

INDIA SECRETARIAL PRACTICES 2016

Nifty 50 Annual Reports Analysis

Abbreviations Used

ACA Associate Member of the Institute of Chartered Accountants	FCA Fellow Member of the Institute of Chartered Accountants
ACS Associate Member of the Institute of Company Secretaries	FCS Fellow Member of the Institute of Company Secretaries
CA Chartered Accountant	ICSI Institute of Company Secretaries of India
CS Company Secretary	IEPF Investor Education and Protection Fund
CSR Corporate Social Responsibility	LODR, 2015 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
DPE Department of Public Enterprise	

NIFTY Companies

ACC	Bosch	HDFC Bank	Kotak Bank	Sun Pharma
Adani Ports	BPCL	Hero MotoCorp	L & T	Tata Motors
Ambuja Cements	Cipla	Hindalco	Lupin	Tata Power
Asian Paints	Coal India	Hindustan Unilever	Mahindra and Mahindra	Tata Steel
Aurobindo Pharma	Dr.Reddys	ICICI Bank	Maruti Suzuki	TCS
Axis Bank	Eicher Motor	Idea	NTPC	Tech Mahindra
Bajaj Auto	GAIL	IndusInd	ONGC	Ultratech
Bank of Baroda	Grasim	Infratel	Power Grid	Wipro
Bharti Airtel	HCL Technologies	Infosys	Reliance Industries	Yes Bank
BHEL	HDFC	ITC	SBI	Zee

ABOUT CIMPLYFIVE

CimplyFive Corporate Secretarial Services Private Limited is a pioneer in offering research and technology based solutions for compliance with the Companies Act, 2013. Board Leaders Integrated Software Solution (BLISS) the company's first product eliminates procedural non-compliance risk for entities incorporated under the Indian Companies Act, 2013. More details about the company and its product BLISS can be obtained from www.cimplyfive.com.

CimplyFive also provides a free to use website www.ca2013.com 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 as it stands on that date.

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Editor's note

Why, What & Who

Dear Reader,

This is our **India Secretarial Practices 2016** report based on the Annual Reports of Nifty 50 companies published in 2016. Our focus continues to be on the secretarial practices of the Nifty 50 companies and its evolution under the Companies Act, 2013. We believe that the practices of Nifty 50 companies reflect and influence the practices across the wider corporate sector.

From a regulatory perspective, the Nifty 50 companies analysed fall under three distinct ambits. In addition to the Companies Act, 2013, Banks are governed by the Banking Regulation Act, 1949 and Public Sector Undertakings are governed by DPE guidelines. Based on regulatory umbrella, the break-up of the Nifty companies is as given in the table below:

Regulatory ambit	#	%
Banking Regulation Act, 1949 /The Companies Act, 2013	8	16
Department of Public Enterprise Guidelines and the Companies Act, 2013	7	14
The Companies Act, 2013	35	70
Total	50	100

Compared to our 2015 report, the composition of Nifty 50 has changed with three companies exiting the index: Cairns, PNB and Vedanta, replaced by Aurobindo Pharma, Eicher Motors and Infratel. Consequently, the number of banks is reduced by one.

As in the previous year, we have focused on six key areas in this study, namely Board Composition and Sub-committees, Directors' Report, Secretarial Audit Report, Company Secretary, Corporate Social Responsibility and the AGM notice. A key aspect of our study this year is to track the trends and share our inference of it.

This study is undertaken by CimplifyFive Corporate Secretarial Services Private Limited. Our vision is to leverage research and technology to eliminate procedural non-compliance for entities regulated by the Indian Companies Act, 2013. We believe studying and learning from corporate leaders is an essential ingredient to professional excellence, which will enhance 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@cimplifyfive.com.

Yours sincerely,

Shankar Jaganathan
Founder & Chief Executive
CimplifyFive Corporate Secretarial Services Private Limited
November 14, 2016

Executive summary

Top ten takeaways

Company Secretaries Profile

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

1. Average¹ annual compensation for Company Secretaries in 2016 is Rs.97 lakhs, in the range of Rs.20 lakhs to Rs.442 lakhs. This compares with an average of Rs.110 lakhs in the range of Rs.19 lakhs to Rs.496 lakhs in 2015.

