

## CFO Jury Meet: Quest TO Identify India's Finest Financial Leaders

*YES BANK and BW Businessworld's Best CFO Awards jury finalises the winners after a long and rigorous debate*



**01** May, 2017  
by BW Online Bureau

The YES BANK, India's fifth largest private sector bank, and BW Businessworld have come together again to recognize and acknowledge the exemplary achievements and the professional contributions made by the chief financial officers (CFOs) of India Inc. at the YES BANK-BW Businessworld Best CFO Awards 2017.

These awards recognize country's top financial leaders, handpicked by a distinguished panel of jury after a robust 2-step process involving a rigorous financial assessment and a detailed investor survey.

The jury members deliberated for over three hours at the Indian School of Design and Innovation (ISDI), Lower Parel, Mumbai and evaluated 45 finalist CFOs, from which winners across 16 categories were handpicked.

**Redefining CFOs**

The financial turbulence of the last decade has led to the CFO taking centre stage across organizations. The CFO today is more a 'strategist' than a mere controller of accounts – the key responsibility of a CFO is not limited to finance, accounting and the company's investment activities. Today, CFOs are the nerve centre of any business operation. They are expected to perform in the core execution of corporate strategy — both organic and inorganic. The CFOs, over the years have increasingly become the chief flag bearer of corporate transparency, governance and corporate social responsibility (CSR) of the company they represent.

The *YES BANK BW Businessworld Best CFO Awards 2017* will recognize 14 winners in a glittering ceremony that takes place in the capital.

Some of the key categories include, Best Woman Leader CFO, Best CFO for 'Creating Shared Value', Best CFO for 'Orchestrating the Best Inorganic Growth Strategy', Leading CFO-PSU, Leading CFO-MNC and Overall Champion CFO among others.

### **The Process**

The consideration set comprised top 500 companies from BW 1000 list (2016 edition; total income + total assets ranked) and top 500 companies by market cap in the financial year 2016 (FY16). The financial performance in FY16 formed the basis of segregating companies.

The first phase (phase-1) of quantitative analysis involved shortlisting companies on the basis of consolidated financials for FY13-FY16. The list was segregated into large companies (net sales over Rs 3,000 crore) and mid-size companies (net sales under Rs 3,000 crore); public sector undertakings (large/medium threshold modified to Rs 10,000 crore) and multinational companies (controlling stake held by a foreign company and not headquartered in India).

The analysis was performed on the basis of data (capital markets) provided by Capitaline Databases. The analysis of the company financials was done along three parameters: sustained value generation, leverage management and liquidity management. In order to factor in the sectorial nuances and differences and characteristics, a peer set comparison was made and the top performers from each sector were shortlisted for the next phase of evaluation. For mergers and acquisitions (M&A), companies from the base set that completed M&A's in FY15, were considered. For the Woman CFO category, it was noticed that women leaders at the CFO level in large Indian companies were far and few between. Hence, a separate category to award women finance leaders who made it to the top was constituted.

Since MNCs and government entities (PSUs) have a different governance and operating environment compared to their private sector Indian counterparts, a separate category was created. While the financial analysis was performed with the audited financials of FY16, due weightage was accorded to FY15 and FY14 numbers to ensure that consistency in financial performance was rewarded.

The second phase (phase-2) shortlisting was undertaken on the basis of inputs from primary survey conducted by Ipsos, a global market research company. Ipsos administered the primary survey to over 100 qualified chartered accountants, brokers and fund managers. External survey was administered to large-sized corporates, mid-sized corporates, PSUs (large/medium), MNCs (large/medium), M&A Category and Woman CFOs.

Plus, a CSR survey was administered by sustainability sector industry experts. The survey was

administered “in person” over the month of March and April 2017 with an intent to capture the recency in perception of the company and its management amongst the market participants.

### **Jury Deliberations**

The findings of the two phases were shared with the esteemed jury, comprising Naresh Takkar, Managing Director & Group CEO, ICRA; Joe Phelan, Director (India), WBCSD; Siddharth Shah, Partner, Khaitan & Co.; Rajesh Mokashi, Managing Director & CEO, CARE Ratings; Ajai Kumar, Non-Executive Director, YES BANK (observer); Manoj Fadnis, Dy. President, Confederation of Asia & Pacific Accountants and Past President ICAI; Vivek Kulkarni, Founder & MD, Brickwork Ratings; and **Nishith Desai, Managing Partner , Nishith Desai Associates.** Since Dr. Wilfried Aulbur, MD, Roland Berger (India) couldn't personally join, he shared his detailed feedback and scoring over email. After a gruelling session, the jury unanimously decided on the winners and shared the list with the organising team. BW Businessworld and YES BANK abstained from voting, but participated in the jury meet as non-voting members.

The jury commended the highly systematic and thorough process of evaluation undertaken in phase-1 and phase-2 surveys. It observed how in certain companies and categories the objective assessment and market feedback derived from the two phases were convergent in some cases, while in others the market feedback was quite contrasting to the pure financial performance. Jury also felt that in recognising the contribution of the CFO and his team, the overall role of the company, its promoters, brands, etc., could not be fully delineated as a CFO's performance, in several ways, is dependent on the same. It was interesting to note that the jury laid very high importance on the CFOs' (and therefore the company's) focus on CSR and sustainability, beyond just the financial performance of the company.

Commenting on the difficult choices the jury had to make while picking winners for each of the categories, Manoj Fadnis, Deputy President, Confederation of Asia & Pacific Accountants & Past President ICAI says: “Difference was very marginal between those who got it and those who missed it. The Jury had to deliberate a lot before selecting the final winners.” This was duly seconded by another esteemed panel member Naresh Takkar, MD & Group CEO, ICRA. He says: “With operating conditions becoming more volatile, the traditional role of being a financial controller is transitioning into a strategic role”. Mr. Takkar, also an esteemed jury panel member last year had termed the jury meet and the entire process as “objective” and said that they not only focused on the quantitative criteria but also supplemented it with the survey process which made the process very comprehensive.

**This article was published in BW Businessworld issue dated 'May 1, 2017' with cover story titled 'GODREJ 2.0'**