

INDIA'S BEST BOARDS

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CELEBRATING INDIA'S TOP BOARDS

BOARDROOM TALKS

THE AWARDS

Amrop India | THE ECONOMIC TIMES
INDIA'S BEST BOARDS

Leaders of the winning Boards talk about how differently they handled the crisis arising out of the pandemic, their future outlook and their board's role in promoting digitisation

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A board is a custodian of culture, reputation and values of the organisation. But what really makes a great Board? Is it good governance, regular meetings, independence of the board, skillsets of members or a mix of everything? India's Best Boards, an Amrop India and ET initiative, is a platform created to find answers to such questions, measure performance of Boards and identify outstanding boards of the country. The initiative -- involving a study/survey and awards -- had IIAS as the process partner. After rigorous evaluation, our companies emerged as the gold standard for India's best boards. The first edition of the evaluation will help set the benchmark for others to emulate with their own best practices in the years to come



LEADING FROM THE FRONT

VELLAYAN SUBBIAH
Chairman, Cholamandalam Investment and Finance Company

When we did empathy calling, customers said that no company had actually called them to only check how they were, whether everyone at their home was fine. Our spontaneous reach out to every stakeholder resulted in everyone sort of paying back in some sense

A BALANCED BOARD

ON STEPS TAKEN TO KEEP THE COMPANY MOVING

One of the central philosophies that defines Titan is the multiple stakeholder focus of the company. In April of 2020, many of the senior management members were new in their roles, including me. I had been MD for just six months, and we were staring at the worst loss in the history of the company ever in quarter one of FY21. But we were unfazed by it because of the multiple stakeholder focus. So, we put in the employee, distributors, vendor partners, off role employees, franchise and their employees first, instead of getting worked up about the losses the company is going to make. In a way, we dealt with all those stakeholders through that lens. But there was no rule change even during the pandemic. Of course, due to the nature of the situation the frequency of the conversation became almost monthly. We started making monthly reports of the cash

situation, which would have been a quarterly practice in normal times.

ON CHANGES ON THE BOARD
We have all along had a very well balanced board from a domain as well as personality point of view. The board, at the starting of any strategy, is more of the bouncing board or the approver of the strategy questioning the risk aspect of the business. Over the past five years, there has been a significant change in the composition of the board. Earlier, you had more members based on functions and business. Today, inputs of all the board members are valued and appreciated. The board questions wherever appropriate and also expresses itself freely. There have been occasional differences but in which the matter is heard and discussed is a great booster.



C.K. VENKATRAMAN
Managing Director, Titan Company



CHAMPION OF CHAMPIONS 2019-2020

ON LEARNINGS DURING THE PANDEMIC
Taking care of our people became a very strong area of focus for us. In developing nations such as India, a company has to see itself as a provider during a crisis like Covid-19. We have seen how Indian companies have stepped up on that front, and we did the same. Besides that, it comes back to risk management, and what you would do to ensure that the business survives through this. Especially when you have a financial services business and massive amount of wholesale debt, that's a very important aspect. We steered away from the profit mindset in the given environment.

ON THE COMPANY'S FUTURE OUTLOOK
India is still massively under-penetrated in terms of financial services -- particularly, in the area of lending. Banks have failed to go deep as they should have. NBFCs have got more organised in the last couple of decades, and together with fintechs are providing a distribution mechanism in India. Both have a very important role to play in setting the direction for India's future growth. As an NBFC, I see a whole lot of opportunities. To be competitive you need to understand, what are the attackers doing, who I view as fintechs. It's important to understand how you can play your strengths well.

ON BOARD COMPOSITION IN ADDING VALUE
The board is the driver of a company and it's important to know which way it is looking. In my mind, the driver should be looking in the front 90 percent of the time and in the rear 10 percent of the time. That comes back to understanding board balance. Our board is in fact doing that. I believe the award is also reflective of the people who have been there before me as they are the ones who have set the direction. One of the things we did after I came in was switch to a 20-year future strategy instead of a five year one.



