

# CIMPLYFIVE'S REPORT ON INDIA SECRETARIAL PRACTICE 2020

An Analysis of Nifty50 Companies

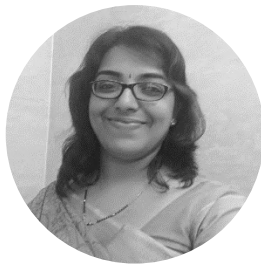


**December 2020**

# Team



Eti Basaniwal



Hema Gopalsamy



Madhusudhana GK



Raghunath Sankar



Ritika Bassi



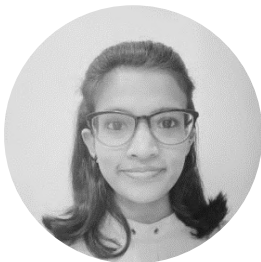
Ruthvik Kavale



Sarita Kakani



Shankar Jaganathan



Sowmya Ramaswamy



Srividhya Sampath



Swathi Nagaraj



Swathi R

## Disclaimer and Limitations of the Study

- **General Information:** CimplifyFive has prepared India Secretarial Practices 2020 Report to identify new trends, practices and lessons emerging from the secretarial practices of Nifty 50 companies, with the intent of disseminating it to all Corporates in general and the CS and CA professionals in particular. This report is not intended to act as a recommendation or condemnation of any practice, company or firm covered in this report.
- **Risk Warning:** CimplifyFive shall not be responsible for any loss or damage arising for anyone using any information contained in this report.
- **Source of Information:** CimplifyFive has used the information contained in the Annual Report of these Companies found in the pdf format on their website or the stock exchange's website.
- **Limitations:** Competent professionals with adequate experience have undertaken this study. Further, they have also followed a due process of checks and verifications to ensure accuracy of this report. This should have eliminated almost all errors from this report. If any points in the nature of errors are brought to our notice and we agree with the same, CimplifyFive will rectify the report at the earliest and have the revised report available on its website. CimplifyFive does not accept any loss or damage caused to any individual or institution by use of this report.

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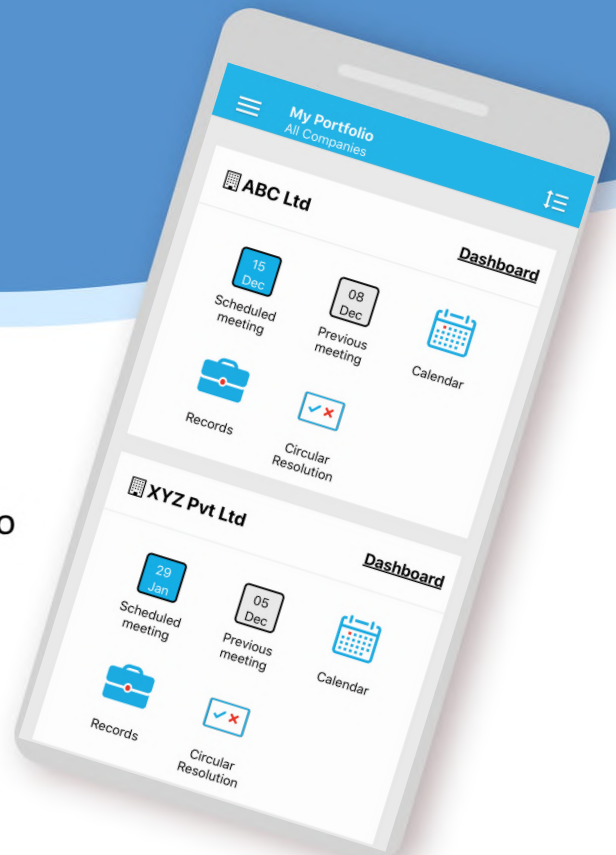


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# I. Preview

Dear Reader,

Team CimpilyFive prays that the new year 2021 will drive away the darkness of COVID-19 and usher in abundant joy and happiness. We wish you good health, happiness, and prosperity. Our **India Secretarial Practices 2020** report is based on the Annual Reports of Nifty 50 companies published in 2020. This is the fifth report of this series where we provide trendlines. We retained the same parameters used in our earlier analysis to enable us to spot changes in corporate practices.

Our focus continues to be on the secretarial practices of the Nifty 50 companies as we believe they reflect and influence the practices across the wider corporate sector in India. There are two changes in the Nifty 50 composition from our 2019 report. Shree Cements replaced Yes Bank and Nestle replaced Indiabulls Housing Finance. Subject to this change, the data in 2019 and 2020 reports are comparable. Where required, we have provided comparative analysis of 48 companies, ignoring the two new entrants.

In addition to SEBI (Listing Obligations and Disclosure Requirements) 2015, Nifty 50 companies fall under four distinct regulatory ambits—the Companies Act, 2013, the Banking Regulation Act, 1949, DPE guidelines for Public Sector Undertakings and State Bank of India, which is regulated by a distinct Act, as tabulated in Table 1.1.

**Table 1.1 Regulatory Ambit of Nifty 50 Companies**

Regulatory Ambit	2019	2020
Banking Regulation Act, 1949 / State Bank of India Act, 1955	1	1
Banking Regulation Act, 1949 /The Companies Act, 2013	6	5
Department of Public Enterprise Guidelines and the Companies Act, 2013	7	7
The Companies Act, 2013	36	37
<b>Total</b>	<b>50</b>	<b>50</b>

Our analysis covers nine areas: Board Composition and Frequency of meetings, Sub-Committees size and frequency of meetings, Non-Executive Directors' Compensation, Statutory Auditors' Ranking and fees, Secretarial Auditors' Ranking, Company Secretary-compensation and remuneration, Directors' Report contents, Corporate Social Responsibility spends and the AGM notice analysis.

The primary objective of our study is to analyse data and share our inference of it to promote good corporate governance practices, as we believe the data tabulated in this report can help corporate professionals to benchmark their company's performance against that of Nifty 50 Companies and plan their next secretarial calendar.

This study is undertaken by CimpilyFive Corporate Secretarial Services Private Limited. Our vision is to leverage research and technology to eliminate procedural non-compliance for entities regulated by the Companies Act, 2013 and promote good corporate governance. We believe learning from corporate leaders is an essential ingredient to professional excellence as it deepens our domain competence and help us deliver superior value to our clients.

We look forward to your feedback on this report. Please share it with us at [contact@cimpilyfive.com](mailto:contact@cimpilyfive.com).



Shankar Jaganathan  
 Founder & Chief Executive  
 CimpilyFive Corporate Secretarial Services Private Limited  
 December 23, 2020

## 2. Findings in A Nutshell

### A. Board Size of Nifty 50 Companies Reducing

- The average size of Nifty 50 companies' Board reduced by 1 in the year 2020 from 12 to 11. This is despite the new regulation recommended by Kotak Committee on Corporate Governance that increased the minimum board size from 4 to 6 directors.
- Ignoring the two new entrants to Nifty 50 in 2019-20, of the remaining 48 companies, 26 companies saw a reduction in their board size, with average decline of 2.27 members, while in 16 companies the size remained the same and only in 6 companies, the number of directors increased by an average of 1.5.
- In all the seven public sector undertakings (PSU), the board size change changed, with six PSUs having a reduction of an average of 3.3 members and increase of 1 in the remaining one PSU.
- The reduced size of the Board is also reflected in the lower average commission paid to Non-executive Directors of ₹315.77 lakhs (2019: ₹388.59 lakhs), a decrease of 19%.

Can compact and committed Boards be the harbinger of Good Corporate Governance? The heightened scrutiny on corporate directors, with companies looking for quality talent coupled with individuals who were unable to devote the required time and energy dropping out of the Board rooms could promote more effective board supervision.

