



# *The New Horizon*

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The Institute of

**Company Secretaries of India**  
In pursuit of professional excellence

*Statutory body under an Act of Parliament*

**Newsletter of the Mysore chapter of the SIRC of ICSI**



### News Highlights

#### ICSI seeks review of DCA amendment

THE Institute of Company Secretaries of India (ICSI) has again pressed upon the Department of Company Affairs (DCA) to review its amendment that exempts companies located in smaller places from availing the services of a qualified company secretary.

#### Partnerships with other professionals – ICSI Council gives nod for members

New Delhi, March 30 "The Council of the Institute of Company Secretaries of India (ICSI) has given its 'in-principle' nod to allow its members in practice to strike partnerships with other professionals such as chartered accountants and cost accountants", Mr Mahesh Anant Athavale, President, ICSI, said.

#### EPF (Amendment) Scheme, 2004

Notification No. SO304(E) Dated 04.03.2004 : option to the member of the scheme has been provided to withdraw upto 90 per cent of the amount standing at his credit at any time after attaining the age of 55 years. But the amount so withdrawn should be transferred to the LIC of India for investment in Varishtha Pension Bima Yojana. This is effective from 04.03.2004

**Claim of Refund Directly Without Challenging Assessment as in Original Assessment Orders is not maintainable:** Circular No. 24/2004 Dated 18.3.04

#### Day for releasing Public Notices:

Customs decided to fix 1<sup>st</sup> and 3<sup>rd</sup> Monday of every month for issuance of Public Notices by field formations, except where it has to be issued immediately.

#### Valuation of Perquisites:

For any interest free loan taken from employer, the value of the benefit was taken as 10% p.a. Rule 3(7)(i) for house & conveyance and 13% p.a. for any other loans. This is rationalized now. With effect from 1.04.2004, the rates as prescribed by State Bank India should be considered.

### ICSI - Mysore to launch collaboration coaching center with Mahajana

The Mysore chapter of the ICSI and the Mahajana Education Society have decided to collaborate to conduct oral coaching classes to the students of CS course in a meeting held recently.

In the formal program to be held on 29<sup>th</sup> April 2004 in Vivekananda Hall of the SBRR Mahajana College, Mr. M A Athavale, the president of ICSI will launch the collaboration, by exchanging the formal Memorandum of understanding with Mr. Vasudeva Murthy, chairman of the Mahajan Educational Society, who will be the chief guest for the function.

### Adarsh Charitable Trust to award CS toppers

Here is a good news for those CS students who have registered and take exams at Mysore center.

Adarsh Charitable Trust has founded awards for meritorious students under the title "Smt. Padma Chakravarthy Memorial Award for excellence in ICSI Examinations". Award constitutes Rs. 1000 Cash with citation.

A student registered at Mysore and writes exams at Mysore and passes with highest marks in the exams conducted by ICSI without claiming any exemption, is eligible for the award. Thus one from foundation, two from inter and two from final totally five per batch and ten students per year may win the award.

### Career Counselling for Teaching Faculty

For the first time, Mysore chapter has initialed career-counseling programs for teaching faculty of the identified colleges in Mysore. This may help the students who are not aware of the course to have a clear idea about the cs course. The first program will be on 15<sup>th</sup> April 2004 for the faculty at the SBRR Mahajana College, Mysore.



Mr Mahesh Anant Athavale, President, ICSI

#### Program Chart on President's Visit:

- |   |            |
|---|------------|
| 1. Members' Meet  | 8.30 P.M   |
| 2. Visit to Chapter office  | 9.30 A.M.  |
| 3. Inauguration of Collaborative coaching classes with Mahajana College | 10.30 A.M. |
| 4. Foundation day   | 12.00 P.M. |
| 5. Lunch  | 1.30 P.M   |
| 6. Meet with CII Zonal Committee Members                                | 6.30 P.M.  |



### DEPOSITORY PARTICIPANTS AND COMPANY SECRETARIES

**Article by Ms. Jayalakshmi Anshuman, CSP**

The Depositories Act, 1996 defines a participant or a depository participant (DP) as a person registered as such u/s 12(1A) of the SEBI Act, 1992. The said Act has paved the way for setting up of depositories in India. As of now there are 2 depository service providers in India, viz. National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDS). Both the service providers have allowed Company Secretaries in whole-time practice to undertake internal audits of depository participants. Accordingly, the Bye-laws of both the service providers have been amended to provide for internal audit by a Company Secretary holding a Certificate of Practice.

NSDL vide Circular No. NSDL/P1/2002/1271 dated July 30, 2002 has issued detailed guidelines for internal audit of operations of Depository Participants. Typically, the internal audit program should cover all facets of operations of the DP.

