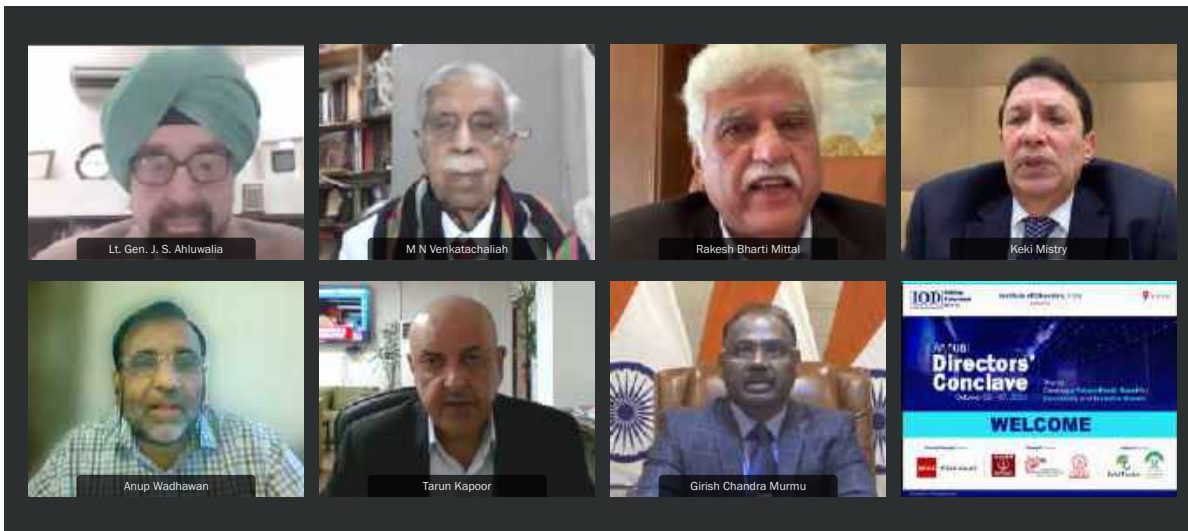


Annual Directors' Conclave

October 06 - 07, 2021, New Delhi (INDIA)

Theme:
Creating a **Future-Ready Board** for
Investment and **Inclusive Growth**

Day 1 – October 6, 2021



Day-1 Inaugural Keynote Session

Distinguished Speakers live during the event:
(From L to R): **Lt. Gen. J. S. Ahluwalia, PVSM (Retd.), Hon'ble Justice M. N. Venkatachaliah, Mr. Rakesh Bharti Mittal, Mr. Keki M. Mistry, Dr. Anup Wadhawan, IAS (Retd.), Mr. Tarun Kapoor, IAS and Mr. Girish Chandra Murmu, IAS**

The Institute of Directors (IOD), India organised its **2021 Annual Directors' Conclave** on the theme “**Creating a Future-Ready Board for Investment and Inclusive Growth**” on October 06 - 07, 2021.

The virtual event witnessed live participation by around **1200** participants, comprising business leaders, corporate directors, experts, policy-makers and subject matter specialists from across the country and the globe. **Seventeen countries** participated, represented at various levels, including Armenia, Austria, Canada, Germany, Hong Kong, Hungary, Israel, Nepal, Nigeria, Singapore, South Africa, Turkey, United Kingdom, United Arab Emirates, United States of America, Zambia, and India.

A large number of private and public sector institutions participated, including both Central and State Governments in India.

1. **Hon'ble Justice M. N. Venkatachaliah**, National Chairman, Institute of Directors, former Chief Justice of India & former Chairman, National Human Rights Commission
2. **Mr. Girish Chandra Murmu, IAS**, Comptroller and Auditor General of India

3. **Mr. Tarun Kapoor, IAS**, Secretary, Ministry of Petroleum & Natural Gas, Govt. of India
4. **Dr. Anup Wadhawan, IAS (Retd.)**, Former Secretary, Department of Commerce, Ministry of Commerce & Industry, Govt. of India
5. **Mr. G. Mahalingam**, Whole Time Member, Securities and Exchange Board of India (SEBI)
6. **Mr. Alok Tandon, IAS**, Secretary, Ministry of Mines, Govt. of India
7. **Dr. Rajendra Kumar, IAS**, Additional Secretary, Ministry of Electronics and Information Technology (MeitY), Govt. of India
8. **Dr. P. Anbalagan, IAS**, Chief Executive Officer, Maharashtra Industrial Development Corporation (MIDC), Govt. of Maharashtra, India
9. **Mr. Sivasubramanian Ramann, IA&AS**, Chairman & Managing Director, Small Industries Development Bank of India (SIDBI)
10. **Ms. Swati Sharma, IAS**, Secretary (Tourism), Govt. of NCT of Delhi; and Managing Director & Chief Executive Officer, Delhi Tourism & Transportation Development Corporation Ltd., India



Lt. Gen. J. S. Ahluwalia, PVSM (Retd.)
President
Institute of Directors, India



Hon'ble Justice M. N. Venkatachaliah
National Chairman, Institute of Directors
former Chief Justice of India &
former Chairman,
National Human Rights Commission



Mr. Rakesh Bharti Mittal
Vice-Chairman
Bharti Enterprises,
India

11. **Mr. Sheo Shekhar Shukla, IAS**, Principal Secretary – Tourism, and Managing Director, Madhya Pradesh Tourism Board, Govt. of Madhya Pradesh, India
 12. **Mr. Santosh Kumar Mall, IAS**, Secretary – Tourism, Govt. of Bihar, India
 13. **Mr. Arun Prasad P., IFS**, Managing Director, Chhattisgarh State Industrial Development Corporation Limited (CSIDC), Govt. of Chhattisgarh, India
 14. **Ms. Mudita Mishra**, Additional Development Commissioner (Handicrafts), Ministry of Textiles, Govt. of India, and Managing Director, NHDC Limited
- The Global Webinar also saw the participation by a number of Industry stalwarts as distinguished speakers, including global experts:
1. **Prof. (Judge) Mervyn E. King SC**, Chairman, King Committee on Corporate Governance; Patron, Good Governance Academy, Chair Emeritus, IIRC & GRI and former Judge, Supreme Court of South Africa
 2. **Mr. Vindi Banga**, Chair, UK Government Investments (UKGI); Senior Partner, Clayton Dubilier & Rice, and Senior Independent Director, GlaxoSmithKline plc., UK
 3. **Mr. Rakesh Bharti Mittal**, Vice-Chairman, Bharti Enterprises, India
 4. **Mr. Keki M. Mistry**, Vice-Chairman and Chief Executive Officer, HDFC Limited, India
 5. **Ms. Daisy Chittilapilly**, President - India & SAARC, CISCO, India
 6. **Mr. Shailesh V. Haribhakti, FCA**, Chairman – Western Region, Institute of Directors, India; Board Chairman – Blue Star Ltd., L&T Finance Holdings Ltd., Future Lifestyle Fashions Ltd. and NSDL e-Governance Infrastructure Ltd.; Independent Director on multiple Boards
 7. **Dr. Punita Kumar-Sinha PhD, CFA**, Investment Professional & Board Member; Independent Director on the Boards of Lupin Limited, JSW Steel, Blackstone Embassy REIT and Rallis India Limited, and Governor on the Board of the CFA Institute, Founding Partner, Pacific Paradigm Advisors Boston / India
 8. **Mr. Sivaramakrishnan Ganapathi**, Managing Director, Gokaldas Exports Ltd., India
 9. **Mr. Terry Heymann**, Chief Financial Officer, World Gold Council, UK
 10. **Mr. Ranjan Kumar Mohapatra**, Director (HR), Indian Oil Corporation Ltd.
 11. **Mr. Siddharth Sharma**, Group Chief Sustainability Officer, Tata Sons, India



Mr. Keki M. Mistry
Vice-Chairman &
Chief Executive Officer
HDFC Limited, India



Dr. Anup Wadhawan, IAS (Retd.)
Former Secretary
Department of Commerce
Ministry of Commerce & Industry
Govt. of India



Mr. Tarun Kapoor, IAS
Secretary
Ministry of Petroleum &
Natural Gas
Govt. of India

A special Release & Presentation of a Survey Report on **'The Role of Independent Directors in addressing Corporate Fraud and Misconduct'**, which was conducted jointly by Institute of Directors, India & Deloitte Touche Tohmatsu India, was made by **Mr. Nikhil Bedi**, Partner and Leader – Forensics, Financial Advisory, Deloitte Touche Tohmatsu India LLP.

The **'Inaugural Keynote Session'** was delivered by:

Lt. Gen. J. S. Ahluwalia, PVSM (Retd.)

President, Institute of Directors, India

Lt. Gen. Ahluwalia delivered the **'Welcome Address'**. He welcomed all the dignitaries, participants, distinguished speakers and valuable partners in the event. He said that the IOD's Annual Conclave is an occasion like no other. It not only attracts a stellar galaxy of guest speakers- but also **sets an agenda for directors' challenges for the future**. We hope to motivate business leaders, through and beyond these historic and challenging times.

He highlighted that the **Agenda of high-performing Boards** should include:

- Diversity & an inclusive long-term vision.

- Performance Analysis through non-financial indicators, and not just 'Financial Reports' & 'Ratios'.
- What drives value, including alternative strategies, technology like AI & Cloud for increased resilience.

In Corporate Governance, we have to see what brings clarity to the role of Boards & Independent Directors, i.e. **to go beyond mere compliance, for ensuring competitive advantage**. He further shared a snapshot of India's economic growth during the last 3 decades, i.e. since 1991.

- Sensex Index has risen 36-fold
- Market cap has risen 69 times
- FDI flows have doubled
- 'Ease of Doing Business' has brought India from 150th rank to near 50 now
- India plans to become 3rd largest economy by 2025 – GDP rising to USD 5 Trillion

He also mentioned the recent release of special biography of Hon'ble Justice M. N. Venkatchaliah, authored by Mr. V. Sudhish Pai, titled **'The Man and The Judge - a Venkatchaliah Reader'**.



Mr. Girish Chandra Murmu, IAS
Hon'ble Comptroller and Auditor General of India

The '**Chairman's Address**' was delivered by:

Hon'ble Justice M. N. Venkatachaliah
National Chairman,
Institute of Directors
former Chief Justice of India &
former Chairman, National Human
Rights Commission

Justice Venkatachaliah in his '**Chairman's Address**' shared that technological evolution occurs when computers become more intelligent than human beings. Our bodies, minds and organisations itself will be irreversibly transformed. Role of Boards & Executives will be devoted to processing information & generating information. Shareholder meetings will be more inclusive, with increased opportunities of participation. He concluded his address by complimenting IOD that today's conclave will serve as a guide to the corporate world in future.

