THE CONFERENCE BOARD

BoardIndia

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HIGHLIGHTS OF THE CONFERENCE BOARD'S ACTIVITIES IN INDIA

Eye of the Storm

Growing Globally in an Age of Disruptions

India's economy is expected to grow at an average annual rate of 8% until 2020, faster than any other country in the world. Indian CEOs contemplate "How can I maintain rapid growth while expanding in slower economies outside India?" Global CEOs are asking "How can my company get in on the Indian action?" At the **2007 Global Leadership Conference** held on 19-20 April in Mumbai, CEOs and top level business leaders defined key strategies for success in the often disruptive global business environment.

Good Governance and Risk Management

Good governance practices would permit Indian companies to succeed globally while navigating the risks associated with growth. Best practices were shared by a panel comprising: Dr. J.J. Irani, Director of Tata Sons; Shailesh Haribhakti, CEO of Haribhakti Group; and Samuel C. Scott, Chairman, President and Chief Executive Officer, Corn Products International. They all agreed that a board capable of taking a company global will set the strategic direction and ensure the company is meeting its financial performance goals, bringing value to shareholders. It will provide leadership management of the CEO and top-level management. Last and very importantly, a board will provide strong oversight and governance to guarantee that the company's operations comply with all appropriate laws.

Dr. J.J. Irani (left), Director, Tata Sons; Samuel C. Scott, Chairman, President and Chief Executive Officer, Corn Products International, and Trustee of The Conference Board.

Strong global companies have changed their risk management to be more integrated, proactive, continuous, value-based and process-driven. The board of directors must be independent, qualified, well informed and committed to give their time. Good global boards should have local understanding, but recognize that the broader international trends and the long-term sustainability of the company are paramount.

Financing Growth

Demands for capital are huge in India, and business leaders believe that financial institutions and government should broaden accessibility to traditional types of investment. Rajnikant Patel, Managing Director of the Bombay Stock Exchange; Sanjay Nayar CEO of Citigroup India and Sumant Sinha, CEO of Aditya Birla Retail,

From left: Sanjay Nayar, Chief Executive Officer, Citigroup India; Sumant Sinha, CEO-Designate, Aditya Birla Retail; Rajnikant Patel, Managing Director of the Bombay Stock Exchange.

(Continued on page 2 ➢)

(Continued from page 1 ≺)

made up a distinguished panel of experts on *Financing Growth: Leveraging Capital Markets*. All agreed that a growing rate of savings in India should lead to the growth and evolution of capital markets. Lively discussion followed their presentations and touched on topics such as pension funds' role as investors, SME access to capital and the viability of private equity in India.

Strong, Continuous and Quality Leadership

In India's competitive labour market, the high value of human capital is pushing the strongest companies to create a strategy-driven talent pipeline. Senior management in growing companies must create a systematic and integrated approach for developing leaders from within. David Tessmann-Keys, Global Vice President, Development Dimensions

David Tessmann-Keys, Global Vice President, Development Dimensions International, shared a model for talent optimisation.

Venu Srinivasan, Chairman of TVS Motor Company, Member of The Corporation, The Conference Board.

International, shared his model for talent optimisation which focuses on leadership imperatives that are driven by strategic and cultural priorities to ensure readiness of the future workforce.

Venu Srinivasan, Chairman of TVS Motor Company, is leading his organisation to become one of the most quality-oriented companies in India. He has recognized that quality leadership stems from enduring institutions, not simply products, and focuses his energy as a leader to preach quality norms and values throughout his organization. To attain Total Quality Management, a sense of leadership and ownership should be embedded at every level of the company.

CEOs Promote Community Action

Some of the most successful Indian companies stressed their own ways of staying competitive through community action. Nandan Nilekani, Chairman of Infosys Technologies and Trustee of The Conference Board, spoke about the business and community imperative for Infosys to be active in the field of education. He is proud of the positive trickle-down effect this has for the whole of India. G.V. Prasad, CEO of Dr. Reddy's Laboratories, a large Indian pharmaceutical company, said that the outreach programme of making cancer drugs freely available to patients who cannot otherwise afford them, was inadvertently one of the best business decisions the company has made – doctors have become their ambassadors. This involvement in socially responsible outreach also serves to keep employees engaged. Dr. J.J. Irani, Director, Tata Sons, made the case that it is one of the core functions of an Indian board to think of the broader society as stakeholders in the company. For instance, infrastructure improvements should not only serve a factory, but also the villages nearby. Decisions such as this have been one of Tata's keys to success as it is very important for Indian consumers to see corporate profits going back into the development of India.

The continued success and globalisation of leading Indian companies is sure to continue to lift India. Using these keys along with their home grown entrepreneurial talents, many Indian companies are becoming recognized global leaders. At the same time, today's global corporations could look to India's example of how to succeed and build loyalty in the occasionally disruptive developing world.

From left: G.V. Prasad, CEO of Dr. Reddy's Laboratories; Poonam Barua, Regional Director - India, The Conference Board; Nandan Nilekani, Chairman of Infosys Technologies and Trustee of The Conference Board; Samuel C. Scott, CEO & Chairman, Corn Products International.

Participants at the 2007 Global Leadership Conference in Mumbai.

From left: Vivek Bhargav, Director- HR, El Dupont India; Bikramajit Maitra, Vice President and Head HR, Infosys Technologies; Ernest Louis, Director - HR, Monsanto India.

