

Post Conference Report

Event

The conference on “Corporate Governance in SMEs” was a great success, achieving record attendance and further establishing a reputation as the industry’s leading conference. It took place at the SIMS Auditorium on 11th December 2010. Organised by Symbiosis Institute of Management Studies (SIMS), the conference was supported by National Foundation for Corporate Governance (NFCG), New Delhi.

Participation Statistics

200 participants from different companies convened at the conference, with this year’s attendees being more evenly distributed than in the past among the key areas - education and business. Partakers soaked up the latest opinions, trends, and insights from industry thought leaders, shared experiences with colleagues, made new contacts and strengthened existing relationships, and honed their ideas and knowledge.

Conference Programme

The programme for the conference was a rich mix of formats, plenary session and featuring many well-known and thought provoking speakers to intense, highly interactive discussion sessions. This year, 4 highly experienced speakers were involved, making it the much extensive programme yet. The agenda was created and got vetted by industry experts. The main conference schedule, created with the support of the Deputy Director, NFCG, included one plenary session and four parallel sessions broadly focused on the sub-themes. . It ended with a lively and highly provocative sessions. This conference immensely helped to guide and apprise the participants who represented SMEs, about operational management, fair presentation of balance sheet and statutory compliance and contractual obligation.

Opening Plenary speaker included **Dr Dhirendar Deshpande, Dy Director of Symbiosis Institute of Management Studies Pune** welcomed the delegates and highlighted SIMS’, an accredited centre for corporate governance of ‘National Foundation for Corporate Governance, and their mission to make significant difference to Indian Corporate Sector by raising the standard of corporate governance in India through conducting seminars, workshops and conferences nationally. SIMS is the only centre in western Maharashtra. He explained the importance and coverage of this conference - Small and Medium Enterprises (SMEs) are very important for developing countries due to their role in economic growth and employment in turn poverty reduction. The issues faced universally by companies are related to accountability, transparency and timely disclosure of material information, therefore the concept of corporate governance has gained significant importance. SMEs in developing countries face a number of challenges including access to finance both domestically and internationally, developing international trade linkages. The main underlying constraint to their growth is lack of corporate governance structure. There is generally a lack of awareness among these enterprises regarding significance of corporate governance and if there is awareness, there is a general repugnance to adopting these practices because of the high cost of implementation.

Mr Pravin Mulay, VP, KPIT Cummins Infosystems Ltd Pune covered the issues surrounding SMEs - high cost of credit, collateral requirements, regulations, disclosure of taxes, family ownership - policies and long term planning, outside opinion on strategic direction, benefits and compensation for family members, succession plan, internationalization - access to international market, latest technology, international investors and higher exports.

Mr Hemant Joshi, Partner, Deloitte Haskins & Sells Pune extensively covered why SMEs not embracing corporate governance in India, Private Venture Services Model - Services offered through finance accounting, sales and marketing, operational management, governance - identification and education of directors, development of internal audit systems, appointment of external auditors.

Mr Abhay Mate, Partner, Chobe Mate Associates Pune interacted on “corporate governance framework for SMEs” - developing code for CG - self regulation, understanding of business owners, tax rebates, regulatory burden and duplication. Quality of governance - Integrity of Management, Ability of the Board, Adequacy of the process, commitment level of individual board members, Financial Reporting, Participation of stakeholders in the management, quality of corporate reporting, corporate governance principles as board’s responsibility, the OECD principles of corporate governance regarding the functions of the Board.

He also highlighted on “Components of Code of Corporate Governance” - Board of Directors, corporate financial reporting, independent external audit, internal audit, purpose of audit committee, model code of conduct for directors and senior management executives, relationship with shareholders, employees, creditors and customers, social responsibilities and the environment, exercise of powers and functions.

Outcomes

- The conference enhanced competitiveness of SMEs by playing an important role in management and mobilization of resources.
- On what basis governance framework would need to be developed in order to encourage these enterprises to adopt good governance practices (particularly through tax incentives and award of annual trophy etc)
- How non-reporting leads to bad transparency and how the facts have to be reported and data collection techniques
- To reduce discontent and enhance governance standards
- How to improve by training etc quality of personnel for better reporting and enhance governance standards
- How to improve MIS for better analysis and control before participating in decision-making process
- Methodology for collection of data, technical analysis and how to evaluate embedded contingencies, which could reduce future risks