### B. Significant increase in the Audit Fees paid to Statutory Auditors

- The average audit fees paid for the year 2019-20 increased from ₹2.83 crores to ₹3.31 crores, an increase of 17% (2019: 9%).
- Increase in audit fees was across the companies, ignoring the two new entrants to Nifty 50, among the remaining 48 companies, 31 (65%) companies saw an increase in audit fees, with six (12%) companies reducing their audit fees and remaining eleven (23%) paying the same audit fees as in the previous year.

Is the increase in audit fees a reflection of the audit firms pricing in the regulatory risks of greater scrutiny and /or higher level of diligence invested into audit work?

### C. Covid-19 Impact on Board Meetings

- The average time interval between year end and the Board meeting date for approving the annual accounts for Nifty 50 companies increased by 12 days or 21% from 56 days to 72 days (2019: 4 days reduction to 56 days). Other than this, the secretarial practices for the year 2019-20 did not see any significant variation from earlier years.

A logical fall out of the Covid-19 lockdown in the country, especially in the first phase of April and May, where heightened health precautions and adapting to new technologies explains this significant slippage.

**D. Comply or Explain Rule Works**

- CSR spends as a percentage of the mandated amount continues to increase. During the year 2019-20, CSR spends of Nifty 50 companies was at ₹8335 crores, 107% of the mandated amount.
- Over the years, the spend as a percentage of mandate has increased from 79% in the first year, to 98% in 4<sup>th</sup> year to 104% in the 5<sup>th</sup> year to 108% in 6<sup>th</sup> year, which is the current year. The number of companies meeting or exceeding the mandated spends also increased from 39 companies in the previous year to 47 companies.

This trend we believe is a clear indicator that Comply or Explain rule works when given time to adapt, which is three to four years, that is consistent with the global behaviour. Can the regulators use more of 'Comply or Explain' method while introducing novel regulatory mechanism? Further, where regulatory concessions are being provided, can the regulators move to 'Comply or Explain' mode as the preferred option for relaxation, which will recognize companies that have invested in compliance system and personnel by reporting their compliance and encourage a more compliant Indian corporate sector.

### 3. Highlights of Our Study

#### Composition of the Board and Frequency of Meetings

The Companies Act, 2013 requires every listed company to have a minimum of 1/3rd of their total number of Directors as Independent Directors and at least one women director on their Board.

1. All the Nifty 50 companies except one had the required minimum number of Independent Directors and all companies except two had at least one women director as required by the law as of March 31, 2020.

The average number of Directors in the Nifty 50 companies reduced by 1 to 11 (2019:12) directors. L&T had the highest number of directors at 20 (2018: 22<sup>1</sup>) while Eicher Motors & Tata Motors had the least number of directors at 6 (2019: 4 and 9 respectively), with 6 being the minimum required.

2. The average number of board meetings held in the year by the Nifty 50 companies remained the same as in the previous year at 8 (2019: 8).

Coal India Limited had the highest number of board meetings at 19 (2019: 21) and the least number of board meetings of 4, the minimum number statutorily required, was held by two companies, Shree Cements and UPL (2019: three companies, Grasim, Hero and JSW).

#### Sub-Committees of the Board and Frequency of Meetings

SEBI's LODR, 2015 requires listed companies to have an Audit Committee, Nominations & Remuneration Committee, Stakeholder Relationship Committee and Risk Management Committee. Further, companies based on certain other qualification criteria are also required to constitute a CSR Committee.

3. All the Nifty 50 Companies had constituted an Audit Committee, Nominations & Remuneration Committee and Stakeholders Relationship Committee and 49 of the fifty companies had constituted CSR committee with one company giving this role to their Nominations & Remuneration Committee.

Nifty 50 companies had an average of 7.5 (2019: 7.4) committees each. The maximum number of committees was at 16 (2019:17) while the minimum was 4 committees (2019:4).

#### Non-Executive Directors Compensation

Non-executive Directors are entitled to receive a sitting fee for the Board meeting and sub-committee meetings of the company. In addition, where decided by the shareholders, they are also entitled to receive commission, which is quantified as a percentage of profits of the Company.

4. ₹69.18 lakhs (2019: ₹68.62 lakhs) is the average sitting fees paid during the year, an increase of 0.81% and ₹315.77 lakhs (2019: ₹388.59 lakhs), a decrease of 18.74% is the average profit-based commission paid by the Nifty 50 to their Non-executive Directors.

7 PSUs, three private sector companies and SBI were the 11 companies that did not pay profit based commission to their Non-executive Directors.

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<sup>1</sup> L&T had 22 directors of whom one ceased to be a director with effect from 26-03-20 and another with effect from 8-09-2019



### Statutory Auditors

Every company regulated by the Companies Act, 2013 is required to have a Statutory auditor appointed by its Shareholders who is required to report to the shareholders on the State of Affairs of the company and its profitability by providing an opinion on the financial statements approved by the Board of Directors.

- The Big 4 Audit firms made up the top 3 ranks and the fifth rank. They accounted for 34 companies (68%), a reduction of two companies from the previous year (2019: 36 companies, 72%). None of the public sector companies was audited by a Big 4 accounting firm.

**Table 3.1 Statutory Auditors Ranking**

Rank	Statutory Audit Firms	Companies #	% of Nifty 50
1	BSR & Co., LLP (KPMG)	14	28%
2	SR Batliboi and Associates LLP & S R B C & Co. LLP (EY)	9	19%
2	Deloitte Haskins & Sells LLP	9	18%
4	Walker Chandiok & Co LLP	3	6%
5	Price Waterhouse Chartered Accountants LLP	2	4%
5	Haribhakti & Co. LLP	2	4%
<b>Total</b>		<b>39</b>	<b>78%</b>

- ₹3.31 crores (2019: ₹2.83 crores) was the average audit fees paid by the Nifty 50 companies, an increase of 17% over the previous year.

Of the 48 companies that were part of Nifty 50 in both 2020 and 2019, 31 (65%) companies increased their audit fees for the year 2020 over the previous year, while in eleven (23%) companies the audit fees was retained at the same level and in another six (12%) companies, the audit fees was reduced compared to the previous year.

### Secretarial Auditors

Company Law requires all public limited companies with paid-up share capital of ₹50 crores or more, or turnover of ₹250 crores or more and all listed companies to appoint a practicing company secretary as their Secretarial Auditor. Further, SEBI's LODR mandates every listed entity and its material unlisted subsidiaries incorporated in India, to undertake secretarial audit and annex with its annual report, a secretarial audit report, given by a company secretary in practice. The reports are required to give their opinion on the adequacy of systems and processes to ensure compliances with all applicable laws, rules, regulations, and guidelines.

- The top seven CS firms, ranked in the top 5 places conducted Secretarial audit for 28 (2019: 24) companies, an increase of four companies, mainly due to larger number of firms occupying the top 5 ranks, compared to the earlier year.

**Table 3.2 Secretarial Auditors Ranking**

Rank	Audit Firm name	# of Companies	
		Number	Percentage
1	Parikh & Associates	6	12%
2	BNP Associates	5	10%
3	Dr. K R Chandratre	4	8%
3	Chandrasekaran Associates	4	8%
5	S. N. Ananthasubramanian & CO.	3	6%
5	Shyamprasad D Limaye	3	6%
5	Vinod Kothari & Company	3	6%
<b>Total</b>		<b>28</b>	<b>56%</b>

### Company Secretaries Profile

The Companies Act, 2013 included Company Secretary as a Key Managerial Personnel for the first time. In addition, their responsibilities are enhanced by making them the Chief Compliance Officer. Does their compensation reflect their enhanced responsibility?

