

**CONFERENCE ON TRANSPARENCY AND DISCLOSURES
FOR BETTER CORPORATE GOVERNANCE - 9 SEPT '07**

GOOD MORNING. ON BEHALF OF SIMS, THE NFCG AND THE INSTITUTE OF INTERNAL AUDITORS, I EXTEND A VERY WARM WELCOME TO ALL OUR DISTINGUISHED SPEAKERS AND MEMBERS PARTICIPATING IN TODAY'S CONFERENCE. WE HAVE HOSTED MANY INDUSTRY LEADERS ON CAMPUS WHO HAVE GIVEN US THEIR VERY PERSONAL PERSPECTIVES ON CONTEMPORARY BUSINESS ISSUES. TODAY, AS THE CENTRE FOR CORPORATE GOVERNANCE OF THE NFCG FOR THE PUNE REGION, WE ARE HOLDING THE CONFERENCE ON "TRANSPARENCY AND DISCLOSURES FOR BETTER CORPORATE GOVERNANCE".

WE ARE FORTUNATE TO HAVE AMONGST OUR SPEAKERS MR. VINAYAK BOPAT, CFO (E&P) RIL. HE HAS MANY YEARS EXPERIENCE IN ACCTG AND TAXATION AND COMPANY AFFAIRS AND WILL SPEAK ON "REGULATORY AND STATUTORY REQUIREMENTS". MR HEMANT JOSHI, PARTNER IN DELOITTE WILL NEXT DISCUSS THE BURNING ISSUE OF "THE SPIRIT OF GOVERNANCE". HE HAS MUCH EXPERIENEC IN ASSURANCE ACCTG AND CONSULTANCY AND IS A KEEN PROMOTER OF FORUMS TO PROMOTE CG. MR. PAUL ALVARES WILL TAKE THE 3RD SESSION ON FINANCIAL INFORMATION". HE IS A SENIOR MANAGER IN E&Y WITH EXPERIENCE IN ASSURANCE AND BUSINESS ADVISORY PRACTICE.

ETHICALLY DRIVEN CORPORATE GOVERNANCE HOLDS TREMENDOUS BENEFIT FOR LEADERS AND MANAGERS, BENEFITS BOTH MORAL AND PRACTICAL. THIS IS PARTICULARLY TRUE TODAY WHEN IT IS CRITICAL TO UNDERSTAND AND MANAGE HIGHLY DIVERSE VALUES IN THE INCREASINGLY GLOBAL WORKPLACE.

THE RISE OF CORPORATE GOVERNANCE TRACES BACK TO A SEMINAL STUDY IN 1932 BY LAWYER ADOLF BERLE AND ECONOMIST GARDINER MEANS, WHO LAID OUT IN *THE MODERN CORPORATION AND PRIVATE PROPERTY* THE WAY IN WHICH THE STOCKHOLDING OWNERS OF POWERFUL CORPORATIONS, SUCH AS AUTOMOBILE MAKERS, HAD BECOME SEPARATED FROM THE CONTROLLERS, OR MANAGEMENT, OF THE CORPORATIONS. THE PAIR WARNED THAT MANAGERS OFTEN HAD DIFFERENT INCENTIVES FOR HOW TO SPEND CORPORATE ASSETS THAN SHAREHOLDERS. AND BOARDS OF DIRECTORS, WHO WERE SUPPOSED TO BE THE VOICE OF THE SHAREHOLDER, WERE OFTEN COMPLACENT OR TOO COZY WITH MANAGEMENT TO STEP IN.

THOSE WHO MIGHT HAVE WANTED CHANGES TO ANY UNFRIENDLY SHAREHOLDER PRACTICES FOUND IT INSURMOUNTABLY DIFFICULT TO GET PERTINENT CORPORATE INFORMATION, LAUNCH A PROXY FIGHT, OR OTHERWISE EXERT INFLUENCE OVER MANagements OR BOARDS. THUS GREW THE NEED FOR TRANSPARENT CORPORATE GOVERNANCE PRACTICES, CATALYSED IN THE LAST FEW YEARS BY THE COLLAPSING ENRONS OF INDUSTRY.

