

# CMA DIGEST

April 2022, Issue - 69 Volume 22



## CMA CFO Conclave – 2022

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**COIMBATORE MANAGEMENT ASSOCIATION**

## CMA CFO Conclave – 29th April 2022

### Like Atlas, CFO shoulders myriad responsibilities



The new age Chief Financial Officer (CFO) has a much bigger, more complex, and more tougher role cut out for him than his traditional counterpart. The responsibilities of the conventional CFO are mainly confined to protecting the assets, minimizing risks, getting the company's balance-sheet right, and running efficient and effective finance management.

On the other hand, the modern day CFO has to be an all rounder who has to ensure strict compliance with a vast array of regulatory laws, accountable to the various requirements of stakeholders, and remain un-fluttered in the face of unprecedented disruptions as was evidenced during the Covid-19 pandemic period.

The Coimbatore Management Association's CFO Conclave held on April 29, 2022 analyzed threadbare the various facets of a contemporary CFO. Mr S.Narayan, IAS (Retd), Member, Special Economic Advisory Committee, Tamil Nadu Government, and former Economic Advisor to Prime Minister, inaugurated the conclave and set the ball rolling for the event.

#### Three critical components

Mr Narayan traced the evolution of companies from pre-Independence days to the modern era. The concept of a private limited company started with the railroad company which dispersed its liabilities. Post 1930 Great Depression, a lot of companies came up in which promoters were experts and Chief Accounts Officers were Managing Directors. However, their knowledge of accounting and

shares was limited.

Up to 1980s and 1990s, marketing was not important, but technology was important. Post 2010, the role and responsibility of the accounting personnel had become important. A CFO had to effectively fulfill the expectations of stakeholders, employees and promoters. It was extremely important for him to balance all the three and keep them in good humour because they all contribute to the growth of GDP/economy.

The picture in India was different: the promoters would not let go their control over the companies. Since these ventures happened to be 'lifestyle businesses', they would not want to give up. The objective was to derive the maximum benefits for the promoters.

It had fallen upon the CFO to perform beyond the ambit of his responsibilities, for which he had to necessarily resort to technology. Answering a question from a participant as to whether the promoters were facing lesser risks, Mr Narayan asserted that the risk taking ability of promoters had not come down. Responding to another question as to whether the share holders' interests were predominant, Mr Narayan said, "If you are looking for dividend, you are having a 'fixed deposit mentality': if you look for appreciation you are beset with 'real estate mentality,' and if you are looking for value appreciation you have got the 'risk taking mentality.'"

Mr Narayan said that he would personally opt for the share value to go up.

### Technology & CFO

Speaking on the topic 'Technology and CFO', Mr S.Srinivas, CFO & Compliance Officer, Seshasayee Paper & Boards Ltd, Erode, batted for CFO adopting technology to discharge his responsibilities efficiently. The CFO could leverage technology to conform to the basic discipline of compliance. The glorification of a CFO is attributable to technology. Now 9 to 31 per cent of companies have got the digital roadmap ready to ward off the disruptions experienced during the Covid-19 pandemic. The returns on investment due to digitization are far higher than at any time. The current reality is that State Governments are increasingly finding recourse to blockchain technology for their services.

For instance, Maharashtra government has adopted block chain technology to keep track of RT-PCR tests, and to unearth forgery in education; the Telangana government has automated property registration through block chain technology; and Tamil Nadu Government has embraced block chain technology to find solutions to the grassroots level problems. Since, the modern CFO would depend on data for taking decisions, they could also be termed as 'Chief Data Officer-CDO'. A CFO would have to devote 95 per cent of his time to connecting to the stakeholders, and 5 per cent of his time to Management Information System (MIS) and accounting.

"Let the CFO move from 'being the app' to 'using the app,'" Mr Srinivas said. Responding to a question from the audience as to why certain aviation, banking and finance companies are floundering despite avidly promoting technology, Mr Srinivas replied: technology alone would not guarantee the kind of performance expected because how it was handled did matter. Organizations such as Indigo and Ola run mainly on technology and are making good money, Mr Srinivas added.

### Financial challenges & CFO

Dwelling on the topic 'Financial challenges & CFO', Mr Rakesh Patwari, Country Head Business Development, HSBC Bank Ltd, said that, of late the financial landscape across the spectrum was changing. Especially, in the last two years, it was quite stressful owing to the outbreak of Covid-19 pandemic. It had posed a variety of challenges, particularly in terms of logistics, and availability and cost factors of commodities. It had come to such a pass that non availability of a nut and bolt (or was it a needle) could bring the manufacturing activity to a grinding halt as in the case of the Pune-based two-wheeler manufacturing company.

