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HYDERABAD CIRCUIT

JUNE - 2024

A News Magazine from the Hyderabad Chapter of

The Institute of Cost Accountants of India

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Celebrating a new chapter! CMA Dr. Lavanya Kanduri warmly welcomed as the newly Elected Chairperson

Dignitaries grace the dais at the Annual General Meeting

Interview

CMA Sreenivas P

Vice President - Finance & Accounts

by : CMA Dr. Lavanya Kanduri

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Behind every successful business decisions, there is always a **CMA**

The Chairperson writes to you

Dear Members,

As I pen down my final message as Chairperson, it is with great pleasure and honor that I welcome our new Chairperson, CMA LavanyaKanduri. Her leadership and vision will undoubtedly guide us towards new heights and continued success.

I extend my best wishes to the entire committee. Working alongside such a dedicated and passionate team has been a remarkable experience. This position, for me, has always been about the responsibility it carries rather than the title it holds. Together, we have achieved significant milestones that benefit our members and the community at large.

Within the limited timespan, we have fulfilled our responsibilities. We concentrated more on member services such as CEP hours, their well-being, etc.

Some significant achievements during my tenure were the signing of MOUs with Zorg Diagnostics and Yashoda Hospitals relating to healthcare services for all our members, staff, and the student community. The complete details of the modus operandi and pricing for various packages, along with discounts and coverage for dependents, will be communicated in due course as they are in the final stage of confirmation.

I would like to express my heartfelt gratitude to all our members, as well as the regional and central council members, for their unwavering support and collaboration. Your commitment has been the cornerstone of our successes.

I extend my gratitude to our chief guests, speakers, and guests of honour who graced us with their presence and shared their insights during various events. My sincere thanks also go out to our dedicated staff, whose hard work and dedication have been invaluable.

On the joyous occasion of Telangana State Formation Day, we celebrate the rich cultural heritage, achievements, and unity of the people of Telangana. May this day inspire continued progress, prosperity, and harmony across the state.

Additionally, wishing everyone a blessed Bakrid! May this festival of sacrifice bring peace, joy, and spiritual fulfilment to all. Let us embrace the spirit of giving and sharing, and extend our hands to those in need.

As we commemorate the birthdays of our national heroes, Bankim Chandra Chattopadhyay, and Ram Prasad Bismil, in June, we remember their contributions and draw inspiration from their legacy.

Thank you all for making my journey as Chairperson a fulfilling and memorable one. I look forward to the continued growth and prosperity of our community under the capable leadership of CMA LavanyaKanduri.

Warmest wishes to all!

With warm regards,
CMA Hima Vidya Sanagavarapu
Chairperson, Hyderabad Chapter

From the Edit Room...

Dear Professional Colleague,

"Every sunset is an opportunity to reset. Every sunrise begins with new eyes."— Richie Norton

As I write my final message as the editor of this magazine, I reflect on the journey we have taken together. It has been a privilege to serve in this role and to bring you insightful articles and updates each month. As every moment is a fresh beginning, I am thrilled to announce that, starting from the next edition, I will be addressing you in my new capacity as Chairperson. I am delighted to accept the new beginnings with your continuous support and invaluable blessings. I look forward to continuing to contribute to our community in this new role.

In this edition, we bring you an engaging open talk with Sreeniavs P, Vice President of Finance & Accounts at Shriram Life Insurance Company Ltd., affiliated with the Sanlam Group as a part of our series "Accomplished CMAs – Inspiring Journeys". Additionally, I have penned an article on "The Need for Cost & Management Accounting in Healthcare and Its Role in Providing Affordable Services", highlighting the critical role our profession plays in this vital sector. We are also proud to include an article compiled by CMA J. S. Anand Garu, whose insights continue to inspire us.

I extend my heartfelt thanks to all the contributors of our articles, for their valuable input and to the Editorial Board for their unwavering support. A special thanks goes to CMA J.S. Anand Garu, our mentor, whose guidance has been invaluable.

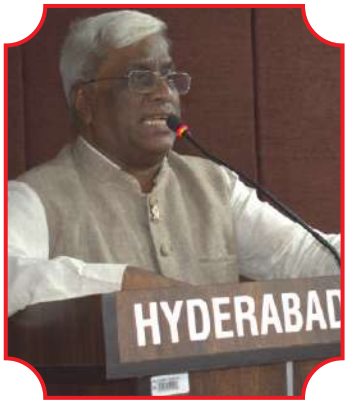
This month, we celebrate Telangana Day joyously,marking a decade of Formation of Telangana State.May the spirit of sacrifice and devotion inspire us to achieve success and happiness in all our endeavour on the occasion of Bakrid. We also remember our national heroes, Bankim Chandra Chattopadhyay and Ram Prasad Bismil, whose birth anniversariesare in June. Their legacies inspire us to strive for excellence and integrity in all our endeavors.

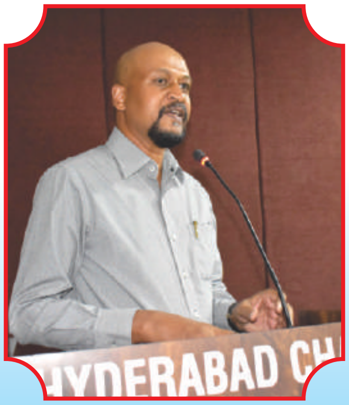
Thank you for your continuous support and engagement. I look forward to embark on this new chapter with you.

