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Director Today

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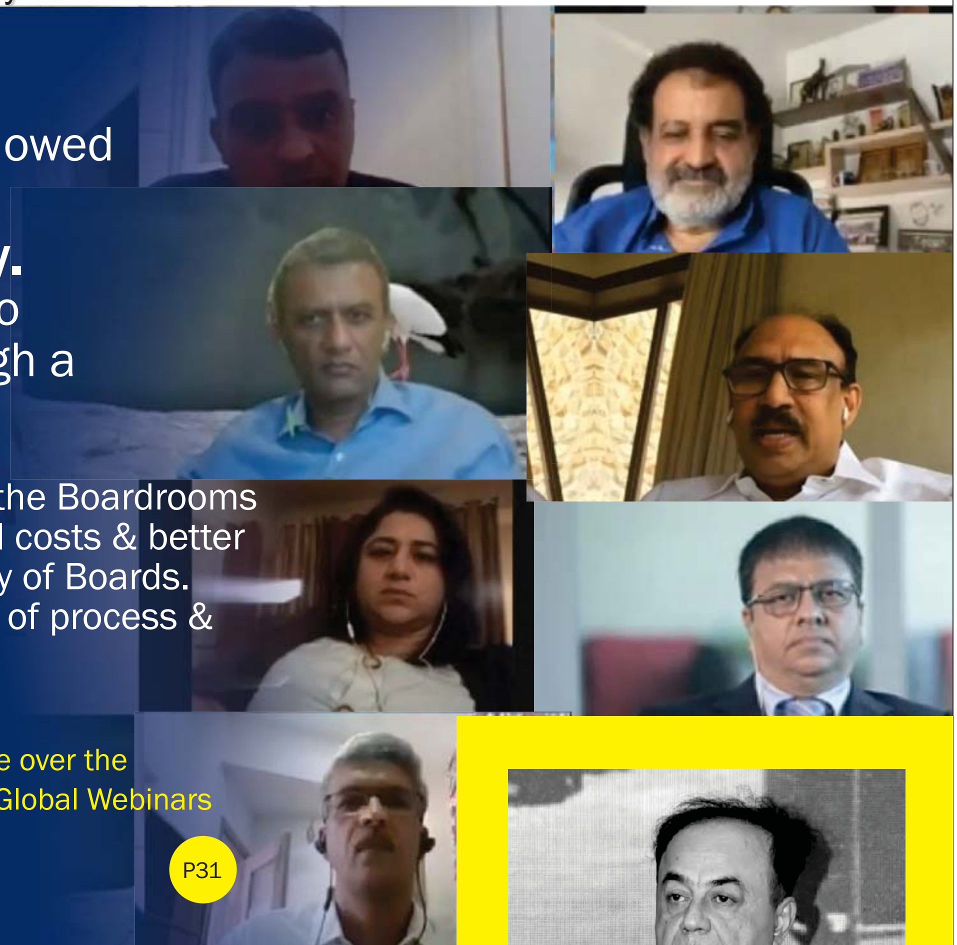

"Most countries have followed **'The Hammer and The Dance' strategy.** Similarly, Boards have to intelligently steer through a changing situation."

"**Technological absorption** in the Boardrooms is crucial. Reduced operational costs & better flexibility should be the strategy of Boards. There is a need for reinvention of process & business models."

Board Leaders share Strategies to tide over the Pandemic Wave during IOD's Special Global Webinars

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Prof. Anil Gaba

INSEAD Professor of Decision Sciences;
The ORPAR Chaired Professor of Risk Management;
Academic Director, Centre for Decision Making and Risk Analysis, INSEAD

discusses the **trajectory** of the **COVID-19 Pandemic** during a *Special Global Webinar* on **"Board's Role & Strategy: Overseeing Risk and Uncertainties in the COVID-19 Pandemic"**

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ARTICLES

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FROM THE
PRESIDENT'S DESK

COVID-19 Pandemic:
Rebooting Business Recovery

The Covid-19 Pandemic, an unprecedented human tragedy, has been one of the worst health and financial emergencies the world has ever witnessed. It has put brakes on our economic growth, pushing the world into the largest recession, since 1933. It has also forced us to pause and reflect on our economic priorities, and unsustainable consumption patterns. 'Never waste a crisis' is an old saying and survive to thrive is the way. Crisis does not create a character- it reveals.

The days, when we used to bump into one another at conferences or offices are gone. The world has changed. A new normal – 'Safe and contact less engagement' is emerging. The virus is not going away anytime soon. India is continuing with its series of low cost measures like face mask, hand-washing, social–distancing, cocooning the elderly, and not permitting large gatherings.

The dual imperatives of 'Lives and Livelihoods', compound the crisis for India's GDP growth. The continuing moderate social-distancing has its own economic impact. But the crisis has also presented a historic opportunity to forge a new social contract, for inclusive sustainable growth. The government's economic response has been through unprecedented and wisely structured stimulus measures, worth nearly 12% of India's GDP.

During the crisis, accelerated digital technologies have become an inflection point, and we need a digital recovery with safe contactless engagement. While agility, innovation, and collaboration point the way forward, data rich technology platforms provide an effective edge. The economy remains constrained, waiting for long due land, labour, and legal reforms.

Our industry has for long relied on global inter-connected supply chains to improve margins and create a lean global network. Globalized supply chains got badly disrupted during the current pandemic. Supply chains need to be short, transparent, flexible, localized and risk resilient. Network analytics have proved useful to diagnose the relative fragility and unpredictability of supply chains. India's intertwined supply chains across sectors and geographies would need strong target focus.

The risk does not reside within your organisation, as there is a whole world outside your doors. Different risks cannot be dealt with in silos. Boards need to navigate the uncertainties in the changing risk landscape and adopt explicit risk appetite with hedging strategies. Boards as change agents need the determination and resolve to stay 'on-course' and convert the Covid-19 crisis into an opportunity.

During the last 3 months of Covid-19 lockdown, most organisations had to partly '*Work From Home*' (WFH). It was a new experience for many WFH became a mixed blessing for a lower cost on a long-term basis. It cannot create a full employee experience, and some of the rhythms of office life cannot be created. WFH needs teams to be kept continually motivated through frequent inter-personal engagements by team leaders to avoid 'burn-out'.

WFH needs strong multi-factor authentication platforms to access networks to build human fire-walls. The question is how to sustain the agile culture and recalibrate processes to support objectives, while working remotely. WFH is not really a panacea in today's workplace challenges, though we must retain its positives like video conferences, virtual meetings and digital solutions.

Business now reboot with a gradual reopening of the economy, under sharply targeted limited local 'lockdowns'. The major disruptions and setbacks during pandemic were temporary. As economy emerges from the regions of the breakdown, we need to recalibrate the business model, areas of operations and processes and add consumer centric, cloud based digital e-commerce solutions.

We will need to find a balance between what worked before, and what will succeed now. The trust in our past market offerings is tenuous at best. Every business has to research their product-market fit and revise and then, reintroduce their offerings.

IOD's abrupt shift to remote working since 20 March 2020 was dramatic, that particularly affected our agile teams. IOD's clear sense of identity, with values and purpose, to guide critical decisive actions during uncertain times, helped IOD to continue to deliver high quality market related solutions, for 'Future – Ready' Boards. It is a matter of great satisfaction that IOD was able to reach out to its members through a number of virtual global webinars, and 'online' training programmes.

■

J. S. Ahluwalia
President
Institute of Directors

Government of Maharashtra | MAGNETIC MAHARASHTRA | MAKE IN INDIA

MAHARASHTRA AT A GLANCE

MIDC has developed specialised parks based on sectors such as:

- Automobiles and Auto Components
- Biotechnology
- Consumer Durables
- Textile
- Chemicals
- Engineering
- Information Technology
- Petrochemicals
- Transportation
- Waste Reprocessing
- Electronics
- Wine

Strong governance and dedicated management has resulted in the grand success on the global front. Today Maharashtra Industrial Development Corporation is spreading its wings to become one of the biggest Industrial hubs of the world. Simplified Licensing procedures with shortened issue and approval time have made MIDC the first choice of the global giants for setting up their plants. MIDC started in 1962 with Wagle Estate, Thane as its first industrial area, today MIDC areas are spread all over the state of Maharashtra.

MIDC Progress at a glance :

- Maharashtra accounts for ~15% of India's GDP, 31.4% of India's FDI inflows and 25% of India's exports
- Total FDI in the state during April 2000 to June 2018 stood at USD 118.13 billion, the highest among all the states in India
- Maharashtra alone accounts for 51 per cent (USD20 billion) of Indian infrastructure investments in Mega Projects.
- 10% of Delhi-Mumbai Industrial corridor falls in Maharashtra spread across 8 districts
- The proposed Mumbai Trans Harbour Link (MTHL) is the longest sea bridge in India and shall provide seamless access to the Mumbai's satellite city, Navi Mumbai.
- Maharashtra is a pioneer in Electric Vehicle manufacturing and plans to set up EV clusters to boost EV manufacturing in state.
- State plans to develop 25 integrated multi-modal parks and 100 logistics parks.
- State is home to some of the largest ports in the country and JNPT alone handled 53 million metric tonnes of traffic (*till Aug 2018).
- Policy focus support to Industry 4.0 sectors to boost yield and create new job areas.

।। उद्यमात् सकल समृध्दिः ।।
MIDC

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Udyog Sarathi, Mahakali Caves Road, Andheri (E),
Mumbai-400 093. Website : www.midicindia.org

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Resource Security and the **Circular Economy**

*Prof Colin Coulson-Thomas

Prior to the Covid-19 pandemic, strategic challenges to business models, ways of operating and lifestyles to which billions more people aspired were beginning to accumulate. Water supplies were under strain in many areas. The burning of fossil fuels to keep up with the growing demand for energy contributed to global warming. Natural capital was being overexploited and mountains of waste accumulated. During lockdown the pressure eased. Damaging impacts of human activity upon the environment reduced. Our finite earth's precious ecosystems have showed signs of recovery. Will the fragile improvements that have occurred be wiped out and reversed by a resurgence of economic activity, or will they spark a desire to rebound and develop in a way that is more inclusive, in harmony with the natural world and hence more sustainable? What will such an aspiration mean for corporate boards?

In particular, what will greener and more responsible growth, and transition to different business, organisational and market models and new ways of operating, working and living, mean for the use of natural resources? What questions should directors ask to achieve greater water, energy and resource security? What steps could boards take to reduce pollution and waste, boost repair, recovery and reuse as alternatives to replacement, and re-generate natural systems? How might processes and operations be re-designed or re-located so that outputs from one activity become inputs into another? How might the criteria for board decisions better reflect externalities and future costs, a desire for a lighter or neutral environmental footprint and the creation of natural and social as well as economic and financial capital? How should boards provide the responsible leadership that is required?

Water Conservation and Management

Water is essential for life, food production and some processes. In recent years, fresh, potable and usable water supplies have fallen short of rising demand. How aware are directors of water challenges, issues and shortages within the communities, cities and societies in which the companies for which they are responsible operate? Where should the availability, management and conservation of water feature on board agendas and among corporate objectives? Are board members apprised of corporate water consumption in relation to local supply and the pressures and external costs caused by corporate operations? What perverse incentives are too often causing water to be over used? Are boards providing leadership and direction to corporate and collective efforts to prevent water pollution and achieve more integrated and responsible management and conservation of water resources?

How will challenges such as local, regional or national potable water crises impact upon corporate aspirations, objectives and strategies? Are certain cities and patterns and locations of urban living and industrial activity viable longer-term at an acceptable financial and environmental cost? What architectural, planning and conceptual changes need to occur if we are to create viable future cities? What needs to be done to better harvest, store, treat and transport rain water and improve ground water management? How might this be funded and achieved? How could certain aspects of past practices be improved? How might excessive, unnecessary and undesirable uses of water and its contamination be prevented? What combination of appeals, directives, laws, regulations, incentives and pricing or other market mechanisms might best achieve SDGs, specific water protection and/or conservation objectives, and the more equitable and responsible use of water?

What further steps are needed to improve water use efficiency in the agricultural, industrial and domestic sectors? Are those organisations and activities which are the biggest net users of water paying a fair share of the costs of supplying it? Should they also bear some liability for the external costs being imposed upon others as a result of any consequential water shortages? What market mechanisms and/or forms of public intervention might redress the balance between costs and benefits, supply and demand, and 'winners' and 'losers'? How many boards know the extent to which corporate operations are net positive or negative in terms of factors such as water usage and pollution? What more could or should they do to achieve a positive balance, encourage the more equitable, responsible and sustainable use and allocation of supply, and achieve greater water security?

Increasing Usable Water Security

Taking a longer term strategic view and externalities into account, what more could be done to increase access to a secure and sustainable supply of usable water? Might some corporate activities be no longer sustainable when the interests of a wider range of stakeholders are taken into account? Are boards considering what could happens as wells and affordable water supplies dry up? Should certain activities be scaled back, changed or relocated closer to a water supply? What could and should be done to increase water supplies, whether through the interlinking of rivers, desalination of sea water, replenishment of water tables or recycling and reuse? How might and should each of these and other possibilities be funded? What additional supplies of water might result and when are these likely to be available?

How should available supplies of water be fairly distributed between competing agricultural, industrial and domestic demands? At what level should critical decisions about access and quotas be taken? Access to safe and clean water and safe and hygienic sanitation has been recognised by the UN General Assembly as a basic human right.What are the opportunities and challenges for providing universal and equitable access to safe drinking water? What needs to change for directors to acknowledge their responsibilities in relation to water use and the access of others? Could more be done to understand stakeholder uses of water? Could helping and supporting them become a differentiator and business opportunity?

Energy Security: Sustainable Energy Options

Energy generation is a significant contributor to global warming. In many locations the burning of fossil fuels to produce electricity has increased, because total energy demand has increased more quickly than fossil fuel generated production can be replaced by renewables. Should the first priority of responsible directors be to reduce energy consumption, energy wastage and the use of fossil fuels? Is the extravagant consumption of energy by many societies and communities an unnecessary indulgence? Should boards require companies to exercise restraint? Even if off-peak energy at cheaper prices is available, must so many cities be lit up like Christmas Trees at night? While recognising security issues, would turning external lights off during quiet and traffic free periods in residential areas allow more people to see the stars and encourage them to benefit from deeper and undisturbed sleep?

What needs to be done to encourage a more responsible demand for energy and ensure that this is met with a sustainable supply? Recent progress in the transition to renewable energy sources has fallen below what is needed to meet Paris Agreement goals. What additional mechanisms are needed to replace fossil fuels by exploiting and expanding renewable energy sources? How might boards simultaneously address a number of environmental issues, for example by using the principles of the circular economy? Could agricultural, food and other waste be used to generate electricity? Are there specific public interventions or market-based incentives that might speed up this process of reuse? What is the status of the roadmap for India's target of an additional 175GW of renewable energy by 2022? What can and should directors and boards do to help to bring it about?

Private and Public Sector Responses

How effective are corporate energy risk management, saving and security objectives, strategies, policies and plans? Are customers, supply chain partners and other stakeholders involved in their formulation? When were they last reviewed by the board? How energy resilient are supply chains and operating and business models? What back-up, disaster and recovery arrangements are in place to cope with an interruption of supply? How quickly can replacement energy provision become available? How cost-effective are sustainable and green energy options? How could disruptive technologies within the renewable energy sector also have a wider social impact in enabling more sustainable development? What calls should directors make if companies that have the choice opt not to purchase energy from a renewable source because fossil fuel generated electricity is cheaper?

How effective have Government, state and local initiatives to encourage the greater use of renewable energy been? How will the end-of-life costs of reducing fossil fuel production be addressed? Will continuing innovation and a trend towards lower renewable energy costs be sufficient to encourage more companies and other enterprises and public organisations to purchase their energy from renewable sources? Are additional Government measures and market incentives required? What renewable energy initiatives are underway at local, municipal, state and national level, and how are companies responding to them? What changes might increase their take up and impact?

Preventing Pollution and Managing Waste

Environmental Pollution and the discharge of waste are a threat to human health and the planet's ecosystems. The River Ganges improved during lockdown. Its past treatment illustrates the damage that human activity can do to an ecosystem that is of special importance to large numbers of people. What steps could and should directors, legislators, enforcement agencies and regulators take to reduce the production and discharge of harmful pollutants and the generation of waste? How could waste management and the recycling and/or reuse of waste be improved? How might the principles of the circular economy help? How can companies be made accountable for the negative externalities resulting from their activities and operations? Could pricing be used to cover social costs?

Innovation and commitment is required to cope with the global challenge of dealing with waste. What questions should directors ask to avoid the irresponsible handling and/or disposal of hazardous waste? How should hazardous and e-waste be managed, transported and its recycling improved? Is closer surveillance and monitoring required? Should stricter penalties be enforced or incentives introduced? Solid waste is a growing and international problem. Given its negative and long-lasting impact upon the environment, should all boards be taking steps to firstly reduce and then eliminate the single use of plastic? What strategies, measures and options are there for achieving this? How can people be weaned off their use of plastic? How might stakeholder support be best obtained? Who should be held accountable and by what means for the harm caused by plastic and other waste and the cost of its collection and containment? Dealing with it is an opportunity for innovation and enterprise.

