

**GUWAHATI@ICAI**



**FEBRUARY  
2023**

**Volume 04 || Issue 1**

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## Chairman Speaks...



Respected Members,

It is a matter of great pride for me that I have been given the onerous responsibility to assume the post of the Chairman of this esteemed branch. The Branch has a history of over 45 years and the legacy which the branch carries is unparalleled. I do accept this responsibility with folded hands and assure you that I shall do everything possible for ensuring the best interests of our members.

Our profession is at crossroads and it is time we give back something to the profession so that we can ensure something for our future generations. Though we are facing many existential threats, we have plenty of opportunities in our hands to leverage upon and work into. However, we need to come out of our comfort zones and work for developing newer professional lines in our profession. Your branch shall try to work on these newer opportunities for the betterment of all members.

We call upon volunteers from the membership of our branch to help the branch on various activities like CPE Events, Career Counselling, Finance & Tax Literacy Drive, etc. All the managing committee members are there to serve the members at large and each one can be contacted in case any sort of help is required from our side.

I again humbly request all members to kindly take part in branch activities so that we can serve you in a better manner.

Best Regards,

**CA. (Dr.) Ayush Saraf**

**Chairman**

## Editor's Desk...

Dear Esteemed Professional Colleagues,

It's a privilege, once again, to take the role of an editor of the Members' Newsletter of Guwahati Branch of EIRC of ICAI for yet another new term. I am grateful for the Branch for entrusting me with this responsibility.



As we approach the end of the financial year, it's important to focus on the various compliances and adjustments that need to be made. It's crucial that businesses take extra care and attention in their financial reporting.

One of the most critical tasks during this period is the closure of books of accounts. All businesses, irrespective of their size, need to ensure that their books of accounts are closed on time and in compliance with the relevant accounting standards.

Another critical aspect is tax planning. As the financial year comes to an end, it's imperative that businesses evaluate their tax liabilities and take appropriate steps to minimize them. This may involve investing in tax-saving instruments, availing of deductions and exemptions, and reviewing their withholding tax obligations.

Additionally, companies must ensure compliance with other statutory obligations such as TDS returns, GST returns, and annual filings with the Registrar of Companies.

In conclusion, as we near the end of the financial year, Chartered Accountants play a crucial role in ensuring compliance with the various statutory requirements. It's important to be vigilant, proactive, and diligent in performing our duties, which will help our clients navigate these challenging times successfully.

Warm regards,

**CA. Saurav Somani**  
**Editor**



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## Essentials of a sound Project Appraisal from Bank's perspective

Project is a way of organizing resources. A business require funds to get started or for expansion. Funds can be either owned-funds of promoters or borrowed funds. Banks lend money according to the purpose and requirement of a particular project. Normally, business may need funds for working capital or capital costs or combination of both.

In project finance, focus is on viability of business as a whole, which becomes the thrust area. Lenders examine viability of venture in totality and go through the project report..

*Thus, Project appraisal is a shift from security-oriented approach to purpose (viability) oriented approach.* Project viability is the best security and collateral is the second way out. If principal security fails (i.e. viability) that means project has failed.

For project financing, two principles which should be adhered are: 'Disbursement on right time' and 'Monitoring of project over its full life'.

Project Appraisal is a systematic and Comprehensive review of the following aspects:

- Technical
- Commercial/Marketing
- Managerial
- Financial
- Environment

Let us discuss in detail:

### **I. Technical Appraisal:**

Under technical appraisal, appraiser studies aspects like basic Infrastructure, licensing/Registration, Technology / Technical Process and Availability of production resources. In other words this includes study of manufacturing process, technical arrangement, size (capacity) of plant, Layout of plant and Location of plant. The following is a list of various aspects to be seen:

- Location:** Location of plant has to be decided keeping in view availability of factors of production like labour, raw material, electricity, water and other utilities. Importance has to be assigned to all factors while appraisal. Location has to be decided keeping in view cost of land to be purchased. Purchase or leasing options are to be considered keeping in view the outlay apportioned for project establishment.



