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The Articled....

U'r Altitude is determined by u'r Attitude

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Editorial

There is a constant search and yearning among all mortals to seek elusive success.More often than not the general view is that success and education go hand in hand. Though history today stands witness to the likes of Bill gates who has achieved phenomenal success in life without having stacks of degrees as backing.The key thing to remember is that success is a journey and not the destination. Talent helps but you need to constantly work on improving it. And remember as you climb the ladder of success, check occasionally to make sure it is leaning against the right wall !!

Editorial Board

Pawn Broking

Before the Banking concept came into existence, the Pawn Broking business dominated the whole world. *The word "pawn" is derived from Latin word pignus, it means pledge*. This business existed 3000 years back in China. You will find many pawn shops that are second and third and even fourth-generation.

The majority of shops are owned and run by families, with employees being treated like a member of the family. Experienced pawnshop employees are a rare commodity, and are practically guarantee a money-spinning position in any major market. This is a little known fact of the industry.

As with moneylenders, pawn brokers in India come under the preview of the ***Pawn Brokers Act of 1962***. It lays out the procedure for a pawn broker to register and obtain a license-to-operate from the Register of Pawn Brokers, and fees to be paid for the license. It details out the rates of interest chargeable (ranging from 12 to 18 percent, depending on the loan amount), repayment details, and grace periods.

Meaning :

Pawn Broking means lending of money by using marketable assets such as gold, jewellery, household articles etc. as security. Borrowers in need of money pawn an asset or article as security or pledge and receive a loan, which is lower in proportion to the value of the pawned article - this is usually 50 to 65 percent of the value of the item.

Pawning Process :

Within a certain contractual period of time, the pawner of an item may purchase it back for the amount of the loan plus some agreed upon fee. If the time elapses without payment, the pawnbroker is allowed to sell the pledged item to recoup the amount of the loan. whereby they may recoup money that had been loaned out on an item subsequently forfeited by a pawn customer.

A pawn ticket is issued to the borrower as a transaction record. On repayment of the loan plus interest, the pawned article is returned to the borrower. The pawn ticket usually records name and address of the pawn broker and the pawner or borrower, loan amount and its terms and conditions, detailed description of the pawned article etc.

Accounts:

Every pawnbroker shall regularly record and maintain in a pledge book in the prescribed form for each pawner separately such as:

1. The date of loan, the principal amount of loan and rate of interest.
2. The amount of every payment received from the pawn broker in respect of loan and the date of payment.
3. Detailed description of the article taken in the pawn.
4. The time agreed upon for the redemption of the pawn.
5. The name and address of the pawner and where the pawner is not the owner of the article, the name and address of the owner.
6. Documentation:
   a. Pawn tickets
   b. Sale book of pledges
   c. Declaration where pledge is claimed by owner.
   d. Declaration of Pawn ticket lost
   e. Receipt on redemption of pledge.

Advantages

- No increase debt cycle is created by loans from pawn brokers as the pawn broker from the pawned item recovers a defaulting loan.
- Providing loans that are lower than the cost of the pawned item covers costs of lending.
- Collateralized/pawned item is usually a movable asset, as against immovable/fixed assets such as land, houses etc.
- Lengthy procedure for establishing credit worthiness is avoided as it is established by the value of assets pawned.

Disadvantages :

- If for some reason, the borrower is unable to repay the loan amount, he looses his right to redeem his pawned article. This is a loss, since the amount he received, as a loan is less than the value of the article pawned.

- Pawn Brokers auction or sell off articles that are not redeemed by the borrowers and usually make a profit from the sale - which is not passed on to the article's original owner/borrower.

Conclusion

Even though banks are major institutions in lending money in this modern world, but Pawn Broking still plays a major role in lending money. Although we have the Pawn Brokers act but compliance with this Act has also not been widespread, with only about 35 to 40 percent of the Pawn Brokers in any city actually registered with the Office of the Registrar of Pawn Brokers. ***- - Abhishek & Amarnath***

Disqualification of Director

A Company is an artificial person, which cannot run its own. Practically board of directors, are the persons who run the company & the reason for the growth of the company.

The Companies Act (Act) has recognized the need for directors and their vital position in a company and also has an objective to regulate the mismanagement and keep up standards of corporate management to the optimum level. The section 274 of the Act set out disqualification which makes a person ineligible to become a director of the companies.

The above section contains seven disqualification (i.e. clause (a) to (g), disqualification covered in clause (a) and (f) are apply to directors of all companies whether private or public, whereas disqualification covered under (g) is applicable only to director of public company to become director in another public company.

This article is focuses on disqualifications are applied to directors of all companies whether private or public.

a) A person becomes disqualified from being appointed as director, when court finds him **unsound mind**.

b) It is an offence for an **undischarged insolvent** to take part in or be concerned in the management of a company. It is strong policy of law that insolvents should not act as company directors, not necessarily because they are dishonest but because failure is often a sign of incompetence from which the community should be protected.

c) Person who has applied to be adjudicated as an insolvent and his application is pending before court. Once there is adjudication as **insolvent** & the same is not struck out on appeal, the mere fact that on appeal it was held that the adjudication would stand discharged on payment of the dues to the petitioning creditors. This would not have the effect of removing the disqualification incurred by the adjudication.

d) A person becomes disqualified from being appointed as director when he is convicted by a court of an offence involving **moral turpitude** & sentence to a term of imprisonment of not less than six months. Such person losses his eligibility to appoint as director for 5years from the date of the expiry of the sentence.

e) A person becomes disqualified from being appointed as a director, where he has been **failed to pay any call in respect of shares** of the company, no matter whether the same is held by him or jointly, and the six months have lapsed from the last day fixed for the payment of the call.

f) A person who is disqualified by an **order of the court** on the ground of fraud or misfeasance in relation to a company.

Conclusion

The purpose of such provisions of the Act is not to punish the director; the whole perception is to save the community from mismanagement & meanwhile to maintain standards of directors. A private company may also add additional grounds in its article relating to the disqualification of the director however public company and private company which is subsidiary of public company cannot provide any grounds other than those set out in the Act.

- - Nagesh

Golf Ladies And Gentleman

It is the internet myth that the name of the popular Scottish game Golf stands for "Gentlemen Only, Ladies Forbidden." The word golf originates form medieval Scottish and Dutch dialects. Back in a day before the creation of dictionaries, there was no standardized spelling of any given word. So it is believed that word golf originates from Dutch word "kolf" or "kolve" which meant "club." Later on old Scots dialect transformed the word into "gouf" or "golve ."

Appeals and Revisions

Introduction

If at all every decision that were taken by the human were right and had no flaws the question of appeal wouldn't arise.
An appeal is a process for requesting a formal change to official decision. The specific procedures for appealing, including even whether there is a right of appeal from a particular type of decision, can vary greatly from country to country. Even within a jurisdiction, the nature of an appeal can vary greatly depending on the type of case.

Appeal and revisional procedure under the Karnataka Value Added Tax Act, 2003

Chapter VII of the KVAT Act, 2003 provide a provision for the Appeal and Revision.

The order for Appealing goes as under:

- Appeal to Joint Commissioner under Section 62.
- Appeal to the Appellate Tribunal under Section 63.
- Appeal to High Court under Section 65.

