CA STUDENTS NATIONAL CONFERENCE

VIYUGAM

NAVIGATING NEW FRONTIERS

3RD AND 4TH OF AUGUST, 2024
ANNA CENTENARY, CHENNAI

Organized by BOS-ICAI
&
Hosted by SICASA & SIRC of ICAI

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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வியூகம்

PROGRAM AUGUST 03, 2024

TECHNICAL SESSION-I

TAXATION TRENDS: NAVIGATING THE EVOLVING LANDSCAPE

10.00 AM – 11.30 AM

- Gig Economy & Tax Compliance for Freelancers
- Seamless ITC - A Reality Check
- Predicting Tax Litigation outcomes with AI

11.30 AM – 12.00 PM

SPECIAL SESSION

Articleship Edge - A Game Changer for CA Students

TECHNICAL SESSION-2

SUSTAINABILITY NEXUS: REDEFINING FINANCE, REPORTING, AND IMPACT INTEGRATION

12.00 AM – 01.30 PM

- SDG's Accountability in Business Practices
- Accounting for urban farming: Financing sustainable food security
- Rise of Impact Investing & Social Stock Exchange

01.30 PM – 2.30 PM **LUNCH**

2.30 PM – 3.30 PM **INAUGURATION WITH EMINENT GUESTS**

3.30 PM – 4.30 PM

SPECIAL SESSION

Interaction with Board of Studies (BOS)-ICAI

4.30 PM – 5.00 PM **HIGH TEA**

5.00 PM – 6.00 PM **MOTIVATIONAL SESSION - I**

வியூகம்

PROGRAM AUGUST 04, 2024

TECHNICAL SESSION-3

CHARTING NEW FRONTIERS: PIONEERING THE ENTREPRENEURSHIP AND INDIAN ECONOMY

09.45 AM - 11.30 AM

- Debunking the Unicorn Myth: Examining High Valuations and Low Profits in Tech Startup.
- Charting the CA's Role in Nurturing Startup Ecosystems
- Impact of a seed fund scheme on start-up landscapes

SPECIAL SESSION

11.30 AM - 12.00 PM

Value, Knowledge Ethics- Roadmap to a Successful life

SPECIAL SESSION

12.15 PM - 1.15PM

Panel Discussion on Changing academics and Changing Dynamics: Future CA's potential to Influence India's Economic and Welfare Policies

1.15 PM - 2.15 PM **LUNCH**

TECHNICAL SESSION-4

ACCOUNTING AND FINANCE IN THE AGE OF AI

2.15 PM - 3.30 PM

- Eco-Accounting: Utilizing IoT Sensors for Environmental Impact Reporting and Assessment.
- Predictive Maintenance Tech: Impact on Asset Accounting
- Algorithmic Trading & Accounting Standards: Reporting Integrity Implications

3.30 PM - 4.00 PM **HIGH TEA**

4.00 PM - 5.15 PM **MOTIVATIONAL SESSION 2**

5.30 PM - 6.15 PM **VALEDICTORY**

6.15 PM - 8.00 PM **CULTURALS**

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 ICAl 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 ICAl 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.

SOUTHERN INDIA REGIONAL COUNCIL OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

The Southern India Regional Council was formed by the Institute and notified by Central Government in the year 1952 to serve the members and students in Southern Region. It celebrated Diamond Jubilee in the year 2011 and is marching ahead with a vision to serve the profession in particular and the society in general. SIRC has 45 branches, 11 CPE Study Circle, 4 CPE Chapters, 4 CPE Study Groups and 30 CPE Study Circle to members in industry spread across the states of Tamil Nadu, Telangana, Andhra Pradesh, Karnataka, Kerala and Union Territory of Pondicherry and the Lakshadweep Islands with about 64,000 members and about 3,50,000 students. The SIRC is the knowledge hub of the profession, providing continuing professional education to its members and students.

The Chennai Branch of SIRC of ICAI

Southern India Chartered Accountants Students Association (SICASA) is the student's association of Southern India Regional Council of Institute of Chartered Accountants Association (SIRC of ICAI). SICASA thrives to provide an environment where students can gain maximum from the academic, environmental, cultural, business and leadership programmes. It is this association which provides students a platform to learn, share, participate , organize, volunteer and perform. It is a platform given by ICAI for the students, by the students and of the students. The managing committee consists of 12 members who are Chartered Accountancy course students, pursuing their articleship, to be the eminent leaders of the institute. ICAI looks forward to build SICASA as a strong platform for their future growth. It's a platform for a visionary to build its networking, its social circle and to sharpen its leadership and networking skills by participating in the various activities held in SICASA

ICAI DIGNITARIES

VIYUGAM
NAVIGATING NEW FRONTIERS

CA. RANJEET
KUMAR AGARWAL
(PRESIDENT,ICAI)

CA. CHARANJOT SINGH
NANDA
(VICE PRESIDENT ,ICAI)

CA. (Dr.) RAJKUMAR
SATYANARAYAN ADUKIA
(CHAIRMAN)

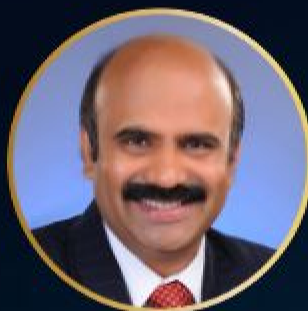
CA. SRIDHAR MUPPALA
(VICE CHAIRMAN)

ICAI DIGNITARIES

VIYUGAM

NAVIGATING NEW FRONTIERS

Organised by



CA. RAJENDRA KUMAR P
(CONFERENCE DIRECTOR)

Hosted by

CA. GEETHA B
(CHAIRPERSON - SIRC)

CA. MANDAVA SUNIL KUMAR
(CHAIRMAN - SICASA)

ORGANISED BY BOARD OF STUDIES ,
ICAI
HOSTED BY SIRC OF ICAI & SIRC OF ICAI

On August 3rd and 4th
@ Anna Centenary Auditorium,
Chennai

ABOUT VIYUGAM

VIYUGAM

NAVIGATING NEW FRONTIERS

Viyugam - Navigating New Frontiers is a National conference held for CA aspirants across India . Viyugam focuses on celebrating the uniqueness of our roots while adapting and upgrading ourselves to welcome a technology driven future .

Buckle up to Dive into the world of technical aspects of futuristic topics with our technical sessions and learn to dream big with our lined up motivational sessions of eminent speakers

Knowledge with Wealth or Wealth without knowledge is a man's greatest weakness and these both without ethics will pave way for hardships learn to balance these with our special sessions

Suit yourself to get immersed in the world of Finance with Chief Financial officers, Elevate your self by engaging with them

Change is the only constant VIYUGAM brings changing dynamics changing academics to address the same

Viyugam - Navigating New Frontiers. Strategize to Stand out from the ordinary

MANAGING COMMITTEE MEMBERS

VIYUGAM
NAVIGATING NEW FRONTIERS

KIRAN RAJ

RONAK SINGHVI Y

RAHUL H

SHANTHA DURGA

VINIT SHAH

MANAGING COMMITTEE MEMBERS

VIYUGAM
NAVIGATING NEW FRONTIERS

NIVVEDITHA . S

SAI KARTHIK

PRANAVEEKA KP

HEMALATHA

SOHAIL RAHAMAN

HEMANTH N S

SOUVENIR COMMITTEE

VIYUGAM

NAVIGATING NEW FRONTIERS

JENICIA BEATRICE M

SAI KARTHIK

PRANAVEEKA KP

RAMACHANDRAN

NIVVEDITHA . S

RISHMITHA SRIRAM

ORGANIZING COMMITTEE

VIYUGAM

NAVIGATING NEW FRONTIERS

1. SANDEEP C
2. POOJA M
3. PURVIKA S NAHAR
4. VARUN RAJ A K
5. SNEHADARSHINI
6. SINDHUJA S
7. SARANYA B S
8. KIRTHANA
9. RISHMITHA SRIRAM
10. RAMACHANDRAN S
11. HARDIK RAJ
12. KEERTHANA M
13. NAVEEN M
14. AKASH B

MOC COMMITTE

VIYUGAM

NAVIGATING NEW FRONTIERS

- LOSHINI
- SHRIRAM
- NERAJAA
- SANDEEP
- SHANTHDURGA
- PRIYANKA
- KSHETIJ
- POOJA
- RITIKA
- SUBASHINI K
- AATHMIKAA
- KAVYA
- VARUN
- PADMA SHREE MUKESH
- GANESH
- SHREYA S
- SWETHA
- HARISH SUNDAR
  RESHMA
- RUKUMINI

MESSAGE

THIRU. SIVARAJAH RAMANATHAN

CEO of TN Startup and Innovation

Greetings to the distinguished participants and future Chartered Accountants at the Viyugam Conference. It is a privilege to address aspiring professionals and future leaders. As the Mission Director and CEO of StartupTN, I am honored to share insights on Tamil Nadu's thriving startup ecosystem and the crucial role Chartered Accountants can play in this dynamic environment.

The Tamil Nadu Startup and Innovation Mission, branded as StartupTN, was established by the Tamil Nadu Government to strengthen the startup ecosystem, with a special focus on fostering innovation and supporting startups. Operating under the Micro, Small, and Medium Enterprises department, StartupTN envisions transforming Tamil Nadu into one of the top 20 global startup destinations by 2032. This ambitious goal is driven by the belief that a vibrant startup ecosystem can significantly contribute to economic growth, generating substantial revenue and employment opportunities for the state.

Our efforts have borne fruit, as evidenced by Tamil Nadu's remarkable progress in national startup rankings. The Startup India report, released on January 16, 2024, recognized Tamil Nadu as the 'Best Performer,' a remarkable leap from last position in 2018. Additionally, Chennai's 18th spot in the Asia Regional Rankings, as reported by the Global Startup Ecosystem Report by Startup Genome and the Global Entrepreneurship Network, highlights our city's growing prominence.

MESSAGE

Since the current government took office in 2021, StartupTN has been revitalized, leading to a significant increase in the number of startups. From 2,300 startups in March 2021, the number has surged to over 9,000 today, with 50% of these startups being led by women.

The Viyugam Conference, organized by the Board of Studies of ICAI in collaboration with the Southern India Chartered Accountants Students Association (SICASA), is a beacon of knowledge and inspiration for CA students nearing the completion of their course. This two-day event provides a platform for presenting research papers and delving into critical topics such as Taxation Trends, Sustainability Nexus, Entrepreneurship, and the role of AI in Accounting and Finance. The motivational sessions and panel discussions promise to be enlightening.

Chartered Accountants play an indispensable role in nation-building. Their expertise in financial management, auditing, and compliance is crucial for maintaining the integrity and transparency of businesses. In the startup ecosystem, CAs can provide invaluable support in financial planning, risk management, and strategic decision-making. They can guide startups through complex regulatory landscapes, ensuring compliance and fostering sustainable growth.

Moreover, Chartered Accountants are well-positioned to become entrepreneurs themselves. With their deep understanding of finance and business, they can identify opportunities, mitigate risks, and drive innovation. By venturing into entrepreneurship, CAs can create employment opportunities, contribute to economic development, and lead by example.
To all the aspiring CAs here today, I encourage you to seize the opportunities that lie ahead. The knowledge and skills you acquire will not only shape your future but also have a profound impact on the economic landscape of our nation. Wishing you all a fruitful and inspiring conference. May your endeavors pave the way for a brighter tomorrow.

Warm regards,
Thiru. Sivarajah Ramanathan Mission Director and CEO, StartupTN

MESSAGE

CA R BUPATHY

Past President, ICAI

I am very glad to note that the Board of Studies of ICAI is organising a Student Conference on 3rd & 4th August 2024 in Chennai and the Conference is being hosted by SIRC of ICAI. This Conference is very aptly named as "VIYUGAM". This conference will create the environment for students from all over South India to converge and get to know the developments as well as best practices adopted in different parts of India and globally, as regards new business opportunities and the need for professionals to align themselves with the requirements of new assignments, arising out of technological development, artificial intelligence and digital transformation.

The theme of the Conference is "Navigating New Frontiers". It emphasises the importance of collective wisdom and development of inter-personal skills to understand new techniques and apply them in practical situations. The structure of the conference also recognises the role of Chartered Accountants in matters relating to the economics of the Country and developing the skill sets of the students in this regard.

Furthermore, the borders are disappearing and the entire globe is becoming a village, many organisations are remotely connected and the importance of Artificial Intelligence (AI) in forensic and internal audit is highly appreciated. I am confident that the students from all over India and particularly from South India will be greatly benefitted by the deliberations in this Conference and will make them future ready for handling challenging situations faced in the profession.

CA R BUPATHY,
PRESIDENT, ICAI, 2003-2004

MESSAGE

CA. Ranjeet Kumar Agarwal

President, ICAI

Dear Students,

It gives me immense pleasure to extend my warmest greetings to all the participants of the National Conference of CA Students organized by the Board of Studies of ICAI and hosted by Southern India Regional Council (SIRC) of ICAI along with Southern India Chartered Accountants Students Association (SICASA) of ICAI at Chennai.

The theme of this conference "Viyugam" -Navigating New Frontiers on 3rd and 4th August 2024 promises to be an enriching experience. As the word "Viyugam" means strategy, this holds profound significance in your lives. As an aspiring Chartered Accountant, this word undoubtedly should remind you of the importance of strategy. It is very important that you march ahead by devising your strategy, learning from your mistakes and be consistent in your efforts.

On this context, this National Conference of CA Students provides a platform to explore contemporary topics, exchange ideas and learn from eminent professionals and experts in the industry. The carefully curated sessions, and interactive workshops will broaden your horizons, enhance your technical acumen, and foster a holistic understanding of the diverse facets of the profession.

I would also like to mention that for the current year we have Vision 'DRISHTI' and each letter of the word signifies the different initiatives to be carried out in this year. Where 'R' stands for 'Research' and 'I' for 'Integrity'. The need of the hour is to augment the research landscape in the country. Further to my beloved students I would like to urge to always be a man of integrity in your future times as integrity is an invisible trait which is a great asset.

MESSAGE

I compliment CA. (Dr.) Rajkumar S. Adukia, Chairman, CA. Sridhar Muppala, Vice-Chairman, other members of the Board of Studies and Regional Council Members 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.

I extend my best wishes for a successful and fulfilling Conference.

With regards,
CA. Ranjeet Kumar Agarwal
President, ICAI

MESSAGE

CA. Charanjot Singh Nanda

Vice-President, ICAI

Dear Students,

Chartered Accountants, the epitome of expertise in business leadership and advisory roles, are called upon to evolve into "Future Ready Professionals", shaping the future with their foresight and adaptability.

A comprehensive education system equips students with a strong academic grounding, facilitating success in both their professional and personal endeavours. Leveraging its effective and diverse educational philosophy, the Institute of Chartered Accountants of India (ICAI) aims to empower its students to effectively confront the challenges of an ever-evolving world. Regular guidance and consistent support undoubtedly aid students in honing their skills.

With the introduction of New Scheme of Education and Training in July 2023, the dynamics of the CA curriculum have significantly been altered. This innovative framework is meticulously crafted to adapt to the changing landscape of the global economy and the dynamic needs of the accountancy profession. Moreover, the emphasis on practical training, coupled with flexible learning options and comprehensive mentorship, empowers students to develop not only technical proficiency but also critical thinking, problem-solving, and communication skills. As a result, the New Scheme of Education and Training not only prepares students for the challenges of today but also for the opportunities of tomorrow, shaping them into agile, forward-thinking professionals poised to make a meaningful impact in the world of finance and accounting.

MESSAGE

The Board of Studies of ICAI organises CA Student Conferences nationwide, offering platforms for honing students' oratory and presentation abilities. Here, CA students have the chance to showcase their papers on current professional themes and subjects. Additionally, seminars, workshops, counselling sessions, and industrial visits serve as valuable tools for enhancing their skill sets.

I am pleased to note that Board of Studies is organising the "National Conference for CA Students" on 3rd – 4th August 2024 at Chennai. The same is being hosted by Southern India Regional Council of ICAI and SICASA of SIRC of ICAI. The theme of the conference is "Viyugam'- Navigating – New Frontiers" which truly signifies the importance of updating our capabilities and determined efforts towards success.

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

As aspiring members of this esteemed profession, your primary objective should be to grasp theory and cultivate practical experience. I extend my best wishes for the success of the conference and compliment Board of Studies, Southern India Regional Council and the Southern India Regional Council Students Association of our Institute for hosting the conference.

Trust of the stakeholders and society plays a very important role in the accounting profession. I wish to share with you that this year, your alma mater shall be completing 75 years of its existence. Students being the future of the profession, I urge you to contribute and participate actively towards the growth journey of the profession.

CA. Charanjot Singh Nanda
Vice President, ICAI

MESSAGE

CA. (Dr.) Rajkumar Satyanarayan Adukia

Chairman, BOS

Dear Students,

I am delighted to invite you to the National Conference of CA Students at Chennai on 3rd & 4th August 2024. This conference, themed "Viyugam – Navigating New Frontiers" promises to be an enriching experience that will significantly benefit your professional growth and personal development.

The Conference will bring together distinguished speakers, accomplished professionals, and fellow students from various backgrounds, creating an exceptional platform for learning, networking, and idea-sharing.

Attending this conference offers a multitude of benefits. Firstly, the conference will enhance your knowledge through a wide array of topics presented by industry experts and thought leaders. These sessions are designed to broaden your understanding and provide you with insights into the latest developments in the field of accountancy and finance.

Sessions are crafted to provide insights into the latest developments in accountancy and finance. There will be four technical sessions on "Taxation Trends: Navigating the Evolving Landscape", "Sustainability Nexus: Redefining Finance, Reporting and Impact Integration", "Charting New Frontiers: Pioneering the Entrepreneurship and Indian Economy" and "Accounting and Finance in the Age of AI". Additionally, special and motivational sessions such as "Changing Academics and Changing Dynamics: Future CA's Potential to Influence India's Economic and Welfare Policies" and "Engage and Elevate - Interactive Session with CFOs" will offer unique perspectives and strategies for success."

MESSAGE

Furthermore, attending the conference presents exceptional networking prospects. It offers you the invaluable opportunity to engage with fellow students, seasoned professionals, and expert speakers alike. Cultivating a robust professional network is pivotal in your career trajectory, and this conference serves as an ideal setting to initiate and fortify these connections. Building meaningful relationships with peers and industry leaders can open doors to collaborative opportunities, mentorship, and invaluable insights that can significantly enhance your career growth and development.

Hearing from successful chartered accountants and leaders will also provide you with inspiration and motivation. Their stories of perseverance and success will inspire and motivate you to achieve your own professional goals.

In addition to the technical knowledge and networking opportunities, attending the conference will help you develop crucial soft skills such as communication, teamwork, and problem-solving. By interacting with industry experts, participating in discussions, and asking questions, you will enhance your ability to communicate effectively. This is critical not only for presentations and meetings but also for day-to-day professional interactions.

Many conference activities will require you to work collaboratively with others. This will help you understand the dynamics of team collaboration, improve your ability to work as part of a team, and appreciate diverse perspectives.

Engaging with complex case studies, real-world problems, and industry challenges presented during the sessions will sharpen your analytical and problem-solving skills. You will learn how to approach issues methodically and develop innovative solutions, which is invaluable in the accounting profession.

Even if you do not get the opportunity to present papers at the conference, there is no need to be upset. Your participation is still incredibly valuable.

MESSAGE

By actively engaging in the sessions, you can ask intelligent and thoughtful questions that contribute to the discussion and enhance your learning experience.

This active involvement will help you feel relevant and involved, ensuring that you gain maximum benefit from the sessions. It is a great way to demonstrate your curiosity and eagerness to learn, and it can also make a positive impression on the speakers and other attendees. Additionally, the discussions generated by your questions can provide deeper insights into the topics covered, benefiting all participants.

Discover the vibrant culture and history of the dynamic city of Chennai. As a significant hub of historical importance and cultural richness, Chennai provides a perfect backdrop for our National Conference of CA Students.

Immerse yourself in the city's rich heritage, which will broaden your horizons and offer a refreshing break from your academic routine. Chennai is renowned for its historical significance and cultural attractions, such as the magnificent Marina Beach, the iconic Kapaleeshwarar Temple, and the historic Fort St. George. Exploring these sites will give you a well-rounded and enriching experience during your stay. I hope you take this opportunity to discover the unique charm of Chennai while enhancing your professional knowledge and skills at the conference

The participation fee for these conferences is very reasonable, making it accessible for students to gain such a comprehensive learning experience without a significant financial burden. I understand that cost can be a concern for students, so we have ensured that the fees are kept low to encourage maximum participation. This affordability allows you to invest in your professional development and take advantage of the rich learning and networking opportunities provided by the conference.

MESSAGE

The theme of "Viyugam – Navigating New Frontiers" underscores our commitment to equipping you with the skills and insights necessary to chart new territories in your professional journey. By participating in this conference, you will enhance your ability to navigate your career path and make meaningful contributions to both the profession and society.

This theme emphasizes the importance of exploring innovative solutions and adapting to the evolving landscape of the accountancy profession. As aspiring Chartered Accountants, embracing these principles will empower you to tackle complex problems, drive transformation, and excel in your roles. This conference will inspire you to delve deeply into your studies, understand the underlying principles, and apply them effectively in real-world scenarios, thereby preparing you for the multifaceted challenges of the profession.

I am grateful to the SIRC & SICASA of ICAI for hosting this conference. Their dedication and effort in organizing this event have made it possible for us to come together and share this valuable experience.

I encourage you to take full advantage of this unique opportunity. Your active participation will not only enhance your knowledge and skills but also shape your future as a competent and confident chartered accountant.

I look forward to your enthusiastic participation and to welcoming you to Chennai for an unforgettable experience.

"हर दिन एक नया सबक सिखाता है,
जो सीखता है, वही आगे बढ़ पाता है।"

CA. (Dr) Rajkumar S Adukia
Chairman, Board of Studies

MESSAGE

CA. Sridhar Muppala

Vice-Chairman, BOS

Dear Students,

I extend my heartfelt greetings to all of you on the occasion of the National Conference of CA Students at Chennai on 3rd & 4th August 2024. This conference, themed "Viyugam – Navigating new Frontiers" promises to be a profound experience, greatly enhancing both your professional development and personal growth.

Conferences such as these are crucial in shaping the careers of aspiring chartered accountants. They offer a unique platform for students to gain insights into the latest developments in the field of accountancy, broaden their knowledge base, and stay abreast of emerging trends and practices. The technical sessions will provide you with a deeper understanding of complex accounting concepts, regulatory changes, and innovative practices that are shaping the future of our profession.

The theme "Viyugam – Navigating New Frontiers" underscores the significance of charting new paths in your professional journey. Embracing this theme encourages you to explore innovative approaches and adapt to emerging challenges with resilience and determination.