The '**Keynote Address**' was delivered by:

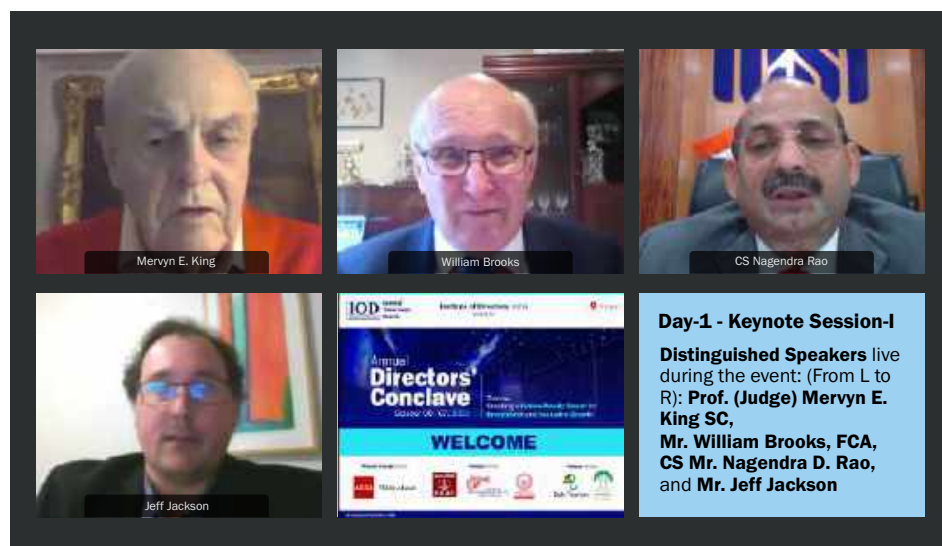
1. **Mr. Rakesh Bharti Mittal**
Vice-Chairman
Bharti Enterprises, India
2. **Mr. Keki M. Mistry**
Vice-Chairman and Chief Executive Officer,
HDFC Limited, India
3. **Dr. Anup Wadhawan, IAS (Retd.)**
Former Secretary, Department of Commerce,
Ministry of Commerce & Industry, Govt. of India
4. **Mr. Tarun Kapoor, IAS**
Secretary
Ministry of Petroleum & Natural Gas, Govt. of India

Mr. Mittal spoke on '**Corporate Governance – Best Practices & CSR**'. He shared his thoughts on "**Stakeholder Capitalism**" and said '**Time has come to look for the stakeholder concerns**'. Corporate India & India Inc. need to match up with the efforts of Government of India (GOI) and its policies. He added "We can look at bringing young talent young entrepreneurs. Today, we see entrepreneurs becoming unicorns in their own right, in the startups and new age companies. I am sure they bring a different set of ideas to the board."

On Climate Change & Net Zero Emissions, he shared that 127 governments world-wide are responsible for 60% of global emissions. Boards and India Inc. should shoulder the responsibility for Net Zero, to match with GOI efforts.

On Corporate Governance (CG), he observed that Responsibility of Boards is '**To make companies Risk Averse**'. CG best practices are now moving beyond mere compliance. Independent Directors (IDs) evolving role today, is not only to look after the interests of minority shareholders but also to Related Party Transactions (RTPs), conflicts, compliances and transparent information sharing. He stressed on bringing young entrepreneurs on Boards.

Boards must also ensure adequate reporting is done on ESG. He shared some of the key initiatives taken by Bharti Airtel to combat climate change and contribute to the Net Zero Emissions –



- 50% reduction in greenhouse gas emissions by 2031
- 1st Indian company to join UN Global Compact
- 49% reduction in network emissions

On independence of Boards, he shared that Bharti Airtel has 82% NED on Boards. He also shared various social initiatives taken by **Satya Bharti Abhayan** under **Bharti Foundation**.

Mr. Mistry spoke on '**Current Corporate Governance Landscape in India**'. He shared that Good Governance is one of the main focus areas for global investors to judge, before deciding on investing. Some of the challenges before the boards are:

- Readjusted Risk Management framework
- Cyber security, data protection & Compliance

The difference between a Good Board & a Great Board is the quality of Directors sitting on the Board. Boards need to be prepared for shareholder activism and keep constant communication with the stakeholders. There is rising expectations from the Boards. Investors want to see more diverse Boards. Virtual BMs have enabled the Directors to use time more efficiently. Governance in India has a new flavour and both SEBI and MCA are taking right steps. He shared "Boards are striving to improve the quality of their board evaluation criteria and are developing approaches to engage with investors on board effectiveness. Regular board evaluation needs to be embraced by organisations."

Dr. Wadhawan shared that 'Inclusiveness' is equally important for the industry and the focus should be on governance for long term sustainability. All the legal mandates promote inclusiveness. IOD plays a role in bringing Government & Corporates together. There is a lot of emphasis on capacity building of Directors to enable them to discharge their responsibilities. There should be more literature on guidance about Inclusiveness & Growth.

Mr. Kapoor shared that Board members must be aware about what their responsibilities & liabilities are, and what the legal implications of their action will be. Balancing all the decisions taken by the company & their legal context can only happen when the directors understand the legalities associated with the company's business. Directors should also have some knowledge about the operations of the company, its financials and the 'risk areas' so as to weigh the risks and then take decisions.

Thereafter, the '**Guest of Honour Address**' was delivered by:

Mr. Girish Chandra Murmu, IAS

Hon'ble Comptroller and Auditor General of India

Mr. Murmu said **extra-ordinary times call for extra-ordinary measures**. At the core of the governance, it is about capacity building & enhancement of creating a range of opportunities. The path of overall development & sustainable growth is



Prof. (Judge) Mervyn E. King SC
Chairman, King Committee on
Corporate Governance;
Patron, Good Governance Academy,
Chair Emeritus, IIRC & GRI and
former Judge, Supreme Court of South Africa



Mr. William Brooks, FCA
President
The Institute of Chartered Accountants
in England and Wales (ICAEW), UK



Mr. Jeff Jackson
Director, Asia Research
Glass Lewis, Australia



CS Mr. Nagendra D. Rao
President
The Institute of Company Secretaries of India

1. **Prof. (Judge) Mervyn E. King SC**
Chairman, King Committee on Corporate Governance;
Patron, Good Governance Academy, Chair Emeritus, IIRC & GRI and
former Judge, Supreme Court of South Africa
2. **Mr. William Brooks, FCA**
President
The Institute of Chartered Accountants in England and Wales (ICAEW), UK
3. **CS Mr. Nagendra D. Rao**
President
The Institute of Company Secretaries of India
4. **Mr. Jeff Jackson**
Director, Asia Research
Glass Lewis, Australia

Prof. (Judge) King shared that CG has moved from increasing the wealth of the shareholders to a value creation process. 3 pillars of CG are- Economy, Society & Environment. CG has changed the rule based system of how the company is directed & managed. Financial Reporting & Sustainability Reporting should be connected. Governance has moved from the mindless checklist approach to mindful outcomes approach, and the 4 outcomes are:

- Ethical culture with effective leadership – mind, health, soul & conscience of the company is in its collective minds of its BODs.
- Value creation in a sustainable manner
- Adequate & efficient Internal controls (CS functions, Risk & Compliances, Internal Controls)
- Legitimacy of the operations- trust & confidence with which the company works
- Boards should always be mindful that they are not adversely affecting all the 4 or any of the outcomes.

Mr. Brooks shared that Governance was earlier seen as a tick box exercise which has changed now. Public support & confidence are very much valued in promoting good governance. UK is now a highly diverse society and ICAEW promotes diversity because it helps in effective decision-making. He shared the concept of Creative Governance - Governance with a purpose i.e. going beyond compliance & rules. Governance should

dependent on effective administration, and effective administration is a function of good governance.

Thereafter, '**Keynote Session - I**' was held on "**Corporate Governance: Moving beyond mere Compliance**" with the following distinguished speakers who delivered the '**Keynote Address**':



Day-1 - Keynote Session-II

Distinguished Speakers live during the event: (From L to R):
Dr. Graham Wilson,
Dr. Rajendra Kumar, IAS,
Mr. Mark Millar, FCCA, Mr. Sanjay Nayar, Mr. Atul Temurnikar and Ms. Daisy Chittilapilly



Dr. Graham Wilson
Leadership & Organization
Development
University of Oxford, UK



Dr. Rajendra Kumar, IAS
Additional Secretary
Ministry of Electronics and
Information Technology (MeitY)
Govt. of India



Mr. Mark Millar, FCCA
President
ACCA - Association of Chartered
Certified Accountants, UK

be embraced in practicality. The extent of Non-financial reporting and non-financial standards are going to grow in future.

Mr. Rao shared that ICSI has held the Corporate Governance baton since last 5 decades. Companies Act, 1956 to Companies Act, 2013, Clause 49 to SEBI (LODR) regulations - all have played an important role in strengthening the CG scenario in India Inc. The need of the hour is to have CG for all the enterprises, including MSMEs and start-ups. CG is a key element in improving growth and enhancing investor confidence. CG is shifting from legal to a business imperative as it is being seen as a suitable competitive advantage.

Mr. Jackson spoke on '**Boards and their Role in taking Indian Corporate Governance beyond mere Compliance**'. In the assessments of Investors about company performance, India has made progress and exceeded Singapore, Hong Kong, China & Taiwan. India's vibrant Press is a bright spot compared to the other markets. There should be more transparency & accountability in terms of - Shareholder meeting disclosure, Executive compensation, Board Disclosures, Related Party Transactions, Merger/ Spin-off, Business Responsibility and Sustainability Reporting (BRSR). BRSR is a big step for India, especially for top 1000 Companies. India is an attractive market for foreign investment and based on NSDL data- net foreign portfolio continues to increase- from US\$ 14.376 billion in 2019

to US\$ 23.013 billion in 2020. Glass Lewis is focusing on further engagement with Indian Issuers in 2021 & beyond. At Glass Lewis, they are focusing on Climate Policy as the new Thematic Policy.

After Lunch recess, the '**Keynote Session - II**' commenced.

The **Introductory Remarks** were delivered by:

Dr. Graham Wilson

Leadership & Organization Development
University of Oxford, UK

Dr. Wilson in his 'Introductory Remarks' shared that the IOD, India has proved to be a fantastic platform to learn, meet and prepare for the sustainable future. He re-introduced the theme of the event and said this year theme is so contemporary in nature.