Should reparations be paid by their sources to cover the cost of cleaning up plastic and other waste and the restoration of habitat and environmental damage? The oceans cover over 70% of the world's surface and contain some 97% of the world's water. How focused are directors upon pollution generated by entities for which they are responsible and the impact of human activities and resulting effluents and waste upon natural habitats? What needs to be done to better protect the oceans, save them from oil, chemical, plastic and other pollutants, and help them and marine life to recover? What new measures and corporate, collective and international commitments are required? Could action to improve marine and other environments be a potential business, engagement and innovation opportunity?

Developing the Circular Economy

A lockdown, slowdown and/or recession is an opportunity to increase resilience and resource efficiency by rethinking and redesigning supply and value chains and applying the principles of the circular economy such as recovering, recycling, repairing and reusing either by one's own company or another one? Should participating in the circular economy be a higher priority? Is this an arena in which rhetoric needs to be matched by reality? Externalities need to be taken into account in current activities and in relation to circular economy claims and proposals, for example, in relation to the rebound or negative environmental effects of asset sharing, such as additional journeys to a shared resource. Are some directors more interested in appearing to be doing something, rather than understanding what is actually happening? How can boards ensure that all relevant externalities are taken into account?

There is an urgent need for a more developed recycling and reprocessing infrastructure, especially as opportunities to export plastic and other rubbish diminish as more countries refuse to import it. Greater priority needs to be given to waste reduction, prevention, reuse, recycling, recovery, composting and responsible disposal and dumping. How might the policy and regulatory framework better support the development of the circular economy? Does it need to be promoted through laws, policies, risk reduction via taxes and strict governance arrangements? Should more boards take the initiative and investigate the opportunity for corporate and collective action to build local and wider circular economies?

What pollution control and sustainable environmental initiatives are underway and/or planned locally, nationally and globally? What are the impacts of these initiatives likely to be and how might these be improved? Do they and other public measures influence relevant board discussions? Should directors be concerned about possible costs of penalties, reparations and clean-ups? Are corporate decisions mainly based upon internal and financial considerations? To what extent are externalities and environmental factors taken into account? How might corporate actions be made more environmentally responsible and better aligned with SDGs?

Addressing Environmental Challenges and Opportunities

Given the imperative for urgent, decisive and systematic action in relation to environmental challenges and opportunities, why are so many boards waiting rather than acting? Other challenges, such as responding to the Covid-19 pandemic and recovering from it, should not distract attention from environmental concerns, when addressing the current situation may provide the possibility of pursuing multiple objectives simultaneously. The global pandemic could represent a once in a lifetime opportunity for thoughtful and responsible directors and boards to re-boot enterprise, re-purpose companies and re-engage with stakeholders and the communities and societies in which businesses operate.

Supporting collective and joined-up responses to environmental issues, climate change and Covid-19, and working to ensure a more resilient, sustainable and inclusive future, could make younger generations more aware of the role that caring capitalism could play in their lives. Ensuring that this happens requires board oversight and direction, because the challenges and opportunities involved are inter-dependent and they also impact on many or most areas of corporate operation. They cannot easily be delegated to a single department, director or function. Nor can they be resolved by individual organisations acting alone and without the involvement of Governments and relevant public bodies.

Boards need to ensure that the silo-like functional structures that still exist in many organisations, and the departmental thinking of the professionals and specialists that accompany them, do not prevent the holistic and inter-disciplinary thinking, connections and collaborations required for effective action and to make progress. The perspective of directors should embrace the totality of organisations and their network of relationships with stakeholders, and encompass both immediate and crisis issues and longer-term aspirations and considerations. Board leadership has a vital role to play in influencing the 'new normal' that emerges from the current situation and ensuring that future changes and developments are environment friendly, responsible and sustainable.

■

****Prof Colin Coulson-Thomas** holds a portfolio of leadership roles and is IOD India's Director-General, UK and Europe. He has advised directors and boards in over 40 countries.*

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ARTICLE

Management vs Corporate Governance

* Dr. Vedula Gopinath

Few people assume that management and corporate governance are synonymous but, both are distinctive and different wings of corporate body. In this article writer wishes to differentiate both the wings.

In short, management is not merely the task of managing the business, it is an essential accompaniment of all social organizations and is to be found everywhere as a distinct and dominant activity.

It provides new ideas, imaginations and visions to the group working so as to account for better results or performance. It ensures a smooth flow of work in the organization by focusing on strong points, neutralizing weak links, overcoming difficulties and establishing team spirit.

Management Importance:

The significance of 'Management' may be enumerated in the following manner

1. **Meeting the Challenge of Change** - Change has become intense and critical in recent years.
2. **Effective Utilization of the Seven M's** - There are seven M's in business, such as Men, Materials, Money, Machines, Methods, Markets and Management.
3. **Directs the Organization** - Just as the mind which directs and controls the body to fulfil its desires, management also directs and controls the organization to achieve the desired goal.
4. **Integrates Various Interests** - In the group efforts, there are various interest groups which put pressure over other groups for maximum output and Management by balancing these pressures integrates the various interests.
5. **Provides Stability** – It provides stability in the society by changing and modifying the resources to cope up with the demands.
6. **Provides Innovation** - Management provides new ideas, imaginations and visions to the organization and necessary life for better and greater performance.
7. **Establishes Team-spirit (esprit de corps)** - Management coordinates the activities of the various departments in an organization and establishes team-spirit among the personnel.

Corporate Governance (CG) is defined differently by various experts and organisations. The Institute of Company Secretaries of Indian defined CG as:

"Corporate Governance is the application of best management practices, compliance of law in true letter and spirit and adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders".

For general understanding, the following lucid definition is given:

Corporate Governance is the system by which business corporations are directed and controlled in order to create value not only for the shareholders but also for other stakeholders.

Governance applies to all activities. Public governance we all know that there is State Assembly and union Parliament that supervise the government. Both these bodies have formal powers that are exercised by elected leaders and Civil Servants ensuring statutory compliance and rule of law.

Defined by legal doctrines and regulatory activities which elaborates the rights and responsibilities in the two-dimensional relationships between the Board, acting as agents for stakeholders and senior managers.

More often than not managers think that CG is a part of Management and vice versa. But in reality, and practice corporate governance and management are quite different.

The fundamental distinctions are as follows:

- Managers operate within the hierarchy of the delegated responsibility and authority.
- Board members jointly and individually responsible and they have equal rights and duties. Responsibility is to govern the company whereas the manager is to run the business.
- Governance has external focus whereas managers is having internal focus.
- Governance assumes open system and management opens the

closed system.

- Governance is strategy and belief oriented and the management is task oriented.
- Governance leads to where the company is going, the management is getting the company there.

In conclusion it can be said that better governance will yield better results. Poor governance or mis-governance leads to disasters and end up in value erosion. ■

* ***Dr. Vedula Gopinath*** *is a Senior Corporate Lawyer engaged in Arbitration and a Researcher in Corporate Governance.*

ARTICLE

Director's Liabilities:
Prevention and Protection – Ports of Call for Relief

*P. Umesh

Risks are present in every business. Companies have to factor risks in their operation to survive and thrive.

A company does not make decisions. The Board of directors, officers and managers make decisions on its behalf. In making these decisions, directors and officers not only place the company at risk from actions by an aggrieved party, but also place themselves personally at risk. A director's personal liability is unlimited placing all his personal assets at risk. Unlike the Company, he cannot take shelter under limited liability. Directors are jointly and severally liable. Directors are liable personally to pay losses following an act which is wrong, negligent, or which evidences insufficient skill and care in managing the Company's affairs. In the Indian context, Companies Act 2013 has defined the duties and liabilities of directors. It may be noted that while the primary source of liability for directors comes from The Companies Act 2013, provisions governing the issue of liability are found in various other legislations also.

Is it that a Director is always held responsible?

Not always. There are safeguards. As long as directors are well informed of their duties, responsibilities and obligations and discharge them professionally and without any ulterior motive / criminal intent, keeping the interest of all stake holders, he has a safety net.

The Supreme Court in the case of *Shiv Kumar Jatia v. State of NCT of Delhi,* reaffirmed its views set out in the case of *Sunil Bharti Mittal v. Central Bureau of Investigation* where it inter-alia held that outside any vicarious liability provision, individual directors can be made accused only if there is sufficient material to prove their active role coupled with criminal intent. More on this subject can be read in the article: *"India: Director Liability: Supreme Court Quashes Case Against Managing Director"* - by Mohammad Kamran and Ashish Kabra, Nishith Desai Associates.

How does a director prepare himself to address this issue? Caution should be exercised from the time of acceptance of the position of a director. Broadly, the following mechanisms can help avert pitfalls or reduce their adverse consequences:

Exculpation

⇩

Indemnification provisions

⇩

Professionalism & Due Diligence

⇩

D&O insurance

Exculpation:

International Risk Management Institute(IRMI) defines Exculpatory clause as under:

Exculpatory Clause — *"a provision in a contract that relieves one party of all liability to the other in connection with the performance of the contract. The enforceability of an exculpatory clause may be restricted by common or statutory law or by legal precedent in a given jurisdiction"*.

In simple words, it means contracting out of liabilities. In the Indian context, Companies Act 2013 does not allow waiver of liability of directors. Directors cannot contract themselves out of accountability and liability in India. Limited form of exculpation is available in some jurisdictions. The benefit of this clause, wherever possible, is to thwart any claim at the admission stage itself and not allow it to transform into litigation which may result in avoidable costs.

Indemnification Provisions:

It is becoming increasingly necessary to have appropriate provisions for indemnity in the bye-laws of the company or employment contract to enable directors and officers face litigation / investigations for business decisions taken in good faith. Indemnity provisions need to be clear and responsive. If they are loosely worded, they become prone to unintended interpretations. In these provisions , It is good to provide for advancement of defence costs also, otherwise directors may be forced to cover all the litigation costs until they are absolved of any wrongdoing which process may sometimes take years. These provisions should be as broad as possible covering all sections of employees allowing indemnifications “to the fullest extent” permitted by law. Where necessary, over and above the general provisions, customised arrangements can be put in place. These should also provide for facility to the directors to seek professional advice where necessary – pre, during or post litigation.

Following a spate of investigations initiated against bankers in the recent past, the Indian Bankers Association (IBA) is understood to have worked out a plan to extend legal and financial support to serving / retired employees & officers, directors of the bank against cases arising out of bona fide execution of bank's work during their service period. It is a welcome sign that other organisations are also working on similar provisions.

Due Diligence and Professionalism:

There is no substitute for eternal due diligence. Some of the areas requiring attention are listed below:

1. Understand business operations: It is presumed that appointment of anyone as a director presupposes skillsets required for that position. A good understating of the processes involved in the business operations is essential.
2. Updating on all laws and rules governing the business operations: The old adage “Prevention is better than Cure” holds good here also. It is vital for directors and officers to be aware of their duties, responsibilities and liabilities under Companies Act and other applicable statutes. Compliance with the laws should not be seen as a tick box exercise. It should be observed in letter and spirit. With regard to any wrongful actions, passive negligence is as bad as active involvement.
3. Well-structured reporting mechanisms and controls have to be in place and monitored regularly for their efficacy. Litigation and non-compliance alerts and notices have to be monitored continuously. Apart from catching the early signals which helps in nipping them in the budding stage, course corrections become easy. Event triggered litigation emerging as a major concern for the Boards, consequences of all major events have to be assessed and remedial measures taken. It may be noted here that event triggered litigation is becoming a major source of D&O insurance claims now globally.
4. Unusual items on the agenda for the board meeting need to be thoroughly analysed. These can be potentially troubling items. They call for complete analysis and immediate action.
5. The institution of Independent directors should be respected and their inputs encouraged.
6. It is very necessary to pay adequate attention to the risk management policy and processes. Companies Act 2013 mandates formulation of “a statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company”.
7. Since the primary responsibility of directors stems from the board process, it is crucial to review the minutes for the factual and unambiguous incorporation of the decisions taken. The importance of minutes in corporate governance is neatly explained by Justice Heydon:

“It is fundamental to the running of (a) large and important … organization … that the records of its central decision making organ be correct, lest the foundation on which its future affairs rested be left to the vagaries of corporate memory and changing personnel” (James Hardie High Court Appeal Decision – Australia)

D&O Liability Insurance:

Insist on a good Directors and Officers (D&O) Liability insurance policy with comprehensive coverage and adequate limit. While the earlier Act was silent on D&O insurance, Companies Act 2013 does mention it at a few places.

Sec 197 (13):

Where any insurance is taken by a company on behalf of its managing director, whole-time director, manager, Chief Executive Officer, Chief Financial Officer or Company Secretary for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the company, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel:

Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

Sec IV Code for Independent Directors - Manner of Appointments:

(d) provision for Directors and Officers (D and O) insurance, if any;

The appointment of independent directors shall be formalised through a letter of appointment, which shall set out, besides other things, provision for D&O insurance, if any.

How does a good D&O Liability Insurance Policy help?

Persons appointed as directors are beginning to insist on a good D&O policy before assuming duties and rightly so. Its value is recognised as an additional layer of support. Globalisation of operations, increase in public interest litigations, mounting judicial scrutiny and event triggered actions are significantly increasing the risk of liability claims. This makes it very important for the directors to protect themselves against such risks. In fact the process of buying the D&O insurance may prove to be a process of discovery for an organisation to check its preparedness on various fronts.

A D&O liability insurance policy is not a replacement for sound professional management and corporate governance. But, a good policy helps in as much as it reduces the apprehensions and addresses the concerns of the Directors & Officers so that they can concentrate on their work to take the company on growth path in a sustained manner.

D&O insurance should be seen as complimentary to other tools and it can be another port of call. The other protection instruments are equally important particularly when the market for D&O insurance hardens which is what is visible in developed markets like USA and Europe now.

Disclaimer: The information contained and ideas expressed in this article represent only a general overview of subjects covered. It is not intended to be taken as advice regarding any individual situation and should not be relied upon as such. ■

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ARTICLE

In Favor of Diversifying Functional Composition of Boards: **Case for having Functional Specialists on the Board**

*Indrajit Sen

Traditionally, successful entrepreneurs who established companies needed external help to handle the labyrinth of accounting and legal compliances, required by various regulators and the Government. It was natural therefore, to find company Boards that primarily had accountants, finance specialists, and corporate law experts besides of course, the entrepreneur-promoters, who were the experts on the business of the company – technology, marketing, sales and management. This was well balanced in terms of expert knowledge and continued for many decades, until greater enlightenment and competition upset all the rosy growth projections.

Cut to the present day – despite the Government having to step in to enforce gender diversity on Boards, a Marketing Specialist – for example – on the Board of a company even today, is almost an act of heresy. Amongst boards dominated hugely by chartered accountants and legal experts, the common perception of a marketing specialist is that of a person who simply cannot handle P&L accounts and balance sheets and definitely not statutory compliances – the very meat that Boards have to chew on in every meeting and is their very *raison d'etre*. In addition, here is the person who only advocates spending more money without any direct ROI accountability – can such a person on the Board achieve anything except only add to the confusion? Attitudes are very similar towards other functional experts also – though, I believe there is a softening of sorts regarding IT specialists that is beginning to show now.

Unfortunately for these stalwarts of corporate boardrooms, times are changing – in fact – have already changed.

Out of the top 100 companies in 2000, around 46 did not make it to 2010, and out of those in 2010, around 24 have not made it to 2019. And not more than 10-12% of these were subjects of financial failures and frauds. Only 30 companies have retained their place in the top 100 list in 2000, 2010 and in 2019 and form the core of successful Indian businesses today.

The point of these numbers and identifying companies that have grown over the years to remain at the top is to try and learn what contributed to their success. Factors that stand out are the easy recognition of each of these 30 company names; the very high market share of their brands; their marketing agility as expressed by continuously adapting their product/service line to changing market conditions and customer preferences. Obviously, these companies have invested considerable resources in their brand and marketing management along with adequate focus on long term planning and developing an acute sensitivity to progressive changes in the environment in which they operate.

Together with the above, it is also illuminating to note the following names that dominated Indian business sometime during the last 29 years but are not around anymore – and in some cases, still around but without their original glory:

- Nano
- Chevrolet - GM
- Kingfisher Airlines
- Bisleri POP
- Suzuki Kizashi
- Taxi4Sure
- Volkswagen Beetle
- Micromax
- Nokia
- Kellogg's
- Kodak
- Metal Box
- BPL

And the reasons for this? A combination of failure or wrong reading of changing customer preferences and consequent late adoption of new technological developments or simply ignoring technology developments.

At the end of the day, the reason a business is conceived and a company is created, is when someone, or a group of people, find a way of satisfying a certain need or a gap in the market. They believe the solution may be monetized profitably (sold at a price higher than cost of producing the same) and, therefore, everything is brought together and an enterprise is established. This fundamental factor is, subsequently,

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often forgotten, or gets obscured, when the enterprise scales up with complicated systems and processes so much so that these processes then assume a life of their own – killing - or drastically driving down - the focus that those customers – who were supposed to benefit from the products of the enterprise - deserved and constantly needed. With this focus comes insights into changing needs, awareness of allied developments & competitive action, which leads to initiatives to constantly chart new paths to continued customer satisfaction and delight. With this is place, financial growth and sustenance is inevitable. Without this focus from the highest levels, retaining growth over period of time becomes an huge uphill struggle which eventually leads to rapid downfall.