Revisional Powers of Additional Commissioner & Commissioner

To counter check the order passed by the subordinate authorities, law provides revisional powers to the Commissioner and Additional Commissioner to revise the order under Section 64 of the KVAT Act, 2003.

The following are the conditions precedent for the exercise of the above stated powers:

- ✓ The time for appeal against the order has expired i.e, in respect of appeal to Joint Commissioner, it must be made within a period of 30 days from the date on which notice of assessment was served/communicated and in case of appeal to Tribunal it must be made within 60 days.
- ✓ The **matter has not been subject to an appeal** under Section 63 or a revision in the High Court. i.e. to say that the proceeding of the case is not pending before the Appellate Tribunal or the High Court.
- ✓ More than four years have expired after the passing of the order sought to be revised.

  The revision can be made within four years of the passing of the said order. If four years have expired the Commissioner or the Additional Commissioner will not have any authority to pass an order.

Going through the conditions stipulated, *the question arises whether the Commissioner/ Additional Commissioner can exercise power under Section 64 on certain issues which were not the subject matter of appeal before the Appellate Tribunal and/or High Court but such issues are part of the same order where the dealer has preferred an appeal for the other issues.*

Let us try to visualize the situation by the below mentioned example.

***Example*:**

Dealer "A" is registered under KVAT Act, 2003. An order was passed by the Joint Commissioner of Commercial Tax for issues relating to work contract under Section 4 and partial rebate under Section 17 read with Rule 131.

Dealer preferred an appeal before the Appellate tribunal in respect of partial rebate under section 17 of the Act. The matter of controversy is *"Whether Commissioner can re-open the case relating to works contract under Section 4 or not?"*

The authors are of the opinion that the expression *"matter which are not subject to appeal"* means only with respect to the issues raised/objected before the Appellate Tribunal or High Court. The Additional Commissioner or Commissioner has no power to re-open the case. However, Additional Commissioner/Commissioner is free to re-open the cases which are not "subject-matter" of cases pending before the Court and further matters that are part of the same order. This opinion was upheld in the below mentioned case law.

Case Law:-Lingeshwar and Company vs. Additional Commissioner of Commercial Taxes (1998)110 STC 346(Kar.).

It was being decided in the above mentioned case that it is competent on the part of the Commissioner of the commercial tax and Additional Commissioner to invoke the suo motu revisional provided:-

1. The subject matter of the revision should not be the same that was being raised against the proceeding of the High court or the Tribunal.
2. The initiation of the proceedings is before the expiry of one year from the date of the order in such appeal or revision or before the expiry of a period of four years of the passing of the said order, whichever is later.

It was also held in this case that the appeal made by the Additional Commissioner to levy 1.5% turnover tax on the gram dal flour was valid though the said point was neither raised nor decided in the earlier proceedings for the said assessment years taken before the Tribunal and the High Court.

- Every order passed in revision by Assistant Commissioner or Commissioner under the authority given in this Section shall be considered final subject to the provisions of appeal before the High court (Sections 66) and Objection to jurisdiction (section 67). *In other words,* if a High Court passes an order against the one passed by the concerned authority under this Section, the order passed by High Court will be taken as ultimate.

Conclusion:

Though the court [Tribunal / High Court] has the authority to decide the matter in respect of issues which are not subject matter of an appeal, the dealer cannot take a plea that the commissioner has no jurisdiction to re-open the case on the matters which are not appealed before the court. A single order passed for a particular year having decided several matters, each matter is considered to be distinct it its own capacity. Therefore the Commissioner and Additional Commissioner can pass an order nevertheless on the subject matter which has not been raised/ objected before the Tribunal or High Court.

- - Sourabh & Pavithra

Government to come out with New Income Tax Code

Government said it will soon come out with a new Income Tax Code to streamline the taxation structure and reduce the plethora of exemptions given to various segments of taxpayers.

"I am confident that the new Income - Tax code, that will be placed in the public domain shortly for discussion, will reflect my philosophy," Finance Minister P Chidambaram said, while winding up discussion on the Finance Bill 2008 in the Lok Sabha.

The new tax code would become law after debate and deliberations, he said, adding "eventually, we will have to move towards the system of taxation where the exemptions are few, each exemption is reviewed periodically, and each exemption comes to an end after a reasonable period of time."

Direct tax code would replace the existing Income Tax Act, which was enacted in 1961, and would subsume other direct tax legislations.

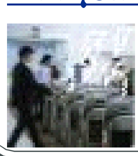
Pointing out that the marginal rate of taxation, including education cess stood at 33.99 per cent, the minister said: "My endeavour has been to increase the effective rate of corporate tax paid by corporations, but I confess my efforts are not entirely successful because of demands for continuing exemptions or introducing new exemptions."

Chidambaram added: "I have succeeded, to some extent, in removing or imposing sun set clauses, but I cannot say that I am fully satisfied. The work on this regard has to continue."

Together with indirect tax exemptions, direct tax exemptions are leading to revenue loss for the government. As per the official figures, given by Minister of state for Finance S S Palanimanickam in the Rajya Sabha today, Rs 2,39,712 crore revenue was forgone on account of direct and indirect tax concessions during 2006-07.

-- Press Trust of India / New Delhi April 29, 2008.

Did you know this ?? - The Subway Ticket Gates



The East Japan Railway Company (JR-East), as part of research aimed at developing more environmentally friendly train stations, is testing an experimental system that produces electricity as people pass through ticket gates.

Pull up your Socks to know SOX…

No doubt India is a fast growing economy and Indian companies are touching new heights. But is this enough to be on par with levels set at the Global stratum?

The response is affirmative as well as negative. If an entity is concentrated on only doing business without a strong accounting principle, in the long run the sustenance of the business will be at stake.

All of us are aware of the collapse of Enron and Worldcom. Enron went into bankruptcy caused by huge debt and risky investments. It tried to cover up its financial weakness and misguide the shareholders. Worldcom once the biggest and the eminent telecom company deviated from its fundamentals leading to its downfall. Although these cases emerged in USA, the lesson has to be learnt by the entire world economy.

Very soon after the Enron, and WorldCom debacle, the Securities and Exchange Commission in the US came out with a new Act in 2002 name as The Sarbanes Oxley Act, 2002 [SOX].

The Act is primarily directed to those companies including insured depository institutions, that have their securities registered with the Securities and Exchange Commission (SEC) or the appropriate federal banking agency under Section 12 of the Securities Exchange Act of 1934. Thus compliance with the Sarbanes-Oxley Act is mandatory for the companies listed in US.

The purpose of the Act is to protect shareholders and general public from accounting errors and other fraudulent practices, to improve quality and transparency in financial reporting and independent audits and accounting services for public companies, to create a Public Company Accounting Oversight Board (PCAOB), to enhance the standard setting process for accounting practices, to strengthen the independence of firms that audit public companies, to increase corporate responsibility and the usefulness of corporate financial disclosure, to protect the objectivity and independence of securities analysts, to improve Securities and Exchange Commission resources and oversight, and for other purposes. The act is administered by Securities Exchange Commission.

The Act covers matters relating to auditor independence, corporate governance, internal control assessment, and enhanced financial disclosure etc.

Internal Control

Section 404 of this Act requires CEO's and CFO's to evaluate the internal control and report on its effectiveness. Under SOX, the accounting firm must register with the PCAOB in order to conduct SOX audit of a public company. Only an independent auditor can conduct the audit of the internal control.