The '**Keynote Session - II**' was on "**Creating a Future-Ready Board which is Diverse, Socially Responsible, Tech-savvy and understands Inclusion**" with the following distinguished speakers who delivered the '**Keynote Address**':

1. **Dr. Rajendra Kumar, IAS**

Additional Secretary
Ministry of Electronics and Information Technology (MeitY)
Govt. of India

2. **Mr. Mark Millar, FCCA**
President
ACCA - Association of Chartered Certified Accountants, UK
3. **Mr. Sanjay Nayar**
Chairman
KKR India
4. **Mr. Atul Temurnikar**
Co-Founder and Executive Chairman
Global Indian International School (GIIS), Singapore
5. **Ms. Daisy Chittilapilly**
President - India & SAARC
CISCO, India

Dr. Kumar shared the digital transformation initiatives taken by the Indian government. He shared the key pillars of the **Digital India Programme** launched in 2015:

- Creating world class IT infrastructure. Today, 95% of the population in India has access to the internet
- Focus on digital services. 200 million transactions/day happening through the digital gateway
- Ensuring that the digital capabilities of the people should be enhanced
- Central Scheme for Interest Subsidy (CSIS) - 4,00,000 CSIS across the country

In 2019, MeitY unveiled US \$2 trillion vision to ensure that digital economy in GDP can increase from US\$ 20 billion to at

least US\$ 1 trillion by 2025. He shared the 5 key components:

- i. Ensuring all the applications for digital services should be brought to a common platform to ease the use for the common people.
- ii. To focus on emerging technology & improved applications
- iii. Encourage & develop the start-up ecosystem. In 2021, India has 29 unicorns, making it a total of 70 unicorns. Focus on electronics manufacturing & developing ecosystem.
- iv. Ensuring that we can support the emergence of data economy in India
- v. Focusing on Cyber Security- A Bill is in the Parliament to put in place a legal framework how to use data.

In UN Global Cyber Security Index, India ranks 10, indicating that we are in the top 10 countries. Leaders who will display the technological, emotional & cultural intelligence & navigate this fast changing world, will play a critical role in 'Future Ready Governance'.

Mr. Millar shared that ACCA is working closely with IOD, India on Board Readiness. How Board room operates, is essential to the health of organization. **Healthy Boards lead to a Healthy Organization**. It is important to set the tone right at the top. With Social & Environmental challenges becoming more formidable; we should look for avenues to nurture younger leaders to become Board Ready.



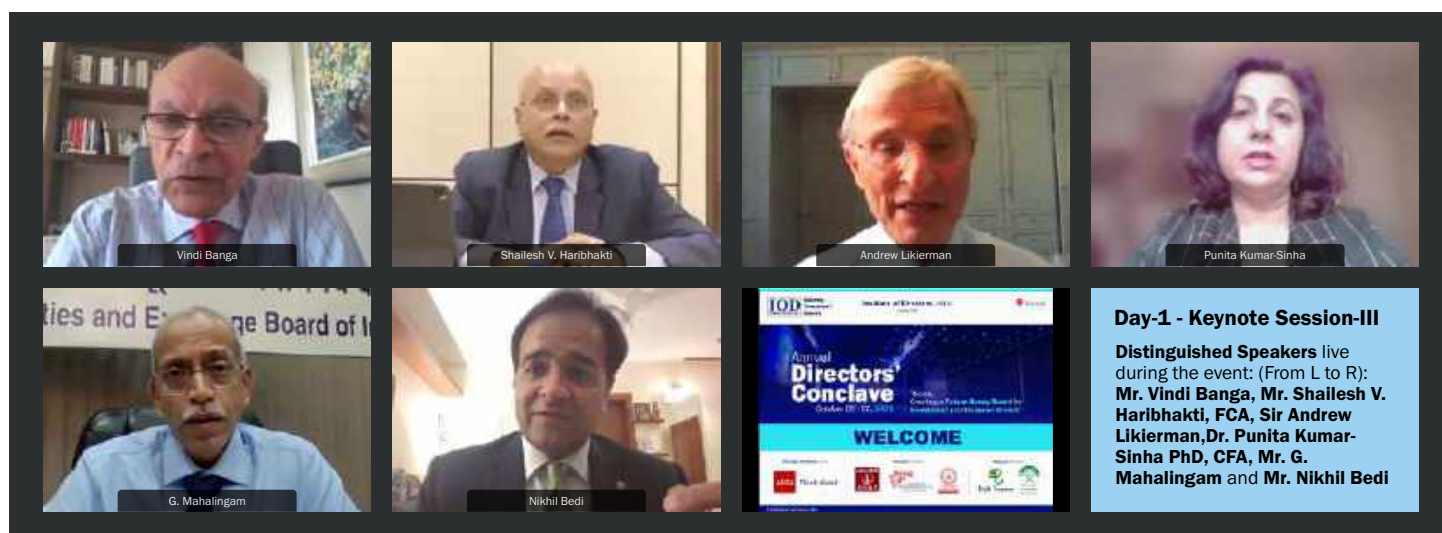
Mr. Sanjay Nayar
Chairman
KKR India



Mr. Atul Temurnikar
Co-Founder & Executive Chairman
Global Indian International School
(GIIS), Singapore



Ms. Daisy Chittilapilly
President - India & SAARC
CISCO, India



Mr. Nayar shared that disruptions and geopolitical risks are here to stay. A director on board should have a good understanding of the business of the company. We need to create an open-minded culture, and also encourage & select the Board Members who can initiate open communications. He stressed the need for creation of ad-hoc committees on Board like ESG Committee, Risk Management Committee etc. to enable effective long-term decision-making. Diversity of Background experience is important to increase inclusiveness. What you leave behind in a company after you leave it as an investor, leaves a long-term mark.

Mr. Temurnikar shared that millennials today are one of the biggest disruptive consumer force. 75% of the world labour market by 2025 will be millennials. In the next 5 years, a 15% increase is projected to be seen in the overall spending by the millennials. If the boards do not align their business objectives according to these millennials choices, then they will lose an important market. Millennials are influencing the future generations. Gen Y are an emerging category of customers and stakeholders, and boards should take the note that sustainability supports Gen Y's decision-making, and that millennials are very much aware about it. Then it will influence the future generation's decision-making.

Ms. Chittilapilly shared that the present crisis has been transformational for the business. 'Stakeholder capitalism' is becoming critical along with other traditional areas. These are 5 major transitions:

- Grounding organizational strategies in sustainability
- According to HBR, 50% of the boards will prefer the hybrid way of working
- 77% of employees prefer working out of office for 3-5 days
- Boards must make top priority- diversity inclusion to gain competitive advantage

- CISCO exec leadership team- 40% gender diverse, 37% ethnicity diverse

Future Ready boards can serve as a bridge between promise & practice.

The '**Keynote Session - III**' was on "**Developing a roadmap for the Effectiveness of Boards through Independent Directors (IDs)**".

The '**Guest of Honour Keynote Address**' was delivered by:

Mr. Vindi Banga

Chair, UK Government Investments (UKGI);
Senior Partner, Clayton Dubilier & Rice, and
Senior Independent Director, GlaxoSmithKline plc, UK

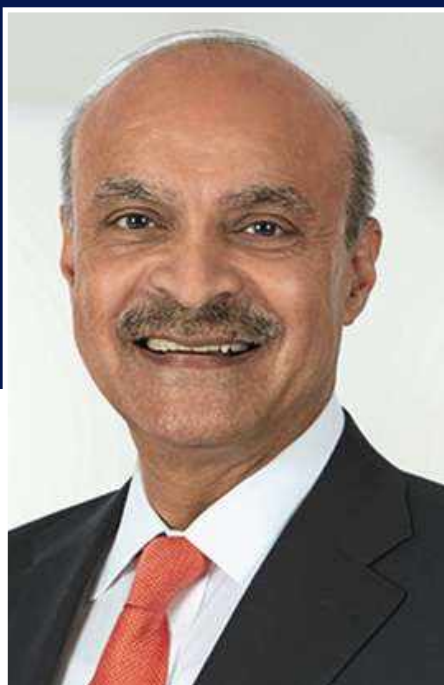
Mr. Banga shared that IDs can help Board effectiveness. Make sure you have right people on the Boards, look for the people who want to be in specific companies, who can align with the goals of the companies. Ensure to have right skills & capabilities around the board tables. IDs should have quality time to devote to the company – to know the company, and to take the decisions on behalf of the shareholders. It is Chair's job to find relevant people. He/she should get best from the board to ensure that the board engages and has right relationship with management of openness, free communications etc. **IDs should act as a conduit, to give independent feedback & appraise the Chair & enable the environment of open communications.**

The Session was **Chaired** by:

Mr. Shailesh V. Haribhakti, FCA

Chairman – Western Region, Institute of Directors, India;
Board Chairman – Blue Star Ltd., L&T Finance Holdings Ltd.,
Future Lifestyle Fashions Ltd. and NSDL e-Governance
Infrastructure Ltd.;

Independent Director on multiple Boards



Mr. Vindi Banga

Chair, UK Government Investments (UKGI);
Senior Partner, Clayton Dubilier & Rice, and
Senior Independent Director,
GlaxoSmithKline plc, UK



Mr. Shailesh V. Haribhakti, FCA

Chairman – Western Region,
Institute of Directors, India;
Board Chairman – Blue Star Ltd.,
L&T Finance Holdings Ltd.,
Future Lifestyle Fashions Ltd.
& NSDL e-Governance Infrastructure Ltd.;
Independent Director on multiple Boards



Sir Andrew Likierman

Professor of Management Practice,
and former Dean
London Business School, UK

Mr. Haribhakti shared that in a pandemic, Boards were challenged to keep the momentum of decision-making going on. Board's readiness in migration to the digitization & cloud has been transformational. Boards should focus on how to go direct to your customers. ESG has begun to be an agenda on Boards to pursue. It is important to look at the value delivery over the life of the asset- an important question boards are facing. Extent to which human resource has become critical in terms of up-skilling, re-skilling etc. in spite of huge disruptions.

The '**Keynote Address**' was delivered by:

1. **Sir Andrew Likierman**
Professor of Management Practice, and former Dean
London Business School, UK
2. **Dr. Punita Kumar-Sinha PhD, CFA**
Investment Professional & Board Member
Independent Director on the Boards of Lupin Limited, JSW Steel, Blackstone Embassy REIT and Rallis India Limited,
and Governor on the Board of the CFA Institute,
Founding Partner, Pacific Paradigm Advisors Boston/
India

Sir Likierman shared that all Directors have a duty to exercise Independent judgement. He shared the following 12 Points:

- Attention to what you read
- Checking the info and assumptions & applying these
- Avoid due reliance on one person or whole Board
- Context of your own judgement
- Developing an informed view
- Freedom from undue influence
- Awareness of one's own biases
- Understanding risk & uncertainty
- Being able to argue & make choice- diverse views are encouraged and dissent is safe
- Checking for the options
- Implications of the trade-offs
- Awareness for the need of the consultations

Dr. Kumar-Sinha shared that over the last year, role of Independent Directors (IDs) has evolved. Virtual meetings have their own set of challenges. Boards are exposed to technological challenges and therefore, Cyber Security should be the special focus.