One of the most valuable aspects of this conference is the opportunity it provides for networking. Interacting with peers, mentors, and industry experts can open doors to new opportunities and building professional relationships. Networking is a critical component of career growth, and this conference offers you a chance to connect with like-minded individuals, share experiences, and learn from each other.

MESSAGE

CA. Rajendra Kumar P

Conference Director

It is a great pleasure for me to send this message of felicitation and warm greetings to all of you. Knowing the Southern India Chartered Accountants Students Association of The Institute of Chartered Accountants of India is conducting CA Students National Conference organized by BOS-ICAI and hosted by SICASA & SIRC of ICAI from August 3, 2024 to August 4, 2024 in Anna Centenary Library Auditorium gives me happiness and joyous feelings. I believe this conference with the theme, "VIYUGAM – NAVIGATING NEW FRONTIERS," will further produce invaluable ideas to upscale the development our students. I am also happy to note the distinguished presence of our ICAI Dignitaries and other Delegates are expected to attend to make this conference a memorable event. May this CA Students National Conference Celebrations bring happy memories to the Students of SICASA. I wish all participants fruitful debates and full success. Every participant, presenter or chair, discussant or audience member, must be thanked for dedicating his/her time to this worthy cause. My best wishes to all Eminent Speakers, Central Council Members from Southern Region, Office Bearers of SIRC of ICAI, Regional Council Members of SIRC of ICAI, Organizing Committee Members and Students MCM for a most successful and inspirational conference. My best wishes to all concerned for a most successful and inspirational conference. Once again, I wish all conference participants and organizers a very pleasant and interesting time in Chennai. Jai Hind, Jai ICAI

With Warm Regards,

CA. Rajendra Kumar P

Central Council Member 2022-25

Institute of Chartered Accountants of India, New Delhi

MESSAGE

In addition to the technical knowledge, the motivational and special sessions lined up for this conference are designed to inspire and empower you. Hearing from accomplished professionals can provide you with the motivation and confidence to overcome challenges and strive for excellence.

I extend my gratitude to SIRC & SICASA of ICAI for their efforts in organizing this conference.

I encourage you to make the most of this incredible opportunity. This conference is a stepping stone towards your future success, and I am confident that the knowledge and connections you gain here will serve you well in your professional journey.

I wish all the participants a successful and enriching experience.

Warm regards,
CA. Sridhar Muppala
Vice Chairman, Board of Studies, ICAI

MESSAGE

CA. GEETHA A B

Chairperson, SIRC of ICAI

It is heart-warming that the Board of Studies of ICAI is organizing the National CA Students' Conference at Chennai on the 3rd and 4th August 2024 as part of the series of conferences organized by them across the country. SIRC is pleased to join with SICASA to host this conference.

My colleagues in SIRC and me join with the other host SICASA in acknowledging the gesture of the Board of Studies in offering an opportunity for us to host the national conference exclusively for the students in Southern Region. I thank CA. Rajkumar S. Adukia, Chairman of Board of Studies, CA. Muppala Sridhar, Vice-Chairman of Board of Studies and other members of the Board for having this conference at Chennai.

The Board of Studies deserves commendation for having innovative and unique themes for each conference it holds. Each one conveys the intent of the Board to widen the skills of the students. The theme for the Conference "VIYUGAM" with tagline 'Navigating the Frontiers' emphasizes the focus that the students should have in pursuit of their bright career. "VIYUGAM" has many facets – Planning, Preparation and Revision that will ultimately result in achieving success for the students.

The organizers have thoughtfully structured the topics in the technical sessions to enhance knowledge, positioned the motivational and special sessions to provide inspiration and invited eminent personalities to encourage the students with their thoughts. Yet another factor that needs special mention is that these types of students conferences that the Board organizes is the space given to the students to exhibit their talents in presenting technical papers especially before their colleagues.

MESSAGE

I thank CA. Rajendra Kumar P. Central Council Member, ICAI and the Conference Director and CA. Sripriya Kumar, Central Council Member, ICAI for their significant contribution and guidance to the hosts that has given the impetus to the hosts to have this conference to be held in a grand way.

Through this message and on behalf of the hosts and on my own behalf I acknowledge the cooperation of the members who have agreed to spare their valuable time and share their experience with the students.

I also compliment and congratulate CA. Mandava Sunil Kumar, Chairman, SICASA and his enterprising team in SICASA to actively associate in the conduct of this national conference. I also extend my greetings and appreciation to the students for joining in large numbers, utilizing the opportunity to meet their colleagues, exchange ideas and create connectivity that will last beyond their student-days and for being one of the instrumental factors for the success of the conference.

I heartily offer my best wishes for the remarkable success of the two—days National CA Conference being held at Chennai on 3rd and 4th August 2024.

With best wishes,
CA. GEETHA A B
Chairperson, SIRC of ICAI

MESSAGE

CA. MANDAVA SUNIL KUMAR

Chairman, SICASA

Best Wishes and Welcome from Chairman, SICASA

Learning for knowledge enhancement, learning for gaining experience, learning with expectations to achieve certain objectives and learning to excel. It is said that learning is a treasure that will follow the owner everywhere. Whatever and what for we learn, it is ultimately a treasure. Let the conferences organized by the Board of Studies is one such forum that offers students an opportunity to have treasure of knowledge to stay in touch with the subjects.

The Board of Studies aims at shaping the career of a CA student taking into consideration all the above reasoning. They not only impart theoretical training, hand-hold the students with specialized materials on all subjects, sharpen the skills with unique testing modules but also organize conferences across the country to keep them updated on the subjects of relevance and importance to them, keep them motivated towards their goal to become a Chartered Accountant.

As Chairman of Southern India Chartered Accountants Students' Association (SICASA) I profusely express our sincere thanks to CA. Rajkumar S. Adukia and CA. Sridhar Muppala, Chairman and Vice-Chairman of Board of Studies and the other members of the Board for bestowing an opportunity to SICASA and SIRC to jointly host the National Conference on 3rd and 4th August 2024 at Chennai.

MESSAGE

I also profusely thank the Conference Director and Central Council Member of ICAI CA. Rajendra Kumar, P for his thought-provoking theme, structure of the two day event with insightful topics and sessions and the Central Council Member CA. Sripriya Kumar for her guidance and support, giving us direction to conduct this conference in a grand and befitting manner.

The National Conferences like this is one of the unique occasions for the students' fraternity to come together to meet and interact which would also provide a platform for them to improve their knowledge, enhance their skills and feel togetherness. The theme of the conference "VIYUGAM" with tagline – 'Navigating the Frontiers has appropriately been chosen signifying the importance of planning and perception that a student should have while preparing for the examination. The theme signifies the importance of effective planning with specified timeline, periodic preparation, focussed priorities to succeed with distinction.

In this respect the Board of Studies has taken a very pragmatic and purposeful approach in educating the students' fraternity in every aspect, be it theoretical or learning through classes or through courses and conferences.

The opportunity that the students get to present technical papers is one of the many unique initiatives that the Board has been taking which is highly laudable. The Board has also been inviting the esteemed members to share their rich experience amongst the student-speakers and the student-delegates as Chairmen of technical sessions, as speakers in the special and motivational sessions thus adding value to the proceedings of the conference, which needs special mention. I take pleasure in expressing our grateful thanks to all the members for their august presence and for being a source of inspiration to the students with their incisive and insightful thoughts and give them the impetus to their knowledge-base.

MESSAGE

I would say that the interaction with the members of the Board is a novel idea which is embedded into the proceedings as it offers an opportunity for the Board to express and explain the steps taken by them to develop the skills of the students and face the examination confidently and convincingly and to become a proud member of our elite profession and at the same time giving an opportunity to the students to clarify any of their doubts.

I also acknowledge the support received from Chairperson of SIRC CA. Geetha A B and the other members as co-hosts to the conference.

I appreciate the students for showing intent to enhance their knowledge as the registration for the course stands testimony to my statement. On behalf of the organizers and the hosts SICASA and SIRC I welcome the students to the conference to have enlightening, enjoyable and enriching two days of sessions with involved participation and interest.

I am sure the Conference would be an outstanding success with all-round support.

With warm regards and best wishes,

CA. MANDAVA SUNIL KUMAR

TAXATION TRENDS: NAVIGATING THE EVOLVING LANDSCAPE

1)GIG ECONOMY & TAX COMPLIANCE FOR FREELANCERS

2)SEAMLESS ITC

3)PREDICTING LITIGATION OUTCOMES WITH AI

CA VASUDEV K JOSHI

PROFILE

CA VASUDEV K JOSHI

Vasu is a qualified Chartered Accountant with 8+ years of post-qualification experience in indirect taxation advisory and compliances across different
sectors pertaining to Indian Customs, GST, DGFT, SEZ and various Government incentives.
He currently works with EY Chennai as a Senior Manager – Indirect Taxes. He has completed his under-graduation with distinction in Bachelor of Commerce from D.G.Vaishnav College, Chennai under University of Madras.
He has also been conferred an award as "ULTIMATE SELF MOTIVATOR" at a session conducted at ICAI Centre of Excellence, (COE) Hyderabad.
Secured All State First Rank in Economics and French in Class XII and School Topper in Accountancy. Captain of the School Football team and won
district inter school championship.
He has contributed to three recent publications released by ICAI – Indirect Taxes Committee on various topics of GST

Worked with leading players in diverse industry sectors such as Power Sector (Public Sector Undertaking), Manufacturing Sector, Entertainment
Sector, Automotive sectors, Logistics Sector and IT/ITES industry, Electronics and White goods manufacturing sector etc.
Successful in assisting Companies in obtaining Central and State investment incentives, Export incentives under various policies and schemes.
Conducted training programs for various teams of clients on GST, FTP and Customs appraising on the procedural and compliance requirements. Helped
companies in complying with FTA compliances and avail the benefits under various FTAs/PTAs.
Involved in GST end to end engagements right from initialisation / transitional stage till implementation stage.
Has diversified experience on giving advice, compliance assistance and litigation support on Central & State indirect tax laws.

TECHNICAL SESSION 1

GIG ECONOMY & TAX COMPLIANCE FOR FREELANCERS

Kaushik Polisetty
SRO0785036

Abstract

Freelancing has emerged as a significant component of the global workforce, driven by technological advancements and evolving work preferences. This paper explores the origins of freelancing, its current market status, and future predictions. Additionally, it examines the various apps and websites that have facilitated the growth of freelancing, providing insights into their roles in shaping this dynamic sector.

Freelancing, or independent contracting, has seen significant growth in India, with many professionals opting for freelance careers over traditional employment. This shift necessitates a clear understanding of the tax obligations and benefits available to freelancers. This research paper explores the intricacies of the Indian tax system as it applies to freelancing, including income tax, Goods and Services Tax (GST), and compliance requirements.

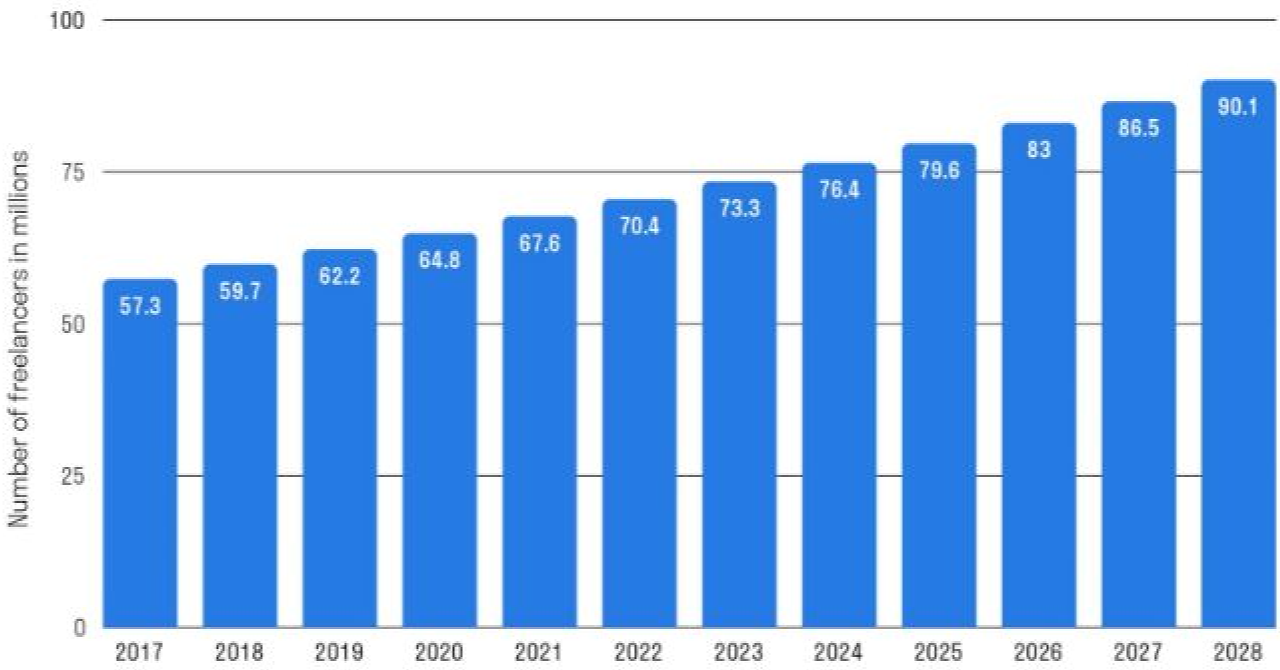
Origin and History

Let look at the history of how freelancing came into existence. The word freelance as we know is a combined word but its actually a combination of free and lance which were two separate words.

It dates back to medieval eras where people were not confined to a single boss and would be hired for protection, attack etc. From being restricted to mercenaries who offered military services, this fad of work spread to other fields. Famous figures like Leonardo da Vinci and Michelangelo operated as freelancers, undertaking projects for different clients across Europe. And in the 20th Century the rise of modern free lancers raised. The Gig economy came up. Although gig is word usually used for musical artists, more and more fields got into it. And then came the digital age - the rise of modern freelancer, digital advancements and availability of personal laptops, internet connection and mobile phone brought in the era of easy way to get gigs and work as freelancers. Then came in the industrial revolution and that's how the word as we know was originated as freelance.

Market Potential

With a rapid growth in this subset of professional lifestyle, with an increase of United States: 78%, United Kingdom: 59%, Brazil: 48%, Pakistan: 47%, Ukraine: 36%, Philippines: 35%, Bangladesh: 27%, Russia: 20% and Serbia: 19%.
These are more than numbers; they're tales of thriving freelancers worldwide shaping their narratives in the world of work.



1. In the realm of freelancing, 64% of freelancers resonate with a positive shift in their mental well-being since embracing the freelance journey.

2. But that's not all. The heartbeat of freelancers echoes even louder when it comes to quality of life. A substantial 68% share that their overall quality of life has experienced a positive transformation since stepping into the world of freelancing.

3. As we bid farewell to 2021, a bustling community of around 67.6 million freelancers was anticipated to paint the United States' landscape. Fast-forward to 2027, and freelancers are projected to account for over half of the US workforce, crossing the 50% mark.

4. Now, let's go further—53.4% of freelancers believe that the demand for their services will soar post pandemic.

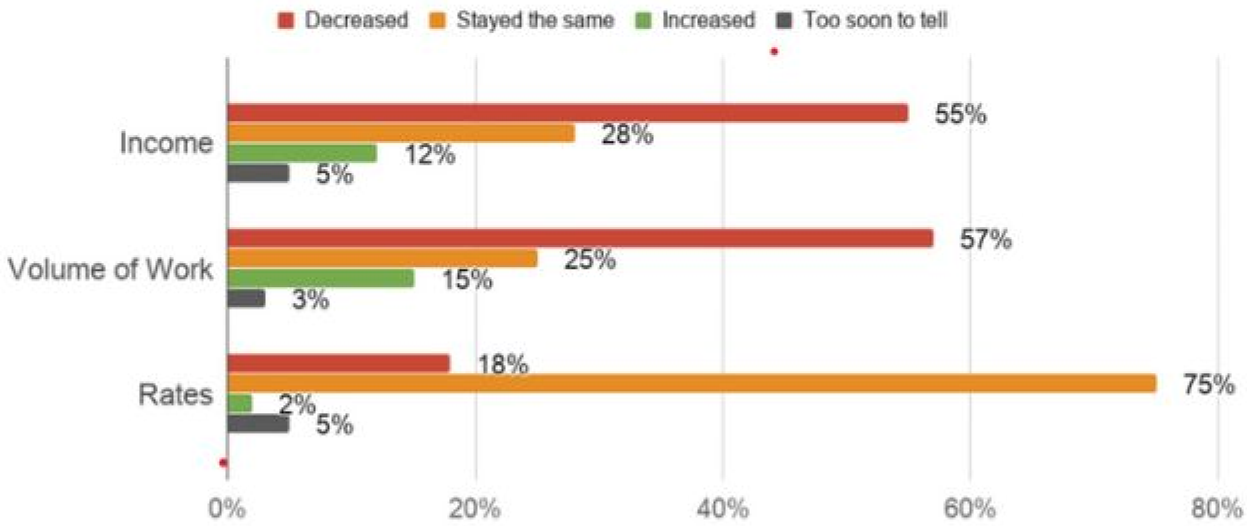
5. For the ride ahead, the growth rate of full-time freelance work is gearing up for a thrilling ascent. Over the next five years, a robust surge at an estimated rate of 65% is anticipated.

Case Study

Google is a dream company for a lot of people but its not because of global presence but for its organization culture. There are no dress codes (until the occasional meeting call for), no work timing (you can pop in any time and complete you work), no geographical boundary (you could go to any office in google across the globe to work).

And this not an organizational structure every company would be able to follow but that's a life style a lot dream of and that's where freelancing comes into picture. People have a high productive days and super lazy days and these mood fluctuations is not something you boss is going to understand. But having a deadline-based contract job or freelance earning would give you that freedom to do so.

COVID 19 Effect



From April to June 2020, during the heat of the pandemic, a whisper of hope echoed through freelancing platforms as job openings soared by a remarkable 25%.

During these trying times, for almost 32%, the demand for freelance services waned, painting a picture of the challenges faced.

Only a resilient 5% witnessed a great demand increase, a testament to the adaptability and perhaps a stroke of good fortune.

Amidst the ebb and flow, 23% found themselves in a haven of stability, experiencing no significant change in the demand for their services. It's a reminder that some found a steady rhythm in the dance of uncertainties.

Zooming into North America, the freelancing landscape witnessed a dip, with a decrease of 53.7% in demand during the pandemic. It's not just numbers; it's the collective narrative of freelancers navigating through turbulent times, each with their unique story of resilience.

Key Trends:

Remote Work: The COVID-19 pandemic accelerated the shift towards remote work, highlighting the viability and benefits of freelancing.

Technological Advancements: Innovations in AI, blockchain, and communication tools are continuously reshaping the freelancing landscape.

Diverse Workforce: Freelancing attracts a wide demographic, including students, retirees, and professionals seeking flexible work arrangements.

Future Predictions : The future of freelancing is poised for substantial growth, driven by several key factors.

Increased Flexibility: As companies recognize the benefits of a flexible workforce, the demand for freelancers is expected to rise.

Technological Integration: Advanced technologies will further streamline processes, enhance security, and improve matching algorithms, making freelancing more efficient.

Global Talent Pool: The ability to tap into a global talent pool will become more pronounced, with companies seeking specialized skills from freelancers worldwide.

Regulatory Changes: Governments are likely to implement new regulations to protect freelancers' rights and ensure fair compensation, which could further legitimize and stabilize the freelancing market.

Apps and Websites Promoting Freelancing

The proliferation of freelancing platforms has been instrumental in the sector's growth. These platforms connect freelancers with clients, provide tools for project management, and ensure secure payment processes. Notable platforms include:

Upwork: One of the largest freelancing platforms, Upwork offers a wide range of job categories and sophisticated matching algorithms.

Freelancer: A global platform that connects freelancers with projects across diverse industries.

Fiverr: Known for its gig-based model, Fiverr allows freelancers to offer services at various price points.

Top tal: Focuses on connecting top-tier freelancers with high-profile clients, particularly in tech and finance.

Guru: Provides a user-friendly interface and robust project management tools for freelancers and clients.

Income Tax for Freelancers

Income tax for freelancers in India is governed by the Income Tax Act, 1961. Freelancers are generally categorized as self-employed professionals, and their income is taxed under the head "Profits and Gains from Business or Profession."

Key Provisions:

Tax Slabs and Rates: Freelancers are subject to the same tax slabs and rates as salaried individuals. The income is calculated after deducting allowable expenses and deductions.

Allowable Deductions: Freelancers can deduct expenses incurred in the course of their work, such as office rent, internet and phone bills, travel expenses, and depreciation on assets

.

Presumptive Taxation Scheme: Under Section 44ADA, freelancers with gross receipts up to ₹50 lakhs can opt for presumptive taxation, where 50% of the gross receipts are deemed to be the income, reducing the compliance burden.

Goods and Services Tax (GST) : GST is applicable to freelancers if their aggregate turnover exceeds ₹20 lakhs in a financial year (₹10 lakhs for special category states). Freelancers providing services are required to register for GST and comply with its provisions.

Key Aspects:

Registration: Mandatory for freelancers exceeding the turnover threshold.

GST Rates: Generally, services provided by freelancers attract 18% GST.

Input Tax Credit (ITC): Freelancers can claim ITC on inputs used for providing services.

Compliance: Regular filing of GST returns, including GSTR-1 (outward supplies) and GSTR 3B (summary return), is mandatory.

Compliance Requirements:
Freelancers must adhere to several compliance requirements to avoid penalties and legal issues.

Income Tax Returns (ITR): Freelancers must file their ITR by the due date (usually July 31 for individuals not requiring audit) using ITR-3 or ITR-4 forms.

Advance Tax: Freelancers are required to pay advance tax in four installments if their tax liability exceeds ₹10,000 in a financial year.

Books of Accounts: Maintaining proper books of accounts is mandatory, especially for those not opting for presumptive taxation.

GST Returns: Regular filing of GST returns is essential to ensure compliance with GST laws.

Challenges and Recommendations

Freelancers face several challenges in complying with tax regulations, including understanding complex provisions, maintaining accurate records, and managing cash flows for advance tax and GST payments.

Complexity of Tax Laws: Navigating the intricacies of income tax and GST can be daunting for freelancers.

Record-Keeping: Maintaining detailed records of income and expenses is crucial but often challenging.

Cash Flow Management: Freelancers must ensure timely payments of taxes, which can strain their cash flows.

Recommendations:

Professional Assistance: Seeking help from tax consultants or chartered accountants can simplify compliance.