NIRMAL MINDA
Chairman & MD, Minda Industries

Governance is required with every stakeholder, they have to have trust and confidence in you. For us, stakeholders start from our customers, then our employees and then investors and shareholders

THRIVING ON INNOVATION

ON SURVIVING THE PANDEMIC

Pre-covid we had announced the journey of Aspiration 2022, and thankfully by March 2020, we have almost achieved 80 percent of that. We switched the concept in alignment with all our board members and called it Reset 2022. We came up with the idea of Tajness Restrengthen, which means following all the norms laid down by WHO and the health ministry so that aligned with the rest of the group companies about the health and sanitation norms. We also did a lot of innovations during this time. We started doing home deliveries. We started a brand called Cumin, Cumin Virtual Celebrations, Cumin Shops and Cumin food truck. Our homestay business: we went from zero to 35 homestays in operation. Plus, we were able to redeploy a lot of our people, either into other Tata Group Companies which

were beginning to thrive or boom in this period as the pandemic was a blessing for certain businesses.

ON FUTURE OUTLOOK

The next six months are still very volatile, but having worked in this industry for 40 years I can say it is one of the most fascinating industries to work in. Travelling is a fundamental need, it is not a luxury any more, so once you get close to 60-70 percent, for some brands it would be 50-60 percent, you know you will be fine. It depends a lot on the leisure portfolio, a lot of leisure hotels that we have it is easier to get to that 60-70 percent, so once you are at 70 percent, you can say that the pre-covid goal of 100 percent is not far off. Second is international travel, that would remain a bit stressed for some time, and eventually a direct co-relation will be there between the speed of vaccination and the speed of recovery. The higher the speed of vaccination, the higher would be the recovery.



PUNEET CHHATWAL
MD and CEO, IHCL



ON STRENGTHS OF THE BOARD

The individuals who are on our board are those who have been chairmen, managing directors in Banks, etc. There is the entrepreneurial composition, there is Tata Sons Chairman, head of HR, head of bank, another one coming from the M&A side, we have been blessed to have a very good composition -- people who are experienced and who are not just first time sitting on a board. It is always a help because there is a certain common thread when you have a sense of belonging to the group. The third is diversity.

PUTTING EMPLOYEES FIRST

ON MANAGING THE PANDEMIC

We regularly communicated with all our employees and tried to keep them motivated. During the second wave, we set up Covidcare centres, made teams of Covid warriors in our factories and also trained people in Covid management. Cost was a major concern and we were in a situation wherein we didn't know what would be the demand like in the next few quarters. So, we created a CFT. How to manage the inventory pipeline? How to manage the cashflow other than costs? We worked out our cashflow. Some OEMs were paying money, some stopped and paid later, so we had a separate CFT and we worked upon each of the area to expedite cost savings.

ON THE ROLE OF THE BOARD DURING THE CRISIS

We used to have frequent discussions during our meetings, sometimes as official board meetings and sometimes in normal meetings. The board listened about our initiatives and the members also shared certain best practices which they learnt from other companies. That was very cohesive. They were also involved in the health and safety, and insisted that we should not sacrifice them for cost. Yes, they were demanding about us showing initiative in saving costs but not by compromising on the health & safety of our employees.



ON HOW EQUIPPED IS THE BOARD

We present our technical and product roadmap to the board. We also get their inputs on products and what product we should be looking at. Sometimes, we get very good suggestions while sometimes we don't because the products are diversified and we need resources. With the composition that we have, we do get industry knowledge and financial background. The board takes a look at our long-term plan and suggests and gives advice.

THE JURY



U.K. SINHA
Former Chairman, SEBI




Prof CHRIS PIERCE
PhD, CEO, Global Governance Services, Former Director of Professional Standards, Institute of Directors, UK



JYOTI SAGOR
Chairman & Founder, JSA Advocates & Solicitors



ASHOK BARAT
Former CEO, Forbes and Company Ltd.



