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Congratulations



CA. Sunil Goyal Ji
 President ICAI 2004-05

Being Nominated
 as
 Director
 in
 United Bank of India

Congratulations



CA. G. P. Gupta

Being Nominated
 as
 Director
 in
 State Bank of India
 (Bhopal Circle)

Congratulations



CA. Rajesh Deedwania

For
 Awarded
 CRISC Certificate
 by
 ISACA, U.S.

From the desk of Secretary.....

During the month of September, Jaipur Branch organized Campus Placement Programme under the aegis of ICAI, New Delhi for newly qualified Chartered Accountants. One batch of GMCS, an important part in the journey of CA Course were also inaugurated during this month. Though the month of September is very busy for the members as they were involved in finalizing tax audits and other audits, inspite of the fact Jaipur Branch was involved in organizing few study circle meetings. Also, Valediction of GMCS Course of four batches was successfully organized. The Details of the activities held during these months are as follows:



01. Valediction of GMCS Batch No. 79 & 80 (4.9.11)

Jaipur Branch organized Valediction of GMCS Batch No. 79 & 80 on 4.9.11. CA. Prakash Sharma, Senior Chartered Accountant was the chief guest. He addressed the participants and distributed certificates to them. CA. Deepika Agarwal, Vice Chairperson CA. Ashok Kr. Jain (Harkawat) Secretary, and CA. C L Yadav, Treasurer Jaipur Branch were also present.

02. Campus Placement Programme (5th Sep. 2011 to 8th Sep. 2011)

The Jaipur Branch organized a campus placement programme for the newly qualified chartered accountants under the aegis of ICAI, New Delhi from 5.9.11 to 8.9.11. From Jaipur Centre, 1861 candidates and 10 companies participated in this campus placement programme. The names of the companies which participated in this campus are mentioned below :-

S No.	Name of the company	No. of selects	Package offered
01	Hindustan Coca Cola Beverages Pvt. Ltd.	03	7.00 Lac plus
02	Jai Prakash Associates Ltd.	22 selected for Final Round	7.00 Lac
03	Saint Gobain Glass India Ltd.	6 selected for Final Round	6.10 Lac
04	Aglient Technologies International Pvt. Ltd.	04	6.00 Lacs
05	Canara Bank	10	5.50 Lac
06	Vijaya Bank	06	5.25 Lac
07	Bank of Baroda	10	5.00 Lac plus
08	Genpact	18	5.00 Lac
09	Bhushan Steel Ltd.	4 selected for final round and 2 in waiting List	4.50 Lac plus
10	India Bulls Ltd.	18	4.00 Lac

03. Inauguration of GMCS Batch No. 82 (9.9.11)

Jaipur Branch inaugurated GMCS Batch No. 82 from 9.9.11. CA. R K Gurwala, Senior Chartered Accountant was the chief guest. He inaugurated the batch by lighting the lamp and addressed the participants. He expressed the best wishes for their bright future as professionals. CA. S K Jalan convened the programme.

04. CPE Teleconferencing Programme on Tax Audit under Section 44AB & 44AD (09.9.2011)

The Jaipur Branch organized a CPE Teleconferencing Programme on Tax Audit under Section 44AB & 44AD on 9.9.2011 at ICAI Bhawan.

05. Valediction of GMCS Batch No. 81 (14.9.11)

Jaipur Branch organized valediction of GMCS Batch No. 81 on 14.9.11. With a view to have a practical insight into industry the participants were taken to a visit to Navback Office IT Software Pvt. Ltd, Sitapura and the Managing Director of that company addressed them and attended their queries satisfactorily. They were given the certificates of attending the GMCS training.

06. CPE Teleconferencing Programme on Salient features of Revised Schedule VI (19.09.2011)

The Jaipur Branch organized a CPE Teleconferencing Programme on Salient features of Revised Schedule VI on 19.9.2011 at ICAI Bhawan.

07. Study Circle Meeting on ERP & SAP – An overview (17.9.2011)

The Jaipur Branch organized a Study Circle Meeting on ERP & SAP on 17.9.2011 at ICAI Bhawan. CA. Mohit Sachetee was the eminent speaker.

08. Valediction of GMCS Batch No. 82 (26.9.11)

Jaipur Branch organized Valediction of GMCS Batch No. 82 on 26.9.11. They visited “Mahendra World City”, Jaipur and were provided the relevant information. The certificates of attending GMCS Course were given to them.