Compared to 2015, average annual compensation for Company Secretaries declined in 2016 by 12%. While the minimum of the range increased by 5%, the maximum of the range decreased by 11%.

2. In 2016, six out of 49 Company Secretaries of Nifty 50 Companies are women, compared to three in 2015.

Women as Company Secretaries of Nifty Companies doubled from three to six. Despite this increase, women account for only 12% of the Company Secretaries.

Secretarial Audit Firms

The Companies Act, 2013 for the first time mandated Secretarial Audits for bigger public companies. 2016 is the second year where companies have included Secretarial Audit Reports in the Annual Reports. Of the Nifty 50 Companies, only 48² companies underwent Secretarial Audit.

3. The top CS firm conducted six secretarial audits in 2016. The top six CS firms conducted Secretarial audit for 25 Nifty companies (52%) in 2016, as compared to 24 companies (51%) in 2015.

Rank	Firm name	# of Nifty Audits	Auditee Companies
1	BNP Associates, Mumbai	6	Axis Bank, Cipla, Grasim, HDFC Bank, Hindalco, Ultratech
2	Parikh and Associates, Mumbai	5	Tata Motor, Tata Power, Tata Steel, TCS, ICICI Bank
3	Dr. K R Chandratre, Pune	4	Asian Paints, Dr.Reddy's, Tech Mahindra, Reliance
3	Chandrashekar & Associates, New Delhi	4	Bharti Airtel, HCL Tech, Infratel, Power Grid
4	Agarwal & Associates, New Delhi	3	BHEL, GAIL, NTPC
4	Vinod Kothari & Co, Kolkata	3	Coal India, HDFC, Zee

¹ Average is computed for 48 companies which have reported CS compensation. 2 companies which have not reported are Bank of Baroda and SBI.

² Bank of Baroda and SBI have not undergone Secretarial Audit.

There is no major change in the concentration of Secretarial Audit work among the top CS firms.

4. Eight Secretarial Audit Reports were signed by six Associate members (ACS). The balance 40 audit reports were signed by Fellow members (FCS) of ICSI.

Proportion of Associate members signing the Secretarial Audit Report increased from five members to six members and the companies they signed increased from six to eight.

Secretarial Audit Reports

The Companies Act, 2013 mandates the Secretarial Auditor to express an opinion on the compliance status of the Company with respect to the provisions of all the Acts, Rules, Regulations, Guidelines, and Standards etc., which are applicable to the Company listing them in their report.

5. 153 unique Acts, Rules, Regulations, Guidelines, Agreements and Standards were referred to in the Secretarial Audit Reports of 48 companies in 2016. This represents a decrease in the number of mandates reported by 4 from 157 reported in 2015.
6. Ten companies had qualified Secretarial Audit Reports of which seven were public sector companies. This is a reduction by three companies with qualified Secretarial Audit Reports, as 13 companies had qualified reports in 2015. In public sector companies, qualified Secretarial Audit Reports remained unchanged at seven in 2016, the same as in 2015.

Overall, the standards of compliance have improved with lesser number of companies having qualified Secretarial Audit Reports. However, the improvement is only in private sector companies, as compliance levels in public sector companies remained unchanged.

Composition of the Board

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 woman director on their Board.

7. Five companies, all belonging to public sector did not meet the requirement of minimum number of independent directors in 2016. This is a reduction by four, where nine companies were not compliant in 2015. Two companies did not meet the requirement of having a woman director in 2016, both belonging to the public sector. In 2015 six companies were not compliant, of which five belonged to the public sector.

Compliance standards have improved in 2016 among both the private sector and public sector companies.

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 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.

8. The mandated amount for CSR spends by Nifty 50 companies under the Companies Act, 2013, was Rs.5478 crores (Rs.5046 crores in 2015). 92.7% (79% in 2015) of the mandated amount was spent totalling Rs.5082 crores (Rs.3989 crores in 2015).

The compliance levels have increased in 2016 on both fronts-absolute amount of CSR spends increased by Rs.1093 crores or 27%, and the percentage of spends with reference to the mandated amount increased to 92.7 %, by 13.7%.

