

CSR IN INDIA

THE NUMBERS DO ADD UP

July 2018

An analysis of CSR fund flow in India from
FY 14-15 to FY 18-19



A REPORT BY



NGOBOX & CSRBOX

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Collaboration is the key to address the development challenges - Bhomik Shah

As we enter the second quarter of the 5th financial year since the applicability of mandatory corporate social responsibility (CSR) provisions, we see an array of business to government (B2G) and government to business (G2B) collaborations taking shape in the areas of education, healthcare, rural development and road safety awareness. This is just the beginning of collaborations for impacts in India.

The real intent behind bringing in CSR regulations in India and getting businesses involved in solving development challenges is to leverage the corporate innovations and management skills. As coined in one of the Committees' report (constituted by the Ministry of Corporate Affairs, GoI) "CSR should not be interpreted as a source for financing the resources gaps in government schemes. Use of corporate innovations and management skills in the delivery of 'public goods' is at the core of CSR implementation by companies".

With INR 11000-14000 Cr. annual inflow of fund for development interventions through CSR, India has definitely taken a lead in pushing the idea of corporate philanthropy in the board-rooms and engaging the top-management of companies in 'dialogue for development'. The first two years of regulations were difficult for companies with large CSR budget, as they were required to set up internal processes and identify the right model and partners for implementation. As expected, many companies had bitter experiences of going wrong in the choice of programs and partners, and thereafter, the follow-up phase of course-correction has also ended with two more years of CSR compliance ending in March 2018.

Whether mandatory CSR has delivered as per the intent of the provisions or not is a point to be discussed and debated, but as a CSR practitioner and enabler in the CSR ecosystem we can vouch for the fact that it has changed the way businesses used to look at the social sector and humanitarian issues. It has furthered the idea of 'community-engagement' to the next level and has created an enabling environment for 'collaborations for greater good'.

It will take time to add up the numbers and map the impacts created through all the CSR fund in the country, but it's time to shoulder more responsibility in alignment with the spirit of the Act and co-create the projects and programs that go beyond the 'boundaries'. Yes, the boundaries of a brand, a company and a group. We saw 're-inventing of wheels' in India's development ecosystem for decades and the initial years of CSR compliance are not much better than those. Shared vision and mission, shared objectives and co-created programmes by companies, not for profits and government agencies, are the future of corporate social responsibility and sooner we adopt that, the better our programs and greater our impacts will be.

With the beginning of 5th year of CSR compliance, we see a new level of discussions among businesses, government agencies, NGO leaders and impact investors. The whole notion of CSR as 'easy-money' is fading away and the sense of accountability for each rupee going towards development is gaining the roots.

With the prescribed CSR spend of companies, that have to comply with the CSR rules, totalling over INR 50,000 for the first five years of the compliance, the future of corporate philanthropy in India is going to be defined by how good we have used the fund in past four years and how we plan to use it in future for solving the challenges that our present and future generations are going to face.

This will also be a test of board-room decision-makers for setting up priorities by juxtaposing immediate gains of sheer philanthropy and long-term benefits of sustainability-oriented projects. Irrespective of what one prioritizes, we all have to agree that the CSR regulation is not just about the numbers but about the choices that we make to transform each number into a story of good.



About the Report

This report 'CSR in India: The Numbers Do Add Up' is an effort to bring forth the big picture of CSR fund flow in India and catalyse CSR partnership for 'better impacts'. The report covers the big 500 companies of India, largely listed on Bombay Stock Exchange and National Stock Exchange. All of these companies were required to spend INR 1 Cr. or more on CSR projects in FY 16-17.

All the data presented in this report is based on the officially reported data of the companies from FY 2014-15 to 2016-17. The projected data for FY 17-18 and FY18-19 is on the basis of CSR trends of previous three years, along with reported average net profit of companies in preceding three years. All the data-sets and the analysis in this report pertain to CSR portfolio analysis of big 500 companies.

The report is an effort to present the big picture of CSR fund flow in India to initiate discussions on how we can leverage the mandatory CSR provisions to catalyse the development interventions.

The Report is largely structured in two parts:

**Part I: CSR Trend Analysis and Projections
FY 2014-15 to FY 2018-19**

**Part II: Estimated Prescribed CSR in
FY 2018-19**

Note: We have taken due care in using the data from the authentic sources for this report. However, the users are advised to cross-check the data from the parent-source (here-respective company) while using the numbers for further study or deliberations.

Part I: CSR Trend Analysis and Projections FY 2014-15 to FY 2018-19

Prescribed CSR Spend to cross INR 50,000 Cr. Mark

The Companies Act, 2013 brought in many changes in the corporate landscape of India, ranging from introduction of one-person company (OPC) to rules for better corporate governance, from the mandatory women director on boards of listed firms to the provision of the mandatory CSR. Introduction of CSR rules was the most debated and talked-about point since the Draft Companies Bill was presented in the Lower House of the Parliament in 2011. Technically, with the new Companies Act, India became the leading country to make companies invest a part of their profits for communities as a compliance.

As stipulated in the Section 135 of the Companies Act, companies having a net worth of INR 500 crore (Cr.) or more, 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 percent of their average net profit (of previous three years) on CSR programmes. Indian companies responded well to the mandatory CSR with almost INR 8800 Cr. CSR spend in the 1st reporting year of the CSR compliance.

The Act heralded a new era for the development sector in India which was under resource-crunch due to decreasing foreign-funding (read 'grants') to Indian non-profits, shift in strategic focus of large grant-making organizations from India to other low-income countries and tightening of noose on FCRA, a compulsory government-nod for non-profits to obtain foreign-funding.

If we look at the overall CSR ecosystem in India, the total CSR fund investment by companies in India would cross INR 50,000 Cr. by 31st March 2019, since the applicability of the mandatory CSR. A large chunk of this is towards education and skills development projects, followed by healthcare and sanitation initiatives, both of which are top priorities for the central government as well.

If we dig-deeper in the reported and projected CSR data, it is largely the big 500 companies that define the CSR landscape of the country. These big 500 companies command more than 90% of the total CSR pool of the country. Making it more specific, it's only the top 20 companies that command more than 45% of India's total prescribed CSR fund year after year, the total prescribed CSR spend for these 500 companies between FY 2014-15 and FY-2018-19 is INR 49537Cr. If we look at the whole CSR ecosystem in India and all the companies under the CSR mandate the numbers add up to INR 56000 Cr.

