

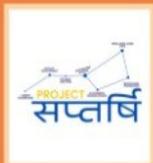


The Institute of Chartered Accountants of India (Set up by an Act of Parliament)



KALYAN DOMBIVALI BRANCH OF WIRC OF ICAI

Issue No.73
April 2025





TORCH BEARERS OF KALYAN DOMBIVALI BRANCH OF WIRC OF ICAI



CA Rakesh Agarwal
Chairman



CA Amit Mohare
Vice Chairman



CA Pradeep Mehta
Secretary



CA Vipul Shah
Treasurer



CA Anurag Gupta
WICASA Chairperson



CA Amruta Joshi
Committee Member



CA Ishwar Rohra
Committee Member



CA Girish Tharwani
Committee Member



CA Rohan Pathak
Committee Member

Branch Nominee



CA Jeenal Savla

Newsletter Committee:

CA Rohan Pathak
Newsletter Committee Chairman

CA Ishwar Rohra
Convener

CA Keyur Gangar
Member

Respected members, esteemed colleagues, and distinguished readers,

It is both a privilege and a responsibility to be the Chairman of Kalyan Dombivli Branch of WIRC of ICAI. As we look ahead to the future, we are poised for growth and innovation within our region, and I am excited to share the plans that will shape our journey forward. As the new dawn of Gudipadwa, new year begins, let us also start our journey of this year with new resolutions.



First and foremost, we aim to focus on empowering our members with the skills and tools necessary to navigate an increasingly digital world. The future of accounting lies in the integration of technology, and we will be investing in comprehensive training programs to equip our members with expertise in areas such as data analytics, blockchain, and artificial intelligence.

Additionally, we will continue to strengthen our professional development initiatives. Workshops, seminars, and webinars will be organized regularly to ensure that our members are up-to-date with the latest industry trends and regulatory changes. We understand that continuous learning is key to staying ahead in a competitive market.

The Institute of Chartered Accountants of India (ICAI) recently announced a significant reform in its examination system, allowing the CA Final exam to be conducted three times a year, in January, May, and September. This move aligns the CA Final with the Intermediate and Foundation levels, which had already adopted a thrice-yearly schedule. Aimed at providing students with more opportunities, faster career progression, and greater flexibility in planning their journey. This will reduce waiting time and boost confidence among aspirants.

One of our top priorities will be to promote a culture of inclusivity and diversity within the profession. We will launch mentorship programs aimed at guiding young professionals and students, helping them grow into leaders of tomorrow. We will also focus on increasing female participation and leadership roles within our region, ensuring that every voice is heard.

We will also enhance collaboration with industry leaders and government bodies to create more opportunities for our members. By strengthening our external partnerships, we will ensure that our region remains a hub of knowledge, innovation, and professional excellence.

Lastly, maintaining the highest standards of ethics, transparency, and integrity will remain our guiding principles. As trusted advisors to businesses and individuals, our profession must continue to be synonymous with trustworthiness and accountability.

Together, we will build a strong, resilient, and future-ready CA community in India.

Thank you for your continued commitment and support as we shape the future of our profession.

Best Regards,

CA Rakesh Agrawal

Dear Esteemed Members,

As we step into the new Financial Year 2025–26, I take this opportunity to express my sincere gratitude to the members of the Kalyan Dombivli Branch of WIRC of ICAI for your continued support and trust. I am honoured to serve as the Vice-Chairman of our esteemed Branch and extend my heartfelt appreciation to our Chairman, CA Rakesh Agarwal, and the Managing Committee for their unwavering dedication and leadership.



The Chartered Accountancy profession continues to evolve amidst regulatory reforms, technological advancements, and dynamic business landscapes. In this era of transformation, our collective responsibility is to uphold the highest standards of integrity, competence, and service. As Vice-Chairman, I remain committed to fostering a culture of continuous learning, collaboration, and innovation among our members.

Let us work together to strengthen our fraternity, support one another in our professional journeys, and contribute meaningfully to the growth of our profession and society at large.

Wishing you all a successful and enriching year ahead.

Warm Regards,

CA Amit Anil Mohare

Vice-Chairman

Kalyan Dombivli Branch of WIRC of ICAI

Dear Members,

It is a privilege to serve as the Secretary of the ICAI Kalyan-Dombivli Branch. Our branch, spread from Dombivli to Karjat, Kasara, and Bhiwandi, reflects the diversity and strength of our professional community.



As Chartered Accountants, we play a vital role in shaping India's financial landscape ensuring compliance, promoting transparency, and guiding businesses forward. ICAI continues to lead in fostering excellence through education and by embracing emerging trends such as AI, blockchain, and sustainability reporting.

I extend my sincere thanks to all members for your continued support. Let us work together to uphold the highest standards of ethics, professionalism, and innovation as we contribute to the nation's progress.

Warm regards,

CA Pradeep Mehta

Secretary, ICAI Kalyan-Dombivli Branch

Dear Professional Colleagues,

It is with great humility and a strong sense of responsibility that I address you in my capacity as the Treasurer of the Kalyan Dombivli Branch of WIRC of ICAI for the Financial Year 2025–26.



The role of Treasurer goes beyond maintaining financial records it is about ensuring transparency, accountability, and optimal utilization of resources for the benefit of our members and the profession at large along with addressing issues of students. I am committed to upholding these principles in all our branch's financial and administrative activities.

With the growing expectations from our profession and increasing engagement of our members, it becomes imperative that we operate with fiscal prudence while continuing to deliver value driven initiatives be it through knowledge sessions, infrastructure development, or member welfare activities. My focus remains on ensuring financial discipline while supporting innovative and member centric programs.

I sincerely thank the Branch Chairman, CA Rakesh Agarwal, and my fellow Managing Committee members for their constant encouragement and collaborative spirit. Together, we aim to strengthen the foundation of our branch and provide meaningful support to our esteemed members & assist students to provide the best infrastructure which can help them in their path of success.