Boards need to balance the needs of shareholders, investors, promoters, founders, stakeholders & yet being independent in

decision-making. Rise of shareholder activism & proxy voting firms will impact the future role of IDs. She highlighted the vital role of committees and internal controls for compliance oversight. Further, she suggested that the Board should act independently and go for independent counsel in case of disagreement between various shareholders. Lastly, she emphasised on the demands of ESG to be considered by the boards.

Thereafter, a **'Special Keynote Address'** on **"SEBI's robust framework for Independent Directors"** was delivered by:

Mr. G. Mahalingam

Whole Time Member

Securities and Exchange Board of India (SEBI)

Mr. Mahalingam shared that relevant experience in the domain of the company or special domain as far as company is concerned. SEBI expects that every ID should bring:

- Impartiality
- Protection of interest of minority investors
- Company's interests
- Domain experience

Whether you are a finance/ non-finance person, you are expected to understand the Financial Statements of the

company, as a common man would understand, to make out the significant highlights. Raise the questions in board meeting and find out if you are getting the satisfactory answers; if you don't get that, then delve deeper. Every question by ID is relevant and should be answered by Management. IDs act as watchdogs as far as minority shareholders are concerned. Liability of ID- If you are not being present in the meeting, and then too you are supposed to be vigilant and give your comments. If you are in a meeting, raise questions. If a fraudulent transaction is not going through the board, then IDs are not responsible.

Thereafter, a special Release & Presentation of a Survey Report on **'The Role of Independent Directors in addressing Corporate Fraud and Misconduct'** which was conducted jointly by IOD, India & Deloitte Touche Tohmatsu India), was made by **Mr. Nikhil Bedi**, Partner and Leader – Forensics, Financial Advisory, Deloitte Touche Tohmatsu India LLP.



Dr. Punita Kumar-Sinha PhD, CFA
Investment Professional & Board Member
Independent Director on the
Boards of Lupin Limited, JSW Steel,
Blackstone Embassy REIT & Rallis India Limited, &
Governor on the Board of the CFA Institute,
Founding Partner,
Pacific Paradigm Advisors Boston/India



Mr. G. Mahalingam
Whole Time Member
Securities & Exchange Board of India
(SEBI)



Mr. Nikhil Bedi
Partner and Leader
Forensics, Financial Advisory,
Deloitte Touche Tohmatsu
India LLP

Day 2 – October 7, 2021



Day-2 Opening Keynote Session

Distinguished Speakers live during the event: (From L to R): **Mr. Ashok Kapur, IAS (Retd.), Mr. Sivasubramanian Ramann, IA&AS, and Mr. Alok Tandon, IAS**

Mr. Ashok Kapur, IAS (Retd.), Director General, Institute of Directors, India, on behalf of IOD, India, welcomed all to the Global Webinar, i.e. the Second Day on the theme of '**Creating a Future-Ready Board for Investment and Inclusive Growth**' in the context of aiding the achievement of many of the 17 UN SDGs by India, with the support & participation by corporates in both private & public sector.

The '**Keynote Address**' was delivered by:

Mr. Sivasubramanian Ramann, IA&AS

Chairman & Managing Director
Small Industries Development Bank of India (SIDBI)

Mr. Ramann shared that the way India has moved using corporate vehicles has put India in a league with major countries. Management is divorced from the ownership- any entity would benefit from that. Concept of ESG is an important concept and we need to stop this transfer of responsibility of sustainability to one another (e.g. small companies saying its big companies responsibility & big companies saying its government's responsibility)

- Every entity should look at the concept of ESG.
- It is the responsibility of the board to ensure data security & privacy
- Directors have to put uncomfortable questions.
- We need to think how to strengthen the hands of Ids
- Separate technical violations from malafide intentions.

The '**Guest of Honour Address**' was delivered by:

Mr. Alok Tandon, IAS

Secretary
Ministry of Mines
Govt. of India

Mr. Tandon complimented the IOD for playing a proactive and pivotal role in trying to bring positive changes in the operations of Corporate Boards. It is not only the multidimensional nature of living standards that need to be understood but also the challenges of organization; climate change and job automation will need to be taken into account if a sustainable model of business development has to be created. On Public Policy framework, he shared his thoughts as under:

- The Pro-Competition Policy measures tend to support inclusive growth
- Focus on innovation
- Entrepreneurship access to weaker sections of the society
- Ensuring a faster growth should not lead to income disparities
- Facilitating inclusive growth. This can be done by boosting productivity in low productivity sectors, and also facilitating movement of labour to productivity sectors
- Skill training has to be widened in terms of numbers and jobs covered, to further open up productive job opportunities



Mr. Ashok Kapur, IAS (Retd.)
Director General
Institute of Directors
India



Mr. Sivasubramanian Ramann, IA&AS
Chairman & Managing Director
Small Industries Development
Bank of India (SIDBI)



Mr. Alok Tandon, IAS
Secretary
Ministry of Mines
Govt. of India

He concluded his address by highlighting that Climate Change events are known to have affected consumer demand in industrial production. It is time that corporate boards develop a business framework to respond to increasing costs for climate adaptation and resilience in wider ecosystem.

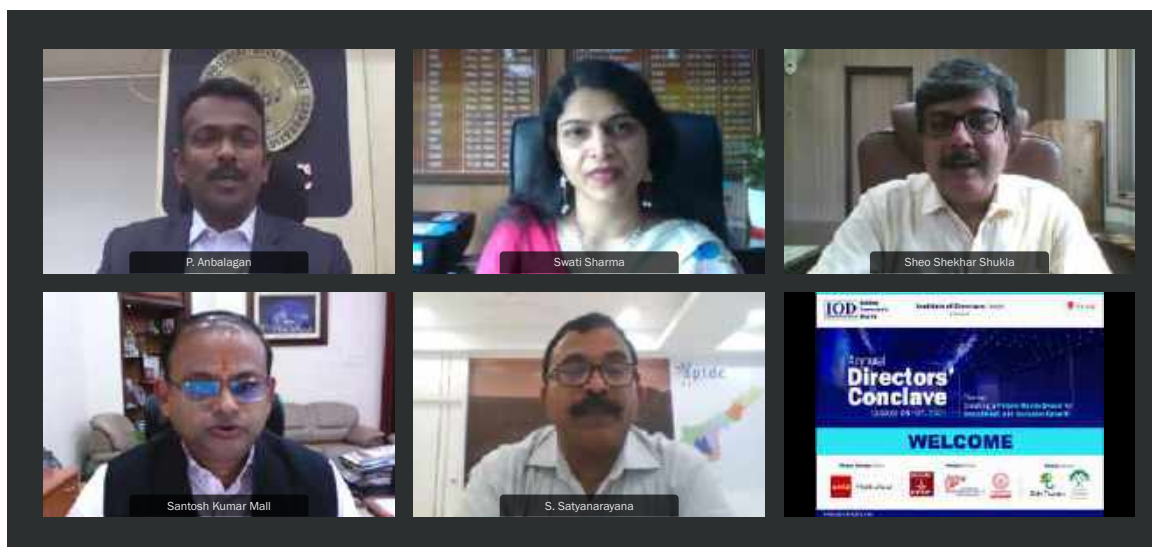
The '**Keynote Session - IV**' was held on "**Governance Strategies for State Development**" with the following distinguished speakers who delivered the '**Keynote Address**':

1. **Dr. P. Anbalagan, IAS**
Chief Executive Officer
Maharashtra Industrial Development Corporation (MIDC)
Govt. of Maharashtra, India
2. **Ms. Swati Sharma, IAS**
Secretary (Tourism), Govt. of NCT of Delhi; and
Managing Director & Chief Executive Officer,
Delhi Tourism & Transportation Development
Corporation Ltd., India
3. **Mr. Sheo Shekhar Shukla, IAS**
Principal Secretary – Tourism, and
Managing Director, Madhya Pradesh Tourism Board
Govt. of Madhya Pradesh, India
4. **Mr. Santosh Kumar Mall, IAS**
Secretary - Tourism
Govt. of Bihar, India

5. **Mr. S. Satyanarayana, IAS**
Chief Executive Officer
Andhra Pradesh Tourism Authority

Dr. Anbalagan outlined the development plans of MIDC. Having 59 MoUs with big investors, the **Magnetic Maharashtra 2.0** is one of the largest sub national economies and aspires to become the first trillion dollar economy of the country. His state has received close to 40 billion USD of investment in transport infrastructure. He also highlighted how the state is moving towards more sustainable measures. MIDC is going to have almost green power at more than 800 places in their utilities and close to 30 to 40% of electricity consumption is going to be through renewal energy.

Ms. Sharma, spoke on '**Tourism for Inclusive Development**'. She shared that prime focus should be government policies. Policy matters when people matter. In February-March, they successfully organised one of their signature events, Garden Tourism Festival, which saw close to 1 Lakh visitors, both local and international. On September 20, the Delhi tourism mobile application was launched. She shared that the Board of Delhi Tourism and Transportation Development Corporation is acutely aware of its responsibilities regarding excellence and innovation, governance strategies and development strategies.



**Day-2
Keynote Session-IV**

Distinguished Speakers live during the event: (From L to R): **Dr. P. Anbalagan, IAS, Ms. Swati Sharma, IAS, Mr. Sheo Shekhar Shukla, IAS, Mr. Santosh Kumar Mall, IAS and Mr. S. Satyanarayana**

Mr. Shukla talked about the plans of MP Tourism Board. Cave paintings are known world over and we have a number of cultural museums in the state which showcase the different aspects of ancient art and culture. Authentic items are available through Madhya Pradesh. Cottage industry showrooms spread throughout the country and we also offer these items or commerce platforms to anyone who wants to have these objects. One of the cleanest states for the last couple of years continuously. Indore has been declared as the cleanest city in the country and Bhopal, the second cleanest city in the country. The state gives special offers for promoting 'water tourism', adventure, adventure and other forms of tourism. More than seventy projects have been completed. They are even different levels of subsidies and special policy for investors for creation of Wellness resorts or facilities. MP is also known for sports, adventure and camping activities. In last two years, they have created a number of good camping sites for Eco Tourists who are conscious and would like to have the flavour of wild landscape and the forest areas of Madhya Pradesh.

