VIA
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ENTERPRISE

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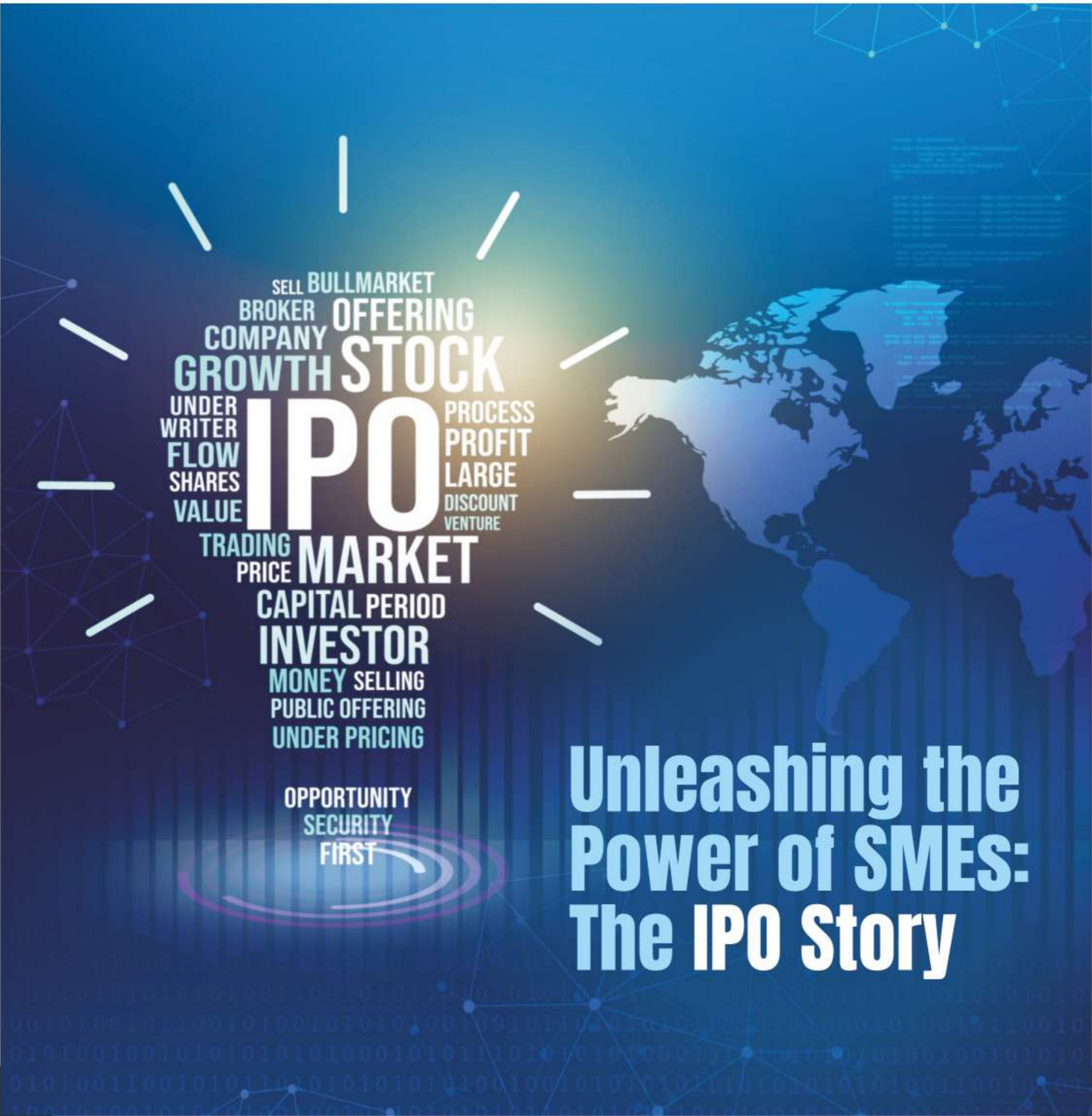

Unleashing the Power of SMEs: The IPO Story

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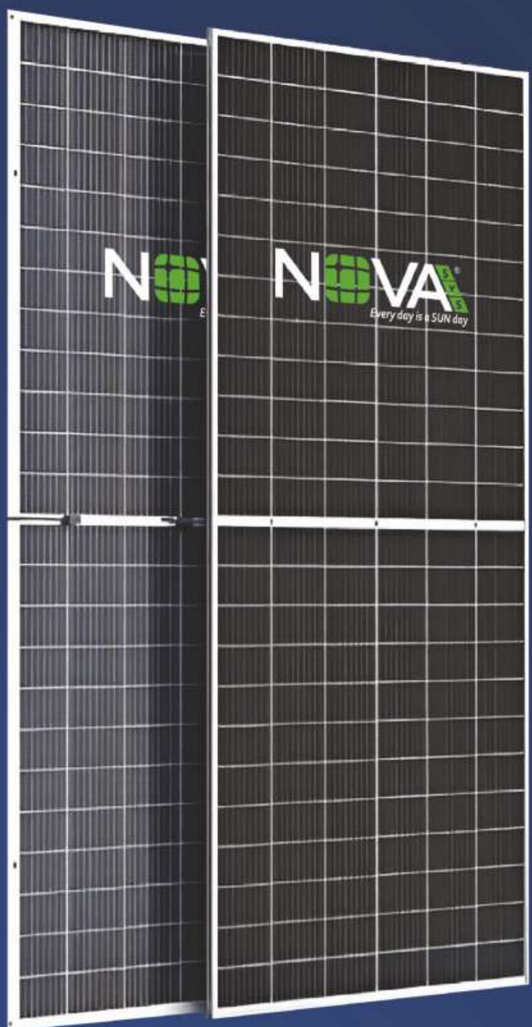

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VISION

To promote Vidarbha as a preferred investment destination and create conducive environment for socio-economic growth through industry and services

MISSION

To act as a catalyst between various stakeholders and authorities.

To create harmonious environment for accelerated industrial growth.

To provide a united platform for policy advocacy at all levels.

To create, nurture and develop entrepreneurship and business leadership

To enhance managerial and technical competency for excellence

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PRESIDENT'S MESSAGE

Dear Readers,

To begin with, I would like to extend my warmest congratulations to Finance Minister Nirmala Sitharaman for presenting a budget that is poised to boost consumption, drive economic growth, and empower entrepreneurs. The budget's focus on strengthening the backbone of our economy - the MSME sector - is indeed commendable. The slew of initiatives announced to support small businesses, startups, and entrepreneurship will undoubtedly have a positive impact on job creation, innovation, and overall economic growth.

The budget's emphasis on simplifying regulatory frameworks, reducing compliance burdens, and increasing access to credit will also go a long way in supporting the growth aspirations of SMEs. Furthermore, the government's commitment to investing in infrastructure development, digitalization, and skill development will create a conducive ecosystem for SMEs to thrive.

As we celebrate the spirit of entrepreneurship and innovation in SMEs, our cover story this month focuses on the transformative power of IPOs for Small and Medium Enterprises. The IPO route has emerged as a game-changer for SMEs, enabling them to raise capital, increase visibility, and gain credibility. By listing on a stock exchange, SMEs can access a broader investor base, both domestic and international, and tap into new markets and opportunities.

Our cover story, "Unleashing the Power of SME: The IPO Story," delves into the world of SME IPOs, exploring the benefits, challenges, and opportunities that come with listing. We examine how IPOs can help SMEs:

- Invest in research and development
- Expand their operations
- Create new jobs- Enhance their brand reputation
- Increase their visibility

We also discuss the challenges that SMEs may face when navigating the IPO process, including:

- Regulatory compliance
- Investor expectations
- Increased scrutiny
- Managing public perception

However, as our cover story reveals, the opportunities offered by IPOs far outweigh the costs. By embracing IPOs, SMEs can unlock their full potential, drive growth, and create value for stakeholders. Whether you're an SME owner, investor, or simply interested in the world of finance, this story is a must-read.

Best Regards,
Vishal Agrawal
VIA President

SECRETARY'S MESSAGE

Dear Members,

I would like to start by congratulating our Finance Minister, Nirmala Sitharaman, for presenting a fantastic Union Budget 2025. The budget's focus on growth, development, and empowerment of various sectors is indeed commendable.

