance about its future. Titan's stock price significantly increased after he made his purchase, rising by almost 30% in only a few short months. The "Jhunjhunwala effect," where his investment choices and upbeat outlook affected market mood, was partly blamed for this increase in value. As a result, his engagement not only improved investor mood but also raised trading activity, which in turn led to an increase in the price of Titan's shares.

Vijay Mallya - Kingfisher Airlines

The relationship between Vijay Mallya and Kingfisher Airlines had a significant effect on the stock market. As a result of Mallya's growth aspirations, the airline's stock price soared to over INR 335 at its high in 2007. However, financial issues caused a sharp slump, and by 2012, the stock had fallen to about INR 9. Investor perception was impacted by Mallya's attempts to get funds and restructure debt. As a result of the airline's final closure in 2012 due to financial difficulties, associated aviation stocks were also impacted. The incident serves as an example of how the course of a well-known firm and its owner may have a big impact on market dynamics and investor confidence.

Harshad Mehta Scam – BSE Index

The Harshad Mehta affair had a huge influence on the Indian stock market in the early 1990s. Harshad Mehta's deceptive techniques, such as falsifying bank revenues, artificially raised stock values, particularly in banking and finance. The BSE Sensex rose from about 1,000 to over 4,500 points between April 1991 and April 1992. However, the consequences of the scam's exposure were devastating. In May 1992, the BSE Sensex fell by about 570 points in a week. The fraud damaged investor confidence, resulting in panic selling and instability. By late 1992, the BSE Sensex had fallen more than 2,200 points from its high. The consequences of the scam extended beyond equities, hurting finance and the economy. The swindle highlights the risks of unfettered financial manipulation, underlining the importance of robust market integrity legislation.

Anil Ambani - Reliance Communications Debt Crisis (2019)

Anil Ambani's Reliance Communications (RCom) faced a financial issue in 2019. RCom failed to service its debt with a debt load of over 46,000 crores ($6.5 billion). The issue caused RCom's stock price to fall from 13 per share in January to approximately 1 per share by year's end, a drop of more than 90%.

The Indian stock market experienced bad sentiment and volatility as a result of the crisis. Investors were concerned not only about Rcom, but also about the overall telecom sector, which impacted the stocks of other telecom businesses. The regulatory and government actions added to the confusion. Overall, the crisis undermined investor confidence, leading to prudence in stock investments and a negative influence on market stability.

Arshad Warsi – Pump & Dump Scheme

A pump-and-dump scheme is a manipulative tactic used to artificially increase the price of a stock by spreading false or exaggerated information. This involves three steps:

- Buy stock.
- Spread exaggerated info to attract investors.
- Sell stock for profit, causing its value to drop, hurting others.

Fake information is often spread via social media or emails, luring unsuspecting investors into buying stocks. In the mentioned case involving Arshad Warsi and others, misleading YouTube videos were used to boost the prices of Sadhna Broadcast and Sharpline Broadcast stocks. The videos attracted retail investors, leading to increased trading volumes and prices. However, when the schemers sold their shares, the prices collapsed, causing losses for other investors.

Cristiano Ronaldo – Coca-Cola Company Ltd.

Cristiano Ronaldo sat down at the table for a press conference on June 14, 2021, prior of Portugal's opening match in the Euro 2020 competition. Two bottles of Coca-Cola were on the table in front of him. Instead of leaving the bottles alone, Ronaldo took them off the table and held up a water bottle while stating "Agua," which translates to "water" in Portuguese. Many took Ronaldo's motion as him indicating his preference for water over sugary beverages such as Coca-Cola. As a result, Coca-Cola's stock price fell from $56.10 to $55.22, or a 1.6% reduction. The incident brought to light the impact of celebrities on stock prices and public opinion.

IMPACT OF INFLUENCERS ON STOCK MARKET INVESTMENTS

While influencers can give useful insights and analyses, keep in mind that they are not financial counselors. Following their advice blindly might result in huge losses in your financial account. Here is a review of the benefits and drawbacks of investing through influencers.

