



INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
CHHATRAPATI SAMBHAJINAGAR BRANCH OF WIRC



Newsletter - April 2025

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Chairman's message

Dear Members,

March was a fulfilling month for our CSN Branch, marked by a diverse range of activities that blended knowledge enhancement, member wellness, outreach, and celebration. We began with a special Women's Day program focused on health awareness and work-life balance, followed by a three-day seminar series on capital markets, equipping members with key market insights.

We were proud to collaborate with the Income Tax Department for an impactful outreach initiative and celebrated the festival of Holi with great enthusiasm and unity. Our focus on technology and upskilling continued through seminars on office automation, audit quality guidelines, and a three-day certificate course on Artificial Intelligence. The ongoing ISA course and a seminar on bank branch audits further supported our members during the close of the financial year.

As we step into April, the momentum continues with seminars designed to sharpen both technical and professional skills. We'll explore practical aspects of the RERA Act, learn strategies for building a strong professional brand and attracting high-value clients, and focus on efficient time and priority management. The month will close with a session dedicated to preparing financial statements for corporate and non-corporate entities—ensuring we're well-equipped for the new fiscal challenges ahead.

I urge all members to participate actively and take full advantage of these programs. Let's continue to learn, grow, and lead—together.

CA Mahesh Indani
Branch Chairman
Chhatrapati Sambhajnagar



*"Our profession
thrives when we
stay curious, stay
updated, and stay
united"*

Photos of Activities and Events of March 2025

1. Dated 6 March 2025, Women's Day Celebration- Half day Seminar on Awareness of Cancer Screening Test & Work Life Balance, Floral Welcome of Speaker Dr. Sewanti Limaye by Branch Chairman CA Mahesh Indani.



2. Dated 8 March 2025, One day Seminar on Capital Market, Floral Welcome of Speaker CA Atul Modani by Branch Chairman CA Mahesh Indani, CCM CA Umesh Sharma.

3. Dated 9 March 2025, One day Seminar on Capital Market, Floral welcome of Speaker CA Prakash Padalia by Branch Vice Chairman CA Amol Godha.





4. Dated 10 March 2025, One day Seminar on capital Market, Floral Welcome of Speaker CA Sarthak Nyati by Branch Vice Chairman CA Amol Godha.

5. Dated 11 March 2025, Outreach Program with the Income Tax Department, Presentation of Memento to Joint Commissioner of Income Tax, Smt. Neha Thakur by Branch Chairman CA Mahesh Indani.



6. Dated 14 March 2025, Holi Celebrations, WICASA Team.

7. Dated 15 March 2025, One day Seminar on Office Automation, Floral Welcome of Speaker Mr. Sushil M Ravani by WICASA Chairman CA Sameer Shinde.



8. Dated 16, 17 & 18 March 2025, Certificate Course on Artificial Intelligence by CA Harpreet Singh

9. ISA 3.0 Certificate Course, Floral Welcome of Mr. N D Kundu by Branch Treasurer CA Rafeeqe Pathan.





Speaker CA Sonali Chandak.

10. Dated 27 March 2025, One day Seminar On Bank Branch Audit, Lightning of Lamp, Dignitaries on Dias, L-R, Branch Secretary CA Anand Totla, Chief Guest Hon. Regional Manager, SBI Mr. Tribhuvan, Branch Chairman CA Mahesh Indani, Branch Committee Member CA Kedar Pande, Branch Treasurer CA Rafeeqe Pathan, WICASA Chairman CA Sameer Shinde, Immd. Past Chairman CA Rupali Bothara and



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Audit of NPA Accounts

- By Nandadulal Kundu

A. Definition of NPA

- Interest or instalment overdue >90 days for term loan
- Accounts remain out-of-order for OD/CC accounts
- For BP & BD, bills remain overdue > 90 days
- Instalment of principal or interest overdue for two crop seasons for short duration crops
- For long duration crop - one crop season
- Amount of liquidity facilities remain outstanding > 90 days
- For derivative transaction remains unpaid > 90 days from due date
(There are specific provisions for NPA in master circular)