Warm Regards,

CMA Dr. Lavanya Kanduri
Chairperson Editorial Board
Vice Chairperson Hyderabad Chapter

AGM 2024 GLIMPSES





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ACTIVITIES SCORE BOARD

Month (2023-24)	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	Year-to-date
No. of Programs	0	0	-	-	-	-	-	-	-	-	-	-	0
CEP Hours	0	0	-	-	-	-	-	-	-	-	-	-	0

Performance Track

19.05.2024 - Last Minute Strategy for Exam Success

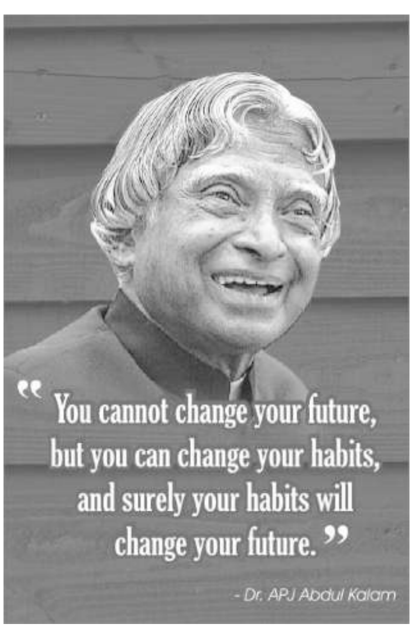
Our Chapter successfully organized a comprehensive program titled "Strategise Your Last Minute Preparation for the Exam" aimed at aiding students in their final exam preparations. The session for Foundation students commenced at 10:00 am, followed by an insightful session for Inter and Final students at 11:30 am, covering essential topics such as memory techniques, flexible strategies, time management for completing papers, and stress management. Held at CMA Bhavan, Himayatnagar, the event featured esteemed speakers CMA Ganesh Narwade and CMA Kirti Agarwal, who provided valuable guidance and effective strategies to help students excel in their examinations.

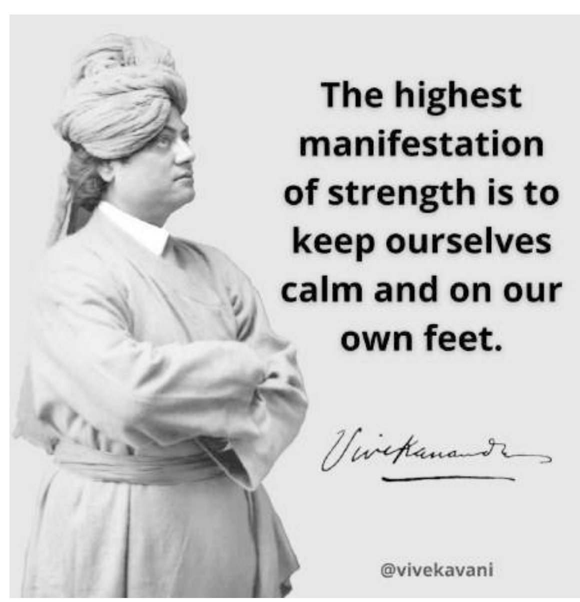
23.05.2024 – Visited Supporting Centres

On 23.05.2024, we visited the offices of our supporting centers and recognized their role in increasing student strength. We met with CMA B. Avinash, Chairman of Avinash College of Commerce, and M. Sateesh, Deputy General Manager of Tapasya Academy, Lakdikapool, Hyderabad.

31.05.2024 – AGM

We conducted the 59th Annual General Meeting of the Institute of Cost Accountants of India, Hyderabad, on Friday, 31st May 2024, at CMA Bhavan, 7-2-5/D/1, Post Office Road, Sanathnagar, Hyderabad - 500 018.





We are pleased to inform you that the following are the New Office Bearers and Managing Committee of the Institute of Cost Accountants of India, Hyderabad Chapter for the year 2024-25.

Name	Designation	Mobile	Email
CMA Dr. Lavanya Kanduri	Chairperson	9391099445	lavanyakanduri@yahoo.co.in
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"EDUCATION IS NOT PREPARATION FOR LIFE; EDUCATION IS LIFE ITSELF."

— John Dewey

ZR Column 2nd Release – 003

CMA CA Dendukuri Zitendra Rao
Cost and Management Accountant in Practice
Mail Id: dzrandco@gmail.com

Okkati (One) : Couple of communications from our Institute are to be taken seriously by our PCMAs. However, there may be certain practical difficulties. In regard to advisory for strict compliance to time lines for submitting the cost audit reports for the current fiscal; there may not be any issues for entities that are concerned about Governance. However, closely held entities PCMAs may find the compliance difficult. Moreover in the context of increased focus of governments at Valuation of Inventories from the Taxation perspective ; it is ideal that the last date for submission of our Cost Audit Report succeeds the last date for filing the Form 3CD in terms of Income tax Laws. The revised CAS2 continue to create some confusion at the definition of Normal capacity. Perhaps the word "whichever is higher" is missing in the publication.

Rendu (Two): In one seminar conducted for MSMEs I heard a term called "Additive Manufacturing" . For a moment I was puzzled but goggled the same and realized that it is the "Industrial Production name for 3D printing, a computer-controlled process". Our CMAs need to get to know more about this term . In the same seminar the representative of T-Hub (of Government of Telangana) was giving an exciting news. Their office is open for walk-ins on two Thursdays of a month so as to enable the visitors to share their IDEAs that may lead to innovative leadership or entrepreneurship . The speaker was also giving a nice definition for "Innovation" and it is "Idea X Commercialization". PCMAs should visit this T-Hub to have first-hand experience and to explore new areas.

Moodu (Three) : We all heard of a Financial Year or of a Calendar Year in the ordinary course of our conversations . For those professionals involved in Sugar Industry it is a known fact that the production season starts from October and normally concludes by the following March. However, the sale activity of such produced and stocked SUGAR keeps going on up till September that follows. It appears that Government frames the export policy of SUGAR keeping this in mind. Thus a new term called "MARKETING YEAR" is of common usage among the stakeholders of SUGAR INDUSTRY.As this is a regulated product u/s 148 of the Companies Act - we need to be conscious of this TERM. In the FY 2024-25 there is a news talking about Government Policy for sugar exports in "2023-24 Marketing Year" that ends by September 24. It is interesting.