9. 25 (52%) of the 48 Nifty 50 companies that reported their CSR spends did not spend the mandated amount on CSR. This compares with 32 companies (64%) in 2015 that did not spend the mandated amount. The top three reasons stated by the companies for shortfall in CSR spends are:

Rank	Reasons for not spending the Mandated Amount	# of Companies	%
1	Multiyear projects	8	17
2	Scaling up in coming years	6	13
3	Delay in implementation due to regulatory/ administrative issues	5	11

Compliance on the CSR front improved in 2016, as the number of companies that had a shortfall fell by 7 companies from 32 to 25 companies.

10. The top three sectors chosen for CSR spends were:

Rank	Sector	Number of companies			CSR Spend Rs Crores		
		2015	2016	% increase	2015	2016	% increase
1	Education	42	48	14%	1074	1702	58%
2	Health	42	48	14%	1030	1208	17%
3	Environment	28	37	32%	496	759	53%

The top three sectors of CSR spends remain unchanged from 2015. Both the number of companies and the amount spent in all the three sectors have gone up significantly.

Key Findings

Good, Great and Grim

I. Board composition and sub committees:

Section 149 of the Companies Act 2013 requires a public limited company to have a minimum of three and maximum of fifteen directors. Further, certain class of companies are required to have at least one woman director and one-third of its Board made up of independent director. The Act also requires certain sub committees to be constituted for discharging specific responsibilities of the Board.

1. Composition of the Board

Directors	Least #	Most #	Average 2016	Average 2015
Total directors	Eicher Motor 6	L&T 20	11.0	10.7
Independent directors	Power Grid 1	L&T 10	5.6	5.1
% of Independent Directors to Total directors	Power Grid 14%	Eicher Motor 83%	50%	47%
Executive Directors	12 Companies ³ 1	ONGC 7	2.8	3.1
Women Directors	2 Companies ⁴ 0	5 Companies ⁵ 3	1.3	1.1

Five companies that were without the specified number of independent directors as mandated by the Companies Act, 2013: BPCL, NTPC, ONGC, Power Grid and SBI. The requirements of the Companies Act is less stringent than that of LODR, 2015 which requires more than 50% of the Directors to be Independent where the Company has an Executive Chairman or the Chairman is a Promoter or relate to the Promoters.

2. Committees of the Board

Description	Least #	Most #	Average 2016	Average 2015
Number of Board Sub committees	2 Companies ⁶ 4	2 Companies ⁷ 15	7.9	7.8

- i. All the Nifty 50 companies have constituted Audit Committee though called by different names like 'Audit and Risk management committee' or 'Audit and Ethics committee'.
- ii. All the Nifty companies have constituted Nomination and Remuneration Committee though called by different names for example- 'Human Resource, Nomination & Remuneration Committee', 'Board Governance, Nomination & Compensation Committee'.

³ ACC, Ambuja Cements, Asian Paints, Eicher Motors, Grasim, HCL Tech, Idea, IndusInd, Tech Mahindra, Ultratech, Yes Bank, Zee

⁴ ONGC, BPCL

⁵ Axis Bank, Cipla, Idea, Infosys, Ultratech

⁶ HDFC, Wipro

⁷ BOB, ONGC

- iii. Some unique committees of the Board are:
- Committee of Directors for issue of duplicate share certificates: ONGC.
 - Committee for Monitoring of Recovery: Bank of Baroda
 - Chemical Merger Committee: Grasim

3. Average number of members in Sub committees of the Board.

Committee name	2016			2015		
	Average number of members	Least number of members	Highest number of members	Average number of members	Least number of members	Highest number of members
Audit committee	4.2	11Companies ⁸ 3	SBI 8	4.1	Companies ⁹ 3	SBI 8
Nomination and remuneration committee	3.8	19Companies ¹⁰ 3	ACC 6	3.7	ONGC 1	Power Grid 6
Stake holder relationship committee	3.5	4Companies ¹¹ 2	3Companies ¹² 5	3.4	7Companies ¹³ 2	SBI 7

II. Directors' Report

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 in which financial statements are presented.

