

Technical Discussion Report on National Seminar on Corporate Governance

Coimbatore – 28th November, 2009

Organized by The Institute of Chartered Accountants of India (Committee on Corporate Governance)

In Partnership with the National Foundation for Corporate Governance of the Ministry of Corporate Affairs

Hosted by the Coimbatore Branch of Southern India Regional Council (SIRC) of ICAI

Inaugural Proceedings

At the outset, CA L. Kamesh, the Chairman of the Coimbatore Branch of SIRC of ICAI welcomed the audience gathering of 250 and stated the importance of corporate governance and role of the various stakeholders in improving and sustaining corporate democracy. He expressed his happiness for having chosen Coimbatore (the Manchester of the South) as the venue for the programme by the National Foundation for Corporate Governance (NFCG), the Ministry of Corporate Affairs, the Committee on Corporate Governance for extending the support and endeavour.

Dr PT Giridharan, Joint Director & Secretary, Committee on Corporate Governance in his opening remarks highlighted the various incidents on collapse of corporate governance around the world and stated that the shareholders and stakeholders should be consciously fight for their rights and restoring it. He also further explained the various initiatives that has been taken by the Government in bringing awareness among the common investors.

CA R. Kandasamy, the Secretary of the Coimbatore Branch proposed vote of thanks during the inaugural session, which was followed by various technical sessions.

Technical Session I – Speaker, Mr.V. Ram Ramakrishnan, Consultant, Singapore

The Chairman of the Session CA C.S.Sathyanarayanan, welcomed the speakers of the session and in his address highlighted the importance of corporate citizenship and shareholders matrix. Taking into account the backdrop of those events that had taken

place in the Indian soil very recently, he stated that the role of independent directors has become a lack-lustre post because of risk attached to and also over-reaction on the role played by CEO's and therefore the Board was blamed for the indifference and ineffectiveness.

Mr Ram Ramakrishnan, Management Consultant, Singapore said that there has been a perceptible shift in the arena of corporate governance during the last 30 years. He stated that risk is an important component from the perspective of corporate governance and it is becoming more citizen centric. He said that there is lot of expectation for sustained delivery of necessary performance of good governance and there lies the whole issues. He highlighted the need for keeping a Risk Register and explained with the help of some case studies.

Technical Session II – Speaker CA S.A. Murali Prasad, Management Consultant, Chennai

CA. Murali Prasad, Chennai on the topic relating to Enhancing the Role of Independent Director said that role of independent director is still not crystal clear. Even in the definition of independent director, the ambit of pecuniary relationship director vis-à-vis the company is not clear and brought out the globe perspective on independent director. He stressed the need for induction, training for independent director and there should also be a Head or a Leader for the team of independent directors. He further stated that there are 156 Acts under which an independent directors falls and there is an need for an insurance cover. At the end he stated that independent is a state of mind and not state of affairs.

At the end of the session, there was a question and answer session and speakers interacted with the participants on wide ranging matters.

After the lunch Session, it was followed by two more technical sessions.

Technical Session III & IV - Chairman CA V.S. Srinivasan, Coimbatore

The Chairman of session welcomed the audience and the two speakers. He broadly outlined the various Parts contained in Clause 49 of the listing agreement and stated that the audit committee has an important role to play.

Speaker – CA Nagesh Pinge, Chief of the Internal Audit, Tata Motors, Mumbai

At the outset, Mr Nagesh Pinge said that in the corporate governance, the key issue is transparency for which the audit committee has a larger role to play. Further he said that for the audit committee to effectively perform its role, the Board should also provide them with adequate terms of reference, information. The Audit Committee role in corporate governance is primarily the review of information provided to it and the committee should have well defined charter, purpose, meetings, responsibility and accountability.

Speaker – CA C.N. Srivatsan – Corporate Adviser - Coimbatore

On his topic the Corporate Governance in Family Owner Enterprises in India brought the characteristics, challenges in FOE in India and referred to the FORBES 2009 Special Report bringing out the World's Billionaire in 2009 of which he said that out of 700 persons 24 are from India and 17 out of 30 companies referred there in are family owned enterprises. He stated that the remedial solution to the problems plaguing such companies may include, Board laying down Standard Principles, remuneration based on performance, laying down code of conduct, more importance for values and whistle blower mechanism.

At the end of the session, there was a vivid and lively interaction among the speakers and the audience on which various issues were discussed.

The programme concluded with vote of thanks to the members participating in the conference, speakers who spared their valuable time, the NFCG, the MCA, the Committee on Corporate Governance and every other.