

HIGHER STANDARDS Directors' Forum, formed by corporate stalwarts, aims to improve quality of board-level governance and effectiveness

Now, a Finishing School for Directors

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Mumbai: Led by Arun Duggal, former chairman of Shriram Capital, a battery of corporate heavyweights including Keki Mistry of HDFC and Satish Reddy of Dr Reddy's Laboratories is coming together to set up a forum for directors. The group, which also includes stalwarts like Saroj Poddar of Adventz Group, Rashesh Shah of Edelweiss Financial Services, Shailesh Haribhakti of DH Consultants and Harsh Goenka of RPG Enterprises, is seeking to improve the quality of board-level governance in Indian industry.

The forum is being set up under the aegis of the Ficci Centre for Corporate Governance, at a time when new corporate rules have substantially changed the responsibilities of directors, especially independent directors, putting far greater onus on them. There is also a push within Indian industry to improve the quality and effectiveness of corporate governance, and in the process instill confidence in investors.

"The objective of the forum is to enhance the corporate governance practice and standards by having better-informed and more-engaged board members," said Duggal, who is the chairman of Ficci Centre for Corporate Governance. "The Companies Act 2013 and Sebi guideline have provided a structure and hardware for governance. What we want to provide is the software of information, knowledge, insight and peer learning for board members to be more effective."

Membership will be strictly by invitation. The forum plans to start by inviting board members from the top 200 BSE companies.

It is looking to have 500 members within a year and

1,000 in a couple of years' time.

"Under the new Companies Act, responsibilities of directors have gone up substantially... overall, the importance of independent directors has also gone up a lot and independent directors are asking what they need to do and how," said Rashesh Shah, chairman and group chief executive at Edelweiss Finan-

SPRUCED UP

In two to three years, the forum expects to generate more engaged and informed board members



cial Services. "This forum will help make independent directors become a lot more resourceful and help improve overall board effectiveness in the country," he added. This will also help them network and give them access to a Directors' Resource Centre.

Former Planning Commission secretary Sudha Pillai, who is an independent director at several companies, said the forum will be like a finishing school. "Well-polished and well-groomed directors will be the contribution," she said. It will also look at the issue of board diversity, Pillai added.

Among the programmes the forum will offer is an optional four-day board effectiveness course in association with the Indian Institute of Management-Ahmedabad, led by director Ashish Nanda, and Harvard Business School.

There will also be a Directors' Resource Centre established at Ficci-CCG, which would arrange preliminary advice on governance, legal, financial and strategic issues as well as other board matters for its members.

The resource centre will act as a confidential platform to connect the members seeking advice from a panel including experienced professional experts (such as eminent lawyers, accountants, bankers, consultants, etc.), board chairmen, committee chairmen and experienced independent directors. The Directors' Forum will periodically organise meetings of members with special common interests. It will organise annual off-site meeting to delve into strategic issues, galvanising board effectiveness, international best practices, etc.

"My experience of different kinds of boards tells that the performance of boards in the country, in terms of quality and effectiveness, generally cannot be said to be of very high order, of course with exception of some high-quality boards," said MS Verma, former chairman of State Bank of India, who is also a member of the forum. If India wants to attract investment, the standard of corporate governance must improve to make investors feel confident, he said. "This is what has prompted us to provide a platform where directors can look for assistance and guidance."

In the next two-three years, the forum expects to yield results in the form of more engaged and informed board members and provide a lot of motivation to people.

Directors' Forum

What is it?

A peer group of corporate board members from large, prestigious companies in India

It is an independent membership-based forum that offers many levels of engagement to serving board members to be part of a network

Who will be a part of it?

Board chairmen, committee chairmen, independent directors and executive directors

What is its objective?

To enhance corporate governance practice and standards in India, by having better informed and more engaged board members

This in turn is expected to enhance investor confidence in corporate governance

It is seen contributing to higher market valuations of Indian companies



The aim is to create a neutral, high-quality platform for board members to exchange views and information, to network and also seek advice from subject matter experts

Arun Duggal

Chairman, Ica & Ficci Centre for Corporate Governance