8. Average<sup>2</sup> annual compensation for Company Secretaries of the Nifty 50 Companies was ₹156.71 lakhs, an y-o-y increase of 16.81% over the previous year, 2019. The highest compensation was at ₹659 lakhs, a y-o-y decrease of 3% and at the lower end it was ₹23.57 lakhs, an increase of 53%.

In 2020, nine (18%) of Nifty 50 Company Secretaries were women, an increase of one over the previous year 2019.

### Corporate Social Responsibility

The Companies Act, 2013 mandates large companies defined by the threshold of their net-worth, turnover or profit to constitute a CSR committee of the Board. This committee is to formulate and recommend CSR Policy, recommend expenditure to be incurred and monitor CSR Policy implementation. The Board is required to ensure that at least 2% of average profits of the last three years is spent on CSR, failing which, the Board shall record the reasons for not spending the mandated amount.

9. The mandated amount in 2020 for CSR spends by Nifty 50 companies was ₹7725 crores, a y-o-y increase of 12.91%. The Actual spends reported at ₹8334 crores was a y-o-y increase of 17.23%. The spends in 2020 were at 107.8% (2019: 103.6%) of the mandate.
10. Out of the 49 Nifty 50 companies that were mandated to spend on CSR, three (2019: ten companies) companies did not spend the mandated amount. This is a reduction of seven companies from the previous year that did not spend the mandated amount. SBI being governed by a distinct Act was not mandated to spend on CSR but has spent and reported their CSR spends.

In the case of two companies, the amount mandated to be spent was Nil due to losses. Despite this, they two spent ₹31.61 crores and ₹22.91 crores. (2019: 2 companies spent ₹3.93 crores and ₹22.21 crores).

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<sup>2</sup> Average is computed for 48 companies which have reported CS compensation. SBI and UPL have not reported CS Compensation

## 4. The Board (Composition and Meetings)

Section 149 of the Companies Act 2013 requires a public limited company to have a minimum of three (Regulation 17 of LODR, the top 1000 listed entities by market cap, shall have a minimum of 6 directors) and a maximum of fifteen directors. However, with shareholders special resolution, a company can have more than 15 directors. Further, certain class of companies are required to have a minimum of one women director and one-third of its Board to comprise of Independent Directors. The Act also requires certain sub-committees to be constituted for discharging specific responsibilities of the Board.

### A. Composition of the Board

**Table 4.1: Composition of the Board of Directors of Nifty 50 Companies**

| Description                   | # of Directors |        | Company Names             |                           |
|-------------------------------|----------------|--------|---------------------------|---------------------------|
|                               | 2020           | 2019   | 2020                      | 2019                      |
| <b>Directors on the Board</b> |                |        |                           |                           |
| <b>Average</b>                | 11             | 12     | ↓                         | ↔                         |
| <b>Maximum</b>                | 20             | 22     | L&T                       | L&T                       |
| <b>Minimum</b>                | 6              | 4      | Eicher/Tata Motors        | Eicher                    |
| <b>Independent Directors</b>  |                |        |                           |                           |
| <b>Average</b>                | 6              | 6      | ↔                         | ↔                         |
| <b>Maximum</b>                | 10             | 11     | L&T                       | L&T                       |
| <b>Minimum</b>                | 1              | 3      | ONGC                      | Eicher                    |
| <b>Composition Maximum</b>    | 80%            | 83%    | Dr.Reddy's                | Dr.Reddy's                |
| <b>Composition Minimum</b>    | 18%            | 33.33% | ONGC                      | Maruti                    |
| <b>Women Directors</b>        |                |        |                           |                           |
| <b>Average</b>                | 1.86           | 1.82   | ↓                         | ↑                         |
| <b>Maximum</b>                | 4              | 4      | Ultratech                 | Ultratech                 |
| <b>Minimum</b>                | 0              | 1      | BPCL/NTPC                 | 18 Companies <sup>3</sup> |
| <b>Executive Directors</b>    |                |        |                           |                           |
| <b>Average</b>                | 3              | 3      | ↔                         | ↔                         |
| <b>Maximum</b>                | 8              | 8      | Indian Oil                | Indian Oil                |
| <b>Minimum</b>                | 0              | 1      | 12 Companies <sup>4</sup> | 11 Companies <sup>5</sup> |

- All the Nifty 50 companies except ONGC, a PSU company, had the required number of **Independent Directors (ID)**, as mandated. Only ONGC did not meet the requirement, with two Independent Directors, constituting only 20% of the board, lower than the mandated 33.33%. Dr.Reddy's board comprised of 80% IDs, the highest proportion.
- All Nifty 50 companies except BPCL & NTPC, both PSU companies, had a **Women Director (WD)** as mandated. Further, 33 companies (2019: 32 companies) had more than the legal minimum required, with 22 companies having two WDs, ten companies with three WDs and one company with four WDs.
- 12 of the Nifty 50 companies did not have any Executive Director (ED) on their Board as of March 31, 2020. PSUs have higher number of EDs with Coal India having the lowest number of ED at two and Indian Oil, the highest number at eight.

<sup>3</sup> Bajaj Auto, Bajaj Finance, Bajaj Finserv, BPCL, Eicher Motors, , HDFC Bank, HeroMotoCorp, HUL, Indiabulls Housing Finance, Indian Oil, Kotak Mahindra, M&M, Sun Pharma, Tata Steel, Tech Mahindra, UPL, Yes Bank, Zee

<sup>4</sup> Asian Paints, Bajaj Finance, Bajaj Finserv, Britannia, Grasim, HCL, IndusInd, Kotak Mahindra, Tech Mahindra, Titan, Zee and Tata Motors

<sup>5</sup> Asian Paints, Bajaj Finance, Bajaj Finserv, Britannia, Eicher motors, HCL, IndusInd, Tech Mahindra, Titan, YES Bank, Zee

## B. Changes in the composition of Board during the financial year

- Of the 48 companies that remained in Nifty 50 index from the previous year, 26 companies saw a decline the number of directors, 16 companies saw no change and 6 companies had an increase in the number of directors in 2020.
- The average decrease in board members of the 26 companies was 2.27, while the average increase in the 6 companies was 1.5.
- All the seven public sector companies saw the board size change. With six PSUs reducing their board size by an average of 3.3 members and one PSU increasing its board size by 1.

## C. Number of Board Meetings

Companies need to conduct a minimum of 4 board meetings in a financial year with a maximum interval of 120 days intervening between meetings. Based on business exigencies, a company may conduct more board meetings as required.

**Table 4.2: Board Meetings conducted in a Financial Year**

| Description    | # of Meetings |      | Company names      |                                   |
|----------------|---------------|------|--------------------|-----------------------------------|
|                | 2020          | 2019 | 2020               | 2019                              |
| <b>Average</b> | 8             | 8    |                    |                                   |
| <b>Maximum</b> | 19            | 21   | Coal India         | Coal India                        |
| <b>Minimum</b> | 4             | 4    | Shree Cements /UPL | Grasim, Hero Motorcorp, JSW Steel |

- 2 companies had the statutory minimum number of 4 board meetings in the financial year 2019-20, compared to 3 companies in the previous financial year.
- The average number of Board meetings conducted during the financial year 2019-20 remained at 8 meetings, the same as in the previous financial year.
- With 19 board meetings (21:2019), Coal India had the highest number of board meetings in a financial year.

## 5. Sub-Committee (Nature and Composition)

To promote efficiency and effectiveness, a board can constitute committees of its members on specific domains to evaluate issues in detail, options available and recommend decisions to the Board. Further, the law requires a listed public company to constitute an Audit Committee, Nomination & Remuneration Committee, Stakeholder Relationship Committee, Risk Management Committee and CSR Committee.