There were problems on the pricing and liquidity fronts too. These problems had forced the companies to focus on creating sustainable

eco-system. Almost third of the 400 companies his bank researched, spoke of achieving sustainability through technology. What the pandemic had taught us is that 'resistance (to change) is at the core and not finance at the core'. As there is pressure on cash flow, companies have started telling that 'how can we commit to pay when we do not get any commitment for collection'. Mr Patwari further said that manufacturing activity was now transforming into services. Now the financial sector is witnessing a different class of investors coming in, he added.

### Compliance risks & CFO

Elaborating on the topic 'Managing compliance risks & CFO', Mr Sai Bommadevara, Managing Director, PWC Risk Assurance Services, said that the new age CFOs would have to see beyond their traditional roles. A CFO is akin to a Key Managerial Personnel who in turn is an officer in default. He has to take care of regulatory compliance. In case of any breach in digitization and cyber security, the CFO would be made accountable, because data breach would impact the customers.

The CFO would have to shoulder the responsibility of keeping the workforce focused and committed. He would have to keep a tab on ESG –Environment, Society and Governance. Doing businesses across the border is also fraught with problems. For, an MNC ought to conform to the different sets of rules and regulations of the host countries.

Above all, the CFO would have to bridge the gap between the risk takers and risk managers. This explains what to expect from 'the top to bottom' and from 'the bottom to top'. He cited two instances about how risky lack of compliance would be. CMA President Mr Jayakumar Ramdass in his introductory remarks said that, CFO plays an important role in maintaining fiscal health, preparing the budget, mobilizing the requisite funding, preparing for merger, if any, and so on. The CFO has to manage disruptions and still deliver value. Covid-19 pandemic has posed several challenges to the CFO who has to attune his strategies to the presence scenario, Mr Ramdass added.

Programme Chairman CA K.Ravi in his remarks said that the CFO has to manage 4 Rs—Resources, Risk, Relationship and Responsibility. Under globalization, inter-connection and inter dependence have become the order of the day. After the outbreak of the pandemic uncertainty has become a certainty, Mr Ravi added. CMA secretary Dr Nithyanandan Devaraaj summed up the event and proposed a vote of thanks.

(Report by A.V.Ragunathan)

## — CMA CFO CONCLAVE SUPPORTED BY —



## CMA CFO Conclave – Panel Discussion

### CFO faces daunting tasks

Far reaching changes are taking place in the roles and responsibilities thrust upon the Chief Financial Officers. They are placed in an unenviable position, as they have to look into the plethora of issues faced by the companies and find the right solutions or take suitable corrective measures. A CFO has to be an expert in all domains, not in a single domain of financial management. Above all, he has to address the regulatory issues, which are aplenty, and ensure full compliance. Else, he will be hauled up by the authorities concerned, the management, the stakeholders, the employees and the market forces.

It is now made out that the entire burden of steering a company even in the choppy waters lie on the shoulders of a CFO. He is expected to show his mettle and calibre beyond his call of duty, so to say. These observations were made in the panel discussion on 'Emerging contemporary challenges of CFO' organized as part of the Coimbatore Management Association's CFO Conclave on April 29, 2022. In the panel discussion, Mr Raghuvir Srinivasan, Editor, The Hindu BusinessLine, Chennai, Mr S.Srinivas, CFO & Compliance Officer, Seshasayee Papers & Boards Ltd, Erode, Mr N.Prasad, Director, Savedesk, Mr Rakesh Patwari, Country Head Business Development, HSBC Bank Ltd., and Mr Sai Bommavara, Managing Director, PWC Risk Assurance Services participated.

**Mr Raghuvir Srinivasan:** After listening to the experts who spoke in the conclave, I have a feeling that a CFO ought to be a super human being to tackle the whole lot of issues thrown at his doorsteps. Besides taking care of financial management, a CFO would have to monitor the performance of the workforce too, as a KGB or a CIA agent keeps surveillance on their targets. A CFO would also have to ensure that all stringent regulatory laws are strictly adhered to. He has to keep pace with the technology advancements. In a nutshell, a CFO would have to be an all-in-all. I wonder whether it is humanly possible to confront all those issues and come clear of them? It reminds me of the Tamil blockbuster movie 'Enthiran' in which the protagonist Rajnikant creates a robot named Chitti which develops several hands to wield arms and ammunitions to fend off the adversaries. The contemporary role of a CFO is no lesser than the robot depicted in that movie. In this context, the role of the ICAI (The Institute of Chartered Accountants of India) deserves a close look. The ICAI is a relic of the past. It has not kept pace with the time. A prospective CFO would have to acquire proficiency in data management, EDP, digital management and what not. Is the Institute preparing the students for all these? Accounting function has already been taken over by AI (Artificial Intelligence). Is the ICAI doing enough to handle all these?