Automation Tools: Utilizing accounting software can aid in maintaining records and filing returns.

Regular Updates: Staying informed about changes in tax laws and regulations is crucial for ongoing compliance.

Conclusion

Freelancing is set to play an increasingly pivotal role in the global workforce. Its origins, rooted in independent contracting, have evolved into a sophisticated and dynamic market, driven by technological advancements and changing work preferences. The future of freelancing promises continued growth, enhanced by technological innovations and a more inclusive approach to work. Digital platforms will remain crucial in this evolution, facilitating the seamless connection between freelancers and clients worldwide and with this in mind.

The taxation of freelancing in India encompasses various provisions and compliance requirements under the Income Tax Act and GST laws. While the framework provides for allowable deductions and simplified schemes like presumptive taxation, freelancers must navigate complex regulations to remain compliant. Professional assistance, automation tools, and staying informed can help freelancers manage their tax obligations effectively.

Input Tax Credit

TECHNICAL SESSION 1

SEAMLESS ITC

Priti Rajesh Verma
CRO0715151

Introduction

On July 1, 2017, India embarked on a transformative journey with introduction of GST, aiming to revolutionise the nation's complex indirect tax structure. Nearly six years after it's inception, GST boasts nearly 1.4 crore registered taxpayers and steadily increasing collections. However, the promise of seamless Input Tax Credit remains elusive, plagued by numerous conditions, interpretations, and the discretion of tax officials. Despite intentions for simplification and India's remarkable leap from 130 to 63 in the World Bank's Ease of Doing Business Index, the GST law's continuous evolution and frequent changes make it a turbulent experience for taxpayers.

Understanding ITC

GST allow businesses to claim credit of their input tax.

What is Input tax?

Input tax includes:

1. The tax paid on supplies of goods or services made to your business.
2. The tax paid under RCM. This is the tax you pay out of your pocket without collecting it from customers.

How ITC works

When you need to pay output tax (the tax on your sales) to the government, you can deduct the input tax from it. This means you only pay the net amount to the authorities.

This system ensures that businesses are not taxed on the tax they have already paid, thereby reducing the overall tax burden. Reduced tax incidence can lead to lower prices for goods and services, benefiting consumers directly and this is why ensuring seamless flow of input tax credit becomes imperative.

What needs to be done to avail ITC?

To claim Input Tax Credit, businesses must meet several stringent conditions under Section 16 of the CGST Act. The following key points outline these conditions:

1. Possession of a valid Tax Invoice or Debit Note.
2. The details of these purchases should be reflected in the recipient's GSTR 2B or GSTR 2A, which auto-populates based on GSTR-1 filed by the supplier.
3. The business must have received goods or services. In cases where goods and services are received in instalments, ITC can only be claimed upon the receipt of the final instalment.
4. The input tax has been actually paid to the government by the supplier.
5. The person has filed return u/s 39.
6. If depreciation has been claimed on the tax component of the cost, ITC will not be allowed.
7. Payment to the supplier must be made within 180 days from the due date of the invoice. If payment is not made within this period, the ITC claimed will be added to the business's output tax liability along with interest.
8. Also registered person must claim Input Tax Credit (ITC) within time specified

Even if these conditions are met, ITC can still be blocked on certain goods and services as per Section 17(5) of the CGST Act. Additionally, the following rules apply.

Rule 86A: Tax officers can block ITC if they believe it is ineligible or fraudulently availed. This includes credit availed on invoices from non-existent suppliers, without actual receipt of goods or services, or if the tax has not been paid to the government.

Rule 86B: For taxpayers with a monthly taxable supply exceeding ₹50 lakh, only 99% of the output tax liability can be paid using ITC. At least 1% must be paid in cash to prevent misuse.

And lastly, the use of ITC in Electronic Credit Ledger is regulated by section 49, which states that ITC can be utilised only for the payment of output tax, and for payment of interest, penalty, fees, or any other amount the taxable person must use Electronic Cash Ledger.

In an ideal scenario if the taxpayer is complying with all the conditions stated they can go ahead and claim ITC.

Current Reality of ITC Implementation

1. What if the recipient does not possess a valid invoice or debit note?

CBIC has mandated that starting from August 1, 2023, businesses with an annual aggregate turnover exceeding 5 Crores in any financial year since 2017-18 must issue e-invoices. These invoices require specific details uploaded to the Invoice Registration Portal to obtain an Invoice Reference Number (IRN). Without this IRN, any invoice issued by a supplier will not be considered valid.

For recipients of goods or services, this regulation poses significant implications. If a supplier fails to comply and issues a physical invoice instead of obtaining an IRN, the recipient cannot claim Input Tax Credit (ITC) based on that document. Section 16 conditions of the CGST Act require a valid invoice for ITC eligibility, thus non-compliance by the supplier directly impacts the recipient's ability to claim credits.

This requirement also shifts an additional burden onto buyers. They must now ensure that their suppliers are adhering to e-invoicing regulations to avoid inadvertent non-compliance and subsequent loss of ITC.

Therefore, how can small businesses, often with limited resources and awareness, effectively navigate these e-invoicing regulations to protect their Input Tax Credit is still a question.

2. What if the supplier does not file GSTR 1 and the details are not reflected in GSTR 2A/2B?

Section 16(2) (aa) of the GST Act imposes a requirement on recipients of goods or services to ensure that the details of invoices or debit notes are accurately reported by their suppliers in their GSTR-1 returns, and that these details are reflected in the recipient's GSTR-2B for claiming Input Tax Credit (ITC). This provision places an additional responsibility on taxpayers to verify that their suppliers have correctly filed their returns to avoid potential litigation risks associated with claiming ITC on invoices not reflecting in GSTR-2B.

In cases where suppliers delay filing or inaccurately report invoice details or GSTIN information, recipients face the risk of ITC denial due to procedural errors beyond their control, even for genuine transactions.

3. Tax Charged by Supplier is paid to the government- How do you know?

Overall, while the intent of ensuring tax compliance is understandable, the current provision places a significant onus on recipients, potentially burdening them with consequences for procedural errors primarily under the control of suppliers.

Shouldn't the tax authorities initiate proceedings against a taxpayer only after assessing the supplier and confirming no non-compliance on the supplier's part? Isn't it injustice to genuine buyers who may face ITC denial due to supplier-related issues beyond their control?

Presently, there is no mechanism available with the recipient of ITC to ensure that the tax discharged to the supplier is paid by him to the government. How will the recipient ensure this?

In one of the recent cases, the Supreme Court has quashed a petition filed by the authorities against a Calcutta High Court ruling that said that input tax credit (ITC) to a buyer cannot be denied on the ground that a seller has not paid tax under the goods and services tax (GST) regime unless there was a proper investigation.

The Calcutta High Court had held that the company cannot be denied ITC by citing the ground that the supplier has not remitted the tax unless there are situations where the GST department cannot collect tax from the supplier. Until
there is a remote chance of recovering the tax from the supplier, the department will not deny ITC to the company. The decision though sensible is in contradiction to what is written in Section 16 of Act.

4. Should Businesses not care about their employees?

ITC on items like food, beverages, catering, beauty treatments, health treatments, cosmetic surgery, vehicle leasing, and club memberships is restricted unless used for outward taxable supplies in the same category. Similarly, services such as health and fitness memberships or employee travel benefits aren't claimable unless legally required. In today's era, where human capital is crucial, it's time for the government to reconsider these restrictions. Employees are invaluable assets, and investments in their well-being should be recognized as legitimate business expenditures.
Reevaluating ITC eligibility on these costs is essential for supporting businesses in attracting and retaining talent, enhancing productivity, and fostering growth. Why penalize businesses for investing in their most important resource—their employees?

5. ITC on construction of Immovable Property

Section 17(5)(c) and Section 17(5)(d) restrict ITC on the following:
Works contract services supplied for construction of immovable property except for further supply of such service; and
Goods and services received for construction of immovable property on own account.

In Safari Retreats (P.) Ltd. v. Chief Commissioner, CGST [2019], the issue cantered on whether businesses constructing properties for leasing should be denied Input Tax Credit (ITC). Safari Retreats, constructing shopping malls for leasing, paid GST on materials like cement, steel, and architectural services. However, Section 17(5)(d) of the CGST Act restricts ITC on goods and services used for constructing immovable property for own use, treating the GST paid as an additional cost.

The petitioner argued this denial was unjust and arbitrary, contrary to GST's aim to prevent multi-stage taxation cascades. They contended that if the shopping mall is for leasing, it shouldn't be considered constructed 'on his own account,' thereby avoiding the Section 17(5)(d) restriction.

The Orissa High Court sided with Safari Retreats, emphasizing that a narrow interpretation of Section 17(5)(d)
contradicts GST objectives. The court stressed that ITC should benefit taxpayers when GST is paid on rental income from investments where GST was already paid on materials used for construction.

The Department has challenged this decision with a Special Leave Petition (SLP) before the Supreme Court, leaving the matter unresolved.

However, some Advance Rulings support ITC restrictions, emphasizing adherence to legislative wording without considering the broader tax policy objectives.

To conclude, denying ITC inflates leasing and renting costs, taxed at 18%. Interpreting laws in their spirit is crucial, yet GST aims to curb tax cascades; ITC shouldn't be curtailed for taxed supplies. Given the vast credit in property leasing, GST council should address these issues appropriately by way of circular or clarification.

6. Credit Loss due to limitation.

Section 17 (4) of the time limit for availing ITC 30th November following the end of financial year to which such invoice or debit note pertains or furnishing of the relevant annual return, whichever is earlier.

However, wouldn't it lead to substantial loss of ITC by businesses? Why deny taxpayers substantial ITC benefits over a procedural lapse? High courts are entertaining writ petitions questioning the validity of Section 17(4) of the CGST Act, 2017.

7. Goods lost, stolen, destroyed, written off or disposed by the way of gift or free samples.

Loss of goods in manufacturing process is part of generally accepted business norms and there shall not be ITC reversal towards standard manufacturing losses. Further, clarity should be provided on what amounts to giŌs or free samples. Several taxpayers charge nominal value for the goods given to customers as gift or free samples, which will make the ITC eligible on such goods. Considering the above the government should provide clarifications to address the confusions in determining eligibility of ITC under Section 17(5)(h) and allow ITC on standard manufacturing losses

Conclusion

In the evolving landscape of GST implementation, businesses, particularly small and medium enterprises, face a daunting task in adhering to the stringent conditions stipulated under Section 16 of the CGST Act. The requirement for valid invoices, accurate reporting in GSTR-1 by suppliers, and the recent shift towards e-invoicing pose significant challenges. These complexities often lead to inadvertent non-compliance and subsequent denial of Input Tax Credit (ITC), impacting cash flows and operational efficiencies. Moreover, the burden of ensuring supplier compliance falls squarely on recipients, creating an uneven playing field where genuine businesses risk penalties due to factors beyond their control.

Given these hurdles, there is a pressing need for a balanced regulatory approach. Tax authorities should prioritize addressing supplier non-compliance through proactive measures before penalizing buyers for ITC denial. This would not only safeguard the interests of legitimate taxpayers but also foster a more conducive environment for business growth and compliance. Unless there is a more balanced approach, the promise of simplified tax credits under GST will continue to be just that – a dream.

TECHNICAL SESSION 1

Predicting Litigation Outcomes with AI

Reetikaa R
SRO0766944

Introduction

First off, why does tax litigation arise?

Tax litigation arises in India due to disputes between taxpayers and tax authorities over the interpretation and application of tax laws. Common issues include disagreements on tax liability, deductions and exemptions, income classification, transfer pricing, and penalties imposed for non-compliance. These disputes often stem from differing interpretations of complex tax regulations and are resolved through a legal process involving appeals to higher authorities and courts.
Assuming, now that we know we have tax litigation to face
Let us also understand the process we should go through to fight the litigation

1.The Assessing Officer (AO) completes the tax assessment and if we disagree with the assessment, we can file an objection.

2.If unresolved, we can file an appeal with the Commissioner of Income Tax (Appeals) within 30 days of receiving the assessment order.

3.If we or the AO is dissatisfied with the Commissioner (Appeals)'s decision, we shall appeal to the Income Tax Appellate Tribunal (ITAT).

4.For significant questions of law arising from the ITAT's decision, either party can appeal to the jurisdictional High Court.

5.The final stage of appeal, involving substantial questions of law, is to the Supreme Court of India, whose decision is binding.
Before we dive into the actual, time-consuming process, let's try our luck with AI and see what predictions it can offer us.

How AI Helps?

AI has access to extensive registries and taxonomies of case laws, including publicly available cases and their verdicts. By using AI, we can quickly retrieve information from vast amounts of data. AI processes this data through algorithms to provide the desired outcomes and offer suggestions for the best approach in a given situation. Imagine sifting through a massive volume of past data to predict an outcome—such a task would take hours. Some firms use in-house AI tools to speed up this process and even be able to get information stored for many years.

Now, let's see how to use it?

First, we ask AI to consider only the cases on a specific matter, such as ITC in GST. The second step is to refine the search to ITC on manufactured goods. The third step involves generating a summary from the filtered data. In the fourth step, we insert your case or the client's case with full details. The fifth step is simple: ask AI to compare the generated summary with the input (client case). The sixth step is prediction, where AI predicts the outcome, providing a probability for both favourable and unfavourable results. If needed, you can also ask for AI's suggestion, though choosing the right course of action ultimately remains a human decision.

Let's explore a hypothetical example to understand how AI can be applied to a Supreme Court case involving engineering analytics and the Commissioner of Income Tax (CIT).

Hypothetical Example:

Case Background:
An Indian company, "Engineering Analytics," is involved in a legal dispute with the Commissioner of Income Tax (CIT). The issue is whether payments made by Indian residents to non-resident, foreign software suppliers should be treated as royalties, thereby necessitating the withholding of taxes under Section 195 of the Income Tax Act. The question is whether such income is taxable in India as royalty income, and the relevance of Section 9 and the Double Taxation Avoidance Agreement (DTAA) with Singapore.

Steps Using AI:
1.Initial Query to AI:
o Input: Ask the AI to consider all cases under Section 195 of the Income Tax Act.
o Outcome: AI retrieves a comprehensive list of case laws that involve Section 195.

2.Further Specification:
o Input: Refine the query to include specifications regarding Section 9 and the DTAA with Singapore.
o Outcome: AI filters the list to show only those case laws that involve both Section 9 and the DTAA with Singapore.

3.Summarizing Case Laws:
o Input: Ask the AI to provide a summary of the filtered case laws.
o Outcome: AI generates concise summaries of each relevant case law, highlighting the key points and judgments.

4. Inserting Client Case:
o Input: Insert the specifics of the client case, Engineering Analytics vs. CIT.
o Outcome: AI includes the details of this case for comparison.

5. Comparing Summaries:
o Input: Ask the AI to compare the summary of the Engineering Analytics case with the other summarized case laws.
o Outcome: AI compares the key elements and legal arguments of the Engineering Analytics case with the relevant precedents.

6. Prediction:
o Input: Ask the AI to predict the outcome based on the comparison.
o Outcome: AI analyses the data and predicts a 70% likelihood that the case will be favourable for Engineering Analytics.

7.Further Actions:
o Input: Request suggestions for counterarguments and other strategies to strengthen the case.
o Outcome: AI provides potential counterarguments and additional strategies based on similar

cases and legal principles,
Having gone through the process, we are now familiar with the advantages, which include:
1. Time and Cost Savings: AI saves a lot of time and cost. It can consider a broad range of cases over a long period. If we were to read them ourselves, we wouldn't cover more than 5 years.

2.Cross-Referencing: AI can link various sections and scenarios to give the result, making cross-referencing easy.

3. Reducing Tax Cases in India: AI can help reduce tax cases in India. Imagine if common people had access to it; they could check if their case is favourable. If not, they could refrain from proceeding, saving time and cost.

4. Counterarguments: AI can help us identify the arguments the tax department may use, allowing us to prepare responses upfront and potentially change the outcome of the case by being ready with the counterarguments.

5. Easy Submission: Submission is easier because we can use inputs from past cases, making it simpler to put forth our points.

Let's now talk about the impact it has on the larger audience

Legal aid in India is insufficient for low-income groups, as expert advice is often billable, making it unaffordable for many. To address this problem, we either need more lawyers, which is beyond our control, or we must develop infrastructure to automate legal work and assist more people. This is where AI comes in. Legal bots can draft reports and lawsuits, while voice bots can help non-English speakers by allowing them to ask questions in their own language and receive responses in the same language. Additionally, AI can be used to predict case outcomes, providing significant relief by offering insights without the need for going through a lengthy legal process.

Despite the impressive capabilities of AI, such as prediction, it is unlikely that AI will replace professionals. Here's why:

- Current Limitations: AI is not yet advanced enough. While some firms globally have started using AI for prediction, it still requires significant improvements.

- Trust and Liability Issues: Many people have concerns about trust and liability when it comes to AI.

- Lack of Human Factor: AI lacks emotional intelligence and the human touch, which are crucial in many professional fields.

These factors highlight why AI, despite its potential, is not poised to replace professionals anytime soon.

You might wonder we already have Tax guru and other resources and why AI? below is the comparative analysis between the two.

1. Accuracy and Analysis:

AI: Can provide more precise data analysis and predictions based on historical case law. Tax Guru: Offers accurate and expert interpretation of tax laws and regulations, though without predictive analytics.

2.Ease of Use:

AI: Automates many tasks, making it easier and quicker to gather relevant information. Tax Guru: Requires manual searching and reading, but provides easily understandable expert commentary.

3.Application in Legal Contexts:

AI: Best for detailed data analysis, predictive outcomes, and automated tasks. Tax Guru: Best for expert opinions, latest updates, and community advice.

Conclusion:

Both AI for tax litigation and platforms like Tax Guru have their unique strengths and are complementary rather than mutually exclusive. For tasks requiring advanced data analysis and predictive capabilities, AI tools such as Blue J Legal and LexisNexis are highly beneficial. However, for expert insights, regulatory updates, and practical advice, Tax Guru remains an invaluable resource. Integrating both can provide a comprehensive approach to tax litigation, combining the strengths of human expertise and artificial intelligence.

SPECIAL SESSION

The Articleship Edge - A Game Changer for CA Students

CA. MP VIJAY KUMAR

PROFILE

CA MP VIJAY KUMAR

CFO of Sify Technologies

CA. MP Vijay Kumar is a seasoned Chartered Accountant with over 27 years of experience in industry and practice. His passion for the profession, coupled with his strategic mindset, has enabled him to excel as a visionary leader and accomplished executor. As a Council Member of the Institute of Chartered Accountants of India (ICAI) from 2016 to 2022, he played a pivotal role in shaping the future of the accounting profession. His leadership was instrumental in establishing the Accounting Standards Board, Valuation Standards Board, and Digital Accounting and Assurance Board. As Chairman of these boards, he spearheaded initiatives to enhance accounting standards, valuation practices, and the adoption of digital technologies in the accounting and assurance landscape. His contributions extended beyond the ICAI, as he actively participated in the IFRS Advisory Council, influencing the global convergence of accounting standards.

Bringing a wealth of industry experience from his role as Chief Financial Officer at Sify, CA MP Vijay Kumar has a deep understanding of the challenges and opportunities faced by businesses. His strategic acumen and financial expertise have been instrumental in driving organizational growth and success. His commitment to good corporate governance and transparent financial reporting is evident in his active involvement in various committees and boards, such as SEBI's Committee on Disclosures and Accounting Standards (SCODA) and the Quality Review Board (QRB). Through his leadership and contributions, he has played a crucial role in enhancing the quality of financial reporting and protecting the interests of investors.

With a comprehensive understanding of accounting standards, valuation, digital accounting, corporate governance, financial reporting, and investment banking, CA MP Vijay Kumar is a highly respected thought leader and industry expert. His ability to bridge the gap between theory and practice has made him a sought-after advisor to businesses and regulators alike. He is a member of the Institute of Chartered Accountants of India (ICAI) and the IFRS Advisory Council. Currently serving as a director on the boards of Sify Singapore (Pte) Limited, National Internet Exchange of India (NIXI), and Thejo Engineering Limited, he continues to contribute to the growth and development of these organizations.

SUSTAINABILITY NEXUS: REDEFINING FINANCE ,REPORTING AND IMPACT INTEGRATION :

1)SDG'S ACCOUNTABILITY IN BUSINESS PRACTICES

2)ACCOUNTING FOR URBAN FARMING FINANCING SUSTAINABLE FOOD SECURITY

3)RISE OF IMPACTINVESTING & SOCIAL STOCK EXCHANGE

CA RAGHU RAM

PROFILE

CA RAGHU RAM

Raghuram is an Indian Chartered Accountant with over 24 years of experience including roles as Chief Financial Officer, Global Finance controller at major organizations. During his recent tenure at KPMG, Raghu led the audit practice in Chennai. He has a balanced blend of expertise after working in corporates, consulting and audit, with a deep understanding of IFRS, US GAAP, and Ind AS. Revered as a trusted advisor, he consistently delivers thought-provoking solutions for complex situations.

Beyond his corporate role, he actively engages as a speaker and trainer on technical topics, conducting workshops for Corporates and CFO forums.
Additionally, he serves on the FRRB technical team of the Institute of Chartered Accountants of India (ICAI) and is a special invitee to the Sustainability Reporting Standards Board (ESG) of ICAI.

TECHNICAL SESSION 2

SDG's ACCOUNTABILITY IN BUSINESS PRACTICES

Arjun
SRO0791593

Background

To Understand what the Sustainable Development Goals (SDGs) are, it is imperative to first define the rather ambiguous term, "Sustainable Development".

Sustainable Development in simple terms, is the ambition for Global economic development, that meets the needs of the present, without compromising on the ability of future generations to meet their own needs. The major principles revolving sustainable development are:

1.Conservation of the ecosystem
2.Preserving biodiversity
3.Prudent use of resources
4.Social development; and
5.Population management

In line with achieving Sustainable development, the United Nations adopted the "2030 Agenda for Sustainable Development", with the aim of creating "peace and prosperity for the planet, while tackling climate change". This Agenda, led to the birth of the 17 Sustainable Development Goals (SDGs).

