

**Presentation at CSR-BEN RoundTable, IIC
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Report – CSR of top 100 Companies

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Background to the Report

- Desire to learn about CSR, before talking about it.
- Huge interest one saw in CSR - from civil sector, from industrialists, from academicians.
- Very little hard facts available on CSR in the country
- A desire to promote CSR in a manner that it becomes a sustainable and effective instrument by creating a win-win situation.

Scope

- ❑ Arrive at scope of CSR Interventions in terms of funding
- ❑ Identify popular sectors for CSR intervention
- ❑ Identify methodology of implementation

Additional scope

- ❑ Assess transparency in the sector and develop measurement tools for the same

Methodology

- ❑ Discussing ToR with various stakeholders
- ❑ Understand the sector by discussing it with Industry & Sector representatives
- ❑ Participate in discussion groups on CSR to develop better understanding
- ❑ Prepare list of top 100 corporates (List as per SEBI)
- ❑ Undertake study of individual company's Annual Reports, Business Responsibility Report and CSR Reports
- ❑ Develop matrix tables for capturing critical information, which is comparable
- ❑ Data captured is properly documented for subsequent verification
- ❑ Ensure sufficient checks for all data captured
- ❑ Summarise and analyse the results
- ❑ Prepare a report
- ❑ Disseminate the results through public platforms

Evolution of CSR

- ❑ Traditionally CSR undertaken by city *seths* through dharmshala, pios, etc. ~ based more on religious sentiments
- ❑ Gandhiji's call for 'Trusteeship' was an important part of evolution of CSR in country.
- ❑ Several industrialists of this era have contributed to welfare (GD Birla, Jamanalal Bajaj, Sarabhai, Murugappa Group, to name a few)
- ❑ Institutions like BITS Pilani, IIM Ahemdabad, Physical Research Lab, Shri Ram College, etc are all result of initiatives of industrialists
- ❑ 50s -70s was lull period for CRS
- ❑ Huge growth in CRS since the industrial growth has picked up

Legal basis of CSR

Private sector

- Presently no legal requirements though corporates try to provide 0.5% -1.5% of their PAT for CSR. Even loss-making companies contributing.
- Clause 135: CSR mandatory for organisation satisfying any of three conditions:
 - Minimum Turnover Rs 1000 crore, or
 - Networth Rs 500 crore, or
 - Net profit in any financial year Rs 5 crore or more.
- Mandatory 2% CSR, CSR Committee (3), Board accountable for ensuring mandatory spending otherwise explain through Directors' Report

Legal basis of CSR.....*cont'd*

- Board to formulate policy to indicate activities to be undertaken. Presently permitted activities covered under Sch VII.
 - Eradication of extreme Hunger & Poverty
 - Education
 - Women Empowerment
 - Child Mortality & Maternal Health
 - HIV, Malaria & other diseases
 - Environment Sustainability
 - Skill Enhancement
 - Social Enterprise projects
 - PM / CM or similar other Relief funds
 - Give preference within vicinity of the operational area
 - Board to monitor
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Legal basis of CSR.....*cont'd*

PUBLIC SECTOR:

- ❑ Central Public Sector Enterprises need to provide for as follows:
 - Less than Rs 100 cr Profit : 3%-5%
 - Rs 100 cr – Rs 500 cr : 2% -3%
 - Above Rs 500 cr : 1% - 2%

