Confederation of Indian Industry

CII-ITC Centre of Excellence for Sustainable Development

ANNUAL CSR TRACKER 2016

A year of improved planning & implementation

CSR PERFORMANCE OF COMPANIES IN FY16

CII-ITC CESD credits

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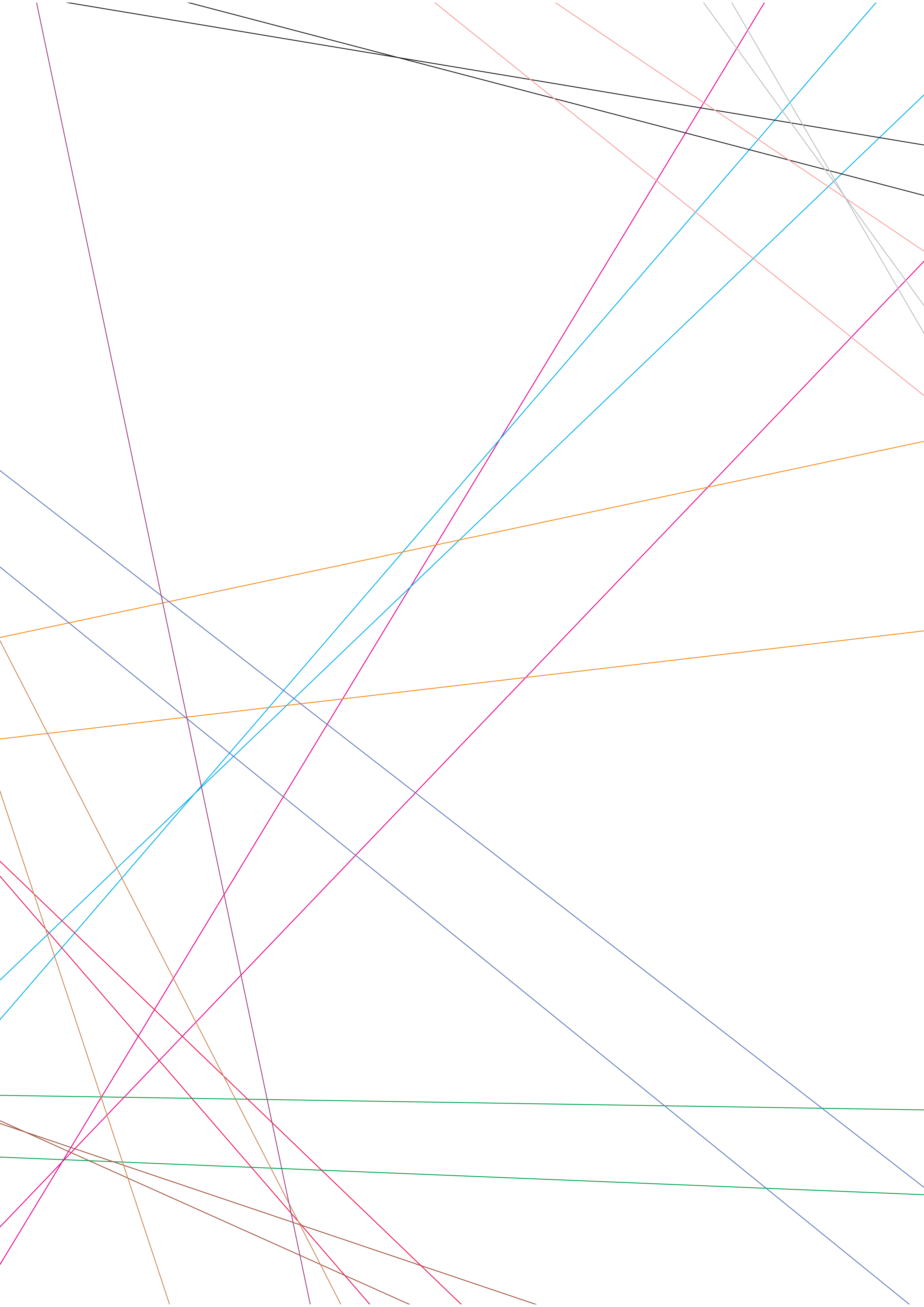


Preface

01

We are delighted to bring to you 2016 edition of Annual CSR Tracker. Similar to last year, this is the most comprehensive analysis of CSR disclosures by companies obligated to practice CSR as per Companies Act 2013.

Annual CSR Tracker 2016 is based on disclosures of 1,270 companies as compared to 1,181 companies last year. Disclosures are broken down into 41 indicators (43 in FY15) spread across six key aspects: governance, policy, financials, spend as per Schedule VII, spend channels and spend locations.

Additionally, we have captured beneficiary data from 166 companies that have voluntarily disclosed such information in the Director's Report. Lack of uniformity and structure in beneficiary data across reports was the most challenging of tasks. Many days were spent in brainstorming and in arriving at indicators that would capture micro beneficiary numbers. We foresee the challenge of mandating companies to disclose beneficiary or impact data, if and when that happens, as contemplated by the Ministry of Corporate Affairs ever since the creation of this legislation.

"Beyond a billion dollars spend" was the headline of Annual CSR Tracker 2015. Being the first year since the legislation came into force, the scale of spends had unduly attention from sections of media, not-for-profits, and law-makers. Our analysis revealed, that in the first year, Rs 6,400 cr or USD 1 bn (then prevailing exchange rate) were spent by about 1,200 companies. That was 80 percent of the budgeted amount. One should note that companies had less than one full year to actually spend the entire budgeted amount, as quite sometime went in putting the house in order as per compliance requirements of Section 135.

FY16 had to be better not just in terms of quantum of spend, but also in terms of planning and implementation. We had projected so in CSR Tracker 2015. That was likely because the dust had settled, organisational structures and processes were designed, tested and in place, CSR strategies and plans rolled out, and implementation partners identified. Therefore, "a year of improved planning and implementation" is the theme for Annual CSR Tracker 2016.

We are grateful to our readers in business and government for the overwhelmingly positive feedback on Annual CSR Tracker 2015. The enormity of the exercise reflected in the sheer numbers of companies itself made a strong impression. The proof is in the pudding, as they say. We were again delighted to hear from these stakeholders that the statistical outputs and quick to grasp insights were useful to them in a variety of ways. For instance, companies could use such information to benchmark their performance, processes, and quality of disclosures.

We are hopeful that Annual CSR Tracker 2016 will maintain the utility and continue to help companies and governments.

Executive Summary

02

Annual CSR Tracker 2016 is CESD's continued attempt at consolidating and analyzing CSR disclosures of companies listed on BSE and had the legislative obligation to comply with Section 135 of Companies Act 2013. This is based on disclosures of 1,270 companies.

Annual CSR Tracker remains India's most comprehensive analysis of CSR disclosures, to date. The scope covers six aspects and 41 indicators, including governance, policy, financial, spend as per Schedule VII, spend channels and spend locations. The analysis presented in this report rests on data captured in over 2,000,000 cells of a worksheet.

In FY16, these 1,270 companies collectively spent Rs 8,185 cr, which is 27% more than spend of Rs 6,400 cr in FY15. The spend is 92% of the required CSR budget of Rs 8,900 cr, using two percent of average net profits of three financial years. The companies collectively had budgeted Rs 10,257 cr, which is 15% more than the minimum budget required.

A notable feature of CSR disclosures in FY16 is that some companies have begun to disclose output data. 13 percent, or 166 of 1,270 companies making such disclosures, reflects going beyond legislative requirements and improving the quality of disclosures. 1.5 cr people benefitted from Rs 3,747.97 cr spent for which output data has been reported. This averages to Rs 2,498.65 spent per person.

There are improvements in quality of information disclosed about composition and functioning of CSR Committee, as compared to the last year. The number of companies spending CSR budgets exclusively through corporate foundations increased to 72 from 60 in FY15. The number of companies exclusively spending money directly marginally increased to 233 from 227, whereas that spending money exclusively through implementing agencies remained stable at 249 as compared to 251 in FY15. This tends to suggest that companies are building their own capacities for implementation.

Health and sanitation, education and skill development, and rural development are the top three developmental areas for spends. The absolute amount of money contributed to PM's Relief Fund reduced by 25% to Rs 80.55 cr. Though the absolute amounts spent in incubation centres, protection of national heritage, and sports development, are small as compared to the top three areas, the percentage increases over the previous year are anywhere between 18 to 122%.

