

Greed, speed and scale – these are the three big problems of today, says leading corporate lawyer Nishith Desai

Greed, speed and scale – these are the three big problems of today, according to the internationally-acclaimed corporate lawyer, Mr. Nishith Desai.

People want to make money overnight, therefore one sees greed; everyone wants to scale up their business without ensuring that a proper foundation is in place; and everyone is desperate to grow overnight and to go up like a rocket.

“Everyone wants to move fast, fast, fast! We are all action-packed, not thinking-backed. But what happens when you want to go very fast but all the pieces are not in place? You crash! This is the kind of thing that I see (everywhere).”

“After seeing so many organisations, I have found that when you expand and grow, suddenly your productivity goes down... the best of organisations fail to control their processes; this doesn’t mean that they don’t have processes, but people are people... when you expand too much, you’re not able to control.

“Like PriceWaterhouse, the best organisation in the world; one office in some corner with two people; and they brought down a corporation (Enron)... it doesn’t mean that the corporation was bad. The question is, to what extent can you control the processes? There comes an inflexion point after which you begin to drop in terms of productivity, in terms of excitement.”



When you want to go very fast but all the pieces are not in place, you will crash. I see this kind of thing happening everywhere, says the leading corporate lawyer, Mr. Nishith Desai, while speaking at the last meeting

Mr. Desai, who was speaking at the last meeting, made the above observations in the course of the question-answer session that followed his talk on “The future corporation”.

He was introduced by PP Kalpana Munshi who pointed out that Mr. Desai was the founder of the multi-skilled, research-based international law firm Nishith Desai Associates which had offices in Bombay, Bangalore, the Silicon Valley, Singapore, Basel and New Delhi.

An international tax and corporate lawyer, researcher, author and lecturer at leading academic institutions around the world, he was the only Indian to figure in the first-ever global survey of 50 top tax professionals who had influenced tax policies worldwide (he was ranked 28) in 2004. His firm had received the “Indian Law Firm of the Year 2000” and the “Asian Law Firm of the Year 2001 (Pro Bono)” awards presented by IFLR (a Euromoney publication).

It had also been ranked by International Tax Review (Legal Media Group) as a leading tax advisory firm in India for professional practice for the years 2005 and 2006.

Kalpana said that Mr. Desai’s practice encompassed a wide range of tax, corporate and technology matters, with strong emphasis on private equity and venture capital funds. He held a special license from the State Bar of California to practice Indian law.

His other areas of practice included corporate globalisation, international listings, M&A transactions and social sector laws. Further, he had substantial experience in the fund sector, advising perhaps the largest number of offshore investment funds, including the India Fund, the Bombay Fund and the South India Access Fund.

Mr. Desai started by stating that there were two ways of looking at “The future corporation” – tangible and intangible. But he confessed that he found the intangible aspects more exciting. His interest in intangibles and in international business strategies was aroused while poring through books at the Barnes and Noble store in Delaware in 1984.

He had been invited by Du Pont for some discussions but found that most of the executives seemed more interested in business strategies. Since

he was unfamiliar with the subject, he managed to get a week-long “ad-journment” and then retired to the B&N to go through the latest books on international business strategies available there.

An ordinary lawyer at that time, he was left wondering about the lack of interest in (corporate) philosophy. Du Pont wanted to come to India at that time. He had asked whether it wanted to treat India as a customer or as a partner. He stressed that there was a difference between the two.

Lawyers being voracious readers, said Mr. Desai, he had managed to go through all the books available on the subject at that store. And when he returned to Du Pont a week later, he once again took up the question of philosophy.

“We talk about strategies and other things, but at the end of the day what are we talking about? What is strategy? Strategy is all about choices – to do this or to do that. But do we talk about how to make a choice? It’s a philosophic question. Somebody may say I will never indulge in a beef business – that’s a philosophic question. Somebody may say I will do anything. Most of the time, if your philosophic base is clear, then your choice is that much clearer.