**Table 5.1: Committees of the Board**

| Description    | # of Sub-Committees |      | Companies           |            |
|----------------|---------------------|------|---------------------|------------|
|                | 2020                | 2019 | 2020                | 2019       |
| <b>Average</b> | 7.5                 | 7.4  |                     |            |
| <b>Maximum</b> | 16                  | 17   | NTPC                | NTPC       |
| <b>Minimum</b> | 4                   | 3    | Shree Cements/Wipro | Titan/ UPL |

- i. All the Nifty 50 companies had constituted **Audit Committee** though called by different names like 'Audit & Risk management Committee' or 'Audit & Ethics committee' or 'Audit, Risk Management Committee'.
- ii. All the Nifty 50 companies had constituted **Nomination and Remuneration Committee** though called by different names for example- 'Human Resource, Nomination & Remuneration Committee', 'Board Governance, Nomination & Compensation Committee', 'Nomination Committee'.
- iii. Some unique sub-committees constituted by the Board were:
  - a) Committee of Wholtime Directors: Axis Bank
  - b) Science, Technology and Operations Committee: Dr. Reddy's
  - c) Sustainable Development Committee: Bharat Petroleum Corporation
  - d) Health, Safety and Environment Committee: Reliance Industries, Tata Steel
  - e) Health, Safety and Sustainability Committee: Tata Consultancy, Tata Motors
  - f) Diversity Committee: HCL Technologies
  - g) Committee on Promoter Dilution: Kotak Mahindra Bank
  - h) Ethics & Compliance Committee: TCS

**Table 5.2 Composition of the Board's Sub - Committees**

| Committee                            | No of Companies |      | Maximum Members |      | Average Number of Members |      | Minimum Members |      |
|--------------------------------------|-----------------|------|-----------------|------|---------------------------|------|-----------------|------|
|                                      | 2020            | 2019 | 2020            | 2019 | 2020                      | 2019 | 2020            | 2019 |
| <b>Audit</b>                         | 50              | 50   | 9               | 10   | 4.02                      | 4.72 | 3               | 3    |
| <b>Nomination &amp; Remuneration</b> | 50              | 50   | 6               | 8    | 3.68                      | 4.26 | 3               | 3    |
| <b>Stakeholder Relations</b>         | 50              | 50   | 10              | 9    | 3.64                      | 3.88 | 3               | 2    |
| <b>CSR</b>                           | 49              | 49   | 7               | 9    | 4.14                      | 4.53 | 3               | 3    |
| <b>Risk Management</b>               | 44              | 43   | 7               | 11   | 4.60                      | 5.35 | 3               | 3    |

- All the 50 companies had an Audit Committee, Nominations & Remunerations Committee and the Stakeholders Relations Committee.
- 49 of the 50 companies had a separate CSR Committee constituted. In Wipro, the Board Governance, Nominations and Compensation Committee also oversees the CSR initiatives of the Company.



- 47 (43:2019) companies had a separate Risk Management Committee constituted.
- Reflecting its importance, only 16 companies (11 companies in 2019) had the minimum number of 3 members in the Audit Committee. The balance 34 companies had higher number of members with the average being 4.02 members (4.24 members in 2019).

**Table 5.3: Frequency of Committee Meetings**

| Committee                            | Maximum Meetings |      | Average Meetings |      | Minimum Meetings |      |
|--------------------------------------|------------------|------|------------------|------|------------------|------|
|                                      | 2020             | 2019 | 2020             | 2019 | 2020             | 2019 |
| <b>Audit</b>                         | 19               | 18   | 7.24             | 7.52 | 4                | 4    |
| <b>Nomination &amp; Remuneration</b> | 9                | 16   | 3.86             | 4.72 | 3                | 1    |
| <b>CSR</b>                           | 8                | 11   | 3.06             | 3.16 | 1                | 0    |
| <b>Stakeholder Relations</b>         | 18               | 19   | 3.26             | 3.40 | 1                | 0    |
| <b>Risk Management</b>               | 7                | 9    | 2.89             | 3.07 | 2                | 0    |

- Overall, across all the sub-committees, the number of meetings has marginally gone down.
- In the two most important committees, the decrease is the highest - for Audit Committee, the average number has gone down from 7.52 to 7.24 meetings, 4% decrease, and for Nominations & Remunerations Committee from 4.72 to 3.86, an 18% decrease.
- At the higher end, the number of meetings in four out of five committees has gone down, except for Audit Committee where it increased from 18 to 19 meetings. The decrease is most significant in Nomination & Remuneration committee where it went down from 16 to 9 meetings. In the other committees, the reduction is marginal.

## 6. Non-executive Director (Compensation)

Non-executive directors are members of the Board who are not in full-time employment of the company and spend only a portion of their time on the company. They include Independent Directors, who are the key players in ensuring good corporate governance. They are compensated by sitting fees paid for their attendance at Board and Committee meetings and a share of profits.

### A. Total Compensation

**Table 6.1: Compensation Paid to Non-Executive Directors**  
(₹ lakhs)

| Description    | Sitting Fees |        | Commission |         |
|----------------|--------------|--------|------------|---------|
|                | 2020         | 2019   | 2020       | 2019    |
| <b>Highest</b> | 197.50       | 245.50 | 1150.00    | 1800.00 |
| <b>Lowest</b>  | 12.00        | 8.01   | 46.74      | 34.20   |
| <b>Average</b> | 69.18        | 68.60  | 315.70     | 388.90  |

- 11 (2019: 11) companies did not pay their non-executive directors any commission and they received only their sitting fees. These companies are:
  - All the seven public sector enterprises and State Bank of India, and
  - Bharti Airtel, Sun Pharma and Tata Motors among the private sector were the companies which did not pay any commission.

### B. Sitting fees

**Table 6.2: Sitting Fees for Non-Executive Directors of the Board**

| Sitting Fees                                            | # of Companies |           |
|---------------------------------------------------------|----------------|-----------|
|                                                         | 2020           | 2019      |
| <b>No sitting fee paid / Not found in annual report</b> | 15             | 13        |
| <b>₹20,000</b>                                          | 2              | 2         |
| <b>₹30,000</b>                                          | 3              | 3         |
| <b>₹40,000</b>                                          | 7              | 8         |
| <b>₹50,000</b>                                          | 8              | 8         |
| <b>₹60,000</b>                                          | 1              | 1         |
| <b>₹70,000</b>                                          | 1              | 0         |
| <b>₹75,000</b>                                          | 1              | -         |
| <b>₹100,000</b>                                         | 12             | 15        |
| <b>Total</b>                                            | <b>50</b>      | <b>50</b> |

- Some unique features about payment of Board sitting fees:
  - Two companies, both banks increased their directors sitting fee this year, of which one is SBI.
  - Bharti Infratel and Tech Mahindra do **not pay sitting fee** to its directors for attending board and subcommittee meetings, but they pay commission on profits earned.
  - Bharti Airtel - where a director attends a board meeting and one or more **sub-committee meetings on the same day**, only a fee for one meeting is paid.
  - Mahindra & Mahindra -no sitting fee is paid to a director who attends the board **meeting through an audio call**.
  - Bharti Infratel - Independent Directors are entitled for profit-based commission of ₹1,500,000 per annum and Non-Executive Directors ₹750,000. The **payment of commission is based on attending the board meeting in which quarterly results are adopted**.