The more industrialised states of Maharashtra, Tamil Nadu and Gujarat, continue to be among the top three to receive participation from companies. There has been a huge jump from 67 to 111 companies investing in Northeastern states.

Out of the 32 industry categories, absolute spends have decreased in just two industries, viz., commercial services and supplies, and oil and gas. Big increases are reported in automobiles and auto components, consumer durables, metals and mining, financial services, pharma and biotech, telecom services and equipment, textiles, apparels and accessories, transportation, and utilities.

In sum, FY16 has been a significant improvement on almost every aspect of CSR legislation. Some companies going beyond the legislative requirements. CESD projects that CSR spends will further increase in FY17, with a back-of-the-envelope calculation of around Rs 10,000 cr. There should be improvements in quality of disclosures and more companies disclosing beneficiary data.

Introduction

03

Last year, in the Annual CSR Tracker 2015, we had made compelling projections to what the second financial year and beyond of CSR legislation would look like. We then predicted:

1. Mandatory disclosures will increase transparency. This will increase public scrutiny, especially for companies putting out annual reports in public domain.

2. Questions on impact will emerge in a couple of years. Boards should start demanding impacts in the periodic meetings that they are supposed to conduct.

3. If majority of companies do a sincere job at CSR, then there is not much for governments to tighten screws.

4. CSR spending would substantially increase in FY16.

Increase in spends was easiest to predict. CSR spends in FY16 increased by 27% as compared to FY15. The increase is mainly attributed to two factors: companies did not have to spend as much time on putting their house in accordance with requirements of CSR legislation as they did in FY15; and profitability improved in FY14 and FY15 leading to increase in absolute value.

The other predictions were based on our understanding of motivations and workings of the different stakeholders in the CSR ecosystem. At CESD, we have considered the requirement for mandatory disclosure as the highlight of Section 135 of Companies Act 2013. Transparency increases scrutiny, which in turn improves performance. Performance is not just about complying with the law. It is also about outcomes and impacts. After all, CSR is about changing peoples' lives, for good.

Quality of engagement of Board in CSR appears to have improved in. CSR personnel, and in some cases implementing agencies and other partners, report increased engagement. We are unable to substantiate this statistical; nevertheless, anecdotal references indicate shift in engagement patterns. Board members are spending hours to discuss strategies and review progress. The nature of engagement is proactive, getting involved in discussion of social change, and asking for measurable impact and sustainability of assets.

If majority of companies do a sincere job at CSR, then there is not much for governments to tighten screws. The government has maintained that CSR legislation needs to be liberally interpreted. In 2015, a High-level Committee on CSR constituted by Ministry of Corporate Affairs (MCA) had suggested to allow companies time for maturity on practicing CSR and measuring impact before updating the legislation. However, there are companies that miss basic matters of compliance, such as not publicly disclosing CSR policy or not providing reasons for spending less than two percent of net profits in a financial year. MCA has issued notices to companies that have missed "easy to comply with" requirements of the legislation. Most of them are small- to medium-scale companies. Our analysis of close to 1,300 companies demonstrates improvement in compliance in FY16 as compared to FY15. This may be attributed to improved understanding of the legislation among small- and medium-scale companies.

Despite these changes, there is much scope for improvement in the way CSR gets done. Just two changes might result in bigger bang for the hundreds of millions of rupees spent every year.

One is, many CSR projects are devoid of creativity and innovation. There is a tendency to rely on tried and tested approaches in traditional development areas. Distributing books and school uniforms don't necessarily improve quality of education, conducting blood donation camps don't help improve health standards, and constructing toilets are not sufficient to change hygiene habits.

The other desired change is with respect to interference from parts of government and public administration. CSR budgets are being viewed as sources of finance to fund activities that should ideally have been done using public finances. Situation on the ground is challenging, with many companies experiencing conditional requests for activities that are not CSR, but are required to somehow classify as CSR. Interference from government and public administration in influencing business decisions mandated by law and to be decided by boards of companies, is robbing deserving beneficiaries of the opportunity to improve part of their life. Legislatures and governments should look at the larger picture and must prevent misuse of law for short-term or limited gains or view CSR spends as source of funding.

CSR Legislation

Section 135 suggests that companies with an annual turnover of Rs. 1,000 crore and more, or net worth of Rs. 500 crore and more, or a net profit of Rs. 5 crore or more to spend at least two per cent of their average net profits of the previous three financial years on CSR activities.

The key elements of the legislation are that any company that falls into the above criteria does the following:

1. Constitute a CSR Committee of the board, comprising three or more directors out of which at least one director must be an Independent Director
2. Formulate and recommend a CSR policy to the board
3. The board shall ensure that the company spends, in every financial year, at least two per cent of its average net profit for the previous three financial years, in fulfilment of its CSR Policy
4. The Director's Reports of a company covered under these rules pertaining to a financial year commencing on or after the 1st day of April 2014 shall include an annual report on CSR activities in the specified template. In case a company fails to spend two per cent of its profits, the board needs to specify the reasons for the same

According to the Act, 'Corporate Social Responsibility' means and includes but is not limited to: (i) Projects or programmes relating to activities specified in Schedule VII of the Act; or (ii) 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 declared policy of the company subject to the condition that such policy will cover subjects enumerated in Schedule VII of the Act.'

Health & Sanitation
Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water

Education & Skill Development
Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects

Gender Equality
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

Environment & Ecology
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

National Heritage, Art & Culture
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

Armed Forces Veterans
Measures for the benefit of armed forces veterans, war widows and their dependents

Sports Development
Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports

Prime Minister's Relief Fund
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, the Scheduled Tribes, other backward classes, minorities and women

Technology Incubators
Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government

Rural Development
Rural development projects

Slum Area Development
Slum area development projects

स्वच्छ भारत
एक कदम स्वच्छता की ओर

Swachh Bharat Abhiyan

Swachh Bharat Kosh

NAMAMI GANGE

Clean Ganga Abhiyan

Clean Ganga Fund

PMKVY
प्रधानमंत्री कौशल विकास योजना
PRADHAN MANTRI KAUSHAL VIKAS YOJANA

Pradhan Mantri Kaushal Vikas Yojana

Governance

04

Governance relates to two aspects:

1. **CSR Committee:** presence of board-level CSR committee, number of committee members, and frequency of CSR committee meetings
2. **CSR Policy:** presence of CSR policy, presence of CSR policy on company's website, and brief description of CSR policy in the Director's Report.

CSR Committee

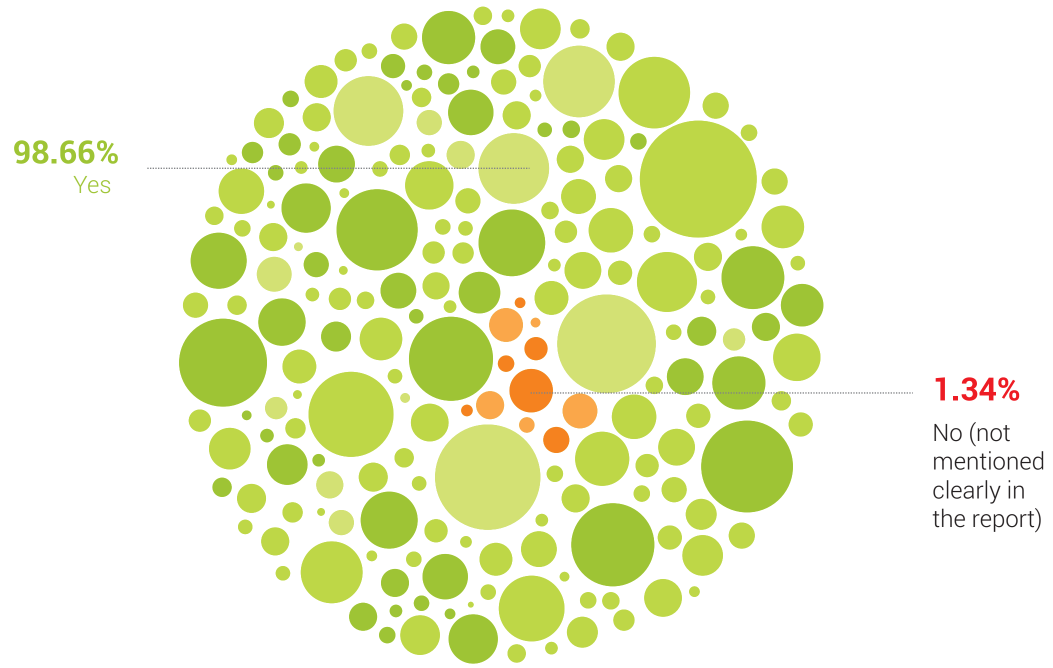


Figure 01

Companies with a board-level CSR Committee

98.66% (96.78% in FY15) of the companies have board-level CSR Committee. The remaining 1.3% or about 17 companies either do not have or have not reported presence of CSR Committee, which is a requirement of Section 135 of Companies Act 2013.