“At an esoteric level, philosophy and mathematics are similar. In mathematics, 1 plus 1 equals 2; in philosophy, if your philosophic base is clear, then you clearly know what you can do and what you cannot do. Thus, clarity comes from philosophy and from philosophy emerges vision, mission, goal, strategies, structures and so on. I went back (to Du Pont) and talked about all this; and I walked away with a paid assignment to do a study on corporate philosophy.”

In the course of this study, he noted that several things had happened in India, one after another and which conformed to a certain pattern.

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Forthcoming meetings

March 29, 2011

“Should the Indian bureaucracy be treated at par with global warming and HIV/AIDS?” A talk by Mr. Sumit Mullick.

April 5, 2011

Dr. Shirang Joshi to address the Club.

April 12, 2011

Public Holiday. There will be no meeting.

'If you enter any field, be a change agent; otherwise, don't get into it': This is Nishith Desai's basic philosophy

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Coca Cola had walked out because it was not willing to accept anything less than 100% ownership (of its operations in the country). And Pepsi had walked in. One had vacated the market and another had come in.

Similarly, IBM had walked out; Burroughs had come in. Pfizer had diluted to the extent of 74% and remained a FERA company; Ciba diluted 40%, became an Indian company and expanded faster.

Mr. Desai said as his interest in corporate philosophy and strategy grew, his practice in the US also grew. And in 1986, the head (legal) and the MD of Bears & Sterns ("which later went down"), suggested that he set up a law firm. Sceptical at first because in India counsels never set up law firms, he benefited from his experience as a researcher, embarked on a study of law firm management and finally took the plunge.

Although there were many people who helped him in his venture, the most important contribution was made by the well-know management guru, the late Mr. C.K. Prahlad, who was his close friend and from whom he had learned a lot.

The approach that he adopted to steer his law firm was clear from the very beginning – to make it research-based and to provide what he called "thought leadership". However, the fundamental philosophy was this: "*If you enter any field, be a change agent; otherwise, don't get into it.*" A lot of research went into seeing whether it would be possible to bring about changes in any industry that it ventured into.

There was a time, said Mr. Desai, when there was a lot of black money and "mafia money" in Bollywood (the Hindi film industry). On studying the issue, it was observed that the primary problem was the lack of industry status for the film industry because of which banks were unwilling to fund film-making.

Once this situation was addressed (and the film industry received the desired status), many changes came about. Today, corporates were going into film-making and nobody talked about "mafia money" in the movies.

The second philosophy that his law firm adopted came about after it recognised the fact that every new



The well-know management guru, the late Mr. C.K. Prahlad, was his close friend and he had learned a lot from him, admits Mr. Nishith Desai at the last meeting

technology, every new financial instrument and every new business model brought along legal or tax problems. If the firm used its legal and tax cells to mull over and came up with solutions for futuristic problems, it would do well.

And so it was that it studied, researched and brain-stormed on future technologies such as Wi-Fi, quantum computing, nano-technology, fuel cells, cloud computing and so on and made forecasts four to six years ahead of time.

Returning to the subject of "The future corporation", Mr. Desai said that his research and studies had made him an ardent student of organisational behaviour. But the more he thought about technical aspects, the more he realised that these were secondary and that the most important thing was developing a new-age business model.

"I thought and thought and thought. Can we move from the traditional, feudalistic model of a corporation, that is, command and control, to a more democratic model? Can we combine democratic principles with corporates, with organisations?"

The one principle (from a management perspective) that came up immediately was Mahatma Gandhi's philosophy of trusteeship; there was also Charles Henley's philosophy of trusteeship.

While the Mahatma, when he spoke of trusteeship, said that "when you create wealth you are a trustee of that wealth" (external trusteeship), Charles Henley wrote a lot of papers on virtual organisations and said

(when) you cannot see people working around you, you have to manage by trust (trust and manage people by information rather than control processes).

From this evolved the three-fold principle – the freedom to think, the freedom to act and the freedom to earn. If these three factors were incorporated in an organisation, that would be the next level of evolution. But was this feasible? Would a company allow its employees to choose their salary?

