



National Financial Reporting Authority

Investors reward well-governed corporates: NFRA Chairperson

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Speaking at the conference on “Financial Reporting and Corporate Governance in the Corporate Sector”, Dr Ajay Bhushan Prasad Pandey, Chairperson, NFRA, said here today that Sound Corporate Governance is bedrock of corporate sector that contributes to the sustainable growth and development of the Nation as whole. He further said that investors reward the well-governed corporates.

Dr Pandey mentioned about a number of path breaking reforms initiated by Indian Policy Makers during last few years, both for enabling growth and development of business sector and society such as Digital Reforms like Aadhar, UPI, GST and Tax Reforms. He also mentioned about several institutional building reforms like NFRA, IBC, NCLT etc.

Dr Pandey said need of the hour for the Finance Community and Directors is to take measures to prevent frauds and failure of internal financial controls such as developing Case Study of Register of Frauds. Perhaps it is time to go **Back to Basics of Internal Financial Controls** as not all the corporate frauds were committed by very sophisticated designs but by age old methods of fictitious sales and loans and advances, over invoicing of purchases, related party transactions and due to failure of basic internal controls.

In relation to building trust and meeting stakeholders expectations, Dr Pandey mooted idea of crowdsourcing of risk related matters and matters of emphasis for auditor consideration. He also suggested consideration of UK Brydon report recommendation of publication of Directors Risk Report before the audit scope is decided by The Audit Committee which can evaluate stakeholders inputs on that Risk Report.

On the Sustainability Reporting Standards, he said it is better to align with those of International Sustainability Standards Board of IFRS Foundation.

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