Table 6.3: Sitting fees for Board Sub-Committees

| Sitting Fees                                    | # of Companies |           |
|-------------------------------------------------|----------------|-----------|
|                                                 | 2020           | 2019      |
| No sitting fee paid/ Not found in annual report | 15             | 15        |
| ₹10,000                                         | 1              | 1         |
| ₹20,000                                         | 5              | 8         |
| ₹25,000                                         | 2              | 1         |
| ₹30,000                                         | 9              | 8         |
| ₹35,000                                         | 0              | 1         |
| ₹40,000                                         | 2              | 2         |
| ₹50,000                                         | 10             | 8         |
| ₹75,000                                         | 1              | 1         |
| ₹100,000                                        | 5              | 5         |
| <b>Total</b>                                    | <b>50</b>      | <b>50</b> |

- 13 (2019: 12) companies paid a **higher sitting fee for Audit Committee** compared to all other committees.
  - i. Asian Paints - ₹ 50k for Audit and ₹ 30k for Other Committees
  - ii. Adani Ports - ₹ 50k for Audit and ₹ 25k for Other Committees
  - iii. Axis Bank - ₹ 100K for Audit, Nomination & Remuneration, Risk Management and IT Strategy Committees, for other committees ₹50,000 is the sitting fees
  - iv. Eicher Motor- ₹ 20k for Audit and ₹ 10k for Other Committees
  - v. Grasim, Hindalco, UltraTech- ₹ 25k for Audit and ₹ 20k for Other Committees
  - vi. IndusInd bank - ₹ 50k for Audit (also for Committee of Directors, Risk Management Committee) and ₹ 20k for Other committees
  - vii. ICICI Bank - ₹ 1 lakh for Audit committee and ₹ 50k for Other committees
  - viii. ITC - ₹ 50k for Audit, NRC, CSR, Sustainability and Independent Directors Meeting, and ₹ 10k for Securityholders Relationship Meetings
  - ix. Larsen & Toubro - ₹ 50k for Audit committee, Nomination and Remuneration Committee and ₹ 35K for Others committee, viz., Stakeholder Relationship and CSR committees
  - x. Mahindra & Mahindra - ₹ 50k for all committees other than Stakeholders Committee, for which 10k is paid
  - xi. Tata Motors - ₹ 60k for Audit, NRC, Independent Directors meeting and for Other committees ₹ 20k.
- Varying practice followed in paying sitting fees for Independent Directors Meeting:
  - i. 3 companies (2019: 2), namely Asian Paints, ITC and Tata Motors, explicitly mentioned that they paid sitting fees.
  - ii. Axis Bank did not pay its directors for attending Independent Directors Meeting.
- SBI pays an additional fee of Rs.5k for chairing committee meetings

## 7. Statutory Auditors (Leaders & Concentration)

### A. Leaders

Table 7.1: Top five ranked Statutory Auditors

| Rank | Audit Firm name                                         | # of Companies |      |
|------|---------------------------------------------------------|----------------|------|
|      |                                                         | 2020           | 2019 |
| 1    | BSR & Co., LLP (KPMG)                                   | 14             | 11   |
| 2    | SR Batliboi and Associates LLP & S R B C & Co. LLP (EY) | 9              | 13   |
| 2    | Deloitte Haskins & Sells LLP                            | 9              | 10   |
| 4    | Walker Chandiook & Co LLP                               | 3              | 2    |
| 5    | Price Waterhouse Chartered Accountants LLP              | 2              | 2    |
| 5    | Haribhakti & Co. LLP                                    | 2              | 1    |

- Top statutory auditor conducted audits of 14 (2019: 13) companies, while the Big 4 Audit firms conducted the audit 34 (2018:36) companies. The balance 16 companies were audited by other firms.
- As in the previous year, all the 7 public sector enterprises and State Bank of India were audited by audit firms not belonging to the Big 4.
- As in the previous year, 10 Companies<sup>6</sup> were under joint audit with more than one Statutory Auditor. Of which, SBI has the maximum number of Statutory Auditors at 14.
- All except 2 (2019: 1 auditors) auditor who signed the Nifty 50 accounts were male. Coal India (Ray & Ray) and SBI (GP Agarwal & Co.) were the only two exceptions with female auditors.

### B. Audit Fees

- Reliance paid the highest audit fees among all the Nifty50 companies amounting to ₹21 crores (2019: ₹11 crores), an increase of 91% over the previous year, while Eicher paid the least audit fees of Rs.25 lakhs (2019: Rs.11 lakhs -Bajaj Finserv), an increase of 127% over the previous year.
- ₹3.31 crores (2019: ₹2.83 crores) was the average audit fees paid by the Nifty 50 companies, an increase of 17% over the previous year.
- Of the 48 companies that were part of Nifty 50 in both 2020 and 2019, 31 companies increased their audit fees for the year 2020 over the previous year, while in 11 companies the audit fees were retained at the same level and in another six companies, the audit fees was reduced compared to the previous year.
- In addition, ₹191 lakhs (2019: ₹149.74 lakhs) was the average fees paid for other services to the Auditor that included fees for audit of IFRS statements, tax audit/ transfer pricing audit, taxation services and reimbursement of travelling and out of pocket expenses. This is an increase of 27.5% over the previous year.
- Of the 48 companies that were part of Nifty 50 in both 2020 and 2019, 31 companies reported an increase in the fees paid for other services, while in 9 companies fees for other services remained the same and in the remaining 8 companies, the fees for other services declined.

<sup>6</sup> BPCL, GAIL, Grasim, Indian Oil, NTPC, ONGC, PowerGrid, Reliance, SBI, UltraTtech

## 8. Secretarial Auditors (Leaders & Concentration)

- A. The Companies Act, 2013 mandates the Secretarial Auditor to express an opinion on the compliance status of the company with the provisions of all Acts, Rules, Regulations, Guidelines and Standards etc. which are applicable to the company after listing them out.

### Leaders & Concentration

**Table 8.1: Top five ranked Secretarial Audit firms**

| Rank | Audit Firm name                | # of Companies |      |
|------|--------------------------------|----------------|------|
|      |                                | 2020           | 2019 |
| 1    | Parikh & Associates            | 6              | 5    |
| 2    | BNP Associates                 | 5              | 7    |
| 3    | Dr. K R Chandratre             | 4              | 4    |
| 3    | Chandrasekaran Associates      | 4              | 4    |
| 5    | S. N. Ananthasubramanian & CO. | 3              | 2    |
| 5    | Shyamprasad D Limaye           | 3              | 3    |
| 5    | Vinod Kothari & Company        | 3              | 4    |

- The top Secretarial Auditor conducted 6 (12%) audits, a reduction of 1 from the earlier year (2019: 7, 14%); while the top five CS firms conducted Secretarial Audit of 31 (62%), an increase of two company over the previous year.
- Six (2019:8) out 49 Secretarial Audit Reports are signed by Female Secretarial Auditors, a decrease of two companies.
- Four (2019:8) associate members (ACS) of the ICSI signed the Secretarial audit reports of four Nifty 50 companies. The balance audit reports were signed by Fellow members (FCS) of ICSI.
- Secretarial Audit Report of Tata Consultancy Services was signed on 16.04.2020 (2019: Bharti Infratel on 04.04.2019), was the earliest report issued in 2020. The last report issued was that of NTPC signed on 06.08.2020 (ONGC signed on 20.06.2019).



## 9. Company Secretary (Compensation & Designation)

### A. Compensation for CS

**Table 9.1 Compensation paid to CS of the Nifty 50 Companies**

| Compensation to<br>Company Secretary<br>In ₹ Lakhs | Highest |      | Average |        | Least |       |
|----------------------------------------------------|---------|------|---------|--------|-------|-------|
|                                                    | 2020    | 2019 | 2020    | 2019   | 2020  | 2019  |
|                                                    | 659     | 675  | 156.07  | 134.14 | 23.57 | 15.43 |

- Average<sup>7</sup> annual compensation for Company Secretaries of the Nifty 50 Companies was ₹156 lakhs, a y-o-y increase of 16.8% over the previous year, 2019. The highest compensation was at ₹659 lakhs, a y-o-y decrease of 3% and at the lower end it was ₹23.57 lakhs, a y-o-y increase of 53%.
- Company Secretary with the highest compensation had the designation of CFO & Company Secretary, while Company Secretary with the least compensation held the designation of Company Secretary & Compliance Officer.

