

Case Study

Indian subsidiaries of some of the leading manufacturing companies globally

Service(s) offered: **Finance & Accounting, CWIP Advisory, Compliance Management**

Sector/Industry: **Manufacturing**



Managed finance and compliance project for Indian subsidiaries of renowned companies

Clients Handled

1. An Indian subsidiary of one of Israel's largest manufacturer of hygiene products
2. An Indian subsidiary of Europe's largest manufacturer of hygiene products
3. An Indian subsidiary of one of the best quality medical devices manufacturing company

Challenge

Setting up a new project factory was a challenging task, and our clients realized the same as they started facing issues in multiple areas of operations once they began the project.

Major areas where the client faced challenges included -

- Timing of capitalization of assets, identifying the expenses that could be capitalized including the Foreign exchange gain/loss on external commercial borrowings (ECB) and interests; maintaining a right set of documentation to facilitate such capitalization;
- Maintaining correct set of books of accounts, running of smooth finance and accounts operations;
- Identifying and complying with all the applicable laws and regulations.
- Dealing and managing individual vendors and the complexities associated with it

Solution

Our team took up the role of managing the Finance & Accounts, expert support for guiding CWIP items, and taxation matters like:

Finance and Accounts

- We acted as a single point of contact with the Accounts vendor to liaise for invoicing, PO, advances, bank guarantees, capital advances, payments and other related compliances.
- We implemented a process to maintain proper documentation and register for the invoices; performed necessary book-keeping and accounting tasks as per applicable accounting standards, performed timely vendor and bank reconciliations.
- Our team was responsible for preparing the MIS reports and supported during investor and stakeholders' analysis. We attended the monthly calls and presentations explaining the variances, project updates with various stakeholders involved.
- We performed CHA costs reconciliations to ensure correct allocations of such expenses to inventory, assets and expenses.
- Our team performed correct accounting for various borrowings and capital infusions.

Assets Capitalization

- We were maintaining the CWIP (Capital Work in Progress) register ensuring that all the necessary and accurate details that would be required at the time of capitalization as per the applicable laws were captured. We were also responsible for preparation and maintenance of the Fixed Assets Register post capitalization.
- We advised the clients on the indirect costs, forex gain/loss, interests that could be capitalized reaping various benefits to the company.
- Our team maintained a track of all the capital advances and retention monies.
- We provided assistance in asset classification, asset tagging and physical verification of assets.

Compliances

Our team managed all the compliances and filings related to:

- Direct tax, including TDS, TCS, advance taxes, etc.
- Indirect tax including GST, VAT, custom duties, etc.
- Secretarial compliance services which involved 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, ECB related filings.

Impact

- Successful implementation of the capitalization process and tax benefits.
- Seamless operations of the finance function facilitating decision-making and immediate redressal.
- Accurate reporting and timely compliances in accordance with the applicable laws to avoid any interests and penalties.

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

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

www.nexdigm.com