Of course, when all accounting and compliance rules are applied, the basic assumption is that the company continues to operate profitably and is obviously and definitely doing well in the market. As such, the Promoter and the executive team is expected/assumed to be in control, or, adequately taking care, of this “basic” issue – leaving the Board with more onerous duties of ensuring correct financial reporting and statutory compliances, governance, CSR and other matters.

Like I said before, not that this didn't work – it not only worked but in fact did extremely well and brought Indian business to its current state. However, this leads me to point out, and emphasize, that sustained marketing success of no product or service line can be simply assumed in India any longer, in fact such an assumption has been killed over the last 20 years or so – never more than in period since 2010 that we are going through. The time when industry domains were virgin territory and any new product or service had to just stick around for 3 years for acceptance in one or other marketplace is over. Practically every market today in India has been penetrated and every industry segment today is fragmented with intense competition between multiple brands, multiple processes and delivery systems, occupying every possible price point with competitive offers which were thought impossible a decade back.

To add to this, technology advancements are seeing exponentially accelerating growth, encompassing every aspect of society. This is changing, or has the potential to irreversibly change practically every industry segment. From agriculture production and farming to travel and tourism, developments are spanning every conceivable area of business and way people across the world consume and spend their time. Its only a matter of time and degree of intensity by which every listed entity in India will be affected by these changes.

Contrast this with period till quite recently, when accounting jugglery and legal loopholes were mainstays of large number of corporates for achieving profit and growth targets, which gave many financial and legal experts on the Boards enviable reputations, till numbers without performance stood exposed and crumbled. Society, markets and regulations today demand much more transparency and purpose from corporates which needs genuine performance and activity and, therefore, added levels of competence, in addition to financial and legal compliances only.

So, competition and technological changes are fast becoming (if not already become) two most critical challenges that face Indian Boards today, as opposed to challenges mainly in the ways of doing business, that used to keep Boards busy hitherto. The earlier “safe” assumption that the market was well taken care of, is no longer valid. And that changes everything. These are also not new, and strange hypothesis only witness the new emphasis on good governance, 'stakeholder values' and risk management that encompasses both risks arising out of internal practices, as well as external risks, and external events are equally, if not much more, lethal and fatal. Corporate reporting contents are also being drastically redefined to include commentaries on aspects other than only accounting numbers to introduce degrees of transparency that were hitherto unheard of.

It is very clear that Boards of the 2020s and beyond will need competence that can oversee and guide focus back on to customers, evolving composition of the customer base and ways it is likely to evolve in the medium and long term, along with the accompanying evolution of their needs, preferences and habits. This, in turn, will need continuous scan of environment for new technologies and research trends and adoption of new agile management practices, including innovative resource and fund mobilisation practices, that enable seamless progression to different processes with basic and totally focussed goal of customer delight and growth remaining the only constants. The convergence of all businesses into technology businesses is fast becoming a reality and way beyond denial.

And that brings me back to the original thought for this article: What should the composition of such Boards for Indian Companies in the decade of the 2020s and beyond be like? Should it continue with the traditional dominating presence of accounting, finance and legal experts with a sprinkling of other functions in exceptionally few companies? This is, of course, despite efforts and advise by the regulatory authorities to broad-base the Board composition since last few years.

So, is there a strong case, for example, for induction of Marketing and Branding Specialists on Boards?

I would say, surely there is. Those who come to this position do so with one strong quality, they can identify closely with the consumers. Be it for a typical “B-to-C” enterprise, or a “B-to-B” one, the latter only needs working at multiple stages to work out future trends, depending upon which stage in the value chain the relevant company is present. With correct and intimate identification of and with consumers, everything else follows. Marketing competence comes from being able to coordinate and balance between the very human traits in a customer cohort, together with deep understanding of the market dynamics itself, technologies involved at various stages including trends of future disruptions, all financial implications and manufacturing and supply constraints. Such specialists, therefore, are in the best position to act as mentors, provide guidance and stewardship to executive teams in all these aspects of critical strategic importance, especially for sustained long term growth objectives of the company. In fact, it may even be said that the most competent effort on accounting analyses of past performance and most competent compliance of all statutory regulations cannot ensure successful, long term, strategic outcomes for a company's future growth and market presence, despite their critical importance to the corporate system especially for ensuring excellence in governance. Only an astute and competent marketing effort can lead a company towards that objective, if not actually ensure it.

■

So who better to be part of Risk Management Committee or the new Audit Committee than the new Marketing and Brand Specialist on the Board?

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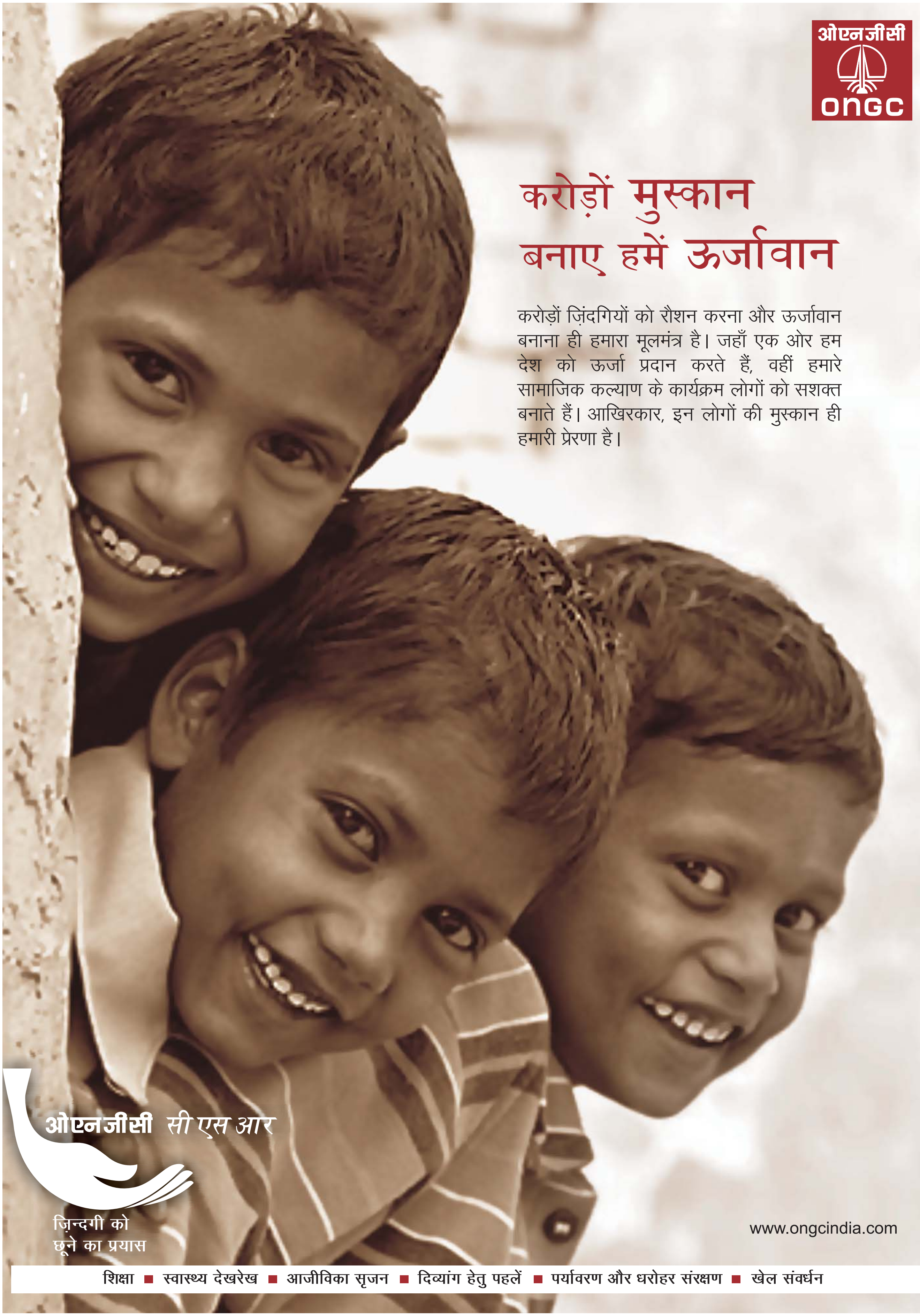
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Then and Now: The Evolution of Regulatory Requirements and Governance Framework

* Mani Padmanabhan

The legal and regulatory landscape has been constantly evolving over the last 20 years.

Ethical practices are not just 'good to have' but, 'must have' as people have realized that 'lack of ethics and integrity' not only lead to regulatory risks, it can also pose existential risks too. Around the turn of the century, new laws were framed, existing laws strengthened, and the enforcement authorities were given more teeth. New regulations and standards were introduced with the objective of making corporates more responsible and accountable to all 'stakeholders' because business is more than just delivering numbers at any cost.

Laws were framed to cover 'Workplace Harassment', 'Conflict of Interest', 'Insider Trading', Bribery and Corruption which were hitherto, 'moral' issues and not legal offences (except in some countries). Even though strict laws did exist in some countries, the enforcement actions have increased significantly only in the last decade.

While instances of unethical cases are not new, yet the scale and magnitude of such issues are much higher now than before due to the complex nature and globalized scale of businesses, caused by easing of trade barriers and free flow of goods and services across countries.

The electronic and internet era have obviated the necessity of physical movement, connect and exchange to do commerce internationally. Thus, frauds today may have huge consequences and international ramifications.

Phases of Governance

Even with emerging laws and regulations, some companies still resort to shortcuts and unethical practices to achieve ambitious growth numbers and targets. Let's examine how the regulatory governance phases have evolved over the last few decades from being merely compliant to being completely committed. While I'm writing about the phases from a largely Indian ecosystem, the same would've been true for many countries at some point.

A. Prescriptive Phase of Governance

In this first phase of governance, requirements are prescriptive, such as required approvals (to set up factories, for example), time frames and fees organizations need to pay. In this procedure driven compliance phase, "permissions" from the government are important. A typical governmental body isn't interested or even knowledgeable about business norms and practices.

Compliance is largely binary in nature: You either comply or you don't. This procedure-heavy bureaucratic phase can spawn corruption and a "speed money" culture (greased payments to hasten processes and services).

While this aspect of governance is important, it just fosters rule-based adherence and doesn't necessarily promote ethical compliance or even regulatory controls.

B. Regulatory Phase of Governance

In the second phase of governance, regulatory arms of government become stronger and become involved in the "how" of business by mandating processes that organizations need to follow in the interests of consumers. This phase had pros and cons. Some view such governmental actions as meddlesome and invasive. However, most believe that, for example, the central bank in India (RBI) has become a good regulator and has protected Indian currency from much financial turmoil in Asia and even globally.

Developing countries are often found to be in this second phase, but this varies from country to country. This phase of governance brings a focus on customer interests, compliance to standards and a fair degree of probity, but it doesn't mandate organizations to be absolutely ethically upright.

C. Ethics and Values Phase of Governance

In probably the most evolved of the three phases, governments expect businesses to go beyond mere compliance and demonstrate the highest levels of ethical conduct as their core principles whilst pursuing their goals and mission-driven priorities. Stakeholder interests are vital to businesses and are key to their survival. This isn't to say that businesses will become less competitive and innovative. The cost of unethical practices is so high that businesses can't afford to disregard the risks anymore. So, the best way forward is to be innovative with their products and processes to stay relevant and competitive.

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This phase underscores the significance of staying ethical and morally upright as an organization. Businesses realize the existential challenges posed by unethical practices and the power wielded by enforcement authorities.

We've seen numerous instances in which businesses have paid huge prices for unethical deeds. Mismatches among differing governance standards across countries and cultures often cause these ethical violations. Most companies operating in diverse markets face this challenge.

Standards across the globe are fast converging to the 'Ethics and value' phase of governance.

Governance at Corporations

In the ethics and values phase of governance (the optimum phase in ethical processes), corporations take a proactive approach in devising processes to monitor business, gauge ethical parameters, identify instances of fraud or corruption, and implement corrective and preventive actions, among other measures.

We know that an organization must institute a comprehensive program across all levels, so it'll become ingrained into the fabric of that organization. Governance processes should embed values and principles into business decision-making. It's not about an overtly "rule-based culture" where people just follow regulations without considering why; it's about upholding values and principles in all interactions, especially those that involve ethical dilemmas.

Corporate leadership need to fully own a good governance model. Management should apply its principles and processes across the organization with the goal of enthusiastic employee participation. The model should have strong oversight, written policies and standards, training and development, open lines of communication, and monitoring and corrections.

1. **Strong Oversight**

   A governance model with strong oversight doesn't require a hierarchical structure. An organization isn't about one person; company leaders must be responsible for oversight of governance processes. A chief compliance officer or a governance, risk management and compliance head can manage the program. But the ultimate responsibility must be with the CEO and board of directors, who have the authority to review the governance framework and suggest any needed changes or corrections.

2. **Written Policies and Standards**

   Organizations need written policies and standards on ethical subjects such as bribery and corruption, conflicts of interest, gifts and hospitality, codes of conduct and similar topics. Clearly written procedures that set boundaries on what's acceptable and what's not are a must. These policies and procedures should define situations involving ethical dilemmas and explain the decision making processes. An organization's policies and procedures should be based more on values than on rules and should promote societal good.

3. **Training and Development**

   Organizations should have distinct training and awareness campaigns for all ethics and values aspects. Regardless of employees' functions, organizations should educate them about subjects such as bribery and corruption, sexual harassment and conflicts of interest. Such training should focus on ethical decision-making, in particular.

4. **Open Lines of Communication**

   An organization should foster a culture of openness in which individuals can share their concerns with management if they observe any actual or perceived breaches of ethics without retaliation. At many large organizations, employees, vendors and other associates have access to hotlines through which they can register their concerns and even suggestions. The most effective reporting systems maintain the anonymity of those reporting.

   It's management's responsibility to evaluate and resolve genuine concerns that employees submit through the reporting process. Ultimately, it's the board's responsibility to ensure that each concern is handled in a just and fair manner and that management's response is unbiased and thoughtful.

   It's important to identify concerns before they become complaints. A complaint could refer to an incident that has happened, while a concern can be merely an indication that something is amiss and needs further investigation.

5. **Monitoring and Corrections**

   A good monitoring process (including internal audits, reviews, management walkthroughs) measures the process outcomes and offers evidence-based suggestions for improvements and corrections. The monitoring process should highlight successes besides identifying non-compliance, failures and gaps. Organizations then should identify corrective measures and preventive steps and carry out the necessary remediation.

6. **Response Mechanism**

   Organizations need to be nimble and more than just rules-driven; they should follow their core values when they respond to any kind of ethical issue. This is particularly true if such issues can affect their reputations and ethical stances. They then must follow corrective and preventive measures in spirit and letter and consider response strategies based on sound judgment and deeply rooted in their values.

A New Approach becomes the Norm

We are living in the day of high regulatory enforcements and standards. Organizations must act ethically and not just legally. On the plus side, we've seen countless cases of companies doing the right thing by going well beyond the law and making ethically sound decisions based on their core values and principles. For example, some companies have taken strong action in response to cases of harassment when the incidents weren't, technically, criminal in the eyes of the law. However, we've seen too many cases of corporations still following a culture of "do it until you are caught" philosophy. This dubious approach might have worked in the past, but not any longer. Good leaders are laboring to make sure of that. ■

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Conceptual Approach to **Board Reporting Framework**

A Post COVID - 19 Corporate Governance Perspective

**Concept Paper by the The Management Accounting Committee, The Institute of Cost Accountants of India*

This concept paper contains the following contents on the proposed Board Reporting Framework Post COVID -19:

- Objectives
- Underpinning philosophy
- Value Chain Approach
- Key themes of reporting
- Time dimension
- Beyond Financial Performance Parameters
- Futuristic Information
- Risk Impacted Assessment
- Board Reporting Framework
  - Scenario 1: A Manufacturing Company
  - Scenario 2: A Services Company in ITES Domain

Objectives

Almost the entire world today is reeling under the threat and aftermath of unprecedented COVID 19 pandemic. This has had a huge and significant impact on the businesses all over the world across sectors. The disruption to normal business models from the supply lines is likely to have long-lasting repercussions. Given such a scenario, companies will need to operate differently to effectively manage the crisis. COVID-19 is changing the way we live, work and use technology. As the world adjusts to its new normal, this calls for a need to rethink strategies to drive resilience and emerge from this crisis stronger. The Corporate Boards will respond to challenges resulting in revised business models evolving over time frame. The objective of this paper is to provide a conceptual Corporate Governance perspective to the Board Reporting Framework – Post COVID 19 which will serve as an internal document from the managements mirroring the renaissance of the related entity.

Underpinning Philosophy

Post COVID 19 business will have a new normal and the Corporate Governance perspective and Board Reporting Framework will have to be reengineered accordingly and appropriately. There is an imperative need to have a well-defined management reporting to update the Board on the crisis and its (changing) impact on business fundamentals, with data about current and projected impacts on performance based on established key indicators and how the business is recovering. It is also important that the Board adapts its working mode to the speed of events, requiring ongoing communication between Boards and Management Teams.

Value Chain Approach

The speed and breadth of this crisis has impacted the Value Chains of the companies both internal and external to the entity. The Current Corporate and Board Reporting Practices are entity focused. Post COVID 19 the Value Chain Approach based on sustainability and the Integrated Reporting Architecture would be more relevant which is also endorsed by the Global Management Accounting Bodies.

