

FAX

TO : HEAD OF FINANCE, ALL BRANCHES  
FROM : C.S. KARKI, JGM-FIN., C.O.

SUB : PROVISION FOR DOUBTFUL DEBTS /CLAIMS(EXPECTED CREDIT LOSS-ECL) FOR THE FY 2018-19

DURING THE COURSE OF REVIEW OF ACCOUNTS FOR THE QUARTER ENDED 31.12.2018, STATUTORY AUDITORS HAD POINTED OUT TO REVIEW THE OUTSTANDING TRADE RECEIVABLES, CLAIMS AND LOANS ADVANCES ETC. AS ON 31.03.2019, AS PER THE REQUIREMENTS OF IND AS. NECESSARY PROVISION IN RESPECT OF EXPECTED CREDIT LOSS ON TRADE RECEIVABLE, CLAIMS/LOANS ADVANCES IS TO BE MADE IN THE BOOKS OF ACCOUNTS FOR THE FY 2018-19.

IN THIS CONNECTION ALL BRANCHES AND ACCOUNTING UNITS AT C.O. ARE REQUIRED TO REVIEW THE OUTSTANDING TRADE RECEIVABLES, CLAIMS/LOANS ADVANCES AS ON 31.03.2019 IN COMPLIANCE WITH THE REQUIREMENT OF IND AS. WHILE REVIEWING THE OUTSTANDING BALANCES FOR THE PURPOSE OF EXPECTED CREDIT LOSS FOR THE F.Y. 2018-19, THE FOLLOWING EXERCISE IS TO BE CARRIED OUT ON EACH AND EVERY CASE:

1. AGEWISE ANALYSIS OF OUTSTANDING BALANCE I.E. UPTO 1 YEAR, 1 TO 2 YEAR, 2 TO 3 YEAR AND ABOVE 3 YEARS.
2. AMOUNT DISPUTED IN THE COURT OF LAW TO BE SEGREGATED WITH DETAILS OF SUCH DISPUTE.
3. AMOUNT OF CORRESPONDING CREDIT AVAILABLE AGAINST OUTSTANDING BALANCES TO BE LINKED.
4. PROBABILITIES OF REALIZATION OF OUTSTANDING DUES WITH FACTS/MERITS OF EACH CASE WITH REASONINGS.
5. AMOUNT OF PROVISION FOR DOUBTFUL DEBTS/CLAIMS/ADVANCES ALREADY MADE IN THE BOOKS OF ACCOUNTS AGAINST SUCH OUTSTANDING BALANCES.
6. NET UNDISPUTED OUTSTANDING WITH NO CORRESPONDING CREDIT AVAILABLE ARE TO BE ANALYSED CASE TO CASE BASIS FOR NECESSARY PROVISION AS ON 31.03.2019.

THE ABOVE IS TO BE COMPLETED BY ALL BRANCHES/ACCOUNTING UNITS AT C.O. BY 25.03.2019 POSITIVELY. IMPACT OF PROVISION IN THE BOOKS OF ACCOUNT TO BE WORKED OUT AND COMPLIANCE TO THIS EFFECT MAY BE INTIMATED TO F&A, CORPORATE ACCOUNTS DIVISION FOR ONWARD SUBMISSION TO DIR.(FIN.) AND STATUTORY AUDITORS AT C.O.. REGARDS

Dt. 15.03.2019

  
(C.S. KARKI)  
JGM-F