B. Out of order means

- For CC/OD accounts Outstanding balance continuously in excess of drawing power/limits for >90 days
- Outstanding balance < sanction limit/drawing power, but no credits in the account continuously for >90 days
- Outstanding balance < sanction limit/drawing power, but credits not covering the interest charged for previous 90 days
- Applicable to all loan/OD products where interest repayment is the only credit
- Overdue means any credit facility not paid within due date fixed by the bank

C. Income Recognition

- Income recognition policy has to be objective
- No interest on any NPA accounts even supported by government guarantee
- Interest on advance against BD, NSC, LIC, KVP may be taken on due dates provided adequate margin is available
- Fees and commission earned on restructured or renegotiated accounts to be taken on accrual basis
- For moratorium account - recognized on accrual basis, account is to be standard.
- For projects under implementation & gold loan for non-agricultural purpose - special instruction

D. Reversal of Income

- When an account become NPA all unrealized income to be reversed.
- Loan with moratorium becomes NPA after the moratorium period, capitalised income need not be reversed.

- Unrealised fees, commission to be reversed
- For leased assets, unrealised finance charges to be reversed.
- Appropriation in recovery of interest are not out of fresh / additional credit facilities
- Clear agreement for appropriation in regards to principal and interest.
Reversal of interest on NPA accounts should be by debiting PL and kept into memorandum account.

E. Asset classification

- Substandard assets - remained NPA $\leq$ 12 months
- Doubtful assets - remained substandard for 12 months
- Loss assets - identified by auditor, not written off, considered uncollectable
Appropriate internal system for timely identification of NPA accounts
Availability of security or net worth should not be considered while treating an advance as NPA

F. Account with temporary deficiency

- Classification should be based on record of recovery
- Should not classify on temporary deficiency like latest stock statement, balance > limit, non-renewal on due date etc.
- Drawings should be covered by adequate current assets
- Stock statement < 3 months old, more than 3 months irregular
- If irregularities persists for > 90 days, for WC borrowal accounts may be treated as NPA
- Accounts not reviewed/ renewed within 180 days of due date or adhoc sanction, to be treated as NPA

G. Upgradation of Loan Accounts

- When entire arrear of principal and interest paid by borrower
- Arrear should be cleared for all credit facilities of the borrower
- For restructured account non-achievement of DCCO to be considered
- Accounts regularized near the balance sheet date should be thoroughly checked about continuity.
- Asset classification should be borrower wise not facility wise.
- Debit arising out of LC or invoked guarantee should be considered for asset classification
- Normal BD may not be a NPA when other accounts are NPA.

H. Derivative contracts

- The overdue receivable representing positive mark-to-market value will be NPA if remain unpaid for 90 days or more.

- If overdues from forward contract is NPA, then all other accounts also be NPA. **There are some exception.**
- If there is a provision for settlement of current MTM value before maturity then current credit exposure will be NPA, not the future contract value.
- Booked profit should be in suspense account (crystallised)
- For more details refer RBI circular

I. Consortium advances

- If recoveries are not shared proportionately, account may become NPA
Accounts where there is an erosion of value of security/ frauds committed may directly treated as NPA
- Erosion - when realizable value of security < 50% of assessed value accepted by RBI, accounts should be doubtful
- When realisable value < 10% of the outstanding value, it will be loss assets

J. Provisioning of Fraud account

- Provide for entire amount due to the bank after adjustment of collaterals
- Provisioning can be distributed to max 4 quarters
- Other reserve accounts can be debited
- Bank shall make suitable disclosure for number of frauds, amount involved, provision made, reserve adjusted

K. Other accounts

- For PACS/FSS, NPA norms will be applicable to said account only not other facilities.
- Advances against bank deposit, NSC, KVP will not be treated as NPA if sufficient margin is available.
- Gold loan, loan against govt and other securities will not covered by this exception
For moratorium for payment of interest account will not be NPA, if there is no overdue interest
- For housing loan and staff advances where interest is payable after principal, NPA only when default in payment of principal or interest on due dates

