



India's CSR reporting survey 2016

January 2017

KPMG.com/in

Table of contents

Foreword	04		
		CSR project management	32
Key findings	06		
		CSR at PSU companies and non-PSU companies	38
About the survey	10		
Introduction	11		
Methodology	12		
Terminology	13		
		CSR at Indian origin companies and non-Indian origin companies	42
CSR governance	14		
CSR policy	16		
CSR committee	19		
Disclosure on CSR in the Directors' Report	22		
		CSR spends by nature and type of companies / industries	46
CSR spends	26		
		Status of CSR compliance	48



Foreword

India's economy continues to remain robust. In this context, it is important that along with financial performance, social and environmental performances are also given their due recognition by Indian businesses.

It is now the third year since the introduction of Companies Act 2013 and notification of Section 135. Since India was one of the first countries across the world to mandate Corporate Social Responsibility (CSR), there is a growing interest among various stakeholders to see how the scenario is progressing. What was earlier a voluntary pursuit for corporates has now become a regulatory requirement. The Act is quite comprehensive in nature and provides adequate framework and guidance for CSR project implementation. The Act focuses on implementing CSR on project mode and also requires a detailed disclosure as part of the Annual Report. The Act also brings in a higher level of governance requirements and hence accountability on CSR.

KPMG in India released its report 'India's CSR reporting survey 2015' last year. It was one of the first analyses conducted of the CSR reporting of the top 100 listed companies as per market capital on the National Stock Exchange (N100). The information presented in the report was an analysis of the disclosures made by these top 100 companies as part of their Annual Report. 2015 was the first year of mandatory CSR reporting for corporates. Many corporates made investments in putting systems in place for effective reporting. CSR projects were in the nascent stages and were being developed further for scale and impact. Encouraged by the response our 2015 survey received, we decided to make the survey an annual publication. The 'India's CSR reporting survey 2016' builds on the strengths of our previous report and showcases new insights emerging in the second year. This report also gives an opportunity to compare with our analysis of the previous year and showcase the progress made.

The findings of our report this year are fairly encouraging. According to our research, compliance to the requirements of the Act has improved. A positive trend in the availability of information can be seen as compared to last year. Similarly, strengthening of governance mechanisms for CSR projects is visible. Overall CSR spending has increased and thematic areas of health, education and sanitation witnessed higher budget allocation from corporates. It is heartening to see that a few corporates have gone beyond the 2 per cent mandate and spent more. This opportunity needs to be seized to demonstrate to the world that Indian businesses are contributing constructively to address India's development challenges and are doing it in an impactful way.

I welcome you to explore this report and am hopeful that it provides a chance to reflect on CSR performance in the past year and prods us to move in the right direction in CSR reporting journey. We also look forward for any suggestions to make this annual publication better.



Key findings



The Companies Act, 2013 and the CSR Rules (The Act) came into effect from 1 April 2014. The Ministry of Corporate Affairs is responsible for the enforcement of the Act and its regulation. As per the Act, companies having a net worth of INR 500 crore (Cr.) or more, or a turnover of INR 1000 Cr. or more, or a net profit of INR 5 Cr. or more in a given financial year are required to spend 2 per cent of their profits on CSR programmes.

India's CSR reporting survey 2016 analyses and brings together findings from CSR reporting of the top

hundred (N100) listed companies as per market capital as on 31 March 2016. All these companies are required to comply with the requirements of the Act.

CSR policy, CSR committee, disclosure on CSR in the Annual Report, CSR spends, and others were reviewed based on their availability in the public domain as on 30 September, 2016. A comparative analysis has also been presented to track progress as compared to the previous year.

Availability of information:

Documents type	Number of companies
CSR policy	97
Annual Report	100
Annual CSR Disclosure in the Directors' Report in the prescribed format	96

CSR policy: The Act mandates companies to formulate CSR policies. The policy needs to list out projects / programmes it is planning to implement, execution mechanisms, monitoring and evaluation framework and others. The policy should be made available on the company's website.

Compliance: Three companies do not have their CSR policy available on their respective websites. Two companies have failed to make their CSR policy available in the public domain for the second year in a row. Eight per cent of these companies have failed to disclose details regarding the monitoring framework of their CSR policy.

Beyond compliance: About 98 per cent of companies have disclosed their vision / mission philosophy guiding their CSR programmes. 90 per cent companies have disclosed details regarding CSR governance.

CSR committee: The Act mandates that eligible companies must formulate a Corporate Social Responsibility (CSR) Committee. The CSR committee needs to formulate and recommend the CSR policy to the board, list out and recommend CSR activities and their expenditure and periodically monitor the CSR policy.

Compliance: 98 companies have disclosed details regarding CSR committee in Directors' Annual Report, however, two companies have failed to disclose CSR committee details for the second year in a row. All companies have an independent director on the CSR committee.

Beyond Compliance: 64 per cent companies have more than the prescribed number (three) of CSR committee members. 47 per cent companies have more than the prescribed number (more than one) of independent CSR committee members in board which is clearly a good indication from the governance front. 55 per cent had women members in their CSR committee. 82 per cent had held two or more CSR committee meetings during the year.

Disclosure on CSR in the Directors' Report: As per the Act, eligible companies must disclose CSR related details in their Directors' Report such as the composition of the CSR committee, details about the policy developed and implemented by the company on CSR initiatives taken during the year as Annual Report on CSR containing particulars as specified by the Act, and in case of a failure to spend 2 per cent towards CSR shall specify the reasons for same. Mandatory requirement as part of Act reflects the priority given to CSR at board level.

Compliance: During the current year, 98 companies have made disclosures on CSR in the Directors' Report. Four companies have failed to provide CSR details in the prescribed format. Forty two companies have failed to disclose details regarding CSR committee in the Directors' Report. Fifty two per cent companies have failed to disclose details regarding CSR spend in the Directors' Report. 21 per cent companies do not refer to the CSR policy in the Directors' Report.

Beyond compliance: Forty nine per cent of companies have presented their CSR vision / mission in the Directors' Report. 40 per cent of the companies have disclosed details on the focus areas of CSR intervention in the Directors' Report. During the current year, 25 per cent of the companies have reported details regarding the outreach / people impacted

CSR spends: As per the Act, companies with a net worth of INR500 Cr. or more, or a turnover of INR 1,000 Cr. or more, or a net profit of INR 5 Cr. or more in a given fiscal year are required to spend 2 per cent of its average net profit of the last three years towards CSR. Companies that are not able to spend the prescribed 2 per cent spends are required to specify the reason for not spending the amount. 93 companies were required to spend the prescribed 2 per cent CSR amount of the N100 companies.

As per the Act's requirements and public disclosures of N100 companies' profits, they are required to spend INR 7233 Cr. against which companies committed INR 7355 Cr (higher by INR 122 Cr.) and have spent INR 6518 Cr. (90 per cent). This is higher as compared to last year wherein the companies had spent INR 5115 Cr. (79 per cent) against the requirement of INR 6490 Cr. An increase of 11 per cent spends is observed during the current year as compared to the previous year. The average spending per company has also seen a nearly 15 per cent increase. This is an indication of India Inc. getting familiar with the requirements of the Act and also getting the internal controls in place, a major reason for companies that were not able to spend the required amount during the previous year.

During the current year, 70 per cent of companies have disclosed the direct and overhead expenditure towards CSR projects. There is almost a 50 per cent increase in clearly disclosing the direct and overhead expenses as compared to the previous year, which indicates an

increase in better financial monitoring of projects by companies. Eleven per cent of companies have spent more than 5 per cent of their total spends towards administration, which is not in line with the requirement of the Act.

The health, sanitation and education sector accounts for the 63.74 per cent (INR 4155 Cr.) of the total spends on CSR against 50 per cent (INR 2592 Cr.) in last year, an increase by 14 per cent. CSR spent on rural development sector has considerably increased from INR 443 Cr. (8.84 per cent) in 2014-15 to INR 804 Cr. (12.34 per cent) in 2015-16. Certain Schedule VII areas such as National Heritage, Support to War Veterans, PM Relief Fund, Sports, Technology Incubators, Slum Development, put together, accounted for merely 3 per cent (INR 154 Cr.) of the total spends this year as well (INR 153 Cr. last year).

CSR project management

More than 90 per cent companies have spent the allocated amount towards health and education, followed by environment (59 companies) and rural development (48 companies).

During the current year, slum development was at the bottom of this list followed by PM relief funds and art and culture. All three areas together garnered interest from only 10 companies out of the top 100.

Exclusive direct implementation has been reported by 9 per cent companies against 14 per cent during the previous year. Four per cent companies have reported exclusive implementation through their own foundation. Interestingly, exclusive implementation with support of an external implementation agency has been reported by 19 companies against 13 companies during the previous year. There is an upward trend of working with not-for-profit entities this year.

During the current year, Maharashtra had the highest number of projects, followed by Gujarat, Rajasthan, Karnataka and Tamil Nadu. It is surprising to observe that the number of projects have drastically come down by 33 per cent i.e. 1249 projects to 838 only.

This is a positive indication wherein the corporates have started more focused projects rather than spreading too thin through multiple projects, which can, in long run, assist towards achieving measurable outcomes.

UTs such as Lakshadweep, Andaman Nicobar Islands, Dadra and Nagar Haveli, Puducherry and Chandigarh including North-Eastern states continues to have received the least attention during the current year as well.

During the current year, almost half of the companies (48 per cent) were required to specify the reason for not spending the amount, of which all have given an explanation. Few reasons given by companies for not being able to spend 2 per cent towards CSR include scaling up of activities, multi-year and long term projects, difficulty in identification of appropriate partners, exploring new opportunities and areas of intervention, and delay in planned spends.

18 per cent companies have committed to carry forward the unspent CSR amount this year, which is beyond the Act's requirement.

Comparison of CSR spends by type and the nature of the industry

The average prescribed 2 per cent amount per company has gone up by 12 per cent in case of PSU companies and 15 per cent in case of non-PSU companies. The average spends against the prescribed 2 per cent amount per company has gone up by 64 per cent in case of PSU companies as compared 15 per cent in case of non-PSU companies.

The average prescribed 2 per cent amount per company has gone up by 7 per cent in case of Indian origin companies and has reduced to over 20 per cent in case of non-Indian origin companies. The average

spends against the prescribed 2 per cent amount per company has gone up by 18 per cent in case of Indian origin companies and 30 per cent in case of non-Indian origin companies.

Interestingly, chemicals, construction, services, mining, automobile, media, cement and energy and power sector companies have spent more than the prescribed 2 per cent CSR budget in the range of 101 per cent to 119 per cent. The telecom sector has increased spends from 18 per cent to 31 per cent, however, still continues to lag behind other sectors.

About the survey



Introduction

Businesses across the world are operating under highly complex and competitive environments. They can no longer afford to insulate themselves from the rapid and transformational changes happening in the society. Similar trends are observable in the Indian business scenario. Businesses are being monitored and evaluated like never before on new dimensions.

India has witnessed high economic growth in the last two decades. India continues to be one of the fastest growing economies in the world and has made progress on several development indicators. Despite progress, challenges persist. India continues to face several challenges in health and sanitation, education, water, un-employment, environment and others. The passage of Companies Act 2013, notification of CSR rules and further notifications (hence forth referred as the Act) can be seen as a move by the Government of India to strengthen the relation of the business with communities and also better transparency and governance around CSR. While the Act provides the overall guidance framework for the corporates to lead their CSR initiatives, it also provides ample autonomy and flexibility to design and implement programs.

Furthermore, India is one of the first few countries in the world which has mandated CSR spending as well as its reporting. Internationally, disclosures on CSR have been in place for quite a few years now. Sector specific, mandatory CSR has also been in place. The mandatory CSR reporting has its unique advantages. Besides complying with regulatory requirements, it allows corporates to demonstrate their commitment towards organisational transparency. It can also be used as a communication tool to engage with different stakeholders including shareholders, regulators, communities, customers and the larger society. CSR reporting provides an opportunity for corporates to reflect on their internal processes as well compare their CSR performance with peers.

Governance frameworks that focus on the social, environmental and ethical responsibilities of businesses help in ensuring long-term success, competitiveness and sustainability. This further helps to endorse the view that business is an integral part of the society and is essential for the development and sustenance of the society at large. There has been an influx of funding by the corporates in India to aid and uplift the Indian society for many decades. The fifty-seventh standing

committee on finance highlighted the need for companies to contribute to the society as they depend on the society for obtaining the capital for their businesses. As a result, The Ministry of Corporate Affairs enforced the Act and the CSR Rules from 1 April 2014. The provision of Section 135 for CSR in the Act was introduced in order to enable companies to build social capital through a regulatory structure. By doing so, India became one of the first countries to have a regulatory requirement to spend on CSR and also one of the first to empower businesses to make an impact on the social front in a structured manner.

