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KNOWLEDGE
Update

In this section of e-bulletin we shall have a series of discussion on each of these chapters to provide a meaningful assistance to the students in preparing themselves for the examination at the short end and equip them with sufficient knowledge to deal with real life complications at the long end.

GROUP: 3, PART: 13

CORPORATE
LAWS & COMPLIANCE - (CLC)

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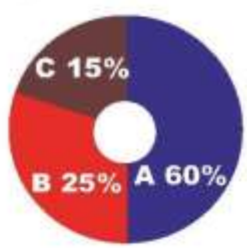
Your Preparation Quick



Syllabus Structure
A Companies Act 60%
B Other Corporate Laws 25%
C Corporate Governance 15%

Learning Objectives:

Read the Study Material minutely.

- For details or if you don't understand Study Material or the section is important to identify the topic, then refer to Bare Act, otherwise reference to Bare Act is not necessary. For Company Law, book by Avtar Singh is recommended. For other laws Institute Study Material is sufficient.
- The words used in any of the texts as mentioned above should be understood by immediate reference to the Dictionary.
- The main points coming out in any of the provisions should be either underlined or written in separate copy which has to be repeated again and again.
- Theoretical knowledge should be adequate and clear before solving practical problems.
- Don't write wrong English. It changes the meaning and therefore answer may be wrong even when the student's conception is clear. Also don't make spelling mistakes.

COMPANY CAPITAL

Each case study shall be evaluated 0n 8 marks.

MODULE 4: SEBI LAWS AND REGULATIONS

Case study: SEBI, ICDR Regulations (REFER MODULE 4.1)

Zenith Technologies Ltd is a manufacturing company making computer related hardware and spares. It is a family managed company. The MD is Shri Shyam Sharan , his brother Rahul Sharan and his wife Gita Sharan, are whole time directors and are holding 20 % each. 20 % is with financial Institutions and balance 20 % is with relatives, considered to be promoters. The company is unlisted with a paid up capital of 10 crores. Face value of share is Rs. 10/-.

The promoters are having clean track record and company has not defaulted in any compliance.

The financial figures for last three years is as follows. It is 7^{th} year of incorporation. (Rs. in cr.)

FY	Net tangible asset	Turnover	PBT
2019-20	36	35	14
2020-21	40	46	19
2021-22	45	62	23

For expansion, the company wants to increase it capacity The company wants to go for IPO. Company has taken long term loan of Rs. 30 cr. and wants to raise Rs. 20 cr. through IPO Advise the company on the following as per SEBI (ICDR) Regulations on the following.

(i) Can the company go for IPO?

(ii) What is the issue size of Rs. 20 cr. ok? What will be the capital structure post issue?

(iii) Is appointment of Merchant banker mandatory?

(iv) How the offer price will be decided?

(v) What would be minimum promoters' holding after the issue? Any lock in obligation?

Solution:

(i) Can the company go for IPO?

Yes, the company can go IPO as prima facie, it appears that. it fulfils the requirements for IPO as per SEBI(ICDR) Regulations.

(ii) What is the issue size of Rs. 20 cr. ok? What will be the capital structure post issue?

Yes. Rs. 20 crores as equity shares can be raised. However, post issue capital depends on the premium as the issue size includes premium. Assuming that the Rs. 10 share is issued at premium of Rs. 10, the addition in paid up capital shall be Rs. 10 cr. In that case, the post issue holding structure will be:

	Promoters	*Public(including HNI/ corporate/etc. through IPO)*	*Total*
No. of shares	*1 cr.*	*1*	*2*
Amount (face value)	*10 cr.*	*10*	*20 cr,*
Percentage	*50*	*50*	*100*

The minimum public holding has to be 25% pf the post issue capital. Face value of shares is Rs. 10/-.

(iii) Is appointment of Merchant banker and other intermediaries, mandatory?

Yes. The company shall appoint merchant bankers, RTAs and other SEBI registered capital market intermediaries; In case there more than one ,merchant banker, one shall be designated as lead merchant banker.

(iv) How the offer price will be decided?

The issuer company will determine the price of the equity shares in consultation with the lead merchant banker.

(v) What would be minimum promoters' holding after the issue? Any lock in obligation?

In case of an initial public offer, the minimum contribution should not be less than 20% of the post issue capital. minimum promoters' contribution is locked-in for a period of 3 years from the date of commencement of commercial production or date of allotment in the public issue, whichever is later.

MODULE 9: MSME

Case study: entrepreneurship

Palash Kayal has discontinued studies in class 8. He has huge family land including some agricultural land in South 24 Pgs.. His father is a farmer. He started working in a hardware shop specialising in rubber products, naming it Bengal Rubber Factory. He came in contact with one distributor, namely M/s Eastern Distributors, owned by Sanatan Datta, who suggested him to start a rubber manufacturing unit. When he was 21 , he started the unit. The distributor assured him for marketing and selling of the rubber. The business included procuring raw rubber, process it and make rubber sheets, strips and granules which are the end products for Palash . These are sold to units who will make rubber end products. Total invest is as follows:

(ii) land (estimated) : 10 lakhs

(ii) plant and machinery: 21 lakhs

(iii) minimum raw material: 5 lakhs

The unit costed him 5 lakhs which he met from his personal saving, contribution from his father and loan from local money lenders. The marketing was being done by Sanatan Datta who used to collect the sale value, take his commission an give balance to Palash, who found the deal profitable. In course of time, Sanatan started export to Bangladesh and Nepal under his banner.

Presently, the unit is producing but not able to sell as Palash is not capable to do the marketing, which is being handled by one of his distant relative who is graduate in Arts from local college and not so much aware of the business procedure, laws rules and finance. The turnover has dropped from 2.5 cr in 19-20 to 1.5 cr. in 21-22 and Palash feels that still he is making marginal profit. Palash is now 30 years old.

You are a consultant to Palash. Advise him highlighting the following:

(i) Do the unit come under MSME/If so, in which category of MSME?

(ii) What is the mode of valuation of investment?

(iii) How to register the unit?

(iv) What are areas of benefits to MSMEs under the Act?

(v) Which law and Rules are relevant to MSMEs?

Solution:

(i) Do the unit come under MSME/If so, in which category of MSME?

Since the investment in plant and machinery is only 21 lakhs , and the turnover is only 1,5 cr,. it will come under the category of micro enterprise. While calculation of turnover, exports shall be excluded and information shall be linked to Income Tax and GST returns.

In course of doing business, if a MSME unit goes to next category or is out of preview, it shall continue to avail non-tax benefit which it was originally entitled to for the next 3 years of coming to the next category (notification by MSME Dept.-1/11/2013)

(ii) What is the mode of calculation of investment?

The calculation of investment in plant and machinery, the last income ta return shall be considered. In case no ITR has been filed in the last year, the calculation shall be on self-declaration, which will hold good till the entrepreneur files first ITR.

(iii) How to register the unit?

The unit, Bengal Rubber Factory has to has to file for Udyam Registration online based on self-declaration. No documents are to be uploaded. A registration number shall be allotted on document submission.

(iv) What are areas of benefits to MSMEs under the Act?

(a) Enhancing competitiveness
(b) Development of employee skill
(c) Management issues
(d) Technical upgradation
(e) Marketing assistance
(f) Infrastructure facility
(g) Cluster development
(h) Strengthening backward and forward linkage
(i) Section 10 further ensures that smooth credit facility shall be available to MSMEs.
(g) Extension of non –tax benefit

(v) Which law and Rules are relevant to MSMEs?

The MSME are guided by MSME Act 0f 2016 and various notifications issued by Ministry of MSME.