As we begin the new year, VIA has been actively engaged in various initiatives to support the growth and development of industries in the region. Here's a brief recap of our activities in January 2025:

On January 9, 2025, our Agro Rural Development & Food Processing Forum organized a seminar on "Export potential of Agro Commodities from Vidarbha." The workshop aimed to provide insights into global markets, helping budding exporters address challenges and leverage opportunities.

On January 13, 2025, our Economy & Finance Forum, in collaboration with BSE, MentorMyBoard, and Choice Capital Advisors, organized a seminar on "Unlocking the Potential of SME IPO and Governance." The conference provided valuable insights into preparing businesses for IPOs and unlocking growth opportunities.

On January 16, 2025, we collaborated with MEDA, Bureau of Energy Efficiency (BEE), German Development Cooperation (GIZ), MEDA MSME Cell, and APS International to organize a one-day training program on "ISO 50001 Energy Management System Implementation." The training program aimed to equip industries with essential knowledge and skills to adopt effective energy management practices.

On January 18, 2025, our Agri Input Manufacturing Industries Forum meeting was held to discuss the Bio-Diversity Act. The meeting was attended by Dr. Suhas Buddhe, Mr. Rajiv Choudhary, and farmers from Vidarbha.Also,

on January 18, 2025, our VIALEW Session on Stress Management & Productivity Boosting Strategies was held. The session aimed to empower participants by addressing stress triggers, relaxation techniques, time management, healthy habits, and productivity strategies.

Lastly, on February 1, 2025, we organized Budget Reactions by Industrialists & Professionals, where experts shared their insights on the Union Budget 2025.

We are also excited to announce the launch of our WhatsApp Business Application (WABA) service, enabling us to better connect with our members. Additionally, our mobile app has been updated with a more user-friendly interface.

We invite you to explore our new app and take advantage of the various features and benefits it offers. Your feedback and suggestions are always welcome.

I would like to thank all our members, speakers, and partners for their active participation and support in our initiatives. We look forward to continuing our efforts to promote industrial growth and development in the region.

Best regards,
Prashant Mohota
Hon. Secretary, VIA

EDITOR'S MESSAGE

Dear Readers,

February 2025 issue of Enterprise Magazine, packed with insightful articles and expert opinions on the world of business and finance.

Our cover story this month focuses on the transformative power of IPOs, with articles from industry experts such as Mr. Vimal Kishor Parwal, Associate Director; Divya Momaya, Founder of MentorMyBoard; and CA Ayush Parakh, Director of Kreo Capital Pvt. Ltd. They share their expertise on why IPOs are a big deal, harnessing IPO potential, and the role of SME IPOs in fuelling growth.

In addition to our cover story, this issue features guest articles from renowned experts, including CA Dr. Tejinder Singh Rawal, who writes about navigating India's economic crossroads; Col Ravi Nair (Retd), who shares his insights on adaptive leadership in challenging business times.

We also have articles on employee satisfaction and organizational performance by Dr. Suresh Pandilwar, Co-Chairman of HRD Forum; tax implications of home extensions by CA Naresh Jakhotia, Vice President of VIA; and management matters by Dr. Smita Singh (Dabholkar), Management Consultant and Associate Professor at IMT Nagpur.

I hope you enjoy reading this issue of Enterprise Magazine. As always, we welcome your feedback and suggestions.

Best regards,
Aditya Saraf
Editor

Why Are IPOs a Big Deal? CHOICE

MR. VIMAL KISHOR PARWAL
Associate Director
Choice Capital Advisory Pvt. Ltd.

"An Initial Public Offering (IPO) represents a pivotal strategic milestone for private companies, offering a gateway to accelerated growth and enhanced market positioning. By going public, companies unlock access to substantial capital pools, enabling ambitious expansion plans, R&D investments, or debt restructuring while avoiding reliance on private funding. Beyond financing, an IPO elevates a company's profile, amplifying brand visibility and credibility among customers, partners, and stakeholders. Public listing also creates liquidity for early investors and employees, aligning long-term incentives with shareholder value. The prestige of a stock exchange listing can attract institutional investors and facilitate strategic acquisitions using publicly traded shares as currency."

1. "What's My Business Really Worth? Let the Market Decide!"

Private valuations are like appraising a diamond in the dark. An IPO throws the spotlight on your true worth. Public markets evaluate your company based on real-time performance, growth potential, and investor confidence. A soaring market cap isn't just a number—it's a badge of credibility that opens doors to bigger deals, smarter investors, and game-changing collaborations.

2. ESOPs: Turn Employees into Rockstar Stakeholders

Want your team to hustle like founders? Offer ESOPs with publicly traded shares. Employees don't just earn salaries—they own a piece of the success. When your stock rises, so does their loyalty. Plus, liquid shares mean they can cash-in rewards, turning your workplace into a talent magnet.

3. "Think Bigger. Grow Bigger."

Whether it's doubling production, breaking into new markets, or acquiring competitors, IPO funds can be the ultimate growth catalyst. They attract lenders, excite investors, and turn ambitious goals into unstoppable momentum. With the right strategy, growth isn't just a possibility—it's inevitable."

4. The Ripple Effect: Why Suppliers, Customers & Partners Win Too Going public isn't just about you. Suppliers trust you more, offering better credit terms. Customers see you as stable and reliable. Partners

vie for collaborations. It's a win-win ecosystem where everyone rides the wave of your success

5. Myth Buster: "Corporate Governance is a Nightmare!"

Let's debunk this! Yes, compliance matters—but it's not a trap. With the right advisors, governance becomes a superpower. Transparent processes reduce risk, attract investors, and make your business Trustworthy. Think of it as upgrading from a bicycle to a self-driving car.

6. From Invisible to Iconic: Branding on Steroids

An IPO isn't just a financial milestone—it's a marketing . Media buzz, analyst coverage, and that coveted "listed company" tag make you stand out in a crowded market. Suddenly, customers trust you, rivals respect

you,

7. Employee Retention & Enhanced Professionalism

An IPO can catalyze a cultural shift toward greater

professionalism by aligning employee incentives with longterm success. Equity-based compensation, such as stock options ties employee rewards to the company's market performance, fostering loyalty and reducing employee turnover. Public listing also necessitates robust corporate governance—including transparent reporting, structured leadership hierarchies, and compliance frameworks-which elevates management standards. This institutional rigor attracts top-tier talent while instilling accountability and meritocracy across teams.

8. Interest-Free Capital for Strategic Growth

IPO funds act as interest-free capital—unlike loans, there's no debt burden or repayment pressure. Companies can channel this liquidity directly into predefined objectives: building factories, launching R&D projects, entering new geographies, or acquiring competitors. Shareholders hold the company accountable for deploying funds as disclosed in the IPO offer documents, ensuring transparency and disciplined, growth-focused spending.

"The Final Word: Your IPO isn't an Endgame—It's a Launchpad MSMEs are the unsung heroes of economies. But heroes deserve to shine. An IPO transforms limitations into opportunities, whispers into roars, and local businesses into industry legends." "Ready to step into the spotlight? The public markets aren't just for giants-they're for visionaries bold

enough to think bigger."

Choice is your ultimate choice.

"Your rocket is waiting. Dare to launch. Dare to grow."

Mob: 9370996755

Vimal.parwal@choiceindia.com

> "An IPO is not just about raising capital, it's about building credibility and trust with the public."
> - Mary Meeker, Venture Capitalist

Harnessing IPO Potential: Empowering Businesses Through Strategic Governance

DIVYA MOMAYA
Founder-
Mentor MyBoard

Introduction:

In today's fast-paced global economy, Initial Public Offerings (IPOs) represent a pivotal growth avenue for private companies aiming to expand their reach and enhance their capital base. With over 70 million MSMEs registered with the Ministry of MSME in India, only about 1,000 have tapped into the SME platforms across major exchanges along with a fraction of the 8,000 businesses listed across India's business universe making this Exclusive Listed Universe lucrative for investments and growth opportunities. This article explores the dynamics of IPOs, emphasizing the crucial role of corporate governance and its profound impact on market capitalization, and addressing common hesitations businesses face regarding public listings.

