

# SURESH & BALAJI

## CHARTERED ACCOUNTANTS



## A few special words from the Senior Partner

From a Dream.....

## To a Reality.....

This Newsletter has been a dream of Suresh and Balaji for a long time and is back to reality once again. Thanks to efforts of Sudarshan and his team we are once again back with the newsletter.

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*Delivering the best and  
the best came back to  
them.*

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I take this opportunity to welcome Mr. K Sudarshan to S & B family. I am sure it will be a happy home coming for him

During the last month we added couple of global corporate clients like Caterpillar. I can assure you that this is only a beginning and more such clients will be added during the current financial year.

Many of you are going to write your exams in the coming November. My best wishes to all of you for coming out in flying colours. The best way to get a rank is not to think too much about it and instead focus on the preparation. You give your best and best will come back to u. When Sachin scored 200 in a one day international, he never went to the ground by saying I will score 200 today. Rehman did not compose slum dog thinking Oscar in his mind. They were consistently delivering the best and best came back to them. Success should be ensued and not pursued.

I understand the task of putting the contents of this newsletter has been given to Anupam. I am sure he will come out with some wonderful contents which will benefit one and all.

We are making a beginning once again. We should ensure it doesn't end again abruptly.

All the best. Keep Rocking.

With Love  
Tgs

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## Role of Chartered Accountants in the emerging economy

“Chartered Accountants are partners to the nation building”, said, Dr. A.P.J. Abdul Kalam.

Chartered Accountants (CA's) play a significant role in the economic development of the country. They are the indispensable members who frame the economic policies of the country. That is why the factors affecting the economic policies are included in the curriculum of CA course. They are trained to take appropriate policy decisions according to the changing national and international scenario. The ICAI submits its suggestions on the financial budget to the Government for consideration. It may be apt to mention here, that the suggestion relating to exemption of capital gains in the hands of shareholders consequent to conversion of a company into LLP has been accepted by the Government of India.



Ms. Srikripa  
Intern

The scope of a CA is ever increasing. A CA's role is numerous starting from traditional reporting practices to consultancy in Direct Taxes, Indirect Taxes, Company Law matters, Capital & Money markets, Financial Markets, Financial Management, Cost control, Valuations, Due diligence, Mergers & acquisitions, Strategic decision making, International business & taxation, Project finance and many more. The proposed implementation of IFRS, DTC & GST would throw endless opportunities to an enterprising CA.

It may be a common knowledge that Comptroller and Auditor General of India (C&AG) has entered into agreement with hundreds of CA's to undertake assignments at individual level as its extended arm. The CA's to be engaged by the C&AG office is expected to multiply, once the auditing of panchayat funds, the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) fund and the National Rural Employment Guarantee Act (NREGA) etc come under the purview of the C&AG.

The CA's are entrusted with the responsibility of auditing the financial information and attesting as whether it provides a true and fair view of the affairs. They are to discharge this duty with professional ethics, care and diligence to prevent instances of corporate fraud. Cases like 'Satyam Episode' are definitely a downturn on the economy.

To further understand the CA profession in the present scenario, we would conduct a SWOT analysis.

### STRENGTHS

- Professional Competence and the knowledge base imbibed
- Professional ethics and worldwide recognition of the profession
- Command over the subject

### WEAKNESSES

- Communication and presentation skills
- General make up of mind and attitude of some professionals
- Compromising on the objective and ethics of the profession due to greed.

### OPPORTUNITIES

- Proposed implementation of IFRS, DTC and GST is bound to bring in greater opportunities
- Positive growth in the economy enhances the scope
- Ever-emerging issues in International Taxation, International Trade laws etc
- Boom in the field of consultancy in M&A's, Valuations, Forensic Accounting, Project Finance

### THREATS

- Tough competition the professionals face from the MBAs, CFA'S etc
- Threat of magnum opus corporate fraud like 'Satyam Scam'

It is for and with the CA's to utilise their inherent strengths, to capitalise on the emerging opportunities, overcome their weaknesses, to ward off the threats and move ahead in realising cherished goals.

While looking forward to July 1, CA Day, which marks the establishment of the ICAI, We, the proud aspirants of CA, do realise that the Chartered Accountants are indeed the partners to the nation building and we look ahead to contribute our best for the nation and our profession.