GROUP: 3, PART: 14

STRATEGIC

FINANCIAL MANAGEMENT - (SFM)

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Your Preparation Quick

Syllabus Structure

A Investment Decisions 25%
B Financial Markets and Institutions 20%
C Security Analysis and Portfolio Management 25%
D Financial Risk Management 30%

Learning Objectives:

After studying this section on Strategic Financial Management, you will be able to:

- understand the direct and indirect quotations
- know the European terms and American terms

Section C & Study Note 8: Security Analysis and Portfolio Management

Case Study 1

GFM produces two products - a main product Cp and a co-product Dg. For their main product Cp there is a 100% buy back arrangement with their foreign collaborators. Recently GFM doubled their capacity and with this their production capacity for the co-product Dg increased to 10,000 MT per annum. Fortunately, there was an unprecedented increase in demand for Dg and price too has increased significantly to Rs. 1000 per tonne. However, with delicensing and liberalisation, more and more -units for manufacturing Cp and Dg are being set up in the country. GFM, therefore, anticipates stiff competition for Dg from next financial year. For maintaining sales at current level (i.e., 10,000 MT per year) GFM will have to drop the price by Rs. 50 per MT every year for the next 5 years when prices are likely to stabilise at pre-boom level of Rs. 750 per MT.

The Vice-President (Marketing) who, sensing this situation, has just completed a market study, suggests that the company should revive an earlier project for converting Dg into Dp grade and starting with 1,000 MT from next year increase production of Dp in stages of 1,000 MT every year by correspondingly reducing Dg. The Production Manager estimates that the additional variable cost for Dp will be Rs. 200 per MT. V.P. (Marketing) feels that Dp can be sold at Rs.1,500 per MT but in the first two years a discounted price of Rs. 1,400 in year 1 and Rs.1,450 in year 2 will have to be fixed. With partial conversion into Dp, the drop in price of Dg can also be contained at Rs. 25 MT instead of Rs. 50 envisaged. Production facilities for Dp involves a capital outlay of Rs. 50 lakhs.

Present the projected sales volume and price of products Dg and Dp for the next 5 years under two alternatives. If GEM normally appraises investments @ 12% p.a. and if cash beyond 5 years from investment are ignored, advise whether Dp should be produced.

Solution:

Part I: Projected Sales Volume and Prices

	Alternative I		Alternative II			
Year	D_g Qty	Price	D_g Qty	Price	Dp Qty	Price
1	10,000	950	9,000	975	1,000	1,400
2	10,000	900	8,000	950	2,000	1,450
3	10,000	850	7,000	925	3,000	1,500
4	10,000	800	6,000	900	4,000	1,500
5	10,000	750	5,000	875	5,000	1,500

Part II: For the revival of the earlier project for converting Dg partially into Dp the PV of the expected additional contribution, if any, from Alternative II over that from Alternative I has to be considered.

Year-wise Contributions

	Incremental contribution from D_g			Incremental contribution from Dp			Total
Year	Qty. MT	Rs./MT	Rs.in lakhs	Qty. MT	Rs./MT	Rs.in lakhs	Rs.in lakhs
			(a)			(b)	(a + b)
1	9,000	25*	2.25	1,000	250**	2.50	4.75
2	8,000	50	4.00	2,000	350	7.00	11.00
3	7,000	75	2.25	3,000	450	13.50	18.75
4	6,000	100	6.00	4,000	500	20.00	26.00
5	5,000	125	6.25	5,000	550	27.50	33.75

Working Notes:

* Incremental selling price = 975 - 950 = Rs. 25

** Incremental selling price - Incremental variable cost = (1,400 - 950) - 200 = Rs. 250 and so on.

Year	Incremental contribution (Rs.in lakhs)	Discount Factor @ 12%	Present Value (Rs.in lakhs)
1	4.75	0.8929	4.24
2	11.00	0.7972	8.77
3	18.75	0.7118	13.35
4	26.00	0.6355	16.52
5	33.75	0.5674	19.15

Total			62.03

NPV = 62.03 – 50 = Rs.12.03 lakhs.

Thus, it will be advisable to start conversion of D_g into D_p as proposed.

Case Study 2

X Ltd. has for some years manufactured a product called C which is used as a component in a variety of electrical items. Although the product C is in demand, the technology of the design is becoming obsolete. The company has developed a new product D which is based on new technology.

The management of X Ltd. is considering whether to continue production of C or discontinue the C and start production of D. The company do not have the resources to produce both the products.

If C is produced, unit sales in year 1 are forecast to be 24,000 but declining by 4,000 units in each subsequent year. Additional equipment costing Rs. 70,000 must be purchased now if C production is to continue.

If D is produced, then unit sales in year 1 are forecast to be 6,000 but after that the sales will increase rapidly. Additional equipment costing Rs. 6,20,000 should be purchased now if D production is to start.

Relevant details of the two products are as follows: (Rs.)

	C	*D*
Variable cost per unit	*25*	50
Selling price per unit	55	105

The company appraises investments using 12% per annum compound cost of money and ignores cash flows beyond five-year from the start of investment.

(a) Advise the company on the minimum annual growth in unit sales of D needed to justify starting production of D now. Support your answer with financial evaluation.

(b) Advise management of the number of years to which its investment appraisal time horizon (currently five years) would have to be extended in order to justify starting production D now if the forecast annual increase in D sales is 2,800 units.

P.V. of Re. 1 at 12% discount are as follows:

Year	1	2	3	4	5	6	7	8
P.V	0.8929	0.7972	0.7118	0.6355	0.5674	0.5067	0.4523	0.4039

Solution:

(a) The minimum annual growth in unit sales of D needed to justify production of D now is approximately 3,400 units p.a. As existing fixed costs are unaffected by the decision and the alternatives are mutually exclusive, the relevant cash flows are the extra investment cost for and contributions from D.

Assume that the Sales of Product D Increase by 6,000 units p.a.

Years	*Net investment*	*Contribution foregone from C*	*Contribution from D*	*Net cash flow*	*Discount factor*	*Present value*
0	*(5,50,000)	-	-	(5,50,000)	1.0000	(5,50,000)
1		(7,20,000)	3,30,000	(3,90,000)	0.8929	(3,48,200)
2		(6,00,000)	6,60,000	60,000	0.7972	47,800
3		(4,80,000)	9,90,000	5,10,000	0.7118	3,63,000
4		(3,60,000)	13,20,000	9,60,000	0.6355	6,10,100
5		(2,40,000)	16,50,000	14,10,000	0.5674	8,00,000
NPV						9,22,700

*Additional cost of equipment for Product D less cost saved by not buying additional equipment for Product C.

Assume that the Sales of Product D Increase by 3,000 units p.a.

Years	*Net investment*	*Contribution foregone from C*	*Contribution from D*	*Net cash flow*	*Discount factor*	*Present value*
0	(5,50,000)	-	-	(5,50,000)	1.0000	(5,50,000)
1		(7,20,000)	3,30,000	(3,90,000)	0.8929	(3,48,200)

2		(6,00,000)	4,95,000	(1,05,000)	0.7972	(83,700)
3		(4,80,000)	6,60,000	1,80,000	0.7118	1,28,100
4		(3,60,000)	8,25,000	4,65,000	0.6355	2,95,500
5		(2,40,000)	9,90,000	7,50,000	0.5674	4,25,600
NPV						(1,32,700)

The minimum annual growth in unit sales of Product D required is the increase that cause the NPV to equal to 2,000, which will occur at approximately:

$(1 + \frac{1,32,700}{10,55,500})$ x 3,000 = 3,377 units p.a. = 3,400 units (app.)