Monitoring Auditors and Accounting firms

The SEC has high expectations from the auditors as their opinions play a vital role in protecting shareholders and public interest. The auditor's role was looked into with more seriously after accounting firm Arthur Anderson came into spot light for its role in the misdeeds of Enron and Worldcom. The PCAOB monitors the audit firms by means of overseeing, regulating, inspecting, and disciplining accounting firms in their roles as auditors of public companies.

Corporate Governance

Effective Corporate Governance bring in more transparency, accountability and corporate control. The corporate governance quotient enables analysts to evaluate the company's success in adopting good corporate governance practices. The ratings are looked by the shareholders into at the time of voting for merger and acquisition decisions.

Among the above 3 key elements in the SOX reform, Indian Companies not covered under SOX nets have adopted the 3rd element namely Corporate Governance as is required by SEBI.. The Indian government has adopted the concept of Corporate Governance from this Act. The amendment of Clause 49 laid by the Securities Board of India (SEBI) fulfilled the requirements relating to certain aspects like Independent directors on the board and audit committee, mandatory risk assessments etc. This has made the understanding, rules and reports relating to Corporate Governance more comprehensible.

Implementation of reforms like SOX will have positive impact on Indian companies' performance. The reforms in area of internal control, monitoring accounting firms will benefit a

For Indian IT companies, it is prudent to follow Sarbanes-Oxley Act though it's not listed in the US mainly because it increases investor confidence and clears the path for a future US listing.

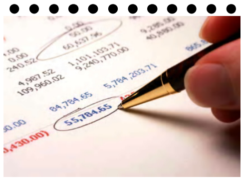
The US economy is facing a down trend, but the impact of the same is felt by the World economy. It is not right to say Indian economy is not affected. The compliance standards should be raised to new heights to prevent any hiding the dust under the carpet.

The International Financial Reporting Standards is proposed to be adopted by India from 2010-11 (2009-10 for preparation of books of accounts in those line) with a view of bringing in more transparency. This gives a clear indication that management should have adequate internal control over financial reporting.

Though implementation of SOX like control is a costly affair the benefits from better disclosure, better reporting will be reaped n long run.

As posted in the Sarbens Oxley Compliance Journal in 2005 a survey revelaed that SOX compliance resulted in a stronger internal control, reduced financial fraud, reduced financial errors and improved accuracy in financial reporting. To benefit from a process it is not necessary that the process should be proposed and implemented by the Government. Nevertheless, if an authority like SEBI implements a SOX like process for Indian companies it will prevent cases like Enron and World com in India.

- - Sumana & Monika



ICAI to increase Audited Reports Cross Checks

Indian companies hit by forex derivative losses may be in for greater scrutiny from auditors in their balance sheet of 2008-09.

The Institute of Chartered Accountants of India (ICAI) is gearing up to play a more proactive role in the management and auditing of corporate accounts especially in the light of the current crisis to have hit corporate India. So, besides ensuring that chartered accountants (CA's) show professional prudence in ensuring that the mandatory disclosures have been made, the ICAI is also implementing audits of CA firms and companies to ensure that proper accounting standards are maintained.

Also on the agenda is a review of the working of CA firms. "We call it the 'peer review' programme. CA's are spread across the country, so in order to monitor them, the institute has engaged senior CA's with more than 10 years experience to review CA firms," Agarwal said and added , "We will look at audits of companies having turnover of more than Rs 50 crore for a three year period and give certificates to firms on the basis of parameters like technical standards. We expect to enhance the CA quality because of these reviews".

ICAI has about 20,000 members with a minimum of 10 year continuous experience in the peer review process. Besides fellow CA's, the ICAI will also cross check the balance sheets of companies for any mistakes.

ICAI has formed a 40 member financial reporting review board (FRRB) including 32 ICAI members as well as 8 other nominees from the government department of company affairs, industry body Assocham, retired bankers and accounting professors.

"Each year we randomly pick about 500 to 1,000 companies and check for possible flaws in their books due to non-compliance. And if the company books are not clear we can also request for statement from banks to verify the list of external debtors," Agarwal said.

Agarwal said that the ICAI will have to play a proactive role in ensuring that accounting prudence is maintained especially as companies may try to avoid disclosing some transactions which may have hit them badly because of wrong bets on forex derivatives.

However, Agarwal said that current accounting standards are enough if implemented properly to help in proper disclosures. "There is nothing wrong with our accounting standards.

They are among the best in the world. Even the basic accounting standard 1 (AS1) includes foreign currency risks. But having said that we have already started moving towards accounting standard 30 (AS30) which will be implemented in 2011," said Mr. Agarwal.

FBT on ESOPS - An Overview.

The recent addition to the FBT Cluster has opened a Pandora box. The entire tax fraternity as well as the industry affected is all agog at this new insertion. Several Circulars, opinions, press releases bear testimony to the pandemonium caused by this new insertion in the law relating to FBT. The authors of this article have made an attempt to get through the maze surrounding FBT on ESOPS such as:

- Whether FBT is leviable on ESOP/ Sweat Equity or is it leviable on any Security allotted to employees pursuant to a regular/ bonus/ rights allotment.
- Practical difficulties involved in Determination of Value for FBT under Section 115 WB(1)(d).

Employee Stock Option Plan is a call option on a company's own stock issued as a form of non-cash compensation. ESOP' s and Sweat equity are one of the HRD Tools adopted as an incentive to retain the talent or brains within a company as also guarding against poaching of such intellectual property by a competitor. A company when newly formed engages the best executives, who bring in their Intellectual Property know-how, technical skill, managerial skill and expertise with them, which creates a value addition for the company. The core management team may be rewarded with Sweat Equity/ ESOP as an incentive to join the company or to retain such key personnel within the Company at a price which is less than the real value of the share.

Provisions governing FBT on issue of Securities to employees :

The provisions contained in the Income Tax act which governs taxation of fringe benefits purports to tax at the rate of thirty percent of the value of fringe benefits provided or deemed to have been provided by the employer to his employees. The Value of fringe benefit is to be determined having regard to provisions contained in Section 115WC and rules made there under.

The New insertions made to Section 115 WB(1) vide the Finance Act 2007, w.e.f 1st April 2008 reads as under:

'(d) any specified security or sweat equity shares allotted or transferred, directly or indirectly, by the employer free of cost or at concessional rate to his employees (including former employee or employees).
Explanation.--For the purposes of this clause,--
(i) "specified security" means the securities as defined in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956(42 of 1956) and includes employees' stock option;

(ii) "sweat equity shares" means equity shares issued by a company to its employees or directors at a discount or for consideration other than cash for providing know-how or making available rights in the nature of intellectual property rights or value additions, by whatever name called.';

As per Section 2(h) of Security Contract Regulation Act "securities" include-
(i) *shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of a like nature in or of any incorporated company or other body corporate; (ii) Government securities; (iia) such other instruments as may be declared by the central Government to be securities; and" (iii) rights or interests in securities*;

Further in lines with the insertion to Section 115 WB the following insertion has been made in section 115WC of the *Income-tax Act, in sub-section (1),*
'(ba) the fair market value of the specified security or sweat equity shares referred to in clause (d) of sub-section (1) of section 115 WB, on the date on which the option vests with the employee as reduced by the amount actually paid by, or recovered from, the employee in respect of such security or shares.
Explanation.--For the purposes of this clause,--

(i) "fair market value" means the value determined in accordance with the method as may be prescribed by the Board;

(ii) "option" means a right but not an obligation granted to an employee to apply for the specified security or sweat equity shares at a predetermined price.'.