Of these, 98.40% (97.20% in FY15) have an Independent Director as a member of the CSR Committee. The remaining 1.6% companies either do not have or have not clearly stated presence of Independent Director on the CSR Committee. Of 40 PSEs, five did not have Independent Director on CSR Committee. Whereas, one did not have Independent Director as Chair of the CSR Committee.

There is no significant difference in percent of companies with a board-level CSR Committee between PSEs and non-PSEs.

Position of CSR Committee Chair on the board

44% (46% in FY15)
of these companies have an Independent Director as the Chair of the CSR Committee.

2.23% (3% in FY15)
of the companies did not mention position of the Chair of CSR Committee on the board.

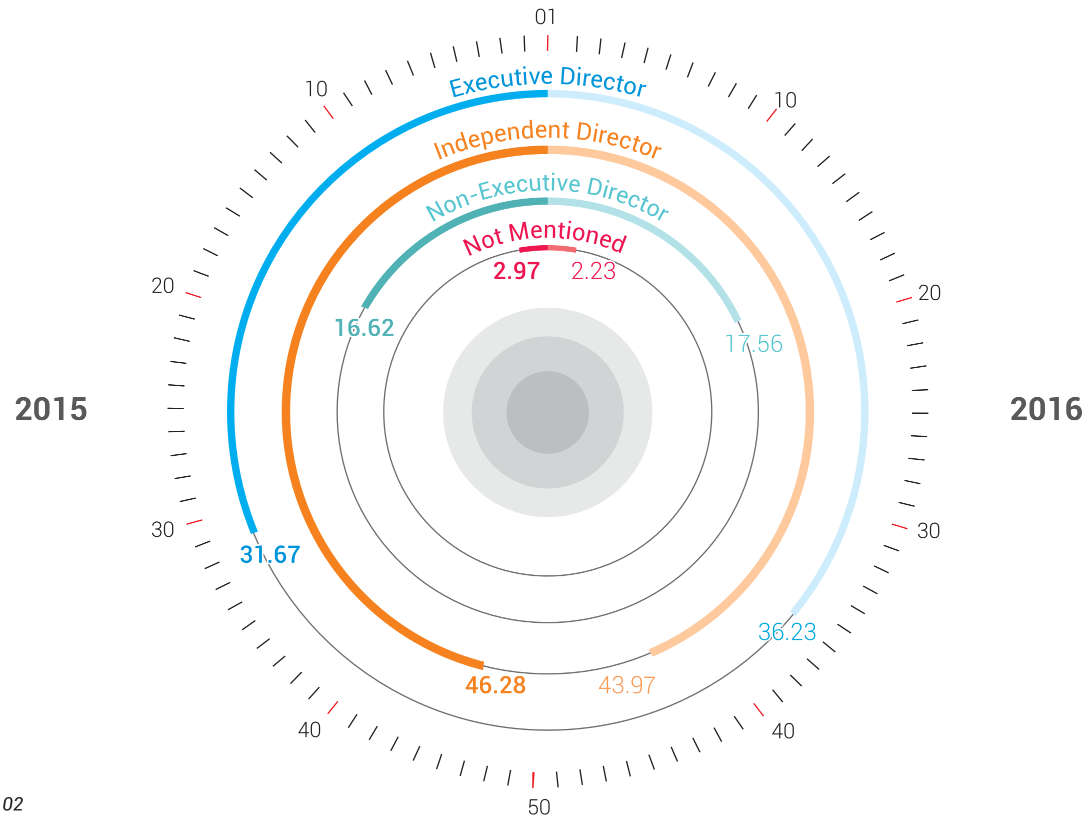


Figure 02

In 2015, 31.67% of the companies had Executive Director as CSR Committee chair as against 36.23% in the year 2016.

In 2015, 46% of the companies had Independent Director as CSR Committee chair. The share has decreased by two percentage points to 44% in FY16.

Moreover, about one-sixth of the companies reported to have Non-Executive Director as CSR Committee Chair in the year 2016. The statistics were similar in the previous year.

There is no significant difference in CSR Committee Chair's position on the Board between PSEs and non-PSEs. In both types of companies, majority have Independent Director as Chair of CSR Committee.

However, about 2% and 3% of the companies in FY16 and FY15 respectively, did not disclose the position of CSR Committee Chair.

Promoter Director has been identified as either Executive or Non-Executive Director depending upon their position and accordingly classified. In 2015, about 2% of the companies mentioned this position as CSR Committee Chair and had been included separately in the analysis.

Size of CSR Committee

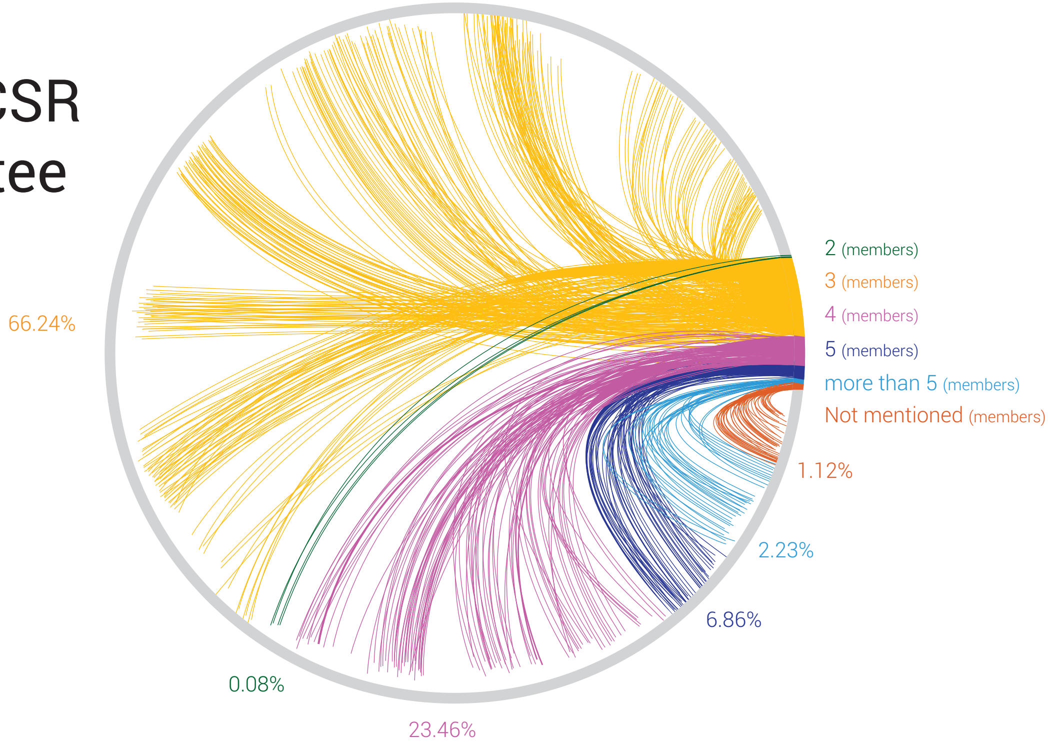


Figure 03

Of the companies with a CSR Committee, 99% (99% in FY15) have at least three members, which is a mandatory requirement. About one-third of the companies have four or more committee members. This is also comparable to FY15 numbers. The remaining one percent have not mentioned the size of the Committee in the Director's Report. There is also one company with only two members on the Committee; no reasons are mentioned for not having the third member. About half of the PSEs have five or more members in their CSR Committee as against nine percent of the non-PSEs. This significant difference is not mainly due to the large base of non-PSEs. More number of members in the CSR Committee is not necessarily a reflection of better governance.

