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16 Anna

Business Magazine

OUR PATRON

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Success ∝ Information ∝ 16 Anna

The first civilization of man was formed few thousand years ago, which is few millions of year after Stone Age. But forming the civilization was the "Eureka" moment in the history of mankind, and "Access to Information" has since acted as the primary driving factor in its development. Modern man has accessibility to a sea of information through various sources. An arising need is to compile all relevant information in line with the requirements of different segments of people.

Business and Economy is an area that touches everybody's life. In this magazine, we compile business and economy related information in tune with specific needs and interests of students. Our endeavour is to notify you with business and economy related news along with acquainting you with Business model of the company, its promoters, marketing strategies, organizational structure and the likes.

We christened the magazine "16 Anna" (*आना ānā)* which equals one rupee and symbolizes completeness or 100 percent. The Content of this magazine is designed to cater to multifarious requirements of students in the realms of business and economy. We hope information presented in this magazine will be helpful to make informed conversation and communicate the language of technology and business with equal ease.

Jai Kishan Sahu
Editor

Cover Story – The Rise and The Fall

Why has a company, best known for its comfort and service, plunged into a Debt crisis and is now in the risk of being shutdown? The Airlines with the broken wings…….

Kingfisher Airlines, owned by the Vijay Mallya led United Breweries Group, was established in 2003. It operated as Kingfisher first-premium luxury fleet and Kingfisher Class- Luxury fleet in Domestic and International segments, Kingfisher Red- no-frills fleet in the domestic segment and Kingfisher Xpress in the Cargo segment.

Though Kingfisher was reporting losses since it started operations in 2005, it was getting good response from the public and won customer satisfaction awards. It was listed in India's most innovative and respected companies and was rated Asia-Pacific's Top Airline Brand and one of the top service brands in 2008.

It would have taken a real pessimist to have foreseen this kind of future for the airline because KFA was second in terms of market share at that time and the airline was projecting itself as the market leader in the nation with 27% market share followed by Jet, the present leader.

Currently the Airline has only 10 operational aircraftsas compared to 66 a year ago. KFA was recently fifth with 3% market share. Its losses have ballooned from 300 crores to around 7000 crores and Debt Burden increased from 1000 crores to 8000 crores and now its license has been suspended by the Director General of Civil Aviation, India.

Lending Banks waited for FDI to be infused into KFA since the Government had announced reforms in this sector but to no avail. The Banks want the promoter group led by Mallya to infuse equity into the airline after which they could lend reliably. Now, they feel that even the golden concept of "Going Concern" is at risk and therefore lending is near impossible.

Even though a Debt recast plan was laid out with the Debt interest rates reduced and Debts were converted to preference and equity share capital, KFA kept on reporting losses for consecutive years and failed to revive its fortunes. Even the "Kingfisher Airlines" Brand has been pledged as collateral with the consortium of lenders. Winding up petitions have been filed by creditors including Bharat Petroleum Corporation Limited and Lufthansa and are pending in court.

Analyzing its Balance Sheet, we see that KFA slipped into negative Net Worth in 2009, due to its heavy debt. During one year of 2008-2009, its Debt went from below 1000 crores to near 5700 crores. Specifically its unsecured loans rose from 340 crores to 3040 crores. Loans and advances rose alarmingly in 2009, showing a sign of things to come. Creditors faced immense risk. Rising operating costs, fall in passenger traffic and stiff competition were the reasons cited in the annual report of 2009.

Also, the timing of Acquisition of Air Deccan, called Kingfisher Red fleet, was unfortunate because KFA found it difficult to handle the low-cost tag, what with all the "Five-star flying" tagline of the Brand. Kingfisher Red couldn't do a Southwest which gives no-frills service and quick fire turnarounds. This possibly resulted in the entry of Net Working Capital into negative territory. From less than a 100 crores loss, it rose to 1500 crores loss during 2008-2009.

From 2009, the story became worse, losses and Debts were increasing every time the results were announced. And KFA was slowly falling into what is called a "Debt-trap", yes; it is a trap if Debt is employed inappropriately.

Recently the Airline is in a Holding operation. It is running on reduced fleet strength, until it gets capitalized, to avoid the high cost environment. It is cash-strapped to such an extent that it borrows to manage its working capital. This surely is a bad omen to any company looking to make profits from its Business.

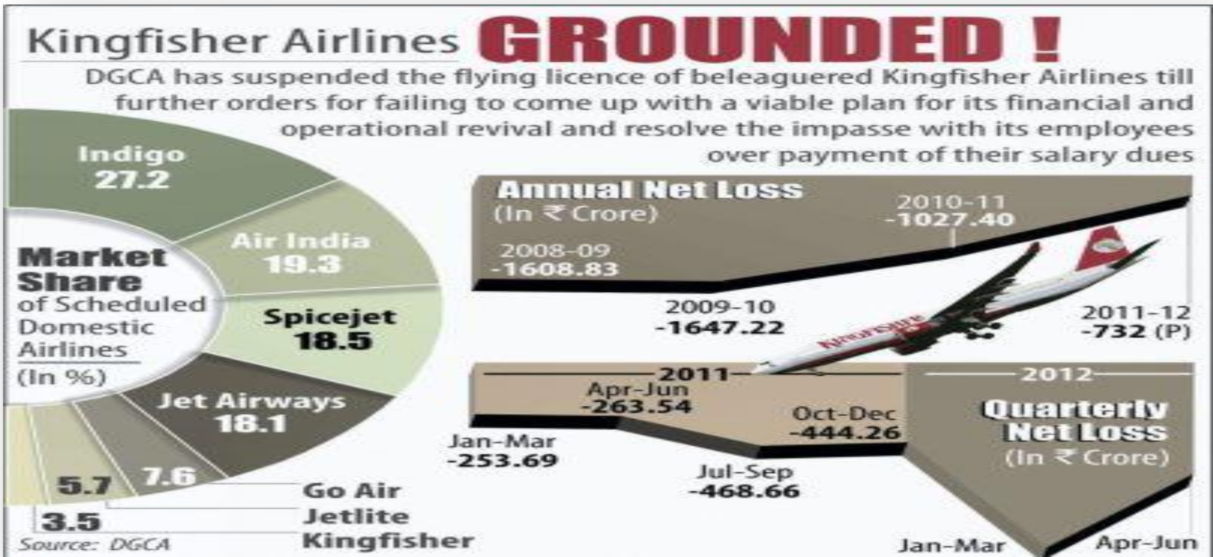
Heavy competition from low-cost players, volatility in aviation fuel costs, an ever-increasing debt and depreciating Indian Rupee has resulted in unpaid taxes, bounced cheques, frozen bank accounts, failed Management promises and non-payment of salaries ending in the suspension of license by the DGCA.

The Mallya-led management has been reactive about the Debt situation and failed to bring out the right Business plan to overcome the Debt-trap situation. It looks as if the management does not want to invest its own money and is looking for strategic outside investors. The United Spirits deal talks with Diageo Plc has come too late to make an impact. Some analysts feel that United Spirits is the crown jewel and cash cow of the UB group and they are puzzled by its acquisition talks.

The DGCA also needs to be blamed for allowing the Airline to operate for a year even after its problems were known to the public. Only after the employee agitation did the DGCA take action against the airline. How the authority assumed passenger safety during the troubled times still remains a mystery. The probability that the airline would run again is becoming more and more questionable day by day. To stabilize, the Mallya-led management need to hand over the airlines to the Lenders, Creditors and employees, who also own a stake in the company through Employee Stock Option Plan, or have to pump in around 4000 crores. Otherwise it is the end of story for Kingfisher Airlines.