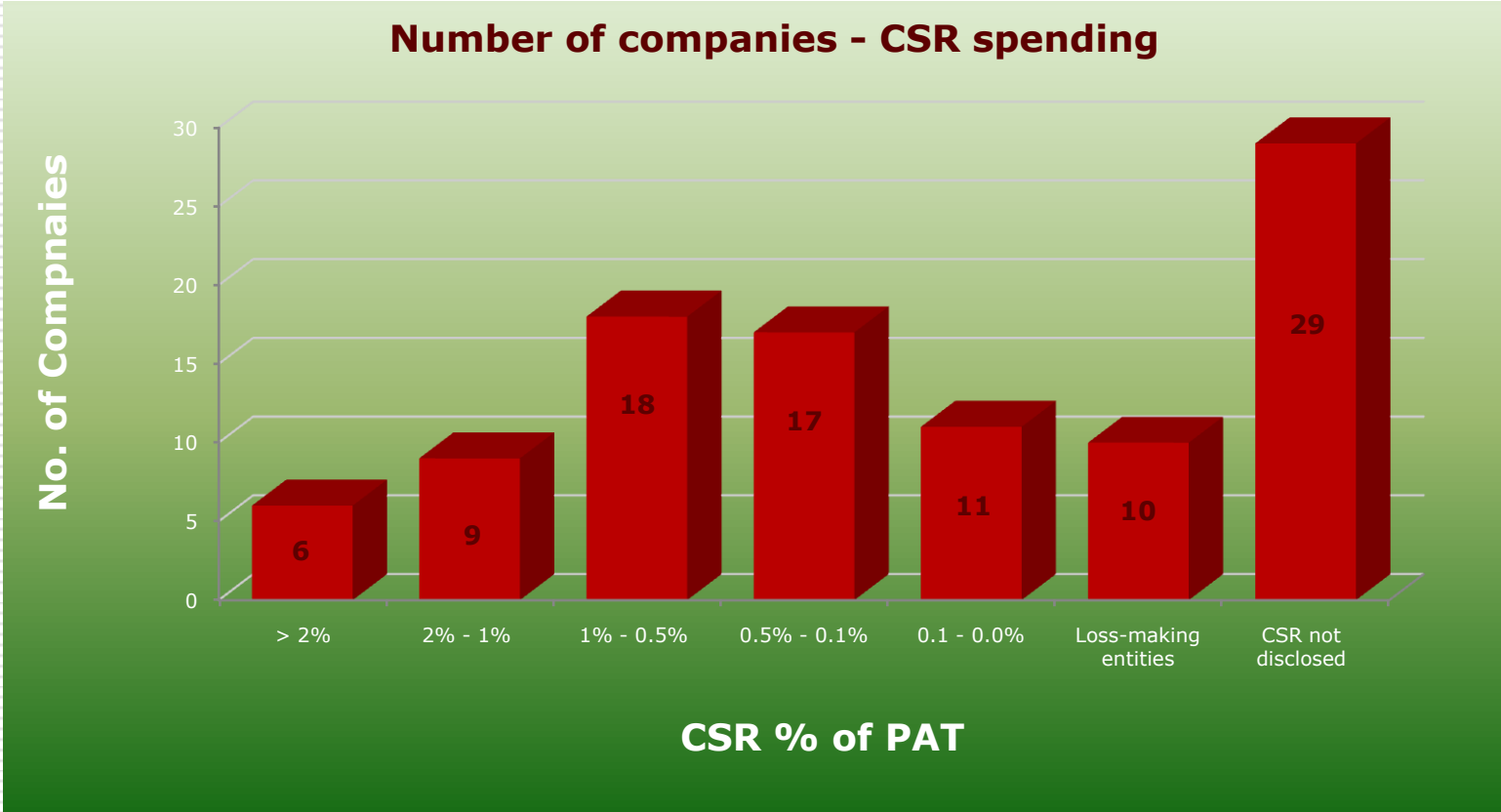
- ❑ CSR amount once allocated would not lapse

Major Findings - Spending

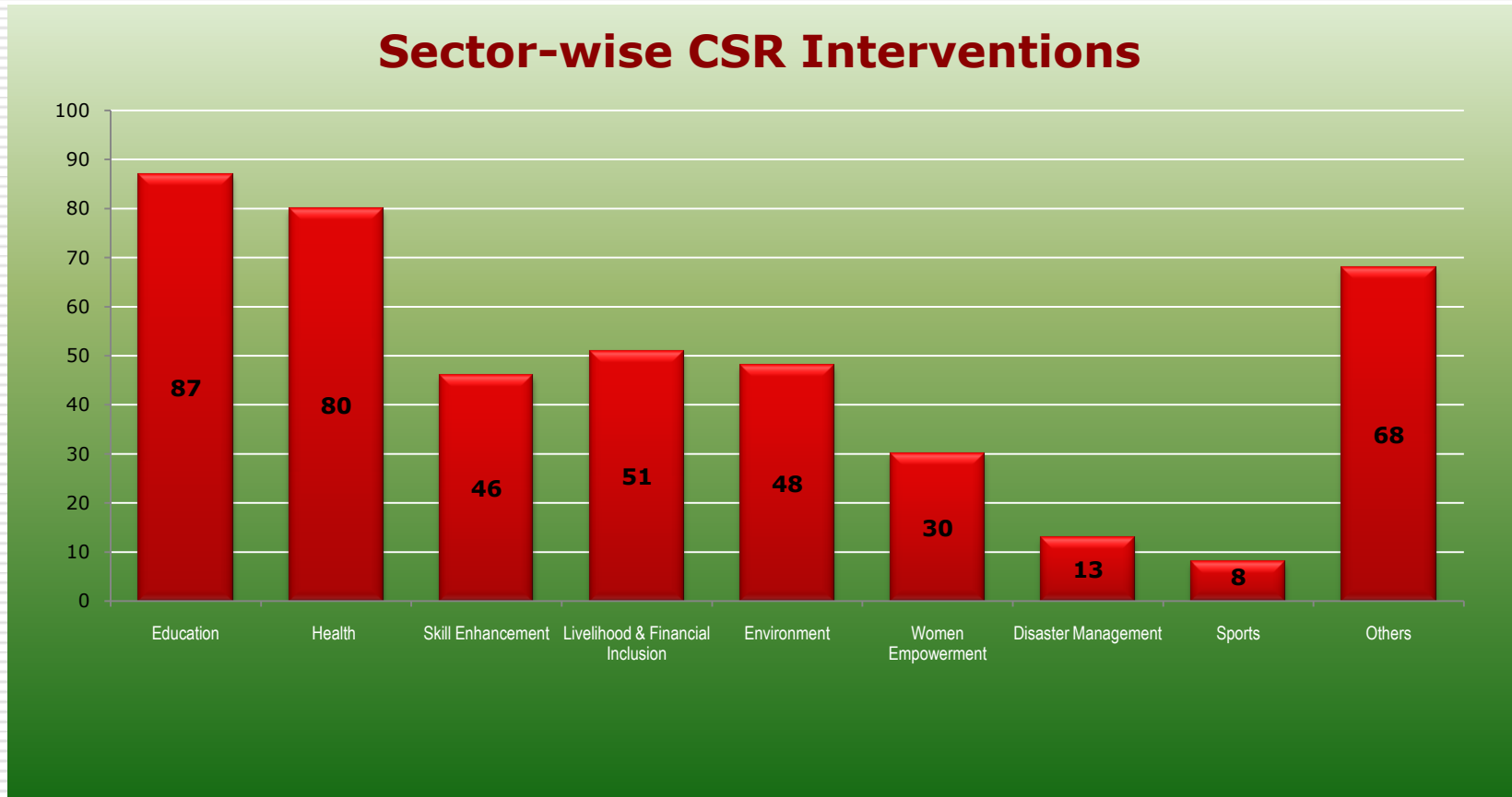
- CSR Contribution of top 100 corporates comes to around 0.82% of PAT, which comes to **Rs 2300** crores.