### B. Profile of Company Secretary

- 9 (18%) company secretaries in the Nifty 50 companies were women, an increase of one over the previous year (Bajaj Finserv, Bharti Infratel, Grasim, Hero Motorcorp, Kotak Mahindra, Power Grid, Vedanta, with Bharat Petroleum being the new entrant). In addition, Reliance had a woman joint Company Secretary,

**Table 9.2 Popular designations for Company Secretaries**

| Designation                                     | # of Companies |      |
|-------------------------------------------------|----------------|------|
|                                                 | 2020           | 2019 |
| Company Secretary                               | 28             | 28   |
| Company Secretary & Compliance Officer          | 11             | 10   |
| Company Secretary combined with legal functions | 4              | 5    |

In many companies, the role of the Company Secretary is combined with the role of Legal and corporate counsel. An illustrated list given here:

- HDFC Bank: Executive Vice President (Legal) & Company Secretary
- Hindustan Unilever: Executive Director, Legal and Corporate Affairs & Company Secretary
- Nestle: SVP -Legal & Company Secretary
- Tata Steel: Company Secretary & Chief Legal Officer (Corporate & Compliance)

<sup>7</sup> Average is computed for 49 companies which have reported CS compensation. SBI is the one company which has not reported CS Compensation

## 10. Board of Directors' Report (What is in it?)

The Companies Act, 2013 requires a report by the Board of Directors to be laid before the members of the company in the general meeting where financial statements are presented. The Act also specifies the information that needs to be included in this report, which is quite elaborate.

### A. Structuring the Directors' Report

Given how Directors' Report has evolved into a long and multi-dimensional report, most companies organize the report under different section headings which form part of the report, in addition to, providing some of the information required as annexures to the Directors Report. As a principle of good communication, where an information is in nature of details and can speak for itself, placing it in an annexure is appropriate. But where the information is substantial and is related to other parts of the report, keeping it within the report as a section head would be more suitable.

**Table 10.1: Structure of the Directors Report**

| Directors' Report                                  | Number |      | Name of Companies     |                |
|----------------------------------------------------|--------|------|-----------------------|----------------|
|                                                    | 2020   | 2019 | 2020                  | 2019           |
| Number of Annexures to the Directors' Report       |        |      |                       |                |
| <b>Average</b>                                     | 7      | 7    |                       |                |
| <b>Maximum</b>                                     | 26     | 30   | Coal India            | Coal India     |
| <b>Minimum</b>                                     | 0      | 0    | SBI                   | SBI            |
| Number of Section headings in the Directors Report |        |      |                       |                |
| <b>Average</b>                                     | 32     | 32   |                       |                |
| <b>Maximum</b>                                     | 64     | 54   | Vedanta               | PowerGrid Corp |
| <b>Minimum</b>                                     | 5      | 6    | Hindustan<br>Unilever | Wipro          |

There is no substantial change in the content and structure of the Directors Report in the year 2020, compared to the previous year. The content in Annexures and Section heads have remained consistent with the previous year, 2019.

### B. Annexures to the Directors' Report

**Table 10.2: Annexure<sup>8</sup> in Directors Report**

| Title of the Annexures to Directors Report                                                                                                                             | 2020 | 2019 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|------|
| Annual report on CSR activities (except SBI)                                                                                                                           | 49   | 47   |
| Secretarial Audit report (SBI and HUL)                                                                                                                                 | 48   | 47   |
| Extract of Annual returns                                                                                                                                              | 43   | 42   |
| Energy conservation, Technology absorption, Foreign exchange earnings and outgo                                                                                        | 34   | 31   |
| Information pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 | 32   | 26   |
| Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties (AOC -2)                                                 | 19   | 21   |
| This form is not required to be given by all companies                                                                                                                 |      |      |

<sup>8</sup> where more than 20 companies have given it as an annexure

### C. Section Headings in the Directors' Report

**Table 10.3: Section Heads<sup>9</sup> in the Directors Report**

| Sl no. | Title of the Annexures to Directors Report                                                                                        | 2020 | 2019             |
|--------|-----------------------------------------------------------------------------------------------------------------------------------|------|------------------|
| 1      | Financial Performance/Financial Results                                                                                           | 47   | 36               |
| 2      | Directors' Responsibility Statement                                                                                               | 43   | 44 <sup>12</sup> |
| 3      | Subsidiaries, Joint Ventures and Associate Companies                                                                              | 39   | 38               |
| 4      | Corporate Social Responsibility                                                                                                   | 42   | 40               |
| 5      | Internal Financial control system and their adequacy                                                                              | 39   | 40               |
| 6      | Particulars of contracts or arrangements with related parties/ Related Party Transactions                                         | 33   | 18               |
| 7      | Directors and Key Managerial Personnel                                                                                            | 40   | 33               |
| 8      | Acknowledgement                                                                                                                   | 42   | 39               |
| 9      | Risk Management                                                                                                                   | 39   | 37               |
| 10     | Auditors & Auditors' Report                                                                                                       | 36   | 35               |
| 11     | Dividend                                                                                                                          | 37   | 38               |
| 12     | Corporate Governance                                                                                                              | 34   | 36               |
| 13     | Particulars of loans, guarantees or investments                                                                                   | 32   | 32               |
| 14     | Conservation of Energy, Technology Absorption                                                                                     | 35   | 35               |
| 15     | Extract of Annual Return                                                                                                          | 32   | 35               |
| 16     | Business Responsibility Report                                                                                                    | 29   |                  |
| 17     | Particulars of Employees                                                                                                          | 26   |                  |
| 18     | Management Discussion and Analysis                                                                                                | 26   |                  |
| 19     | ESOP (16 companies had not issued ESOPs & the balance 6 companies had shown this under a sub-heading)                             | 28   |                  |
| 20     | Significant and material orders passed by the regulators or courts or tribunals impacting the going concern status of the Company | 23   |                  |
| 21     | Prevention of Sexual Harassment at Workplace                                                                                      | 24   |                  |
| 22     | Secretarial Audit / Auditor                                                                                                       | 23   |                  |
| 23     | Secretarial Standards of ICSI                                                                                                     | 21   |                  |
| 24     | Human Resource / Human Resource Management                                                                                        | 20   |                  |

- All the companies have a section on their Financial Highlights, but have used different titles like Financial Performance, Performance highlights, Performance review, Consolidated results, except in Infosys where Financial Position is given as a sub-heading.
- State of company affairs and outlook of the companies are expressed in a variety of sub-headings like Company overview, Business excellence, Business strategy, Business performance, Business segment etc.
- Seven companies, BPCL, Coal India, GAIL, Indian Oil, NTPC, ONGC, PowerGrid, all of which are PSUs, have included 'Implementation of Official Language Policy' as a section head in their Directors' Report.
- 21 Companies have included a section head to report on the impact of COVID-19 on their business and their response to combat the pandemic.