(b)

Years	***Net investment***	***Contribution foregone from C***	***Contribution from D***	***Net cash flow***	***Discount factor***	***Present value***
0	(5,50,000)		-	(5,50,000)	1.0000	(5,50,000)
1		(7,20,000)	3,30,000	(3,90,000)	0.8929	(3,48,200)
2		(6,00,000)	4,84,000	1.16,000	0.7972	(92,500)
3		(4,80.000)	6,38,000	1,58,000	0.7118	1,12,500
4		(3,60,000)	7,92,000	4,32,000	0.6355	2,74,500
5		(2,40.000)	9,46,000	7,06,000	0.5674	4,00,600

					NPV =	(2,03,100)
6		(1,20,000)	11,00,000	9,80,000	0.5066	4,96,500

Therefore, the time horizon is extended by approximately $\frac{2,03,100}{4,95,500}$ = 0.41 of a year (i.e., 5 months) to 5 years and 5 months.

Azadi Ka Amrit Mahotsav

GROUP: 3, PART: 15

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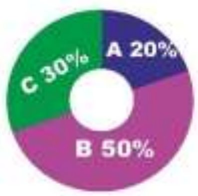
STRATEGIC

COST MANAGEMENT DECISION MAKING - (SCMD)

Your Preparation Quick



Syllabus Structure

A Cost Management **20%**
B Strategic Cost Management Tools and Techniques **50%**
C Strategic Cost Management - Application of Statistical Techniques in Business Decisions **30%**

Learning Objectives:

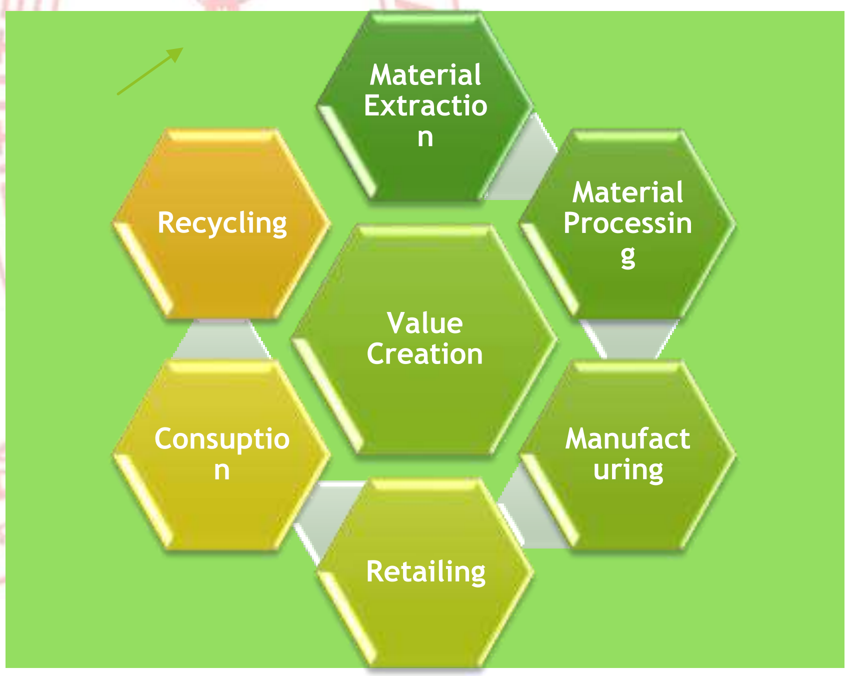
The Strategic cost management framework provides a clear plan of attack for addressing costs and decisions that affect them. It helps to get answers on:

- Is there a plan for strategic cost management
- Have the controlling functions for each significant cost in the organization been identified
- Are there resources devoted to finding or obtaining new approaches to breaking cost barriers
- Is cost modelling being used or is there an active effort to develop or buy cost modeling capability

Peeping into the Value Chain

01.00: Value Chain

Developed by Michael Porter in 1985 and used throughout the world, a firm's value chain is typically part of a larger value system that includes companies either upstream (suppliers) or downstream (distribution channels), or both. The perspective of value creation envisions managers to consider and see each activity not just as a cost, but as a step that has to add some increment of value to the finished product or service.

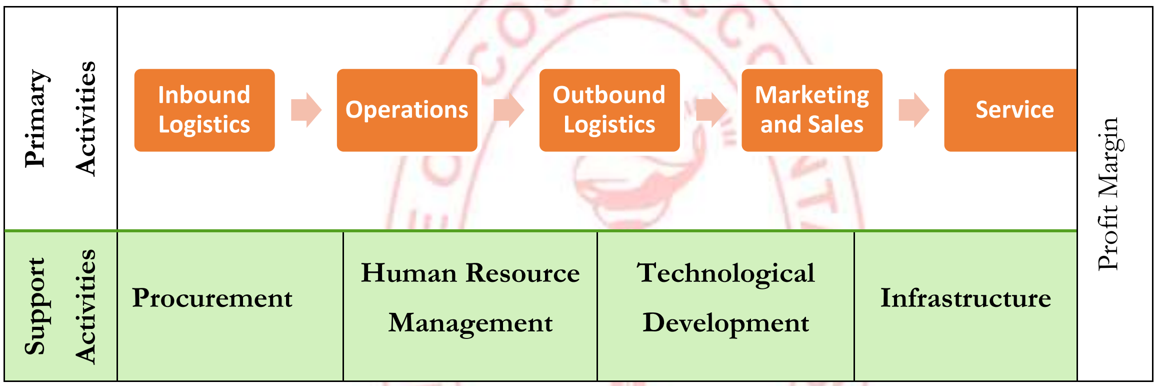


Manufacturing companies create value by acquiring raw materials and using them to produce something useful. Retailers bring together a range of products and present them in a way that is convenient to customers, sometimes supported by services such as trial rooms or personal shopper advice. Insurance companies offer policies to customers that are underwritten by larger re-insurance policies. Here, they are packaging these larger policies in a customer-friendly way, and distributing them to a mass audience.

Thus, the value chain is a set of activities that an organization carries out to create value for its customers. The way in which value chain activities are performed determines costs and affects profits. In that, the *value chain encompasses* the full range of activities which are required to bring a product or service from conception, through the different phases of production (involving a combination of physical transformation and the input of various producer services), delivery to final consumers, and final disposal after use. Considered in its general form, Value Creation can take a cyclical shape as depicted in the figure at the beginning. As can be seen from the figure, manufacturing *per se* is only one of a number of value added *links*. Moreover, there are ranges of activities within each link of the chain.

02.00: Elements in Porter's Value Chain

Porter proposed a general-purpose value chain that companies can use to examine all of their activities, and see how they are connected. Rather than looking at departments or accounting cost types, Porter's Value Chain focuses on systems, and how inputs are changed into the outputs purchased by consumers. Using this viewpoint, Porter described a chain of activities common to all businesses, and he divided them into primary and support activities, as shown below.



Primary activities relate directly to the physical creation, sale, maintenance and support of a product or service. Support activities support the primary functions stated above. Each support, or secondary, activity can play a role in each primary activity. For example, procurement supports operations with certain activities, but it also supports marketing and sales with other activities. Companies use these primary and support activities as "building blocks" to create a valuable product or service.