Understanding IPOs:

An IPO marks a significant transformation where a private company offers its shares to the public for the first time. This transition not only enhances the company's capital structure but also subjects it to rigorous scrutiny from public investors and regulatory bodies.

The Need for IPOs and Underlying Hesitations:

Primarily, companies pursue IPOs to raise essential capital for expansion, innovation, and debt reduction. However, many hesitate due to concerns over intense transparency, compliance demands, and potential loss of control associated with public listings. These challenges often overshadow the strategic benefits, deterring companies from progressing toward IPOs. By engaging with this article, businesses will see these hesitations transform into aspirations, understanding how structured guidance, such as that provided by MentorMyBoard, can turn perceived burdens into substantial growth opportunities.

Criteria for IPOs on Main Board and SME Platforms:

The eligibility to launch an IPO varies by exchange. Main board requirements typically include several years of consistent profits, significant net tangible assets, and a robust pre-issue paid-up capital. In contrast, SME platforms offer more accessible criteria, facilitating the entry of smaller companies with potentially reduced operational profit history and capital.

Corporate Governance as the Foundation of Market Capitalization:

Corporate governance-the strategic framework for directing and controlling a company-is critical in navigating the IPO process and thriving in the public market. Effective governance fosters accountability and transparency, which are essential for building investor trust and securing a positive market response.

1. Building Investor Confidence: Strong governance practices diminish investment risk and align management with shareholder interests, enhancing IPO valuations.

2. Sustainability and Risk Management: Robust governance structures enable companies to manage risks and adhere to regulations, boosting long-term viability and investor appeal.

3. Impact on Market Capitalization: Companies with high governance standards often enjoy greater market capitalizations due to increased investor demand for their shares. Research supports this correlation, showing that companies committed to transparency and ethical practices achieve higher market valuations and outperform on governance indices.

Expanding on the Role of Corporate Governance in IPOs:

Effective corporate governance goes beyond mere compliance; it involves creating a culture of ethical behavior and decision-making that aligns with the long-term objectives of the company. The process of preparing for an IPO offers an opportunity to reevaluate and strengthen this governance framework. It is not just about satisfying the minimum listing criteria but about building a robust governance system that can sustain growth and operational integrity in the long run.

SME-IPO Success Stories:

- **McconRasayan:** With the aid of MentorMyBoard, MconRasayan refined its governance structures, leading to a successful IPO. The strategic integration of three independent directors and a robust ecosystem that facilitated investor connections underpinned a dynamic market debut and a robust market capitalization.Through MentorMyBoard's ecosystem, MconRasayan was equipped with the tools and insights necessary for a successful transition from a private entity to a publicly-traded company, demonstrating the transformative impact of strategic governance and expert collaboration on IPO success.
- **CFF Fluid Control Limited:** Launched its SME IPO in June 2023, raising Rs 165 crore to expand manufacturing and invest in R&D, demonstrating the impact of strategic planning and investor relations.
- **Infollion Research Services Limited:** Capitalized on its SME IPO in June 2023 to raise Rs 82 crore, earmarked for enhancing research capabilities and client acquisition, showcasing growth through strategic funding.

Navigating Post-IPO Challenges:

Post-IPO, the challenge for many companies is maintaining focus on long-term business goals rather than getting sidetracked by daily stock price fluctuations. Success should be measured by the company's ability to sustain and expand operations, not just by immediate stock performance. Promoters need to prioritize strategic growth and operational excellence to ensure enduring success in the competitive public market.

MentorMyBoard's Comprehensive Role in IPO Readiness:

MentorMyBoard is instrumental in guiding companies through the IPO process and beyond. The platform offers tailored services that enhance governance, ensure compliance, and prepare companies comprehensively for public market challenges:

▪ Governance Structuring: Designs governance frameworks that meet regulatory standards and prepare companies for public scrutiny.

▪ Board Education: Through its comprehensive education modules, MentorMyBoard ensures that directors are well-versed in all aspects of corporate governance, from financial literacy to strategic risk management. This training is crucial for maintaining a governance standard that meets public market expectations.

▪ IPO Preparedness Workshops: Covers all legal, financial, and strategic aspects of the IPO process.

▪ Continuous Compliance Support: Offers ongoing support to adapt to governance norms and maintain compliance in the dynamic public market.

Conclusion:

The ecosystem provided by MentorMyBoard is integral to transforming ambitious private companies into successful public entities. By focusing on robust governance frameworks, comprehensive director training, and continuous regulatory support, MentorMyBoard not only facilitates a successful IPO but also fosters a culture of sustained corporate excellence. As companies face the intricacies of public trading and heightened regulatory scrutiny, partnering with an all-encompassing platform like MentorMyBoard can make the difference between navigating these challenges successfully and falling short of market expectations. Through its holistic approach, MentorMyBoard ensures that companies are not just prepared for today but are also set for future challenges and opportunities in the ever-evolving corporate landscape.

SME IPOs: Fuelling Growth for Small and Medium Enterprises

CA AYUSH PARAKH
Director
Kreo Capital Pvt. Ltd.

Small and Medium Enterprises (SMEs) form the backbone of India's economy, contributing nearly 30% to the nation's GDP and providing employment opportunities to around 11 crore individuals. These enterprises are vital drivers of innovation, entrepreneurship, and regional development, playing a crucial role in bridging the gap between grassroots economies and large-scale industries. However, as SMEs strive to scale their operations and compete in an increasingly dynamic and globalized market, they often face significant challenges in accessing growth capital and establishing market credibility. This is where SME Initial Public Offerings (IPOs) have emerged as a game-changing mechanism, empowering small businesses to fuel their growth and unlock their potential. SME IPOs enable businesses to raise capital by offering shares to the public on specialized platforms like the BSE SME Exchange and NSE Emerge, specifically designed to cater to their unique requirements. Beyond the infusion of funds, these public offerings provide SMEs with enhanced market visibility, stronger brand credibility, and accurate market valuation—factors that are pivotal for their long-term sustainability and expansion. What sets SME IPOs apart is their simplified regulatory framework, tailored to meet the needs of smaller businesses. SMEs with turnovers of up to ₹250 crore can access public markets through this route without being burdened by the stringent compliance norms applied to larger corporations. This innovative approach not only attracts a diverse pool of investors but also creates a robust ecosystem where SMEs can grow and flourish while maintaining their local relevance. By bridging the gap between grassroots entrepreneurship and global market opportunities, SME IPOs are paving the way for a more inclusive and resilient economic landscape. For SMEs to tap into the opportunities provided by IPOs, they must meet specific criteria, including

▪ a post-issue paid-up capital of ₹25 crore or less;

▪ a minimum of three years of operational history;

▪ profitability in at least two of the last three years;

▪ additionally, they must demonstrate financial stability, with net tangible assets of at least ₹3 crore and a leverage ratio of no more than 3:1.

These are just some of the key requirements for SMEs to qualify for public listing, with additional guidelines in place to ensure transparency, accountability, and sustainable growth for businesses entering the public markets.

The advantages of SME IPOs are multifaceted, making them a preferred choice for enterprises ready to embrace public markets. They provide growth capital that supports business expansion, debt repayment, and strategic acquisitions, while simultaneously boosting market credibility and brand visibility. Public listing also enhances price discovery, helping businesses unlock their true market valuation, which can attract further investment and foster growth. Furthermore, SME IPOs create liquidity for early investors and shareholders, offering a viable exit route while establishing opportunities for strategic mergers and acquisitions. Such market activities not only strengthen the company's position but also contribute to the overall

robustness of the SME sector. On a broader scale, the economic impact is substantial. SMEs listed on public exchanges contribute significantly to job creation, entrepreneurship, and skill development, aligning with India's vision of inclusive growth. However, the journey is not without challenges. SME IPOs face several challenges, including vulnerability to market volatility, which can impact pricing and success during economic downturns. Investor hesitancy is another issue, stemming from the limited financial track record and data available on SMEs, making them appear riskier. Post-listing, many SMEs struggle with maintaining liquidity due to low trading volumes, which can affect stock prices and investor confidence. However, with stronger transparency, regulatory support, and strategic efforts to build investor trust, these challenges can be effectively managed, ensuring SMEs unlock their full growth potential and deliver long-term value to stakeholders.