As per the Act, companies with a net worth of INR 500 Cr. or more, or a turnover of INR 1,000 Cr. or more, or a net profit of INR 5 Cr. in a given fiscal year must have a CSR committee. Additionally, companies are required to adhere to a set of criteria including: Formulating a well-defined CSR policy Undertaking project in alignment with Schedule VII of the Act and the CSR Rules Monitoring CSR policy and projects Reporting details of the CSR activities in the Annual Report in accordance with the prescribed format.

The year 2015-16 is the second year of compliance for the Company's Act, 2013, and therein lies the significance of this survey. The focus of India's CSR reporting survey report 2016, is to analyse the compliance and practices of N100 companies with respect to the CSR policy and the reporting in the Directors' Report / Annual Report of the companies. The report aims to bring out key takeaways for various stakeholders, corporates, government, not-for-profit organisations, academic institutions and others. The findings can serve as a reference line for the new era of the nation's CSR landscape.

A comparison with the previous year's findings is also presented. The findings and the comparisons can act as a good indicator to track India's progress on its mandatory CSR spending and reporting journey.

India's CSR reporting survey 2016 analyses and brings together findings from CSR reporting of top hundred (N100) listed companies as per market capital. These companies are required to comply with the requirements of the Act. Documents for N100 companies were reviewed basis their availability in the public domain as on 30 September 2016.

Methodology

This publication analyses the aspects related to CSR such as policy, committee, Directors' Report, annual disclosure and spends of N100 companies. N100 companies are top hundred (N100) listed companies as per market capital as on 31 March 2016.

The four main stages of research were:

- The CSR policy and Annual Report of N100 companies for the year 2015-16 were collated from the public domain
- The CSR policy of N100 companies were analysed for compliance with the Act
- The disclosures on CSR in the Directors' Report by N100 companies were analysed for compliance with the Act
- The annual CSR disclosures and CSR spends of N100 companies were analysed.

Findings of the analysis has been presented through graphs wherever applicable. A number precedes a percentage in the graphs. The number represents the number of companies whereas, percentage indicates the figure per hundred.

93, 97%

The above were compared with the previous year's findings and trends are presented as part of India's CSR reporting survey 2016. Quantitative and qualitative attributes inferred and analysed as part of this survey are represented below-

Qualitative Aspects	Quantitative Aspects
CSR policy	Average net profit
CSR Vision / mission / philosophy	Prescribed CSR expenditure
Composition and terms of reference of CSR committee	Amount outlay and amount spent
Annual Report on CSR	Area-wise spending
Schedule VII focus areas	Location of the spending
Mode of implementation	Amount unspent and its treatment
Reasons for unspent amount	Project expenditure, project overheads and administrative overheads
Responsibility statement	

Terminology

- The Act: The Act refers to the Section 135 of the Companies Act 2013, CSR rules and subsequent notifications
- CSR committee refers to the committee set up by the board of the company as referred to in Section 135 of the Act
- CSR policy relates to the activities to be undertaken by the company as specified in Schedule VII to the Act and the expenditure thereon, excluding activities undertaken in pursuance of the normal course of business of a company
- Mode of implementation means that the implementation may be carried out either directly, or through its own Foundation or through an implementing agency, as defined in the CSR Rules. Implementing agency refers to any Trust, Society or Section 8 company (other than their own Foundation) that has a proven track record of three or more years in undertaking activities as defined in Schedule VII of the Act Or a company established under Section 8 of the Act or a registered trust or a registered society, established by the central government or state government or any entity established under an Act of Parliament or a State legislature
- Average net profit refers to average net profit of the company for last three financial years calculated in line with Section 198 of Companies Act, 2013
- Prescribed CSR expenditure refers to 2 per cent of average net profit described in the preceding point
- Administrative overheads are expenses that are not attributable to any one specific project but are incurred to establish and strengthen a company's CSR governance structure for meeting regulatory compliance, including capacity building, employee volunteering costs, etc. These expenses are capped at 5 per cent of a company's total CSR spend
- Annual CSR disclosures refers to company's reporting on CSR policy, committee, spends, project details, responsibility statement and others.
- The scope of CSR in this publication is limited to projects or programmes relating to activities undertaken by the Board of Directors' of a company (board) in pursuance of recommendations of the CSR committee of the board, as per the declared CSR policy of the company subject to the condition that such a policy will cover subjects enumerated in Schedule VII of the Act.

Schedule VII refers to the activities which may be included by companies in their CSR policy activities related to -

- Eradicating hunger, poverty and malnutrition, promoting healthcare, including preventive healthcare and sanitation, contributing to the 'Swachh Bharat Kosh' set-up by the central government for the promotion of sanitation and making safe drinking water available
- Promoting education, including special education, and employment enhancing vocation skills, especially among children, women, elderly and the differently abled, along with livelihood enhancement project
- Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups
- Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the central government for rejuvenation of the river Ganga
- Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art, setting up public libraries, promotion and development of traditional arts and handicrafts
- Measures for the benefit of armed forces veterans, war widows and their dependents
- Training to promote rural sports, nationally recognised sports and Olympics sports
- Contribution to the Prime Minister's national relief fund or any other fund set up by the central government for socio-economic development and relief and welfare of the scheduled castes, scheduled tribes, other backward classes, minorities and women
- Contributions or funds provided to technology incubators located within academic institutions which are approved by the central government
- Rural development projects
- Slum development.

The top hundred (N100) listed companies on the National Stock Exchange (NSE) as per market capital were selected for this report. Documents for companies were reviewed based on their availability in the public domain. 18 per cent of N100 companies are PSU companies and remaining 82 per cent are non-PSU companies. 87 per cent are of Indian origin and the remaining 13 are non-Indian origin companies.

CSR governance



Governance generally refers to a way an organisation is directed and managed. Emphasis has been given to the aspects of CSR governance in the Act. CSR endeavours are expected to be driven from the top and roles and responsibilities at the board level have been laid out. While the board provides the necessary strategic and broader level guidance, a special board

level CSR committee also needs to be formed to provide the organisation with a more well-defined CSR pathway. Roles and responsibilities of the board and CSR committee have been clearly articulated and the same have been presented below: Karnataka is the leading state in this industry

Roles and Responsibilities of the board	Roles and Responsibilities of the CSR committee
<ul style="list-style-type: none"> ▪ Constitute CSR committee ▪ Approve CSR policy ▪ CSR disclosure in Directors’ Report and company website ▪ Ensure compliance to the Act with regards to CSR spends and disclosures ▪ Ensure concurrence of CSR initiatives listed out in CSR policy and actual implementation. 	<ul style="list-style-type: none"> ▪ Formulate CSR policy and recommend the same to the board for approval ▪ Recommend projects which are in alignment to the Schedule VII of the Act ▪ Recommend budget amounts to be incurred for project implementation ▪ Institute a monitoring mechanism for CSR projects ▪ Periodically monitor the CSR policy and projects.

One of the advantages of this arrangement is that the board is actively involved in driving the CSR agenda for the organisation. The board level CSR committee would need to formulate the CSR policy and it would be approved by the board. Similarly, all CSR projects need to be recommended by the CSR committee and can be initiated only with the board’s approval. The CSR policy would be periodically reviewed and board level monitoring of projects would take place through a well-defined monitoring framework. CSR disclosures need to be made in the Directors’ Annual Report. This

arrangement provides organisations with an opportunity wherein there is board level ownership of projects, accountability is enunciated and the whole CSR engagement happens in a transparent manner.

While analysing governance, understanding and reviewing aspects related to CSR policy, committee and disclosures in the Directors’ Report are important. Inferences for the same have been covered in this section.



CSR policy

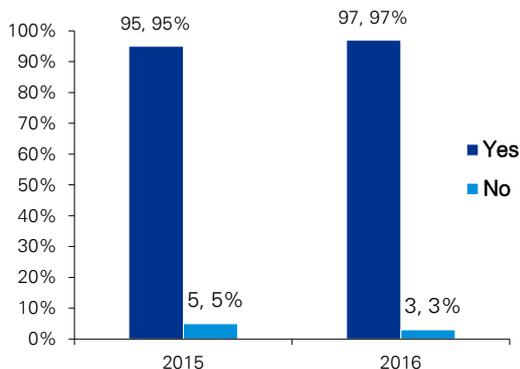
As per the Act, eligible companies shall have a CSR policy. All N100 companies surveyed for 2016, fall within the ambit of this definition and need to have a CSR policy in place.

The CSR policy should mandatorily have details pertaining to the CSR committee, areas of intervention aligned with Schedule VII of the Act, disclosure pertaining to treatment of surplus arising out of CSR projects and monitoring framework for CSR projects.

It is also mandatory to disclose the content of CSR policy in the Directors' Report and it needs to be placed on the company's website, if any, in such manner as may be prescribed by the Act. These aspects of CSR policy have been analysed here. Ninety-seven of the N100 companies have a CSR policy in public domain as on 30 September 2016.

Availability of CSR policy and web-link of CSR policy

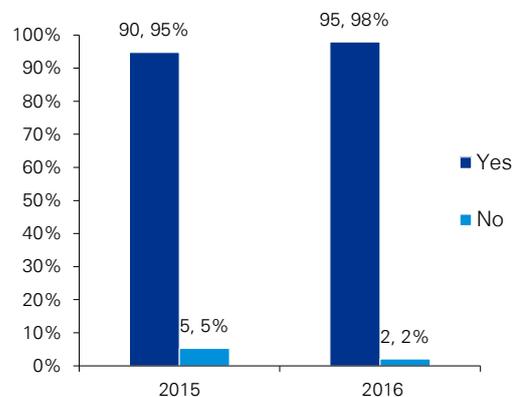
- Disclosing a brief about CSR policy and giving web-link of CSR policy is a mandatory requirement as per the Act.
- During current year, 97 companies have clearly given details regarding CSR policy (brief) including CSR policy web-link in their Annual Report, which is easily accessible to individuals outside the company. Of the three companies that do not have CSR policy in the public domain, two companies have failed to make their CSR policy available in the public domain for the second year in a row.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

Availability of vision / mission / philosophy in CSR policy

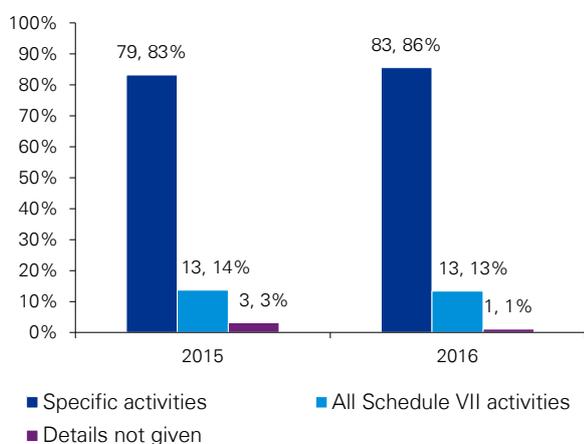
- Disclosing details regarding CSR vision / mission / philosophy is not a mandatory requirement as per the Act.
- However, almost all companies (98 per cent - 95 out of 97 have given a description regarding vision / mission / philosophy behind their CSR initiatives which is a good practice.
- Vision / mission / philosophy in CSR policy is missing for 2 companies for the second consecutive year.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

Disclosure on the areas of intervention in the CSR policy

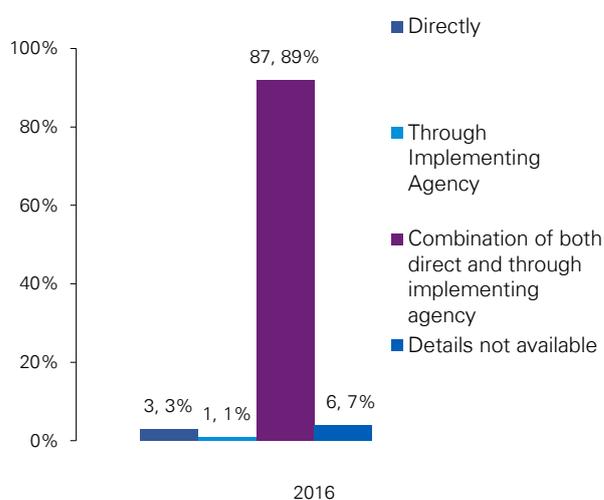
- Disclosing details regarding CSR areas of intervention is mandated in the Act.
- From the companies that have CSR policy available in public domain, one company has not disclosed details regarding CSR areas of intervention, compared to the three last years.
- More companies indicate very specifically their areas of interventions compared to stating that they will be covering aspects as per schedule VII. This is an indication of a clear strategic direction for CSR.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