Value chain analysis (VCA)

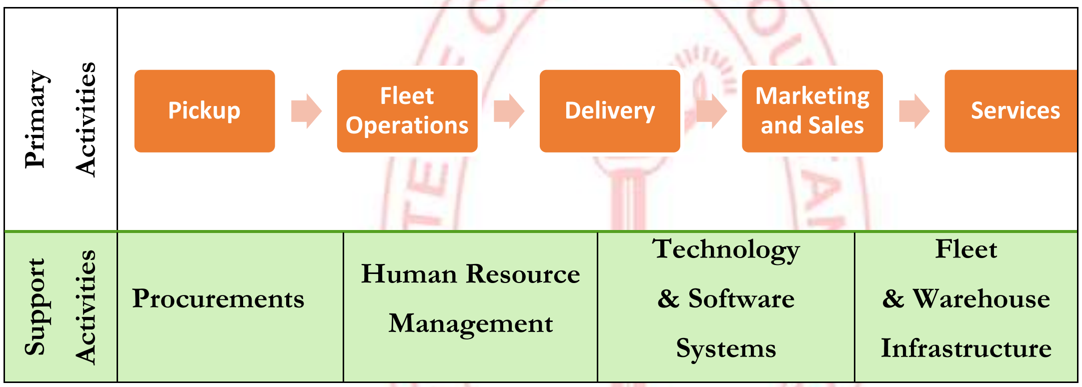
Value chain analysis (VCA) is a process where a firm identifies its primary and support activities that add value to its final product and then analyse these activities to reduce costs or increase differentiation. Value chain analysis relies on the basic economic principle of advantage - companies are best served by operating in sectors where they have a relative productive advantage compared to their competitors. Simultaneously, companies should ask themselves where they can deliver the best value to their customers.

Conducting a value chain analysis prompts a firm to consider how each step adds or subtracts value from its final product or service. This, in turn, can help it realize some form of competitive advantage, such as:

- Cost reduction, by making each activity in the value chain more efficient and, therefore, less expensive
- Product differentiation, by investing more time and resources into activities like research and development, design, or marketing that can help the product stand out

03.00: Caselet (Value Chain Stance of FedEx)

FedEx Express invented express transportation and remains the industry's global leader, providing rapid, reliable, time-definite delivery to more than 220 countries and territories, connecting markets that comprise more than 99% of the world's gross domestic product. FedEx has developed various capabilities during the past few years. The figure that follows attempts to depict the value logistics of FedEx by adopting the Porter's generic formula.



The gambit is all pervasive throughout the value chain encompassing the pickup, warehousing, transportation, delivery, and distribution. The operations adopt an IT and e-business solution in the form of an enterprise resource planning (ERP) software. The company uses multiple (value) systems and applications that form part of the integrated logistics solution. The systems that take care of the logistic-activities include Global Inventory Visibility System (GIVS), Inventory Management System (IMI), Warehouse Management (WMS), Transport Management System (TMS) and Customs Clearance System.

The marketing and sales follow the strategy of portraying the firm as the one which delivers on time and thus can be trusted by every customer. FedEx appears to have reached out to the customers in such a manner that pinpoints built-in trust level for the organisation. In relation to customer service, the firm had to take care of the fast changes in the internet industry with a single access system for the users whereby the customers can reach out to all the businesses of FedEx through a single contact point. This was one of the major capabilities. In addition, FedEx is known to provide a time guarantee to their customers regarding the timing of the delivery of the package.

Reportedly, FedEx has a large human-resource strength of about 5.47,000 workforce that is spread throughout the globe. On the infrastructure front, FedEx possesses a very large fleet of aeroplanes, automobiles and other delivery vehicles that allow them to deliver the packages of the consumer on time. The result being FedEx has been able to reach to the areas that other small competitors usually are not able reach out to.

Efficient logistics (value) network supported by huge infrastructure, implemented by competent human resources, and driven by the latest technology springs out a competitive advantage to FedEx over the other market players.

04.00 Quick Take

Understanding how a company creates value, and looking for ways to add more value, are critical elements in developing a competitive strategy.

GROUP: 3, PART: 16

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DIRECT TAX

LAWS AND INTERNATIONAL TAXATION - (DTI)

Your Preparation Quick

Syllabus Structure
A Advanced Direct Tax Laws **50%**
B International Taxation **30%**
C Case Study Analysis **20%**

Learning Objectives:

- To develop basic idea about the problem of International double taxation
- To get acquainted with the methods of reliefs
- To have acquaintance with the basic provisions of the provisions of the Indian Income-tax Act regarding reliefs for double taxation.

Thin Capitalization

A company is typically financed or capitalized through a mixture of debt and equity. The way a company is capitalized often has a significant impact on the amount of profit it reports for tax purposes as the tax legislations of countries typically allow a deduction for interest paid or payable in arriving at the profit for tax purposes while the dividend paid on equity contribution is not deductible. Therefore, the higher the level of debt in a company, and thus the amount of interest it pays, the lower will be its taxable profit. For this reason, debt is often a more tax efficient method of finance than equity. Multinational groups are often able to structure their financing arrangements to maximize these benefits. For this reason, country's tax administrations often introduce rules that place a limit on the amount of interest that can be deducted in computing a company's profit for tax purposes. Such rules are designed to counter cross-border shifting of profit through excessive interest payments, and thus aim to protect a country's tax base.

Under the initiative of the G-20 countries, the Organization for Economic Co-operation and Development (OECD) in its Base Erosion and Profit Shifting (BEPS) project had taken up the issue of base erosion and profit shifting by way of excess interest deductions by the MNEs in Action plan 4. The OECD has recommended several measures in its final report to address this issue.

In view of the above, sec. 94B was inserted in line with the recommendations of OECD BEPS Action Plan 4, to provide that interest expenses claimed by an entity to its associated enterprises shall be restricted to 30% of its earnings before interest, taxes, depreciation and amortization (EBITDA) or interest paid or payable to associated enterprise, whichever is less.

The provisions of sec. 94B are enumerated here-in-below:

Applicable to

Indian company, or a permanent establishment of a foreign company in India, being the borrower

- *Permanent establishment* includes a fixed place of business through which the business of the enterprise is wholly or partly carried on.

Conditions

a) The borrower has debt issued by a non-resident, being an associated enterprise of such borrower.

- *Debt* means any loan, financial instrument, finance lease, financial derivative, or any arrangement that gives rise to interest, discounts or other finance charges that are deductible in the computation of income chargeable under the head "Profits and gains of business or profession";

b) He incurs any expenditure by way of interest or of similar nature exceeding ₹ 1 crore;

c) Such expenditure is deductible in computing income chargeable under the head "Profits and gains of business or profession"

Effect

If all the aforesaid conditions are satisfied then, excess interest shall not be deductible in computation of income under the said head.

- Excess interest means lower of the following:
  a) An amount of total interest paid or payable in excess of 30% of earnings before interest, taxes, depreciation and amortisation (EBITDA) of the borrower in the previous year; or
  b) Interest paid or payable to associated enterprises for that previous year

Taxpoint

- *Guarantee*: Where the debt is issued by a lender which is not associated but an associated enterprise either provides an implicit or explicit guarantee to such lender or deposits a corresponding and matching amount of funds with the lender, such debt shall be deemed to have been issued by an associated enterprise.
- *Exception*:

  The provision of sec. 94B is not applicable:
  a) to an Indian company or a permanent establishment of a foreign company which is engaged in the business of banking or insurance; or
  b) to interest paid in respect of a debt issued by a lender which is a permanent establishment in India of a non-resident, being a person engaged in the business of banking
- *Carry forward*: Where for any assessment year, the interest expenditure is not wholly deducted against income under the head "Profits and gains of business or profession", so much of the interest expenditure as has not been so deducted, shall be carried forward to the following assessment year(s), and it shall be allowed as a deduction against the profits and gains, if any, of any business or profession carried on by it and assessable for that assessment year to the extent of maximum allowable interest expenditure.
- *Maximum carried forward*: No interest expenditure shall be carried forward for more than 8 assessment years immediately succeeding the assessment year for which the excess interest expenditure was first computed.

