



INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(*SET UP BY AN ACT OF PARLIAMENT*)

SOUTHERN INDIA REGIONAL COUNCIL (SIRC)
THIRUVANANTHAPURAM BRANCH

NEWS LETTER

Issue II- April 2022
(For Private Circulation Only)

Message from Chairman's Desk

My dear professional colleagues,

My greetings to all of you at the start of the financial year 2022-23.

At the time of formation of ICAI in the year 1949 we were awarded with the motto suggested by renowned Indian scholar Sri. Aurobindo Ghose *Ya Aeshu Suptaeshu Jagruti*, which literally means "a person who is awake in those that sleep". Now it is very important to understand our professional existence in the light of our motto and logo. The Parliament has passed the Chartered Accountants, the Cost and Works Accountants and the Company Secretaries (Amendment) Bill, 2022 aimed at strengthening the ICAI's accountability, governance, and administration. The new enactment must be an eye opener for the profession as whole in the practicing the essence of quality in the profession.



We started the month of March with International women's day celebration recognizing women's invaluable contribution to the profession and their vital role in encouraging aspiring professionals. We had Smt. R. Nishanthini IPS and Dr. P.V Sulochana as speakers for the session. We had a wonderful installation ceremony with Dr. V.P Joy IAS as our chief guest with an enthusiastic participation from members. An interactive session with chairman GST & Indirect taxes committee CA. Rajendra Kumar. P with active participation of members in practice and industry was organized at branch. We had a bank branch audit seminar with CA. Kuntal P. Shah covering Audit under CBS Environment and CA. Dhananjay J. Gokhale with IRAC norms. The seminar was inaugurated by Shri Harisankar.S , Director of Kerala bank. In remembrance of our former president of ICAI, CA S.Vaidyanathan Aiyar the branch conducted memorial lecture, Dr. CA.E.Phalguna Kumar delivered the lecture.

The branch managing committee has decided to continue with Annual Registration Scheme (ARS) for the year 2022 -2023 also. The ARS fee has been fixed at Rs.5000/- plus GST (Rs. 5900) and the last date of renewal/registration will be 25 April 2022. We have enabled online and offline options for the renewal and new registrations. We request the members to make use of the opportunity

I would like to extend my heartiest wishes in advance on the festivals of Mahavir Jayanti and Easter. I would like to convey my most warm greetings and good wishes to the members on the auspicious occasion of Vishu, the traditional harvest festival of Kerala. May these festivals add moments of peace, love and joy among the people.

With regards,

CA. Cherianji Samuel

Chairman,

Thiruvananthapuram Branch, ICAI

Secretary's Communique



Dear Professional Colleagues,

Greetings from Thiruvananthapuram Branch of ICAI

I would like to offer my best wishes to all of my professional colleagues and students on Holi and also wishing for a wonderful Financial Year ahead. The festival encourages us to lead a virtuous life in truth, peace and harmony. As a Chartered Accountant, it's our duty to eradicate the darkness in the records of business and remove them with the colours of true and fair view accounting practices.

During this month our members are busy with Statutory Bank Audit, I wish all members who are involved in Statutory Assignment an effective execution of audit. Over the years, number of Branch Audit has declined due to many reasons. I urge all members to diversify and upskill the area of expertise as there exist many other professional opportunities considering the fact that India's economy is fast growing.

This month also witnessed discussions on the CA Bill. Leaders of our profession are working positively for necessary course of correction, if any and is expected to appraise the Government. At the challenging times, we members have to stay together and take positive steps.

A brief update on events carried out in March 2022

- We started our activities with Women's Day Celebration, the session was ably handled by Dr. P V Sulochana focusing on health parameters
- An open floor discussion on GST was held with speaker CA Rajendra Kumar
- Insightful full day session on Bank Audit with faculties CA Dhananjay J Gokhela and CA Kuntal P Shah explaining CBS environment and RBI notification
- Taxation of Trust was led by CA Phalgun Kumar

This month is a busy month due mainly owing to closure of accounts on end of Financial year and bank audit. Here it's our duty to be resilient and act as a professional even though the times are tough and do our work with diligence so that we serve as torchbearers for the resurgence of economy and country at large. With this humble submission I present to you the April issue of Thiruvananthapuram Branch of ICAI Newsletter and also wish you a Happy and Prosperous Financial New Year.

With Best Wishes

CA. Nikhil R Kumar

Secretary

Thiruvananthapuram Branch of ICAI

Bank Audit

RBI Amendments

NPA classification in case of interest payments

In terms of paragraph 2.1.3 of the Master Circular on IRAC norms dated October 1, 2021, in case of interest payments, an account is classified as NPA only if the interest due and charged during any quarter is not serviced fully within *90 days from the end of the quarter*.

Modification : In case of interest payments in respect of term loans, an account will be classified as NPA IF THE INTEREST APPLIED AT SPECIFIED RESTS REMAINS OVERDUE FOR MORE THAN 90 DAYS.

Clarification regarding definition of 'out of order'

Cash credit/Overdraft (CC/OD) account is classified as NPA if it is 'out of order'. In cases where the outstanding balance in the principal operating account is less than the sanctioned limit/drawing power, the extant instructions, *inter alia*, stipulate that the account should be treated as 'out of order' if there are no credits continuously for *90 days as on the date of Balance Sheet* or credits are not enough to cover the interest debited during the same period.

Modification : In order to avoid any ambiguity regarding determination of 'out of order' status of CC/OD accounts on a continuous basis, it is clarified that an account shall be treated as 'out of order' if:

- i. the outstanding balance in the CC/OD account remains continuously in excess of the sanctioned limit/drawing power FOR 90 DAYS, or
- ii. the outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but there are no credits continuously FOR 90 DAYS, or the outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but credits are not enough to cover the interest debited DURING THE PREVIOUS 90 DAYS PERIOD.