1. Quantitative details

Description	Minimum	Maximum	Average	ICSI Recommendation
Number of pages in the Directors' Report including annexures	ZEE 20	Coal India 148	54.1	N/A
Number of section headings in the Directors' Report	Infosys 6	Coal India 56	30.6	42 of which 27 is applicable to all companies
Number of annexures to the Directors' Report	SBI 0	Coal India 30	7.3	N/A

⁸ Auro Pharma, Bajaj Auto, BPCL, Cipla, HDFC, Hindalco, Infratel, Kotak, Lupin, Wipro, Power Grid

⁹ Many Companies have the least number of members, hence not listed

¹⁰ Aurbindo Pharma, BPCL, Coal India, Eicher motors, GAIL, Grasim, HDFC, Hindalco, Heromoto Corp, ICICI, Indusind, Idea, Kotak, Lupin, Sun Pharma, Tech Mahindra, Wipro, Yes Bank, Zee

¹¹ Eicher Motor, IndusInd, Lupin, Zee

¹² Bosch, ONGC, SBI

¹³ Wipro, Lupin, IndusInd, BPCL, ZEE, Vedanta, Tata Motors

2. Annexures to the Directors' Report

List of annexures (where more than 45 companies have reported it as an annexure)

S. no	Annexures to Directors' Report	# of companies
1	Extract of Annual returns	47
2	Secretarial Audit report	46
3	Annual report on CSR activities	48
4	Energy conservation, Technology absorption, Foreign exchange earnings and outgo	47

3. Important Reports and their Placement in Directors' Report

Report Title	Part of Directors' Report	Section head in Directors' Report and also given as		Standal one in Annual report	Annex in Annual report	Not found in Annual Report
		Annexure	Standalone			
Report on Corporate Governance	1	11	37	1	0	--
Business Responsibility Report	0	5	27	5	--	13 ¹⁴ Given in website
Report on CSR Activities	2	47	0	1	0	
Management Discussion and Analysis	9	7	29	5	0	

4. Section Headings in the Directors' Report

List of section headings (where more than 25 companies have used it as a heading)

S. no.	Section Headings to Directors' Report	# of companies
1	State of Affairs and company outlook	46
2	Financial Highlights	49
3	Acknowledgements	45
4	Employees	43
5	Subsidiaries/Associates and Joint Ventures	44
6	Statutory Auditor	44
7	Dividend	42
8	Corporate Social Responsibility	43

¹⁴ Out of the 13 companies who have published Business Responsibility report on their websites, 2 companies Coal India and HCL Tech, no separate Business Responsibility Report has been prepared as they have published the Sustainability Report based on internationally accepted reporting framework along with a mapping of the BRR as stated under SEBI (Listing Obligation and Disclosure Requirements) Regulations, and is treated as sufficient compliance of these regulations.

9	Directors responsibility Statement	44
10	Risk Management Policy	38
11	Corporate Governance	43
12	Conservation of energy, Technology, Foreign exchange earnings and outgo	42
13	Adequacy of Internal Financial Control	39
14	Directors/KMP	44
15	Related Party Transactions	36
16	Vigil Mechanism	33
17	Management Discussion and Analysis	31
18	Business Responsibility Statement	31
19	Particulars of loan, guarantees and investments	31
20	Extract of annual returns	30

i. All the companies have reported their Financial Highlights, but under different headings like Financial Performance, Performance highlights, Performance review, Consolidated results and so on.

ii. State of company affairs and outlook of the companies are expressed in a variety of subheadings like company overview, Business excellence, Business strategy, Business performance, Business segment etc.

III. Secretarial Audit Report

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. Secretarial Audit Report forms a part of the annual report of 48 Nifty companies. The two companies that have not included Secretarial Audit Report in their Annual Report are SBI and Bank of Baroda.

1. Secretarial Auditor

i. Six associate members (ACS) of the ICSI signed the Secretarial audit reports of eight Nifty companies. The balance 40 audit reports were signed by Fellow members (FCS) of ICSI.

ii. Secretarial Audit Report of ACC signed on 22-1-2016 was the earliest report issued in 2016. The latest report issued was that of Cipla signed on 12-8-2016. As in 2015, Secretarial Audit Reports of Nifty companies were issued in the period January to August.

iii. Top five ranked Secretarial Audit firms

Rank	Firm name/Secretarial auditor name	# of companies audited in 2016	# of companies audited in 2015	Increase/Decrease
1	BNP Associates	6	6	=
2	Parikh and Associates	5	5	=
3	Dr. K R Chandratre	4	5	↓
3	Chandrasekaran & Associates	4	3	↑
4	Agarwal & Associates	3	3	=
4	Vinod Kothari and Co	3	N/A	↑
5	SN Ananthasubramanian & Co	2	2	=
5	Sachin Bhagwat	2	2	=

iv. The top six CS firms conducted Secretarial Audit of 25 companies (52%) of Nifty Companies that underwent Secretarial Audit).