- b. **Technical Know How:** Best possible technology must be acquired by the promoters. Royalty terms of know how has to be reasonable and royalty agreement has to be seen in totality before permitting project. Know how must have been acquired/available for the whole life of the project.

Quality of product to be manufactured through production has to be good enough to grab market. Last but not the least technology should be flexible enough to be changed as per the requirement. New products could be produced with changes in plant.

- c. **Size of the Plant:** Capacity of the plant is defined in various ways like:

- **Output :** Cement, Pulp and Paper Industry,
- **Input:** (Qty of Raw Material): Sugar Mill and Oil Mills,
- **Number of Machines:** Looms and Spinning mills, etc.

Normally large size production is economical since it provides economy of scale. Size of the plant also depends on absorbing capacity of the market.

- d. **Product Mix/ Product Range:** Product mix or range has to be decided on the basis of market potential. Product range may include various sizes and quality of the product. Shoes, Garments, nails, screw etc. all products have different range and mix. Product differentiation may be achieved by changes in quality of the product. There must be flexibility in production process to change mix or range according to changes in market conditions. Such production process may require additional investment but it seems to be desirable.

- e. **Selection of Plant or Process:** Plant may be Indigenous or Imported. For indigenous plant, reports of supplier and existing users have to be obtained. For imported plant, banker credit report should also be obtained in addition to previously mentioned reports.

If used-plant is purchased, then report on existing conditions, remaining life and serviceability over remaining life have to be adjudged by experts.

- f. **Plant Layout:** This is a very important aspect which has to be kept in mind. Batch manufacturing plant requires sufficient storage place; manufacturing of explosives may require storage place outside plant. Smooth and Logical flow of the production has to be assured.

- g. **Raw Material:** Raw material must be available during whole course of manufacturing, procurement should be done only after evaluation of quotations from more than one vendors. Also, uninterrupted production must be assured.

- h. **Labour:** Labour may be Skilled/Semi Skilled/Unskilled, all type of labour must be available for uninterrupted manufacturing. If labour is procured from outside, then proper arrangement for their accommodation, food, etc. to be made. Training has to be conducted for labour and they should be trained as per the requirement of the job.

- i. **Utilities:** Essential utilities must be in place like power, water, fuel, transportation etc. In case of power shedding and rationing, essential steps must be taken for them before project implementation. In case of expected interruption in manufacturing process, provision for alternate supply must be made.

j. **License and Statutory Requirement:** There can be various licenses for various industries like:

- SMEs – DIC approvals,
- Steam Generating Units (Generating more than 3Kg/Sq Cm) – Boiler IBR,
- Food Processing – FPO,
- Pharmaceuticals – FDA

Before considering project, lender must ensure that relevant licenses have been procured by the entrepreneurs.

## II. Commercial/Market Appraisal:

- **Demand:** Actual consumption, Likely consumption has to be taken care off.
- **Supply:** Capacity and Actual production of plant has to considered
- **Distribution:** Channel, Cost and Transport availability needs attention
- **Pricing:** Domestic and International pricing need to assessed
- **Other factors:** General Market Prospects and analysis of peer firms, size of the market & share of unit, pricing of product, raw material requirement, and marketing strategy of the firm (Skimming/ penetration etc.)

III. Managerial Appraisal: This appraisal is the evaluation of human resources behind the any project. Confidence regarding management team is reflected in 5 'Cs': *Character, Capacity, Capital, Collateral and Conditions*.

Managerial Appraisal is an appraisal of: Entrepreneur, Board of Directors, Chief Executive and Departmental Head. *Integrity, Experience, Capability, Vision Ethic and Values* of a managerial person are looked into while appraising the project.

IV. Financial Appraisal: Financial viability, sustainability and needs are judged by a. analysis of past working results, b. Project Cost and means of finance, c. Cash Flow and Profitability projections, d. Ratio Analysis, e. NPV/IRR analysis and Cost Benefit Analysis, Working capital need assessment and f. MPBF calculation.