Disclosure on the mode of implementation in CSR policy

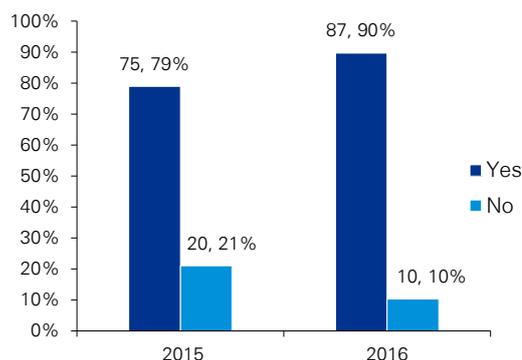
- Disclosing details regarding mode of implementation is a mandatory requirement of the Act.
- Over 89 per cent companies have disclosed their mode of implementation in the CSR policies, no change as compared to the previous year.
- The role of NGOs is well reflected here. Most of the corporates do collaborate with NGOs for the implementation of their projects as the graph alongside reflects.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

CSR governance structure in CSR policy

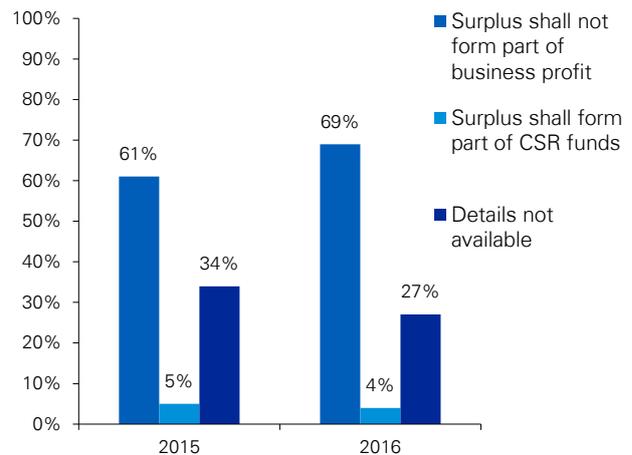
- Companies include governance details and responsibilities of CSR committee members in governing, execution and monitoring of CSR projects in their CSR policy. Disclosing details regarding CSR governance structure is not a mandatory requirement of the Act.
- Ninety per cent companies (up by 11 per cent from previous year) have disclosed details regarding the CSR governance structure. Disclosing CSR governance structures is a good practice and indicates progress towards increasing transparency and accountability.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

Disclosure on treatment of surplus arising from CSR programs / projects in CSR policy

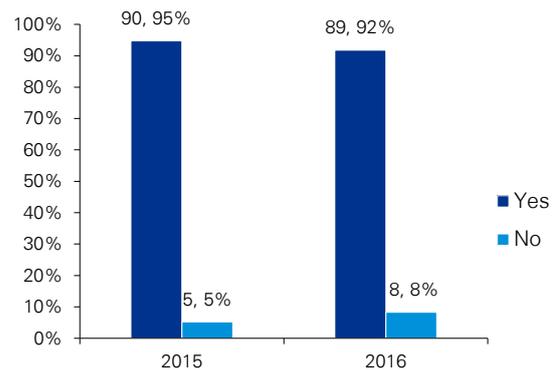
- The Act mandatorily requires that surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of a company. Disclosure regarding same shall be mandatorily made in the CSR policy.
- 73 per cent companies have disclosed details regarding the treatment of surplus / revenue, an upward trend of over 7 per cent.
- Additionally, 4 per cent out of these 73 companies have gone ahead and committed to carry forward the surplus arising out of the CSR projects as part of their CSR budgets next year.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

Disclosure of details of the monitoring framework in the CSR policy

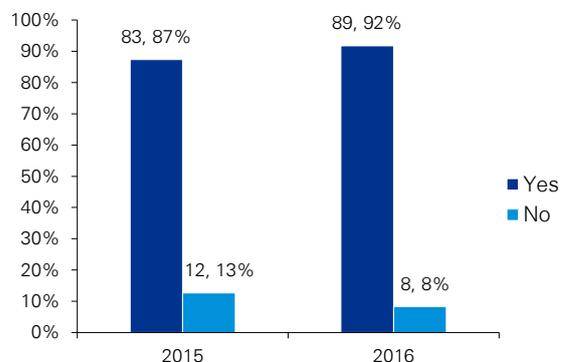
- Disclosing details regarding the approach towards monitoring of CSR interventions is a mandatory requirement of the Act.
- 92 per cent companies have disclosed details regarding monitoring framework / approach, less by 3 per cent as compared to previous year, as a result of change in their CSR policy in the case of a few companies and new companies have made up to the N100 list this year.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

Details of the CSR committee in the CSR policy

- Disclosing details regarding the composition of the CSR committee in CSR policy is not a mandatory requirement of the Act.
- 92 per cent companies have disclosed details regarding the composition (names of the members) of the CSR committee, up by 5 per cent from the previous year.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

CSR committee

As per the Act, eligible companies must constitute a CSR committee. All N100 companies surveyed, fall within the ambit of this definition and need to have a CSR committee.

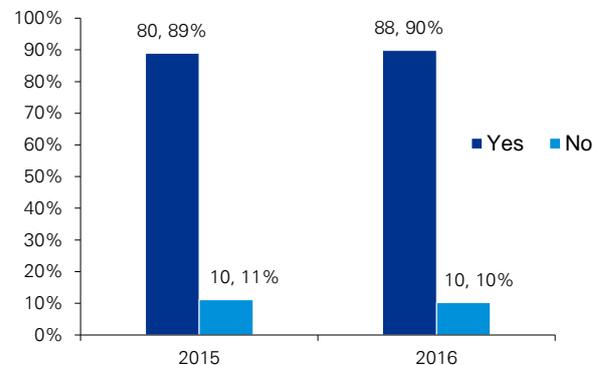
The CSR committee of the company plays a critical role in defining and driving the CSR agenda at the organisational level. It is the CSR committee which formulates an organisation's CSR policy. The committee ensures that proposed projects are aligned to Schedule VII of the Act. It also needs to propose a budget for suggested projects. The CSR committee

needs to set up a monitoring mechanism for CSR projects and it also needs to periodically monitor the CSR policy.

This section analyses the details of various aspects of the CSR committee such as disclosure of the CSR committee in the Annual Report, presence of a stand-alone CSR committee, the number of committee members, number of independent directors', number of women members and number of CSR committee meetings.

Companies with a stand-alone CSR committee

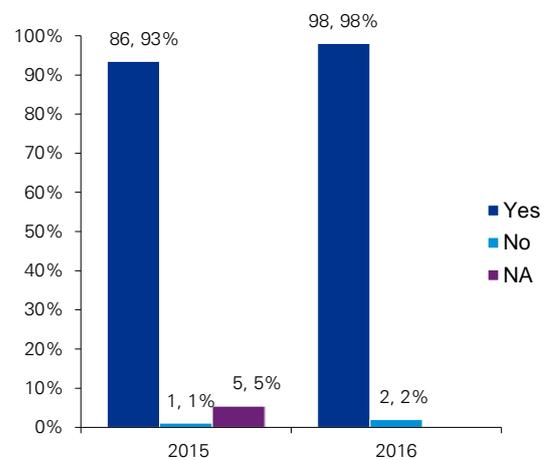
- Companies are mandated to have a board level CSR committee.
- Out of the total companies disclosing their details, 88 companies have stand-alone CSR committee as compared to 80 last year.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

Companies disclosing the composition of their CSR committee in Directors' Annual Report

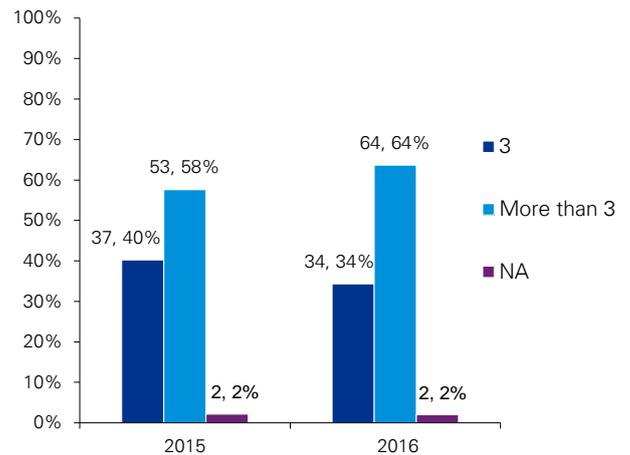
- Disclosing details regarding composition of CSR committees in Annual Report is a mandatory requirement of the Act.
- 98 per cent companies have disclosed details regarding composition of CSR committee in their Annual Report, up by 5 per cent as compared to last year.
- The higher number of companies having a separate CSR committee can bode well as it is likely to bring a more focused discussion on CSR.
- Ten per cent of companies have clubbed their CSR committees with their other board level committees.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

Members in the CSR committee

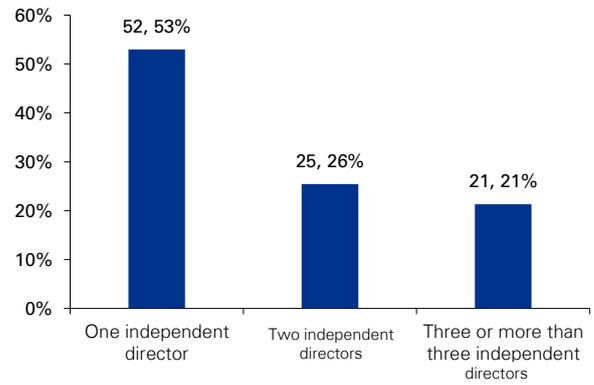
- Out of N100 companies, 34 per cent have three members in the CSR committee which is line with the requirements of the Act.
- It is interesting to note an upward trend in the number of members of CSR committee i.e. 64 per cent companies have more than 3 committee members compared to 58 per cent last year.
- The number of member ranges from 3 to a maximum of 8 CSR committee members.
- Although one cannot draw an inference that higher the number of committee members will lead to better governance, it is an interesting trend and shows that the requirement has not been considered merely from the compliance perspective.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

Independent Directors in the CSR committee

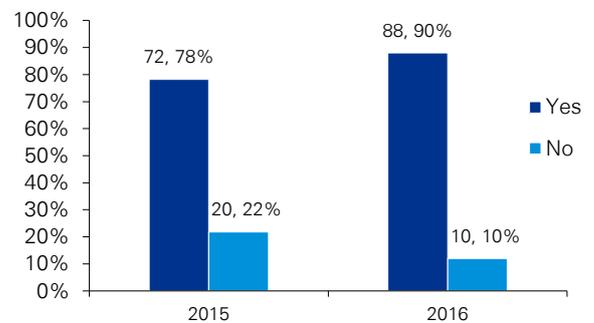
- Eligible companies are mandated to form a CSR committee of the board consisting of three or more directors, out of which at least one director shall be an independent director.
- Since we have considered only listed entities, the committee should have three or more directors, out of which one director shall be an independent director.
- Interestingly, 47 per cent companies have more than the prescribed number (which is one Independent Director) of independent CSR committee members in board which is clearly a good indication from the governance front.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

Companies that have outlined the role of the CSR committee in their Annual Report

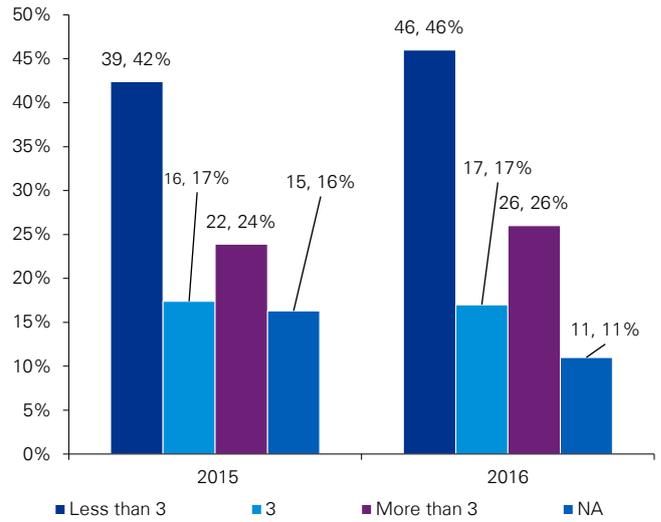
- A well-defined role of CSR committee members helps in articulating organisational transparency and accountability. For instance, companies have listed out responsibilities such as the conceptualisation of CSR strategy, helping in the execution of projects, monitoring of projects and others.
- A majority (88 per cent) of the companies have disclosed the role of CSR committee in their Annual Report (up by 10 per cent from the previous year) which is again a welcome trend as it is not mandated by the Act.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

CSR committee meetings held in a year

- 89 companies have disclosed details regarding CSR committee meeting as part of their Corporate Governance section, compared to 77 companies last year, not a mandatory requirement.
- 43 per cent of companies had three or more CSR committee meetings which indicates an active committee.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016



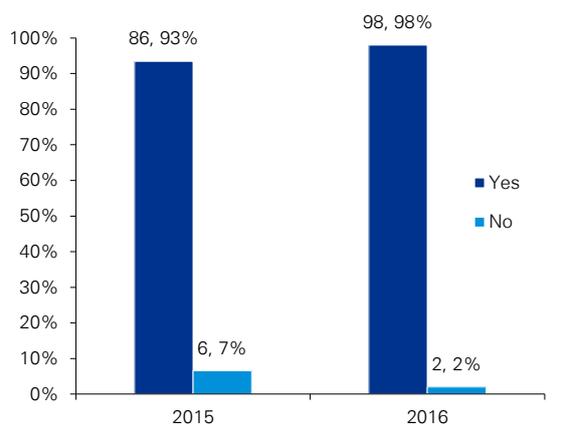
Disclosure on CSR in the Directors' Report

As per the Act, companies with a net worth of INR 500 Cr. or more, or a turnover of INR 1,000 Cr. or more, or a net profit of INR 5 Cr. or more in a given fiscal year must disclose CSR related details in their Directors' Report. This shall include details such as composition of the CSR committee, details about the policy developed and implemented by the company on CSR initiatives taken during the year as Annual Report on CSR

containing particulars as specified by the Act, and in case of failure to spend 2 per cent towards CSR shall specify the reasons for same. A mandatory requirement as part of Act reflects the priority given to CSR at the board level. This section analyses details regarding the quality of the CSR disclosure in the Directors' Report.