The COVID-19 pandemic has destabilized supply chains like no other event in recent history. Effective inventory management including efficient warehousing keeping the customer value expectations in focus the managements will be compulsorily be required to relook the entire value chain and work out appropriate strategies and action plans to deal with the new emerging business order. The focus will be on faster ramp up and sustained growth of the organization.

As the Corporate Managements can reset their business models only by looking outside the boundaries of an entity, reporting to the Board should also follow that path of the value chain. Therefore Value Chain Approach and not the entity level should be the touch stone of Corporate Reporting.

Key Board Reporting Themes

Once the pandemic is over, Boards and Management should take the opportunity to review the situation and discuss lessons learnt including how the business was disrupted (historical impact) and likely future implications for the business. This requires a facilitative management reporting framework focused on capturing the historical impact and offering a perspective and handle on projected impacts on operational and financial performance of companies. The Boards should get this right and it presents a unique opportunity to establish and build trust within their stakeholders. The key themes on which the management attention and indulgence is inevitable are –

- Rebuilding Stakeholder value
- Supply Chain – Inbound
- Production / Operations
- Marketing
- Supply Chain – Outbound
- Financial Resources Management
- Infrastructure Management
- Human Resources
- Information Technology
- Sustainability

Time Dimensions

Once the pandemic is over, Boards and management should take the opportunity to review the situation and discuss lessons learnt including how the business was disrupted (historical impact) and likely future implications for the business in immediate, short, medium and long term. In the current scenario, the Time Dimension of short, medium and long term have a different connotation than what is normally understood, explained elsewhere in this paper.

This requires

a) Impact assessment (Historical analysis),

b) Short term action Framework (1 month to 3 months),

c) Medium term action Framework (3 months to 6 months),

d) Long term action Framework (6 months to 1 year),

The Boards will have to keep tab on the various aspects of business on continuous basis informally, even though the structured / formal reports may be presented in the Board meeting(s) held periodically.

Beyond Financial Performance Parameters

The philosophy of a good company is not only to provide a fair return on investment to the shareholders, which is financial consideration, but also to take care of the expectations of other stake holders through non-financial measures like: providing good working condition, providing for career growth and development, recognizing creativity, encouraging meritocracy, value based management system, increase in productivity, improved standard of living, new customer retention, customer satisfaction, and consideration of social & environmental issues in strategic decision making. Non–financial performance parameters can act as leading indicators because if the company is doing good job in these dimensions, most probably it will generate good results with respect to financial indicators, like profit, growth, sales etc. Through all these measures, the company will not only earn a good reputation, which is an intangible asset, but also will improve productivity, thereby creating competitive advantage.

Futuristic Information

As the reporting will now seek to inform the Board not only the historic impact but also futuristic information, the managements need to be on sound footing in estimating future costs which will form a part of short, medium and long term indicators. Moving beyond the accounting norms of good estimates and provisions, measurement tools need to be in place to forecast the costs impact in foreseeable future using Cost and Management Accounting tools like Life Cycle or Technology Based Costing.

Risk - Impact and Management

Business risk involves the possibility of financial and operational difficulties in the business environment. The COVID-19 pandemic demonstrates the unprecedented levels of global connectivity we work and live with; and how seemingly unrelated issues like the resilience of businesses, dependence on supply chains, and normal social interactions can be simultaneously severely compromised. The businesses in future will need to develop comprehensive and robust Risk Management Architectures with a view to affording risk shield to their operations and an ability to steer the entity towards achieving organizational objectives. This calls for a relook at the way the companies were managed in pre COVID-19 scenario. Financial and Non-financial information may need to be viewed through the lens of risk management before they are presented to the Board.

Board Reporting Framework

Based on the concepts suggested as above, a suggested template **Board Reporting Framework** is presented below. The template is purely suggestive and the indicators need to be populated based on the strategic and operational context of an individual entity. However what we have attempted is to populate the template under two scenarios.

1. ***Scenario One is that of a manufacturing company***
2. ***Scenario Two is that of a services company in ITES domain***

Scenario One: Financial Parameters of a Manufacturing Company

Themes	Indicators*	Strategic (S) Operational (O)	Historical	Short Term	Medium Term	Long Term
Rebuilding Stakeholder Value	Market Capitalisation Drop	S	50%			
	Reduced dividend distribution planned	S		75%		
Inbound Supply Chain	Value of inventory lost in Lock Down	O	3 Crores			
	Expected increase in Raw Material Cost % to Cost of Goods Sold	O		8%	10%	5%
	Budget for relocating China source	S			2 Crore	
	Increase in logistics cost as a % of Material Cost	O		10%	5%	

Manufacturing	Increase in manufacturing cost post COVID norms	O		15%	12%	
	Decrease in power cost due to load shed	O		10%	8%	5%
	IT investments in IOT and AI in manufacturing	S			1 Crore	3 Crore
	Capital invest due to machine spacing	S			2 Crore	3 Crore
	Expected increase / decrease in prices of raw material	S				
	Impact on material mix due to non-availability / substitution of imported with indigenous material	S				
	Restarting expenses after lock down	O		5 Crores		
	Loss of contribution in lock down	O		10 Crores		
Marketing	Increase in branding cost as a % of Cost of Sales	O			5%	10%
	New Product Development (NPD) budgets for new products post COVID	S		<5 Crores	2 Crore	5 Crore
	Budget for rebuilding customer base	O		1 Crore		
	Budget for E marketing	O				
Supply Chain Outbound	Increase in out bound freight costs	O		5%	3%	2%
	Increase in space cost for hub and wheel	S		5 Crores	2 Crore	
	Budget for increase in dealers / distributors	S		5 Crores	2 Crore	3 Crore
	IT investments for dealer connectivity	S		1 Crore	2 Crore	2 Crore
Human Resources	Manpower cost during lock down	O	2 Crores			
	Increase in manpower cost - Social Distancing	O		5%	10%	15%
	Restraining local manpower skills	S		25 Crores	1 Crore	1 Crore
	Increase in welfare costs	O	2 Crores	1 Crore	2 Crore	2 Crore
Information Technology	Budget for server capacity increase	O		2 Crores		
	Disaster recovery Management System	S			5 Crore	
	Digitisation of all operations	O		5 Crores	5 Crore	
Sustainability	Increased cash requirement operational	O		1 Crore	2 Crore	
	Government Revenue Grants / aid as % of sales	O		5%	5%	
	Impact of delayed receivables	O				
	Impact on Working Capital	O				
	Impact on Debt service obligations	O				

****The indicators of financial and non – financial performance as referred to above are generic in nature and used only for illustrative purposes. Each corporate entity may suitably modify the same in accordance with its nature and scope of activities / operations.***

Scenario One: Non-financial Parameters of a Manufacturing Company

Themes	Indicators*	Strategic (S) Operational (O)	Historical	Short Term	Medium Term	Long Term
Rebuilding Stakeholder Value	Health / relief Camps organised in Villages Adopted	O	10			
	Health / relief Camps proposed in next 3 months	O		25		
Inbound Supply Chain	Equivalent months of Inventory lost in Lock Down	O	2			
	Time required for vendor restoration by 50%	O		2 Months		
	No of new vendors to be added replacing Chinese	S			8 Months	
	Capacity lost during Lock Down	O	30%			
	Time required for restoring bottle necks by 50%	O		2 Months		
Manufacturing	OEM Supplies of equipment expected delivery	O			6 Months	
	Assessment and delivery of Equipment for NDP	S				12 Months
	Increased space required for rebuilding layout	S			50%	
Marketing	Drop in market share to pre COVID base	O	50%			
	Time to reengage within the current customer base	O		2 Months		
	Likely drop in customer base due to logistics	S			25%	
	Loss of market share in premium product range	S			50%	
Supply Chain Outbound	No of Dealers who have shutdown business	S	25			
	No of Distributors who have shutdown business	S	10			
	FG Inventory lost in Lock Down	O	1 Month			
	Time to rebuilding channels to 50%	O		2 Months		
	Increase in space required for logistics	S			50%	
Human Resources	Migrant Labourers drop due to shut down	S	100%			
	Probable shortage in labour - Social Distancing	O		25%		
	Increase in deployment levels of local labour	O		20%		
	Reskilling required of the evolving labour force	S			20%	30%
Information Technology	Disruption with vendors and customers due to IT	O	30%			
	Time required for future work from home scenario	S				12 Months
	Time required for expanding server capacities to 50%	S			10 Months	
Sustainability	Reduction in Carbon footprint due to lock down	O	70%			

Themes	Indicators*	Strategic (S) Operational (O)	Historical	Short Term	Medium Term	Long Term
	Proposed reduction in Fossilised power	S			30%	

The indicators of financial and non – financial performance as referred to above are generic in nature and used only for illustrative purposes. Each corporate entity may suitably modify the same in accordance with its nature and scope of activities / operations.

Scenario Two : Financial Parameters of a Services Companyin ITES domain

Themes	Indicators*	Strategic (S) Operational (O)	Historical	Short Term	Medium Term	Long Term
Rebuilding Stakeholder Value	Market Capitalization Drop	S	50%			
	Dividend Distribution Plan	S		75%		
Infrastructure Management	Growth rate impact on infrastructure	O		8%	10%	5%
	Cost of Infrastructure with WFH concept increasing	S			2 Crores	
	Increase in the cost of hardware due to WFH	O		10%	5%	
Operations	Cost of Bench due to lockdown	O		15%	12%	
	Delays in executing the existing Projects	O		10%	8%	5%
	Capital Investment due to Social Distancing	S			1 Crore	3 Crores
	Restarting expenses after lock down	S			2 Crores	3 Crores
	Cost of Bench due to Customers situation	O				
Marketing	Impact on the Growth Rate due to lock down	O		10 Crores		
	Pricing Pressures	O			5%	10%
	Loss of New contracts due to changed scenario	S		<5 Crores	2 Crores	5 Crores
	Loss of Customers due to Lockdown	O				
	Budget for rebuilding customer base	O				
	Value of orders lost due to Customers Position	O				
	Impact on Products for certain verticals	S				
Supply Chain	Increase in cost of Technical Services	O				
	Increase in cost of other Services :	O				
	Maintenance					
	Communication and Internet					

Themes	Indicators*	Strategic (S) Operational (O)	Historical	Short Term	Medium Term	Long Term
Human Resources	Manpower cost during lock down	O	2 Crores			
	Increase in manpower cost social distancing	O		5%	10%	15%
	Retraining Manpower	O		25 Crores	1 Crore	1 Crore
	Increase in welfare costs	O	2 Crores	1 Crore	2 Crores	2 Crores
Financial Management	Currency Fluctuations	O				
	Increased Cash requirements	O				
	Capital required – Short / Long term	O				
Sustainability	M&A opportunity to increase the presence	S				
	Cash Flow Situation	O				
	Expected delayed receivables	O				
	Working Capital Requirement	O				
	Debt service obligations	O				
	Expand Locally based on the Client presence	S				
	Output and Outcome models Impact Salaries	S				
	Data Leakages	S				

The indicators of financial and non – financial performance as referred to above are generic in nature and used only for illustrative purposes. Each corporate entity may suitably modify the same in accordance with its nature and scope of activities / operations.

Scenario Two: Non-financial Parameters of a Services Company in ITES domain

Themes	Indicators*	Strategic (S) Operational (O)	Historical	Short Term	Medium Term	Long Term
Rebuilding Stakeholder Value	Health Camps Adopted	O	10			
	Health Safety and Environment Policy	S		25		
Operations	Release Dates missed	O	2			
	Time required for restoration of production	O		2 Months		
	Capacity lost during Lock Down	O				
	Automation of IT Development and Operations	S				
	Performance of Technical Contractors	O				
Supply Chain	Impact on Hardware and Software supplies	O				
	Impact on Technical Services	O				
Infrastructure Management	Impact on Construction and Capital supplies	O				
	Time required for restoring bottle necks	O	30%			
	Time required to shift from 100% Infra model to 50%	O		2 Months		
	Space required to rebuild with WFM strategy				6 Months	

Themes	Indicators*	Strategic (S) Operational (O)	Historical	Short Term	Medium Term	Long Term
Marketing	Probability of Domestic demand due to Digitization	O				
	Drop in market share to pre COVID base	O	50%			
	Time to relook at the Verticals that matter more	O		2 Months		
	Likely drop in customer base	S			25%	
	Loss of market due to Customer conditions	S			50%	
Human Resources	Probable shortage in labor - Social Distancing	O		25%		
	Increase in deployment levels of local workforce	O		20%		
	Reskilling required of the evolving workforce	O				
	Robotic processing to impact Low level IT staff	S			20%	30%
Sustainability	Business continuity Plans	S				
	Agility and Adaptability of the organization to meet the new challenges	S	70%			
	Globally Networked Distribution work spaces	S				
	Location Independence Model	S			30%	

The indicators of financial and non – financial performance as referred to above are generic in nature and used only for illustrative purposes. Each corporate entity may suitably modify the same in accordance with its nature and scope of activities / operations.

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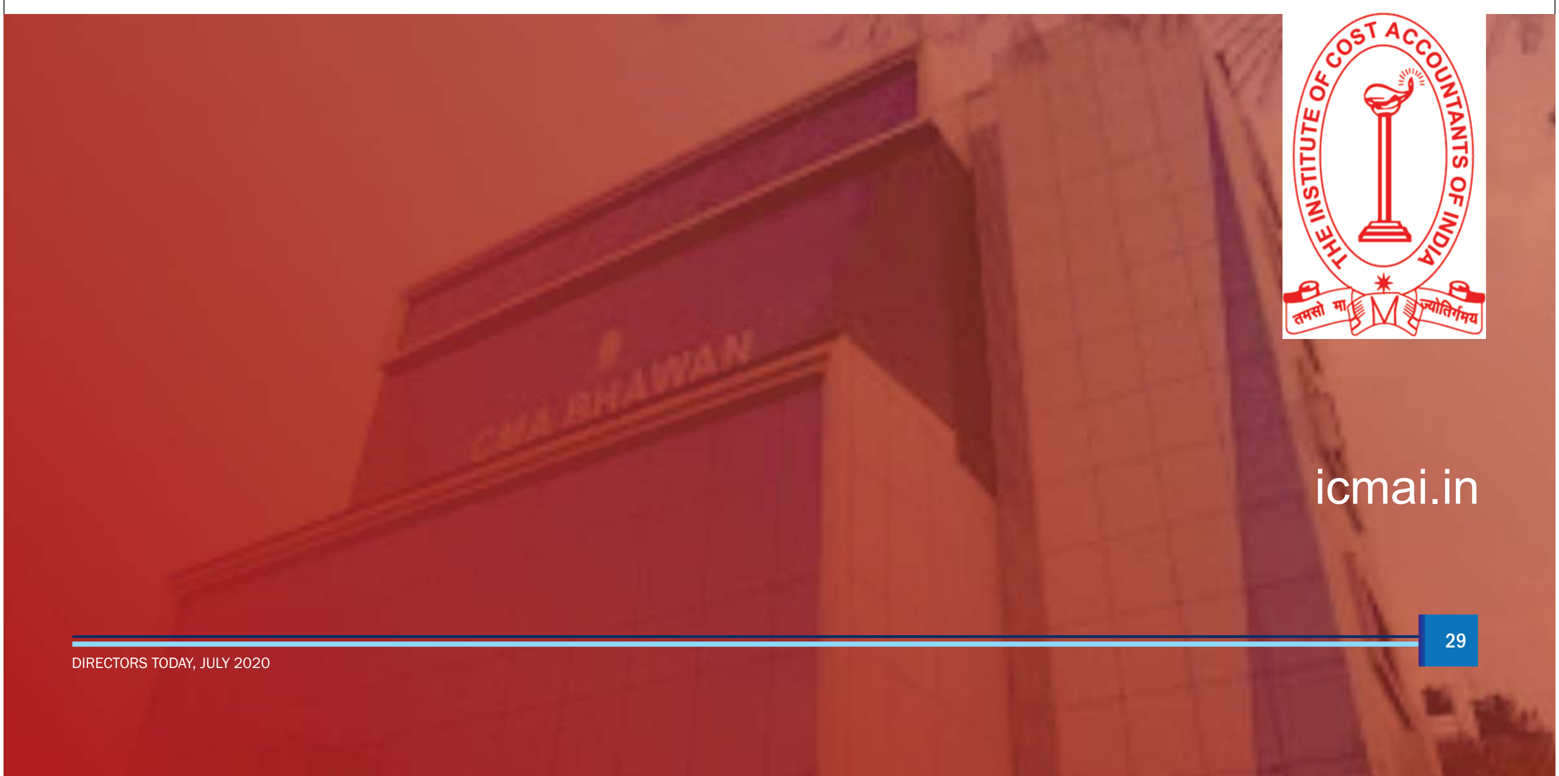

A Report on

Global Webinar on

Reshaping Board's Strategy to Embrace Technology for Sustainability in the **Pandemic Era**

JUNE 02, 2020
New Delhi

Institute of Directors (IOD) organised a Global Webinar on June 02, 2020, simultaneously on two platforms i.e. Zoom & Facebook, from India, which was largely attended from all over India and abroad, with distinguished speakers and over 600 guests. The Theme of the Webinar was *"Reshaping Board's Strategy to Embrace Technology for Sustainability in the Pandemic Era"*.