From left: Sangram Tambe, VP-HR, Tata Motors; Poonam Barua, Regional Director – India, The Conference Board; Udai Upendra, Director -- HR, Ranbaxy Labs; Rajendra Sinh, Director - HR, Videocon; Ira Bindra, Director- HR, GE India.

Human Resources Council – India

The 23rd meeting of the Human Resources Council – India took place in New Delhi in February. Indicative of the growing trans-national growth of many Indian companies in recent years, the members had decided to focus on the main theme "Building a Cross-Cultural Workforce: HR Beyond Borders."

Chief Executive perspectives were offered by Vikram Mehta, CEO of Shell India; Scott Bayman, CEO of GE India; and Brian Tempest, CEO of Ranbaxy Labs. The most important challenge for the HR community is to transform from being a purely transactional function to being the "glue" that connects the employees. HR leaders have the responsibility of asking the right questions from top management and for creating the right culture and values within the company.

Future workforce readiness and growing the talent pipeline were debated as current "hot topics". Meritocracy starts with recruiting the right people and then providing the right environment for them to work in.

Members also underlined the importance of diversity and its role in driving strategic results. New constituencies bring new opportunities to succeed, and properly managed diverse groups make more innovative business decisions. Companies should do more to enable female executives to unleash their potential, gain leadership skills and engage in senior management roles effectively. It is important for HR leaders to make middle managers aware of diversity issues, for example by making it part of the induction process.

The Council elected a new chairperson: Bijay Sahoo, Head of HR at Reliance Retail, and also a new co-chair: Nancy Reisig, HR Director of Ford India.

The next meeting will take place in Mumbai in August 2007.

Prabir Jha (left), Senior VP-HR, Dr. Reddys Labs, and Ian Gore, HR Head, Citigroup India.

Scott Bayman (left), CEO, GE India, and Nancy Reisig, Vice President HR, Ford India.

From left: Shrikant Lonikar, Global Director- Organisation Development & HR, Honeywell; Vivek Patwardhan, Vice President HR, Asian Paints; Y. Krishnamohan, Senior Director HR, Phillips Electronics Ltd.

Dr. Brian Tempest (right), Vice Chairman, Ranbaxy Laboratories, and Rajendra Sinh, Director- HR, Videocon Ltd.

Economic Briefing

Tata Group hosted an economic briefing in the company boardroom in Bombay House, Mumbai, November 2006. Professor Bart Van Ark, Director, International Economic Research at The Conference Board, compared economic competitiveness in India and China, focusing on productivity, labour costs, and the impact of technology. Chairing the session were Dr. J.J. Irani, Director, Tata Sons, and Rajnikant Patel, Managing Director of the Bombay Stock Exchange. The meeting was attended by several CEOs, CFOs, and HR leaders from Associate member companies such as HSBC, Tata Motors, Satyam, Reliance Industries, Asian Paints, Citigroup and Pfizer.

Meeting host and Council member J.C. Bham (left), Company Secretary, Tata Steel Ltd., in conversation with Professor Bart Van Ark, Director, International Economic Research, The Conference Board.

New Associates in India:

- Murugappa Group
- Avaya Global Connect

New Council Members:

Human Resource Council – India

- ICICI Bank
- Tata Motors
- RPG Enterprises

Council on Corporate Governance & Risk Management – India

- ICICI Prudential

From left: Seshagiri Rao, Director - Finance, JSW Group; K. Balasubramaniam, Tube Investments Ltd.; N. Srinvasan, CFO, Murugappa Group; K.G. Ramanathan, Advisor, Reliance Industries Ltd.

Council on Corporate Governance and Risk-Management – India

Discussions at the March meeting in Mumbai focused on investor relations, shareholder activism, the board's role in succession planning, and just how independent are independent directors.

K.V. Balakrishnan, CFO of Infosys Technologies, presented to the group on the topic of "Getting Listed on the Nasdaq 100!" – highlighting the members' shared interests and global thinking in this area.

Then followed a roundtable discussion on succession planning and business continuity. Succession planning is about the board's involvement in creating multiple levels of leaders in all the core function areas in a company – including HR, finance, delivery, marketing, etc. It is also about creating several levels of succession planning for each of the core functions. The external board should also get involved in the succession planning for the executive board. It should have a plan and criteria for including executive board members. The chairman of the board should spend enough time with both the internal and external board to have a pipeline of suitable candidates for external board memberships, so that the replacements/additions can be done at short notice and there is enough time and application in the process.

As Indian corporations begin to globalize, they are likely to be faced with an increasing need to understand and deliver to the demands of shareholder activism. Members discussed how the board should respond to this and how to prepare for hostile takeovers. Should loyalty be primarily to the company or to shareholders?

"How independent are the independent board members?" This was the question debated in the final roundtable session. The regulations require a certain proportion of independent members, but does that really ensure independence? Is independence on the board in substance only or also in form and how do you evaluate it?

The next meeting will take place in Mumbai in September 2007.

From left: Harish Ahuja, Managing Consultant, Tata Quality; S.Rajadhyaksha, Company Secretary, Tata Consultancy Services; Abhijit Gajendragadkar, Chief Internal Auditor, Tata Motors.

From left: Shailesh Haribhakti, CEO Haribhakti Group; V. Balakrishnan, CFO, Infosys Technologies; Lt. Col. Burbury, Consultant, Tata Quality.

For more information about any of the items mentioned here, please contact: india@conference-board.org

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