The inclusion of these three elements would help in the evolution of a new and different kind of organisation. "You get the best practices today from the best management schools abroad, but if you can combine the trusteeship principle and the principle of freedom to think, to act and to earn, that would be interesting."

Mr. Desai revealed that he developed his own law firm on this newly-evolved principle.

"And it has really worked. We ask people how much they want. Everyone in the firm is given the accounts, there is complete transparency and everybody has the right to ask any question; there is freedom of information not only outside but also inside the firm. If I go for a haircut, people will know and will ask, why are you going to the Taj or the President? I will justify (my decision), but they can ask."

When it came to compensation, the easiest thing was to give the same package to two similar persons in order not to make one or the other

unhappy. But if there was a difference of even one rupee, it was the manager's job to communicate the reason for the difference. And the earlier this was done, the better.

It was often said that the old, feudalistic model was bad because it involved "command and control" methods. This was indeed true. The advent of new situations and of new technologies had speeded up the process of evolution and a "democratic" organisation was the next level. It was already visible in the shape of lesser hierarchy in technological companies.

As for the (ever increasing) valuations of companies, these changes were occurring on account of corporate governance; the available statistics had borne this out.

"What about the next evolution? I think we're going to go towards ethical corporations. My role as a lawyer, as compliance adviser or otherwise, will move to ethics. That will be our role in the next ten years. It's a very tricky subject, but that's the thing that I see evolving."

Mr. Desai then turned to some key factors that would define future corporations. Apart from "democratisation", there would have to be a certain speed in the decision-making process and a lot of creativity, too. Often, it was noted that disciplined people were not creative and creative people were not disciplined. If the two were combined, that would be the next big thing.

As for competition, there seemed to be three ways of competing. The first was based on price. One could lower the price and enjoy a larger market share; or one could increase one's price (*a la* Louis Vuitton "or some grey-haired lawyers") to get more clients. In other words, there had to be product differentiation or service differentiation, innovation and so on. But how did one compete if these two factors were absent?

For that, organisational behaviour was the most important competitive advantage.

For example, Infosys, the well-known IT major, was known neither for price nor for innovations. It had no patents and even lacked a culture of innovations. Yet it was more successful than others, because of organisational behaviour.

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All those announcements inspired him

Mr. Nishith Desai, the well-known corporate lawyer who was the guest speaker at the last meeting, was obviously inspired by the announcements that President Pradeep Saxena made about donations being received from members and other quarters (including an anonymous donation and one from Visiting Rotarian Ralph Smith from Alabama, Birmingham).

At the beginning of his talk, Mr. Desai revealed that he shared his birthday (March 10) with Osama bin Laden.

He went on to say that he normally charged a fee when he gave talks. But he was so humbled by the announcements of donations made by President Pradeep, that he felt impelled to offer a modest personal donation of Rs. 50,000 to the Rotary Club of Bombay.

His gesture was well-received and applauded by the members present at the last meeting.

Birthday donations

Birthdays were received from several members during the week gone by.

While Anil Harish donated Rs. 10,000, Pradeep Mafatlal and Dr. Anand Somaya had given Rs. 5,000 each and Rajendra Jain Rs. 2,500.

President Pradeep Saxena, who announced the above donations at the last meeting, thanked the members for their generosity.

University of Alabama looking for academic collaboration

Rhodes Scholar Ralph Smith, a Director of the Rotary Club of Birmingham, Alabama (USA), who attended the last meeting of the Club in the company of PDG Gulam Vahanvaty, is not only a Rotarian and a former Rhodes Scholar. He is also a member of the selection committee that chooses Rhodes Scholars.

He was in the city as part of a small group from the University of Alabama System (another hat that Ralph wears is that of General Counsel of the University of Alabama System) that was here to explore the possibility of establishing economic contacts and looking at the potential for academic collaboration.

