

Pidilite deploys MAIA 1KEY FCM to streamline financials

Pidilite eliminated spreadsheet-based manual closing of books and financial consolidation with MAIA's 1KEY FCM

By Rajendra Chaudhary

A LAYMAN MAY NOT know much about Pidilite but ask him about adhesives and the first name that you would be likely to hear would be that of Fevicol—which has become a household name in adhesives. Such is the company's lead in its space. For over half a decade, Pidilite Industries has been a pioneer in the consumer and specialties chemicals business in India. Additionally, it also manufactures a range of paint chemicals, art materials, textile, industrial resins and organic pigments.

Pidilite has operations with multiple business units within and outside India. In recent years, with its expanding business and continued growth, the company has found it increasingly difficult to manage its financial consolidation and reporting activities. As it deals with multiple currencies, various accounting standards and a host of reporting and compliance regulations, the company struggled with the challenges brought on by the integration of new business units into the reporting chain. Additionally, Pidilite was required to balance the need for precise financial reporting and corporate governance with the need for timeliness in meeting reporting deadlines.

Consolidating spreadsheets became a challenge

The group companies of Pidilite Industries were using different financial accounting applications and, up until recently, regulatory financial consolidation reporting used to take nearly a month to put together.

Additionally, the accounts officers at the company's head office would manually consolidate the data coming from 19 companies using Microsoft Excel sheets.

As per Prasad Parab, CIO, Pidilite Industries, the company's accountants and financial officers were facing increasing pressure when it came to the consolidation of financial accounts based on group companies, business areas, profit centers, divisions/branches, and SBUs. "The statutory consolidation reporting, which required the reported data to be aggregated into consolidated financial statements on a quarterly basis, had become a major business issue," said Parab.

The company not only struggled with the consolidation of financial data and efforts that it took for coordinating with financial users spread across three continents viz. Asia, Europe and North America, but it also faced issues around getting large volumes of data validated and certified by users (24 months of historical data for each of the regions) and this was becoming a lingering issue. The task was further compounded by the challenges faced in consolidating Excel sheets on account of the software's shortcomings with regard to data integration, visibility of subsidiary and international data, inter-company eliminations and dimensionality.

Finance executives at Pidilite were facing the daunting task of consolidating a company's financial and operating results using spreadsheets that were difficult to maintain and audit. They



PRASAD PARAB, CIO, PIDILITE INDUSTRIES

The finance executives were facing difficulty in consolidating financial and operating results using spreadsheets that were difficult to maintain and audit

couldn't pull the data from numerous transactional systems without significant IT support. Too often, the company got tripped up by the inter-company reconciliation process, data quality, collection errors, weak audit trails, poor performance of the applications being used for consolidation and lack of automation for key processes.

Sandeep Batra, Director-Finance, Pidilite Industries said that on many occasions, the finance team had to sit with the IT team and spend hours in fixing errors, which not only meant longer financial close cycles but also considerable financial overheads. This also meant that critical financial information wouldn't be available for the decision makers and the investors when they needed it the most.

CASE STUDIES

Data coming from different companies located in countries such as India USA, Egypt, Bangladesh, UAE, Indonesia, Brazil, Singapore, Thailand, etc. is in different currencies. For consolidation, converting them to Indian rupees was necessary which was challenging in the previous system.

The management team decided that it needed standard robust automated systems to improve and speed up its business processes.

MAIA's 1KEY FCM fitted the bill

Pidilite wanted a fast and efficient system which provided it with the ability to complete its accounting cycles and close its books quickly and accurately. It wanted more time for value-added analysis, improved control systems and quality and faster reporting and statutory compliance.

It was towards the end of 2008, that that the company went looking for a business solution. Given the harsh economic realities of the time, Pidilite wanted to ensure that it got the best value for its money. It found the answer in MAIA Intelligence's 1KEY FCM solution. It wanted a solution that delivered consistent external and internal financial information in a timely manner and 1KEY FCM seemed to fit the bill perfectly as it provided integrated legal and management financial consolidation with flexible reporting capabilities.

The implementation project started in late 2008 and the company went live with the new system in June 2009. Further, the solution had to be integrated with a variety of data sources including SAP, Orion ERP and Tally at the backend and tuned as per the needs of the finance and accounts users before it could be rolled out.

Benefits

It has been a year since Pidilite began running 1KEY FCM and Parab was all praises for the solution. According to him, the company had

Some key reports generated with 1KEY FCM

- Balance Sheet - Standalone
- Balance Sheet - Schedule Standalone
- Balance Sheet - With comparative figures
- Profit & Loss - Standalone
- Profit & Loss - Schedule Standalone
- Profit & Loss - With comparative figures
- Profit & Loss - Schedule with comparative figures
- Consolidated Balance Sheet
- Consolidated Profit & Loss
- Consolidated Balance Sheet Schedule
- Consolidated P&L Schedule

With its expanding business, Pidilite found difficult to manage financial consolidation and reporting activities

completely eliminated the manual process of financial consolidation with Excel and results were published within four-to-five working days of the closure of a given period. The financial consolidation also happened in just ten days for all of the company's subsidiaries. Financial users can now have multiple Charts of Accounts (COA) for a single trial balance and can even get financial statements as per IFRS or Schedule VI, etc. Also mapping of COA has now become a one-time exercise with 1KEY FCM.

Users at Pidilite can now map group as well as ledger as per the statutory requirement and also compare financial statements across any period, any company or any country, rather easily.

The solution has allowed Pidilite to standardize the financial data and consolidate the same for statutory and management reports from its subsidiaries to adhere to the accounting and valuation

standards of the group. 1KEY FCM translates the standardized financial data from the various local currencies into the group currencies. The effects of group-internal relationships (for example, from inter-unit trade and services) have been eliminated and now the company can calculate the consolidated financial statements as if the group were a single entity.

Some other other key benefits of the deployment include Foreign Currency Translation Reserve getting updated automatically in the consolidated financial reports as per current accounting standards and a Working Capital Dashboard being made available to the CFO.

Encouraged by the compliments received from the investors and the senior management for providing them with the right inputs on time the finance team is contemplating closing the books on a monthly basis. ■

rajendra.c@expressindia.com