In this way, the Month of September was full of various activities. The Branch will look forward to organize more Study Circle Meeting, workshops and seminars so that knowledge of the members can be upgraded. I heartily welcome your valuable suggestions for making the functioning of Jaipur Branch more efficient and useful for all of us.

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Direct Tax Code: A Brief Overview

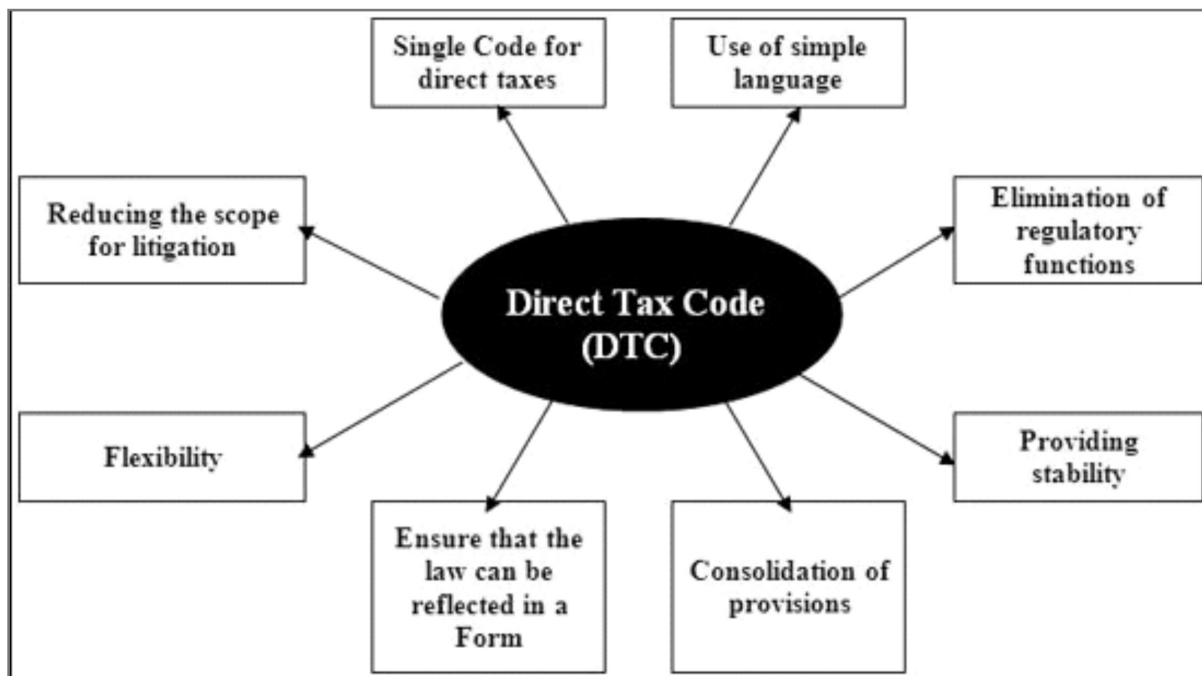
Compiled by CA.
Email :

Recently the IT department of India put the new proposal for Direct Tax in front of Govt. of India and this is known as Direct Tax Code (DTC). The New Direct Tax Code (DTC) is said to replace the existing Income Tax Act of 1961 in India and would be presented in the winter session of the Parliament. The aim of DTC is to make the current tax structure in India easy. Well, yes. This is the basic aim of DTC. An important part of the budget every year has been the detailing of the tax rates. However, with the introduction of the new direct tax code, the tax rates will not be part of the budget presented to Parliament every year.



In fact the Indian Government has unveiled the draft of a brand new direct tax law, which will replace the four-decade Income-Tax Act.

Salient features of the code are:



The new code will completely overhaul the existing tax proposals for not only individual tax payers, but also corporate houses and foreign residents. It has been drawn with inspiration from the prevailing tax legislation in US, Canada and UK. It is a topic of interest and a matter of concern for every taxpayer in India. India wants to modernize its direct tax laws, mainly its income tax act which is now nearly 50 years old. The government wants a modern tax code in step with the needs of an economy which is now the third largest in Asia. The new tax code is expected to widen the tax base, end unnecessary exemptions, moderate tax rates and add to the government's coffers.

