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CSR SPENDS BY NSE LISTED COMPANIES SEES MARGINAL 7 PER CENT JUMP IN 2016-17: PRIME DATABASE

CSR spends by NSE listed companies saw a marginal **increase of 7% in 2016-17**, 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 1716 companies presently listed on the NSE, 1571 companies were listed during FY 2016-17 (balance 145 have got listed subsequent to April 2017). Of these 1571 companies, annual reports for 2016-17 have been released by 1551 companies. Of these 1551 companies, 1462 had details relating to CSR given in the annual reports, while no such details were available for the balance 89. Finally, of the 1462 companies, 1019 were applicable under the provisions of CSR in the Companies Act, up from 933 companies in 2015-16. **This analysis is based on these 1019 companies.**

According to PRIME Database, the average net profit of these 1019 companies over last 3 years was Rs. 4.80 lakh crore (2015-16: Rs. 4.53 lakh crore). As per CSR requirements, amount required to be spent by such companies was Rs. 9,669 crore (2015-16: Rs. 9,120 crore). The companies, however, went one step further and decided to spend Rs. 9,936 crore instead (2015-16: 9,298 crore), Rs. 267 crore more than the requirement. However, Rs. 1,574 crore eventually remained unspent (2015-16: Rs. 1,898 crore). **The final actual CSR expenditure by these companies was Rs. 9,034 crore (2015-16: Rs. 8,430 crore), an increase of 7 per cent.**

The Companies Act has prescribed 11 different schedules under which spends can be made. The schedule-wise spend is given below. Apart from the 11 prescribed schedules, few companies also made spends towards Community development/ infrastructure/ social welfare/ child welfare and towards other activities. Details of such spends have been given at the bottom of the table.

Schedule	Total (Rs. cr)	%age of Total
VII (i)- Hunger, poverty and healthcare	2394.40	27%
VII (ii)- Education and vocation skills	3384.67	37%
VII (iii)- Reducing Inequalities	246.04	3%
VII (iv) - Environmental Sustainability	947.28	10%
VII (v) – National Heritage	245.99	3%
VII (vi) – Armed Force Veterans	73.13	1%
VII (vii)- Sports	202.73	2%
VII (viii) – PM's Relief Fund	71.40	1%

VII (ix)- Technology Incubators	43.54	0%
VII (x) - Rural Development	1109.82	12%
VII (xi) - Slum Development	44.50	0%
Sub-Total	8763.49	97%
Community development/ infrastructure/ social welfare/ child welfare	90.55	1%
Others	39.62	0%
Admin expenses	140.88	2%
Total	9034	100%

According to PRIME Database, **Education received the maximum spends followed by Healthcare, a change from the previous year.** Areas such as reducing inequalities, national heritage, armed forces, sports, PM relief fund, technology incubators and slum development saw negligible spends. In comparison to previous year though, these areas did see the highest percentage increase in spends as shown in table below. **Spends on PMs funds saw the maximum decrease (56 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 2015-16 (Rs.cr)	% of Total	Total Spends 2016-17 (Rs.cr)	% of Total	Increase (Rs.cr)	Increase %
Armed Force Veterans	24.58	0	73.13	1	48.55	197.52
Sports	106.44	1	202.73	2	96.29	90.46
Slum Development	147.58	2	245.99	3	98.41	66.68
National Heritage	26.99	0	44.50	0	17.50	64.85
Environmental sustainability	668.02	8	947.28	10	279.26	41.80
Technology Incubators	31.40	0	43.54	0	12.14	38.67
Education and vocation skills	2793.33	33	3384.67	37	591.33	21.17
Reducing inequalities	220.34	3	246.04	3	25.70	11.66
Rural development	1081.55	13	1109.82	12	28.27	2.61
Hunger, poverty and healthcare	2944.17	35	2394.40	27	-549.77	-18.67
PM's relief fund	162.01	2	71.40	1	-90.62	-55.93
Community development/ infrastructure/ social welfare/ child welfare	39.28	0	90.55	1	51.27	130.54
Admin expenses	131.08	2	140.88	2	9.81	7.48
Others	53.89	1	39.62	0	-14.27	-26.48

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.	659.20

2	OIL & NATURAL GAS CORP.LTD.	525.90
3	TATA CONSULTANCY SERVICES LTD.	379.71
4	HDFC BANK LTD.	305.42
5	INFOSYS LTD.	289.44
6	NTPC LTD.	277.81
7	ITC LTD.	275.96
8	INDIAN OIL CORP.LTD.	213.99
9	TATA STEEL LTD.	193.61
10	WIPRO LTD.	186.30

The top 10 companies together spent 36.60% of the total spend.