**The author invites any views, opinions, suggestions, feedbacks or clarifications at ["kripa@sandbca.com"](mailto:kripa@sandbca.com)**

## Foreign Institutional Investors on Indian Bourses

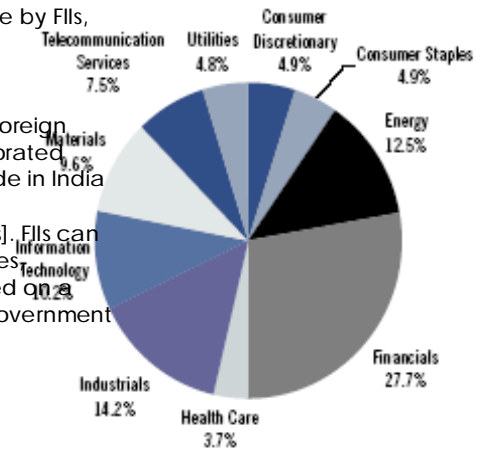


Mr. Manikandan  
Tax Analyst

The investor community, as far as the investment in the corporate world is concerned includes FIs, FII, Mutual funds, PE investors, HNIs, Retail investors, etc. Each sub set of investor community is unique in terms of risk appetite, investment horizon aspirations, quantum of holdings, motives-hedging, speculation of arbitration, risk appetite etc. The present article dwells upon Foreign Institutional Investors [FIIs].

FII means an entity established or incorporated outside India which proposes to make investment in India. Following entities/funds are eligible to get registered as FII: Pension Funds, Mutual Funds, Insurance Co's., Investment Trusts, Banks, University Funds, Endowments, Foundations and Charitable Trusts/Charitable Societies. Further, following entities proposing to invest on behalf of broad based funds, are also eligible to be registered as FIIs: Asset Management Co's., Institutional Portfolio Managers, Trustees and Power of Attorney Holders. However, from the angle of total investment made by FIIs, they are to be construed as:

- (a) FIIs investing on their own  
 (b) Sub-Account [ sub-account includes those foreign corporates, foreign individuals, and institutions, funds or portfolios established or incorporated outside India on whose behalf investments are proposed to be made in India by a FII.]  
 (c) Off-shore derivative instruments such as Participatory Notes [PNs]. FIIs can invest in Securities in primary and secondary markets including shares, debentures and warrants of companies, unlisted, listed or to be listed on a recognized stock exchange in India; Units of mutual fund; Dated Government Securities; Derivatives traded on a recognized stock exchange and Commercial papers.



### FIIs unveiled

FIIs were first allowed to make portfolio investment in India on September 14, 1992. The FIIs are to be registered with SEBI and the FII registration is valid for 5 years after which the registration needs to be renewed. The total number of FIIs in India has almost tripled from 556 at the beginning of 2001 to 1594. There is generic cap applicable to the FIIs investment in India which cap changes from time to time. As regards equity investment;

- a) FII, on its own behalf, shall not invest in equity more than 10% of total issued capital of an Indian company.  
 b) Investment on behalf of each sub-account shall not exceed 10% of total issued capital of an Indian Company.  
 c) For the sub-account registered under Foreign Companies/ Individual category, the investment limit is fixed at 5% of issued capital.

These limits are within overall limit of 24%/ 49%/ of the sectoral caps as prescribed by Government of India/ Reserve Bank of India. Similarly, the caps are prescribed for debt investment, government securities investment and investment in derivatives.

### Trends in FIIs investment:

Ever since the Indian Govt. okayed the FIIs entry into the Indian capital market, the response is cheering. The FIIs were net buyers for all the bygone years with the exception of 1998-99. The cumulative investment is growing at an alarming rate. The trend in FIIs investment is given in Table 1

YEAR	[US \$ mn.]	
	NET INVESTMENT	CUMULATIVE NET INVESTMENT
1992-93	4	4
1993-94	1634	1638
1994-95	1528	3166
1995-96	2036	5202
1996-97	2432	7634
1997-98	1650	9284
1998-99	-386	8898
1999-00	2339	11237
2000-01	2159	13396
2001-02	1846	15242
2002-03	562	15804
2003-04	9950	25754
2004-05	10172	35926
2005-06	9332	45258
2006-07	6708	51967
2007-08	16040	68007

Source: Hand book of Statistics, publication of SEBI

### Investment portfolio

The investments of FIs mainly spread across blue-chip companies. The investment in several companies is well over 25%. Note that the FIs favour not only the companies which form Sensex or Nifty index, they do also look at happening companies and whose free-float is large. In total, they have presence in 857 companies. The shareholding distribution is given in the following table [Table2].