Let us continue to move forward with integrity, vision, and collective purpose.

Warm Regards,

CA Vipul Shah

Treasurer

Kalyan Dombivli Branch of WIRC of ICAI

Dear Professional Colleagues,

I would like to extend a warm welcome to all of you as we embark on the journey of the new F.Y. 2025-26. It gives me immense pleasure to address you as the WICASA Chairman of the Kalyan-Dombivli branch of WIRC of ICAI.



First and foremost, I would like to express my heartfelt gratitude to our esteemed Chairman, CA Rakesh Agarwal, and all the managing committee members of the Kalyan Dombivli branch for placing their trust in me and giving me the opportunity to serve as the WICASA Chairman.

I also take this moment to thank all the past managing committee members, including the past WICASA Chairman, who have worked tirelessly and selflessly to build the WICASA brand and elevate our branch to new heights. I am committed to carrying forward this legacy and undertaking various initiatives that will benefit students.

WICASA is a platform "of the students, by the students, for the students." It is a unique opportunity provided by the ICAI to nurture and promote the inherent talents of students. Through this platform, students can actively engage in student-related activities, either by joining the core WICASA team or being part of it.

Serving and collaborating with students has always been my passion, and I am truly excited to work with them. Along with the entire team of WICSA and managing committee of our branch, I am committed to give my best to support students and ensure their growth.

Together, let's work to take our branch and the ICAI to new heights. I wholeheartedly invite suggestions from all of you regarding the activities that we need to undertake for the benefits of students. Your feedback will guide us in our efforts to continually improve and provide students with the best possible experience.

Best Regards,

CA Anurag R Gupta

WICASA Chairman

Kalyan Dombivli Branch of WIRC of ICAI

Dear Esteemed Members,,

As we embark on the new Financial Year 2025–26, I extend my warmest greetings to each one of you. It gives me immense pleasure to connect with you through this message in my capacity as the Chairman of the Newsletter Committee of the Kalyan Dombivli Branch of WIRC of ICAI.



At the outset, I would like to express my sincere gratitude to our respected Branch Chairman, CA Rakesh Agarwal, and the esteemed members of the Managing Committee for placing their faith in me. I am truly honored by the opportunity to contribute to our branch through this meaningful and forward-thinking initiative.

Our newsletter is envisioned as a monthly platform that not only updates you on branch activities and professional developments but also serves as a source of knowledge and inspiration. From the latest in Taxation, Auditing, Accounting Standards, and Corporate Law to the emerging realms of Artificial Intelligence, Data Analytics, and Technology in Finance, we aim to bring content that is relevant, insightful, and impactful.

This initiative is built *by the members, for the members*, and we deeply value your voice in shaping its direction. I would like to take this opportunity to sincerely thank all the members who have contributed their time, expertise, and articles for this edition of the newsletter. Your efforts have added great value, and we look forward to your continued contributions in the coming editions as well.

If you have professional insights, technical updates, or articles you'd like to share or if you're interested in joining the newsletter team in any capacity we would be delighted to hear from you. You can reach us at kdub.newsletter@gmail.com.

Let us work together to make this newsletter a vibrant channel of communication and a true reflection of the collective growth, learning, and spirit of our professional community.

Regards

CA Rohan Ramchandra Pathak
Chairman, Newsletter Committee
Kalyan Dombivli Branch of WIRC of ICAI

Dear Esteemed Members,

It is both an honour and a profound responsibility to address you once again as a Member of the Managing Committee. I express my heartfelt gratitude for your continued trust and support as I embark on my second term of service at the Kalyan Dombivli Branch of WIRC of ICAI.



Our journey over the past term has been one of collective growth, knowledge-sharing, and community-building. Together, we have advanced member services, empowered students, and created a platform where learning and leadership could thrive.

As we enter this new chapter, my vision remains rooted in continuity with transformation. Our focus will be to keep members at the forefront of professional excellence by embracing digital progress, fostering innovation, and adapting to evolving domains such as AI in finance, ESG frameworks, and forensic audits.

Leadership is not just a position it's a commitment to creating value. I urge all members to actively engage, share ideas, and contribute to the vibrant journey of our branch.

Let us move forward with conviction, compassion, and commitment and continue building a profession that inspires trust, excellence, and integrity.

Warm regards,

CA Girish Tarwani

Managing Committee Member

Kalyan Dombivli Branch of WIRC of ICAI

Dear Professional Colleagues,

Happy Financial Year 2025-26.

I hope this message finds you all in good health and high spirits. During the month of March, the Managing Committee of our Branch had the opportunity of attending the All India Managing Committee Members Meet at New Delhi from 21st to 23rd March 25 wherein the Team was briefed about the functioning of the Institute and various committees that are working very hard for the professional development of its members and students. The take aways from the orientation program was huge and will be implemented in the future for smooth functioning of the branch.



I encourage each one of you to stay engaged, share your insights, and continue supporting the initiatives of the Kalyan Dombivli Branch. Your participation is the key to our collective growth and success.

Once I heard somewhere this and sharing with u all

“Individually, we are one drop, together we are an ocean”

Wishing you all a productive and prosperous financial year ahead!

Warm regards,

CA Ishwar M Rohra

Managing Committee Member

Kalyan Dombivli branch of WIRC of ICAI

Dear Professional Colleagues,

It is a privilege and an honour to serve as a Managing Committee Member of the Kalyan Dombivli Branch of WIRC of ICAI. I am sincerely thankful for the trust placed in me and take this responsibility with a deep sense of purpose and commitment.



As we embark on this journey together, my focus will be on fostering a culture of continuous professional development through collaborative efforts. I firmly believe that meaningful progress stems from the collective wisdom and active participation of our members. By working closely with fellow committee members and engaging with our vibrant community of professionals, we aim to create impactful initiatives that support learning, growth, and innovation.

Let us join hands to strengthen the pillars of our profession knowledge, integrity, and excellence while paving the way for a more empowered and future-ready professional community.

