VOL. 54 ISSUE 9

WIRC BULLETIN

ISSN 2456-4982

ENGLISH MONTHLY | SEPT 2026 | PAGES 76 | PRICE RS.5/- | RNI NO. 22703/72

Valuation, IBC & Social Audit: The New Dimensions Of Governance



ICMAI-WIRC had the privilege of felicitating Shri Piyush Goyal ji, Hon'ble Union Minister of Commerce & Industry, Government of India during the BMC–NSDC MoU signing ceremony. CMA Mahendra Bhombe, Chairman, ICMAI-WIRC, and CMA Vivek Bhalerao, Vice Chairman, ICMAI-WIRC, represented the Institute.

In a warm and encouraging interaction, Shri Piyush Goyal ji expressed his special regard for ICMAI and immediately encouraged WIRC to explore starting professional skill-development programmes in the area.

He also advised the ICMAI-WIRC leadership to connect with the Skill Development Centre team and explore suitable classroom and office infrastructure for the Institute.



CMA Mahendra Bhombe, Chairman, ICMAI-WIRC, alongwith Shri Mukundan K. V., CEO Institute of Internal Auditors India, CS Yogesh Choudhary, Chairman WIRC-ICSI, CA Sourabh Ajmera, Chairman WIRC-ICAI, and CMA Robin Banerjee during the CII Western Region Conference on ESG & Corporate Governance 2026, held on 3rd September 2026 in Mumbai.



CMA Mahendra Bhombe, Chairman, ICMAI-WIRC felicitating Hon'ble Shri Amit Gorkhe Ji, Member of Legislative Council (MLC), Maharashtra,





Glimpses of Seminar on Valuation Skill and Knowledge Enhancement Programme organised by ICMAI Registered Valuers Organisation, in association with ICMAI-WIRC on 19th September 2026 at IMC, Mumbai





Glimpses of Faculty Meet organised by WIRC on 12th September 2026 at WIRC Office.





CMA Mahendra Bhombe, Chairman, ICMAI-WIRC felicitating Shri Gajendra Yadav Ji, Hon'ble School Education Minister, Ministry of School Education, Government of Chhattisgarh during Valedictory Session of ASTP at Bhilai.

Table of CONTENT

Chairman Editorial Board
CMA Manisha Agrawal

Editorial Team
CMA Vivek Bhalerao
CMA Mihir Vyas
CMA Amar Pewale
CMA Hemendrakumar Shah
CMA Malathi Sriram
CMA Neeraj Jangid
CMA Abhijit Rajput
CMA Harsha Gangan
CMA Vasant Tondwalkar

04 From the Desk of the Chairman
09 From the Desk of the Chairman, Editoral Board
12 WIRC CMA Alumini Connect
15 Valuation, IBC & Social Audit : Building the Governance Backbone of Vikshit Bharat@2047
19 Role of Cost and Management Accountants in Social Impact Audit: A New Dimension of Governance
22 Summary Discussion on The Show Cause Notice Under The GST Law
28 Tracing the Human Element: A Cost and Management Accountant's Approach to Manpower Cost Allocation
35 Startup Valuation: Measuring Potential in an Uncertain World
41 COSTING THE TURNAROUND: How CMAs Can Anchor Valuation, Resolution-Cost Control and Social Accountability in MSME Insolvency
47 From Compliance to Confidence: A CMA's Framework for Measuring Governance, Business Continuity and Social Audit as Drivers of Enterprise Value
52 From Default to Discipline: Ethical Governance under the IBC Regime
58 An Introduction to Social Stock Exchange, Social Enterprise and ZCZP Instruments
62 Cost-Quality Integration: Rethinking Strategic Cost Management
67 Chapter News

Vision Statement

"The Institute of Cost Accountants of India would be the preferred source of resources and professionals for the financial leadership of enterprises globally."

Mission Statement

"The Cost and Management Accountant professionals would ethically drive enterprises globally by creating value to stakeholders in the socio-economic context through competencies drawn from the integration of strategy, management and accounting."

CHAIRMAN'S COMMUNIQUE



CMA MAHENDRA BHOMBE
Chairman, ICMAI-WIRC

Dear Professional Colleagues,

"The true measure of a profession is not only the standards it maintains, but the value it creates for business, society and the nation."

As we come to the close of **September 2026**, I look back at a month marked by energy, professional engagement, learning and meaningful institutional outreach. It has been a month where the spirit of **"Every Member Matters, Every Student Matters and Every Opportunity Matters"** has been reflected through the diverse initiatives of ICMAI-WIRC.

September has also been a significant month for the CMA profession. **30th September holds special significance for the Cost and Management Accounting profession,** being the due date associated with the submission of the **Cost Audit Report** for the applicable financial year. Cost Audit is much more than a statutory exercise. It is a powerful mechanism for bringing **cost discipline, transparency, efficiency and accountability** into business operations. In an increasingly competitive economy, reliable cost information enables management to understand resource utilisation, identify inefficiencies, strengthen pricing decisions and improve operational performance. As CMAs, our responsibility is therefore evolving—from being custodians of cost records to becoming **strategic partners in value creation and sustainable business growth.** On this important day, I extend my appreciation to every Cost Accountant contributing to the credibility of financial and cost information and to the larger objective of **efficient, transparent and responsible businesses.**

This month's WIRC Bulletin, "Valuation, IBC & Social Audit: The New Dimensions of Governance," brings together three important dimensions that are increasingly influencing the architecture of modern governance. Governance today extends beyond conventional compliance and reporting. It requires a holistic understanding of value, risk, accountability, sustainability and stakeholder impact. Valuation provides a framework for understanding value; the Insolvency and Bankruptcy Code brings greater focus on resolution, restructuring and responsible management of distressed assets; while Social Audit expands the conversation towards social outcomes and stakeholder accountability. Together, these dimensions reinforce an important message: modern governance must create measurable value—not merely demonstrate compliance.

Institutional Outreach & Professional Connect:

One of the significant highlights of the month was the opportunity I had, along with CMA Vivek Bhalerao, Vice Chairman, ICMAI-WIRC, to felicitate Shri Piyush Goyal Ji, Hon'ble Union Minister of Commerce & Industry, Government of India, during the BMC–NSDC MoU signing ceremony. The interaction was warm, encouraging and professionally significant for ICMAI-WIRC. Shri Piyush Goyal Ji expressed his regard for the Institute and encouraged WIRC to explore opportunities for initiating professional skill-development programmes in relevant areas. He also advised the ICMAI-WIRC leadership to connect with the Skill Development Centre team and explore
suitable classroom and office infrastructure for the Institute.This interaction opens an important avenue for us to explore how the expertise of CMAs can contribute to **skill development, employability, professional education and industry-ready talent.**
I also had the privilege of interacting with **Hon'ble Shri Amit Gorkhe Ji, Member of Legislative Council (MLC), Maharashtra,** in a discussion encompassing **professional development, education, youth development and the expanding role of professional institutions.**The interaction provided an opportunity to share perspectives on the contribution of professional institutions in developing young talent and strengthening the connection between **education, employability and professional excellence.**

Advanced Skill Training Programme – From Qualification to Workplace Readiness

A major achievement of September was the successful conduct of the **11-Day Advanced Skill Training Programme (ASTP) for Qualified CMAs of the June 2026** Term, organised by ICMAI-WIRC in association with the Career Counselling & Placement Committee of ICMAI.The programme was conducted across Mumbai and Bhilai, with more than 330 newly qualified CMAs participating.

- ASTP Batch 1 – Mumbai: 3rd to 13th September 2026
- ASTP Batch 2 – Mumbai: 21st to 30th September 2026
- ASTP – Bhilai: 9th to 22nd September 2026

The objective was clear - to bridge the gap between professional qualification and workplace readiness. Today's industry expects professionals who can combine technical knowledge with communication, analytical thinking, technology, leadership, business understanding and professional confidence. ASTP therefore represents an important step towards preparing our newly qualified CMAs for the realities of the corporate and professional world. Valedictory Session – Bhilai Batch of 11-Day Advanced Skill Training Programme (ASTP) for Qualified CMAs of

the June 2026 Term was graced by Shri Gajendra Yadav Ji, Hon'ble School Education Minister, Ministry of School Education, Government of Chhattisgarh, as Chief Guest; Dr. K. V. Rao, Joint Director, Commissionerate, Durg; Shri Ashutosh Chavre, Ex-Deputy Director, Directorate of Public Instruction, Raipur and Renowned Educationist, Durg; CMA Harshad Deshpande, Central Council Member, ICMAI; Dr. Anup Mishra, Principal, BIT, Durg; along with CMA Vivek Bhalerao, Vice Chairman & Chairman, Students Coordination Committee, ICMAI-WIRC; CMA Manisha Agrawal, Secretary & Treasurer, ICMAI-WIRC; CMA Arindam Goswami, Former Chairman & Regional Council Member, ICMAI-WIRC; and Dr. Daljeet Singh Wadhwa, Professor & Head, BIT, Durg. On this occasion, ICMAI-WIRC also submitted a request letter concerning the Accreditation Policy of the Institute to the Hon'ble School Education Minister.

CII Western Region – Conference on ESG & Corporate Governance 2026:

It was a privilege to participate as a Panellist at the CII Western Region – Conference on ESG & Corporate Governance 2026, held on 3rd September 2026 at Ginger Hotel, Vile Parle, Mumbai. The panel brought together diverse perspectives from the governance ecosystem. I shared the dias with panelists CA Sourabh Ajmera – WIRC-ICAI, CS Yogesh Choudhary – WIRC-ICSI, Mukundan K. V – Institute of Internal Auditors India under the theme "United for Trust" highlighted the importance of collaboration among different professional disciplines.Governance in the modern business environment cannot operate in silos. Finance, cost management, internal audit, company secretarial practice, taxation, ESG and risk management must increasingly work together to create sustainable and trustworthy organisations.I am grateful to Shri Robin Banerjee Ji and CII Western Region for creating this meaningful platform for professional dialogue on governance, ESG, risk and long-term value creation.

Regional Outreach Programme on the Income Tax Act, 2025 and the Stone Laying Ceremony for the New CMA Bhawan - ICMAI Baroda Chapter.

I, along with CMA Vivek Bhalerao, Vice Chairman, ICMAI-WIRC, and CMA Mihir Vyas, Immediate Past Chairman, ICMAI-WIRC, attended the **Regional Outreach Programme on the Income Tax Act, 2025 and the Stone Laying Ceremony for the New CMA Bhawan for Baroda Chapter**.The programme was graced by CMA Chittaranjan Chattopadhyay, President – ICMAI; CMA Ashwin Dalwadi, Central Council Member & Past President – ICMAI; and CMA (Dr.) Debaprosanna Nandy, Secretary – ICMAI. The laying of the foundation stone for the new CMA Bhawan represents more than physical infrastructure. It symbolises institutional growth, member connect and a stronger future for the profession in the region. I extend my best wishes to CMA Amruta Vyas, Chairperson, ICMAI Baroda Chapter, and the entire Managing Committee for this important milestone. May the new CMA Bhawan become a vibrant centre for professional education, student development, member engagement and industry interaction.

Students' Felicitation Programme – June 2026 Passed Students

On 24th August 2026, ICMAI-WIRC organised a **Students' Felicitation Programme at SNDT Patkar Hall, Mumbai,** to honour students who successfully completed the Foundation, Intermediate and Final examinations of June 2026. The programme was graced by CMA Shilpa Joshi, Former WTD & Ex-CFO, Novartis India Limited, as Chief Guest, along with CMA Harshad Deshpande and CMA (Dr.) Ashish Thatte, Central Council Members, ICMAI.

More than 500 students, along with their parents, participated. Student achievement is not merely an individual accomplishment—it is a reflection of family support, faculty guidance, institutional commitment and the determination of young professionals.

Seminar on "Valuation Skill and Knowledge Enhancement Programme with ICMAI Registered Valuers Organisation.

The ICMAI Registered Valuers Organisation, in association with ICMAI-WIRC, organised the half-day Seminar on "Valuation Skill and Knowledge Enhancement Programme" on 19th September 2026 at IMC, Mumbai, where I had the privilege of attending as Guest of Honour. The programme covered four highly relevant areas Artificial Intelligence in Valuation – CMA Rammohan Bhave, Valuation under Merger and Acquisition – CA CFA Krupali Gandhi Painting as Intangible Assets – CA CFA Rishiraj Sethi, Valuation of SMEs for Fundraising & IPO – CA Niki Shah. The programme demonstrated how valuation is evolving with technology, new asset classes, transactions and capital-market opportunities.

Faculty Meet of WIRC Oral Coaching:

The Students Coordination Committee of ICMAI-WIRC organised the Faculty Meet of WIRC Oral Coaching on 12th September 2026 at the WIRC Office, Mumbai. The meeting provided an important platform to discuss academic, administrative and operational aspects of Oral Coaching. Effective education is not simply about completing a syllabus. It is about creating an environment where students can understand concepts, ask questions, build confidence and develop the ability to apply knowledge. The faculty interaction therefore focused on strengthening coordination and enhancing the overall learning experience for our students.I appreciate the contribution of all faculty members associated with WIRC Oral Coaching.

Drawing Competition on occasion of Ganpati Festival:

The Students Coordination Committee also organised a **Drawing Competition** for students at the WIRC Office on 24th September 2026 on the occasion of the Ganpati festival. The enthusiastic participation of students reflected that professional education must also provide space for creativity, culture, expression and community engagement. I congratulate all participating students and the Students Coordination Committee for organising this vibrant initiative.

Professional Development – Expanding the CMA Horizon

The Professional Development Committee continued its focus on contemporary professional requirements through a series of insightful programmes, including **"Jamvant Factor – Cost Auditor to Business Analysts" Session by CMA Dhananjay Kumar Vatsyayan and Filing of Income Tax Return with Tax Audit Report under the Income Tax Act Session by CMA Pradeep Tulsian,** focusing on practical taxation and compliance requirements. The programme reflected the evolving role of the CMA—from traditional cost audit to business analysis, strategic insights and decision support.

Also Professional Development Committee jointly with Task Force for Empowering Young CMAs organises Webinars on on resume building, interview techniques and group discussions and professional personality, communication, personal mastery, thinking like a CMA, profile building and interview readiness as follows:

From CMA to Corporate Professional – CMA Himanshu Dhar – 8th Sept 2026
From Contacts to Contracts: How Network Builds Net Worth – CMA Rammohan Bhave – 12th Sept 2026
Career Canvas – Painting Your Best Self – Dr. Urvashi Yashroy – 18th Sept 2026

The **MSME & Start-Up Promotion Committee of ICMAI-WIRC** organised programmes addressing emerging business opportunities on **"GeM Portal Made Easy for CMAs: Registration, Eligibility and Tender Participation" by CMA Tejas More** on 3rd September 2026 and **"SME IPOs: Gold Rush or Ground Reality?" by Shri Daljeet Singh Kohli** on 19th September 2026 Session. These programmes underline the growing role of CMAs in the MSME and start-up ecosystem—particularly in business structuring, financial readiness, cost optimisation, fundraising, compliance and strategic decision-making.

As we conclude September, I am filled with optimism about the opportunities before our profession. The world of business is changing rapidly. AI is changing processes. ESG is changing accountability. Valuation is changing with new asset classes. Insolvency frameworks are changing the approach to distressed businesses. Capital markets are creating new avenues for SMEs. And employers are seeking professionals who can connect numbers with strategy.
In this changing environment, the CMA profession has an important role to play. Our journey must therefore be:

From Compliance to Capability.
From Cost to Value.
From Reporting to Insight.
From Qualification to Employability.
From Professional Expertise to National Contribution.

At ICMAI-WIRC, our endeavour will remain to create platforms that enable our members to grow, our students to succeed and our profession to contribute meaningfully to the economy. **"The future of the CMA profession will not be defined only by the work we are qualified to do, but by the value we are courageous enough to create."**

I invite every member, student, faculty member, chapter and professional colleague to continue being an active partner in this journey.

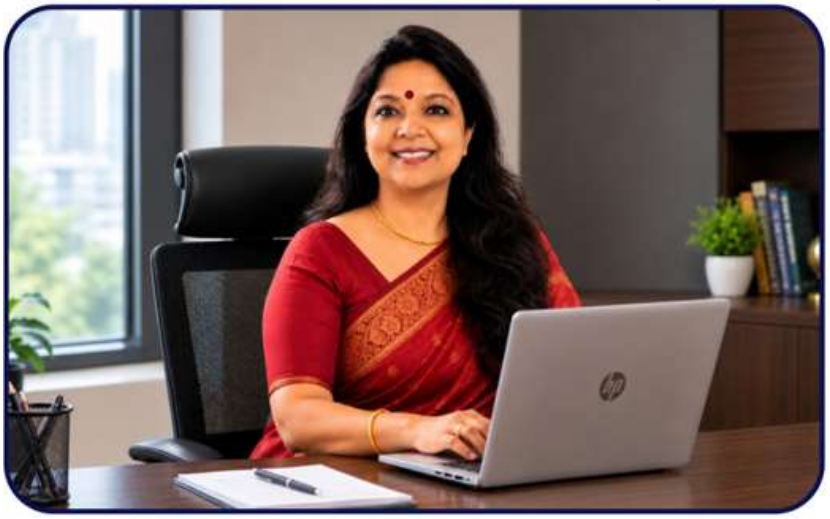
Let us continue to Learn. Lead. Connect. Create Value.

With every programme, every professional interaction and every student we empower, we move one step closer to building a stronger CMA fraternity and contributing to a Viksit Bharat.

With warm regards,

CMA Mahendra Bhombe
Chairman
Western India Regional Council of
The Institute of Cost Accountants of India

EDITORIAL COMMUNIQUE'



CMA Manisha Agrawal
Secretary & Treasurer ICMAI-WIRC

The Western India Regional Council has always endeavoured to remain connected with its members and to provide a platform for **professional knowledge, meaningful engagement and continuous learning.**

The business environment is changing rapidly, and so are the expectations from the CMA profession. Today, our role extends well beyond traditional accounting and compliance. CMAs are increasingly contributing to **strategic decision-making, valuation, insolvency and restructuring, risk management, sustainability and governance.**

The WIRC E-Bulletin is an important part of this endeavour. Each edition seeks to bring contemporary professional developments, practical insights and diverse perspectives closer to our members.
We are pleased to present this edition on:

"Valuation, IBC & Social Audit – The New Dimensions of Governance"

The three subjects may appear different, but they share a common foundation—**transparency, accountability, informed decision-making and responsible value creation.**

Governance is changing—and perhaps the most significant change is that we are moving from asking whether something is compliant to asking whether it creates value, protects value and delivers the intended outcome.
This thought forms the foundation of the present edition of our WIRC E-Bulletin.

Valuation, IBC and Social Audit may belong to different areas of professional practice, yet all three are increasingly becoming important instruments of modern governance.

Valuation – More Than a Number

A valuation is often seen as a number at the end of a report.
But behind that number lie assumptions, methodology, professional judgement and, most importantly, consequences.

A valuation can influence investment decisions, restructuring, mergers, resolution plans and the interests of multiple stakeholders.

The importance of this area has been reinforced by recent developments. In April 2026, IBBI issued **Valuation Standards for valuations conducted under the IBC,** followed by Guidelines for Conducting Valuation under the IBC in June 2026. IBBI itself recognises valuation as a critical input for evaluating resolution plans and enabling informed stakeholder decision-making.

This makes the role of the valuation professional even more significant.

The question is no longer merely:

"What is the value?"

It is also:

"How credible, transparent and defensible is the process through which that value has been determined?"

IBC – Preserving Value, Not Merely Resolving Distress

The Insolvency and Bankruptcy Code has changed the way we look at financial distress.

A stressed enterprise is not necessarily a failed enterprise.

The larger objective is to explore whether value can be preserved, whether the enterprise can be revived and whether stakeholder interests can be balanced through a structured resolution process.

The continuing evolution of the IBC framework in 2026—including amendments to the Code and regulations—shows that insolvency governance itself is evolving.

For professionals, this calls for an understanding that goes beyond financial statements.

It requires us to understand the **business model, assets, liabilities, cash flows, operational potential and the ecosystem in which the enterprise operates.**

Social Audit – From Spending to Impact

Social Audit takes governance beyond the financial statements.

It asks a fundamental question:

"Did the resources actually create the intended outcome?"

This is particularly relevant in public programmes, where expenditure alone cannot be the measure of success.

A recent CAG performance audit of MGNREGS in Odisha provides a telling example. The report noted inadequate social audits and poor response to social-audit recommendations, reducing their effectiveness.

The lesson is important—not just for public administration, but for governance in general.

An audit has value only when its findings lead to accountability, corrective action and improvement.

And Where Does the CMA Stand?

This is where I believe our profession has a significant opportunity.

The CMA has traditionally stood at the intersection of **cost, finance, performance and decision-making.**

Today, that knowledge can be applied much more broadly—to valuation, insolvency, restructuring, performance

assessment, sustainability, social impact and strategic governance.

Our role is gradually moving from:

"What happened?"
to
"Why did it happen?"
and ultimately to
"What should happen next?"

That is where professional value is truly created.
Perhaps the three themes of this edition can be viewed through three simple questions:
Valuation asks — What is it worth?

IBC asks — How can value be preserved when an enterprise is under distress?

Social Audit asks — Has the value created achieved its intended purpose and reached the intended stakeholders?
Together, they represent a broader and more meaningful understanding of governance—from **financial accountability to stakeholder accountability and ultimately to responsible value creation.**
A New Opportunity for Our Profession

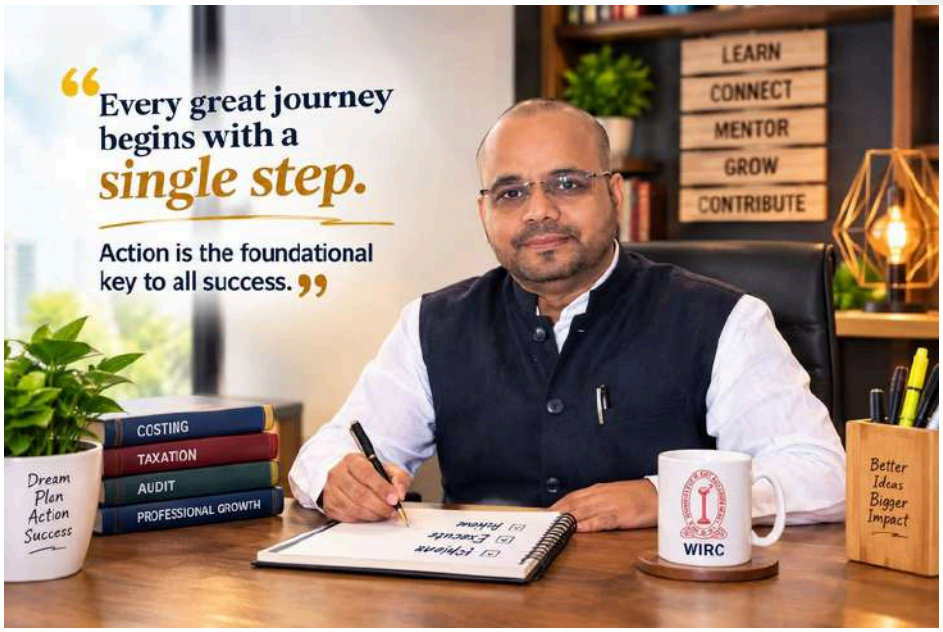
As the boundaries of governance continue to expand, so must our professional horizons.
The CMA of tomorrow cannot be only a custodian of numbers.
We must increasingly become **interpreters of numbers, evaluators of value, advisors in difficult situations and partners in responsible decision-making**.
I hope this edition stimulates thought, encourages professional dialogue and inspires our members to explore these emerging dimensions of governance.