Naalugu (Four): Digitization is no longer an OPTION. This is one aspect that we all have to keep in mind in our day-to-day life whether it is personal or professional. Let us play our role to ensure that every Small – Tiny – Micro unit as well has an e-mail ID.

Finally…it is an exciting wait for all of us to welcome the new incumbent government at the helm of our country. **सर्वे भवन्तु सुखिनः॥** (May All be Happy)

~18:78~

Digital Manufacturing and the CFO

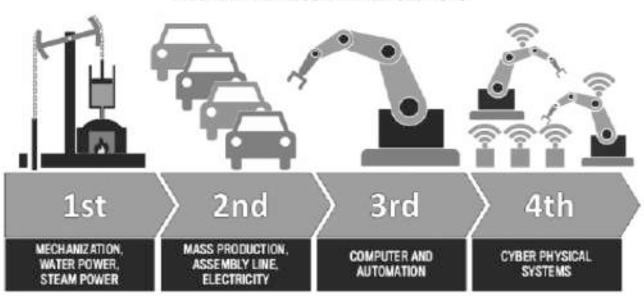
Source: IMA

Compiled by - CMA Anand Satchit Jammalamadaka

While the digital economy and technology are bringing sweeping changes to accounting and finance operations and jobs throughout our entire profession, the leading edge of the digital economy has had the largest effect on manufacturing operations. The CFO function within manufacturing organizations needs to make significant changes to enable companies to meet the challenges of the shift to digital manufacturing, Industry 4.0, smart manufacturing, or any one of the other associated names.

The impact of digital manufacturing is so momentous that it's often described as the Fourth Industrial Revolution (see Figure 1). Large manufacturing organizations are already wrestling with and adapting their finance functions to digital manufacturing. They're connecting finance more directly to digital manufacturing's data-rich environment with cutting-edge data analytics, revising strategic plans and accounting practices to incorporate new approaches to the market, and building new partnerships and finance arrangements with technology and equipment suppliers.

FIGURE 1: THE INDUSTRIAL REVOLUTIONS



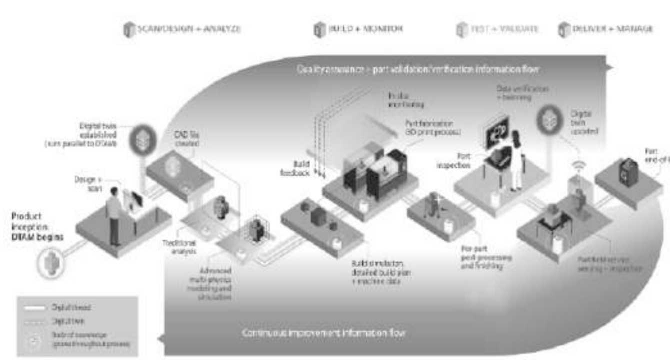
Source: Christoph Roser, AllAboutLean.com

Midsize and smaller manufacturers need to evolve to keep up with the wave of new technology to remain competitive. This involves internal adjustments, such as engaging more closely in strategic business and capital investment planning, preparing for new costing and accounting practices, and critically evaluating performance and compensation metrics. And since manufacturing organizations interface with an extensive supply chain that's rapidly feeling the impact of the digital economy, this also means making improvements to customer and distribution channel data, planning for new forms of customer billing and financing, and improving coordination and integration with suppliers.

WHAT IS DIGITAL MANUFACTURING?

Digital manufacturing encompasses the nature of the manufacturing process, the supporting technology, and the nature of the products themselves. Digitization starts with a product or enhancement idea that is digitized into a design, visualized, simulated, and then optimized for manufacturing. The manufacturing process is physically different—machines and movement are highly automated to replace or augment the human workforce. The ultimate goal is that a batch size of one can achieve the same economy of scale and quality as a batch size of thousands. The physical factory has a digital twin where the humans work to coordinate the product design and product scheduling and to monitor the performance of the physical factory (see Figure 2).

FIGURE 2: THE NEW DIGITAL LANDSCAPE FOR MANUFACTURING



Source: Deloitte Insights, "3D opportunity and the digital thread," bit.ly/2HRXBFZ.

The operations are also highly automated, with extensive uses of Internet of Things (IoT) technology feeding data on product quality, manufacturing equipment performance, forward-looking maintenance, and asset risk information and alerts. Advanced decision-making algorithms and AI often support product design, job scheduling, production monitoring, and maintenance activities.

Products designed for the digital factory frequently are part of the digital design and supply chain. They're often highly integrated, customized, and produced in small batches for a unique, customer-focused experience. This doesn't mean production is slow or small-scale. The digital enterprise also applies to the large-scale enterprises like automotive, aeronautics, defense, food and beverage, and so on. Some products have IoT technology embedded in them to monitor their performance and maintenance needs, communicate with other parts of a system, and communicate with the manufacturing, packaging, and distribution processes.

IMPACT ON THE CFO FUNCTION

The CFO and finance organization within a manufacturer that adopts a digital manufacturing approach face a wide variety of challenges and opportunities. These changes can happen gradually or fairly rapidly, and the key element is to recognize and embrace the change rather than ignore and fight it. CFOs with a business-partner orientation and a high level of understanding and familiarity with manufacturing operations will be more aware and better able to provide support than CFOs who have a narrow focus on traditional accounting and financing responsibilities.

What will change? The short answer is potentially everything, but let's examine six specific areas and some insights that will allow finance organizations to adapt and respond more effectively for their organization:

1. The strategy and business model.
2. Investment justifications and priorities.
3. Financing options.
4. Project management.
5. Using information.
6. Alignment of financial and operational data.

STRATEGY AND BUSINESS MODEL

The manufacturing strategy and business model will change, sometimes dramatically, because of the digital manufacturing process and the new capabilities that can be included in a product.

