CA Amit Sharma
(Yours_AmitBhai)

FM IMPORTANT ADJUSTMENTS

① PROFIT & LOSS STATEMENT :-

FOR RATIO ANALYSIS	FOR OTHER CHAPTERS
SALE	SALE
− COGS	− Variable Exp
Gross profit	CONTRIBUTION
− Operating Exp	− Fixed oper. Exp
EBIT	EBIT
− Interest	− Interest
EBT	EBT
− tax	− tax
EAT	EAT
− Pref. Divid	− Pref. Divid
EATESH	EATESH
− Eq. Divid	÷ No. of eq shares
Retained Earn.	EPS

② BALANCE SHEET (Common for all chapters)

Liabilities	Assets
Eq share cap	FA - Plant & m/c
R/surplus	Building & Furniture
Preference	Investment & Intangibles
NCL - Debt or loan	CA - Debtors
CL - Creditor	Inventory
O/s exp	Cash & Cash Eq
Bank OD	Prepaid Exp
Advance Income	Accrued Income

RATIOS

① EBIT = Earning before Interest & Tax = Operating Profit

② Operating Expenses = Admin OH + Selling OH + Distribution OH

③ Total operating cost = Operating Expenses + COGS.

④ Operating Exp. Ratio = Operating Exp / Sales

Operating Profit Ratio = Operating profit / Sales

Operating Ratio = COGS + Oper. Exp / Sales

⑤ Total Assets = Total Liabilities

Fixed Assets + Current Assets = Total Capital + Total Liabilities

⑥ Total Capital = Equity + R/surplus + Preference + Debentures

(or) Total Assets − CL (or) Total Assets − working cap.

⑦ Equity s/h fund or Shareholder's equity = Equity + R/surplus

⑧ Net worth or Shareholder's fund or Proprietor's Fund = Equity + R/surplus + Preference

⑨ Return on Capital Employed = $\frac{\text{EBIT}}{\text{Capital Employed}}$

ICAI may sometimes take, EBIT(1-tax) but we should always take EBIT.

⑪ Return on Assets = $\frac{\text{EBIT (1-tax)}}{\text{Capital Employed}}$

ICAI may take (EAT + Int) or EAT or any other amount. but should only take EBIT (1-tax)

⑫ Ratio Related to Dividend

Dividend Per Share	Dividend Payout	Dividend Yeild
$\frac{\text{Total Eq. Dividend}}{\text{Total No. of Eq shares}}$	$\frac{\text{DPS}}{\text{EPS}}$	$\frac{\text{DPS}}{\text{MPS}}$

⑬ "To" means DIVIDE

⑭ ICAI Ques > Any Formula

⑮ Basic Defence Interval means How many days company can survive on its existing Quick Assets. It says How many days. company can continue incurring its daily operating Expenses (cogs + oper. exp)

(16) Profitability Ratio :- $\frac{\text{Any Profit or Any Expense}}{\text{Sales}}$

(17) Return Ratios :- $\frac{\text{What I Earn}}{\text{What I Invest}}$

(18) Turnover Ratio :- $\frac{\text{Sales}}{\text{Whose Turnover Is Asked}}$

Inventory T/O	Debtors T/O	Creditors T/O
$\frac{\text{COGS}}{\text{Inventory}}$	$\frac{\text{Credit Sale}}{\text{Debtors}}$	$\frac{\text{Credit Purchase}}{\text{Creditors}}$

- If details of opening & closing are available we use - AVERAGE
- If Receivable T/O is asked use Debtors + Bills Receivable
- If Payables T/O is asked use Creditors + Payables

(19) Coverage Ratios :- $\frac{\text{Which Income will cover}}{\text{What Expense to cover}}$

(20) If Ques provides 360 or 365 days → take what is given in Ques
If Ques says about year ended 31st march 2025 → take 365 days
If Ques says nothing → take 360 days.

(21) Current liability includes Bank OD, so don't substract it from CL.