INFLUENCERS' POSITIVE IMPACT

Dissemination of Information

Influencers may quickly communicate reliable information about market trends, news, and investment possibilities, assisting investors in making educated judgments.

Education

Some influencers give instructional information that assists newbie investors in comprehending difficult financial concepts, allowing them to make more educated decisions.

Unique Insights

Certain influencers provide unique insights into developing sectors or disruptive technology, directing investors to prospective growth prospects.

Information democratization

Social media and internet platforms democratize access to financial information, allowing regular investors to get insights that were previously only available to institutional investors.

Advocating for Transparency

Influencers may shed light on business practices, governance challenges, and ethical concerns, campaigning for corporate transparency and ethical behavior.

INFLUENCERS' NEGATIVE IMPACT

Market Manipulation

Through incorrect or misleading information, influencers can control stock values, creating fast price movements that take advantage of investors' lack of access to precise data.

Pump and Dump Schemes

Some influencers may boost stock prices in order to gain from greater valuations, deceiving regular investors who follow their advice.

Herd Behavior

Following influencers can lead to herd behavior, in which investors base their decisions on popularity rather than basic research, potentially resulting in exaggerated market swings.

Short-Term Focus

Influencer-driven conversations frequently focus on short-term rewards, encouraging speculative trading over long-term investing plans.

Unqualified advice

Because some influencers lack the appropriate financial skills, they may deliver erroneous or inadequate investment advice, causing followers to make unwise judgments.

Inadequate Due Diligence

Relying only on influencer recommendations might result in investors failing to adequately investigate stocks before investing.

Stock market influencers have both good and bad effects. While they can give significant information and insights, before making investing decisions based on influencer suggestions, investors should critically examine information, undertake independent research, and consider their own financial goals and risk tolerance.

NAVIGATING THE SOCIAL MEDIA LANDSCAPE

Several tactics may be used by investors to efficiently manage the noise of social media influencers and make educated investment decisions:

Diversify Information Sources

Putting too much faith in a single social media site or influencer may be dangerous. Following numerous sources, such as reliable financial news outlets, industry experts, and official corporate releases, is recommended.

Conduct Independent Research

Before making any investing decisions, investors should undertake their own research and analysis. This entails investigating a company's financial accounts, comprehending its business strategy, and evaluating its competitive environment.

Consult with Professionals

Seeking financial counsel from specialists such as licensed financial planners or investment advisors might give a more balanced view. These specialists may assist in filtering information and providing individualized advice based on individual financial objectives and risk tolerance.

Practice Risk Management

Setting specific investing goals, diversifying portfolios, and employing risk management measures such as stop-loss orders can all assist to limit the dangers associated with stock market volatility caused by social media.

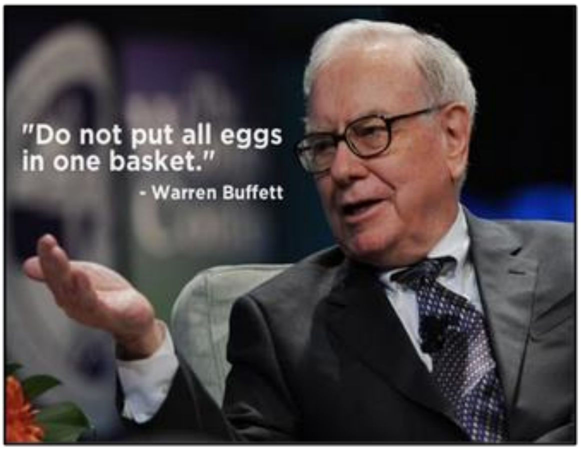
CONCLUSION

Influencers have emerged as important players in the stock market ecosystem. Their influence on investor attitude and decisions should not be underestimated. While their influence may be beneficial as well as detrimental, investors must apply critical thinking and due diligence when taking investing advice from influencers. The relationship between social media dynamics and market behavior is expected to evolve further, demanding continued research and regulatory adaptation.