Upgradation of accounts classified as NPAs

It has been observed that some lending institutions upgrade accounts classified as NPAs to 'standard' asset category upon payment of only interest overdues, partial overdues, etc.

Modification : it is clarified that loan accounts classified as NPAs may be upgraded as 'standard' asset only if ENTIRE ARREARS OF INTEREST AND PRINCIPAL ARE PAID by the borrower.

The rising trend in loan related frauds in the financial sector is a matter of serious concern. Equally disquieting is the delay in detection and reporting of such frauds by banks. The issues relating to prevention, early detection and reporting of frauds has been looked into by an Internal Working Group (IWG) of the RBI which also held wide ranging consultations with various banks and other stakeholders. Based on recommendation of the committee a framework for fraud risk management in banks is identified.

Some early warning signal includes :

- Default in payment to the banks/ sundry debtors and other statutory bodies, bouncing of the high value cheques
- Invoices devoid of TAN and other details
- Under insured or over insured inventory
- Financing the unit far away from the branch
- Funding of the interest by sanctioning additional facilities
- Claims not acknowledged as debt high
- Significant increase in working capital borrowing as percentage of turnover.
- Increase in Fixed Assets, without corresponding increase in turnover (when project is implemented).
- Liabilities appearing in ROC search report, not reported by the borrower in its annual report.
- Substantial related party transactions.
- Frequent change in accounting period and/or accounting policies.
- Not routing of sales proceeds through bank
- Heavy cash withdrawal in loan accounts.
- Non submission of original bills.

Some of the Auditor Primary Checks in CBS Parameters affecting NPA Identification

- Whether EMI/Installment is correctly set up in master data
 - Whether periodicity of Installment is correctly classified as per Sanction Letter
 - Changes in Sanctioned Limit / Drawing Power to be cross verified with Sanction Letter
 - Whether moratorium period / rephasing is correctly fed in system
 - Check whether installment start date is as per Sanction Letter
 - Check on interest rate
 - Scrutiny of credits routed through office account or Inter Branch Account
 - Devolved Bills parked in Office Account
 - Existence of multiple cust ids
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Law Updates

GOODS AND SERVICE TAX

Gross GST revenue collected in the month of March 2022 is Rs. 1,42,095 crore breaching earlier record of 1,40,986 crore in January 2022

INCOME TAX

Due date for filing Form 10AB extended to September 30, 2022

ITAT Chandigarh allowed Sec 54 of Income Tax Act relief to women who purchased a new house jointly in the name of married daughter and son-in-law – Smt. Rachna Arora(2021)

Partners remuneration not to be counted for the purpose of audit us 44AB – Perizad Zorabian Irani v. PCIT (Bombay HC)

Domestic tour operator is not required to collect tax at source on sale of overseas tour package to non resident individuals visiting India

COMPANIES ACT

MCA extended mandatory accounting software with recording Audit Trail for Companies and Auditor's Responsibility, Reporting Requirements date to April 01, 2023

MCA extends filing of Form CSR 2 for FY 2020 – 21 to May 31, 2022

OTHERS

As per RBI data, recovery made by Public Sector Bank during the Financial Year as a percentage of Gross Non Performing Assets as on the beginning of Financial Year has improved from 11.33% in FY 2017 – 18 to 13.52% in FY 2018 – 19, to 14.69% in FY 2019 – 20. Despite impact of Covid pandemic and its cascading effect on the actions in respect of recovery measures, recovery during FY 2020-21 was 12.28%.

Happy Birthday to our April Celebrants

The snowstorms melted, Drops appeared.

*We congratulate everyone who was born in April... **HAPPY BIRTHDAY !!!***

Name	Day	Name	Day
SUMI V S	1	ABRAHAM VARKEY PAYNADATH	13
REBECA K CHACKO	2	VIJAYAN M	13
SREEHARI M S	2	JUSTIN RAJ S	14
REMA SARMA N	4	DEVI ROOPESH	14
KEERTHI M NAIR	4	KRISHNAKUMAR S	16
RESHMA B RAMESH	4	AKERSH NARAYAN J	19
GOPAN T P	6	KRISHNAMOORTHY HARIHARAN	20
HARIKRISHNAN R S	6	PRAKASH GNANASINGH J	21
SAJU K R	6	JOHN JOSEPH	24
KRISHNANATH N	7	C R GOPAKUMAR	25
SHIJIN M S	8	SANDEEP R	25
KAVITHA V KURUP	8	PRINCE N RAVI	25
SYAM ARAVIND A V	9	B RADHAKRISHNAN NAIR	25
REVATHY RAJA	9	SANJEEV KUMAR	28
CHERIANJI SAMUEL	11	HARI C	29
VINOD V S	11	JOHNSON ROCHE VASAGAN	29
C SURESH BABU	13		

Some Quick Snaps on March ...

Installation Ceremony



Women's Day



Open House Discussion on GST



S.Vaidyanatha Aiyar Memmorial Seminar



Bank Audit



Invitation for Articles/Writeups

Articles / Writeups are hereby invited from members on any key topics to be published in the upcoming e-Newsletter. Members may kindly submit their articles at trivandrum@icai.org with cc to nikhil@krishnanretna.com with a subject line "Article for newsletter" on or before 05th of following month along with mentioned details

1. Name
2. Membership Number
3. Contact Number
4. E mail id
5. Photo
6. Article in docx format