Let's first consider the product, which is getting smarter thanks to IoT technology and the relatively lower price and greater capability of data and information processing. Manufacturers have always sold or leased products and associated support services. Increasingly, as a result of smart products, manufacturers are selling services and performance levels that are executed by their products; the information collected, processed, and analyzed by sensors within the products; and an installation, repair, or service team.

An example is a manufacturer of automated industrial valves. The sensors on the valves report maintenance condition and failure probabilities that the manufacturer, because of its research and proprietary software, is in the best position to monitor for performance and to respond to any issues. Thus, the manufacturer now provides the valves (and monitoring) to customers as a subscription service rather than a product while guaranteeing a level of performance in the contract.

FAST FACTS

82%
The percentage of enterprises adopting machine learning and AI that have gained a financial return from their investments, according to McKinsey.

122%
The cash-flow change McKinsey predicts that front-runners in adopting AI will achieve as part of their Industry 4.0 initiatives.

16%
One prediction from Capgemini of the amount that large automotive original equipment manufacturers (OEMs) can potentially boost their operating profits by deploying AI at scale across supply-chain operations and production centers.

76%
The percentage of supply-chain companies that have already achieved moderate to significant value from deploying AI, according to a McKinsey survey.

The valve manufacturer's CFO team faces changes to its financial reporting for revenue recognition, reserves for unexecuted service contracts, and inventory. Investment in process improvement still includes reducing manufacturing costs, but it now extends to product quality and data analysis to reduce the costs of providing service. Pricing needs to include much more than cost of goods sold, SG&A (selling, general, and administrative expenses) recovery, and a profit margin. Considerations like the upgrade of valves and data analysis software are necessary to maintain the level of performance in the contract and minimize visits to customers by service teams.

The second major change to the business model is production. One common goal of digital manufacturing is a batch size of one and the virtual elimination of setup time. This will cement the death of the traditional product costing model. Digital manufacturing is almost all overhead plus machine time and material cost. Mass quantities of overhead make the traditional concept of overhead nearly useless and most likely highly distorting in terms of information value if simple standard costing for financial reporting is used.

Cost modeling for both financial reporting (i.e., cost accounting) and internal decision support (i.e., managerial costing) can't use the ideas you learned in your cost accounting class that were focused on inventory valuation, transfer pricing, and regulatory financial reporting. Cost models, particularly for managerial costing and internal decision support, need to reflect the operational model; cost collection must be designed to reflect the consumed resources and processes that result in a product.

These costs should include sales and marketing through research and development (R&D), production, delivery, installation, and ongoing service. A managerial costing model will need to include more than product cost. It should include a mix of managerial objectives such as product, customer, distribution channel, and support factors that need to be understood, modeled, and costed to accurately reflect cause-and-effect relationships and not create the appearance of a causal relationship where one doesn't exist.

Of course, much of that focuses on internal decision support and managerial costing. Accounting rules define what is and isn't included in inventory values and cost of goods sold. The divergence between the internal decision-support information used to manage the company and the accounting information in financial statements will grow. The more complex costing situation associated with digital manufacturing could have a significant impact on management and executive incentives that are traditionally tied to financial statement metrics.

CFOs may want to take a critical and strategic look at the potential behavioral and organizational performance impacts of existing executive incentives as the shift to digital manufacturing progresses. For example, incentives based on traditionally calculated product cost, such as gross margin, will no longer align well with the digital manufacturing process. Sales commissions may need to incorporate subscription services with product sales. Return-on-asset calculations need to be adjusted to incorporate intangible assets such as spending on R&D and training. And depreciation practices on equipment and software need to be adjusted to reflect continuous use and upgrading.

INVESTMENT JUSTIFICATIONS AND PRIORITIES

The leap to digital manufacturing typically isn't a single giant step but a series of steps toward an increasingly capable and competitive state of production. Taking those steps requires a mind-set for investing in new, transformative technology. The CFO and finance staff are typically the key reviewers of a company's business cases for new investments and can do much to facilitate or discourage the initiative.

The three major areas of investment associated with digital manufacturing are:

- Digital manufacturing to improve current production methods,
- Developing and manufacturing new products that incorporate IoT and potentially a range of new services, and
- Information technology, including hardware, software, training, and consulting.

The key issue is to focus on why your organization is making the investment. In most cases, moving to digital manufacturing is a strategic and competitive necessity to ensure long-term survival in the market. In that situation, the return on investment of any specific project isn't the driving factor because failure to develop digital manufacturing capability will lead to the loss of market competitiveness and the end of the business. This choice is most stark for smaller manufacturers with more limited resources and a more limited customer base. Digital manufacturing can be successful for a smaller enterprise, but it's best to plan the transformation carefully.

The critical factors are primarily cultural, involving risk management and organizational learning. Are the investments structured for incremental success or failure? Can the organization tolerate, learn, and recover from a failure? Is the project structured to build on success? Are the criteria that define success clear? Are the risks and rewards clear to all relevant stakeholders? Have the project staff and executive decision makers acquired the knowledge and necessary expertise to manage the project, recover from setbacks, and exploit success?

Perhaps the greatest challenge for many manufacturers moving to digital manufacturing is the greater reliance on IT. Most CFOs have implemented new financial systems and know a good deal about the associated IT challenges. Digital manufacturing means converting the core value-creating operations of the company to a highly integrated and data-rich state. The company will soon have to have the same quality of IT support, reliability, and expertise available as it has in its traditional mechanical and electrical capabilities. CFOs can be strong advocates for developing this capability through training, hiring, and contracting well before it becomes a critical flaw in the plan. This impetus to create a more holistic organizational IT environment can mitigate significant organizational risks, such as IT security, and potentially create strategic competitive advantages.

