



The Indian EXPRESS

JOURNALISM OF COURAGE

SINCE 1932

₹7.00 (₹8 BIHAR & RAIPUR, ₹15 SRINAGAR) WWW.INDIANEXPRESS.COM

MONDAY, APRIL 28, 2025, NEW DELHI, LATE CITY, 16 PAGES

CSR spend: Listed firms record 16% rise to ₹17,967 cr in previous fiscal

HDFC Bank tops list with ₹945.31 cr, Reliance Industries next at ₹900 cr

TOP CSR SPENDERS

Rank	Company	CSR expenditure	Market cap
1	HDFC Bank	₹945.31 cr	₹10.99 lakh cr
2	Reliance Industries	₹900 cr	₹20.10 lakh cr
3	TCS	₹827 cr	₹14.02 lakh cr
4	ONGC	₹634.57 cr	₹3.37 lakh cr
5	TATA Steel	₹580.02 cr	₹1.94 lakh cr
6	ICICI Bank	₹518.87 cr	₹7.67 lakh cr
7	IOC	₹457.71 cr	₹2.36 lakh cr
8	INFOSYS Ltd.	₹455.67 cr	₹6.21 lakh cr
9	ITC	₹404.05 cr	₹5.34 lakh cr
10	Power Grid Corp	₹330.48 cr	₹2.57 lakh cr

Source: primeinfobase.com

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MUMBAI, APRIL 27

AIDED BY a surge in profits, funds spent by listed companies on Corporate Social Responsibility (CSR) rose by 16 per cent to Rs 17,967 crore during the year ended March 2024 as compared to Rs 15,524 crore spent in 2022-23, says a report. HDFC Bank topped the list with

a CSR spend of Rs 945.31 crore, followed by Reliance Industries Rs 900 crore, TCS at Rs 827 crore and ONGC Rs 634.57 crore.

The rise was due to an 18 per cent rise in average net profit (in the preceding 3 years) of these companies, two per cent of which needs to be spent on CSR activities as per regulatory requirements, and followed three years of flattish spends, from

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• CSR spend

Rs 14,751 crore in 2019-20 to just Rs 15,524 crore in 2022-23, says a PRIME Database report.

The CSR law, which came into force in April 2014, mandates companies, subject to the provisions of the Act, to invest two per cent of their net profit in CSR projects. Companies with net worth of Rs 500 crore and above or revenue of Rs 1,000 crore and above or net profit of Rs 5 crore and above have to spend two per cent of average net profits of last three years.

According to Primeinfobase.com, the average net profit of 1,394 companies over last three years was Rs 9.62 lakh crore, up from Rs 8.14 lakh crore in 2022-23. As per CSR requirements, the amount required to be spent by them was Rs 18,309 crore (2022-23: Rs 15,713 crore), against which they spent a slightly lower Rs 17,967 crore (2022-23: Rs 15,524 crore). The shortfall can be explained by the increase in amount which remained unspent which was

transferred by companies to Unspent CSR Account Rs 2,329 crore) for use in future years, it said.

According to Pranav Haldea, MD, PRIME Database, it is also now time that the Government considers revising these thresholds upwards given the passage of time and "ease of doing business". As a case in point, the average 3-year net profit of companies listed on NSE has more than doubled from Rs 4.18 lakh crore in 2014-15, the first year of this regulation, to Rs 9.62 lakh crore in 2023-24. The CSR thresholds may now be revised upwards to keep the relatively smaller companies out of the purview of this regulation, which was the original intent as well, he said.

As many as 2,013 companies were listed on NSE main board as on March 31, 2024.

In line with the previous years, education received the maximum spend Rs 1,104 crore) followed by healthcare Rs 720 crore). On the other hand, areas such as slum development, armed force veterans and disaster management saw

lower and negligible spends. In comparison to previous year (only considering data of 440 companies for which project details were available for both years), spends on environmental sustainability increased the most (54 per cent) followed by spends on national heritage (5 per cent). On the other hand, contribution to slum development fell the most (72 per cent) followed by spends on rural development (59 per cent) and armed force veterans (52 per cent).

The number of companies which spent on CSR went up to 1,367 (98 per cent of the 1,394 companies) in 2023-24 from 1,272 (98 per cent) in 2022-23. The balance 27 companies, despite being mandated, did not spend anything.

While 418 companies (30 per cent) spent as much as prescribed, there were 681 companies (49 per cent) which exceeded their prescribed spending.

On the other hand, there were 259 companies which missed the mandatory spending of two per cent of net profit (249 in 2022-23).

This was primarily due to companies undertaking multiyear projects and thus transferring the unspent amount to their 'Unspent CSR Account' for utilisation in the next three financial years. In case the amount remains unspent even after the end of the three financial years, it needs to be transferred to any fund specified under the CSR Act such as PM National Relief fund, PM CARES fund etc.

PSU spending saw an increase of 19 per cent from previous year — 66 PSUs spent Rs 3,717 crore in 2023-24, up from Rs 3,136 crore spent by 56 PSUs in 2022-23. The CSR Act also mandates companies to appoint a CSR committee comprising at least three members of the board of which at least one should be independent, in case the CSR spend is more than Rs 50 lakh. While 1,028 companies spent more than Rs 50 lakh, 990 companies had such a CSR committee in place. Several companies also went beyond the requirement of having 3 members with as many as 503 companies appointing more than 3 members.