Will Kingfisher fly again?

By Sathyanarayanan R



FDI in Indian Retail

Nations worldwide especially developing countries need funds in their financial system to promote growth in their economy. Foreign funds necessarily need to flow into their system because an economy can do only so much with its domestic funds. Attracting foreign investments is one of the best options available for a developing country to bring in more funds to its financial system. Foreign direct investments (FDI) and foreign institutional investments (FII) are two main modes through which foreign investors and businesses can contribute to a country's growth story. While FDI flows into the primary market and contributes more to the overall development of a nation, FII flows into the secondary market and brings volatility to the system thereby making it a tad inferior to the former.

The present Indian government believes that allowing FDI in Indian retail sector will do a whole lot of good to its economy. It intends to allow global retail giants of the likes of Wal-Mart, Tesco and Carrefour to set up shops in the Indian soil provided they satisfy few conditions. The law in its present form proposes that these MNCs should invest atleast half of their total sum to develop Indian backend infrastructure like logistics and warehousing. In a measure to safeguard the interests of the Kirana stores and the mom & pop shops of small towns, the Government has allowed the setup of such stores in only 53 Indian cities having a minimum population of one million. The authorities have also mandated these mega retailers to procure atleast 30 percent of their total products (excluding food items) from small & medium enterprises. The government believes that the farmers will benefit the most out of these reforms as the mega retailers will purchase directly from them for higher prices without relying on the middlemen. There is also an argument that this FDI move will likely generate more than a million jobs over the next few years. For an effective enforcement, the centre has allowed the states to decide on their own monitoring and compliance mechanisms to regulate these big retailers.

Notwithstanding such ambitious assertions of the Government, several critics have come out with a view that opening up the retail market to foreign giants will have disastrous consequences. They feel that the treatment given to retail sector should be different from that given to the manufacturing & technology sectors in 1991. They argue that these mega retailers will cause a mass job displacement of small-time traders over a period of time and will result in decreasing purchasing power of the people. The resisters to FDI in Indian retail contend that the move will only benefit the foreign capitalists. Taking the classic example of Walmart, the US Census states that between 1992 and 2007, the number of independent retailers fell by more than 60,000. As Walmart's business continued to grow and the stores began to expand, communities lost their local retailers and there was less demand for services such as accounting and graphics design. Less advertising revenue for local media outlets also resulted in fewer accounts for local banks. The HR policies controlling their employees have also remained largely contentious.

There is no denying the fact that the industrial countries have benefitted over the years through the operations of these mega retailers in their soil. These giants have evolved techniques, processes and standards in procurement, R&D, marketing and other management nuances which will undoubtedly be beneficial to India as well. But this needs a constant regulation to restrain any particular player from manipulating the system to dominate the market and resorting to unacceptable sales and marketing methods. Thus, the ultimate onus lies on the regulatory bodies like Competition Commission of India to ensure a level-playing field and fair competition among indigenous industries and foreign investors.

By Karthik M

GAAR-Is the Government ready to bite the bullet?

Taxes are the key sources of revenue for governments worldwide. In order to make their presence felt strongly in today's highly competitive global market, several countries offer liberal tax policies. This is done generally to retain a competitive edge over their peers. Tax avoidance agreements are such measures taken by countries across the world to promote investments in their economies and allow flow of funds freely into their financial system. Developing economies which have a huge potential for growth, in particular, feel the need for such funds to improve their infrastructure thereby attracting foreign players to set up shops in their nations.

Joining this bandwagon India has entered into a Double Taxation Avoidance Agreement (DTAA) with 82 countries. This is a step taken by the Indian government to exempt tax for business transactions and investments satisfying specific conditions and happening through these nations.

No system is perfect and this applies to the tax avoidance agreements as well. Several countries have increasingly expressed concern over tax evasion happening through this mode. Investors and organisations make use of the loopholes in this system to their advantage to evade taxes. In order to prevent such evasion, most of the nations are either strengthening their existing law or legislating the doctrine of General Anti-Avoidance Rules (GAAR) in their tax code. While the then developing countries like Australia (in 1981) and Canada (in 1988) have been the forerunners of GAAR implementation, the other prominent developing countries such as South Africa (in 2006) and China (in 2008) have been prudent enough to trod the same path. Another major economy, the UK, is considering implementing GAAR in its next year's budget.

Existing Indian tax laws though providing for 'specific' anti-avoidance measures do not have any 'general' anti-avoidance rules or regulations. The Courts have over the years drawn out the general parameters and principles in outlining whether a transaction or scheme would be considered as tax avoidance/tax evasion or tax planning under these tax laws. Thus, recognising the necessity for GAAR in its legislation, India scheduled it for implementation under the proposed Direct Tax Code (DTC) in 2010. Under the code, Indian Government tries to give powers to the income tax authorities and through implementation of GAAR it can deny tax benefit to an entity if a transaction has been carried out with the sole intention of tax avoidance. Though it did not see the light of the day then, tax reforms including GAAR and some retrospective tax amendments were proposed in the financial budget for the year 2012-13.

The present draft lays more emphasis on establishment of the main purpose of a transaction- but it is unclear as to the methodology of determining it. Further, "the absence of simultaneous business purpose" or "a bonafide purpose test" will give rise to the presumption that the avoidance arrangement was designed and entered into solely or mainly to obtain a tax benefit. This may also lead to greater onus on the taxpayer to establish that the main purpose was not the 'tax benefit'. This in turn will also increase the number of litigations thereby burdening the already overloaded judiciary system. This has created a lot of ambiguity among foreign investors and raised apprehensions on the investment climate in India.

Indian government being keen to capitalise on the Indian growth story has responded quickly by setting up a committee under Mr. Parthasarathi Shome to alleviate fears from the minds of the stakeholders. The committee set up by Indian prime minister in July 2012 submitted its report in October. In its report, it has emphasised the need for having an internationally comparable tax administration in India. As a step towards reassuring global investors, the committee has recommended postponement of controversial tax provision by three years to 2016-17 and abolition of capital gains tax on transfer of securities. Further, by suggesting that GAAR should apply only to cases where tax benefit is the main objective of an arrangement or transaction and not one of the main objectives, the Committee has taken the sting out of GAAR as originally envisaged by the authorities. Now it remains to be seen whether the government plays safe by accepting these recommendations or bites the bullet by deciding otherwise.

Karthik M

IMPACT: INFOSYS+LODESTONE

If there is any IT firm in India that has frequently hit the news headlines in recent times then it's undoubtedly Infosys. Beginning with a dip in recruitment, deferment of joining date for 17,000 recruits and by recent acquisition of Lodestone, Infosys has held its stakeholders in a grip.With the prevailing market conditions, the cost reduction and deferred joining date did not shock the economist and the common man but the biggest ever acquisition of Zurich-based Lodestone for about $350 million did surprise them.

Who is Lodestone? Lodestone is a key player in the SAP domain with a vast experience in transformational change. It advices on strategy and process optimization and provides business transformation solutions, enabled by SAP's enterprise solutions.

