

Press Release: For Immediate Circulation

CimplifyFive releases its report on
India Secretarial Practices, 2020, a study of the Nifty 50 Companies
Report Identifies reduced board size, higher audit fees and improved compliance on the CSR front

December 23, 2020, Bangalore: CimplifyFive Corporate Secretarial Services Pvt Ltd (CimplifyFive), a pioneer in offering research and technology-based solutions for compliance with the Companies Act 2013, today announced the release of its fifth report in this series '**CimplifyFive's India Secretarial Practices, 2020**', a study of the Secretarial Practices disclosed by Nifty50 companies in their Annual Reports published in 2020. This report is the fifth report of the series with the earlier reports issued in 2015, 2016, 2018 and 2019.

Shankar Jagannathan, Founder & Chief Executive of CimplifyFive releasing the report said, "The year 2019-2020 has seen some significant trends like a material reduction in board size, significant increase in audit fees paid and much better compliance on the CSR front. These could be signals that herald better corporate governance with more qualified and compact boards, better quality of audits and a validation of the global trends that the 'Comply or Explain' rule adopted for CSR mandates works in India too."

The report, **CimplifyFive's India Secretarial Practices, 2020** carries an in-depth analysis of the nine facets of corporate governance namely, Board composition, Frequency of Board Meetings, Sub-committees of the board, Non-executive directors' compensation, Statutory auditors and audit fees, Secretarial Auditors, Company Secretaries, CSR spends and contours of Annual General Meetings of the NIFTY 50 Index of the National Stock Exchange. The top three key findings of the reports are:

- **Reduction in the Board size:** The average number of directors in the Nifty 50 companies reduced from 12 to 11. This reduction was across the board with 26 companies having a smaller board, with only 6 companies having a larger board in 2019-20. This could reflect better governance with individuals who were unable to devote time and energy dropping out of the boards.
- **Increase in Statutory Audit fees:** The average audit fees paid by the Nifty 50 companies increased by 17% over the fees paid in the previous year. Further the increase was seen in 31 companies. This increase could reflect higher diligence by the audit firms and the audit firms pricing in the regulatory risks.
- **Higher compliance level on the CSR front:** Total CSR spends by the Nifty 50 companies was at 108% of the mandated amount, reflecting an increase over the last six years of the mandate. The number of companies spending in excess of the mandate also increased from 39 in 2018-19 to 47 in the year 2019-20. These trends validate the Comply or Explain principle used to mandate CSR spends. The 'Comply or Explain' principle should be used for other corporate governance measures for the first five years before they are mandated to ensure greater compliance by the companies.

The full report can be accessed and downloaded at www.cimplifyfive.com.

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About CimplifyFive

CimplifyFive Corporate Secretarial Services Private Limited is a pioneer in offering research and technology-based solutions for compliance with the Companies Act, 2013. Under the brand name of **BLISS** (Board Leaders Integrated Software Solution), CimplifyFive offers a range of automation and risk management SaaS solutions for listed and unlisted companies to eliminate procedural non-compliance for compliances stipulated by the SEBI regulations and the Indian Companies Act, 2013. More details about the company and its product BLISS can be obtained from www.cimplifyfive.com.

CimplifyFive also provides a free to use website www.ca2013.com and an android app **CAIRR+** that provides an integrated view of the Companies Act, IB code and SEBI's regulations at one's fingertips. Hypertexts are used to integrate rules, notifications, orders and circulars with the Act and provides real time, online access to these laws/regulations as it stands on that day. This site has more than 9 million page views, clocking a million page view every 100 days.

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