Apart from exchanging banners with President Pradeep Saxena, he also presented him with two copies of a book on "The Four-Way Test" authored by a member of his Club. He also made a donation of \$500 for the Hasanali Tobaccowala Eye Centre at Talwada.

Making an impromptu speech, he confessed that the logistics of travelling in Bombay had kept the other members of the team away from the Rotary Club of Bombay.

Ralph said this was a great time to be in India, a country he had long admired – "and our expectations

have been exceeded in every respect during our visit so far".

He said the Rotary Club of Birmingham was one of the largest in the world. It had given two Presidents to Rotary International and one Chairman to R.I.'s PolioPlus Committee. And he was extremely happy to note that Kalyan Banerjee, the incoming President of Rotary International, was an Indian.

Information for the new Club Roster

Hon. Secretary Bipin Kapadia has appealed to members to send updated information about themselves for use in the new Club Roster proposed to be brought out soon.

He has requested members to refer to their respective copies of the existing Roster to check whether the information provided therein required any change or correction.

Along with the latest information, members were also requested to send two copies of their latest colour photographs for use in the Roster.

It may be recalled that at the meeting of March 1 President Pradeep Saxena had requested members to send their latest photographs for the Club Roster which was likely to be published by the end of the current Rotary year.

At the last meeting

(Held on March 22, 2011)

PRESIDENT Pradeep Saxena called the meeting to order and welcomed the guest speaker, the Visiting Rotarians, Rotaryans, guests and others.

BIRTHDAYS

Members and spouses celebrating their birthday during the week were felicitated.

ATTENDANCE

Members	117
Visiting Rotarians	6
Spouses/Rotaryans	5
Total	128
Svc. box collection	Rs. 6,300

More donations for the Talwada HTEC

Dr. Rahim Muljani has made a birthday donation of Rs. 5,001 towards the corpus of the Hasanali Tobaccowala Eye Centre at Talwada.

President Pradeep Saxena stated at the last meeting that another amount of Rs. 25,001 had been received for the same purpose from an anonymous donor.

Visiting Rotarian Ralph Smith from Birmingham, Alabama (USA), who attended the last meeting, also made a spontaneous donation of \$500 for the Talwada HTEC.

Rs. 1 lakh for cancer endowment

A donation of Rs. 1 lakh has been received from Mr. Karl Dalal for the corpus of the Late Aloo N. Dalal Endowment for Cancer Aid.

President Pradeep Saxena announced at the last meeting that the amount had come through the good offices of Farokh Balsara.



This is for you and this is also for you. President Pradeep Saxena exchanges banners with Ralph Smith, educationist and Visiting Rotarian from the Rotary Club of Birmingham, Alabama, USA, at the last meeting. In the picture at right, Ralph, who is also a former Rhodes Scholar, presents a token contribution of \$500 for the corpus of the Hasanali Tobaccowala Eye Centre at Talwada. He is holding two copies of a book on 'The Four-Way Test' authored by a member of his Club and which he later presented to the Rotary Club of Bombay

A park for the differently abled



A promise fulfilled, a park delivered. A park for physically challenged students attending the S.E.C. School at Agripada was opened on Thursday, March 17. It has been set up by the Committee for the Differently Abled which has PP Kalpana Munshi as Chairperson



Kalpana's able Co-Chair Ashok Jatia, who supervised the execution of the park, interacts with some of the children who appear to be eager to get into the park created especially for them. (Once they went in, they had to be literally dragged out at dark)



Rotaryann Vatsala, who ably assisted her spouse Ashok Jatia as he supervised the completion of the special park, presents a gift to one of the children at the end of the inaugural programme. The second photograph features PP Vithal Palekar as he, too, presents a return gift to one of the students of the S.E.C. School

President Pradeep Saxena inaugurated the newly-established park for the physically challenged students attending the S.E.C. School at Agripada on Thursday, March 17.

Created by the Committee for the Differently Abled, the children had been promised the park by its Chairperson, PP Kalpana Munshi.

Speaking on the occasion, she expressed satisfaction at having been able to fulfil her promise.