Why did Infosys go for Acquisition? The acquisition would significantly enrich the overall portfolio of Infosys and will also help in establishing itself in the international arena especially in Europe, Middle East and Africa.It will strengthen Infosys' Consulting and Systems Integration (C&SI) capabilities, by bringing more than 850 employees, including 750 experienced SAP consultants to the company. It will also add more than 200 clients across industries to the Infosys pool of over 700 clients. It would help in boosting up SAP client base in wide areas of manufacturing, consumer goods, Automotive, Life science and Chemical. Further it would give Infosys management some breathing space from relentless investors, who were concerned with the large piles of unutilized cash in the company's books. Though the amount is roughly just one-tenth of the $3.7 billion it held at the end of June quarter, the deal provides hope to its investors that the company will not hesitate to grow.

Europe, the second biggest market for Infosys, has seen declining revenues in the last quarter. Europe accounted for 21.4 per cent of revenues in the June quarter, down from 23.1 per cent of revenues in the March quarter. This acquisition will help in revising this scenario.

Now, because of the acquisition, Infosys can focus more on high-margin software and consulting services and less on labor-intensive outsourcing services. IT services, where competition is the fiercest, accounts for roughly two-thirds of Infosys' business. Infosys wants its software business to contribute as much as one-third of revenues in the immediate five or six years, from a few percentage points now, the company's management had told Reuters.

In a nutshell, Infosys acquisition of Lodestone is considered by a vast majority as a move in the right direction. The future performance of Infosys will help in assessing the impact of this judgment.

By- Mukilan.S

Tug of war between Indian Government and Vodafone

Investors likely to get the upper hand

The biggest deal in Telecom industry happened when British telecom giant Vodafone acquired Hutchison Essar Ltd on February 12, 2007. The Hutchison Telecommunication’s International Board made a deal of $11.2Billion with Vodafone in Cayman Island to sell its 67 percent stakes.

As per amendment to the Section 80 HHC in 2005, IT authorities charged Rs 7,900 crore on Vodafone for acquisition of Hutchison Essar in 2007. Vodafone dragged the Indian Government to Supreme Court (SC) and won the legal battle when Supreme Court dismissed a tax demand from authorities linked to a 2007 acquisition. In January 2012, the Supreme Court had ruled in favour of Vodafone stating that both the companies were not Indian companies and were not liable to pay tax to India and also directed the tax department to return Rs 2,500 crore deposited by Vodafone in compliance with its interim order.

The former Finance Minister Pranab Mukherjee proposed changes to India's tax rules in the Union Budget 2012-13, on March 16, 2012. Under this bill, Mr. Pranab Mukherjee introduced amendments retrospectively that allowed the government to tax any deal involving assets in India even if the deal is made outside the country from 1st April, 1962. At least half a dozen of companies got a thunder stroke by the new rule including Vodafone. The Income Tax Department slapped Rs 20,000 crore on the company for tax on the $11.2billionpayments it made to Hutchison Whampoa for acquiring Hutchison Essar in 2007 through an overseas transaction. Facing vehement protests by investors against the Union Budget 2012, in July 2012, PM appointed ‘The Parthasarathi Shome Committee’ to recommend measures to deal with retrospective amendments of IT laws and to come up with a solution for the case of the Vodafone-Hutchison deal in 2007. The Committee was also asked to examine taxation of non-resident transfer of asset which is operated in India purely for portfolio investment and all non-resident investors. The committee submitted its final report to the Finance Minister on October 2, 2012. In its draft report, the committee quoted: “In all cases where demand of tax is raised on account of retrospective amendment relating to indirect transfer no interest should be changed in respect of that demand so that there is no undue hardship caused to the tax payer”. It suggested that the companies facing the tax liability due to retrospective amendment to the Income Tax Act should be exempted from interest and penalty. Meanwhile the Shome Committee had also noted that retrospective amendment of tax laws should occur in exceptional or the rarest of rare cases with a particular objective. The committee countered the Finance Ministry’s view on retrospective tax amendment stating that “provision relating to taxation of indirect transfer as introduced by the Finance Act, 2012 are not clarificatory in nature and instead, would tend to widen the tax base”. The committee argued that retrospective amendments are banned in many countries as they create tax uncertainty for investors. At Economic Editors’ Conference in Delhi on October 8, 2012, Finance Minister said: “A clarificatory circular on charge of interest, penalty and disallowance of expenses is under consideration of the CBDT in regard to retrospective impact of amendments in the Finance Act, 2012”. The Finance Minister also responded that the government is keen to settle the issue at the earliest and make changes to the tax law to allay anxieties of foreign investors. Mr. Chidambaram said: “Once we take a view, I see no reason why we should wait for the budget session. We should move whatever changes have to be brought about in Parliament as early as possible”. The Finance Minister had assured that there would be no 'rash action' in the Vodafone tax case and the matter would be decided after considering all the aspects, including recommendations of the Shome Committee. The decision is eagerly awaited by many major players who operate in India.

By Srideep Kumar Mohanta

Alto 800 dons the 'savior' mantle for Maruti Suzuki

Maruti Suzuki's Alto 800 churns out massive bookings despite gloomy market environment.

The Society of Indian Automobile Manufacturers (SIAM) announced on October 11 that it was forced to lower growth projection for automobile sales amidst high fuel prices, interest rates and slowing economic growth.

Passenger car sales in the domestic market are projected to grow a meagre one-three per cent in this financial year, the slowest the industry has recorded in over three years. In market where 80 percent of purchases are made with loans, high interest rate has encouraged potential customers to put off purchases.

Maruti Suzuki was facing a 21 percent decline in car sales in the mini category (with length less than 3600 mm and engine displacement up to one litre) in the first six months of the fiscal. It was amidst such a gloomy background that Maruti Suzuki launched its Alto 800.

In 1983, Maruti Suzuki introduced the Maruti 800, a rebadged version of Suzuki Forte, into the Indian market. The car went on to become one of the most successful in India, with more than 2.5 million units of the same sold to date. It was the bestselling model for around 23 years, until the Maruti Alto was introduced in 2006. Carrying on the torch, and largely considered the spiritual successor of the Maruti 800, the Alto was the bestselling Indian car for the next 8 years. Alto 800 was to be the successor to the grand heritage of Maruti. With the dip in sales and the recent unfortunate incidents surrounding its Manesar plant, it had a lot riding on the success of the car.

With around 1000 pre-launch bookings, it seemed that the Alto 800 had fumbled. Then the flood of bookings came in. With 21,200 bookings in the first week and described by many as the 'dream-car' for the middle class, the Alto 800 rode high on festive spirits. Price tagged upwards of Rs 2.44 lakh (ex-showroom, Delhi) and with best-in-class mileage (22.4 Kmpl for petrol, 30.26 Kmpl for CNG), the car seemed to be ideal for the current climate. Following suit Hyundai and Tata Motors have announced deep price cuts on the Eon and launch of new special edition variants of the Nano respectively to beat the market leader.

In conclusion, it seems that Alto 800 has done what Maruti Suzuki promised it would do. It has effectively given a buzz to the dying market. The ex-showroom price of petrol version is Rs.244,000 (standard), LX Rs.276,500 and LXi Rs.299,000. The CNG car is priced at Rs.319,000 (standard), LX Rs.337,000 and LXi Rs.356,000.

By Gautham G

The fall of a Titan – Rajat Gupta

Rajat Gupta, head of McKinsey & Company was sentenced to two years in prison and was fined $5 Million on charges of leaking confidential boardroom information to former hedge fund manager Raj Rajaratnam.