SOME OF THE BIGGEST RULE CHANGES ARE IN THE SARBANES-OXLEY ACT OF 2002. THE LAW HAS IMPOSED STRICT NEW RULES AND LIABILITIES ON EXECUTIVES, BOARDS, BOARD AUDIT COMMITTEES, OUTSIDE AUDITORS, AND OTHERS.

IN INDIA AS YOU ALL ARE AWARE THE REVISED 'CLAUSE 49' OF THE LISTING AGREEMENT MANDATES MUCH INFORMATION, IN PARTICULAR AMONGST OTHER REQUIREMENTS, ABOUT THE BOARD OF DIRECTOR'S, DISCLOSURES AND CORPORATE GOVERNANCE AND COMPLIANCE REPORTS. IT'S INTENT IS TO INTRODUCE BASIC CORPORATE GOVERNANCE PRACTICES IN INDIAN COMPANIES AND IT HAS BROUGHT IN A NUMBER OF KEY CHANGES IN GOVERNANCE AND DISCLOSURES.

CORPORATE GOVERNANCE REFORMS IN INDIA ARE PROGRESSING, THOUGH NOT UNIFORMLY WELL. THE TIME HAS COME TO MOVE BEYOND REGULATORY COMPLIANCE. PRINCIPLE BASED VOLUNTARY REGULATION WILL LEAD TO EXCELLENCE IN GOVERNANCE IN THE LONG TERM.

FUNDAMENTALLY, INVESTORS & REGULATORS WANT TO UNDERSTAND THE GOVERNANCE RISK ASSOCIATED WITH COMPANIES. ASSESSMENT OF WHAT DOES A COMPANY DO RATHER THAN WHAT IS REQUIRED BY THE LAW.

GOOD GOVERNANCE NEEDS TO FOCUS ON ALL AREAS OF A CORPORATION. HOW DO PERFORMANCE GOALS SET BY A COMPANY'S OPERATIONS DEPARTMENTS AFFECT THE ABILITY OF A CEO TO MEET GOALS SET BY HIS BOARD, FOR INSTANCE? WHAT DOES BEHAVIORAL RESEARCH REVEAL ABOUT HOW EMPLOYEES REACT TO CHANGE, AND HOW SHOULD THAT BE INCORPORATED BY THOSE SETTING STANDARDS FOR CORPORATE GOVERNANCE?

SOME DOCUMENTED BENEFITS OF THIS APPROACH ARE:

- HIGH CORRELATION BETWEEN SHARE HOLDER WEALTH CREATION AND CORPORATE GOVERNANCE.**
- COMPANIES WITH GOOD GOVERNANCE PRACTICES AND MANAGEMENT QUALITY HAVE FAVORABLE CREDIT RISK PROFILES.**
- CUSTOMER WEALTH CREATION IS FAIRLY HIGH.**

CERTAINLY KEY INFORMATION THAT MUST BE REPORTED AND PLACED BEFORE THE BOARD IN MY VIEW MUST CONTAIN:

- ANNUAL OPERATING PLANS AND BUDGETS, TOGETHER WITH UPDATED LONG TERM PLANS.**
- CAPITAL BUDGETS, MANPOWER AND OVERHEAD BUDGETS.**
- QUARTERLY RESULTS FOR THE COMPANY AS A WHOLE AND ITS OPERATING DIVISIONS OR BUSINESS SEGMENTS, BESIDES ANY FACTORS THAT IMPINGE OR MAY DO SO, ON THE FINANCIAL STATEMENTS AND ANNUAL REPORT OF A COMPANY IN ANY MANNER.**

WE HOPE THAT TODAY YOU CAN DEEPEN AND ENRICH YOUR LEARNING AT THIS CONFERENCE. WE URGE THE PARTICIPANTS TODAY TO SUPPORT EACH OTHER TOWARDS NEW LEARNING AND SHARED VIEWPOINTS, ALL WITH THE AIM OF DEVELOPING A PRAGMATIC UNDERSTANDING OF THIS ALL IMPORTANT CORPORATE NECESSITY.

THANK YOU ALL FOR TAKING TIME OUT TO BE WITH US AND I AM CONFIDENT THAT YOU WILL ALL BENEFIT FROM THIS INTERACTION.