L. Agricultural advances

- Short duration - two crop seasons
- Long duration (more than one year) - one crop season
- SLBC is the final authority to decide on the duration
- Refer annex-2 (farm credit) of RBI circulars, all others will follow 90 days norms
Under natural calamities bank may convert short term loan to long term loan/ reschedulement subject to RBI circular dated 17.10.2018. In such cases no NPA and to be treated as a fresh loan. Repayment schedule for rural housing scheme

to agriculturist like Indira awas yojana, Pradhan mantri gram awas yojana, golden jubilee rural housing finance should be linked to the crop cycle only

M. Government guaranteed advances

- NPA only when Govt repudiates its guarantee when invoked
- State govt guaranteed scheme will follow normal NPA norms
- Projects under implementation, date of commencement of commercial operations (DCCO) should be clearly documented.
- Deferment of DCCO is not restructuring
- Upto 2 year deferment of DCCO - standard assets, another 2 years in case of arbitration cases
- Infrastructure projects maximum extension 2+1 year, in case of delay beyond the control of promoter
- For non-infrastructure projects maximum extension is 2 years
- Where there is a moratorium for interest payment, Bank should not book the interest on accrual basis for > 2 years.

N. Provisioning for infrastructure projects

- Revised DCCO within 2 years - 0.40%
- Beyond 2 years - 5%
- Non-infra projects (1-2 years) including real estate projects - 5%
- Infrastructure projects may not be treated as restructured in certain condition (refer RBI circular)
- For change in ownership - DCCO may be extended
- More details - refer RBI circular
- Provision for deemed DCCO

O. Income recognition

- Recognise income on accrual basis for projects under implementation
- For sub-standard assets, recognize income only on realization
- Remember regulatory treatment of FITL/debt/equity instruments created by the conversion of principal/ unpaid interest
- Post shipment supplier credit - EXIM bank guarantee
- Export project finance - one year
- For credit card dues, if minimum amount not paid within 90 days from due date - NPA
- Credit card account - payment past due to be informed to CIC

P. Provisioning Norms

- Loss assets - 100%

- Doubtful assets - 100% for the amount not covered by realizable value of security
- Remaining portion - remained doubtful
 - Upto one year - 25%
 - One to 3 years - 40%
 - More than 3 years - 100%
- Stock audit for all NPA accounts > 5 crores is a must

Q. Provisioning

- Substandard assets - 15%
- Unsecured exposure - additional 10%, total 25%
- In case infrastructure loan account where escrow is available - 20%
- For unsecured doubtful asset - 100%
- Exposure means where realizable value not more than 10%
- Exposure for funded and non-funded
- Security - only tangible assets
- However annuities under BOT may be taken as tangible assets
- In case of PPP projects, debts due to the lenders may be taken as secured to the extent assured by project authority

R. Other provisioning

- Standard assets - farm credits to agriculture, housing loan, SME-.25%
- Commercial real estate - 1.00%
- Residential sector - 0.75%
- Restructured advances - already discussed
- All other advances - 0.40%
- There are provision for incremental provision in case of foreign currency exposure
- Bank may go for higher provision, if they desire
- There are other risk such as foreign exchange risk, country risk etc.
- Housing loan with teaser rate - 2%, then when regular rate charged 0.40% for standard assets
- There are other special cases as well
- Provisioning coverage ratio - 70% to be achieved

S. NPA management

- Robust MIS mechanism
- Detection of signs of distress at account level
- Early warning signal at segment level
- Asset quality management framework
- Transparent restructuring mechanism

- Generate reliable and quality information
- No inconsistencies between regulatory reporting and own MIS
- Segmentwise information of NPA, restructured assets etc.
- Stressed Account, SMA-0,1,2, Resolution plan

T. Reporting of NPA - At different locations

- Main Menu
- Report Menu
- Data Warehouse generated reports
- Data Mining using tools like GenAI/ OpenAI
- Automated data Flow
- Audit automation software (Ethics, pentana vision)

Options and Options !!!