Regards

CA Amruta Ganesh Joshi

Managing Committee Member

Kalyan Dombivli Branch of WIRC of ICAI

INDEX

Sr. No.	Particulars	Page No.
1	Valuation for Private Equity Investments	13-14
2	GST Case Laws	15-18
3	Valuation of Smart Buildings	19-21
4	Finance in 2025 – Key Trends Every CA Must Watch	22-23
5	Artificial Intelligence in Banking Sector	24-25
6	Is Internal Audit required for every industry irrespective of its size, nature?	26-27
7	HRA Exemption	28-28
8	Auditing – Trade advances and Capital Advances	29-31
9	Events Organized/Participated	32-34
10	Advertise with US	35

Valuation for Private Equity Investments



CA Dharendra Verma

Valuation for Private Equity Investments in India

Valuation of private equity (PE) investments in India is governed by several regulatory and accounting principles, including those set by the **Institute of Chartered Accountants of India (ICAI)**, **Foreign Exchange Management Act (FEMA)**, **Income Tax Act**, and **SEBI regulations** (for listed companies).

1. Common Valuation Methods for Private Equity

Private equity valuation is typically done using one or more of the following methods:

- A. Discounted Cash Flow (DCF) Method**
Estimates future cash flows and discounts them to present value.
Suitable for startups and growth-stage companies with strong projections.
- B. Comparable Company Method (Market Approach)**
Compares the target company with similar publicly traded firms.
Uses financial ratios like **EV/EBITDA**, **P/E Ratio**, and **Price-to-Sales Ratio**.
- C. Precedent Transaction Method**
Analyzes past M&A transactions in similar industries.
Helps determine an approximate valuation based on past deal multiples.
- D. Net Asset Value (NAV) or Book Value Method**
Used for asset-heavy businesses (e.g., real estate, manufacturing).
Based on tangible and intangible asset values minus liabilities.
- E. Earnings Multiples Approach**
Uses financial multiples of EBITDA, revenue, or PAT to value the business.
Common in mature businesses with stable earnings.

2. Regulatory Guidelines for Valuation in India

- A. FEMA (For Foreign Investors in Unlisted Companies)**
Foreign investments must be valued per **Internationally Accepted Pricing Methodologies (IAPM)** and certified by a **SEBI-registered merchant banker** or **Registered Valuer**.
Valuation must be done at **fair market value (FMV)** as per RBI guidelines.
- B. Income Tax Act (For Capital Gains & Transfer Pricing)**
Section **56(2)(viib)** requires share valuation based on FMV if issuing shares to investors above book value.
Transfer pricing norms apply if related-party transactions are involved.
- C. ICAI Valuation Standards**
ICAI has issued **Valuation Standards 2018**, which provide guidance for determining the fair value of businesses.

3. When Is Valuation Required?

- Private equity investment in startups or mature businesses.
- Mergers & Acquisitions (M&A).
- Fundraising or issuing new shares.
- Regulatory compliance under FEMA, SEBI, or Income Tax laws.

4. Valuation Based on Company Stage & Industry

Company Type	Recommended Valuation Method	Why?
Startups & Early-Stage Companies	<ul style="list-style-type: none"> Discounted Cash Flow (DCF) Venture Capital (VC) Method 	<ul style="list-style-type: none"> Future earnings potential matters more than historical financials. DCF estimates value based on projected growth.
High-Growth Tech & SaaS Companies	<ul style="list-style-type: none"> Revenue Multiples Market Comparables 	<ul style="list-style-type: none"> Revenue-based valuation is common for fast-growing tech firms. Market comparables (e.g., P/E, EV/Revenue) help benchmark against listed peers.
Mature & Profit-Making Companies	<ul style="list-style-type: none"> EBITDA Multiples Precedent Transactions DCF 	<ul style="list-style-type: none"> EBITDA multiples are widely used in M&A deals. Precedent transactions provide a
Asset-Heavy Businesses (e.g., Real Estate, Manufacturing)	<ul style="list-style-type: none"> Net Asset Value (NAV)/Book Value 	<ul style="list-style-type: none"> Focuses on tangible assets like land, machinery, and inventory.
Distressed Companies & Turnaround Cases	<ul style="list-style-type: none"> Liquidation Value NAV 	<ul style="list-style-type: none"> Valuation is based on recoverable asset value rather than earnings potential.

5. Valuation Based on Purpose

Purpose of Valuation	Best Method(s)	Regulatory Considerations
Fundraising (Private Equity, Venture Capital)	<ul style="list-style-type: none"> DCF Method VC Method 	<ul style="list-style-type: none"> Investors prefer future cash flows & market trends over book value.
Mergers & Acquisitions (M&A)	<ul style="list-style-type: none"> EBITDA Multiples Precedent Transactions 	<ul style="list-style-type: none"> Must consider synergy benefits and control premiums.
Foreign Investment (FEMA Compliance)	<ul style="list-style-type: none"> FMV Valuation by RV/ Merchant Banker 	<ul style="list-style-type: none"> RBI mandates valuation under FEMA norms (IAPM standard).
Tax Compliance (Income Tax, Transfer Pricing)	<ul style="list-style-type: none"> FMV per Rule 11UA (for shares issuance) Book Value or DCF (for related-party transactions) 	<ul style="list-style-type: none"> To avoid penalties under Section 56(2)(viib) & Transfer Pricing rules.
Stock Buybacks or ESOP Valuation	<ul style="list-style-type: none"> Fair Market Value (FMV) by Registered Valuer 	<ul style="list-style-type: none"> SEBI & Income Tax compliance required.

GST Case Laws



CA Ganesh Kevat

1. Madras HC - Tvl. Sri Balaji Traders vs The Deputy Commercial Tax Officer [W.P. No.5539 of 2025] Madras High Court Reaffirms Proper Service of Notices Under GST Law

The **Madras High Court** has set aside an **ex-parte order** passed by the Revenue Department, emphasizing the importance of **proper service of notices** before proceeding against an assessee.