% OF SHAREHOLDING IN INDIAN CO'S.	
% of shareholding by FIs	No. of co's.
1--10	512
10--20	216
20-30	88
30-40	29
40-50	7
50-60	4
60-70	1
70 & Above	Nil

### Free-float explained

Open market shares that are free for trading by anyone are called the "free-float" shares. A particular company may have certain shares in the open market and certain shares that are not available for trading in the open market.

According to BSE, any share that DO NOT fall under the following criteria can be considered to be open market shares:

1. Holding by founders/directors/acquirers which has control element
2. Holdings by persons/bodies with "controlling interest"
3. Government holding as promoter/ acquirer
4. Holdings through the FDI Route
5. Strategic stakes by private corporate bodies/individuals
6. Equity held by associate/group companies (cross-holdings)
7. Equity held by employee welfare trusts
8. Locked-in shares and shares which would not be sold in the open market in normal course.

The following table [TABLE 3] captures the companies where the investment by FIs is more than 40 percentages:

FIIS INVESTMENT HOLDING (ABOVE 40%) vis-à-vis Free Float			
Company Name	Industry Type	FIs holding (%)	Free Float (%)
Amtek Auto Ltd.	Manufacturing	42.48	66.6
Apollo Hospitals Enterprise Ltd.	Services/Health	42.82	57.85
Geodesic Information Systems Ltd.	Services/IT	51.54	74.86
Hexaware Technologies Ltd.	Services/IT	53.24	74.27
Housing Development Finance Corpn. Ltd.	Financial Services	69.23	100
ICICI Bank Ltd.	Banking services	44.68	73.32
IVRCL Infrastructures & Projects Ltd.	Services/Construction	54.87	89.58
Indiabulls Financial Services Ltd.	Financial Services	44.88	69.77
Jain Irrigation Systems Ltd.	Manufacturing/Tubes, pipes	40.89	69.27
Prajay Engineers Syndicate Ltd.	Services/Construction	59.47	79.79
S R E I Infrastructure Finance Ltd.	Financial Services	41.17	79.41
Satyam Computer Services Ltd.]	Services/IT	48.19	71.15

### Sum up

The FIs mitigate the gap between savings and investment through their capital inflows. They contribute to better corporate governance as they command sizable stake in the corporate entities and due to the fact that they are institutional investors, they monitor the companies better. They are professional and hence contribute to the price discovery in the market. Therefore, the stock prices would reflect the fundamentals and the markets would be more efficient. However, FIs money is "hot money" and needs to be kept under constant watch.

The author invites any views, opinions, suggestions, feedbacks or clarifications at "[mani@sandbca.com](mailto:mani@sandbca.com)"

## Philanthropy: Bharti Foundation

Gurbheg Singh, a teacher in Khanpur village in Punjab, remembers Harpreet Kaur as a shy little girl. She spent the early minutes of her first day at school fiercely determined not to come out of hiding from behind her father's legs. Singh had to pry her away from the father and into the classroom. But now, Harpreet is a transformed child. This April, she brought her mother Jaspal Kaur to the parent-teacher's meet.

The mother was asked for her thumb impression. That was the normal practice since most parents of the children studying in the school are illiterate. But then, recalls Singh, this mother did something unexpected. She asked for a pen, and hesitantly wrote out her name in English. Eight-year-old Harpreet had been teaching her mother.



Sunil Mittal, the chief dreamer, architect and financier of this school, and also 236 similar schools across five states, will be happy to know that his thesis that education can be a multiplier is being proven true. "If you can teach a child, then her family and her future is taken care off," says Mr Mittal who is working on this project, which is now underway at the Bharti Foundation, the philanthropic arm of the Bharti group. These schools are being run at an annual cost of Rs 28 crore.

Harpreet is one of the 30,000 students who are now studying in Mittal's free English-medium schools in Punjab, Rajasthan, Haryana, Uttar Pradesh and Tamil Nadu. This is likely to increase to 50,000 in two years. The plan is to eventually build 500 primary schools and 50 secondary schools which will enroll 100,000 students by 2013. Not only is this one of the largest such direct interventions by a business house, but Mittal also claims this is one of the largest affirmative action initiatives in the country.