CSR Meetings

% of companies having CSR meetings

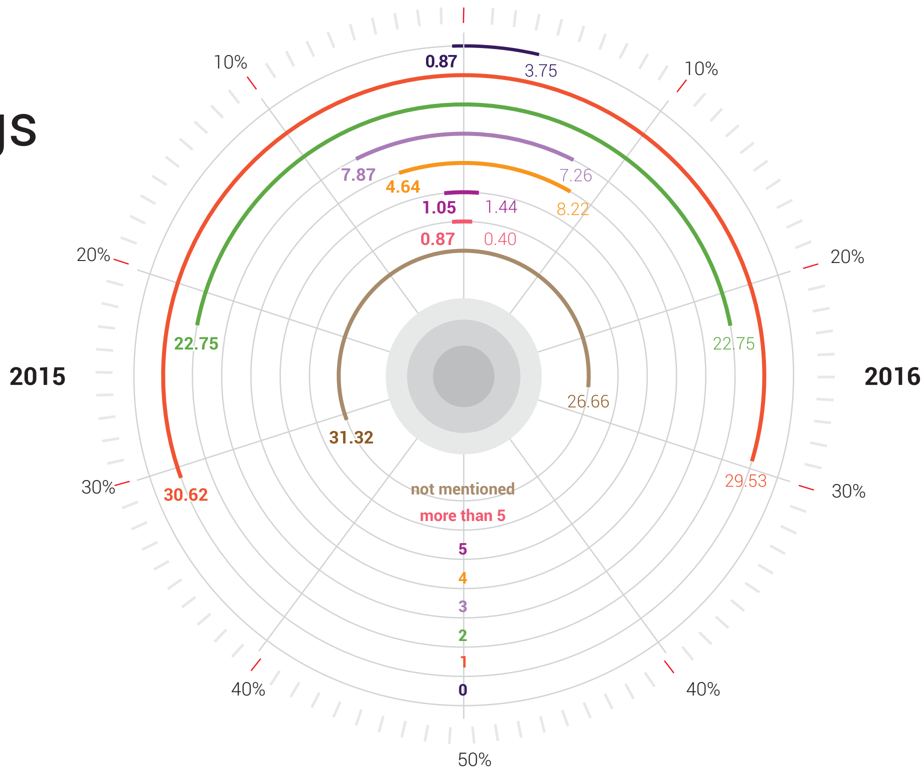


Figure 04

Maximum number of companies held only one CSR committee meeting during 2015-16 which is 29.53% of total CSR meetings held. More CSR Committees have met for four or more times in FY16 as compared to FY15. Also, more companies have disclosed not conducting any meeting of the CSR Committee, which corresponds to the decline in the percentage of companies not mentioning about CSR meetings at all. This points to two possibilities. One, transparency in functioning of CSR Committee has improved. Two, the companies that met one of the three financial criteria but the average net profit was negative, hence CSR Committee meeting was not warranted.

CSR Committees in about 30% of the PSEs met for more than three times during the FY2016 as against only 10% in case of non-PSEs. Moreover, the statistics are similar for both types of companies when it comes to meeting once during FY2016. Again, this difference is mainly because of the large base of non-PSEs.

CSR Policy

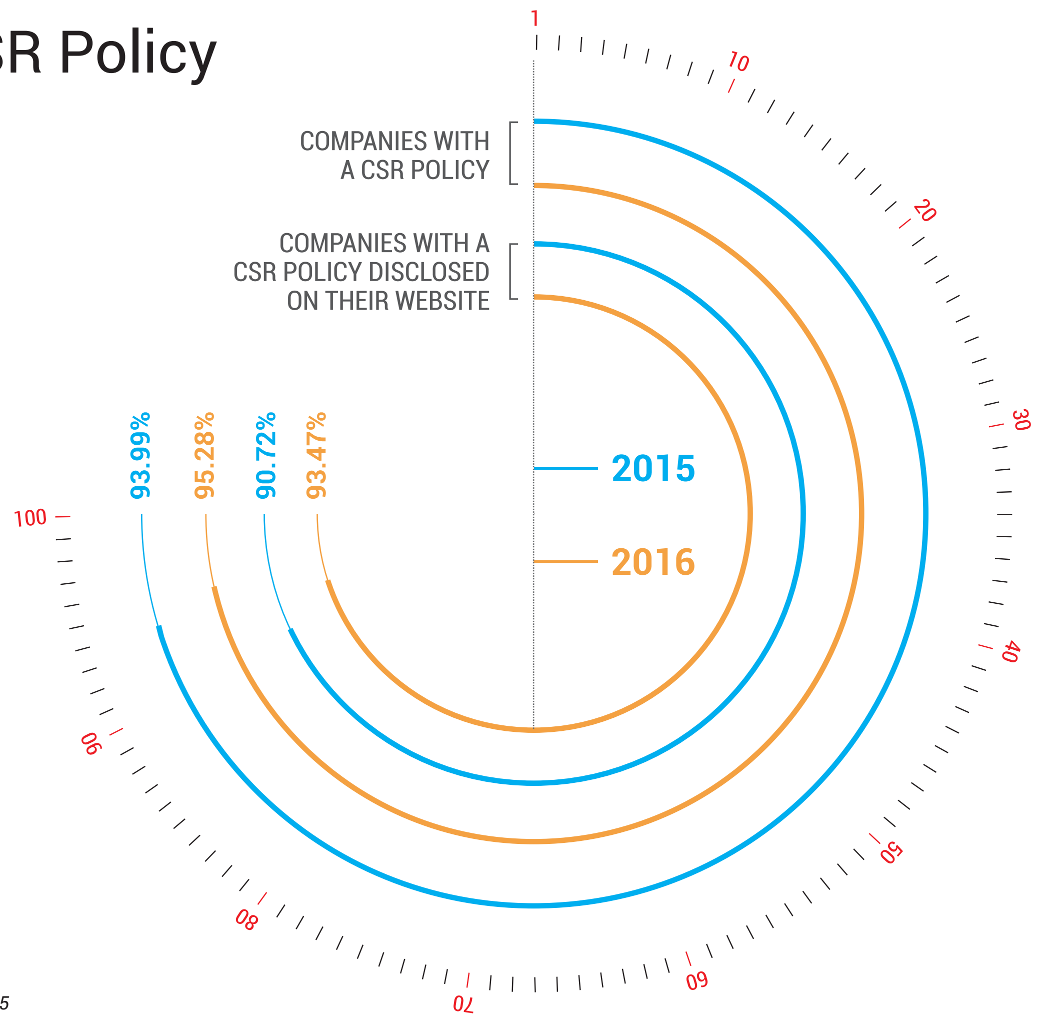


Figure 05

95.28% (94% in FY15) of the companies have CSR policy, of which 93.47% (91% in FY15) of the companies have disclosed the policy on company website.

CSR Spends

05

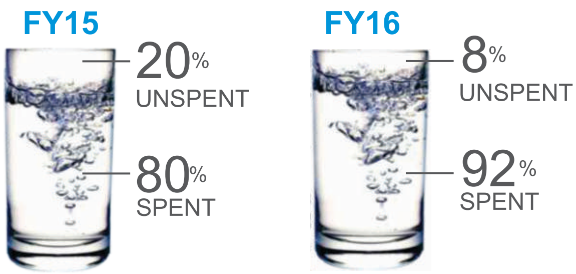


Figure 06

Based on average net profit of last three financial years (FY13-15 to be used for arriving at the applicable two percent budget), Rs. 8,900 crore was the required CSR budget. The companies have collectively spent Rs 8,185 crore or 92% of the two percent requirement in FY16. This is an increase of 27% in CSR spends in 2016 as compared to 2015. In FY15, companies had spent 80% of the two percent requirement.

1,030 companies out of the 1,270 companies in the sample for this study, had a positive average net profit of the last three financial years.

Of these 1,030 companies, 951 companies spent on CSR, whereas the remaining 79 did not spend on CSR.