Example

Computation of interest expenses disallowed u/s 94B: ₹ in crore

Particulars	Case 1	Case 2	Case 3
EBIDTA of the Indian Borrower	100	100	100
30% of the above **[A]**	30	30	30
Interest payable to associated enterprise **[B]**	35	Nil	15
Interest payable to non-associated enterprise **[C]**	Nil	35	20
Total Interest expense incurred **[D = B + C]**	35	35	35
Total interest expenses incurred in excess of 30% of EBITDA **[E = D – A]**	5	5	5
Interest payable to associated enterprise **[B]**	35	Nil	15
Excess interest [lower of (E) and (B)] being disallowed u/s 94B	5	Nil	5

GROUP: 4, PART: 17

CORPORATE
FINANCIAL REPORTING - (CFR)

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Your Preparation Quick

Syllabus Structure

A GAAP and Accounting Standards **20%**
B Accounting if Business Conminations & Restructuring **20%**
C Consolidated Financial Statements **20%**
D Developments in Financial Reporting **25%**
E Government Accounting in India **15%**

Learning Objectives:

After studying the present section of Corporate Financial Reporting you will be able to:

- Learn how to highlight the achievements of a company to its investors, creditors, bankers, public, employees, regulatory bodies and Government on a periodic basis
- To convey future based strategic roadmap for the company.

Discounted Cash Flow (DCF) Model

In this Issue I would like to present a case study on valuation of a business.

JP Ltd is going to be taken over by Cloud Ltd. Cloud Ltd is gathering all financial information of JP Ltd so as to find the value of Equity of its business, as at 1st April 2023. To make the valuation of Equity robust and reliable, management of Cloud Ltd considered both the Market Approach and Income Approach with equal weights.

They enquired and obtained following information:

There are three companies in the peer group of JP Ltd. — Sand Ltd, Stone Ltd and Rock Ltd. Market Capitalization (MC) of Sand Ltd as at 31-03-2023 stands at Rs. 45 Lakhs, of Stone Ltd. at Rs. 36 Lakhs and of Rock Ltd at Rs. 30 Lakhs. Profits after tax for the year ending on 31-03-2023 of Sand Ltd amounts to Rs. 9 Lakhs, Of Stone Ltd Rs. 6 Lakhs and of Rock Ltd Rs. 4 Lakhs. The sales figure for the same year of Sand Ltd is Rs. 30 Lakhs, of Stone Ltd Rs. 24 Lakhs and of Rock Ltd Rs. 20 Lakhs. JP Ltd earned profits after tax for the year ended on 31-03-2023 Rs. 5 Lakhs from the sales of Rs. 25 Lakhs. Again equal weight is given to PAT and sales for finding the value of business based on market approach.

EBIT of JP Ltd for the same year amounted to Rs. 7 Lakhs, capital expenditure incurred is Rs. 2 Lakhs, Depreciation and amortization charged Rs 2 Lakhs, increase in current assets (excluding cash) Rs. 1.8 Lakhs, increase in current liabilities Rs. 0.8 Lakhs, interest expenses Rs. 1 Lakhs and effective tax rate is 30%. Free Cash Flows of the Firm (FCFF) is supposed to grow at 3% p.a. in future. The WACC and K_e of JP Ltd are 10% and 15% respectively. Value of Debt capital of JP Ltd as at 01-04-2023 stands at Rs. 8 Lakhs.

Required: Help the management of Cloud Ltd to find value of Equity of JP Ltd based on

a) Multiple of sales

b) Multiple of PAT

c) Market Approach

d) Income Approach

e) Both Market Approach & Income Approach

Solution

Market Approach (Rs. in Lakhs)

Peer Group	Sales	MC	PAT	Sales Multiple	PAT Multiple
Sand Ltd	30	45	9	45/30	45/9
Stone Ltd	24	36	6	30/24	36/6
Rock Ltd	20	30	4	30/20	30/4
Comparator = Average of Multiples				1.417	6.17
JP Ltd.'s Base				25	5
Value of Equity of JP Ltd.'s Base x Comparator				35.417	30.833
				(a)	(b)

Value of Equity based on Market approach with equal weights on sales on PAT.

$= \frac{35.417+30.833}{2} = 33.125$ (c)

Income Approach

NOPAT = EBIT x (1-t) = 7 x (1-0.3) = 4.9

CF = NOPAT + Depreciation – Increase in Non-Cash Working Capital

= 4.9 + 2 – (1.8 – 0.8) = 5.9

FCFF = CF – Capex

= 5.9 – 2 = 3.9

FCFF for the year ended on 31-03-2024 = $FCFF_1$ (at 3% growth) = 3.9 x (1.03) = 4.017

Value of business on 01-04-2023 = $\frac{FCFF1}{WACC-g} = \frac{4.017}{0.10-0.03} = 57.386$

Value of Equity = Value of Business – Value of Debt

= 57.386 – 8 = 49.386 (d)

(e) value of Equity of JP Ltd at 01-04-2023 with equal weights of both the approaches

$= \frac{(33.125 + 49.386)}{2}$ = Rs. 41.256 Lakhs (Approx.)

GROUP: 4, PART: 18

INDIRECT TAX

LAWS & PRACTICE - (ITP)

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Your Preparation Quick

Syllabus Structure

A Advanced Indirect Tax and Practice **80%**

B Tax Practice and Procedures **20%**

Learning Objectives:

Through the following Case Studies, students can refresh themselves about

- Deal with Import procedures
- Calculation of Assessable value & Customs Duty payable
- Eligible Input Tax Credit
- Mismatch & Discrepancies
- Refund of tax and interest

Indirect Tax

Case Study – 1

Mr Gulson Grover imported a machine from China, furnishes the following information for the month of May 2022

		Chinese Yuan
(i)	Cost of Machine at China (factory of exporter)	120000
(ii)	transport charges from the factory of exporter to the port of shipment	4800
(iii)	Handling charges paid for loading the machine in the ship	300
(iv)	Buying commission paid by M/s lion King Agency	600
(v)	Lighterage charges paid by importer	1200
(vi)	Freight incurred from port of entry to Inland Container Depot	6000
(vii)	Ship demurrage charges	2400
(viii)	freight charges from China to India	30000
(ix)	Date of Bill of Entry is 28.07.2022 (rate of BCD is 20% and exchange rate as notified by CBIC is Rs 10.10 per China Yuan)	

(x) Date of Entry Inward is 22.07.2022 (rate of BCD is 12% and exchange rate as notified by CBIC is Rs 10.50 per China Yuan)

(xi) IGST payable @12%

(xii) Social welfare Charges at applicable rate

Since this is the first import of Mr Gulson Grover after obtaining the Import Licence , become confused and raises the following questions.

(i) What amount of Buying Commision to be added?

(ii) What is the assessable value?

(iii)What is the total Customs Duty payable?

(iv) What will be eligible Input Tax Credit?

Being a GST consultant please help Mr Gulson Grover to find out the correct answers from the alternative given –

(i) What amount of Buying Commision to be added?

(a) NIL

(b) 400 Chinese Yuan

(c) 800 Chinese Yuan

(d) 1000 Chinese Yuan

(ii) What is the assessable value?

(a) 120729.62 Chinese Yuan

(b) 140326.79 Chinese Yuan

(c) 160107.37 Chinese Yuan

(d) 180290.62 Chinese Yuan

(iii)What is the total Customs Duty payable?