UNLEASHING THE POWER OF SECTORAL INVESTING

By
Swaraj Babu
ERO0233344

At the outset it is a matter of great pride for all of us that our mother body i.e. ICAI is celebrating 75 years of its establishment. We all are moving together in one direction to achieve a bigger goal i.e. economic prosperity for all. Every citizen of our country wants to give his / her best to achieve something in their life. And in this aspect the investments that we are making today has a major role to play, as it will not only define our journey of wealth creation but also determine our future.



“Do not put all your eggs in one basket.” This was the proverb which we used to learn in our school during our childhood. But it has much wider implication in our day to day lives now. One such aspect where this proverb has a great relevance is relating to investment. If we put all our investments in one particular company or to be more specific; when talking of stock market investing if we put all our money in one stock then it is quite risky, as our entire investments may be sky rocketing if everything goes well for the company. But the same may not prove to be viable at all times especially when the markets are volatile and when the economic conditions are very sensitive. Hence it is always advisable to diversify the investment into various companies, and this is where the role of sectoral investing comes into play. So let us first understand what is meant by a sector.

WHAT IS A SECTOR ?

A sector, basically, consists of companies that are in similar businesses i.e. they provide, more or less, the same type of product or services. For instance, take the IT sector (Information Technology) in India, it consists of companies like TCS, Infosys, Wipro, Tech Mahindra etc. All of them are engaged in providing IT services.
The kind of alertness and efforts needed to generate manifold returns cannot be achieved by remaining focused to one particular stock, as sometimes a company may not perform well even if the sector to which it belongs, is doing good. This is because there are multiple factors which work for a company's share price. For example, if the sector to which the company belongs is showing growth but due to worker's strike the company's production got struck, then this will create a negative impact on the company's share prices. This in turn will hamper the returns of the investor who has put his hard earned money into the company's stock. So it indicates that investment in multiple stocks across various sectors with appropriate weights to each one of them is essential to achieve a balanced portfolio. This will not only lead to generation of higher and sustainable returns but it will also protect the investor from the risk of concentration

POWER OF SECTORAL INVESTING

Now that we have understood what is sectoral investing, lets analyze what is the power of sectoral investing. To unleash the optimum returns of sectoral investment "timing of entry and exit" is the most important thing. To understand this in a better manner let us take the help of 2 examples which are listed below -:

PIC: NIPPON INDIA ETF NIFTY PSU BANK BEES (NSE) FOR THE YEAR 2022.

FROM THE ABOVE CHART IT IS VERY CLEAR THAT ONE OF THE SECTORAL FUND OF PSU BANKS I.E. NIPPON INDIA ETF NIFTY PSU BANK BEES (BENCHMARK EXCHANGE TRADED SCHEME) HAS GROWN FROM RS 28 TO 48 WHICH MEANS THAT IT HAS GIVEN RETURNS OF NEARLY 71.50 % DURING THE PERIOD 01/01/2022 TO 31/12/2022. IF AN INVESTOR HAD INVESTED IN THIS FUND DURING THE BEGINNING OF THE YEAR THEN HE WOULD HAVE FETCHED THE ENTIRE RETURN. NOW LET'S COMPARE THIS RETURN WITH THE RETURN IF THE SAME INVESTOR WOULD HAVE INVESTED HIS MONEY IN THE LARGEST PSU BANK OF OUR COUNTRY I.E. STATE BANK OF INDIA (SBI) FOR THE SAME PERIOD AND CHECK OUT WHAT WOULD HAVE BEEN THE RETURNS IN THAT CASE.

Pic : State Bank of India (NSE) for the year 2022.

FROM THE ABOVE CHART IT IS CLEARLY VISIBLE THAT SBI HAS REACHED THE LEVELS OF RS 614 FROM 470 DURING THE SAME PERIOD, THEREBY GIVING A RETURN OF 30% WHICH IS NOT EVEN HALF OF THE RETURNS GIVEN BY THE SECTORAL FUND FOR THE SAME PERIOD. SO FROM THE ABOVE EXAMPLES WE CAN CONCLUDE THAT, THE SECTORAL FUND (NIPPON INDIA ETF NIFTY PSU BANK BEES) HAS GIVEN AROUND DOUBLE THE RETURNS GIVEN BY A SPECIFIC STOCK (SBI) BELONGING TO THE SAME SECTOR DURING THE SAME PERIOD. HENCE EVEN IF WE ARE INVESTING IN A PARTICULAR SECTOR DIVERSIFYING OUR INVESTMENTS INTO VARIOUS STOCKS WILL YIELD BETTER RETURNS.