Total number of companies that have spent on CSR: **1,014**	Of these 1,014 **35** are PSEs	Loss-making companies that have spent on CSR: 47 **(4.6%)**	Profit-making companies that have spent on CSR: 951 **(93.8%)**	Average net profit or loss of last three years not mentioned and spent on CSR: 16 **(1.6%)**

Prescribed 2% CSR Budget: **Rs. 8,900** crore	Total Budget: **Rs. 10,257** crore	Amount spent on CSR: **Rs. 8,185** crore	% of the prescribed two percent spent on CSR: **92%**	% of budget spent on CSR: **80%**

Of the 1,030 companies that were expected to spend on CSR:

- 951 (92.33%) companies have spent on CSR
- 533 (52%) companies have spent at least 2%
- 413 spent less than 2%
- Five companies have not specified their average net profit, and therefore whether they spent more or less than 2% cannot be determined.
- In FY16, about two-thirds of the PSEs spent at least 2% of average net profit on CSR as compared to only 37% in FY15.
- Of the 1,014 companies that have spent in CSR, 35 are PSEs and their contribution amounts to 32.16% (Rs. 2,632.5 cr) of the total CSR spend (Rs 8,185 cr) in FY16. Of this, 70% is attributed to eight PSEs.
- Of the 68% (Rs 5,552.53 cr) spent by non-PSEs, 42% (Rs 2,315 cr) is attributed to ten companies.

Development areas of CSR spends

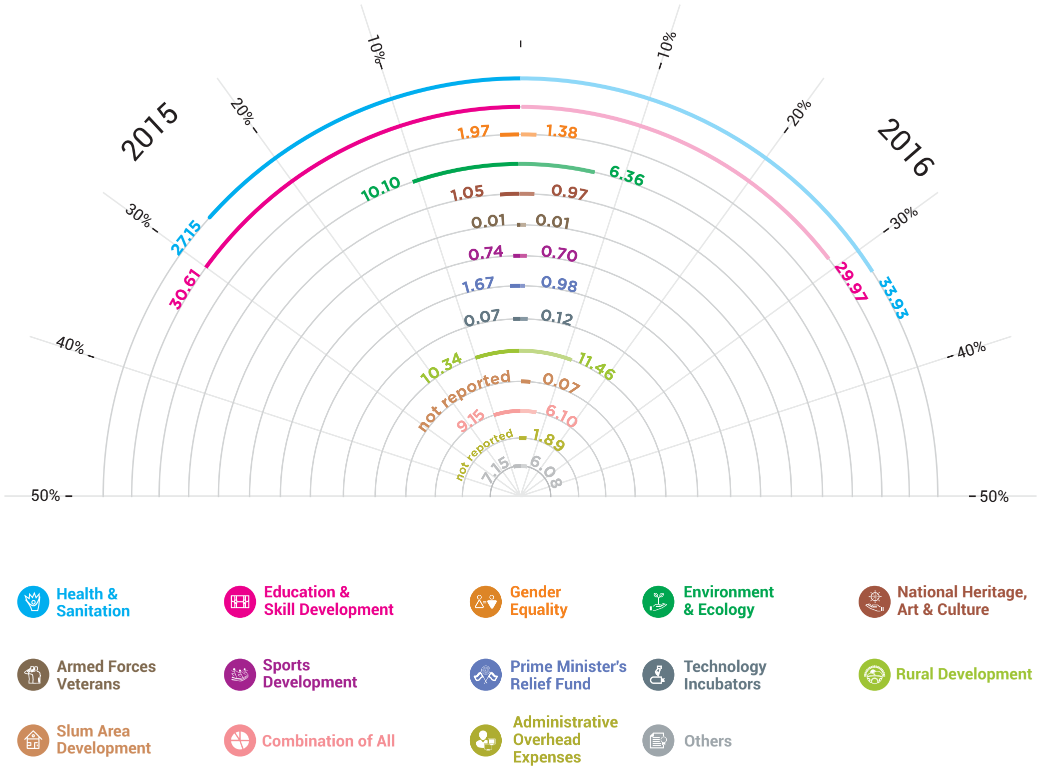


Figure 07

Education and healthcare received maximum share of CSR spends together amounting to 64% of total CSR spend in FY16. Preference for education and healthcare is also reflected in the number of companies spending in those areas. 69% of the companies spent in healthcare and sanitation, and 73% of the companies spent in education and skills development.

Health & Sanitation

Rs. 2,777 crore was spent towards health and sanitation which is more than 59% as compared to FY15. Of this, Rs 1,194 or 43%, is attributed to 35 PSEs. Just four PSEs reported to have spent Rs 650 cr (54.4% of PSE spend and 23.4% of overall spend), on construction of toilets.

Health and sanitation includes health camps, medical facilities, mobile health vans, construction or repair of hospitals, toilet construction, installation of safe drinking water units in school and villages. Few companies specifically mentioned supporting schools for construction of separate toilet facility for girls to reduce school dropout rate.

23 companies clearly mentioned spending Rs. 139.29 crore on activities related to Swachh Bharat Abhiyan, and nine companies contributed Rs. 8 crore to Swachh Bharat Kosh.

Education & Skill Development

Rs. 2,453 crore was spent in education and skill development of which more than 20% is attributed to 33 PSEs. Most of the companies preferred to support vocational skills and employment enhancing trainings. No company reported to have contributed to Pradhan Mantri Kaushal Vikas Yojana.

Gender Equality

Although the number of companies contributing towards Gender Equality is increased by more than 40% as compared to the previous year, the CSR spends have decreased by 11% in FY16 as against FY15.

Environment & Ecology

Rs. 520 crore or six percent of the total CSR spends was spent on environmental activities. This is a decrease by 20% over spends in FY15. Seven companies reported to have contributed to Clean Ganga Fund amounting to Rs. 20 crore, and one company has reported to have spent in Clean Ganga Abhiyan amounting to Rs 10 lakh.

National Heritage, Art & Culture

CSR spends towards national heritage have increased by about 18% up to Rs. 80 crore in FY16.

Armed Forces Veterans

16 companies have contributed less than Rs. 1 crore towards Armed forces & veterans. The statistics were similar in the previous year.

Sports Development

CSR spends towards sports development have increased by about 20% up to Rs. 57 crore in FY16 as against Rs. 47 crore during FY15.

Prime Minister's Relief Fund

Only one percent of total CSR spend was contributed to the PM's Relief Fund in FY16, which is less by 25% as compared to FY15. One PSE has reported to have contributed to PM's relief fund.

Technology Incubators

About Rs. 9 crore or 0.12% of the total CSR spends was spend towards technology incubators. This is more than double the previous year's CSR spends.

Rural Development

11.5% of CSR spends was spent towards development of rural areas. About 40% of this is attributed to 23 PSEs.

Slum Area Development

Only 10 companies reported to have invested in slum area development amounting to about Rs. 5 crore.

Administrative Overhead Expenses

Companies have begun to disclose CSR spends accounted as administrative expenses or overheads. There was no such disclosure in FY15. Close to two percent of the total spends have been accounted as administrative expenses or overheads.

Others

CSR spends on activities other than the ten areas in Schedule VII were categorized as 'Others'. This includes spends related to Nepal earthquake victims, contributions made to Chief Minister's Relief Fund, disaster relief, CSR training for company staff, employee or staff contribution, and miscellaneous. Nepal earthquake relief, CM's relief fund, and including employee contributions into CSR spends are not permissible by Section 135 and CSR Rules 2014 of Companies Act 2013, unless these calculations are in addition to at least 2% spends.