(a) Rs 430200.00

(b) Rs 470720.00

(c) Rs 560800.00

(d) Rs 592500.00

(iv) What will be eligible Input Tax Credit?

(a) Rs 212412.64

(b) Rs 236741.16

(c) Rs 240962.70

(d) Rs 254431.90

Solution:

(a)

M/S Gulson Grover		
Calculation of Assessabe Value		
Particulars		**Chinese Yuan**
Cost of machine		120000.00
Add : Transport charges from factory of exporter to the port for shipment		4800.00
Add : Handling charges		300.00
FOB		**125100.00**
Add : Buying commission (note 1)		-
FOB to the customer		**125100.00**
Add : Insurance (note 2)		1407.37
Add : Freight		30000.00
Add : Lighterage charges		1200.00
Add : Ship demurrage charges		2400.00
Assessable Value / CIF Value		**160107.37**

Notes -

1.Buying commission addable into the value because these are post shipment expenses.

2. Insurance is 1.125% of FOB i.e. 125100*1.125% = 1407.37 Chinese Yuan.

(b)

Calculation of Custom Duty Payable		
Particulars		**Amount (Rs)**
Assessable value (160107.37 Chinese Yuan *Rs 10.10)		1617084.44
Add : BCD @ 20% on Rs 1617084.44		323416.89
Add : Social Welfare Surcharge (10% on Rs 323416.89)		32341.69
Balance		**1972843.02**
Add : IGST (12% on Rs 1972843.02)		236741.16

Landed value of Imported goods		**2209584.18**
Total Custom Duty (BCD+SWS+IGST)		**592499.74**
Custom Duty payable (r/o)		592500.00

(c)

Mr Gulson Grover is eligible to avail Input Tax Credit on IGST portion i.e. Rs 236741.16 under GST law, provided he is using the machine for his business.

Correct Answers-

(i) a	**(ii) c**	**(iii) d**	**(iv) b**

Case Study – 2

Ms Priyanka a furniture dealer furnishes the following details –

(a) Supplied furniture to Mr Brijmohan for Rs 1000000/- plus GST @ 12% vide invoice no 206/PT/22-23 dated 12.06.2022.

(b) Ms Priyanka failed to incorporate the invoice no 206/PT/22-23 dated 12.06.2022 while submitting the GSTR – 1

Mr Brijmohan availed the ITC for Rs 120000/- and incorporate the same in GSTR – 2
As soon as the problem / mismatch revealed to Mr Brijmohan, he immediately informed to Ms Priyanka, who took up the issue and rectified the discrepancy and included Invoice no 206/PT/22-23 Dt 12.06.2022 while submitting GSTR-3 for August 2022 and paid tax accordingly onn20th September,2022.
Both Mr Brijmohan and Ms Priyanka seeks advise from GST Consultant who advised Mr Brijmohan to ad the ITC of Rs 120000/- already claim to the ooutput tax liability of Mr Brijmohan in his return to be furnished in Form GSTR-3 for the month succeeding the month in which discrepancy is made available (i.e. 20th September,2022) with interest @ 18%.

Now the further questions raised as below to clear the doubts –

(i)When matching will take through Common Portal of GSTN for June,2022?

(ii) In which Form discrepancy has to be informed by the common portal of GSTN to Ms Priyanka i.e.supplier?

(iii) What is the time limit to rectify the discrepancy so that Mr Brijmohan can avoid the adding back of ITC claimed and interest?

(iv) Where Mr Brijmohan will get the refund of interest if already paid.

You are requested to choose the correct answer from the alternative given –

(i)When matching will take through Common Portal of GSTN for June,2022?

(a) Before submitting of GSTR-2

(b) Only before submitting of GSTR-3

(c) Only after due date of GSTR-3

(d) Only after due date of GSTR-2

(ii) In which Form discrepancy has to be informed by the common portal of GSTN to Ms Priyanka i.e.supplier?

(a) In the Form GST MIS-1

(b) In the Form GST MIS-2

(c) In the Form GST MIS-3

(d) In the Form GST MIS-4

(iii) What is the time limit to rectify the discrepancy so that Mr Brijmohan can avoid the adding back of ITC claimed and interest?

(a) 20^{TH} July,2022

(b) 20^{TH} August,2022

(c) 20^{TH} September,2022

(d) 20^{TH} October,2022

(iv) Where Mr Brijmohan will get the refund of interest if already paid.

(a) Electronic Liability Ledger

(b) Electronic Input Ledger

(c) Electronic Credit Ledger

(d) Electronic Cash Ledger

Solution:

For the month of June 2022 the matching will take place only after due date of GSTR – 3.In the given case matching will take place after 20^{th} July,2022.

(i) Discrepancy has to be informed by the common portal GSTN to Ms Priyanka i.e. supplier in the Form GST MIS – 2

(ii) Time limit for rectification is due date of filing FORM GSTR – 3 for the month succeeding the month in which the discrepancy is made available i.e. in this case 20^{th} August 2022.Ms Priyanka should pay tax on it (as per Rule 71(4) of the CGST Rules, 2017)

(iii) Input Tax Credit of Rs 120000/- shall be added to the out put tax liability of Mr Brijmohan in her return to be furnished in Form GSTR – 3 for the month succeeding the month in which the discrepancy is made available (i.e. 20^{th} September 2022) with interest @ 18% .

(iv) As per section 42(7) of the CGST Act, 2017 Mr Brijmohan can reduce the amount from her output tax liability and the interest paid will be refunded to her electronic cash ledger account under section 42(9) of the CGST Act, 2107.

Correct Answers –

(i) c	(ii) b	(iii) b	(v) d

GROUP: 4, PART: 19,

COST & MANAGEMENT

AUDIT – (CMAD)

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Your Preparation Quick

Syllabus Structure

A Cost Audit **35%**
B Management Audit **15%**
C Internal Audit, Operational Audit and other related issues **25%**
D Case Study on Performance Analysis **25%**

Learning Objectives:

- To verify the correctness of the cost accounting records.
- To find out whether the principles of cost accountancy have been fully and correctly applied in maintaining cost records.
- To search for the deficiencies in the cost record system of the company.
- To attain efficiency in cost accounting systems and procedures.

Cost & Management Audit

Write short notes explaining the following:

1. **The Cost Audit is not applicable for Captive power generation plant as refer to in Electricity Rule, 2005. Comment**.

2. **State the scenarios where the companies are under maintenance of cost record but not subject to cost audit?**

3. **Whether a cost auditor can be removed before completion of his tenure? Explain.**

Answer to Question No.1 :

As per Table-A of Rule 3 of Companies (Cost Records and Audit) Rules, 2014, the generation of power is coming under Regulated Sector Industry. Once the product / service comes under the purview of the Table A, mentioned under the Rule 3 then, we need to look into the turnover criteria which is Rupees Thirty-five crore or more from all its products and services of during the immediately preceding financial year for maintenance of cost records for such products. However, overall turnover of Rupees Fifty crores and turnover for individual product Rupees Twenty five crores is required for cost audit being applicable to that company.

It is observed that most of medium or large sector manufacturing companies have their own power plants for continuous supply of power for manufacturing process of their main products. If the said products are covered under Rule 3 than are subject to cost audit. Now the question arises whether the captive power plants of such companies are also subject to cost audited as Power Generating unit.

It may be noted that as per sub-rule (3) Rule 4 of Companies (Cost Records and Audit) Rules, 2014 the requirement for cost audit is not applicable for generation of electricity for captive consumption through

Captive Generating Plant. For this purpose, the term "Captive Generating Plant" shall have the same meaning as assigned in rule 3 of the Electricity Rules, 2005.