Disclosure on CSR in the Directors' Report

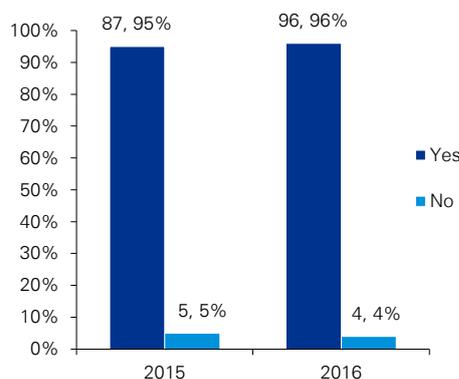
- As per the Act, the board's report of a company should include an Annual Report on CSR.
- During the current year, 98 companies have disclosed about CSR in their Directors' Report.
- Increased disclosure on CSR in the Directors' Report reflects the seriousness of CSR at board level decision making and management, and also aids in communication to broader stakeholders.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

Disclosure on CSR in the format as prescribed by the Act

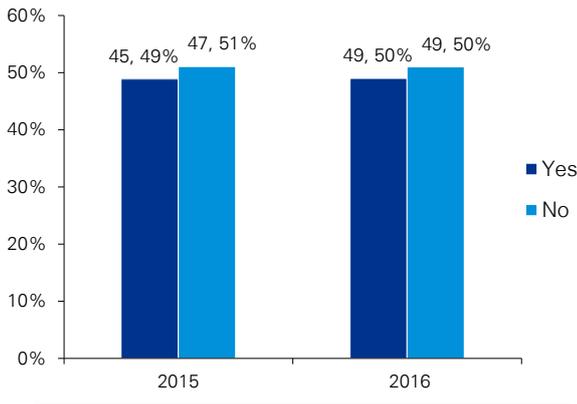
- As per the Act, companies are required to disclose details regarding CSR spends (annually) in the format prescribed by the Act.
- During the current year, 96 companies have disclosed on CSR in the prescribed format, up by over 9 per cent.
- However, it is important to note that three companies have not disclosed details regarding CSR in the prescribed format for the last two years in a row.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

Companies which have a CSR vision / mission / philosophy

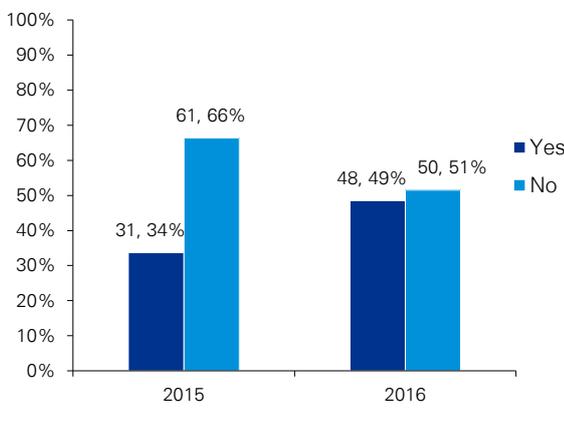
- Disclosure on CSR vision / mission / philosophy in the Directors' Report is not a mandatory requirement.
- The trend remains almost the same compared to the previous year. But it is encouraging to see that almost a half of the companies clearly specify the long term vision and mission related to CSR interventions.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

Disclosure of details of the amount spent on CSR in the Directors' Report

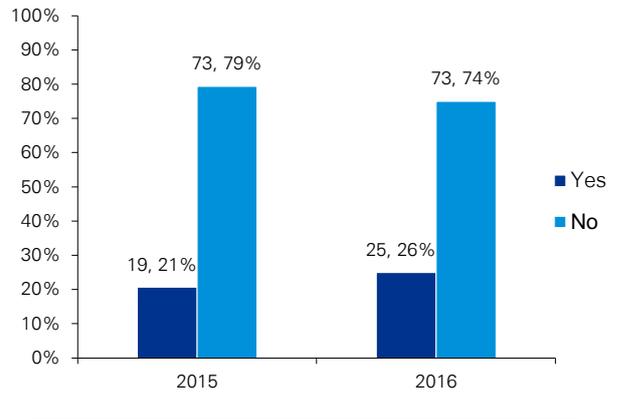
- Disclosures on spends in the Directors' Report indicates the board level ownership and accountability for CSR related spends on projects is not a mandatory requirement of the Act.
- 49 per cent companies have disclosed the details regarding the CSR spend in the Directors' Report. (Note- This is different from the annual CSR spends disclosed by companies in the format prescribed by the Act, which is covered separately.)
- There is an increase in the disclosure of CSR amount spent during the year by 15 per cent.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

Disclosure of details of outreach / people impacted in the Directors' Report

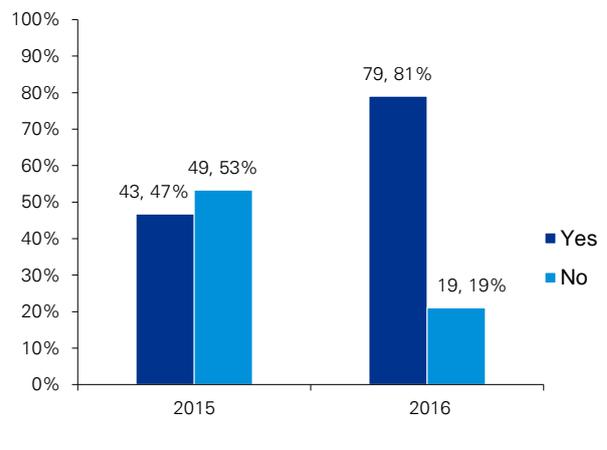
- During the current year 26 per cent of the companies have reported details regarding the outreach / people impacted, though not mandated by the Act. There is marginal increase in disclosing these details by 6 per cent compared to last year.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

Reference to the CSR policy in the Directors' Report

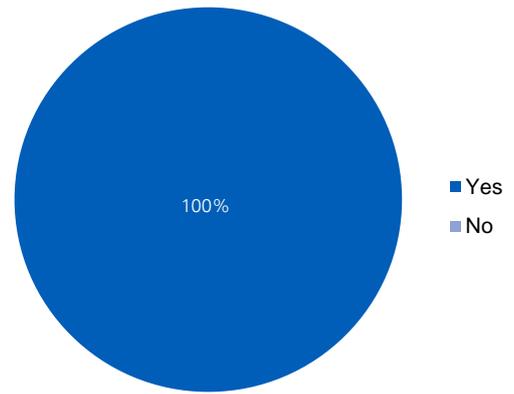
- During the current year, 81 per cent of companies have given reference to the CSR policy in the Directors' Report, a mandatory requirement as per the Act.
- There is an increase in the disclosure of these details, up by over 33 per cent from last year which is a positive development.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

Disclosure on reason for unspent amount in Directors' Report

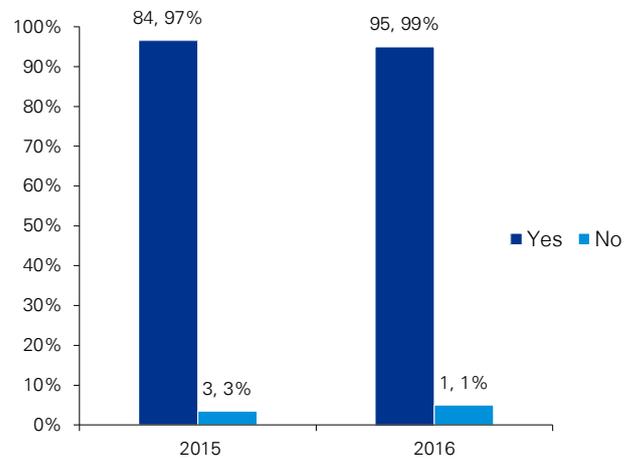
- All 44 companies that have failed to spend 2 per cent towards CSR during current year have provided a reason for unspent amount, a mandatory requirement as per the Act.
- Few reasons given by companies for not being able to spend 2 per cent towards CSR include scaling up of activities, multi-year and long term projects, difficulty in the identification of appropriate partners, exploring new opportunities and areas of intervention, and delay in planned spends.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

Responsibility statement in the annual CSR disclosure

- All N100 companies need to give a responsibility statement of the CSR committee confirming that the implementation and monitoring of CSR projects is in compliance with CSR objectives and the policy of the company.
- During the current year, 96 companies have made CSR disclosure in the prescribed format of which 95 companies have given responsibility statements. One company has failed to comply with the requirement, compared to three companies last year, and hence this development is a concern.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016





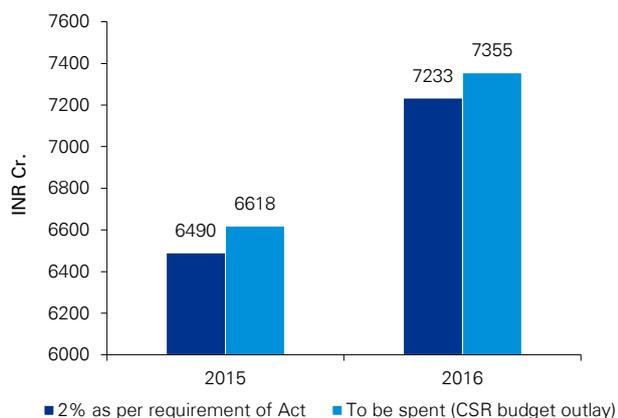
CSR spends



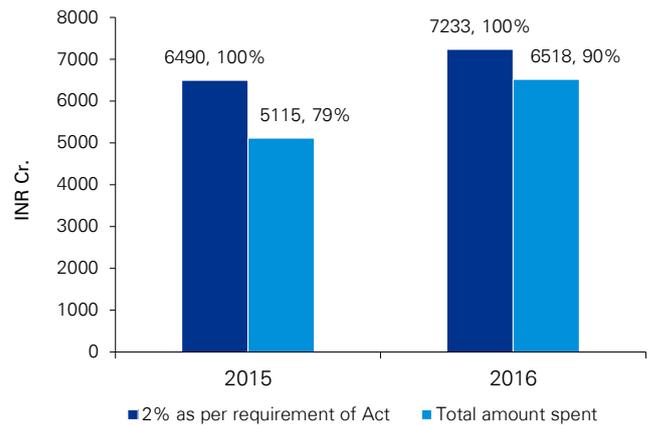
As per the Act, eligible companies are required to spend 2 per cent of their average net profit of the last three years towards CSR. Companies that are not able to spend the prescribed 2 per cent spends are required to specify the reason for not spending the amount. N100 companies were analysed and out of them, 93 companies were required to spend the prescribed 2 per cent CSR amount.

Comparison of the amount to be spent (CSR budget outlay) against the prescribed 2 per cent CSR amount

- As per the Act, N100 companies are required to spend INR 7233 Cr. (calculation as per Section 198 of Act), against which companies have committed INR 7355 Cr., to be spent on CSR.
- Ten companies have shown a higher budget outlay against the prescribed amount.
- It is also important to note that seven companies that were not required to spend, have conducted their CSR activities and have reported CSR expenditure.
- 82 per cent companies have committed CSR budget outlay equivalent to prescribed 2 per cent amount as per Section 198 of the Act.
- Over 12 per cent companies have a CSR budget outlay higher than the prescribed 2 per cent, similar to last year.
- However, over 6 per cent companies have a lower CSR budget outlay than the prescribed 2 per cent.