As we step into 2025, the outlook for SME IPOs appears more promising than ever. With a government allocation of INR 22,137.95 crore dedicated to supporting credit access, technological innovation, and market expansion, SMEs are well-positioned to capitalize on these opportunities. The Securities and Exchange Board of India (SEBI) has also strengthened IPO regulations to ensure profitability, transparency, and investor protection, further enhancing the trust and appeal of these public offerings. One of the significant initiatives is the Credit Guarantee Scheme for Micro & Small Enterprises (CGTMSE), which offers collateral-free loans up to INR 5 crore to MSMEs. This scheme has been instrumental in enabling over 67 lakh beneficiaries to secure funding without the burden of heavy collateral requirements.

Despite hurdles, the sector's adaptability and resilience have propelled investor confidence, driving increased interest in SME IPOs. To sustain this momentum, it is crucial for businesses to harness available resources effectively while investors capitalize on the emerging opportunities. With strong regulatory support, innovative financing options, and a favourable market environment, SME IPOs not only promises to fuel economic growth but also sets the stage for a new generation of globally competitive businesses emerging from India.

One of the strongest roles played in making SMEs realise their full potential and access the capital markets is that of a 'Merchant Banker'. A 'Merchant Banker' is an entity that acts as the interface between the capital markets and the SME companies, and hand hold the SME as it takes it first steps towards the capital market. Kreo Capital is a SEBI registered category-I Merchant Banker, based out of Nagpur.

BUDGET REACTIONS BY INDUSTRIALISTS & PROFESSIONALS UNION BUDGET 2025

SHRI VISHAL AGRAWAL
President
Vidarbha Industries Association

It is a very encouraging budget and shows the government's focus on strengthening the economy.

The focus on four key sectors—agriculture, MSMEs, investment, and exports—indicates the visionary roadmap towards PM Narendra Modiji's vision of a 'Viksit Bharat."

The Budget has provided a significant boost to the MSME sector by significantly raising the thresholds for capital investment and turnover criteria for classification as Micro, Small, or Medium enterprises,

Combined with the enhanced credit guarantee scheme, this move is expected to drive increased capital investment. This would help MSMEs to modernise and expand their operations.

The emphasis on infrastructure initiatives and overall capex estimates are significant. The special mention here is for the ability to manage fiscal prudence and reduced fiscal deficit projections in FY25E and FY26. This makes the sustenance of growth more probable and long-term".

Focus on Start up's and Make in India scheme is worth mentioning which will enhance domestic production and self-reliance.

Increase in Income tax Slab rate will be a big relief to all the tax payers especially the lower income, middle income people, it will definitely give much bigger impetus on urban consumption, and also over a period of time, greater amount of private capex will get facilitated through this, so it is a positive change, and much required. People were getting affected because of high interest rates, inflation, it's a good relief to people.

SHRI PRASHANT MOHOTA
Hon. Secretary - VIA

Textile Budget Highlights : Overall Impact: Positive

1) Budget Allocation steeply up from FY 24-25 revised figures of Rs 3342 crores to Rs 5252 crores (mainly increased for ATUF & PLI which means incentive funds with flow to industry faster)

2) Cotton Mission of 5 years announced to boost productivity & production - today India has no surplus in cotton and has one of the lowest yields of 450kgs/hectare against global average of 800kgs plus - big boost to cotton based industry

3) Flat 20% or Rs 115/kg import duty, whichever is higher, imposed on all knitted fabric HS codes - means no scope for leakages and any fabric below Rs 575/kg would attract import duty of Rs 115/kg - will stop undervalued fabrics into the country - PLUS for the local MMF based industry

4) Shuttleless looms added to import duty exemption list of Technical Textiles Machinery

5) Consumption driven budget with higher money in hands of middle class means more buying of apparels and home textiles

6) Textiles is pre dominantly in MSME segment with many women entrepreneurs - all schemes for their benefits would directly impact textile manufacturing

CA SAKET BAGDIA
Bagdia & Company

- Good growth-oriented Budget.
- Middle class benefited by Tax Rate cuts.
- MSME sector definition upward revision is an important step.
- CGTMSE scheme extension is a welcome step.

CA NARESH JAKHOTIA

Not an Election Year, But Union Budget 2025 Feels Like One

Though it's not an election year, the budget is nothing less than that. It has indeed delivered unparalleled tax benefits across all taxpayer categories. The middle class has received a historic tax relief, with zero tax liability for incomes up to ₹12 lakh. This is the highest single-stroke tax relief granted in the past two decades.

This move is poised to enhance disposable incomes, thereby stimulating consumption and economic growth. Not just the middle class, but even High Net Worth Individuals (HNIs) in the highest tax slab stand to benefit from this move. This budget ensures a win-win scenario for all.

Small charitable trusts have also received much-needed support by relieving them from compliance burden of re-registering every 5 years. This will allow them to continue making invaluable contributions to society without unnecessary administrative hurdles. Startups, the backbone of innovation and employment, are set to thrive with extended tax holidays, fostering an environment conducive to entrepreneurial success. The simplification of the Tax Collected at Source (TCS) provisions reflects the government's commitment to reducing compliance complexities for businesses, promoting a more business-friendly environment. This budget is commendable for its inclusive approach, ensuring that every segment—from individual taxpayers to businesses and charitable organizations—reaps tangible benefits. It lays a robust foundation for sustained economic prosperity, embodying a forward-thinking vision that addresses both current needs and future aspirations.

KISHORE THUTHEJA
MD-Lords Wear Pvt Ltd

BUDGET IMPACT ON TEXTILE SECTOR

The Union Budget 2024-25 has indeed brought some exciting benefits for the textile industry and the middle class. With the increased budget allocation of ₹4,417.09 crore, a significant increase from the previous year's revised estimate of ₹3,443 crore, the textile industry is expected to drive growth and innovation.

But that's not all. The budget also proposes to reduce customs duty on certain inputs, such as methylene diphenyl diisocyanate (MDI) used for spandex yarn production, to 5% from 7.5% [2]. This move is expected to enhance the global competitiveness of textile goods manufacturers using such yarn.

Now, let's talk about the benefits for the middle class. With the new tax structure, individuals with an income of up to ₹12 lakhs will not have to pay taxes. This is expected to boost the economy, as middle-class people will have more disposable income to spend on clothing, dining out, and even plan vacations

The increased purchasing power of consumers is likely to translate to improved domestic demand for the textile industry

Additionally, the various benefits provided through income tax relaxation will also increase the purchasing power of consumers, which may lead to improved sales for textile manufacturers

Overall, the Union Budget 2024-25 has brought some significant benefits for the textile industry and the middle class, which are expected to drive growth, innovation, and economic development.

CA RAJESH LOYA
Loya Bagri & Co.

- Litigation free environment in tax system.
- Less Compliance while making tax compliance.
- Discrimination of certain provisions of tax.
- Trusting the tax payers.

DR. ANITA RAO
Former Joint Secretary-VIA
& Chairperson - VIALEW

Substantial funds to support private sector research and fund of funds for deep-tech start-ups is a great news. New scheme for SC/ST women Entrepreneurs will certainly give a great boost to them. Similarly the funding support for the tourism sector with give them some extra teeth. New income tax bill supposed to contain the 'spirit of nyay' is eagerly awaited. Overall a good and balanced budget.

CA ADV SACHIN JAJODIA

This budget focused on middle class persons and specially the seniors which was the need of the hour by providing more disposal money into the hands of the middle class through meaningful tax reliefs. Increase in disposal income is a positive move that will strengthen purchasing power and which in return boosts the economy through higher indirect tax collections, which is the main source of revenue for the Government. Thus reduction of deficit as well as moving through 5 trillion economy will be pumped.

There were many welcomed announcement with regard to drive innovation across sectors like fintech, health tech, and clean energy, providing crucial support for early-stage startups that face difficulties securing private investments.