No power plant shall qualify as a '**Captive generating plant'** under section 9 read with clause (8) of section 2 of the Electricity Act, 2003 - A power plant:

(i) Not less than twenty six percent of the ownership is held by the captive user(s),
And

(ii) Not less than fifty one percent of the aggregate electricity generated in such plant, determined on an annual basis, is consumed for the captive use:

So it could be conclude that, captive generation power plant is not subject cost audit as power generating unit. However, if the generation power plant do not fall in the category of captive power plant than it is subject to cost audit on meeting the turnover criteria.

Answer to Question No. 2

The Maintenance of Cost Record is applicable to the companies as mention under sub-section (1) of Section 148 of the Companies Act,2013 that the class of companies engaged in the production of the goods or providing services, specified in the Table A (Regulated Sector) and Table- B (Non-Regulated Sector) of Companies Cost Records and Audit) Rules, 2014, having an overall turnover from all its products and services of Rupees Thirty five crore or more during the immediately preceding Financial year, shall include cost records for such products or services in their books of account.

Once the companies satisfy the above criteria, then they need to maintain the Cost records as CRA-1 of Companies (Cost Records and Audit) Rules, 2014. After the maintenance of cost record, company needs to conduct Cost Audit as per the Rule 6 of the Companies Cost Records and Audit) Rules, 2014 which is as follows:

I For companies under Regulated Sector- Where overall turnover Rupees fifty crore or more and individual product turnover Rupees twenty five crore or more."

Ii For companies under Non Regulated Sector- Where overall turnover Rupees hundred crore or more and individual product turnover Rupees thirty five crore or more."

Upon qualifying the above criteria, the companies are subject to Cost Audit However there are certain companies even though they are complying the above criteria but are still be exempted from Cost Audit on specific circumstances as given below:

(i) Companies whose revenue from exports, in foreign exchange, exceeds seventy-five per cent of its total revenue.

(ii) Company which is operating from a special economic zone (SEZ).

(iii) Company which is engaged in generation of electricity for captive consumption through Captive Generating Plant. For this purpose, the term "Captive Generating Plant" shall have the same Meaning as assigned in rule 3 of the Electricity Rules, 2005;

Answer to Question No. 3

Cost Auditor is appointed as per Rule 6 of the Companies Cost Records and Audit) Rules, 2014.

Company shall appoint a cost auditor within one hundred and eighty days of the commencement of financial year for which cost audit will be conduct the. Before appointment is made, the written consent of the cost auditor for such appointment needs to be obtained by the company. After that Company need to file the Form CRA-2 electronically for such appointment with the Central Government.

Every cost auditor appointed as such shall continue in such capacity till the expiry of one hundred and eighty days from the closure of the financial year or till, he submits the cost audit report, for the financial year for which he has been appointed.

Ministry of Corporate affairs vide its notification dated 14th July, 2016 made an amendment that the cost auditor appointed under these rules may be removed from his office by the company, before the expiry of his term, through a board resolution after giving a reasonable opportunity of being heard to the Cost Auditor and recording the reasons for such removal in writing.

GROUP: 4, PART: 20,

STRATEGIC

PERFORMANCE MANAGEMENT AND BUSINESS VALUATION – (SPBV)

Dr. Ashish Kumar Sana
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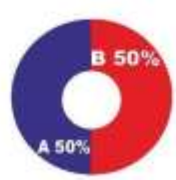
Your Preparation Quick



Syllabus Structure
A Strategic Performance Management **50%**
B Business Valuation **50%**

Learning Objectives:

After studying this section on Strategic Performance Management and Business Valuation, you will be able to:

- understand H Model and Three Stage Growth Model of equity share
- solve the problems on H Model and Three Stage Growth Model of equity share

DuPont Analysis: Three Components

The Return on Equity (ROE) is often considered as the most significant measure of profitability, as the ratio considers the return generated for the shareholders who are the most important stakeholder of a business and the stockholder theory is pivoted on them. Since the ROE is the most important measure, the factors which contribute to it is of crucial importance. The DuPont framework is a method of analyzing the ROE into its component parts. The DuPont framework breaks ROE algebraically into three ingredients: **portability, productivity, and leverage**.

Thus,

Return on Equity (ROE) = Profitability × Productivity × Equity multiplier

ROE = Profit Margin × Asset Turnover × Equity multiplier

$$\text{ROE} = \frac{\text{Net Profit}}{\text{Sales}} \times \frac{\text{Sales}}{\text{Total Assets}} \times \frac{\text{Total Assets}}{\text{Shareholders' Equity}}$$

Profitability: The net profit margin is the notion which reflects the return of every rupee of sales effected by the company. This is the first and foremost contributing factor.

Productivity: A company is generating handsome profit margin is not sufficient to comprehend the overall profitability as ROE may reinforced or otherwise by the company's productivity. The asset turnover is a measure of productivity which measures how efficiently a company uses its assets to generate sales. The ratio of asset turnover measures the sales generated in terms of the asset base of the company.

Equity Multiplier: Equity multiplier (an approximation of financial leverage) can augment return, given that the total income of the firm (EBIT) remains same. In simple terms, by increasing the debt proportion (and corresponding decrease of shareholders' equity in percentage terms) the ROE may be increased. Equity multiplier in this case is measured by dividing a company's assets by its shareholders' equity.

Multiple Choice Questions (MCQs)

1. **Given the following information for a business: Asset turnover = 3.50**

Equity multiplier = 1.00 Return on equity = 30%

Using the DuPont analysis, the net profit margin is

(a) 8.57%
(b) 5.87%
(c) 7.65%
(d) 6.75%

2. Which one of the following is not a specific type of Benchmarking?

(a) Generic Benchmarking
(b) Internal Benchmarking
(c) External Benchmarking
(d) Competitive Benchmarking

3. According to Kaplan & Norton, which of the balanced scorecard perspectives serves as the focus of the other perspectives?

(a) Financial
(b) Customer
(c) Internal business processes
(d) Learning & growth

4. The six sigma DMAIC process consist of:

(a) Define, manage, analyze, improve, control
(b) Define, measure, analyze, improve, co-ordination
(c) Deliver, measure, analyze, improve, control
(d) Define, measure, analyze, improve, control

5. "Quality is defined by the customer" is

(a) An unrealistic definition of quality
(b) A user-based definition of quality
(c) A manufacturing-based definition of quality
(d) A product-based definition of quality

Answer Hints:

Question	1	2	3	4	5

Answer	b	c	a	d	b

Case 1

An investor has been watching two similar companies, Lotus Inc., and ASA Inc. that have recently been improving their return on equity compared to the rest of companies in the industry. This could be a good thing if the two companies are making better use of assets or improving profit margins. But if the companies have increased the debt proportion in the capital structure, this would also be reflected in the ROE but would actually mean an increase in the financial risk perception of the companies.

In order to decide which company is a better opportunity, the investor decides to use DuPont analysis to determine the efforts of each company in improving its ROE and whether that improvement is sustainable. In table below, the relevant calculation for DuPont analysis of Lotus Inc. and ASA Inc., over two-year period is presented which is based on the excerpts of financial data of the two companies.

Table: DuPont Analysis of Lotus Inc. and ASA Inc.