The major functions of a DP are Beneficiary administration, Facilitates demat/remat, Clearing

and settlement, Instant transfer on payout, Credits to beneficiary accounts in IPO, rights, bonus etc., SEBI (Depositories and Participants) Regulations, 1996, require that every DP should have adequate mechanism for the purpose of reviewing, monitoring and evaluating internal controls and systems. The internal audit is expected to be conducted with the objective of assuring the DP that the unmanaged residual risk in business operations is kept minimal and operations are conducted in accordance to the applicable laws, regulations, byelaws, business rules and the agreement with the client.

A Company Secretary in Practice has vast scope in such internal audits considering the fact that the number of DPs registered with NSDL and CDSL put together have crossed 300. The ICSI has published a detailed handbook on internal audit of operations of DPs with extensive checklists for reference by the members.

More information regarding the DPs can be had from the following websites:

[www.nsdl.co.in](http://www.nsdl.co.in),

[www.cdslindia.com](http://www.cdslindia.com)

### Confusing Custody Battle Over Twin Girls Between Former Same-Sex Couple

Against the backdrop of the nation's cultural wars over same-sex marriages, one former same-sex couple is caught up in a fierce legal tug-of-war over rights to their twin girls. Kim, says she and her partner split up five years after they had twin girls together. A fertility clinic provided Kim and her former partner with sperm and Kim provided the eggs. Her former partner provided the womb, and that's why a judge ruled she is entitled to sole custody. When they split, the designated birth mother moved to Massachusetts with the girls. Kim went to court to obtain shared custody, but her attempt was unsuccessful. Kim, whose uterus could not support a pregnancy, says she never attempted to legally adopt the twins before she and her former partner split because she never assumed it would become an issue, considering the girls came from her own eggs. A decision in the case is expected in the next week.

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**"I believe that every employee should be rewarded for good work. Push the red button whenever you deserve a pat on the back."**



### PRODUCTIVE AND UNPRODUCTIVE ROLES MANAGERS PLAY – PART 1

Article by Ms. Sarina C H, CS, Meritor HVS Ltd

#### Ten different productive roles that managers play:

- **The facilitator:** The manager who facilitates the process, who makes it easy for people to do their jobs. He facilitates the process and in so doing makes everybody feel good and powerful and strong.
- **The enabler-**This is the manager who teaches people how and why, not just what. This is the manager who grows people instead of simply uses people.
- **The empowerer-** This is the manager who generates enthusiasm, helps people discover better ways to do their tasks and their responsibilities, empowers them, gives them the authority and when they make a mistake does not clobber them.
- **The guide:** This is the manager who sets a good example, leads people to peak performance and does so by his or her own behaviour.
- **The encourager:** This is the manager who helps people believe in themselves, lifts people when they feel down and without assuming the responsibility for their problems.
- **The complimenter:** This is the manager who tries to catch people doing something right and then rewards them for it. He always compliments in public and criticizes only in private.
- **The peacemaker:** This is the manager who works constructively to settle disputes. This is the manager who serves as an advocate to both management and workers.
- **The communicator:** Communication, ultimately, is at the very heart of all we do. We're not machines, we're persons, persons must communicate. The manager who knows how to explain to his or her people what to do and how to do it and why it's important that they do it is a communicator.
- **The challenger:** This is the manager who shows people their potential without highlighting their failures. This is the manager who rewards people for their progress.
- **The evaluator:** This is the manager who makes it clear what is expected. This is the manager who inspects the results and lets people know exactly where they stand.

(... to be concluded)

#### Food for thought...

*"Your present circumstances don't determine where you can go; they merely determine where you start."*

~ Nido Qubein

*"A visionary is one who can find his way by moonlight, and see the dawn before the rest of the world."*

~ Oscar Wilde



### Mail from you...

The layout and contents are good. The cover page perhaps should be similar to SIRC newsletter, as in our newsletter the Institute is not prominently appearing, besides the emblem. I suggest we leave out the title of new horizons and simply use the name of the institute with Mysore Chapter

**C K Sabareeshan**

**Well Done!** This month's journal has surpassed the previous ones in content, presentation and aesthetics. The first page concisely reports the happenings at the chapter; all members must get a feel of the activities. News under legal section is very informative. The high point is the cartoon section. Good stuff. Personally, I appreciate humour, be it in reading or movies. The first that I look at in TOI is R.K. Laxman's cartoon- there is so much of message in such simplistic pictures that he creates. Good Show!

This is for healthy criticism. Pay attention to grammar in sentence construction "new president of the ICSI is **visiting to Mysore Chapter**". Should be "New President of the ICSI is visiting Mysore....."