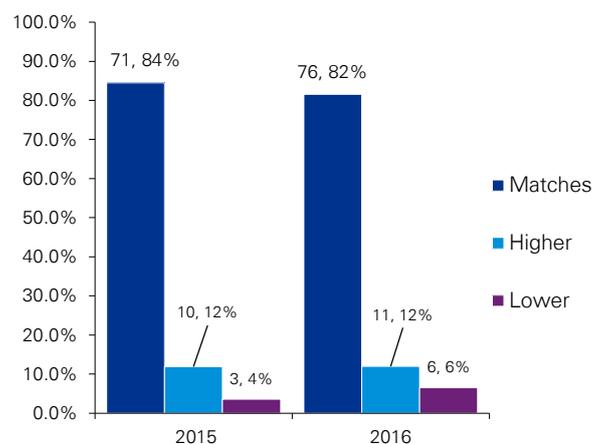
Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

Amount spent against the prescribed 2 per cent on CSR

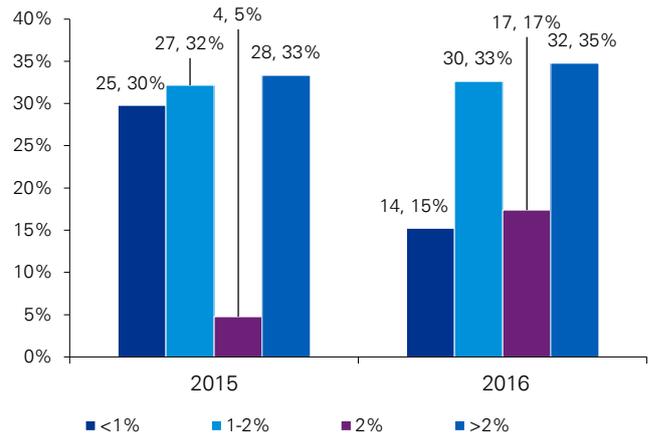
- During the current year, against the requirement to spend INR 7233 Cr., India Inc. has spent INR 6518 Cr. (90 per cent).
- This is higher as compared to last year wherein the companies had spent INR 5115 Cr. (79 per cent) against the requirement of INR 6490 Cr.
- An increase of 11 per cent spend is observed during the current year as compared to last year. The average spending per company has also seen nearly 15 per cent increase. This is an indication of India Inc. getting familiar with the requirements of Act and also getting the internal controls in place, a major reason why companies that were not able to spend amount during previous year.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

Comparison of the amount spent against the prescribed 2 per cent on CSR

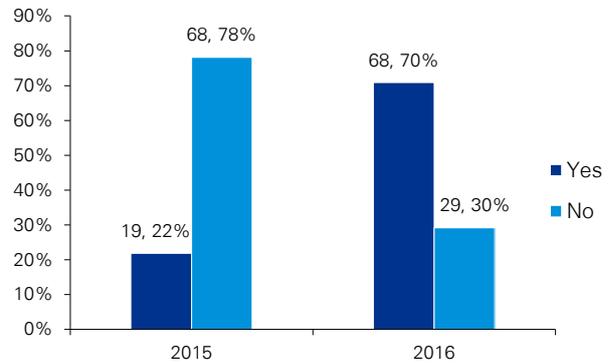
- During the current year, 52 per cent companies have spent 2 per cent or more than the prescribed amount, an upward trend by over 14 per cent.
- Spends in the range of <1 per cent have come down by 50 per cent as compared to the last year i.e. from 30 per cent to 15 per cent.



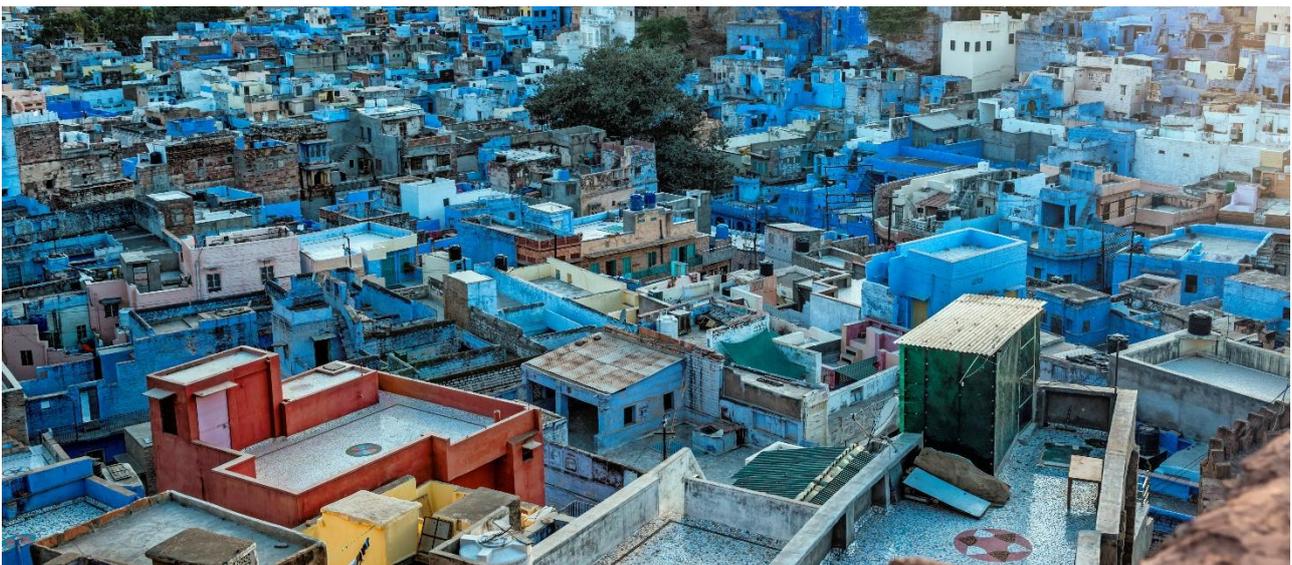
Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

Companies reporting separately on direct and overhead expenses on projects

- Disclosing direct and overhead expenses on projects through the prescribed format is a mandatory requirement as per the Act.
- During the current year, 70 per cent companies have disclosed direct and overhead expenditure towards CSR projects.
- There is a significant increase in clearly disclosing the project direct and overhead expenses by almost 50 per cent as compared to the previous year, which indicates an increase in better financial monitoring of projects by India Inc.

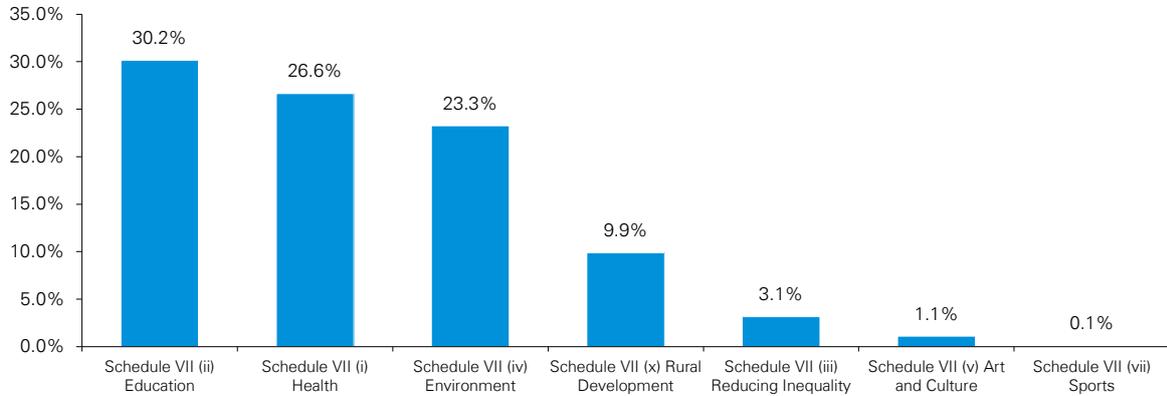


Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016



Area-wise percentage of spends towards project overheads

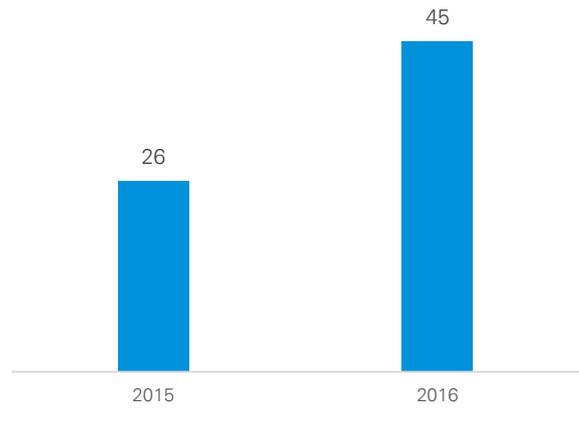
- Overall, 68 companies have given details regarding direct spends and overhead expenditure towards CSR projects during the current year, against 19 companies during previous year. Though there has been an overall improvement, but disclosure of companies for direct spends and overhead expenditure remains a concern.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

Disclosure on admin expenses

- The Act allows companies to spend a maximum of 5 per cent as admin expenses, against their annual expenditure on CSR.
- Forty-five companies have given details regarding administrative expenses during the current year, which is a good indication as compared to 26 companies last year. However, this still remains a concern wherein remaining fifty-five companies have not disclosed details regarding admin expenses.
- Against the prescribed permissibility to spend maximum 5 per cent towards administrative expense, over 11 per cent companies have spent more, which is critical considering this is non-compliance to the Act's requirement.

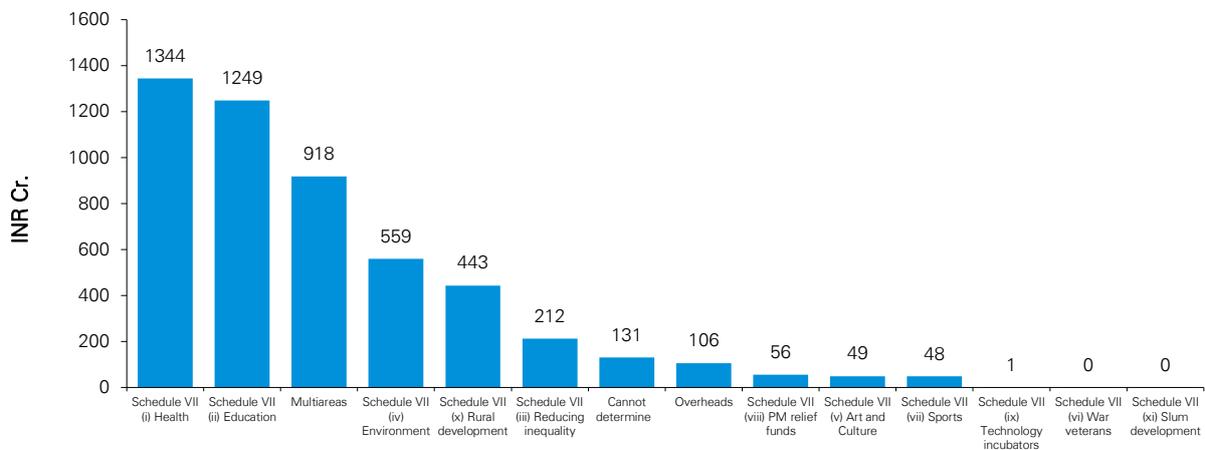


Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

Sector-wise CSR spends by companies

- During the current year, the health, sanitation and education sector account for the 63.74 per cent (INR 4155 Cr.) of the total spends on CSR against 50 per cent (INR 2592 Cr.) in the last year, an increase by 14 per cent.
- The CSR spend on the rural development sector has considerably increased from INR 443 Cr. (8.84 per cent) in 2014 -15 to INR 804 Cr (12.34 per cent) in 2015-16.
- Interestingly, some of the activities undertaken by the companies could not be bucketed under any of the Schedule VII items and, hence, appear as, 'cannot be determined', in the chart below. The 'Cannot be determined sector' has observed sharp increase in 2015-16 with INR 204 Cr. (3.13 per cent) as compared to the last year of INR 33 Cr. (0.66 per cent). Inability of companies to clearly classify CSR projects in schedule VII activities is a concern.
- Schedule VII activities mentioned below, put together, accounted for merely 3 per cent (INR 154 Cr.) of the total spends this year as well (INR 153 Cr. last year), and did not acquire much interest among the companies for their CSR activities-