Key Observations:

- Revenue had uploaded notices only through the GST portal under the “View Additional Notices/Orders” tab, which did not receive any response.
- The Court held that if an assessee does not respond via the portal, **alternate modes of service** such as **Registered Post Acknowledgement Due (RPAD)** should be used.
- Section **169(d) of the GST Act** allows online service of notices but also prescribes other methods to ensure effective communication.
- The Court **remanded the case** for a fresh hearing and exempted the pre-deposit condition, as 80% of the tax had already been deposited.
- This judgment reinforces that procedural fairness must be upheld in tax proceedings. **Effective service of notices is crucial before taking coercive action.**

2. Delhi HC - M/S B Braun Medical India Pvt Ltd v. Union Of India & Ors. [W.P.(C) 114/2025] : ITC Cannot Be Denied for Incorrectly Mentioning the Trader’s GSTN by Mistake

In a significant ruling, the **Delhi High Court** has reaffirmed that **Input Tax Credit (ITC) should not be denied due to minor clerical mistakes** in GST invoices if the transaction is genuine.

A. Case: M/s B Braun Medical India Pvt Ltd vs. Union of India

B. Issue: ITC worth **₹5.65 crores** was denied because the supplier mistakenly mentioned the company’s **Mumbai GST number instead of the Delhi GST number** on invoices.

C. Key Arguments:

- The company name was correctly mentioned.
- No other entity had claimed ITC on these transactions.
- The error was **unintentional and made by the supplier.**

D. Court’s Decision:

- The **ITC denial order was set aside.**
- ITC was **allowed** since the transaction was **genuine and verifiable.**
- The Court emphasized that **substantial financial loss cannot be imposed due to minor errors.**

E. Key Takeaway: This judgment sets a strong precedent—**minor technical errors in invoices should not result in the rejection of legitimate ITC claims.** Taxpayers should ensure compliance, but the authorities must also take a **pragmatic approach** in ITC matters.

3. Big Relief for Fruit-Based Fizzy Drinks: Gauhati HC Slashes GST to 12% from 28%

- A. Major Win for X'SS Beverage** – The Gauhati High Court ruled in favor of the company, reducing GST on fruit-based carbonated drinks from **28% to 12%**.
- B. Key Argument** – GST authorities classified these drinks as soft drinks due to carbonation, but the court emphasized **fruit juice as the predominant ingredient**, making them eligible for the lower tax rate.
- C. Legal Backing** – The court relied on:
- **Customs Tariff Act, 1975** – Essential character principle for classification
 - **Scientific Analysis & Past Rulings** – Including the **Parle Agro 'Appy Fizz'** case
- D. Why This Matters?**
- Sets a **strong precedent** for GST classification of carbonated fruit drinks
 - Reduces **tax burden on manufacturers** & makes products **more affordable** for consumers
 - Reinforces the importance of **ingredients, labeling, and market perception** in tax disputes
- E. Impact on Industry** – This ruling brings clarity to the taxation of hybrid beverages and could encourage more innovation in the **fruit-based drinks segment**.

4. Kerala HC: Krishnan Nair Time and Jewels (P.) Ltd v. Deputy Commissioner [WP(C). No. 35404 OF 2019(A)] Accrued ITC (TRAN-1) Cannot Be Denied Due to Procedural Errors!

A. Case: *Krishnan Nair Time and Jewels (P.) Ltd v. Deputy Commissioner* [WP(C). No. 35404 OF 2019(A)]

B. Issue:

- The taxpayer mistakenly filed **zero ITC** in TRAN-1 under GST.
- Requested authorities to rectify the error, but the request was **rejected**.
- Left with no option, the taxpayer **approached the High Court**.

C. Court's Key Observations:

- Taxpayer attempted to file the correct figures but made an **unintentional mistake**.
- Referred to *Larsen & Toubro Ltd. v. Union of India*, where it was held that **accrued tax credits cannot be denied due to procedural defects**.
- **Set aside the rejection order** and directed authorities to allow TRAN-1 revision **electronically or manually**.

D. Key Takeaways for Taxpayers & Professionals:

E. ITC is a substantive right—procedural lapses should not lead to its denial.

- Transitional provisions under GST **must be interpreted fairly**.
- **Important precedent** for businesses facing similar issues with TRAN-1 filings.

A Big Win for Taxpayers & GST Compliance!

5. Calcutta HC : R.K. Enterprise Vs. Union of India & Ors [WPA 825 of 2025] :Stays Parallel GST Proceedings :

The Calcutta High Court has stayed the orders passed by both the **Central and State GST authorities** in a case involving **fraudulent Input Tax Credit (ITC) based on bogus purchases**.

1. The petitioner challenged the **parallel proceedings** under **Section 6(2)(b) of the WBGST/CGST Act, 2017**, which prohibits multiple proceedings on the same subject matter.
2. The Court noted that both authorities adjudicated the same **tax period and subject matter**, leading to a conflict.
3. The **writ petition will be heard**, and no coercive action will be taken until the next hearing.

This judgment reinforces the importance of **jurisdictional clarity** and adherence to **statutory provisions** to prevent overlapping actions by tax authorities.

6. ACB Cracks Down on GST Bribery Case in Maharashtra:

A. Incident: A private tax consultant was caught accepting a ₹15 lakh bribe on behalf of a senior GST official.

B. Location: A hotel in Andheri, Mumbai.

C. Complainant: A businessman alleged that Tatyasaheb Dhere, Deputy Commissioner of GST, Palghar, demanded a bribe to reduce tax liability.

D. Facilitator: The bribe was arranged by Eknath Pednekar, a private tax consultant.

E. ACB Operation:

- Conducted verification on February 28.
- Trapped the consultant while taking the bribe.
- Five independent witnesses observed the transaction.

F. Status:

- The consultant was arrested.
- The GST officer fled before being caught, and a search is underway.
- Case registered under the Prevention of Corruption Act, 1988.