Mr. Mall shared that the birthplace of two great religions of the world are in his state, Buddhism & Jainism. Lord Mahavira was born here and Lord Buddha attained Enlightenment. Major tourist circuits- Buddhist circuit, Jain circuit, Ramayana Circuit, Guru Circuit, Sufi circuit, Shiv Shakti Circuit, Gandhi Circuit, etc. 3 niche Tourism facilities - Heritage Tourism, Eco Tourism and

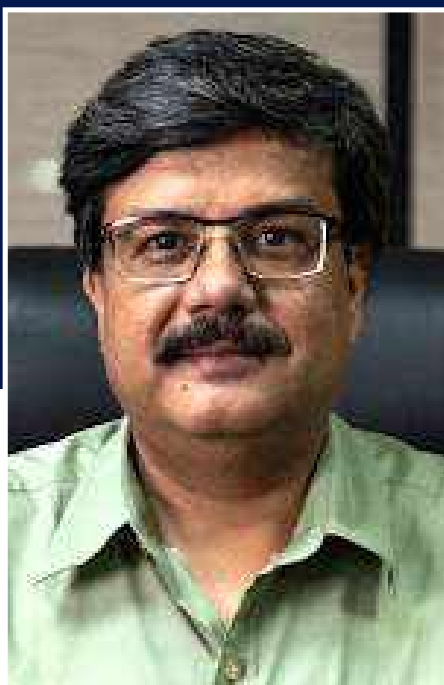
Fairs & Festivals Tourism. Bihar today ranks 9th in Foreign tourist arrivals in India, main season being- October-March. Top tourist destinations in Bihar are - Patna, Gaya and Bodhgaya, Nalanda, Munger, Vaishali, Muzaffarpur, Bhagalpur. These places account for 71% of total tourist arrivals in Bihar. 1.81% of domestic tourist arrivals in India and 3.77% of total foreign tourist arrivals in India. The largest 'stupa' in world, Kesaria, is located in East Champaran in the state. Bihar Industrial



Dr. P. Anbalagan, IAS
Chief Executive Officer
Maharashtra Industrial Development Corporation (MIDC)
Govt. of Maharashtra, India



Ms. Swati Sharma, IAS
Secretary (Tourism), Govt. of NCT of Delhi; and
Managing Director & Chief Executive Officer,
Delhi Tourism & Transportation
Development Corporation Ltd., India



Mr. Sheo Shekhar Shukla, IAS
Principal Secretary – Tourism, and
Managing Director,
Madhya Pradesh Tourism Board
Govt. of Madhya Pradesh, India



Mr. Santosh Kumar Mall, IAS
Secretary - Tourism
Govt. of Bihar, India



Mr. S. Satyanarayana, IAS
Chief Executive Officer
Andhra Pradesh Tourism
Authority

Investment Policy, 2016- 100% reimbursement of stamp duty and land conversion charges, a venture capital fund of Rs 500 crore set up under Bihar Start-up Policy. Policies/ Schemes in the pipeline: Bihar Tourism Policy, Wayside Amenities Schemes, Tourism Asset Maintenance Policy, Bihar Film Policy and so on.

Mr. Satyanarayana shared the key objectives of Andhra Pradesh Tourism Policy. He highlighted concern on promoting '**Responsible Tourism**' practices among all tourism stakeholders. To foster skill development and build institutional capacity for skill development in tourism sector. To position the State as a preferred tourism destination, nationally & globally. To create a conducive environment for co-creation of diverse tourism products & experiences. 2nd largest Mangrove forest after Sundarbans. Andhra holds importance in Buddhist & Hindu Religions. AP has a great history of port development. Beautiful temples built by Vijaynagar Empire showcasing history. AP is 4th in the country in terms of tourism. AP is promoting rural tourism, eco- tourism & water tourism. AP Tourism Policy- 2020-25:

- Reimbursement of 100% stamp duty and transfer duty paid by units
- 100% waiver of Land Use Conversion charge for all new tourism units
- Reimbursement of 100% of net SGST

The '**Keynote Session - V**' was on "**ESG Strategies in the Boardroom: Board's new areas of focus & priorities on Agenda**" with the following distinguished speakers.

The '**Guest of Honour Keynote Address**' was delivered by:

Ms. Mudita Mishra

Additional Development Commissioner (Handicrafts)
Ministry of Textiles, Govt. of India, and Managing Director,
NHDC Limited

The '**Keynote Address**' was delivered by:

1. **Mr. Sivaramakrishnan Ganapathi**
Managing Director
Gokaldas Exports Limited, India
2. **Mr. Terry Heymann**
Chief Financial Officer
World Gold Council, UK
3. **Mr. Ranjan Kumar Mohapatra**
Director - Human Resources
Indian Oil Corporation Limited, India
4. **Mr. Siddharth Sharma**
Group Chief Sustainability Officer
Tata Sons Private Limited, India



**Day-2
Keynote Session-V**

Distinguished Speakers live during the event: (From L to R): **(Ms.) Mudita Mishra, Mr. Sivaramakrishnan Ganapathi, Mr. Terry Heymann, Mr. Ranjan Kumar Mohapatra, and Mr. Siddharth Sharma**

Ms. Mishra shared, **“I am in the cosmos and the cosmos is in me”**. ESG represents 'Risk' and 'Returns' that will impact the company's ability to create long term value. The social criteria consider how a company frames its organizational behaviour. We are living in a globally interconnected world and so our solutions need to be interconnected & collaborative. ESG companies need a tangible and practical plan that they can act on. We have to walk the talk. It's not about financials or disclosures of climate change or diversity alone; it's about integrating all of these principles into our strategy and into our operations in to our everyday work. As companies, we need to break down the ESG goals into risk metrics, assign them risk weights and embed them in a risk policy of the company. NHDC, along with the handloom sector in India is the largest textile manufacturer and exporter in the world, largest employer, both directly & indirectly. Handloom & Handi-crafts sectors are sustainable in nature & compliant friendly. Community oriented sectors. 95% of the world's hand woven fabric comes from India

Mr. Ganapathi shared that Gokaldas Exports Limited is a leading apparel manufacturer in India, serving global customers. The population of those world would soon be almost eight billion, 50% of those would be the consuming class, even as the populations age in advanced countries. The consuming classes will be in developing economies. 50% of the humankind is living in cities, 66% of total wealth creation, is in top 600 cities. Industries are shifting from

China to other countries like Vietnam, Cambodia, Bangladesh and India. Asia continues to be the supply hub for the world and is adopting a heightened focus on ESG. ESG AUM (Asset under Management) has increased in past years. Investors are driving up ESG expectations from corporates. Consumer attitudes are changing, and they are demanding sustainable products in an environmentally friendly packaging from companies that take ESG seriously. Basic traceability of all the inputs, both raw



Ms. Mudita Mishra
Additional Development
Commissioner (Handicrafts)
Ministry of Textiles, Govt. of India, &
Managing Director, NHDC Limited



Mr. Sivaramakrishnan Ganapathi
Managing Director
Gokaldas Exports Limited
India



Mr. Terry Heymann
Chief Financial Officer
World Gold Council
UK



Mr. Ranjan Kumar Mohapatra
Director - Human Resources
Indian Oil Corporation Limited
India



Mr. Siddharth Sharma
Group Chief Sustainability Officer
Tata Sons Private Limited
India

material and labour related that go in to the products that they consume. Sustainability reporting in India is also gathering momentum, with SEBI launching the Business Responsibility and Sustainability Reporting for top 1000 listed entities. A strong ESG adherence is financially rewarding for the company as well as socially awarding.

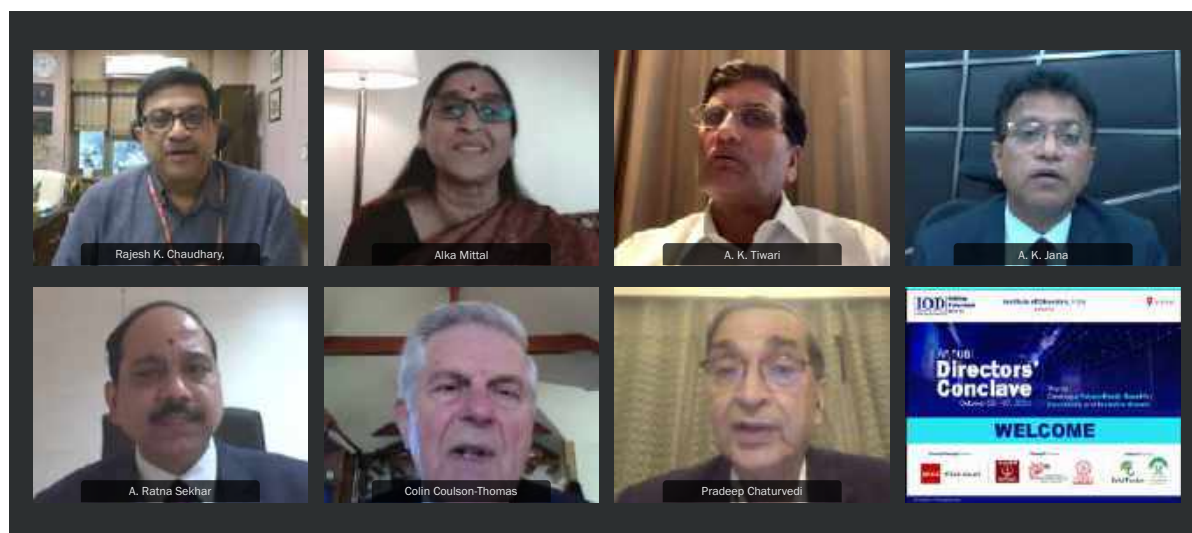
Mr. Heymann said ESG is important for all the stakeholders. More and more financial investors want to understand what companies are doing from an ESG perspective. It is important to keep in mind the ability of the company to play a role in Economical & Social Development. Gold is a kind of risk-resilient asset. Gold bar does not emit energy & it aligns with 'net zero'. As a result, many investors are having gold on their investment portfolios. He pushed for Responsible Gold Mining and to adopt ESG in bringing economic benefits to all.

Mr. Mohapatra complimented the IOD, India for meticulous crafting of the theme of the Directors' Conclave. He shared that creating more inclusive environment is essential for economic growth of a country. Equitable growth is not just a social abbreviation for the companies. ESG focus is still evolving & a strong consensus is being developed for long-term Sustainability. Robust ESG strategies can create sustainable values and can also contribute in increasing employee satisfaction. He further shared that 'employee satisfaction is positively correlated to shareholder return and it thereby

becomes a motivation'. At Indian Oil, they are driving the ESG agenda and the challenge is how to provide clean & affordable energy simultaneously.