SHIKHA SHARMA
Former MD & CEO, Axis Bank



MILIND SARWATE
Former CFO, Marico and Founder CEO, Increate

'CORPORATE GOVERNANCE AN INVESTMENT TO ENSURE SUSTAINABILITY'



Injeti Srinivas
Chairman, International Financial Services Centres Authority

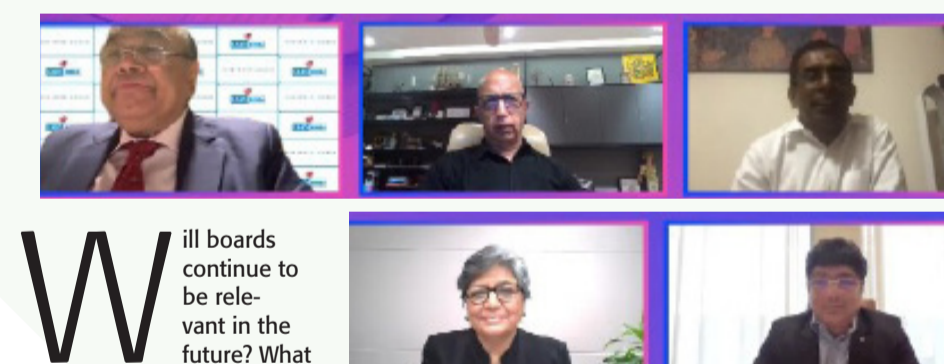
Organisations in India need to look at corporate governance as an investment to ensure long-term sustainability. Independent Directors are the kingpin of corporate governance even though there has been debate about their role and accountability. When there have been occasions of any wrongdoings and scam, they have complained of being harassed. But when they are on the board, it is extremely important that the company keeps them fully abreast with developments, business model and practices. Independent directors should also be satisfied with the company's internal financial controls, financial statements and risk management systems. While over the years, the number of listed companies on whose board an independent director can be has reduced, there is still room to further reduce it. The issue of information asymmetry also needs to be addressed.

Another issue that has been debated in the recent times is separation of power between the board chair and the CEO. There is no universal practice here, companies in North America go for a unified role while the ones in Europe opt for separation of the two. In India's context, it is efficacious to look at separation unlike in developed jurisdictions where ownership is dispersed. Institutional investors have also a key role to play in corporate governance by way of the stewardship role they have to play. Of late, SEBI has also been emphasising on the stewardship role. Finally, we should all be concerned about climate change. I don't think a company will get finance if it is not meeting the ESG requirements. This is one thing our boards should look at.

THE WINNERS

Winners	Company	Leaders
Large-cap	Titan Company Limited	C.K. Venkataraman
Mid-cap	Indian Hotels Company Limited	Puneet Chhatwal
Small-cap	Minda Industries Limited	Nirmal K. Minda
Financial companies	Cholamandalam Investment and Finance Company Limited	Vellayan Subbiah

BOARDS NEED TO CONSISTENTLY DRIVE SUSTAINABLE ECONOMIC VALUE CREATION



Will boards continue to be relevant in the future? What shape could they morph in tomorrow? As the winners of the Amrop-ET India's Best Boards savoured the moment after the recognition, this was one of the questions at the top of the mind. Vellayan Subbiah, Chairman, Cholamandalam Investment & Finance Company was emphatic that the role of the boards will be relevant as long as they can spend time looking forward on growth and innovation. The board, he said, also needs to keep an eye on the rear view mirror to ensure compliances and keep an eye on what is going right and what is not. "It is about creating that marriage which we really need to set up," Subbiah said.

One of the prime movers for boards is the role played by independent directors. The winners were asked about risk and rewards for the independent directors and what should be the approach for it. Companies can look at the rewards keeping in mind the roles and responsibilities of independent directors. But their independence as a board member should be the prime reason that the company should consider.

"I think there should be some kind of reflection on the risk side. But I think from where the boards come and where the companies come, it should be very much possible to align the roles and responsibilities with the rewards," C.K. Venkataraman, Managing Director, Titan Company said.

As Minda Industries Chairman & Managing Director Nirmal Kumar Minda joined the discussion, he narrated how the company has changed in the last decade. With experienced professionals on its board guiding them into building a sustainable organisation, the company has taken a big leap. "You will not be able to make your organisation sustainable unless you have practices which are sustainable," Minda said, highlighting one of the key agenda faced by the boards of all companies around the world.