G. Takeaway: A strong message against corruption in taxation. Ethical practices and transparency must be upheld.

7. **M/S ATLAN TECHNOLOGIES PRIVATE LIMITED [W.P.(C) 7530/2024 & CM APPL. 57554/2024 (Amendment of writ petition) Important Ruling on Export of Services & ITC Refund!**

The **Delhi High Court** in *Atlan Technologies (P.) Ltd. v. Assistant Commissioner* [W.P.(C) 7530 of 2024] has reaffirmed that software development and support services provided to overseas entities qualify as **exports**, making them eligible for a **refund of unutilized ITC** under GST.

Key Takeaways:

- Services were provided directly on a **principal-to-principal** basis, not as an intermediary.
- Mere receipt of a **mark-up over costs** does not establish intermediary status.
- As per **Section 13(2) of the IGST Act**, the **place of supply** was outside India, confirming export status.
- **Refund rejection orders quashed** – Assessee entitled to a full refund with statutory interest.

This judgment strengthens the position of IT & software service providers and ensures **fair tax treatment for genuine exports**.

Valuation of Smart Buildings



**CA Manmohan
Jindal**

Gone are the days when Buildings were only a structure of bricks, cement and metal used in it.

Now the Buildings are smart enough equipped with Internet of Things (IoT) devices, automated systems, and energy-efficient technologies enhance functionality and appeal. These technological features can significantly increase the utility and attractiveness of a property. Such technologies make buildings more desirable and justify premium pricing.

Now the valuer to look from another angle to value these Buildings making the valuation process a more complex.

Since the Smart Buildings contains the properties of both the Tangible and Intangible asset, lets explore the difference between the two. The same is as below:

Aspect	Tangible Assets	Intangible Assets
Definition	Physical assets that can be touched or measured, like land, buildings, and machinery.	Non-physical assets that lack a physical presence but hold value due to unique qualities, rights, or design.
Examples	Buildings, land, vehicles, equipment.	Patents, copyrights, trademarks, brand reputation, architectural designs.
Valuation Basis	Market value, physical condition, utility.	Economic benefits derived from ownership rights, brand influence, creativity, or uniqueness.
Legal Protections	Ownership rights, physical protection (fences, locks).	Copyrights, patents, trademarks, trade secrets.
Income Generation	Through physical utility (e.g., rental, sales).	Through licensing, franchising, branding, or exclusivity.
Depreciation/Amortization	Physical deterioration over time.	Amortization based on useful life and economic benefits.
Example	A building constructed using premium materials.	The branding and architectural uniqueness of the "Taj" Hotel in Mumbai or the design layout of Apple Stores.

Our article will not be completed without the understanding of the Intellectual property. Let's explore as below:

WHAT IS INTELLECTUAL PROPERTY?

Intellectual property (IP) is a category of assets that are created using the mind and can't be held in physical form, such as inventions, designs, artwork, and symbols including the Patents, Copyrights, Trademarks, Trade secrets and unique designs etc.

Intellectual property are Intangible assets, gives a person ownership over the things they create to incentivise the innovation and investment of the creator. IP can be sold or licensed like other tangible assets.

Few of the non-physical characters are:

- **Smart Building Management Systems (BMS):** Automated systems for controlling HVAC, lighting, security, etc.
- **IoT-Enabled Infrastructure:** Use of interconnected sensors and devices for data collection.
- **Energy Management Systems:** Renewable energy integration with smart grids.
- **Security & Access Control Systems:** Biometric access and surveillance technologies.
- **Smart Materials & Construction Techniques:** Patented materials with self-healing, energy-saving, or adaptive properties.
- **Sustainability Solutions:** Water conservation systems, air quality control, and waste management.
- **Communication Networks & Protocols:** Proprietary methods for integrating various building systems

Some real-world examples of smart buildings incorporating Intellectual Property (IP) are as follows:

- 1. The Edge, Amsterdam (Deloitte HQ)- with** Building Management System (BMS), Patented algorithms for energy optimization and predictive maintenance and Proprietary software for data analysis and environmental monitoring.
- 2. Apple Park, Cupertino, California (Apple HQ)- with** Smart Energy Management Systems- 100% renewable energy-powered, with patented natural ventilation systems
- 3. The Crystal, London (Siemens HQ)- with** IoT-Enabled Infrastructure, fully automated building with sensors monitoring occupancy, energy, and water use and Patented data processing methods and communication protocols.
- 4. Capital Tower, Singapore- with** communication Networks & Protocols: Smart elevators and intelligent air conditioning systems and with Patents and copyrights for integrated building management software.

The BERNE CONVENTION which Came into force in 1886, to protect the rights of artistic & literary works, now extended the scope to Architectural works too. India is also a member of the current treaty of 177-member countries and Member countries have the same copyright protection.

APPROACH TO VALUE SUCH PROPERTY

The Premise of Value may be - Context of time, place, potential owners & potential users.

1. Cost Approach

- Estimates the cost of reproducing or replacing intangible attributes integrated with tangible assets.
- Applicable Standards: **IAS 38, IVS 210.**

Examples: Recreating copyrighted architectural designs or patented energy-efficient structures.

2. Market Approach

- assets but useful when sufficient comparable transactions exist.
- Applicable Standards: **ICAI 302.**

Example: Comparing premium-branded hotel properties (e.g., Marriott, Hilton).

Market approach is generally not used as intangible assets are very specific to an industry and not normally exchanged in a free and open

3. Income Approach

- The most effective approach for valuing intangible assets within tangible structures.
- Uses **Discounted Cash Flow (DCF)** analysis to estimate future income benefits.
- Uses the **With-and-Without Method (WWM)** to compare business value with and without specific intangible assets.

- Applicable Standards: **IAS 38, IVS 210, ICAI 302.**

Examples: Apple Store branding, Sydney Opera House's architectural uniqueness.