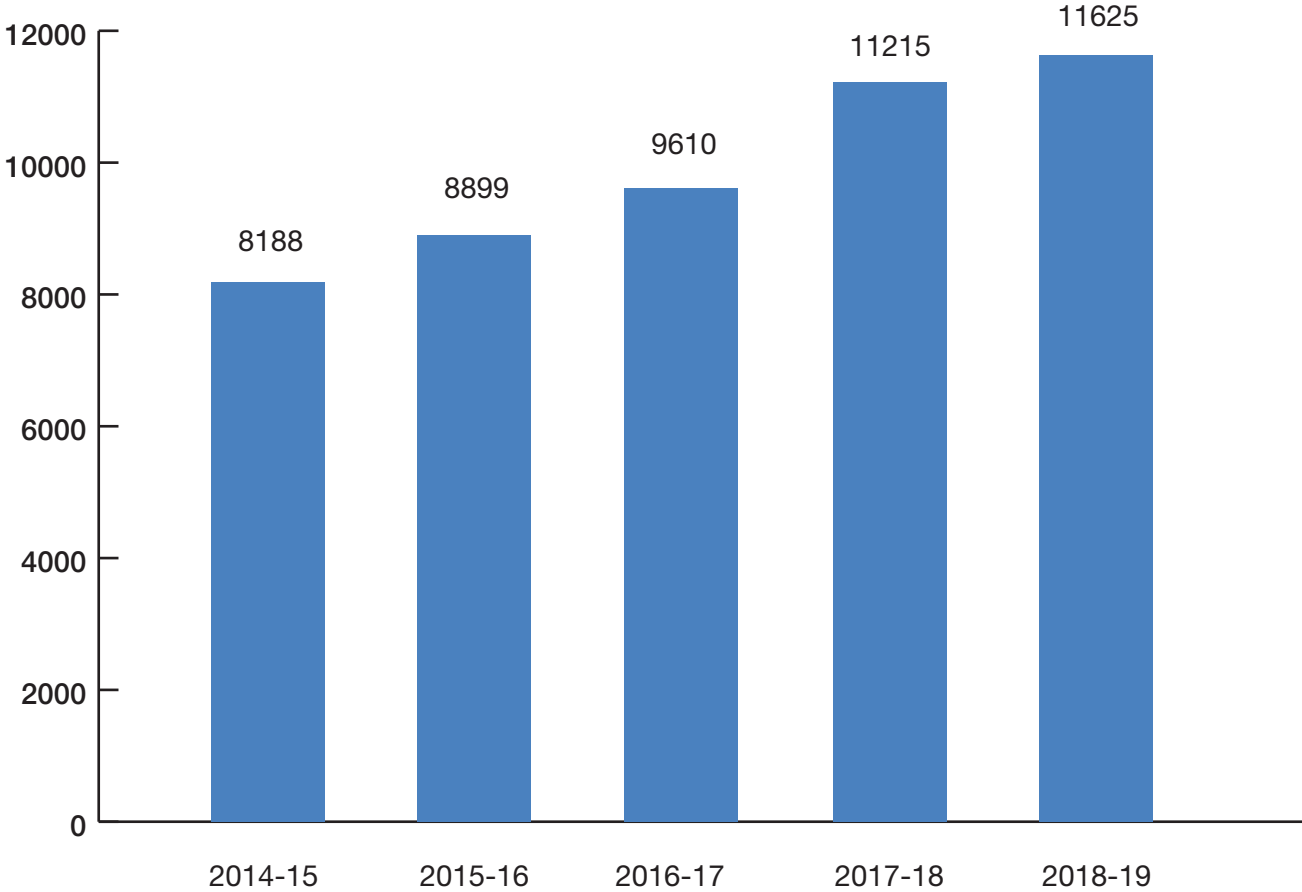
CSR Trajectory of Five Years (Reported and Projected)

CSR in Numbers	Prescribed CSR (From 01 st April 2014 to 31 st March 2019)
Big 500 Companies (In the report)	INR Cr. 49537

NGOBOX has been analysing CSR data of companies from FY 2014-15 and publishing analytical reports 'India CSR Outlook Report' since 2015. Based on the reported CSR data of companies, we have tried to look at theme-wise CSR trajectory from 2014-15 to 2018-19. Here, the data for the first three financial year is the actual reported data of the company while the data for 2017-18 and 2018-19 is projected data based on the trends of previous three years' trends and a few sample data-analysis done for the FY 2017-18. These 500 companies are the ones that were required to spend INR 1Cr or more in FY 2017-18.

If we look at the numbers for all the companies that fall under the purview of the CSR compliance, the total prescribed CSR would cross INR 56,000 Cr in these five years.

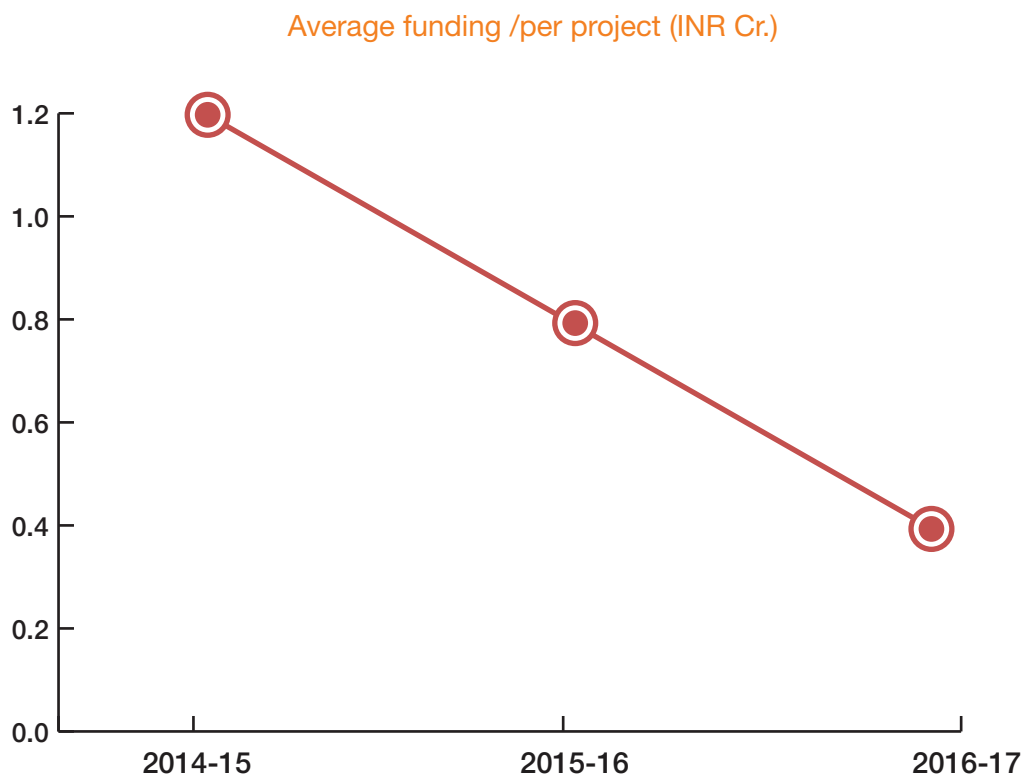
Prescribed CSR of Big 500 Companies (INR Cr.)



* For FY17-18 and FY18-19 the numbers may differ by 5%-7% for adjustments for the average net profit with profit from overseas operations as per the CSR rules.

The Big Picture of CSR in India

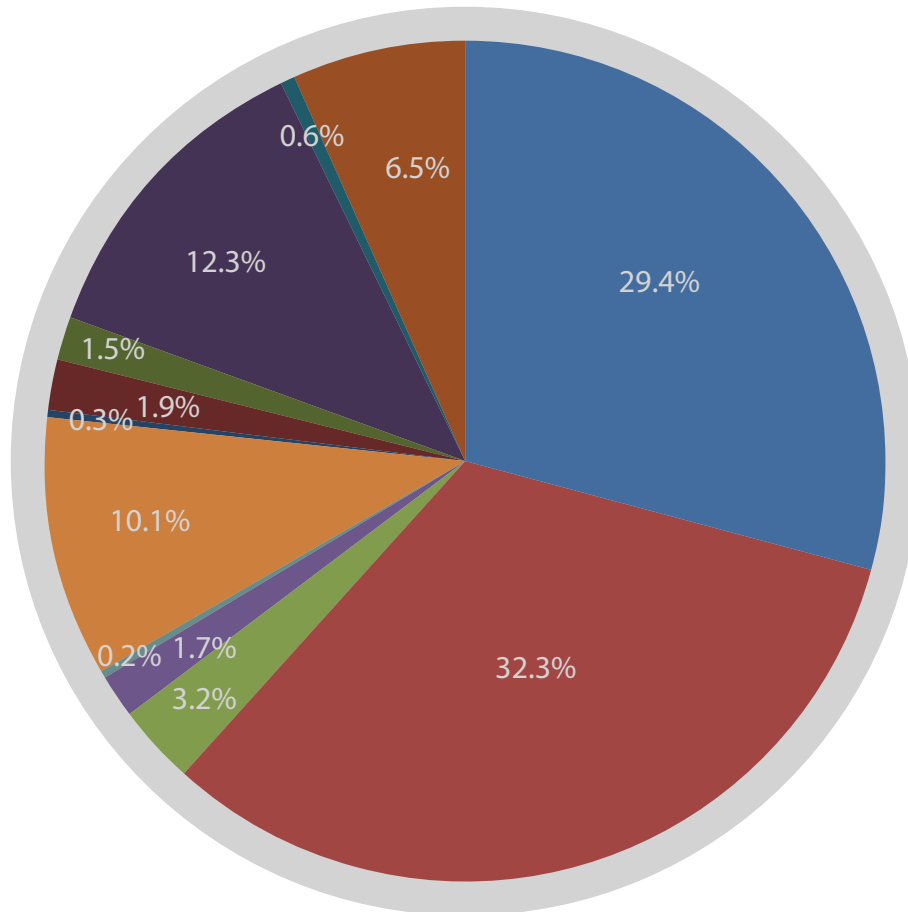
- CSR compliance in-line with the prescribed CSR/year is going to increase and would reach in the range of 97-99% by FY 2019-20.
- Education is the most preferred intervention area for companies, specially companies with medium CSR budget, and this is expected to remain the most preferred theme for years to come.
- CSR compliance level is set to increase, and in-depth (detailed) disclosures in the annual reports will be a common practice.
- The average ticket-size of the CSR projects has shown downwards movement from 2014-15 to 2016-17, but gradually, this will reverse.