(22) DU PONT ANALYSIS :-

$$\text{ROE} = \text{NET PROFIT RATIO} \times \text{ASSET TURNOVER RATIO} \times \text{EQUITY MULTIPLIER}$$

$$\frac{\text{EATESH}}{\text{Eq. share cap}} = \frac{\text{Net profit}}{\text{Sales}} \times \frac{\text{Sales}}{\text{Total Assets}} \times \frac{\text{Total Assets}}{\text{Eq. share cap}}$$

(23) In Debt to Equity Ratio we only take long term debt. (MTP dec 21)

LEVERAGES

	1st profit / 2nd profit	% where reached / % where started
① Operating Leverage	Contribution / EBIT	% change in EBIT / % change in Sales
② Financial Leverage	[No pref] EBIT / EBIT-Int	% change in EBT or EAT or EPS / % change in EBIT
	[pref avail] EBIT / EBIT - Int - PD/(1-t)	
③ Combined Leverage	OL X FL	OL X FL

④ If Ques says EPS fell to 0 means % change in EPS = 100% (fall)

⑤ Margin of Safety (MOS) = $\frac{1}{OL}$

or Operating Leverage = $\frac{1}{MOS}$

⑥ DOL and DFL can never be MORE THAN ZERO BUT LESS THAN 1 (not between 0 & 1)

⑦ If operating leverage is High, Beta is also High.

⑧ NEVER USE CL, to calculate EBIT or EBT or contribution
CL is used only, to calculate FL or OL

⑨ If FL and EBIT are already given. don't calculate INTEREST directly by Debenture × Int %. (wrong)

Solve like this $FL = \frac{EBIT}{EBIT - Int}$

⑩ If FL and Int are already given. Solve like this $FL = \frac{EBIT}{EBIT - Int}$

CAPITAL STRUCTURE

1. Always prepare Profit & Loss Statement first, then calculate EPS.

2. If P/E ratio is also given, calculate MPS = EPS x PE Ratio

3. Most Important calculation is No. of shares :-

   - If we already have old equity s/cap - old NOS = $\frac{\text{Old equity s/cap}}{\text{Face value}}$

   - If New Equity s/capital issued - New NOS = $\frac{\text{New Equity s/cap}}{\text{Issue price}}$

4. To calculate EPS and Prepare Profit & loss statement EBIT is must. but How to identify if we have to use SAME EBIT or EBIT CHANGES

   - **EBIT is constant**
     If no details about change in EBIT or only one EBIT given, Use that only.

   - **EBIT changes**
     - Ques says New EBIT is ₹.....
     - Ques uses the words
       - ROI is constant
       - New ROI is x%

⑤ Debt to Equity Ratio = $\frac{\text{Debt}}{\text{Equity}}$. but in one Ques ICAI gave :-

Debt to Equity Ratio = $\frac{\text{Debt}}{\text{S/h fund}}$. (so follow Ques & solve using this)

⑥ Financial BEP = Interest + $\frac{\text{Preference Dividend}}{1-\text{tax}}$

Such a level of EBIT where EPS = 0

⑦ INDIFFERENCE POINT IN CAPITAL STRUCTURE :- such a EBIT level where EPS of option$_1$ = EPS of option$_2$

$$\frac{(EBIT - Int_1)(1-t) - PD_1}{\text{No. of Eq shares}_1} = \frac{(EBIT - Int_2)(1-t) - PD_2}{\text{No. of Eq shares}_2}$$

CAPITAL STRUCTURE THEORIES

① There is only Equity & Debentures and No Preference s/cap. and total assets of firm are fixed. To raise Debt, sell Equity and To raise Equity, sell Debt.

② 100% EATESH is distributed as Dividend, so no Retained Earnings. So EATESH = Total Dividend.

③ Life of Business is Infinite (∞), so use (∞ formula) - Irredeemable.

$$\text{Value of Equity } (V_e) = \frac{\text{Total dividend}}{k_e} \text{ (or) } \frac{\text{Total EATESH}}{k_e}$$

$$\text{Value of Debt} = \text{always given (or) } \frac{\text{Interest } (1-\text{tax})}{k_d}$$

④ So if a firm has only Equity (Unlevered firm) [$\text{Value}_{\text{Firm}} = \text{Value}_{\text{Equity}}$]

$$= \frac{\text{Total dividend}}{k_e} \text{ (or) } \frac{\text{Total EATESH}}{k_e}$$

⑤ So if a firm has both Equity and Debt (Levered Firm)

$$\text{Value of Firm } (V_F) = \text{Value of Equity } (V_E) + \text{Value of Debt } (V_D)$$

$$\frac{EBIT}{K_O} \qquad \frac{\text{Total dividend}}{k_e} + \frac{\text{Interest } (1-\text{tax})}{k_d}$$