Mr. Gupta has many feathers to his cap. He is an alumnus of IIT- Delhi and Harvard Business School. He co-founded the Indian School of Business, Hyderabad in 1997. He also co-founded Scandent solutions, Bangalore and New silk Route, a private equity firm.

He was associated with various financial groups as director. He was a board member of P&G, Goldman Sachs, Sberbank - a Russian bank, AMR – the parent company of American Airlines.

On March 1, 2011, The US Securities and exchange Commission filed a civil complaint against Mr. Gupta for insider trading with Raj Rajarathanam. On October 26, 2011, the US Attorney's office filed criminal charges against Mr. Gupta. He pleaded that not guilty and got bail for a whopping $10 million on the same day. "Baseless", was the statement given by Gupta's lawyer. But this did not stand strong as the wiretap between Gupta and his accomplice Rajaratnam proved the other way.

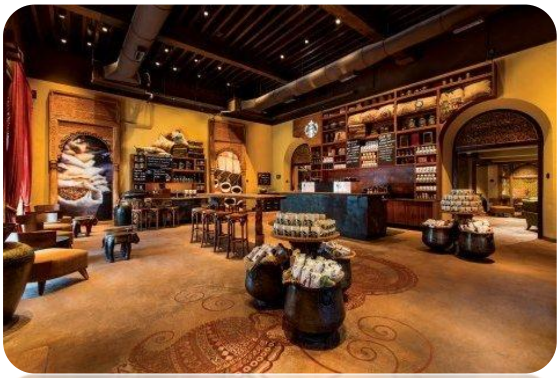
Mr. Gupta's trail began on May, 2012. He was found guilty on account of conspiracy and three counts of securities fraud. The terms added up to fifteen plus years, as the maximum sentence for securities fraud would be twenty years, and five years for conspiracy. His fate was sealed on October 24, 2012 when the verdict was given.

Though a man of great stature, Mr. Gupta got involved in an activity punishable in the court of law. The question here is what made him do it? Was it the confidence in his status, wealth and power that made him do it? When there are rules and regulations for a company and for the country is it not important that the employee and the citizen, respectively, abide by them? Or is it that he thought he could get through the loopholes in the country's law? Such questions can be answered only by Mr. Gupta himself. The way this case was handled gave the public some good teachings. This made it clear to the people that insider trading is a grave crime. It also made it clear that a person's influence and reputation, however great it be, cannot help him when the trial is done in a transparent manner.

"Mr. Gupta is a good man…But the history of this country and the history of the world are full of examples of good men who did bad things"

By Pradheep

Tata Starbucks - An Afresh Aroma



In many parts of India, a cup of coffee and a newspaper start a perfect morning. The aroma from coffee beans has been energizing us all these years. So, is there any scope for product differentiation here? Yes, from the world's largest coffee retailer, Starbucks. For them, India is a new country, a new continent even, but the same old mermaid in alliance with the Bangalore based Tata Coffee, a subsidiary of Tata Global Beverages.
Tata Starbucks opened its first café in the historic Elphinstone Building in the Horniman Circle neighbourhood of south Mumbai. For Starbucks, this is the first store to introduce the sourced and roasted high-quality green Arabic coffee beans, from the India's biggest domestic coffee grower, Tata Coffee.

Starbucks' first attempt to enter India with Future Group in 2007 was rejected by Foreign Investment Promotion Board and the Seattle based company had to wait for another six years to find the right partner. Earlier this year, they signed a pact with Tata for an equal partnership by sourcing beans from Tata's Coorg facility to its retail stores and hotels.

Starbucks offers its signature espresso-based beverages, as well as Starbucks VIA Ready Brew, Starbucks Reserves and Indian Espresso Roast along with the Tata Tazo, Himalayan mineral water and wide variety of items like Elaichi Mawa Croissant, Murg Tikka Panini and Tandoori Paneer Roll.

Traditionally, India is a tea-drinking subcontinent. For youth and upward middle class, sipping a coffee and socializing is the growing trend. To gratify them we have only two dominant players, Cafe Coffee Day, an arm of Amalgamated Bean Coffee Trading Company, and Barista, owned by Italian chain Lavazza. Coffee retailing is about 500-600 crores market in India, Kauspubh Pawaskar, an analyst with Mumbai-based brokerage Share khan says. Coffee consumption in India grows every year by almost 5 to 6 percent. India forecasts to produce 299,000 tons of coffee in the fiscal year ending March. Nearly 70 percent of this is exported, and 95,000 Tons consumed locally.

Howard Schultz, Chairman, President & CEO, Starbucks Coffee Co. says, India is a high potential market where the coffee chain is growing about 25 percent per annum. According to experts, Starbucks has to expand its market after saturation in its home market, with focus on emerging markets whereas Tata Coffee can continue to sell Indian Arabica and Robusta coffee beans to Starbucks and also expand its profitable instant coffee and plantation coffee segment.

Starbucks knew that Indian consumers are value conscious and so having a low price can attract as many customers as possible. By opening several stores in a short period of time, they can create instant awareness among the public. A host of international players, like Gloria Jean's, Costa Coffee and Coffee Bean & Tea Leaf are already eyeing India's huge potential. Dunkin Donuts also debuted this year, opening five stores in September, according to Technopak.

The fortune of Starbucks in India will depend upon how swiftly they position themselves in the market and go one better than its competitors.

By – Ravishankar

India caught in S&P jitters

Despite economic reforms, Standard and Poor claims that there is still 'one-three' chance that India would face a credit rating downgrade over the next 24 months.

Earlier this year, in light of political and economic instabilities, Standard and Poor reduced India's credit rating to the negatives. In its report, 'Will India be the first BRIC fallen angel?' S&P said: "Slowing GDP growth and political roadblocks to economic policy-making could put India at the risk of losing its investment grade rating". It pointed out that the uncertain nature of the leadership within the UPA-II government, lack of effective reforms resulted in an unsatisfactory investor climate in the sub-continent. The result? India's credit rating was brought down to BBB-, just a step above the 'junk' status.

S&P is an American financial services company, a part of the McGraw-Hill companies. It is a well-known credit rating agency. A credit rating agency's basic function is to assign credit rating for issuers of certain types of debt obligations. In layman's terms, credit ratings basically tell you the issuer's ability to pay back a loan. This credit rating affects the interest rate applied to the loan. Better the credit rating, lower the interest rate. Thus, every country tries to get a better rating. A better credit rating attracts foreign investors and traditionally developing 2nd world countries, such as ours, have a reasonably high rating, until this April when S&P decided that the political and economic environment in India was turning investor-unfriendly.

The present scenario though is slightly different. Prime Minister Manmohan Singh has shown his aggressive side with the recent FDI reforms. Also, it is clear that the mood of the investors is 'bullish' at the moment, making the current announcement quite depressing. It rattled the markets considerably, causing the Rupee to fall briefly before reaching pre-report levels. In a later statement S&P said that the report is the regular Asia-Pacific sovereign report card and does not contain any new information.

"A downgrade is likely if the country's economic growth prospects dim, its external position deteriorates, its political climate worsens, or fiscal reforms slow," the ratings agency said. The agency seems to be highlighting the uncertain nature of Indian politics and the recent economic slow-down.

"However, if the current account deficit shows little improvements going forward, the country's external position could cease to be a supporting factor for the sovereign ratings," S&P said.