One of the key aims of the new tax code is to provide a system which takes into account increased cross border mergers and acquisitions by Indian corporate over the last few years. The new code is expected to streamline tax rates and administration for foreign institutional investors, for whom India is a top destination. The code aims to provide greater tax clarity and stability to investors who want to invest in Indian projects and companies. The officials have said the government would not like to tinker with tax rates every year to provide a greater degree of tax certainty to corporate, investors and individuals.

The direct tax code seeks to consolidate and amend the law relating to all direct taxes, namely, income-tax, dividend distribution tax,

fringe benefit tax and wealth-tax so as to establish an economically efficient, effective and equitable direct tax system which will facilitate voluntary compliance and help increase the tax-GDP ratio. Another objective is to reduce the scope for disputes and minimize litigation. It is designed to provide stability in the tax regime as it is based on well accepted principles of taxation and best international practices. It will eventually pave the way for a single unified taxpayer reporting system.

<u>Income tax slab for A.Y. 11-12 and A.Y. 12-13 (new tax code) comparison</u>		
<u>Income Tax Slabs for Resident Senior Citizens</u>		
Tax percentage	A.Y. 11-12 / F.Y. 10-11	A.Y. 12-13 / F.Y. 11-12
Maximum Amount not chargeable to tax	Up to 2,40,000	Up to 2,50,000
10%	2,40,001 to 5,00,000	2,50,001 to 5,00,000
20%	5,00,001 to 8,00,000	5,00,000 to 10,00,000
30%	Above 8,00,000	Above 10,00,000

Income Tax Slabs for Individuals(Men & Women)

There will be no distinction between men and women as per new code.

Tax percentage	A.Y. 11-12 / F.Y. 10-11	A.Y. 12-13 / F.Y. 11-12
Maximum Amount not chargeable to tax	Up to 1,60,000	Up to 2,00,000
10%	1,60,001 to 5,00,000	2,00,001 to 5,00,000
20%	5,00,001 to 8,00,000	5,00,001 to 10,00,000
30%	Above 8,00,000	Above 10,00,000

The government has marginally lowered the tax burden for individuals and has effectively left corporate with largely similar tax rates as before, hoping that these changes will make the new code revenue positive. Though the exact impact is not yet known, finance ministry officials have said the new code will help shore up the tax-GDP ratio significantly from around the current 11 percent level.

On the face of it, the corporate tax rate has been reduced from a little over 33% to 30%. But tax experts say whether a company pays more tax or less will also depend on a key provision called the Minimum Alternate Tax (MAT). MAT is applicable to those companies who do not show book profits liable to tax, as they claim a plethora of exemptions on account of being in capital intensive industries. The MAT rate has now been increased from 18% to 20% in the new code. Foreign corporate today pay a higher rate of tax. However, the new rate of taxation for foreign corporate is not yet known.

The DTC is proposed to make all the tax laws simple. It has also increased the limits of income tax and wealth tax by several folds. This is surely a reason to smile. India's social security system is still in developing stages, and any change in this method might have posed significant challenges for tax payers as well as collectors.

But there are always two sides of any coin. The Direct Tax code in India is very much discussed and criticized now a day. Even though, the basic aim behind DTC is simple and helpful to the people, it is very much criticized because many provisions under this proposal may harm the investors and FIIs. The flip side here is the loss of revenue to the government due to the concessions being provided and what the finance minister may do to counter that. It is possible the proposed tax slabs and the tax rates may be calibrated to ensure that the loss of revenue to the exchequer is minimized. As the proposals are also at the discussion stage, the matter will only be cleared when the revised bill is drafted. It is expected to be applicable now from 1st April, 2012

INVITATION FOR CONTRIBUTION OF QUESTIONS FOR ISA-AT QUESTION BANK

The Information Systems Audit Assessment Test (ISA-AT) is an objective type test having multiple choices and contains 200 questions carrying 200 marks. The time allowed for answering 200 questions is 4 hours. The aforesaid Test is meant for the members of the Institute to enable them to develop understanding in the field of Information Systems Audit.