FINANCING DIGITAL MANUFACTURING

CFOs know a great deal about financing. The slightly novel aspect of moving to digital manufacturing is that the suppliers of digital manufacturing systems and equipment are keenly aware of the financing and implementation challenges associated with innovation. Additionally, they're familiar with the particular challenges and risks small and medium manufacturers face. Many are willing to provide digital capability manufacturing systems and equipment as a service in order to make longer-term sales or leases of their equipment and systems.

Additionally, nearly all suppliers of digital manufacturing equipment and systems can provide extensive information justifying the investment and supporting the business case. Some suppliers even include contractually guaranteed performance and savings from the resulting efficiencies to facilitate the purchase of equipment or systems. The manufacturer is normally required to carefully follow the supplier's consultants' installation and operating guidance and requirements.

CFOs will need to determine how this information and any contract terms apply to their organization and its competitive situation. A tense situation can occur if a vendor presents a compelling business case to senior operational or general management prior to the CFO having the time to study and evaluate the information. The best plan is for CFOs to be engaged with operations as the digital manufacturing exploration begins and study the business cases of various vendors from the start.

This brings into play more analytical challenges for the CFO since service agreements may significantly change traditional profit margins and cash flows. The question becomes: Is such an arrangement less risky than other options? Will the exposure result in greater organizational learning and enhance the speed of the company's transition to digital manufacturing? Perhaps the expensive service arrangement will be offset by savings in training, hiring new expertise, and engaging consulting expertise.

PROJECT MANAGEMENT

Project management is a well-established body of knowledge, but the transition from traditional manufacturing to digital manufacturing will require more than having one well-trained project manager. It's highly probable that many project managers will be focused on IT projects, which is a bit of a specialty in project management. Additionally, during the transition, communication will be important. Senior management, those providing support activities, and the participating and impacted employees will need various degrees of awareness and respect for the principles and language of project management.

Creating a project management governance structure and culture will likely pay dividends in the form of improving the chances of success and reducing the risk of failure, improving responsiveness to project demands, improving visibility and awareness, managing expectations and responding to setbacks, facilitating change management, and setting the stage for follow-up on projects to complete the transition to digital manufacturing. Key components to establishing a project management culture include:

- Project managers with strong communication, leadership, and technical skills,
- Appropriate training and certification of project managers,
- Project teams trained in good project management practices,
- Organizational changes that give clear authority to project managers,
- Timely and substantial recognition for project successes, and
- A powerful executive champion to initiate and establish the project management culture.

USING INFORMATION

Finance and accounting's participation in a digital manufacturing initiative shouldn't end with implementation and operations. Particularly for early projects, it's critical to participate in the evaluation of the project's current and potential future impact on the organization. The evaluation needs to focus on continuous improvement: What worked? What didn't? What can be fixed? What needs to be done differently for the next project? What's the impact on our people? What do they need to improve? What's the value created for customers? Is it being promoted? How should the value affect pricing? Are there any changes to our business model to consider? What are the downstream savings or revenue opportunities?

The critical point for finance and accounting is that the story isn't in the numbers—it's in the operations, product, and customer impacts. Digital manufacturing creates a data-rich environment that's disruptive and will drive new insights and decisions that businesses weren't even aware they could make. Clearly, the technical landscape of R&D and operations will change, and finance will need to change as well in order to support these functions with costing and other information for internal decision making.

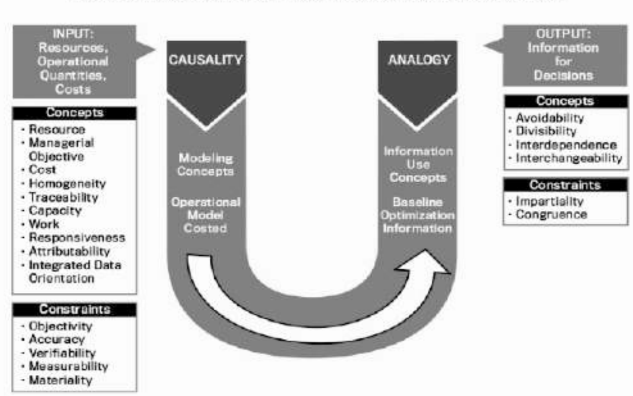
To take advantage of this new data-rich environment, finance may need to hire or develop in-house staff with data science and visualization skill sets. And to be part of developing strategies and driving changes to the business model due to digital manufacturing and products, finance needs to be closer than ever to operations and to customers. The goal is to shape investments, operations, and selling strategies that achieve the long-term business and financial results the company targets.

ALIGNING OPERATIONS AND FINANCIAL DATA

The operational information systems inherent in most digital manufacturing systems have gone beyond real-time data and are well into predictive and prescriptive monitoring of production equipment, process flow, and product quality. Thus, these systems have the potential to examine data continuously, identify trends, and create alerts so that corrective action can be scheduled before a problem appears. Finance and financial information must rise to the challenge of increased speed and complexity of decision making and decision support driven by digital manufacturing.

Outdated information and methods can't be allowed to get in the way. This is important because financial accounting conventions for product cost can severely distort decision making in a manufacturing environment with low direct costs and high overhead and SG&A. In the digital manufacturing environment, direct product cost is an increasingly smaller element of any economic decision. Costs typically assigned to overhead and SG&A will have an increasingly stronger effect on profitability and performance.

FIGURE 3: IMA'S CONCEPTUAL FRAMEWORK FOR MANAGERIAL COSTING



Causally modeling the value chain from customer contact and relationship management through order placement, design, production, delivery, service, and customer feedback becomes critical to understanding the business. No cost model will be effective with distorting general or semicausal allocations. Internal decision-support information needs to be based on an operational model, with costs designed and collected to reflect all resources and operations in the value chain. Only in this way can the flexibility in design, manufacture, and customer needs be projected in a digital manufacturing business and production environment designed for a batch size of one.