The project was initiated by Kalpana and her team. Its execution and completion was ably supervised by the Committee Co-Chair, Ashok Jatia, along with his spouse Vatsala.

About 100 physically challenged children turned out for the inauguration of the park created especially for them. They and the staff lavished praise on the Rotary Club of Bombay for gifting a lovely park for the exclusive use of the children.

The broad smiles sported by the children as soon as they stepped into the park were a sight to behold.

Sudha Malhotra, who was among the members present at the inaugural function, rendered the motivational song, *Hum honge kaamyab*, in her mellifluous voice and in the company of several differently-abled children.

Others present at the inauguration were President-Elect Paul George, Hon. Secretary Bipin Kapadia, Dickey Chothia, Naresh Kumar Jain and Ashok Jatia and Rotaryans Zarine Chothia and Vatsala Jatia.

Incidentally, after the park was declared open and the children made a beeline for the swings, slides and other play equipment installed in it, their teachers and minders had a difficult time taking them back to their respective classes. Most of them made laughably lame excuses to stay on at the park.

To return to the decor of the playing area, the walls were coloured yellow and had some excellent paintings by the well-known artiste, Ms Niki Hingad.

The artiste said that while doing up the walls she had had to keep in



Snapped after the inauguration. Among those who can be spotted here are President Pradeep, Dickey Chothia (second from left) and Rotaryans Zarine Chothia (right) and Brinda Shah (behind Pradeep). In the second picture, Naresh Kumar Jain joins Kalpana and her daughter Ms Shivani Dahanukar (second from left) in appreciating the paintings by differently-abled artistes. With them are Zarine and President-Elect Paul George

abled at the S.E.C. School

mind several factors, such as the age and the challenges faced by the children, as also their feelings, likes and dislikes. The weather conditions and the maintenance that would be required in the future were also uppermost in her mind.

She decided on pure, bold colours for the walls because these would generate a sense of calm, warmth and happiness, a feeling that the children would easily correlate with.

As for the paintings, she decided on Disney characters, incorporating some of the story sequences. For these, she said, she had used bright colours to suggest the purity of life.

Some of the other paintings showed distinct features, such as circles to depict movement or motion (to suggest growth in life) and stars (which gave hope to life).

Ms Hingad stated that the colours that she had used in the entire project were of high grade, thick, with greater viscosity and resistant to water and fungi.

These characteristics would enable the paintings – all of them out-

doors and exposed to the elements – to withstand the extremes of the harsh weather pattern that had started emerging in Bombay.

Apart from this, some paintings made by physically challenged artistes were also on display at the inauguration.

Kalpana's daughter, Ms Shivani Dahanukar, was so impressed by the works that she spontaneously bought five of the paintings. One of these was a truly amazing work executed by an artiste who has no arms.

Yet another aspect of the inaugural function was a "Fun Fair" which was organised on the occasion. It featured a few game stalls at which prizes were given to the winners of contests.

Return gifts were presented and snacks served to all the children attending the S.E.C. School.

Also present on the occasion were several enthusiastic members of the Rotaract Club of H.R. College.

Well done, Kalpana. Keep up the good work!



Using a pair of scissors. President Pradeep Saxena cuts the ribbon to inaugurate the park for physically challenged students of the S.E.C. School on March 17. The park was set up by the Committee for the Differently Aabled which has PP Kalpana Munshi as Chairperson



'Hum honge kaamyab' sang Sudha Malhotra. She was accompanied by several students of the school. The park has been step up to enable the children to have better control over their frail forms and to partake of some of the pleasures that normal children enjoy



A team of enthusiastic members of the Rotaract Club of H.R. College attended the inauguration of the children's park. Here, they are waiting for the signal to help the children go out to play in the park for the first time. In the photograph at right, one of the teachers at the S.E.C. School helps the children to go out into the newly-opened park



Pradeep, Paul, Kalpana and Naresh are all ears as one of the teachers of the school explains the need for children to go out and play in the open. It helps broaden their horizon and boosts their self-confidence. In the second photograph, Kalpana, Naresh and Zarine Chothia with some of the children. Their wide smiles reveal their feelings about the new playground

2001 WAS AN EXCELLENT YEAR FOR SOCIAL WORK, RECALLS LEADING CORPORATE LAWYER

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Customers felt that they would not be cheated and the employees felt that they would be well-treated. As for its processes, Infosys was setting new benchmarks for organisational behaviour. And that was the reason for its success.