- **With-and-Without me (WWM)** Another way can be to measure the business enterprise value without using the benefits of IP technology and then we measure the increase of value with the use of technology. We can compare the cash flows from both the options.

Recommendations

- Apply the **Cost Approach** for estimating reproduction costs of intangible attributes integrated with tangible assets.
- Utilize the **Market Approach** when sufficient comparable transactions are available, particularly for branded properties.
- Prioritize the **Income Approach** for most evaluations, particularly when intangible attributes enhance revenue potential.
- Ensure adherence to international standards such as **IAS 38, IVS 210, and ICAI 302** to maintain credibility and accuracy in valuations.

Conclusion

Valuing tangible assets that embody intangible characteristics requires a holistic approach that integrates various valuation methodologies. Accurate valuation models should combine the **Cost Approach, Market Approach, and Income Approach** to capture the complete value proposition of such assets. Adopting standardized practices ensures consistency, reliability, and transparency in property valuations.

Finance in 2025 – Key Trends Every CA Must Watch

The world of finance is evolving faster than ever before. As Chartered Accountants (CAs), we have always been at the heart of financial decision-making, but the role of a CA in 2025 is not just about accounting and compliance anymore it's about being a strategic advisor in a rapidly changing business environment.

So, what's changing? What should we keep an eye on?

Let's walk through the **key trends shaping the finance world in 2025**:



CA Sakshi Agarwal

1. Technology is Changing How We Work

From **automation to artificial intelligence (AI)**, new tools are reducing manual work and increasing efficiency.

- AI-powered software now helps in auditing, data analysis, and even drafting reports.
- Many businesses are using cloud-based accounting tools to manage finances in real-time.

As CAs, we must be comfortable with digital tools, not afraid of them. Technology won't replace us — it will support us, so we can focus on more valuable work like advisory and planning.

2. ESG Reporting is Getting More Attention

ESG stands for Environmental, Social, and Governance — and it's becoming a key part of business reporting.

Investors, banks, and regulators now want to know:

- Is the company eco-friendly?
- Are employees treated fairly?
- Is the management transparent?

As CAs, we will be expected to help businesses measure, track, and report ESG data, just like we report financial data today. It's a new opportunity to grow our role in sustainability.

3. Cross-border transactions are increasing

Today, even small businesses are selling products or services across borders. That means more international tax, FEMA compliance, and transfer pricing work for CAs.

From startups registering abroad to individuals investing in foreign stocks, the need for global financial knowledge is increasing. CAs who stay updated on international tax rules and treaties will be in high demand.

4. **Clients Want Personal Finance Guidance**

People are becoming more aware about their finances, but still confused about what's best for them mutual funds, tax-saving schemes, insurance, or retirement planning.

That's where CAs are becoming trusted personal finance advisors. Clients trust us for honest and practical advice. If we expand our knowledge in personal finance, we can offer this as a value-added service to existing clients.

5. **Taxation is Becoming More Strategic**

With new tax laws, changes in GST, and increased digital monitoring, compliance work is getting more automated. But at the same time, clients need more support in tax planning and optimization.

Sections like 43B(h), Form 3CD amendments, and real-time GST reconciliation are changing the way we approach tax work. CAs must move from reactive to proactive tax planning helping clients take decisions before the year ends, not just after.

6. **Fintech Partnerships are Growing**

Financial technology companies are providing services like digital bookkeeping, online lending, and automated tax filing. But instead of competing, CAs can collaborate with these platforms offering advisory services or backend support.

By combining technology with our professional expertise, we can serve more clients, faster and better.

7. **Communication Skills Are More Important Than Ever**

Today's clients want things explained in simple language. They don't want complicated reports they want insights. A CA who can explain financial concepts clearly and build strong relationships will always stand out.

Good communication, presentation, and people skills are now as important as technical knowledge.

8. **In Conclusion...**

The future of finance is exciting and full of new opportunities. As Chartered Accountants, we must stay curious, keep learning, and be ready to go beyond traditional roles.

- Learn new technologies
- Explore ESG and international taxation
- Offer personal finance advisory
- Improve communication skills
- Embrace digital tools and automation

Change is not a threat it's an invitation to grow.

Let's move forward with confidence and become the CAs of the future not just number crunchers, but value creators.

Artificial Intelligence in Banking Sector



CA Supriya
Upadhye

Artificial Intelligence (AI) is the field of research in computer science which enables computers and machines to simulate human learning and problem solving. AI is the demanding technology in the banking sector. “Machine Learning” (ML) is the traditional AI tool which has been mainly used in the banks. “Generative AI” will likely to take hold in the banking industry in the coming years. AI can be effectively used in banking in various areas like risk management, governance, improve customer satisfaction / service, speedy processing, fraud detection, cybersecurity etc. The specific AI tools used worldwide and their benefits are as under:

- 1) **Chatbots:** Chatbots are Virtual Assistants which are mainly used to enhance customer service and support. They provide automated response. Chatbots use conversational AI techniques.
- 2) **C3.ai:** C3.ai is widely used in fraud detection and credit analysis. It is a Generative AI tool that is used for credit origination, credit approvals and risk monitoring.
- 3) **ENO:** Enos are virtual assistants help in tracking account balances, paying credit card bills and viewing available credits etc.
- 4) **Cloudwalk:** Cloudwalk is facial recognition software used by Chinese commercial banks. This AI tool use facial recognition software as antitheft technology by scanning a person’s face and accurately identifying them.
- 5) **ComplyTry/ComplyLaunch:** These AI tools are used in Anti Money Laundering (AML) Process to reduce risk exposure and speed up the processes.
- 6) **LiveCube:** Live Cube is no-code platform with an Excel-like user interface connected to cloud database capable of handling millions of records. It has a feature to collect and combine text, information, figures in proper order with other interfaces/ data houses. It automates data analysis.
- 7) **FreedagPT:** FreedagPT generates instant, intuitive reports and dashboards with simple English Prompts. It auto drafts tailored collection email responses with attachments automatically.