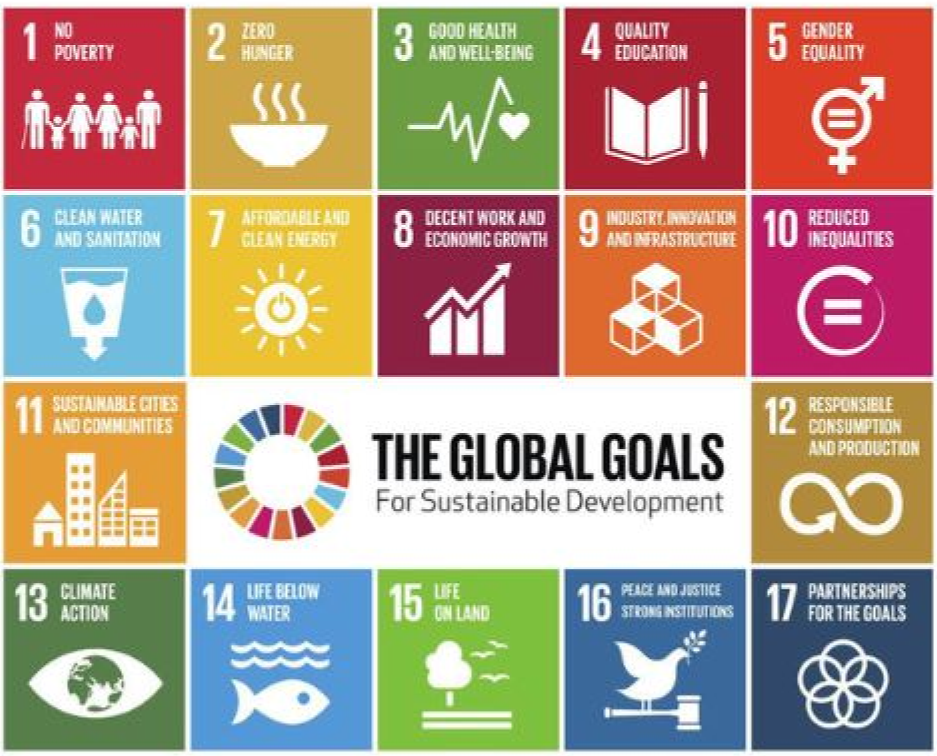


Fig 1 – The 17 SDGs

Why SGD's ?

There is overwhelming scientific consensus that the Earth's climate is changing and that human activities, in focus, business activities, are primary drivers of these changes. To understand this, one must understand the history of economic development. The Industrial Revolution began in the late 18th century had significant impacts on the climate due to the burning of fossil fuels and changes in land use. This marked the beginning of the disastrous ways in which business impacted the environment, with increased Greenhouse Gas emissions, mass deforestation, altered carbon cycles and air pollution, all of which continues to this day.

As a result of this, since the Industrial Revolution began, the global average temperature has risen by 1.1 degrees Celsius, which can be attributed primarily to business activities like burning of fossil fuels and industrial processes that have led to an increased concentration of greenhouse gases in the atmosphere.
Aside the environmental impact, the social impact of industrialization was also catastrophic. Post the advent of the Industrial Revolution, the birth of rigid class structures heightened the already existing inequality between the rich and the poor. Despite economic and infrastructural development, a good chunk of society was neglected. To this day, 1 in 6 children live in poverty and struggle to find means for survival. With record high temperatures being recorded, alarming environmental decay occurring every year, and rising inequality, it was of paramount importance that an action must be taken by a Global collective to combat this.

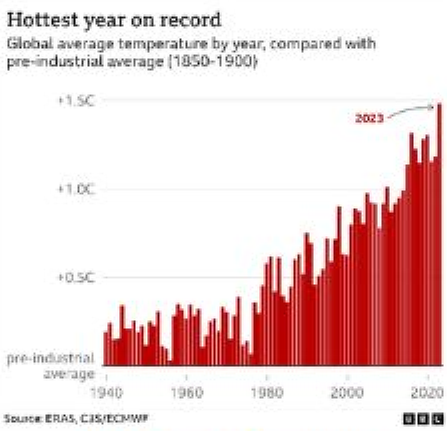


Fig 2 – Continual rising temperatures

HISTORY

The United Nations has held several summits. The erstwhile Millenium Development Goals (MDGs) adopted UN in 2000 set the tone for the SDGs, by bringing out a much needed focus and pressure on basic development issues, which in turn led the governments at national and sub national levels to do better planning and implement more intensive policies and programmes.
The MDGs proved testament to the fact that if the Global community were to convene on issues and set foot in the right direction, change could actually be possible. The MDGs had major

milestones. Significant progress was made; reducing poverty from 36% down to 10% in a 25 year span, improving literacy rates, reducing child mortality rates and combatting diseases. Despite this, the MDGs had several shortfalls, with uneven progress, inadequate data and monitoring, unmet targets, and ineffectiveness of aid. It is vital to ensure the same mistakes aren't repeated with the SDGs.

Fig 3 – The Millenium Development Goals

Indian Regulatory Environment

In the Indian business regulatory environment, the Sustainable Development Goals (SDGs) have started to play a significant role in shaping policies and practices across various sectors. Some ways in which they have been inculcated are listed below:

CSR compliances: Many companies are required to conform to Corporate Social Responsibility (CSR) norms, wherein they are to spend a certain amount of their net profit toward prescribed activities that align with SDG initiatives.
Government Initiatives: The Indian government has launched various initiatives and programs that align with SDGs, such as Swachh Bharat Mission (Clean India Mission), National Health Mission, and Skill India Mission. These initiatives create opportunities for businesses to collaborate with government agencies and contribute to achieving SDGs.
Reporting and Disclosure: Listed companies are required to disclose their CSR activities and their alignment with SDGs in their annual reports. This promotes transparency and accountability in CSR spending and encourages companies to contribute towards sustainable development goals.

It is important to note that India has achieved commendable feats with respect to its progress in the SDGs. But despite all these efforts, there has not been a major permanent change in the situation. India remains one of the poorest performing countries with respect to their SDGs

PRESENT DAY

At the core, the SDGs' principle is altruism. The noble philosophy of recognizing each person's importance and their pursuit of self-realization. But is a mere intent enough? The United Nations is well known for its history of failed resolutions. Could the SDGs be just another one? What's to say that it isn't an attempt at virtue signalling?

This paper seeks to address a very basic question: Is mandate the only way to ensure Businesses' accountability towards sustainable development?

It boils down to the age old argument of "Who will build the roads and the streetlights?"

Can the free market, regulate itself in such a manner that all humans are ensured basic dignity and right to life? One side claims that businesses are earning profits today, at the cost of forgoing a future for our children. The other side argues, that businesses will ensure there is a future, as it has to earn profits even tomorrow, and that if regulations are imposed, it will only disincentivize business.

Two Brief Case studies, with opposing view points have been elucidated upon.

Case 1: The CFC Ban

In 1985, atmospheric scientists in Antarctica noticed something troubling. For decades, they'd been measuring the thickness of the ozone layer in the upper atmosphere, the layer of gas that deflects much of the sun's radiation. Starting in the 1970s, it had started plummeting. By the mid-1980s, they observed that it was on track to be wiped out in the next few decades. This would lead to increased UV rays on the Earth's surface, which would lead to reduced crop yield, weakened immune systems or worse, skin cancer.

The primary culprit for its thinning, researchers discovered, was Chlorofluorocarbons (CFCs), a chemical compound that was present in everything from aerosol cans to refrigerators to solvents.

But the world responded. With consumer boycotts, political action, a major international treaty called the Montreal Protocol, and a huge investment in new technologies to replace CFCs in all their commercial and industrial uses, new CFC production was brought effectively to a halt over the 1990s and early 2000s, as countries gradually restricted or banned CFC production.

Further, report findings by the UN found that the ozone layer is on its track to recover within four decades. The CFC ban is, to this day highly regarded as a success story, with many describing it as "potentially the first instance in which humanity recognized and addressed a global catastrophic risk".

This certainly backs the assertion that when there is a mandate, accompanied with best intentions and it is enforced effectively, an ideal outcome ensues.

Case 2: Arizona Alt Fuel

In the year 2000, the Arizona state of the USA faced a problem: The government felt that not enough alternative fuel was being used, and there was an over reliance on fossil fuels. To combat this, a program was introduced offering generous tax credits for new vehicles to incentivize buyers to add an alternative fuel tank. The program was touted for its ability to reduce air pollution and lessen the state's gasoline dependence. What could have possibly gone wrong?

The subsidy allowed tens of thousands of people to buy fully loaded luxury SUVs at a nearly 50% discount, as long as they were converted, to add a secondary one gallon alternative fuel tank, that would likely never be used. The plan wound up costing the state hundreds of millions, and rather ironically increased gasoline consumptions.

From this case, it is evident to note that, though regulators may have the best intention, the policy implemented may not pan out in the desired optimal manner.

The two case studies, clearly contrast each other. There are several case studies showing gross ineffectiveness of public policy in combatting issues. But purely due to this, mandate cannot be disregarded entirely. There needs to be a regulator to establish some sort of common moral ground, and a platform for sustained economic development. The answer, to this dilemma, like many others, is not black and white. There are no two sides to this issue.

Most controversial topics boil down to this. Pro-Government vs Pro-Market. But the common denominator is often missed out. People. People play a large role in determining the direction a country is headed in. This will be based on the shared values and experiences of the people, which determines their culture.

India is a land of diverse cultures. One thing that remains common across territories is the deep rooted Hindu culture fostered by Indians. A culture that not just respects, but deifies nature. A culture where God is believed to be present in everything and everyone. How is it then, that such a country where the Ganges is deemed a deity, is ranked one of the worst performing with respect to its SDGs.

India used to be one of the richest territories in all of the world, contributing a major chunk of the world's wealth. Several hundred years of Invasions and Colonialism has had a profoundly deep impact on this culture of respect. A culture of poverty set in. People had to struggle for basic needs. Somewhere along the line, a culture of respect turned into one of hedonism, where we seek to enjoy material benefits, without regard for the consequences of our actions.

CONCLUSION

The assertion presented in this paper may seem rather unconventional but it is certainly the most logical.

The solution is blunt and simple. Businesses need to maintain an image. They are merely a reflection of society. They support the values of the society, at the fear of suffering a boycott or for improving their own shareholder value, whether the value in question is in accordance with their moral compass or not.

No change can happen unless there is a paradigm shift, from the grassroot level to the top. It was also evidently noted in Case Study 1, that, when there was an actual threat where people's lives and future were at stake, the Global Community was incentivized to act immediately.

If society makes it clear that a particular issue is non negotiable, and of paramount importance to it, businesses will have no option but to comply. People will simply not buy from businesses that act against their interests, in this case, against Sustainable Development.

TECHNICAL SESSION 2

ACCOUNTING FOR URBAN FARMING FINANCING SUSTAINABLE FOOD SECURITY

Mythri
SRO0774415

ABSTRACT

Urban Farming has emerged as a promising solution to address the challenges of food security in urban areas, particularly in the phase of rapid urbanisation and climatic change. This paper explores the role of finance and accounting in advancing urban farming initiatives to promote sustainable food security

INTRODUCTION TO URBAN FARMING:

Urban Farming includes the process of cultivating, processing and distributing food in urban areas. It's a way to utilize available green spaces within cities for food production.

URBAN FARMING & FOOD SECURITY

Food security is achieved when all people have access to safe and nutritious food that meets their needs and preferences. Here are some key points about urban farming and its impact on food security:

- Urban farming allows cities to produce their own food, reducing reliance on long supply chains and enhancing food security.
- It provides access to fresh, nutritious produce, which is particularly important in urban areas where access to healthy food options can be limited.
- It can create jobs and economic opportunities within urban communities, contributing to a more resilient local economy.
- Urban agriculture can help reduce the carbon footprint associated with transporting food over long distances and can contribute to biodiversity conservation and nutrient recycling.
- It supports education and societal engagement by connecting people with the process of growing food and understanding the importance of sustainable practices.

While urban farming is unlikely to meet all the food needs of urban populations, it plays a crucial role in creating more sustainable and secure food systems. It can also be a part of a broader strategy to address food deserts and ensure that all community members have access to healthy food options.

TYPES OF URBAN FARMING

Urban Farming has emerged as a promising solution to address the challenges of food security in urban areas, particularly in the phase of rapid urbanisation and climatic change. This paper explores the role of finance and accounting in advancing urban farming initiatives to promote sustainable food security

TOP URBAN FARMING STARTUPS IN INDIA:

Clover Agritech
- UGF Farms
- Triton Foodworks
- Urban kissan
- Homecrop

ACCOUNTING FOR URBAN FARMING:

The Urban farmers often fail to maintain proper accounting records due to factors like knowledge gap, informal business structure, market scale being too small, and time constraints as they need to prioritise operational tasks over administrative ones. But Accounting and financial analysis play a vital role in budgeting and forecasting, which is essential for planning future growth and sustainability. Also, it helps the urban farmers to assess the profitability of their operations and identify the areas of improvement.

Let's understand accounting for urban farming using a case study.

CASE STUDY:

Green City Farms" is a medium-sized urban farming company located in a major metropolitan area. It operates on several rooftops and vacant lots, growing a variety of vegetables and herbs. The company sells its produce to local restaurants, grocery stores and directly to consume through a subscription box service.

ACCOUNTING CHALLENGES AND THEIR SOLUTION:

Urban farming involves growing crops which is considered as biological assets. This can be recognised as per the provisions IAS 41 respectively so as to maintain consistency. Growing crops should be valued at Fair Value less Cost to sell at the point of harvest if the fair value is measurable or Cost less Accumulated depreciation and Impairment loss in case the fair value is not measurable. This method of recognition is used to avoid overstatement of assets.

Green city farm sells produce through multiple channels with different payment terms and delivery schedules. For urban agricultural produce, the revenue is recognized when the produce is harvested, and control has been transferred to the buyer. According to IAS 115, control is transferred when the customer has the ability to direct the use of, and obtain substantially all the remaining benefits from, the agricultural produce.

To recognize the revenue, agricultural companies should consider the following five steps outlined in IFRS 15:

a. Identify the contract with the customer.

b. Identify the performance obligations in the contract.

c. Determine the transaction price.

d. Allocate the transaction price to the performance obligations.

e. Recognize revenue when the company satisfies the performance obligations.

In case of sale of biological assets, the profit is recognized when the company transfers control of the asset to the customer, and it is probable that the company will collect the consideration.

Apart from the sale of biological assets and agricultural produce, agricultural companies may have other revenue sources. In these cases, the companies should follow IAS 115 principles to recognize the revenue. For instance, if an agricultural company receives a government grant, the revenue should be recognized when the company meets the grant's conditions. Similarly, for service-related revenues or leasing of land and equipment, the revenue should be recognized over the period in which the service is rendered or the lease is active, following the guidelines set by IAS 115 & IAS 16 respectively.

THE DIFFERENT TYPES OF GRANTS AND SUBSIDIES AVAILABLE FOR URBAN FARMING IS GIVEN BELOW:

Government Grants: The USDA offers Urban Agriculture and Innovative Production (UAIP) competitive grants to support urban agriculture and innovation. These grants can be used for a variety of purposes, including assessing community needs, researching safe growing practices, developing local policies, creating educational materials, and more. The Indian government has schemes offering about 75% of the project cost as subsidy to urban farming companies and farmers.

Such government grants should be accounted as per IAS 20 (Government Grants) if the biological asset is maintained using cost model. If Biological asset is recognised under Fair Value model, as per IAS 41, in case of the grant being unconditional, it can be recognised in P&L when it becomes receivable and in case of the grant being conditional, grant can be recognised in P&L after the condition is satisfied.

Private Investments: Entrepreneurs can seek private investments from venture capitalists or angel investors interested in sustainable agriculture and urban farming projects.

Loans: Traditional bank loans can be a viable option for urban farming businesses. These loans may come with specific terms and conditions that need to be met.

Crowdfunding: Platforms like Kickstarter or Indiegogo allow individuals to raise small amounts of money from many people, which can be a great way to fund urban farming projects.

As an urban farm, Green city farm is often assessed on its environmental and social impact. Using the Environmental and Social Governance (ESG) framework for measuring and reporting on sustainability metrics such as carbon footprint reduction, water usage efficiency and community engagement and integrating them into Financial reporting will be useful in assessing the impacts reliably.

<u>In addition to the above-mentioned Cost, revenue and capital expenses in respect of Green city, other potential capital expenses for Urban agriculture includes:</u>

- **Purchase of land or rooftop space for farming**
- **Construction of greenhouses, vertical farming structures or aquaponic systems and buying equipment such as hydroponic systems, irrigation systems, Solar panels, LED lights and composters.**
- **Enhancement to existing buildings to accommodate farming activities such as retrofitting warehouses for indoor farming.**

Depreciation is the critical component of accounting for urban farming assets. It ensures that the cost of tangible assets is systematically allocated over their useful life providing more accurate financial picture.

<u>Given below are some common urban farming assets and depreciation:</u>

Description of the Asset	Useful Life	Method Of Depreciation
Greenhouses and Buildings	15-25 years	Straight Line Method or Declining Balance Method
Farming Equipments (e.g. tractors)	5-10 years	Straight Line Method or Declining Balance Method
Hydroponic systems	7-15 years	Straight line Method or Units of Production method
Irrigation equipment	7-15 years	Straight line Method or Units of Production method
Solar Panels and Renewable energy systems	20-25 years	Straight Line Method
Vehicles (eg. Delivery Trucks)	5-7 years	Straight Line Method or Declining Balance Method

Sample Urban Farm Income Statement		
Particulars	**Amount Rs.**	**Amount Rs.**
Farm Revenue		
Sales of Produce	75,000.00	
Other Farm Income	10,000.00	
Total Revenue (A)		**85,000.00**
Cost of Goods Sold		
Seeds and Plants	5,000.00	
Soil, fertilizers and Growing supplies	3,000.00	
Utilities (water, electricity)	4,000.00	
Labour for production	20,000.00	
Total Cost of Goods Sold(B)		**32,000.00**
Gross Profit © (A-B)		**53,000.00**
Operating expenses		
Salaries and Wages	18,000.00	
Rent/ Lease Payments	10,000.00	
Depreciation	5,000.00	
Equipment repairs and maintenance	2,000.00	
Marketing and Advertising	2,000.00	
Transportation and Distribution	3,000.00	
Administrative expenses	2,000.00	
Insurance	1,000.00	
Total Operating Expenses(D)		**43,000.00**
Operating Profit (E) (C-D)		**10,000.00**
Other Income (F)		
Interest Income	500.00	
Other Expenses (G)		
Interest Expense	1,000.00	
Net Other Income (H) (F-G)		**-500.00**
Net Profit Before tax (E+H)		**9,500.00**
Income Tax Expemse		**1,900.00**
Net Profit		**7,600.00**

Collecting and organising financial information and transforming them into financial statements helps in analysing the current financial position and performance. To analyse the farm business's future and make the best possible decisions, Profitability and feasibility analysis should be done. Also, in the absence of a benchmark industry leader, every urban farm should make its own comparative analysis, to make futuristic decisions.

Cost Benefit analysis:

To provide a basis for comparing the implementation of urban farms, Cost-benefit analysis can be used. Cost-benefit analysis aims to compare what would happen in the absence of a project (also called a baseline) with what happens after the project has been implemented (the project outcome). The costs of the project are weighed against the benefits that have accrued during this period of time.

CBA provides a way of answering questions such as:

- **Do a project's total benefits exceed its costs?**
- **Of alternative activities and projects, which one achieves the greatest benefit when compared to cost?**

Ideal Cost-benefit ratio has to be 2:1.

Important considerations relating to Cost benefit analysis:

- **Cost benefit analysis conveys only some of the benefits of the urban agriculture. Many benefits are intangible and cannot be assessed in monetary terms (they cannot be quantified)**
- **Some costs and benefits may be unanticipated. They may not become apparent until after baseline measures have been taken.**
- **Also, this approach does not consider Discounting, Multipliers and opportunity cost effects.**

Accrual Adjustments for inventory:

As farmers may not sell their entire crop in the same accounting period, because of which there may be deflation or enhancement of actual cash net farm income. By making accrual adjustments with respect to inventory of crops held for sale during the next accounting period, we are given a more realistic picture of profitability. The same goes for categories of income and expenses, which indicate benefits or costs associated with items such as outstanding loans, supplies bought in the previous accounting period to be used in the current one.

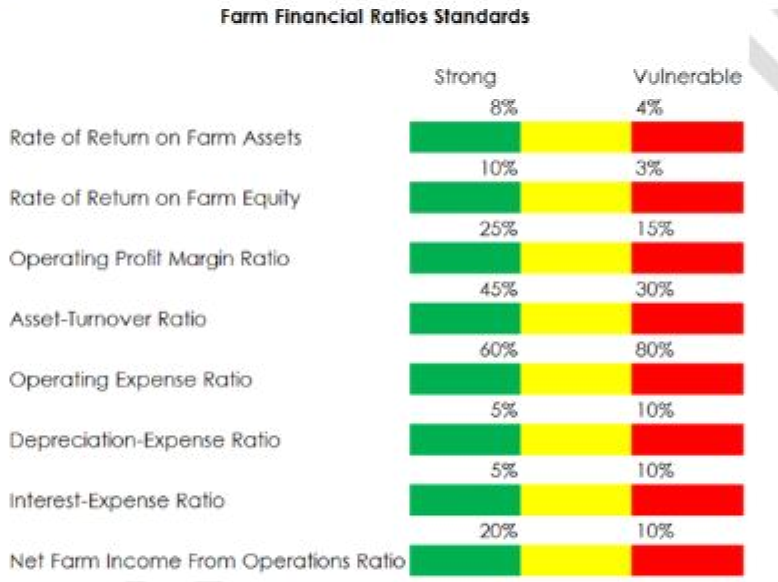
Profitability:

The rate of return on farm assets ratio is used to measure profitability relative to farm assets. This ratio uses net farm income from operations, which is used to exclude any items on the income statement that would be considered outside of normal, day-to-day operations, such as a gain or loss on capital assets

In contrast, the rate of return on farm equity ratio is used to measure profitability relative to farm equity, which is the farm owner's investment. Finally, the operating profit margin ratio shows what percent of gross revenue is earned in the form of pre-interest operating profit. This ratio reflects the farm's ability to generate revenues and control costs.

Important considerations relating to Cost benefit analysis:

The asset-turnover ratio measures financial efficiency by showing the farmer how many times per year their assets regenerate value in the form of sales. The operating-expense, depreciation-expense, interest-expense and net-farm-income-from-operations ratios measure financial efficiency by comparing the named expense or income category to gross revenue in the form of a percentage. When added together, these four ratios should equal 100% because net farm income from operations plus operating expenses plus depreciation expenses plus interest expenses will be equal to gross revenue. Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) is a formula often used by financial analysts to determine the farmer's ability to repay loans.
However, it can overstate cash available because it ignores capital expenditures, which can be large in some operations.



Internal Rate of Return:

In the absence of a benchmarking industry rate of return, IRR can be used by urban farmers to make informed decisions to maintain sustainability and profitability.

- IRR can be compared with the required rate of return or the company's cost of capital. If the IRR is higher, the project is considered profitable. For multiple urban farming projects, IRR can help rank them based on profitability in the absence of benchmark industry returns.