CS SARRAH KATAWALA
Chairperson - Nagpur Chapter ICSI
(Institute of Company Secretaries of
India) Connect 2 comply LLP &
Practising Company Secretary

- Bold move for middle class was required.
- By exempting IT upto 12 lac is a welcome move.
- Increasing the mega from 5 to 10 years for charitable organisation is also a needed relief.
- Some case in compliance is still required by increasing online filings in this sector.
- MSME will also be motivated by increase in the loan limit from 10 cr to 20 cr.

Overall, it is a happy budget.

VIA AGRO RURAL DEVELOPMENT & FOOD PROCESSING FORUM ORGANISED A WORKSHOP ON "EXPORT POTENTIAL OF AGRO COMMODITIES FROM VIDARBHA" AT VIA

The workshop was organised to provide an insight on the emerging global market to help the budding exporters to understand the constraints and goals around their international efforts.

Chief Guest of the function, Snehal Dhokey ITS, Asst DGFT, in her speech elaborated how DGFT facilitates exporters in development of international trade. The support is provided by issuing licences, guidance on govt schemes and export financing options.

She advised the participants that we have to identify the product and then streamline it for export. We are leading in many of the agricultural commodities. We are also leading in export, especially rice, but still there are certain things where India is lagging, so if we see the total agricultural export from India. In the last financial year, it was around 48 billion USD and the major countries which are importing from India. Those are mostly the U.S.A, China, UAE, Saudi.

She further stressed that branding, packaging, marketing is also important for your products. She also cited the region's strengths in engineering goods, pharmaceuticals and agricultural products, while many entrepreneurs have achieved significant success in the domestic market, the untapped opportunities in the global arena present a substantial growth potential.

Santosh Bishnoi, Branch Manager – ECGC, Nagpur said the biggest challenge in export is payment of security and problem of non-payment from foreign buyers. He gave thorough information on this and also credit ratings of different countries.

Ulhas Mahule, Director of US Enterprises, shared detailed documentation required for exports, logistics, and basics for processed food.

Swapnil Ahirkar, Director of Ahirkar International shared practical challenges faced in the international market. He also advised the potential exporters to be focussed on domestic markets with strong based.

Ritesh Patankar, Orange Organics Dubai shared his experiences and assured possible support for Indian exporters there.

Earlier, the workshop commenced with the lighting up of the lamp by the dignitaries. Om Jajodia, Chairman of the forum offered a floral welcome to the Guests. R B Goenka, Mentor - VIA Agro Rural Development & Food Processing Forum delivered his welcome address.

Dr. Rina Saha, the project director, gave an introductory statement and provided an update on the forum's activities. The VIA Agro Forum's dynamic team, which included Dr. Kirti Sirotia, Aniruddh Ansingkar, Sanjay Sinha, Laxmikant Padole, Kapil Sahoo, and Shipra Dixit, put in a lot of effort to make the event a huge success.

Dr Kiran Gokhale proposed a vote of thanks to all the invited speakers & enthusiastic participants for active involvement.

UNLOCKING SME POTENTIAL: NAGPUR'S SEMINAR ON IPO READINESS A RESOUNDING SUCCESS

Vidarbha Industries Association (VIA), in collaboration with Bombay Stock Exchange (BSE) and MentorMyBoard along with partners Choice Capital Advisors Pvt Ltd, successfully concluded the seminar on "Unlocking the Potential of SME IPO and governance conference" in Nagpur. The event, aimed at preparing SMEs for their next big leap, saw an overwhelming turnout of over 100 local business leaders, including industrialists, entrepreneurs, and professionals like Chartered Accountants and Company Secretaries and cost accountants.

Divya Momaya, Founder and Director at MentorMyBoard, emphasized the transformative power of strong governance. She illustrated how robust governance structures and a vibrant community of thought leaders can significantly accelerate business growth. "It's not just about compliance; it's about building a foundation for sustainable development and seizing growth opportunities like IPOs," Momaya explained. Her focus was clear: empowering promoters and founders in Nagpur to elevate their operations and join a strong network through MentorMyBoard.

Vimal Parwal, a seasoned merchant banker, shared insights into the crucial role of guidance in navigating the complexities of IPO scaling. He recounted his experiences assisting local businesses to grow and prepare for public offerings.

A standout session featured Vikash Jain, founder of Share Samadhan Ltd, who shared his journey to IPO on the BSE platform. Jain's narrative provided a real-life testament to overcoming the hurdles of the IPO process and emerging as a significant player on a national scale.

CA Girish Deodhar, Chairman of MSME Forum of VIA also expressed there is lot of opportunities for industries in Vidarbha area to scale up their operations with going to IPO.

CA Naresh Jakhotia, Vice President of VIA, highlighted the burgeoning potential in Nagpur for businesses aiming to scale. He expressed enthusiasm for continuing the dialogue and sharing more success stories from the region's ambitious promoters, who are eyeing IPOs as a growth strategy.

CA Omprakash Bagdia also welcomed the attendees, setting a collaborative tone for the seminar.

The seminar not only served as an educational platform but also fostered a unique networking opportunity for participants to exchange ideas and form lasting connections. It highlighted the rich opportunities in Nagpur for entrepreneurs aiming to break through barriers and position themselves prominently in the market.

This seminar marks just the beginning of a series of initiatives aimed at fostering a robust ecosystem for SMEs to thrive and succeed in the dynamic market landscape. VIA, BSE and MentorMyBoarda are committed to driving these endeavors forward, ensuring that the region's potential is fully realized in the burgeoning business sphere.

Photo L to R : O S Bagdia, Ashish Doshi, Divya Momaya, Naresh Jakhotia, Riddhesh Shah and Girish Deodhar

ENVISIONING ENERGY EFFICIENCY AND SUSTAINABLE FUTURE- VIA CONDUCTED TRAINING PROGRAM ON "ISO 50001 ENERGY MANAGEMENT SYSTEM IMPLEMENTATION"

Vidarbha Industries Association (VIA), in collaboration with Maharashtra Energy Development Agency (MEDA), Bureau of Energy Efficiency (BEE), German Development Cooperation (GIZ), MEDA MSME Cell and APS International organized a one-day training program on "Energy Efficiency and Effective Energy Management in Indian Industry for a Sustainable Future"

This initiative aimed to equip industries with essential knowledge and skills to adopt effective energy management practices. Sessions conducted by expert speakers / industry professionals from Boston and GIZ, providing hands-on training.

Earlier, the training program was inaugurated by lighting up a traditional lamp. L N Kaushik, APS International in his opening remark informed about the purpose of organizing this event and by implementing the ISO50001 Energy Management System and beneficial for industries.

Prof Mohan Khedkar, HoD Electrical Engineering Dept, VNIT, Nagpur in his keynote address said implementation of ISO standards provide frameworks for companies to implement systems to manage their operations, this program having lots of scope for improvement. He further there are many types of ISO standards like ISO 9001, ISO 14001, ISO 27001, etc. ISO 50001 helps companies manage their energy use and improve energy efficiency.

Piyush Sharma, Deputy Head – EE, GIZ said GIZ has undertaken numerous projects to enhance energy efficiency in MSMEs in India and other countries. These initiatives focus on improving energy efficiency, reducing greenhouse gas emissions, and increasing energy accessibility. He also briefed about the MSME Project, the initiatives taken by BEE for multiple sectors, they organizing programs for the benefit of MSMEs,

Somesh Mittal, Sr Manager Advisory – GreenTree Global welcomed L N Kaushik, APS International, Prof. Mohan Khedkar, HoD Electrical Engineering Dept, VNIT, Nagpur, Piyush Sharma, Deputy Head – EE, GIZ with a floral bouquet.

Venkat Vinay Vikram conducted the Technical Session-I and topics covered viz. Understanding ISO50001 Energy Management System and its linkage with the quality and other management systems Energy Policy, Scope, Processes and Leadership Management. In the Technical Session-II, he covered establishing Energy Review mechanisms through setting up energy objectives, Targets and Action Plan, Energy Performance Indicators (EnPI), Energy Baseline and Monitoring.

At the end, all attendees received a certificate of participation. Training program was attended by representatives from Gimatex Industries, Vaibhav Plasto, EVSL Wardha, Suryalakshmi Cotton Mills Ltd, Pix Transmission, MSMEs and professionals.