With a view to develop the Question Bank for the various Modules spread over the Syllabus of the ISA-AT, it has been decided to invite questions from Chartered Accountants/experts working in various organisations/institutions. The titles of these Modules prescribed in the Syllabus are given hereunder:

Module No.	Module Title
1	Information Technology Infrastructure & Communication/ Networking Technology
2	Protecting Information Assets
3	Systems Development, Life Cycle & Application Details
4	Business Continuity Planning
5	Information Systems Organization & Management
6	Information Systems Control & Audit Process

The contributor can contribute as many questions as he/she can, but in a lot of minimum of 50 questions on the aforesaid modules in the following manner:-

Name of the module:

Q.No.	Question and answer options	Answer (For example)
01	Question description... .. A) Option A B) Option B C) Option C D) Option D	C
02		
...		
50		

While framing the questions, the contributors have to prepare the questions for individual modules in separate files/documents. The questions should cover all the sub chapters or aspects of the syllabus and be free from any ambiguity, doubt etc. The question should convey the same meaning which you intend to convey. It is also essential that proper care is taken in framing the questions and options (answers) provided below the questions. The solution (correct answer) to each option (answer) given as per the above format.

The copyrights of the questions as well as answers so submitted shall vest with the Council of the Institute. The contributor of the questions shall ensure that the questions so submitted to the Institute are not parted with by him/her to any other Body/Person and shall be meant only for the exclusive use by the Council of the Institute.

It may please be noted that the questions framed by you should be original and not already published in some books or journals or study material of the Institute or reference/text books available in the market or also from question papers of any other examinations or material distributed by any coaching institution. The requirement is the questions that are original and framed with the meticulous care and genuinely.

For each question framed and forwarded and accepted by the Council of the Institute for developing a Question Bank of ISA-AT, Rs.500/- per question selected/accepted will be paid as honorarium. In addition to honorarium payable towards questions selected, Rs.100/- (fixed) will be paid for other services also. The questions may be sent in a sealed envelope superscribed "Question Bank – ISA-AT" to Shri G. Somasekhar, Additional Secretary (Exams), The Institute of Chartered Accountants of India, "ICAI Bhawan", Indraprastha Marg, New Delhi – 110002 by name or by e-mail to srdd_exam@icai.in. While sending the questions by post/mail, please mention your name and complete postal address alongwith contact details including mobile number. All correspondence on the subject should be treated as secret.

Interested persons may kindly contribute to the Question Bank of ISA-AT.

Sd/-
(G. SOMASEKHAR)
ADDITIONAL SECRETARY (EXAMS.)



LEADERSHIP VI-SUPER OVER

Compiled by **CA. Sushil Kumar Jalan**
Email : skjalanca@yahoo.co.uk

You have to race ahead of the competition.



Like the Formula One fast track, today's work place is very competitive. You will not only need to have a variety of skills that will give you the competitive edge you need to succeed in every lap but also the strategy to hold onto it and stay ahead in the race.

Competition is killing! This statement is all over the place these days. But competition makes everyone shine. When private insurance companies opened up, LIC was jittery, but today, it is a proven fact that LIC has gone up multi-fold in business. Likewise, the retail market was stunned to see the bigwigs entering their arena. Today, you see the big players everywhere and still business is there for everyone.

“Competition is always a fantastic thing, and the computer industry is intensely competitive. Whether it's Google or Apple or free software, we've got some fantastic competitors and it keeps us on toes.” Bill Gates

“If you do things well, do those better. Be daring, be first, be different, be just.”

“If you're not making mistakes, you're not taking risks, and that means you're not going anywhere. The key is to make mistakes faster than the competition, so you have more chances to learn and win.”

It's about “Keeping on and on”. Being first is one thing. Staying first is another. It takes enormous effort and energy to ride that wave. Gillette pioneered razor blades and to this day, is the dominant leader. They did it with endless innovations and relentless knocking off of anyone who entered the market with a new idea, such as Wilkinson with stainless. Today Gillette has sixty five percent of the world's blade business. No one is going to take their business. At least as long as they retain and maintain the edge.

In other words, the competitive edge comes from just being observant and open to improvising. Competitive Edge is being different. Differentiating and maintaining the difference. “When everybody else is doing it, don't.” Differentiating edge is easily half the battle, not to mention the more important half.

Growth is the success mantra. To have the competitive edge an individual must grow everyday. There must be some addition to his or her skills each day.

To move up the ladder of success, and emerge a winner, it is not enough to have a challenging vision, to accept change as dynamic but equip oneself with the edge and skill to edge out competition. Moving ahead is the name of the game. You either move ahead or fall back. There is no via media. There isn't anything called “standing still” in this journey of success. To be the best, you need to move on. To continue to strive for excellence, you need to get the cutting teeth and nothing short of it.