- It also helps in conducting a sensitivity analysis to see how changes in assumptions like yield rates, price fluctuations, or cost variations affect the IRR. This helps in understanding the risks involved. Also, Scenario analysis can be done to assess the potential variability in IRR outcomes.

- A higher IRR can help in justifying the allocation of funds and resources to urban farming projects to stakeholders and investors. Investors are more likely to fund projects with higher IRR as it indicates potential returns.

Overall, the farm financial analysis can aid the producer in making management decisions that improve long-term profitability and stability of the farm.

CONCLUSION:

As urban farming continues to gain momentum as a solution to urban food security and sustainability challenges, the role of accounting and finance becomes increasingly critical. Leveraging these financial tools ensures that urban farming can thrive as a viable and impactful component of urban eco-systems. Additionally, integrating the environmental and social impact metrics into the accounting framework can enhance the company's appeal to stakeholders and investors in sustainable practices.

TECHNICAL SESSION 2

RISE OF IMPACT INVESTING & SOCIAL STOCK EXCHANGE

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ERO0265405

A. WHAT IS IMPACT INVESTING?

LossImpact investing refers to investments made into companies, organizations, and funds with the intention to generate a measurable social or environmental impact apart from financial returns. Unlike traditional investing, whose main aim is to bolster financial returns, impact investing brings in social or environmental considerations into investment decisions. The objective is to address critical global challenges like climate change, social inequality, access to healthcare and education, and sustainable agriculture, among others. In a nutshell, the goals of impact investors can be divided into two parts – (a) achieve positive outcomes that contribute to a more sustainable and equitable world; and (b) generate competitive financial returns.

Let's understand this in another way – the Triple Bottom Line approach (popularized by John Elkington in the 1990s) – which considers 3 dimensions i.e. "profits, people, and planet", often referred to as 3Ps, to evaluate an organization's performance:

1. Profit: This is the traditional bottom line that measures the financial performance of a company and includes factors such as revenue, expenses, and overall profitability. Profit is crucial for a business to sustain operations, grow, and provide returns to shareholders.

2. People: This dimension focuses on the social impacts of a company's operations and business practices. It considers how the company treats its employees, engages with its communities, and supports social causes. Factors such as workplace diversity, employee well-being, community involvement, and labor practices are evaluated under this.

3. Planet: This dimension assesses the environmental impact of a company's activities. It includes factors such as resource consumption, energy use, waste generation, pollution levels, and the company's efforts towards sustainability and environmental stewardship

I. EXAMPLES OF IMPACT INVESTING

Tata Group: Tata Group is the biggest example of impact investing when we it come to India. Through its strategic investments, triple bottom line approach, and commitment to create a positive change, it focuses not only on financial profitability but also on social and environmental factors.

LeapFrog Investments (Financial Inclusion): LeapFrog Investments is a private equity firm that invests in companies providing financial services to underserved populations in emerging markets. They have provided insurance to over 27.8 crore people in Africa & Asia, with 90% of the customers living on less than $10 a day. Furthermore, they've raised over $2 billion, achieving 24% gross IRR across its portfolio.

II. KEY CHARACTERISTICS OF IMPACT INVESTING:

1. Intentionality: Investors must have the intention to create positive impact through their investments. If just for name sake and cheap popularity one is going for impact investing, I'm afraid one cannot sustain it for long.

2. Measurable Impact: As an instance, an investor funds a community development project in a low-income area with the aim of improving local infrastructure and livelihoods. However, the project has no clear indicators to measure its impact on poverty reduction, employment rates, or infrastructure development. There are challenges in collecting accurate data and insufficient engagement with local stakeholders making it difficult to understand the project's actual impact on the community. Can it be said to have a measurable impact?

3. Financial Return: See, ultimately investments are all about returns. If an impact investment is not able to give even a comparable return to traditional investments, it casts a serious doubt on its future as at the end, the investors are going to assess whether their returns justify the investments they've made.

III. WHY IS IMPACT INVESTING GAINING PROMINENCE?

We being Gen-Z kids, don't show our interest in something unless we're given its importance. So, let's discuss five key reasons as to why impact investing is gaining worldwide prominence:

1. Alignment of Values: There is a growing awareness among investors about the impact their investments can have on society and the environment. Many investors want their investments to align with their personal values and contribute positively to the world.

2. Demonstrated Financial Viability: Initially seen as purely philanthropic, impact investing has increasingly demonstrated that it can generate financial returns alongside social and environmental impact. This dual objective attracts a broader range of investors, including institutional investors and high-net-worth individuals.

3. Regulatory and Policy Support: Governments and regulatory bodies in many countries are increasingly supporting impact investing through favorable policies, tax incentives, and frameworks that encourage responsible investing practices.

4. Risk Management and Long-Term Perspective: Investing in companies and projects that consider environmental, social, and governance (ESG) factors can mitigate risks associated with regulatory changes, consumer preferences, and societal backlash. 5. Millennial and Gen-Z Preferences: Younger generations of investors, particularly millennials and Gen-Z, are more likely to prioritize social and environmental impact in their investment decisions.

B.WHAT IS SOCIAL STOCK EXCHANGE?

A social stock exchange (SSE) is a specialized stock exchange dedicated to listing and trading of securities issued by organizations that prioritize and report on social and environmental performance, over and above financial performance. They provide a platform for investors interested in impact investing to identify and invest in companies and funds that align with their social or environmental objectives.

I. EXAMPLES OF SSE'S

- Impact Investment Exchange (IIX) of Singapore: It's Asia's first social stock exchange. It connects impact enterprises with impact investors, allowing them to raise capital through listed impact securities. IIX focuses on sectors such as renewable energy, healthcare, education, microfinance, and promoting sustainable development across Asia.

- Some other key examples include: Sistema B of Latin America, Bolsa Social of Spain, London Stock Exchange (LSE) Green Economy Mark of The United Kingdom, Impact Shares of United States and so on..

II. KEY FEATURES OF SSES:

1. Focus on Impact: SSEs prioritize organizations that demonstrate a commitment to addressing social and environmental challenges. Simply profit-seeking concerns generally cannot be a part of SSEs.
2. Transparency: SSEs require rigorous reporting and verification of social and environmental metrics. This helps to ensure accountability to investors and stakeholders.
3. Access to Capital: SSEs facilitate capital raising for impact-focused entities by connecting them with investors who value both financial returns and social impact.

III. NEED FOR SSES IN TODAY'S FINANCIAL LANDSCAPE

Again, let's discuss 5 points as to why we need SSEs in today's financial landscape:

1. Facilitating Impact Investment: SSEs provide a dedicated marketplace where investors can easily find and invest in organizations that are committed to making a positive impact on society and the environment.
2. Market Recognition for Impact: Listing on an SSE can enhance an organization's reputation and credibility as a socially responsible entity. It signals to investors, stakeholders, and consumers that the organization is committed to sustainable practices and positive societal outcomes, potentially attracting more capital and partnerships.
3. Standardization of Impact Metrics: SSEs often adopt standardized frameworks for measuring and reporting impact, such as the UN Sustainable Development Goals (SDGs) or other established guidelines.

This helps investors compare the impact performance of different investments and ensures consistency in how impact is assessed and communicated.

4. Long-Term Investment Horizon: SSEs are aligned with the growing trend towards sustainable and responsible investing, which emphasizes long-term value creation over short-term profit maximization. Investors on SSEs often have a longer investment horizon, which can support the stability and resilience of impact-focused organizations.

5. Encouraging Innovation: SSEs can catalyze innovation by supporting and promoting businesses and initiatives that are developing new solutions to social and environmental challenges. By providing access to capital and visibility, SSEs enable these innovators to scale their impact more effectively.

C. IMPACT MEASUREMENT AND REPORTING:

Now that we've discussed so much impact investing, how do we measure the impact? Let's discuss the 6 commonly used methods for the same:

1. Impact Frameworks and Standards:

i) IRIS (Impact Reporting and Investment Standards): Developed by the Global Impact Investing Network (GIIN), IRIS provides a comprehensive set of metrics and definitions to measure social, environmental, and financial performance.

ii) GIIRS (Global Impact Investing Rating System): GIIRS is a ratings and analytics platform used to assess the social and environmental impact of companies and funds. It evaluates impact across various sectors and regions.

iii) SDGs (Sustainable Development Goals): The UN SDGs provide a global framework for measuring and reporting on sustainable development outcomes, aligning impact investing activities with broader societal goals.

2. Social Return on Investment (SROI): SROI is used to measure the social, environmental, and economic value generated by investments. It involves quantifying outcomes in monetary terms to assess the overall impact beyond financial returns.

3. Benchmarking and Comparative Analysis: Comparing the impact performance of investments against industry benchmarks, peer groups, or control groups provides insights into the relative success and effectiveness of impact investments.

4. Impact Reporting and Data Analytics: Advanced data analytics techniques, such as big data analysis, machine learning, and geospatial analysis, can be employed to analyze large datasets and derive insights into impact trends, patterns, and correlations.

5. Key Performance Indicators (KPIs): KPIs can be quantitative (e.g., number of beneficiaries served, carbon emissions reduced) or qualitative (e.g., stakeholder satisfaction, community resilience).

6. Third-Party Verification and Certification: Engaging third-party validators or certification bodies can provide independent assessments of impact performance, enhancing credibility and transparency in reporting impact outcomes.

D. CHALLENGES & CRITICISMS:

Like any other thing in the universe, impact investing and SSEs are not free of flaws. Let's look into some of the main eight challenges:

1. Measurement and Standardization: Establishing universally accepted metrics and methodologies for impact measurement remains a significant hurdle. Variability in data quality, availability, and comparability further complicates the assessment of impact.

2. Greenwashing and Impact Washing: Here, investments are marketed as socially or environmentally beneficial without substantiated evidence of positive impact. This can mislead investors and undermine the credibility of impact investing as a whole.

3. Trade-offs Between Impact and Financial Returns: Balancing financial returns with impact objectives can be challenging. Investors may face trade-offs where maximizing financial returns conflicts with achieving optimal social or environmental outcomes. This tension can limit the scale and scope of impact investments.

4. Lack of Investment Opportunities: In certain sectors or regions, there may be a shortage of investment opportunities that align with impact goals. Impact investments often target localized or niche markets, which can constrain its growth and limit the diversification of impact-focused portfolios.

5. Exit Strategies and Liquidity: The illiquidity of some impact investments, particularly in early-stage ventures or in certain geographic regions, poses challenges for investors seeking timely exits or liquidity. Further, SSEs often struggle with limited liquidity and a shallow depth of market compared to traditional stock exchanges.

6. Risk and Return Expectations: Impact investments may involve higher perceived risks or lower financial returns compared to traditional investments. Investors may be hesitant to allocate significant capital to impact investing if they perceive it as less financially lucrative or more volatile.

E. FUTURE OUTLOOK

Impact investing is poised for significant growth as investor awareness and demand for socially and environmentally responsible investments continue to rise. Millennials and Gen Z, in particular, are driving this shift towards aligning investments with personal values and societal impact. Institutional investors are also increasingly integrating impact strategies into their portfolios, attracted by the potential to achieve both financial returns and positive social outcomes.

Potential innovations in Social Stock Exchanges (SSEs) include leveraging blockchain technology for transparent and secure impact investing transactions, creating specialized indices that track impact performance across sectors, and developing innovative financial products like green bonds and social impact bonds tailored to SSE listings. SSEs could also pioneer new impact measurement methodologies and standards, enhancing credibility and attracting a wider range of investors. Additionally, collaborations with Fintech platforms and data analytics firms could improve market liquidity and efficiency, making SSEs more attractive and accessible to both issuers and investors committed to making a positive social and environmental impact.

Needless to mention, Artificial Intelligence (AI) is revolutionizing impact investing and Social Stock Exchanges (SSEs) by enhancing data analytics, predictive modeling, and personalized investment recommendations. AI algorithms analyze large datasets to predict impact outcomes, manage risks, and detect fraud, thereby improving decision-making and investor confidence. AI-powered tools automate impact measurement and reporting, ensuring transparency and accuracy in assessing social and environmental impacts.

Additionally, AI enhances operational efficiency by automating administrative tasks and providing real-time market intelligence. These advancements position AI as a critical enabler of sustainable finance, driving innovation and scalability in SSEs while aligning investments with individual values and impact priorities. As impact measurement standards become more robust and universally adopted, impact investing is expected to become a more mainstream and integral part of the global financial landscape, addressing crucial global challenges and driving long-term sustainable development.

INAUGURAL

CHIEF GUEST
Thiru. Sivarajah Ramanathan

GUEST OF HONOUR
CA R BUPATHY

PROFILE

THIRU. SIVARAJAH RAMANATHAN

CEO of TN Startup and Innovation

Thiru. Sivarajah Ramanathan is the driving force behind Tamil Nadu's burgeoning startup ecosystem. As the Mission Director & CEO of StartupTN, he has been instrumental in propelling the state to the forefront of India's startup landscape. Under his leadership, Tamil Nadu has garnered recognition as the 'Best Performer' in the Union Government's Startup India Ranking, a testament to the conducive environment cultivated for startups.

With a vision to establish Tamil Nadu as a global startup destination, Sivarajah is committed to fostering inclusivity and driving uniform growth through innovative schemes and initiatives. His strategic guidance has led to a significant increase in DPIIT registrations from the state.

Beyond his role at StartupTN, Sivarajah actively contributes to the entrepreneurial ecosystem as a Governing Council Member at the Entrepreneurship Development and Innovation Institute (EDII) and the MSME Trade and Investment Promotion Bureau (M-TIPB). He also serves as a Board Member at iTNT Hub.

His entrepreneurial journey commenced at the tender age of 21 with a computer distribution business, introducing groundbreaking technological advancements to Madurai. Subsequently, he co-founded Winways Systems Private Limited, pioneering ERP solutions for temples and establishing the region's first open-source software training organization.

Sivarajah's passion for fostering entrepreneurship in tier II and tier III cities led to the founding of Nativelead, a non-governmental organization focused on economic development. Through the Nativelead Foundation's Native Angels Network, he championed social entrepreneurship and economic growth in smaller towns and cities. The Nativelead model has gained widespread recognition and is being replicated across India.

Sivarajah's unwavering support and encouragement from his wife, Padmini, and his children, Sinduja and Dev Ramanathan, have been instrumental in his success. His keen interest in socio-political structures and history enriches his perspective as a leader and innovator.

PROFILE

CA R BUPATHY

Past President , ICAI,

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

1. Geojit Financial Services Ltd.
2. Geojit Credits Pvt Ltd.
3. 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.

MOTIVATIONAL SESSION

SUCCESS STORIES: JOURNEY FROM A CA ASPIRANT TO CFO

CA SARVANAN PARAMASIVAM
CA SATHISH GUDULA

PROFILE

Motivational session

CA SARVANAN PARAMASIVAM

Profile Introduction:

Saravanan Paramasivam is a seasoned Chartered Accountant with over a decade of extensive experience in the fields of finance and taxation. As the CFO for the India operations of a US-based company, Saravanan has demonstrated expertise in areas including financial accounting, taxation, statutory audits, mergers and acquisitions, and regulatory compliance, including FEMA.

He has been instrumental in setting up entities from scratch within the IT/ITES industry, devising effective tax strategies under both direct and indirect tax laws in India, and managing SEZ/STPI units. His work includes international taxation and reporting under BEPS OECD policies, and he has spearheaded efforts to streamline financial and business operations with cost-effective solutions.

Saravanan's career includes significant roles at leading global firms where he was involved in due diligence, tax compliance, and advising on mergers and acquisitions.

He is also actively involved in the broader finance community, contributing articles on tax changes and Tax improvements to leading tax forums, and conducted nationwide training programs on tax laws.

PROFILE

Motivational session

CA SATHISH GUDULA

With over 17 years of experience in business finance and strategy, CA Sathish Gudula is a distinguished finance and strategy leader known for his expertise in establishing and governing financial processes and systems. Currently serving as the Chief Financial Officer and Head of Strategy at Mangal Industries Limited, a part of the Amara Raja Group, Sathish Gudula has demonstrated exceptional leadership in driving financial growth and strategic development.

Sathish Gudula is a Chartered Accountant from the Institute of Chartered Accountants of India (2007) and holds an Executive MBA from the Indian School of Business (ISB), Hyderabad. He also earned a B.Com (Hons) from Berhampur University. His career began with articleship at PKF Sridhar & Santhanam, followed by key roles at WABCO India Limited, where he played a significant role in the demerger of the brakes division from Sundaram Clayton Limited to WABCO-TVS and received recognition from the WABCO Global team for his successful implementation of the Hyperion system. He then advanced to a Finance Controller role at Magna COSMA International India Pvt Limited, leading financial operations and reporting.

At Mangal Industries Limited, Sathish Gudula has been instrumental in increasing the company's revenue from ₹500 crores to ₹1800 crores and unlocking shareholder value through the successful demerger of one of its divisions. He has also implemented SAP S4 HANA, streamlining financial operations and processes, and developed financial strategies aligned with the company's long-term goals.

CHARTING NEW FRONTIERS : PIONEERING THE ENTREPRENEURSHIP AND INDIAN ECONOMY

1)DEBUNKING THE UNICORN MYTH: EXAMINING HIGH VALUATIONS AND LOW PROFITS IN TECH STARTUPS

2)CHARTING THE CA'S ROLE IN NURTURING STARTUP ECOSYSTEMS

3)IMPACT OF A SEED FUND SCHEME ON START-UP LANDSCAPES

CA SHOBANA GANESAN

PROFILE

CA SHOBANA GANESAN

Shobana Ganesan is a distinguished entrepreneur with a career spanning over two decades. She has held prominent positions, including Executive Managing Director at Barclays Bank and co-founder of Blushbee Organic Beauty. An Indian Chartered Accountant who graduated in 2002, Shobana also completed the Advanced Management Program at Wharton Business School.

With over 23 years of expertise in multinational banking and financial services, she has developed a deep understanding of the industry. In recent years, Shobana has ventured into fundraising and entrepreneurship, actively exploring these areas for the past 1.5 years. Her career reflects a unique blend of financial acumen and entrepreneurial drive, underscoring her versatility and leadership in both fields.

Technical Session 3

Debunking the Unicorn Myth: Examining High Valuations and Low Profits in Tech Startups

Naga Kamali B
SRO0778703

Introduction

A unicorn is a privately held company that is valued at or above $1 billion. The rise of tech unicorns, privately held startups valued at over $1 billion, has captivated the investment world. Despite their lofty valuations, many unicorns struggle with profitability, leading to questions about the sustainability and accuracy of their valuations. The term "unicorn" was coined by venture capitalist Aileen Lee in 2013. Once considered rare, the number of unicorns has been increasing in recent years due to the influx of venture capital and rapid growth in technology sectors. This paper examines the phenomenon using insights from valuation experts and examples from both Indian and global tech startups.

2.How Unicorns are Valued

2.1 Discounted Cash Flow (DCF) Method

The Discounted Cash Flow (DCF) method is commonly used to estimate the valuation of companies including unicorns. This approach involves making periodic projections of the company's financial statements for a certain time period, which is subjective and varies by analyst. The company's future financial health is projected, and the present value of that projected financial health is calculated by discounting the future value back to the present using a discount rate. Essentially, the DCF method allows firms to estimate the value of a company based on its expected future cash flows.

Projections: Financial projections are made for a defined period, typically 5-10 years. Discounting: The future cash flows are discounted back to their present value using an appropriate discount rate, often the company's weighted average cost of capital (WACC). Terminal Value: At the end of the projection period, a terminal value is calculated to capture the value beyond the projection period. Adjustments: Certain adjustments are made to the final valuation to account for risk, market conditions, and other relevant factors.

2.2 Pricing by Venture Capitalists (VCs)

Venture capitalists (VCs), however, often use a different approach. As highlighted by Professor Aswath Damodaran, VCs
price companies rather than value them. This involves:

Comparative Pricing: VCs look at similar companies in the market and see what others are paying for them, akin to how one might price a house by looking at comparable properties in the neighborhood.

Market Sentiment: The pricing can be influenced by the current market sentiment and trends, leading to potentially inflated valuations during boom periods.

Growth Potential: VCs are often willing to pay a premium for companies with high growth potential, even if the fundamentals might not justify the high price.

Risk and Return: VCs spread their investments across multiple companies, understanding that not all will succeed. They rely on a few big winners to offset the losses from failures.

3. Common Errors in Unicorn Valuations

3.1 Over-Reliance on Growth Metrics

Pablo Fernandez identifies a common error in unicorn valuations: the over-reliance on growth metrics such as user acquisition and market share. These metrics can be misleading if not accompanied by a clear path to profitability. Fernandez advocates for more transparency and rigorous financial analysis, urging investors to consider both growth potential and current financial realities.

3.2 Mispricing Risk

Stephen Penman emphasizes the importance of accounting for risk in valuations. Unicorns often present optimistic growth scenarios without adequately accounting for the risks involved. Penman advocates for a conservative approach to valuation, incorporating risk factors and using fundamental financial analysis to determine a company's intrinsic value.

4. Statistics on Tech unicorns and Startups– H1 2024 by Tracxn

4.1 Statistics on Tech Unicorns H1 2024 by Tracxn

The Tracxn Geo Semi-Annual Report for H1 2024 highlights several tech unicorns in India, providing insights into their valuations, sectors, locations, and other key metrics.

Company	Founded	Location	Sector	Valuation ($B)	Annual Revenue ($M)	Employees
Perfios	2008	Bengaluru	FinTech	1.00	30.50	2126
Krutrim	2023	Bengaluru	High Tech	1.00	N/A	196
InCred	2016	Mumbai	FinTech	1.04	0.264	1713
Zepto	2020	Mumbai	Consumer	4.60	252.00	1747
Boat Lifestyle	2016	Mumbai	Consumer	1.32	424.00	470

4.1.2 Highlights:

- **Zepto leads in valuation among the listed unicorns with $4.6 billion, primarily in the consumer sector.**
- **Perfios and Krutrim both have valuations of $1 billion, though Krutrim is a newly founded company (2023) focusing on high tech.**
- **Boat Lifestyle stands out in the consumer sector with a significant annual revenue of $424 million.**
- **The fintech sector is represented by Perfios and InCred, with valuations of $1 billion and $1.04 billion,respectively.**
- **Employee numbers range significantly, with Perfios employing 2,126 people and Krutrim having the smallest team of 196 employees.**
- **These statistics provide a snapshot of the current landscape of tech unicorns in India, highlighting their rapid growth and the diversity across sectors and locations.**

4.2. Insights in the Indian tech startup ecosystem for the first half of 2024

4.2.1. Overall Funding:

Indian tech startups raised $4.1 billion in H1 2024, which is a 4% increase from the $3.96 billion raised in H2 2023, but a 13% decrease compared to $4.8 billion in H1 2023. Despite the decline year-on-year, India remains the fourth-highest funded country globally, trailing behind the United States, the UK, and China.