Let us continue to move:

From compliance to contribution.
From numbers to value.
From reporting to insight.
And from governance as a requirement to governance as a responsibility.

Warm regards,
CMA Manisha Agrawal
Secretary & Treasurer ICMAI-WIRC &
Chairperson – Editorial Board WIRC-Bulletin

WIRC CMA ALUMNI CONNECT



From an Initiative to a Connected Professional Community
Pilot Phase Update • September 2026



A Single Platform for a Lifelong CMA Connection

The Western India Regional Council (WIRC) is taking forward a focused initiative to create a structured and enduring alumni ecosystem for the CMA community. The WIRC CMA Alumni Connect is being developed as a single platform to bring together students, young CMAs, experienced members and alumni, enabling them to remain connected beyond examinations, qualification, employment or geography.

The idea is deliberately broader than creating another WhatsApp group. The objective is to establish a structured community through which professional relationships can be built, experience can be shared, opportunities can be created and contributions can be tracked.

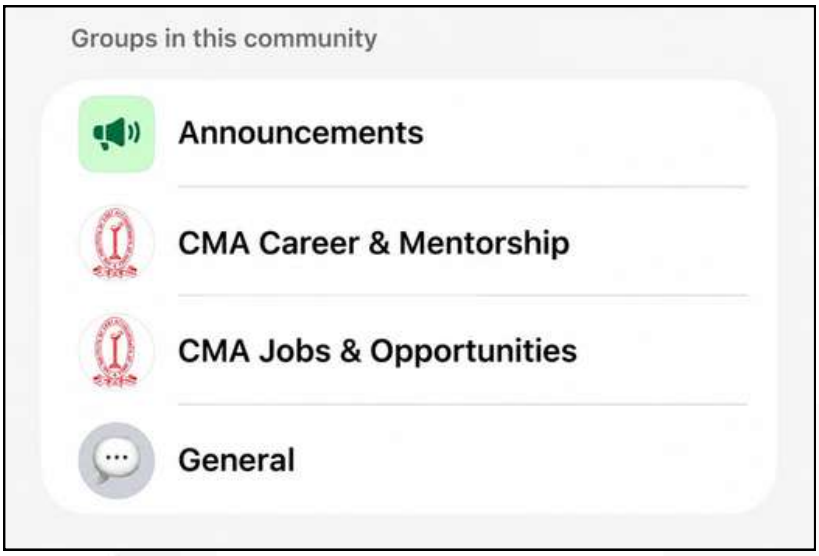
Pilot Phase: Moving from Concept to Action

The pilot phase has now been initiated to validate the operating model before wider expansion across WIRC. The pilot is intended to test how members and students interact with the platform, how information can be segmented, how opportunities can be communicated without creating unnecessary communication overload, and how alumni engagement can ultimately be measured.

This is an important transition: the initiative is moving from an idea presented in the WIRC Bulletin to an operational community with defined groups, responsibilities and a pathway for future database integration.

The WIRC CMA Alumni Connect Community

The community has been structured as a single umbrella platform with four focused groups. This approach keeps the overall alumni identity unified while ensuring that members receive information relevant to their professional interests.



Four Focused Groups

1. Announcements

The official information channel for important WIRC CMA Alumni Connect updates, programme announcements, launches, initiatives and community-wide communication.

2. CMA Career & Mentorship

A focused space for career guidance, mentorship, industry insights, professional development, student–CMA interaction and knowledge sharing.

3. CMA Jobs & Opportunities

A dedicated channel for CMA-related job openings, internships, recruitment opportunities, professional assignments and industry requirements.

4. General

A broader community discussion space for networking, introductions, alumni interaction, ideas, informal professional exchange and community-building.

Why a Single Platform?

A fragmented alumni network quickly becomes difficult to manage. Multiple independent groups can lead to duplicate communication, missed opportunities, inconsistent information and limited visibility of overall engagement.

The single-community model addresses this by creating one identifiable WIRC CMA Alumni Connect ecosystem, with purpose-specific groups underneath it.

This structure also creates the foundation for future integration with the WIRC Alumni Database. Community engagement can progressively be mapped to verified alumni profiles, subject to appropriate consent, access controls and data-governance approvals.

From Communication to Measurable Engagement

The long-term objective is not to measure success simply by the number of members added to a WhatsApp community. The platform is intended to become an engagement layer supporting the broader WIRC CMA Alumni programme.

·Connect — Build meaningful professional relationships across batches, chapters, industries and geographies.

·Mentor — Enable experienced CMAs to guide students and young professionals.

·Grow — Facilitate jobs, internships, professional opportunities and career development.

·Contribute — Encourage alumni to share knowledge, speak at programmes, mentor, volunteer and support institutional initiatives.

Pilot Monitoring Framework

Area	Pilot KPI	Purpose
Community growth	Registrations / members added	Measure initial reach
Profile quality	Verified and complete profiles	Build reliable alumni data
Career	Jobs and opportunities posted	Measure practical value
Mentorship	Mentor–mentee connections	Measure guidance activity
Engagement	Active participation	Measure meaningful use, not only membership
Contribution	Speakers, mentors, volunteers and contributors	Measure alumni giving back

The Next Step

The immediate priority is to stabilise the pilot, collect feedback from members and students, refine the group structure and establish clear operating protocols. The experience gained during the pilot will inform the next phase of WIRC-wide rollout.

In the next stage, the alumni community can be linked with the structured WIRC CMA Alumni Database, allowing segmentation by chapter, industry, location, professional experience and areas of contribution. This will enable more purposeful mentor matching, career opportunities, alumni engagement and KPI reporting.

Building a Community That Gives Back

The real strength of an alumni network is not the size of its contact list. It is the willingness of its members to connect, guide, create opportunities and contribute. Every experienced CMA who mentors a student, every alumnus who shares an opportunity, every professional who speaks at a session and every member who opens a door for the next generation adds value to the profession.

Connect • Mentor • Grow • Contribute

WIRC CMA Alumni Connect — One Community. One Profession. One Network.



Subhadeep Dutta

Mob - 8961989021
Email - subhadeepdutta@myyahoo.com

Valuation, IBC & Social Audit : Building the Governance Backbone of Vikshit Bharat@2047

Introduction

The arithmetic of Vikshit Bharat@2047 is well known by now. NITI Aayog's Approach Paper sets a target of a USD 30 trillion economy with per-capita income near USD 18,000 by the centenary of independence a roughly nine-fold jump from today's economy, requiring sustained real GDP growth in the range of 7–10 per cent for two to three decades. PHD Chamber projects the number could run as high as USD 34.7 trillion; Bain & Company's range stretches to USD 35 trillion. Whichever estimate one uses, the message is the same; India cannot compound its way to developed-nation status on volume alone. It needs the quality of its institutions how capital is priced, how failure is resolved and how social outcomes are verified to compound just as fast as its GDP.

This is where the three themes of this month's bulletin stop being technical subjects and become governance infrastructure. Cost and Management Accountants sit at an unusual crossroads in this story; trained to look at cost, but increasingly called upon to translate cost into consequence for stakeholders far beyond the boardroom.

Startup Valuations : Pricing Ambition Honestly

India's startup ecosystem is no longer a rounding error in the economy; As of mid-2026, the country counts around 131 unicorns with a combined valuation exceeding USD 394 billion, having collectively raised over USD 118 billion the third-largest such cluster in the world after the United States (1,239 unicorns) and China (250). DPIIT now recognises more than two lakh startups nationally, generating over 1.9 million direct jobs. Encouragingly, the frenzy of 2021 when 45 companies crossed the billion-dollar mark in a single year has given way to a more measured pace of five to six new unicorns in 2026, which most trackers read as a sign that investors are pricing quality over speed.

But the correction has not been costless. Funding has cooled from the peaks down roughly 18 per cent year-on-year in early 2026 by some estimates and several startups have seen valuations reset below the billion-dollar mark entirely. That history matters for a simple reason; a Vikshit Bharat cannot be built on paper wealth that evaporates on the next funding round. Sound valuation practice needs to,-

- Anchor early-stage pricing in defensible unit economics rather than multiples borrowed from a hotter market cycle.
- Build scenario and sensitivity analysis into every material valuation, not just ones demanded by a sceptical investor.
- Treat down-rounds as ordinary corrections rather than events to be structured around or hidden.

- Extend the same rigour to ESOP pools, so the wealth-creation promise made to a startup's earliest employees is backed by numbers, not sentiment.

CMAs, grounded in cost structures and operating leverage, are well placed to bring this discipline to an ecosystem still learning to separate genuine value creation from valuation theatre. Getting this right is what keeps India's USD 118-billion-and-counting venture capital pool flowing toward ideas that can actually compound exactly the efficient capital allocation a USD 30-trillion economy will need.

Insolvency Cost Frameworks : The Economics of a Second Chance

The IBC's own data shows both how far the regime has come and how much distance remains. As per IBBI's latest figures (upto September, 2025), creditors have realised about ₹ 3.99 lakh crore against admitted claims of ₹ 12.31 lakh crore since the Code's inception a headline realisation rate hovering around 32–33 per cent, though this figure notably excludes CIRP costs and future recoveries such as equity upside, avoidance-transaction proceeds, and guarantee enforcement. The resolution-to-liquidation ratio, a cleaner efficiency signal, has improved sharply from just 0.20 in F.Y.18 to nearly 1.89 by Q4 F.Y.25 meaning nearly two companies are now resolved for every five liquidated, against one in five earlier. RBI's Trends and Progress report similarly shows banks' recovery rate under the IBC rising to almost 37 per cent in F.Y.25, up from 28.3 per cent the year before, delivering ₹ 54,528 crore in recoveries.

Timelines remain the code's Achilles' heel. Resolution processes concluding in the March, 2025 quarter took an average of 788 days against a statutory 180-day (extendable to 330) target, and IBBI data confirms recovery rates fall sharply with delay from around 49 per cent when a case closes within 330 days to roughly 26 per cent once it drags past 600 days. This is not a legal footnote; it is a direct, quantifiable cost of delay that every Committee of Creditors and Resolution Professional must reckon with.

For Vikshit Bharat@2047, an efficient insolvency regime is core economic infrastructure it determines how quickly capital, factories and jobs trapped in failed ventures get redeployed into productive use. CMAs, working as Registered Valuers, cost consultants to Resolution Professionals and advisors to Committees of Creditors, directly shape this outcome by,

- Building realistic going-concern cost models during CIRP so operations aren't starved of working capital mid-negotiation.
- Preparing transparent, defensible fair-value and liquidation-value estimates that can withstand scrutiny from creditors, NCLT benches and appellate courts.
- Advising on the operational restructuring embedded in resolution plans cost rationalisation that keeps a revived business viable rather than merely solvent on one balance-sheet date.

As reforms around faster admissions, cross-border insolvency, and group insolvency proceed, the demand for rigorous cost and valuation work inside the process will only grow and the 788-day average is precisely the number the profession should be working to compress.

Social Impact Audits : Accounting for What Balance Sheets Miss

The third theme is where CMAs have gained the most formal institutional standing in the past two years. SEBI

has designated the ICMAI Social Auditors Organisation (ICMAI-SAO), under the Institute of Cost Accountants of India, as a Self-Regulatory Organisation for social impact assessors on the Social Stock Exchange placing it alongside equivalent bodies under ICAI and ICSI as one of the three recognised routes into this emerging profession.

The numbers underlying this framework are still modest but moving. Total mandatory CSR spending by Indian companies rose from ₹ 30,932 crore in F.Y.23 to ₹ 34,909 crore in F.Y.24. Ninety social enterprises are currently registered on NSE's Social Stock Exchange segment, and a May, 2026 amendment now permits companies to route up to 10 per cent of annual CSR spend a corridor of roughly ₹ 2,500 to ₹ 3,000 crore a year into SSE-listed Zero Coupon Zero Principal instruments, for the first time counting such subscriptions as eligible CSR activity. Yet only about 11 NPOs have actually listed instruments to invest in, and the Bain–Dasra India Philanthropy Report, 2026 estimates India's social-sector funding gap at ₹16 lakh crore in F.Y.25, projected to widen to ₹ 18 lakh crore by F.Y.30. The gap between mandated capital and verified, investable social outcomes is exactly where social audit does its work.

A Vikshit Bharat cannot be measured by aggregate output alone; a genuinely developed India is one where growth translates into better health, education and livelihoods for its people and where those claims can be verified rather than merely asserted. Social audit is what stands between real impact and impact-washing and it draws directly on a discipline CMAs already practice; variance analysis, applied here to social outcomes rather than production costs. This work involves,-

- Translating qualitative social claims into quantifiable, auditable indicators for Annual Impact Reports.
- Applying cost-per-outcome analysis so CSR committees and social enterprises direct capital toward interventions that demonstrably work, not merely ones that spend well.
- Serving with independence and process discipline as certified social auditors registered through ICMAI-SAO a credential now built into India's capital-markets regulatory architecture, not a voluntary add-on.

The Common Thread : Accountability and Ethical Restructuring

Startup valuation, insolvency cost frameworks and social audit look like three separate specialisations, but every dataset above points to the same underlying demand; that numbers tell the truth even when the truth is inconvenient a 26 per cent recovery rate on a delayed case, a down-round that resets a startup's worth, an impact report that shows a CSR programme underperformed its target. Ethical restructuring depends on professionals willing to put an honest number on the table even when a more flattering one would be easier to deliver. If Vikshit Bharat@2047 is to mean broad-based development rather than headline GDP growth, the professionals who measure, value and verify economic activity carry real responsibility for getting that distinction right in boardrooms negotiating a resolution plan, in due-diligence rooms pricing the next unicorn and now, formally, in the audit trail behind India's social impact claims on the Social Stock Exchange.

Conclusion

Reaching a USD 30-trillion economy by 2047 will require roughly a nine-fold expansion from India's current base a target achievable only if capital allocation, distressed-asset resolution, and social spending are all backed by credible numbers rather than optimistic narrative.

Valuation, IBC and social audit are the disciplines that supply that evidence. For the CMA profession now formally embedded in the Social Stock Exchange framework and central to IBC valuation work this is a central opportunity; to be the rigorous, quietly honest voice that keeps India's growth story real as it scales toward its centenary.

Sources

1. NITI Aayog Approach Paper for Viksit Bharat@2047
2. PHD Chamber of Commerce & Industry
3. Bain & Company
4. IBBI newsletters and quarterly data
5. RBI Report on Trends and Progress of Banking in India (F.Y.25)
6. Inc42 Indian Unicorn Tracker (2026)
7. Ministry of Corporate Affairs CSR data
8. SEBI/NSE Social Stock Exchange disclosures
9. Bain–Dasra India Philanthropy Report, 2026

ICMAI
THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
भारतीय लागत लेखाकार संस्थान
Statutory Body under an Act of Parliament
(Under the jurisdiction of Ministry of Corporate Affairs)

CMA

Headquarters:
CMA Bhawan, 3, Institutional Area
Lodhi Road, New Delhi - 110 003
Website: www.icmai.in

TIME TABLE & PROGRAMME– DECEMBER 2026

FOUNDATION COURSE EXAMINATION
(Multiple Choice Questions through offline OMR based from Centre)

Day & Date	Foundation Course Examination Syllabus-2022	
	Time 10.00 A.M. to 12.00 Noon. - IST Paper – 1 & 2 (200 Marks)	Time 02.00 P.M. to 04.00 P.M. - IST Paper – 3 & 4 (200 Marks)
Sunday, 13th December, 2026	**Paper – 1 :** Fundamentals of Business Laws and Business Communication (100 Marks 50 Multiple Choice Questions) **Paper – 2 :** Fundamentals of Financial and Cost Accounting (100 Marks 50 Multiple Choice Questions)	**Paper – 3 :** Fundamentals of Business Mathematics and Statistics (100 Marks 50 Multiple Choice Questions) **Paper – 4 :** Fundamentals of Business Economics and Management (100 Marks 50 Multiple Choice Questions)

The Institute has decided to conduct December 2026 Foundation Examination through offline OMR centre based.

Examination Fees

Foundation Course Examination	Inland Candidate	₹1500/-
	Overseas Candidate	US $ 100



CMA Jaykumar Chauhan

Mob - 8460839267
Email - chauhan.jay.7965@gmail.com

Role of Cost and Management Accountants in Social Impact Audit: A New Dimension of Governance

Abstract

Governance is no longer confined to financial accountability and regulatory compliance. Organizations today are expected to demonstrate their contribution to social development and sustainable value creation. The growing emphasis on ESG reporting, Corporate Social Responsibility (CSR), and the Social Stock Exchange (SSE) framework has increased the importance of Social Impact Audits. These audits assess whether resources deployed by organizations create measurable benefits for stakeholders and society. Cost and Management Accountants (CMAs), with their expertise in costing, performance measurement, resource optimization, and analytics, are well positioned to contribute to social impact assessment. Their ability to evaluate efficiency, measure outcomes, and quantify value created enables organizations to strengthen transparency and accountability. This article discusses the concept of Social Impact Audit and highlights the critical role CMAs can play in advancing governance through effective impact assessment and social value measurement.

Introduction

The concept of governance has expanded significantly in recent years. While traditional governance focused on profitability, compliance, and shareholder interests, modern organizations are increasingly expected to create value for a wider range of stakeholders, including communities, employees, customers, and society. This shift has led to growing importance of ESG principles, sustainability reporting, and impact assessment.

Social Impact Audit has emerged as a key mechanism for evaluating whether social initiatives achieve their intended objectives and create meaningful outcomes. Rather than focusing merely on expenditure, social audits examine the effectiveness and impact of social interventions. In India, the introduction of the Social Stock Exchange (SSE) and increased emphasis on CSR impact assessment have reinforced the need for robust social auditing frameworks.

Understanding Social Impact Audit

A Social Impact Audit is a systematic evaluation of whether resources invested in a programme, project, or organization have generated meaningful social outcomes for beneficiaries and society. It measures the achievement of social objectives, assesses resource utilization and impact, promotes transparency and accountability, and supports informed decision-making.

Unlike traditional audits focused on financial performance, Social Impact Audits emphasize stakeholder value and the long-term social impact of interventions.

Role of Cost and Management Accountants in Social Impact Audit

1. Designing Measurement Frameworks

Cost and Management Accountants develop structured frameworks to measure social impact by defining inputs, outputs, outcomes, and long-term impact indicators. These frameworks ensure consistency, accountability, and objective evaluation of social programmes, enabling organizations to assess whether intended social objectives are effectively achieved.

2. Costing and Resource Optimization

CMAs apply costing techniques to evaluate the efficiency of social initiatives by analyzing resource utilization and expenditure patterns. Their expertise helps determine the cost per beneficiary and cost per outcome, ensuring optimal allocation of funds and maximizing social value creation.

3. Social Return on Investment (SROI)

CMAs assist in measuring Social Return on Investment by quantifying social outcomes relative to resources invested. Through analytical and valuation tools, they help organizations demonstrate the economic and social value generated, thereby improving stakeholder confidence and decision-making effectiveness.

4. Performance Monitoring and Evaluation

CMAs establish performance indicators and monitoring mechanisms to track the progress of social programmes. By comparing actual outcomes with predetermined targets, they identify gaps, recommend corrective measures, and ensure continuous improvement in programme effectiveness and impact delivery.

5. CSR Impact Assessment

CMAs evaluate the effectiveness of Corporate Social Responsibility initiatives by assessing whether CSR expenditures have achieved desired social outcomes. Their analysis helps organizations move beyond compliance-based reporting towards outcome-oriented evaluation, enhancing transparency, accountability, and stakeholder trust.

6. Governance and Assurance

CMAs strengthen governance by validating social performance data, establishing internal controls, and ensuring reliable reporting systems. Their assurance-oriented approach improves transparency, accountability, and credibility of social impact disclosures, helping organizations maintain stakeholder confidence and ethical governance practices.

7. ESG and Sustainability Reporting

CMAs support ESG and sustainability reporting by measuring social performance indicators and integrating them into organizational reporting frameworks. Their expertise helps organizations communicate social value creation, align sustainability goals with strategy, and provide meaningful disclosures to stakeholders and investors.

Challenges in Social Impact Auditing

Despite its growing importance, Social Impact Auditing faces several challenges:

- Difficulty in quantifying social outcomes.
- Limited availability of reliable data.
- Challenges in attributing impact to specific interventions.
- Lack of uniform measurement methodologies.
- Resource and skill constraints.

CMAs can help address these challenges through structured measurement systems, analytical techniques, and evidence-based assessment approaches.

Conclusion

Cost and Management Accountants are uniquely positioned to support this transformation. Their expertise in costing, performance measurement, analytics, governance, and value assessment enables them to evaluate the effectiveness and efficiency of social initiatives with objectivity and precision. By contributing to impact assessment, CSR evaluation, ESG reporting, and social value measurement, CMAs can play a significant role in strengthening governance and promoting sustainable development.

References

1. Institute of Chartered Accountants of India (ICAI), Social Audit Standards and Framework for Social Audit.
2. Securities and Exchange Board of India (SEBI), Social Stock Exchange Framework and Regulations.
3. Ministry of Corporate Affairs, Government of India, Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014.

Building Trust. Strengthening Governance. Shaping a Sustainable Future.

CMA Mahendra Bhombe, Chairman, ICMAI-WIRC, participated as a Panellist at the CII Western Region Conference on ESG & Corporate Governance 2026, held on 3rd September 2026 in Mumbai.

The panel discussion, "United for Trust: Auditors, Accountants and Company Secretaries on Governance," brought together distinguished professionals — CA Sourabh Ajmera, Chairman WIRC-ICAI, CS Yogesh Choudhary, Chairman WIRC-ICSI, and Shri Mukundan K. V., CEO Institute of Internal Auditors India - to deliberate on the evolving role of governance professionals in building trust and fostering responsible business practices. The session was moderated by CMA Robin Banerjee.



CMA Iyer Parmeswaran Vythilingam

Mob - 9172653060
Email - iyer11061991@gmail.com

Summary Discussion on The Show Cause Notice Under The GST Law

Introduction: A Show Cause Notice Is More Than a Departmental Communication

A Show Cause Notice (SCN) under the Goods and Services Tax law is often the first document that makes a tax dispute formally real for the taxpayer. It is not merely a letter asking for an explanation. It is the document through which the Department crystallizes the allegations, identifies the statutory basis of the proposed demand and places the taxpayer on notice of the consequences that may follow. In that sense, the SCN forms the foundation on which the entire adjudication is built.

The importance of an SCN is closely linked to the principles of natural justice. A taxpayer cannot defend himself effectively against an allegation that has not been clearly stated. He must know what the Department alleges, which legal provision is being invoked, what facts are relied upon, how the tax has been quantified, what evidence supports the allegation and why the Department believes that the statutory conditions have been satisfied. For this reason, defects in an SCN should not be viewed merely as drafting shortcomings. In appropriate cases, they may go to the very jurisdiction of the proceedings.