CSR spends in each development area

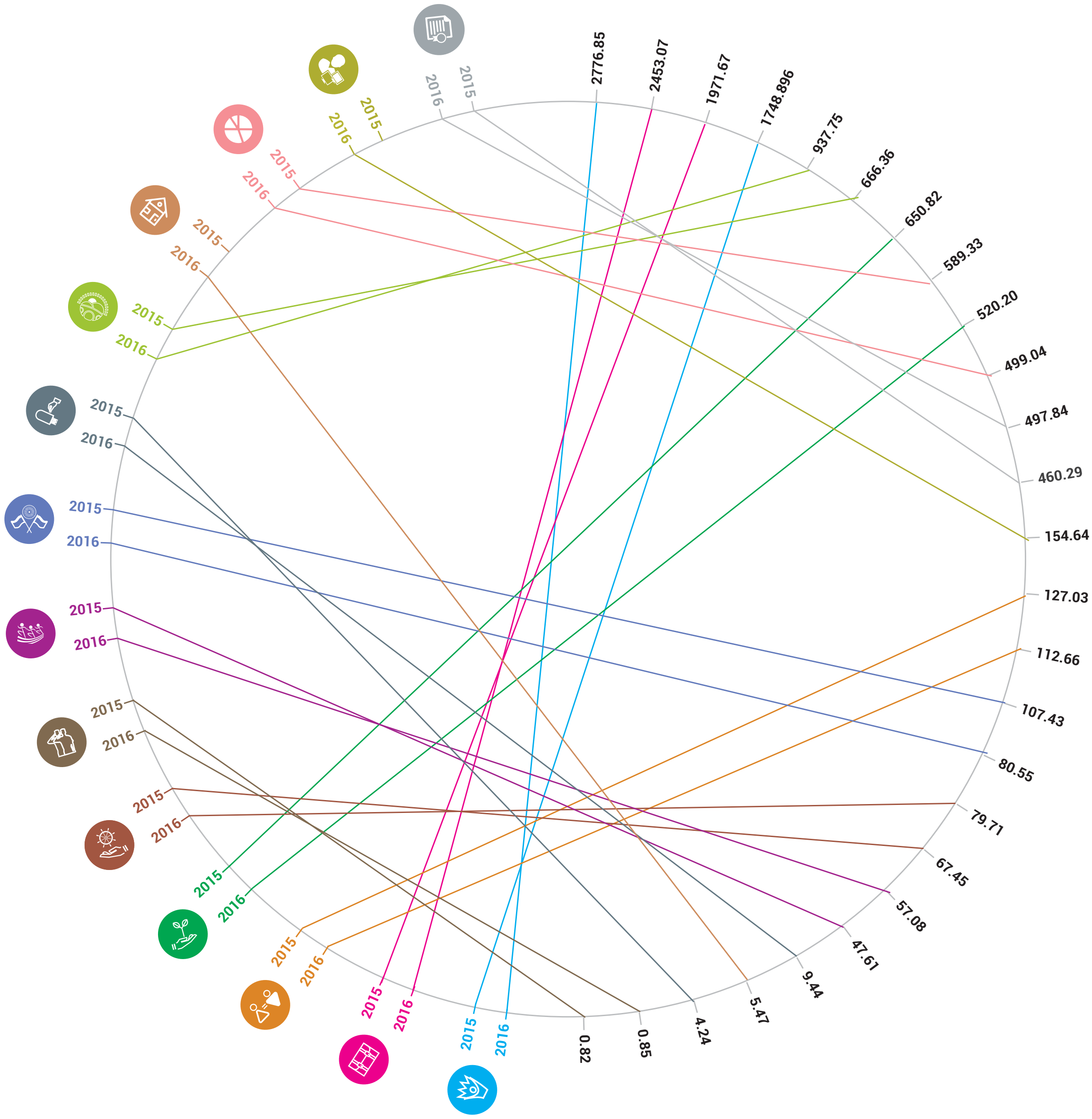


Figure 08

*spend figures in crores of rupees

Companies in each development area

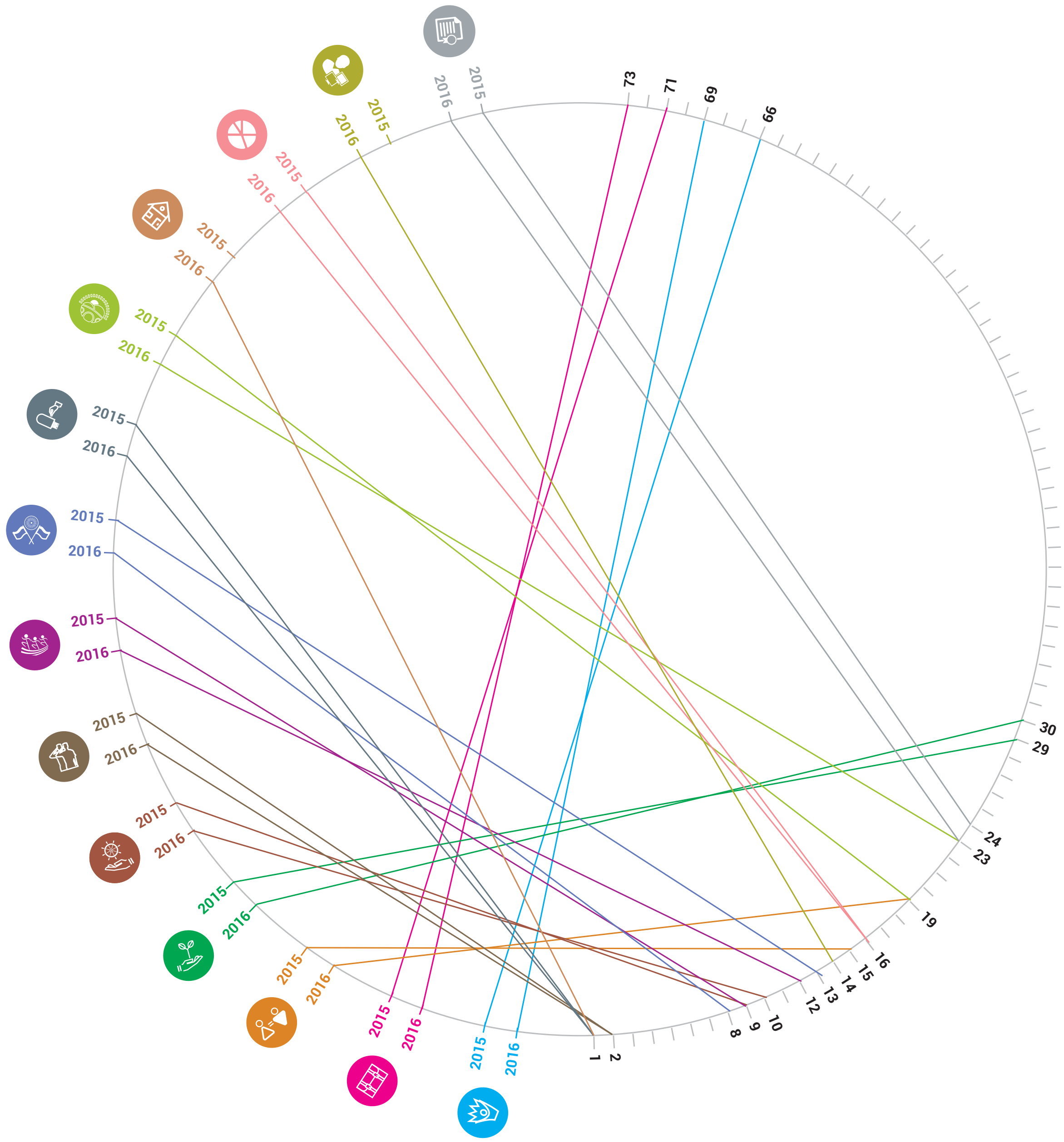


Figure 09

*values are percentage of companies

Spend channels

Companies use either one or a combination of the following channels for CSR spends:

- Directly by the company
- Through company foundation
- Through implementing agencies