A combination of product differentiation, pricing strategy and organisational behaviour was the key to success. However, organisational behaviour could, to a large extent, drive up valuations and the intellectual capital of a company by itself.

Having applied several of these intangible principles to his own organisation, Mr. Desai said, he was happy to note that within ten years it had won the "Indian Law Firm" Award of the International Financial Law Review in 2001.

Since then, it had started to focus on the social sector. Several historic and earth-shattering events had occurred in that year – the Gujarat earthquake of January 26; the Afghanistan imbroglio; and the dastardly events of September 11 (or 9/11, when the two World Trade Centre towers were brought down).

"It was an excellent year to do so much work (in the social sector). Micro-finance was another thing happening at that point of time. We did a lot of work and ended up with the 'Asian Law Firm' of the year award for social service."

The May, 2003, issue of *Harvard Review* had stated that there was a \$130 billion "opportunity" in the social sector. That would have now grown to trillions. Clearly, there was much to do. A number of theories were in existence, especially those enunciated by Mr. Mohammed Yunus and the late Mr. C.K. Prahlad. In other words, there were many new opportunities for the next level of evaluation.

"In the last 15 to 20 years many business entrepreneurs have made tremendous amounts of money; that's very heartening. In the next five years, we can see a lot coming out... Organisations are like individuals, as they grow, they want to give back. In the same way, organisations will also do the same as they mature."

Mr. Desai then turned to some of the tangible aspects of corporate affairs. Already, there was the trend of various types of companies or enti-

ties being allowed in different countries.

India only had proprietary concerns; general partnerships in which all the partners had unlimited liability (limited liability partnerships had been introduced recently which were more like corporate bodies); private limited; and public companies.

Internationally, however, there were many different types of entities such as LLCs, LPs (the difference between a general partnership and an LP was that in a general partnership everyone had an unlimited liability, but in case of limited partnership, at least one partner had unlimited liability and the others had limited liability).

On the other hand, LLCs were common in the US. They were like companies but regarded as partnerships for tax purposes. Many other types of entities were also coming up such as protected cell company (in which a company contained different cells and the liability attaching to one cell did not extend to the other cells); integrated cell companies, PCCs and ICCs.

The reason for such proliferation was that as the world progressed, new and different types of risks emerged. The countries that were competing with each other to attract investments had to come up with different kinds of entities with an assortment of features.

Switzerland had foundations that were "a mix of a trust and a company". Some countries promoted companies with only debt; they asked, "Why do you need sharehold-

ers? Can you not have a debt-holding company?"

"As you expand globally, typically, as a tax-payer, the first thing you will look at is tax. But we often forget that there are other, non-tax issues. A number of different types of entities and instruments, with a number of different features, have to be looked into... The Netherlands recently came up with a different type of company called Dutch co-operatives. It's different from our types of co-operatives, but it's a pass-through entity, anyway.

"As we move forward, India will also have to invent newer vehicles. Unfortunately, our Companies Bill is stuck and we don't know when it will come up. We have to work and assess the new problems, the new issues that are cropping up and develop different types of entities so that we can manage different types of risks.

"Our law firm has now become a case study in a US journal, the *Harvard Business School*," Mr. Desai added.

When the floor was thrown open for questions, Poonam Kumar posed a series of queries.

On the one hand, she pointed out, valuations of companies were based on intangibles, on governance and so on. On the other, it was a fact that some of the recent massive scams had involved companies which had earlier received awards for governance, for having "the best board of directors" and so on ("Enron was one of them").