Lt. Gen. J. S. Ahluwalia, PVSM (Retd.), President, Institute of Directors, India, in his 'Welcome Address' mentioned the need to navigate from troubled waters to save lives & our livelihood. He mentioned, that a "new normal" is emerging, and we need to retain the positives of remote working and speedily focus on recovering revenues. "We survive to thrive", he said. We need to rethink the organization's process & solutions. During crisis recovery, inclusion & diversity are always at risk and both need empathy. Economy remains constrained by demand. We operate agile networking teams controlled by a crisis nerve centre. He highlighted how the global supply chains have got badly disrupted during this pandemic and that technology is not a neutral platform for geo-politics. Such times have propelled us to adopt and adapt to automation and digitization, to survive, but requires an up-skilled work force. Sustainability requires creating focus & value over a long-term horizon. Corporations need to change their focus from economic to strategic control. IOD continues to deliver high quality market solutions to keep to it's mission of "future ready boards".

Mr. Sameer Garde, President, CISCO India & SAARC in his 'Introductory Keynote' emphasized on technology solutions for a digital world which has been forged in crisis; a different world with New Behaviours, New Rules & a New Normal, shaping the new world with contactless technology. Three big trends in shaping this new world are:

i. Rebuilding trust

ii. Emergence of disruptive business models, and

iii. Rise of automation

He mentioned the 4 E's that will make all the difference in these turbulent times:

i. Employees & Consumers,

ii. Employers & Businesses,

iii. Economy & Country, and

iv. Environment & Sustainability.

Home is the new base camp for work, shopping, learning, entertainment & socializing, etc. Customers are independent but digitally dependent. There is a need for more innovative, productive &

TV Mohandas Pai
Chairman
Manipal Global Education;
Chairman, Aarin Capital;
& Chairman, 3one4 Capital

Dr. Santrupt B. Misra
CEO, Birla Carbon;
Director - Chemicals & Director
Group HR, Aditya Birla Group

Atul Temurnikar
Co-Founder and Chairman
GIIS, Singapore

Sameer Garde
President
Cisco India & SAARC

Shrikant Sarda
Managing Director
Accenture Technology

loyal employees. Focus on inclusive & democratic access to education, healthcare & more, is required. Reduced operational costs & better flexibility should be the strategy of Boards. There is a need for reinvention of process & business models. There is a stay at home economy boom. The concept of sharing will transform: the shared economy will be reinvented. A need to boost local sourcing and production. SMB's will be impacted as well. Human well- being will be at the centre of decision-making. Carbon Dioxide emissions are predicted to fall by 8% in 2020. A step toward smart & sustainable living and low-touch solutions will be the future.

Mr. T. V. Mohandas Pai, Chairman, Manipal Global Education; Chairman, Aarin Capital; and Chairman, 3one4 Capital in his 'Keynote Address' mentioned, “the world has changed, every country is impacted”. Global supply chain has been impacted. Oil & Service Industry has been deeply impacted. There is large scale unemployment in the world. Only positive impact of environment is that death rate in India has come down. Boards should look at new business models, as consumer behaviour is changing. We must include technology into Boards. Technology strategy will be based on “people strategy”. Financial flexibility is a must. Every Board must analyse their financial strategy and re-create a fresh network for Boards. Companies following ESG will perform better in the future. India is a supply-constraint market and not demand.

Dr. Santrupt B. Misra, Chief Executive Officer, Birla Carbon; Director, Chemicals; & Director, Group Human Resources, Aditya Birla Group, in his 'Keynote Address' highlighted how “the world has changed for the better”. New businesses will emerge. The ability to support each other is limited. Adaption of technology takes time, and it will be thought thoroughly by the Boards. Tele-medicine will be the greatest benefit for far-flung areas as well. Demographics of employees with technology will also be helpful. We need to promote awareness of technological fluency amongst Board members. Technological absorption in the Boardrooms is crucial.

This was followed by a brief **Q&A Session** which was moderated by **Mr. Shrikant Sarda**, Managing Director, Accenture Technology, wherein questions related to Board's new strategy to embrace technology in order to create a sustainable business model during this pandemic, were discussed.

The next Session was a **Keynote Session** on *“GIIS Virtual Classroom: Schools of the Future - How to embrace GIIS model for success: A Case Study”*

In this Keynote Sesison, **Mr. Atul Temurnikar**, Chairman, Singapore Region, IOD India, Co-Founder and Chairman, GIIS, Singapore, focused on a re-look at embracing technology. Global Schools Foundation (GSF) is future-ready & is for responsible global citizens. In 2020, GSF is on a virtual platform already. GSF schools are perfectly blended with technology. 45% of GSF students in Singapore are placed in Singapore University itself. GSF is blending data analytics with sports. Entrepreneurship and innovation boot camps are also organised at GSF. The use of digital classrooms is the way forward.

Thereafter, a brief **Q&A Session** was moderated by **Mr. Shrikant Sarda**, Managing Director, Accenture Technology, wherein questions related to smart schools and virtual classrooms were discussed.

Mr. Ashok Kapur, IAS (Retd.), Director General, Institute of Directors, India thanked the distinguished speakers, audience and guests who joined the webinar. He reiterated the important highlights of the all the distinguished speakers and the need of the hour-use of technology in the Boardrooms.

The participants appreciated IOD's efforts in conducting this webinar on a very topical topic. Few testimonials have been shared below. ■

Compiled by:
Mr. Vishwa Hooda
Senior Manager - Board Research & Advisory Department
Institute of Directors, India
and

Ms. Sana Rehman
Manager - Board Research & Advisory Department
Institute of Directors, India

Testimonials

Namaste! I would like to personally thank IOD for inviting me for this special webinar organised today. It has been very enriching to hear all the eminent speakers.

Dr. G. Rameshkumar
Founder & Chairman, SSLR Bharat Group of Companies

Thank you IOD for an insightful session with participation from eminent speakers. A lot of good takeaways for the participants. Keep it going IOD!!

Ashok Vasudevan
Managing Director - Festo Global Production Centre INDIA, Festo India Private Limited

Congratulations IOD. Very good presentations. Very useful.

Eugenio Viassa Monteiro
Co-Founder, AESE – School for Management and Business, Portugal

Very good presentation - thank you Atul - inspiring that you are not just a selective school but thoughtfully trying to give value added education to every child and monitoring it. Good seminar IOD and it is so useful for independent directors to have a forum on IOD to stay informed and networked.

Supriya Sen
Independent Director, SREI Equipment Finance Limited

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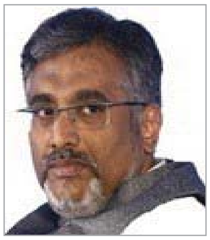

FL-1162

Mr. Baburaj Nair, F.IOD
Chief Mentor
P2B Consulting
Fellow Life

Mr. Baburaj Nair is currently associated with a few start-ups in UAE as Chief Mentor. He was part of the Executive Management Team in the Hindu Group of Publications, RASI Group, Harrison Malayalam (RPG Group), and Eicher Volvo, providing business solutions through people to the apex management team. He has around three decades of exposure in people management with a focus on business in Engineering, Agriculture, Media, and Digital sectors. He teaches at premier Institutes as a Guest Faculty, and is trained on Business Strategy by Professors of Harvard, Ross School of Business, and London School of Economics and is a Graduate in Economics, and Law. He has specialised in HR&IR, and Marketing and has been National Executive Secretary of NHRDN, Vice Chairman of ISTD, Cochin Chapter, HR Executive Committee of CII, Indore and Coimbatore Chapters.

FL-1174

Mr. Surya Vijay Shastri Kotamarti, F.IOD
Chief Execuive Officer
The Kotamarti Group CPAs Professional Corporation
Fellow Life

Mr. Vijay Shastri is the CEO of the Kotamarti Group CPAs Professional Corporation. His career has spanned over 35 years and includes 15 years of experience in executive positions in various industries. He has over 20 years of experience in public accountancy having practiced in India, Kenya and Canada. He produced Telugu Bharathi, a Canadian program broadcasted over FM radio and OMNI TV for 10 years and has also served as the Secretary for Canada India Foundation, a national, nonpartisan organization established to foster bilateral relations between Canada and India. He has educational background in B.Com. CPA, CGA LPA, FCA (India), CPA (US) and FCPA (Kenya).

FL-1175

Mr. Ajay Singh, F.IOD
Corporate Advisor
Autoplant Systems India Pvt. Ltd.
Fellow Life

Mr. Ajay Singh has over 35 years of experience in the IT industry in different roles and was the Chief Executive Officer of an award-winning Fintech Company for over a decade. He has considerable expertise in leading and growing companies, corporate risk management, governance, and strategy, particularly with respect to the development of IT products and solutions for multiple industry verticals and global markets. He serves on multiple advisory boards and is also a visiting faculty at leading Business schools for the same. He has recently authored a book on Cyber Risk Management which is currently under publication.

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FL-1176

Mr. Ravi Bijotra, F.IOD
Head - Enterprise Risk Management
Friends Provident International Limited
Fellow Life

Mr. Ravi Bijotra is currently leading the Enterprise Risk Management function of an insurance organization. He has worked across in the GCC for over 10 years and with clients in India, Bahrain, Kuwait, Egypt and Qatar. He has experience in Governance, Risk Management, Internal Audit, Investigation, Compliance and Business Continuity Management. He brings a unique combination of financial services industry working knowledge and consulting experience with KPMG and PricewaterhouseCoopers. He is passionate in re-shaping and developing solutions, fit for purpose Governance, Risk Management and Internal Control framework/models for the businesses. He is a member of CPA Australia, qualified CS India and a member of Institute of Internal Auditors, USA.

FL-1177

Mr. Ashok Malu, F.IOD
Former President & Company Secretary
Grasim Industries Limited
Fellow Life

Mr. Ashok Malu for the last 3 decades has worked with Aditya Birla Group companies to oversee the Corporate Law & Secretarial Functions. He has retired as President & Company Secretary of Aditya Birla Nuvo / Grasim w.e.f. 1st January 2018 and has been widely acknowledged for his secretarial & legal acumen and skills. He was involved in the activities pertaining to the Rights / Bonus & Buy Back Offers, as well as in the Mergers / Demergers, Hive-offs and Acquisitions initiatives taken in Aditya Birla Nuvo, Samruddhi Cement Ltd. and Grasim. During 2016-17, he participated in restructuring exercise for Merger of Aditya Birla Nuvo into Grasim and Demerger of the Financial Services business of Grasim into Aditya Birla Capital Ltd. He is a Graduate in Commerce & Law and is also a Fellow Member of the Institute of Company Secretaries of India.

FL-1178

Mr. Ritesh Chandra, F.IOD
Director, Regional Counsel, Asia Pacific
CHEP India Pvt. Ltd.
Fellow Life

Mr. Ritesh Chandra joined CHEP in 2010 and was appointed Brambles' Regional Counsel, Asia Pacific in 2011. He started his career in sales in 1996 and has worked as in-house counsel with North Delhi Power Limited, then Airtel and Tata Motors. Today he plays a pivotal role in protecting and promoting the company's business interests and is a member of the leadership teams. He graduated with an LLB in 2001, following which he practiced in various District Courts, Delhi High Court and also assisted senior lawyers in the Supreme Court.

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LM-2293

Mr. Shivananda Baikady, M.IOD
Group General Manager – RT & W
Tristar Group, UAE
Life Member

Mr. Shivananda Baikady has 25 Years of Automotive, Logistics and Transport industry experience in managing large fleet of surface transport assets & Human Resources. He is an TQM Specialist with lean implementation for transport and fleet management operations. He is also Trained Barrier thinking – specialist with expert level understanding in process improvement and risk mitigation. He is a Transpiration performance management system expert with key focus on “heart and minds” program for heavy duty drivers. He completed his studies in Mechanical Engineer with Masters in Business Management. ■

A Report on

Board's Role & Strategy:

Overseeing Risk and Uncertainties in the COVID-19 Pandemic

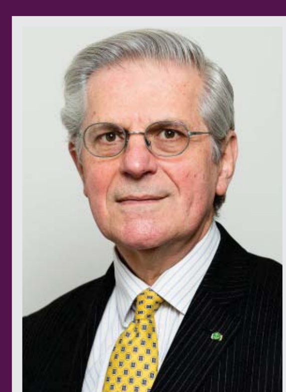
Institute of Directors (IOD) organized a Global Webinar on June 09, 2020, simultaneously on two platforms i.e. Zoom & Facebook, from India, which was largely attended from all over India and abroad, with distinguished speakers and over 800 guests from countries all across the globe, including UAE, Maldives, Australia, New Zealand, Nepal, Europe, Africa, Singapore & India. The Theme of the Webinar was *"Board's Role & Strategy: Overseeing Risk and Uncertainties in the COVID-19 Pandemic"*.

Lt. Gen. J. S. Ahluwalia, PVSM (Retd.), President, Institute of Directors, India, in his 'Opening Remarks' welcomed the distinguished speakers and eminent participants. *"Never waste a crisis*. New market fragments and choices are emerging due to COVID-19", he said. This is the "new normal". "As far as boards are concerned, they are leading with awareness. Vulnerability and empathy are vital to help organizations to fight this crisis. Boards need to anticipate many changes and be proactive in charting the company's strategy and policy, to meet the impermanence." "To drive and deliver better values, Boards need risk management strategies, determination, and resolve to stay the course and to convert each crisis into opportunity." Boards should embrace data-rich technology platforms, facts, and insights for decision-making, look at problems from multiple vantage points, their ability to – gather, organize, interpret, and act on data. Analytics will be the defining competitive differentiator. Boards need to adopt an explicit risk appetite and execute effective hedging strategies. The Board's oversight, understanding, and mitigation of risks in the present complex, volatile, uncertain, and ambiguous business world are vital. "Not all Boards can mitigate the uncertainties inherent in the changing risk landscape", he pointed out. The role of Directors is becoming complex due to a diverse range of factors, disruptive world markets, and accountability to social media oversight, resulting in losses, scandals, failures, and loss of trust with stakeholders. We must build and reinforce a strong risk culture and a risk appetite within the Board. "IOD is increasingly focused on the Board's role to oversee risk management." The key issues of risk management like ERM, cyber risk, etc. are all adequately and practically covered in a very useful Guide **Handbook – 'Enterprise Risk Management'**, which has been prepared by IOD and being sold at the cost of printing through the IOD Headquarter and Amazon.

"The biggest risk in business is not taking a risk." Risk does not just reside within your organization, there is a whole world of risk outside

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

Prof. Anil Gaba
INSEAD Professor of Decision Sciences
The ORPAR Chaired Professor of Risk Management
Academic Director, Center for Decision Making and Risk Analysis



Prof. (Dr.) Colin Coulson-Thomas
President, The Institute of Management Services, UK;
Director General - UK & Europe Operations
Institute of Directors, India

Pradeep Chaturvedi
Vice President
Institute of Directors, India

your doors. Traditionally, organizations have taken a rear-view mirror approach to risk management, relying on post mortem of situations. Such management practices are largely focused on known risks only. Different risks cannot be dealt with separately. Risk management is an interconnected process. The use of analytics helps minimize unpredictability. The network analytic helps diagnose the relative fragility of the supply chain. Supply chains are either risk blind or risk resilient; therefore, transparency and flexibility are required to mitigate supply chain disruptions. Organizations have long relied on global interconnected supply chains to improve margins and create a lean global network. Operational risks to supply chains had been affected by geopolitical and trade wars but Covid-19 has revealed its real vulnerability. A comprehensive understanding of supply chain risks and vulnerabilities, makes it fragile and susceptible to unforeseen events. Another concern is Cyber Risk, as India pushes ahead with digitization. As new opportunities in all existing areas, digitization is a data-driven approach requiring businesses to discover their need of cyber security. Cyber threats are increasing exponentially; we must focus on managing cyber risk. “The cost of responding to cyber-attacks has surged up causing operational disruptions, financial losses and potential erosion of the company's reputation and this is never coming to an end”, he warned.

Our honored partner for the Global Webinar was **INSEAD Corporate Governance Centre, INSEAD, Asia Campus (Singapore)** - The Business School of the World. INSEAD is the world's leading and largest graduate business school, offering participants a truly global educational experience. With locations in Europe (France), Asia (Singapore), the Middle East (Abu Dhabi) and North America (San Francisco) and alliances with top institutions, INSEAD's business education and research spans the globe.

“I have had the privilege of visiting this Institute twice last year. In the last visit in December 2019, IOD lead a study tour of approximately 70-80 senior directors and executives to the INSEAD Asia campus in Singapore. This was part of the IOD's annual 4th Singapore Global Convention, which was held in Singapore from January 16-18, 2020. It was attended by around 300 participants from 9 countries and around the globe. Singapore is India's largest foreign direct investor, and as such we are keen to see how INSEAD is working in Singapore, in the said Corporate Governance Center- our host. It was an extremely useful and enriching visit”, the President recalled.

The visit started with a very inspiring one-hour Keynote Address by the renowned award-winning **Prof. Anil Gaba** at INSEAD Asia center. He delivered a very scintillating talk followed by a long and detailed question-answer session on risk and uncertainty, about how we can prepare for it, if empathy is emphasized, also on the importance of understanding risk of products and services that a company offers. He covered mathematical models that are being used by organizations for risk management across the globe. He showed, how simple line models are better than complex modules and that combining predictability from different models improves the accuracy of findings. To see the most real-life situations, have a combination of predictions and uncertainties and we need to train people to improve human judgment.