Insight to the Amended provisions :

The Significance of the above insertions is that, FBT is attracted where:

1. There is an allotment/transfer of any 'Security' to an employee by any employer free of cost or at concessional rate, such security being:

- specified security being a security referred to in section 2(h) of Securities Contract Regulation Act, **or**
- sweat equity shares, **and**
- includes employees' stock option;

1. Transfer may be direct or indirect and may be to a present or a former employee.
2. The point to be noted here is that what is purported to be taxed is not merely the allotment or transfer of ESOPs or Sweat Equity hence a regular allotment to employees may also be covered under this section.
3. The value of such fringe benefits as per Section 115 WC(1) (ba) read with Rule 40C and 40D:
   - The fair market value of the security/ Sweat equity shares, on the date on which the option vests with the employee as reduced by the amount actually paid by the employee.
   - As per Advanced Law Lexicon the word 'vest' is normally used where an immediate fixed right of present or future enjoyment in respect of a property is created. Hence the date on which the fringe benefit would be taxable is the date on which the employee derives the right to exercise the option. The use of the term Vests may provide scope for tax planning as a condition may be inserted precedent on which the employees may derive right to exercise option for shares such as the company achieving a target turnover or profit.
   - The "fair market value" is to be determined in accordance with the method as may be prescribed by the Board;
   - Deriving the powers granted under this section Rule 40C and Rule 40D have been inserted in the Income Tax Rules 1962, Part VIIC
   - Rule 40C applies in respect of a Specified security or a Sweat Equity Share being an Equity Share in the company. As per Rule 40C the value of the fringe benefit is:

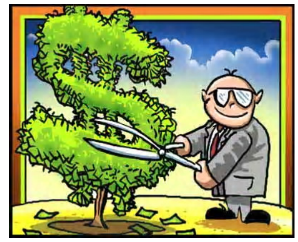
A. In the case where on the date of Vesting of the option the share of the Company is not listed on a stock exchange:
The fair market value of such security on the date on which the option vests with the employee, shall be such value as determined by a *Merchant Banker on the date of Vesting of the Option.

B. In the case where on the date of Vesting of the option the share of the Company is listed on a recognised stock exchange:
   - The fair market value shall be the average of the opening price and the closing price of the share on that date on the said stock exchange, or the stock exchange which records the highest volume of trading in the shares where the shares are listed on more the n one stock exchange.
   - However where there is no trading in the shares on any stock exchange the fair market value shall be the closing price of the share closest to the date of vesting of the option and immediately preceding such date, or the stock exchange which records the highest volume of trading in the shares where the shares are listed on more the one stock exchange.

- As per Rule 40D which applies in respect of a Specified security not being an equity share in the company, the value of the fringe benefit is:
- The fair market value of such security on the date on which the option vests with the employee, shall be such value as determined by a *Merchant Banker on the date of Vesting of the Option. For the purposes of Rule 40C and D :
   - Closing price of a share shall be the price of the last settlement on such date on such stock exchange. However where the Exchange quotes both buying and selling prices, the closing price shall be selling price of the last settlement.
   - Opening price of a share shall be the price of the first settlement on such date on such stock exchange. However where the Exchange quotes both buying and selling prices, the closing price shall be selling price of the first settlement.
   - Merchant Banker means Category I Merchant Banker registered with SEBI.

Conclusion:

The Insertions in the law pertaining to FBT:



1. Whether FBT covers only ESOP's allotted to employees or also covers securities issued to the employees during regular allotment, bonus allotment and rights issue

Section 115WC which lays down the principles for determination of value has prescribed the value only in the case of those security in respect of which option is vested with the employee in relation to the securities i.e ESOP's. In other words the Section is silent in respect of securities allotted to employees in pursuance of a regular, Bonus or rights issue.

The intention of the law makers can be understood from the explanatory memorandum issued in respect of the new insertion. We quote the explanatory memorandum:

"The Finance Act, 2007 amended the provisions of the Income-tax Act to provide that employers will be liable to pay <u>fringe benefit tax on the value of ESOPs granted to employees</u> as and when the specified security or sweat equity share were allotted or transferred to the employees. The value of ESOPs for the purposes of levy of FBT shall be the fair market value of the specified security or sweat equity share on the date of vesting of the options as reduced by the amount actually paid, or recovered from, the employee….."

The explanatory memorandum has made a reference to ESOP's or Sweat equity and no reference is made to other allotments of security.

1. The effect of the Amended provision is that the employers will have to shell out FBT at 33.99 per cent on the differential between `fair market value' (FMV) on the date of vesting less price recoverable from Employees.
2. As FBT is not a deductible expenditure, the effective post tax cost would increase by 45.54 per cent.
3. A new or a fledgling Company may not have enough resources to meet the FBT liability or pay the merchant bankers fees for valuation of securities. Hence the attraction that ESOP's had as a manner of retaining talent within the organization has lost its charm. Where there is no condition precedent to exercise of an option the Vesting would be immediately triggered therefore whether or not the employee exercises the right FBT would get attracted.

The New additions to the FBT law lacks clarity and is definitely likely to open a can of worms as would be evidenced by the litigation that this law is bound to attract. The following insertions have probably been made so as to increase the revenue, but whether the Finance ministry is able to cash on these provisions in the light of the loss of popularity of ESOP's is a question that time alone can answer.

Pointers on Section 115WB(1)(d) to be discussed in our next issue…….

- - Supriya & Shilpa

Election Trivia - It happens only in India....

PM Atal Bihari Vajpayee's mother and father share the same name- Krishna, His father's name is Krishna Bihari Vajpayee and mother's name is Krishna Devi!

The word candidate comes from the Latin `candidatus` meaning `one clad in white` and most, till this day carry on with this white!

'Ballot' and 'Bullet' are both derived from words for 'balls'. The Greeks dropped a white ball when they favoured a candidate, and a black when they were against. The term 'blackballed' comes from this too!

Ever heard of 1033 candidates for a single seat? Believe it or not, it did happened for the Modaurichi assembly constituency in Tamil Nadu in 1996. The ballot paper was in the form of a booklet!

From its days of glory in Uttar Pradesh, the Congress in 1988 won exactly zero seats!

Mayawati`s BSP and George W Bush`s Republican Party both have the same electoral symbol-the elephant!

A B Vajpayee is the only Parliamentarian to be elected from four different states- UP, Gujarat, MP and Delhi!

Rajnandgaon in Madhya Pradesh has a unique feature- father, mother and son have represented this constituency at different times!

Misleading Figures

All throughout my career there have been a lot many twists and turns. Having graduated as a Mechanical Engineer from one of the oldest and best Engineering Colleges of India, I went on to become a qualified Cost Accountant, and have dabbled in jobs ranging from a Project Manager of a Heavy Engineering Company to a Finance Executive and then a Management Consultant and then the turn of becoming a Sales Executive. All along the way, Macro-Economics interested me the most and also the way the Economies and Markets behaved and it also includes Financials, Stocks, Bonds, Money and Commodities. This interest has increased by the day. I also find it interesting when people analyze the state of the economy, and the performance of companies in light of business and the Economic Climate. Some of the dissection of numbers by the so-called analysts – not just in India- but the whole world over has equally amused me.