IMA's Conceptual Framework for Managerial Costing (CFMC) (see Figure 3) provides a good reference for how to think about costing purely for internal decision support. Its focus is creating an operational model that is costed based on the principles of causality for modeling and analogy for information use. Monetary data that's designed and collected from the start to reflect operating resources and processes will be significantly more useful for decision making than trying to reconnect monetary information from the general ledger to the operational data from which it was stripped during the accounting process.

The CFMC is ideally suited to the decision needs of digital manufacturing because it models the causal reality of resource and process characteristics first with operational quantities and then with money. It isn't constrained by financial accounting standards and conventions. This allows the real-time, data-rich environment of digital manufacturing to be represented financially in a timely, highly usable manner that will approach being a real-time cost simulation.

The bottom line is that when your organization has a real-time view of the design, production, delivery, and service part of the business, it should have a matching financial view. This extends to marketing and sales, both operationally and financially. Projections need to be established based on internal data as well as market data and trends. These projections need to be analyzed continuously against actual results. The potential internal and external causal factors need to be collected, hypothesized, and researched.

The financial impact on both revenue and expenses must be analyzed and presented. Corrective strategy options need to be devised, and decisions must be made. This requires financial data and analytics that go well beyond systems designed and oriented toward financial accounting and reporting. It requires causal decision support that's oriented to integrated data encompassing all a company's data as well as market data.

INDUSTRY 4.0

Manufacturing is well on its way to being digital and smart, and it's important to recognize the changes aren't confined to the production floor. It requires a leap in agility and responsiveness that encompasses not only production but also customer needs and satisfaction and the nature of both products and manufacturing work. The CFO and finance function need to recognize the nature of the change and adapt their perspective and skills. Otherwise, they'll risk being perceived as merely low-value reporters of historical financial results rather than as contributors and partners to operations and the business.

Ideally, an organization's integration of digital manufacturing will be methodical and well planned, but this carries its own dangers for finance. Initially, traditional practices supplemented with some enhanced financial planning and analysis will be enough to keep up. But finance needs to look beyond the horizon and start to plan for a radically different digital future. This future requires an evolution from traditional, historically oriented financial reporting and accounting to becoming full business and strategic partners in creating and implementing operational changes, developing the data analytics and systems capability to achieve real-time managerial costing and other business analytics, and finding the flexibility and means to adapt the manufacturing business model and management capability to a digital Industry 4.0 world.

The Need for Cost & Management Accounting in Healthcare and Its Role in Providing Affordable Services

CMA Dr. Lavanya Kanduri

The healthcare sector is one of the most critical and complex industries, where delivering high-quality care at affordable prices is a constant challenge. Cost and management accounting (CMA) plays a pivotal role in achieving this balance by providing detailed insights into the financial operations of healthcare organizations.

Understanding Cost & Management Accounting in Healthcare

Cost and management accounting involves the collection, analysis, and reporting of financial information related to the costs of acquiring and using resources within an organization. In healthcare, this means tracking costs associated with medical services, equipment, facilities, and human resources to ensure efficient resource utilization and financial sustainability.

Benefits of Cost & Management Accounting in Healthcare

Cost Control and Reduction: By meticulously tracking and analyzing costs, healthcare providers can identify areas where expenses can be reduced without compromising the quality of care. This could involve negotiating better rates with suppliers, optimizing the use of medical supplies, or reducing waste.

Budgeting and Financial Planning: CMA helps healthcare organizations develop accurate budgets and financial plans. This is crucial for managing the allocation of funds across various departments and ensuring that resources are available for critical services.

Pricing Strategies: Understanding the true cost of services allows healthcare providers to set prices that are both competitive and sufficient to cover expenses. This balance is essential for maintaining affordability for patients while ensuring the financial viability of the healthcare provider.

Performance Measurement: CMA provides tools for measuring the financial performance of different departments and services. This helps in identifying high-performing areas and those that require improvement, facilitating better management decisions.

Regulatory Compliance: Healthcare organizations must comply with numerous regulations related to financial reporting and patient care. Cost and management accounting ensures that these organizations can produce accurate and compliant financial statements, reducing the risk of penalties and legal issues.

Role in Providing Affordable Healthcare

Implementing effective cost and management accounting practices can lead to significant improvements in the affordability of healthcare services:

Enhanced Resource Utilization: By identifying inefficiencies and areas of over-expenditure, healthcare providers can optimize resource use, leading to cost savings that can be passed on to patients.

Transparent Financial Operations: CMA fosters transparency in financial operations, helping patients and stakeholders understand how funds are being utilized. This transparency can build trust and support efforts to secure funding and investments.

Informed Decision-Making: Accurate financial data supports informed decision-making by healthcare managers and policymakers. This can result in better resource allocation, improved patient outcomes, and more effective use of limited healthcare budgets.

Sustainable Operations: By ensuring that healthcare organizations operate within their financial means, CMA contributes to the long-term sustainability of healthcare services, ensuring that affordable care remains available to the community.

In conclusion, cost and management accounting is indispensable in the healthcare sector. It not only helps in controlling and reducing costs but also supports strategic decision-making, regulatory compliance, and sustainable operations. By adopting robust CMA practices, healthcare providers can enhance their efficiency, provide high-quality care, and ensure that services remain affordable for all patients.

CONGRATULATIONS

Our Heartiest congratulations to CMA Anil Kavadiya who won the ETCFO award-2024 in the category of "Leadership in Sustainability", during the award ceremony held in Mumbai. ETCFO hosted 'The Economic Times CFO Awards 2024' felicitation ceremony to acknowledge the hard work and vision of the CFOs towards the growth of the businesses.

Previous year Mr. Kavadiya received the Best CFO in Energy Sector 2023, Vibrant Bharat CFO Summit, hosted by ASSOCHAM, CFO OF THE Year 12th Vision and Innovation Summit & Awards 2023 hosted by Transformance and CFO Award in Risk Management hosted by CFO India, during his association with Gati Infrastructure.