- By CA Atul Modani

- Huge interest in options
 - Breakup of daily turnover - FII
 - Cash – 1% , Futures – 2 % , Options – 97 %

FII Net Index Contracts as on Date >>>>			13814
FII	Buy	Sell	Net (In Cr.)
Cash	9267.42	10291.33	-₹ 1,023.91
Index Future	2550.61	4353.10	-₹ 1,802.49
Index Option	869551.59	835847.92	₹ 33,703.67
Stock Future	14652.44	14713.88	-₹ 61.44
Stock Option	14428.37	14522.82	-₹ 94.45

- Daily Traded Contracts - FII & Retailers

FII	Long	Short	Net (Contracts)
Index Future	● -12554.00	6873.00	-19427
Stock Future	8503.00	7499.00	1004
Index Calls	● 542333.00	● 403157.00	139176
Index Puts	● 445301.00	● 220564.00	224737
Stocks Calls	18098.00	22147.00	-4049
Stocks Puts	15784.00	12274.00	3510

Clients Net Index Contracts as on Date >>>>			20663
Clients	Long	Short	Net (Contracts)
Index Future	-1203.00 ●	-22119.00	20916
Stock Future	● 15224.00	6285.00	8939
Index Calls	● 1708793.00	● 1794226.00	-85433
Index Puts	● 1036861.00	● 1300070.00	-263209
Stocks Calls	136077.00	83241.00	52836
Stocks Puts	43676.00	61849.00	-18173
BROs Net Index Contracts as on Date >>>>			-5318

- Basics
 - Option is a Choice. (Buy or Sell particular stock/ index).
 - Instead of Buying in entirety, you can buy or sale only by paying premium.
 - Low Capital Requirement in option buying.
 - Option Buying: Risk is derived. Profit is unlimited.
 - People use options for income, to speculate, and to hedge risk.
- Important Aspects of Option
 - **Strike price:** This is the price at which an option can be exercised.
 - **Type:** Call or Put Option
 - **Expiration date:** This is the date at which an option expires and becomes worthless. Index Weekly and Stocks Monthly
 - **Option premium:** This is the price at which an option is purchased or sold
- Profit from options

	Reliance	Lot	250
	Strike Price	2500 CE	
Rate	Equity	Option At expiry	Option in a week
2500	625000	20000	20000
2600	650000	25000	40000
Profit	25000	5000	20000
ROI	4.0%	25.0%	100.0%

- Buying and Selling

OPTIONS: BUYER vs SELLER

BUYER

- Takes Limited Risk For Unlimited Reward
- Have To Manage Risk Less Than Seller
- Pays Only Option Value
- 90% Of The Options Expire Worthless For Buyers