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)	%
INDIAN METALS & FERRO ALLOYS LTD.	0.19	5.45	2868.42
CIGNITI TECHNOLOGIES LTD.	0.42	0.31	73.88
ASAHI SONGWON COLORS LTD.	2.73	1.19	43.57
BEARDESELL LTD.	2.37	0.85	35.88
IDFC LTD.	47.00	13.99	29.77
SUNDARAM-CLAYTON LTD.	39.37	11.52	29.27
MOLD-TEK PACKAGING LTD.	2.57	0.66	25.71
VIP CLOTHING LTD.	0.63	0.16	24.89
COAL INDIA LTD.	681.75	129.36	18.98
JAYASWAL NECO INDUSTRIES LTD.	7.67	1.04	13.62

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

Company	CSR expenditure 2015-16 (Rs.cr)	CSR expenditure 2016-17 (Rs.cr)	Increase (Rs.cr)
OIL & NATURAL GAS CORP.LTD.	409.01	525.90	116.89
HDFC BANK LTD.	194.81	305.42	110.61
INFOSYS LTD.	202.30	289.44	87.14
TATA CONSULTANCY SERVICES LTD.	294.23	379.71	85.48
HOUSING DEVELOPMENT FINANCE CORP.LTD.	85.70	146.55	60.85
INDIAN OIL CORP.LTD.	156.68	213.99	57.31
COAL INDIA LTD.	73.26	129.36	56.10
BHARTI AIRTEL LTD.	43.94	97.56	53.62
HINDUSTAN PETROLEUM CORP.LTD.	71.76	108.11	36.35
POWER GRID CORP.OF INDIA LTD.	115.94	147.29	31.35

There were 447 companies which exceeded their prescribed spending. The top 10 were as follows:

Company	Prescribed expenditure (Rs.cr)	CSR	Actual expenditure (Rs.cr)	CSR	Excess spend (Rs.cr)
COAL INDIA LTD.		13.65		129.36	115.71
TATA STEEL LTD.		115.80		193.61	77.81
NTPC LTD.		227.85		277.81	49.96
RELIANCE INDUSTRIES LTD.		620.41		659.20	38.79
OIL INDIA LTD.		75.81		108.27	32.46
NHPC LTD.		44.23		75.82	31.59
HINDUSTAN PETROLEUM CORP.LTD.		82.90		108.11	25.21
PIRAMAL ENTERPRISES LTD.		9.17		32.82	23.65
AMBUJA CEMENTS LTD.		22.34		44.53	22.19
UPL LTD.		4.89		23.79	18.90

In 2016-17, there were 387 companies which missed the mandatory spending of 2% of profit (385 in 2015-16). The top 10 companies in terms of highest unspent amount in 2016-17 were:

Company	Prescribed expenditure (Rs.cr)	CSR	Actual expenditure (Rs.cr)	CSR	Unspent Amount (Rs.cr)
HINDUSTAN ZINC LTD.		175.35		49.40	125.95
BHARTI AIRTEL LTD.		207.90		97.56	110.34
HCL TECHNOLOGIES LTD.		129.16		40.96	88.20
RURAL ELECTRIFICATION CORP.LTD.		146.57		69.79	76.78
BHARAT PETROLEUM CORP.LTD.		159.14		91.80	67.34
TATA CONSULTANCY SERVICES LTD.		446.00		379.71	66.29
AXIS BANK LTD.		196.44		135.40	61.04
LUPIN LTD.		66.25		19.68	46.57
KOTAK MAHINDRA BANK LTD.		54.92		12.77	42.15
IDEA CELLULAR LTD.		73.19		36.97	36.23

There were also 43 companies, which despite reporting a loss, spent on CSR.

According to Haldea, PSU spending saw a decrease of 10 per cent from previous year. On an overall basis, 46 PSUs spent Rs. 2,935 crore in 2015-16. This went down to Rs. 2,627 crore by 49 PSUs in 2016-17.

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. 776 out of 1571 companies had such a CSR committee in place. Several companies though went beyond the requirement. **According to Haldea, as many as 370 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
MAHARASHTRA	678.55	7.42
GUJARAT	500.58	5.47
KARNATAKA	441.96	4.83
TAMIL NADU	414.27	4.53
RAJASTHAN	408.66	4.47
ODISHA	391.47	4.28
TELANGANA	336.03	3.67
UTTAR PRADESH	333.89	3.65
MADHYA PRADESH	327.17	3.58
ANDHRA PRADESH	323.51	3.54

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

State	Amount Received 2015-16 (Rs.cr)	Amount Received 2016-17 (Rs.cr)	Increase (Rs.cr)
MAHARASHTRA	537.72	678.55	140.83
DAMAN	149.00	250.27	101.27
ODISHA	299.24	391.47	92.23
KERALA	175.46	259.26	83.80
TELANGANA	260.01	336.03	76.02
GOA	105.26	176.15	70.89
KARNATAKA	381.10	441.96	60.87
DIU	74.62	133.39	58.76
JHARKHAND	191.29	249.17	57.89
DELHI	256.27	309.86	53.60

The 5 states which saw decrease in spends in comparison to previous year were as follows:

State	Amount Received 2015-16 (Rs.cr)	Amount Received 2016-17 (Rs.cr)	Decrease (Rs.cr)
WEST BENGAL	351.93	298.52	-53.42
CHATTISGARH	280.21	246.28	-33.93
TAMIL NADU	447.28	414.27	-33.01
ANDHRA PRADESH	330.45	323.51	-6.94

Notes:

- Total Amount to be spent as decided by the company on an overall basis may be different from the Schedule-wise amount to be spent as decided by the company. The data is captured as provided in the Annual Report.
- For the same activity, there could be overlap between the different schedules. For e.g., skill development for women can be classified under employment enhancing vocational skills (schedule VII (ii)) as well as under promoting gender equality schedule VII (iii).
- 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.
- For standardizing the data across different financial years/accounting periods of companies, figures for years other than an 'April-March' Financial Year have been adjusted on a pro-rata basis. For e.g. data for calendar year 2017 (viz. January-December 2017) has been taken 3 months into 2016-17 and 9 months into 2017-18.