Despite the gloomy future projected by the agency, investors do not seem much worried about it. Investors across the board seem confident that at least in the short-run India is good investment destination. The one thing that is sure is that if the Government of India wants its reforms to be effective it has to ensure better transparency in their implementation.

By – Gautham G

Entrepreneur's Success Story

In India, Redbus is a well known service to book bus tickets. Redbus is the first company to take proactive steps in online ticketing service for bus transportation in India. Phanindra Sharma is the CEO and founder of Redbus. Sudhakar and Charan are the co-founders. The company which started as a Rs.5 lakh investment in 2005 has become a very profitable business in a span of seven years. Expected revenue by 2012 is $100M.

Conception of RedBus

Phani, a then employee at Texas Instruments with a seven digit salary, wanted to book tickets to his home at Hyderabad for Diwali celebrations in 2005. He ended up chasing after the travel agents in vain. Alone in his apartment on Diwali made him think why not coalesce the bus tickets with a centralized database like what exist for airlines & railways. He identified the pitfalls in the current system and came up with software. Phani & his team approached the bus tour operators with the software; though they showed interest initially they turned inimical later. Unsure about their next move, Phani & his team submitted their ideas to TiE (The Indus Entrepreneurs), a global network of entrepreneurs and professionals.

Proper guidance from Mentors

TiE selected their idea as one of the top three ideas out of 300 for mentoring. Phani, Sudhakar &Charan left their job in Texas Instruments, IBM & Honeywell respectively. Venture capitalist (VC) found their idea interesting and contacted them. They received mentorship from Sanjay Anandaram of TiE, who is also a founding partner of JumpStartUp Venture Fund, he played a crucial role in the company, in formulation of business strategies, in raising funds and in recruiting right people. Money requirement was initially Rs.30 lakh which scaled up to Rs.3 Crore after fine tuning for over 7 times by VC. It was agreed that money will be invested in 3 years but the total amount was spent by Feb 2007. As per the suggestion from the VC's they transformed the company form online bus ticketing company to bus ticketing company.

New paradigm in getting bus tickets

They capitalized on the first mover advantage in bus ticket booking. They made tie ups with KPN, Sharma Sardar, Sangita and Raj National Express. They were the first to ask for quota in distribution of seats from private operators. They provided booking of return journey tickets which was impossible for the big operators. RedBus retails bus tickets on the web (www.redBus.in), through its call centres (394-12345) and through its partner outlets. It has paperless ticketing with its mTicket service, seat selection, multiple seat comparison, price comparison, rating of bus and pictures and videos of various bus types that help travellers to plan their journeys better. Today redbus allows ticket booking through mobile as well.

In 2007 they made Rs.50 lakh worth of business with no profits. In 2008, there was a tenfold increase and their turnover was about Rs.5 Crore, in 2009, Rs 30 crore (Rs 300 million) and in March2010, Rs 60 crore (Rs 600 million). Forbes magazine voted redBus as the top 5 start-ups to watch for (2010).They are planning to attain Rs 150 crore turnover (Rs 1.50 billion) this year. "At present, we have 23 offices. About 250 people are working in those offices. It covers almost all the places where the bus industry is active. Southern India is most vibrant on the Internet compared to other parts of India" Phani articulates. They have about 75000 outlets to issue tickets. They have seven physical call centres and three satellite call centres and tickets are home delivered. The biggest challenge faced by Phani & team were the payment gateways. About one fourth of the transactions failed due to Payment Gateway issues. Phani adds "We are selling 5,000 tickets out of 5, 00,000 tickets given to us every day. So there is a lot of scope for improvement. We are aRs.15, 000 Crore industry and profitable from Dec 2009. We are planning to cross Rs.1000 crores in upcoming years". Phani's advice to upcoming entrepreneurs is to genuinely believe in their product. A lesson for new entrepreneurs-'Trust your product and be brave in promoting it.'

By PM Karthick

BUSINESS START UP -

Invest less than Rs 1 lakh and get your business started

We often fancy starting our own business, but the intricacies plus high cost involved in it puts off the fire. Eventually sacrificing our dream, we are hired to help others build their dream. But now, unprecedented growth of internet has provided a platform for us to launch our own business in form of E-Commerce. Cost of launching your own E-Commerce business can be as low as Rs 1 lakh or even less for a portfolio of product worth crores of rupees and sometimes even more. HOW!?! The Secret…. **DO NOT** maintain any physical inventory of products. Fascinated? Then let's see how to launch a e-commerce business.

Step 1… Business plan and Market research: Create the product portfolio. Conduct a market research to find demand and supply for your products. Find manufacturers / distributers. Decide your margin depending on product's procurement methods and pricing strategy. If procurement is done on retail level, margin will be less but if you procure products at wholesale level you can get higher margin.

Step 2… Website designing: An average professional e-commerce website designing will cost around Rs 70,000. And its hosting will cost around Rs 1500 per month, choose the website host wisely; if your e-commerce venture attracts large volumes of customer creating heavy traffic, then lots of online storage space and proper bandwidth will be required to handle it. Remember, a helpline number (preferably toll free and 24/7) will be required to address customer queries and grievances. You can also include 24/7 online chat system for the same.

A user friendly, no hassle shopping cart is the next crucial thing, because it provides great convenience to both online shoppers and site owner. It provides facilities to organize and categorize products, upload pictures and documents to describe them, display related items for up selling, send email marketing, provide discount coupons, track order and delivery dates and also keep track of the inventory. In the shopping cart, when the customer has finished adding products to buy, he has to be directed to a secure payment gateway server; from there payment information will be transferred to the respective merchant banks. So, you need a payment gateway and a merchant account. Payment gateways are necessary evil in e-commerce business, its failure rate is as high as 35% and return rate Cash on Delivery is about 25%.

A chunk of revenue usually goes in marketing your e-commerce website through various sources like search engines by using SEO, social media, and television. Cost of acquiring a customer varies from Rs 60 to Rs.1000, and customer retention is low because of competitive pricing by other players. There is a need to create some hook, which can motivate and create repeat customers. Generally ecommerce companies offer diverse range of products, discounts and do flash sales to attract customers.

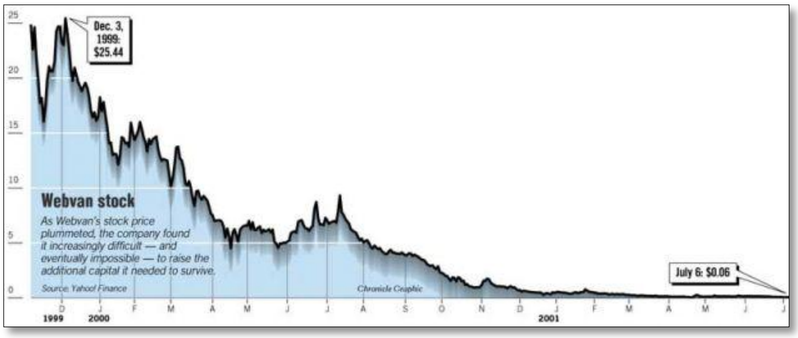
One thing, if it is easy for you to start ae-commerce business then it is easy for others too. This field is explored rapidly, which makes it is difficult to find a unique domain. However, this is where your brain cells need to work - create a unique domain, or generates a unique marketing model, distribution system, procurement model, or even create a unique customer shopping experience and make your e-commerce successful.