Consider this sample report on Biocon, which appeared on the website of www.capitalmarkets.com, when the news of the proposed Bonus Issue was published.

Amongst a few other things, quoting the report :

"Biocon's net profit rose 497.8% to Rs 284.03 crore on 9.3% fall in net sales to Rs 194.19 crore in Q3 December 2007 over Q3 December 2006."

Would make much sense to any prospective investor? Quite unlikely, unless the reader is an expert at analyzing business and numbers. This report is likely to be written by a person, who knows how business is reported in numbers probably a CA, an MBA or an ICWA. If the following are taken care of before the report is published it will do a world of good for the analyst profession as well as for the reader and prospective investor.

1. The reporter needs to step back bit, and visualize who this report is intended for, and how the reader can understand this statement without the any other help. The prospective investor is most likely to be confused about how a company can earn Rs.284 crores nett profit on sales of Rs. 194 crores… there must have been a massive "other income" and not necessarily income from operations, my guess in this case.
2. That then begs a follow-on question – how has the company fared in continuing operations? Have their earnings grown or diminished? Unfortunately, the report, as most other typical Indian reports, is completely silent on this. Income from operations, especially in a mature company, is a key indicator of how well the company is faring.
3. The same report also talks about Biocon acquiring a German company for 30 million Euros in an all-cash transaction, but again, no mention is made on how this cash-outgo is accounted for. Most OECD country accounting norms (including GAAP) advocate setting off the cash outgo in the same quarter and not amortize it. The Indian laws are similar, I guess – I am awfully out of whack with the Indian laws at the moment, and am happy to be corrected in this regard- given that we are in an increasingly Globalized world and listings in NASDAQ required such Accounting norms to be followed.
4. Read the same sentence above on Biocon's earnings. I wonder if the reporter or www.capitalmarkets.com would be pulled up for material misrepresentation of information, if they reported a profit of just Rs.284 crores, instead of Rs.284.03 crores! Will a prospective investor change his investment decision on Biocon if the earnings were only Rs.284 crores instead of Rs.284.03 crores?? I can understand an accountant reporting the numbers, but then **materiality** is a key requirement of any business report. Reporting numbers to the last two decimal places may well be the norm for any legal financial statement, but it need not be the case in a performance report or analysis.

Our brethren who aspire to become analysts with stock brokers or fund houses, could do well to follow some of the world media… not for the content, but for the way they present and analyze quarterly or annual results. The analysts quickly slice and dice the results, and come up with their interpretation of numbers – *what* has been the income from continuing operations, *why* have profits fallen, what is the *future earnings guidance* – in fact, investments are made or taken away based more often than not, on future earnings guidance than on last quarter performance.

In short, when one analyzes or reports a company performance one will need to think like a businessman/ businesswoman or an investor, rather than like an accountant. One has to bear in mind what information is materially important for a businessman or an investor, and investigate, analyze and report along those lines.

India's stock market is one of the oldest in the world, and one of it's biggest in volume terms (the biggest in Asia after Japan). The investment and business communities need quality information to make sound business/ investment decisions. As accountants and future accounts, let us strive to enable that.

Talking about reporting on business, from the very beginning I had agreed to understand that only Indian media and analysts either did not know how to report coherently or plainly manipulated information to suit vested interested.

After having lived outside India for more than a decade, and having followed the world markets and media reasonably closely, the conclusion that I have come to is that the media and analyst community elsewhere is no different.

Sample this – the US stocks have witnessed a mild rally in the week of 14th April. On 15th April, CNBC reported that Dow Jones closed higher, due to higher oil price!! Their logic? They claimed that higher oil price would lead to higher profits for the oil biggies. Right?

Wrong!! Hogwash!! All one has to do is to back in time. 1973. The so called oil shock is period resulted in a prolonged recession in the US, and bear market for stocks for 12 whole years !!! World oil prices are like onion prices in India – they can bring down governments! The fact is, when oil prices go up, it is the *governments* of the producer countries that reap a rich harvest. Yes, the companies who produce and refine oil gain too, but that is far less compared to what the Government earns by increased oil. And in the case of the US, profits increases for Exxon Mobil and Conoco Phillips, their two major oil biggies, can perhaps give their shareholders short term profit growth, but the consumers are going to be hurt badly by increased oil prices, and that will be a huge drag on the economy. And I am yet to see any stock market and stock prices that *sustain* an upward movement when the economy goes South.

In reality, what had happened was that the US Fed's moves to increase liquidity during that week in question made the bond prices unattractive, resulting in fund houses pumping more money into stock market than bond market.

- - Mr. Dilip Subramaniam

A Nuptial Knot – Mr. Berulal in a wedlock with Poonam

"Marriages are made in heaven" is a well known saying. When two people meet and their marriage is solemnized, it is believed that this is the wish of god. Marriage is a sacred institution which is binding both the woman and man in a pious relation.

We had a wonderful opportunity to be a part of such a fabulous marriage in Udaipur, of our dear colleague Mr. Berulal Suthar with Poonam. The rituals were done in the traditional Rajasthani custom.

On behalf of the DNS Family, We wish them a very happy and successful married life and the brightest future ahead.

All the best !!!!!!

"One advantage of marriage is that, when you fall out of love with him or he falls out of love with you, it keeps you together until you fall in again."

- Judith Viorst

Chit o Chat with Mr. Venkat Rajendran

Director, South Indies Restaurants Pvt Ltd.

Mr Venkat Rajendran, recently appointed as the CEO of Ordyn Technologies has a successful track record in the telecom technology industry in India and has been associated with it in its various stages of evolution. With 30 years background in telecom, Mr Rajendran has significant experience in building carrier class telecom products for emerging markets. He has founded Billionways a holding company through which he is managing his multiple new ventures in India and abroad. He has also set up South Indies Restaurants which is a leading specialty restaurant in the south Indian cuisine in India today.

Chetan : What ignited the spark in you to venture into a new line of business completely diverse from the agricultural business your family was into?

Mr. Rajendran : Actually I come from a lower middle class agricultural family. My father was a farmer, so all we knew was to study well and if you face success, you will get good job. I did BSE Physics and then I did engineering from MIT Madras where Mr. Abdul Kalam had studied. I went into Defense R&D for 4-5 years in Bangalore, and then Mr Sam Pitroda came to India. He put together a team to build what is called as C DOT. I was a part of that core team. In 1992, the Government fell; and then opposition came to power. If some project is very successfully done by the previous government, next government comes and they just play it down. So that was happening and I was very unhappy. We were a very good team and we did a world beating job. In 1992, Mr. Manmohan Singh announced the Liberalization story. This Liberalization gave the feeling that now entrepreneurship is respected, private ventures and initiatives are considered in a positive way for building wealth for nation. And as I had a background in technology I decided to build a telecom Company called "Deccan and Design". It was a design services company. My desire was always to build a product company. In 2004, flextronics came to India and they were very keen to acquire my company and I was very reluctant to sell. Finally they put an offer on the table which you can't refuse. Intel Capital, Templeton etc were all venture capitalist investors in my company. The general consensus was that to let the acquisition happen. So I made my first money. After that I restarted and now I am involved in 7 ventures, 2 of them fully owned by me. In the other ventures I am a significant stake holder. Couple of them in China. Out of 7, 5 are technology and 2 are non- technology.