IT SECTOR

When the world is moving towards digitization and artificial intelligence (AI) then how can we forget the IT sector when it comes to investing. This industry holds immense significance in the Indian economy, serving as a vital sector and a significant source of export earnings for the country. Digital spending of many companies are increasing and the initiative taken by Government of India such as digital India also boosts the bright prospects of this sector. Currently it accounts for approximately 7% of our country's GDP and is projected to contribute around 10% by 2025. At the same time the market share of Indian IT companies in global IT industry is also increasing. And this is the reason why the Nifty IT index has outperformed the Nifty 50 index many times. So investments in IT sector is rewarding and at the same time helps an investor to hedge his risk.

PHARMACEUTICALS & HEALTHCARE SECTOR

"Health is wealth" and now people have started focusing on their well-being for a better life. After Covid-19 pandemic healthcare sector has remained in the spotlight. The demand for preventive healthcare checkup is also soaring high. This creates ample of opportunities for investment in pharma & healthcare sector. India being a developing nation healthcare is yet to reach the grass root level. Also pharma is considered to be a defensive sector and hence it can prove to be a good investment.

APPROACH TO SECTORAL INVESTING ?

How to start Sectoral Investing?

- Purchasing stocks of companies directly from stock market
- Investing through Mutual Funds

From the above chart it is very clear that there are two approaches to sectoral investing –:

Purchasing stocks of companies directly from the stock market

This requires a lot of research and analysis as, one must first chart out all the information relating to the sector and then all the data relating to the companies in which he is thinking of investing. It not only requires thorough knowledge but also needs a lot of time to figure out such information in worthy manner.

Investing through Mutual Funds

A mutual fund collects money from a number of investors and invests the same in equities, bonds, money market instruments and other securities in a diversified manner. The income / gains generated from this collective investment is distributed proportionately amongst the investors after deducting applicable expenses and levies, by calculating a scheme's "Net Asset Value" or NAV.

FORMS OF SECTORAL INVESTMENT

Forms of Sectoral Investment

- SIP
- Lump Sum

Systematic Investment Plan (SIP)

If an investor is of the idea that the sector is promising and will definitely give wonderful returns in the long term then such type of investor should steadily keep investing through SIP.

Lump Sum

If someone is investing in a particular sector just because it is extremely cheap hence it is attractive otherwise there are no such driving factors for the sector then such an investor should invest in lump sum.

FACTORS TO BE CONSIDERED FOR SECTORAL INVESTMENT

Timing

The time of entering the sector and deciding when to exit is the most crucial factor which determines the returns. An investor should exit as and when the cycle of the sector starts turning down. This is because once a particular sector goes in a down trend, the effect remains for 2-3 years. So proper allocation across various sectors in a diversified manner is necessary to create a balanced portfolio.

Market Research

Anyone who is thinking of beginning his journey of sectoral investment must do a thorough research of each sector in which he is planning to invest. He should have an in depth analysis of all the elements which may affect the sector in the upcoming future.

Hedging

A sector that is inversely proportional to the economy can be used to hedge one's portfolio. Some allocation to such sectors helps the investor to immunize his portfolio.

Risk Appetite

The investor's risk appetite is also a major consideration, as an investor having high risk appetite may allocate a major chunk of his investments to a particular sector while investors who are risk averse should avoid making such investments. Such investors who don't want to take higher risk should diversify their portfolio across various sectors so that they get stable returns and at the same time the downside risk is also minimized.

CONCLUSION

Even government at all levels also do sectoral allocation of planned investments when preparing annual budgets. This itself indicates "the power of sectoral investing". "Unity in diversity" is a characteristic that distinguishes India from other countries, so let's diversify our investments to unify our returns.