4.2.2. Sector Performance:

Retail: Funding in the retail sector increased by 32%, reaching $1.63 billion, up from $1.23 billion in H1 2023.

Enterprise Applications: This sector saw a 10% decrease, raising $933 million compared to $1.04 billion in H12023. Fintech: There was a significant 50% drop in fintech funding, down to $726 million from $1.45 billion in H1 2023.

4.2.3. Funding Stages:
Seed Stage: Raised $455 million, a 6.5% increase from H2 2023 but a 17.3% decrease from H1 2023.

Early Stage: Raised $1.3 billion, steady compared to H2 2023 but 28% lower than H1 2023.
Late Stage: Raised $2.4 billion, a 3.8% increase from H2 2023 and a slight 1.3% drop from H1 2023.

4.2.4. Major Funding Rounds: There were eight funding rounds surpassing $100 million, including Flipkart's $350 million Series J round and Apollo 24|7's $297 million PE round.

4.2.5. New Unicorns and IPOs: Three new unicorns emerged in H1 2024, compared to none in H1 2023. Additionally, the number of IPOs rose to 17 from 6 in H1 2023.

4.2.6. Acquisitions: The report noted a decline in acquisitions, with 43 acquisitions in H1 2024 compared to 75 in H1 2023.

4.2.7. Top Investors and Cities: Bengaluru led in total funds raised, followed by Mumbai and Hyderabad. Accel, Blume Ventures, and Peak XV Partners were the top investors overall, while Venture Catalyst and Z Nation Lab were notable in the seed stage.

5. Factors affecting the profitability of Tech Unicorns

The vanity of being a Unicorn is useless until and unless a startup actually delivers on what it projects. Below are the major reasons that affected the high valued tech startups.

5.1 Change in Book Keeping methods or Wrong Revenue Recognition

Founded in 2017, Open offers banking, payments, and accounting solutions to small and medium businesses. Subscription sales through the company's software and commission earned from customer transactions were the two main revenue streams for the company.

It is valued at 3.14 Billion Dollars. Its revenue from operations saw a modest 25% growth to Rs 30 crore in FY23 from Rs 24 crore in FY22 which is actually due to the change in accounting standards and revenue booking methods and not constitute a real change.

Byju'sIndia's leading edtech unicorn, valued at $22 billion, has faced scrutiny over its financial health. One of the reasons was wrong revenue recognition methods adopted in preceeding years where the income pertaining to the future period was recognized before its accrual.

5.2. Dependence on Continuous funding :

Venture capital plays a significant role in sustaining high valuations. Unicorns often rely on continuous funding rounds to support their growth strategies. This dependency can obscure underlying financial issues and lead to unsustainable business models that prioritize growth over profitability.

ShopClues, an Indian online marketplace, was once valued at approximately $1.1 billion, making it a tech unicorn. Despite this high valuation, the company faced significant challenges, including intense competition, financial losses, and difficulties in raising further funding, which eventually led to its acquisition by Singapore-based Qoo10 in a deal valued at a much lower amount.

5.3. Aggressive Marketing and Customer Acquisition:

High growth expenses often lead to lower profitability or even significant losses for unicorns. Heavy spending on advertising to capture market share can outweigh revenue in the short term. While these investments are intended to capture market share and drive future growth, they can strain the company's finances in the short term, leading to operational losses.

Byju's is a prominent example of this phenomenon. The aggressive advertising expenses sometimes exceeded the revenue itself. For example, in the fiscal year 2019-2020, Byju's reported a revenue of ₹2,800 crore (around $370 million), while it's advertising and promotional expenses were around ₹2,500 crore (approximately $330 million).

5.4. High Operational Costs

Rapid growth demands substantial investment in infrastructure, talent, and technology. Uber spends heavily on driver incentives, subsidies, and customer support. The cost of maintaining and expanding its global operations is substantial.

In 2019, Uber reported a net loss of $8.5 billion. Despite generating $14.1 billion in revenue, its high operational costs and competitive spending contributed to significant losses.

5.5. Competitive Market Environment

Intense competition often leads to price wars and higher spending to maintain market position. Snapdeal faced intense competition from Flipkart and Amazon, leading to heavy discounting and high marketing expenses. Snapdeal's losses mounted as it struggled to compete, leading to a reduction in its valuation and market position. The company had to lay off employees and cut costs to stay afloat.

5.6. Scaling Challenges

WeWork's business model involves leasing large office spaces and then subleasing them to businesses and freelancers. The upfront costs for leasing and outfitting these spaces are immense. Rapid expansion led to financial strain as the company struggled to fill its vast inventory of office spaces. In 2019, WeWork reported a loss of $1.25 billion in the third quarter alone. The company's high costs associated with scaling its operations contributed to its significant financial difficulties.

5.7. The Hype and Speculation Effect

Aswath Damodaran, a prominent valuation expert, argues that unicorn valuations are often driven by hype and speculative future growth rather than current financial performance. Investors, excited by the potential for disruption and market dominance, may overlook the lack of profitability. Damodaran stresses the importance of realistic financial assessments, emphasizing that valuations should be grounded in fundamental financial metrics rather than speculative projections

5.8. Market Dynamics and Network Effects

Tim Koller from McKinsey highlights that many unicorns operate in markets where network effects can lead to winner-
take-all scenarios. This potential for market dominance justifies high valuations despite current losses. However, Koller cautions that achieving and maintaining such a position is challenging and rare. High valuations are often based on the expectation of future profits, which may not materialize if the competitive landscape shifts or if the company fails to sustain its growth trajectory.

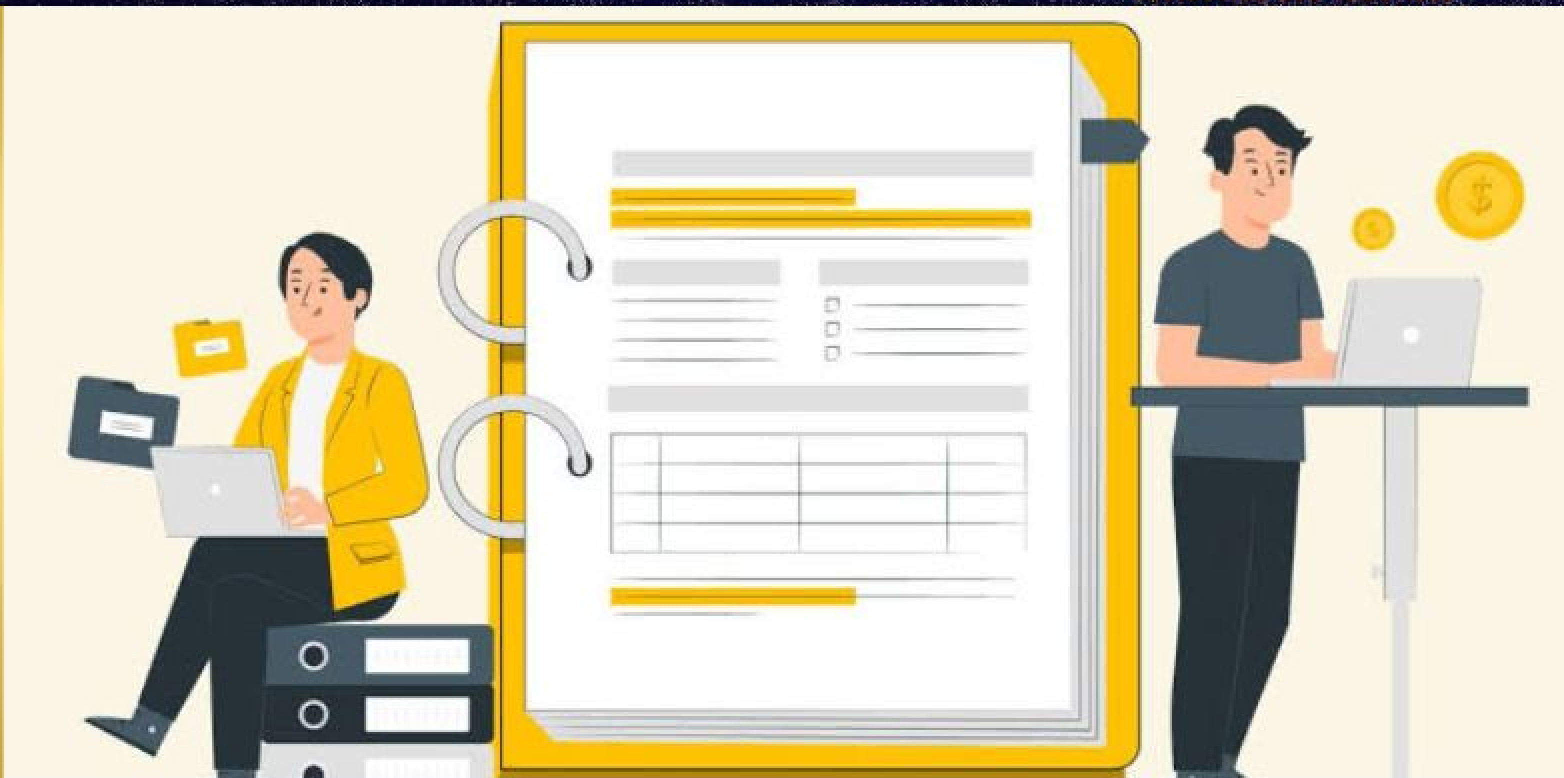
5.9. Spillover effect

The Ukraine-Russia war and foreign borrowing have had a significant spillover effect on Byju's profitability. As global geopolitical tensions escalated, financial markets became volatile, leading to fluctuations in currency exchange rates and interest rates.

Byju's, relying on foreign borrowing for expansion and operational expenses, faced increased costs
due to higher borrowing costs and exchange rate fluctuations. These financial challenges strained Byju's profitability as it sought to manage its debt obligations amidst economic uncertainties. The spillover effect from geopolitical events and financial market conditions underscored the interconnectedness of global economies, impacting Byju's financial health and strategic decision-making.

6. Conclusion

The high valuations of tech unicorns, despite their lack of profitability, are driven by speculative growth potential, market dynamics, and the influence of venture capital. However, as experts like Damodaran, Koller, and Penman highlight, these valuations often lack rigorous financial scrutiny and realistic risk assessments. The phrase “Appearances are Deceptive” would suit in this situation and mere Unicorn tag is useless unless it is being reflected in the performance of the startup.



Technical Session 3

Charting the CA's Role in Nurturing Startup Ecosystems

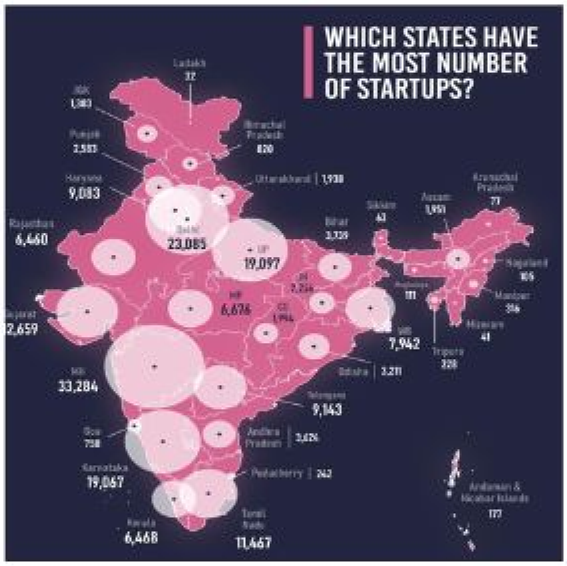
Shrishti Sahu
WRO0735392

1.Introduction and Background of Indian Startup Ecosystem

- India is witnessing a tremendous growth of Entrepreneurship and Startup in India due to which India has now become a $ 3 Trillion Economy and ranks 3rd globally in terms of the number of startups, after US and China & as per Department for Promotion of Industry and Internal Trade (DPIIT) , the number of recognized startups in India as on 31st December, 2023 are 1,17,254.

- A Startup has to undertake various activities additional to running its business like Compliance to tax and other laws, financial planning and management, Fundraising & Investments, & also needs strategic advisor to propel its growth and take right decisions.

- A CA has a broad knowledge of all these areas and he can help the Startups to comply with all the rules & regulations, help them in Finances, advise them and also help them in fundraising through their vast connections so that the Founders or Entrepreneurs can focus on their business



For throughout this topic, let's assume we are an entrepreneur and entire idea is ready, product or services is ready but we lack the financial knowledge, we lack the knowledge regarding rules and regulations need to follow..

So there will be many questions in the mind:

- How do I register my company?
- How to check the financial viability of my business
- How to perform the market analysis?
- What all laws I will have to comply with?
- And lot more…

Due to all this questions, we will resort to someone who is proficient in this... they are none other than our FINANCIAL WARRIORS our CHARTERED ACCOUNTANTS!

Let's now understand what all services a CA can provide from the start to end journey of a Startup:

2.Starting a New Startup

So now if we are planning to startup, we will have multiple questions in your mind such as:

- **What structure should I chose for my startup, should I incorporate it as a Partnership firm, LLP, a private or a public company?**
- **How can I get registered under DPIIT as a startup?**
- **What all benefits can I avail by registering as a startup and which all would be beneficial for me?**
- **What will be the GST rates applicable on my product/service and what other rules and regulations will be applicable?**
- **How will I avail the initial fund raise?**

And a lot more!!

Now as a Startup founder, if we keep researching about all these things then better we drop our startup plans as understand our complex laws and regulations is not everyone's task, so here comes the Chartered Accountants to help us structure our company according to our needs.

For EX.

If you wish to raise funds in near term it's better to register as a company but you will have higher compliances, and if you are not looking to raise funds it's better to structure yourself as a LLP with limited liability and lesser compliances.

Similarly help you in registering as a Startup, help you get other registrations such as GST, PAN, TAN, etc., and help in availing all the benefits of it and also help you in determining GST rate and other compliances.

So in this way, taking a help from a Chartered Accountant helps you in planting the seed of our STARTUP. The startup ecosystem is able to expand because of our Chartered Accountants. As their knowledge in finance helps the entrepreneur to focus more on their ideation and product rather than the regulations and financial aspects.

In this way CA's help the entrepreneurs to take their first step in building a successful business.

By helping them plant their business as a sapling that will continue to grow in this STARTUP ECOSYSTEM.

Now after you have started the business you will require CA in..

3. Starting a New Startup

Financial Planning & Management

- **Budgeting and Forecasting:**

Effective budgeting and forecasting are essential for startups to manage their resources efficiently. CAs helps startups establish realistic budgets, forecast future revenues and expenses, and identify potential financial risks.

This financial discipline ensures that startups can sustain their operations and scale effectively.

- **Cash Flow Management:**

Cash flow is the lifeblood of any startup. CAs play a pivotal role in monitoring cash flow, ensuring that startups have adequate liquidity to meet their obligations. They advise on managing working capital, optimizing accounts receivable and payable, and securing short-term financing when necessary.

- **CFO as a service:**

Many CAs now provide the bundle of all Financial service by acting as a CFO of the company on a CFO as a service business model where CAs with their personal and their team's expertise handle all the Financial activities of the company from Forecasting and Planning, Cash Flow Management, Accounting, Tax compliance, Fund raising and Strategic advisory which we will cover further.

So this is when the planted sapling (Business) starts to grow in this STARTUP ECOSYSTEM.

At this time the startups face many problems, but our FINACIAL Warriors are there to safeguard the startups.

Now the next thing which is the biggest nightmare for any founder is that he is doing his business honestly but due to lack of knowledge of all Laws and Regulations which might lead to monetary penalties as well as judicial custody.

Now here comes the role of CA to help them in

4. COMPLIANCE & REGULATIONS

- **Statutory Compliance:**

Startups must navigate a complex web of regulatory requirements, including tax filings, statutory audits, and compliance with labor laws. CAs ensures that startups adhere to these regulations, minimizing the risk of penalties and legal issues. They also keep startups informed about changes in laws and regulations that may impact their operations.

- **Tax compliance:**

Mostly every startup will have to file GST returns as well as Income Tax returns, which are so complex that a normal person can't understand. So we CAs can help them not only in these return filings, help them in availing any benefits of having the Startup registration, also in any litigations.

4. FUNDRAISING & EXPANSION

- **Makes the founder & Startup Investment ready:**

  Securing funding is a significant challenge for startups. CAs prepares startups for investment by conducting financial due diligence, refining pitch decks, and identifying potential investors. They also advise on valuation, ensuring that startups present a compelling case to attract investment.

- **Structure Investment Deals:**

  Negotiating investment deals requires expertise in financial structuring and legal considerations. CAs assist startups in structuring deals, drafting term sheets, and negotiating terms with investors.

  This expertise ensures that startups secure favorable terms and avoid pitfalls that could impact their future growth. Also many times, the CAs can also help you find potential investors as they have a huge network among Investors and others too.

- **Manage Investor Relations:**

  Post-investment, maintaining good relations with investors is crucial. CAs help startups manage investor communications, provide regular financial updates, and ensure compliance with reporting requirements. This transparency fosters trust and supports ongoing investment.

The last but not the least, CAs also help in Strategic Advisory when your business is seeing a downfall or you need to expand or scale further because even one wrong decision can be fatal for your startup.

5. FORMULATING STRATEGIES

- **Growth Strategies :**

  CAs brings a wealth of experience and industry knowledge to the table, helping startups identify growth opportunities and develop strategies to capitalize on them. They advise on market expansion, product diversification, mergers and acquisitions, and strategic partnerships.

- **Risk Management:**

  Risk management is essential for startup survival. CAs helps startups identify and mitigate financial, operational, and strategic risks. They develop risk management frameworks, conduct scenario analysis, and advise on contingency planning.

- **Exit Planning:**

  For many startups, the ultimate goal is a successful exit through acquisition or IPO. CAs guide startups through the exit process, advising on valuation, preparing financial statements, and negotiating terms. Their expertise ensures that startups maximize value and achieve a smooth transition.

Now think of all these activities as a Founder, is it even possible to do it all alone?? Not at all. Don't waste time being a jack-of-all-trades; hire a master (CA) and watch them make magic happen.

Not just the CHARTERED ACCOUNANTs nurture the STARTUP ECOSYSTEM in INDIA, The INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA, (ICAI) also plays a pivotal role.

WHAT IS THE INSTITUTE OF CHARTERED ACCOUNTANTS DOING TO PROMOTE ENTREPRENEURSHIP?

- **National Startup Spheres:**

  ICAI organized the National Startup Sphere for the second time last month. The startup sphere aims to promote Entrepreneurship among CAs and connect them with brilliant minds and Investors.

  Many informative and technical sessions about Startups, how to make a Unicorn and such sessions are arranged for getting insights.

Also to promote Entrepreneurship among the budding CAs i.e the CA Students, ICAI organized a National Pitch Deck Competition in which around 150 Branches all across India participated.

- **Committee on MSME and Startup:**

The institute has also set up a separate committee for the promotion and addressing the issues of MSMEs and Startups.

The chairperson of this committee is none other than our CA Dhiraj Khandelwal. Various informative sessions and steps are taken by this committee for the promotion of Startups.

The institute has also started a MSME and Startup Yatra covering 100 programs over 100 cities in 100 days to solve them problems and help MSMEs and Startups.

- **ICAI Startup Program:**

The goal of ICAI STARTUP PROGRAMME is to promote entrepreneurship and thereby facilitate practical application of knowledge for public use.

ICAI aims to coordinate, synergize and leverage the various strands of excellence driving innovation and entrepreneurship & wishes to facilitate the creation of ideas and inventions that benefit society.

The ICAI provides various types of INCUBATION facilities for the promotion and development of Startups at Pre Incubation as well as Incubation stage.

At Pre Incubation stage, the support is offered to applicants having an idea that can be converted into startup venture to CA members. The support will be provided in form of Virtual mentorship, access to library services and networking opportunities with Incubated Startups.

At Incubation stage, the support is provided to companies having developed a prototype or validated their idea with some customer base. The support will be provided for 6 months with access to physical infrastructure, Mentoring and Advisory and connect with Investors and VC.

So, concluding the paper-

CHARTERED ACCOUNTANTS ARE THE FINACIAL WARRIORS IN THE STARTUP ECOSYSTEM!!

who help the businesses to overcome all the setbacks and revive again, indirectly helping the economy and prosperity of OUR BHARAT!!

JAI HIND!! JAI ICAI!!

Technical Session 3

IMPACT OF A SEED FUND SCHEME ON START-UP LANDSCAPES

Devanath V
SRO0776739

The Sprouting of Seed Funding in India

The emergence of seed funding in India marks a significant milestone in the evolution of the country's entrepreneurial ecosystem. Traditionally, startups in India relied heavily on personal savings, loans from friends and family, or angel investors to get their ideas off the ground. However, the last decade has witnessed a paradigm shift with the advent of seed funding, which has become a cornerstone for early-stage startups. This influx of capital at the nascent stage allows entrepreneurs to refine their business models, build their teams, and achieve the necessary milestones to attract further investment.

From the perspective of venture capitalists (VCs), seed funding represents an opportunity to enter a company's journey at the ground floor, potentially reaping significant rewards as the company grows. For entrepreneurs, it is a lifeline that enables them to transform their vision into a tangible product or service without the immediate pressure of profitability. Meanwhile, government initiatives have also played a pivotal role, with schemes designed to foster innovation and entrepreneurship, thereby creating a more conducive environment for seed funding.

Here are some in-depth insights into the sprouting of seed funding in India:

- Government Policies and Initiatives: The Indian government has launched several initiatives, such as Startup India, to support entrepreneurs. These programs offer tax benefits, grants, and resources, making it easier for startups to secure seed funding.

- Success Stories: Examples like Flipkart and Ola, which started with seed funding and grew into unicorns, have inspired confidence among investors and entrepreneurs alike.

- angel Networks and syndicates: Groups like indian Angel network have formalized the process of investing in startups, pooling resources to fund innovative ideas at an early stage.

- venture Capital firms: VC firms such as Sequoia Capital India and Accel Partners have dedicated funds for seed-stage investments, recognizing the potential of the Indian market.

- International Interest: Global investors are increasingly interested in India's growth story, leading to more foreign investments in the seed phase.

- Technological Advancements: With the digital revolution, sectors like fintech, edtech, and healthtech have seen a surge in seed funding due to their scalability and potential impact.

- corporate Seed funds: Corporates like Google and Microsoft have set up seed funding arms to invest in innovative startups, often providing not just capital but also technological support.

- Crowdfunding Platforms: Platforms like Ketto and Milaap have emerged, allowing startups to raise small amounts of seed funding from a large number of people.