Chetan : How do you find people to work with you who match up with the same concern for work as you do?

Mr. Rajendran : This is the crux to the whole thing, if you feel you believe in certain value system you feel passionate about something you want to do it in a particular way. You need people to think in the same way. You can take the example of this restaurant business (South Indies). We wanted to build an upscale restaurant chain. It is there because of its transparency, scalability and differentiation. I need somebody who is very passionate, believe in this and work very hard against all odds to build the project. I always want the people who are involved in this to think big. My idea is that we should grow to a billion dollar kind of venture in due course of 10-12 years from now. So are you ready to think that way and are you ready to do everything with that in mind? Are you ready to take a step towards that? Don't short change the system. Work within the system and build wealth.

Shilpa : Do you foresee any future for Product Companies in India?

Mr. Rajendran : Absolutely, I do foresee a good future for product companies in India. India is becoming more & more service oriented and there is nothing wrong in that. But my feeling is that service sector provides employment only to persons with specific educational qualification. Whereas product companies which are associated with manufacturing any product, employs different people which gives an excellent mix of employability. Our nation has 65% of population in rural villages and as population grows we can't keep them employed in agriculture. So they have to go beyond but where do they go? They can't go and join IT companies. We need to create manufacturing sector and then manufacturing segment may be driven by product companies. Also people are shifting from seeking a job – oriented course to self employment. From past 10 years we have been designing for the world but earlier India was not confident of this. So now it's a matter of talent, these things have to come together – Individual entrepreneurship, Technological capability to deliver something, proper funding, getting involved in entrepreneurship by improving the academic structure. These positive aspects will outweigh the negative points.

Shilpa : What has been your most satisfying moment in business?

Mr. Rajendran : My family kept looking at me as an entrepreneur. I have gone through hard moments and now I have achieved descent success. And looking into the background I came from I have achieved a huge success. Now my daughter and wife have teamed up and started a fashion venture and its doing pretty well. And my son is just 19 years old, though the idea came from me, he took it up and he is opening another outlet, this is his third business and I think at the end of the third year he will be running 3 businesses. He is looking at Delhi, Hong Kong etc. For me the most satisfying is that everybody in my family has become entrepreneurs. They followed my passion, my ethics in building their company and that for me is more satisfying.

Shilpa : If you had the chance to start your career over again, what would you do differently?

Mr. Rajendran : To start all over again I don't think I would have done anything different because my experience is important for me. I think I have built something reasonably complex and I work with people who have great vision and great managing system. So that was transforming for me. I was brought up as a middle class boy who would have become an ordinary salesman and lived happily with the pension money later. But when I was with people in US who were very successful, aggressive, wanting to grow, wanting to do something big had a major influence on me. If I look back I think I would have taken the same steps.

Udaya : How long do you stick with an idea before giving up?

Mr. Rajendran : The Idea of giving up never happens. You may keep up an idea, reshape it and take it in a different manner. For example, when I started my Company we wanted to build telecom products, but the mission was to build value on technology. Initially we started with telecom products. It took some time for us to realize that funding which was required was not possible in the early 90s. Telecom was a very controversial area. Nobody would like to touch telecom as their backbone. Since funding was difficult, we planned of going into a royalty model or giving some discount, and this went on for years. Finally I had some 2 crore debt and we came out of this venture. The products and the people were there but the royalty was not coming. The bottom-line was there was no proper funding which was required. So you take out the business plan, but you stick with the enterprise and the people who have invested. So I think whatever you take up, you keep on changing, modifying them till you reach a point where it becomes successful commercially. So a true entrepreneur will never give up.

Udaya : How far are you willing to go to succeed? Do you believe there is some sort of pattern or formula to becoming a successful entrepreneur?

Mr. Rajendran : It is a set of beliefs one must have. Lot of passion, one has got to believe intimately and must be ready to work really hard. It's just a matter of time. If he has these characteristics I don't think anyone can stop him.

Udaya : What is your greatest fear, and how do you manage fear?

Mr. Rajendran : The fear of failure is always there because I am the first person in my family who took up entrepreneurship going against the family. So the biggest fear was how I will face them if anything goes wrong. In India, if you fail once no bank or person will be ready to invest in your company. How do I face the society if everything collapses? But this fear also keeps you going to do the best. It makes you even more determined and gives you the courage to take hard decisions.

Deepak : If you could talk to one person from history, who would it be and why?

Mr. Rajendran : Lee Kuan Yew, he built Singapore. Singapore was a backward, poor country and they were one province of Malaysia and were dominated by China. There were lots of disagreements and Malaysia made itself independent thinking Singapore would collapse. He bought tremendous transformation in education. When he visited India in early 90s he said we have only distributed wealth in last 50 years and at the end have increased poverty. He is very realistic guy but a little dictatorial. A very dogmatic politician who made everybody afford equally. Looking into the way he ran a country Malaysia, Indonesia, Thailand, Vietnam copied his model. China sent people to Singapore to study the system. He had shaped the Asian revolution.

Deepak : The new line of activity for successful entrepreneurs is to become a venture capitalist. What do you think is the right age to enter this field and why?

Mr. Rajendran : There is no age limit to become a venture capitalist. If an entrepreneur has to become a successful venture capitalist he must have made one successful enterprise. An entrepreneur to become successful, must have committed many mistakes and would have learnt a lot from it. For me an entrepreneur becoming a venture capitalist is a very ideal one. Because his lessons combined with his money would make it successful. So I think age is not the criteria, but the fact that he would have succeeded once is the criteria. When you succeed, you create value, and you build wealth and then you are in a position to share that.

Straight From ICAI

ORGANISING CPT CLASSES THROUGH GYANDARSHAN CHANNEL

We are pleased to inform you that the Board of Studies is starting a series of lectures using the facilities of IGNOU for the benefit of CPT students. These lectures will be telecast live on Gyandarshan Channel and will also be received at selected IT centers of Regional Offices and Branches and also by the POU of CPE under teleconference programme with effect from May 1, 2008 to May 31, 2008 and the schedule of the lectures is attached herewith for your information.

SERVICE TAX ON FOREIGN TOURS

Your vacation may now cost more with the government deciding to enforce collection of service tax from all tour operators on foreign trips. The additional levy on outbound tours would include the Education Cess and Higher and Secondary Education Cess besides the Service Tax.