**Mr S.Srinivas:** CFOs are Key Managerial Personnels (KMPs). The ICAI still prepares students on financial aspects. It is preparing students only for practice. A CA would have to go to the industry and find out for himself what are at stake.

**Mr N.Prasad:** The ICAI prepares students more towards practice and less towards industry. The need of the hour is to equip the students on what the industry required. What is missing is the human factor. A prospective CFO should be groomed properly. Every question is posed to the CFO. If there is a lapse in gender equity, the CFO is held accountable. Every issue comes back to the CFO and he has to manage all these. The ICAI does not support this. We need to have a separate forum.

**RS:** Are there too many regulations? I see at least 23 regulations in India and some of these are ridiculous. (It is learnt that there are over 1,000 rules that have to be complied with).

**Mr Sai Bommavara:** The CFO would get complaint about environment, safety measures and workforce related issues. The regulations are available which are applicable depending on the type of issues involved. For instance, there are labour laws, and non-compliance to them would attract fine or imprisonment or both.

It would not be done at one go. Initially, the authorities would give time to comply with the requirements. Environment is another area which the CFO has to watch out. He has to look into the cost of compliance and the cost of non compliance.

**RS:** The plight of the CFO looks formidable.

**SS:** Lot of technological tools are available for CFOs which he could use to discharge his responsibilities with ease. Therefore, the CFO

need not lose sleep over the issues confronting him.

**NP:** I agree with Mr Srinivas. There will be surprise inspection without prior announcement. Ultimately the buck stops at the CFO and he is pulled up. Multinational companies have separate teams that would take care of the regulatory issues, leaving the CFO to focus on his domain. But in non-multinational companies, the CFO would have to shoulder all the responsibilities.

**Mr Rakesh Patwari:** Company boards are paranoid about the possible losses.

**SS:** I am not a believer in cutting cost. I believe in managing costs. Tools are available at cheaper price. It is important to be aware of those tools.

(Report by A.V.Ragunathan)

## Cyber Security – Challenges of the Connected Era!



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Cybersecurity is the practice of securing data centers, servers, networks, endpoints such as laptops, desktops, mobiles, tablets, SCADA systems, electronic systems from hackers and malicious attacks. This is the most critical aspect of keeping data safe. With an increasing work from home culture, organizations are finding it increasingly difficult to monitor their data centers if they do not have relevant monitoring tools. Therefore, it is imperative to build a comprehensive cybersecurity procedure to get cyber resilience from the inside out. Furthermore, it is crucial to protect your environment by implementing high-class security measures. If a hacker finds even a single vulnerability in your system, he can easily penetrate your network and steal business-critical data quickly. This may lead to the loss of intellectual property and efforts of multiple years.

Robust firewalls such as Palo Alto, Check Point, Cyberoam,

Sonicwall, Fortinet, etc., must be deployed at the networking level to segregate & stop the irrelevant traffic from entering your domain and activating various security policies for enhancing security. Unfortunately, Internet service providers don't block any such traffic. Hackers exploit these to breach the security layers and initiate attacks by sending various irrelevant packets. The next step in the security layers is deploying Anti-Virus & Anti Malware Applications such as McAfee, Symantec, CrowdStrike, etc. We can even activate the Windows Defender services if you don't want to use any external Anti-Virus.

These help in restricting the attacks at a machine level. These are deployed in all servers and endpoints. It is vital to limit the number of input devices when a comprehensive security strategy is applied. We need to secure our organization's data by blocking USB and Input drives to reduce the level of attack up to some extent.

The emailing solution has become a potential source of attack for any organization. Even if you use Office 365 for email, we get standard security. Exchange Online Protection is Microsoft's cloud-based email security service that filters out spam and malicious emails from your inbox. You can enhance your security by using an external Emailing Security Solution such as Barracuda, Proofpoint, Mimecast, CISCO, etc. These solutions can quarantine phishing attacks using their Artificial Intelligence algorithms. In addition, you can whitelist domains based on your interactions and enhance the security level.