<sup>9</sup> where more than 20 companies have given it as a section heading

## D. Important Reports and their Placement

**Table 10.4: Placement of Important Reports**

| Report title                     | Section head in Directors Report |      | Annexure to Directors Report |      | Standalone in Annual Report |      | Given in their website |      |
|----------------------------------|----------------------------------|------|------------------------------|------|-----------------------------|------|------------------------|------|
|                                  | 2020                             | 2019 | 2020                         | 2019 | 2020                        | 2019 | 2020                   | 2019 |
| Report on Corporate Governance   | -                                | 1    | 10                           | 8    | 40                          | 41   | -                      | -    |
| Business Responsibility Report   | 6                                | 1    | 5                            | 8    | 33                          | 37   | 6                      | 4    |
| Report on CSR Activities         | 1                                | 1    | 49                           | 49   | -                           | -    | -                      | -    |
| Management Discussion & Analysis | 4                                | 4    | 6                            | 4    | 40                          | 42   | -                      | -    |

- Report on Corporate Governance: 80% of the companies placed this as a separate report, while 20% had it as an annexure to the Directors Report.
- Business Responsibility Report: 6 companies, up from 1 company in 2019, placed this report in their Directors Report as a section; further 6 companies, up from 4 in 2019, placed this report on their website.
- Report on CSR Activity: The positing of report in the current year did not see any change from the last year. Annexure to the Directors Report is the place preferred by most companies.
- Management Discussion and Analysis: Despite a reduction by 2 companies, MDNA as a standalone report seems to be the preferred place.
- HUL, ITC and UltraTech, the three companies have titled their Directors' Report as 'Report of the Board of Directors & Management Discussion and Analysis', the same as in 2019.

## II. CSR (Mandate and Spends)

The Companies Act, 2013 mandates large companies defined by the threshold of their net-worth, turnover or profit to constitute a CSR Committee of the Board to formulate and recommend CSR Policy, recommend expenditure to be incurred and monitor CSR Policy implementation. The Board is required to ensure that at least 2% of average profits of the last three years is spent on CSR, failing which, the Board shall record the reasons for not spending the mandated amount.

### A. CSR Spend

**Table 11.1: CSR Mandate and Spends**

| CSR Expenditure                                          | # of Companies |                | Company Names     |                           |
|----------------------------------------------------------|----------------|----------------|-------------------|---------------------------|
|                                                          | 2020           | 2019           | 2020              | 2019                      |
| <b>CSR amount Mandated ₹ in Crores</b>                   |                |                |                   |                           |
| Total for Nifty 50                                       | 7725.42        | 6841.53        |                   |                           |
| Least                                                    | 1.16           | 1.49           | Bajaj Finserv     | Bajaj Finserv             |
| Highest                                                  | 874.95         | 811.16         | Reliance          | Reliance                  |
| <b>CSR amount spent ₹ in Crores</b>                      |                |                |                   |                           |
| Total for Nifty 50                                       | <b>8334.27</b> | <b>7109.73</b> |                   |                           |
| Least                                                    | 0.07           | 1.53           | Zee Entertainment | Bajaj Finserv             |
| Highest                                                  | 908.71         | 849.32         | Reliance          | Reliance                  |
| <b>CSR amount spent in excess of mandate ₹ in Crores</b> |                |                |                   |                           |
| Total for Nifty 50                                       | 762.33         | 689.79         |                   |                           |
| Least                                                    | 0.04           | 0.04           | Bajaj Finserv     | Bajaj Finserv             |
| Highest                                                  | 163.24         | 232.54         | Coal India        | Tata Steel                |
| <b>Unspent CSR amount ₹ in Crores</b>                    |                |                |                   |                           |
| Total for Nifty 50                                       | 152.71         | 421.59         |                   |                           |
| Least                                                    | 25.66          | 2.58           | BPCL              | Bharati Infratel          |
| Highest                                                  | 88.02          | 108.00         | Zee Entertainment | Tata Consultancy Services |
| <b>% of Unspent CSR amount</b>                           |                |                |                   |                           |
| Least                                                    | 7%             | 5.88%          | BPCL              | Bharti Infratel           |
| Highest                                                  | 99%            | 63.50%         | Zee Entertainment | Zee Entertainment         |

- **Growth in CSR spend mandated and actual spent:** There is 12.91% year-on-year increase of the CSR amount mandated and a 17.23% increase in the CSR amounts spent by the Nifty 50 companies.
- Compared to all the 50 companies in 2019, only 49 companies spent money on CSR in 2020.
  - SBI which is mandated by RBI to spend 1% of its profit on CSR activities has spent ₹27.42 crores (2019: 16.46 crores) through its subsidiary, SBI Foundation, a section 8 Company established exclusively to undertake CSR.
  - 46 of the 49 companies (2019: 39 of the 49 companies) have spent the amount mandated on CSR. These companies in aggregate spent ₹762.33 crores (2019: ₹689.79 crores) over the mandated amount.
  - 3 out of 49 companies (2019: 10 of the 49 companies) have spent less than the amount mandated on CSR. These companies in aggregate spend ₹152.71 crores (2019: ₹421.79 crores) less than the mandated amount.
  - In two companies, the amount mandated to be spent was zero due to losses, despite this, the two companies spent ₹31.61 crores and ₹22.91 crores. (2019: 2 companies - ₹3.93 crores and ₹22.21 crores).



## B. Reason for Not Spending the mandated amount

Compared to 2019 where 10 of the 49 companies spent less than the mandated amount, in 2020, only 3 companies spent less than the mandated amount. The explanation provided for short spending is tabulated in Table 10.2.

**Table 11.2: Reasons for Not Spending CSR Mandated Amount**

| Reasons for Not spending<br>CSR amount                             | # of Companies |           | Company Names     |                                                  |
|--------------------------------------------------------------------|----------------|-----------|-------------------|--------------------------------------------------|
|                                                                    | 2020           | 2019      | 2020              | 2019                                             |
| Amount allocated but not disbursed                                 | -              | 3         | -                 | Bharti Infratel,<br>ICICI Bank,<br>IndusInd Bank |
| Delay due to pending clearances                                    | -              | 2         | -                 | HCL Tech,<br>Yes Bank                            |
| Multi-year project / Long gestation period                         | 1              | 1         | BPCL              | BPCL                                             |
| Stress in telecom industry                                         | -              | 1         | -                 | Bharti Airtel                                    |
| Slower project implementation                                      | -              | 1         | -                 | Yes Bank                                         |
| Amount spent outside India not qualified for CSR under the Act     | -              | 1         | -                 | TCS                                              |
| Non availability of suitable projects                              | 1              | 1         | Zee Entertainment | Zee Entertainment                                |
| NGOs' inability to utilize the large CSR amounts allocated to them | 1              | 1         | Kotak             | Kotak                                            |
| <b>Total</b>                                                       | <b>3</b>       | <b>10</b> | <b>-</b>          | <b>-</b>                                         |

- In 2019, TCS reported a spend of ₹527 crores on CSR-like activities, of which only ₹434 crores qualified as CSR spend under the Companies Act, 2013 definition, resulting in a shortfall of ₹108 crores from the mandated amount of 542 Crores.

## 12. AGM Notice (Timing & Resolutions)

Company law requires a company to call for an AGM anytime within six months of its year end. The company needs to convene a board meeting where its annual accounts are approved by its directors and an annual report is sent to its shareholders providing 21-day notice for convening the AGM.

### A. Annual General Meeting Calendar

Short time interval between year end and the board meeting/ AGM is an indication of the company's efficient reporting systems and an indicator of good governance.