A practical approach to GST litigation should therefore begin with a threshold examination of the notice itself. Before entering into a detailed debate on the merits of the tax demand, one should ask whether the notice is within limitation, whether it has been issued by the competent authority, whether the correct statutory route has been selected, whether the allegations are sufficiently specific, whether the demand is properly quantified and whether the taxpayer has been given a real opportunity to defend the case.

The Show Cause Notice as the Starting Point of GST Adjudication

Sections 73, 74 and 74A provide the statutory framework identified for adjudication of tax that has not been paid, has been short-paid, has been erroneously refunded or where input tax credit has been wrongly availed or utilised. The SCN is the point at which the Department's investigative material is translated into a formal adjudicatory dispute.

Investigation may begin much earlier. An audit observation, summons, questionnaire, verification exercise or pre-SCN communication may bring facts to the taxpayer's attention.

This distinction is important in practice. A taxpayer should not assume that every departmental communication has the same legal effect as an SCN. Equally, the Department cannot treat an investigation report or internal conclusion as a substitute for a properly framed notice where the statute requires one.

Sections 73, 74 and 74A: Why the Statutory Route Matters

For financial years up to 2023–24, Section 73 broadly dealt with cases of tax short-payment, non-payment, erroneous refund or irregular availment or utilisation of input tax credit where the case was not founded on fraud, willful misstatement or suppression of facts. Section 74 addressed cases where such culpable conduct was alleged.

From financial year 2024–25 onwards, Section 74A provides the newer framework, with the fraud distinction operating differently at the penalty stage.This change makes the first reading of an SCN particularly important. The practitioner should identify the financial year involved, the provision invoked, the nature of the alleged default and the limitation provision being applied. A notice should not be accepted at face value merely because the demand figure appears correct on a preliminary calculation.

Under the earlier Section 73 framework, The statutory framework provides for the consequence of payment of tax and interest within the prescribed period after the notice, with proceedings being deemed concluded and no penalty being payable in the specified situation. Section 74 carried a materially higher penalty exposure because the case involved fraud, willful misstatement or suppression. Section 74A now provides its own payment and closure mechanism, including the 60-day windows.

The practical message for professionals is clear: the statutory provision invoked is not merely a label. It determines limitation, penalty exposure and the procedural route. An incorrect invocation can therefore become a threshold issue in litigation.

Fraud, Wilful Misstatement and Suppression: The Most Sensitive Allegations in an SCN

The words “fraud”, “willful misstatement” and “suppression of facts” carry much greater weight than ordinary descriptions of a tax error. They may open the door to an extended limitation period and higher penalties and, in suitable cases, may have consequences beyond the tax adjudication itself requiring disciplined pleading and factual support.

GST act does nor define the Term Fraud, the concept has acquired settled meaning through Judicial Interpretation across Fiscal Statutes.

Section 17 of The Indian Contract Act, 1872 Define Fraud as:-

“Fraud" means and includes any of the following acts committed by a party to a contract, or with his connivance, or by his agent, with the intention to deceive another party thereto or his agent, or to induce him to enter into the contract:

1. The suggestion, as a fact, of that which is not true, by one who does not believe it to be true.
2. The active concealment of a fact by one having knowledge or belief of the fact.
3. A promise made without any intention of performing it.
4. Any other act fitted to deceive.
5. Any such act or omission as the law specially declares to be fraudulent.

Explanation

Mere silence as to facts likely to affect the willingness of a person to enter into a contract is not fraud, unless:

- The circumstances are such that it is the duty of the person keeping silence to speak; or
- His silence is, in itself, equivalent to speech.

A tax discrepancy, by itself, should not be treated as proof of fraud. The notice should therefore do more than reproduce statutory expressions.

Judicial Principles on Fraud, Wilful Misstatement and Suppression

Cosmic Dye Chemical v. Collector of Central Excise, Bombay ((1995) 6 SCC 117 / 1995 (75) ELT 721 (SC)) — The Supreme Court treated intent to evade duty as inherent in fraud and collusion and held that “wilful” misstatement or suppression carries the element of deliberate intent. The principle is particularly important when the Department seeks to rely on an extended period.

Continental Foundation Joint Venture v. CCE, Chandigarh-I ((2007) 10 SCC 337 / 2007 (216) ELT 177 (SC)) — The Court held that mere omission to give correct information does not, by itself, amount to suppression. Suppression requires deliberate non-disclosure with the requisite intent, and an incorrect statement cannot automatically be equated with a wilful misstatement.

Padmini Products v. Collector of Central Excise ((1989) 4 SCC 275 / 1989 (43) ELT 195 (SC)) — Mere inaction, negligence or an omission, without the necessary deliberate conduct, cannot automatically justify invocation of an extended period.

Commissioner of Central Excise v. H.M.M. Ltd. (2010, 253 ELT 317 (SC)) —Mere technical lapses or errors do not constitute suppression unless they relate to material facts affecting tax liability.

Commissioner of Central Excise v. Ratan Melting & Wire Industries (2008, 231 ELT 22 (SC)) — Non-disclosure of assessable value in returns amounts to suppression.

Commissioner of Customs v. Dilip Kumar & Co. ((2018) 9 SCC 1) — The department must prove suppression with clear and cogent evidence.

The Meaning of Suppression has now received Statutory Codification under The GST
Explanation 2 to **Section 74A** of the CGST Act, 2017, defines the term "**suppression**" for the purposes of the Act. The exact statutory text is as follows:
Explanation 2. — For the purposes of this Act, the expression "**suppression**" shall mean **non-declaration of facts or information which a taxable person is required to declare in the return, statement, report or any other document furnished under this Act or the rules made thereunder, or failure to furnish any information on being asked for, in writing, by the proper officer.**

What Makes a Show Cause Notice Legally Effective?

A notice that merely says the liability is "tentative", "approximate", "estimated" or "subject to verification" may leave the taxpayer uncertain about the case he is required to meet. Clear quantification act as an integral part of a valid demand and not merely as an exercise to be completed later in the adjudication process.
A useful SCN should therefore tell the taxpayer: what amount is proposed, for which period, under which provision, on what factual basis and by what method the amount has been calculated. Absence of proper quantification is not a minor drafting lapse, it is a jurisdictional flaw.

Common Defects in GST Show Cause Notices

- Mechanical invocation of Section 74
- Vague, sweeping or conclusionary allegations
- Absence of clear quantification or an indeterminate demand.
- Reliance on third-party material, statements or reports without adequate disclosure
- Issuance beyond the applicable statutory limitation period.
- Deficiencies relating to the Document Identification Number (DIN), where applicable, in the context of the CBIC circulars.

Limitation: The First Defence, Rather Than the Last

Limitation under The GST is not a technical plea to be raised at convenience. It is a Jurisdictional Condition precedent to Adjudication. The Legal Relevance of the limitation arises at the Notice Stage itself not at the time of final order. When extended period of limitation is invoked the Notice must disclose facts showing why such extension is available. Participation in proceedings does not cure limitations. A Time Bared Notice renders the entire proceedings void ab initio. In The GST Litigation limitation is not an afterthought , it is a threshold question that defines the legality of the entire exercise. Section 74 is not triggered by magnitude of demand, revenue impact, or suspicion alone. Intent to evade is a jurisdictional fact and must be pleaded, not presumed.

Pre-SCN Communication and the Option of Voluntary Payment

Pre- Show Cause Communications under Rule 142(1A), Audit Observations, Summons Based Questionnaires, and Portal Generated Explanation Letters. Pre- Show Cause Notice do not constitute assumption of Adjudicatory Jurisdiction. They do not Crystallize Liability, Jurisdiction to determine Tax Liability arises only upon issue of a Valid SCN. Effective Litigation Strategy requires Calibrated Engagement. Pre- Show Cause Communications are Risk Management Exercises, not Adjudicatory Pleadings. Under The GST Adjudication begins only by issuing SCN in accordance with The Law.

Deemed Conclusion of Proceedings: A Practical Roadmap

SECTION	SCENARIO	PAYMENT REQUIRED	TIME LIMIT	DEEMED CONCLUSION
73(5)	Voluntary payment before SCN	Tax + Interest	Before SCN issuance	Yes
73(8)	Payment after SCN (non-fraud)	Tax + Interest	Within 30 days of SCN	Yes (no penalty)
73(11)	Payment after order (non-fraud)	Tax + Interest + 10% penalty	Within 30 days of order	Yes
74(5)	Voluntary payment before SCN (fraud)	Tax + Interest + 15% penalty	Before SCN issuance	Yes
74(8)	Payment after SCN (fraud)	Tax + Interest + 25% penalty	Within 30 days of SCN	Yes
74(11)	Payment after order (fraud)	Tax + Interest + 50% penalty	Within 30 days of order	Yes
74A(8)	Voluntary payment before SCN (non-fraud)	Tax + Interest	Before SCN issuance	Yes
74A(8)	Payment after SCN (non-fraud)	Tax + Interest	Within 60 days of SCN	Yes (no penalty)

Service of a Show Cause Notice and the Right to Know the Case

Section 169 of The CGST Act, 2017 which recognizes multiple Statutory Modes of Service
The Act enumerates six methods for serving notices, prioritized as follows:

1. Direct Delivery (Personal Service)
2. Registered/Speed Post or Courier
3. Electronic Communication (Email)

4.Common Portal (GST Portal)
5.Publication in Newspaper
6.Affixation (Last Resort)

Uploading of notices, statements, or orders on the common portal is one recognized mode, but does not operate to the exclusion of other modes expressly provided under the statute
Tvl. Grace Metal Stores v State Tax Officer Chennai (Hon'ble Madras High Court)
Envicon Technologies India Pvt. Ltd v State of UP (Hon'ble Allahabad High Court)
Orders founded solely on portal uploads, without recourse to alternative statutory modes in case of non-response, remain vulnerable to challenge on grounds of invalid service and denial of natural justice.

An SCN Must Not Pre-Judge the Outcome

An SCN is an opportunity for the taxpayer to explain the position; it is not a final finding of guilt. Its language should therefore remain neutral and should distinguish between an allegation and an established fact. This is especially important where fraud, wilful misstatement or suppression is alleged.
If the notice proceeds as the taxpayer has already been found guilty, the adjudication risks becoming a formality rather than a genuine hearing. The authority must keep an open mind, consider the response and arrive at its conclusion only after the taxpayer has had a fair opportunity to address the allegations.
This principle also explains why the Department should not introduce a completely new case at the order stage. The taxpayer is entitled to defend the case made in the SCN, not a different case constructed later.

The Adjudicating Authority Cannot Travel Beyond the SCN

It is a settled principle of Tax Jurisprudence that an adjudicating authority cannot travel beyond The Show Cause Notice. It is through The SCN The State crystallizes its case and the assessee is informed of the allegations
The SCN Defines:-
1.The Scope of The Allegations raised against the assessee
2.The issues for determination during adjudication
3.The boundaries of adjudicatory power vested in the authority
Once a Jurisdiction is assumed on basis of a particular notice, the authority is statutorily and Constitutionally confined to that Framework
Any attempt to:-
1.Introduce New Grounds not forming part of the SCN Issued
2.Rely on facts or materials not alleged in The SCN
3.Invoke Statutory Provisions not Stated
4.Alter The Foundation Basis of Demand
At The Adjudication Stage Amounts to breach of the principles of Natural Justice.It Renders the adjudication legally unsustainable.This Principle assumes heightened importance in GST regime

Statement in Lieu of a Show Cause Notice

The statutory framework also permits a statement in lieu of a fresh SCN in appropriate circumstances involving subsequent periods where the grounds are the same as those already specified in the original notice. The protection is important because a statement cannot be used as an unrestricted shortcut to introduce new allegations, new factual

taxpayer is required to answer and the boundaries within which the adjudicating authority is expected to act. It must first be tested for jurisdiction, limitation, and statutory compliance, clarity of allegations, quantification, service and adherence to natural justice. A sound professional approach is to read an SCN twice: first, as a jurisdictional and procedural document; and second, as a statement of the substantive case on merits. A careful threshold examination may reveal defects that are more fundamental than the underlying tax dispute itself. Once the foundation is tested, the taxpayer can address the substantive issues with greater clarity and precision.

The Show Cause Notice is The Single Most Decisive Document in GST Litigation.Courts have Consistently held that a Defective Show Cause Notice Cannot be Cured by a Detailed Reply, an Elaborate Hearing or a Reasoned Adjudication Order.It Defines the Future Course of Action for The Practitioners and The Taxpayers. Many GST Disputes are Won not on Merits, but at the Threshold, by exposing jurisdictional and structural infirmities embedded in the Notice itself.

ICMAI
THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
भारतीय लागत लेखाकार संस्थान
Statutory Body under an Act of Parliament
(Under the jurisdiction of Ministry of Corporate Affairs)

Headquarters:
CMA Bhawan, 3, Institutional Area
Lodhi Road, New Delhi - 110 003
Website: www.icmai.in

INTERMEDIATE AND FINAL EXAMINATION TIME TABLE & PROGRAMME – DECEMBER 2026

ATTENTION: INTERMEDIATE & FINAL EXAMINATION (DECEMBER – 2026 TERM) WILL BE HELD ON ALTERNATE DATES FOR EACH GROUP.

Day & Date	FINAL (Time: 10.00 A.M. to 01.00 P.M. - IST)	INTERMEDIATE (Time: 2.00 P.M. to 5.00 P.M. - IST)
	PROGRAMME FOR SYLLABUS 2022	PROGRAMME FOR SYLLABUS 2022
Thursday, 10th December, 2026	Corporate and Economic Laws (P-13)	Business Laws and Ethics (P-05)
Friday, 11th December, 2026	Cost and Management Audit (P-17)	Operations Management and Strategic Management (P-09)
Saturday, 12th December, 2026	Strategic Financial Management (P-14)	Financial Accounting (P-06)
Sunday, 13th December, 2026	Corporate Financial Reporting (P-18)	Corporate Accounting and Auditing (P-10)
Monday, 14th December, 2026	Direct Tax Laws and International Taxation (P-15)	Direct and Indirect Taxation (P-07)
Tuesday, 15th December, 2026	Indirect Tax Laws and Practice (P-19)	Financial Management and Business Data Analytics (P-11)
Wednesday, 16th December, 2026	Strategic Cost Management (P-16)	Cost Accounting (P-08)
Thursday, 17th December, 2026	**Electives (Any one of three Papers) :** (i) Strategic Performance Management and Business Valuation (P-20A) (ii) Risk Management in Banking and Insurance (P-20B) (iii) Entrepreneurship and Start up (P-20C)	Management Accounting (P-12)

Group (s)		Final Examination	Intermediate Examination
One Group	(Inland Centres)	₹1800/-	₹1500/-
	(Overseas Centres)	US $ 100	US $ 100
Two Groups	(Inland Centres)	₹3200/-	₹2800/-
	(Overseas Centres)	US $ 150	US $ 150



CMA Rakesh Kataria

Mob - 9821437241
Email - katariarakesh@rediffmail.com

Tracing the Human Element: A Cost and Management Accountant's Approach to Manpower Cost Allocation

Abstract

Manpower cost is among the most significant and fastest-growing elements of conversion cost in a modern manufacturing enterprise, yet it is frequently tracked only at the aggregate payroll level rather than traced to the products, processes, and locations that actually consume it. This article, written from the perspective of a Cost and Management Accountant, sets out a structured framework for allocating manpower cost: identifying its constituent elements consistent with Cost Accounting Standard 7, designing a cost centre and work centre architecture across departments and plants, embedding that architecture in the payroll and ERP master data, and apportioning shared welfare costs such as canteen and transport on equitable, auditable bases. A worked illustration from a multi-location manufacturing setup demonstrates the mechanics. The framework strengthens product costing accuracy, supports statutory cost audit compliance, and gives management decision-useful visibility into the true cost of labour deployed across the organisation.

1.Introduction

No product is manufactured, and no service is rendered, without human exertion. The workforce that supplies this exertion is described variously as workers, employees, labour, or staff, but under whichever description, it must be compensated — in cash, in kind, or through facilities extended by the enterprise. The aggregate of this compensation is what cost accounting recognises as manpower cost, a term used interchangeably with the more traditional labour cost. It is, in effect, the broadest of the elements of cost: not merely wages and salary, but bonus, incentives, statutory contributions, and the welfare facilities an enterprise provides in order to secure and retain the services of its workforce.

In capital-and-labour-intensive manufacturing, manpower cost typically ranks second only to material cost in the cost sheet, and in several process industries it is the single largest controllable element of conversion cost. Despite this weight, manpower cost is often managed as a payroll function — a matter of statutory compliance, timely disbursement, and provident fund and ESI remittance — rather than as a cost object to be measured, allocated, and controlled with the same rigour applied to raw material or power cost.

This gap matters because manpower cost behaves very differently across an organisation. A quality control chemist, a mould-setter on the shop floor, a boiler operator in the utility block, and an accountant in the finance department all draw salaries, but their cost has a fundamentally different relationship with output. Some manpower cost is direct — it can be traced to a specific product or job. Much of it is indirect — common to a department, a plant, or the enterprise as a whole — and must be apportioned on a rational basis if the resulting product cost is to be reliable.

For a Cost and Management Accountant, therefore, the allocation of manpower cost is not a payroll exercise but a costing exercise. It rests on four pillars: (a) a clear definition of what constitutes manpower cost, (b) a cost centre and work centre map that reflects how the organisation actually operates, (c) accurate assignment of every employee to the correct cost centre in the payroll and ERP systems, and (d) a defensible method for spreading common welfare costs across cost centres. Each of these is examined below, followed by a worked example and a note on the compliance dimension.

2. What Constitutes Manpower Cost

Cost Accounting Standard 7 (Employee Cost), issued by the Cost Accounting Standards Board of the Institute of Cost Accountants of India, defines employee cost broadly, and international costing literature — including the guidance issued by the Chartered Institute of Management Accountants and the Institute of Management Accountants — takes a similarly comprehensive view: manpower cost is not merely the take-home salary but the full economic cost the enterprise incurs to secure and retain the services of its workforce. For allocation purposes, it is useful to classify this cost into the following heads.

Direct employee remuneration. Basic wages and salary, dearness allowance, house rent allowance and other fixed monthly allowances, overtime wages, shift and night allowances, and piece-rate or incentive wages linked to production output.

Variable and deferred remuneration. Statutory bonus and any ex-gratia payment, annual increments and performance-linked pay, leave encashment, and gratuity and leave-travel provisions accrued during the year.

Statutory employer contributions. The employer's share of Provident Fund, Employees' State Insurance, National Pension Scheme (where applicable), labour welfare fund contributions, and any state-specific cess payable on wages.

Contract and outsourced labour cost. Charges paid to manpower contractors for contract labour deployed on the shop floor, in housekeeping, security, and material handling — a cost head that has grown substantially in Indian manufacturing and must be traced to the cost centre where the contract workforce is actually engaged, not merely booked as a lump-sum vendor payment.

Employee welfare and facility cost. Canteen subsidy and running cost, transport or bus facility for employees, uniform and personal protective equipment (dress code cost), medical facility and health check-up expenses, crèche and rest-room facilities, and recreational or festival expenses.

Training, recruitment, and separation cost. Recruitment and onboarding cost, training and skill-development expenditure, and retrenchment compensation or notice-pay where applicable.

A well-designed chart of accounts tags every one of these elements to an employee, a contractor group, or a facility, because that tagging is the foundation on which cost-centre allocation is built. Costs that cannot be traced to an individual — canteen running expenses being the clearest example — are treated as common manpower cost and apportioned, a point developed in Section 7.

3. Classification of Employee Cost: Direct and Indirect

For costing purposes, employee cost is conventionally classified into two broad categories, and it is this classification that ultimately determines whether a given cost is traced directly to its cost object or apportioned across several.

Direct employee cost comprises benefits paid or payable to employees that can be identified with a specific cost object — a product, a job, a contract, or a cost centre — in an economically feasible manner.

An injection moulding machine operator's wages, for instance, can be traced directly to the work centre at which the operator is stationed. Direct employee cost generally varies with the volume of production and bears a positive relationship to it.

Indirect employee cost comprises benefits paid or payable to employees that cannot be attributed to a single cost object in an economically feasible manner — the cost of a plant's human resources function, or a canteen shared across departments, being typical examples. Indirect employee cost does not necessarily move with production volume, and it is precisely this category — welfare facilities and contract labour deployed flexibly across shifts and lines — that calls for the apportionment methods developed later in this article.

The distinction matters because it determines the accounting treatment that follows: direct employee cost is assigned to its cost object through the payroll and time-attendance master data discussed in Section 6, while indirect employee cost is apportioned on the bases discussed in Section 7.

4. Why Allocate Manpower Cost to Cost and Work Centres

Cost allocation, in its general sense, is the process of identifying the cost objects within an enterprise — departments, products, contracts, or cost centres — and assigning to each the costs it has actually caused, on a basis that reflects that causal relationship as closely as possible. Applied to manpower cost, allocation converts an opaque payroll figure into a decision-useful cost driver: it is what allows management to ask, and answer, basic questions such as which product line is labour-heavy relative to its contribution margin, which shift or plant is over-staffed relative to throughput, and how much of a machine's total operating cost is attributable to the operators and helpers assigned to it. An enterprise that allocates its manpower cost accurately can identify which cost objects are genuinely profitable; one that allocates it on a rough or arbitrary basis risks directing resources toward cost objects that do not, in fact, justify the resources they appear to consume.

It also has a direct compliance dimension. Rule 2(e) of the Companies (Cost Records and Audit) Rules, 2014 requires maintenance of cost records that enable computation of cost of production on a product-wise basis, and Cost Accounting Standard 7 specifically requires that employee cost be traced to a cost centre wherever direct measurement is possible and apportioned on an equitable basis where it is not. A cost centre structure that does not reflect the operating reality of the plant makes both of these requirements difficult to satisfy with any real accuracy, and a cost auditor examining the employee cost schedule will test precisely this linkage.

5. Determination of Cost Centres and Work Centres Across Departments and Locations

The starting point is to distinguish two related but different building blocks: the cost centre, a location, function, or activity for which costs are accumulated, and the work centre, a machine, a group of identical machines, or a defined workstation within a cost centre at which a specific operation is performed. In a multi-plant manufacturing group, this hierarchy is typically built in three layers.

Location layer. Each manufacturing unit, warehouse, and regional office is coded as a distinct entity, since manpower cost, statutory rates, and local allowances differ by location and each is subject to separate compliance filings.

Cost centre layer within each location. Cost centres are best defined along functional lines that mirror the plant's organisation chart, typically falling into two categories:

Production cost centres — for example, injection moulding, blow moulding, mould-shop and tooling, quality assurance and laboratory, and packing and dispatch — where employees work directly on, or in direct support of, the manufacturing process.

Service and administrative cost centres — utilities and powerhouse, maintenance and engineering, stores and materials management, human resources and administration, finance and accounts, and security and housekeeping — where employees support the plant as a whole rather than a specific production line.

Work centre layer within production cost centres. Within a production cost centre such as injection moulding, individual machines or homogeneous machine groups (for instance, machines of a given tonnage class dedicated to a particular preform weight range) are set up as work centres, so that the operators, setters, and helpers assigned to each shift can ultimately be traced not merely to a department but to the specific asset they operate.