VIA AGRI INPUT MANUFACTURING INDUSTRIES FORUM MEETING REG BIO-DIVERSITY ACT :

Agro Input Forum of Vidarbha Industries Association (VIA) conducted a meeting on 18th January 2025, of the members to brief about the Biostimulant Act and Biodiversity Act at VIA, Nagpur. It was held under the chairmanship of Rajiv Choudhary, Mentorship of Dr Suhas Buddhe and Convener, Samir Kashikar.

Rajiv Choudhary briefed the audience about the latest issues regarding Biostimutant Act and Dr Suhas Buddhe deliberated details on the Biodiversity Act and the notices, Agro Input Industries are getting under the Act.

The Forum has decided that the issues would be taken at the highest possible level for easing out the issues of small MSMEs and manufacturing companies.

The meeting was attended by the several industrialists of Vidarbha. The prominent members which were present at the meeting were Ganesh Deshmukh from Akola and Deshrao from Amravati and other members of the forum such as Vinay Kale, Sonul Bodhane, Pankaj Ambule, Anil Rasekar, Chandrashekhar Dhawad, Nitin Jadhav, Bhaskar Shrirao.

The Agro Input Forum of VIA is actively and predominantly working towards the betterment of the industries working under the agricultural sector to ultimately benefit the farmers and the agriculture sector as a whole.

VIA Agro Input Forum would be happy to welcome more such relevant, interested industries to join and be a part of the forum.

VIA LEW SESSION ON STRESS MANAGEMENT & PRODUCTIVITY BOOSTING STRATEGIES

Lady Entrepreneurs' Wing of Vidarbha Industries Association (VIALEW) organized a session on "Stress Management & Productivity Boosting Strategies" on 18th January 2025 at VIA Auditorium, Nagpur.

The session aimed to empower participants by addressing key strategies such as identifying stress triggers, practicing relaxation techniques, maintaining a healthy diet, improving time management, enhancing relationships, and accepting what cannot be changed.

Bhaveshh Tahalramani, Executive Director - BNI & Corporate Connections, Networking Consultant delivered insights on "Managing Overwhelm - Strategies for Staying Focused & Productive." He explained how entrusting tasks to the right team members not only lightens the workload but also empowers the team, builds trust and drives collective success. Truly an eye-opener for maximising our potential at every level. It was an inspiring session on boosting productivity through effective delegation.

B. Nanda Varma, Writer & Art of Living Faculty - Breath & Meditation Coach) spoke on "Stress Management by Understanding Human Mental Tendencies." She also taught the experiential tools like breathing and meditation techniques that help in relieving stress in everyday life.

The session was jointly conducted by Project Directors Reeta Lanjewar and Ar. Tejaal Rakshamwar, who also introduced the guest speakers.

Earlier Rashmi Kulkarni, Chairperson of VIALEW, welcomed the attendees and highlighted the importance of stress management and productivity in entrepreneurship. Reeta Lanjewar proposed the vote of thanks, expressing gratitude to the speakers and attendees Dr Anita Rao, Poonam Lala, Y Ramani, Amandeep Kaur Sehmi, Vandana Sharma were also present. The session was attended by a diverse group of entrepreneurs, including women entrepreneurs, who found the event insightful and inspiring.

NAVIGATING INDIA'S ECONOMIC CROSSROADS

DR. TEJINDER SINGH RAWAL
Chartered Accountant,
Economist and Thinker

The global economic outlook for 2025 remains subdued, with growth projections unchanged from 2024 at 3.2%. This stagnation, weaker than pre-pandemic growth levels, underscores a widening gap in global incomes. The economic uncertainties are compounded by political shifts, particularly in the United States, where the incoming president's policies on trade, taxes, and regulations may disrupt global markets. This has already heightened fiscal deficits and borrowing costs, pulling capital from emerging markets like India and increasing currency market volatility. In this environment, Indian policymakers must prepare for elevated external risks while addressing domestic economic challenges.

Global Volatility and Domestic Implications

The US fiscal trajectory, shaped by the likely extension of expiring tax cuts, has raised borrowing costs globally. Simultaneously, potential tariff measures against Chinese imports may prompt Beijing to devalue the renminbi, further unsettling currency markets. For India, this volatile global backdrop necessitates greater flexibility in its exchange rate management. Over-stabilising the rupee against the dollar could pose risks, particularly in an environment of fluctuating capital flows.

However, India's growth dynamics are largely driven by domestic factors. The slowdown observed during April-September 2024 stemmed primarily from unintended fiscal and monetary tightening. Addressing these issues promptly could rejuvenate growth.

Addressing Fiscal Constraints

The fiscal deficit trajectory provides critical insights into India's economic performance. Typically, the Union government incurs around 62% of its annual fiscal deficit in the first six months of the fiscal year. In 2024, this figure dropped to 29%, amounting to a shortfall of 1.6% of GDP. This sharp contraction, partly attributed to election-related delays in spending, acted as a drag on growth. However, with fiscal spending accelerating in the second half of the year, a positive momentum is expected to extend into 2025, offering a much-needed tailwind to the economy.

Reviving Credit Growth

Another significant factor in the slowdown was the contraction in bank credit growth, which fell from 17% in March to below 11% by December. While regulatory measures to curb excessive growth in unsecured loans played a role, a broader liquidity shortage exacerbated the situation. The Reserve Bank of India's delayed response to easing overnight liquidity and reducing the Cash Reserve Ratio only began addressing these challenges in late 2024. To foster a robust recovery in credit growth, policymakers may need to provide banks with greater liquidity comfort and consider macro-prudential easing in areas with manageable credit risks.

Opportunities for Growth

India's medium-term growth prospects remain promising, with potential drivers including the real estate sector, which benefits from low inventories and affordable prices, and emerging industries such as data centres, energy storage, and defence manufacturing. Investments in infrastructure, including steel and cement for housing construction, are poised to sustain economic activity. However, achieving the potential growth rate of 7% requires proactive policy measures and structural reforms.

Structural Reforms: The Way Forward

India must capitalise on the geopolitical shift away from China, leveraging the 'China + 1' strategy to attract major global buyers. Coordinating with state governments to expedite land allocation and regulatory clearances can enhance India's appeal as a manufacturing hub.

Urbanisation also demands urgent attention. Underfunded and poorly managed cities hinder economic growth by limiting real estate supply responses and driving up prices prematurely. Strengthening urban infrastructure is essential to sustain the real estate cycle, a critical component of large economies like India.

Tackling Core Challenges

To ensure sustainable growth, India must address three core challenges:

1. **Income Inequality:** The current surplus of labour and shortage of capital has widened income disparities. Without corrective measures, this inequality could undermine public support for essential reforms.

2. **Education and Health:** Achieving universal high-school enrolment and improving early childhood health are imperative. These factors were pivotal in enabling countries like South Korea and Taiwan to overcome the middle-income trap.

3. **Innovation and Strategic Autonomy:** India must evolve into a 'product nation'—developing technologies and brands that dominate global markets. This requires fostering an ecosystem conducive to innovation and entrepreneurship.

Balancing Short-Term Recovery with Long-Term Goals

While immediate measures to revive credit growth and fiscal spending are vital, sustaining economic momentum demands a long-term vision. Policies must strike a balance between addressing immediate constraints and fostering structural transformation. By focusing on inclusive growth, enhancing urban infrastructure, and positioning itself as a global manufacturing leader, India can chart a resilient path forward amidst global uncertainties.

(*The author is a Chartered Accountant, economist and thinker. He can be reached at tsrawal@tsrawal.com)

ADAPTIVE LEADERSHIP IN CHALLENGING BUSINESS TIMES: THE ONLY THING THAT IS PERMANENT IS CHANGE

COL RAVI NAIR (RETD)
Leadership &
Life Skills Coach'

One has always wondered how certain enterprises succeed phenomenally and certain well established brands ands ventures have been pushed into oblivion and has been completely forgotten. There has been indepth analysis by various organisations and leading B Schools. Some of the 'CAPTAINS OF INDUSTRY 'have articulated several theories to highlight the causes.