Excerpts from the financial records and DuPont analysis of Lotus Inc. and ASA Inc.					
		figures in '000 (₹)			
		Lotus Inc.		**ASA Inc.**	
		Year 1	Year 2	Year 1	**Year 2**
a	Net Income	1,000	1,200	2,100	**2,100**
b	Revenue from operation	10,000	10,000	17,500	**17,500**
c	Profit Margin (a ÷ b)	0.1	0.12	0.12	**0.12**
d	Revenue from operation	10,000	10,000	17,500	**17,500**
e	Average Assets	5,000	4,800	8,750	**8,750**
f	Asset Turnover (d ÷ e)	2	2.08	2	**2**
g	Average Assets	5,000	4,800	8,750	**8,750**
h	Average Equity	2,000	2,000	5,000	**3,500**
i	Equity Multiplier (g ÷ h)	2.5	2.4	1.75	**2.5**
j	**ROE (c ×f × i)**	**50%**	**60%**	**42%**	**60%**

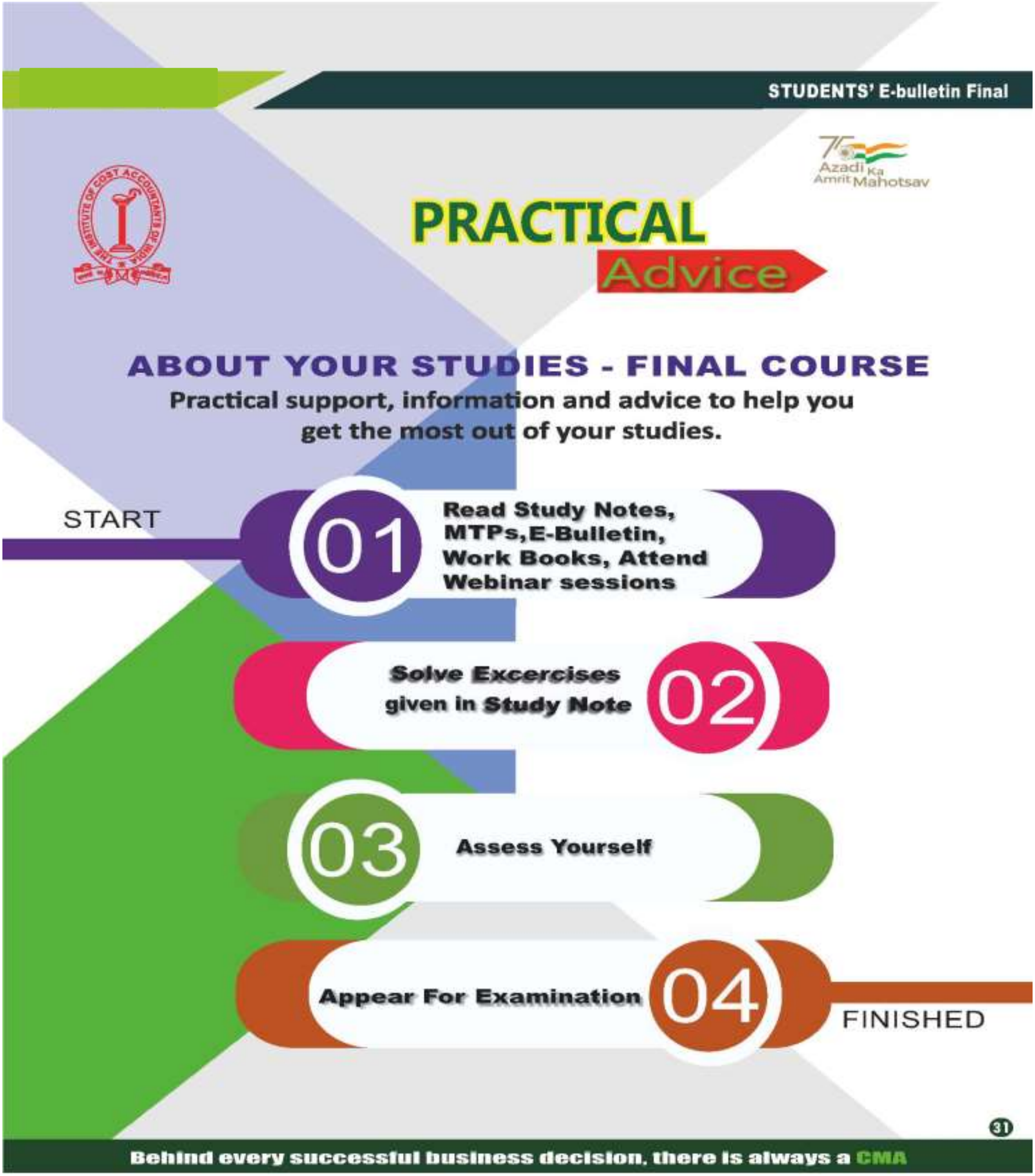
You are requested to analyse the performance of the companies and offer your comment.

Solution:

It is obvious from the above table that, Lotus Inc. improved its profit margins by increasing net income and reducing its total assets. Shareholders' equity has remained stable at ₹2000,000. The equity multiplier ha marginally fallen as the average assets is reduced. Simply, Lotus Inc. improved its profit margin and asset turnover while equity remained constant. It can be also inferred that there is partial reduction of debt since average total asset has declined while equity has remained constant.

While the situation at ASA Inc. is very dissimilar. It may be observed that the profit margin and the asset turnover both has remained the same over the years. ROE has significantly risen from 42% to 69% over the two-year period. The entire change in ROE is due to an increase in equity multiplier which increased from 1.75 to 2.5. This is also projected in the fact that though the average asset remained same at ₹8750,000 equity decreased from ₹5000,000 to ₹3500,000 implying that there is debt instrument in the capital structure. The investor is concerned because the additional borrowings has increased the ROE but actually it didn't change the company's net income, revenue, or profit margin, which means that high financial leverage makes the firm more lucrative to the shareholders' but fails to create real value.

Practical Advice



Submissions

STUDENTS' E-bulletin Final

SUBMISSIONS

Dear Students,

We are very much delighted to receive responses from all of you; for whom our effort is!

We have noted queries and your requests will definitely be carried out. Further, requesting you to go through the current edition of the bulletin. All the areas will be covered gradually. Expecting your responses further to serve you better as we believe that there is no end of excellence! One of the mails received is acknowledged below.

Please put your opinions so that we can make your e-bulletin everything that you want it to be.

Send your Feedback to:
e-mail: studies.ebulletin@icmai.in
website: http://www.icmai.in

Submissions

32

Behind every successful business decision, there is always a CMA

Message form Directorate of Studies

Dear Students,

We from the Directorate of Studies understand your expectations from us and accordingly we are trying to deliver some meaningful tips through various publications in soft versions like-E-bulletins, Mock Test Papers (MTPs), and we also have conducted Webinar Sessions for the benefit of the students. Supplementary and Amendments are also uploaded from time to time to keep the students updated about the recent changes made in the papers; wherever applicable.

You must be aware that India is celebrating Azadi Ka Amrit Mahotsav, which is an initiative of the Government of India to celebrate and commemorate 75 years of independence and the glorious history of its people, culture and achievements. Along with pan India, your Institute has also observed and took part in various meaningful activities throughout the year. We also expect that our students should also take part in the development of the nation and make the country proud.

"Freedom has only one motto, may our country be happy and prosperous" ....

let you all observe the message cited above.

- Certain general guidelines are listed below and which will help you in preparing for the examinations:
- Conceptual understanding and overall understanding of the subjects should be clear,
- Students are advised to go through the study material provided by the Institute meticulously,
- Students should know and learn the basic understandings of the subjects with focus on core concepts,
- Students are expected to give to the point answer which is a pre-requisite for any professional examination,
- To strengthen the answers, students are advised to answer precisely and in the structured manner,
- Proper time management is also important while answering.

Please refer the link mentioned below:
https://icmai.in/studentswebsite/index.php

GOOD LUCK
Be prepared and be successful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