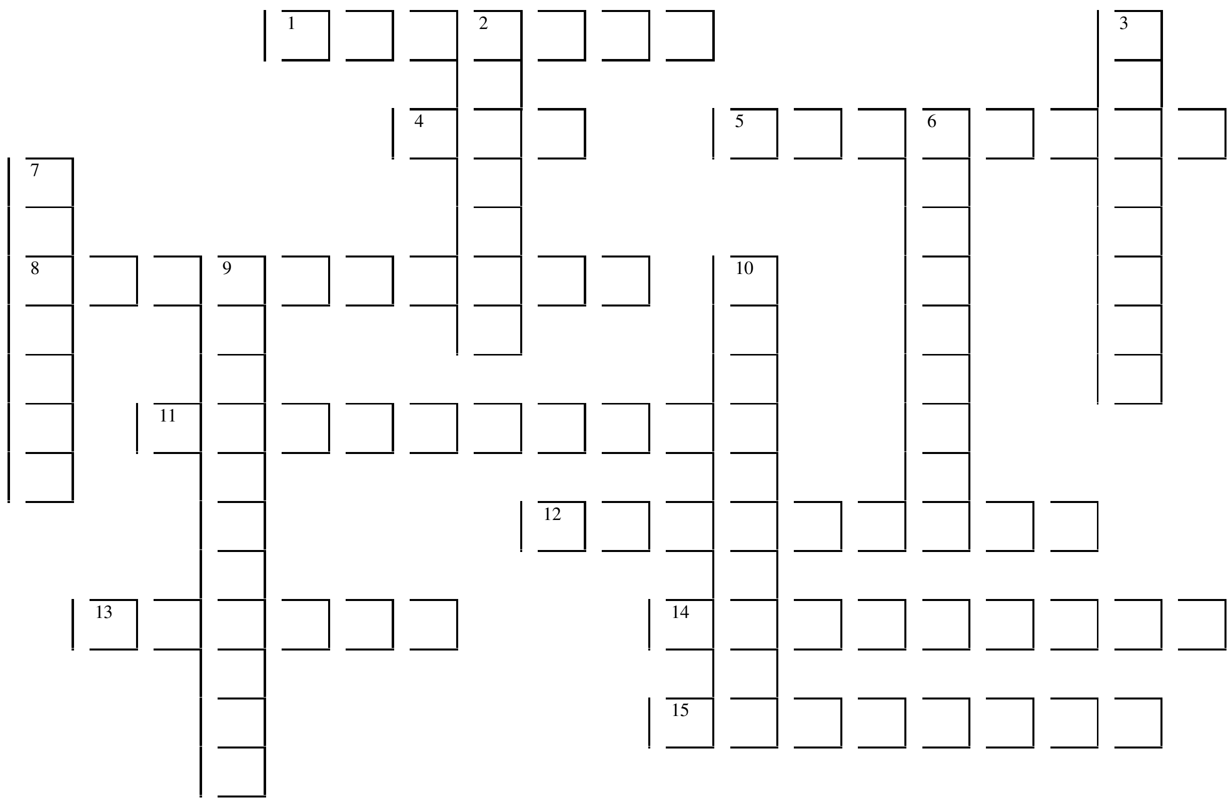
ICAI BOARD OKAYS AS- 32

The ICAI's Accounting Standards Board (ASB) has cleared the proposed accounting standard on disclosure of 'financial instruments' (AS-32). This standard would now be considered for final approval by the central council of the Institute of Chartered Accountants of India (ICAI) at its meeting slated for mid-May. Indications are that the AS-32 (financial instruments-disclosures) would become mandatory for corporates from accounting year beginning April 1, 2011.-

"Condemn none: if you can stretch out a helping hand, do so. If you cannot, fold your hands, bless your brothers, and let them go their own way."

-Swami Vivekananda

CROSSWORD - 12



ACROSS

1 The entire collection of published legal decisions of the courts.(4,3)
4 Address of a file/resource accessible on the Internet. (111)
5 Sequence of tasks performed to restore a database to some point in time.(8)
8 The inability to pay off liabilities as they become due.(10)
11 Method of recording income and expenditure at the time of occurrence.(10)
12 Selective verification.(4,5)
13 The gain or loss of a security in a particular period.(6)
14 Large co-operative networks of businesses formed by Companies in related industries to enhance the competitive abilities of individual member business.(9)
15 Long range blueprint of an organisation desired image direction & destination.(8)

DOWN

2 The amount of profit that a company produces during the specific period.(7)
3 An interest given on a piece of land in writing to guarantee the payment of a debt or the execution of Some action.(8)
6 To report in excess of actuals.(9)
7 To increase the Carrying amount of an asset.(5,2)
9 Process of looking at an act performed by the client without getting involved in actual performance.(11)
10 Money held in the form of securities or immovable property.(10).

- - **Shilpa & Pavithra**

Answers: <u>Crossword-11</u>

Across: 2- Double Taxation 5- Inchoate 6- Split off 9- Refund 11- Flat Tax 12- Inspection 14- Novation 15- Levy.

Down: 1- Vest 3- Book Debt 4- Outsourcing 7- Lien 8- Estimates 10- Cartel 13- Nullity.

The Winners to Crossword 11 are Haris Parmar & Supriya Vaz
We Congratulate the winners.

Lateral Thinking - 12

1. Mr Murphy wanted a new house built for him. He wanted to see the sun shine into every room, so he told the contractor to build his house so that all the walls face north. The igenious builder actually managed to do this. How?

2. A windowless room has 3 light bulbs. Three switches are outside the room, and each switch operates one of the bulbs inside. If you only enter the room once, how can you determine which bulb is connected to which switch?

3. A policeman is walking past a house. He hears somone scream out, "Don't shoot me, John! Don't shoot!", followed by a gunshot. The policeman enters the house and sees a lawyer, a priest, and an engineer, all gathered around a dead body. The priest was immediately arrested. How did the policeman know?

4. Jason is lying dead. He has an iron bar across his back, and some food in front of him. How did he die?

5. Mr Miller had lived in the same house for many decades. One day Mr Miller returned home to find it engulfed in flames. The fire department was on the scene, but they made no attempt to save Mr Miller's house. Even though he is in tears, Mr Miller says nothing. What is going on?

6. A painter was hired to repaint the water tower for the township of Dubbo. The tower was located just off a busy street in the downtown area. Every day for 2 weeks the man painted diligently, but was never seen working by anyone and no change was noticed on the tower. At the end of the two weeks, the painter was was thanked and paid a large sum by the city. Why?

Answers to Lateral Thinking - 11

1. Shahrukh is lying dead in a field. He has a backpack on and a ring in his hand. How did he die? (Clues: The backpack is extremely important. Think 3D…)

   Solution: Shahrukh had jumped from a plane, but his parachute had failed to open. The backpack is the parachute, and the ring is the pull for the ripcord...

2. Harry is dressed entirely in black and wearing a black mask, is standing in the middle of a crossroad. All of the streetlights at the intersection are broken. A car speeds down the road, heading straight for him, yet it turns in time and doesn't hit him. How does it manage to miss him?

   Solution: It's daytime...

3. Rohit lies dead on the floor, and nearby are a pile of bricks, and a Beetle on top of a book. How did he die? (Clue: The beetle is not really a beetle.)

   Solution: The man was an amateur mechanic, and the book is a Volkswagen service manual. The "beetle" is a Volkswagen car, and the pile of bricks were being used to hold the car up. Unfortunately, the car rolled off the bricks and crushed him...

4. Karthik on his first birthday, turned eight years old. How could this be?

   Solution: Karthik was born on February 29, 1896. Since only centuries divisible by 400 are leap years, the year 1900 was not a leap year. Thus, the next February 29th was in 1904, when he turned eight...

5. Those who make them, don't need them. Those who buy them, don't want them. And those who use them don't know about it. What do you think are they?

   Solution: Headstones...

6. Mickey and Minnie are lying dead on the floor of an Egyptian villa. Their bodies are unmarked and they have not been poisoned. There is a broken bowl lying nearby. How could they have died?

   Solution: Mickey and Minnie are goldfish. Their bowl was knocked off its stand by the household dog brushing against the stand...

7. Everyday Shina, takes bus to work. She can get off at either one of the two stops. The first stop is 100 metres from the office building where Shina works. The second stop is 200 metres past the Office building. She always rides past the first stop, and gets off at the second one. Why?