What has undoubtedly emerged as the most prominent factor has been LEADERSHIP and its manifestations of execution which defines the success or failure of any venture. While the conventional LEADERSHIP Qualities of VISION, COMPTENCE, FOCUS, INTEGRITY, MOTIVATION, PERSEVERANCE & COURAGE still remain relevant and important there is a need to modify and adapt certain traits and characterstics to meet the challenges of the modern day enterprise. A word about the dynamics of modern day business environment.

The Modern day business environment is dynamic ever evolving and subject to rapid situational transformations. The global perspective and its impact on enterprises across the so called GLOBAL VILLAGE can be swift and brutal and can bring down well ensconced long standing successful business enterprises. Adapting to such ever evolving situations is axiomatic.

The quintessential qualities of modern day leaders are as under.

SKILL UPGRADATION. Skills need to be constantly upgraded. Status-quoism is just not acceptable. The picture of the CEO of NOKIA breaking down when finally closing down is a validation of this fact. Ever changing demands of modern day business enterprise needs quick mastery of new skills to anticipateand facilitate transitions.

INNOVATION. Innovation and ingenuity is essential to keep you ahead and batlle ready to absorb changes smoothly. A degree of foresight is essential and will inevitably need risk taking bold decisions.

ENGAGE THE STAKEHOLDERS. The proverbial 'Ear to the Ground' is now more than necessary and can be best done by engaging the stock-holders regulary and frequently and hearing them. The kind of ideas that emerge can be really surprising making you wonder why you did not think about it. Legend has it Late SUMANT MOOLGAONKAR the TATA MOTORS head regularly skipped corporate lunches in the EXECUTIVE LOUNGE to eat in the Dhabas on the highway to enable interaction with the truck drivers and incorporate client requirements to improve customer satisfaction.

EMBRACE CHANGE Business enterprises of today cannot afford to be dogmatic and rigid in their ideas . One has to accept change as an essential component of enterprise and have the flexibility to seamlessly integrate these changes to make the transition impactful and beneficial. Successful business houses have thrived on this one facet to soar to success.

WORK SMART Till now WORK HARD was the credo for any venture. Today one has to Work SMART. Robert Kiysaki in his book has amplified this aspect when he talks about making a successful ventures at the cost and effort of others.

TRAIN MORE LEADERS. Leadership is lonely and challenging. But the span is not infinite. Good leaders train more leaders to be able to affect a smooth transition of power when required. This training will entail doing away with ZERO ERROR SYNDROME which usually manifests into poor decision making because of FEAR OF FAILURE.

GUT INSTINCT. Gen Colin Powell , erstwhile Chairman Joint Chiefs Of Staff during the GULF WAR always said "Never wait for the perfect condition to implement your dreams and decisions. If you reach a 70% success possibility "GO WITH YOUR GUT". Many a times an opportunity seized at the right time will yield much better results. Like the eagle who swoops on a full grown buffalo to strike at the exact gap in the vertebrae to incapacitate the prey and win.

Passion At the end of the day whatever you do put your heart and soul into it The venture must be more of a calling than the lure of big bucks. Successful business ventures are rememberd by the legacy they create than the balance sheets and numbers.

One must end this missive with the two biggest examples of ADAPTIVE LEADERSHIP in NAGPUR. DINSHAWS & HALDIRAM. Their humble beginnings and their present day stature will definitely inspire entrepreneurs to achieve greater heights of glory.

IS ORGANISATION PERFORMANCE DEFENDS ON EMPLOYEE SATISFACTION.

Dr. Suresh Pandilwar
Co-Chairman
HRD Forum

Is organisation performance defends on employee satisfaction; at the very outset I can say it's fifty-fifty. Understanding employee's satisfaction mood is a critical starting point, but relying solely on your company's engagement surveys won't give you all the information you need. Instead, tap into the continuous pulse of your team more regularly. The key is to find a process that works for your business in the present scenario of competitive business.

Often, dissatisfied employees seek new opportunities to meet their material needs. This may result in low morale and a lack of productivity. An employee's job satisfaction is a reflection of how they feel about their work environment and the company they work for. It affects their overall performance at work, as well as how they interact with customers and clients. In general, satisfied employees are more engaged with their jobs and are more willing to go above and beyond their regular duties. They are also more likely to promote their employer on social media and in person and it is true, I have heard and seen in many networking meetings.

In contrast, unhappy workers are less productive and tend to be more detached from their work. They may also be more likely to engage in counterproductive behaviours, such as taking sick leaves or ignoring important messages on emails. In addition, dissatisfied employees may even quit their jobs and join competitor's company. This can cost the company money in terms of training, rehiring, and other variable costs.

Employees' job satisfaction is affected by a variety of factors, such as the level of responsibility they have and their relationship with working colleagues. It can also be impacted by the company's culture and policies, such as the type of work environment they provide, compensation and benefits and location of plant. Companies that focus on employee satisfaction are more likely to retain their top performers. They understand the importance of employee happiness and are aware of the negative effects of low satisfaction levels. They also recognize that high satisfaction levels result in higher productivity and better customer service.

Achieving employee satisfaction requires a continuous process of listening to employees' concerns and acting on them. Companies can do this by providing feedback through one-on-one conversations and developing effective communication method from time to time. But I also think the employee is equally responsible to enhancing employer satisfaction. This involves multiple elementsthat can make a significant impact on company.

The employee must regularly update his or her employer on progress, setbacks, and achievements. Effective communication builds trust and demonstrates his or her commitment. Besides this he or she should anticipate needs and address them before being asked. This shows initiative and a strong work ethic. Further I can add that employee should stay current with industry trends and enhance the skills. Being knowledgeable and adaptable increases employees value to the organization. Employee must deliver quality work consistently and meet deadlines set by employer. Dependability is highly valued by employers.

Now the part comes is balancing of the subject matter, is organisation performance defends on Employee satisfaction? I can say yes up to fifty percent and hence organizations that can reallocate talent in step with their strategic plans are more than twice as likely to outperform their peers. To link talent to value, the best talent should be shifted into critical value-driving roles. That means moving away from a traditional approach, in which critical roles and talent are interchangeable and based on hierarchy. This would certainly help all stakeholders.

THE TAX TALK: NEW FLOOR, NEW RULES ! HOW HOME EXTENSIONS FIT INTO CAPITAL GAINS EXEMPTIONS

CA. Naresh Jakhotia
Vice President, VIA

With the change in time and family dynamics, a lot of taxpayers may be thinking of adding a floor to the house and saving on taxes? It sounds like a win-win, but does the taxman agree? Let's find out.

Under Section 54F, you can save LTCG tax by reinvesting the net sale proceeds into a **new** residential property. You have two options:

1. **Buy a new property** - either one year before or two years after selling your assets.

2. **Build one** - within three years of the sale.

Key Considerations for Claiming Exemption

To unlock the Section 54F benefits, here's what taxpayers need to know:

1. Eligibility hinges on "New.":

Law very explicitly & clearly provides exemption only against purchase or construction of the new property. The taxman isn't impressed by a new coat of paint or a fancy new doorbell—it has to be a whole new property.

2. Proportionate Exemption:

If your construction cost is less than the net sale consideration, the exemption applies proportionately. Spend big to save big. Half measures don't get full tax perks!

3. Limit on Ownership:

The exemption is available only if the taxpayer is not owning more than one house property on the date of capital gain.

What about Extensions?

One of the important questions raised by you is whether exemption would be admissible on extension of the existing house property? In strict terms, construction of an additional floor on the same house may not fulfill the requirement of purchasing or constructing a new house. The law often sticks to plain language—if it says 'new property,' it means exactly that. As such construction of an additional floor on an existing property may not qualify for exemption u/s 54 or 54F, as these sections require the sale proceeds to be reinvested in another property.

However, in my considered view, the answer would depend upon the nature & character of extension of the house property you intend to carry out. If by way of extension you wish to have an altogether new dwelling unit then exemption may be admissible. However, if the extension is merely some addition to an existing house like addition of hall or rooms to the existing house then exemption may be outside the scope of section 54F.

