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PRESS RELEASE

CONTRIBUTION TO PM's RELIEF FUND SEES 418 PER CENT INCREASE, OVERALL CSR SPENDS UP BY 28 PER CENT: PRIME DATABASE

CSR spends by NSE listed companies saw a **huge increase of 28% in 2015-16**, according to Pranav Haldea, Managing Director of PRIME Database.

CSR law, which came into force in April 2014, mandates companies subject to the provisions of the Act to invest 2% of their net profit in CSR projects. Companies with net worth of Rs. 500 crore and above or revenue of Rs. 1000 crore and above or net profit of Rs. 5 crore and above have to spend 2% of average net profits of last 3 years.

According to PRIME Database, of the 1579 companies presently listed on NSE, 1520 companies were listed during FY 2015-16 (balance 59 have got listed subsequent to April 2016). Of these 1520 companies, annual reports for 2015-16 have been released by 1421 companies. Of these 1421 companies, 1332 had details relating to CSR given in the annual reports, while no such details were available for the balance 89. Finally, of the 1332 companies, 920 were applicable under the provisions of CSR in the Companies Act, up from 895 companies in 2014-15. **This analysis is based on these 920 companies.**

According to PRIME Database, the average net profit of these 920 companies over last 3 years was Rs. 4.60 lakh crore (2014-15: Rs. 4.22 lakh crore). As per CSR requirements, amount required to be spent by such companies was Rs. 9,146 crore (2014-15: Rs. 8,372 crore). The companies, however, went one step further and decided to spend Rs. 9,309 crore instead (2014-15: 8,606 crore), Rs. 163 crore more than the requirement. However, Rs. 1,984 crore eventually remain unspent (2014-15: Rs. 2,583 crore) and the **final actual CSR expenditure by these companies was Rs. 8,345 crore** (2014-15: Rs. 6,526 crore), an increase of 28 per cent.

The Companies Act has prescribed 9 different schedules under which spends can be made. The schedule-wise spend was as follows:

Schedule	Total (Rs. cr)	%age of Total
SCHEDULE VII (i) - ERADICATING EXTREME HUNGER AND POVERTY	504.67	6%
SCHEDULE VII (ii) - PROMOTION OF EDUCATION	2042.15	24%
SCHEDULE VII (iii) - PROMOTING GENDER EQUALITY AND EMPOWERING WOMEN	137.62	2%
SCHEDULE VII (iv) - REDUCING CHILD MORTALITY AND IMPROVING MATERNAL HEALTH	29.30	0%
SCHEDULE VII (v) - COMBATING HUMAN IMMUNODEFICIENCY VIRUS, ACQUIRED IMMUNE DEFICIENCY SYNDROME, MALARIA AND OTHER DISEASES	1637.79	20%
SCHEDULE VII (vi) - ENSURING ENVIRONMENTAL SUSTAINABILITY	540.84	6%
SCHEDULE VII (vii) - EMPLOYMENT ENHANCING VOCATIONAL SKILLS	526.55	6%
SCHEDULE VII (viii) - SOCIAL BUSINESS PROJECTS	274.02	3%
SCHEDULE VII (ix) - CONTRIBUTION TO THE PRIME MINISTER'S NATIONAL RELIEF FUND OR ANY OTHER FUND SET UP BY THE CENTRAL GOVERNMENT OR THE STATE GOVERNMENTS FOR SOCIO-ECONOMIC DEVELOPMENT AND RELIEF AND FUNDS FOR THE WELFARE OF THE SCHEDULED CASTES, THE SCHEDULED TRIBES, OTHER	868.74	10%

BACKWARD CLASSES, MINORITIES AND WOMEN		
SCHEDULE VII (x) - SUCH OTHER MATTERS AS MAY BE PRESCRIBED	1782.34	21%

Under Schedule VII (x), various areas such as supporting the differently abled & old age persons, expenses incurred on collective activities, contribution to private funds/ foundation, rural development, CSR department internal capacity building, animal welfare, creating awareness on human trafficking, community development for relief operation & donations, homes for orphans & measure for reducing inequalities faced by socially and economically backward groups etc. have been given by companies.

According to PRIME Database, **Education received the maximum spends followed by Healthcare. A huge Rs. 1782 crore (or 21 per cent of the overall spend) was made under 'Other Matters'**. Areas such as child mortality, improving maternal health, promotion of gender equality and social business projects saw negligible spends (It is important to note though that there could be overlap between the different schedules. For e.g., building toilets for women can be classified under healthcare as also under gender inequality).