2. Secretarial Audit Report

i. Secretarial Audit Report format

a) Audit report of 28 companies contained the annexure outlining the management’s role, audit process, and limitations of the report as set out in the Guidance notes on secretarial audit issued by the ICSI.

b) In the report of five companies: BPCL, Infosys, Maruti Suzuki, Wipro, and Zee, the auditor has specifically excluded from their review applicable financial laws like direct and indirect tax laws as the same was reviewed by the statutory auditors and other designated professionals.

c) The Secretarial Audit Report of ACC and Ambuja Cements contained an annexure listing the name of the acts for which the auditor relied on management representation.

d) The Secretarial Audit Report of Ambuja Cements and Coal India contained an annexure listing the name of the documents verified.

e) The Secretarial Audit Report of Maruti Suzuki contained an annexure listing the Board composition.

f) The Secretarial Audit Report of GAIL included the company’s response to the observations which was placed after each observation, with the words company’s response at the start of each paragraph.

ii. The Secretarial Audit Report format provides for the ACS/FCS number of the Secretarial Auditor to be given, however, the Secretarial Audit Report of Adani Ports does not mention it.

3. Acts mentioned in Secretarial Audit Report

Description	Least	Most	Average	ICSI Format
Total number of mandates	ACC 5	12Companies ¹⁵ 12	10.1	12
Industry specific mandates	4 Companies ¹⁶ NIL	Hero MotoCorp 37	7.0	N/A

- i. 153 unique Acts, Rules, Regulations, Guidelines, Agreements and Standards were referred to in the secretarial audit reports of 48 companies.
- ii. 4 companies did not mention industry specific acts in their Secretarial Audit Reports.

¹⁵ Ambuja Cements, Asian Paints, BPCL, GAIL, Indusind, Infosys, ICICI Bank, ONGC, TCS, Tata Power, Tata Steel, Tata Motors

¹⁶ Bosch, Grasim, Infratel, L&T

- iii. Of the 12 Acts and regulations referred to in the Secretarial Audit report format issued by the ICSI, the following Acts or regulations have not been listed in the Secretarial Audit report of the following companies.

S. no	Act reference	# of companies not referring the Act in	
		2016	2015
1	FEMA	1	1
3	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009	5	5
4	The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999	31	8
5	The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008	9	7
6	The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993	4	6
7	The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009	9	12
8	The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998	9	13

4. Qualifications in the secretarial audit report

S. no	Company	# of Qualifications	Nature of qualifications
1	Aubindo Pharma	1	Delay in filing Annual Performance Report and Foreign Assets and Liabilities Reporting with Reserve Bank of India.
2	BHEL	1	Requisite number of directors not available- Independent Director
3	BPCL	2	No woman director Half of the Board does not comprise independent directors
4	Coal India	4	Policy for determination of materiality not disclosed Insufficient number of independent directors. Independent director not posted in unlisted subsidiary Board diversity policy not adopted
5	Eicher Motor	1	Delay in filing of e-forms in two circumstances.
6	GAIL	3	No woman director Insufficient number of independent directors Board evaluation not carried out
7	NTPC	2	Improper constitution of the Board Board evaluation not done
8	Power Grid	4	Requisite number of independent directors not available Audit committee not as per provisions of the Act Nomination Committee not as per provisions of the Act Delay in e forms filing
9	Sun Pharma	2	Delay of 3 days for disclosing aggregate shareholding and voting rights. Financial results not published in regional language.
10	ONGC	2	Do not have required number of non-executive directors. No woman director up to 13 th May 2015.

i. Qualified Secretarial Audit Reports reduced to 10 in 2016 from 13 in 2015.

