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**Eleventh Annual Corporate Governance Summit, 'Gatekeepers of Governance'**

***"Management and Ownership – When the Twain Don't Meet"***

**Friday, 20th November, 2026: Mumbai**

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Ladies and gentlemen,

Good Morning to all of You.

The title of this session reminds me of Rudyard Kipling's famous words:

**"*Oh, East is East, and West is West, and never the twain shall meet."***

Those words have often described worlds that seem destined to remain apart **Yet his poem goes on to say:**

*"But there is neither East nor West, Border, nor Breed, nor Birth*

*When two strong men stand face to face, though they come from the ends of the earth."*

**I would like to take the view that Kipling's poem is not ultimately about the impossibility of meeting. It is about how seemingly divided worlds can come together through courage and mutual respect.**

**In a corporate, ownership and management are such worlds**. One provides capital and bears the economic risk; the other brings professional expertise and exercises authority. **They need not become one. But they must remain accountable to the same Institution.**

As companies grow beyond their promoters and invite public investment, this **becomes a journey of trust**. Nearly three decades ago, the **Kumar Mangalam Birla Committee**, constituted by SEBI in 1999, **identified shareholders**, the **board** and **management** as the **three constituents of corporate governance**, guided by **accountability**, **transparency** and **equality** of treatment for all stakeholders. **The board is the vital bridge between ownership and management.**

For these seemingly different worlds to come together**, I would emphasize four principles**.

**First, authority must be accompanied by accountability**. When Bharata governed Ayodhya during Rama's exile, Rama's sandals on the throne reminded him that he was a custodian, not an owner. **Modern boards too exercise authority in trust for the Institution**. **Their responsibility is to test assumptions, oversee risks and examine and resolve the conflicts**.

Take an example of **major acquisition**. **Management may see an opportunity**; a **controlling shareholder may see a natural expansion**. But, t**he board must ask whether the valuation is sound, the benefits realistic and the risks understood**. These questions do not obstruct enterprise. They distinguish a considered business risk from a decision driven by conviction alone.

Accountability also requires clarity. Clear boundaries on delegation, approval and escalation protect both management and the ownership. Where perspectives differ, an established process should resolve the issue on its merits.

**Second**, **alignment must not mean unquestioning agreement**. Differences between management and ownership are natural. The problem arises when influence takes the place of examination.

But how do we bring the twain together? **Whenever I am in any doubt I usually refer to our sacred texts and mythologies**

The Rig Veda says:

**"सं गच्छध्वं सं वदध्वं सं वो मनांसि जानताम्।"**

Walk together. Converse together. Develop a shared understanding. **This is a call for dialogue and finding common purpose, not for surrendering independent judgment.**

**We must not confuse alignment with unquestioning agreement**.

The absence of disagreement is not always evidence of harmony;

**It may indicate the absence of an independent voice. Sometimes dialogue will lead to agreement; sometimes it will not. A sound process should be able to accommodate both outcomes.**

**Shri Rabindranath Tagore, in Gitanjali, speaks of a mind without fear and knowledge that is free.** Can we not extend that aspiration to our boardrooms?

Alignment must be built on transparency, fairness and mutual trust; supported by a clear framework for addressing disagreements and deadlocks.

**Third, fairness must extend to those who cannot influence decisions**. Controlling shareholders, institutions and retail investors may differ in their voice. Their right to equitable treatment cannot depend on that voice. **The true test of fairness is not how we treat those who can influence decisions, but how we protect the interests of those who cannot.**

**Fourth, transparency must convey substance, not merely satisfy a format.** A disclosure can be technically complete yet leave investors unable to understand a material decision. They deserve timely answers to three questions: **what has the company done, why has it done so, and what could it mean for the business?** Information should reach all investors through proper channels - not according to their influence or access.

**Concluding Remarks:**

**From a securities market regulator's perspective, the objective is not to substitute regulatory judgment for commercial decisions**. Businesses must be free to innovate, take risks and sometimes make decisions that do not work out as expected. **What good corporate governance must secure is integrity in the process:** informed decisions, independent oversight, fair treatment, conflict resolution mechanism and reliable disclosures.

**Rules and regulations create the framework**; **the conduct of promoters, boards and management gives it life. Governance is tested in everyday choices: what is questioned, what is recorded, what is disclosed, how a decision is justified and how the conflict has been resolved.**

**The answer to today's theme is not agreement**.

**It is a system in which owners exercise influence responsibly, managers exercise authority with accountability, and boards protect the long-term interests of the Institution and its shareholders including minority.**

When ownership and management meet without accountability, **governance suffers**. When they remain apart without communication**, trust suffers**.

**But when they act together with transparency, independence and a shared purpose, capital meets confidence, and growth meets governance.**

**The twain need not become one**.

But power and accountability must never drift apart.

And that, ladies and gentlemen, is the essence of good corporate governance.

**Thank You and Jai Hind**