Mr. Sharma spoke on '**Boards & ESG**'. He said ESG is not going anywhere. It is here to stay and is more than an environmental concern. It is the Board's responsibility to take the lead on ESG. Boards are uniquely positioned to ensure the mainstreaming of Sustainability into business strategy & practices. ESG strategies should be aligned with business strategies & organisational purpose & culture. The Board must ensure that there is an engagement between the various committees, the Risk Committee, the CSR Committee and any other committees of the Board. The responsibility of the Boards is to ensure risk management, keep abreast of emerging trends, review the performance, ensure quality disclosures. At Tata group, Sustainability is deep rooted in the ethos of the organisation and is reinforced by all Tata Chairmen, who led by example. Tata group adopted a policy on Climate Change as early as in 2009. Tata Sustainability Group in 2014 as an ESG CoE (Centre of Excellence). Sustainability is not only top driven, but it should be taken care of at all levels.

The '**Keynote Session - VI**' was held on "**Corporate Governance in Public Sector Enterprises: Developing Innovative Frameworks**" with the following distinguished speakers:



Day-2 Keynote Session-VI

Distinguished Speakers live during the event:
(From L to R): **Mr. Rajesh K. Chaudhary, IFoS, Dr. Ms. Alka Mittal, Mr. A. K. Tiwari, Mr. A. K. Jana, Mr. A. Ratna Sekhar, Prof. Colin Coulson-Thomas and Mr. Pradeep Chaturvedi**

The '**Guest of Honour Address**' was delivered by:

Mr. Rajesh Kumar Chaudhry, IFoS

Additional Secretary
Department of Public Enterprises
Ministry of Finance
Government of India

The '**Keynote Address**' was delivered by:

1. **Dr. (Ms.) Alka Mittal**
Director (HR)
Oil & Natural Gas Corporation (ONGC), India
2. **Mr. A. K. Tiwari**
Director (Finance)
GAIL (India) Limited
3. **Mr. A. K. Jana**
Managing Director
Indraprastha Gas Ltd., India
4. **Mr. A. Ratna Sekhar**
Chairman & Managing Director
Balmer Lawrie & Company Limited, India

Mr. Chaudhry shared that 250 Public Sector Undertakings are operating as Central Public Sector Enterprises (CPSE) and have employed around 32 lakh people. Around 31 exemptions are given to PSUs under the Companies Act, 2013, of which nearly 11 of them can be further reduced, so that PSUs can move closer to private companies. Independent Directors should be aligned with the functions of the company. Oversight mechanism and how much delegation is given to them. He also shared that discussions have been initiated with the Ministry for advanced rulings on initial disclosures.

Dr. (Ms.) Mittal shared that ONGC's Corporate Governance

initiatives are led by human values. At ONGC, compliance of law is a priority. Risk Management is a vital part of ONGC's business routine. She emphasized on the need to have a more robust internal control systems.

Mr. Tiwari shared that GAIL has always been progressive in terms of implementing leading Corporate Governance practices. Efforts must be taken to promote transparency and integrity. Focus should be made on regular training of the employees, succession planning, decentralization, delegation of power, regular policies and procedures. New corporate governance norms are evolving very fast and governance structure and policies needs to be aligned with the same market trends to value long term commitments. Split the role of Chairman & Managing Director. Number of functional directors should be increased. A mechanism to evaluate the overall performance of the boards should be installed.

Mr. Jana shared that IGL is having a particular focus on digitization aspect. All investors are now focusing on Corporate Governance, not just for the growth; they are demanding a sustainable as well as an ethical code.

Mr. Sekhar shared that good Corporate Governance is a key for a future ready board that aims at adding value by augmenting opportunity identification and maintaining its duties to investors. Stakeholders leadership teams are expected to lead well and reflect strong stakeholders' values.

Further, he shared that Public Sector Enterprises have a huge responsibility of nurturing the values of transparency, accountability and social responsibility.

He shared the **5 Pillars of Governance** that the company conforms to, as a part of its commitment to adopt global best practices-



Mr. Rajesh Kumar Chaudhry, IFoS
Additional Secretary
Department of Public Enterprises
Ministry of Finance
Government of India



Dr. (Ms.) Alka Mittal
Director (HR)
Oil & Natural Gas Corporation
(ONGC), India



Mr. A. K. Tiwari
Director (Finance)
GAIL (India) Limited

- i. Accountability to its stakeholders,
- ii. Absolute transparency in its reporting system,
- iii. Attendance to disclosure,
- iv. Compliance by ethical standards, and
- v. Conduct of business with enhancement in the stakeholders' value on consistent basis, contributing to the enrichment of quality of life.

The interest of the organization and all its stakeholders should be an utmost priority with the Boards. The Balmer Lawrie board ensures that the business operations are being executed with highest level of ethical standards, along with various committees to monitor, analyse, and evaluate the specific operations of the company.

He concluded his address by saying, **'The difference between ordinary and extraordinary is that little extra, so we need to do that little extra and then do extraordinary things'**.

All the Sessions were followed by an interactive **Q&A Session**.

Thereafter, **Prof. Colin Coulson-Thomas**, Director General - UK and Europe Operations, Institute of Directors, India and President, Institute of Management Services, UK shared the

'Summary of Recommendations'. The comprehensive Summary of Recommendations has been printed elsewhere in this issue.

Mr. Pradeep Chaturvedi, Vice President, Institute of Directors, India proposed the **'Vote of Thanks'**. He thanked the Chief Guest, Guests of Honour, Session Chairmen, Distinguished Speakers for their valuable address; and the audience of over 1200, over two days, who joined us from India and the seventeen countries across the globe. Special thanks were also conveyed to the Event Partners for their encouraging and valuable support.

He appreciated the special Release & Presentation of a Survey Report on the topic **'The Role of Independent Directors in addressing Corporate Fraud and Misconduct'**, conducted jointly by Institute of Directors, India & Deloitte Touche Tohmatsu India. He concluded by recognising the 'Future Role of Boards' in strategizing inclusivity for business growth. The Boards have to focus on innovation, sustainability, diversity and inclusivity as defined by various distinguished speakers.

The Global Webinar was hosted online via Cisco Webex account, and also streamed live on YouTube and LinkedIn.



Mr. A. K. Jana
Managing Director
Indraprastha Gas Ltd.,
India



Mr. A. Ratna Sekhar
Chairman & Managing Director
Balmer Lawrie & Company Limited
India



Mr. Pradeep Chaturvedi
Vice President
Institute of Directors
India

The event was supported by IOD Partners

- The **Principal Strategic Partner** was ACCA (the Association of Chartered Certified Accountants).
- The **Principal Partners** were Oil and Natural Gas Corporation Limited (ONGC) and Maharashtra Industrial Development Corporation (MIDC).
- The **Platinum Partners** were Delhi Tourism and Bihar Tourism.
- The **Gold Partners** were World Gold Council, CISCO, GAIL (India) Limited, India Tourism Development Corporation Limited (ITDC), Jharkhand Tourism, Gokaldas Exports Limited, National Handloom Development Corporation Limited (NHDC), Universal Sompo General Insurance Company Limited, Mazagon Dock Shipbuilders Limited and National Small Industries Corporation (NSIC).
- The **Silver Partners** were Andhra Pradesh Tourism Authority, Gujarat Tourism, Indraprastha Gas Limited, Delhi State Industrial and Infrastructure Development Corporation Limited (DSIIDC), Glass Lewis from Australia, Tristar Group from UAE, National Payments Corporation of India (NPCI), Madhya Pradesh Tourism, Indian Oil Corporation Limited, Mineral Exploration Corporation Limited (MECL) and Chhattisgarh State Industrial Development Corporation (CSIDC).
- The **Associate Partners** were The Hutti Gold Mines Company Limited, Hindustan Copper Limited, NMDC Limited, Balmer Lawrie & Company Limited, SMC Group, Mahanagar Gas Limited, Indian Railway Catering and Tourism Corporation (IRCTC) and Department of Industries and Commerce, Govt. of Karnataka.
- The **Knowledge Partners** were Deloitte and Global Schools Foundation from Singapore.
- The **Supporting Partner** was The Institute of Company Secretaries of India (ICSI).
- The **Media Partner** was The Economic Times, who were especially thanked for coverage of the global event. ■

This report is compiled by:

Ms. Sana Rehman
Manager and Executive Editor
Board Research, Survey & Publication
Institute of Directors, India

A Brief Overview on

Creating a Future Ready Board for Investment and Inclusive Growth

Corporate Governance – Moving Beyond Compliance

The Corporate governance of listed entities gained prominence in 1999, when SEBI appointed notable Indian industrialist, Mr. Kumar Mangalam Birla, to chair a Committee to “promote and raise the standard of Corporate Governance in respect of listed companies”. Under his chairmanship, this Committee authored the first report on 'Corporate Governance', titled the 'Report of the Kumar Mangalam Birla Committee on Corporate Governance'. The recommendations of this report were incorporated in SEBI's Clause 49 of the Listing Agreement. Needless to say, it was a path-breaking report, and set the basis for Corporate Governance norms in India.

The Companies Act, 2013 and SEBI's Listing Regulation, 2015, substantially raised the bar for Corporate Governance. This new Act not only introduced new concepts such as a one-person company, class action suits, registered valuers, mandating corporate social responsibility (CSR) spends, and performance evaluation of the board, committees and individual directors, but also made significant changes to provisions pertaining to governance, enhanced disclosure & reporting norms, compliance, auditors, and mergers & acquisitions, etc. It resulted in greater transparency.

The 2013 Act also made certain avant-garde provisions. It mandated the appointment of a Resident Director and a Woman Independent Director, raising the issue of lack of gender diversity on Indian boards for the first time. It also defined the KMPs or Key Managerial Personnel of an organisation to comprise of Managing Director, Whole-time Director, Chief Executive Officer (CEO), Chief Financial Officer (CFO), Company Secretary, Manager, and any such other officer as may be prescribed. The revised SEBI regulations in 2015 elaborated as well as enhanced the role of the Audit Committees of Boards, entrusting them with risk oversight of the organisation,

providing greater transparency and accuracy of financial reporting and its disclosures, laying the ground for a robust system of internal controls and audits. It also highlighted the requirement for effective vigilance mechanisms, anti-fraud policies & frameworks and included provisions for related party transactions.

It also mandated that compensation paid to Non-executive Directors (NEDs), including Independent Directors (IDs) will have to be fixed by the Board and require prior approval of shareholders at the Annual General Meetings. It also said that a limit shall be placed on the extent of stock options that may be granted to NEDs, which was also required to be disclosed in the Annual Report of the company. IDs were also required to adhere to a 'Code of Conduct' and affirm their compliance to the same, annually.