Most of them have been set up as an alternative to poorly-run government schools. There is a world of difference between the two. Kirthi Sharma, a head teacher of one of the foundation's schools points out that simple things like clean drinking water, working infrastructure, clean toilets were some of the things that the 191 students in the school cherished. A replacement teacher is also sent from a nearby school or from the foundation if a teacher goes on leave, ensuring that all classes are always staffed. Every school also has an internet connection. On an average, the foundation spends about Rs 12 lakh p.a. to run each school.

Vijay Chadda, the CEO of Bharti foundation has a team of 1600 employees; 1100 are teachers, while the rest are involved in logistics, training, curriculum design, and other support roles. Three state-heads oversee the functioning of about 90 schools each, and report to the headquarters in Delhi.

Though it has 236 primary schools, the Bharti Foundation is planning to set up only 25 secondary schools, that too over the next 3 years. Mittal's plan is to have each of these 25 secondary schools absorb all the students passing out from 10 primary schools in the vicinity. He chose this hub-and-spoke model for various reasons.

Foundation executives say it is impossible to upgrade all primary schools to secondary schools. "The latter would require labs for subjects like Physics and Chemistry and teachers for such specialised areas," Mr Chadda said. Funding the infrastructure and finding the teachers for 236 such secondary schools would be a challenge. That's why it settled for one secondary school as a hub for students coming out of 10 primary schools.

The Rajasthan government is undertaking joint surveys with the foundation to convert many of the existing schools to senior secondary schools. The World Bank has also shown interest. There are other problems too like 20% attrition amongst teachers. The foundation pays only a third of the salaries when compared to a government school. "Many teachers use this as a platform to get experience before moving on," he says. "We pay higher than other private schools in the locality, but being a charitable organisation, we cannot match government salaries," he adds. He believes attrition will come down once the secondary schools become operational. "Primary school teachers can be promoted — this will be an incentive," he said.

Finally, what happens to the students after secondary school? Mr Mittal says that the foundation is working on a proposal to ensure that all students pick up a skill during their final years in the secondary school. "We will teach them skills like carpentry, electrical work, etc., and certify these skills through CENTUM, a group company," he adds.

Mittal didn't initially start off with such a big vision. Like many businessmen, he started out by writing a few cheques to NGOs like Akshay Patra and Adharshila. Soon, he realised the NGOs did not have the scale to make a big impact.

Next, he tried providing financial support to one school in every district in Madhya Pradesh, and funded mid-day meal programmes. But even this had limited impact. That was when Mr Mittal decided to do it himself. He started the Bharti Foundation in 2000 with a corpus of Rs 200 crore. The dream for 500 schools that would educate 100,000 poor children was taking shape in his mind.

He studied the US model where individuals and companies had pledged long-term commitments towards philanthropy. He was inspired and convinced that direct intervention was the way to go. Early on, there were many challenges, and the biggest was to convince panchayats to allot half acre of land for each school.

The community in a remote village near Jodhpur, donated stones for a boundary wall and Sriram Mehgwal, an 84-year-old resident, whose grand children attend the school, built it single-handedly. Soon, the Rajasthan government offered 49 schools in the Neemrana and Ajmer blocks for adoption. It moved existing teachers to other schools and gave the foundation a clean slate. The foundation then invested Rs 5 lakh to renovate each school and hired new teachers. It was a brave move considering the political ramifications of handing over state-owned and run schools to corporates. But, like his businesses, Mittal wanted to scale up fast here too.

The foundation also enjoys the support of companies, especially Bharti's business partners. "IBM is putting a computer in every school with games and other features that are meant for education. PwC and E&Y are doing the audit of the entire foundation free of cost. Deutsche Bank has adopted four schools and Wal-Mart has adopted one," says Mittal.

Deutsche Bank's CEO and managing director (India) Gunit Chadha said that the bank's partnership with Bharti was aimed at providing quality education to underprivileged children in India. Employees of Bharti companies also contribute under a scheme where the company will donate an equal amount.

Mr. Mittal says, "Those of us who have been given much, need to give back much."

Continuing on this note, let us all take a vow, that we will do our best for the betterment of this society, which has given us everything, right from morals and values, education to a place in this society.

