

A REPORT



The Institute of Directors (IOD), India organized its **Regional Directors' Conclave** in Mumbai (India) on December 12, 2019. The venue of the Convention was Central Hall, BSE Limited, Dalal Street, Mumbai. The theme of the Conclave was '**Governance in 2025 - Future of Governance**'.

The theme of the Conclave was decided, taking cue from our **Hon'ble Prime Minister, Mr. Narendra Modi's** vision for a 'USD 5 Trillion GDP by 2025'. It is needless to say that Corporate Governance is going to play a key role in driving towards a USD 5 Trillion economy. FDI flow will be a major factor which is linked to ease of doing business and corporate governance of global benchmark.

Mr. Vikesh Wallia, Regional Director – Western Region, IOD welcomed and invited the distinguished guests for Lighting of the Lamp.

The Conclave was duly graced by the Chief Guest **Mr. G. Mahalingam**, Whole Time Member, Securities and Exchange Board of India (SEBI) along with **Mr. Ashishkumar Chauhan**, Managing Director & Chief Executive Officer, BSE Limited, **Ms. Harjeet Kaur Joshi**, Chairperson-cum-Managing Director, Shipping Corporation of India, **Ms. Kalpana Unadkat**, Partner, Khaitan & Co., **Lt. Gen J. S. Ahluwalia, PSVM (Retd.)**, President, IOD and **Mr. Shailesh Haribhakti**, Chairman - Western Region, IOD.

Plenary Session I: Inaugural Session

Mr. Haribhakti gave the Welcome Address by touching on how the future transformations will impact governance and these changes need to be accommodated in corporate planning and strategy. His first and foremost point was to take off the lenses of the past and look at present and future with a new perspective. He gave examples of how the vertical agriculture, C2C World, 5G and immunization will transform the society. He also explained that how Corporate

Governance will attain a new dimension when the whole business is run on blockchain ensuring complete trust and confidence in every transaction.

Lt. Gen. Ahluwalia in his Opening Remarks, spoke on key issues like 'How corporates are becoming more powerful than the nations' and how 70 out of top 100 entities are corporates and balance 30 are nations. He highlighted about the value of image created by corporates and quoted an EY study which said that 'in M&A 52% value is given to the image and public perception on how the company is making impact on societal changes'. Further, he spoke on Board Diversity quoting Norway having 43% women on board while other nations including India are far behind. He also spoke about IOD making special efforts on training women for boards. On the role of Independent directors, he said that they have to move to participative leadership instead of being a rubber stamp. Finally, he highlighted the role of Board Committees and importance of running them effectively and emphasized on Board Evaluation.

Mr. Chauhan delivered his Special Address on the role of capital markets in facilitating Corporate Governance. According to him, the two biggest challenges in Corporate Governance are: Asymmetry of Information and Asymmetry of Power; and that every Corporate Governance issue is related to above two points. He also shared his concern about companies becoming more powerful than the state. He shared the role of BSE in streamlining the information to stakeholders since quarterly results have become a routine now. He was clear in taking his point home that Corporate Governance has to go beyond legality to morality. He also said that we should take a lesson from rural folks who say that we are drinking from the same well and let's not poison it.

Mr. Mahalingam in his Chief Guest Keynote Address spoke on the

PLENARY SESSION I - INAUGURAL SESSION



Lamp Lighting by the Chief Guest - **G. Mahalingam**, Whole Time Member, Securities and Exchange Board of India (SEBI). Also seen, (from L to R) - **Shailesh Haribhakti**, Chairman - Western Region, Institute of Directors, India and **Ashishkumar Chauhan**, Managing Director & Chief Executive Officer, BSE Limited (Bombay Stock Exchange)



Lt. Gen J. S. Ahluwalia, PSVM (Retd.), President, Institute of Directors, India welcoming the Chief Guest **G. Mahalingam**, Whole Time Member, Securities and Exchange Board of India (SEBI).



Shailesh Haribhakti
Chairman - Western Region,
Institute of Directors, India



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



Ashishkumar Chauhan
Managing Director & Chief Executive Officer
BSE Limited (Bombay Stock Exchange)



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

PLENARY SESSION II



From (L to R) - **Michael Harrington**, Managing Director, Mintz Group, **Sandeep Baldava**, Partner, Ernst & Young and **Neville Gandhi**, Head - Compliance, Siemens Limited (India)

role of SEBI in improving the Corporate Governance in India. He said that to enhance global investments, a sense of investors' confidence is a must. The Indian corporates must be run with both high level of trust and efficiency. He highlighted the current focus of SEBI on the following five issues:

1. Over 5000 companies submit self-declared information which is not checked by SEBI hence trust is very important.
2. Bread and butter of Corporate Governance are Independent Directors and not Dependent Directors. Independent Directors must speak up.
3. Other set of gatekeepers are the Auditors of the company and they are like God to small investors. SEBI needs some say in governing and questioning of the Auditors. The long awaited Supreme Court decision will give SEBI a direction on this.
4. Related Party Transactions are becoming a big issue to investors and hence a concern to SEBI. According to SEBI, this is a big offence and strict penalty will be imposed by the newly formed special group by SEBI
5. New bodies of investor activists are coming on scene and SEBI welcomes them.