Being ahead is being Proactive. The Winning Edge comes from Pro-activity. Think of the battery in your car. If you merely turn on your car lights without turning on the engine, over time your battery will run down. But if you switch on the engine in your car before turning on the lights and you drive around, your battery will

recharge itself. If you take charge, take lead, be always a step ahead, the challenges of competition won't deplete your battery but will add energy to it.

Competitive edge is also about starting the race with an advantage but an excellent start up is important, but not enough. It is more important to survive the entire race. That's being competitive. That's having the competitive edge.

The competitive edge is all about racing ahead. It is all about being one step ahead. Competitive edge is all about anticipating. Aware-Accept-Act today for tomorrow.

Competitive edge is all about persevering. It is all about starting, continuing and finishing. There has never been a successful song left half written. Nor a successful business left only half built. The key is to finish what you started to do.

The competitive edge is recognizing the shift and adapting to it. The style of the winning leader of yesterday that was well defined, structured is now more flexible.

Competitive edge comes from taking up real tough jobs and the little extra jobs. The little extra that will take you miles ahead of competition.

Competitive Edge is reinventing you every other day. Not only is there more competition, there is tougher and smarter competition. Your edges give you customers a reason to choose. Today it is not just about know your customer. It's about your customer knowing about you.

Competitive Edge is about operational effectiveness and strategic positioning. Operational effectiveness means simply performing better the same activities your competitors perform.

The competitive edge also comes from the appearance, the way you handle yourself and the way you carry yourself. Polished manners, both in public and in professional world, are key skills to achieve the advantage that's so often necessary to success.

Two guys are out hiking when suddenly a bear starts chasing them. They climb a tree, but the bear starts climbing up the tree after them. The first guy gets his sneakers out of his knapsack and starts putting them on.

The second guy says, "What are you doing?"

He says, "I figure when the bear gets close to us, we'll jump down and make a run for it." The second guy says, "Are you crazy? You can't outrun a bear."

The first guy says, "I don't have to outrun the bear.... Not the bear but you are my competitor. I only have to outrun you. THE COMPETITIVE EDGE....."

Competitive Edge is being ready for Tomorrow Today. KEEP RACING AHEAD.





The Institute of Chartered Accountants of India

(Set up by an Act of Parliament)

ANNOUNCEMENT

EMPANELMENT OF RESOURCE PERSONS FOR INVESTORS AWARENESS PROGRAMMES

The Institute of Chartered Accountants of India has been designated as the nodal authority by the Ministry of Corporate Affairs, Government of India to organize Investor awareness programmes (IAP) throughout India through the Institute's vast network of Regional Councils and Branches. The Committee on Financial Markets and Investor's Protection (CFM&IP) of ICAI has been entrusted with the responsibility to co-ordinate with different agencies for conducting the programmes.

The MCA has also devised a scheme to conduct the programmes in semi-urban areas to spread the financial literacy and knowledge of financial market through Resource Persons (RPs). Ideally, the Resource Persons should be Chartered Accountants, Bankers, Capital Market experts, MBAs and members of Professional bodies, Professors and Teachers having knowledge of capital market and flair of public speaking.

The other guidelines / relevant issues in this regard are :

1. IAP through RPs will be of two hours duration in small towns (other than district headquarters) with at least 50 participants.
2. Maximum Number of programme in a particular place will be **restricted to four (4) during the financial year 2011-12. The time gap between two consecutive programmes in a town should be less than 20 days**
3. ICAI will pay a lump sum amount of **Rs. 5,000/- per programme** towards all expenses including travel cost, refreshment to participants and other logistic support.
4. Following documents are to be submitted to us for reimbursement of expenses against each IAP:
 - i. An undertaking by you that you have conducted a programme giving place, date and outcome.
 - ii. 3-4 Photographs of participants with banner as a proof of conducting programme
 - iii. Attendance sheet containing the details (name, address, Mobile No. & email-id)

The Committee invites proposals from the individuals who are interested to act as a Resource Person.