SELLER

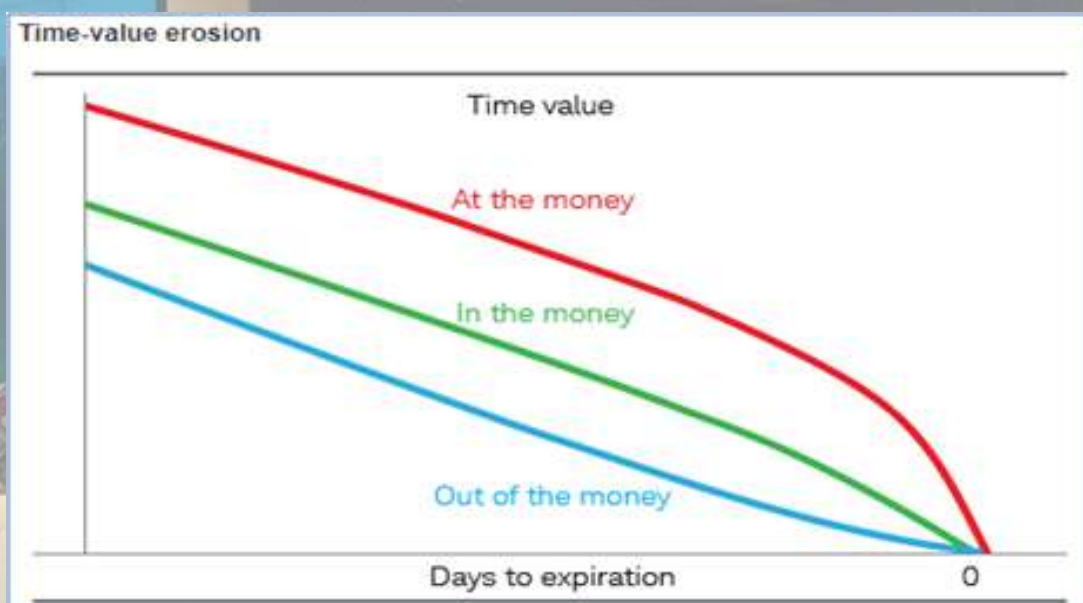
- Takes Unlimited Risk For Limited Reward
- Have To Manage Risk More Than Buyer
- Pays Full Margin
- In More Than 90% Cases, Option Seller Makes Money

- Selection of an Option - Entry, SL & Exit points
 - On 10th Aug 9.20 AM & Day End

Trading Symbol	% Ch... ▼	LTP	Open	High	Low	Prev Close	ATP
NIFTY2381019550PE	109.89	39.25	22.00	42.75	21.20	18.70	34.38
NIFTY2381019600PE	98.90	63.05	35.00	68.00	35.00	31.70	55.65
BANKNIFTY2381044700PE	60.06	141.65	91.50	150.00	91.50	88.50	125.62
BANKNIFTY2381044800PE	51.34	194.45	141.00	203.30	140.00	128.35	172.50
BANKNIFTY2381044800CE	-28.69	112.35	145.00	145.00	108.10	157.55	123.88
BANKNIFTY2381044900CE	-30.19	76.55	98.70	98.70	71.85	109.65	84.25
NIFTY2381019600CE	-44.87	37.90	55.00	55.00	34.75	68.75	43.12
NIFTY2381019650CE	-49.50	20.40	34.80	38.70	17.65	40.40	23.25

Trading Symbol	% Ch... ▲	LTP	Open	High	Low	ATP
BANKNIFTY2381044800CE	-99.97	0.05	145.00	220.00	0.05	46.07
BANKNIFTY2381044900CE	-99.95	0.05	98.70	159.85	0.05	40.09
NIFTY2381019600CE	-99.93	0.05	55.00	66.15	0.05	15.67
NIFTY2381019650CE	-99.88	0.05	34.80	39.75	0.05	9.43
NIFTY2381019550PE	-63.37	6.85	22.00	91.00	3.40	27.46
BANKNIFTY2381044600PE	0.94	59.10	55.70	219.80	19.10	85.89
BANKNIFTY2381044700PE	79.32	158.70	91.50	296.55	42.80	146.55
NIFTY2381019600PE	79.34	56.85	35.00	133.00	23.20	61.28

- 1) Total Cost of Premium
- 2) Time frame pending - Inverse relation with premium
- 3) Momentum and Technical health of Underlying



- Golden Rules to be kept in mind
 - Trade in options only with that much amount where you will not face much inconvenience as life cycle of option is very less.
 - Don't overtrade. Define daily profit or loss amount.
 - Define Risk for each trade viz-a-viz total capital.
 - Stop losses are must, don't shy away from same
 - No averaging in options immediately.
 - Avoid taking big trades at start of month unless you have strong conviction and knowledge about particular scrip or event
 - Don't average in hero zero options.



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Upcoming Events

1. 12th April 2025 - Seminar on RERA Act



2. 19th April 2025 - One-day seminar on brand building, how to attract high-value clients, and managing time and priorities



3. 26th April 2025 - Seminar on Preparation of financial statements of corporate and non-corporate entities.