⑥ NET INCOME THEORY explains that for two different firms
EBIT is same . ke is same , kd is same . but ko different
So in NI approach valve of two firms are never same (until ICAI makes mistake)

⑦ NET OPERATING INCOME WITHOUT TAX explains that for two diff. firms:
EBIT is same . ko is same , kd is same but ke is different
So in NOI without tax valve of two firms are same always (until ICAI makes any mistake)

⑧ MM APPROACH WITHOUT TAX is same as NOI WITHOUT TAX and only for MM approach without tax . we can calculate ke in levered firm

$$\text{ke in levered firm in MM without tax} = \underset{\text{of levered firm}}{ko} + [ko - kd] \times \frac{D}{E}$$

$$\underset{\text{of levered firm}}{ko} \quad \underset{\text{of levered firm}}{kd}$$

(remember $ko_{\text{levered firm}} = ko_{\text{unlevered firm}}$)

⑨ NET OPERATING INCOME WITH TAX equals MM APPROACH WITH TAX

$$\text{Value of unlevered firm} = \frac{\text{Total dividend}}{ke} \text{ (or) } \frac{\text{Total EATESH}}{ke}$$

$$\text{Value of levered firm} = \text{Value of unlevered firm} + \text{Debt} \times \text{tax}$$

$$\text{ke in levered firm} = \underset{\text{unlev. firm}}{ke} + (\underset{\text{unlev. firm}}{ke} - kd) \times \frac{\text{Debt}}{D+E}$$

DIVIDEND

① DIVIDEND DISCOUNT :- $P_0 = \frac{D}{ke}$

② GORDON GROWTH :- $P_0 = \frac{D_0(1+g)}{ke\% - g\%}$ $\quad g = b \times r$

$b = \frac{\text{Retain Earn Per share (REPS)}}{EPS}$ $\quad r$ = RoI or ROE

③ WALTER :- $P_0 = \frac{D}{ke} + \frac{REPS \times r}{ke \times ke}$

④ OPTIMUM DIVIDEND POLICY :-

$ke > r$	$ke = r$	$ke < r$
Pay Entire EPS as Dividend	Pay any amount as Divd	Pay 0 dividend

⑤ D_0 = Dividend Paid , Recently Paid , Company pays.

D_1 = In any other case.

⑥ If ke not given use $ke = \frac{EPS}{MPS}$ or $\frac{1}{PE}$

⑦ Total BV before Buyback − Buyback Amount = Total BV after Buyback

Total shares before buyback × BV per share before buyback − No of shares buyback × Buyback price = No of shares after buyback × BV per share after buyback

⑧ MM APPROACH DIVIDEND NOT PAID

Step 1:- $P_0 = \frac{P_1}{(1+ke)^1}$

Step 2:- Invest − Earning

Step 3:- No of new shares = $\frac{\text{Step 2}}{\text{Step 1}}$

Step 4:- Total value = [(Old + New) shares × P_1] − I + E

Step 5:- Present value = $\frac{\text{Step 4}}{(1+ke)^1}$

MM APPROACH DIVIDEND PAID

$P_0 = \frac{P_1 + D_1}{(1+ke)^1}$

Invest − (Earning − Div paid)

$\frac{\text{Step 2}}{\text{Step 1}}$

[(Old + New) shares × P_1] − I + E

$\frac{\text{Step 4}}{(1+ke)^1}$

⑨ GRAHAM & DODD'S MODEL $P_0 = \left[D + \frac{EPS}{3}\right] \times$ multiplier

⑩ LINTER'S MODEL $D_1 = D_0 + [EPS \times \text{target payout} - D_0] \times$ Adj. factor

① REDEEMABLE :-

Debenture

$$kd = \frac{Int(1-t) + \frac{[RV - NP]}{life}}{\frac{[RV + NP]}{2}}$$

Preference

$$kd = \frac{Pref.Divd + \frac{[RV - NP]}{life}}{\frac{[RV + NP]}{2}}$$

RV = Redemption Value means amount paid at end of the life to the holder of debt/pref. If nothing given take RV = 100.

NP = Net Proceeds means amount received at time of issue of shares

Face value
+ Premium (Calculate on face value)
− Discount (Calculate on face value)
Issue price
− Float cost (Calculated on Issue price)
Net Proceeds

② Confusion about what to take as Net Proceeds (NP) ?