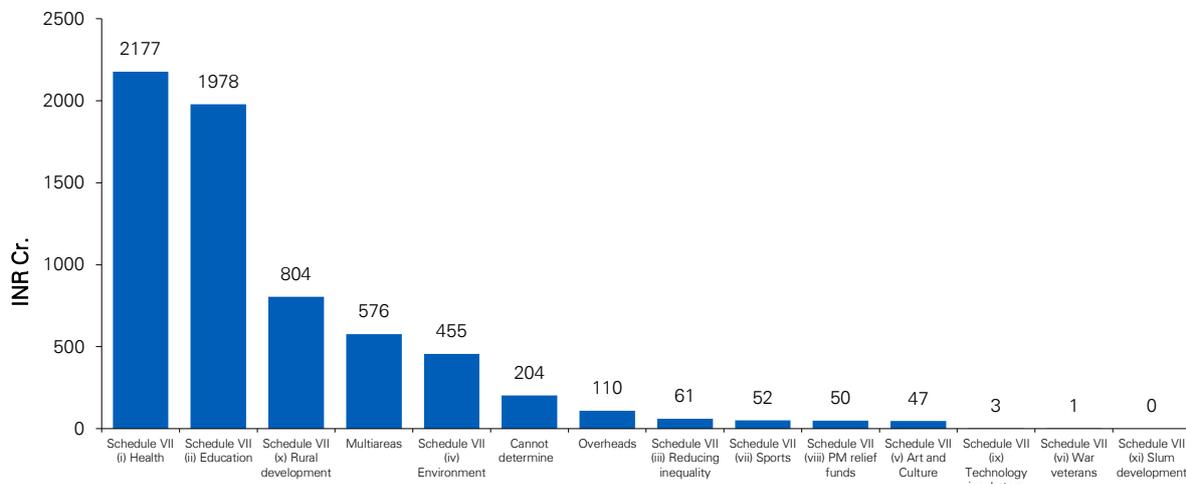
Sector-wise CSR spends by companies in 2015



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2015

- Protection of national heritage, art and culture, including the restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts
- Measures for the benefit of armed forces veterans, war widows and their dependents
- Training to promote rural sports, nationally recognised sports, paralympic sports and Olympics
- Contribution to the Prime Minister's national relief fund or any other fund set up by the central government for socio-economic development and relief and welfare of the scheduled caste, scheduled tribes, other backward classes, minorities and women
- Contributions or funds provided to technology incubators located within academic institutions which are approved by the central government.
- Slum development

Sector-wise CSR spends by companies in 2016

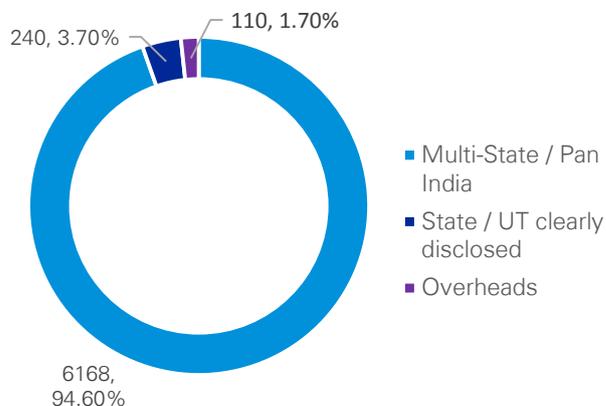


Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

Location-wise spends

The Act mandates companies to disclose details regarding the geographical location of their spent. During the current year, INR 618 Cr. was spent towards CSR by N100 companies.

Of the total spends, only INR 240 Cr. (4 per cent) amount could be clearly tagged to a particular state, basis the quality of disclosure by N100 companies, rest all is disclosed as multi-state or pan India. This is an area of concern and the quality of disclosure needs to improve.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

CSR project management



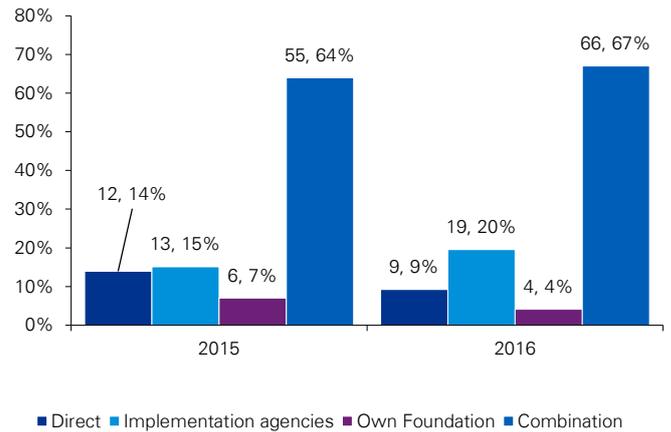
The Act mandates that companies must implement the activities in project mode. It provides flexibility to implement the project directly, through implementing partner or through a combination of both. This section

Implementation modality of the CSR program

- During the current year, exclusive direct implementation has been reported by 9 per cent companies against 14 per cent during previous year, a downward trend by over 5 per cent. Four per cent companies have reported exclusive implementation through their own foundation against 7 per cent during the previous year, decreasing by over 3 per cent.
- Exclusive implementation with the support of an external implementation agency has been reported by 19 companies against 13 companies during previous year.
- Sixty Six companies (67 per cent) have implemented projects through a combination of direct execution and / or in collaboration with their own foundation and / or with support of external agencies against 55 companies (64 per cent) previous year, an increase by over 10 companies.

analyses the project management aspects such as the mode of implementation, geographical area of intervention, and treatment of un-utilised funds.

- There is an upward trend of working with not-for-profit entities by the companies compared to the previous year.



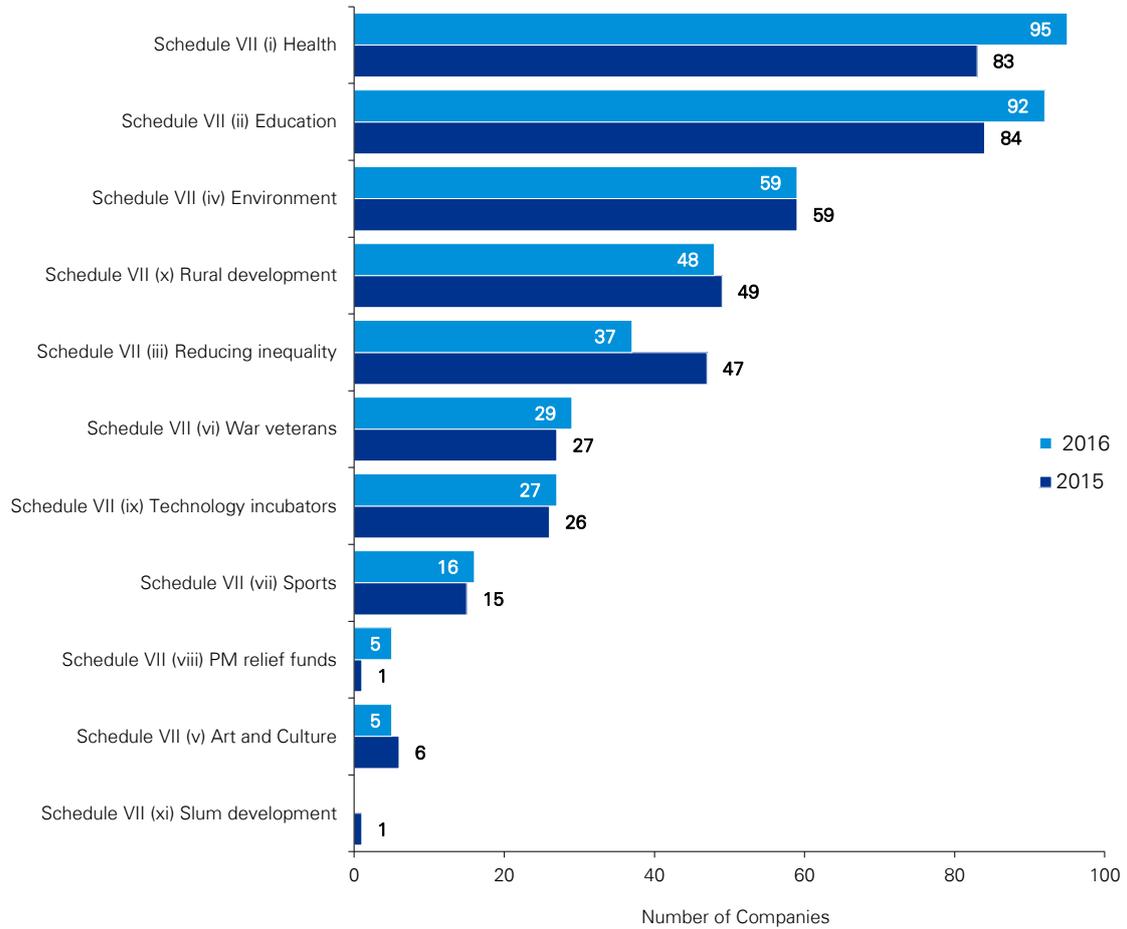
Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016



Sector-wise focus of companies

In analysing the projects undertaken by companies as per schedule VII classification we find that, more than 90 per cent companies have taken up projects in the area of health and education, followed by environment (59 companies) and rural development (48 companies).

During the current year, slum development was at the bottom of this list followed by the PM relief funds and art and culture. All three areas together garnered interest from only 10 companies of the top 100.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

State-wise focus of companies

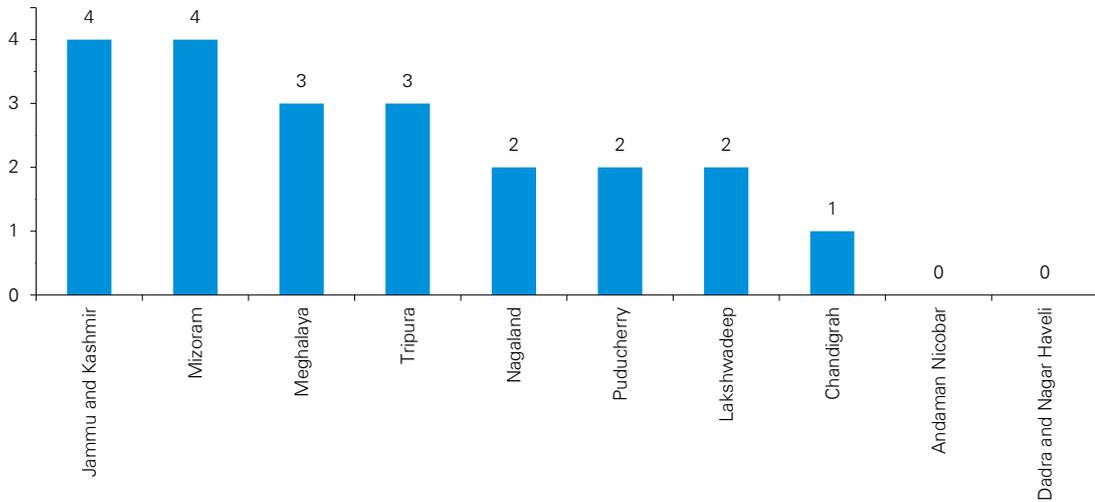
During the current year, Maharashtra had the highest number of projects, followed by Gujarat, Rajasthan, Karnataka and Tamil Nadu.

Excluding Madhya Pradesh, which has been replaced by Delhi during the current year, the rest of the states have retained their position in Top 10, by attatching spends towards CSR. However, it is surprising to observe that the number of projects have drastically come down by 33 per cent i.e. 1249 projects to 838 only. This is a positive indication wherein the corporates have started more focused projects rather than spreading too thin through multiple projects, which can, in long run, assist towards achieving measurable outcomes.