Mr. Kavadiya is a member of ICAI, ICMAI & ICSI with over 29 years of experience in fundraising (Domestic & Overseas), Merger & Acquisition, Strategic Planning, Promoter Funding, Private Equity, Structured Funding, Legal & Commercial, Budgetary Controls, etc. He has also played a key role in Strategic Business, Financial Planning, Corporate Restructuring, and turnaround of the company.

He is currently associated as Group CFO of Baldota Group, MSPL Limited which is a flagship company, a leading Mining & Steel conglomerate engaged in diversified businesses like Mining, Steel, Renewable, Shipping, Aviation and Industrial Gases. Before Baldota Group, he was associated with Gati Group, JSW, Welspun & Shapoorji & Pallonji Group. He had worked out of India for 5 years and returned to India so that he could contribute towards the growth of India.

We wish CMA Anil Kavadiya the very best in his future endeavors.

COMPLIANCE CALENDAR

June – 2024

source: EZtax.in

7	TDS Payment for May 2024
10	Professional Tax (PT) on Salaries for May 2024
	Professional Tax Due Date Varies from State to State. Kindly Contact eztax.in for Expert help. ^
11	GSTR 1 (Monthly) for May 2024
13	GSTR 1 IFF (Optional) (May 2024) for QRMP
15	Advance tax Payment for April to June 2024 (1st Installment)
15	Provident Fund (PF) & ESI Returns Payment for May 2024
15	Issuance of TDS Certificates Form 16/16A for Jan to March 2024
20	GSTR 3B for May 2024(Monthly)
25	GST Challan Payment if no sufficient ITC for May 2024(for all Quarterly Filers)
30	Form DPT 3 for FY 2023-24 for Companies
30	TDS Payment in Form 26QB (Property), 26QC (Rent), 26QD (Contractor Payments), 26QE (Crypto Assets) for May 2024
30	IEC Code Renewal

Interview

CMA Sreenivas P
Vice President - Finance & Accounts

by : **CMA Dr. Lavanya Kanduri**

Welcome to an insightful exploration of a seasoned professional with over 25 years of extensive experience in Finance, Accounts, Banking, and Business transformation. Our subject's career journey spans across diverse roles and regions, encompassing both conventional and Islamic Banking sectors. Currently serving as Vice President - Finance & Accounts at Shriram Life Insurance Company Ltd, affiliated with the Sanlam Group, their impressive career includes pivotal roles at prestigious institutions like First Abu Dhabi Bank, Infosys, Temenos, ICICI Bank, and Shriram Investments Ltd. With a robust educational foundation, numerous certifications, and a proven track record in program management and core banking product implementations, this profile is a testament to a dynamic and impactful career in the financial industry.

I, CMA Lavanya Kanduri, Vice Chairperson of the Hyderabad Chapter of Cost Accountants (HCCA), and am delighted to take this opportunity to ask CMA Sreenivas a few questions. This will not only help our readers understand his extensive role and achievements in the Finance and Banking sectors but also provide valuable insights into his journey, expertise, and the strategic thinking that has guided his successful career. Let's delve into his experiences and gain a deeper understanding of the dynamic world of finance through his perspective.

Questions

1. What motivated you to pursue a career in Finance and Banking and how has CMA supported you onto your career path?

a. Many of my family members are from Banking / business domain and understood that there is lot of scope across countries from my child hood in this fields. Having clarity about the growth prospects, focused more on this domain . Based on advise of my seniors in higher secondary school ,0pted for CMA along with graduation and completed at very young age (21 years). Secured Gold Medal from university for my graduation

b. CMA is highly recognized in finance and accountingindustry , known for its rigorous training and focus on management accounting skills . Professionals who obtain CMA designation often find it enhances their career prospects and credibility in the field.

2. Can you describe your current role and responsibilities at Shriram Life Insurance?

a. Currently working as Vice President – F&A and heading F&A department .As a Head of department of F&A , I am responsible for leading the F&A function at SLIC by setting up strong systems, processes and internal controls for all accounting and financial operations. Responsibilities of the role includes Financial Accounting & Consolidation, Direct & Indirect Taxation, Fund Management, HO Payables (salary & incentives, channel expenses, employee reimbursements, branch utilities & rent etc.) & Fixed Asset Management. The role holder must ensure adherence to accounting standards & principles and defined SLIC SOPs, policies and financial controls.

3. How has your experience at First Abu Dhabi Bank shaped your approach to business transformation?

a. Having been a professional and exposure to multiple Banks across different countries, helped me to get an opportunity to work with FAB , leading Banking in UAE . Business Transformation involves the process of fundamentally changing how a company operates in order to achieve significant improvements in performance, efficiency and competitiveness.

4. What were the most significant challenges you faced while implementing core banking products at Infosys?

a. Significant challenge faced while implementing core banking products at Infosys is the complexity and scale of projects. Core Banking systems are back bone of financial institutions managing essential functions like transactions, accounts and customer data (with in regulatory framework). This requires robust project management , collaboration across teams and leveraging functional knowledge & technology efficiently

5. How do you integrate conventional and Islamic banking practices in your work?

a. CMA professional qualification laid foundation to understand every concept in detail and get view of end-to-end process (value chain visibility).

Incremental changes from conventional to Islamic and vice versa are understood well and supported in integrating banking practices at work .Always adhered to ethical and regulatory standards while promoting financial inclusion.