Mr. Mahalingam's message was clear that we have to work together, to let Corporate Governance take deep roots and that technology will play a critical role in this, to move towards the USD 5 Trillion economy.

The Conclave was organized in three plenary sessions, with high profile speakers on key themes for Corporate Governance.

Plenary Session II: Risk Management in a Disruptive World

The session was Chaired by **Mr. Sandeep Baldava**, Partner, Ernst & Young

The other Speakers were:

Mr. Michael Harrington
Managing Director, Mintz Group

Mr. Neville Gandhi
Head - Compliance, Siemens Limited (India)

Mr. Baldava explained that how the Risk profiling is changing in a Disruptive World that is moving from Physical to Digital: how the bank opens an account without meeting the person, on data basis; how powerful people are losing their relevant insights; why substance has to be given greater importance over form and finally how changing laws are affecting the governance.

Mr. Harrington spoke about the need for investigations in identifying and resolving the risks of relationships in local and global context, since most relationships are now data driven. Mintz Group is specialized for such investigations and is contributing significantly to this field.

Mr. Gandhi spoke about Siemens past experiences and how the course correction took place to make Siemens a case study in Corporate Governance. He also shared preparedness of Siemens for any future shocks.

Plenary Session III: Succession Planning for Boards

The session was Chaired by **Mr. J. N. Gupta**, Managing Director, SES and former Executive Director, Securities and Exchange Board of India (SEBI)

The other Speakers were:

Mr. Kersi F. Porbunderwala
Secretary General, Copenhagen Compliance, Denmark

Mr. Shuva Mandal
Managing Partner, Fox Mandal & Associates

Mr. Gupta explained about the impact of lack of succession planning and how it is impacting shareholders at large and the company itself.

Mr. Porbunderwala presented his points with an excellent presentation and examples from various instances of succession planning.

Mr. Mandal cited exiles of complications arising due to lack of succession planning.

All agreed that SEBI's new mandate to separate the role of Chairman and Managing Director will come handy in planning succession better ahead.

The audience participated with questions on succession planning gaps at IndusInd Bank, HDFC Bank and Yes Bank, etc.

Plenary Session IV: Board Effectiveness & Annual Performance Evaluation

The session was Chaired by **Ms. Kalpana Unadkat**, Partner, Khaitan & Co.

The other Speakers were:

Mr. Jangoo Dalal
Managing Director, GovEva

Mr. Rajeev Agarwal
former Whole Time Member, Securities and Exchange Board of India (SEBI)

Ms. Unadkat started by introducing co-panelist and digging reasons for current failures if they are due to lack of knowledge and expertise or otherwise. Effectiveness of current practices including the tick box approach, lack of guidelines from regulators, boards reluctance and impact of board assessment was highlighted for discussion.

Mr. Dalal spoke about board competencies and skills matrix needed for effective board performance evaluation. He also spoke about the role played by board dynamics in evaluation. He supported feedback but not the intra-year evaluation.

Mr. Agarwal spoke about the future of evaluation and how it is going to impact the board performance. He highlighted about the need to design and customize board evaluation including the board composition, balance score card, qualitative and quantitative methods of evaluation.

Panel agreed on the need for improving the board effectiveness

PLENARY SESSION III



From (L to R) -
Kersi F. Porbunderwala,
Secretary General,
Copenhagen Compliance,
Denmark, **J. N. Gupta**,
Managing Director, SES &
former Executive Director,
Securities and Exchange
Board of India (SEBI) and
Shuva Mandal, Managing
Partner, Fox Mandal &
Associates

PLENARY SESSION IV



Jango Dalal
Managing Director
GovEva



Kalpana Unadkat
Partner
Khaitan & Co.



Rajeev Agarwal
former Whole Time Member
Securities and Exchange Board of India (SEBI)

ALL SPEAKERS - GROUP PHOTO





Networking



through Annual Performance Evaluation. Q&As also raised the issues for bias and independent directors role in evaluation.

Valedictory Session

Mr. Shailesh Haribhakti, Chairman - Western Region, IOD presented the Valedictory Session, by summing up the discussions and road ahead on the role of Corporate Governance in directing the country to USD 5 Trillion economy.

Mr. Vikesh Wallia, Regional Director – Western Region, IOD thanked all the Sponsors, Speakers and Participants for active participation.

It was a successful conclave with in-depth keynotes, lively panel discussions and good Q&As. ■

Compiled by
Mr. Vikesh Wallia
Regional Director - Western Region
Institute of Directors

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