

March 28, 2016.

Good evening and a warm welcome to this Special Meeting of IDs.

This Meeting is a special and an important one, as the same is mandated by the new Companies Act 2013.

“Boards are judged primarily by their composition, with the best having independent directors known for their wisdom and integrity. They are also judged by performance: the board oversees a strategy that enables the company to out-perform its peers, ensuring high returns on shareholders' investment. (E.Times)”

Around the world the Corp. Governance landscape is shifting, as efforts to improve business practices and policies gain support and momentum. The wave of reform has become visible everywhere from tough new regulations introduced by the Regulators to be adopted and followed by the Corporate Boards.

“Marathon Group” strongly believes that Innovation thrives when there is diverse & disruptive thinking.

The main theme of this Meeting is to review the performance of Non -Independent Directors, the Board as a Whole and the KMPs .Director evaluation is not an evaluation in the traditional sense. It is a matter of gathering information from directors and executives on how an individual director can best contribute to the effectiveness of management. The clearer the information, the more it is given in the spirit of improvement, and the earlier it is delivered, the better.

Before, getting into the subject, I wish to draw your attention to few aspects pertaining of emerging ideas of doing business at Marco level.

We are in VUCA world of general conditions and situations -21st Century; as the acronym stands for **Volatility, Uncertainty, and Complexity & Ambiguity**. The term find its place in military vocabulary .And subsequently used in Profit Organizations. (Indian context:Mr. Harish Manwani, Chairman of HUL has first used this term in his Annual address to the shareholders at 2013 AGM).

To overcome the **“VUCA”** world the need for both foresight and agility for organizations to simultaneously manage both the short-term goals and the long-term goals of the business.

The economic progress of any nation is closely entwined with the inspirational capabilities of its Corporate Sector. That's why the success of India is inseparable from the success of India Inc.

Indian Government initiatives to boost the corporate sector ,devised "make in India" theme. To help build a USD 10 trillion economy, our businesses must become more progressive in the world. Fully prepared for the unprecedented challenges- (VUCA).

Organizations need a new kind of leadership that is value based and purpose driven who can define the role of business in the Society. Are there Inspirational leaders in every part of the Organization who are genuinely worth following?.

A well crafted Strategy is a must which requires continuous inventing of new industries and reinventing the old ones, adapting to the new technologies, etc. Change /Innovation is life, should be deeply embedded in the culture of the organization.

In line with achieving **BIG** ,the Govt re-defined the concept of ID as an Innovators to support the Management and the Board managing the business, advice the leaders to achieve the objectives. The Companies Act -2013 has come out a detailed section/a separate Class as IDs/as **an Institution**.

Their functions ,roles are specifically mentioned keeping in mind the expertise and experience they possess in helping the governing the Corporate . It is out of place ,if I do not mention the numerous role played by the IDs in the Companies that are ranked the BEST BOARDS in the year -2015.Their their support and capabilities needs to be harnessed by the Board and the Management .

The World Bank's Doing Business Report for 2016 says India has moved up overall from 142nd to 130th place among 189 countries, a distinct improvement. But the flip side is , in regard to enforcement of contract, India remains unchanged at 178th position. And it remains unchanged at 138th position in resolving insolvency.

A Realty Check.....a firsthand information.

The Real Estate (Regulation and Development) Bill- 2016 passed by the Parliament on March 15,2016 is a land mark Legislation .It will not only make the consumer a king but also bring in transparency and regulation in the Real Estate sector.

-It is in line with BJP Vision: Housing for all by- 2020 .

-Provision for deposit of 70% of the amount collected from Customer in the separate A/c, to cover the cost of construction and land cost.

-With about 10 lacs consumers investing to buy new houses ever year, the new stipulation of 70% deposit of collections would help prevent diversion of funds and protect consumer's interest.

-This would hopefully lead to better contribution of GDP from Real estate sector which is currently about at 9%.

-A whopping 76,044 firms are operating in Real Estate sector :with 17,431-in Delhi,17,000- in West Bengal,11,160- in Maharashtra, rest spread across the states.