By Jai Kishan

Business start-up failure: Webvan.com

In today's world new ideas/ products/ services enter the market incessantly- some click; some don't. Some of them fail regardless of their brand value and good marketing fundamental like Windows Vista, Colgate Frozen food and Ford Edsel. Analysing the reasons for these failures is both interesting and important. One such interesting case study is Webvan.com.

Webvan was established in 1996, by Louis Borders, the man behind the Borders Books store chain. It had its headquarters in Foster City, California and had plans to expand the delivery to 26 cities. The story of Webvan is a cautionary tale for organizations contemplating entry into the online grocery delivery arena because in just five years from start, in 2001, webvan.com became bankrupt after having served only eight US markets.



FAILURE, it seems Webvan was deemed to meet such end since the beginning of its journey. Some major reasons why Webvan failed are as follows:

- Its funding happened very rapidly (OMG I AM DYING TO INVEST) - In 1999, it was the most funded Internet company with $400 million. Its first day of trading, at one point, mounted to $15 billion capitalization.
- It was going on continuous expansion but wanted to stand alone in the race(I AM THE BEST)-It did not go for partnership with other grocery supply chains while the competitors were enjoying the complete advantage of mergers and acquisitions
- Lack of knowledge in the grocery business (I AM AN AMATEUR)-The CEO, George Shaheen, was the former CEO of Andersen Consulting. He had no former background or knowledge in the grocery business.
- Unaware of their target market(JOKE OF THE MILLENIUM –A BUSINESS DOESNOT KNOW ITS CUSTOMERS)-They did not understand the 3 concepts- ' One, It takes a long time for consumers to adopt new ways of doing things, Two, customers are not used to shopping for their groceries online, Three, consumers who could afford the extra cost were customers that worked long hours and they mostly did not have time to sit and order the groceries and wait for delivery .For three straight quarters in 2000, it had been voted the best online grocery in a survey. And in the last quarter of 2000, only 6 months before it closed for good, it posted a gross margin of 27%. Its fall was dramatic and really unpredictable.
- Webvan's cost of facilities, inventory, transportation, sourcing, pricing were much higher in comparison with traditional super markets. So clearly the design of webvan was too expensive to be profitable and too elaborate to work efficiently and effectively (SHOWED A NEW AND WEIRD CONCEPT OF MAXIMISATION WHERE COST WAS GREATER THAN REVENEUE)
- Webvan came out during heyday of internet companies, when there were not enough stories of failures from history to tell and learn from. (OOPS I DO NOT HAVE A GODFATHER). Thus, it could be termed as a bad timing.
- Lastly, it had a wrong strategy; the management was too confident and ambitious. They wanted to do everything in a huge scale. A panel of diversified experts were included in the team, so no one could imagine webvan could fail. (AGAIN WEBVAN FORGOT THAT FUTURE IS UNCERTAIN).

Webvan took a substantial risk, rapidly expanded but failed to sustain while few other players like TESCO in the same business attained sustainability through go slow approaches and partnership with existing grocery chains. Thus Webvan a perfect example of what a business should really avoid in order to be successful.

By - Priyanka

Dotcom Bubble – Overriding Caution for Exuberance

Brides around the world are given pieces of advice by the elderly woman on how to manage their household. Grandmas pass on the wisdom of mad money, the traditional kitty that a housewife maintains without the husband's knowledge for future contingencies. The financial prudence that our ancestors followed are disregarded as the bride embraces the modern ways of wealth management. Zoom-out this scenario and you will find the dotcom bubble of the late 1990s occurring virtually in your eyes.

A booming economy, rising stock prices and low interest rates led to an illusion that a "New Economy" was on the rise, an economy was invincible against forces like inflation. Recession had become extinct- not even rare species. With this exuberance people started turning towards technology to make their dreams come true. By 1994, the internet first became available to the general public. During the mid-1990s, the internet had evolved as a way for people to communicate via email, use chat rooms and browse websites.

As a result, numerous Internet start-ups were birthed in the mid to late 1990s. These companies came to be referred to as "dot-coms," after the .com on many web addresses. Many of these companies engaged in unusual and daring business practices with the hopes of dominating the market. "Dot-com" companies run by people who were barely out of college, were going public and raising hundreds of millions of dollars of capital. Many of these companies lacked clear business plans and even more had no earnings whatsoever to speak of. Many company's business model was to harvest on the "network effects" by operating at net loss to build the market share. These companies offered services for free with the idea that once brand awareness is created higher profits could be reaped. This "growth over profits" mentality costs these companies a lump sum when the bubble burst.

Venture capitalists saw tremendous growth as dot-com companies experienced soaring rises in their stock prices and therefore moved faster and with less caution than usual, choosing to mitigate the risk by starting many contenders and letting the market decide which would succeed. Traditional methods like analyzing the P/E ratios to find the worth of the stock were abandoned to favour the dot.com companies .Some analysts even believed that corporate earnings and other financial data was not relevant for analyzing and investing in technology and internet-related stocks.

Finally, in 1999 and 2000 when the burst happened, stock market in the U.S lost a total of 10% of its value at its peak. Many of the communication companies went out of existence. Others, like the Worldcom, were found guilty of accounting mal practices and the executives of many companies were dragged into legal proceedings for mishandling investor's money. Investment firms were also fined millions of dollars for misleading the investors.

The lessons to be learnt from this eventuality may not be ground shaking but do have far reaching implications in terms of safeguarding one's investments. The foremost lesson is that, when investing, look for the fundamentals of the company. Only when the business model has the capability to generate profits in the near future, the stock is worth considering. Like the wise believe, a chain is as strong as its weakest link.

By Benazir

The AXE effect – The living graveyard of brand extension

Last Monday, I went to the Dominos. There I saw a kid playing with a rubber band. I kept observing the cute kid until he broke the band and hurt himself. There, I realised, we can stretch things up to a certain extent and beyond that, further stretching would eventually break it. It all depends on the elasticity. This holds good with everything, even brands. Hindustan Unilever, the leader in FMCG products, brought up a reality show, 'AXE your EX', to correlate with its Star deodorant brand – AXE. 'AXE your EX' has been consistent with various brand extensions of AXE in the recent past. The rainbow of AXE is widely and wildly spread (pun intended). In its VIBGYOR, it has deodorants as its *Violet*–The colour that treats nerve imbalance and enhance immunity. It has recently launched soaps as its *Red*–the colour that can treat Amnesia in FEMALE and encourage extremities because of its power .This brand extension of AXE could be a make or break. It will be a litmus test for brand dilution of AXE.

Marketing department spend too much time in asking – 'Can we stretch our brand in a new market?' A strong brand is likely to be more elastic (at least in theory). Could AXE stretch from deodorants to shaving? Why not? It could (in fact it did recently). But the question is wrong. The correct question is 'Can AXE earns profits in shaving domain?' 'Is there a market for AXE to grow in that domain?' The simple straight answer is 'NO'. Unilever lacked the capability to produce. In fact the production function was outsourced to a Chinese company. The brand was fighting with the mighty Gillette – 'The best a man can get' (pun intended).AXE cannot out-perform Gillette as Walmart was not able to out-perform Amazon. The business model was not sustainable and the launch was AXED in the graveyard of brand extension.

Unilever may be looking at AXE to become an umbrella brand, endorsing multiple products from deodorant to shower gel, from after shave to shaving cream and now from cologne, talc to a bathing soap across the men's grooming category. But the billion Dollar question here is whether these superb extensions will dilute the original brand deodorant?