**Sarina C H**

### Legal updates

#### MAT: Excess provision for doubtful debts/ advance

The assessee made a provision for doubtful debts/ advances and debited the same to the profit and loss account. Since the assessee had actually received the amount during the subsequent period, it was held that the excess provision was in the nature of a 'reserve' and should therefore be added back in computation of book profits in accordance with the provisions of explanation (b) to section 115JA(2). (M.J. Exports Ltd. v. JCIT [2004] 88 ITD 18 (Mum.))

It was held that since the Assessing Officer had allowed the provision for bad and doubtful debts in computing income under the provisions of the Act and had not considered the provision as a reserve or a contingent liability, such provision should not be added back for the purposes of computing book profits under section 115J. (Eicher Motors Ltd. v. DCIT (Asst.) [2004] 82 TTJ 61 (Ind.))

#### Reduction In Custodial Fee

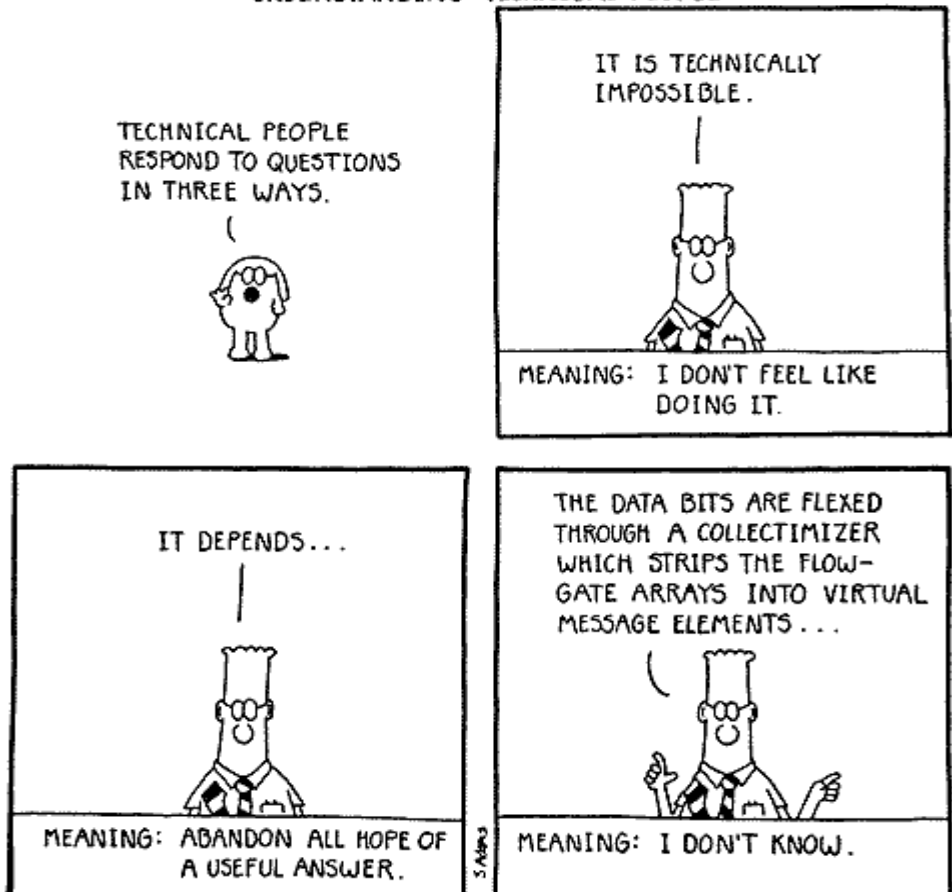
National Securities Depository Ltd (NSDL) has reduced the custodial fee to Rs. 4 per ISIN position per annum from the current fee of Rs. 6 per annum. This reduction will take place from April 1 04

### EXTERNAL COMMERCIAL BORROWINGS – CLARIFICATIONS

The Reserve Bank has been receiving a number of queries relating to various aspects of the ECB guidelines. The clarifications on these issues are set out below:

1. **End-use** - Prior to February 1, 2004, eligible borrowers were permitted to raise ECB under the Automatic Route equivalent to USD 50 million per financial year for general corporate purpose. *Under the revised ECB guidelines, however, end-uses of ECB for working capital, general corporate purpose and repayment of existing Rupee loans are not permitted.*
2. **Amount of ECB under the Automatic Route** - It is clarified that the maximum amount of ECB which can be raised by an eligible borrower under the Automatic Route is USD 500 million or equivalent during a financial year

### UNDERSTANDING TECHNICAL PEOPLE



On lighter side.....