SPECIAL SESSION 2

Business Model Canvas

THE PRACTICAL APPLICATION OF HOW TO TURN A BUSINESS IDEA INTO A REAL BUSINESS

SESSION CHAIRMAN

CA. RAGHAVENDER R

Meet Raghavender, a proactive and inquisitive Chartered Accountant with extensive multi-industry exposure, from manufacturing to service sectors in large listed entities and OEMs. He has been recognized with the prestigious Best Staff Trophy from KPMG India which is a National Award for his unwavering commitment to delivering high-quality results with excellence. Raghavender's passion lies in challenging the status quo and mentoring aspiring talent to achieve the unattainable. As a seasoned speaker and organizer of numerous events, he shares his insights and expertise on the dynamic world of startups, captivating audiences on countless conference stages.

Fueled by an entrepreneurial spirit and an unyielding desire to create change, Raghavender is currently leading Garuda Aerospace in Strategy, Investments and Finance, India's largest Drone Startup, backed by the esteemed MS Dhoni. Together, they are revolutionizing the industry and pushing the boundaries of technological innovation. Raghavender's expertise extends to risk management, where he collaborates closely with top management to analyze and mitigate risks, ensuring the sustained success of organizations.

With exceptional skills in evaluating revenue accounts and constructing comprehensive cashflow models, Raghavender provides insightful analyses and assessments that enable informed decision-making. He is also certified in valuing companies, complex financial instruments, including stock options, forward contracts, and currency exposures.

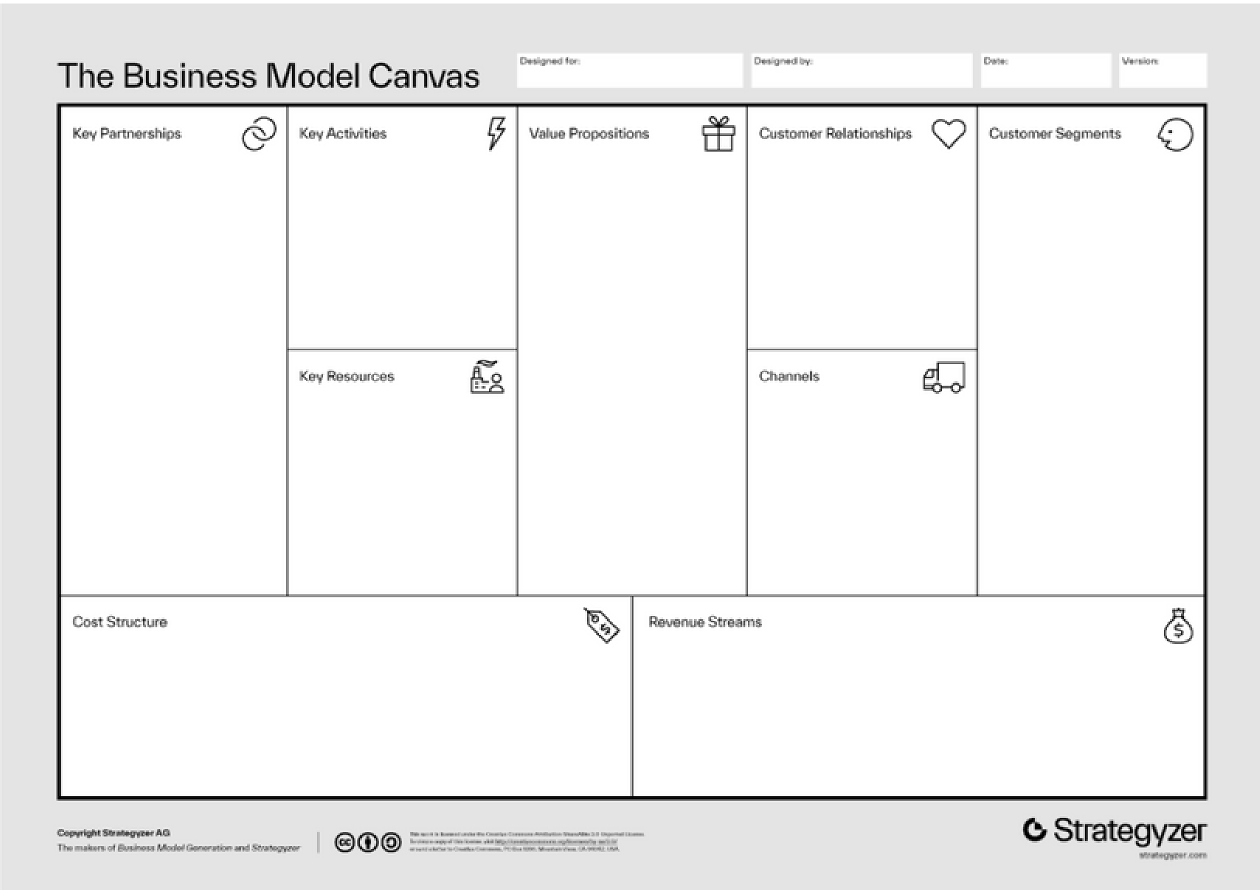
Beyond his accomplishments, Raghavender actively invests in startups, demonstrating his unwavering belief in their potential. He serves as a sought-after mentor, guiding and empowering startups in finance, financial modeling, investments, strategizing, product-market fit, and achieving breakeven. Through his mentorship, he nurtures six startups, offering invaluable insights and actionable advice to drive their growth and success.