The valuations on all the acquisitions that they made were mind-boggling, thanks to the awards and the

recognitions that they had got. Clearly, nobody had gone into the nitty-gritty of those companies since there was no mechanism to do so. Therefore, how did one testify the truth behind numbers?

Similarly, there were the forecasts for the future and the valuations based on those forecasts, "the average of the next four years' revenue returns and multiples of that. Today, most economists would say that the forecast models have not proved to be right. That's a big issue the world faces. How different will it be in the future?"

As for the success of Infosys, he had said that it had to do with organisational behaviour. But then in some sectors, even the "sunrise" sectors which had great potential, some organisations were doing well and others were not. Could this also be due to the management styles?

Poonam added: "At the end of the day, all of us have good dreams and good visions. But the real test of business is how you manage your affairs."

Mr. Desai said so far as valuations were concerned, the days when everything depended on numbers were long gone. At one time, one looked at net asset values and at physical assets; then there was the move to the yield method, the discounted cash flow method and so on.

The new benchmark recognised all over the world was the shareholder perception value method. For example, there could be an old, completely dilapidated building near Sterling Cinema. Anyone looking at it would call it junk.

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They're all good friends. Mr. Nishith Desai (second from right), the guest speaker at the last meeting, snapped with (from left) Nelum Gidwani, who proposed the vote of thanks, PP Kalpana Munshi, who introduced him, and President Pradeep Saxena

The Rotary Foundation sets up a disaster fund for Japan

In response to the massive earthquake and tsunami that struck Japan on March 11, The Rotary Foundation has established the Rotary Japan 2011 Disaster Recovery Fund which will support long-term recovery projects in affected areas.

Rotarians and non-Rotarians can donate online. Clubs and Districts can also contribute cash and District Designated Fund (DDF) allocations to this fund.

The 9.0-magnitude quake, Japan's largest in history, and the tsunami that followed it caused widespread devastation, paralysing much of the country's northern coast. More than 10,000 people have been killed and thousands are missing. Millions have been left without clean water or power and at least 550,000 people have been forced from their homes.

A series of explosions at the Fukushima Daiichi nuclear power

plant, about 200 km. northeast of Tokyo, damaged reactors and forced the evacuation of tens of thousands of people. The Japanese government is working to contain the situation. Damage from the earthquake and tsunami is estimated at US\$170 billion.

R.I. President-Nominee Sakuji Tanaka of the Rotary Club of Yashio, Saitama, was in Lisbon, Portugal, on Rotary business during the disasters. He was able to reach his wife, Kyoko, on the phone to confirm her safety.

"She said it was the most horrifying experience she had ever had," says Sakuji. "The northern region of Japan is still in chaos. We are unsure when this chaos will end or when things will get better. However, I am most thankful to know that Rotarians around the world care for us."

Japanese R.I. Directors Masaomi Kondo and Masahiro Kuroda, as well as staff at Rotary Inter-

national's Japan office, are confirmed to be safe.

Rotary Clubs and Districts worldwide are mobilising efforts to take urgently needed aid to the victims.

"I've received many messages from Rotarians all over the world," says Noriko Futagami, the Public Image Resource Group Coordinator for Zone 2.

"I also have reports that Rotary Clubs have begun to start planning projects for immediate help. Unfortunately, there are many Rotarians and families who haven't been able to be contacted. Rotarians in Japan worry for their safety."

R.I. President-Nominee Sakuji Tanaka says he is grateful for the warm support of Rotarians worldwide.

"The great thing about Rotarians is that we share everything, including each other's joy and sadness.

They have the ability to put themselves in the position of others and act to help," he says. "Despite the unthinkable hardship we're experiencing now, the people of Japan will not give up on efforts to rebuild their communities."

Group Study Exchange (GSE) team is safe

Robert Blackburn was leading a Group Study Exchange (GSE) team in Japan when the earthquake struck. The five team members from Illinois, USA, were in a hotel in Tokyo, getting ready for a farewell dinner with their hosts.