- If only New Issue Price given NP = New IP − FC (Calculated on New IP)
- If only MPS is given NP = MPS − FC (Calculated on MPS)
- If both are given NP = IP − FC (Calculated on IP)

COST OF CAPITAL

(2) REDEEMABLE + CONVERTIBLE

When the Question is about Redeemable + Convertible Debt or Preference Everything will remain same but, inplace of RV we check

Higher of :- Amount received at end **(or)** No of shares to be received in place of 1 debenture × MPS of eq. share on red. date

(3) IRREDEEMABLE

Debenture	Preference
$k_d = \frac{\text{Interest (1-tax)}}{\text{NP or MPS or IP or } P_0}$	$k_p = \frac{\text{Preference Divid}}{\text{NP or MPS or IP or } P_0}$

(4) YTM or IRR METHOD

Years	CashFlow	PVF @ Rate1	Total NPV$_1$	PVF @ Rate$_2$	Total NPV$_2$
0	(NP)				
1	Int(1-t) or PD				
2	"				
...	...				

$$K_d \text{ or } k_p = \text{Lower Int Rate} + \frac{\text{NPV when lower Int rate used}}{\text{NPV when lower Int rate used} - \text{NPV when Higher Int rate used}} \times \text{Diff of Int. Rate}$$

Tip :- First solve simply, then apply % at the very end.

⑤ How to Identify which Two RATES to take in YTM method ?

- If Ques already gives PVF of two rates – Use them
- If no rates given – Solve the Ques by direct formula and take one rate slightly above it , one rate slightly below it.

⑥ CAPM METHOD $k_e = R_f + \beta(R_m - R_f)$

R_f = Risk free rate = Rate on T-Bills or Govt Bill
R_m = Market rate of return
$(R_m - R_f)$ simply called as RISK PREMIUM.

⑦ Company issues 11 year 15% debt . But yeild on similar debenture is 16% and float cost is 2% on Face value. Face value = 100

Int = 100 x 15% = 15 Yeild expected = 16%.

So price of debt = $\frac{\text{Int}}{\text{Yeild\%}} = \frac{15}{16\%} = ₹ 93.75$

Net proceeds : Issue price – FC (on face value because Ques told so)
= 93.75 – 100x2%.
= ₹ 91.75

⑧ Calculate amount that can be raised for capital investment before new shares are issued ..... CHECK VIDEO SOLUTION.

⑨ **WEIGHTED AVG. COST OF CAPITAL**

Capital	Amount (market weight) or (Book value weight)	Weight	Cost	WACC

⑩ **MARGINAL COST OF CAPITAL** :- simply means WACC but on basis of the amount raised newly.

⑪ **MARKET VALUE WEIGHT OF EQUITY & RETAINED EARNING**

Lets say Book value of Equity = 12 shares X10 = ₹ 10 lakh
Book value of R/Earn = ₹ 20 Lakh
MPS of Eq share = 45/share

- If Ques says calculate WACC on basis of Book value we can solve easily.

- If Ques says calculate WACC on basis of Market Value, we have the market value of equity = ₹45 X 1 Lakh = ₹45 Lakh
but market value of R/Earn = 0
So we distribute Total MV of Equity between Eq & R/E in ratio of BV.

market value of equity = 45 lakh $\times \frac{10}{10+20}$ = ₹ 15 Lakh

market value of R/Earn = 45 lakh $\times \frac{20}{10+20}$ = ₹ 30 lakh

DEBTOR'S MANAGEMENT

① Evaluation of Credit Policy on Totality Basis :-

	Present Policy	Proposed I	Proposed II
Total Sales			
− Total Variable Cost			
− Total Fixed cost			
− Total Bad Debts			
− Total Cash Discounts			
Expected Net Profits Before Tax			
− Tax			
(A) Expected Net Profits After Tax			
(B) Opportunity cost after tax			
(A-B) Net Benifits			

(If net Benifit is +ve accept)

② Sometimes ICAI only subtracts variable cost and ignores Fixed cost, but we have to subtract both variable and fixed cost always.

③ Opportunity cost is always calculated on [Total Variable cost + Fixed cost]

$$= \frac{(\text{Total VC} + \text{Total FC}) \times \text{opp cost \%} \times \text{Days (avg. collect. period) money is stuck}}{360 \text{ days (or) } 365 \text{ days (or) } 12 \text{ month}}$$

⑥ 1/10 Net 60 days :- Read it in Reverse Order :-
Debtors should pay max. in 60 days
But if they pay in 10 days
They get discount of 1% of Sale.