In comparison to previous year, **spends under Schedule VII (ix) viz. contribution to PMs funds saw the maximum increase (418 per cent) from Rs. 168 crore in 2014-15 to Rs. 701 crore in 2015-16**. This was followed by spends on hunger/poverty (66 per cent increase) and gender equality (38 per cent). **Spends on child mortality and maternal health saw the maximum decrease (22 per cent)**. According to Haldea, allocation as a per cent of total under different schedules though remained fairly constant over previous year.

Schedule VII	Total Spends 2014-15 (Rs.cr)	% of Total	Total Spends 2015-16 (Rs.cr)	% of Total	Increase (Rs.cr)	Increase %
SCHEDULE VII (IX)	167.74	3	868.74	10	701.00	417.90
SCHEDULE VII (I)	304.31	5	504.67	6	200.36	65.84
SCHEDULE VII (III)	99.48	2	137.62	2	38.14	38.34
SCHEDULE VII (X)	1340.27	21	1784.18	21	443.90	33.12
SCHEDULE VII (II)	1570.44	24	2042.15	24	471.71	30.04
SCHEDULE VII (V)	1479.82	23	1637.79	20	157.97	10.67
SCHEDULE VII (VII)	549.83	8	526.55	6	-23.28	-4.23
SCHEDULE VII (VIII)	298.20	5	274.02	3	-24.18	-8.11
SCHEDULE VII (VI)	678.69	10	540.84	6	-137.85	-20.31
SCHEDULE VII (IV)	37.41	1	29.30	0	-8.12	-21.70

Company-wise Analysis

The top 10 companies in terms of absolute CSR spends were as follows:

Rank	Company	CSR expenditure (Rs.cr)
1	RELIANCE INDUSTRIES LTD.	651.57
2	NTPC LTD.	491.80
3	OIL & NATURAL GAS CORP.LTD.	409.01
4	TATA CONSULTANCY SERVICES LTD.	294.23
5	ITC LTD.	247.50
6	NMDC LTD.	210.09

7	TATA STEEL LTD.	204.46
8	INFOSYS LTD.	202.30
9	POWER FINANCE CORP.LTD.	196.88
10	ICICI BANK LTD.	171.51

The top 10 companies in terms of per cent of profit spent towards CSR were as follows:

Company	Average Net Profit of last 3 FY (Rs.cr)	CSR expenditure (Rs.cr)	%
ENERGY DEVELOPMENT CO.LTD.	0.25	0.15	61.05
20 MICRONS LTD.	0.05	0.02	37.68
SUNDARAM-CLAYTON LTD.	23.22	5.86	25.26
TGB BANQUETS & HOTELS LTD.	0.38	0.09	22.25
TVS MOTOR CO.LTD.	357.56	78.26	21.89
GODAWARI POWER & ISPAT LTD.	18.22	3.85	21.13
KSK ENERGY VENTURES LTD.	5.16	1.00	19.39
INDIA CEMENTS LTD.,THE	10.20	1.88	18.46
BEARDSSELL LTD.	2.34	0.40	16.98
ACTION CONSTRUCTION EQUIPMENT LTD.	10.89	1.57	14.39

The top 10 companies which saw maximum increase in CSR spends in absolute terms from last year were as follows:

Company	CSR expenditure 2014-15 (Rs.cr)	CSR expenditure 2015-16 (Rs.cr)	Increase (Rs.cr)
NTPC LTD.	205.19	491.80	286.61
POWER FINANCE CORP.LTD.	51.68	196.88	145.20
GAIL (INDIA) LTD.	17.15	104.83	87.67
RURAL ELECTRIFICATION CORP.LTD.	46.04	128.30	82.26
TATA CONSULTANCY SERVICES LTD.	218.42	294.23	75.81
TVS MOTOR CO.LTD.	5.15	78.26	73.11
POWER GRID CORP.OF INDIA LTD.	47.42	115.94	68.52
HERO MOTOCORP LTD.	2.37	65.00	62.63
BHARAT PETROLEUM CORP.LTD.	33.95	95.59	61.64
HOUSING DEVELOPMENT FINANCE CORP.LTD.	26.91	85.70	58.79

There were 363 companies which exceeded their prescribed spending. The top 10 were as follows:

Company	Prescribed CSR expenditure (Rs.cr)	Actual CSR expenditure (Rs.cr)	Excess spend (Rs.cr)
NTPC LTD.	271.35	491.80	220.45
RELIANCE INDUSTRIES LTD.	557.78	651.57	93.79
TVS MOTOR CO.LTD.	7.15	78.26	71.11
TATA STEEL LTD.	150.00	204.46	54.46
COAL INDIA LTD.	19.69	73.26	53.57
GUJARAT MINERAL DEVELOPMENT CORP.LTD.	14.47	66.03	51.56

POWER FINANCE CORP.LTD.	145.79	196.88	51.09
NLC INDIA LTD.	44.27	81.93	37.66
NHPC LTD.	43.28	72.68	29.40
STEEL AUTHORITY OF INDIA LTD.	57.20	76.16	18.96

Companies which missed the mandatory spending of 2% of profit decreased from 422 in 2014-15 to 376 in 2015-16. The top 10 companies in terms of highest unspent amount in 2015-16 were:

Company	Prescribed CSR expenditure (Rs.cr)	Actual CSR expenditure (Rs.cr)	Unspent Amount (Rs.cr)
OIL & NATURAL GAS CORP.LTD.	593.70	409.01	184.69
BHARTI AIRTEL LTD.	189.00	43.94	145.06
HCL TECHNOLOGIES LTD.	144.63	14.16	130.47
HDFC BANK LTD.	248.00	127.28	120.72
HINDUSTAN ZINC LTD.	170.05	63.26	106.79
TATA CONSULTANCY SERVICES LTD.	360.00	294.23	65.77
CAIRN INDIA LTD.	107.21	51.50	55.71
INFOSYS LTD.	256.01	202.30	53.71
HOUSING DEVELOPMENT FINANCE CORP.LTD.	139.26	85.70	53.56
BHARAT HEAVY ELECTRICALS LTD.	110.03	66.20	43.83

According to Haldea, PSU spending saw a huge increase of 41 per cent from previous year. On an overall basis, 48 PSUs spent Rs. 2,078 crore in 2014-15. This went up to Rs. 2,936 crore by 47 PSUs in 2015-16.

The CSR Act also mandates companies to appoint a CSR committee comprising at least 3 members of the board of which at least 1 should be independent. 1197 out of 1520 companies had such a CSR committee in place. Several companies though went beyond the requirement. **According to Haldea, as many as 331 companies had appointed more than 3 members.**

State-wise Analysis

The top 10 states which received maximum CSR spends were as follows:

State	Amount Received (Rs.cr)	%age of Total
ANDHRA PRADESH + TELANGANA	629.70	7.55
MAHARASHTRA	529.50	6.35
GUJARAT	493.89	5.92
RAJASTHAN	466.64	5.60
TAMIL NADU	413.61	4.96
KARNATAKA	340.25	4.08
UTTAR PRADESH	305.75	3.67
WEST BENGAL	294.74	3.54
MADHYA PRADESH	292.72	3.51
DELHI	291.49	3.50

Amount spent in multiple locations has been equally divided between the states given. If a state/location is not provided in the disclosure, then the amount has been equally divided amongst all states.

The top 10 states in terms of increase in spends from last year were as follows:

State	Amount Received 2014-15 (Rs.cr)	Amount Received 2015-16 (Rs.cr)	Increase (Rs.cr)
ANDHRA PRADESH + TELANGANA	452.05	629.70	177.66
RAJASTHAN	317.07	466.64	149.56
GUJARAT	368.35	493.89	125.54
TAMIL NADU	293.24	413.61	120.37
DELHI	196.57	291.49	94.93
MADHYA PRADESH	223.46	292.72	69.26
MAHARASHTRA	463.03	529.50	66.47
UTTAR PRADESH	245.35	305.75	60.40
PUNJAB	147.07	199.40	52.33
HARYANA	164.84	212.91	48.07

The top 10 states which saw decrease in spends in comparison to previous year were as follows:

State	Amount Received 2014-15 (Rs.cr)	Amount Received 2015-16 (Rs.cr)	Decrease (Rs.cr)
JAMMU & KASHMIR	183.16	119.40	-63.75
ARUNACHAL PRADESH	154.41	122.55	-31.86
CHANDIGARH	103.64	90.46	-13.18
ANDAMAN & NICOBAR	89.88	77.84	-12.04
DAMAN	89.88	78.06	-11.82
MIZORAM	93.32	82.34	-10.98
NAGALAND	91.68	80.77	-10.91
LAKSHADWEEP	88.34	77.84	-10.50
DIU	88.34	78.01	-10.33
PONDICHERRY	102.50	93.82	-8.68