Prof. Gaba has also co-authored the book- “**Dance with Chance: Making Luck Work for You”** and it is very interesting to note that in this book the authors argue, that by understanding how uncertainty operates you can make palpable improvements in happiness, health, wealth and your careers. “I think we all here agree that Covid-19 has hugely impacted all of mankind”, the President finished.

Next was the **Keynote Address* by Prof. Anil Gaba**, INSEAD Professor of Decision Sciences; The ORPAR Chaired Professor of Risk Management; Academic Director, Centre for Decision Making and Risk Analysis.

Prof. Gaba shared his point of view on some of the uncertainties that we are facing currently in the Covid-19 situation. Even though many countries are beginning to come out of a lockdown. Yet, there continues to be a lot of noise in the press. In many countries, there is a growing gap between scientists, policymakers and everyone is still a little confused as to what is going on, where are we going to end up, how long is this situation going to continue and so on. He tried to demystify some of these uncertainties, that might help in the role of the Boards, to craft new strategies. We need to understand that we are dealing with a macro-environment.

On the Global Status of the Pandemic

Prof. Gaba pointed out that countries like Taiwan, New Zealand, Australia, and South Korea have no growth in Covid-19 cases. China's growth rate has been zero for quite some time now. Whereas, the growth rate in European countries has kind of disappeared, and the growth curve has flattened. Cases are still on the rise in the United States of America, and India 's growth rate is actually doubling every 7 to 8 days.

On Recorded Deaths

According to Prof. Gaba, statistics may vary from the actual deaths and are probably greater than confirmed deaths because this depends on testing strategy and attribution strategy. For example, some countries only report deaths in hospitals with confirmed cases of Covid-19. There are other countries which are more liberal in this definition. “Countries like Taiwan, New Zealand, Australia, and South Korea are doing good in containing the virus”, he commented. The growth rate in deaths has stabilized in European countries. Whereas, the same has decreased in the US; it is still a positive rate. In India, it is still going up.

On Testing by Countries

Some countries are doing better than others, based on per capita testing. Countries like Brazil, India, Taiwan and South Korea have very low per capita testing. On the other end, in US, UK and Singapore, per capita testing has been high.

On Numbers and Facts

- **Numbers and facts** published in the press, reports or by governments, we should keep in mind that numbers in this context are not some kinds of unconditional facts or truths. They are all conditional on choices and knowledge gaps.
- **Data collection method** is vastly different in every country. So, it is not as if each country is filling in some common spreadsheet. The data collection is different, how they attribute deaths is different, and how they report each case is different.
- **Testing strategy** varies from country to country. The virus contagion which depends on comorbid conditions and healthcare infrastructure is very different across countries. For example – obesity, hypertension and diabetes are strongly correlated with risk factors related to this virus and hence, we can see different numbers
- **Preventive measures** taken in each country is vastly different.

We may have the most sophisticated data analysis techniques available, but the same issue implies 'garbage in, garbage out'. We must be careful about how we interpret these numbers. There are a lot of nuances involved and this has been the primary difficulty for health authorities to figure out what exactly is the mortality rate due to this virus. In other words, if you are in India as opposed to Germany, what is your risk of infection and what is your risk of death from the infection. This has become a very complex task and we still don't know much about it, mainly because the data collection has not been uniformed and the numbers we see are completely conditional on choices.

On Excess Deaths

A small sample of a study was done by 'The Economist' on Excess Deaths. Prof. Gaba shared an example:

In UK, to calculate what are the excess deaths during the month of May 2020, they look at the average number of deaths during the month of May over the past five years and compare that with the number of deaths observed in totality in May 2020. The results of May 2020 suggested that the number of deaths has been much more than what we typically observe in the month of May. This is the idea of total excess deaths.

The above example is just to highlight the effort, going on by researchers to try and understand what exactly is going on, and address questions such as- what is the mortality rate?; what is the infection rate?; where are countries heading to?; are they bending the curve?; and so on. It has been a complex task. So, despite having access to machine learning algorithms, AI techniques and all kinds of sophisticated statistical models, we know at the core, we still face the serious issues of how to interpret the numbers, what to input into our models and so on.

On Back to Headlines in Mid-March

- In Mid-March, many countries sprung into action. There was a growing call to action, especially in the U.S. after watching what had happened in Wuhan, Italy, France, and New York. So, in mid March, CDC estimated that if you do not do anything in the US, you are likely to see anywhere from 2 lakh to 1.7 million deaths in the United States. The very wide range was given because of the difficulty in estimating what was going on, given that the data reporting in the data collection technique, testing strategy, preventive measures had been quite different in different countries.

- At the same time, there was a very influential paper which came out of Imperial College, London, which estimated the United States to witness around 2.2 million deaths, if you don't do anything. This moved governments into action, and they began to consider different propositions in terms of what they should do.

Some Propositions to handle Covid-19

I. Herd Immunity

- The idea was to let the virus run wild. Most people will not die. As soon as 60-80% of the population gets infected, they will build some natural immunity and hence, any further spread will stop.
  - This was a very risky strategy likely to lead to very unacceptable number of deaths, estimated in millions.
  - There was ambiguity around immunity. If people get the infection, could they get it again? Biologists were not sure about the duration of immunity. They were worried, about the possibility of virus mutation and its impact on immunity.

II. Selective Confinement by Personal Risk [Comorbidities]

- Isolate the elderly people or those who have obesity, diabetes, hypertension, etc. This selective cocooning of society was clearly impractical.
  - It was a very facile argument because this is not an individual risk problem, it is a social problem.
  - This assumes that you can take on society as it is organized, and quickly reorganize it into different units by 'high risk' and 'low risk'.
  - The 'low income groups' suffered in most countries because they don't have the luxury to shelter at home, forced to use public transportation, not able to work remotely, live in crowded homes, don't have access to preventive measures and people working in essential services may have spread the virus to their folks.

III. Complete Shutdown until a Vaccine and/ or a Robust Therapeutic Treatment

It was practically not possible due to an extremely high economic cost involved.

IV. The Hammer and the Dance

Most countries converge to this proposition. This idea came out of a very influential paper. It compared three things:

i. **Do Nothing** - This was clearly unacceptable. The estimates said that if you don't do anything, the health infrastructure in most parts of the world will get completely overwhelmed and they would not be able to treat any cases. There will be a massive run on the ICU beds in hospitals and it will actually increase collateral damage, where people for non-Covid19 case type of emergencies and other situations, won't be able to get treatment. The estimates for the number of deaths around the world with this approach in different countries was in millions and extremely high.

ii. **Mitigation** - Let us not lockdown people, keep everything open but introduce a few rules like avoid crowded places, lot of self regulation, in terms of preventive protocols, etc. A kind of a strategy which Sweden has been following. But again in this scenario too, most estimates suggested, the run on infrastructure would still be too high and there would be a very high number of deaths which would be unacceptable.

iii. **The Hammer and the Dance** – Suppress/ hammer down the virus, basically a shutdown. Do quarantines, self-imposed quarantines, some legally enforced quarantines - closed schools, restaurants, crowded places, bars and take other preventive measures. Continue doing so, until you have really suppressed the growth rate of the virus. This is called **hammer down**. This is what New Zealand, Australia, Taiwan, South Korea and Singapore tried to do early on. Once you have suppressed the growth rate; then you experiment slightly, you may ease some restrictions and you keep a close eye on what is going on and the moment you see another up-surge in the virus, you again re-impose preventive measures to keep the growth rate down. This is called the **dance part**.

Most countries followed this, **the Hammer and the Dance** strategy.

They followed the suppression method and it was not easily acceptable to many people, in many parts of the world. The duration of lockdown was conditional on culture and politics. It was expected that there would be a significant impact on the economy and a hidden fear that the virus might re-surface, once we open up.

There is a value of time. At the first level, you will reduce the fatality rate and collateral damage and keep it manageable. Provide some relief for the health care system and people who are running it. For example - in Italy, Spain and New York, there were healthcare workers who did not have access to PPE equipment. The idea was to take a step back, give these people a breather. While we are hammering down the virus, let us quickly build up our capacity, inventory stockpile of PPE, mass ICU units and increase quarantine capacity. In the meantime, we can potentially learn how to treat this virus and understand some costs and benefits of different strategies. There was huge value of 'time', which basically led many countries to adopt this hammer approach.

Many scientists around the world have come together and are working full-time to find a vaccine and at the same time, a good therapeutic treatment. In Italy, Spain, Wuhan and New York, they were incubating people too early and later found that it was not required, even if their oxygen levels were very low. Some non-intrusive oxygen treatment could help them recover. This is an example of how to use time, to learn more about therapeutic treatments and make other progresses simultaneously.

Govt. Measures across the Globe from February 1, 2020 – Until Now

The measures were strict only in China, otherwise most of the world was still quite relaxed. This started to change by mid-March and by end March, the entire world had shut down and it continues to do so even now. Recently, Wuhan and some countries have started to open.

Are Countries bending the Curve?

Countries like Australia, South Korea, New Zealand and Singapore have been able to bend the curve and reduce the growth rate in number of deaths and in fact, make it negative. European countries have been able to bend the curve but not as much as Singapore, New Zealand, Australia and South Korea, because they went into a lockdown too late. Hence, they face a bigger uphill task to bend the curve now. India unfortunately has an upward growth rate in the number of per-capita deaths and even the mortality rate is on the upward swing.

Experience of various countries in handling Covid-19, so far:

Our experiences offer the following:

- There were travel restrictions.
- There were Test, Trace and Quarantine [TTQ] restrictions where South Korea, Taiwan, Israel, Iceland and Kerala [India] did an excellent job.
- There was a strict and swift lockdown in China, India, Greece and Eastern Europe.
- All of the above measures were followed by Singapore, Germany and Norway.
- We begin to see some cautious exit from the lockdown in China, Spain, Italy, Austria, Denmark, Germany, Switzerland and South Korea.

This implies we do not need a Wuhan model to deal with Covid-19. Many people argued that we are not like China or a communist, with centralized government having military behind it. Australia and New Zealand are liberal democracies who fought this situation and the lesson we learned is to use expertise, display competent leadership and create transparency and also, trust the public.

A view into the Counterfactual

There was an article in 'Nature' on June 08, where they try to provide a view into the counter factual, in the sense that what if we had not gone into shutdown across countries, what would have happened? Currently, many people also say, the lockdown is not serious; the number of deaths is much lower than stated.

We should not forget that the growth rate, the infection rate, the death rate and the total number of infections is conditional on the choices different countries made. So, an article came out where some epidemiologists argued that in 11 European countries, if they had not done what they did, there would have been 3 million deaths in addition to the current statistics.

A similar group made a calculation, that there may have been 5 million more infections in six countries, if these confinements had not been put in place. These studies provide a view into the counter factual for the public, so they don't think that all this was an overreaction.

The Beginning of the End Dance or The End of the Beginning Dance

How to go ahead?

i. Have a lockdown

ii. Do a cautious exit

iii. Be compliant, decide the measures to be put in place

iv. Keep on dancing until there is a vaccine/cure

v. Keep growth rate in the infections low

Finding a vaccine/cure is uncertain and the optimistic range is 12 months but, at the same time there is a lot of confidence, given the amount of research going on. For HIV, they could not find a vaccination because HIV positive patients do not produce the kind of reactive antibodies that people produce with coronavirus. An optimistic estimate is 12 to 18 months.

There is a demand for precise predictions. Although we have machine learning and AI today, we are unable to eliminate uncertainty, because there is a lot of irreducible uncertainty, as we don't really understand many factors yet.

Lessons from History

We can learn from major pandemics in the past and take required actions.

- During the **Spanish Flu**, there was a first wave, then people started to relax and there was a much more disastrous second wave and a third wave too.
- In **Philadelphia** – They basically waited too long before taking any measures. Hence, it led to a very high number of deaths.
- In **San Francisco** – Govt. started in time but, they relaxed the measures too soon. Hence, there was a second wave.
- In **New York** – Govt. started early, kept the measures in place for a while and prevented a second wave.
- In **St. Louis** – It started well but opened too early and led to a second wave.

Conclusion - It is not just our experiences so far, but also lessons from history, point to the same kind of evidence in favor of 'The Hammer and the Dance' proposition.

The Nature of Things this Time

The economic crisis started with a health shock and the humanitarian crisis resulting from this health crisis has led to an economic crisis. Also, it is global not local; and sequential, not simultaneous. There is a false dichotomy put forward by many people, that the economy would collapse. There is near unanimity among whole economies that **'this is**

not an economic issue, it is merely a health issue'. Another point is that, you do not have to be like China to solve this issue or contain this. Liberal democracies like New Zealand, Australia, South Korea, Germany and Singapore, through a combination of cooperation with the public government, induced measures, good leadership, creating transparency and trust has led to good outcomes.

There is not likely to be any return to "normal", unless we get a good vaccination or a cure; and the dance will continue. "We need to keep our health infrastructure robust, introduce more testing, develop tracing and quarantine capacity, and a lot of research and development which is going on at a massive scale. It will have to be a combination of institutions, policies, innovation and some luck on our side to fight this pandemic", Prof. Gaba concluded.

A brief **Q&A Session** was moderated by **Prof. Colin Coulson-Thomas**, President - Institute of Management Services, UK; Director General – UK & Europe Operations, Institute of Directors, India. He thanked Prof. Anil Gaba for an insightful and concise overview of the Covid-19 pandemic. The questions related to the roles and functions of the Boards, and how they should operate under trying times.

Q. What kind risk oversight and risk management in the uncertainty of the pandemic?

Prof. Anil Gaba - Imagine you are sitting on a boat. The management comes to you with a budget for next year. What is the implication of what you have heard on that? The estimates you will get today are going to be too over confident. The forecast will be too precise and will represent spurious accuracy. On the revenue side, the range of possibility is going to be very high because we don't know. It appears that countries are opening up economic activities on the up-swing; hence things will begin to get more stable, but it is actually a fallacy and false over confidence. For example - The unemployment report of the United States showed that the U.S. had actually generated 2.5 million jobs. The stock markets reacted very positively and went up through the roof. The Bureau of Labor Statistics pointed out that we have to be mindful with data collection and in this climate, there could be a misclassification error where we classified a lot of people as employed whereas they should be unemployed. There is lots of uncertainty which has direct implications for risk management.

As a Board, it is your duty to push management to cushion all these estimates. The numbers would be much tighter than they ought to be. The buffers, agility and contingency planning are very important in getting a clarification on the assumptions behind the numbers in terms of the scenarios and their judgments. Boards have to intelligently steer through a changing situation. The working relationship between the management and the Board would require more transparency and trust. Boards need to re-think the distinction between the roles of directors and managers. Stakeholders should be consulted. Behind any good robust group decision making, diversity in Board plays a key role. By diversity I mean people who have different windows into the world, who are independent in their thinking and not co-related. The role of the Chair should be to create an inclusive process and mitigate hidden agendas, power politics and create a good constructive environment for leveraging diversity and independence of thoughts.

Q. With whom should a Chief Executive Officer speak to get balanced advice? How can a Chairman understand the reaction of the Board towards Covid-19? We are in a crisis situation, and all of a sudden some people disappear and other people come to the fore.

Prof. Anil Gaba - Ms. Angela Merkel, Germany has surrounded herself with a new group of people which comprises of biologist, epidemiologists, sociologists and economist i.e. people who are looking at the world from a very different window and she is listening to each one of them and trying to the make them tradeoffs. This way, she has all the risks and uncertainties highlighted in a more unambiguous manner. So, similarly a CEO or the Chair of the Board needs to create additional windows into the world where you get more independent perspectives in terms of economics, markets and supply chains. The Boards may include additional people who can provide new windows into the world.

Q. Before Covid-19, people were worried about recession, global warming, lack of biodiversity, degradation of the environment etc. How can we ensure the Board operates efficiently and does not rush to old business models, that were causing those problems and unsustainability? How to use this as an opportunity, to re-think corporate purpose, to prioritize and move forward in a more sustainable way?

Prof. Anil Gaba - It is a big challenge and I think it will separate the good leaders from the bad leaders. This is a little bit conditional on the much bigger debate that has started and likely to continue in different societies related to economic inequality. For example - in the United States of America the current protests started on the premise of racial inequality, but have now gathered a much larger purpose highlighting also the economic inequality. Many business leaders have stepped in because of a vacuum in political leadership. This is also an effort to make a more sustainable environment with stronger and robust relationships with the world.

Boards have to create new opportunities, deal with a new normal, accept a higher degree of risk in terms of adapting new business models. It is necessary to open up a different set of windows into the world. Hopefully, the world will learn from this crisis.

Prof. Colin summed up the **Q&A** by lauding the concept of macro thinking and taking into account that overall environmental impact. He further added that wide diversity in future boards will lead to better results.

Mr. Pradeep Chaturvedi, Vice-President, Institute of Directors, India thanked Prof. Gaba, Prof. Colin and all the participants who participated in large numbers and contributed their knowledge through questions and interactions. He added that IOD is fully geared now towards remodeling the Board's thinking and future strategy to meet the new challenges posed by Covid-19. He reiterated the important highlights of the all the distinguished speakers and the use of technology in the Boardrooms.