With the glaring problems faced in the present world, we all can start by doing our part:

1. Kindly switch off the lights and fans when not in use.
2. Make efficient use of electricity. Try to avoid electricity consumption where not required.
3. Consume petrol and related products only as much as required. Use public transportation system. For short distances do not use cars or bikes.
4. Do not burn any plastic and help in recycling all kinds of waste.
5. Help the needy and donate as much as possible. If possible, donate personally and even meet underprivileged children and old age homes for emotional support.
6. Sponsor a child's education through various government programmes.
7. Avoid corruption. Do not give bribe to anyone.

All these and many more problems are faced by the society. Many non-governmental organizations are doing their part. However, a large chunk of people still have to start. A helping hand will go a long way in making a difference. A single stick can be broken easily, whereas a bunch of sticks is difficult to break. In the same way, let this not be confined to only one part of the society. Let us all join hands for the betterment of the society, for the betterment of our surrounding and the world we live in. Cleanliness is next to godliness. So let us all join hands and remove the evils of poverty, illiteracy, corruption, global warming, etc.

## eXtensible Business Reporting Language: XBRL

XBRL is a language for the electronic communication of business and financial data which is revolutionizing business reporting around the world. It provides major benefits in the preparation, analysis and communication of business information. It offers cost savings, greater efficiency and improved accuracy and reliability to all those involved in supplying or using financial data.

XBRL stands for eXtensible Business Reporting Language. It is one of a family of "XML" languages which is becoming a standard means of communicating information between businesses and on the internet



Mr. Sai Kumar  
Analyst

XBRL is being developed by an international non-profit consortium of approximately 450 major companies, organisations and government agencies. It is an open standard, free of licence fees and is already being put to practical use in a number of countries and implementations of XBRL are growing rapidly around the world.

The idea behind XBRL is simple. Instead of treating financial information as a block of text - as in a standard internet page or a printed document - it provides an identifying tag for each individual item of data. This is computer readable. For example, company net profit has its own unique tag. The introduction of XBRL tags enables automated processing of business information by computer software, cutting out laborious and costly processes of manual re-entry and comparison. Computers can treat XBRL data "intelligently": they can recognise the information in a XBRL document, select it, analyse it, store it, exchange it with other computers and present it automatically in a variety of ways for users. XBRL greatly increases the speed of handling of financial data, reduces the chance of error and permits automatic checking of information.

Companies can use XBRL to save costs and streamline their processes for collecting and reporting financial information. Consumers of financial data, including investors, analysts, financial institutions and regulators, can receive, find, compare and analyse data much more rapidly and efficiently if it is in XBRL format. XBRL can handle data in different languages and accounting standards. It can flexibly be adapted to meet different requirements and uses. Data can be transformed into XBRL by suitable mapping tools or it can be generated in XBRL by appropriate software.

The Ministry of corporate affairs (MCA), has resolved to implement XBRL for all companies in India from 2011, reports Financial Express. Thus IFRS convergent companies along with the non-convergent companies will be required to file their documents in the XBRL format. XBRL allows the users of financial information to electronically retrieve data with greater assurance of accuracy. Currently, the top 100 companies are already using the XBRL format for financial reporting. A ministry official further said XBRL would make sure that financial data is filed in a standard format and is retrievable electronically. This would also allow detailed analysis of the underlying data using standard data analysis tools. The XBRL is a way of electronic communication of business and financial data and is of immense utility to the capital markets and the investing community.

XBRL would be advantageous to all those who gather business data, including governments, regulators, stock exchanges, financial information companies, economic agencies and the likes and those who produce or use it including accountants, auditors, company managers, financial analysts, investors and creditors. XBRL can also immediately confirm the financial data, highlighting errors and gaps which can immediately be addressed. It also helps the user in selecting and processing the data for re-use. ICAI constituted the XBRL group in 2007 for undertaking the development and promotion of XBRL in India.

**The author invites any views. opinions. suggestions. feedbacks or clarifications at "sai@sandbca.com"**

### Accounting liners:

**Q. What's the definition of an accountant?**

**A. Someone who solves a problem you didn't know you had in a way you don't understand.**

**Q. Why did the auditor cross the road?**

**A. Because he looked in the file, and that's what they did last year. J**

## Intellectual Property Rights

Intellectual property as the name says, is the belonging of the mind. Anything that the mind creates intellectually, we can get our right over it. It is a right, that it should be used or owned only by its creator.

