

January 20, 2016  
Mumbai

## Smaller listed firms spent more on CSR than biggies

- Average spending at 1.35% of net profit in fiscal 2015 vs the mandated 2%
- Total spending at Rs 6,800 crore in fiscal 2015 instead of Rs 12,000 crore

Corporate social responsibility, or CSR, spending has been the topic of many a public discussion after being made obligatory under Schedule VII of the new Companies' Act, 2013.

To be sure, there has been considerable scepticism about India Inc's proclivity to look beyond profit and towards altruism. And analyses of CSR spending done in the past tended to focus on the top 50 or 100 corporates, most of which already have had a culture of philanthropy and public service.

CRISIL Foundation, a non-profit, therefore decided to conduct a comprehensive analysis of the listed universe of 3,855 listed companies to find out whether India Inc has indeed embraced its CSR mandate. It was an opportune moment to do so because fiscal 2015 was the first financial year for which data on such spending could be captured. Spending by unlisted companies could not be analysed because of lack of availability of data.

About ~1,300 listed companies in India fell under the 'mandatory 2% CSR spend' ambit of which, as many as 75% have formally reported CSR activity, spending on average 1.35% of their net profit – or well below the mandatory 2%.

**Says Ramraj Pai, President, CRISIL Foundation:** "*Compliance towards CSR in fiscal 2015 seems to be inversely proportional to size of the company – those with high turnover were short on the 2% mandatory spending. The flow of money was skewed with 4 sectors – education and skills development, healthcare and sanitation, rural development projects, and environment -- accounting for 82% of CSR spending despite a wide swathe of sectors being allowed under Schedule VII. Investments in incubation centres for technology development, and support for armed forces veterans/families were the least preferred segments.*"

Interestingly, despite a 50% tax break on donations to the Prime Minister's Relief Fund, more than 90% of the companies that spent on CSR chose to do so directly, thus preferring to forego the benefit.

Private sector companies have been as socially responsive as their public sector peers, and ended up spending marginally more than the latter.

Another Rs 5,200 crore could have been spent had all companies met the 2% norm, which would have taken the cumulative expenditure to Rs 12,000 crore for fiscal 2015.

<b>Media Contacts</b>	<b>Analytical Contacts</b>
<p><b>Sunetra Banerjee</b>  <b>Director, Communications and Brand Management</b>  <b>CRISIL Limited</b>  Phone: (D) +91 22 3342 1838   (M) +91 75 060 96899    (B) +91 22 3342 3000  Email: sunetra.banerjee@crisil.com</p> <p><b>Shweta Ramchandani</b>  <b>Communications and Brand Management</b>  <b>CRISIL Limited</b>  Phone: (D) +91 22 3342 1886   (M) +91 96 191 05070    (B) +91 22 3342 3000  Email: shweta.ramchandani@crisil.com</p>	<p><b>Ramraj Pai</b>  <b>President, CRISIL Foundation</b>  Phone: +91 22 3342 3036  Email: ramraj.pai@crisil.com</p>

#### **About CRISIL Limited**

CRISIL is a global analytical company providing ratings, research, and risk and policy advisory services. We are India's leading ratings agency. We are also the foremost provider of high-end research to the world's largest banks and leading corporations.

CRISIL's majority shareholder is Standard and Poor's (S&P). Standard & Poor's, a part of McGraw Hill Financial, is the world's foremost provider of credit ratings.

#### **About CRISIL Foundation**

CRISIL Foundation was set up in March 2013, as a public charitable trust, to fulfill the corporate social responsibility (CSR) of CRISIL Ltd. Our goal is the empowerment of rural women by strengthening their financial capabilities. Our initiatives present a unique and non-transactional proposition to our key stakeholders including bankers, policymakers and regulators. We also meaningfully engage our young workforce through environment conservation activities. The foundation has an active outreach programme in project communities, and has aligned its strategy with CRISIL's overarching mission - Making markets function better.

Website: [www.crisil.com](http://www.crisil.com)

#### **CRISIL Privacy Notice**

CRISIL respects your privacy. We use your contact information, such as your name, address, and email id, to fulfil your request and service your account and to provide you with additional information from CRISIL and other parts of McGraw Hill Financial you may find of interest.

For further information, or to let us know your preferences with respect to receiving marketing materials, please visit [www.crisil.com/privacy](http://www.crisil.com/privacy). You can view McGraw Hill Financial's Customer Privacy Policy at <http://www.mhfi.com/privacy>

Last updated: August 2014

#### **Disclaimer**

This Press Release is transmitted to you for the sole purpose of dissemination through your newspaper / magazine / agency. The Press release may be used by you in full or in part without changing the meaning or context thereof but with due credit to CRISIL. However, CRISIL alone has the sole right of distribution of its Press Releases for consideration or otherwise through any media including websites, portals etc.

CRISIL has taken due care and caution in preparing this Press Release. Information has been obtained by CRISIL from sources which it considers reliable. However, CRISIL does not guarantee the accuracy, adequacy or completeness of information on which this Press Release is based and is not responsible for any errors or omissions or for the results obtained from the use of this Press Release. CRISIL, especially states that it has no financial liability whatsoever to the subscribers/ users/ transmitters/ distributors of this Press Release.