- 8). For related party advances, in addition also check prior audit committee approval for such advances have been obtained and also check the quantum and past history of advance settlement with the related party. Check whether terms of advances with related party are in lines with other than related parties for similar purchases.
- 9). For the advances outstanding as on reporting date, check for the subsequent settlement status and check whether the delivery date is in line with PO terms, and check for delivery date from Goods Receipt Note date, Bill of entry (if any) and other underlying delivery receipt documents.
- 10). In case of foreign advances, also check for FEMA implications.
- 11). In case, of long unadjusted advances beyond usual time limit, consider whether such advances are in nature of loans and require reporting under CARO.
- 12). While performing test of details, taking into consideration reliance over Internal controls and select Samples using the sampling methodology as defined under SA-530.
- 13). Roll out independent confirmation to vendors with respect to the advances in order to take comfort on existence of these advances and perform alternate audit procedures, in case of non receipt of confirmations.
- 14). Enquire about provisioning policy with respect to long unadjusted advances and check whether those have been implemented.
- 15). Check FEMA implications if any foreign advances are written off / provided for.
- 16). Check whether the presentation and disclosure is appropriate and in compliance with Schedule III of the companies Act, 2013.

Is Internal Audit required for every industry irrespective of its size, nature?



**CA Sandeep
Sahasrabudhe**

An Internal audit is conducted to review the internal controls within the organization, further it is extended to the various departments in the organization like Purchase, Sales, Inventory, HR and Payroll and so on.

The basic objectives of an internal audit are

- To assess internal control
- To detect and prevent fraud
- To ensure compliance with Laws and Regulations
- To safeguarding of assets
- To evaluate operational efficiency
- To ensure reliability, accuracy of financial information
- To assess risk in the organization.
- To advise on the process improvements.

An Internal auditor shall report it to the organization any internal control weaknesses or irregularities within the organization and provide recommendations to strengthen the internal control.

The list of Standard on Internal Audit (SIA) applicable for conducting an Internal Audit are as under:-

General Principles & Responsibilities:-

SIA 1:- Planning of an Internal Audit

SIA 2:- Basic Principles governing Internal Audit

SIA 3 :- Documentation

SIA 4 :- Reporting

Risk Assessment & Internal Control :-

SIA 5:- Sampling

SIA 6:- Analytical Procedure

SIA 7:- Quality Assurance in Internal Audit

SIA 8 :- Terms of Internal Audit Engagement

Audit Evidence & Procedures:-

SIA 9:- Communication with Management

SIA 10:- Internal Audit Evidence

Special Areas & Reporting:-

SIA 11:- Consideration of fraud in Internal Audit

SIA 13:- Enterprise Risk Management

SIA 14:- Internal Audit in Information Technology (IT) Environment

SIA 15:- Knowledge of the Entity and its Environment

The SIAs help the auditor to ensure compliance, operational efficiency, risk management and governance improvements within the organization.

Applicability of Internal Audit:-

As per the Companies Act. 2013, an internal audit is mandatory in the following circumstances:-

For Listed and Public Limited Company :- Always mandatory.

For Unlisted Public Company :-

Having paid up Share Capital of 50 crore or more during preceding financial year.

Having Turnover of 250 crore or more during the preceding financial year.

Outstanding loans or borrowings from banks or public financial institutions exceeding Rs. 100 crore or more at any point of time during the preceding financial year.

For Private Company :-

Turnover of Rs. 200 crore or more during the preceding financial year **OR**

Outstanding loans or borrowings from banks or public financial institutions exceeding 100 crore or more at any point of time during th preceding financial year.

Even if it is not mandatory as per the provisions mentioned above, some of industry may carry out internal audit voluntarily with an objective to improve efficiency and reduce operational risk , ensure compliance with industry policies and standards and detect fraud and improve financial accuracy.

Conclusion:-

My personal opinion is that every industry irrespective of their size nature and also turnover, share capital or borrowings, must have either in house internal audit department or outsource the activity to the CA Firms with a view to gain a better understanding of compliance, regulatory issues, policies and standards so as to improve their operational efficiencies.

HRA Exemption



CA Vivek Baghel

1. HRA Exemption Got You a Love Letter from the Income Tax Dept? Here's What to Do!

So, you got one of those emails from the Income Tax Department—the kind that makes your heart skip a beat (and not in a good way). They're saying you claimed HRA exemption but didn't show any TDS on rent paid. "Bhai, kya scene hai?"

Before you panic and start imagining tax raids at your doorstep, let's break this down in chill human language.

2. What's the Issue?

You claimed HRA exemption (₹5.12L in 2021-22 & ₹5.68L in 2022-23)—cool, legit move. But the taxman noticed:

- No TDS was deducted on your rent payments.
- Translation: If you paid over ₹50k/month rent, your landlord should have deducted 5% TDS (Section 194-IB). If not, the tax department is side-eyeing your claim.

3. Why Are They Asking?

The system auto-flags mismatches. If you claimed big HRA but no TDS on rent, they are like:

"Yaar, either the landlord didn't deduct TDS... or is this HRA claim too good to be true?"

4. What Should You Do?

1. Check Your Rent Receipts & Landlord's PAN – If rent was under ₹50k/month, no TDS was needed. Just show rent receipts if asked.
2. If Rent Was Over ₹50k/month – Landlord should have deducted 5% TDS. If they didn't, you might need to:
 - Convince the landlord to file TDS now (better late than never).
 - Show extra proof (rent agreement, bank statements) to prove your claim is legit.
3. Worst Case? If your claim was too optimistic, you may have to revise your ITR (by March 31, 2025!) and pay any extra tax plus interest.

5. Moral of the Story?

- Don't ignore tax notices—replying late equals penalties.
- Keep rent documents ready—even if your landlord was chill about TDS.
- When in doubt, ask a CA—better safe than sorry!