-Registration is mandatory for real estate projects and agents with RERA (Real Estate Regulatory Authority).

-RERA to be established in every state/UT.

-The norm for registration of the Plot area of 500 sq.mtr (5,400 sq.ft) or 8 apartments.

-Disclosure in the RERA website regarding Sale on the basis of "Carpet Area only".

-Model Agreement will be made available to both Builder and the consumer.

-Both Consumers and the developers will now have to pay the same interest rate for the delay of project.

- Any change in plan needs" Two Thirds" of buyers consent.

-Increase liability of developers for structural defects from 3 years to 5 years.

-Insurance Cover to Land Titles makes the sector a reliable one.

-Promotional role of RERA in making recommendations to the appropriate government for the single-window system and ensure execution of the project on schedule, is laudable one.

-Penal clauses for deregistration of projects levying penalties and imprisonment in case of contravention of the law and persistent default by the promoters. Similar provisions would also apply to buyers and Agents

Thank you.

Leadership in a VUCA World

26-07-2013 : Mr. Harish Manwani addresses shareholders at the company's 80th Annual General Meeting (AGM).

In the speech titled 'Leadership in a VUCA World', Mr. Manwani said, "To be clear, business still needs to deliver the 3Gs of growth – consistent, competitive and profitable growth. The 3Gs are important because without these, a business cannot create any value. But in this New Normal, these alone are not sufficient. The fourth G recognizes that it is the role of business to not just create economic value but also social value, and to do this in a sustainable way."

Megatrends

Mr. Manwani spoke about how the three underlying megatrends of digitisation, rise of the developing world and sustainability will shape our future. Speaking about digitisation, he said, "Digitisation is now advancing even more rapidly and fundamentally changing the way business and society works. It presents both opportunities and challenges and the companies that adapt to this reality will succeed in the future."

Referring to the rise of the developing world he spoke about the economic growth of countries like China and India and how the world order is changing as the economic power shifts from West to East. "For the last century, the developing world produced for the developed world to consume. But by 2020, emerging Asia will become the world's largest consuming block, overtaking North America. This changing balance of power is redefining the world of business", he said. He spoke about how companies that reorganize their resources and leadership development towards the new economic centre of gravity would benefit while the others would fall behind.

He also spoke about the impact of the rapid increase in consumption on the scarce resources, he urged companies to align their business growth with socio-economic progress in a sustainable way.

Winning in a VUCA world

Elucidating the key enablers for winning in the VUCA world, Mr Manwani spoke about the need for both foresight and agility for organizations to simultaneously manage both the short-term goals and the long-term goals of the business. "The role of leadership is to have a clear point of view about the future and build an organisation that can navigate towards that destination through good times, and importantly, also in bad times", he said.

Emphasising the need for businesses to have consumer centricity, he said, "More than ever, businesses must have an insight into the changing needs and aspirations of their consumers to be successful." Speaking about the need for organizations to be globally leveraged and locally relevant to consistently succeed in the VUCA world, he said, "Our mantra is to think local but act global. At Unilever, we begin by understanding what local consumers and customers need or want. Then we leverage our global understanding, technology and knowledge to provide the best

solutions to meet these local needs. Our strength is our ability to combine global scale with locally tailored solutions.”

He also spoke about the need for companies to attract, develop and retain the best talent to be successful in the long-term. He spoke about how increasingly young men and women are seeking to work for a company that reflects their own values. “Many talented young people join us for this reason. In Unilever, we have always believed that we do not just sell soap and soup. Instead, we are committed to helping our consumers enhance their standard of living through our brands and improving the livelihoods of millions of people engaged across our value chain,” he said.

Leadership in a VUCA world

Mr. Manwani spoke about how for winning in the VUCA world organizations would need a new kind of leadership that is values-led and purpose-driven and leaders who can redefine the role of business in society. “Being values-led is about the foundation that underpins the Company. Being purpose-driven is about the common objective we work towards that is larger than the Company itself,” he said.