V. Environment Appraisal: Impact of environment on the project and vice versa is looked into. The lender must see whether the project is environmentally sustainable and whether the organisation has taken steps to adhere to the environmental rules and regulations imposed by the Government or Local authorities.

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# Guwahati Branch Activities

## I. OFFICE BEARERS' INSTALLATION CEREMONY:

A formal Installation Ceremony for the new managing committee was held on 25<sup>th</sup> of February 2023 at 6.00 PM in presence of Branch members including a number of Past Chairmen of the Branch.

The newly elected Branch Chairman delivered his speech on his vision for the upcoming term and also had an interaction with the members about their expectations and suggestions to their Branch Managing Committee.

The new Team at Guwahati Branch of EIRC of ICAI for the term 2023-24 is as follows:

- ❖ CA. (Dr.) Ayush Saraf – Chairman
- ❖ CA. Saurabh Choudhury - Vice Chairman
- ❖ CA. Raginee Goyal – Secretary
- ❖ CA. Anjani Kumar Mundhra – Treasurer
- ❖ CA. Jay Prakash Gupta - Chairman, CPE Committee
- ❖ CA. Sushil Kumar Kalani - Chairman, EICASA
- ❖ CA. Gaurab Garodia - Immediate Past Chairman & Member Nominate MC EICASA
- ❖ CA. (Dr.) Debashis Mitra (Immediate Past President, ICAI) - Ex- Officio Member
- ❖ CA. Ravi Kumar Patwa (Immediate Past Chairman- EIRC) - Ex- Officio Member

The event of installation of new Managing Committee of Guwahati Branch of ICAI on 25th of February 2023 was advertised widely in the prominent dailies of local press media.







## II. CONTINUING PROFESSIONAL EDUCATION (CPE) AND MEMBER ACTIVITIES:

The following events were held by the Continuing Professional Education (CPE) Committee of the Guwahati Branch of EIRC of ICAI during the month of February 2023:

Event and Topic	Venue	Date & Time	Speakers	CPE Hours
Seminar on Union Budget	ICAI Bhawan, Manik Nagar, Guwahati	2nd Feb. 2023 5.00PM to 8.00PM	CA. Manish Dafria, Indore CA. Raginee Goyal, Guwahati	3 (Three)
S. Vaidyanath Aiyar Memorial Lecture: Advent of Technology in Audits	ICAI Bhawan, Manik Nagar, Guwahati	16th Feb. 2023 5.00PM to 8.00PM	CA. Vivek Jain, Guwahati	3 (Three)
Critical Analysis on Proposed Amendment under Section 43B of Income Tax Act 1961 with respect to MSEs	ICAI Bhawan, Manik Nagar, Guwahati	25th Feb. 2023 4.00PM to 6.00PM	CA. Ankit Agarwal/ CA. Jay Prakash Gupta, Guwahati	2 (Two)
<b>Total CPE Hours</b>				<b>8 (Eight)</b>

## Some CPE Snapshots

### SEMINAR ON UNION BUDGET – CPE EVENT 02-02-2023



**S. VAIDYANATH AIYAR MEMORIAL LECTURE  
ADVENT OF TECHNOLOGY IN AUDITS –16-02-  
2023**

**CRITICAL ANALYSIS ON PROPOSED  
AMENDMENT UNDER SECTION 43B OF  
INCOME TAX ACT 1961 WITH RESPECT TO  
MSEs – 25-02-2023**





### III. BHOOMI POOJAN OF CENTRE OF EXCELLENCE, GUWAHATI:

Bhoomi Pujan Ceremony of Proposed Centre of Excellence, Guwahati was held on 8<sup>th</sup> February 2023 at the site located at Uttar Phulung, Barbonshar, North Guwahati, District: Kamrup, Assam.