Good governance pivots around culture and values. The board's role and responsibility need to permeate every aspect of its operations. Boards need to ensure all potential threats to business are systemically identified, carefully evaluated, and efficiently controlled. 'Strategic Foresight for Boards' is emerging as a tool for this. The IOD, India has instituted a 'Board's Strategic Foresight Cell' to take up this important project.

Good corporate governance practices by companies that transcend mere compliance and regulatory mandates, provide competitive advantage and opportunities for real value creation, sustainability and growth. Regulations and reforms aimed at economic progress, inclusivity, development, improved corporate governance practices as well as hedging risk & exposure to the dynamic and uncertain global economic climate will help India's rise as a superpower. Multiple challenges of governance will not get addressed until the selection, role and remuneration of independent directors are also suitably defined, structured and enhanced.

Creating a Future Ready Board

An organization is a complex network of people and processes, and is only as good as those who lead it. It is those on the board, who define the vision, strategy, goals, manage risks, set the tone and create the desired culture and ethics of the organization. As per Company's Act, every company shall have a board of directors, having:

- Minimum three directors for a public company, two directors for a private company, SEBI LODR Regulation 2015 states that top 1000 companies shall comprise of not less than six directors. As on 31 March 2020, 70% of boards has 7 to 13 directors and 14% had 14 or more directors.
- Every listed public company shall have at least 1/3rd of directors as IDs. SEBI LODR 2015 states listed companies will have more than 50% as IDs and one of them minimum as a woman.
- 34% boards still have to separate chairman and Mds.
- As on March 31, 2020 of the 279 IDs, only 14 were less than 50 years in age.
- 6 Board meetings in a year, of sufficiently long duration are considered adequate to discharge its duties satisfactorily.
- In 2020 - about 50% of IDs were in all board committees, while 50% were not in any committee.
- 25% of A/L Board evaluation were done by a third party.

An on-going IOD 'Board Survey', revealed the following:

- Indian boards are preparing for the future.
- Strategy, innovation, ethical, orientation and people power, the key levers of sustainable competitive advantage' are hardly discussed by Indian boards.
- Inward orientation hampers organizational effectiveness and growth. Boards monitor performance, IT and audit results to a high extent, on a periodic basis.
- Not giving enough attention to HR issues for developing future leaders and evolving a future focused business strategy, boards are doing disservice to the companies they head.
- Static and incremental improvements can no longer give a company much competitive advantage.
- IDs need domain knowledge, integrity and reputation, strategic thinking with a growth mindset, and a capability to work with other board members.
- Owing to their deliberate silence by not asking questions in board meetings, IDs are colluding with the promoters.

- The focus of board members is more on routine processes and compliances. Boards need to devote some time to assess the quality of internal management of the company.

What will boards look like in the future? Directors add value by looking forward on growth and innovation, but the board also needs to keep an eye on the rear view mirror, to ensure compliance and keep an eye on what is going right and what is not. The competency and independence of independent directors should be the prime reason for their effectiveness.

i. Change in Board Leadership Structures

While there has been an on-going global debate on the separation of the Chairperson and MD/ CEO roles, few jurisdictions or regulators across the globe have mandated this yet. In this respect, India has emerged as a front-runner in promoting the best possible corporate governance practices for corporate India.

ii. Momentum in Stakeholder Capitalism

There has been a marked shift in recent years, from stakeholder management to engagement and now to stakeholder capitalism. Businesses and companies are being forced to take into consideration the needs of not just their shareholders, employees etc., but also those of the all the stakeholders involved.

iii. Prominence of ESG

Moving forward, excelling in Governance practices will mean driving the Environmental and Social agenda and footprint of an organisation, as well as getting them both right. This would also be instrumental for the overall stakeholder relationship management. As organisations grow, board leaders' oversight for zero emissions, as well as inclusive policies for long-term sustained growth will be important.

iv. Rise of Shareholder Activism

The 2021 AGM season has seen the rise of shareholder activism in India. From the remuneration of promoters, to the appointment of second generation family members of promoters and even re-appointment of Independent Directors. Shareholders have been emboldened to voice their opinions through their votes on discernible issues.

v. Continued focus on Human Capital Governance

The pandemic has elevated issues of human capital governance and talent management to the Boardroom. Human capital, one of the intangible assets of an organisation, is now considered a competitive advantage and hence a key driver of long-term value.

vi. Emergence of Data Governance

Data is the new oil in the new world economy. It fuels businesses, as well as prompts and assists policy and decision-making. It has emerged as another intangible asset for organisations. Protecting and leveraging data for strategic advantage, improving data accessibility while also meeting the challenge of data sovereignty will require the mature policy formulation and foresight on the part of boards in the coming years.

vii. Diversity in the Boardroom

The present representation of women on boards in India is around 17.3%, as compared to over 40% in Norway, 25% in Sweden and France, and 18% in USA. Most western countries have a target of 30% by 2025. Companies need to improve gender bias in leadership by a change in attitude, as opposed to token adherence to top-down regulation. Critical to success will be focusing not on the number of women at the bottom, but in the middle and at the top.

India's Companies Act, 2013 and SEBI Rules for listed companies mandate that each corporate board appoint at least one female independent director. Globally there is enough buy-in for women directors. The boards with more women directors produce better financial results. Gender diversity has bloomed in India's pandemic-era hybrid work environment. Indian companies across industries, from information technology to consumer goods and even manufacturing are looking to step-up the recruitment of women. Infosys intends to have 45% women in its workforce by 2030, and Tata Steel is looking at 25% in manufacturing by 2025.

viii. Digitalisation of the Boardroom

Digitalisation across organisations has been suggested and accelerated by the onset of the Covid-19 Pandemic. Boards also have all digitized board processes, coordination, board and shareholder meetings, etc. In the post-pandemic era, while board members will like to meet their peers and interact with them, much of the board processes will be facilitated by technology. This will also set the tone at the top for digitalisation of operations across functions.

ix. Power of Board Committees

Board committees provide benefits (specialization, efficiency, and accountability benefits) and costs (information segregation). Consistent with these benefits and costs, committee activities increase with firm size, board tenure and size, and public information available to outside directors. Moreover, boards allocate directors in ways to alleviate information segregation through multi-

committee directors. Specifically, multi-committee directors tend to serve on related committees, with greater expertise and experience. Also, busy directors are less likely to serve on multiple committees, to avoid being overloaded.

A number of Indian boards have set up more committees than the ones mandated by the Govt. Recognising that board committees enable rational, strategic and independent decision-making, many companies have constituted Committees that would be of strategic importance such as the CSR, Sustainability, and Technology Committees etc. With the mandatory requirement to have Independent Directors as Chairpersons of certain Committees, and independence of actions, their role in affecting decision and policy-making in the boardroom will continue to increase.

x. Annual Board Performance Evaluation

Boards must self-assess their own performance annually. Delegation of responsibilities and close monitoring will ensure better and speedier decisions. How boards support, challenge, and evaluate their CEOs can be a bellwether of board effectiveness. The growing practice of executive sessions in which the independent directors meet alone is, according to the governance expert Ram Charan, "the single most important innovation in our governance to date."

Currently in India, listed companies with a paid-up share capital upwards of Rs. 25 crores are mandated to perform an Annual Board Performance Evaluation. This exercise as yet, has not been mandated to be carried out by an external agency. The IOD, India has been carrying out Board Performance Evaluations for some of the biggest business groups in India. In the coming years, this is poised to change, considering the profound effects of external board performance evaluation can have on the overall effectiveness of the Board.

India's future boards, composed as per their specific diversity, knowledge and domain expertise, will be innovative, risk and ESG compliant with social, cultural, and ethical orientation. Boards will need to embed SDGs in their corporate goals. India's commitment for SDGs is reflected in their model for monitoring the national 'SDG Indicator Framework', covering 115 indicators.

Growing Role of Independent Directors (IDs)

The role and responsibilities of Independent Directors (IDs) in corporate boards has scaled up considerably during the last two decades. Occupying over 50% of the board's strength, IDs are now a critical component of compliance and good corporate governance, represent the interests of minority shareholders,

and are a check to balance promoters and the operating management. SEBI has already stipulated that top 500 companies will have Chairman, who is a non-executive i.e. ID. Govt. of India has set up a databank of ID's, who are qualified and fit, for direct selection by the corporates.

Independent directors are a critical component of good corporate governance, as they represent the interests of minority shareholders and act as a check and balance on promoters and the operating management. Regulatory prescriptions rely heavily on the office of Independent Directors (ID) for ensuring better standards of governance. The reality is that in most cases, it is the promoter group and operating management that decide and effectively elect the independent directors. Minority shareholders, whose interests are expected to be represented by these independent directors, have very little say.

The Companies Act of 2013 has strengthened the institution of IDs. Every board must have at least 1/3rd of its directors as IDs, and 50% if the Chairman is an Executive Director. IDs must satisfy the definition of independence, as given under the Companies Act, 2013 and the SEBI Listing Regulations, 2015, before getting appointed as Independent Directors. From April 2022, the top 500 listed companies in India must appoint a Non-Executive Director (NED) as chairperson, separating the board from top management.

However, there are no minimum qualifications or experience required for appointment as Independent Directors. The definition of the Independent Director is so wide, that often the companies find difficult to zero in on the Independent Directors. IDs depth of business knowledge at the firm level is mostly shallow, and the bandwidth to study the multiple challenges faced by the organization are limited, thus generally limiting the role to compliance of regulatory standards, and discharging basic fiduciary responsibilities. IDs are rarely involved in detailed strategy discussions. To improve quality of corporate governance, we need to redefine and enhance the role of IDs, with a formal induction programme.

With the objective of strengthening the institution of Independent Directors under the Companies Act, the 'Independent Director's Databank' has been set up in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder. A pioneering initiative, it aims to provide an easy-to-access platform for the mandatory registration of existing Independent Directors as well as individuals aspiring to become Independent Directors. All are required to pass an 'online proficiency test' to qualify. The Institute of Directors, India has trained over 1000 directors and senior executives for the above-mentioned 'Proficiency Test for Independent Directors' over the last one year.

In India, average remuneration of IDs, including sitting fees and commission is below Rs. 700,000 per year, with top 500 companies paying a minimum of Rs. 5 Lakh/ year. Under the Companies Act, IDs can be paid up to Rs. 1 Lakh as sitting fee per board and committee meeting. The commission paid to IDs can be up to 1% of the company's 'Net Profit', under the current rules. Given the responsibilities put on the independent directors, they must be fairly compensated. Directors could be offered 'employee stock ownership plans', giving them significant upside if the company does well.