So to calculate Actual Amount of Discount = % disc × Total Sale × % of debtors who avail it

⑦ Amount of Debtors = Total Sale × % sale done on credit × Debtor days / 360 or 365 days

⑧ For Factoring – There in Entire Seperate Video.
Search "Factoring by CA Amit Bhai"

WORKING CAPITAL

① **OPERATING CYCLE** :- CURRENT ASSETS DAYS − CURRENT LIABILITY DAYS

= RM Days + WIP Days + FG Days + Debtors Days + Prepaid Exp Days − Creditors Days − O/s expenses Days

- RM Days = $\frac{\text{360 or 365 days or 12 months}}{\text{RM Consumed}} \times \text{Rm stock}$
- WIP Days = $\frac{\text{360 or 365 days or 12 months}}{\text{Cost of production}} \times \text{WIP stock}$
- FG Days = $\frac{\text{360 or 365 days or 12 months}}{\text{Cost of goods sold}} \times \text{FG Stock}$
- Debtor Days = $\frac{\text{360 or 365 days or 12 months}}{\text{Credit Sales}} \times \text{Debtors amt}$
- Prepaid Exp. Days = $\frac{\text{360 or 365 days or 12 months}}{\text{Total expenses}} \times \text{Prepaid Exp amt.}$
- Creditors Days = $\frac{\text{360 or 365 days or 12 months}}{\text{Credit purchases}} \times \text{Creditors amt.}$
- O/s Exp Days = $\frac{\text{360 or 365 days or 12 months}}{\text{Total expenses}} \times \text{O/s Exp Amt.}$

② **WORKING CAPITAL AMOUNT** :- TOTAL CURRENT ASSETS AMOUNT − TOTAL CURRENT LIAB AMOUNT

= RM Amt. + WIP Amt. + Fg Amt. + Debtors Amt. + Prepaid Exp Amt. − Creditors Amt. − O/s expenses Amt.

- RM Amount = $\frac{\text{RM Consumed} \times \text{RM Days}}{360 \text{ or } 365 \text{ days or } 12\text{m}}$

- WIP Amount = $\frac{\text{Cost of production} \times \text{WIP Days}}{360 \text{ or } 365 \text{ days or } 12\text{m}}$

- Fg Amount = $\frac{\text{Cost of Goods sold} \times \text{Fg Days}}{360 \text{ or } 365 \text{ days or } 12\text{m}}$

- Debtor Amount = $\frac{\text{Credit Sales} \times \text{Debtors Days}}{360 \text{ or } 365 \text{ days or } 12\text{m}}$

- Prepaid Exp Amount = $\frac{\text{Total Expenses} \times \text{Prepaid Exp Days}}{360 \text{ or } 365 \text{ days or } 12\text{m}}$

- Creditors Amount = $\frac{\text{RM Purchased} \times \text{Creditor Days}}{360 \text{ or } 365 \text{ days or } 12\text{m}}$

- O/s Exp. Amount = $\frac{\text{Total Expenses} \times \text{O/s Exp. Days}}{360 \text{ or } 365 \text{ days or } 12\text{m}}$

(3) Most Important thing in working capital chapter is COST- SHEET.

④ Types of Cost-Sheet :-

Full Cost-Sheet	New Company	Old Company
It is used only in the case of Operating Days Questions.	It is used in case of New Company Ques. No opening data	It is used in case of Old Company Ques. No opng & clsng data
RM consumed	RM consumed	RM consumed
+ DL	+ DL	+ DL
+ Dexp	+ Dexp	+ Dexp
PRIME COST	PRIME COST	PRIME COST
FOH	FOH	FOH
+ Op. WIP	+	+
− Cl. WIP	− Cl. WIP	−
FACTORY COST	FACTORY COST	FACTORY COST
+ Admin RTP	+ Admin RTP	+ Admin RTP
COST OF PRODUCTION	COST OF PRODUCTION	COST OF PRODUCTION
+ Op. FG	+	+
− Cl. FG	− Cl. FG	−
COST OF GOODS SOLD	COST OF GOODS SOLD	COST OF GOODS SOLD
+ Gen Admin OH	+ Gen Admin OH	+ Gen Admin OH
+ Sell & Dist OH	+ Sell & Dist OH	+ Sell & Dist OH
COST OF SALES	COST OF SALES	COST OF SALES
+ profit	+ profit	+ profit
SALES	SALES	SALES
O/s RM		
+ RM purchased	+ RM purchased	+ RM purchased
− C/s RM	− C/s RM	−
RM consumed	RM consumed	RM consumed