UTs such as Lakshwadeep, Andaman Nicobar Islands, Dadra and Nagar Haveli, Puducherry and Chandigarh including North-Eastern states continues to have received least attention during the current year as well. It is even more surprising to observe that the number of projects have come down by 79 per cent i.e. from 102 to only 21 projects.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016



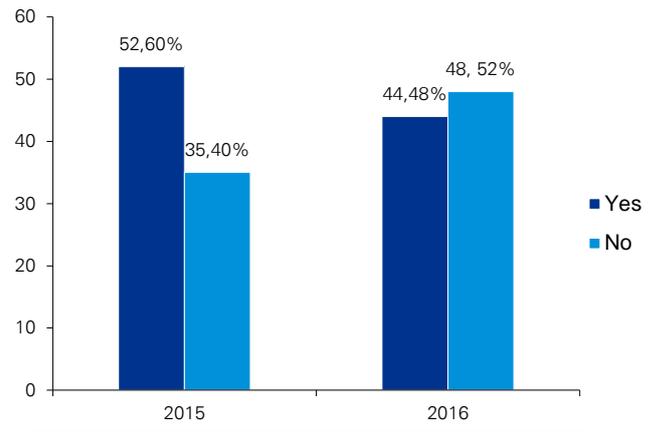
Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

Companies that have failed to spend 2 per cent

- Companies which fail to spend 2 per cent towards CSR are required to specify the reason for not spending the amount under clause (o) of sub-section (3) of Section 134 of Act.
- Ninety three companies were required to spend the 2 per cent on CSR based on the calculation as per Section 198 of the Act.
- During current year, almost half of the companies (48 per cent) were required to specify the reason for not spending the amount, of which all have given an explanation.
- Few reasons given by companies for not being able to spend 2 per cent towards CSR include scaling up of activities, multi-year and long term projects, difficulty in identification of appropriate partners, exploring new opportunities and areas of intervention, and delay in planned spends.
- It is not a mandatory requirement in the Act to carry forward the unspent CSR funds to the next year.

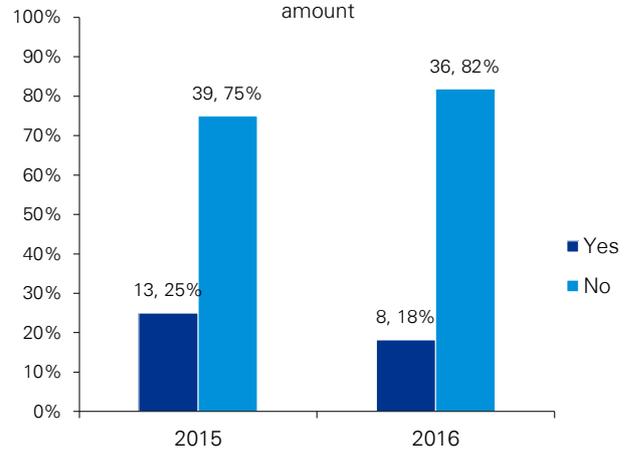
However, as compared to previous year where 25 per cent companies had committed to carry forward the unspent CSR amount, only 18 per cent companies have committed to carry forward the unspent CSR amount this year (four of them are PSU companies).

Companies that have failed to spend 2 per cent



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

Companies prepared to carry forward the unspent CSR amount



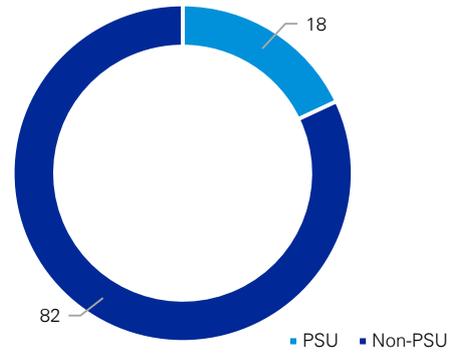
Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016



CSR at PSU companies and non-PSU companies



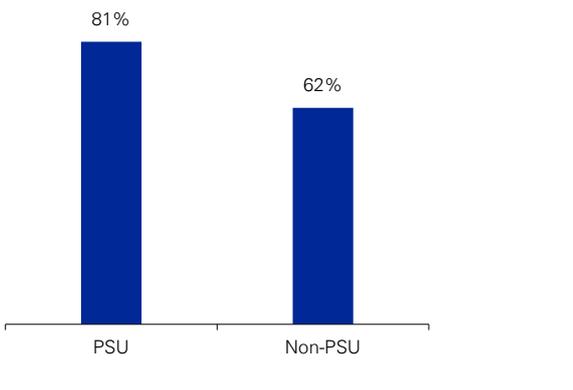
This section analyses CSR-related aspects such as governance, spends and project management of Public Sector Units (PSU) and non-PSU companies. 82 of the N100 companies are non-PSU companies and remaining 18 are PSU companies.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

Members in the CSR committee

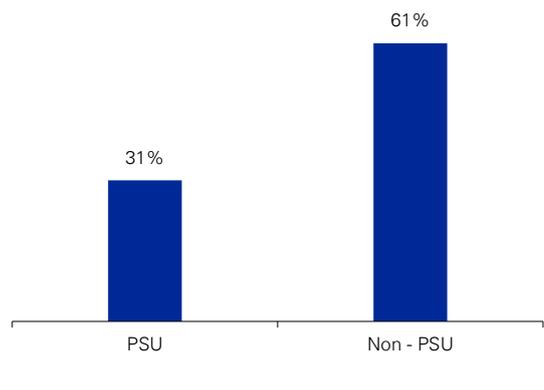
- Eighty one per cent PSU companies have more than 3 members on the CSR committee as compared to 62 per cent in the case of non-PSU companies.
- This indicates that a larger number of PSU companies have chosen to go beyond the compliance requirement by appointing more than three members on the CSR committee.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

Women members in the CSR committee

- Though, the number of members in CSR committee at PSU companies is higher, the representation of women members is almost half to that of non-PSU companies.
- Only 31 per cent PSU companies have women members on board as compared to over 61 per cent in the case of non-PSU companies.

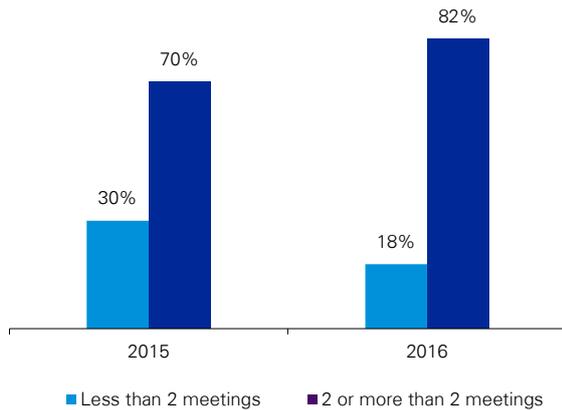


Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016



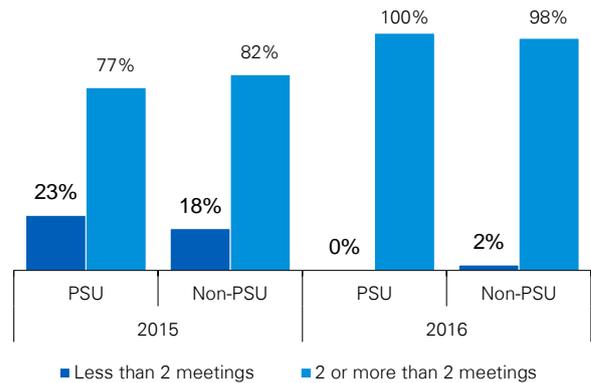
Number of CSR committee meetings

- During the current year, there is a sharp rise in number of companies that have held 2 or more CSR committee meetings. Compared to 70 per cent the previous year, it was 82 per cent of companies this year.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

- In case of PSU companies that have disclosed these details, all have held two or more CSR committee meetings, an upward trend of 27 per cent compared to the previous year.
- In case of non-PSU companies that have disclosed these details, 98 per cent companies have held 2 or more meetings, an upward trend by over 18 per cent compared to previous year.

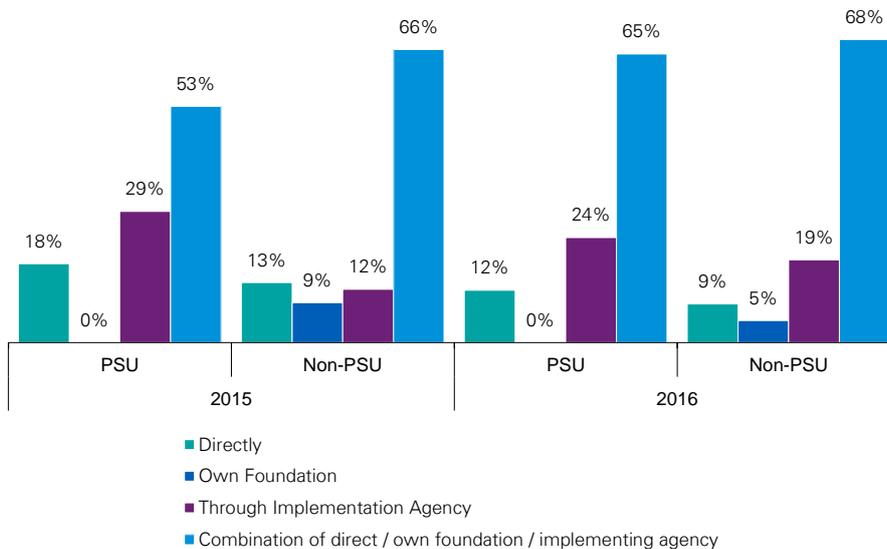


Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

Mode of implementation

- During the current year, 65 per cent PSU companies have reported to have implemented CSR projects through a combination of direct / through foundations or agencies against 53 per cent during the last year. 68 per cent (up by only 2 per cent) non-PSU companies have implemented projects through a combination

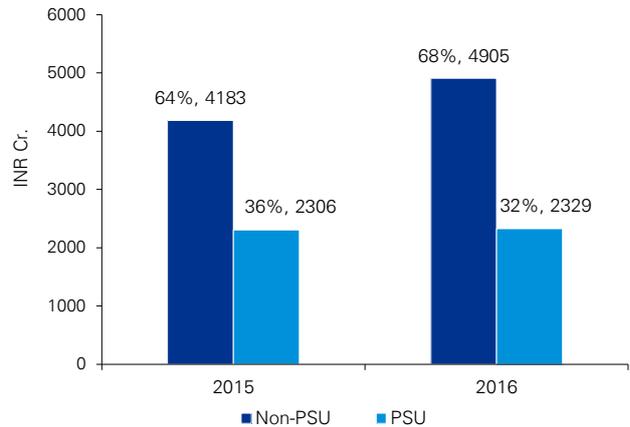
of these options. The Act allows PSU companies as well as non-PSU companies to implement the project through its own foundation, however, the presence of a foundation and expenditure through it seems to be primarily missing in the case of PSU companies.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

Prescribed 2 per cent CSR amount

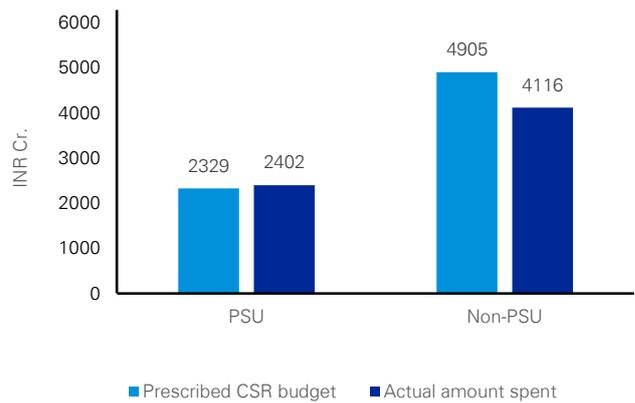
- During the current year, the prescribed 2 per cent CSR amount of non-PSU companies is INR 4905 Cr. against INR 4183 Cr. during previous year, an increase of INR 722 Cr. In case of PSU companies, it is in the range of INR 2329 Cr. (marginal increase of over INR 25 Cr. compared to previous year).
- The average prescribed 2 per cent amount per company has gone up by 12 per cent in case of PSU companies and 15 per cent in case of non-PSU companies.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

CSR spends / expenditure

- During the current year, against the requirement to spend INR 2329 Cr. by PSU companies, they have spent INR 2402 Cr. (more than the prescribed 2 per cent for PSU companies).
- However, against the requirement to spend INR 4905 Cr. by non-PSU companies, they have spent INR 4116 Cr. (84 per cent, less than the prescribed 2 per cent for non-PSU companies).
- The average spends against the prescribed 2 per cent amount per company has gone up by 64 per cent in case of PSU companies as compared to 15 per cent in the case of non-PSU companies.