All Communication in this regard may be made to :

Secretary
 Committee on Financial Markets and Investors' Protection
 The Institute of Chartered Accountants of India,
 ICAI Bhawan, Administrative Block, Third Floor
 A-29, Sector 62, NOIDA 201309
 Phone 0120-3045905/945
 Email : Cfmip@icai.org

Chairman
Committee on Financial Markets and Investors' Protection
The Institute of Chartered Accountants of India,



A 'Takeover' by SEBI

Compiled by CA Raghav Kumar Bajaj

1. Introduction

The M&A landscape in India is all set to change, and this time for the right cause. On September 23, 2011, the Securities and Exchange Board of India (SEBI) amended the 13 year old takeover rules and notified them with the new set of takeover rules i.e. the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (commonly referred to as the takeover code) to align it closer to global practices. While the new takeover code is being appreciated by a lot of industry experts; one can still hear some voices not completely in appreciation of the new takeover code. Through this article, I intend to express my views on the new takeover code.



Old takeover code v/s New takeover code:

<i>BASIS</i>	<i>OLD TAKEOVER CODE</i>	<i>NEW TAKEOVER CODE</i>	<i>IMPACT</i>
<i>Threshold limit (initial acquisition)</i>	When an acquirer's shareholding in a listed firm reaches 15%, the acquirer has to bring a public offer to the existing shareholder's.	In the new takeover rules, the triggering limit for making the public offer has been increased to 25%.	As a result, an acquirer can buy up to 24.99% in a listed firm without being required to bring a public offer.
<i>Minimum offer size</i>	As soon as the 15% limit is reached, the acquirer has to bring a public offer to acquire another 20% of the voting share capital of the target company.	The offer size, too, has been changed to 26%.	The revised offer size will provide an exit option to more investors who do not wish to be associated with the new acquirer.
<i>Non Compete fees</i>	As per the present takeover rules, the acquirer can make a payment up to 25% of the offer price to the seller promoters to prevent the latter from entering the same business and compete.	No such payment in the nature of non compete fees is allowed under the new rules.	The payment of non compete fees to the seller promoters results in differential pricing, which is against the principle of equity. Recently, in the Cairn-Vedanta deal, it was seen that the seller promoters were being paid Rs.50 more than the remaining shareholders representing a non compete fee. Abolishing this will mean that the price premium will be distributed over a wider base of shareholders.

1. **Rationale behind the new takeover code:**

As we can clearly see from the above table, the main rationale behind the new takeover code is to align India's M&A scene to the global practices.

- 1.1. The earlier threshold limit of 15% was too early to trigger an open offer considering the fact that a major portion of almost all the listed companies is financed by the Private Equity (PE) firms. The 15% limit meant that the PE firms had to restrict their holding in the company to less than 15% if they didn't want to make an open offer. The new threshold limit of 25% is one at which a potential acquirer can exercise de facto positive control over a company and is able to get a majority of votes in a shareholder's meeting. Also, the Companies Act recognizes any holding in excess of 25% as the threshold at which a special resolution can be blocked.
- 1.2. The minimum offer size has been increased from 20% to 26%. However, this has been a matter of controversy among many. The twelve member takeover advisory committee had recommended a 100% public offer once the trigger button is pressed as it will give all minority shareholders an opportunity to exit. Even though this proposal appears to be fine in theory, the corporate sector was not in favour of the proposal; and they had their valid reasons. A public offer to all the remaining shareholders would have proven to be very expensive as there would be a lot of financial issues in raising finances for the entire remaining shareholding. The main financial concern is that the RBI doesn't allow banks to finance domestic acquisitions; hence a public offer to all the remaining shareholders would have meant that the buyers would have had to raise expensive funds from other sources. Hence, a middle path was chosen and the minimum offer size was increased from 20% to 26%.

2. **What this means to different people???**

The new takeover code spells different things to various stakeholders.

2.1. For retail investors

The retail investors should benefit with the removal of the non compete fees as now, the price premium will be distributed over a wider base of shareholders and not just to the promoters.

2.2. For Institutional investors

The Institutional investors, especially the PE firms will now be able to acquire up to 24.99% without triggering an open offer. This also means that the listed companies do not necessarily have to depend only on public markets for capital.

2.3. For promoters

The new takeover code means that the promoters with low holdings should increase their holdings to shield themselves from a potential hostile bid.

3. **Conclusion** Though the new takeover code has increased the threshold limit and the minimum offer size, it's also felt that the RBI should do away with the restriction on banks to fund domestic acquisitions. The SEBI has successfully done one part of the reform process by preparing the new takeover code; the other part requires its successful implementation. Let's hope that it is able to do so.