The creation can be a product or service, technology or process, shape or look of product, brand or logo. Even the customers the companies have are an intellectual creation. Even the product literature say for that matter is included in this.

So, an intellectual property is a property created through intellectual creation. The different forms of intellectual property are:

### TRADEMARKS

Trademarks are the brand names or symbol or logo that has a distinguished source and that enhances the image and reputation of the firm. It shows the trust, client loyalty and goodwill of the organisation. Like, Hindustan Unilever Limited has different types of soaps, but, a customer might stick to one particular brand, eg. Lifebuoy.

#### Types:

1. Separate trademarks like the Fast Track call taxi
2. Colour marks like the red and blue of colgate
3. Shape marks like the Coco Cola bottle
4. Hybrid marks where the trademarks join and make one. An example is the Chennai Super Kings, Reebok and Aircel in T shirts. Also, in the case of Suzuki and Maruthi in India form the Maruthi Suzuki trademark.
5. Also we have service marks like the aavin milk
6. To certify the quality we have marks like the ISI.
7. Sound marks where the trademarks take the form of sound like the Airtel music or the 20th Century Fox music.
8. Smell mark. A company has come out with a tennis ball which smells like fresh grass and they have acquired a trademark over it!!

#### Choice:

The choice of a trademark may vary from lowest to highest scale of distinctiveness.

1. Generic – where no one knows the source of the trademark
2. Descriptive – where the trademark describes the product.
3. Suggestive – where the name of the trademark says what product it is. Like the sundrop oil which means to say it is sunflower oil.
4. Arbitrary – uninformed kind, where there is no connection between the product and the trademark.
5. Inherent – it might be inherently distinctive like the Kodak. The name Kodak has no meaning but has its brand name.

#### Trademark protection

It means to get an exclusive right to use the trade mark. As mentioned above, trademarks might be in the nature of logo, word, shape or sound. We acquire trademarks for a set of goods or services so as to have a perpetual maintenance and be market leaders in those products and also to stop others using our trademarks. But sometimes there is peaceful co-existence as in the case of FASTRACK. We have fastrack watches and the call taxi service Fast track. Though they sound same, we know they are different.

### INDUSTRIAL DESIGNS

A design is an industrial process, either manual or mechanical or chemical. It must be novel and original. A design can be applied to any article for its shape (toothbrush) or composition (as in medicines) or pattern (designer jewellery). Such designs can be protected and design rights protect the designs mentioned above, i.e, how something looks rather than how something is made.



Ms. Shwetha  
Intern

### COPYRIGHT

Copyrights as the word says, means that the right to copy is restricted. The person, who owns the copyright, restricts others to use his creation. But these copyrights are not perpetual unlike trademarks. Copyrights can be acquired in works such as

1. Literary – includes books, software, compilation, etc.
2. Dramatic – Dramatic, Recitation and other than films.
3. Musical – It is only for the musical notes, not the song/lyrics
4. Artistic – Paintings, sculptures, or any form of art
5. Cinematography – Films

As mentioned earlier, copyrights are not perpetual. They have validity throughout the life time of the author/the person who created it and for a period of 60 years from the beginning of the calendar year following his death (like, if an author dies this July, the 60 year tenure starts from January, 2011). But there are different rights and set of rules for different works.

Even softwares have copyrights. For example, if a company buys one Microsoft windows software, it is to be used only in one operating system. Any violation may even lead to legal proceedings.

### GEOGRAPHICAL INDICATIONS

It indicates the geographical origin of a product (a territory or region) and gives a right to the community that uses it. It means that the production, process and manufacture takes place in that area. Products like Darjeeling tea, Assam tea, Kanchipuram silk sarees, etc. clearly indicate their place of production and have their brand name.

### TRADE SECRETS & CONFIDENTIAL INFORMATION

These refer to the technical know - how, business secrets, trade secrets, etc. These are not actually governed by statutes. It is a mere agreement between the employer and employees that they should not share the confidential information or let out the business secrets. It acts just like a tort – obligation without a contract.

### DOMAIN NAME

Intellectual property rights can also be acquired for the domain names.