Raghavender's unique blend of financial expertise, visionary thinking, and practical business acumen positions him as a prominent figure in the finance, entrepreneurship, and startup landscape. His unwavering commitment to excellence, passion for innovation, and dedication to mentoring others make him a catalyst for growth and success in the ever-evolving business world.

What is the Business Model Canvas (BMC)?

- BMC is a visual representation of a Business Model, highlighting all the key strategic factors & forces of the business.
- It consists of 9 building blocks carefully mapped into a canvas in a usable way
- BMC was issued by Strategyzer in 2008, Initially proposed by Alexander Osterwalder.

By filling out the canvas, entrepreneurs can quickly and effectively analyze their business model, identify potential strengths and weaknesses, and make informed decisions to improve their chances of success. The Business Model Canvas serves as a valuable blueprint that helps businesses stay focused on their goals and create a clear and comprehensive strategy for growth.

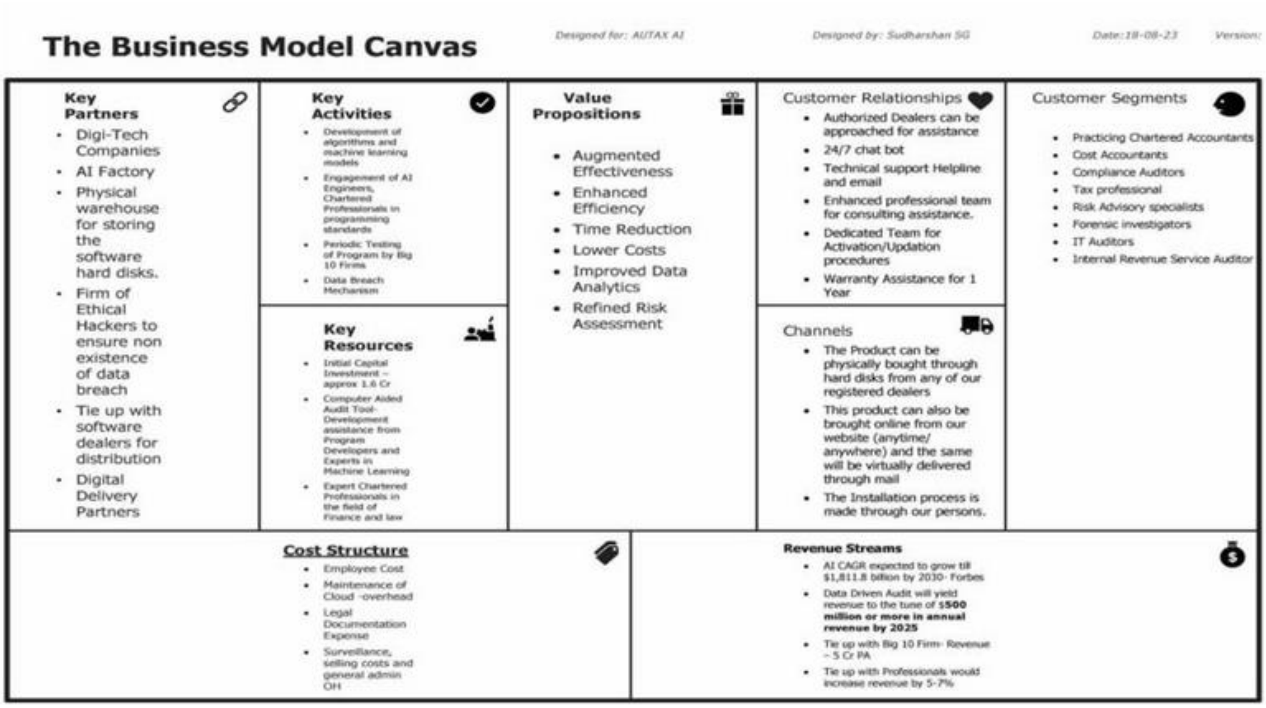


TEAM - AUTAX AI

Anirudh Mittal
SRO0772348

Sudharshan S.G
SRO0756353

Our business model is about an AI tool which will aid auditors and other finance professionals in their routine work, this tool Autax AI will leverage the skills of Chartered professionals with that of technology to provide more data driven and objective judgements using deep learning tools like cognitive data analytics and neural networks.



TEAM - BUILD SMART

Shelley Agarwal
CRO0657707

Shivang Bagla
ERO0253858

Build Smart is an end-to-end manufacturing supply chain solutions provider- to manufacturing companies & also some service businesses. So basically we provide a portal for these players to connect. We provide access to a pool of qualified IT professionals who minimize manufacturing risks and ensure optimal returns on digital transformation investments. And we also look after all the logistics in the backend, so you can sit back & relax.