Final Thought: The tax department isn't always out to get you... but they are watching. So, get your documents straight, fix any gaps, and sleep peacefully.

Auditing – Trade advances and Capital Advances



CA Mayur S. Singh

While one must be wondering why “Trade Advances” and “Capital Advances” is taken up as topic for discussion. With my hitherto experience in this field, the financial statement line item which indicates an outflow of cash exists more as an auditor, while there are many such line items but first let’s discuss “Trade Advances” and “Capital Advances”!

1. Meaning:

Trade Advances - “Trade Advances” or “Advances to suppliers” is a payment made to suppliers before they have delivered the goods/services requested as against purchase order received by them. These early payments provide suppliers with the necessary working capital to acquire raw materials, components, or other inputs needed to complete and deliver the order as specified.

Capital Advances - Capital advances are advances given for procurement of Property, plant and equipment which are non-current assets. Typically, companies do not expect to realize them in cash. Rather, over the period, these get converted into Property, plant and equipment.

2. Presentation and disclosure as per Schedule III of the companies Act, 2013:

Division I (Non-Ind AS FS):

1. **Trade Advance** : As the name suggests, these are generally short term in nature and expect settlement within 12 months from reporting date and hence are classified under the head “Short term loans and advances”. Also, advances given to related party (AS-18) are to be shown as a separate line item in the note.

Example:

Note xx: **Short term loans and advances** :

(Secured/Unsecured, considered good/doubtful)

To related party:

Advance to suppliers	XX
----------------------	----

To Other than Related parties:

Advance to suppliers	XX
----------------------	----

2. **Capital Advance**: These are long term in nature and classified under the head “Long term loans and advances”. Also, advances given to related party (AS-18) are to be shown as a separate line item in the note.

Example:

Note xx: **Long term loans and advances** :

(Secured/Unsecured, considered good/doubtful)

To related party:

Capital Advance	XX
-----------------	----

To Other than Related parties:

Capital Advance	XX
-----------------	----

Division II (Ind AS FS):

1. Trade Advance: As the name suggests, these are generally short term in nature and expect settlement within 12 months from reporting date and hence are classified under the head “Other Current Assets”. Also, advances given to related party (Ind AS-24) are to be shown as a separate line item in the note.

Example:

Note xx: **Other Current Assets :**

(Secured/Unsecured, considered good/doubtful)

To related party:

Advance to vendor XX

To Other than Related parties:

Advance to vendor XX

2. Capital Advance: These are long term in nature and classified under the head “Other Non-Current Assets”. Also, advances given to related party (AS-18) are to be shown as a separate line item in the note.

Example:

Note xx: **Other Non-Current Assets :**

(Secured/Unsecured, considered good/doubtful)

To related party:

Capital Advance XX

To Other than Related parties:

Capital Advance XX

3. Auditing advance to vendors and Capital Advance:

1. Ascertain the total balance of advance to vendor and Capital advances for the audit period and determine the risk for this balance.
2. Perform preliminary variance analysis of the balance with corresponding reporting period and enquire for the variations thereon partywise.
3. Obtain listing of open advances as on reporting date and run an ageing on the listing in order to ascertain the duration of outstanding.
4. Enquire and ascertain the general time period in which these advances tend to settle. Flag out the long outstanding and unadjusted advances.
5. Enquire on advances given to related party and their settlement status.
6. Obtain Purchase Order (PO) for major advances and check whether the advances given are consistent with PO term and also ascertain the expected time for material delivery.
7. In cases, there are new vendors to whom advances are given, enquire as to reason of such advances and check whether the existing set of vendors have been providing the same material to the company.

- 8) **Hooyu Identify**: Hooyu Identify uses UI (User Interface) and UX (User Experience) tools in KYC (Know Your Customer) process. It generates identity confirmation report based on biometric facial verification, extracts and scores identity information from the user's online identity and ID documents.
- 9) **Feedzai**: Feedzai AI tools use transactional, biometric, and other data to build a baseline of each consumer's banking behavior and thereby enabling most accurate identification of anomalies.
- 10) **Pindrop**: Pindrop offers effective security measures with multifactor authentication.

AI can be effectively used in the banking sector in various areas like customer service, AML, KYC, fraud detection, data analysis, automation of processes etc. Though AI has its own limitations like accountability, creativity it is going to change the banking environment in the coming years.

Celebrated Women's day Event on 08th March, 2025 at Kalyan





Seminar on Bank Branch Audit held at Dombivli on 24th March 2025



Particulars	Pages	Monthly Scheme	Yearly Scheme
1. Between pg 2 to 5 - Available 2 Pages			
	Quarter Page	₹ 2,000/- Plus GST	₹ 10,000/- Plus GST
	Half Page	₹ 4,000/- Plus GST	₹ 40,000/- Plus GST
	One Page	₹ 8,000/- Plus GST	₹ 80,000/- Plus GST
	Two Pages	₹ 12,000/- Plus GST	₹ 120,000/- Plus GST
2. Between Last 5 pages - Available 2 Pages			
	Quarter Page	₹ 1,000/- Plus GST	₹ 10,000/- Plus GST
	Half Page	₹ 2,000/- Plus GST	₹ 20,000/- Plus GST
	One Page	₹ 5,000/- Plus GST	₹ 60,000/- Plus GST
	Two Pages	₹ 10,000/- Plus GST	₹ 100,000/- Plus GST

For Members

1) Advertisements will display the following details:

- Firm Name and address of the firm
- Contact Person Name
- Email ID
- Number of Vacancies

2) Members are allowed to advertise only in alternate months.

3) The fixed monthly fee for member advertisements is ₹ 300 + GST



Disclaimer:-

The views and opinions expressed by the members in this newsletter are those of the individual members and do not necessarily reflect the official views or opinion of the Managing Committee of Kalyan Dombivli Branch of WIRC of ICAI. The Managing Committee assumes no responsibility or liability for any content, statements, or opinions expressed by the members in this publication.