### VALUATION OF INTELLECTUAL PROPERTY

Valuation of IP Assets is one of the emerging issues in India. The Manchester United Football Club was bought for £800 million, when its net assets were valued at just £200 million; and celebrities are frequently paid enormous sums of money for their memoirs. The difference of that £600 million in the case of the ManU Club was for their intangible assets. Such is the importance of the intangible assets. The need for IP valuation may be brought out as follows:

- Transaction strategy – when there is buying or selling of licenses, they need to be valued
- Financial Reporting – to give an exact figure of the IP Assets in the Balance sheet of a company.
- Litigation – when litigation arises, if a suit for damages is filed, then the intangibles have to be valued accurately.
- Financing – Securitization. Some companies pledge their trademarks/copyrights and borrow capital. There is even a case where a company had pledged one of its IP Assets and defaulted in repayment of the sum borrowed. The brand hypothecated was 'sumeet' with the UTI Bank's president said, the brand name may be sold to recover its dues. So, in such cases, the valuation of IP Assets demands attention.

#### METHODS OF VALUATION

From an accounting or balance sheet perspective, there are three possible ways in which firms can value an invention that has been developed in-house.

- Cost approach - how much it cost to develop the IP.
- Income approach - ascribing a value to possible future revenues from the product.
- Market Approach - more scientific approach is to survey similar transactions that may have taken place in recent times and ascribe a value on this basis.

#### PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

- A Product – protect it as patent or copyright
- The Shape or look– protect them as design or shape mark
- A Brand or Logo – protect it as trademark
- Customers List – protect as confidential information
- Product Literature – protect as literary work copyright
- Set up website – protect domain name

The author invites any views, opinions, suggestions, feedbacks or clarifications at "[shwetha@sandbca.com](mailto:shwetha@sandbca.com)"

## *Just for laughs*

### ***Accountant parrots***

***A man decides that he would like a parrot and so goes to visit his local petshop. He's shown around by the owner.***

***"You might be interested in these accountancy parrots" he says. "This parrot is worth £400 and can carry out audits according to international auditing standards."***

***The man is impressed.***

***"This parrot costs £750 and he can not only carry out audits but is a whiz with financial reporting and tax compliance."***

***The man is further impressed and the shopkeeper shows him the final parrot. "This parrot costs £4,000."***

***"For that price, he must be able to do something really special," says the man excitedly.***

***"Well, to be honest, I've not really seen him do anything," the shopkeeper replies.***

***"So, why the price?" asks the man.***

***"The other two parrots call him senior partner."***

## Birthdays and Anniversaries

Sripriya Suresh - Partner	July. 9
Adhivaragn - Analyst	July. 11
Shwetha A.S - Intern	July. 15
Sridhar S – Partner	July. 21
Sikanth - Trainee	July. 23

Feedback and suggestions  
can be provided at  
“[newsletter@sandbca.com](mailto:newsletter@sandbca.com)”

## Upcoming Events

Suresh and Balaji is undergoing a change with a view to expanding the firm’s horizon along with the benefits to article students by providing them with opportunities in every field, right from subject related to communication skills to presentation skills by imbining in them the “Corporate culture.” Its not all work, its bout having FUN!!!! In order to develop the soft skills and intellectual skills of the articles, every Saturday a training session is organised wherein selected articles will share their knowledge in a particular topic with their fellow colleagues and with the help of technology by using computers and projectors as a medium. The objective is to see them as great Speakers in their future!!! We nurture talents and expose them to reap all the fruits!! The training schedule for the upcoming weeks held on every Saturday is as below:

Valuation of shares- basics, SEBI & FEMA guidelines by Srikripa & Sudarsan	July 3
AS 22 and XBRL by Sharat Chandrasekar and Sai kumar	July 10

## S&B Stellar – June 2010

S&B congratulates [Mr Adhi Varahan](#) –Analyst , Assurance & Secretarial practice for being the **Stellar** for the month of June 2010. Stellar award is an employee recognition programme wherein an employee/article who has performed brilliantly during the month will be recognized. His “Stellar” performance is recognized and awarded.



## Newsletter Editor– June 2010

The Newsletter has been designed, edited and contributed by Mr Anupam Mundhra – Audit Analyst. The firm acknowledges and appreciates the efforts of Anupam for his efforts. He can be reached at [anupam@sandbca.com](mailto:anupam@sandbca.com)