The guiding principle is that the structure should mirror how work is actually organised and supervised on the ground, not an accounting convenience. A cost centre map that does not match the plant's real reporting lines will drift out of alignment within a few quarters as production is reorganised, and reconciliation between HR headcount and cost-centre-wise allocation becomes a recurring, avoidable exercise.

6. Assigning Employees to Cost Centres and Work Centres in the Payroll Software

Once the cost centre and work centre map is finalised, the critical operational step is to embed it as master data in the payroll and ERP systems, so that every payroll run automatically produces cost-centre-wise employee cost rather than requiring a manual apportionment exercise after the fact. Leading practice on this point rests on a few disciplines.

Single source of truth. The cost centre code should be captured once, at the point an employee's personnel record is created, and should flow automatically into the payroll module, the time and attendance system, and the general ledger, rather than being maintained independently in each. Where the payroll system and the ERP's cost accounting module are separate applications, an integration or at minimum a validated monthly upload is essential; manual re-keying of cost centre codes is a common source of allocation error and a frequent audit observation.

Cost centre as a mandatory field, not a default. Many payroll systems default every new employee to a generic cost centre unless a specific one is entered. This default should be disabled or flagged for exception reporting, because an unassigned or defaulted employee's cost silently distorts the cost centre that receives the default.

Handling transfers and multi-centre deployment. Where an employee genuinely works across more than one cost centre a maintenance technician who splits time between two production lines, for instance — the payroll or time-attendance system should support a time-based split (recorded through job cards, log sheets, or a simple percentage-of-time allocation agreed with the department head) rather than assigning the full salary to a single centre for administrative convenience.

Tracing contract labour cost through a daily deployment report. Contract labour presents a sharper version of the same problem, because contract workers are routinely redeployed — not merely across cost centres but across work centres within the same cost centre, and often within a single shift in a way that permanent employees on fixed rolls are not. Assigning a contract worker permanently to one cost centre in the payroll master therefore does not hold up in practice. The more reliable approach is to prepare a daily deployment report, maintained by the department or the security gate, that records the man-days each contract worker actually spends at each cost centre or work centre on that day.

At the end of the billing month, the total contractor bill for the period is divided by the total man-days billed by the contractor to arrive at a per-man-day cost. This per-man-day cost is then multiplied by the actual man-days utilised in each cost centre or work centre, as captured in the deployment report, to arrive at the contract labour cost properly attributable to that centre. This man-day-based tracing is more accurate than any apportionment on salary ratio or headcount, because it follows the contract workforce to wherever it was actually deployed on a given day, and it gives the cost centre head a defensible, auditable basis for the contract labour charge appearing in the monthly cost sheet.

Periodic reconciliation. A monthly reconciliation between the headcount recorded in the cost centre master and the actual manpower deployed on the shop floor (available from attendance and shift-roster data) should be built into the closing calendar, so that transfers, promotions, and attritions are reflected before, not after, the cost sheet is finalised. This reconciliation is also the first line of defence against cost-centre allocation being used, deliberately or otherwise, to shift cost between products or plants.

7. Allocating Indirect Costs

Not every element of manpower cost can be traced directly to a cost centre through the payroll master. Costs such as canteen subsidy, employee bus or transport facility, common uniform procurement, and group medical or welfare schemes are incurred for the workforce as a whole, or for a facility shared across cost centres, and must be apportioned rather than assigned.

The choice of apportionment base should satisfy two tests: it should have a demonstrable cause-and-effect relationship with the cost being apportioned, and it should be based on data that is already reliable and auditable, so that the allocation does not itself become a source of dispute. In practice, three bases are commonly used, individually or in combination.

Allocated salary or wage cost of each cost centre. Where the benefit received is broadly proportional to the number and seniority of employees in a cost centre — as is generally true of canteen subsidy and bus facility — apportioning on the ratio of each cost centre's own direct salary cost to the total salary cost of all centres using the facility is both simple and reasonably equitable, since a cost centre with more, or more senior, employees typically draws proportionately more benefit from these facilities. This is the base most cost centres can reconcile without dispute, since the underlying salary data is already audited through payroll.

Headcount or man-days. Where the facility is used roughly equally per head regardless of seniority — a uniform or dress-code allowance is a good example — apportionment on the number of employees, or better still on actual man-days worked (which automatically adjusts for absenteeism, part-time deployment, and mid-month joining or leaving), gives a more precise result than a salary-based ratio.

Actual usage or metered consumption. Where the facility can be metered or logged — canteen coupons issued per cost centre, or the number of employees actually availing bus transport at each pickup point — usage data, where available, is superior to any allocation base and should be used in preference to a proxy.

A step-down (sequential) approach is advisable when a service cost centre such as administration also draws on the very facility being apportioned: the cost of the facility is first apportioned to production cost centres and other service cost centres in a sequence that recognises which centre serves which, so that no cost centre's own allocated cost is understated by omitting the service it renders to itself and to peer service centres. A fully reciprocal apportionment (solving simultaneous equations for cross-service costs) is available where the volume of inter-service consumption justifies the additional computational effort, but for

most manpower welfare costs the simpler step-down method gives an adequately accurate result without materially affecting product cost.

8. A Worked Illustration

Consider a plant with three production cost centres — Injection Moulding, Blow Moulding, and Packing — with allocated monthly salary cost, before apportionment of common welfare costs, of ₹42,00,000, ₹18,00,000, and ₹10,00,000 respectively (total ₹70,00,000). The plant incurs a common canteen running cost of ₹7,00,000 and a common employee bus facility cost of ₹3,50,000 for the month, neither of which is separately metered by cost c

Cost Centre	Allocated Salary Cost (₹)	Canteen Cost Apportioned (₹)	Bus Facility Cost Apportioned (₹)
Injection Moulding	42,00,000	4,20,000	2,10,000
Blow Moulding	18,00,000	1,80,000	90,000
Packing	10,00,000	1,00,000	50,000
Total	**70,00,000**	**7,00,000**	**3,50,000**

The fully loaded manpower cost for Injection Moulding for the month therefore rises from ₹42,00,000 to ₹48,30,000, an increase of roughly 15 per cent once common welfare costs are absorbed — a difference that materially affects the cost per kilogram of preform produced on that line if welfare cost had otherwise been left unallocated at the plant level. Carrying this fully loaded cost forward into the machine-hour or plasticizing-rate-based overhead absorption used for capacity costing ensures that the cost of a preform reflects the true cost of the labour deployed to produce it, not merely its direct wage component.

9. The Compliance and Audit Perspective

For companies covered under the Companies (Cost Records and Audit) Rules, 2014, the manner in which employee cost is traced and apportioned is not merely a management accounting choice but a matter tested in the statutory cost audit. Cost Accounting Standard 7 requires disclosure of the basis of apportionment of employee cost that cannot be directly traced to a cost object, and a cost auditor will typically call for the cost centre master, the apportionment working for common welfare costs, and a reconciliation between the total employee cost in the financial statements and the sum of cost-centre-wise employee cost in the cost records. A robust, documented allocation methodology of the kind described above — with a stable cost centre map, payroll-integrated cost centre tagging, and a clearly stated and consistently applied apportionment base for common costs — materially reduces audit friction and strengthens the reliability of the product cost that ultimately feeds pricing, profitability analysis, and regulatory cost statements.

10. Conclusion

Manpower cost is among the largest, and among the most controllable, elements of the total cost of production. It is also among the most easily eroded — by unnecessary wastage, inefficient deployment, avoidable idle time, unplanned

overtime, and high labour turnover — and controlling it is a continuing management responsibility, discharged by ensuring that manpower is deployed and measured with the same discipline that is routinely applied to material and machine cost, so that the maximum output of the required quality is secured at the lowest sustainable cost.

Accurate allocation is the instrument through which this control is exercised. It is what allows management to determine whether a given cost centre, product line, or shift is genuinely profitable, and where it is not, to examine whether the shortfall arises from the manpower deployed to it rather than from the product or process itself — a diagnosis that a poorly allocated cost figure simply cannot support. This, in the end, is the area where the Cost and Management Accountant's skill set adds the most value: the operational understanding to design a cost centre map that mirrors how a plant genuinely functions, the systems discipline to have that map enforced consistently in payroll and ERP master data, and the costing judgement to apportion shared welfare costs on bases that are equitable and defensible under audit. Enterprises that treat manpower cost as a payroll disbursement to be paid on time and reconciled at the end of the month forgo the far greater value of manpower cost as a costed resource to be tracked, benchmarked, and controlled department by department, and machine by machine. Building and sustaining that discipline is not a one-time project but a continuing responsibility of the cost function — and it is one for which the Cost and Management Accountant is uniquely positioned within the organisation.

References

1. The Institute of Cost Accountants of India, Cost Accounting Standard 7 (CAS-7): Employee Cost, Cost Accounting Standards Board.
2. The Institute of Cost Accountants of India, Cost Accounting Standard 2 (Revised 2024): Capacity Determination, Cost Accounting Standards Board.
3. Ministry of Corporate Affairs, Government of India, Companies (Cost Records and Audit) Rules, 2014, as amended.
4. Chartered Institute of Management Accountants, CIMA Official Terminology and Management Accounting Guideline on Overhead Absorption and Cost Apportionment.
5. Institute of Management Accountants, Statements on Management Accounting: Cost Allocation and Overhead Application.
6. Horngren, C. T., Datar, S. M., and Rajan, M. V., Cost Accounting: A Managerial Emphasis, 16th ed., Pearson Education.

Theme for October 2026:

"Internal Audit & Risk Management: The Changing DNA of Corporate Control"

Articles on the theme as well as other professional matters are invited along with scanned copies of their recent passport size photograph, email id, mobile no and scanned copy of declaration stating that the articles are their own original and have not been considered for anywhere else.

Please send your articles by e-mail to wirc@icmai.in before 5th October 2026.



CMA Arjya Priya Sinha

Mob - 8918860947
Email - cmaarjyapriyasinha13@gmail.com

Startup Valuation: Measuring Potential in an Uncertain World

Abstract:

Startups have become an important component of innovation, employment and economic growth. However, valuing a startup is considerably more challenging than valuing an established enterprise. A young venture may have limited financial history, negative cash flows, unproven technology, an evolving business model and considerable uncertainty regarding future growth. Consequently, traditional valuation techniques based solely on historical earnings or book value may not adequately capture its economic potential.

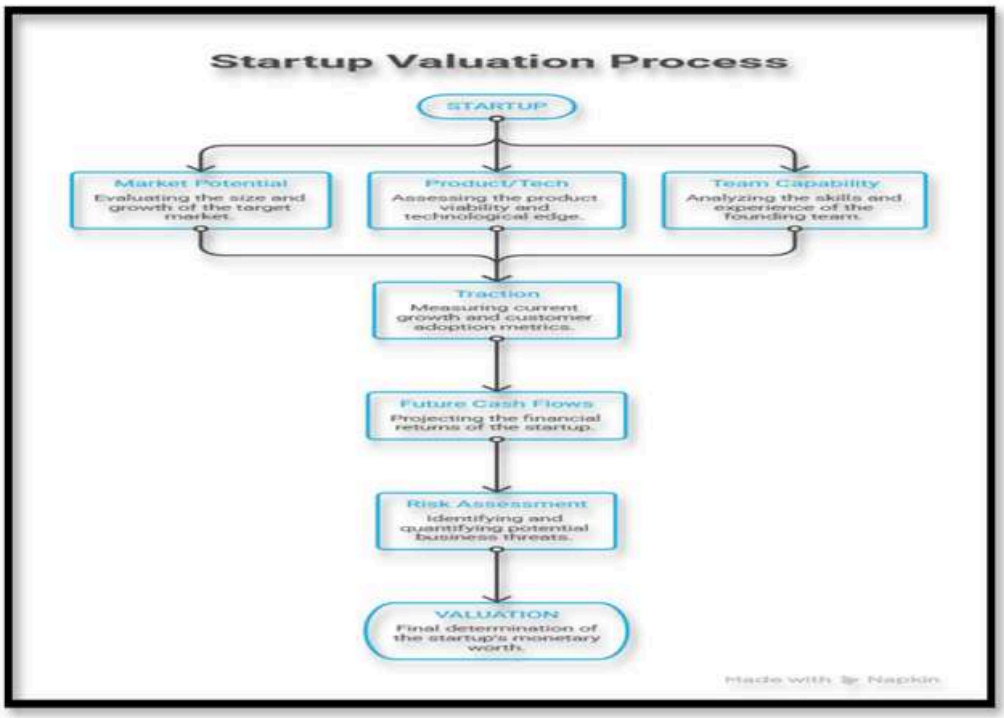
1. Introduction

For an established company, valuation can often be supported by historical revenue, profitability, assets, cash flows and market information. A startup, however, may have little or no operating history. Its principal assets may be technology, intellectual property, human capital, customer relationships or an innovative business model rather than conventional balance-sheet assets.

The central question in startup valuation is therefore not simply **"What has the business earned?", but "What economic value could the business create in the future, and what risks stand between the present and that future?"**

This makes startup valuation inherently forward-looking.

Startup Valuation Framework



PIC:1

2. Why Is Startup Valuation Difficult?

The principal challenge is uncertainty. A startup may simultaneously face uncertainty relating to its market, technology, customers, competition, funding requirements and ability to scale.

Important challenges include:

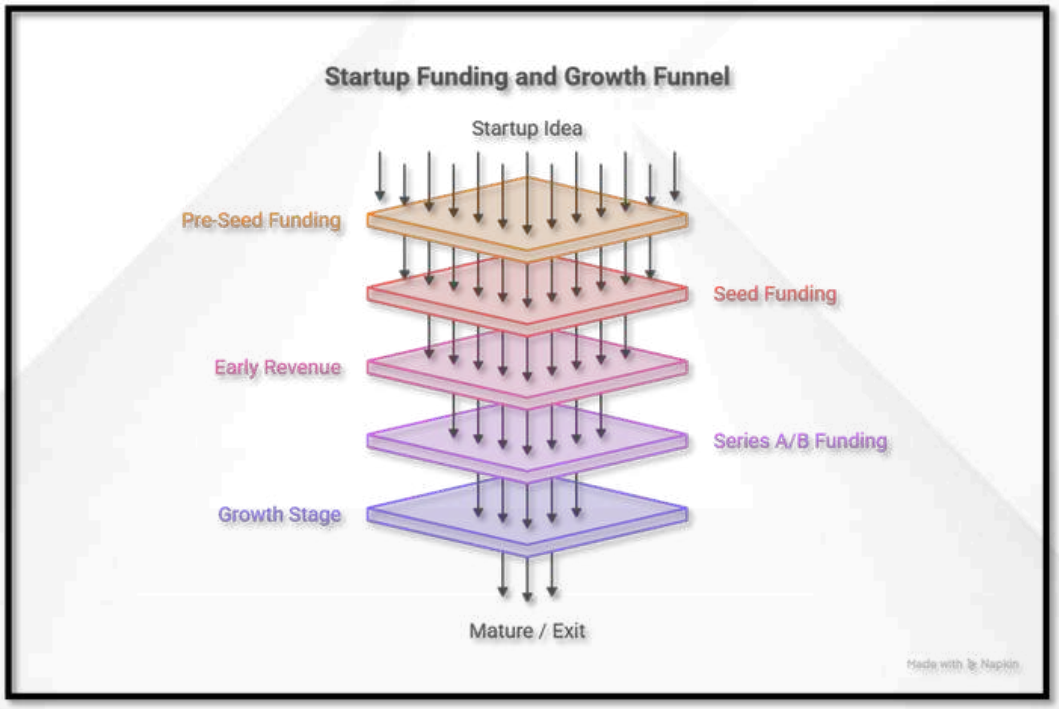
·absence of reliable historical financial information;
·uncertain revenue and margin forecasts;
·high probability of business failure at early stages;
·difficulty in selecting appropriate comparable companies;
·dependence on founders and key employees;
·complex capital structures;
·uncertain exit timing; and
·significant sensitivity to assumptions.

ICAI's technical material similarly highlights the lack of historical data, difficulty in forecasting growth and margins, and challenges in determining appropriate discount rates for startups.

Consequently, a startup valuation should generally be viewed as a range supported by assumptions, rather than as an absolutely precise number.

3. Startup Life Cycle and Valuation

The appropriate valuation method generally changes as a startup matures.



At the idea or pre-revenue stage, qualitative factors such as the founding team, product and market opportunity may dominate. As revenue and financial information become more reliable, market multiples and DCF-based techniques become increasingly useful.

An ICAI publication on early-stage companies similarly associates seed-stage businesses with methods such as Scorecard, Risk Factor Summation, Berkus, Venture Capital and First Chicago, while DCF, market approaches and adjusted net asset approaches become more relevant as the business develops.

4. Major Drivers of Startup Value

4.1 Management Team

The experience, technical capability, execution record and credibility of founders can significantly influence investor perception, particularly when financial history is limited.

4.2 Market Opportunity

Investors generally examine the:

·Total Addressable Market (TAM);

·Serviceable Available Market (SAM); and

·Serviceable Obtainable Market (SOM).

A strong product operating in a very small market may have less value than a scalable product addressing a large and expanding market.

4.3 Product and Technology

Technology, intellectual property, product differentiation and barriers to entry can create competitive advantages.

4.4 Traction

Important indicators include:

·revenue growth;

·customer acquisition;

·retention;

·recurring revenue;

·customer lifetime value;

·churn; and

strategic partnerships

4.5 Unit Economics

Rapid revenue growth is not necessarily sufficient. Investors increasingly examine whether each additional customer creates economic value.

For example:

LTV/CAC = Customer Lifetime Value ÷ Customer Acquisition Cost

A sustainable business generally requires customer economics that support profitable scaling.

5. Principal Startup Valuation Methods

5.1 Discounted Cash Flow Method

DCF estimates value from the present value of expected future cash flows.

Enterprise Value = PV of Forecast Cash Flows + PV of Terminal Value

The approach requires assumptions regarding:

- revenue;
- operating margins;
- reinvestment;
- working capital;
- taxation;
- discount rate; and
- terminal growth.

DCF is conceptually powerful but can be highly sensitive to assumptions. For a pre-revenue startup, small changes in projected growth, margins or discount rates can produce substantial changes in value.

5.2 Venture Capital Method

The Venture Capital Method starts with an expected future exit value and works backwards to determine today's valuation.

Present Post-money Value = Expected Exit Value ÷ Required Investment Multiple

For example, if an investor expects a ₹100 crore exit value and requires a 5x return:

Indicative post-money valuation = ₹100 crore ÷ 5 = ₹20 crore

If the investor contributes ₹5 crore, the implied ownership would be:

₹5 crore ÷ ₹20 crore = 25%

This method is particularly relevant to venture investors because their investment thesis is generally linked to a future liquidity event.

5.3 First Chicago Method

The First Chicago Method recognises that a startup may have several possible futures.

Each scenario is assigned a probability and valued separately.

Expected Value = Σ (Scenario Value × Probability)

The approach is useful where uncertainty is too significant to be represented adequately by a single forecast.

5.4 Berkus Method

The Berkus Method is designed primarily for early-stage businesses where conventional financial projections may be unreliable.

It evaluates factors such as:

- quality of the business idea;
- technology or prototype;
- management capability;
- strategic relationships; and
- product or market development.

The fundamental concept is to assign value to progress made in reducing major startup risks rather than relying entirely on distant financial projections. ICAI literature also identifies these key factors within the Berkus approach.

5.5 Scorecard Method

The Scorecard Method compares the startup with other recently funded businesses at a similar stage.

A typical assessment considers:

- management strength;
- market opportunity;
- product;
- ·competition;
- ·marketing and distribution;
- ·funding requirements; and
- ·other relevant characteristics.

The method is particularly useful where sufficient market evidence exists for comparable early-stage companies.

5.6 Risk Factor Summation Method

This approach begins with a benchmark valuation and adjusts it for different categories of risk.

The method has the advantage of making risk explicit rather than embedding every uncertainty within one discount rate.

5.7 Market Multiple Approach

Once a startup generates meaningful revenue, comparable-company or comparable-transaction analysis can become increasingly useful.

Possible indicators include:

- EV/Revenue;
- EV/ARR;
- Price/Sales;
- EV/GMV; and
- sector-specific operating metrics.

However, comparable companies should be selected carefully. Differences in growth, profitability, geography, scale, customer concentration and business model may justify substantial adjustments.

6. Pre-Money and Post-Money Valuation

An important concept in startup financing is the distinction between pre-money and post-money valuation.

Post-money Valuation = Pre-money Valuation + New Investment

Suppose:

- Pre-money valuation = ₹20 crore
- New investment = ₹5 crore

Then:

Post-money valuation = ₹25 crore

Investor ownership:

₹5 crore ÷ ₹25 crore = 20%

Pre-money ₹20 Cr
+
Investment ₹5 Cr
↓
Post-money ₹25 Cr
↓
Investor 20%
Existing Owners 80%

Thus, valuation must always be considered together with ownership and dilution.

7. Capital Structure Matters

A startup may issue different classes of securities with different economic rights. These may include:

- ordinary equity;
- preference shares;
- convertible instruments;
- SAFEs or similar instruments;
- liquidation preferences;
- anti-dilution provisions; and
- conversion rights.

Therefore, valuing the company alone may not be sufficient. The specific security being valued and the rights attached to it must also be considered.

A large listed technology company may not be a suitable benchmark for an early-stage startup.

Ignoring Investor Rights

Preference rights and conversion provisions can materially change the economics of different securities.

The uncertainty surrounding startups makes a range and sensitivity analysis more informative than a single figure.

11. Fair Value and Current Valuation Practice

The International Private Equity and Venture Capital Valuation (IPEV) Guidelines provide recommendations intended to represent current best practice for valuing private capital investments at fair value. The 2025 edition was published in December 2025.

The updated framework reinforces the importance of judgement, calibration and evidence when determining fair value. Valuation assumptions should therefore be reassessed as company performance and market conditions change rather than simply carrying forward an earlier valuation indefinitely.

In India, IVCA has endorsed the IPEV framework as a reference for valuation practices in the alternative investment industry.

12. Conclusion

Startup valuation is fundamentally an exercise in **measuring future potential under uncertainty.**

Unlike established companies, startups frequently lack stable earnings, reliable historical data and predictable cash flows. Their value may instead depend on the quality of their founders, market opportunity, technology, customer traction, scalability, unit economics and ability to secure future financing.

No single valuation technique can adequately address every startup.

Early-stage ventures may benefit from Berkus, Scorecard, Risk Factor Summation, Venture Capital and First Chicago approaches. As financial information becomes more reliable, comparable-company analysis and DCF can provide additional support.

The most defensible approach is therefore to **combine appropriate valuation methods, analyse the startup's capital structure, test key assumptions through scenarios and sensitivity analysis, and present a reasonable valuation range rather than an artificially precise figure.**

Ultimately, startup valuation is not merely about determining **what a company is worth today. It is about assessing what the business could become, the resources required to reach that potential, the risks involved, and the portion of that future value that should reasonably be attributed to investors and existing shareholders today.**

References

- International Private Equity and Venture Capital Valuation (IPEV), **IPEV Valuation Guidelines 2025.**
- Institute of Chartered Accountants of India (ICAI), **Startup Valuation,** technical material discussing DCF, First Chicago, Scorecard, Berkus, Risk Factor Summation and Backsolve approaches.
- ICAI, **The Chartered Accountant**, articles and technical discussions on startup valuation methodologies and early-stage company valuation.
- ICAI, **Early-Stage Company Valuation**, material discussing valuation approaches according to different stages of an early-stage company.
- Indian Venture and Alternate Capital Association (IVCA), **Valuation Guidelines,** including endorsement of IPEV valuation principles.
- KPMG, IPEV 2025 **Valuation Guidelines,** discussion of calibration and evolving fair-value considerations.