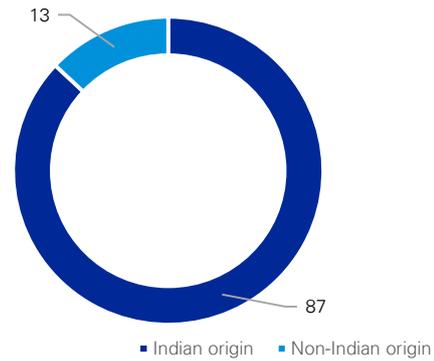
Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016



CSR at Indian origin companies and non-Indian origin companies



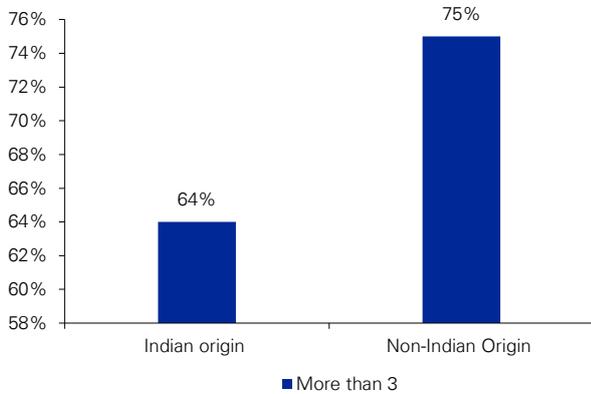
This section analyses CSR related aspects such as governance, spends and project management of Indian origin and non-Indian origin. 87 of the N100 companies are of Indian origin and remaining 13 are non-Indian origin companies.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

Members in the CSR committee

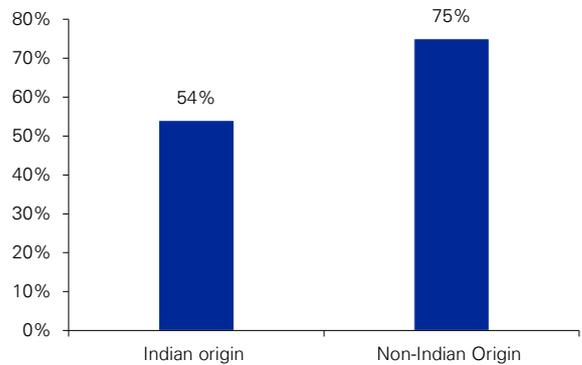
- Sixty four per cent Indian origin companies have more than 3 members on CSR committee as compared to 75 per cent in the case of non-Indian origin companies.
- This indicates that a greater number of non-Indian origin companies have chosen to go beyond the compliance requirement by appointing more than three members on the CSR committee.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

Women members in the CSR committee

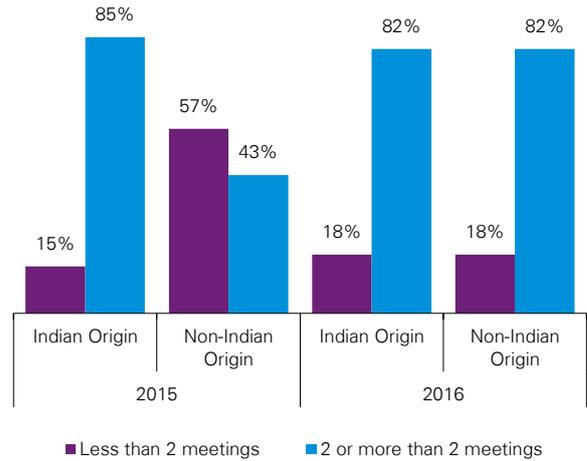
- Though the number of members in CSR committee at Indian origin companies is higher, representation of women members is less by over 20 per cent compared to non-Indian origin companies.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

Number of CSR committee meetings

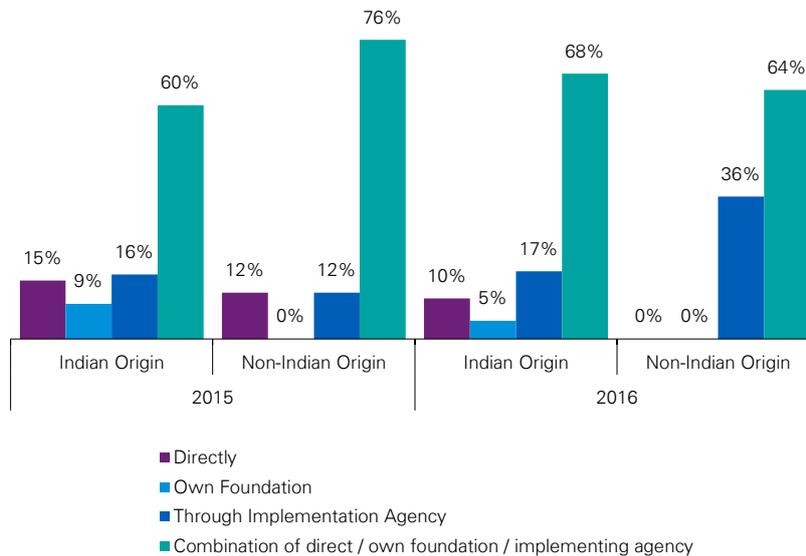
- During the current year, there is a sharp rise in number of companies that have held 2 or more CSR committee meetings. As compared to 70 per cent the previous year, it has increased to 82 per cent this year.
- In case of Indian origin companies that have disclosed these details, the number of meetings have gone down by 3 per cent.
- In case of non-Indian origin companies that have disclosed these details, 82 per cent companies have held 2 or more meetings, an upward trend by almost 40 per cent as compared to the previous year.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

Mode of implementation

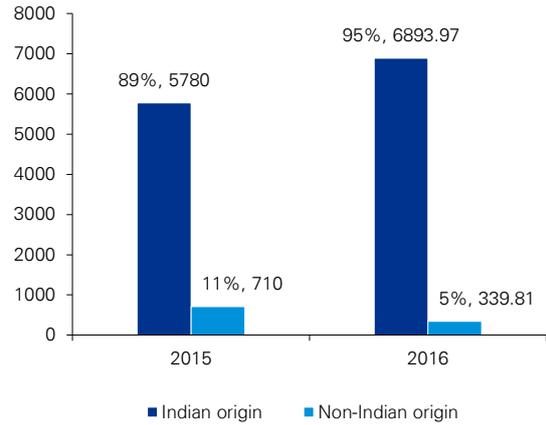
- During the current year, 68 per cent Indian origin companies have reported to have implemented CSR projects through a combination of direct / through foundation or implementing agencies against 60 per cent during the last year. 64 per cent (less by 12 per cent compared to last year) non-Indian origin companies have implemented through a combination of these options.
- Non-Indian origin companies have shown more confidence on NGOs and the implementation of CSR projects through the support of implementation age



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

Prescribed 2 per cent CSR amount

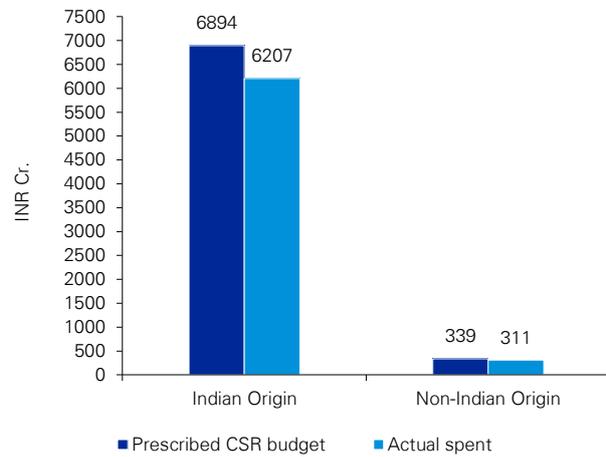
- During the current year, the prescribed 2 per cent CSR amount of Indian origin companies is INR 6894 Cr. against INR 5780 Cr. during the previous year, an increase by INR 1114 Cr. In case of non-Indian origin companies, it is INR 339.81 Cr.
- The average prescribed 2 per cent amount per company has gone up by 7 per cent in the case of Indian origin companies and has reduced to over 20 per cent in the case of non-Indian origin companies.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016

CSR spends / expenditure

- During the current year, against the requirement to spend INR 6894 Cr. by Indian origin companies, they have spent INR 6207 Cr. (90 per cent).
- Against the requirement to spend INR 339 Cr. by non-Indian origin companies, they have spent INR 311 Cr. (92 per cent).
- The average spends against the prescribed 2 per cent amount per company has gone up by 18 per cent in case of Indian origin companies and 30 per cent in the case of non-Indian origin companies.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016



CSR spends by type of companies and nature of industry



Energy & power, BFSI and IT consulting & software have high budgets as compared to various types of companies / industries. They alone have a mandate to spend 65 per cent (INR 4681 Cr.) of the total prescribed two percent as per the Act. Cement & cement products, construction, services, media & entertainment and chemicals account for spending only 5 per cent (INR 384 Cr.) of the total CSR budget of N100 companies.

Energy & Power, BFSI and IT Consulting & Software account for spending over 65 per cent of the total spends by N100 companies at INR 4208 Cr. The Energy & Power sector account for the highest spends at INR 2292 Cr. (35 per cent of total spends by N100 during current year) followed by BFSI (18 per cent) and IT (11 per cent).

Interestingly, chemicals, construction, services, mining, automobile, media, cement and energy & power sector companies have spent more than the prescribed 2 per cent CSR budget in the range of 101 per cent to 119 per cent.

The telecom sector has increased spends from 18 per cent to 31 per cent, however, it still continues lagging behind other sectors.

Excluding IT and industrial manufacturing, all other sectors have shown an increase in their spending during current year as compared to the previous year. Both construction and automobile sector have seen an increase in their overall spending by almost 40 per cent.

Type of Company / Industries (Number of companies)			2015-16	2014-15
	Prescribed CSR Expenditure (INR Cr.)	Amount Spent (INR Cr.)	Amount Spent (per cent)	Amount Spent (per cent)
Chemicals (2)	21	25	119	101
Construction (1)	101	120	118	75
Services (3)	73	79	108	94
Mining and metals (6)	584	623	107	93
Automobile and allied products (10)	360	380	105	65
Media and entertainment (1)	22	23	103	87
Cement and cement products (4)	135	138	102	90
Energy and power (11)	2292	2312	101	89
Consumer products (18)	561	543	97	87
Banking and financial services (18)	1452	1160	80	61
IT Consulting & Software (6)	937	735	78	91
Pharmaceuticals (11)	250	189	76	53
Industrial Manufacturing (6)	176	108	62	101
Telecom (3)	269	83	31	18
Grand Total	7233	6518	90	79

Status of CSR compliance



The below table summarises the level of compliance against the requirements of Section 135 / 134 of the

Companies Act, 2013 and also the Companies (Corporate Social Responsibility) Rules, 2014.

Mandatory requirements of the Act	Number of compliant companies	No of non-compliant companies
CSR policy related aspects (97 companies have CSR policy available in public domain)		
Availability of CSR policy in public domain	97	3
CSR policy web link in Annual Report	97	3
Disclosure on the area of intervention in the CSR policy	96	1
Disclosure on the mode of implementation in the CSR policy	90	7
Disclosing details regarding the treatment of surplus arising from CSR activities	71	26
Details of the monitoring framework	89	8
CSR Committee related aspects (98 companies have disclosed details regarding CSR committee)		
Disclosing CSR committee composition in Directors' Annual Report	98	2
Stand-alone CSR Committee	88	10
Members in CSR Committee (at least 3, of which one should be independent directors)	98	-
Independent director in CSR committee	98	-

Mandatory requirements of the Act	Number of compliant companies	No of non-compliant companies
Disclosure on CSR spending (96 companies have disclosed CSR details in prescribed format and 93 companies were required to spend the prescribed 2 per cent amount)		
CSR disclosure in prescribed format	96	4
Details of average Net Profit or Loss of the Company for last 3 financial years	96	4
Details of prescribed CSR amount by companies that are required to spend 2 per cent	92	1
Details of total amount to be spent by companies that are required to spend 2 per cent	92	1
Details of total amount spent by companies that are required to spend 2 per cent	93	-
Reporting separately on project direct and overhead expenses	69	29
Mode of implementation mentioned	93	-
Admin expenses exceeding 5 per cent of total expenditure on CSR	89	11
Explanation given by companies that have filed to spend 2 per cent	44	-
Responsibility statement given	95	1

Acknowledgement

Project team:

Santhosh Jayaram
Jignesh Thakkar
Deepak Chincholi
Kishor Choudhary
Aditya Golatkar
Sagar Shinde

Design team:

R Venkatesh

Compliance team:

Sameer Hattangadi
Nisha Fernandes



KPMG in India contacts:

Nitin Atroley

Partner and Head

Sales and Markets

T: +91 124 307 4887

E: nitinatroley@kpmg.com

Mritunjay Kapur

Partner and Head

Risk Consulting

T: +91 124 307 4797

E: mritunjay@kpmg.com

Santhosh Jayaram

Partner and Head

Climate Change, Sustainability and CSR

T: +91 80 3065 4114

E: santhoshj@kpmg.com

Jignesh Thakkar

Manager

Climate Change, Sustainability and CSR

T: +91 22 3090 2355

E: jigneshthakkar@kpmg.com

[KPMG.com/in](https://www.kpmg.com/in)

Follow us on:

[kpmg.com/in/socialmedia](https://www.kpmg.com/in/socialmedia)



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2017 KPMG, an Indian Registered Partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.

Printed in India.