Court Cases: A Mixed Verdict:

1. Chennai ITAT in Smt. Kethsial Justin vs. ITO, ITA No. 781/Chny/ 2018, taxpayer had put up a new dwelling unit on the first floor of an existing residential house and claimed exemption towards the cost incurred for construction. The Income Tax Officer denied the exemption for the simple reason that it was not a new house & relied on Madras High Court in CIT vs. V. Pradeep Kumar vs. CIT ((2007) 290 ITR 90 (Mad) & Kerala HC in the case of Pushpa vs. ITO (2012) 79 DTR (Ker) 218.

ITAT noted that in the case of Pradeep Kumar, there was no tangible material to form a belief that a new dwelling unit was constructed. In this case, it was found that it was only an extension of the existing building by 382 sq.ft, that too after demolishing an existing ACC roofed out-house. It further discussed the judgement of Kerala HC in Pushpa vs. ITO (2012) 79 DTR (Ker) 218 & observed that in the said case, taxpayer had only extended the first floor construction; meaning no new dwelling unit was constructed.

In such factual circumstances, Madras HC held that taxpayers couldn't claim deduction. Distinguishing this fact, ITAT Chennai allowed exemption towards extension of the house property

ITAT Chennai in above case gave weightage to the separate stair-case for the construction done in the first floor, approved plan showing separate kitchen for the first floor, separate water connection, separate electricity connection, etc. In such circumstances, the Tribunal held that the construction of a new residential house to its existing residence qualifies for deduction u/s 54F of the Act and allowed the deduction.

2. Kerala HC in Mrs. Meera Jacob Vs. ITO (2009) 313 ITR 411 (Ker) has made a passing remark while interpreting the provision of section 54F wherein the issue was also with regard to investment in modification /Expansion of an existing residential house. Lower courts/ authorities have held that exemption is available only when the investment is in the construction of a house and not for investment in modification or renovation. In this case, the taxpayer has only made addition to the plinth area which is in the form of modification of an existing house & so it was held that the assessee is not entitled to deduction claimed under s. 54F of the Act.

Kerala HC has unequivocally mentioned that "Even addition of a floor of a self-contained type to the existing house would have qualified for exemption".

In these cases, courts generally favor exemptions if the new construction is independent enough to be considered a separate dwelling unit.

Key Evidence to Strengthen Your Case:

Considering the above provision of law and court ruling, if you are setting up an independent dwelling unit by way of extension of an existing house, you may be eligible for capital gain exemption. Arm yourself with evidence:

- Approved building plans showcasing an independent unit.
- Utility bills for separate electricity and water connections.
- Property tax receipts showing an increase post-construction.
- Photographs of the new floor.
- Separate entry—a new staircase often seals the deal.

The Bottom Line:

If your new floor is independent enough to look like its own home, you're in luck. If not, consider it just another renovation - without any tax perks. In tax matters, independence isn't just for teenagers; your floor needs it too!

(Views expressed are the personal view of the author. Readers are advised to seek professional advice before taking any decisions. Readers may forward their feedback & queries at nareshjakhotia@gmail.com. Other articles & responses to queries are available at www.theTAXtalk.com).

WHY DO MANY YOUNG MANAGERS FIND THEIR JOBS OVERWHELMING?

DR. SMITA SINGH (DABHOLKAR)
Associate Professor and Management Consultant, IMT Nagpur

Ashwin and Amey grew up in a tiered two-city in India. Both went to a decent college and a management school later. But the things both did during their growing-up years were very different.While Ashwin was primarily into books and limited himself to the academic world, Amey tried to volunteerin school and college. He was always a part of some club or forum and made a conscious effort to join some teamwork.

When these two young graduates entered the business world, they dealt with it differently. Amey found it relatively easy to deal with his boss, who was very different from the way Amey was. Amey was an introverted person, but his boss was an extrovert to the core. Amey believed in numbers more, whereas his boss always looked for the big picture. Amey would give more priority to rationale before deciding, whereas his boss gave first preference to feelings over logic or rationale. Such were the stark differences between both of them. When Amey joined his first job, it took him some 10-15 days to adjust and adapt to the environment, whereas even after six months,Ashwin was still struggling and was already feeling overwhelmed.

Can you guess a few reasons? Scientific ones? There could be many, but let me present some of the most prominent ones. Carnegie Foundation and many others have researched the three vital elements determining success: Knowledge, Skills and Attitude. In the educational system, not just at school level, even at the higher education level in most fields(although it is changing but needs to change more rapidly) and even at home, there is a high emphasis on gaining knowledge. Still, in many homes and schools, even today, minimal effort or focus is on the individual's overall development. As a result, theoretically, students may know many things but sincethey have never done any work in reality with different people across varied cultures, they don't know the practical side of it atall. The 70-20-10 model of learning given by Morgan McCall, Michael Lombardo, and Robert Eichinger from the Center for Creative Leadership state that,70% of learning comes from Experiential learning; this represents learning gained through on-the-job experiences, challenging assignments, and hands-on practice.20% is Social learning, learning through interactions with colleagues, mentors, and feedback from others and only 10% of our learning comes from Formal training, learning from structured courses, workshops, classrooms and traditional training programs.

There is more to this from Biology of Behavior that will be discussed in the following article next month. Stay tuned.

VIA REPRESENTATIONS – JANUARY 2025

S.N.	Date	Name & Address	Subject
1	31.12.2024	**Smt. Nirmala Sitharaman ji** Hon'ble Union Minister of Finance and Minister of Corporate Affairs Government of India, New Delhi	Request for Inclusion of Bird Feed under GST Exemption –Tariff 2309
2	31.12.2024	**Shri Nitin Gadkari Ji** Hon'ble Union Minister of Road Transport & Highways of India Government of India, New Delhi	Request for Inclusion of Bird Feed under GST Exemption –Tariff 2309
3	31.12.2024	**The Goods & Services Tax Council** 5th Floor, Tower II, Jeevan Bharti Building, New Delhi	Request for Inclusion of Bird Feed under GST Exemption –Tariff 2309
4	03.01.2025	**Shri. P. Velrasu, IAS** CEO , Maharashtra Industrial Development Corporation, Mumbai	Decentralization of powers Ref: Your Circular No. P160713 Dated 01/01/2025

WARM WELCOME TO OUR NEWEST MEMBERS

Melghat COLD CHAIN PVT. LTD.	**Mr. Aditya Jhunjhvnwala** **Managing Director-Melghat cold chain pvt ltd.** 85/1 B , Village Bhowri, Nr. Haldiram (Ghumthala) Bhandara Road, Nagpur -441104	**Manufacture of cold Storage**
	**Mr Hemal Kothari** **Director -JAK Infosolutions Pvt. Ltd.** Plot No. 82, Samarth Nagar (East) Behind FCI Godown, Ajni, Nagpur- 440015	**Software Development, Service Industry**
	**Mr. Atul Vinodkumar Hurkat** **Managing Director - SME Care P Ltd.** B 505/504, Lokmat Bhawan, B Wing , 5th Floor, Lokmat Square Nagpur-440012	**Consultancy services for SME sector**
JIDNYASA STEEL WORKS	**Mr. Purushottam Kakade** **Director- Jidnyasa Steel Works** A-13/18 ,MIDC Industrial Area Butibori, Nagpur -441222	**Heavy Structural Steel Fabrication Works**
	**Dr Arvind N Bodhe** Dean- Industry Institute Interface Cell. G H Raisoni University, Saikheda Tah Saunsar, Pandhurna, 480337 (MP)	**Education Institute**
VAISHALI WALCHALE JAIN GROUP VAISHALI BIOFUELS PVT LTD	**Adv. Viashali Walchale** Managing Director Vaishali Biofules Pvt. Ltd. 75KLPD Ethanol Plant, Survey No. 31, 32, Donad (Bk) Tq. Barshitakli, Dist. Akola 444401	**Ethanol Plant**
SINCE 1962 ® वाघमारे मसाले	**Mr. Sarang Prakash Waghmare** Director, Waghmare Food Products Pvt. Ltd. 8, 9 Maa Umiya Industrial Estate, Kapsi Bhandara Road Nagpur – 440041	**Spices Manufacturer**

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