CMA Ramesh Bingi

Mob - 7661051122
Email - cmarameshb22@gmail.com

COSTING THE TURNAROUND
How CMAs Can Anchor Valuation, Resolution-Cost Control and Social Accountability in MSME Insolvency

Abstract:

Insolvency in the MSME segment is not a purely legal exercise as it is a contest between preserving enterprise value and the mounting cost of everyday a resolution is delayed. This article sets out a Turnaround Costing Framework describing how the Cost and Management Accountants (CMAs) can add value in three separate areas of professional practice viz., valuation by asset class, cost intelligence for the resolution process and assessment of social accountability. The framework takes into account the standardised valuation-report requirements and the Coordinating Valuer mechanism that IBBI introduced in June 2026, draws a line between the standard Corporate Insolvency Resolution Process (CIRP) and the pre-packaged process built specifically for MSMEs and explains how effects on employment, supplier relationships and local communities can be evaluated without treating social-impact assessment as though it were a statutory requirement under the IBC. Throughout, the emphasis is on measuring value stage by stage, costing that supports real decisions and keeping professional roles independent of one another. The conclusion is that CMAs can materially improve restructuring outcomes provided their valuation, costing and assurance work is delivered through clearly separated engagements backed by transparent evidence.

1. Introduction

India's Micro, Small and Medium Enterprises (MSMEs) sit at the heart of the country's productive economy. According to the Economic Survey 2025-26, the sector accounts for roughly 31.1% of GDP, 35.4% of manufacturing output and 48.58% of exports and comprises more than 7.47 crore enterprises employing over 32.82 crore people [1]. Given this scale, how well MSME restructurings are handled is a question of economic governance, not simply a matter of private debt recovery between a lender and a borrower.

Once a business becomes financially distressed, value can erode faster than the balance sheet shows. Customers lose confidence, capable employees move on, suppliers tighten credit terms, stock goes stale and plant and equipment stop being useful as going-concern assets. The real question facing decision-makers is therefore not simply what the assets are worth today, but which course of action will leave the greatest net value once time, process cost, operational viability and the interests of stakeholders are all taken into account.

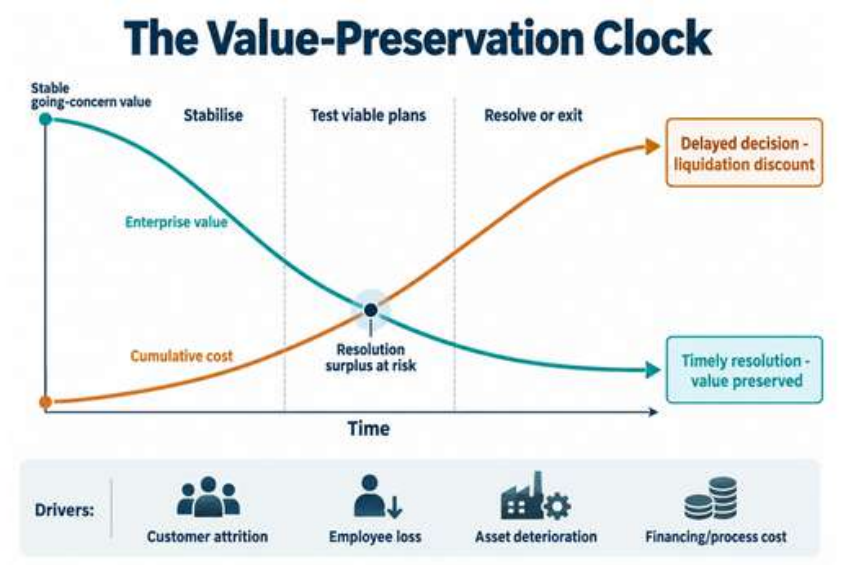
That question is where CMAs have a genuine role to play, but the opportunity needs to be defined carefully. Valuation work, turnaround advisory and independent assessment of social impact each represent a different kind of engagement. Suitably qualified professionals from within the CMA community can undertake each of them, but the three should not automatically be bundled into a single assignment for one individual where doing so would raise independence or self-review concerns.

1. From Static Valuation to a Value-Preservation Clock

Under the Insolvency and Bankruptcy Code, 2016, a corporate insolvency resolution process (CIRP) is meant to be completed within 180 days as a rule. This can be extended to 270 days and the absolute statutory ceiling inclusive of time consumed in litigation is 330 days. For MSMEs that qualify, the pre-packaged insolvency resolution process (PPIRP) works to a tighter timetable: an outer limit of 120 days, with the resolution plan needing the Adjudicating Authority's approval to be sought within 90 days.

These deadlines mark legal boundaries as they say nothing about how long a particular business can actually withstand distress. Every troubled enterprise runs on its own value-preservation clock. A services business may bleed value chiefly through staff and customer departures; a manufacturer is more likely to suffer from halted maintenance, deteriorating stock and vendors withdrawing support. The true cost of an extra month in the process is therefore far more than professional fees and it also includes the incremental process expenditure, ongoing cash burn, the cost of financing, avoidable damage to assets and the opportunity cost of a revival that keeps getting pushed back.

IBBI's published figures show why it matters which base figure a recovery percentage is measured against. As of June 2026, corporate debtors whose cases were resolved recovered 30.52% of admitted claims, but this equated to 166.58% of liquidation value and 94.72% of fair value. Separately, among 1,757 corporate debtors that went through full liquidation, claims of roughly Rs. 5.11 lakh crore stood against assets valued at only around Rs. 0.22 lakh crore and liquidation proceedings still managed to realise 86.73% of that liquidation value [3]. None of these numbers actually contradict each other as what gets admitted as a claim, what something is fairly worth and what it would fetch in liquidation are three separate questions, each with its own answer. Part of a CMA's job is to make sure a headline recovery percentage measured against an already-depressed liquidation value is not mistaken for strong overall recovery performance.



2. How the 2026 Rules Discipline Valuation Practice

Registered valuers operate under the Companies (Registered Valuers and Valuation) Rules, 2017, read together with the relevant IBBI regulations. Registration has to be sought separately for each asset class, and simply holding a professional qualification does not by itself authorise someone to take on Registered Valuer duties.

A CMA who the Securities or Financial Assets class; the other asset classes call for their own separate qualifying routes. The ICMAI Registered Valuers Organisation, set up as a section 8 company on 23 February 2018, runs educational courses across all three asset classes and operates as a frontline Registered Valuers Organisation, with IBBI granting registration to those who qualify.

IBBI Circular No. IBBI/RV/103/2026, issued on 15 June 2026, has significantly tightened valuation-reporting requirements. It sets out documentation standards, 23 items that must appear at minimum in a report, formats specific to each asset class, parameters for valuing receivables and a structure for a designated Coordinating Valuer. Every page of a valuation report must now carry the Valuation Report Identification Number (VRIN) in the footer, on the left-hand side. The Coordinating Valuer is drawn from the pool of Registered Valuers appointed across the relevant asset classes and is responsible for pulling their individual reports together into a single estimate of the corporate debtor's fair value as a whole including any identifiable synergies between asset classes.

For an MSME, cost expertise is most useful in testing the economic assumptions that sit underneath the headline valuation figure. The Capacity utilisation, the contribution each product makes, which fixed costs are avoidable versus unavoidable, the economics of replacing assets, how concentrated the customer base is, how recoverable receivables really are and what it would cost to bring idle capacity back on stream , all of these can materially move the going-concern value. A CMA's contribution is to document these factors transparently and reconcile them with whichever valuation approach has been used, not to argue for a higher number or to insist that a cost-based approach must be followed, but simply to ensure that the projections and the operational assumptions behind them are internally consistent.

3. Resolution-Cost Intelligence

The Code gives insolvency resolution costs priority in payment, but being paid first does not automatically mean the spending was efficient. What the Resolution Professional and the Committee of Creditors actually need is a forward-looking control mechanism that separates expenditure that is statutory or unavoidable from expenditure that could be cut, deferred or tied to specific milestones. A cost dashboard designed and maintained by a CMA can turn a pile of invoices and cash-call requests into information that supports real decisions.

The dashboard needs to track five metrics: the running total of insolvency-resolution costs, cash burnt each week while operations continue, the financing cost attached to interim funding, the estimated drop in liquidation value and a forecast of the resolution surplus. One way to define the resolution surplus is as the realisable value a workable plan is expected to generate, less whatever liquidation would otherwise have recovered, less the extra process costs involved and less the funding required to keep the business operating through revival. Given how much uncertainty sits inside any valuation, this figure is better shown as a spread across optimistic, downside and severe-stress scenarios than presented as a single exact number.

Stage gates make the framework actionable. At admission, the baseline should capture cash runway, critical contracts, employee dependencies, asset condition and immediate compliance exposures. During plan evaluation, each plan should be compared on net present recovery, funding certainty, implementation cost, time to operational stability and sensitivity to key assumptions. After approval, the monitoring committee should receive variance reports covering promised funding, payment milestones, employment commitments, operational restart and deviations from the approved business plan. This extends traditional cost control into value-preservation control.



4. Social Accountability without Legal Overstatement

India's Social Stock Exchange framework provides a useful, but legally separate, reference point. SEBI recognises Self-Regulatory Organisations for Social Impact Assessors, and its May 2024 circular included ICMAI Social Auditors Organisation for this purpose. The NSE Social Stock Exchange accommodates eligible not-for-profit organisations and for-profit social enterprises that establish the required primacy of social intent. These provisions do not make social-impact assessment compulsory for an MSME resolution plan under the IBC.

That said, the same assurance discipline can still strengthen how restructurings are governed. An MSME resolution plan might protect what creditors are owed while still having a real effect on jobs, small suppliers, the local economy or essential community services. Where such effects matter, a plan can voluntarily build in measurable commitments, for example, the jobs retained, the statutory dues cleared for employees, the proportion of critical MSME suppliers brought back to normal trading terms, the essential operations restored and the continuity of local services. Any such claims need a defined baseline, identified sources of evidence, a stated reporting period and clarity on who is responsible for verifying them.

Independence is essential. A professional who designs or advocates the operational assumptions of a plan should not automatically provide independent assurance over the same assumptions. The appropriate model is a role architecture: valuation by asset-class Registered Valuers; resolution-cost advisory under the authority of the Resolution Professional and CoC; and, where voluntarily commissioned or otherwise applicable, independent social-impact assessment by an eligible assessor. Clear engagement letters, conflict checks, information barriers and separate reporting lines protect credibility.

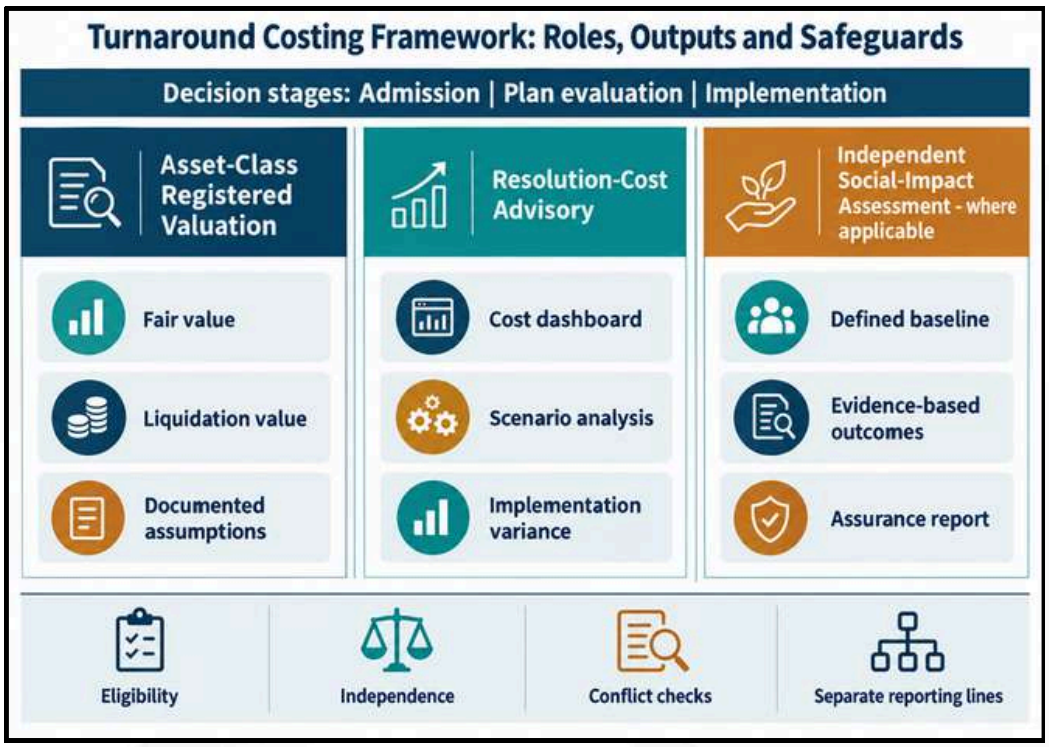
5. The Turnaround Costing Framework

The proposed Turnaround Costing Framework integrates the foregoing analysis without collapsing professional boundaries. It is built around three decision stages and four evidence layers.

- **Stage 1** - Stabilise and establish the baseline: identify critical cash requirements, protect value-bearing operations, map stakeholder dependencies and establish fair-value and liquidation-value information through the prescribed valuation process.
- **Stage 2** - Compare resolution alternatives: evaluate each plan using scenario-adjusted recovery, time-to-revival, implementation funding, process-cost trajectory and operational feasibility.
- **Stage 3** - Monitor delivery: report financial, operational and selected stakeholder outcomes against the approved plan, with defined escalation thresholds.

- **Evidence layers**: financial evidence, cost and operational evidence, valuation evidence and independently verifiable stakeholder-impact evidence where relevant.

The framework does not displace the commercial wisdom of the CoC, the statutory responsibilities of the Resolution Professional or the independence of Registered Valuers. Its purpose is to improve the quality, comparability and traceability of information placed before decision-makers. For CMAs, it creates a credible avenue to demonstrate that costing is not retrospective compilation: it is a forward-looking discipline for choosing, funding and monitoring a viable turnaround.



Conclusion

The outcome of an MSME insolvency case is shaped by how value, time and execution interact with one another. The 2026 valuation guidelines add consistency and better coordination to the process, yet even a valuation that is technically sound on its own still has to be matched with tight, disciplined control over process cost and the everyday leakage of operational value. Where the impact on stakeholders is significant, social-impact methodologies can bring in an extra layer of accountability, provided they are framed as voluntary or independently applicable measures and not mistaken for something the IBC already mandates.

What makes CMAs a natural fit across all of these areas is the combination of skills the profession already carries like analysing costs, building financial models, measuring performance and delivering assurance. The lasting opportunity is not for a single professional to try to wear every hat at once. It lies instead in building distinct services, each governed independently, that give creditors and resolution professionals a real answer to the one question every turnaround comes down to: of the paths actually open, which one leaves behind the most value that can still be sustained once time runs out?

References

- Press Information Bureau, Government of India, 'Micro, Small, and Medium Enterprises Form the Backbone of India's Industrial Economy: Economic Survey 2025-26', 29 January 2026, https://www.pib.gov.in/PressReleasePage.aspx?PRID=2219984.
- Insolvency and Bankruptcy Code, 2016, sections 12 and 54D, as amended; https://ibbi.gov.in/uploads/legalframwork/547c9c2af074c90ac5919fa8a5c60bd4.pdf.
- Insolvency and Bankruptcy Board of India, Insolvency and Bankruptcy News: Quarterly Newsletter, April-June 2026, outcome data as at 30 June 2026, https://ibbi.gov.in/uploads/whatsnew/2a6b0d98890fdf684bb77baa10b131bc.pdf.
- Companies (Registered Valuers and Valuation) Rules, 2017, especially rules 3, 4 and 6 and the Annexure prescribing asset-class qualifications, Ministry of Corporate Affairs / IBBI legal framework.
- ICMAI Registered Valuers Organisation, 'About Us' and 'Registered Valuers Courses Eligibility', accessed 6 September 2026, https://www.rvoicmai.in/about-us and https://www.rvoicmai.in/valuation-courses.
- Insolvency and Bankruptcy Board of India, Circular No. IBBI/RV/103/2026, 'Guidelines for Conducting Valuation Under the Insolvency and Bankruptcy Code, 2016', 15 June 2026, parts I-III, https://ibbi.gov.in/uploads/whatsnew/9d426e3d5c806a7a8f763103960345ea.pdf.
- Insolvency and Bankruptcy Code, 2016, sections 5(13), 30(2)(a) and 53(1)(a); IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

SEMINAR ON VALUATION SKILL AND KNOWLEDGE ENHANCEMENT PROGRAMME

ICMAI Registered Valuers Organisation, in association with ICMAI-WIRC, organised a half-day seminar on “Valuation Skill and Knowledge Enhancement Programme” on 19th September 2026 at IMC, Mumbai.

CMA Harshad Deshpande, CCM, ICMAI and CMA (DR). S.K. Gupta, Managing Director, ICMAI RVO graced the programme as the Chief Guest, while CMA Mahendra Bhombe, Chairman, ICMAI-WIRC, was the Guest of Honour.

The programme featured four insightful technical sessions covering contemporary and emerging aspects of valuation:

Technical Session I: Artificial Intelligence in Valuation – CMA Rammohan Bhave
Technical Session II: Valuation under Merger and Acquisition – CA CFA Krupali Gandhi
Technical Session III: Painting as Intangible Assets – CA CFA Rishiraj Sethi
Technical Session IV: Valuation of SMEs for Fundraising & IPO – CA Niki Shah

The sessions provided participants with valuable insights into emerging trends, practical applications, and evolving dimensions of valuation.

The programme concluded with the Vote of Thanks proposed by Mr. Sanjay Suman, ICMAI RVO.



Ms. Heena P. Matalia

Mob - 8511078826
Email - heena.matalia-afm@msubaroda.ac.in

From Compliance to Confidence: A CMA's Framework for Measuring Governance, Business Continuity and Social Audit as Drivers of Enterprise Value

Abstract:

This article looks at a simple but overlooked idea, namely that governance quality, readiness for disruption and verified social outcome can be measured and priced, not just described in a compliance file. The goal is to move the conversation on valuation and social accountability toward original, usable tools that a working professional can pick up right away. Six real world style situations from manufacturing, start-ups, government schemes, banking and small business are examined using a simple problem and solution format. Two original tools are introduced, namely a Governance Value Index that widens enterprise value beyond financial performance alone, and a five level Governance Maturity Scale that gives an organisation a roadmap from bare compliance to confident, technology assisted governance. The findings show that resilience, transparency and measurable social outcome are not costs to endure but drivers that can be priced and reported. Anyone connected to industry, banking, government or a small business is likely to find at least one page written directly for them.

Keywords: Governance Value Index, Business Continuity, Social Audit, Enterprise Valuation, Governance Maturity Scale

1. The Question Worth Asking:

Most people ask a simple question about a company, namely what is it worth. A better question is asked here instead, namely how does good governance itself add to that worth. The two questions matter differently because valuation, business continuity and social accountability usually sit in three separate files, handled by three separate people, while the market treats them as one single story. A profitable company can lose a big chunk of its worth within days if one supplier fails or one server is hacked. A fast growing start-up can lose investor trust overnight, not because sales dropped, but because nobody can say who owns its data. A government scheme can show every rupee spent on paper and still leave a village without a usable road. These are really the same problem seen from different desks, and the professional best placed to join the dots is the one already trained to turn operations into cost and value.

2. The Governance Value Index: A Costing Lens for Governance

An original measure called the Governance Value Index is proposed here to widen the way enterprise value is looked at, beyond audited financial statements alone. Financial performance stays the largest single component, since earnings and cash flow continue to anchor most accepted valuation approaches. Four more measurable layers are added to this financial core, namely governance quality, business continuity readiness, cyber and data resilience and social outcome. Table 1 sets out the five components and the evidence a CMA would examine for each.

Component	What a CMA Measures	Typical Evidence
Financial performance	Earnings quality, working capital efficiency	Audited statements, cost sheets, ratio trend
Governance quality	Internal control strength, related party discipline	Board minutes, internal audit, Section 134(5)/143 reporting
Business continuity	Supplier concentration, recovery time	BCP and DR policy, drill records
Cyber and data resilience	Security maturity, vendor risk control	IT security policy, incident logs
Social outcome	Verified beneficiary impact, CSR effectiveness	Social audit report, cost per beneficiary

Table 1 lists the five components a CMA can cost individually before combining them into a single index, keeping financial performance as the anchor and treating the remaining four as measurable adjustments rather than narrative disclosures.

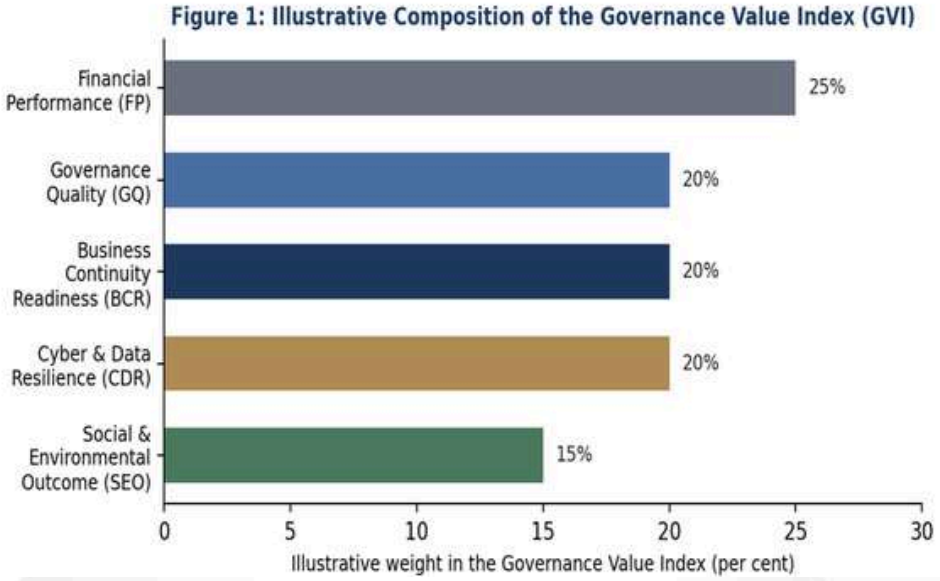


Figure 1 shows an illustrative weighting of the five GVI components. The weights are starting points for professional debate and are expected to be recalibrated by sector through further empirical study.

A simple line has worked well in professional seminars. Profit shows what a company earned, governance shows what it protected and real value belongs only to the one that manages both. The Governance Value Index does not replace an established valuation approach. It sits beside it as an adjustment, the same way a control premium or a marketability discount is already applied in practice.

3. The Governance Maturity Scale

Once governance is accepted as measurable the next practical need is a roadmap for improvement. The Governance Maturity Scale proposed here classifies an organisation into five levels moving from a defensive posture to a forward looking one, starting from compliance driven and moving through digitally enabled and predictive governance toward artificial intelligence assisted and finally autonomous governance conducted under continuing human oversight.