"It was our last night in Japan. I felt the whole building shake," says Robert, a member of the Rotary Club of Westmont. "It was not just a mild tremor. My hotel room was shaking from side to side. It felt like forever. I have never been so scared in my life."

He says the earthquake lasted at least two minutes. He used a laundry cart outside his hotel room for protection. After the tremors stopped, he walked 18 floors down to the lobby, where the rest of the GSE team congregated.

"The airport was temporarily closed, so I told everyone on our team that we might have to be here for a day or two longer. Thankfully, the airport reopened. Our hosts were incredible and were able to get us to the airport on time for our flight," he adds.

*One Profits
Most Who
Serves Best*

*Service
Above
Self*

'2001 was an excellent year to do social work'

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But the perception was that if one bought it and made something out of it, it would become like a palace.

"So I may pay an extraordinary price if I perceive that I can create value out of it, rather than it having a *per se* value. The shareholder perception value method is a recognised method for valuing companies.

"Most often, even if you have the best of numbers, people feel that you are a dishonest company and will not believe your numbers, because (and I say this in a lighter vein) many accountants say, you tell us the numbers, we will put them in the balance sheet. Of course, I'm not generalising in any way.

"But the thing is that you have to do the right things, communicate them in the right way and actually carry them out in the right way."

PPAnil Chopra, a Visiting Rotarian from Bombay Down-Town, referred to the speaker's theory of intangibles and wondered whether corporations were spending more time trying to align with business processes and CSR and, in the bargain, neglecting alignment with code of integrity standards?

Mr. Desai said not only the alignment referred to, but everything else

depended first and foremost on the corporate's philosophy. This had to be articulated along with the parameters, the objectives and the benchmarks that it had set up for measuring itself. These had to be based on intangibles that were measurable, too.

Processes were important, but the philosophy behind them could not be ignored. Therefore, benchmarks had to be measurable in terms of ethics, too. That would be like "going to the heart".

Mr. Desai said that the most important issue that everyone would have to confront would be corruption. How would the issue of corruption within an organisation be managed?

Some time back, one of the large business groups wanted to set up a trust to make political donations. That was the philosophical interest of that company. But it had to make up its mind whether, if and when it expanded in, say, Africa, it would give political donations in that country, too?

On the other hand, there were companies that had decided not to make political contributions even if these were legal. This would then be the company's worldwide policy – of giving no political donations any-

where in the world. IBM's policy for public affairs stated that it would not make any kind of contribution to any political party and would not pay bribes or do any such thing. This was its single, worldwide policy.

In case a company allowed its employees to campaign for a candidate, they would be allowed to take a few days off but at their own cost and risk. As for the days on which they worked for a political candidate, those days would be deemed a contribution to a political party – and therefore they would not be paid a salary for those days.

"Do we have the courage to adopt those kinds of policies? It's a philosophical choice. Corruption is going to create a lot of issues. As it is, in India we read about corruption every morning. It becomes a habit with people. I have seen people doing things in India and then going elsewhere and trying the same things there."

It was at this stage that Mr. Desai referred to the three big problems of the day, viz., greed, speed and scale and his exposition thereof that has been referred to in detail at the beginning of this report.

The vote of thanks was proposed by Nelum Gidwani.

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Adoption of Police Station	Nirav Shah



One threesome. From left in this picture are Aziz Javeri, Manoj Israni and Abhinav Aggarwal. The man in the mirror is PP Ashish Vaid



The second trio. And this one consists of (from left) Ravi Ruia, Arvind Agarwal and Nirav Shah

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Happy Birthday



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March 30



Subash Gogia
March 31



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April 2

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- Amita Malkani
April 1
- Asha Mehta
April 4
- Urvashi Minawala
April 4

THE FOUR-WAY TEST

*Of the things we think,
say or do*

1. Is it the **TRUTH**?
2. Is it **FAIR** to all concerned?
3. Will it build **GOOD-WILL** and **BETTER FRIENDSHIPS**?
4. Will it be **BENEFICIAL** to all concerned?

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