IV. Company Secretary

1. Profile of Company Secretary

- i. Six out of 49 Company Secretaries in the Nifty 50 companies were women. (Adani Ports, Grasim, Hero MotoCorp, Infratel, Kotak, Power Grid) This compares with three in 2015.
- ii. 3 companies, have published a photograph of their Company Secretary in the Annual Report. (Maruti Suzuki, TCS, Yes Bank).
- iii. Some unique responsibilities combined with the Company Secretary role:
- Asian Paints: CFO and Company Secretary, President Industrial JVs
 - Cipla: Company Secretary and Chief Internal Auditor
 - HDFC Bank: Executive Vice president (legal) and Company Secretary
 - Hindustan Unilever: Executive Director (Legal) and Company Secretary
 - ITC: Executive Vice President and Company Secretary
 - Maruti Suzuki: Executive director(Legal) and Company Secretary
 - Yes Bank: President and Company Secretary
 - TCS: Company Secretary and Treasury
 - Reliance: Group Company Secretary and Chief Compliance Officer
 - NTPC: ED (Law) & Company Secretary

2. Popular designations for Company Secretaries

Designation	# of Companies	% of Companies
Company Secretary	29	59%
Company Secretary & Chief Compliance Officer	5	10%
Company Secretary combined with legal function	5	10%

3. Compensation for CS

Parameter	2016			2015		
	Least	Highest	Average	Least	Highest	Average
Compensation paid to the Company Secretary	Adani Ports	Hindustan Unilever		Adani Ports	Bharti Airtel	
	20 lakhs	442 lakhs	97 lakhs	19 lakhs	496 lakhs	110 lakhs
Designation	Company Secretary	Executive Director legal and Company Secretary		Company Secretary	Group General Counsel & Company Secretary	

V. Corporate Social Responsibility

1. CSR Spend

Description	2016			2015		
	Least	Most	Total	Least	Most	Total
CSR Mandated	Eicher Motors	ONGC		ZEE	ONGC	
Rs. crores	8.4	593.7	5478	19.3	660.6	5046
CSR Spent	Eicher Motors	Reliance		Idea	Reliance	
Rs. crores	9.0	651.6	5082	NIL	760.5	3989
CSR spent as % of Mandated, and amount spent	HCL Tech	Coal India		Idea	Tech Mahindra	
	8.6%	372%	92.7%	0%	164%	79%
Rs. crores	10.5	73.3		-	50.5	

- 48 companies analysed have invested in CSR activities. SBI and Bank of Baroda, the remaining two, have not reported their CSR spends as part of annual reports.
- 2 companies, Sun Pharma and Tata Motors, as per Section 135 were not mandated to spend on CSR, but have spent on CSR -Tata Motors Rs.20.57 crores and Sun Pharma Rs. 11.65 crores.

2. Reason for Not Spending the mandated amount

25 of the 46 companies have spent less than the prescribed amount. The explanation provided for short spending is tabulated below:

S. No.	Reason for not spending mandated amount	Companies stating this reason	# of Companies
1	Exploring new opportunities	Axis Bank, Bharti Airtel	2
2	Multiyear projects	Aurobindo Pharma, BHEL, Infosys, TCS, Power Grid, Cipla, Grasim, HCL	8
3	Delay in implementation due to regulatory/ administrative issues	Bosch, BPCL, ICICI Bank, HDFC, Lupin	5
4	Scaling up in coming years	HDFC Bank, Indusind Bank, Infratel, ONGC, Yes Bank, Ultratech Cement	6
5	Details not furnished	ZEE	1
6	Small fraction of projects were shortened	Dr. Reddys	1
7	CSR capabilities on the build	Kotak	1
8	Company was in the process of evaluating the focus areas and the location(s) of intervention for CSR Activities	Idea	1
Total			25