Figure 2: The Governance Maturity Scale as a Rising Staircase

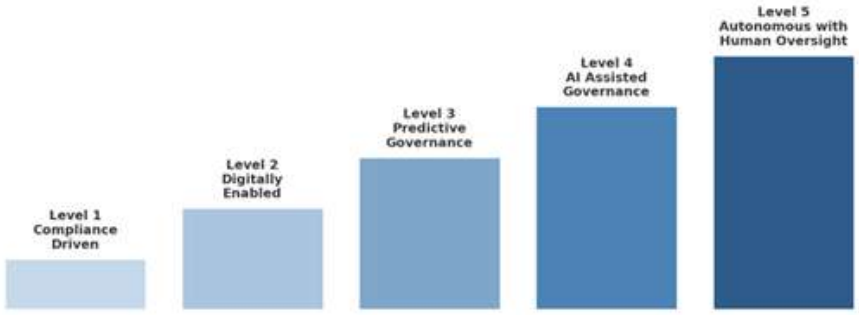


Figure 2 shows the five levels of the Governance Maturity Scale as a rising staircase. The rising steps carry a simple message for management, namely that maturity is climbed one honest level at a time and cannot be purchased in a single audit cycle.

4. Industry: Resilience as a Valuation Driver

Case Study 1: A Limited (Manufacturing)

A Limited is a mid-sized manufacturing company with healthy profit, modern machinery and strong sales. The company depends on a single supplier for a critical raw material, carries no documented continuity plan and runs weak cybersecurity controls. A ransomware attack halts production for twenty days, the share price falls sharply and several customers shift to competing suppliers within the disruption window.

Proposed Solution

A Resilience Scorecard is introduced alongside the conventional valuation model, scoring supplier diversification, cyber maturity, disaster recovery time and inventory resilience. These scores feed the continuity and cyber layers of the Governance Value Index. A resilient company deserves a higher valuation than an equally profitable but fragile one because resilience protects the very earnings a valuer is capitalising. The Cost and Management Accountant design the scorecard and costs the disruption for management reporting.

5. Start-ups: Governance Behind the Growth Number

Case Study 2: B Limited (Technology Start-up)

B Limited is a three-year-old technology start-up seeking its next funding round on the strength of rapid user growth. During due diligence the lead investor discovers that the founder holds sole administrative access to the customer database, that no data protection agreement exists with the cloud vendor and that no written succession plan exists if the founder becomes unavailable. The funding round is delayed by four months though the underlying business metrics remain strong

Proposed Solution

A Future Startup Valuation Matrix is proposed, scoring governance structure, data protection, cyber resilience, continuity planning and dependency on a single founder. A start-up strong on growth but weak on this matrix should expect a discount or a longer diligence cycle while one strong on both earns a genuine governance premium. As a working rhyme puts it for founders, numbers may sprint but governance must walk besides, or the growth story will not survive the diligence tide.

6. Government: From Money Spent to Impact Achieved

Case Study 3: Rural Infrastructure Scheme

A state department reports full utilisation of a large rural road scheme, supported by clean contractor bills and payment records. A field visit conducted eighteen months later finds that nearly a fifth of the sanctioned stretches are already unusable due to substandard construction, though the financial audit had raised no concern. The financial trail was complete while the physical and social outcome trail was missing.

Proposed Solution: Social Audit 2.0

Technology evidence is layered over the financial trail using satellite imagery, drone survey, geotagged photographs and secured payment records. The audit question shifts from where the money spent to was the outcome achieved and the beneficiary rather than the ledger becomes the final witness. The Cost and Management Accountant designs cost per verified beneficiary metrics alongside the social auditor.

7. Banking: Governance as an Early Warning Signal

Case Study 4: Lending to a Mid-Corporate Borrower

A bank sanctions a working capital facility to a mid-corporate borrower on the strength of three years of clean financial statements and adequate collateral cover. Eighteen months later the account slips into stress after a prolonged systems outage disrupts billing and collection, a risk never captured at sanction because the credit appraisal template carried no field for operational resilience.

Proposed Solution

A Governance Risk Score is proposed as an added lending parameter covering continuity planning, cyber maturity and governance discipline, read alongside and not instead of the existing credit rating. Extending this simplified discipline can help a bank sense operational fragility before it turns into financial default, thereby reducing avoidable stressed assets. The Cost and Management Accountant translate operational risk into cost of risk for pricing and provisioning decisions.

8. MSMEs: Governance Without a Big Budget

Case Study 5: X Limited (Small Trading and Assembly Unit)

X Limited is a small trading and assembly unit run largely from the memory and mobile phone of its proprietor. When the proprietor is hospitalised for three weeks, no employee can access supplier contacts, pending tax filings or the password to the accounting software, and the business loses a month of billing before basic operations resume.

Proposed Solution

A ten-point Governance Checklist is offered, covering cloud backup, unique passwords, at least one alternate supplier for every critical input, weekly cash flow review, dual authorisation for large payments, a written compliance calendar and a one-page succession note naming a backup decision maker. None of this needs a big budget and a regular timely filing history is itself a useful low-cost signal that a lender or a bigger buyer will often check first.

9. Regulatory and Professional Alignment

None of the frameworks proposed here sit outside the existing rules that already apply to companies, financial institutions and public bodies. Provisions already governing internal control, valuation practice, cyber governance, social audit reporting and cost principles already ask for much of this evidence, including the recent simplification in indirect tax compliance, which itself works as a low cost governance signal. The two frameworks simply give practical shape to duties that already exist.

Learning for CMAs

A CMA is well placed to turn operational disruption into a figure a valuer, lender or board can act on. Designing a Resilience Scorecard, a Governance Risk Score or a cost per beneficiary metric extends this profession's core skill of linking cost, evidence and outcome into new ground.

10. Conclusion: From Compliance to Confidence

Governance, continuity planning and social accountability are too often treated as background compliance work, quietly recorded and rarely priced. This article has argued, through the Governance Value Index, the Governance Maturity Scale and six real world style situations that this undersells what governance actually does for a business. A tested continuity plan, an honest data policy and a verified social outcome protect earnings, reassure investors, cut lending risk and rebuild public trust, and whatever protects value can eventually be measured. The invitation stays simple, namely to move governance from the compliance file into the valuation model, because confidence once measured is hard to compete away.

"Compliance keeps a company standing and confidence once measured is what finally makes it worth owning."

References

- Reserve Bank of India. (2023). Master direction on information technology governance, risk, controls and assurance practices. RBI.
- Institute of Chartered Accountants of India. (2018). ICAI Valuation Standards 2018. ICAI Registered Valuers Organisation.
- Institute of Chartered Accountants of India. (2023). Social Audit Standards and the Framework for Social Audit



Dr. Jagadeesha M

Mob - 9449368870
Email - jagadeesham84@gmail.com

From Default to Discipline: Ethical Governance under the IBC Regime

Abstract:

By combining more than a dozen different laws into a single, time-bound framework for insolvency resolution, the Insolvency and Bankruptcy Code, 2016 (IBC) represents a turning point in India's credit ecosystem. In its nine years of operation, the Code has admitted over 7,700 cases, recovered around Rs. 3.16 lakh crore for creditors, and attained a real-asset recovery percentage of about 32% against admitted claims. Beneath this statistical optimism, however, are structural flaws, such as resolution timelines that are significantly longer than the 330-day limit, governance deficiencies in Committee of Creditors (CoC) decision-making, insufficient accountability frameworks for Insolvency Professionals (IPs), and the emerging incorporation of ESG considerations. Besides, the analysis concludes that meaningful discipline as opposed to mere default-management demands not only legislative refinement but a cultural reconfiguration of fiduciary ethics across all stakeholders in the insolvency value chain.

Introduction:

Institutional entropy, delay, and fragmentation were the hallmarks of India's pre-IBC insolvency system. The Recovery of Debts Due to Banks and Financial Institutions Act, 1993 (RDDBFI), the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI), the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), and the Companies Act's winding-up provisions all functioned independently and frequently in opposition to one another. In 2015, the average period to settle insolvency in India was 4.3 years, compared to 1.5 years in the UK and 1.7 years in the US (World Bank, 2016). In comparison to the OECD average of 70.2 %, recovery rates were a pitiful 25.7 % on the dollar (World Bank Doing Business Report, 2016).

In light of this, the Bankruptcy Law Reforms Committee (BLRC), led by Dr. T.K. Viswanathan, submitted its groundbreaking report in November 2015, suggesting a creditor-in-possession model that would give resolution authority to a commercially focused Committee of Creditors, overseen by an impartial Insolvency Professional and governed by a recently established Insolvency and Bankruptcy Board of India (IBBI). Enacted in May 2016 and gradually put into effect through 2017, the IBC completely reorganized insolvency jurisprudence by creating a single, unified framework with mandatory timelines, an appellate structure (NCLAT/Supreme Court), and a dedicated adjudicatory authority (National Company Law Tribunal, NCLT).

The preamble of the Code encapsulates its normative cornerstone, which is to balance the interests of all stakeholders, encourage business, and make credit available. Fairness, accountability, and ethical governance in the resolution process are implicitly positioned as the cornerstones of the legislative purpose by this tripartite mandate. Nonetheless, a decade of IBC practice indicates a growing discrepancy between the institutional realities of its administration and the governance ideals inscribed in the legislation, according to some of the significant key performance indicators (Table 1).

Table -1: Key Performance Indicators of IBC

Indicator	Figure/Number
Total CIRPs (Corporate Insolvency Resolution Process) Admitted	7,749
Resolved via Resolution Plan	979
Claims Admitted (₹ Crore)	10,81,000+
Realisable Value Recovered (₹ Crore)	~3,16,000
Recovery Rate (vs. Liquidation Value)	~162%
Recovery Rate (vs. Admitted Claims)	~32%
Cases Ending in Liquidation	2,476+
Average CIRP Duration (Resolved Cases)	612 days
IBBI Registered IPs (Active)	4,100+
IBBI Disciplinary Orders (Cumulative)	310+

IBC at a Decade: A Brief Overview

The most lasting impact of the IBC is behavioral, the debtor-creditor power dynamic has been radically changed. Before 2016, Indian promoters functioned under what insolvency economics referred to as a "Promoter-friendly Ecosystem", where the relative weakness of recovery tools normalized strategic default. A credible deterrence architecture was provided by the Code's pre-admission moratorium (Section 14) and the threat of management displacement under Section 17. In comparison to its prior regimes, the IBC has shown notable empirical resolution efficiency. According to IBBI data, creditors realized almost Rs. 3.16 lakh crore out of the 979 cases that were resolved through approved resolution plans (as of Quarter -3 Financial Year, 2024-25). This represents a 162% premium above the expected liquidation value of distressed assets (IBBI, 2025). This premium-to-liquidation ratio, which shows that the going-concern preservation goal of the resolution procedure piecemeal asset fragmentation, is perhaps the Code's most convincing commercial reason.

Additionally, the IBC has accelerated the creation of institutional infrastructure. Despite its challenges, the National Company Law Tribunal has developed into a specialized business adjudicatory body. The IBBI has created a complex regulatory framework for insolvency practitioners, information utilities, and resolution applicants through the publication of more than 40 circulars, 12 rules, and a number of discussion papers. The insolvency ecosystem has become more professional in ways that were unthinkable under the previous framework thanks to the creation of the Insolvency Professional Agencies (IPAs) and the Insolvency and Bankruptcy Board's examination-and-registration process.

The stipulated 180-day CIRP timeline, which can be extended to 330 days, is frequently violated, which is the most obvious failure of IBC implementation. About 71% of active CIRPs (Corporate Insolvency Resolution Process) have lasted more than 270 days as of December 2024, with many cases exceeding 1,000 days (IBBI, Q3 2024-25). Through asset deterioration, essential personnel turnover, customer erosion, and compounded carrying costs, this schedule delinquency steadily reduces resolution value, making it more than just a procedural annoyance. A second structural issue is the Committee of Creditors' governing structure. The approval of resolution plans and the employment of insolvency professionals are under the near-plenary jurisdiction of the CoC, which is constitutionally controlled by

financial creditors. In numerous adjudicated cases, financial creditors have been shown to use CoC discretion to maximize their own secured-recovery positions at the expense of operational creditors, employees, and potential resolution applicants. This concentration results in established agency difficulties. The conflict between CoC commercial autonomy and fair distribution principles was made clear by the NCLAT's observations in cases like Committee of Creditors of Essar Steel v. Satish Kumar Gupta (2019) and the Supreme Court's decision in that case.

Insolvency a third governance shortcoming is professional responsibility. As of 2024, the IBBI had issued over 310 disciplinary orders; nonetheless, issues with forensic audit quality, professional independence, and knowledge asymmetry between IPs and resolution seekers still exist. According to the IBBI's 2023–24 Annual Report, complaints against intellectual property (IPs) made up the single largest category of regulatory grievances. These complaints included claims of selective disclosure to preferred resolution applicants, inadequate asset management during CIRP, and undisclosed conflicts of interest.

In subsequent reports (2018, 2020, 2022), the Ministry of Corporate Affairs' Insolvency Law Committee (ILC) has suggested specific legislative actions, such as the establishment of a pre-packaged insolvency resolution process (PPIRP) for MSMEs (partially implemented through the Insolvency and Bankruptcy (Amendment) Act, 2021), the statutory recognition of the group insolvency framework, the rationalization of Section 29A eligibility disqualifications for resolution applicants, and the strengthening of the NCLT infrastructure through dedicated benches and increased judicial power. Furthermore, cross-jurisdictional benchmarking provides useful models. The US Chapter 11 pre-packaged reorganization mechanism, Singapore's omnibus insolvency reforms (2020), and the UK's Scheme of Arrangement and Restructuring Plan framework (Part 26A, Companies Act 2006) all show that effective insolvency frameworks require institutional capacity commensurate with legislative ambition. With just 16 benches for a 1.4 billion-person economy that generates thousands of insolvency filings every year, India's NCLT is a major bottleneck.

Technology, ESG, and New-Age Businesses - Future of Insolvency Practice

(1) Legal Technology and Digital Transformation

Perhaps the most significant structural shift facing the profession over the next ten years will be the convergence of legal technology and insolvency practice. The debt-recording infrastructure that supports creditor claims verification during CIRP has been digitized by the IBBI's Information Utilities (IUs), especially the National E-Governance Services Limited (NeSL). NeSL has certified financial contract records with a notional value of more than Rs. 30 lakh crore as of March 2025. This gives IPs a verified documentary baseline that greatly expedites the CIRP's claims-verification phase.

Applications of artificial intelligence in bankruptcy practice are developing in a number of ways. Natural language processing (NLP) techniques are being used for predictive analytics for CIRP timetable modeling, automated detection of substantial adverse clauses in resolution applicant submissions, and quick contract analysis during due diligence stages. More complex resolution negotiation dynamics are made possible by machine learning algorithms that have been trained on past NCLT adjudication data and are starting to offer probabilistic evaluations of plan approval likelihood.

Potential uses for blockchain-based smart contracts include escrow management throughout the execution of resolution plans, automated distribution of resolution proceeds to creditors upon plan conditions being met, and tamper-proof CIRP record preservation. The Integrated Insolvency Management Portal (IIMP), a fully integrated digital CIRP management platform that would centralize all CIRP documentation, creditor communications, valuation reports, and adjudicatory submissions in a single authenticated environment, is envisioned in the IBBI's 2024 technology roadmap.

(2) ESG Integration in Insolvency Resolution

One significant and understudied aspect of the IBC's future development is the integration of Environmental, Social, and Governance (ESG) factors into bankruptcy resolution procedures. ESG liabilities in distressed situations, such as environmental remediation obligations, supply chain social compliance issues, stranded asset risks in fossil fuel-dependent businesses, and governance failures that led to the insolvency, are becoming a more significant challenge for insolvency frameworks worldwide.

Environmental obligations have an unclear legal standing under the present IBC framework. Because environmental remediation claims are not specifically classified by Section 53's waterfall distribution process, it is unclear if regulatory clean-up orders come within the IBC distribution structure or are considered "operational debts." The judiciary has yet to find a definitive solution to the complicated jurisdictional conflicts that the National Green Tribunal's orders in cases involving bankrupt polluters have caused with NCLT proceedings.

The way environmental and social responsibilities are handled during CIRP (Corporate Insolvency Resolution Process) raises the fundamental issue of corporate purpose from the standpoint of governance ethics. A type of governance failure that the IBC's existing framework fails to appropriately address is represented by resolution plans that maximize financial creditor recovery while externalizing environmental cleanup costs onto the state, impacted communities, or future owners. In its 2022 report, the Insolvency Law Committee recognized this shortcoming but did not suggest any particular legislative solutions.

An emerging global best practice is ESG-sensitive resolution planning, which requires resolution applicants to offer social effect mitigation strategies, environmental compliance roadmaps, and increased governance pledges as requirements for plan approval. Both Canada's Companies' Creditors Arrangement Act changes and the Netherlands' 2021 Corporate Recovery and Insolvency Act include aspects of stakeholder-inclusive resolution planning that go beyond simple financial creditor optimization.

(3) New-Age Business Models and Insolvency Complexity

Traditional asset-heavy manufacturing and infrastructure companies were the target market for the IBC's architectural assumptions. The emergence of cutting-edge company models, such as platform-based digital enterprises, fintech lenders, NBFC networks, cryptocurrency exchanges, and SaaS organizations, creates new bankruptcy issues that the Code's existing structure is ill-suited to handle.

Because their main assets are network effects, user data, and algorithmic intellectual property all of which are not accessible to traditional valuation techniques or liquidation procedures platform businesses pose special CIRP challenges. A major e-commerce platform or digital payments provider's insolvency raises issues that go beyond

traditional creditor-recovery calculations, such as continuous transaction processing requirements, customer data protection obligations, and systemic financial stability implications. These new complications are reflected in the IBBI's ongoing consultation on the classification of digital assets in bankruptcy proceedings.

Fundamental flaws in the IBC's asset identification, custody, and distribution systems are revealed by cryptocurrency and virtual digital asset (VDA) insolvencies, as demonstrated by the worldwide cascades that followed the FTX collapse in 2022 and comparable circumstances involving Indian crypto intermediaries. Current IP qualification frameworks do not systematically build the specialized technical competence needed for virtual assets, such as wallet access, blockchain forensics, and cross-border asset tracing.

This is in contrast to the estimated 63 million MSMEs with substantial credit exposure. The PPIRP's potential appears to be mostly unrealized due to structural constraints such as informal accounting methods, director-promoter convergence, creditor heterogeneity, and insufficient IP expertise with MSME business models.

Ethical Governance: The Normative Core of Effective Insolvency Practice

A cohesive governance-ethics framework appears across the several variables this paper examines. Four fundamental fiduciary principles such as independence, transparency, proportionality, and stakeholder equity must be substantively internalized in order for insolvency resolution under the IBC to be effective.

(1) IPs, CoC members, and adjudicators must make decisions free from private business interests in order to be considered independent. Although the IBBI's Circular No. IBBI/IP/2023/017, which mandates the disclosure of all previous relationships between (1) IPs and distressed firms, is a step in the direction of structural independence, the enforcement mechanisms are still not strong enough. The ability of IPs to act adversarially toward their appointing creditors when fiduciary duties require it is ultimately what determines the credibility of the profession.

(2) Information asymmetries within the CIRP between IPs and resolution applicants, between financial and operational creditors, and between CoC insiders and public interest stakeholders must be systematically reduced through mandatory disclosure, authenticated information utilities, and open-access judicial records in order to maintain transparency. Positive advances in this area include the NCLT's progressive creation of a reasoned order culture and the IBBI's shift toward making resolution plans publicly available after approval.

(3) In order to maintain proportionality, the burden of resolving insolvency must be distributed fairly throughout the hierarchy of stakeholders, adjusted to the legitimate priority claims of each class while safeguarding the minimal rights of workers, operational creditors, and environmental commitments. Judicial understanding that proportionality cannot be completely sacrificed at the altar of financial creditor commercial autonomy is reflected in the Supreme Court's nuanced approach of the CoC's discretion in Essar Steel and similar decisions.

(4) Stakeholder equity requires that the multi-stakeholder reality of business enterprise be recognized in insolvency governance. In addition to being debt instruments, corporations also create jobs, pay taxes, serve as community pillars, and protect the environment. Plans for resolution that accomplish financial recovery while consistently failing these non-financial stakeholders are examples of partial governance solutions that result in long-term social costs that are not included in traditional measurements for creditor recovery.

Conclusion:

India's insolvency revolution has shown both its revolutionary potential and its unresolved governance issues over the course of nine years of IBC implementation. The Code has created long-lasting institutional infrastructure, recovered
more than Rs. 3.16 lakh crore for creditors, and significantly altered the way Indian lenders and borrowers behave. These accomplishments have real historical significance. However, persistent reform engagement is required due to the disparity between institutional reality and statutory aspirations, which is demonstrated by timeline delinquency, CoC governance failings, IP accountability deficiencies, and insufficient attention to ESG and new-age business challenges. The growing scope of bankruptcy practice across technology-intensive, ESG-complex, and cross-border elements presents an opportunity. The Code's revolutionary potential cannot be sustainably realized unless the ethical governance norms of independence, openness, proportionality, and stakeholder equity are upheld. In its purest form, discipline is the moral foundation upon which creditworthy capitalism must be constructed, not just a remedy for default.

References

- Baird, D. G., & Rasmussen, R. K. (2002). The end of bankruptcy. Stanford Law Review, 55(3), 751–789.
- Bankruptcy Law Reforms Committee. (2015). Report of the Bankruptcy Law Reforms Committee (Vol. I). Ministry of Finance, Government of India.
- Cumming, D., Knill, A., & Richardson, N. (2021). ESG and corporate insolvency risk: Evidence from cross-national data. Journal of International Financial Markets, Institutions and Money, 73, 101371. https://doi.org/10.1016/j.intfin.2021.101371
- Essar Steel India Ltd. v. Satish Kumar Gupta & Ors. (2019). Civil Appeal No. 8766-67 of 2019. Supreme Court of India.
- Gopalan, S., & Gupta, N. (2023). Technology and insolvency: Towards a digital CIRP ecosystem in India. NUJS Law Review, 16(1), 78–114.
- Insolvency and Bankruptcy Board of India. (2024). Annual report 2023-24. IBBI, Ministry of Corporate Affairs.
- Insolvency and Bankruptcy Board of India. (2025). Statistical newsletter: January–March 2025. IBBI.
- Insolvency and Bankruptcy Board of India. (2025, March). IBBI quarterly newsletter (Vol. 22). IBBI.
- Insolvency Law Committee. (2022). Report of the Insolvency Law Committee. Ministry of Corporate Affairs, Government of India.
- Institute of Company Secretaries of India. (2023). Guidance note on role of company secretaries as insolvency professionals. ICSI.
- Ministry of Corporate Affairs. (2021). The Insolvency and Bankruptcy (Amendment) Act, 2021. Gazette of India, Extraordinary, Part II, Section 1.
- Pant, M. (2020). Pre-packaged insolvency: Lessons for India from the United Kingdom. Indian Law Review, 4(3), 289–310. https://doi.org/10.1080/24730580.2020.1795431
- Rajak, H. (2018). The culture of insolvency: Bringing ethics back into corporate rescue. International Insolvency Review, 27(1), 5–22. https://doi.org/10.1002/iir.1306
- Reserve Bank of India. (2024). Financial stability report (Issue 30, December 2024). RBI.
- Sane, R., & Sharma, A. (2019). Strengthening the institutional framework for insolvency resolution in India. National Institute of Public Finance and Policy Working Paper No. 2019-279.
- Sengupta, R., & Sharma, A. K. (2022). Resolution under the IBC: Examining the performance of the framework. IIMB Management Review, 34(3), 231–245. https://doi.org/10.1016/j.iimb.2022.06.003
- Singh, A., & Mehta, R. (2023). Governance failures in committee of creditors: Evidence from NCLT orders. Journal of Corporate Law Studies, 23(2), 441–478. https://doi.org/10.1080/14735970.2023.2189401
- Viswanathan, T. K. (2019). The law and practice of insolvency in India. LexisNexis India.
- World Bank. (2016). Doing business 2016: Measuring regulatory quality and efficiency. World Bank Group. https://doi.org/10.1596/978-1-4648-0667-4
- World Bank. (2024). Doing business legacy data: Resolving insolvency indicator India. World Bank Group. https://archive.doingbusiness.org/en/data/exploreeconomies/india.