- Top 10 companies command more than one-third of India's CSR pool while top 20 command over 45% of the CSR fund, and this is likely to remain constant for next 3-4 years.
- Government collaboration for large scale CSR partnerships; more companies will align their CSR programs with government programs, schemes and priorities with special focus on **Ayushman Bharat**, **Aspirational District Programme**, **Skill India Mission** and **National Nutrition Mission**.
- Business to business (B2B) collaboration and joint design and implementation of projects is gradually getting space in board-rooms and we will see more collaborative projects on the ground in the near future.
- The practice of transferring CSR fund in CSR foundations and implementing partners as Corpus-fund would gradually come to cease.

Thematic Priorities in CSR in India

Projected CSR fund distribution from FY14-15 to FY 18-19

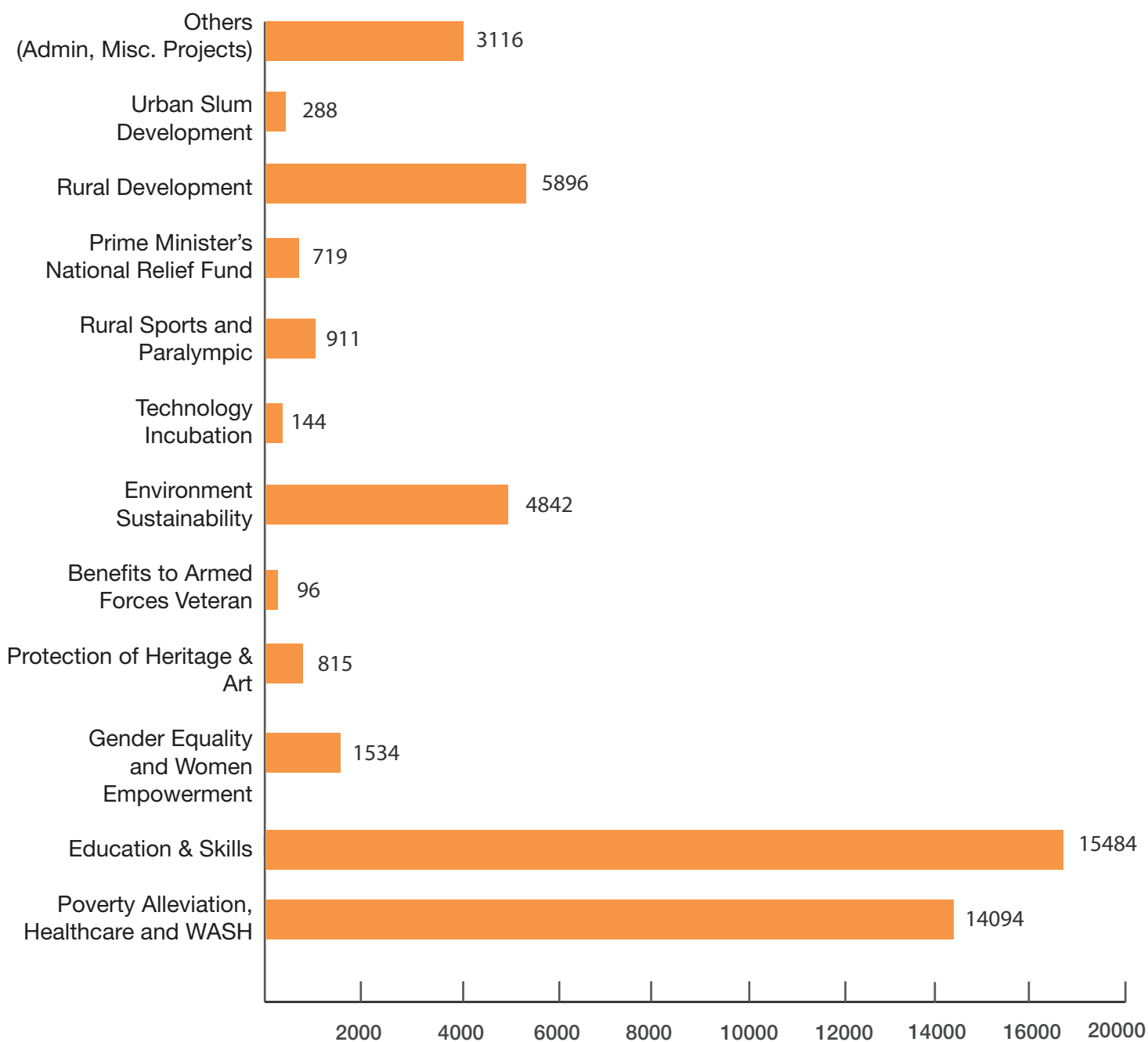


- | | |
|---|--|
| ■ Poverty Alleviation, Healthcare and WASH | ■ Education & Skills |
| ■ Gender Equality and Women Empowerment | ■ Protection of Heritage & Art |
| ■ Benefits to Armed Forces Veteran | ■ Environment Sustainability |
| ■ Technology Incubation | ■ Rural Sports and Paralympic |
| ■ Prime Minister's National Relief Fund | ■ Rural Development |
| ■ Urban Slum Development | ■ Other (Admin, Misc. Projects) |

Theme Wise CSR Fund Flow

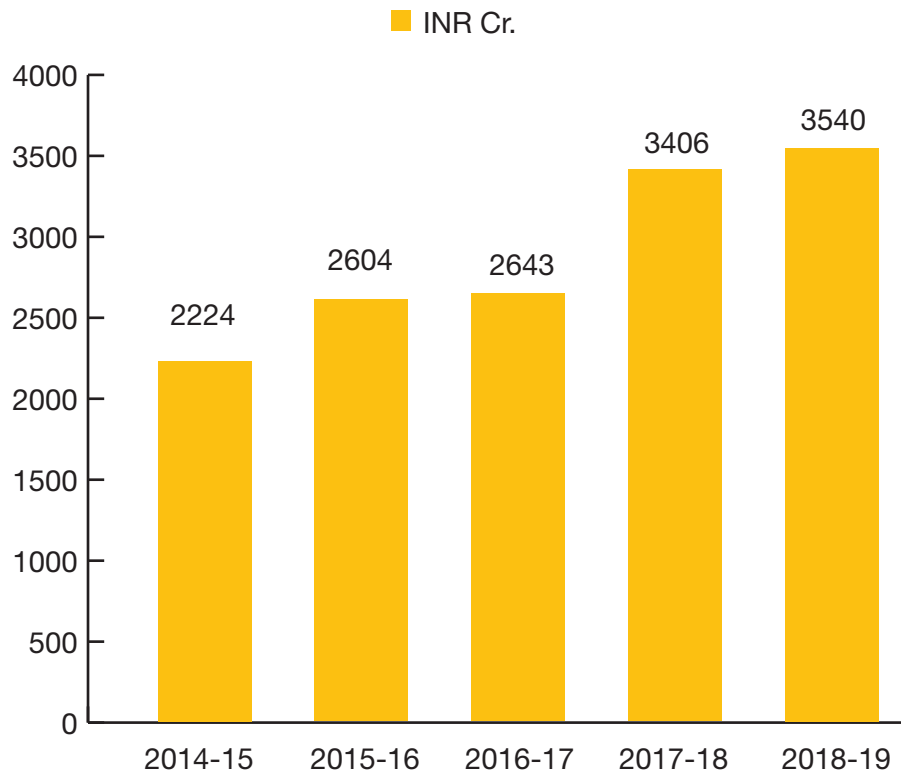
Going by the fact that the Ministry of Corporate Affairs has already begun to take stringent actions against the companies that did not comply with the CSR rules, it is believed that companies would reach the actual CSR spend mark of 97-98% with respect to the prescribed CSR and the actual CSR spend by 2018-19. Going by this, education and skills development initiatives would receive over INR 15000 Cr. by 31st March 2019, followed by poverty alleviation, healthcare and WASH initiatives with INR 14,000 Cr.