Another key issue that came up was the CEO compensation design and Puneet Chhatwal, Managing Director and CEO, IHCL said that it should be aligned with the strategic direction that has been agreed between the board and the management.

It should also be the same for other key management personnel. Part of the compensation could be linked to the long-term performance of the company, so that the manager focuses on the larger objective. "Sustainable economic value creation -- that is important for a CEO," he said.

With such a challenging environment and getting more challenging with every passing day, is the best talent available for becoming an independent director? Could a separate board for strategy and another for compliance be a way out? Subbiah said that it was something that his company had considered but it could make the issue even more complex. "How can you create a balance between the two," Subbiah said, driving home the point that ultimately strategy has to be executed keeping compliances in mind.

Ultimately, if the board can work diligently with the management, companies have a better chance of creating sustainable economic value.

'IT'S ALL ABOUT ETHICS, VALUES AND CONDUCT'

Values and governance result in good board member conduct. This has to generate from the top and result in a sustainable corporate future. The chairman's reputation and the CEO's reputation are key factors for success. So, it's all about ethics, values and conduct. If we get this right, everything will be fine. The board team needs to be seen as a reliable and trustworthy partners for all stakeholders -- both domestic and international. The board has to walk the ESG talk in both their corporate and private life. Independent thinking and acting is of key importance. Board members should be able to speak up of uneasiness about how the business is run or changed. But how to assess the conviction of new board members? Well, it's more art than science and none of us will perhaps be able to master it perfectly. So, it's important to choose board members with strong reflection skills. This is particularly important for the Chairperson and the committee heads. Get to know your potential new board members as much as you can before the nomination. Performance management of the board is also very critical. Too many board members remain in their seats despite making mediocre contribution. The board must promote collaboration rather than competition, a mandate of trusted relationships.



FREDY HAUSAMMANN
Amrop Global Executive Board & Board Practice and Managing Partner, Amrop Switzerland

THE METHODOLOGY

We realised that a simple board evaluation the way it exists today even in the Amrop global frameworks is not going to be sufficient. Because the thinking of the board has to be far more comprehensive and what or how do boards create impact and how should their performance be seen need to be conceptually developed much more. We organised a series of roundtables with almost 50 Chairmen and Directors to understand what is board performance and how should a board impact the same. Four key areas emerged from those discussions:

- Sustained economic value creation
- Board independence
- How effective are Boards in terms of practices
- How investors perceive boards

These four elements were put together in the methodology.

SUSTAINED ECONOMIC VALUE CREATION

Shareholder value creation and sustained value creation indicates institutionalisation. So, sustained value creation must be a parameter which must factor into board evaluation.

1 Parameters for evaluation: Market cap growth, Revenue growth, Profitability growth, Debt (Incase of product companies debt to equity ratio), Cash flow in operations

BOARD INDEPENDENCE

As we had debate rounds across India, board independence was considered as the foundation element for board governance. We have evaluated it by simpler parts, which the law provides such as the composition and independence in composition -- ratio of Independent directors with other directors. We looked at separation of chair and CEO roles. We also looked at over tenure directors.

HOW EFFECTIVE ARE BOARDS IN TERMS OF PRACTICES

3 Two surveys were held -- one for the independent directors and the other for the promoters and shareholders. We looked at corporate governance practices, and sustainability practices as well. We also tried to get into the quality of the board.

INVESTOR PERCEPTIONS

4 We created our own methodology for each company and rated them for perceptions on strategy of company, strategic decisions the company is making, governance and perception on governance, confidence in management, and perception on risks.

JURY'S EVALUATION

We went with the listed company universe -- the NIFTY 500 to keep it simple. The jury was presented with the Top 3 companies in each category with all their score and data. In some categories, the jury's decision was simple, there was unanimity on top companies and they just didn't look at the data and went with their own understanding and perception. In some categories, there were some debates and the jury was divided in some parts but finally they all talked it out and the final decision emerged.

A well-managed board ensures that the organisation is productive, innovative and constantly growing without any distraction or disruption or conflicts which don't even rise in a well-managed board. As the roles of engagement in well managed boards are clear to everyone

SIVAKUMAR SUNDARAM
Chairman of the Executive Committee, BCCL and member of the BCCL Board