**Table 12.1: Timeline for AGM and Board Meetings for Approval of Accounts**

| Description               | # of Days |      | Company Names                   |               |
|---------------------------|-----------|------|---------------------------------|---------------|
|                           | 2020      | 2019 | 2020                            | 2019          |
| Year end to Board Meeting |           |      |                                 |               |
| Average                   | 72        | 56   |                                 |               |
| Least                     | 16        | 12   | Tata Consultancy                | Infosys       |
| Most                      | 158       | 122  | BPCL                            | BPCL          |
| Board Meeting to AGM      |           |      |                                 |               |
| Average                   | 65        | 67   |                                 |               |
| Least                     | 25        | 30   | Power Grid Corporation of India | BPCL          |
| Most                      | 145       | 124  | HCL Technologies                | Maruti Suzuki |
| Year end to AGM           |           |      |                                 |               |
| Average                   | 137       | 123  |                                 |               |
| Least                     | 72        | 73   | Tata Consultancy                | Yes Bank      |
| Most                      | 192       | 152  | ONGC                            | ONGC, BPCL    |

- COVID-19 lockdown impact on the lead time for Board and Shareholder meetings:**  
 The average time taken for holding board meetings increased by 12 days (21%) in 2020 to 72 days, with the average time between the Board Meeting and the AGM reducing by 2 day in 2020 to 65 days.

**B. Number of Shareholder resolutions**

There are four resolutions to be taken up as Ordinary Business in an AGM, namely, Appointment of Auditors, Approval of Annual Accounts, Appointment /Reappointment of Directors and Declaration of Dividend. Any other resolutions taken up at the AGM will be treated as Special Business.

**Table 12.2: AGM Nature and Quantum of Business Transacted**

| Description       | # of Resolutions |      | Company Names                  |                          |
|-------------------|------------------|------|--------------------------------|--------------------------|
|                   | 2020             | 2019 | 2020                           | 2019                     |
| Ordinary Business |                  |      |                                |                          |
| Average           | 3.58             | 4    |                                |                          |
| Least             | 0                | 2    | SBI, Eicher Motors, Axis Bank, | Ultratech, Bharti Airtel |
| Most              | 6                | 6    | HDFC Bank                      | HDFC Bank, HUL, L&T      |
| Special Business  |                  |      |                                |                          |
| Average           | 4.1              | 6    |                                |                          |
| Least             | 0                | 1    | TCS, Britannia,                | Zee Entertainment        |
| Most              | 10               | 16   | NTPC, L&T                      | Yes Bank                 |
| AGM notice        |                  |      |                                |                          |
|                   | # of pages       |      | Company Names                  |                          |
|                   | 2020             | 2019 | 2020                           | 2019                     |
| Average           | 14               | 17   |                                |                          |
| Least             | 5                | 3    | State Bank of India            | Zee Entertainment        |
| Most              | 31               | 56   | IndusInd Bank                  | Yes Bank                 |

- E. Decreased activity in the AGM:** The number of resolutions proposed in the AGM decreased by two to 8 (2019: 10 resolutions). Further, with AGM being conducted through Video Conference, the need for proxy forms too was eliminated. Correspondingly the number of pages in the AGM notice decreased by 3 pages from 17 to 14 in 2020.

# NIFTY 50 Companies

|                                              |                                          |                             |                                        |                                   |
|----------------------------------------------|------------------------------------------|-----------------------------|----------------------------------------|-----------------------------------|
| 1. Adani Ports and Special Economic Zone Ltd | 11. Cipla Ltd                            | 21. Hindalco Industries Ltd | 31. Mahindra & Mahindra Ltd            | 41. Tata Consultancy Services Ltd |
| 2. Asian Paints Ltd                          | 12. Coal India Ltd                       | 22. Hindustan Unilever Ltd  | 32. Maruti Suzuki India Ltd            | 42. Tata Motors Ltd               |
| 3. Axis Bank Ltd                             | 13. Dr. Reddy's Laboratories Ltd         | 23. ICICI Bank Ltd          | 33. Nestle India Limited               | 43. Tata Steel Ltd                |
| 4. Bajaj Auto Ltd                            | 14. Eicher Motor Ltd                     | 24. Indian Oil Corp Ltd     | 34. NTPC Ltd                           | 44. Tech Mahindra Ltd             |
| 5. Bajaj Finance Ltd                         | 15. GAIL India Ltd                       | 25. IndusInd Bank Ltd       | 35. Oil & Natural Gas Corp Ltd         | 45. Titan Co Ltd                  |
| 6. Bajaj Finserv Ltd                         | 16. Grasim Industries Ltd                | 26. Infosys Ltd             | 36. Power Grid Corp of India Ltd       | 46. UltraTech Cement Ltd          |
| 7. Bharat Petroleum Corp Ltd                 | 17. HCL Technologies Ltd                 | 27. ITC Ltd                 | 37. Reliance Industries Ltd            | 47. UPL Ltd                       |
| 8. Bharti Airtel Ltd                         | 18. HDFC Bank Ltd                        | 28. JSW Steel Ltd           | 38. State Bank of India                | 48. Vedanta Ltd                   |
| 9. Bharti Infratel Ltd                       | 19. Housing Development Finance Corp Ltd | 29. Kotak Mahindra Bank Ltd | 39. Shree Cement Limited               | 49. Wipro Ltd                     |
| 10. Britannia Industries Ltd                 | 20. Hero MotoCorp Ltd                    | 30. Larsen & Turbo Ltd      | 40. Sun Pharmaceuticals Industries Ltd | 50. Zee Entertainment Ltd         |

## About CimpfyFive

CimpfyFive Corporate Secretarial Services Private Limited is a pioneer in offering research and technology-based solutions for compliance with the Companies Act, 2013 and LODR, 2015. Our SaaS based product portfolio, Board Leaders Integrated Software Solution (BLISS) and its variants, is designed to eliminate the procedural non-compliance risk for entities regulated under the Indian Companies Act, 2013 and LODR, 2015. More details about CimpfyFive and its product BLISS can be obtained from our website [www.cimpfyfive.com](http://www.cimpfyfive.com).

CimpfyFive also provides a free to use website [www.ca2013.com](http://www.ca2013.com) and an Android App CAIRR+ that provides Company Law at your fingertips. This site uses hypertext to integrate rules, notifications, orders and circulars with the Act and provides real-time, online access to the Companies Act, 2013, LODR, 2015 and IB Code, 2016 as it stands on that day.

# Board Leaders Integrated Software Solutions



## BLISSPLUS

**BLISS**  
**LISTED**

## BLISSGLOBAL

## BLISSDOCS

## CIMPLYBEST



BLISS is a Cloud hosted software that automates the routines, provides an e-repository, timely alerts and a real-time dashboard, all aimed at ensuring compliance and good corporate governance. By doing so, it provides complete peace of mind to the Board of Directors and assurance to professionals by providing them with real-time compliance status with respect to the Companies Act, 2013

An advanced variant of BLISS with multiple premium features like Directors view, facility to store past Secretarial records, automated compliance tracker for size based compliance under the Companies Act, 2013

An advanced variant of BLISSPLUS for Listed Companies with Companies Act, 2013 and SEBI's LODR 2015 compliances integrated to provide a single point compliance automation, risk manager & e-repository for secretarial records including past secretarial records.

BLISSGLOBAL is a cloud hosted key document management solution with Action Tracker that provides master data capture of the entity, e-repository for document management, Automated Tracker for managing event based and calendar based activities.

An Android/iOS based Board app for Directors which provides secure access to Board documents on Tablets/mobile phones, enhancing Directors productivity and making the Board meetings efficient & effective

CimplyBest is a tailor-made software for Indian Corporates in conducting Corporate Board Evaluation which will optimize Board's Time & Effort with confidentiality assured.

CAIRR is a free to use website from CimplyFive that provides at your fingertips, an integrated view of the Companies Act, 2013, IB Code, 2015 and LODR, 2015. The site and app is updated daily at 10AM for changes in the Act & Regulations. For more details, please visit [www.ca2013.com](http://www.ca2013.com)