The landscape of seed funding in India is characterized by a diverse array of participants and factors, each contributing to the growth and dynamism of the startup ecosystem. This early-stage financing is not just about the money; it's about building a foundation for future success and innovation. As India continues to nurture its entrepreneurial spirit, seed funding will undoubtedly remain a key player in shaping the country's economic future.

2.Understanding the Roots

Seed funding, often seen as the initial nourishment for startups, is a critical phase in the life cycle of a new business. It's the financial sapling that supports the growth of an idea into a fully-fledged enterprise. This early investment is typically used to cover the fundamental expenses of a startup, such as market research, product development, and building a management team, before the business generates any revenue. The significance of seed funding in India's burgeoning private equity market cannot be overstated. It serves as a litmus test for the viability of a business concept, providing both the capital and the confidence needed to take calculated risks.

From an investor's perspective, seed funding is a high-risk, high-reward proposition. Investors are essentially placing a bet on the startup's team, idea, and market potential. On the other hand, entrepreneurs view seed funding as a validation of their business model and a means to accelerate growth. The dynamics of seed funding are complex, involving negotiations on valuation, equity, and future commitments.

Here are some in-depth insights into the basics of seed funding:

- Valuation and Equity: Determining the value of a startup is more art than science at the seed stage. Investors may use various methods, such as the Berkus Method or the risk Factor Summation method, to arrive at a valuation that reflects the startup's potential and risks. In exchange for capital, startups typically offer equity, which can range from 10% to 25%.

- Convertible Notes: A popular instrument for seed funding is the convertible note, which is a short- term debt that converts into equity during a future financing round. This allows investors to fund the company while delaying the valuation discussion to a later stage when the company has more tangible results.

- SAFE Agreements: simple Agreement for Future equity (SAFE) is another instrument gaining traction. It's an agreement that provides rights to investors for future equity without determining a specific price per share at the time of the initial investment.

- The role of Incubators and accelerators: These entities provide more than just funding; they offer mentorship, resources, and networking opportunities. For example, Y Combinator in the US and IIM Ahmedabad's CIIE in India have been instrumental in nurturing startups through their early stages.

- Crowdfunding: Platforms like Kickstarter and Indiegogo have opened a new avenue for startups to raise seed funds directly from customers and enthusiasts. This not only provides capital but also validates the market demand for the product.

- Government Initiatives: In India, government initiatives like the 'startup India' program have been set up to provide financial support and incentives to encourage the growth of startups.

- angel Investors and Venture capitalists: Angel investors are typically high-net-worth individuals who provide seed funding in exchange for equity. Venture capitalists, although more commonly associated with later-stage funding, also participate in seed rounds, especially for startups with high growth potential.

To illustrate, let's consider the example of Paytm, which started as a prepaid mobile recharge website. Its seed funding round allowed it to pivot and expand into the digital wallet space, which was a nascent market in India at the time. This strategic move, supported by seed capital, laid the foundation for Paytm's subsequent success.

seed funding is the cornerstone of a startup's journey, providing the necessary resources to transform an idea into a viable business. The landscape of seed funding in India is vibrant and diverse, offering multiple avenues for startups to secure the capital they need while presenting investors with opportunities to be part of the next big success story.

3. A Terrain for Seed Investors

Navigating the Indian market as a seed investor is akin to embarking on a voyage through a complex archipelago, each island representing a unique blend of opportunities and challenges. The terrain is diverse, with sectors ranging from technology startups to traditional manufacturing units, all seeking the financial sustenance to grow. Seed investors play a pivotal role in this ecosystem, providing not just capital but also mentorship and access to networks that can catalyze a startup's growth. Their insights, drawn from varied perspectives, are crucial in understanding the nuances of this market.

From the vantage point of a seed investor, the Indian market presents a tapestry of regional variations, consumer behaviors, and regulatory frameworks. Here are some in-depth insights into this terrain:

- Consumer Diversity: India's vast population is not a monolith but a mosaic of cultures, languages, and economic strata. For instance, a startup like KhataBook, which digitizes traditional ledger-keeping for small businesses, tapped into the vernacular needs and has seen rapid adoption across the country.
- Regulatory Landscape: The Indian government has been proactive in creating a conducive environment for startups with initiatives like 'Startup India'. However, navigating the regulatory space requires diligence. A case in point is the fintech sector, where companies like Paytm have had to adapt to evolving regulations.
- Competitive Market: The Indian market is highly competitive, with many players vying for the same customer base. Seed investors must identify startups with a unique value proposition, such as Zomato's early bet on food delivery in a market crowded with traditional dine-in options.
- Technology Adoption: With one of the world's largest internet user bases, India is ripe for digital disruption. Startups like BYJU'S have revolutionized education through technology, a sector that seed investors are keenly watching.
- Sustainability and Impact: There is a growing trend towards sustainable and socially impactful businesses. Companies like Greenway Appliances provide eco-friendly cooking solutions to rural households, representing the kind of innovative thinking that attracts seed investments.
- Exit Strategies: Seed investors are also mindful of exit possibilities. Whether it's an acquisition, as seen with Flipkart's sale to Walmart, or an IPO, understanding the exit landscape is crucial for early- stage investing.

Seed investors in India must be adept at reading between the lines of market trends, regulatory signals, and consumer behavior. Their ability to foresee and nurture potential unicorns is what makes the Indian market a fertile ground for seed investments. The journey is fraught with risks, but for those who navigate it well, the rewards can be substantial.

4.Successful Seed Funding Stories in India Successful first seed Successful seed funding

The landscape of seed funding in India is a testament to the burgeoning entrepreneurial spirit that has taken hold of the nation's economy. Seed funding, often considered the initial financial fuel for startups, has played a pivotal role in transforming nascent ideas into full-fledged businesses. This section delves into the journey of various Indian startups that have successfully navigated the seed funding phase, shedding light on the strategies that worked and the challenges overcome. Through these case studies, we gain insights from the perspectives of founders, investors, and market analysts, offering a holistic view of the seed funding phenomenon in India.

- Flipkart: The story of Flipkart's seed funding is nothing short of inspirational. Starting with an initial investment of just $6,000 in 2007, founders Sachin and Binny Bansal gradually attracted significant attention from venture capitalists. By 2009, they secured $1 million from Accel India, which believed in their vision of creating an e-commerce giant in India.

- Ola: Ola's journey began with seed funding of INR 50 lakhs from Rehan Yar Khan and other angel investors in 2011. This initial capital injection helped Ola to expand its operations beyond Mumbai and eventually become a leader in the ride-hailing service industry in India.

- Zomato: Zomato's seed funding round in 2010, which raised $1 million from Info Edge India, was pivotal in helping the company scale its restaurant discovery service. The funding enabled Zomato to expand its reach across various cities in India and later, internationally.

- Paytm: Paytm's seed funding story is unique as it started as a part of One97 Communications. In 2010, it received a seed fund of $10 million from Sapphire Ventures (formerly SAP Ventures). This funding was crucial for Paytm to develop its brand and diversify its services, leading to its current success as a digital payments giant.

These examples highlight the critical importance of seed funding in providing the necessary capital to support early-stage startups. The infusion of funds not only helps in product development and market expansion but also instills confidence among entrepreneurs to pursue their vision with vigor.
Moreover, the success stories of these startups have encouraged a new wave of investors to explore the potential of the Indian startup ecosystem, further fueling the growth of seed funding in the country.
The ripple effect of successful seed funding rounds is evident in the increased number of startups that have emerged as significant players in their respective industries, contributing to India's position as a global innovation hub.

5. The Thorns in Seed Funding

Embarking on the journey of seed funding is akin to a gardener nurturing the first sprouts in a vast field. While the potential for growth is immense, the path is fraught with challenges and risks that can impede or even halt progress. Seed funding, particularly in the dynamic landscape of India's private equity market, is a delicate phase where startups are most vulnerable. The infusion of capital at this stage is crucial, yet it comes with strings attached that can shape the future trajectory of a nascent enterprise.

From the perspective of entrepreneurs, securing seed funding is the first major hurdle. The challenge lies in convincing investors to believe in an idea that is yet unproven, with minimal market validation. Entrepreneurs must navigate through:

- Valuation Discrepancies: Determining the worth of a startup with no revenue can lead to significant differences in valuation expectations between founders and investors.

- Equity Dilution: Raising funds often means giving up a portion of ownership, which can be a hard pill to swallow for founders who cherish control over their venture.

- Investor Fit: Aligning with investors who share the same vision and strategic approach is crucial. A mismatch can lead to conflicts down the line.

For investors, the risks are equally pronounced. They are placing bets on untested teams and products, which requires a leap of faith and a tolerance for high risk. They must consider:

- Market Viability: Will the product find its market fit? investors must assess the potential for scalability and long-term profitability.

- Founder Commitment: The dedication and resilience of the founding team are pivotal. Investors look for founders who can weather the storms of startup life.

- Regulatory Landscape: Especially in India, where policies can change rapidly, investors must be cognizant of the legal and regulatory environment.

An example that highlights the importance of investor-founder alignment is the story of a Bangalore- based tech startup that faced a down-round. Despite initial success, the startup struggled to scale due to differing visions between the founders and the lead investors, ultimately leading to a devaluation of the company during the subsequent funding round.

Seed funding is a complex dance of negotiation, trust-building, and strategic foresight. Both parties must tread carefully, balancing optimism with realism, to ensure that the seed planted today can withstand the thorns and bloom into a thriving enterprise tomorrow.

6. The Blossoming of Indias Equity Ecosystem

The equity ecosystem in India is on the cusp of a significant transformation. With a burgeoning startup culture, supportive government policies, and an influx of both domestic and international investors, the landscape is ripe for an unprecedented growth spurt. The recent surge in seed funding is a testament to the confidence in India's economic potential and the innovative spirit of its entrepreneurs. This infusion of capital at the nascent stages of business development is not just fueling the current generation of startups but is also laying the groundwork for a more robust and diversified market.

From the perspective of venture capitalists, the trend is clear: there's a shift towards seeking out early-stage companies with the potential to disrupt traditional industries. For angel investors, the appeal lies in nurturing these startups, providing not just capital but also mentorship and access to networks. Entrepreneurs are finding it increasingly feasible to turn their visions into reality, thanks to more accessible funding avenues. Meanwhile, the government's initiatives to streamline regulations and provide tax incentives are further catalyzing this growth.

Here's an in-depth look at the different facets of this blossoming ecosystem:

- **Startup Incubation and accelerators: Programs like NASSCOM's 10,000 Startups and the government's Atal Innovation Mission are providing a platform for early-stage startups to get the mentorship and support they need to scale their operations.**

- **Venture Capital Surge: 2020 saw a record amount of venture capital flow into India, and the trend has only accelerated. Firms like Sequoia Capital and Accel are doubling down on their Indian portfolios, betting big on sectors like fintech, edtech, and healthtech.**

- **Government Policies: The 'Startup India' initiative is a prime example of how policy can influence the equity ecosystem. By offering benefits like tax holidays and easier compliance, the government is actively encouraging entrepreneurship.**

- **International Interest: global tech giants are setting up their own venture arms in India, such as Google's Gradient Ventures and Intel Capital, signaling a strong belief in the long-term prospects of India's equity market.**

- **Innovation in Funding: New funding mechanisms, such as revenue-based financing, are gaining traction. This allows startups to repay investors with a percentage of their revenue, providing a flexible alternative to traditional equity or debt financing.**

- **Focus on Sustainability: There's a growing emphasis on sustainable and socially responsible investing, with funds like Aavishkaar focusing on startups that aim to address social and environmental challenges through their business models.**

The seed funding landscape in India is not just about the capital; it's about building an ecosystem that supports innovation, risk-taking, and sustainable growth. As this ecosystem matures, we can expect to see a new wave of companies that not only lead in their respective industries but also contribute significantly to the economy at large. The future is indeed bright for India's equity market, and the seeds planted today are likely to yield a bountiful harvest in the years to come.

Special Session

Value, Knowledge Ethics- Roadmap to a Successful life

CA G SEKAR

PROFILE

SPECIAL GUEST

CA G SEKAR

Great Motivator for Chartered Accountants in Practice and in Employment, and CA Students, through his effective and convincing communication style.

Founder Partner of G Sekar Associates and in practice as Chartered Accountant since 1986. Founder and Faculty for Direct Taxation in Shree Guru Kripa's Institute of Management, an Institution providing education for all levels and all subjects of the Chartered Accountancy Course
and has trained many finance professionals.

Professional Profile –

Member of the Expert Study Group Committee, Central Board of Direct Taxes, New Delhi, to study the Direct Tax Code Bill in 2006.

Member of the Direct Tax Law Committee of The Institute of Chartered Accountants of India in 2011 –12, Vice Chairman in 2013-14 and Chairman in 2014-15.

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.

Special Session

PANEL DISCUSSION ON CHANGING ACADEMICS AND CHANGING DYNAMICS

CA SRIKANTH VISHWANATHAN

PROFILE

CA SRIKANTH VISHWANATHAN

Srikanth Viswanathan is Chief Executive Officer of Janaagraha Centre for Citizenship and Democracy, a Bengaluru, India based non-profit working towards the mission of transforming quality of life in India's cities and towns.

He also serves as Executive Director of Jana Urban Space Foundation, a sister organisation of Janaagraha working on spatial planning and design of cities. Srikanth is one of India's leading practitioners of "city-systems" reforms, essentially the application of systems thinking to reform agendas in cities

.He works closely with the senior leadership in union and state governments and constitutional bodies such as Comptroller and Auditor General of India and Finance Commission of India to shape and implement long-term reforms to city-systems in India.

He has been an Associate member of the Institute of Chartered Accountants of India for over twenty years and worked in banking and audit before joining Janaagraha in 2011.

VIYUGAM
NAVIGATING NEW FRONTIERS

ACCOUNTING AND FINANCE IN THE AGE OF AI

1)ECO-ACCOUNTING: UTILIZING IOT SENSORS FOR ENVIRONMENTAL IMPACT REPORTING AND ASSESSMENT

2)PREDICTIVE MAINTENANCE TECH: IMPACT ON ASSET ACCOUNTING

3)ALGORITHMIC TRADING & ACCOUNTING STANDARDS: REPORTING INTEGRITY IMPLICATIONS

CA REKHA UMA SHIV

PROFILE

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.

Environmental Accounting

Technical Session 4

ECO-ACCOUNTING: UTILIZING IOT SENSORS FOR ENVIRONMENTAL IMPACT REPORTING & ASSESSMENT

Ramacharana B
SRO0743782

WHAT IS ENVIRONMENTAL ACCOUNTING?

Eco accounting, also known as environmental accounting or green accounting, is a field of accounting that focuses on incorporating environmental costs and benefits into traditional financial accounting systems. The primary goal is to provide a more comprehensive view of an organization's financial performance by including the environmental impacts of its activities.

Eco accounting vs Traditional accounting

Basis of differentiation	Eco Accounting	Traditional Accounting
Purpose	To incorporate environmental costs and benefits into the financial reporting and decision-making processes.	To record, summarize, and report financial transactions for businesses and organizations
Focus	Emphasizes environmental impacts, resource usage, waste management, pollution control, and sustainability initiatives.	Concentrates on financial performance, profitability, and the accurate presentation of financial statements according to established accounting standards.
Reporting standards	Frameworks like the Global Reporting Initiative (GRI), the International Integrated Reporting Council (IIRC), and the Sustainability Accounting Standards Board (SASB).	Generally Accepted Accounting Principles (GAAP), International Financial Reporting Standards (IFRS), and other national accounting standards.

Basis of differentiation	Eco Accounting	Traditional Accounting
Regulatory guidelines	Standards for environmental disclosures and natural capital accounting, such as the United Nations' System of Environmental-economic Accounting (SEEA).	Compliance with financial reporting regulations established by bodies like the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB).
Data utilized	Environmental impact assessments, resource usage data, emission measurements, and sustainability metrics.	Financial transactions, sales records, expense reports, and accounting journals.
Metrics	Measures such as carbon footprint, water usage, waste generation, and biodiversity impact.	Financial ratios revenue, expenses, profit margins, and return on investment (ROI).

History of Eco Accounting

1960s and 1970s

The publication of Rachel Carson's "Silent Spring" and the establishment of Earth Day, led to increased awareness of environmental issues.

Late 1970s

Economists started to consider how environmental degradation could be quantified and included in economic analyses.

1980s

The Govenments around the world started to impose environmental regulations such as the Clean Air Act and the Clean Water Act

1990s

Organizations like the United Nations and the World Bank started promoting environmental accounting.

2000s

Companies began the adoption of Eco-Accounting and concepts like Sustainability Reporting & ESG started to emegre

How are environment cost integrated into financial statements?

Environmental costs are integrated into financial statements through various methods and frameworks, reflecting the economic implications of environmental protection measures and the impact of business activities on the environment. The integration process involves three steps and they are;

Identification
Measurement
Disclosure.

The International Financial Reporting Standards (IFRS) provide guidelines for recognizing and measuring environmental costs, ensuring that these are adequately reflected in financial statements to inform decision-makers about the environmental implications of their operations. Studies have shown that proper disclosure of environmental costs can improve the quality of financial reports and enhance a company's reputation by demonstrating its commitment to sustainability.

However, challenges such as the lack of standardized accounting systems and insufficient disclosure practices persist, limiting the availability of comprehensive environmental cost information.

Now let us have a look at how Internet of Things comes into the picture and helps in the environment impact reporting and quality assesment.

Introduction to Internet of Things

What is Internet of Things?

The Internet of Things (IoT) refers to the network of physical objects—devices, vehicles, buildings, and other items—embedded with sensors, software, and other technologies that enable them to collect and exchange data. The goal of IoT is to create a seamless integration between the physical and digital worlds, enhancing efficiency, productivity, and the overall quality of life.

Components of Internet of Things

Devices & Sensors
Connectivity
Software & Application
Data Processing
Artificial IIntelligence

Aids of IOT in Environment Cost Measurement

Agriculture

IoT-enabled soil sensors provide farmers with precise data on soil moisture, nutrient levels, and temperature. This data-driven approach allows for optimised irrigation and fertilisation, reducing water and resource usage while maximising crop yield.

Wind Energy

IoT devices on wind turbines collect data on wind speed, direction, and turbine performance. Real-time monitoring enhances predictive maintenance, improves energy efficiency, and ensures reliable energy production

Transportation

Connected vehicles equipped with environmental sensors measure air quality levels during transit. This data helps municipalities identify pollution hotspots, implement targeted interventions, and improve urban air quality.

Health care

IoT devices in healthcare facilities monitor and control environmental factors such as temperature and humidity. This ensures optimal conditions for patient comfort and the preservation of medical supplies.

Water management

Smart water meters with IoT sensors detect leaks and monitor water quality in distribution networks Water utilities can proactively address issues, reduce wastage, and ensure clean water delivery to consumers.

Waste management

IoT sensors in waste bins and collection vehicles provide real-time information on fill levels.
This data enables efficient route planning for waste collection, minimising fuel consumption and reducing the environmental impact of transportation.

Advantages of using IOT in Eco Accounting

Remote Controllabitity

The ability to remotely monitor, and control parameters such as temperature, humidity, and airflow by connecting from any device with an internet connection

Instant Updates

Instant notification features are configured for different parameters (i.e., quickactions in case of fire, waterleakage, or unauthorised access)

Cost Savings

Be it reduction in energy consumption or the workforce needed to monitor, control, and report every environmental parameter, an EMS is fast becoming a must-have for every business tool kit

Security

An EMS also provides control of situations such as unauthorised access, theft, power failures, fire, etc, due to equipment such as motion sensors, water leakage sensors, and smoke sensors.

IFRS about handling of Environment Costs

As a result of the uncertainties inherent in business activities, many items in financial statements cannot be measured with precision but can only be estimated.

Estimation involves judgments based on the latest available reliable information. For example, estimates may be required for calculation of provision for the following:

Clean up cost
rehabilitation ccost
Contingency claims
pollution eestimate
Equipment cost

The environmental financial reporting practice are increasing day by day. Still the organization is required to enhance the scope of environmental financial reporting from the present reporting practices consistency of methodological approaches as recognition and measurement of environmental costs environmental benefits environmental assets and environmental liabilities

Concluding Thoughts

The world as a whole, is a fastly growing industry. Humans come out with lots of invention to make the living better. But on the other side, the nature is put into toss. Clean water, clean air, lushy green forests will soon be found only in history.

It is time, we all realise the importance of the depletion that we cause to the environment.

Eco-Accounting is one method that can be used to monitor the depletion caused by an individual/company. While this concept is still not into our day to day practice, it is something that will be helpful for the entity, government and also individuals.

Internet of Things (IoT), is tool that will make this journey smooth and easy to achive. With internet enabled equipments, monitoring of the impact of environment can be precicely calculated. IoT also helps in identifying poetntial threats and helps estimating the costs spent on our environment.

Therefore, integration of IoT with Eco-Accounting is a very promising venture which will lead to a sustainable future.

Technical Session 4

Predictive Maintenance Tech: Impact on Asset Accounting

Sarangi Bhoot
WRO0749020

Have you ever wondered about the hidden brilliance of a spider web? It's more than just a nuisance; it's a sophisticated predictive system. Long before anything comes near, the spider feels subtle vibrations through its web, like pulses of information. This delicate sensing mechanism allows the spider to anticipate and react to any disturbance, whether it's a tasty meal or a looming threat. It's nature's breakthrough in technology!

Background:

In the fast-paced world of modern business, traditional predictive maintenance methods are struggling to keep up. Enter artificial intelligence (AI) — not just a buzzword, but a game-changer in revolutionizing predictive maintenance and asset accounting. Say goodbye to costly downtime and unexpected machinery failures. With AI's exceptional capabilities in anomaly detection, fault prediction, and data analysis, you can now control the future of your equipment's performance and its financial impact.

AI-powered predictive maintenance eliminates guesswork, enabling quick repairs, cost optimization, and enhanced efficiency. This translates to more precise asset valuation, better depreciation management, andenhanced financial forecasting and reporting. Accenture research has shown that predictive asset maintenance can save up to 12 % in scheduled repair costs, reduce overall maintenance costs by up to 30 %, and result in up to 70 % fewer breakdowns.