For our organization we have deployed Barracuda Email Security Gateway as the emailing security gateway that manages and filters all inbound and outbound email traffic to protect organizations from email-borne threats and data leaks. In addition, it provides cloud-based advanced targeted attack protection, email continuity, encryption, and data leakage protection and archiving. Zero trust architecture and Micro-segmentation are becoming important by the day. Micro-segmentation is a security practice that aims to make security as granular as possible. It is achieved by dividing the network into isolated segments to monitor and control the traffic to each component.

ColorTokens Inc. is a leading innovator in SaaS-based Zero Trust cybersecurity solutions, providing global enterprises with a unique set of products and services for securing applications, data, and users across cloud and hybrid environments. The data center attacks are on the rise globally after the pandemic. These attacks are the most sophisticated attacks performed using programmed bots. It is challenging to find the origin of such attacks as they don't let people understand their modus operandi. The hackers wait for a long duration to initiate such attacks. The most potential area of infection is the lack of security in email solutions. All the organizations deploy their best-in-class solutions to reduce the risk of getting an infection drastically.

The most sophisticated ransomware attacks change the file extensions and encrypt the files. It is challenging to restore such files until you pay a hefty amount to these hacker groups. The threat is increasing day by day, and attacks are made using a very new technique beyond the control of most updated anti-virus solutions. Most attacks are performed in the Microsoft Windows environment due to widespread usage. Linux environment is still safe, although not immune.

If such an incident occurs, it becomes difficult for the organizations to recover, and they lose their complete information and precious data instantly. In such cases, the first action to be performed is to shut down all the servers and disconnect the leased line connectivity in all the impacted locations. It is difficult to determine

the origin of the attack, and in exceptional cases, such attacks try to destroy the backup before initiating the attack. It is recommended that at least one copy of the data backup be retained. As per the best practice, the 3-2-1 data backup rule protects the organizational data.

It means that for safeguarding the data backup, the following actions should be taken: Keeping at least three copies of data; That includes the original copy and at least two other backups.

#### **Keep the data backup on two different storage devices**

The chances of having two failures of the exact storage type are much higher than for two completely different types of storage. Therefore, keep data on a storage device in the Data Center and keep one copy on the cloud, tape drive, or both in an encrypted format.

#### **Keep at least one copy of the data offshore**

We keep two copies on two different storage types – The original one is saved locally, one copy is kept at another storage in another offsite data center. One more copy is kept on the cloud or taped in a far-off location for compliance to safeguard the data. Retrieval of this data takes some time as per defined vendor SLAs.

#### **Define measures**

If an attack is performed, the criminal complaint against the unknown persons can be filed at the Local Police Station. The organization should make a proper procedure for addressing a situation if an attack is performed on the data center.

Author: Mr. Dalveer Singh

Source: [www.industry4o.com](http://www.industry4o.com)

### **Management Quiz**

1. Name the Fintech arm of Indiabulls
2. Present younger generation is termed as YOLO Generation. What does YOLO stand for?
3. What is Private Label?
4. Which Company has acquired BBLunt from Godrej Consumer Products Limited for Rs.134Cr?
5. Which Company has acquired Butterfly Gandhimathi Appliances Ltd for a total consideration of Rs.2076.63Cr?
6. What is CERO?
7. Name the pepper-spray brand acquired by Sirona Hygiene
8. What is Audi's used car business known as?

*For answers see page 08*

Monday Musings – April 04, 2022

## *Business Goal Setting workshop*

Coimbatore Management Association (CMA) organized an interactive Monday Musings session on 'Business Goal Setting' by **Ms. Adhishree Anand**, Founder, Live by Design on 4th April, 2022. Ms. Adhishree is a serial entrepreneur and an author. In addition to working in her family's export business, she founded Live by Design as a personal venture. Live by Design is a personal development company that creates self-mastery action tools for productivity and goal success. During her talk, she extensively covered the following concepts:

- Importance of Goal-setting for entrepreneurs
- Self-assessment test to find gaps in goal planning
- Techniques to simplify goal accomplishment and
- Creating an action plan towards goal setting

At the end of the workshop, participants were able to discover new

insights such as,

- Why is it taking too long to achieve the goals?
- Why their business is stagnant?
- How to overcome the challenge of time management? and
- How to create a guided action plan to achieve their goals?

Dr. Nithyanandan Devaraaj, Secretary, CMA welcomed the gathering in the distinguished presence of Mr. Jayakumar Ramadass, President, CMA. Dr. N. Raveendran, Treasurer, CMA proposed the vote of thanks and Dr. Prashant R. Nair, Joint Secretary, CMA moderated the workshop.