CMA Rajesh Kapadia

Mob - 9909029382
Email - rajeshanita2007@yahoo.com

An Introduction to Social Stock Exchange, Social Enterprises and ZCZP Instruments

Abstract:

An Introduction to Social Stock Exchange, Social Enterprises and ZCZP Instruments shall inter alia deal with the following

Social Stock Exchange

- Serves as a holistic one-stop platform where credible social enterprises – both non-profit and for-profit – can be listed based on their ability to generate and report measurable social impact.
- It offers an alternative fund-raising mechanism by allowing these enterprises to raise capital through the stock exchange.

Types of Social Enterprises

Not for Profit Organisation (NPO) or a For Profit Social Enterprise (FPSE), to be identified as a Social Enterprise that shall establish primacy of its social intent

Types of NPOs

- Charitable Trust registered under the Indian Trust Act,1882
- Trust registered under the Indian Registration Act 1908 with the relevant sub-registrar in those states that have not enacted the law governing public trusts
- Charitable society registered under the Societies Registration Act,1860
- Company registered under Section 8 of the Companies Act,2013, including a company registered under Section 25 of the repealed Companies Act,1956

For Profit Social Enterprise
A profit- making company or body corporate recognised as a Social Enterprise under these regulations, excluding companies incorporated under section 8 of the Companies Act,2013

What is an Eligible Social Enterprise under SSE?

The 67 % rule
At least 67 % of its activities, qualifying as eligible activities of the Social Enterprise, shall be dedicated to the target population in one or more of the following ways :

1) Revenue
At least 67 % of the immediately preceding 3-year average revenues should have come from providing the eligible activities to members of the target population

2) Expenditure
At least 67 % of the immediately preceding 3-year average of the Social Enterprise's expenditure has been incurred for providing the eligible activities to members of the target population

3) Beneficiaries
Members of the target population to whom the eligible activities have been provided constitute at least 67 % of the immediately preceding 3-year average of the Social Enterprise's customer base/beneficiaries.

Who cannot be onboarded?

A social Enterprise is not eligible for listing if :

- Any of its promoters, directors, trustees or selling shareholders (for-profit enterprises) are banned by SEBI from accessing the securities market.
- Any of its promoters, directors or trustees is also part of another company or enterprise that has been banned by SEBI.
- The enterprise or any of its promoters, directors or trustees is a wilful defaulter or fraudulent borrower.
- Any of its promoters, directors or trustees is declared a fugitive economic offender.
- The enterprise or any of its key persons has been prohibited from operating or raising funds by the Ministry of Home Affairs, other government ministries, the charitable commissioner or any statutory authority.

Challenges for Social Stock Exchange

Measuring Social Impact

1) Complexity and Subjectivity
Unlike Financial metrics, social impact is difficult to quantify due to its inherently complex and subjective nature
Measuring outcomes across varied sectors like education and healthcare lacks a one-size-fits-all framework

2) Lack of Uniform Standards
The absence of standardised measurement practices makes it hard to ensure accuracy, consistency, and comparability of impact metrics across organisations.

3) Risk of Social Washing / Green Washing
Some organisations may exaggerate or misrepresent their impact to gain funding or tax benefits, undermining stakeholder trust in the Social Stock Exchange (SSE)

4) Need for Independent Verification
Robust third–party audits and regular oversight are essential to ensure credibility and authenticity of reported social outcomes.

Regulatory and Compliance Burden

1) Balancing innovation with regulation
SSE faces the challenge of promoting innovation while upholding regulatory standards
SEBI's compliance and disclosure norms, modelled on capital markets, can be difficult for non-profits and social enterprises to navigate

2) Capacity constraints
Many small organisations lack the resources, skills or infrastructure to meet these regulatory requirement effectively, which can limit their participation

3) Technology barriers
Digital systems for listing, reporting, and monitoring may pose significant hurdles for organisations operating in rural or undeserved areas, where access to technology and digital literacy remains limited

Mobilising Investments on the SSE

1) ZCZP Instruments
Although innovative, ZCZPs function as pure donations without financial returns, lacking features like interest or capital gains.
This limits their appeal and slows transaction uptake among both institutional and retail investors.

2) Limited Investor Base
Compared to the traditional stock market, the SSE currently has a smaller pool of impact-focused investors, making it harder for social enterprises to secure adequate funding

3) Unclear return on investments
Measuring returns based on social outcomes rather than financial gains is complex, as there are no standardised benchmarks for evaluating impact

4) Low awareness and education
Limited understanding of the SSE model and impact investing among investors and social organisations restricts participation
Targeted awareness campaigns and capacity-building efforts are essential to derive adoption

Zero-Coupon Zero-Principal (ZCZP) Bonds

NPOs can raise funds through Zero-Coupon Zero-Principal (ZCZP) Bonds
These bonds offer no financial returns, like interest or principal repayment, only social returns to the investor
Issued by Non-Profit Organisations (NPOs) to fund specific social development projects or activities
Can be issued via public issue or private placement
Issue Size (Minimum) Rs 50 Lacs
Application Size – Minimum Rs 1000 per investor
Minimum Subscription Requirement
NPOs must raise at least 75 % of the intended amount
If this is not achieved, all collected funds must be refunded
If only partially under-subscribed (between 75% and 100%), the NPOs must explain :

- How it plans to raise the remaining funds
- How the shortfall may impact the social project

How to get ZCZP Bonds

After the registration and listing process is completed, NPOs must

- Submit a detailed project document (DPD) with objectives, target population, budget, expected outcomes, and key performance indicators (KPIs)
- Finalise the fundraising amount, duration of the project and impact metrics
- SSE will approve and allow the ZCZP instrument to be listed
- ZCZP instruments are showcased on the SSE for social investors/philanthropists
- NGOs receive 100 % of the funds upfront, and donors get recognised ZCZP units as proof of donation

Procedure for issuing ZCZP in SSE

- The NPO must submit a draft fund – raising document, along with the required fees and an application for in-principle listing of its ZCZP instruments on the SSE
- The SSE will review the draft document and share its observations within 30 days from the date of submission or from receiving any requested clarifications from the NPO – whichever is later
- The draft document will be made available on the SSE website for a minimum of 21 days to invite public comments
- The NPO must incorporate SSE's observations and submit the final fund raising document before the public issue opens
- ZCZP instruments shall be issued in dematerialised form only
- The ZCZP instruments shall not be transferable from the original subscriber/holder till the expiry of the tenure of the instruments



Dr. Dileep Kumar S. D.

Mob - 8747831460
Email - dileepsd87@gmail.com

Cost-Quality Integration: Rethinking Strategic Cost Management

Abstract:

Traditional approaches to cost management have long treated quality expenditure as a discretionary line item subject to reduction during periods of financial pressure. This paper argues that such a perspective is strategically myopic. Drawing on publicly available annual reports from Toyota Motor Corporation, Apple Inc., Johnson & Johnson, and Unilever PLC, this study examines how leading multinational corporations structurally integrate quality considerations into their cost architectures. The analysis reveals that organizations that embed quality into upstream processes rather than relying on post-production inspection and remediation consistently outperform peers on both margin and brand resilience metrics. Applying the Cost-of-Quality (CoQ) framework alongside value chain analysis, and also develops a reconceptualized model of strategic cost management in which cost and quality are treated as mutually reinforcing rather than competing variables. Managerial implications and a proposed integration matrix are presented for practitioners seeking to operationalize these insights.

Introduction

For much of the twentieth century, the dominant assumption in managerial accounting was that quality improvement necessarily entailed higher cost. This view, embedded in early operations research and reinforced by traditional variance analysis, positioned quality assurance as a constraint on cost efficiency rather than a driver of it. The practical consequence was a chronic organizational tension; finance departments sought to minimize expenditure while quality and operations teams argued for investment in standards, inspection, and conformance. However, this tension has become increasingly untenable in the contemporary business environment. Global supply chain complexity, heightened consumer expectations, and the financial consequences of product failures amplified by social media and regulatory scrutiny have made quality lapses extraordinarily costly. The 2014 General Motors ignition switch recall, which resulted in over 2.5 billion US Dollar in fines and compensation, is perhaps the most widely cited illustration of how deferred quality investment translates into catastrophic financial liability (U.S. Department of Justice, 2015). More recently, Boeing's 737 MAX grounding demonstrated that systemic quality failures can threaten an organization's very survival. Against this backdrop, this paper advances a reconceptualized framework for strategic cost management one that treats quality not as a cost to be minimized, but as a structural variable that, when integrated into cost architecture, enhances financial performance.

Theoretical Foundations

(1)The Cost-of-Quality Framework: The Cost-of-Quality (CoQ) model, first articulated by Feigenbaum (1956) and later developed by Juran (1988), disaggregates quality-related expenditures into four categories:

prevention costs, appraisal costs, internal failure costs, and external failure costs. The foundational insight of the model is that investment in prevention and appraisal typically the smaller expenditure categories systematically reduces the far larger costs associated with failure, both internal (rework, scrap) and external (warranty claims, product liability, reputational damage). Critically, CoQ analysis shifts the managerial conversation from 'how much does quality cost?' to 'what is the cost of poor quality?' a reframing with profound strategic implications. When failure costs are made visible and attributed accurately within management accounting systems, organizations often discover that the true cost of low quality substantially exceeds the investment required to prevent it (Porter, 1980).

(2)Value Chain Analysis and Quality Integration: Porter's (1985) value chain framework provides a complementary lens. Within this paradigm, quality is not a discrete departmental function but a variable embedded across every primary and support activity from inbound logistics and operations through marketing, service, and infrastructure. Organizations that achieve sustained competitive advantage through quality do so because quality disciplines are woven into process design, supplier selection, human resource practices, and technology acquisition not bolted on at the point of inspection. This theoretical convergence between CoQ analysis and value chain thinking suggests that the most effective approach to cost management is not to treat quality and cost as a trade-off, but to recognize that a well-designed quality system is itself a cost reduction mechanism. The empirical question, addressed in the following section, is whether this theoretical proposition is reflected in the financial performance of leading corporations.

Crtical Success Factors from Corporate Sector – A Brife Profile

(1)Toyota Motor Corporation

The company's foundational manufacturing philosophy the Toyota Production System (TPS) is architecturally designed to eliminate waste (muda) and defects through continuous improvement (kaizen) and error-proofing (poka-yoke). Crucially, these quality mechanisms are cost reduction mechanisms; they are not parallel systems but unified ones. Toyota reported an operating income of ¥3.72 trillion in the financial year 2023, representing an operating margin of approximately 9.2% among the highest in the global automotive industry. The company's warranty reserves as a proportion of revenue declined measurably over the five-year period ending 2023, reflecting the financial dividend of its prevention-first quality architecture. Toyota's annual report explicitly links its quality management investments to long-term cost competitiveness, stating its objective to achieve the highest quality at the lowest cost through process excellence (Toyota Motor Corporation, 2023).

(2)Apple Inc.

Apple's approach to cost–quality integration operates through a different but equally instructive mechanism. Rather than competing on manufacturing cost, Apple invests heavily in product design, material specification, and supply chain quality control expenditures that underpin its premium pricing power. According to Apple's financial year 2023 Annual Report, the company's gross margin reached 44.1%, a figure that reflects not merely pricing strategy but the operational quality discipline that sustains consumer willingness to pay. Apple's R&D expenditure of $29.9 billion in financial year 2023 approximately 7.8% of net sales represents a significant prevention cost in CoQ terms: investment in design integrity that reduces the probability of costly product recalls, software failures, or consumer dissatisfaction. The company's product return rates remain among the lowest in the consumer electronics sector, a quality outcome that directly reduces reverse logistics costs and customer service expenditure (Apple Inc., 2023).

(3)Johnson & Johnson

The company's R&D spending reached $15.1 billion in 2023, reflecting its commitment to quality and safety standards across pharmaceutical, medical device, and consumer health segments. Its prevention-oriented quality framework governed by a Quality Management System aligned with ISO 13485 is a direct application of CoQ principles. However, J&J's experience with talc-related litigation also illustrates the asymmetric cost consequences of external quality failures, particularly in regulated industries. The company set aside substantial legal reserves related to these claims, a financial burden that underscores the CoQ model's central proposition: the cost of poor quality, when it materializes, dwarfs the investment that could have prevented it. J&J's strategic response spinning off its consumer segment and doubling investment in MedTech and pharmaceutical quality infrastructure reflects a deliberate re-orientation toward prevention-based cost architecture (Johnson & Johnson, 2023).

(4)Unilever PLC

The company's 'Compass Strategy' explicitly connects quality standards in sustainable sourcing to long-term cost resilience, arguing that supply chain quality measured in terms of agricultural standards, supplier certification, and ingredient integrity reduces raw material volatility and regulatory risk. Unilever reported an underlying operating margin of 16.7% in 2023, achieved in part through its investment in supplier quality development and process standardization across markets. The company's 'zero-waste-to-landfill' manufacturing achievement, reported in its 2023 sustainability disclosures, reflects a quality-driven operational model in which waste elimination a core quality objective generates direct cost savings (Unilever PLC, 2023).

Table 1: Cost–Quality Integration (Cross-Company Summary)

Company	Cost–Quality Strategy	Reported Outcome
Toyota Motor Corp.	Quality-embedded cost structure; kaizen costing	Operating margin 9.2% (FY2023); recall costs reduced by 34%
Apple Inc.	Premium pricing via R&D investment; supplier cost control	Gross margin 44.1% (FY2023); product return rate <1%
Johnson & Johnson	Prevention-based quality spending; cost-of-quality framework	R&D: $15.1B (2023); litigation reserves reduced YoY
Unilever PLC	Sustainable sourcing integrated with cost efficiency	Underlying operating margin 16.7% (2023); zero-waste targets met

Sources: Toyota Annual Report (2023); Apple Annual Report (2023); Johnson & Johnson Annual Report (2023); Unilever Annual Report (2023)

The Cost–Quality Integration Matrix: A Managerial Tool

Drawing on both the theoretical frameworks and the empirical evidence reviewed above, this section proposes a Cost–Quality Integration Matrix (CQIM) as a practical managerial instrument. The matrix positions organizational quality investments along two dimensions such as (1) the stage of value chain at which quality expenditure occurs (upstream vs. downstream), and (2) the primary cost driver addressed (prevention vs. remediation). Organizations occupying the upstream-prevention quadrant exemplified by Toyota and Apple demonstrate the strongest correlation between quality investment and long-run cost efficiency. These organizations design quality into processes and products before production commences, minimizing the probability of costly downstream failures. Conversely, organizations operating primarily in the downstream-remediation quadrant reactive quality management characterized by inspection, rework, and warranty incur significantly higher total quality-related costs for equivalent outputs.

The managerial implication is cost management strategy should prioritize the migration of quality expenditure from downstream-remediation activities toward upstream-prevention investments. This migration requires changes to management accounting systems specifically, the development of CoQ reporting capabilities that make failure costs visible as well as changes to capital allocation frameworks that recognize the return on prevention investment.

For Chief Financial Officers and management accountants, the CQIM provides a diagnostic lens. An organization whose quality expenditure is concentrated in appraisal and external failure costs is, by definition, paying a structural premium for poor upstream process design. Redirecting even a modest proportion of those failure costs toward prevention activities better supplier qualification, more rigorous design review, enhanced employee training can generate measurable cost reductions within two to three operating cycles.

Strategic Implications for Management

(1)Reconceptualizing Quality as Capital: Perhaps the most fundamental implication of this analysis is that quality investment should be reconceptualized in financial terms not as an operating expense but as a form of intangible capital an investment in organizational capacity to generate outputs that conform to customer requirements without failure. This reconceptualization has direct implications for how quality expenditure is treated in budgeting processes, performance measurement systems, and strategic planning frameworks. Companies like Toyota and Apple have operationalized this reconceptualization through their capital allocation processes: quality systems, process design capabilities, and supplier development programs are funded as long-term investments, not discretionary costs subject to reduction in lean periods. The result is a quality architecture that generates sustained cost advantages a form of operational leverage that compounds over time.

(2)Management Accounting System Implications: Effective cost–quality integration requires management accounting systems capable of capturing and reporting quality costs in granular, decision-relevant terms. Traditional standard costing systems, oriented toward efficiency variance reporting, are poorly designed for this purpose. Activity-based costing (ABC) approaches provide a more suitable foundation, as they can attribute quality-related costs including the costs of defects, rework, and customer returns to the specific activities and processes that generate them. The practical recommendation for organizations is to develop dedicated CoQ reporting frameworks, initially as supplementary management information, with the long-term objective of integrating CoQ metrics into mainstream performance dashboards. Benchmarking quality costs against industry peers using publicly available data from annual and sustainability reports provides an additional strategic intelligence capability.

(3)Organizational Alignment: The organizational dimension of cost–quality integration is equally critical. In many organizations, cost management accountability resides with finance and procurement, while quality management resides with operations and engineering. This structural separation perpetuates the trade-off mentality that argues is strategically dysfunctional. Leading organizations including all four companies reviewed in this paper demonstrate a degree of organizational integration between financial and quality disciplines that enables coherent, cross-functional decision-making.

Conclusion:

To sum up, the conventional treatment of cost and quality as competing variables is both theoretically flawed and empirically contradicted by the practices of high-performing multinational corporations. Drawing on annual report evidence from Toyota, Apple, Johnson & Johnson, and Unilever, the analysis demonstrates that sustained financial performance is associated with structural integration of quality considerations into cost management strategy not their separation. The Cost-of-Quality framework, reintegrated with value chain analysis and enriched by contemporary corporate evidence, provides both a diagnostic and prescriptive tool for management accountants and strategic planners. The key insight is that the cost of poor quality when fully and accurately measured consistently exceeds the investment required to prevent it. Organizations that act on this insight, embedding quality into upstream process design and reconceptualizing quality investment as capital, achieve durable cost advantages that no amount of reactive cost-cutting can replicate.

References

- Apple Inc. (2023). Annual report 2023: Form 10-K. Apple Inc. https://investor.apple.com/sec-filings/annual-reports/
- Feigenbaum, A. V. (1956). Total quality control. Harvard Business Review, 34(6), 93–101.
- Johnson & Johnson. (2023). 2023 annual report. Johnson & Johnson. https://www.investor.jnj.com/annual-reports
- Juran, J. M. (1988). Juran on planning for quality. Free Press.
- Kaplan, R. S., & Anderson, S. R. (2007). Time-driven activity-based costing: A simpler and more powerful path to higher profits. Harvard Business School Press.
- Kock, A., & Gemünden, H. G. (2016). Antecedents to decision-making quality and agility in innovation portfolio management. Journal of Product Innovation Management, 33(6), 670–686. https://doi.org/10.1111/jpim.12336
- Porter, M. E. (1980). Competitive strategy: Techniques for analyzing industries and competitors. Free Press.
- Porter, M. E. (1985). Competitive advantage: Creating and sustaining superior performance. Free Press.
- Rother, M. (2010). Toyota kata: Managing people for improvement, adaptiveness, and superior results. McGraw-Hill.
- Shank, J. K., & Govindarajan, V. (1993). Strategic cost management: The new tool for competitive advantage. Free Press.
- Toyota Motor Corporation. (2023). Annual report 2023. Toyota Motor Corporation. https://global.toyota/en/ir/library/annual
- Unilever PLC. (2023). Annual report and accounts 2023. Unilever PLC. https://www.unilever.com/investor-relations/results-and-presentations/annual-report-and-accounts.
- U.S. Department of Justice. (2015, September 17). U.S. files criminal charges against General Motors and enters into deferred prosecution agreement. https://www.justice.gov/opa/pr/us-files-criminal-charges-against-general-motors
- Womack, J. P., Jones, D. T., & Roos, D. (1990). The machine that changed the world: The story of lean production. Rawson Associates.
- Zeithaml, V. A., Berry, L. L., & Parasuraman, A. (1996). The behavioral consequences of service quality. Journal of Marketing, 60(2), 31–46. https://doi.org/10.1177/002224299606000203

CHAPTER NEWS

AHMEDABAD

11 Days Advanced Skill Training Program for Final Students

Chapter organized an 11 days Advanced Skill Training Program for June'26 final students from 08th September 2026 to 18th September 2026. In an Inaugural Session of the Advance Skill Training Program on 08th September'2026, CMA Mitesh Prajapati – Chairman, CMA Bhavesh Ramchandani - Treasurer and CMA Ashish Bhavsar – MCM Member were present. CMA Ghanshyam Trivedi, Director- Xphere Group was the chief guest of the inaugural session. CMA Mitesh Prajapati, Chairman welcomed all dignitaries in his inaugural speech and also briefed about the chapter's activities. He also introduced the Chief Guest and welcomed the Chief Guest. The Chief Guest was felicitated by CMA Mitesh Prajapati, Chairman by offering memento. He also briefed about the Advanced Skill Training Program. CMA Ghanshyam Trivedi, Director- Xphere Group, The Chief Guest gave an inspirational speech to the participants and information about the importance of CMAs in the corporate world. The vote of thanks proposed by CMA Bhavesh Ramchandani, Treasurer of the Chapter. There were many eminent faculties who gave detailed presentation on various topics during the scheduled days, which are useful to the participants in their professional careers.

CPE – Prompt to Possibilities – AI Mastery Workshop for CMAs

Chapter organized an impactful two-day workshop titled "Prompt to Possibilities – AI Mastery workshop for CMAs" to equip Cost and Management Accountants with modern artificial intelligence skills.
The workshop commenced on September 12th with a CMA Mitesh Prajapati, Chairman welcome address by opening session led by CA Fenil Shah focusing on "The AI Landscape & Prompt Engineering Basics." In this session, participants were introduced to the evolving ecosystem of Generative AI tools and learned fundamental prompt engineering techniques. The focus was on crafting structured, context-driven prompts to optimize accuracy, improve AI response quality, and streamline everyday analytical tasks.