⑤	CASH COST APPROACH	TOTAL APPROACH
(i) Cost of Production	COP - Depriciation	COP
(ii) Cost of Sales	COS - Depriciation	COS
(iii) FG calculated at	COP	COS
(iv) Debtors calculated at	COS	Sales

Untill the question asks us - Try to use CASH COST APPROACH TO CALCULATE working capital amount.

- Try to use TOTAL APPROACH TO CALCULATE the Operating Days.

⑥ In Double Shift Ques RM - FG - Debtors - Exp - Creditors DOUBLES.
WIP remains same.
Only variable cost doubles, fixed cost remains same.

INVESTING DECISION

① REPLACEMENT DECISIONS :-

	New Sales	− Old Sales	=	Incr. Sales
(−)	New VC	− Old VC	=	Incr. VC
	New Contribution	− Old Contribution	=	Incr. Contribution
(−)	New FC Cash	− Old FC cash	=	Incr. FC cash
(−)	New Depreciation	− Old Depreciation	=	Incr. Depreciation
	New EBIT	− Old EBIT	=	Incr. EBIT
(−)	New Tax	− Old Tax	=	Incr. Tax
	New NOPAT	− Old NOPAT	=	Incr. NOPAT
(+)	New Depreciation	− Old Depreciation	=	Incr. Depreciation
	New CashFlow	− Old CashFlow	=	Incr. CashFlow

② Outflow can occur in any year, not just Yo.

③
- Working capital is an outflow and can be needed in any year.
- In most of the Questions, ques itself specifies that w.cap amount is received back, so its an Inflow at end of life of project.
- And if Ques doesnot specify, always assume - it is received back at end of life of project.

④ SUNK COST & ALLOCATED OVERHEADS NEVER form part of expenditure.

⑤ **Calculation of Outflow** :-

Purchase Price of New Asset
(-) Sale price of Old Asset
(+) Capital Gain Tax on sale
(-) Capital Loss Tax Save on sale
(-) Subsidy
(+) Working capital Invested
Total Outflow

⑥ **Calculation of Amt. for dep** :-

Purchase Price of New Asset
(-) Sale price of Old Asset
(+) Capital Gain Tax on sale
(-) Capital Loss Tax Save on sale
(-) Subsidy
Total Outflow

Tax = 30%

	Year 1	Year 2	Year 3
NOPAT	(10 lakh)	15 lakh	30 lakh

⑦ **Carry forward of loss Allowed**

Tax = 30%

	Year 1	Year 2	Year 3
EBIT	(10 lakh)	15 lakh	30 lakh
(-) tax 30%	–	30% × (15-10) L = (1.5 lakh)	30% × 30 L = (9 lakh)
NOPAT	(10 lakh)	13.5 lakh	21 lakh

→ No tax in year of loss

→ Tax on net profit in next year.

(8) Carry forward of loss Not Allowed

Tax = 30%

	Year 1	Year 2	Year 3
EBIT	(10 lakh)	15 lakh	30 lakh
(-) tax 30%	30% x 10 L = 3 lakh	30% x 15 L = (4.5 lakh)	30% x 30 L = (9 lakh)
NOPAT	(7 lakh)	10.5 lakh	21 lakh

Tax save in year of loss

Normal treatment in next year.

(9) Untill the Ques asks us to or the Ques specifies, DO NOT CARRY FWD Loss.

(10) When the Question specifies, there are "Other assets in block of assets"

- If there is capital gain on sale of Asset :-

  Normally we pay capital gain tax on it, so it is a kind of OUTFLOW.
  But Here, we dont pay CG tax rather, we reduce the WDV of Block of Assets.
  So Tax Saving on Dep is less.
  So Benifit received is less.

- If there is capital loss on sale of Asset :-

  Normally we save capital loss tax on it, so it is a kind of INFLOW.
  But Here, we dont save Capital loss tax, we Add to the WDV of Block of Assets.
  So Tax Saving on Dep is more.
  So Benifit received is more.