Monday Musings – April 11, 2022

## *Modern Performance Management System for Enterprise Agility*

**Dr. B. Shyam Sundar** Director, Service Global Inc. delivered a talk on 'Modern Performance Management System for Enterprise Agility' during the CMA Monday Musings program on 11th April, 2022. A certified strategy development coach, Dr. Shyam Sundar has 18+ years of experience in the manufacturing sector in US-based MNCs and Indian companies such as BorgWerner, Circor, Lucas TVS etc. He also holds international certifications in project management, agile, lean and scrum. Through his brief presentation, he highlighted the Objectives and Key Results (OKR) strategic management technique which can develop enterprise agility in the organization. OKR's original concept came from Intel

and spread to other Silicon Valley companies like Google, who adopted OKR in 1999. The OKR tool creates alignment and engagement around measurable goals. OKRs are frequently set, tracked, and re-evaluated – usually quarterly, he pointed out. Dr. C. Guna Sekaran, CMA Managing Committee (MC) member delivered the welcome address and Prof. Sreeraman Nandhi, CMA Student Branch Counselor, DJ Academy for Managerial Excellence proposed the vote of thanks. Dr. Prashant R. Nair, CMA Joint Secretary moderated the session.



### **AIMA - Upcoming Events**

- 09 May 2022** : Special session and Book Launch of the ART OF MANAGEMENT by Mr. Shiv Shivakumar
- 13 May 2022** : Online Training on Harnessing Effective People Skills
- 19 May 2022** : Training Program on GeM 4.0(Government e-Marketplace)
- 20 May 2022** : Online training on Top 5 Techniques to be an Ace at Virtual Sales
- 20 May 2022** : Women Leadership Workshop
- 20 May 2022** : AIMA Training Program on Digital Intelligence - Smart Manager in Digital Age
- 26 May 2022** : AIMA 9th HR Leadership Retreat
- 27 May 2022** : Online Training on Finance for Non-Finance

Monday Musings – April 18, 2022

## Leadership Insights... Building Trust

**Mr. Premkumar Manavazhi**, an acclaimed Leadership Thought Consultant delivered a talk on 'Leadership Insights... Building Trust' on 18th April, 2022 as a part of CMA Monday Musings program. Mr. Premkumar Manavazhi has 35+ years of experience in construction and earth moving equipment industry in Caterpillar and Hindustan Motors Earthmoving Equipment Division. His areas of expertise are operations, supply chain, product design, lean transformation and consulting. His last assignment prior to retiring from Caterpillar was as Regional Lean Adviser for Business Process Transformation at Caterpillar India & South East Asia.

In his presentation, he elucidated that trust must be at 4 levels namely personal, professional, invisible and customer. Any organization needs to address all 4 levels to build deep-rooted trust in any organization. The first level, personal trust in an

organization is between the Employees and the Supervisor. The second level, professional trust is amongst employee team and management. Invisible trust is the third level of trust in the organization and the senior leadership is added to the second level.

The fourth level of trust is between the business and the customer. Mr. Sivakumar Palaniappan, CMA Managing Committee (MC) member delivered the welcome address and Prof. Sreeraman Nandhi, CMA Student Branch Counselor, DJ Academy for Managerial Excellence moderated the session and proposed the vote of thanks.



Monday Musings – April 25, 2022

## Brand You

Coimbatore Management Association (CMA) organized an interactive Monday Musings talk on 'Brand You' by **Mr. Charles Godwin** on 25th April, 2022. Mr. Charles Godwin is a HR leader and Public Speaker with 18 years of work experience with MNCs in IT sector such as Zoho, Polaris, Hexaware and Royal Cyber. He has got wide exposure in areas like change management, talent acquisition, compensation management and people welfare. He shared his experience in various organizations as well as best practices being followed in IT Majors. He highlighted the best practices in HR at Zoho, which has been developing world-class

software from a rural setting. Mr. Seetharam K., CMA Managing Committee (MC) Member delivered the welcome address in the distinguished presence of Dr. Nithyanandan Devaraaj, Secretary, CMA. Prof. Sreeraman Nandhi, CMA Student Branch Counselor, DJ Academy for Managerial Excellence moderated the session and proposed the vote of thanks.



1. Dhani

2. You Only Live Once

3. Private Label products are goods sold by retailers under their own brand names.

4. Mamaearth, a D2C start-up

5. Crompton Greaves Consumer Electricals Ltd

6. A scrappage, and steel recycling facility owned by Mahindra MSTC Recycling Pvt Ltd.

7. IMPOWER

8. Audi Approved Plus

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