AXE consistently followed what Seth Godin said in his book – *Purple Cow*, "If you are not different you are *INVISIBLE*." Since its launch in 1999, AXE advertisements were directly targeted at male fantasies and were avidly 'Lustful'. The "*Axe Effect*" is one of the most famous claims in the world. It is regarded as one of the world's sexiest ad.

I wonder why such a strong brand is tested so much when the competition in deodorant market is cut-throat. Axe now targets on both the positioning front and on product attributes front. The Axe positioning is imitated by most of the deodorant brands like FOG and 18+ to the point that everything is now so predictable and boring. It's no more a Purple Cow. Now HUL is further diluting the brand by its extension into a different category. The new extension into soap category carries the same positioning as the deodorant. Axe bathing soap has the tagline "*Engineered for Guys*".

AXE is a strong brand and so is NIVEA. Nivea has a strong brand extension (stretch), a stronger customer base and satisfied customers. AXE, on the other hand, also has stronger customer base and satisfied customer, but not much strong Brand Extension.

We have to wait and see if the soap succeeds or not, will it be a Game changer or a Spoil Sport for AXE. As Linkin Park song says – "One thing I don't know why, it doesn't even matter how hard you try...*in the end it doesn't even matter*." It does not really matter if the new brand extension proves to be a game changer and gives Brand Equity to AXE.

By Pratham Rastogi

Interesting places - JAIL THE INNOCENT

What does it take in a real estate developer to turn a historic ruin into a beatific asset that can churn revenue back into the economy? How does his brain process the potential that lies in such ruins? Is he a manager, an architect, a visionary or just a common man with lots of luck? What are the advantages and disadvantages in such undertaking? What if, after all careful planning, the project just blows on one's face? Simply, what was Richard L. Friedman thinking when he believed the old Charles Street jail can be converted into The Liberty Hotel at Boston?

Opened in the year 1871, it was an architectural gem housing famous inmates of the time. In the year 1973, because of overcrowding in the prison and grave violation of constitutional rights of the prisoners, the jail was deemed to be closed. The official closing happened around 1990.

It took over 5 years of strenuous work, $150 million of investment and many rescheduling of opening date to finally bring Liberty Hotel into operation making an initial turnover of $40 million. It is a famous example of adaptive usage and economic of space.

The Liberty Hotel is not the first jail hotel. But the concept it posed was different from other jail hotels. Though the developers wanted to preserve and remind the people of the historic past of the place, unlike other jail hotels, it is not a daredevil venture. It does not promise the experience of a jail but only the feeling of being in an adventurous spot. The theme widely remains luxury in Boston.

So what's so great about this? Imagine walking into the prison as a criminal…. Distasteful? Horrible? Ok, so imagine walking into a prison as an overnight guest/ a sightseer… Possible? The queer yet thrilling sensation of walking into a world of thieves, murderers or maybe even serial killers. This in itself is a promotion. No heavy budget advertising and promotional activities are required. The history speaks for itself. Now, add with it the concept of luxury and comfort and there they have created a new landmark, a must visit luxury spot.

Is history everything? The history serves as a promotion entry card. But the hotel does not target just holiday travellers. It targets even the business people. It has 298 guestrooms, two restaurants, two bars, a ballroom and a meeting space. It is very convenient to host even business related activities in the hotel. So, the target customers vary from simple traveller, couples to business class people.

The service at the hotel is said to be excellent, from the valet parking to room-service. The service personnel are said to wear prison uniform with numbers to further trigger the sense of prison environment. There is a team at the management to review and answer various customer responses after their experiences in the hotel in websites like traveladvisor.com. So there is a system of feedback collection, learning and rectification.

The pricing of rooms and other services at the hotel is such that it is high for just travellers but still desirable and low enough for business people to reduce their expenses on such travels. Being a four star luxury hotel opened in 2007, the Liberty Hotel since inception aspired around it a sense of elegance and mystery that was acceptable by all classes of people. Currently it is ranked 29 of 75 hotels in Boston.

Though this idea of transformation may at a look may be appealing to the mass of developers, according to Richard L. Friedman it is not for the faint heart. He was able to pull an investment of $15 million in state and federal tax credits because of his reputation. Even then the transformation amounted to $120 million plus other costs escalating it to a whooping sum of $150 million. Further, the raw materials that were available in 1871 are not easy to acquire now. The architecture involved stones and materials that are very expensive. Also planning to retain the past architecture and merging it with new infrastructure is tougher than building a new 40 storey building. A learning here is that even with an intriguing past, the success of such undertaking depends on the investment, skill, knowledge, experience and expertise involved in it.

By Shobitha Madhavan

IDBI BANK

The New Age Government Owned Bank

"IDBI Bank Now Live on Google Maps"- Very recently, while browsing through the pages of an esteemed business daily, I came across this headline. As I started reading further, my mind started flitting to another piece of information, which not very long ago, I happened to come across, and it said about IDBI planning to raise 500 million to fund its overseas business growth. Now, this two piece of information struck a chord in me and a random curious thought passed by my mind as to know in what scope has IDBI actually grown and evolved?. I put the thought out to one of my very good friends and she immediately joined me, in what we would call a little informative research on IDBI.

Taking a little dip into history and turning a few pages back, a fact that came to our notice is that IDBI Bank is actually the commercial banking arm of IDBI Bank Limited (a financial service company, registered with the Registrar of Companies, Maharashtra, the Central Government being a shareholder of the company).

IDBI was actually established by Government of India as a specialised development financial institution (DFIs). It came into existence in 1964 as a wholly owned subsidiary of Reserve Bank of India. However, later in 1976 the ownership was transferred to government of India. The primary objective to establish IDBI back in 1960s was to provide credit and other facilities to business with deficits and also to develop the fledging Indian Industry.

Over time IDBI has diversified its activities by merging development banking activities and commercial banking activities. By doing away the distinction between the two, it has successfully adopted the concept of universal banking. IDBI Bank has forayed into different segments of banking services right from its core purpose of industrial development to investment banking, to capital market servicing and retail finance sector.

As part of its development banking activity and also, in context with its long term strategic growth policy, IDBI Bank today, is focussing on different industrial segments. One such initiative is IDBI Bank's focus and expansion plans in MSME sector & infrastructure in north-east India. According to the chairman and MD of the bank there is huge growth potential in MSME sector & infrastructure in north-east India. In this regard IDBI has signed an MOU with SIDBI, whereby, the loans would be provided by SIDBI & working capital will be funded by IDBI, thus paving the way for smooth delivery of credit.

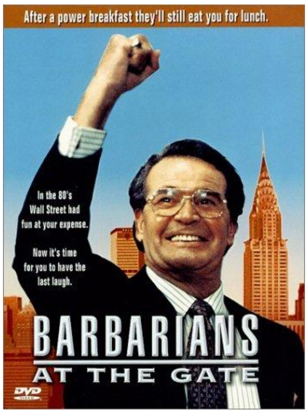
The reach of IDBI has been potentially and strategically growing at a steady pace, thereby making it toady the 10^{th} largest bank in the world(in terms of reach). It is eyeing expansion and business growth opportunities overseas as well. As being mentioned by Melwyn Rego, Executive director of IDBI Bank, the bank plans to raise 500 million from currency bonds by March 2013.

The IDBI Bank is its growth fold and its measured approach towards its growth strategies would definitely lay down a potentially good future prospect for the bank.