**Please note, all data mentioned herein is as on date of this webinar.* ■

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IOD Institute of Directors
Building Tomorrow's Boards®

PERFORMANCE EVALUATION

INSTITUTE OF DIRECTORS

BR&A BOARD RESEARCH & ADVISORY

FOSTERING STRONGER BOARDS FOR EFFECTIVE GOVERNANCE

Board and Directors' Performance Evaluation Support Services

Improving the effectiveness of the Board is a priority for leading organizations everywhere.

IOD has developed tools to assess the effectiveness of boards which combine survey as well as one-on-one interview results, to produce a fact-base of improvement opportunities.

We help you identify and surmount the barriers impeding your Board's effectiveness. Our well recognized and industry leading evaluation services can be tailored to suit your objectives and are known to impact performance positively. You can also count on us to streamline your existing evaluation procedures by facilitating the use of industry benchmarked assessment tools.

The IOD Edge

Independent & Impartial Evaluation: A 360 degree approach in ensuring utmost objectivity in the evaluation process.

Customizable Assessment Tools: A standardized evaluation criteria that can be implemented immediately as is, or easily customized to best suit your specific needs.

Complete Confidentiality: We ensure full privacy of responses received, allowing members to express opinions freely.

Seasoned Experts as Evaluators: Top-Notch Board Experts with years of experiential learning.

Post Evaluation Support & Training: A portfolio of customized professional development services readily available at IOD.

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Methodology

- Web - Based Customised Questionnaires
- Board Cultural Analysis
- Qualitative Discussions with Promoters Directors, Sr. Management, NEDs and IDs
- Workshop/Training Programmes
- Evaluation Report with Actionable results and Company specific recommendations by the Board experts

Why opt for a Board Evaluation?

- Enhance the performance, functioning and effectiveness of your board
- Leverage independent insights and actions
- Offer assurances to stakeholders
- Meet regular governance requirements
- Identify strengths and pinpoint weakness
- Invest in your organisation's future

Key Areas Evaluated

- Board Structure, Diversity and Skill matrix
- Board's compliance with its legal, regulatory and fiduciary responsibilities
- Board Dynamics & Functioning
- Board Committees - Structure, Functioning & Effectiveness
- Corporate Governance Compliance Status and Disclosures
- Stakeholders Relationship Management
- Risk Management and Internal Controls

Technology Platform supported by GovEVA

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Directors' Orientation Programme for Independent Directors' Proficiency Test

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- **Mr. Seshadri Vangala**
  Chief Executive Officer
  IFIN Talent Global Pvt. Ltd., Hyderabad
- **Ms. Jai Madhuvanthi B. S.**
  Legal Advisor
  SLN Technologies Pvt. Ltd., Bengaluru
- **Mr. Ramaswamy Perumal**
  Director
  H-Garb Informatix Pvt. Ltd., Chennai
- **Mr. Harsh Vardhan**
  Curator, Leadership Coach, Trusted Advisor & Board Member
  HVJ.COACH
- **Mr. Sandeep Zutshi**
  Founder & Principal Consultant
  ZA Consulting, Bengaluru
- **Dr. Monisha Oberoi**
  Director
  IBM Singapore Ltd., Singapore
- **Mr. Pradeep Kathuria**
  Assistant Vice President - Finance
  JCB India Ltd., Jaipur
- **Mr. A. Rajeshwara Rao**
  Proprietor
  Rao Associates, Chennai
- **Mr. Saroj Kumar Khemka**
  Director
  Wires and Fabriks (S.A.) Ltd., Kolkata
- **Mr. Rishi Bajoria**
  Director
  Wires and Fabriks (S.A.) Ltd., kolkata
- **Mr. Rajendran Manickavasagam**
  Managing Director
  Kaavian Systems Pvt. Ltd., Chennai
- **Mr. Nandakumar Raman**
  Independent Consultant, Chennai
- **Mr. Srinivasan Thiagarajan**
  Vice President
  Cognizant Technology Solution, Chennai
- **Mr. Pankaj Kumar Sinha**
  Head - Contracts
  Qatari Diar Real Estate Investment Co., Qatar
- **Mr. Ravindranath Menon K. B.**
  Advisor & Independent Consultant
  Nexdigm, Bengaluru
- **Dr. Sameer Mehta**
  Vice Chairman
  Dr. Mehta's Hospitals, Chennai
- **Ms. Chitra Talwar**
  Former Vice President
  Pepsico Newyork, Bengaluru
- **Ms. Suparna Chakrabortti**
  Consultant
  A.C. Chakrabortti Associates, Kolkata
- **Mr. B. M. Pounacha**
  Chief Executive Officer
  Real Estate Heroes, Bengaluru
- **Mr. Shams Jawaid**
  Managing Director
  Datanerv Innovation Lab B.V., Netherlands
- **Mr. Allath santosh**
  National Manager
  Sri Sathya Sai Annapoorna Trust, Bengaluru
- **Mr. Hari Mohan Gupta**
  Former Executive Director
  Oil & Natural Gas Corporation, Mumbai
- **Mr. Kumaran Mani**
  Chief Executive Officer
  TenthPlanet, Chennai

Directors' ORIENTATION PROGRAMME

PARTICIPANTS for DIRECTORS' PROFICIENCY TEST

JUNE 2020

Directors' Orientation Programme for Independent Directors' Proficiency Test

Batch No: 11 I June 13 - 14, 2020

- **Mr. Parmod Kumar Sapra**
  President
  Shapoorji Pallonji Bumi Armada Offshore Pvt. Ltd., Mumbai
- **Mr. Pramod Hanumant Pimplikar**
  Former Managing Director
  Shalina Laboratories Pvt. Ltd., Mumbai
- **Ms. Alicia Yi**
  Independent Director
  Zee Entertainment Enterprises Ltd., Mumbai
- **Mr. Milind Bhalchandra Date**
  Director
  ISDC Projects India Pvt. Ltd., Pune
- **Mr. Swaminathan S. Iyer**
  Executive Vice President - Legal and Compliance & Company Secretary
  Tata AIA Life Insurance Company Ltd., Mumbai
- **Mr. Ramaswamy Jagannnathan**
  Former Director Finance
  Hindustan Petroleum Corporation Ltd., Mumbai
- **Mr. Dilip Singh**
  Principal Chief Operations Manager
  Indian Railways, Mumbai
- **Ms. Sweta Shetty**
  Head of Strategy
  Wilson Group - Dhanvarsha Finvest Ltd., Mumbai
- **Ms. Sneha Khandekar**
  Independent Consultant, Mumbai
- **Mr. Ajith Lakshmanan**
  Former Executive Director
  Life Insurance Corporation of India, Mumbai
- **Mr. Sushobhan Sarker**
  Former Managing Director
  Life Insurance Corporation of India, Mumbai
- **Mr. Gurdev Raj Bhatia**
  Partner & Head - Competition Law Practice
  L & L Partners Law Firm, Delhi
- **Ms. Jaya Guliani**
  Director - Legal
  CMS Info Systems Ltd., Mumbai
- **Mr. Prakash Mirashi**
  Director
  DeltaEta Cost Reduction Consultant Pvt. Ltd., Trivendrum
- **Ms. Esha Abhilash Jhadhav**
  Pricing Consultant
  Dell, Bengaluru
- **Mr. Paramprit Bakshi**
  Independent Consultant, Delhi
- **Mr. Govind Saboo**
  Charted Accountant, Delhi
- **Mr. Sachin Bhirud**
  Delivery Manager, Chennai
- **Mr. Nirmal Bansal**
  Managing Director & Chief Executive Officer
  Samvatsar Housing Finance Ltd., Delhi
- **Mr. Praveen Nelanti**
  Manager
  Deloitte, Hyderabad
- **Mr. Sarvjit Singh**
  Director - Finance
  Garden Research Shipbuilders & Engineers Ltd., Bengaluru

Certified Directors

Participants *for* Directorship

JUNE 2020

263rd Masterclass for Directors on June 20, 21, 27 and 28, 2020, All India

- **Mr. Raman Gurumurthy**
Senior Vice President
Diageo Business Services India Pvt. Ltd., Bengaluru

- **Mr. Phaneender Aedla**
Director
Cicada Stream (OPC) Pvt. Ltd., Bengaluru

- **Ms. Neena Singh**
Independent Director
Winsome Textile Industries Ltd., Chandigarh

- **Mr. Ramachandrachar Venkatesha Prasan**
Director India & APAC Business
Bizbrain Technologies Inc., Bengaluru

- **Dr. Saral Thangam**
Managing Director
Norwich Clinical Services Pvt. Ltd., Bengaluru

- **Ms. Sareena Singh**
Director
RBS Services India Pvt. Ltd., Gurugram

- **Mr. Jaghannathan Chakrapani**
Senior Director - Delivery
NTT Data Global Delivery Services Pvt. Ltd., Chennai

- **Ms. Jayashree Mantri Eshwaran**
Senior Vice President
Diageo Business Services India Pvt. Ltd., Bengaluru

- **Mr. Arun Miranda**
Chairman & Managing Director
Astrotech Steels Pvt. Ltd., Chennai

- **Mr. Satyajit Ganguly**
Managing Director
North East Transmission Company Ltd., Delhi

- **Mr. Vasanth Jeyapaul**
Senior Vice President
Computer Age Management Services Ltd., Hyderabad

- **Dr. Sowmya Vivek**
Head of Research
Emirates Institute for Banking & Financial Studies,
United Arab Emirates

- **Mr. Shrenik M. Kataria**
Director
S M Kataria & Co, Bengaluru

- **Mr. Sivavadivelu Ramachandran**
Managing Director
Renold Chain India Pvt. Ltd., Tamil Nadu

- **Ms. Lakshmi Mukkavilli**
Managing Director
Patra India BPO Services Pvt. Ltd., Visakhapatnam

- **Dr. Ravindra Bhatkal**
Managing Director
Cookson India Pvt. Ltd., Chennai

- **Ms. Vasudha Raghunath**
Company Secretary
Cookson India Pvt. Ltd., Chennai

- **Mr. Sriram Kumar**
Director - Finance
Cookson India Pvt. Ltd., Chennai

- **Mr. Vineeth Suresh**
Global Operations Director
Diageo Business Services India Pvt. Ltd., Bengaluru

- **Mr. Gautam Malik**
Chief Executive Officer
Kanchan Janga Integrated Infrastructure
Development Pvt. Ltd., Kolkata

- **Mr. Rishikesh Upadhyay**
Manager
Reliance Industries Ltd., Mumbai

- **Mr. Hari Saravanabhavan**
Assistant Vice President
Cognizant Technology Solutions, Bengaluru

- **Mr. Navdeep Narula**
Director
Ingram Micro India, Mumbai

- **Mr. C. Mathavan**
Executive Director
Oil and Natural Gas Corporation Ltd., Mumbai

Certified Directors

Participants *for* Directorship

JUNE 2020

- **Mr. Sanjay P. Pote**
  Managing Director & Chief Executive Officer
  Stock Holding Corporation of India Limited, Mumbai
- **Mr. Rajendra Kumar Sarangi**
  Director - Finance & Company Secretary
  Hoganas India Pvt.Ltd., Pune
- **Ms. Veena Iyer**
  HR Specialist
  Societe Generale, Mumbai
- **Mr. Varun Kharbanda**
  Global Director – Compliance & Risk
  HCL, Gurugram
- **Mr. Rohit Raheja**
  Director
  Universal Mednet Pvt. Ltd., Mumbai
- **Mr. Vipin Radhakrishnan**
  Managing Director
  Diageo Business Services India Pvt. Ltd., Bengaluru
- **Mr. Rajeev Ranjan Singh**
  Chief Human Resourses Officer
  ATG Tires Pvt.Ltd., Mumbai
- **Ms. Sandra Martyres**
  Director
  Novartis India Limited, Mumbai
- **Mr. Sunil Muralidharan**
  Managing Director
  Hoganas India Pvt.Ltd., Pune
- **Mr. Ketan Shah**
  Chief Executive Officer
  GACL-NALCO Alkalies and Chemicals Pvt. Ltd., Vadodara
- **Ms. Rekha Murthy**
  Director
  IBM India Pvt. Ltd., Bengaluru
- **Ms. Prerna Saxena**
  Financial Inclusion Advisor
  World Bank Group, Delhi

A Report on

Regional Webinar on "Future Boards"

June 20, 2020 | Chennai, India

Institute of Directors (IOD), India, Chennai Region organised a special Webinar on June 20, 2020, on Zoom, from India, which was largely-attended from all over India and abroad. The Theme of the Webinar was *"Future Boards"*.

Mr. R. Srinivasan, Regional Director - Chennai, IOD, welcomed all the speakers and participants.

Lt. Gen. J. S. Ahluwalia, PVSM (Retd.), President, IOD in his Welcome Remarks, introduced the Theme of the Webinar "Future Boards" and its relevance during these pandemic times. He also briefed on the Vision and Mission of IOD and the various interventions which IOD has initiated to combat the troubling days ahead of us.

FIRST SESSION

Topic - **Systemic Risk and Financial Stability**

Speaker - **Dr. Seetharaman**, Group Chief Executive Officer, Doha Bank (Qatar)

Dr. Seetharaman touched upon how there was a global contraction of all economies globally and how we need to overcome worst contraction levels during the second wave of the Covid pandemic. The need of the hour is disaster recovery through sustainable value creation for human prosperity. Long term plans to build human humanity at all levels is required. He stressed on the need for Food security, healthcare, hygiene and sustainable energy security. The necessity to create green economies is a challenge we need to overcome. He stressed how economic progression can be achieved only with human progression and absolute governance by championing ethical and moral values. He assured participants not to worry on security threats as online transactions increase as all institutions take abundant care and precautions.

SECOND SESSION

Topic - **Emerging Key Technologies for Directors**

Speaker - **Mr. Lakshmi Narayanan**, Former Vice Chairman, Cognizant Technology Solutions

Mr. Narayanan highlighted how the pandemic times has entrenched the value and importance of technology in every aspect of our lives. The need to be tech savvy has become an inevitable norm and a key skill requirement for every Board Member to discharge his duties diligently and efficiently. Remote meetings and vetting of digital forms are skills required of every director today. He also addressed a participant query on cyber security. He touched upon IP thefts, disruptions and nuisance of ransomwares.

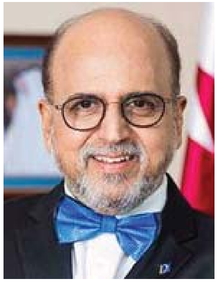
THIRD SESSION

Topic - **Board Diversity**

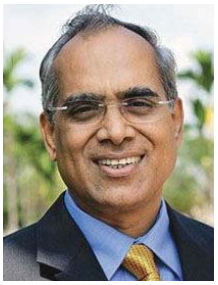
Speaker - **CA Rajendrakumar**, Independent Director and Partner, Sanjiv Shah & Associates

CA Rajendrakumar stressed on how Corporate Board must follow SEE (Skill, Expertise and Experience). A Board with diverse set of people will bring diversity of thoughts, address complex corporate issues, helps to build brand, increase revenues and above all, will be more

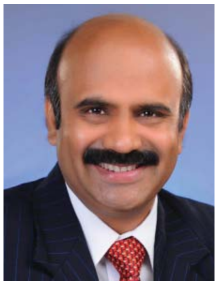
Lt. Gen. J. S. Ahluwalia
PVSM (Retd.)
President, IOD



Dr. R. Seetharaman
Group Chief Executive Officer
Doha Bank, Qatar



Lakshmi Narayanan
Former Vice Chairman
Cognizant Technology Solutions



CA Rajendrakumar
Independent Director and Partner
Sanjiv Shah & Associates

Chandrasekar Kupperi
Founder
ANOVA Corporate Services and Consultant

Karthik
Director – Strategy
Group 10 Technologies

representative of shareholders. The experience of the diverse minds will act as a catalyst in not only identifying but also in dealing with negative forces in a corporate world. What made Abraham Lincoln tide over difficult times during his Presidency and made him one of the greatest Presidents in American History - it is the "people with diverse skills, experience and expertise" in his cabinet.

FOURTH SESSION

Topic - **Corporate Strategy Post - Covid-19**

Speaker - **Mr. Chandrasekar Kupperi**, Founder, ANOVA Corporate Services and Consultant

Mr. Kupperi stressed that every crisis is also an opportunity, of course, for the well-prepared. And that is why the following five Corporate Strategies are considered as the key in post COVID scenario:

1. Push towards Digital: Businesses should consider higher investment in cloud, data, cyber security, robotics process automation and towards data analytics.
2. Business Agility will be the key: Agility means quick action in absence of perfect data, quick response mechanism, pro-active and being nimble. Businesses should adopt Start-up mindset of favouring action over research and favouring testing over analysis.
3. Supply Chain resilience: Survive and be resilient before considering economic efficiencies.
4. Focus on Localization or a combination thereof: Reliability will gain importance relative to price, hence focus on domestic and appropriate long term tie-ups.
5. Business Cost Reduction: Conserve Cash and be financially prudent.

FIFTH SESSION

Topic - **Sustainable Investing**

Speaker - **Mr. Karthik**, Director – Strategy, Group 10 Technologies

Mr. Karthik highlighted as to how the Board should recognize relevance of "Sustainable Investing" and achieve Profit and boost Investor confidence and create Sustainable Value creation. The Boards should adopt appropriate Framework "ESG and Establish ESG Policy, Risk Assessment and Engage with Stakeholders. He also stressed on Boards to ensure appropriate oversight of ESG Risks & Priorities.