Build Smart – Business Canvas

Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
• **Small factory owners/suppliers** • **IT Professionals** • **Our Supply Chain partners & Project Managers** • **Government – Support though PLI in place.**	• **Accurate UI** • **Supply Chain –** Enabling Better Procurement • **Fine tune designs** • **Inventory Management & Managed Logistics** **Key Resources** • **A Unified Interface for suppliers and customers-** offering accurate information, transparency, clarity and control in project management. • **Connections with clients & suppliers in the industry**	• **End to end management for client-** converting idea to product • **Access to a pool of qualified IT professionals-** help in design enhancement etc. • **To minimize manufacturing risks and ensure optimal returns** • **Help open a market for factory owners-** to create access to clients	• **Quality Assurance –** Eliminate the trust deficit • **Timely Delivery & Payments** • **Suppliers are our partners** • **Ensuring max returns to our clients** **Channels** • **Signature User Interface-** a single portal connecting all stakeholders • **Managed Supply Chain & Logistics** • **Designated project managers-** for big clients	**On one side-** Small enterprises & Big corporations **On the other side-** Factory owners **Target Sectors -** ▪ Aerospace ▪ Automobile- EVs ▪ Renewable Energy ▪ Industrials ▪ Defense

Cost Structure	Revenue Streams
• **Employee Benefit Expenses & Designing Costs-** Tech developers who'll be crucial in building our infra & running optimization problems • **IT & Server Expenses** • **Transportation Expenses & Finance Cost**	• **'Making a marketplace' commission** from both client & factory owner • **Pricing Mechanisms –** per project/per unit • **Pricing Decisions –** Cost + Markups

TEAM - OXYMORON

Shruthi Satheesh
SRO0722333

Oxymoron is thrifting clothing brand that address both fast fashion trends and sustainability.