Theme wise CSR fund flow in between FY14-15 to FY18-19 (INR Cr.)*



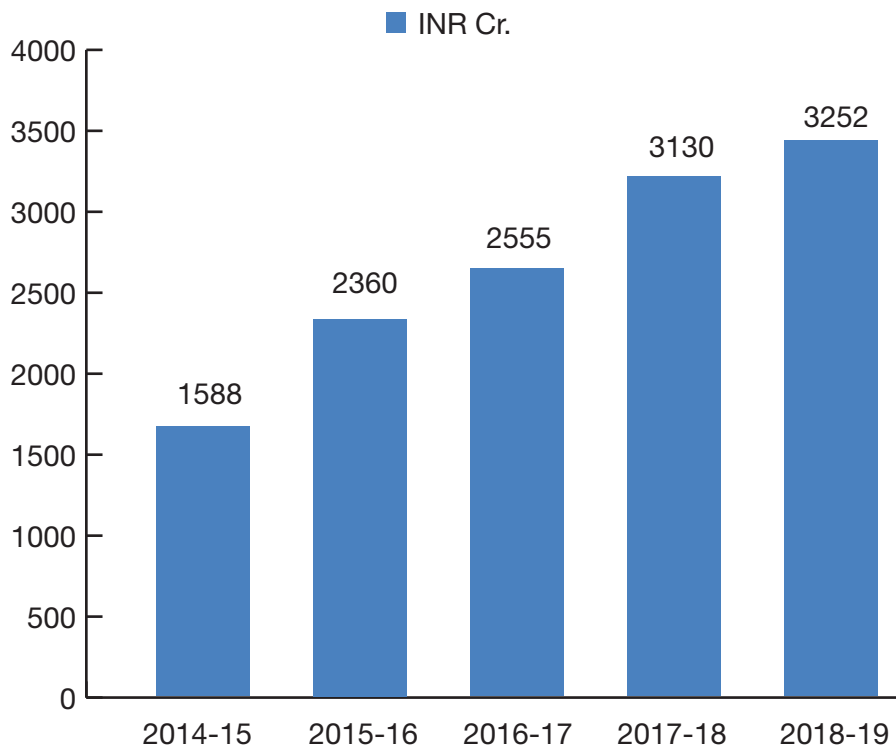
*For FY 2017-18 and 2018-19, numbers are projected based on the past trends and analysis of a few lead companies CSR programmes.

CSR Spend In Education and Skills Development Projects (by big 500)

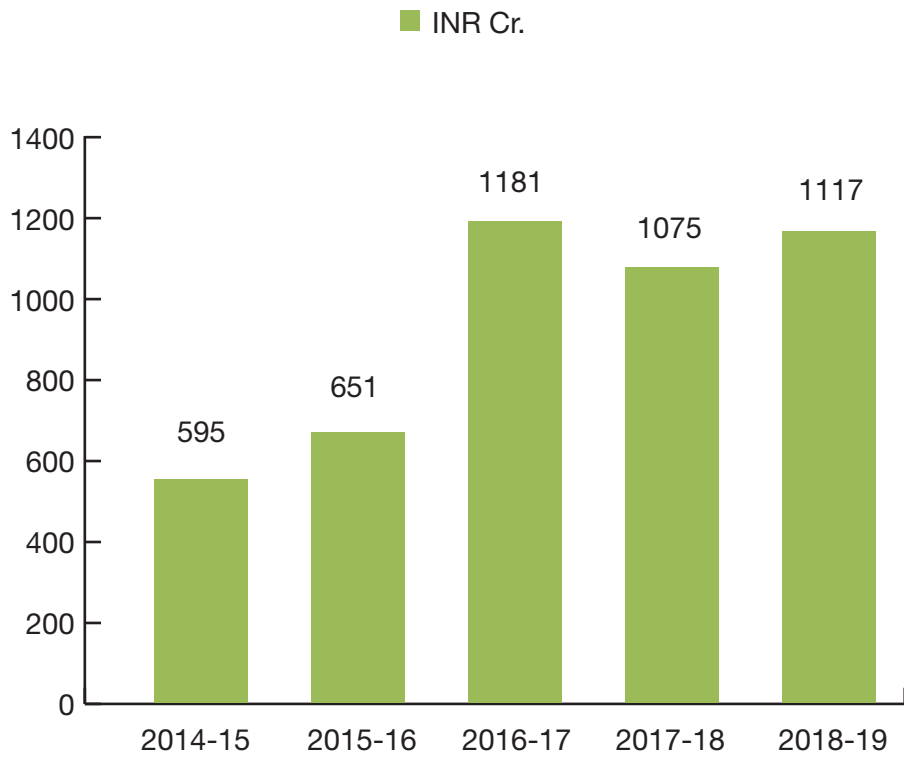


*For FY 2017-18 and 2018-19, the data is projected on the basis of past trends and an adjustment has also been made for unspent CSR fund (7%) in these two years (Applicable to all the graphs in this section).

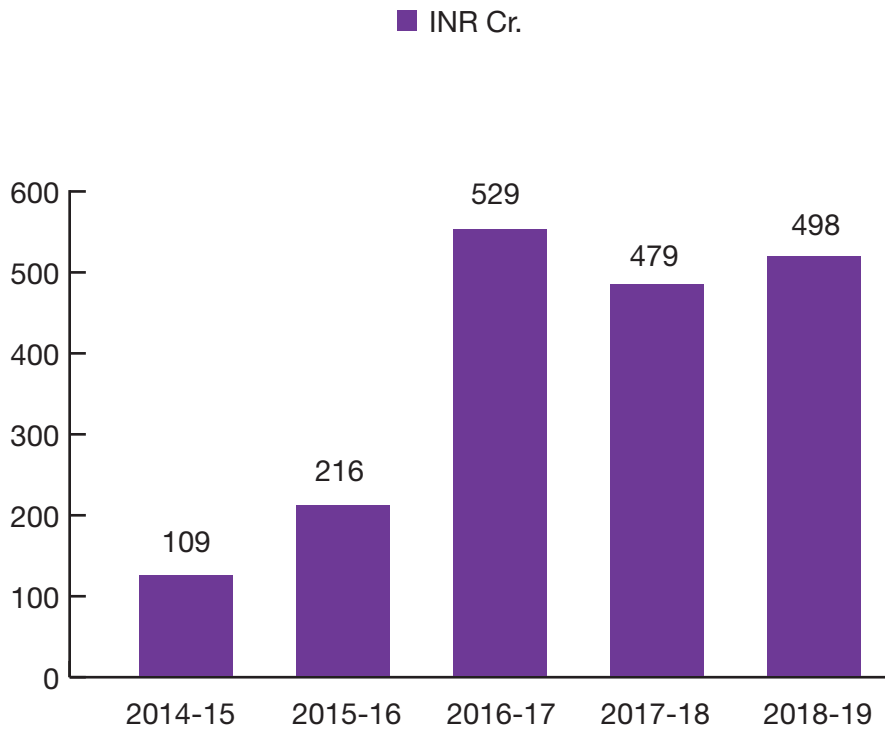
CSR Spend In Healthcare and WASH Projects (by big 500)



CSR Spend In Environment Theme



CSR Spend In Women Empowerment and Gender Equality



The New Trends in CSR Projects

Based on the CSR analytics through CSRBOX and our engagement with key stakeholders in the CSR ecosystem, we have analysed the various program-types in each of the broad theme of the Schedule VII of the Companies Act.