The concluding remarks were delivered by **Mr. R Srinivasan** by thanking all the speakers and participants for their support in making the Global Webinar a success.

■

Compiled by:

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Institute of Directors, India, Chennai Region

MSME NEWS FLASH

June 27 - International MSME Day: To raise public awareness of MSMEs contribution to sustainable development and the global economy.

Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. MSMEs not only play crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. MSMEs are complementary to large industries as ancillary units and this sector contributes enormously to the socio-economic development of the country. ■

MSMEs Face Existential Crisis, Revenue to Fall A Fifth: CRISIL

A report by CRISIL says that there could be a 5% contraction in the Indian economy this fiscal – wrought by the Covid-19 pandemic. The report says, it will significantly hurt micro, small and medium enterprises (MSMEs) across sectors. The pain will radiate as India Inc. heads towards ~15% decline in revenue and ~25% fall in earnings before interest, taxes, depreciation and amortization (EBITDA). For MSMEs, the fall in revenue will be steeper at 17-21%, while EBITDA margin will shrink 200-300 basis points to 4-5% as weak demand gnaws away gains from lower commodity prices. A sharp decline at the operating level will also impact creditworthiness, aggravating the liquidity stretch these units have been grappling with, particularly on the working capital front, the report said. In the process, average interest service coverage ratio could slide to 1-1.5 times from 2.4 times seen between fiscals 2017 and 2020, even after factoring in the benefit of moratorium on interest payments announced by the Reserve Bank of India (RBI). Sans moratorium, the ratio would have gone below 1. The challenges would be the hardest for micro enterprises, which account for 32% of the overall MSME debt, and are facing material stress in terms of revenue growth, EBITDA margins and working capital stretch. As per the report, the previous downturns have shown that micro and small enterprises are unable to manage transient working capital challenges as easily as their large and medium peers. To that extent, the measures announced by the Ministry of Finance and the RBI, nudging banks and other institutions to lend more, will help them tide over tapered cash flows. ■

PSBs press accelerator to sanction loans under govt's MSME package

Public sector banks which are on an overdrive to sell loans under the government's Rs three lakh crore package for micro, small and medium enterprises (MSME) before the October 31 deadline have sanctioned an average of 3.75 lakh per borrower to over 8.54 lakh borrower accounts in the last fortnight. With the government offering a guarantee on loan repayments, many banks have started holding virtual town hall meetings and activating their zonal offices for suitable customers to meet the October 31 deadline. Some banks have already issued pre-approved sanction letters to all eligible MSME customers under the risk-free Emergency Credit Line Guarantee Scheme (ECLGS) at a time when the overall credit offtake is sluggish. Total sanctions by PSU banks till June 12 were 32,049 crore. As per Central Bank of India, Managing Director and Chief Executive Officer, Mr. Pallav Mohapatra, the bank is aiming to cover all eligible accounts by July 31, 2020, much ahead of the given deadline of October 31, 2020. The bank has identified over 2 lakh MSME units eligible under the scheme. "All the eligible borrowers were issued pre-approved sanction letters. Within 12 days of launch of the scheme, the bank could sanction loans to 62,952 borrowers involving an amount of 1162 crore and disbursed 544 crore," Mohapatra said. ■

SBI sanctions credit of ₹15,000 crore under GECL to 1.5 lakh MSMEs

State Bank of India (SBI) has sanctioned credit under the Guaranteed Emergency Credit Line Loan (GECL) aggregating to ₹15,000 crore to 1.5 lakh MSMEs (micro, small and medium enterprise) and business enterprises. SBI said in a statement it has so far disbursed loans worth ₹8,700 crore under GECL. According to the statement, additional supportive measures such as Covid Emergency Credit Line, re-assessment of working capital limits, and restructuring of advances are also being made available to MSME customers. Under GECL, a fund based working capital term loan of up to 20% of the entire fund based outstanding as on February 29 is sanctioned to eligible borrowers. The loan amount maximum is capped at ₹5 crores. All borrower accounts (BEs/ MSMEs) with combined outstanding loans of up to ₹25 crores as on February 29 and annual turnover of up to ₹100 crores in the previous financial year (FY20) are eligible for GECL funding under the scheme. The maximum tenor of GECL is four years from the date of disbursement. While it comes with a moratorium of 12 months for principal, interest is payable at monthly intervals. The principal has to be repaid in 36 equal instalments after the moratorium period is over. The interest rate on this loan ranges from 7.80% to 9.25%. ■

Banks sanction over ₹75,000 -crores loans to MSMEs under credit guarantee scheme

The finance ministry said banks have sanctioned over ₹75,000-crore loans so far under the ₹3-lakh crores Emergency Credit Line Guarantee Scheme (ECLGS) for the MSME sector reeling under stress due to the coronavirus-induced lockdown. However, loans worth Rs 32,894.86 crore are disbursed under the 100 per cent ECLGS for the micro, small and medium enterprises (MSMEs), starting June 1. The scheme is the biggest fiscal component of the ₹20-lakh crores Aatmanirbhar Bharat Abhiyan package announced by Finance Minister, Nirmala Sitharaman last month. "The total amount sanctioned under the 100% Emergency Credit Line Guarantee Scheme by #PSBs and private banks stands at ₹75,426.39 crore, of which ₹32,894.86 crore has already been disbursed," Sitharaman said in a tweet. The latest number released by the Finance Ministry comprises all 12 public sector banks (PSBs) and 16 private sector banks. "Under the 100% ECLGS, the loan amounts sanctioned by Public Sector Banks increased to ₹42,739.12 crores, of which ₹22,197.54 crores has been disbursed," she said in another tweet. Meanwhile, private sector banks sanctioned ₹32,687.27 crores while disbursed ₹10,697.33 crores so far. It is to be noted that the RBI said lending institutions should assign zero per cent risk weight on the credit facilities extended under the ECLGS to MSME borrowers. On May 21, the Cabinet had approved additional funding of up to ₹3 lakh crores at a concessional rate of 9.25% through ECLGS for the MSME sector. ■

NEWS & VIEWS

ECONOMY

Finance Ministry projects Indian economy to contract 4.5% in 2020-'21

The Finance Ministry, in a report released on Monday, said that India's gross domestic product is expected to contract 4.5% in the 2020-'21 financial year as predicted by the International Monetary Fund. The ministry cited "unprecedented Covid-19 induced supply-demand shocks" for the downward revision of the economic growth. The Department of Economic Affairs, however, added that readings of high-frequency indicators indicate the "emergence of green shoots" in May and June. "These green shoots have a conducive policy environment to grow further and nudge the economy early on the path of economic recovery and growth," it said in its macroeconomic report for June. ■

Fitch cuts India growth projection to 8% for Fy22

Fitch Ratings has cut India's growth forecast for 2021-22 fiscal to 8% from 9.5% projected in May. However, it retained its projection of Indian economy contracting by 5% in the current fiscal. Indian economic growth stood at an estimated 4.2% in 2019-20. In its June update of Global Economic Outlook, Fitch projected Indian economy to grow 5.5% in 2022-23. ■

INTERNATIONAL

Dubai World makes Final Repayment to Creditors of $8.2 Billion

State conglomerate Dubai World, creditors at the centre of Dubai's debt crisis a decade ago, said on June 30 it had made a final payment of $8.2 billion to creditors. Dubai World Chairman Sheikh Ahmed bin Saeed al-Maktoum said "The payment, made ahead of its September 2022 maturity, was an 'important milestone' for the company and Dubai. Once more our action underscores Dubai's commitment to always meet its obligations." The company made the payment using funds from a new $3 billion loan from Dubai Islamic Bank, asset sales and dividend payments, it said. Dubai World, whose assets include global port operator DP World, said it had paid $18.9 billion to creditors since 2011. ■

Dubai introduces new Law to Structure the Ecosystem for UAV's

As Dubai relentlessly works towards creating an infrastructure for drone systems, the emirate issued a law regulating the operations of drones, or Unmanned Aerial Vehicles (UAVs). The law will strengthen Dubai's ambitious 'Sky Dome' Project that is set to connect the city's landmarks and buildings aerially. This law will pave way for granting instant government permits and NOCs to public and private entities to use drones to offer service delivery in the future. ■

SoftBank to invest $100 Million to Back Companies Led by People of Colour

SoftBank COO Marcelo Claure said in a letter to employees on June 3 that the firm will create a $100 million fund that "will only invest in companies led by founders and entrepreneurs of colour." Why it matters: The Opportunity Growth Fund is one of the first to put significant capital behind companies' statements of empathy and outrage in response to protests over systemic racism in the U.S. typified by the killings of George Floyd, Breonna Taylor and other African Americans by police. It immediately makes SoftBank a leading presence in the impact investing space dedicated to backing businesses owned and operated by People of Colour. ■

Facebook and PayPal invest in Gojek

gojek

Facebook and PayPal have made investments in Gojek, joining Google and Tencent among other high-profile technology firms that have backed the five-year-old Southeast Asian ride-hailing startup that also offers food delivery and mobile payments. It is the first investment in an Indonesia-based firm by Facebook. Both Facebook and PayPal did not disclose the size of their checks. According to sources, Facebook and PayPal were participating in Gojek's ongoing Series F financing round, which brings it total raise-to-date to over $3 billion. ■

COMPANIES

Govt aims to complete privatisation of UT discoms by January 2021

To steer efficiency, the government is planning to privatise the electricity distribution companies (discoms) in Union Territories (UTs) by January 2021. Efforts would also be made to privatise several discoms in major states such as Uttar Pradesh, Gujarat, Haryana, Karnataka, Madhya Pradesh, Jharkhand, and Assam to improve the governance of these state-run entities. Among all the discoms which supply power in the UTs, the largest is in Jammu and Kashmir, which owed Rs 5,443 crore to power generators as on March-end. ■

NEWS & VIEWS

COMPANIES

PFC plans to raise $750 Million Overseas Bond Issue

Power Finance Corporation is in discussions with bankers to raise up to $750 million through an overseas bond issue though it is yet to decide on the timing of the fundraise, according to sources aware of the matter. Naveen Bhushan Gupta, Director — Finance of the state-owned company said. "We are in discussions with our arrangers and have not decided when to launch the issue or the size. Whenever we feel is the appropriate time, we will launch the issue." The bond issue being planned would be the first overseas issuance this fiscal year by India's largest lender to the power sector. PFC had raised over $2 billion through similar overseas offerings in the previous fiscal year. Its last offering of $750 million was in January and attracted bids for four times the bonds on offer. ■

Bharat Biotech to develop India's 1st Vaccine for Covid-19, August 15 deadline too ambitious

Bharat Biotech has announced the development of COVAXIN, India's 1st vaccine candidate for COVID-19, in collaboration with the Indian Council of Medical Research (ICMR) - National Institute of Virology (NIV). The company has received permission to initiate Phase I & II Human clinical trials from Drug Controller General of India - CDSCO, Ministry of Health & Family Welfare. On July 2, ICMR announced the plans to launch this indigenous vaccine for COVID-19 by August 15 after the completion of the clinical trials. Dr. Soumya Swaminathan, Chief Scientist, World Health Organization stated- "This vaccine cannot be given to people from August 15. I am sure Bhargava would clarify matters." A clear announcement is expected for the launch of vaccine from ICMR. ■

Power Grid gives Rebate to Discoms and State Electricity Boards

Under the directives of Ministry of Power, the Board of Power Grid Corporation of India Limited approved a one-time rebate of ₹1,075 crore to electricity distribution companies (discoms) and state electricity boards. As part of the economic stimulus package in May, the government asked Power Grid to consider offering a rebate of 20-25% on interstate transmission charges for the period of the lockdown. ■

PERSONS IN NEWS

Injeti Srinivas appointed as the 1st Chairman of IFSCA

Retired 1983 batch Indian Administrative Service (IAS) officer from the Odisha Cadre, Mr. Injeti Srinivas has been appointed as the 1st Chairman of the International Financial Services Centre Authority (IFSCA) on 6th July 2020. Injeti Srinivas has retired as the Secretary of the Ministry of Corporate Affairs on 31st May 2020. He has been appointed for a period of three years as the Chairman of International Financial Services Centre Authority. ■

Ajay Tyagi, SEBI Chief tenure ends next month, Race for next Chief

The race to head the Securities and Exchange Board of India (SEBI) is up once again as Chairman Mr. Ajay Tyagi's tenure ends next month. The Insolvency and Bankruptcy Board of India's (IBBI's) Chief – Mr. Madhusudan Sahoo and SEBI Whole-time Member – Mr. Madhabi Puri Buch are believed to be the top contenders to succeed Tyagi. Apart from them, former Corporate Affairs Secretary – Mr. Injeti Srinivas and a few other officials of the Finance and Corporate Affairs Ministries are also learnt to be in the race. ■

Indra Mani Pandey appointed India's Ambassador and Permanent Representative to UN in Geneva

To the United Nations and other International Organizations in Geneva, Switzerland, the 1990 batch Indian Foreign Service (IFS) officer Mr. Indra Mani Pandey was appointed as the next Ambassador and Permanent Representative of India. In the Ministry of External Affairs, he is currently serving as the Additional Secretary. He will succeed 1983 batch Indian Foreign Services Officer Rajiv Kumar Chander who was appointed to the post on May 30, 2017. In a nearly three-decade career, Mr. Pandey has also served as the Joint Secretary in the Ministry of External Affair's Disarmament and International Security Affairs division and has been a part of Indian missions in Kabul (Afghanistan), Cairo (Egypt), Damascus (Syria), Muscat (Oman) and Islamabad (Pakistan). ■

K. K. Venugopal reappointed as Attorney General for India

On June 29, 2020, the President of India has reappointed Senior Advocate Mr. K. K. Venugopal as the Attorney General for India. The current tenure of Mr. Venugopal was up to June 30, 2020. His tenure is extended for a period of one year effective from July 01, 2020 to June 30, 2021. Mr. Venugopal succeeded Mr. Mukul Rohatgi to become the 15th Attorney General of India on June 30, 2017. ■

Vini Mahajan become the First Woman Chief Secretary of Punjab

Vini Mahajan, 1987 Indian Administrative Service (IAS) batch officer became the Chief Secretary of Punjab on June 26, 2020. With this, she became the First Woman to hold the position of Chief Secretary in Punjab. She replaced Mr. Karan Avtar Singh who took over as Special Chief Secretary for Governance Reforms. Ms. Mahajan is also the First Woman Officer to hold the post of Deputy Commissioner in the state of Punjab. She became the Deputy Commissioner of Ropar district in 1995. ■

NEWS & VIEWS

MERGER & ACQUISITIONS

Post-Merger, Rubicon Project and Telaria Rebrand as Magnite

Rubicon Project has rebranded as Magnite, as the sell-side ad-tech company aims to convince investors that it is more than the sum of its parts after its merger with Telaria. Rubicon Project had previously been associated with display ad inventory, while Telaria (arguably the smaller of the pair) specialized in connected TV, with the merged entity aiming to position itself as an omnichannel SSP. ■

Uber is said to Agree to Buy Postmates for $2.65 Billion

Uber Technologies Inc. has agreed to acquire Postmates Inc. in a $2.65 billion all-stock takeover. Uber Eats head Pierre-Dimitri Gore-Coty is expected to continue to run Uber's combined delivery business. Under their agreement, Postmates Chief Executive Officer Bastian Lehmann and his team will stay on to manage Postmates as a separate service. Uber desperately needs its meal delivery division, Uber Eats, to make up for the huge losses it has been experiencing since the start of the coronavirus pandemic. Food delivery is not profitable, nor is Uber's core ride-hailing business. But the company is hoping that with restaurants closed to in-person dining, more people will be ordering takeout in the future. The virus has taken its toll on Uber, with riding-hailing down about 80 percent. And with the number of cases spiking in many parts of the US, the company's losses could continue to mount. Meanwhile, bookings in its Uber Eats division were up more than 54 percent year over year, thanks to increased demand for food deliveries, the company reported in May. ■

ENVIRONMENT

Government Unveils Auction Process for Coal Mines, Environmentalists Worried

Ending seven decades of restrictions, India has fully opened commercial coal mining for the private sector through auctions designed to boost production, reduce imports, and raise state revenues. The auction of 41 coal blocks, announced by Prime Minister Narendra Modi, is expected to attract ₹33,000 crore in capital investment in next 5 years, with private miners sharing revenues with the government. Analysts and environmentalists have said that this would involve opening pristine forests to environmental degradation. Former Environment Minister and Chairman, Parliament Standing Committee on Environment Jairam Ramesh wrote to Environment Minister Prakash Javadekar that opening up coal blocks in dense forests would be a “triple disaster” as mining and transportation of coal would involve a heavy environmental cost; valuable forest cover would be lost and public health would suffer. ■

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Mr. Piyush Goyal , (the-then) Hon'ble Union Minister of State (IC) for Power, Coal, New & Renewable Energy, Govt. of India, and currently the Hon'ble Cabinet Minister of Railways presenting Golden Peacock Awards during 2016 World Congress on Environment Management in New Delhi

Hon'ble Justice M. N. Venkatachaliah, former Chief Justice of India, Chairman, National Human Rights Commission of India and National Commission for Constitution of India Reforms presenting the Golden Peacock Environment Management Award to **Mr. JH Lee**, Executive Director, Hyundai Motor India Limited in 2019

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