The role of Independent Directors came under intense scrutiny in the recent boardroom battle between Ratan Tata and Cyrus Mistry. The independent directors in different Tata companies were split in their views. While at Tata Sons a majority backed Ratan Tata, at Tata Chemicals and Indian Hotels, all of them endorsed Cyrus Mistry. At Tata Steel they were equally split. Though independent directors are appointed by the boards of companies, they have to take a call in the interest of all the stakeholders, especially minority.

On one side the quality and capability of the IDs available is a big question mark and corporates are struggling to get IDs on board. On the other side, the IDs are hesitant in accepting the independent directorships, as they are apprehensive about their reputation and fear legal liabilities. Every exposed scam leads to rising resignations of IDs. Recently SEBI Chairman Mr. Ajay Tyagi stated that he observes an increasing trend in number of resignations by IDs, during the last 3 years.

In this aspect, shareholders are being empowered as well as entrusted to pass a special resolution for the appointment, re-appointment and removal of independent directors in listed companies. This provision drastically reduces the influence of promoters in such matters and is poised to ensure sound practices of corporate governance are followed in Indian boardrooms.

Multiple challenges of governance will not get addressed, unless the role of IDs is redefined, structured and enhanced. Are ID's voicing concerns of small investors, related party transactions, conflicts of interest, and information asymmetry and compliance. IDs should be involved in detailed long and short term strategy discussions for the organization. The success of the board is largely a function of quality, diversity, skills and experience of IDs. Soft skills for IDs are paramount for getting ahead in the work place, and vital in situations requiring persuasion and negotiations.

India's Growth Story

In the last 3 decades, India's Dalal Street has evolved from an elite club of brokers to a tech-driven stock market, dealing with over 10mn retail investors every year. The Sensex index has risen 36 fold, while India's market cap has multiplied by over 69

times. During FY 2021 companies raised Rs. 46 bn through IPOs, as compared to Rs. 21.4bn in FY 2020.

Vibrant equity capital markets have been the early beneficiaries of India's economic reforms. Recently, the market capitalization of companies traded on BSE crossed the USD 3 trillion mark (May 2021), making it the 8th largest stock market in the world.

The Indian investment industry has come of age, with more than 1,000 VC-PE shops operating in the country today. VC-PE investments in India totalled nearly \$174 bn in last 4 years, with FY 2021 seeing a record high of \$47 bn. A dozen start-up IPOs are planned over the next year. Indian start-ups could raise \$15-20 bn on an average, every year this decade. "Successful IPOs of new age technology companies are likely to attract more funds in domestic markets, thus creating a new ecosystem of entrepreneurs and investors" said Mr. Ajay Tyagi, Chairman, SEBI.

Family-managed organizations dominate the private sector in Indian business. Out of 100 private sector companies in India with a market capitalisation of over Rs. 1000 crores, 75 are family managed private sector companies. Families have retained significant control over listed companies. Over the last 2 decades, sincere efforts on the part of promoter groups, coupled with a strong regulatory push, and an increasingly global competitive business environment have augmented adoption of improved corporate governance frameworks and practices in this sector.

The Covid-19 pandemic has upended expectations for growth and good governance. As global conditions in 2021 normalize, corporate boards need to be prepared for a period of great reset. The Covid-19 pandemic has pointed to many cracks within the foundations of our societal, governance and legal corporate structures, and has sounded a clarion call for self-sufficient, high growth, inclusive development and shared prosperity.

Future leaders will need to manage new risks and opportunities to drive long-term sustainable value creation, and capitalize on historic opportunities in a digitally-enabled, post-pandemic world.

A robust governance framework, together with pro-business reforms under the Modi administration, has made India a more attractive investment destination. As the country grows, and prepares for the future to achieve the Indian Prime Minister, Mr. Narendra Modi's target of becoming a USD 5 Trillion economy by 2025, 8 core and 18 strategic sectors have been identified. The Ministry of Corporate Affairs on the other hand, continues to firm up company laws (Companies Amendment Act, 2021), in order to ensure best corporate governance practices are adopted as organisations and the economy grows.

The Indian economy has grown 20.1% in the first quarter of FY 2021-2022 (April- June 2021), due to a weak base during the preceding pandemic year, as per data released by the Indian Government on August 31, 2021. Growth forecasts for the Indian economy continues to be pegged around 9% for the ongoing financial year. The World Bank estimates point at 8.3%, the International Monetary Fund (IMF) and S&P at 9.5%, while the Indian Government pegs it at an optimistic 10.5%.

Purposeful business reforms over the last few years have boosted India's rankings on the World Bank's 'Ease of Doing Business' Index. From 142nd position in 2014, among 190 countries, India has moved up to the 63rd position. (FIG. 4) Continuous and sustained reforms have made India among the "top 10 improvers for the third consecutive year". A robust governance frame work and pre-business reforms under the present Modi administration had made India an attractive investment destination for FDIs. Equity markets have seen a phenomenal growth with BSE index moving up from nearly Rs. 26000 in March 2020 to nearly Rs. 60,000 in September 2021. ■

Conclusion & Recommendations

Future ready boards need courage, foresight and purpose. They must be alert to the evolving aspirations and preferences of stakeholders, aware of their changing requirements and priorities and be ever ready to review, re-purpose and re-invent.

To be future ready, boards should be open, suitably diverse, flexible and resilient. While endeavouring to anticipate and be proactive, they should take little if anything for granted.

They should monitor events, developments and trends, assess their possible impacts on a company and its stakeholders and help them to cope and respond. Unexpected events should be regarded as par for the course.

To help ensure that a company's people and its stakeholders are also future ready, a board should engage, encourage and inspire. It should work with them to build mutually beneficial relationships and the capabilities to confront challenges and seize opportunities.

The future should be faced with confidence. While there is life there is hope. Boards should provide positive strategic direction. The most daunting challenges can be accompanied by unprecedented opportunities. The worst events may trigger the creation of new possibilities.

Boards should move beyond minimal compliance and business as usual. Building back better will require innovation and doing things differently. Strategies and policies should embrace all the elements and all the parties required for success. Boards need members who can negotiate collaborative arrangements and participate in their governance.

Business and capitalism should be inclusive, socially and environmentally responsible and sustainable. Boards should actively look for further opportunities to contribute to shared community and societal objectives and sustainable development goals.

Boards are sometimes blamed for consequences that follow from the lifestyles, aspirations and priorities of the communities and societies in which they operate. These often desire rates of economic growth and levels of consumption that our planet cannot support.

As awareness of consequences grows, some boards will need members with thick skins. Where there is cynicism, trust might need to be earned. Listening, receptive and tolerant leadership may be required, alongside action to assess and address negative externalities.

The negative impacts of human activity are affecting people around the world. Wildfires, floods, droughts and crop failures increasingly occur in multiple locations. Scientific consensus suggests the situation may get worse before it improves.

Recent events have demonstrated the fragility of global supply chains. Disruption, discontinuities and disasters could become more frequent and widespread. Boards should be ready with contingencies, recovery arrangements, and back-up and alternative strategies.

Some stakeholders may be more alert than others to existential threats. Boards should help management to identify key stakeholders who might be more willing than others to support a change of direction. Directors may need to become advocates, ambassadors and educators.

Traditional growth strategies are not sustainable. If levelling up is not to be replaced with holding back, public and private organisations and national and state governments should make every effort to decouple economic growth from adverse environmental impacts.



Prof. Colin Coulson-Thomas
 Director General UK and Europe Operations,
 Institute of Directors, India
 and President
 Institute of Management Services, UK

Directors and boards must be willing to cooperate and collaborate in collective activities to tackle shared existential challenges and seize related opportunities. They should be ever ready to revise strategic direction, transform existing business, operating and organisational models, and transition to more inclusive and sustainable ones.

The collective impact of far too many existing activities is polluting the oceans, degrading the environment and destroying ecosystems. The consequences of contemporary lifestyles and current business operations are reducing bio-diversity, over-exploiting natural capital and contributing to global warming and climate change.

Future boards and public bodies may have to write off unprecedented proportions of assets and infrastructure as temperatures and sea levels rise, low lying areas are inundated and regions are abandoned due to shortages of water and food. They should also prepare to face exceptional levels of disruption and mass migrations of people.

A future ready board must be ready to grasp nettles and prepared to take tough decisions. There may be environmentally damaging activities that need to be scaled back and discontinued. Capabilities will need to be re-purposed and re-deployed.

Many boards urgently need access to the scientific and technical expertise required to understand and assess certain strategic options. Potential solutions to existential challenges are being missed because expertise and skills needed to pursue them are engaged on 'business as usual' or incremental change activities.

Changes of direction need to occur and rapidly. Board perspectives should embrace collaborative and supply chain partners. Boards should be ready to use AI, digital and other technologies and different approaches and business and operating models as appropriate.

Corporate governance arrangements should be periodically reviewed to ensure that effective use is made of competent independent directors, and changes of direction and policy and their implementation can occur quickly. They should enable and ensure relevant stakeholders are engaged and involved in re-purposing and other activities as and when required.

Businesses need practical problem solvers. They require people with imagination and drive who can assume responsibility. Boards should encourage staff to create new possibilities, provide preferable options and develop better alternatives.

As windows of opportunity narrow and tipping points approach, more than incremental change is required. Directors and boards should unleash creativity, encourage responsible innovation and enable entrepreneurship.

Obstacles to progress and greater diversity should be removed. Where and when appropriate, boards should engage, involve and empower people. They should give them the freedom to explore, discover and pioneer.

Directors must be vigilant and stay engaged. Responsible and sustainable strategies need to be future proofed. Remaining in the game offers an opportunity to influence strategies, activities and outcomes.

Solvent companies with relevant capabilities can participate in collective activities to confront existential challenges. Hitherto, many boards have had to balance contending interests. They have faced differing perspectives and a lack of unity of purpose.

As more people are affected or become alert to present dangers, an alignment of corporate, individual, community and societal interests behind the shared objective of addressing climate change may occur.

Many boards have an emerging opportunity to build a coalition of stakeholders in support of effective collective action. Boards can play a key role in ensuring a focus on sustainable outcomes. They should seize the moment. ■

Compiled by:

Prof. Colin Coulson-Thomas

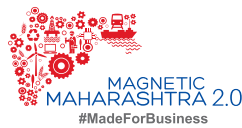
Director-General - UK and Europe Operations,
Institute of Directors, India
President, Institute of Management Services, UK

SPECIAL THANKS TO OUR PARTNERS

Principal Strategic Partner



Principal Partners



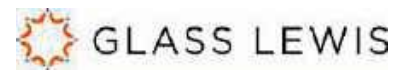
Platinum Partners



Gold Partners



Silver Partners



Associate Partners



Knowledge Partners



Supporting Partner