Here are a few new trends that we found worth mentioning.

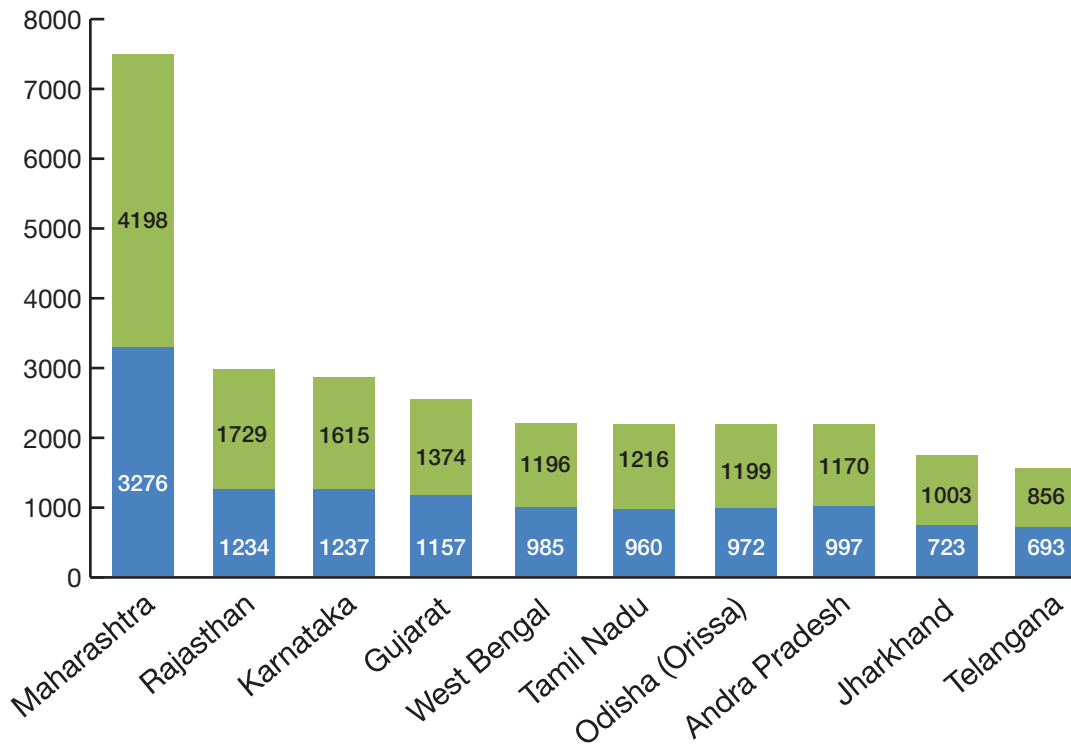
Theme	New project types
Education	<ul style="list-style-type: none"> • Digital/smart-classrooms • App-based learning modules both for teachers and students • Scholarships and fellowships for students • Career-counselling and mentoring of students • Adoption of beyond classroom activities • Supporting tech-based enterprises in edtech space through technology-incubators • Teachers-training and capacity building through government-corporate and NGO collaborations • Setting-up Science-Labs
Skills Development	<ul style="list-style-type: none"> • Setting-up of special sectoral-skill based academies • App-based curriculum delivery • Integration of skills programmes with 10+2 curriculum or add on after-school packages for adolescents • Use of technology (Artificial Intelligence) to gauge interests of youth for skills-training
Healthcare	<ul style="list-style-type: none"> • Supporting tech-based enterprises in healthcare through technology-incubators • Adoption of affordable technology and innovations in public healthcare projects • Preventive healthcare measures for communities • Nutrition and wellness initiatives for children and mother
Women Empowerment	<ul style="list-style-type: none"> • Programmes related to awareness building for women safety, gender equality and inclusion • Entrepreneurial support for rural women • Leadership building programmes for women • Non-farm Livelihood initiatives for women
Environment	<ul style="list-style-type: none"> • Recycling of plastic and paper products • Promotion of eco-friendly measures • Program-based use of Solar products
Water and Sanitation	<ul style="list-style-type: none"> • Adoption of drinking water delivery in rural and semi-urban areas • Water-ATMs on public places • Behaviour change communication initiatives for communities • Sanitary-pad distribution and setting -up of sanitary-pad vending machines
Others	<ul style="list-style-type: none"> • Promotion of sports in rural areas • Road safety and awareness projects • Army/veteran soldiers' well-being initiatives

Geographic Distribution of CSR Fund

State	Spend between FY14-15 to FY16-17	Projected Spend FY17-18 & 18-19	% of India's CSR fund
Andhra Pradesh	996.9	1169.9	4.52%
Arunachal Pradesh	255.5	319.8	1.20%
Assam	404	478.1	1.84%
Bihar	336.3	425.9	1.59%
Chhattisgarh	434.6	514.6	1.98%
Delhi	653.2	780.1	2.99%
Goa	156.8	197.9	0.74%
Gujarat	1157.3	1373.8	5.28%
Haryana	469.6	575.4	2.18%
Himachal Pradesh	228.3	284.6	1.07%
Jammu & Kashmir	291.2	379.9	1.40%
Jharkhand	722.5	1003.3	3.60%
Karnataka	1237.1	1615.2	5.95%
Kerala	357.4	448.0	1.68%
Madhya Pradesh	634.9	793.7	2.98%
Maharashtra	3275.8	4197.7	15.59%
Manipur	158.7	210.4	0.77%
Meghalaya	153.6	196.3	0.73%
Mizoram	140.3	180.9	0.67%
Nagaland	137.2	174.4	0.65%
Odisha (Orissa)	972.2	1199.4	4.53%
Punjab	345.9	445.1	1.65%
Rajasthan	1233.6	1729.0	6.18%
Sikkim	163	206.1	0.77%
Tamil Nadu	960.3	1216.1	4.54%
Telangana	692.9	855.5	3.23%
Tripura	160	199.5	0.75%
Uttar Pradesh	681.3	852.7	3.20%
Uttarakhand	382.5	475.6	1.79%
West Bengal	985.4	1195.8	4.55%
Pan-India (Not specified)	--	--	9.57%
Union Territories			1.83%

Top 10 States: CSR Fund Received and Projected (INR Cr.)