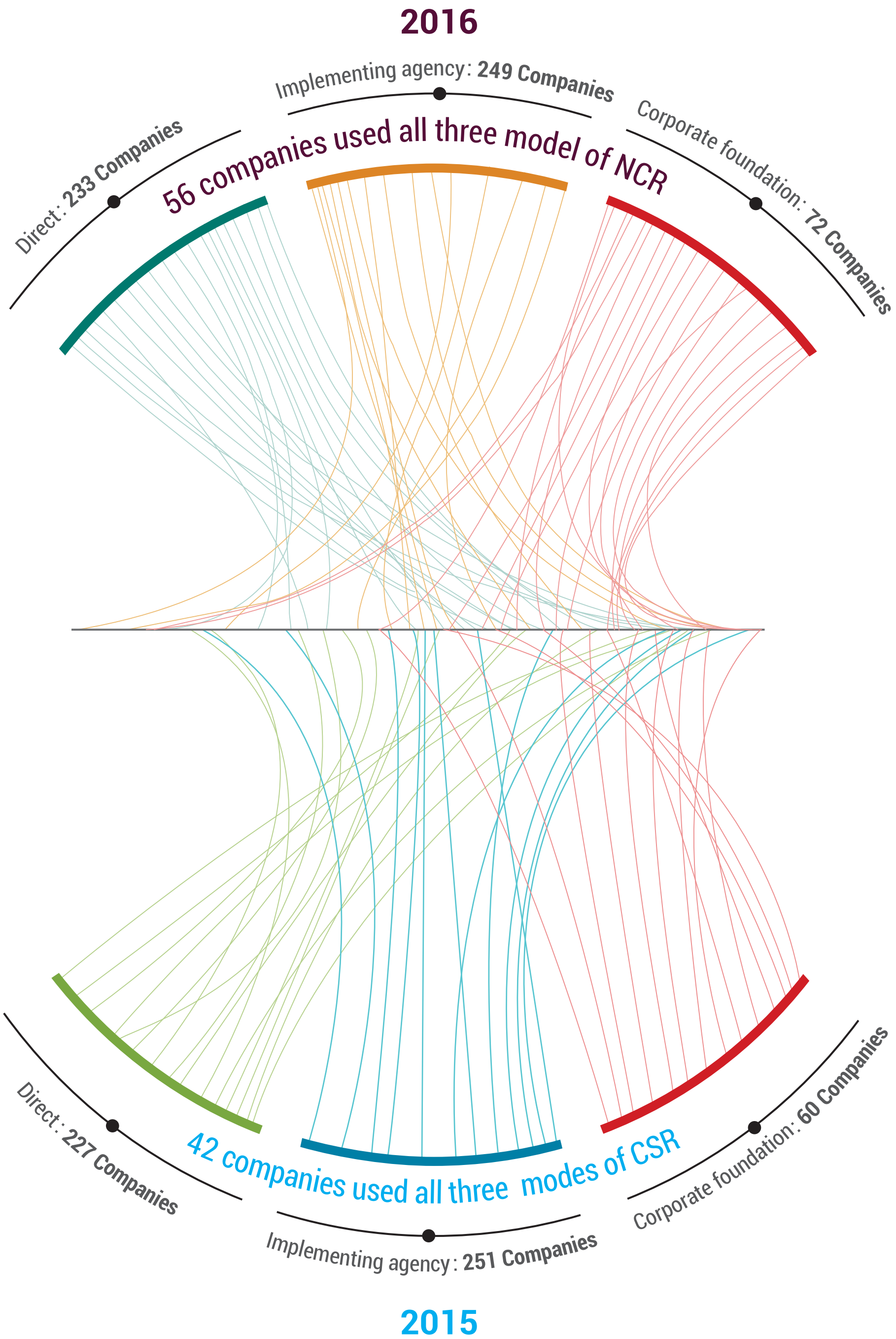


Figure 10

This graph depicts the absolute number of companies using all the three channels or exclusively one channel for CSR implementation. The remaining companies used a combination of two out of three approaches for CSR spend. The disclosures do not provide precise information on which two channels are used by companies. Therefore, the graph does not specify the number of companies using exactly two channels.

There has been marginal increase in FY16 as compared to FY15 in the growth of corporate foundations as a channel for programme and project implementation, and those using all the three channels.

Geography/Spend Locations

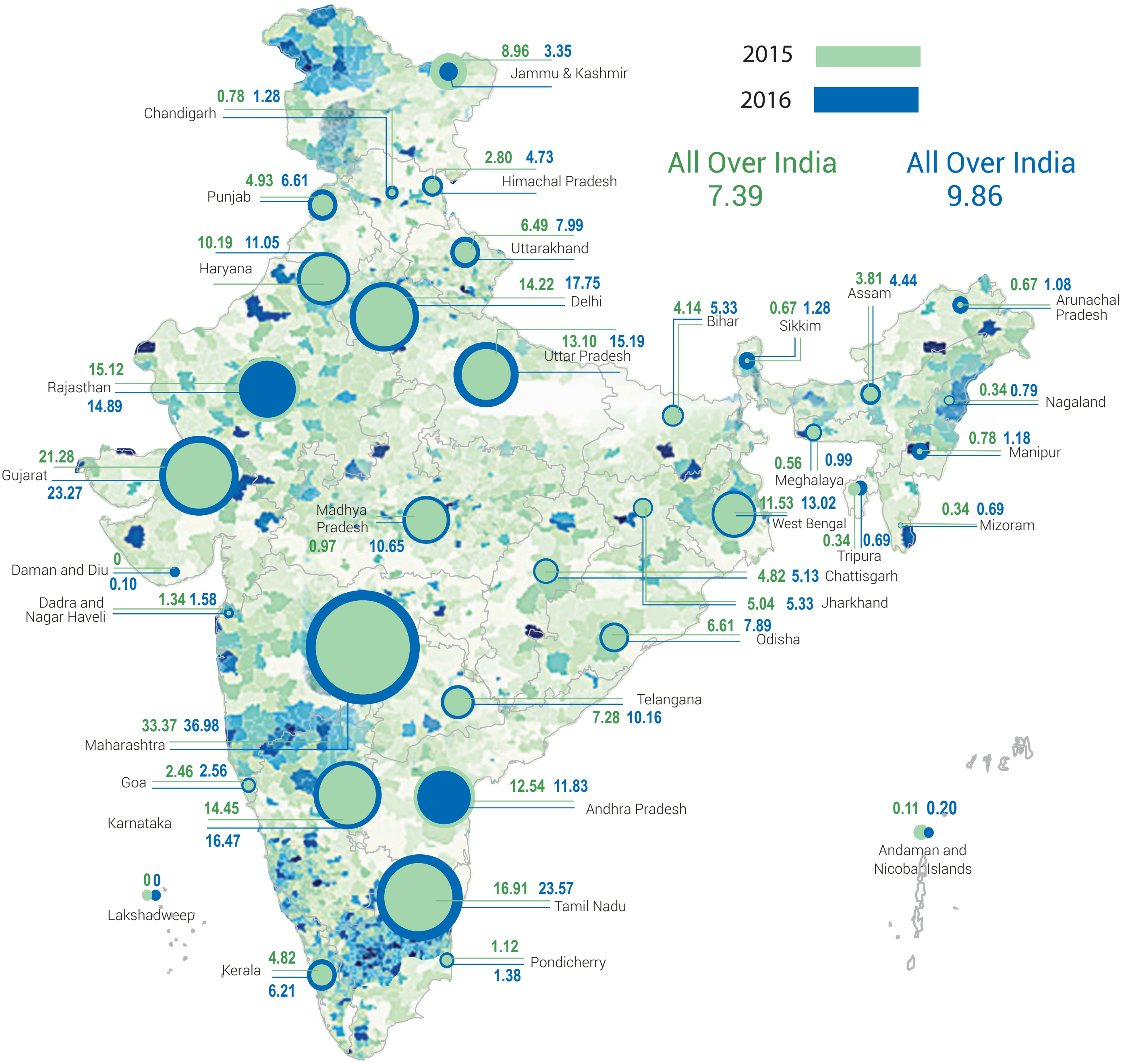


Figure 11

*all numbers in percentage

In 2015, the state of Maharashtra saw the most number of companies investing in CSR and the trend is continued in 2016.

- 100 companies reported to have spent pan-India in FY16 as compared to only 66 companies in the previous year.
- In FY15, about eight percent of the companies spent in the states of North-East (seven sisters and Sikkim) India. The share has increased by three percentage points to 11% in FY16.
- Nine PSEs have invested in more than 15 states or Union Territories.