   Solution: Her office building is on a hill. When she gets off at the stop farthest from the building she is walking downhill...

Logo Quest – 12

- - Chetan, Deepak & Haris

1.

2.

3.

4.

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7.

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9.

10.

11.

12.

13.

14.

15.

Figure out the above "Logos" and the Answers to the Lateral thinking and Mail it across to us at newsletter@dnsconsulting.net
Answers will be published in the next edition of "The Articled"

Answers to Logo Quest – 11

1. Barclays
2. Dockers
3. Ernst & Young
4. Huawei
5. Satyam
6. Tiger Beer
7. Incredible India
8. Kappa
9. Real Madrid
10. Rolta
11. Volvo
12. Wockhardt
13. Konica
14. X- Box
15. Tommy Hilfiger

"Control your own destiny or someone else will." - Jack Welch

Current Affairs

- - Sourabh, Haris & Supriya

War among the equals in Karnataka

"Mistakes are painful when they happen, but years later a collection of mistakes is what is called experience." - Denis Waitley Senior BJP leader L K Advani said his party would prefer to sit in the Opposition benches in the Karnataka Assembly rather than attempt any coalition in the event of a hung verdict in the state polls this month.

He said the failed coalition exercise with the Janata Dal Secular had made the party wary of another such attempt. Senior leader, however, expressed confidence that the BJP itself would garner the numbers needed to form a Government. "The virus of opportunism and betrayal by Congress and JD(S) played havoc with governance and development in Karnataka. The same virus is threatening to hit Karnataka's politics and governance again,"

Stock Market and Indian Economy.

The stock market waited for the right sentiment, there were no major fall or raise that were seen, it just looked for the right direction. However one of the major cause that hurt the bullish sentiment of the market was the inflation rate that has hit 7.57 and expected to touch 8% in the near future.

There ware both bullish and bearish investor in the market, supported by low volume in the cash as well derivative market. US Fed move, gains in China and other markets are adding to the momentum. Market is expected to see an upside of around 5-10% from current levels in the coming week. The market at the current level looks for the new leader from different sector.

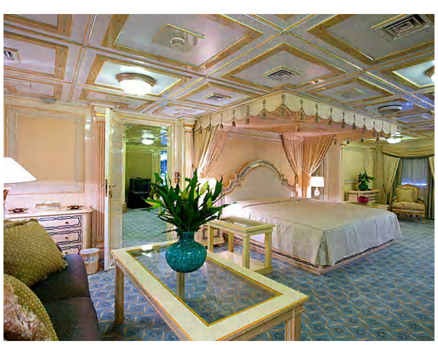
Tata Brand 57th largest

For the first time in Indian history, an Indian brand has entered the list of the largest global brands. Thanks to the three biggest acquisitions, Corus, General Chemicals and Jaguar & Land Rover by Tata. Valued at $11.4 billion, Tata is ranked 57th among top 100 brands listed by Brand Finance which is an independent company focusing on the management and valuation of brands. Coca – Cola tops the list followed by fellow American Companies Microsoft, Google, Wal-Mart, IBM and GE while UK's HSBC has grabbed the 7th position.

India sets world record, launches 10 satellites at one go

India added another world record to its basket by successfully launching 10 satellites. The Polar Satellite Launch Vehicle (PSLV – C9) put into orbit an Indian Mini Satellite and eight foreign nano satellites besides the Cartosat-2A remote sensing satellite. It is for the first time in the world that ten satellites were launched in a single launch and the credit goes to ISRO.

Mukesh Ambani's $2 bn home - world's most expensive: Forbes



The 27-storey skyscraper being built in Mumbai by Mukesh Ambani, the richest person in India, could be the world's largest and costliest home with a price- tag nearing two billion dollar, Residence Antalia is what is has been named as according to Forbes magazine. "When the Ambani residence is finished in January, completing a four-year process, it will be 550 feet high with 4,00,000 square feet of interior space," Forbes said in a report on its website.

The plan, drawn up by the firm Perkins+Will, reveals that the house will resemble a virtual glass palace, with entertainment centres, a health club, a swimming pool and various green spots thrown in for good measure.

Maya Predicts Our Future

Maya people were masters of mathematics and calendars and they were keeping track of time using three separate calendars. For predictions about the beginning and end of the "world" they used "Long Count" calendar. And on December 21st 2012, the Long Count will be at the point zero which Maya predicts as the end of time and beginning of the new world.

Corporate Jokes

The Corporate Zodiac

MARKETING: You are ambitious yet stupid. You chose a marketing degree to avoid having to study in college, concentrating instead on drinking and socializing - which is pretty much what your job responsibilities are now. Least compatible with Sales.

SALES: Laziest of all signs, often referred to as "marketing without a degree", you are also self-centered and paranoid. Unless someone calls you and begs you to take their money, you like to avoid contact with "customers" so you can "concentrate on the big picture". You seek admiration for your golf game throughout your life.

TECHNOLOGY: Unable to control anything in your personal life, you are instead content to completely control everything that happens at your workplace. Often even YOU don't understand what you are saying, but who the heck can tell?! It is written that the Geeks shall inherit the Earth.

ENGINEERING: One of only two signs that actually studied in school, it is said that ninety percent of all Personal Ads are placed by engineers. You can be happy with yourself: your office is typically full of all the latest "ergodynamic" gadgets. However, we all know what is really causing your "carpal tunnel".

ACCOUNTING: The only other sign that studied in school, you are mostly immune from office politics. You are the most feared person in the organization; combined with your extreme organizational traits, the majority of rumors concerning you say that you are completely insane.

HUMAN RESOURCES: Ironically, given your access to confidential information, you tend to be the biggest gossip within the organization. Possibly the only other person that does less work than marketing, you are unable to return any calls today because you have to get a haircut, have lunch, AND mail a letter!

MIDDLE MANAGEMENT/ DEPARTMENT MANAGEMENT/ "TEAM LEADS": Catty, cut-throat, yet completely spineless, you are destined to remain at your current job for the rest of your life. Unable to make a single decision you tend to measure your worth by the number of meetings you can schedule for yourself. Best suited to marry other "Middle Managers", as everyone in your social circle is a "Middle Manager".

SENIOR MANAGEMENT: Catty, cut-throat, yet completely spineless, you are destined to remain at your current job for the rest of your life. Unable to make a single decision, you tend to measure your worth by the number of meetings you can schedule for yourself. Best suited to marry other "Senior Managers", as everyone in your social circle is a "Senior Manager".

CUSTOMER SERVICE: Bright, cheery, positive, you are a fifty-cent cab ride from taking your own life. As a child very few of you asked your parents for a little cubicle for your room and a headset so you could pretend to play "Customer Service". Continually passed over for promotions, your best bet is to sleep with your manager.

Business Cartoon

Write to The Editor

"Continuous learning process" is the essence of our profession. To keep ourselves in pace with the emerging concepts is what we have endeavor through this "The Articled". We also intend to build this into a common knowledge-sharing platform and welcome any contributions to strengthen this common pool. Your views will help us fortify the forthcoming issues. You can mail us at newsletter@dnsconsulting.net/ shilpa@dnsconsulting.net or write to: The Editor, #10, South Park Road, Nehru Nagar, Sheshadripuram,
Bangalore – 20.

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