3. Spends by CSR Sectors

Sectors	2016		2015	
	# of Companies	Amount in Rs. Crores	# of Companies	Amount in Rs. Crores
Promoting education , including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects	48	1702	42	1074
Eradicating hunger, poverty and malnutrition , promoting preventive health care and sanitation including contribution to the Swachh Bharat Kosh & making available safe drinking water	48	1208	42	1030
Ensuring environmental sustainability , ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water and including contribution to the clean Ganga Fund	37	759	28	496
Promoting gender equality , empowering women setting up homes and hostels for women and orphans; setting up old age homes day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups	24	221	25	219
Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art. Setting up public libraries, promoting and development of traditional art and handicrafts	19	30	10	39
Measure for the benefit of armed forces veteran, war widows and their dependents	3	1	1	0.1
Training to promote rural sports, nationally recognized sports, para Olympic sports and Olympic sports	16	27	9	33
Contribution to the Prime Ministers National Relief fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the scheduled caste, the scheduled tribes other backward classes, minorities and women	6	23	8	53
Contributions or funds provided to technology incubators located within academic institutions which are approved by the central government	-	-	-	-
Rural development projects	33	776	23	456
Administrative Expenses/ Overheads	22	97	21	65
Not classified	15	238	4	524
Total		5082		3989

VI. Notice for the Annual General Meeting

1. Annual General Meeting Calendar

Parameter	2016			2015		
	Least	Highest	Average	Least	Highest	Average
Year end to Board Meeting*	Infosys	GAIL		TCS	Sun Pharma	
Days	15	141	66	16	133	60
Board Meeting to AGM	SBI	HCL Tech		Power Grid	Bosch	
Days	34	152	66	36	152	70
Year end to AGM	Yes Bank	Idea		Yes Bank	Sun Pharma	
Days	68	82	133	67	214	130

*Board Meeting in which Financial Statements were approved.

2. Number of Shareholder resolutions

Description	2016			2015		
	# Least	# Most	# Average	# Least	# Most	# Average
Ordinary business Resolutions	SBI/ BOB	ICICI		PNB	ICICI/ HUL	
	1		4.4	2	6	4.4
Special Business Resolutions	SBI/BOB/ Infosys	Axis Bank		Tech Mahindra	Kotak	
	0	14	5.1	0	12	4.5
AGM Notice¹⁷ Resolutions	SBI	Axis Bank		Bank of Baroda	Yes Bank	
	2	22	10	1	20	10

Shareholders of nationalized banks do not appoint statutory auditors. The statutory auditor is appointed by the Reserve Bank of India.

¹⁷ Excluding admission slip, proxy form and route map

Food for Thought

While analysing the Nifty companies an important question arose in our minds. We thought we should present it to a larger audience for their consideration.

Company Secretary's Compensation

In 2016 the compensation level for Company Secretaries in the Nifty 50 companies saw a decline.

- The average compensation fell by 12% from Rs.110 lakhs to Rs.97 lakhs
- The maximum compensation fell by 11% from Rs.496 lakhs to Rs.442 lakhs
- The only consolation was that the minimum compensation increased by 5% from Rs.19 lakhs to Rs.20 lakhs.

While we are not sure what inference can be conclusively drawn from this trend, we believe it is prudent to see this decline in the context of compensation available to newly qualified Company Secretaries. If the compensation available to the newly qualified Company Secretaries is also seen to be softening, as we believe it is, this could be the trigger for major introspection.

We believe the profession should consider among others the following facts and decide on the way forward to avoid a potential challenge that could discourage new entrants to the profession and dampen the spirits of the existing members.

- The number of active companies in India as on February 2016, the latest data available, is 10,83,152 growing at the rate of about 5000-8000 companies per month.
- There are 41,960 qualified Company Secretaries, with a further 4 lakh enrolled students in the pipeline, waiting to join the profession.

Given that the base of Company Secretaries is likely to grow faster than the number of companies being incorporated, can this softening of compensation seen in 2015-16 be arrested and reversed?

We believe it is possible to reverse the trend of softening compensation if a conscious attempt is made by relooking at the value add provided by Company Secretaries and enrich them as business partners who assist companies in the creation of shareholder and stakeholder value. Further the role of Company Secretaries in other body corporates like Cooperative Societies and Trusts need to be consciously planned and addressed to enlarge the engagement opportunities for company secretarial services.

Team, Disclaimer and limitations of study

Team



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Disclaimer and Limitation of the Study

- **General Information:** CimplifyFive has prepared INDIA SECRETARIAL PRACTICES 2016 report to identify new trends, practices and lessons emerging from the introduction of the Companies Act, 2013, with the intent of disseminating it to all Corporates in general and the CSs and CAs 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.
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