By Anu & Mrinmay

Leveraged Buyouts (LBO) as a Career Option

Investment banking has been the obvious choice for many aspiring MBA students to pursue a career in finance. The placement records of Harvard Business School show that in the financial vertical, the maximum job offerings were in the category of private equity Leveraged Buyout (LBO).



Private Equity: A private equity firm is an investment manager that makes investments in the private equity of operating companies through a variety of loosely affiliated investment strategies including leveraged buyout, venture capital and growth capital. Private equity firms, with their investors, will acquire a controlling or substantial minority position in a company and then look to maximize the value of that investment. Private equity firms generally receive a return on their investments through an initial public offering (IPO), a merger or acquisition or a Recapitalization.

Leveraged Buyout: A leveraged buyout (LBO) is an acquisition (usually of a company but it can also be a single asset like a real estate) where the purchase price is financed through a combination of equity and debt and in which the cash flows or assets of the target are used to secure and repay the debt. As the debt usually has a lower cost of capital than the equity, the returns on the equity increase with increasing debt. The debt thus effectively serves as a lever to increase returns which explain the origin of the term LBO.

Skills required: To enter the lucrative field of LBOs one needs to have skills in Valuations, Financial Modeling, Private Equity, Mergers and Acquisitions and Investment Banking. Along with these, one having experience in Turnaround Management, Corporate Management, Restructuring gives added advantage. Currently LBO profiles are available for only best B-School pass-outs across the globe like Harvard, Stanford and LSE. But one with experience and skills mentioned above can eventually achieve LBO profiles.

LBO: Indian scenario: Major players in Private Equity in India are ICICI Ventures, UTI Ventures, CVC International, JM Financial, Evolvence, New Bridge Financial Advisers etc. Many believed that the first major deal of LBO in India is Mahindra Satyam deal. But in reality the Tetley and Tata Tea deal happened long time back. White & Mackay-UB Group, Hansen Transmission- Suzlon Energy, American Axle-Tata Motors, Lombardini –Zoom Auto Ancillaries are examples of some of Indian companies going by LBO route. Many Indian-Indian examples are also there.

Criticism of LBO: The media would like the average investor to believe that a buyout, whether leveraged or not, is ruthless in nature, leads to massive restructuring and layoffs, rips off the common man and eventually bankrupts the company as the fat cats get rich.

What's in store: Well if one wants to earn huge money, then LBO is the right career option. In Harvard, it is the sector which is paying around $130,000 as base pay, close to the highest there. Leveraged Buyout is a modern day requirement. In the scenario of volatile economy where signals from US is a mixed one and the chance of Europe recovering is bleak, more and more companies are going bankrupt due to inefficiency. This gives the PE firms huge options to buy these companies and change the philosophy and fortune of those. In doing so, they not only change the company's fortune but also the fortune of the employees who otherwise may become jobless. LBOs give the opportunity to change the fortune of a company in minimum possible time. If you are looking for challenges to test your mettle this might be the field for you, where you will wield your magic wand to change the color of the company from red to green.

By Aditya Man Borborah

(quite) interesting facts

1. Rolex makes a $25,000 watch that is made from meteorites
2. The founder of FedEx once saved the company by taking its last $5000 and turning it into $32000 by gambling in Vegas.
3. China's economy grew 7 times as fast as America's over the past decade (316% growth vs 43%)
4. The first stock exchange can be traced back to Antwerp, Belgium in 1460.
5. Coca-Cola ran a campaign called H2NO that trained restaurant servers to dissuade people from ordering tap water
6. The United States generates more than 20% of the world's GDP with about 4% of the world's population.
7. The five countries with the fastest GDP growth in 2011, according to CIA estimates: Qatar (18.8%), Mongolia (17.3%), Turkmenistan (14.7%), Ghana (13.6%) and Timor-Leste (10.6%).
8. Americans have about $2.6 trillion in debt, as of June 2012, according to the Federal Reserve. About $864 billion of that is credit card debt, while the other $1.7 trillion is in instalment loans, such as car or boat loans.
9. UPS was founded by two teenagers with one bicycle and $100 borrowed from a friend.
10. Colgate's first toothpaste, introduced in 1873, was packaged in a jar. Toothpaste was first packaged in a tube in 1896.
11. The five largest U.S. companies by market capitalization are: Apple ($632 billion), Exxon Mobil ($406 billion), Microsoft ($257 billion), Wal-Mart ($246 billion) and Google ($225 billion), as of August 29, 2012.
12. Hewlett-Packardwas started in a garage in Palo Alto, CA in 1939. Bill Hewlett and Dave Packard flipped a coin to determine whether the firm would be called Hewlett-Packard or Packard-Hewlett. Packard won the coin toss but chose to go with Hewlett-Packard
13. At the end of 2011, three companies had total debt loads of more than $500 billion: JP Morgan Chase ($684 billion), Bank of America Corp. ($622 billion) and Citigroup ($560 billion).
14. GM sold slightly more cars in China than in the U.S. in 2011 -- 2.55 million to 2.50 million.
15. Herbert hooves infamously declared in March 1930 that the U.S. had "passed the worst. The worst, however, had just begun. From 1929 to 1932, more than 100,000 businesses failed, banks collapsed at a staggering rate of 200+ per month and GDP fell from $81 billion to $49 billion.
16. The Reserve Bank of India also regulates the trade of gold. Currently 17 Indian banks are involved in the trade of gold in India.
17. Top 10 FDI investing countries in India are Mauritius, Singapore, United States, UK, Netherlands, Cyprus, Germany, France and UAE.
18. Automobile Industry received US $3.2 billion of total FDI inflows to the country during 2000 to 2008.
19. Zillow.com estimates The White House to be worth $287 million.
20. American Airline saved $40,000 by taking out one olive from each salad they served.
21. The first ATMs were installed in New York City in 1977 at Citibank branches.
22. Yahoo! was originally called 'Jerry's Guide to the World Wide Web'.
23. Oil tycoon, John D. Rockefeller, was the world's first billionaire.
24. The first product that Sony came out with was the rice cooker.
25. If all the gold in the world was divided up every one would receive 3grams.

By – Jai Kishan Sahu & PM Karthick

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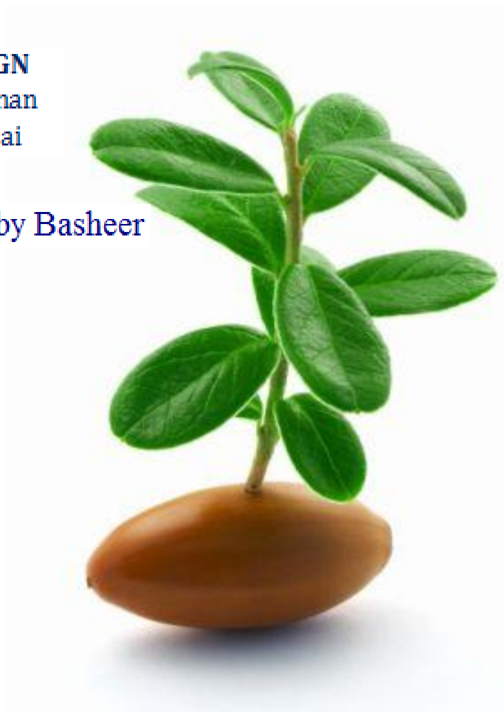

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