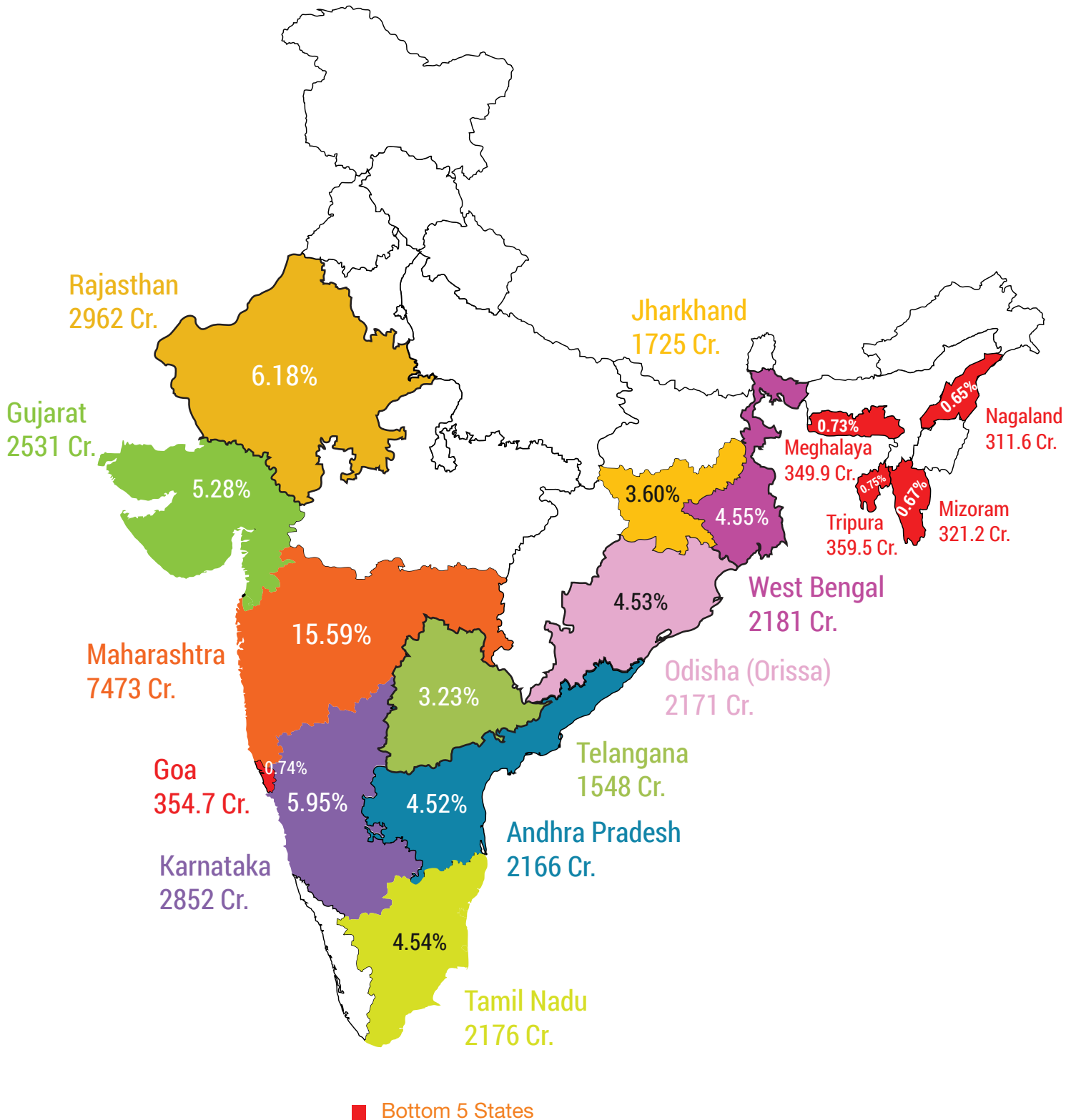
■ Spend FY 14-15 to FY 16-17 ■ Projected Spend FY 17-18 & 18-19



Top 10 States as CSR Fund Receivers (FY-14-15-FY18-19)

State	% India's of CSR fund	INR Cr.
Maharashtra	15.59%	7473
Rajasthan	6.18%	2962
Karnataka	5.95%	2852
Gujarat	5.28%	2531
West Bengal	4.55%	2181
Tamil Nadu	4.54%	2176
Odisha (Orissa)	4.53%	2171
Andhra Pradesh	4.52%	2166
Jharkhand	3.60%	1725
Telangana	3.23%	1548

The Top 10 and Bottom 5 States in CSR



Bottom 5 States as CSR Fund Receivers

State	% India's of CSR fund	INR Cr.
Nagaland	0.65%	311.6
Mizoram	0.67%	321.2
Meghalaya	0.73%	349.9
Goa	0.74%	354.7
Tripura	0.75%	359.5

Hard Fact: Seven North-East states (Seven Sisters) together receive only 2.49% of India's total CSR fund.

Changes that we may see in the CSR Rules Recommendations of Legal Sub-Committee on CSR

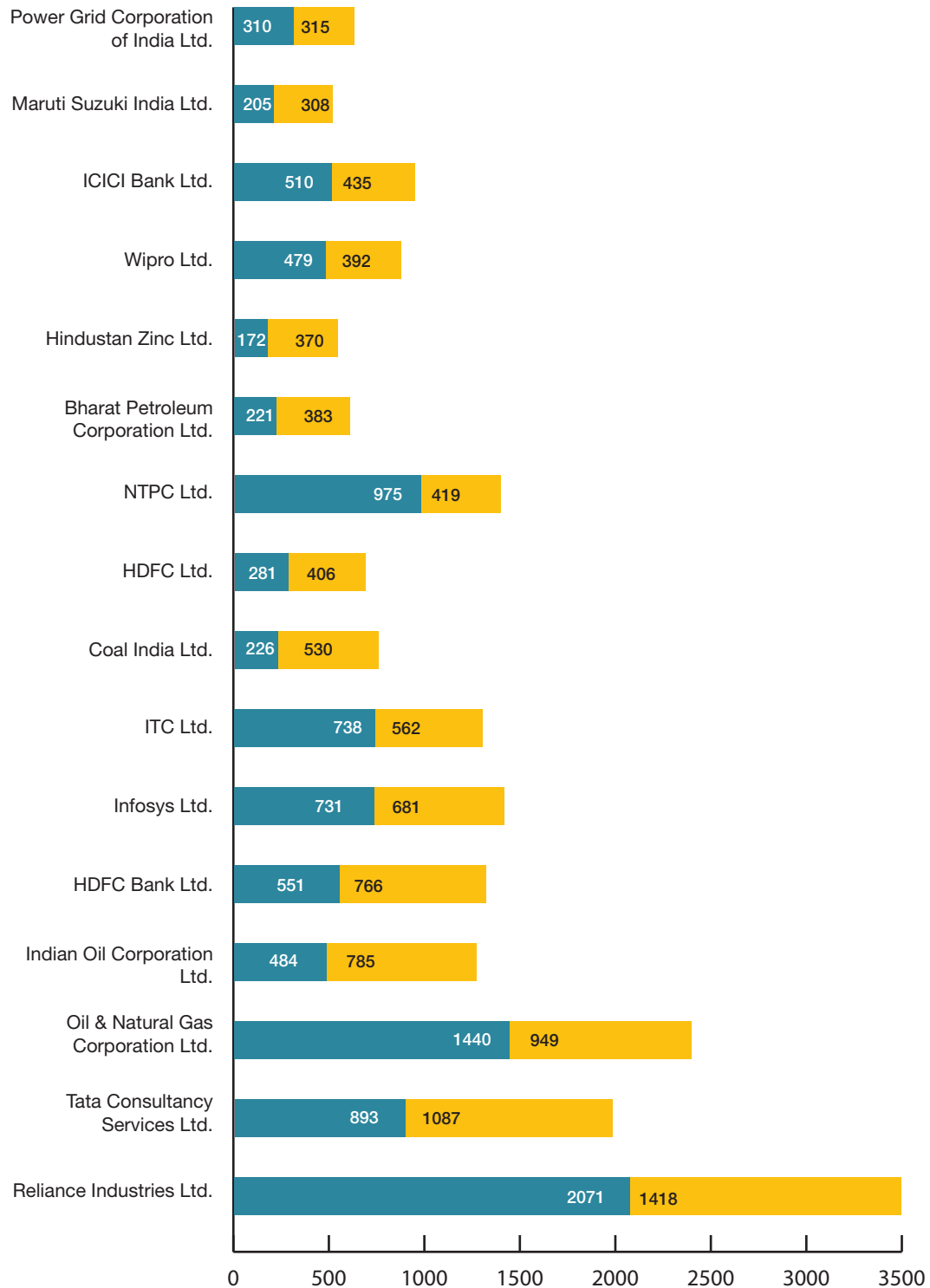
The Ministry of Corporate Affairs, Government of India, set up a committee in April 2018 to review CSR compliance and recommend necessary changes in the CSR rules after completion of four years of the mandatory CSR. The Committee has already submitted the recommendations and a few major points of the Report are:

- **No carry forward of unspent CSR fund:** Companies will not be allowed to carry forward the unspent CSR fund to next financial year. The fund needs to be deposited in one of three funds of the central government; PM Relief Fund, Swachh Bharat Kosh and Clean Ganga Fund
- **No Corpus Fund:** Corpus fund transfer and deposit in any fund other than the Central Government fund will not be accounted in CSR. In other words, any corpus transfer to an NGO or CSR fund would not be an eligible CSR activity if there is no on-ground implementation.
- **Schedule VII list needs to be adhered to:** The leniency and extended scope of the Schedule VII as defined in the Circular (by MCA) on CSR rules in 2016, should be withdrawn.

Companies that Shape India's CSR Landscape

CSR spend by big 16 companies (INR Cr.)