Then President, CA. (Dr.) Debashis Mitra presided over the event and the present President of ICAI joined him as hosts of the ICAI event. Chief Guest, Dr. Himanta Biswa Sarma, Honorable Chief Minister of Assam, addressed the gathering virtually while Guest of Honour Shri Ashok Singhal, Honorable Minister of Housing and Urban Affairs and Irrigation, Assam and Special Guest, Smt. Keerthi Jalli, Honorable Deputy Commissioner, Kamrup participated in the Bhoomi Poojan and the Official Ceremony.

The Ceremony was attended by a galaxy of Past Chairmen of the Guwahati Branch of EIRC of ICAI and a large number of senior and young members. Members of Guwahati Branch of EICASA and CA students also witnessed the landmark event.



#### IV. ACCOLADES AND AWARDS:

- Jorhat Chapter of EIRC of ICAI was appreciated for organizing a Sub-Regional Conference at Jorhat which was hosted under the aegis of the Guwahati Branch of EIRC of ICAI. A memento was presented to the Chapter as a token of appreciation by the EIRC. CPE Committee Chairman, CA Jay Prakash Gupta represented and collected the memento on behalf of the Chapter.
- Some members of Guwahati Branch of EIRC of ICAI who supported the activities of EIRC by serving as VCM Speaker or Moderator or a Publication Editor or Contributor at EIRC activities were recognized and appreciated with Token mementos at the Annual Award Ceremony. The names of the members who received appreciation are CA. Ankit Jallan (Guwahati), CA. Bikash Agarwal (Past Chairman of Guwahati Branch), CA. Kabita Siktia (Sibsagar) and CA. Raginee Goyal (MC Member, Guwahati Branch).



#### V. ICAI IN LOCAL MEDIA:

- The Bhoomi Poojan event was advertised in four (4) prominent dailies of local press media as per directions of Infrastructure Development Committee (IDC), ICAI. Further, more than 15 newspapers covered the news and three local Television Channels broadcasted the news in their prime time and repeat slots. ICAI received wide publicity in the city and adjacent areas and Managing Committee members also received calls and messages from public about the objectives and activities of the Centre of Excellence.
- The news about election of CA. Aniket S. Talati as President ICAI and CA. Ranjeet Kumar Agarwal as Vice President ICAI on 12<sup>th</sup> February 2023 for the term 2023-24 was published in three prominent dailies of the State.

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# ICAI's Important Announcements

Points	Link
<ul style="list-style-type: none"><li>• <b>Guidance Note on Audit of Banks (2023 Edition):</b></li></ul>	<a href="https://www.icaai.org/post/guidance-note-on-audit-of-banks-2023-edition">https://www.icaai.org/post/guidance-note-on-audit-of-banks-2023-edition</a>
<ul style="list-style-type: none"><li>• <b>Implementation Guide to SA 580, Written Representations:</b></li></ul>	<a href="https://resource.cdn.icaai.org/73178aasb59027.pdf">https://resource.cdn.icaai.org/73178aasb59027.pdf</a>
<ul style="list-style-type: none"><li>• <b>A Primer on the Concept of Social Stock Exchange:</b></li></ul>	<a href="https://resource.cdn.icaai.org/72981srsb58814.pdf">https://resource.cdn.icaai.org/72981srsb58814.pdf</a>
<ul style="list-style-type: none"><li>• <b>Utility for Bank Branch Audit:</b></li></ul>	<a href="https://forms.gle/3umS3tAnVpYGqkR96">https://forms.gle/3umS3tAnVpYGqkR96</a>



# Managing Committee



## Guwahati Branch of EIRC of ICAI

2022-23



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## Keep in touch!

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- ✚ Visit us on [www.guwahati-icai.org](http://www.guwahati-icai.org) for regular updates.



### Editorial Team:

**CA. Saurav Somani – Editor**  
**CA. (Dr.) Ayush Saraf – Chairman**  
**CA. Ankit Agarwal – Advisor**  
**CA. Raginee Goyal – Ex-Officio**  
**Mr. Sagar Nath – Designer**

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