- Biggest CSR spending (in absolute terms) by
 - Reliance Industries Rs 357 crores
 - Tata Steel Rs 146 crores
 - SBI Rs 123 crores
 - ICICI Rs 117 crores
 - HDFC Bank Rs 90 crores

Major Findings - Spending



Sector – wise Spending



SRRF CSR Report of top 100 Corporates by Subhash Mittal
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Transparency relating to CSR

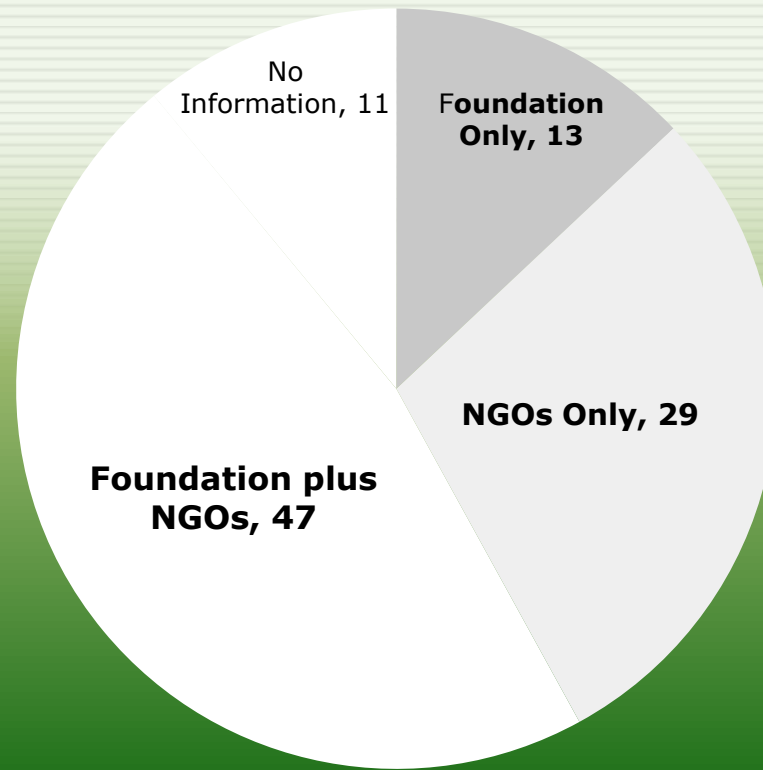
- ❑ 59 cases CSR amount has not been disclosed
- ❑ No distinct information about 39 cases what CSR activities undertaken during the year
- ❑ Even among 61 cases where we have taken CSR information for the year as available, one would need to put in great effort to decipher this.
- ❑ Study has developed a CSR Transparency Index. We hope this will help in improving disclosure of CSR.

Implementation Strategies

- Larger CSR programmes are undertaking wider approach
 - Infosys works in education in large number of areas
 - Reliance is undertaking large number of programmes through different parts of the countries
 - Banks work for financial inclusion through their branches
- A large number of CSr programmes interventions are around factories / units (Hero)
- Nasscom aligns with its core strength – IT
- NIIT has evolved a novel method – low cost IT education

Partnering with NGOs

Implementation Methodology



Issues relating to partnership with NGOs

- TDS deduction from grants – has wider implications

Thank You.