■ Actual Spent Between FY14-15 to FY16-17 ■ Projected Spend FY17-18 & 18-19



Part II: Estimated Prescribed CSR of Big 500 Companies in India in FY 2018-19

These top (big) 500 companies are selected based on following parameters:

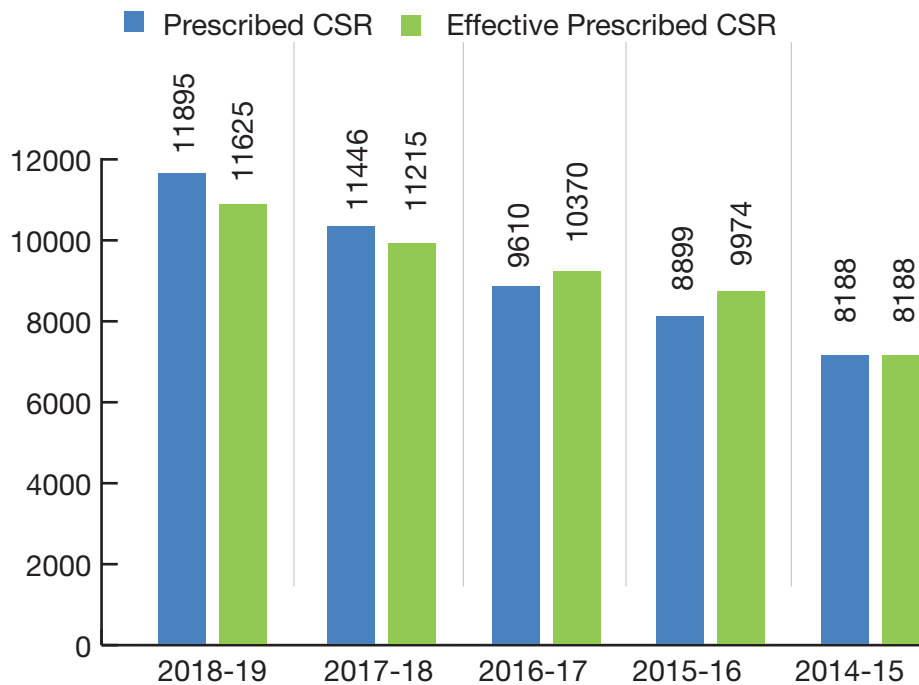
- The actual CSR spend in FY 2015-16
- Listed companies either on BSE or NSE or both of the exchanges.
- Minimum Prescribed CSR of INR 1 Cr in FY 2017-18

Here are the main insights of the report

- Large 500 companies to spend INR 11600 Cr. on CSR projects
- Top 10 companies account for 1/3rd of India's CSR spend
- Top 20 companies account for almost 45% of India's total CSR spend
- Education and skills development projects will receive over INR 3500 Cr. funding
- Healthcare and Wash projects will receive close to INR 3000 Cr. CSR fund

Prescribed CSR v/s. Effective Prescribed CSR

Prescribed CSR V/S Effective Prescribed CSR (INR Cr.)



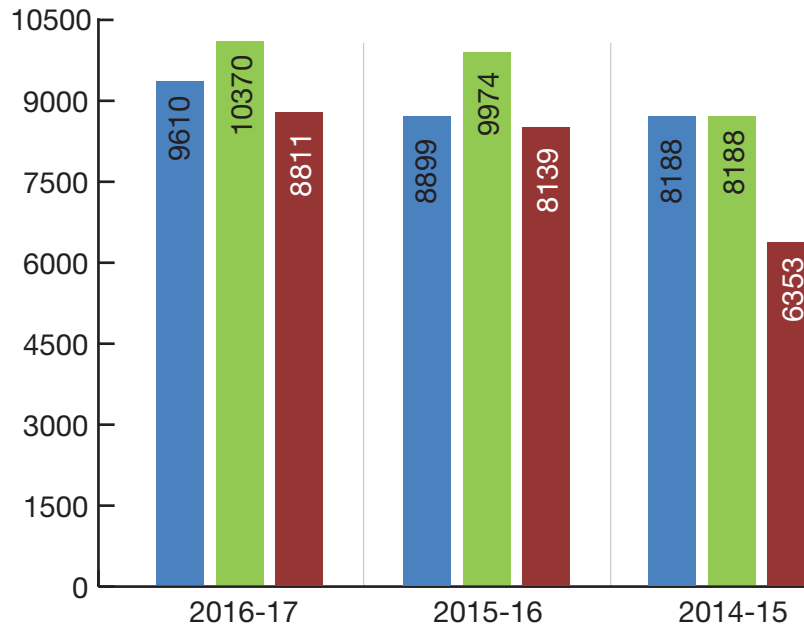
Effective Prescribed CSR: Calculated on the basis of 2% of average net profit of the previous three years + unspent CSR fund from the previous year – adjustment for the profit from overseas operations of companies as per the CSR fund calculations.

*For the FY 2018-19, Effective Prescribed CSR, unspent CSR fund has been calculated at 7% of the prescribed CSR of FY 17-18, based on our research and past 3 years' trends.

CSR Compliance in Numbers

Effective CSR Compliance (INR Cr.)

■ Prescribed CSR ■ Effective Prescribed CSR ■ Actual CSR Spent



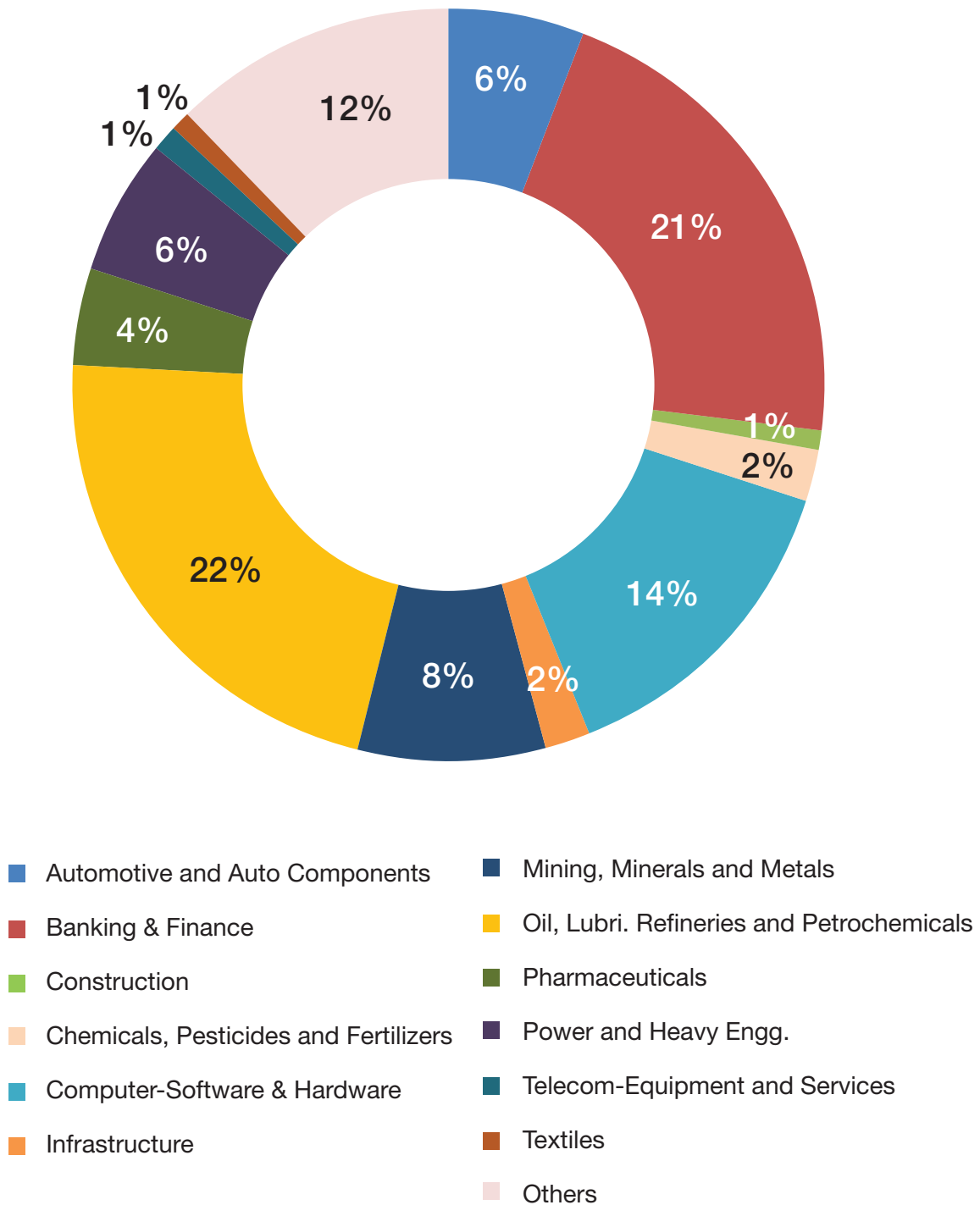
Effective CSR compliance in the first 3 years of the mandatory CSR

