



**SHE IS
MAA DURGA'S FLAME
UNSTOPPABLE,
UNTAMED,
UNBREAKABLE.**

INDORE BRANCH OF CIRC OF ICAI



NEWSLETTER

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CHAIRMAN'S COMMUNIQUE

With profound gratitude, I extend my heartfelt thanks to each of you for your trust and support as we embark on a new chapter for the Indore Branch of ICAI. With the change in the committee and your unwavering encouragement, I have been entrusted with the responsibility of leading our branch as Chairman.

This marks the beginning of a collective journey where, together with our esteemed fraternity, we will strive for growth, collaboration, and meaningful contributions to our profession. As Chartered Accountants, we stand at a crucial juncture where our expertise and ethical commitment are shaping India's financial landscape.

Our role has expanded beyond compliance and auditing—we are now integral to financial governance, economic policymaking, and business strategy. As we move forward, our focus will be on fostering a culture of knowledge, innovation, and professional excellence, ensuring that our branch continues to be a pillar of strength for the CA community.

March brings with it a series of insightful programs aimed at enhancing our professional acumen and broadening our perspectives. The Investor Awareness Program will empower professionals and the public with essential financial literacy and investment insights. The Women's Day Celebration will honor the strength, resilience, and invaluable contributions of women in our profession and society, as they continue to shape the future of finance, governance, and entrepreneurship. Additionally, the National Conference on Bank Audit will serve as a vital platform to discuss evolving challenges, regulatory updates, and best practices in bank audits, equipping us to stay ahead in this critical domain. I encourage all members to actively participate in these programs, as they offer unparalleled learning and networking opportunities.

With India poised to remain one of the fastest-growing economies, our role as financial custodians is more crucial than ever. The Union Budget 2025 has introduced significant reforms in digital taxation, ease of doing business, and financial regulations—areas where our expertise will be indispensable. Moreover, recent discussions on strengthening banking audits and enhanced regulatory frameworks for corporate governance further highlight the growing reliance on Chartered Accountants in ensuring economic transparency and financial discipline. As we embrace this increasing responsibility, I am confident that our collective knowledge, dedication, and adaptability will continue to drive meaningful change.

As we navigate this dynamic landscape, I leave you with a question: What more can we, as Chartered Accountants, do to shape India's financial future beyond compliance and advisory roles? I look forward to sharing my thoughts in the next edition.

Yours truly,

CA. Rajat Dhanuka

Chairman-Indore Branch of ICAI



The Importance of Management Software in CA Practice: Necessity or Choice?



CA. Arwa Rumaliwala



Have you ever wondered to smoothly manage multiple clients within task deadlines. Managing things is an art and an artist is management software. In today's fast-paced financial world, efficiency is not just a luxury; but it's a necessity. Let's explore how technology is reshaping modern CA firms.

I Ensure every Task gets on the list and cannot be missed :

Once you properly list the task, the chance of missing the same is eliminated. Specially the firms practising in Multi domains, this system guarantees that nothing slips through the cracks, ultimately boosting your Daily practice's efficiency.

I Task delegation has become so smooth with easy identification of underutilised team member :

Are you able to quantify the effectiveness of all team members? Yes, with the help of software, now you can easily track the performance of all team members and you can always take informed decisions and not just on the basis of your thought. This system actually helps you to understand that team member who always "looks busy" might not actually be doing much. Based on available data you can identify the idle/underutilised staff and can delegate the task to the right person.

I Quantifying Profits at Task and Client level :

Let's face it, not every task is worth the headache. Can Task Level and Client Level profits be measured?? Yes—because, for each client and their tasks, you can set budget tracking and can regularly monitor the same. This will even help in analysing the fee offered against the cost borne to complete the same, thereby allowing

to revise the same if not now then for the similar task in future. This module enables you to see at a glance whether your projects are meeting profitability expectations or not.

I Expanding Service Opportunities Through Client Analysis :

Since you can assess the services currently provided to various clients, this feature helps identify potential gaps and opportunities for introducing additional offerings that can be effectively pitched to clients.

I Partner Level Profit Measurement:

Having Multiple partners in a firm is not only good but best as Synergy thrives through strong Partnerships but managing it is very crucial.



Having such practice management software allows partners to concentrate on their expertise and work, financial relationships and calculations between them can be handled through the system.

Having a partnership to broaden your spectrum of work is very common now a days. Management software helps to centralize tasks, create transparency and workflow in right direction without any confusion. Handling multiple clients manually can be chaotic but with proper analysing tool it can be done smoothly.

To summarize Days are Gone to rely on sticky notes and memory alone. Management software takes care of every detail, so you can focus on growing your firm without losing your Client.

Whether you're a small firm looking to scale or a multi-partner powerhouse aiming for peak efficiency, embracing management software is not just a smart move—it's the only move.

So, are you ready to trade stress for success?

The Billion-Dollar Tax Tug-of-War: The Vodafone Story



In 2007, Vodafone set its sights on the booming Indian telecom market. But what they didn't foresee was a legal battle that would change the landscape of corporate taxation in India forever.