6. Can you elaborate on your role as a Credit Manager for Mortgages at ICICI Bank?

a. As a Credit Manager for Mortgages, my role involves assessing the credit worthiness of individuals or businesses applying for mortgage loans. This includes Credit Analysis, Risk Assessment, LoanApproval, Documentation Customer Interaction, compliance,collaboration, and Risk Management.

b. This role is crucial in ensuring prudent lending practices , maintaining asset quality and contributing to the banks profitability and growth in the mortgage lending segment

7. What key skills did you develop during your tenure as a Principal Consultant at Infosys?

a. As a principal Consultant at Infosys, developed deep domain expertise in Banking and Finance. This enhanced credibility as a consultant and allowed me to provide valuable insights and solutions to clients

8. How did your experience at Temenos differ from your role at SATYAM Computer Services?

a. While area of work is same in both Temenos and Satyam, got lot of International Banking exposure in my association with Temenos. Temenos has a significantglobal presence with core banking installations across various regions worldwide

9. What are the major differences you observed between working in corporate accounts and core banking?

a. Core Banking refers to central banking functions and systems that are essential for a bank's daily operations covering Retail Banking, Wholesale Banking, Treasury, Corporate Banking and Payments. Corporate Accounts is one of the module with in core banking framework

10. How did your educational background in accounting and finance prepare you for your career?

a. CMA educational background equips individuals with the knowledge , skills , and ethical framework necessary to excel in accounting and finance careers

11. Can you discuss a successful project you managed at Shriram Life Insurance and its impact?

a. Having experience with both Accounting and Program Management, successfully implemented various transformation initiatives with in F&A unit. This includes integration of all transaction processing systems, SAP Implementation and various process improvements. All initiatives helped organization in improving controls,withholding the growth with no additional man power and cost. Brought lot of agility within department and developed robust reporting framework.

12. What strategies do you employ for effective program management?

a. Combined strategic planning, clear communication, proactive risk managements and stake holder's engagement for effective program management.

b. Established a robust Governance structure with clear roles , responsibilities and decision making process to ensure accountability , transparency and aligned with organizational objectives

13. How do you ensure your team stays motivated and productive under your leadership?

a. Strategies that I implemented includes clear vision and goals, Empowerment and Trust , Recognition and Appreciation , Open communication , Professional Development , Work Life Balance , challenging and meaningful work and lead by example. By implementing these strategies , I create a positive and motivating work environment where team members feel valued , empowered ad inspired to perform at their best , ultimately leading to greater productivity and success for the team and the organization as a whole

14. Can you describe your approach to requirements analysis and solution architecture?

a. My approach to requirement analysis and solution architecture involves a systematic and collaborative process aimed at understanding the needs of stakeholders , defining clear objectives , and designing effective solutions that address those needs

15. How do you stay updated with the latest trends and developments in the financial industry?

a. To stay updated with the latest trends and development in the financial industry , I employ a combination of proactive strategies and resources

i. Industry Publications and journals
ii. Professional Association and Organizations (III , PMP , CMA etc)
iii. Continuing Education and certifications (Cleared Associate from Insurance Institute of India, PMP from PMI etc.)
iv. Online Resources and Newsletters
v. Conference and Seminars
vi. Networking and Peer Discussions
vii. Internal Training and Development Programs (EDGE program launched by SLIC)

16. What role does user acceptance testing play in the software development life cycle, according to your experience?

a. User Acceptance Testing (UAT) plays a critical role in software development life cycle (SDLC) as it serves as the final validation step before deploying a software product or system to production. This includes validation of requirements, Identification of defects and Issues, quality assurance, Risk Mitigation, User training and adoption, Final confirmation of readiness, user satisfaction and engagement. UAT ultimately contributes to success of the software project.

17. Can you share an example of how you applied your Agile Hybrid Project Pro certification in a real-world scenario?

a. We used this approach for building online banking platform. The project involves multiple teams, including developers, testers, designers and business analysts, and stakeholders have diverse requirements and expectations. While embracing Agile principles , we recognized the need for flexibility and adaptability in addressing changing requirements and priorities

18. What is the importance of having a Certified Islamic Finance Executive (CIFE) certification in your career?

a. CIFE certification demonstrates our expertise and understanding of Islamic finance principles, concepts and practices. It provided me with a comprehensive understanding of Shariah-compliant financial products, transactions and structures. This certification equips us with the knowledge and skills to work in various international markets where Islamic Finance is prevalent.

19. How has your PMP certification contributed to your professional growth and project management capabilities?

a. The PMP certification promotes a standardized approach to project management,ensuring consistency and alignment with global standards and methodologies. Holding a PMP certification can open up new career opportunities and pathways in project management.

b. Overall, the PMP certification significantly contributes to professional growth and project management capabilities by providing individuals with the knowledge, skills and recognition needed to excel in the field of project management and deliver successful project outcomes.

20. What advice would you give to young professionals aspiring to build a career in finance and banking?

a. For young professional aspiring to build a career in finance and banking , here are some valuable pieces of advice

i. Invest in your education and acquire relevant academic qualifications
ii. Practical knowledge - Seek internships, co-op placements or entry level positions in financial institutions
iii. Develop strong analytical , quantitative and technical skills relevant to the finance and banking industry (financial software tools commonly used in the field)
iv. Network with professionals in finance and banking industry
v. Stay updated with the latest trends , developments and news in finance and banking industry
vi. Develop soft skills such as communication , teamwork , problem –solving and adaptability
vii. Demonstrate professionalism , integrity and ethical behaviour

21. Could you please share any suggestions or recommendations for our students and members

a. Building a successful career in finance and banking takes time, effort and dedication. Be patient and persistent in pursuing your goals and don't be discouraged by setbacks or obstacles along the way. Stay focussed on your long term vision and continue to invest in your professional development and growth

Engaging discussions on student strength and collaboration during our visit to Avinash College of Commerce on 23.05.2024. Pictured: CMA B. Avinash with our team.

We visited Tapasya Academy and recognized their vital role in student development. In the photo: M. Sateesh, Deputy General Manager, with our representatives at the Lakdikapool, Hyderabad office

Our Chapter organized an impactful program titled 'Strategise Your Last Minute Preparation for the Exam,' providing essential guidance to help students excel in their final exam preparations."

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