The Business Model Canvas

Key Partners

>Fellow thrift stores and brand in the market

>Tailors & Fabric vendors

Key Activities

>Sourcing fabric and hiring designers

>Collab with other thrift stores

>Outsourcing tailoring

Key Resources

>Fashion designers

>Good quality fabric

Value Propositions

>Fast Fashion Clothing & Thrifting brand

>Oxymoron is a unique clothing cum thrifting brand that aims to achieve zero waste fast fashion.

>We do this by attaching a QR to all our apparels. This piece of clothing if brought back to us for thrifting, discounts can be availed on the thrifted clothes.

>The discount percentage depends on the nature of the material and returned condition.

>We offer up to 80% discounts on the thrifted clothes under the above conditions.

Customer Relationship

>Every Oxymoron apparel has a QR that which is used to offer discounts at the time of thrifting in exchange for clothes of our own brand.

> So scanning the QR the date of sale of the item and the fabric description will be extracted from the database and base on which offers are provided.

>This helps us to increase customer retention and also increased foot falls.

Channels

>Physical outlets

>Website

>Social media

Customer Segments

>Teenage and young adults aged between 16 yrs - 25 yrs

>Within that target customers are college students

Cost Structure

> Cost of Fabric sourced from Fabric dealers and thrift store owners
> Cost of Designers
- Tailoring Cost
- Store Rental Cost
- Website creation and maintenance cost
- Laundry cost

Revenue Streams

>The revenue model is a combination of Transaction revenue model and Recurring revenue model.
> Renting of Clothing pieces

Valedictory Function

GUEST

CA. RAVI VEERARAGHAVAN

Ravi Veeraraghavan is a Senior Partner in one of the leading audit and advisory firms in India, and has over 33 years of technology, management, leadership, and risk advisory experience. His specializations include business development, strategic planning; program management, regulatory and operational risk areas; risk management and business resilience and has wide experience in Internal Audits, Third Party Assurance Engagements, IT Audits, Compliance Reviews, SOX/ICFR Projects.

Ravi is a Chartered Accountant and a Certified Information Systems Auditor. He is also an eminent speaker at various business forums and industry events. He is the president of the IIA Madras Chapter and is part of the IT & ITES Council of the Madras Chamber of Commerce and Industry. He has spoken in various industry forums, organizations, business conclaves, chambers of commerce and educational institutions including ISACA, ICAI, IIA, ICSI and CII on various topics including Risk Based internal audits, internal controls, Analytics, risk management, cyber security, and other industry / sector specific issues.

ORGANIZERS & VOLUNTEERS TEAM

ORGANIZERS

Janani
Sanjay
Meenakshi
Pooja
Kavya
Mythri
Varun
Leela
Subashini
Faizah
Sandeep
Prerna
Lakshitha
Harish
Raghuram
Ayushi
Rukmini
Hardik
Aakash
Ronak
Shantha Durga
Divya Darshini

REGISTRATION DESK

Aditya
Venkateshwaran
Khushi Jain
Khushi Khabani
Varun
Subhashini
Rukmini
Meenakshi
Swathi
Lakshitha
Raghuram
Harish

MOC TEAM

Ramacharana
Additi Solanki
Rahul Jain
Mythri
Kavya
Prerna
pooja
Ayushi
Shantha Durga
Santhiya
Khitij
Rakshith
Rupa
Sandeep
Varun

HALL AND DIAS

Venkateshwaran
Rahul
Sridhar Devraj
Sai Monish
Rupa
Sanjay
Subash
Harish

MOMENTOS AND BACKSTAGE

Yazhmozhi
Ramacharana
Khushi Jain
Additi Solanki
Rupa
Kavya
Pooja
Meenakshi

FOOD COMMITTEE

Kavin
Venkateshwaran
Aditya
Hemnath
Nivetha
Harish
Sanjay
Sai Monish
Subash
Kiran Raj
Raghuram

DIGITAL TEAM

Shridhar Devraj
Faizah
Aakash
Sanjay

CULTURALS TEAM

Naveen M
Akash
Haripriya
Pramodh
Arularasi
Praveena
Rakshi
Monisha
Hardik
Sanjana
Vishaali Elangovan
Aditi
Sandeep C
Keerthana M
Geerthana
Vasunthara