The second & Final day, held on September 13th, 2026, delved deep into domain-specific professional applications. CA Bhavesh Sharma conducted a specialized segment on "AI in Cost Audit & Compliance," highlighting how AI algorithms can enhance audit sampling, identify transactional anomalies, and automate repetitive compliance verification steps in cost records. Following this, CA Harshid Patel led a session on "AI in Tax Consultancy: GST, Income Tax & Litigation," demonstrating how AI can accelerate legal research, assist in drafting responses to tax notices, interpret complex statutory provisions, and organize litigation documentation efficiently. The AI Workshop 5th Batch concluded on an appreciative note with a formal vote of thanks delivered by CMA Sunil Tejwani, Secretary Along with CMA Mitesh Prajapati, Chairman, CMA Bhavesh Ramchandani, Treasurer, and CMA Ashish Bhavsar, Coordinator - P D Committee.

New Members Welcome Meet

Chapter organized a warm and encouraging New Members Welcome Meet on September 13, 2026, to formally receive and orient the newly qualified Cost and Management Accountants into the professional fraternity. During the session, Chairman, CMA Mitesh Prajapati and Co-ordinator-PD Committee CMA Ashish Bhavsar addressed the gathering, sharing detailed insights into the professional landscape and outlining the extensive range of benefits provided by ICMAI. They highlighted crucial member advantages, including continuous professional development programs, networking forums, access to specialized research publications, career progression opportunities, and the expanding regulatory recognition of CMAs across diverse industries.

To mark this significant milestone in their career journeys, a specially curated welcome kit was distributed to each new member. The kit served both as a token of celebration and a functional package to help them seamlessly engage with the chapter's activities and resources. CMA Mitesh Prajapati – Chairman, CMA Sunil Tejwani - Secretary, CMA Bhavesh Ramchandani - Treasurer, CMA Ashish Bhavsar were present in the Members Meet. The event concluded on an appreciative note with a formal vote of thanks delivered by CMA Sunil Tejwani, Secretary of chapter who expressed heartfelt gratitude to the distinguished speakers, office bearers, and the enthusiasm of the new members who made the orientation program a resounding success.

Celebration of Hindi Diwas

Chapter organized Sher-O-Shayari, Hindi Kavita & Gazal competition on the occasion of Hindi Diwas on 14th Sept'2026 in which about large numbers of students enthusiastically participated. The participants mesmerized the audience with their expressions on Shayari, Kavita and Ghazal, all presented strictly in Hindi language within the stipulated time of 5 minutes. Chairman CMA Mitesh was present in the program. Participants in competition had present Sher-O-Shayari, Hindi Kavita & Gazal in Hindi. CMA Mitesh Prajapati also presented share-O-Shayari on Hindi Diwas occasion.

After a delightful poetic session, seven participants were declared as winners for their outstanding performance. CMA Mitesh Prajapati, Chairman, proposed a formal vote of thanks to all participants, members and students for making the event a grand success. The competition concluded with a loud round of applause from everyone present. The Chapter continues to organize such cultural and literary activities to promote Indian languages along with professional development.

Heritage Walk

Chapter organized a heritage walk, a guided tour for the members and students that immerses participants in the history, architecture, and culture of a specific area, often a historical city like Ahmedabad. These walks aim to provide a tangible link to the past, highlighting the significance of ancient structures, traditional housing, and the daily life of the people who once inhabited these spaces. For members and students of ICMAI, such an event serves not only as a cultural outing but also as a networking opportunity, fostering community and a deeper appreciation for the city's rich history.

The participants have enjoyed the heritage walk and gain the knowledge of Historical Ahmedabad City.

Felicitation Program

Chapter organized felicitation function at J B Auditorium, AMA, Ahmedabad for all the students, who have passed Foundation, Intermediate & Final Examination of June'26 term. CMA Manish Khandelwal - Business Head, Adani Group was the Chief Guest in the program. They along with CMA Mitesh Prajapati, Chairman, ICMAI – Ahmedabad Chapter, CMA Sunil Tejwani – Secretary, ICMAI – Ahmedabad Chapter and CMA Bhavesh Ramchandani, Treasurer, and Managing Committee Member of ICMAI – Ahmedabad Chapter has inaugurated the function. CMA Mitesh Prajapati, Chairman of Chapter gave greeting speech and congratulates all the students. He also welcomed dignitaries on Dias, Managing Committee members, Students and their parents. He also introduces the Chief Guest of program CMA Manish Khandelwal. Lighting of Lamp was performed by dignitaries on Dias and after that prayer was performed. He also informed about the activities of chapter and explained about opportunities for the CMAs. CMA Mitesh Prajapati, Chairman of Ahmedabad chapter felicitates the Chief Guest CMA Manish Khandelwal by offering memento. Chief Guest CMA Manish Khandelwal gave motivational and inspiration speech to students and explained about opportunities for CMAs in Industry and Govt. sectors. Felicitation of successful students was done by the hand of dignitaries on Dias and committee members, members and faculties. Mr. Raj Dineshbhai Dhameliya was awarded the H C Shah Gold Medal from CMA H C Shah for outstanding academic excellence and securing highest marks in CMA Final June 2026 term at Ahmedabad Chapter and Mr. Aditya Sachinbhai Khairnar was awarded with the Hiranand Savlani Gold Medal for outstanding academic excellence and securing highest marks in CMA Intermediate June-2026 term at Ahmedabad Chapter. Mr. Aasim Umarbhai Pinjara was awarded by the Hiranand Savlani Gold Medal for outstanding academic excellence and securing highest marks in Strategic Cost Management of Intermediate June 2026 term at Ahmedabad Chapter. Mr. Raj Dineshbhai Dhameliya & Mr. Rajkumar Mukeshkumar Gautam were awarded C B Raval Cash prize. The meritorious students of foundation, inter and final were felicitated with medal, memento and certificates with the hands of committee members, members and faculties present.

Also Volunteer & Participants of Yuvotsav – Cultural Programme of Hirak Mahotsav (Diamond Jubilee Celebration) Felicitate For outstanding performance in Yuvotsav – Cultural Programme. At the end of the program, CMA Sunil Tejwani, Secretary of Ahmedabad Chapter proposed vote of thanks. The program was concluded by National Anthem.

Valedictory session of 11 Days Advanced Skill Training Program

A valedictory session of the Advanced Skill Training Program was organized on 18th Sept'2026 at JB Auditorium, AMA, Ahmedabad. CMA Manish Khandelwal - Business Head, Adani Group was the chief guest of valedictory session. Managing Committee Members of the chapter were present in the valedictory session of Advanced Skill Training Program. CMA Mitesh Prajapati, Chairman of the chapter welcomed & Introduced the Chief Guest. CMA Mitesh Prajapati, Chairman felicitates the Chief Guest CMA Manish Khandelwal by offering the memento. Chief Guest CMA Manish Khandelwal gave motivational and inspiration speech to students and explained about opportunities for CMAs in Industry and Govt. sectors. The participants were felicitated with a "Certificate of Participation" by the dignitaries. CMA Sunil Tejwani, Secretary proposed vote of thanks.

Interactive Session on Recent Amendments in Guidelines for Conducting Valuation under IBC, 2016 (IRVO)

IRVO of Institute of Cost Accountants of India in association with ICMAI – Ahmedabad Chapter jointly organized a Seminar on Insolvency and Bankruptcy Code 2016 at ICMAI-Ahmedabad on 19th September 2026. CMA Sandeep Joshi, ICMAI RVO - Senior officer gave welcome speech to the gathering. CMA Dr S K Gupta - MD, ICMAI RVO join virtually and gave Opening remarks. CMA Sunil Tejwani & CMA Ashish Bhavsar, Co-ordinator of PD Committee are present in the event. CMA Sunil Tejwani, Secretary felicitates RV Yogesh Chatwani, Speaker by offering memento. RV Yogesh Chatwani felicitates CMA Sunil Tejwani, Secretary by offering memento. RV Yogesh Chatwani felicitates RV Pinakin Shah, Speaker by offering memento.
The speaker RV Yogesh Chatwani & RV Pinakin Shah deliver his lecture on "Recent Amendments in Valuation Guidelines under IBC, 2016."
The seminar was inter-active and useful for the professionals. Large number of CMA members and other professionals participated in the seminar. CMA Sandeep Joshi, ICMAI RVO - Senior officer proposed vote of thanks. The seminar was followed by Lunch.

Career Counselling activity under CMA Sankalp Yatra

Under the outreach initiative "CMA Sankalp Yatra," Chapter organized a targeted career counselling session at various schools. The primary objective of the program was to spread awareness about the Cost and Management Accountancy (CMA) profession, guide students toward strategic career paths in finance and accounting, and bridge the gap between academic education and industry expectations.

The session was led by CMA Sunil Tejwani, Secretary of the ICMAI-Ahmedabad Chapter. Drawing from his professional expertise and leadership experience. During the interactive interaction, students were briefed on the complete roadmap to becoming a Cost and Management Accountant. Details were shared regarding entry routes, course curriculum flexibility, examination structures, and practical training requirements mandated by the Institute of Cost Accountants of India (ICMAI).

Campus Placement Initiative in Siemens Energy

Chapter taking Off-Campus Placement initiative in Siemens – Energy for Recently Final pass out Students from Ahmedabad Chapter on September 3rd, 2026. More than 22 candidates registered via Google form in Siemens – Energy placement. After Shortlisting Process Siemens – Energy taking online Test. Further Siemens – Energy Campus Placement Selection In process. Siemens Energy in belongs to the energy technology, machinery manufacturing, and industrial turbomachinery industry and this placement opens new career avenues for CMAs in the industrial turbomachinery industry.

BARODA

Advanced Skill Training Programme (ASTP) 2026

Event Title / Theme: Advanced Skill Training Programme (ASTP) 2026 (June 2026 Term)
Date & Duration: September 04, 2026 – September 15, 2026 (12 Days)
Venue: Baroda Chapter of ICMAI
Leadership: CMA Amruta Vyas (Chairperson - Baroda Chapter)
Key Speakers / Faculty: CMA Kamlesh Dhadha, CMA Alok Shah, CMA B F Modi, CMA Ashwin Udgata, Shri Sanjay Suthar, Mr. N S Kher, CMA Kailash Sanchlecha, CMA Ashish Jaiswal, Shri Kashyap Rajput, CMA Siddharth Pal, CMA Kartik Vasavada, CMA Vandit Trivedi, CMA Abhijith Mohan, CMA Hirav Shah, CMA Priyank Zala, CMA Mohit Nagdev, and Chief Guest CMA Anindya Paul.
Number of Attendees: 25 registered students (21 regular full attendance)

Focus Point & Summary:

The Baroda Chapter successfully organized an intensive 12-day ASTP to enhance domain skills, technical acumen, soft skills, regulatory awareness, and interview readiness for finance students. The curriculum bridged fundamental accounting with corporate tech trends, covering Ind AS, IFRS, Direct & Indirect Tax, Cost & Internal Audit, AI & BI in Finance, Excel modeling, MIS Dashboards, ERP, FinTech, and ESG. Despite heavy rainfall on September 14, sessions were rescheduled seamlessly to ensure complete coverage. The program concluded on September 15, 2026, with a Valedictory Session where official certificates from HQ ICMAI and side laptop bags were distributed.

Scholarship Awarded to Deserving CMA Final Student

Event Title / Theme: Financial Assistance & Scholarship Presentation
Beneficiary: Ms. Krishnapriya Jayan (CMA Final Student)
Key Donors: CMA Priyank Zala & CMA Hirav Shah

Focus Point & Summary:

The Baroda Chapter recognized Ms. Krishnapriya Jayan for clearing her CMA Intermediate examination in a single attempt despite severe personal and financial hardship following her father's demise. To support her continued education, tuition and financial assistance were provided through the generous contributions of donors CMA Priyank Zala and CMA Hirav Shah.

Placement & Training Activities

Event Title / Theme: Placement & Skill Training Initiatives
Venue: Baroda Chapter of ICMAI
Target Group: Students & Professional Members
Focus Point & Summary:

Chapter conducted multiple activities focused on training and placement, enabling a large number of students and members to benefit from career development guidance and placement opportunities.

KALYAN AMBERNATH

PRIZE DISTRIBUTION FUNCTION

On 29th August 2026, the Chapter organised a Prize Distribution Function for students who successfully passed the CMA Foundation Examination held in June 2026, at Smt. C.H.M. College of Arts, Science & Commerce.

The programme commenced with the National Anthem. CMA Dr. Gopichand B. Shamnani, Chairman of the Chapter, extended a warm welcome to the distinguished guests, Dr. Srichand Hinduja, Prof. Jiya Nagdev, Mr. Bharat Khatri, Prof. Sanjay Premchandani, faculty members, students and their parents.

During the programme, CMA Dr. Neetu S. Kapoor, Secretary of the Chapter, shared the examination results and informed the gathering that, in the June 2026 examination, 198 students cleared the CMA Foundation, 151 students cleared CMA Intermediate, 150 students cleared Intermediate – One Stage, 61 students cleared CMA Final, and 46 students cleared Final – One Stage.

The prizes were distributed to the meritorious students at the hands of Dr. Srichand Hinduja and Prof. Jiya Nagdev, in recognition of their academic achievements and success.

On the occasion, Appreciation Awards were presented to the faculty members Prof. Bharat Khatri, CMA Dr. Neetu S. Kapoor, and Dr. Sanjay Premchandani for their valuable contribution and support to the students and the Chapter.

In recognition of his dedicated service, Mr. Raju P. C., Executive Secretary of the Chapter, was honoured with the prestigious title “Gem of the Chapter”. Mr. Ravi R. Rohra, Office Assistant, was also felicitated with an Appreciation Award for his valuable contribution.

The programme was jointly anchored by Mr. Bharat Khatri and CMA Dr. Neetu S. Kapoor, who conducted the proceedings efficiently and engagingly.

The function concluded on a note of appreciation and celebration of the achievements of the students, faculty members and staff who contributed to the success of the Chapter.

NASHIK

Felicitation Programme

Chapter organised a Felicitation Programme on 13th August 2026 to honour the successful students of the Foundation, Intermediate & Final June 2026 Examination.
The programme was graced by:

- CMA Mahendra Bhombe – Chairman, WIRC
- CMA Vivek Bhalerao – Vice Chairman, WIRC
- CMA Manisha Agrawal Madam – Secretary & Treasurer, WIRC
-

The dignitaries felicitated the successful students and motivated them with their valuable guidance and inspiring words. CMA Mayur Nikam Sir, Chairman, ICMAI Nashik Chapter, welcomed the esteemed guests and congratulated the achievers. The programme concluded with a Vote of Thanks by CMA Amit Jadhav Sir, Member of the Managing Committee.

The Managing Committee of Nashik Chapter extends its heartiest congratulations to all the successful students and wishes them a bright and successful professional journey.

Career Awareness Programmes

Chapter conducted a series of Career Awareness Programmes at various colleges in Nashik during August 2026, aimed at creating awareness among students about the CMA Course, career opportunities and the benefits of pursuing Cost and Management Accountancy as a professional career.
The programmes were conducted as follows :

I) J.D.C. Bytco College of Commerce, Nashik – 3rd August 2026, conducted by CMA Rajendra Shirsat Sir, Member, Nashik Chapter

II) Sandip University, Nashik – 4th August 2026, conducted by CMA Arifkhan Mansuri Sir, Past Chairman & Member, Managing Committee, Nashik Chapter.

III) K.K. Wagh College of Commerce, Nashik – 6th August 2026, conducted by CMA Sunetra Ganesan Madam, Member, Nashik Chapter.

IV) V.N. Naik College of Commerce, Nashik – 20th August 2026, conducted by CMA Amit Jadhav Sir, Past Chairman & Member, Managing Committee, Nashik Chapter.
The sessions provided students with valuable insights into the CMA profession, course structure, career prospects and opportunities in the field of Cost & Management Accountancy.

CMA Success Reset 2026" Motivation & Study Strategy Session

Chapter successfully conducted "CMA Success Reset 2026" A Motivation & Study Strategy Session on 21st August 2026.The session was specially organized for CMA Foundation, Intermediate and Final students, with the objective of helping students strengthen their examination preparation, develop effective study strategies and stay motivated towards achieving better results. The session was Conducted by CMA Santosh Brahmankar, Secretary, ICMAI Nashik Chapter & Chairman, Student Committee, and CMA Arifkhan Mansuri , Past Chairman, ICMAI Nashik Chapter. The speakers shared valuable insights on smart study strategies, examination preparation, time & habit management, understanding learning patterns and maintaining motivation for excellence. The interactive session encouraged students to remain focused, consistent and confident in their CMA journey.
The event concluded on an inspiring note with the message: -"One Decision Today – A Better Result Tomorrow!"

Members Appointed to Various ICMAI Committees & Task Forces for 2026–27

Chapter proudly congratulates its esteemed members on their appointment as Members / Co-opted Members of various ICMAI Central Council and WIRC Committees & Task Forces for the year 2026–27.
These prestigious appointments are a proud recognition of the professional expertise, commitment, and valuable contribution of CMA professionals from Nashik Chapter towards the activities, initiatives, and growth of the Institute.The following esteemed members from ICMAI Nashik Chapter have been appointed to various Committees and Task Forces:

- CMA Pradnya Chandorkar – Co-opted Member, AI Strategy & Innovation Board
- CMA Arpita Amol Fegde – Co-opted Member, Sustainability Standards Board
- CMA Shilpa Kokate – Task Force for Women Empowerment
- CMA Bhushan Pagere – Public Relation & Social Media Committee
- CMA Prasanna Tillu – ESG Committee
- CMA Shrikant Jagdhane – Task Force for Members in Industry
- CMA Amit Jadhav – Task Force for Cost Audit
- CMA Arifkhan Mansuri – Task Force for RERA
- CMA Nikhil Pawar – Task Force for Career Counselling & Placement Cell

- CMA Tejas More – Task Force for Trust
- CMA Swapnil Maid – Task Force for RERA
- CMA Shailesh Nagpure – Task Force for Co-operative
- CMA Anil Khairnar – Task Force for Co-operative

The Managing Committee of ICMAI Nashik Chapter extends its heartfelt congratulations and best wishes to all the appointed members on this prestigious recognition and on being entrusted with these important responsibilities.
Their representation at the Central and Regional levels is a matter of great pride for the Nashik Chapter and will further strengthen its professional presence and contribution towards the growth of the Cost and Management Accountancy profession and the Institute.We wish all the members great success in their respective roles and look forward to their valuable contribution towards advancing the objectives and initiatives of ICMAI.

Trek to Shivneri Fort

Chapter organised an exciting and memorable Trek to Shivneri Fort on the occasion of Independence Day, providing students with a perfect blend of adventure, history and patriotism.The trek was organised under the guidance of CMA Mayur Nikam, Chairman, ICMAI Nashik Chapter, and CMA Navnath Gangurde, Vice Chairman, Nashik Chapter. Around 90 students enthusiastically participated in the trek and explored the historic Shivneri Fort, the birthplace of Chhatrapati Shivaji Maharaj. The experience offered students an opportunity to connect with India's rich heritage while enjoying an adventurous and memorable journey.The successful trek created lasting memories for the participants and reflected the Chapter's commitment to holistic development, student engagement and fostering a spirit of unity and patriotism.

PIMPRI CHINCHWAD

Student Felicitation Program CultFest 2K26

On 30th August 2026, Chapter organised the Student Felicitation Program CultFest 2K26 at G. D. Madgulkar Auditorium, to felicitate the students who successfully cleared the CMA Foundation, CMA Intermediate and CMA Final examinations.

The function was graced by several distinguished dignitaries, including Shri D. Anil, Principal Commissioner of Customs, Pune; CMA Chittaranjan Chattopadhyay, President, ICMAI, CMA Brij Mohan Sharma, Past President, ICMAI, CMA Harshad Deshpande, CCM, ICMAI, Shri Niles Sutar, Superintendent, Commissionerate of Customs, Pune, CMA Mahendra Bhombe, Chairman, WIRC of ICMAI, CMA Vivek Bhalerao, Vice Chairman, WIRC of ICMAI,CMA Manisha Agrawal, Secretary & Treasurer, WIRC of ICMAI, CMA Lalit Pimpalgaonkar, General Manager, Tata Motors; and CMA Mukesh Gupta.

CMA Balkrishna Hajare delivered the welcome address and extended a warm welcome to all the dignitaries, students, parents and guests.The program commenced with the ceremonial lighting of the lamp, followed by the felicitation of the dignitaries.The distinguished dignitaries addressed the gathering and congratulated all the successful students on their achievements. They appreciated the students' dedication and encouraged them to pursue excellence in their professional careers and future endeavors.26 CMA Final passed students from the Chapter were felicitated for successfully clearing their examinations. All successful students of CMA Foundation, CMA Intermediate were felicitated by the dignitaries for their outstanding achievement and successful completion of the respective examinations. A special moment of the ceremony was the felicitation of CMA Tanvi Patil, AIR 18, one of the Chapter's rank-holder students, who was felicitated by Shri D. Anil, Principal Commissioner of Customs, Pune and CMA Chittaranjan Chattopadhyay, President of ICMAI. The event was further enriched by cultural performances presented by the students, which added enthusiasm and vibrancy to the celebration. The program concluded with a vote of thanks, expressing gratitude to all the dignitaries, students, parents, faculty members, Chapter officials and everyone who contributed to making the felicitation ceremony a grand and memorable success.



Ahmedabad Chapter



Ahmedabad Chapter



Baroda Chapter



Kalyan Ambernath chapter



Nashik Chapter



Nashik Chapter



Pimpri Chinchwad Chapter



Pimpri Chinchwad Chapter

Glimpses of Felicitation function organised by WIRC on 24th August 2026 at SNDT Women's University, Patkar Hall, Mumbai



CMA Mahendra Bhombe & CMA Vivek Bhalerao felicitating Chief Guest CMA Shilpa Joshi along with All CCM & RCM and WIRC Office Bearers



Chief Guest CMA Shilpa Joshi, along with All CCM & RCM and WIRC Office Bearers during lighting the lamp.



Felicitation of Final Rank Holder



Felicitation of Intermediate Rank Holder

To,

If undelivered please return to:
THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
WESTERN INDIA REGIONAL COUNCIL,
Rohit Chambers, Janmabhoomi Marg, Fort,
Mumbai 400 001

Printed & Published by Gauri Vivek Phadke on behalf of the Western India Regional Council of the Institute of Cost Accountants of India, Printed at Surekha Press, Gala No. A-20, First Floor, Shalimar Industrial Estate, Matunga Labour Camp, Opp. Tata Power Co., Andhra Valley Road, Matunga, Mumbai 400 019. Published at Western India Regional Council of the Institute of Cost Accountants of India, Office No. 32, Rohit Chambers, 4th Floor, Janmabhoomi Marg, Fort, Dist-Mumbai, Pin Code-400 001, Maharashtra. Editor:Gauri Vivek Phadke

Tel.: 7777088443, 9076020355 E-mail: wirc.admin@icmai.in Website:www.icmai-wirc.in.

Disclaimar :

1. WIRC does not take responsibility for returning unsolicited publication material. Unsolicited articles and transparencies are sent in at the owner's risk and the publisher accepts no liability for loss or damage.
2. The views expressed by the authors are personal and do not necessarily represents the views of the WIRC and therefore should not be attributed to it.
3. WIRC is not in any way responsible for the result of any action taken on the basis of the articles and/or advertisements published in the bulletin. The material in this publication may not be reproduced, whether in part or in whole, without the consent of the Editor, WIRC.