The Grand Deal: Vodafone International Holdings, based in the Netherlands, struck a massive \$11.1 billion deal with Hutchison Telecommunications. The catch? The deal wasn't for any Indian company directly—it was for a company based in the Cayman Islands called CGP Investments, which happened to hold a majority stake in Hutchison Essar Ltd., one of India's largest telecom operators.

With this acquisition, Vodafone indirectly became a major player in India's telecom industry. All was well until...

The Taxman Knocks: The Indian tax authorities raised a red flag. They claimed that although the transaction took place offshore, it involved an underlying asset in India—Hutchison Essar. Therefore, Vodafone should have withheld capital gains tax on the transaction. The demand? Over \$2 billion!

Vodafone was taken aback. How could a transaction between two foreign entities, outside India, attract Indian taxes? The legal battle began.

The Courtroom Drama: The Bombay High Court sided with the tax authorities. But Vodafone wasn't ready to back down. They took the fight to the Supreme Court of India, where the stakes couldn't have been

higher.

In 2012, the Supreme Court delivered a landmark ruling. The verdict? Vodafone was not liable to pay the tax. The Court held that the Indian tax

authorities had no jurisdiction over an offshore transaction between foreign entities.

Vodafone had won!

But the story didn't end there...

A Twist in the Tale: In a move that sent shockwaves through the business world, the Indian government introduced a retrospective amendment to the tax laws. This amendment allowed them to tax such offshore transactions involving Indian assets—effective from 1962! Vodafone found itself back in the crosshairs. This case wasn't just about Vodafone. It was a battle between corporate giants and tax authorities, between investment certainty and regulatory power.

Lessons Learned: The Vodafone case is a powerful reminder of the complexities of international taxation. It underscores the importance of understanding not just the legal environment of where you operate, but also where your deals are structured. It also sparked a global conversation about tax fairness, the reach of national laws, and the importance of legal clarity in fostering a stable investment climate.

As businesses continue to expand globally, cases like Vodafone's serve as a crucial lesson: Always be prepared for the unexpected—especially when the taxman is involved.



CA Radhika Joshi

Mediation Before Approaching AA For Filing Section 9 Application



CA. IP Megha

IBBI issued a discussion paper on November 4, 2024 proposing mediation by operational creditors (OCs) before filing a Section 9 application before the AA (Adjudicating Authority). Presently, Section 9 applications often involve disputes between the OC and corporate debtor (CD), leading to time consuming proceedings and delays. Common issues include disagreements over goods/ services, contractual disputes, discrepancies in amounts owed, and claims for set-offs or damages. These disputes burden the judicial system and lead to unnecessary delays in the insolvency resolution process.



Considering the above challenges, the discussion paper proposes introducing voluntary mediation as a pre-institutional step before filing a Section 9 application. This would be facilitated by a Mediator under the Mediation Act, 2023, with the objective of resolving disputes at an early stage. In case mediation is unsuccessful, a non-settlement report would be generated by the Mediator, which will be annexed with the application for initiating the CIRP before the AA. The proposed framework is expected to resolve disputes between the OC and CD efficiently, reduce the burden on the AA, expedite the admission process, and provide a faster resolution for OCs. The proposal aims to enhance the effectiveness and efficiency of the insolvency process by providing an alternative dispute resolution mechanism before the formal initiation of the CIRP.

Strengthening SEBI Compliance Architecture: Regulatory Imperatives for Market Intermediaries

i. INTRODUCTION

The Securities and Exchange Board of India (SEBI), as the apex capital market regulator, has progressively evolved its supervisory architecture to promote market integrity, safeguard investor interests, and reinforce the operational discipline of market intermediaries. Regulatory expectations have matured from mere procedural adherence to substantive compliance aligned with global best practices.

For Registered Investment Advisers (RIAs), Research Analysts (RAs), Alternative Investment Funds (AIFs), and Portfolio Managers (PMS), the compliance burden is now multifaceted—encompassing disclosure fidelity, segregation of functions, investor suitability, and robust governance protocols. This article presents a consolidated overview of the operative regulatory mandates and recent policy enhancements relevant to these intermediaries, with a specific focus on the professional responsibilities of Chartered Accountants in ensuring institutional adherence.

II. REGISTERED INVESTMENT ADVISERS (RIAS): Institutionalising Fiduciary Oversight

Regulatory Framework: SEBI (Investment Advisers) Regulations, 2013 SEBI has adopted a principles-based regulatory approach to investment advisory, underpinned by the fiduciary doctrine. Key regulatory provisions include:

- **Functional Segregation:** Mandatory delineation between advisory and distribution activities, with strict compliance at the group entity level to mitigate potential conflicts of interest.
- **Eligibility Criteria:** Compulsory certifications under NISM-Series-XA and XB, supplemented by postgraduate qualifications in finance, accountancy, or economics.
- **Fee Structure Regulation:** Two permissible models—AUA-based (subject to a cap of 2.5% of assets under advice) or fixed fee (subject to an annual ceiling of ₹1.25 lakh per client).



CA. Ruchi Nahar

- **Documentation & Record keeping:** Prescribed maintenance of risk profiling, suitability assessments, client agreements, and disclosures for a minimum statutory period of five years.
- **Compliance Audit:** Annual audit requirement for non-individual RIAs, with submission of audit findings to SEBI within six months of the end of the financial year.