2016-17	2015-16	2014-15
85.0%	75.8%	77.6%



Estimated Prescribed CSR-Industry-wise Role (2018-19)

Estimated Prescribed CSR-Industry-wise contribution



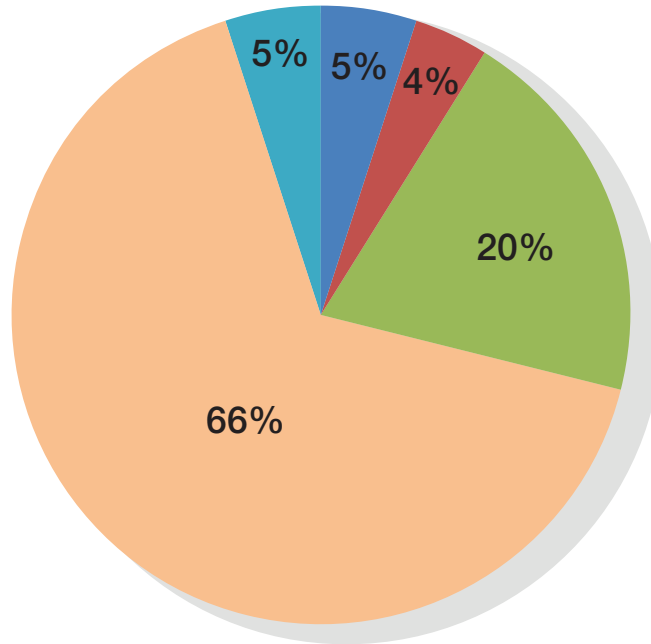
Industry Sector	Estimated Prescribed CSR (INR Cr.)	No. of companies
Automotive and Auto Components	690	30
Banking & Finance	2390	61
Construction	118	24
Chemicals, Pesticides and Fertilizers	244	30
Computer-Software & Hardware	1601	27
Infrastructure	273	14
Mining, Minerals and Metals	860	26
Oil, Lubricant Refineries and Petrochemicals	2553	18
Pharmaceuticals	435	33
Power and Heavy Engg.	736	22
Telecom-Equipment and Services	68	5
Textiles	121	28
Others	1357	182

Top 20 Companies' (By Estimated Prescribed CSR fund) (2018-19)

S. No.	Company	Estimated Prescribed CSR (INR Cr.)
1	Reliance Industries Ltd	817
2	Tata Consultancy Services Ltd	609
3	Oil & Natural Gas Corporation Ltd	518
4	Indian Oil Corporation Ltd	504
5	HDFC Bank Ltd	450
6	Infosys Ltd	376
7	ITC Ltd	312
8	Coal India Ltd	271
9	Housing Development Finance Corporation Ltd	241
10	NTPC Ltd	233
11	Bharat Petroleum Corporation Ltd	218
12	Hindustan Zinc Ltd	209
13	Wipro	209
14	ICICI Bank Ltd	206
15	Maruti Suzuki India Ltd	189
16	Power Grid Corporation of India Ltd	183
17	HCL Technologies Ltd	167
18	Hindustan Petroleum Corporation Ltd	160
19	Rural Electrification Corporation Ltd	158
20	Power Finance Corporation Ltd	150

Companies and the Estimated Prescribed CSR Range

Companies By the Prescribed CSR Range



- Companies with more than INR 100 Cr.
- Companies with INR 50-100 Cr.
- Companies with INR 10-50 Cr.
- Companies with INR 1-10 Cr.
- Less than INR 1 Cr.

CSR Budget Range	No. of Companies
Companies with more than INR 100 Cr.	27
Companies with INR 50-100 Cr.	22
Companies with INR 10-50 Cr.	98
Companies with INR 1-10 Cr.	330
Less than INR 1 Cr.	23

About NGOBOX

NGOBOX (a venture of Renalysis Consultants Pvt. Ltd.) is a development communication platform that helps companies, CSR foundations, NGOs and social enterprise to network, communicate and find resources online and offline.

We are a leading CSR research platform in the Country with over 80 data-reports on CSR in India. We help companies and CSR foundations to identify credible CSR implementing agencies based on thematic and geographic priorities. With the verified database of over 1,15,000+ non-profits, CSR Teams and social enterprise, we present immense opportunities for organizations to promote their products/services with one-click promotion and outreach.

A few of our clients are WHO India, UNICEF, NASSCOM Foundation, Tata Steel, IIM-B, Deshpande Foundation, IIM Udaipur, ISB Hyderabad, Facebook, ITC, HCL Foundation etc.

For more information, please visit www.ngobox.org

About CSRBOX

CSRBOX is India's largest Corporate Social Responsibility (CSR) analytics and information platform. It lists CSR portfolio of 1000 + companies falling under the ambit of mandatory CSR and investing altogether over more than INR 10,000 Cr. on CSR projects each year.

The platform takes the engagement with organizations a step higher, where not-for-profits and social enterprises are provided support and outreach services to help them connect with businesses that are looking for good CSR implementation partners. The symbiotic partnerships service also focuses on facilitating business-business (B2B) collaboration for larger CSR projects that ultimately helps in reducing the duplication of efforts by various agencies.

Broadly, it's a combination of online and offline support services to businesses, CSR services providers and CSR implementation partners to actualize CSR partnerships.

For more information please visit www.csrbox.org

India CSR Summit & Exhibition

India CSR Summit and Exhibition is an annual event curated and hosted by NGOBOX. The event is the largest CSR forum in India bringing together companies, CSR foundations, government agencies, non-profits, social businesses and advisory firms to network, collaborate and scale up initiatives in development and impact sector.

The event also witnesses annual 'CSR Impact Awards' for best of CSR projects in various thematic areas. Beginning in New Delhi 2014, the event was hosted in Bengaluru, Mumbai and Gurgaon in 2015, 2016 and 2017 respectively. The 2017 event was a landmark forum where we brought together 1307 organizations and 2165+ delegates, 346 CEOs/CSR heads and 110 + exhibitors.

India CSR Summit and Exhibition 2018 is scheduled on 24th and 25th September at Hotel J. W. Marriott, Aerocity, New Delhi.

For more information, please visit www.indiacsrsummit.in

5th CSR Impact Awards 2018

The CSR Impact Awards is an initiative of NGOBOX to encourage companies, CSR foundations and CSR implementing agencies to deliver high impacts through CSR projects and adopt multi-stakeholder approach, leading to excellence in project outcomes.

This initiative focuses on identifying high impact CSR projects in 14 categories at Pan-India level. The Awards seek to appreciate project specific impacts made by the organizations in particular thematic areas, to set benchmark in projects planning, identification of partners and delivery of results.

The Awards are presented in a gala ceremony during India CSR Summit & Exhibition every year. This year the event is being held at Hotel J W Marriott, Aerocity, New Delhi on 24th and 25th September 2018.

The event information is available at www.indiacsrsummit.in

The 2018 Awards ceremony will be covered by one of the largest English news channels of India, CNN News 18, with telecast of a special episode on the channel. The 2018 awards are presented by Dalmia Bharat Ltd.

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