

Case Study

An Indian subsidiary of Europe's largest manufacturer of hygiene products

Service(s) offered: **Finance Controllership, ERP Support, Audit Support**

Sector/Industry: **Manufacturing**



Finance Controllership, ERP and Audit Support

Our client was exploring the Indian market to set up a local manufacturing facility. They chose Nexdigm as their implementation partner, and support them with Finance Controllership, ERP Implementation, and Audit Support, among other services. During the assignment tenure, the employee strength of the company grew from 0 to 90+.

Challenge

The company was entering the Indian market for the first time and was inexperienced with the local culture and compliance requirements. They did not have a finance team and processes in place to manage their local finance and ERP system. These limitations made it challenging to manage finances as revenues were increasing copiously.

Case Highlights

- Stabilized the finance team and set up business processes in record time
- Identified costs that could be capitalized leading into significant tax savings
- Handled routine aspects of the F&A function, including daily book-keeping, managing cash flows, banking and treasury, customer and vendor management, preparation of MIS, etc.
- Successfully implemented SAP and automated business processes within rigorous deadlines
- Timely closure of the first year's audit in liaison with the Big Four

The Solution

Our team took up the role of their internal finance function and performed various responsibilities like:

ERP Implementation

We were successful in supporting our client with the implementation of SAP Business One with a migration from Tally into the new ERP to ensure data integrity.

The team worked on implementation planning, process improvements, providing business logic for various modules like finance, purchase, sales, etc. with user-acceptance testing, and sign-offs to Go Live.

Processes and Policies

Being a new setup, we helped implement various processes and policies to process invoices, recognize revenue, reimburse expenses to employees under local law, accounting, financial statements, mirroring HR-related group policies like recruitment, attendance, leave, etc.

Managing the Treasury Function

We also handled the entire treasury function of the company, which included liaising with bankers, funding equity, monitoring working capital, processing bank payments, investing in fixed deposits, disbursing salaries, etc. through effective design and adoption of global policies and practices across divisions.

Accounting and Month-end Closure

Our team also processed all transaction entries, month-end entries, and prepared a Group reporting package for the local management and the Group. Our team also did year-end adjustments and book closures, and prepared financial statements as per applicable laws and accounting standards.

Compliance Management

We managed all the compliances and filings related to:

- Direct tax, including TDS, TCS, advance taxes, etc.
- Indirect tax, including VAT, customs, etc.
- Secretarial compliance activities like conducting board meetings, drafting minutes, maintaining registers for deposits, charges, etc.
- Labor laws, including professional taxes, ESIC, provident funds, etc.
- RBI compliance for equity funding

Audit Support

Our team prepared audit schedules, performed cut-off procedures, coordinated, and met the auditors' requirements. We developed necessary documentation to exclude adverse remarks by auditors and drafted management comments on the auditors' remarks. We also prepared a presentation and a report for the Board.

Capitalization of Setup Cost

We calculated the acceptable setup cost for capitalization by analyzing various laws and accounting standards, which led to significant tax savings for the business.

Impact

Our work ensured that our client's business operates seamlessly and in a transparent manner. The company's reliance and confidence in financial data and overall operations increased as they entrusted us with key decisions, implementation of systems and processes, and reporting.

For more information on this case study, please write to us at:

ThinkNext@nexdigm.com

You can also visit our website to know how our services resulted in tangible business benefits:

www.nexdigm.com