Regulatory Development: SEBI has enhanced oversight of RIAs operating under a dual-hatting structure, particularly focusing on vertical and horizontal integration with distribution arms.

iii. RESEARCH ANALYSTS (RAS): Codifying Research Independence and Transparency

Regulatory Framework: SEBI (Research Analysts) Regulations, 2014

The framework seeks to ensure that research outputs are devoid of bias, adequately substantiated, and appropriately disclosed. Core compliance obligations include:

- **Eligibility Norms:** Relevant post-graduate qualification and NISM certification is mandatory for both individual and non-individual RAs.
- **Conflict Disclosures:** Analysts are required to disclose all material conflicts, including remuneration structures, holdings in recommended securities, and affiliations with subject companies.
- **Information Barriers:** Mandated establishment of 'Chinese Walls' within corporate entities to restrict the transmission of unpublished price-sensitive information (UPSI) between research and trading desks.
- **Code of Conduct:** RAs must adhere to SEBI's code which emphasizes analytical rigour, objectivity, and full disclosure in public communications.

Current Emphasis: The regulator is tightening its scrutiny on unregistered market commentators and social media-based financial influencers, many of whom circumvent compliance through informal advisory mechanisms.

IV. ALTERNATIVE INVESTMENT FUNDS (AIFS): Enhancing Transparency and Risk Disclosure Standards

Regulatory Framework: SEBI (Alternative Investment Funds) Regulations, 2012

The AIF regime classifies pooled vehicles into three categories based on investment strategy and leverage. Compliance highlights include:

- **Fund Structure:** Classification into Category i (social impact, SME), Category ii (private equity, structured credit), and Category iii (hedge funds, long-short strategies), each with tailored investment and leverage restrictions.
- **Managerial Oversight:** Obligations on sponsor and fund manager to ensure alignment of interests, minimum continuing interest thresholds, and independent valuation standards.
- **Quarterly Filings:** Detailed reporting obligations covering investment concentration, investor-level exposure, leverage (for Category III), and grievance redressal status.
- **Valuation Standards:** Engagement of independent SEBI-registered valuers and compliance with prescribed valuation methodology and disclosure frequency.

Recent Circulars:

- ESG-themed AIFs are now subject to enhanced disclosure norms including impact reporting.
- SEBI has capped leverage in Category III AIFs and introduced liquidity risk management guidelines to mitigate systemic risk.

V. PORTFOLIO MANAGEMENT SERVICES (PMS): Governance, Suitability, and Performance Disclosure

Regulatory Framework: SEBI (Portfolio Managers) Regulations, 2020

The regulatory revamp in 2020 has recalibrated the PMS ecosystem towards improved investor protection and fee transparency. Key mandates include:

- **Minimum Investment:** Enhanced threshold of ₹50 lakhs per client, aimed at ensuring investor sophistication.

- **Custody & Segregation:** Appointment of SEBI-registered custodians and clear segregation of client assets from proprietary holdings.
- **Fee and Expense Disclosure:** Mandatory inclusion of all fixed and performance-linked fees in the client agreement and investor communications.
- **Periodic Client Reporting:** Performance reporting must be compliant with SEBI-prescribed formats and computed using TWRR (Time Weighted Rate of Return) methodology.
- **Internal Controls:** Appointment of a designated compliance officer and conduct of internal audits on a biannual basis, ensuring ongoing monitoring and breach detection.

Key Development: Standardization of disclosure templates and performance benchmarking have been introduced to facilitate investor comparability and mitigate misrepresentation risks.

VI. ROLE OF CHARTERED ACCOUNTANTS: From Compliance Enablers to Governance Partners

Chartered Accountants are integral to the effective functioning of SEBI-regulated entities—not merely as auditors or consultants, but as stewards of governance and risk management. Our responsibilities encompass:

- Designing and evaluating internal control systems aligned with regulatory requirements
- Conducting regulatory compliance and forensic audits for early detection of governance lapses
- Advising on structure and operational implementation of SEBI regulations
- Ensuring timely and accurate regulatory filings and disclosures
- Guiding intermediaries in interpreting complex circulars, FAQs, and enforcement orders

VII. CONCLUSION

SEBI's evolving regulatory landscape underscores a thematic shift from compliance formality to substance and impact. For market intermediaries, this mandates a transition from reactive compliance to proactive governance. For Chartered Accountants, this opens a larger canvas to contribute as compliance architects, control designers, and ethical custodians within the capital market framework. Continuous capacity building, regulatory foresight, and alignment with global compliance practices will be the cornerstone for navigating this dynamic terrain.



Orientation for Campus Placement Program at Indore



National Conference on Bank Audit



Womens Day Celebration



Meet the New Team Representing Indore
for the Term 2025-2026



CA. Samkit Bhandari
Vice Chairman - Indore Branch of ICAI

Editor

Members interested in sharing their knowledge through
news letter may send their articles @ editorial_indore@icai.org



Meet the New Team Representing Indore for the Term 2025–2026



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