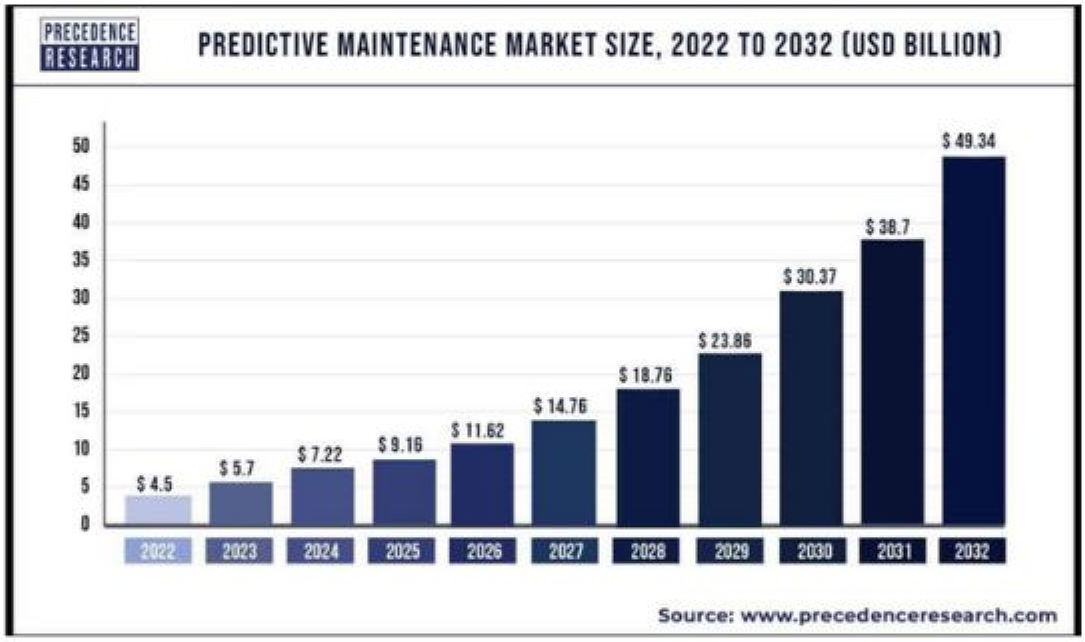
Sound like magic? It's the marvel of machine learning and real-time data turning expenses into a strategic edge. This isn't just an upgrade; it's a leap into a smarter, safer, and more profitable era for your asset management and accounting. Welcome to a future where your assets don't just work—they work smarter. Discover how AI-powered predictive maintenance is revolutionizing financial reporting, asset valuation, and business strategy, propelling you to new heights of profitability and efficiency

Understanding Predictive Maintenance

1. Definition and Overview

Predictive maintenance (PdM) involves using data analysis tools and techniques to detect anomalies in equipment operations and predict failures before they occur. Unlike traditional maintenance strategies, such as reactive (run-to-failure) and preventive maintenance (scheduled maintenance), PdM focuses on real-time monitoring and data-driven decision-making. AI-driven solutions are making waves across industries like manufacturing, energy, transportation, and healthcare. As AI technology advances, expect even more groundbreaking uses in predictive maintenance.

The global market, valued at $4.5 billion in 2022, is set to skyrocket to nearly $49.34 billion by 2027. This explosive growth highlights the rising impact of AI and machine learning in revolutionizing maintenance practices.

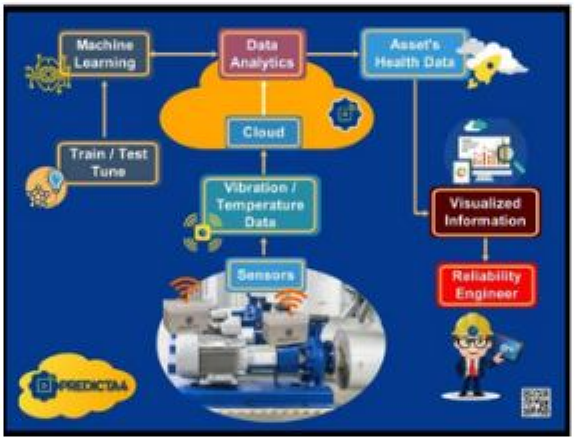


2. Key Technologies Powering Predictive Maintenance

Here's how PdM redefines asset management with advanced technology:

Sensors and IoT Devices: Imagine a network of smart sensors embedded in your equipment, capturing real-time data on vital metrics like temperature, vibration, and pressure. These devices keep a constant watch on asset health, offering you a window into your equipment's every move.

Data Analytics and Machine Learning: Advanced algorithms then dive into this treasure trove of data, spotting patterns and predicting potential failures before they can disrupt your operations. It's like having a maintenance oracle that tells you exactly when and where to act.



Cloud Computing: All this valuable data is stored and processed in the cloud, ensuring it's easily accessible and managed efficiently. Cloud platforms provide the backbone for handling vast amounts of information without missing a beat.

Big Data: The extensive datasets generated are analyzed to extract actionable insights, turning raw numbers into strategic decisions. This means you can optimize maintenance schedules, allocate resources more effectively, and keep your assets performing at their peak.

With predictive maintenance, you're not just monitoring equipment—you're predicting the future, preventing problems before they occur, and revolutionizing how you manage and account for your assets. This tech-driven approach enhances asset reliability, streamlines resource use, and reshapes financial planning for greater efficiency and profitability.

Revolutionizing Asset Accounting: How Predictive Maintenance Turns Data into big money

Discover how PdM is revolutionizing asset accounting with transformative benefits:

Enhanced Asset Valuation

PdM is revolutionizing asset valuation by providing continuous, real-time data on asset conditions, which leads to more accurate and timely valuations. By predicting and preventing failures, PdM extends asset lifespans, impacting depreciation schedules and boosting residual values. Additionally, the precise insights into asset performance and life expectancy enable better capital allocation and planning, enhancing overall financial management and ensuring that asset management aligns strategically with long-term business goals.

Depreciation and Amortization

PdM is transforming depreciation and amortization by introducing more accurate and dynamic models. Traditional methods like straight line method or written-down value method often fall short of reflecting an asset's true value and usage, but PdM-driven dynamic models leverage real-time data to provide a more precise assessment. With PdM, the useful life of assets can be extended, necessitating adjustments in depreciation schedules to mirror this extended value. Additionally, continuous monitoring allows for earlier detection of potential impairments, enabling timely financial adjustments and more accurate reporting. Thus, PdM not only enhances operational efficiency but also refines financial accuracy in asset management.

Maintenance Costs and Capital Expenditures

PdM revolutionizes asset accounting by stabilizing and reducing maintenance costs through the prevention of unplanned downtime and emergency repairs. By providing deeper insights into asset health, PdM empowers companies to make strategic decisions on repairs, refurbishments, or replacements, effectively optimizing capital expenditures. This proactive approach also balances operating expenses more evenly over time, eliminating the erratic costs associated with reactive maintenance and enabling smoother financial management. In short, PdM transforms asset management into a finely-tuned, cost-effective strategy that drives efficiency and precision in financial planning.

According to Deloitte, predictive maintenance programs can increase equipment availability and uptime by as much as 20%, save overall maintenance costs by 5% to 10%, and eventually reduce maintenance planning by up to 50%.

Financial Reporting and Compliance

PdM is a game-changer for financial reporting and compliance, bringing a new level of transparency and precision. By delivering reliable, real-time data on asset conditions and maintenance needs, PdM sharpens the accuracy of financial reports, ensuring they reflect a true and clear picture of asset health. The system's detailed records and audit trails streamline regulatory compliance, making it easier to meet industry standards and regulations. Additionally, PdM data enhances auditing processes by offering auditors deeper insights into asset management, reducing discrepancies, and boosting the reliability of financial statements. In essence, PdM transforms financial oversight, setting a new standard for accuracy axnd efficiency.

Facing the Future: Challenges and Considerations in Predictive Maintenance

Integration with Existing Systems

Integrating PdM technologies with existing systems presents its own set of challenges and opportunities. Compatibility issues can arise, particularly when trying to mesh advanced PdM solutions with older, legacy systems. Additionally, the vast amount of data generated by PdM systems requires sophisticated data management and analysis capabilities. Managing this data effectively is crucial for extracting meaningful insights and maximizing thebenefits of PdM technologies. Despite these hurdles, successfully integrating PdM can lead to enhanced operational efficiency and long-term gains.

Initial Investment and ROI

Implementing PdM technologies can be a significant financial undertaking, with high initial costs for sensors, software, and infrastructure. This often demands substantial investment in system upgrades and employee training to ensure a smooth transition. Measuring the ROI (return on investment) for PdM can be intricate, as it involves not only evaluating direct savings from reduced downtime and extended asset life but also understanding the broader, often less tangible, advantages such as enhanced operational efficiency and improved decision-making. Despite the complexity of quantifying ROI, the strategic value of PdM lies in its ability to turn substantial initial expenses into long-term gains, driving overall efficiency and profitability.

Skill and Expertise

Effective implementation of PdM demands a blend of specialized technical expertise and adapt change management. Organizations often need to invest in additional training or hire experts to handle the sophisticated technology behind PdM, ensuring they can fully leverage its capabilities. Transitioning from traditional maintenance methods to PdM also involves navigating change management challenges. This means addressing any resistance to new processes and securing buy-in from stakeholders. Successfully integrating PdM requires not just the right skills but also a strategic approach to managing organizational change, making it crucial to prepare for both technical and cultural shifts.

Case Studies and Industry Applications: Predictive Maintenance in India

Tata Steel: It is one of India's largest steel manufacturers, Leveraging real-time data and sensors, the company anticipates equipment failures, reducing unexpected repair costs and enhancing financial reporting.

Reliance Industries: It is a major player in the Indian oil and gas sector. By using predictive tech, the company has cut downtime and optimized maintenance, leading to cost savings and better asset valuations.

 Bharti Airtel: Bharti Airtel, one of India's leading telecommunications companies, has integrated predictive maintenance into its network infrastructure management. PdM ensures network reliability by forecasting equipmen tfailures, saving costs, and improving financial accuracy.

 Adani Ports: Adani Ports utilizes predictive maintenance for port equipment and machinery. Real-time monitoring helps prevent operational disruptions, cut maintenance costs, and streamline asset management, boosting overall port efficiency.

These case studies showcase how predictive maintenance is revolutionizing asset accounting in India. By boosting financial reporting accuracy, optimizing resource use, and enhancing asset management, PdM is driving both financial efficiency and operational excellence across diverse industries.

Future Trends: Pioneering Tomorrow's Asset Management Revolution

The future of PdM is set to be shaped by several exciting trends. Integration with AI and machine learning will drive even more accurate predictions, refining forecasts of asset performance and potential failures. As these technologies advance, we'll see a rise in automation and robotics in maintenance tasks, enhancing efficiency and minimizing the need for human intervention.

The expansion of IoT and connectivitywill further revolutionize PdM. With IoT devices becoming more affordable and widespread, we can expect a richer flow of data and insights. Enhanced connectivity through technologies like 5G will enable faster, real-time data transmission, boosting the effectiveness of PdM systems.

Looking ahead, sustainable asset management will become a key focus. PdM will play a crucial role in reducing waste and optimizing resources, aligning with environmental and sustainability goals. Additionally, evolving regulatory changes may provide further incentives for adopting PdM technologies, integrating them more deeply into asset accounting practices.

Conclusion

In conclusion, traditional preventive maintenance is being increasingly replaced by AI-based predictive maintenance. Predictive maintenance technologies are revolutionizing asset management by boosting operational efficiency, slashing costs, and sharpening financial reporting. By harnessing real-time data and actionable insights, PdM not only extends asset lifespans but also refines maintenance practices for optimal performance. Yet, the journey to successful PdM integration involves navigating integration hurdles, managing initial investment costs, and acquiring specialized skills. As technology advances, the influence of PdM on asset accounting is set to intensify, enhancing financial management and strategic planning. Embracing these cutting-edge innovations will be pivotal for organizations aiming to refine their asset management and secure enduring success.

"PdM is more than innovation—it's the blueprint for a future where asset management achieves peak efficiency and long-term success."

Technical Session 4

Algorithmic Trading & Accounting Standards: Reporting Integrity Implications

Gautham Gnanadesigan
SRO0775118

Introduction:

Imagine a world where financial markets move at lightning speed, with trades executed in the blink of an eye, often without any human intervention. Welcome to the realm of algorithmic trading, where sophisticated computer programs, guided by complex mathematical models, dominate the buying and selling of financial instruments. This high tech landscape not only reshapes the dynamics of trading but also raises intriguing questions about the integrity of financial reporting and the evolving role of accounting standards.

What is Algorithmic trading:

Algorithmic trading involves using computer algorithms to automate trading decisions, enabling rapid trade execution and processing large volumes of transactions. Algorithms can swiftly analyze vast datasets, identify trading opportunities, and execute orders with precision, often in milliseconds. However, this speed and complexity also introduce challenges, particularly in maintaining transparency and accountability.

What exactly happens in Algorithmic trading?

There will be one algorithm software which is directly integrated with your broker like Zerodha or Grow. You will define your requirements like buy 100 shares when it is trading less than Rs.500 and the volume of trading is more than some “X” limit and if it decrease by 10%, sell 10 shares. If it increase by 10% buy another 10 shares to your algorithm software by writing a code through C++ or python or any other compatible programming language.

Algorithm software will directly trigger a order in your broker account once if all your pre defined conditions are met. Imagine in case of a investment company, where orders are placed each and every minute and keeping in mind of the price differences happening in the stock market, it is not expected from them to manually check each and every time whether all the pre defined conditions are met for making a trading decision right?

Algorithmic trading is very similar to IF, OR, AND formula of Excel, if it satisfies the condition it will trigger the order and if not it will ignore it.

How algo trading happen in real life:

In real life, algorithmic trading occurs through a series of steps involving technology, data analysis, and execution. Here's a simplified outline of the process:

1. Strategy Development and Backtesting:
Conceptualization: Traders develop trading strategies based on market research, financial theories, and statistical models. These strategies are tested against historical data to evaluate their potential profitability and risks.

2. Algorithm Creation:
Coding: The strategies are coded into algorithms using programming languages like Python, C++, or specialized trading platforms.

3. Data Acquisition:
Algorithms rely on real time market data, including prices, volumes, and order book information, provided by exchanges and data vendors. Some algorithms also incorporate news, social media sentiment, and other alternative data sources to inform trading decisions.

4. Execution:
Order Placement: The algorithm automatically places buy or sell orders based on predefined criteria. These criteria can include price levels, technical indicators, or other market signals.
Order Routing: Orders are routed to various exchanges or liquidity pools to find the best execution prices.

5. Monitoring and Risk Management:
Real time Monitoring: Traders or automated systems monitor the performance of the algorithms and market conditions.
Risk Controls: Safeguards like stoploss orders, position limits, and risk alerts are in place to manage exposure and prevent significant losses.

6. Post trade analysis:
Performance Review: After execution, trades are analyzed to assess performance, including profit and loss, transaction costs, and slippage. Based on analysis, strategies may be adjusted or refined to enhance future performance.

Is coding knowledge is mandatory to execute Algorithmic trading?

Many trading platforms and brokers offer tools that allow users to engage in algorithmic trading without the need for programming skills:

1. Pre-Built Algorithms: Some platforms provide a range of pre-designed trading strategies that users can implement directly. These strategies are typically developed by experts and can be used as-is or adjusted through simple parameter settings.

2. User-Friendly Interfaces: Platforms may offer drag-and-drop features or visual programming tools that let users build strategies by arranging blocks or elements, akin to flowcharts. This approach abstracts the complexity of coding, making it accessible to those with little to no programming knowledge.

3. Subscription Models: Some services allow users to subscribe to trading strategies created by professional traders or developers. These strategies can be implemented on the user's account without any need for coding.

While coding is not always necessary, having programming skills can be advantageous, especially for those looking to develop more sophisticated or custom trading strategies:

1. Customization and Flexibility: Coding skills allow traders to create highly tailored strategies that can incorporate unique indicators, data sources, and trading rules. This customization can offer a competitive edge by catering to specific market conditions or trading styles.

2. Optimization and Testing: With coding knowledge, traders can conduct backtesting and optimization more effectively, using historical data to refine strategies and assess their potential performance. This helps in minimizing risk and improving the robustness of the trading algorithm.
3. Automation and Scalability: Coding facilitates the automation of complex trading workflows and allows for scalability in trading operations, such as handling large volumes of trades or managing multiple strategies simultaneously.

Examples of Algorithmic softwares are:

- **Zerodha Streak**
- **Algo test**
- **Algo trader**

Advantages of Algorithmic trading are:

1. Speed and Efficiency:
Algorithms can process and execute trades much faster than humans, capitalizing on short-lived market opportunities.They can manage large numbers of transactions simultaneously, which is particularly useful for high-frequency trading strategies.

2. Reduced Transaction Costs: By automating the trading process, the need for manual input is reduced, leading to lower transaction costs.

3. Consistent and Objective Trading:
Algorithms operate based on pre-defined rules, removing emotional influences from trading decisions.They ensure that trading strategies are applied consistently, regardless of market conditions.

4. Advanced Data Utilization:
Algorithms can incorporate complex mathematical models, technical indicators, and statistical analyses that would be challenging to apply manually.

5. Scalability:
Algorithmic trading systems can manage and optimize large investment portfolios, making them suitable for institutional investors.
Multiple strategies can be deployed across various markets and assets, enhancing diversification and risk management.

Risks of Algorithmic trading are:

1. Technical Failures:
Errors in the algorithm, software bugs, or hardware failures can lead to incorrect trades, losses, or missed opportunities. Problems with internet connections or communication with exchanges can disrupt trading activities, potentially causing significant losses.

2. Model Risk:
Algorithms based on historical data may perform well in backtesting but fail in real-world conditions due to overfitting to past patterns that no longer apply,reliance on inaccurate or incomplete models can result in poor trading decisions and significant losses.

3. Regulatory and Compliance Risks:
Changes in regulations can impact the legality and functionality of certain trading strategies or algorithms. Algorithms must adhere to market regulations, and any violations can result in penalties or legal consequences

4. Ethical and Market Fairness Concerns:
There is a risk that algorithms may engage in or contribute to manipulative practices, intentionally or unintentionally.The use of sophisticated algorithms by a few market participants can raise concerns about fairness and the competitive landscape of financial markets.

SEBI Regulations for Algorithmic trading for ethical integrity:

1. Registration and Approval:
Brokers and trading members using algorithmic trading strategies must be registered with SEBI and obtain necessary approvals to operate. Algorithms must be approved by the relevant stock exchange before deployment. Exchanges are responsible for reviewing the algorithms for compliance with SEBI regulations.

2. Surveillance and Reporting:
Trading members must maintain detailed audit trails of their algorithmic trading activities, including the parameters used and the changes made to algorithms. Brokers and exchanges are required to report their algorithmic trading activities to SEBI regularly, including information on the volume of algorithmic trades and any issues encountered.

3. Market Manipulation and Fairness:
SEBI mandates that algorithms should not be designed to engage in manipulative practices, such as spoofing or layering. Exchanges must ensure fair and non-discriminatory access to market data and trading systems.

4. Testing and Certification:
Before deploying in the live environment, algorithms must undergo thorough testing in a simulated environment to ensure they function as intended without causing market disruptions. Traders and brokers may be required to certify that their algorithms comply with SEBI's guidelines and the relevant stock exchange's regulations.

5. Investor Protection:
Firms using algorithmic trading must disclose relevant information to their clients, including the risks associated with such trading.

Accounting standards for Algorithmic trading:

While there are no specific Accounting standards exclusively for algorithmic trading, several standards are relevant to the accounting and financial reporting of activities associated with it. Key IND AS that may impact firms involved in algorithmic trading include:

IND AS 109 - Financial Instruments:
Recognition and Measurement: This standard governs the recognition, classification, and measurement of financial instruments. In the context of algorithmic trading, this includes the recognition and measurement of financial assets and liabilities, such as stocks, bonds, and derivatives.

IND AS 107 - Financial Instruments: Disclosures
It requires disclosures about the significance of financial instruments, the nature and extent of risks arising from them and how the entity manages the risks.

IND AS 21 – The Effects of changes in Foreign exchange rates:
For entities dealing with international trading, this standard governs how to account for and disclose the effects of changes in foreign exchange rates.

Way Forward:

Algorithmic trading is widely used by institutional investors, hedge funds, and proprietary trading firms to execute trades efficiently and at scale but recently there is a rise in retail participation in the algorithmic trading. Currently 55% of the trades are done through algo trading, and it is expected to rise by another 15%. Yet, even with the most sophisticated strategies and rigorous backtesting, the unpredictable nature of financial markets means that no algorithm is foolproof. The true challenge lies in continuously refining these strategies and adapting them to evolving market dynamics. As algorithmic trading continues to advance, embracing innovation while maintaining a disciplined approach to strategy development and backtesting will be crucial.

Motivational Session

Engage and Elevate- Conversations with CFO's

CA NISHIT MEHTA

CA (DR.)SRINIVAS YANAMANDRA

PROFILE

CA NISHIT MEHTA

Nishit is a highly accomplished business and finance leader with over 20 years of extensive experience spanning multiple industries, including information technology, manufacturing, advertising technology, and e-commerce. Throughout his career, he has demonstrated a remarkable ability to navigate complex business landscapes and drive organizations toward sustainable growth and profitability.

His expertise in deal structuring showcases his strategic acumen and deep understanding of financial frameworks, enabling him to negotiate and finalize transactions that create significant value for all stakeholders involved. Nishit's passion for guiding companies on their journey to profitability is evident in his hands-on approach to identifying innovative solutions, optimizing operations, and implementing effective financial strategies.

In addition to his corporate accomplishments, Nishit is also dedicated to fostering the next generation of entrepreneurs. As a startup advisor and angel investor, he leverages his wealth of knowledge and experience to support emerging businesses. He is committed to mentoring founders, helping them refine their business models.

PROFILE

CA (DR.)SRINIVAS YANAMANDRA

Dr. Srinivas Yanamandra is currently the Group Head - Regulatory Affairs & Policy at One97 Communications Limited (PayTM) - the largest fintech payment company in India. Prior to this, he was heading the Compliance Department at the New Development Bank (NDB) established by BRICS countries (Brazil, Russia, India, China, and South Africa) and Head-quartered in Shanghai. Prior to that, he worked as a compliance professional - both at ICICI Bank and IDFC First Bank - in Mumbai. His professional expertise spans across various aspects of corporate governance, risk management, regulatory compliance, electronic payments, digital currencies and fintech innovation.

Srinivas is a Chartered Accountant, a Cost & Management Accountant (with national ranks in all academic examinations), a Fellow of International Compliance Association (UK), a Certified Anti Money Laundering Specialist (USA), and a doctorate degree holder (2013) from the University of Manchester, UK.

Srinivas was the recipient of "CA Global Achiever Award 2019" from the Institute of Chartered Accountant of India. He is a TEDx speaker, and is also associated with various academic institutes as a guest faculty in India and abroad such as Indian School of Business (Hyderabad, India), Zhejiang University International Business School (Shanghai, China), International Anti-Corruption Academy (Vienna, Austria), and United Nations Interregional Crime and Justice Research Institute (Rome, Italy).