Top five states with maximum number of companies

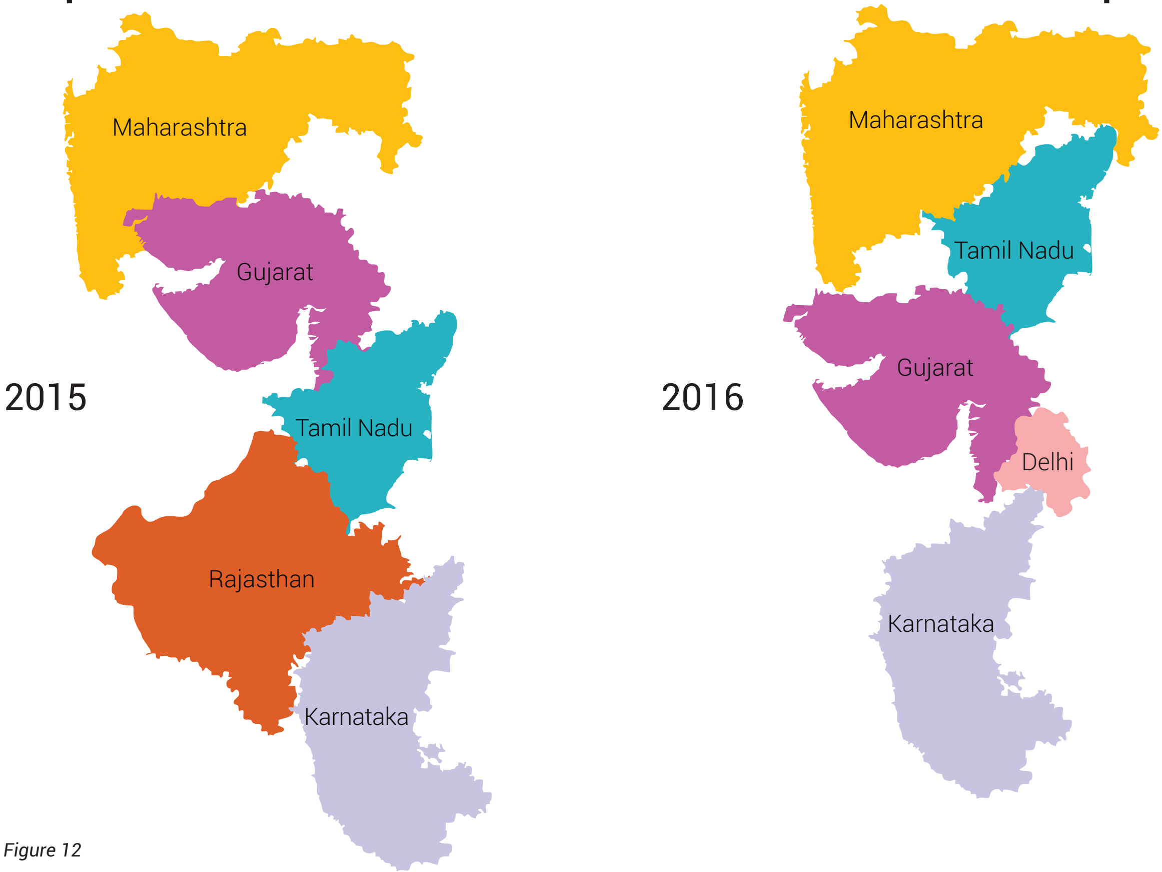


Figure 12

Number of companies spending in North East India

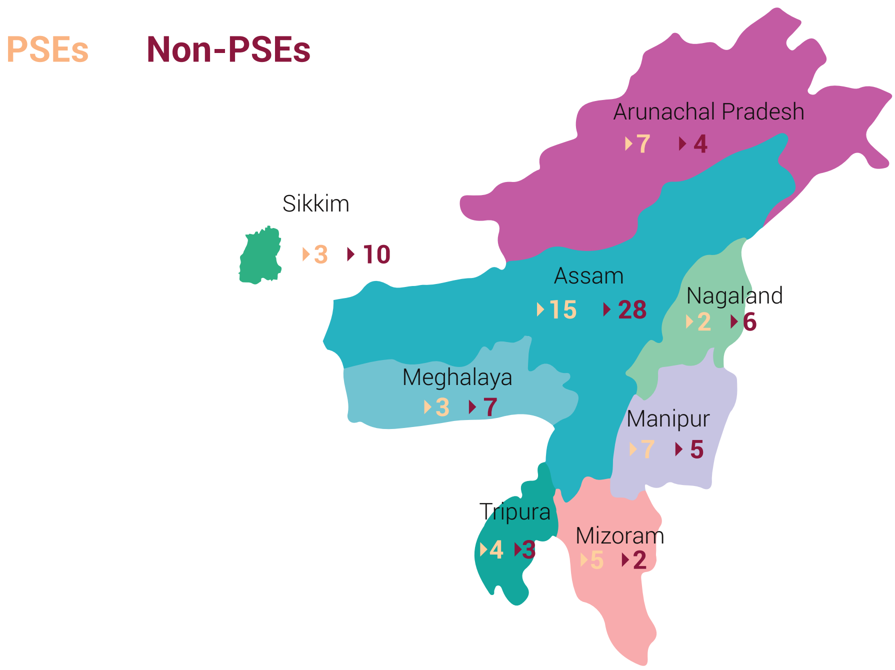


Figure 13

111 companies reported to have invested in Northeast India in FY16 as compared to 67 companies in FY15. Assam in Northeast India received maximum of CSR spends and participation from maximum number of companies.

Companies investing in geographical areas

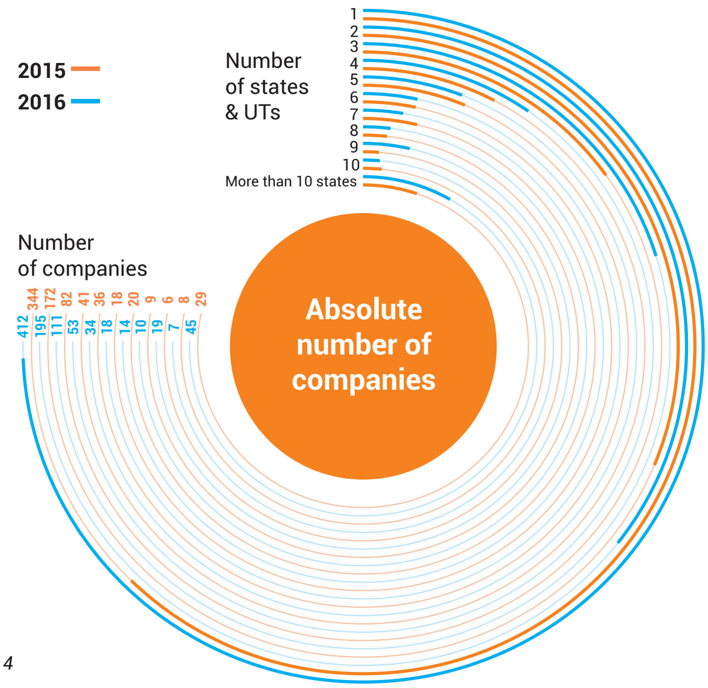


Figure 14

In FY16, about three-fifth of the companies reported to have invested in either 1 or 2 states / UTs. Ten companies invested in more than 20 states / UTs.

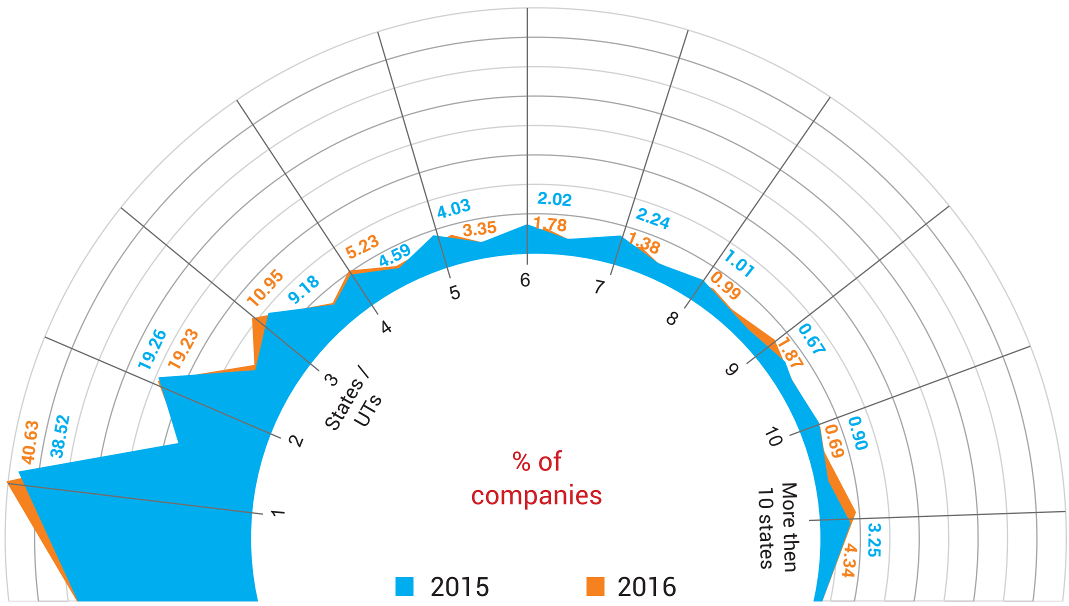


Figure 15

45 companies have invested in more than 10 states.

Companies investing in developmental activities

The graph excludes companies that have invested in combination of more than one CSR area (in cases where separate numbers are not available), administrative expenses or overheads, and other CSR areas.

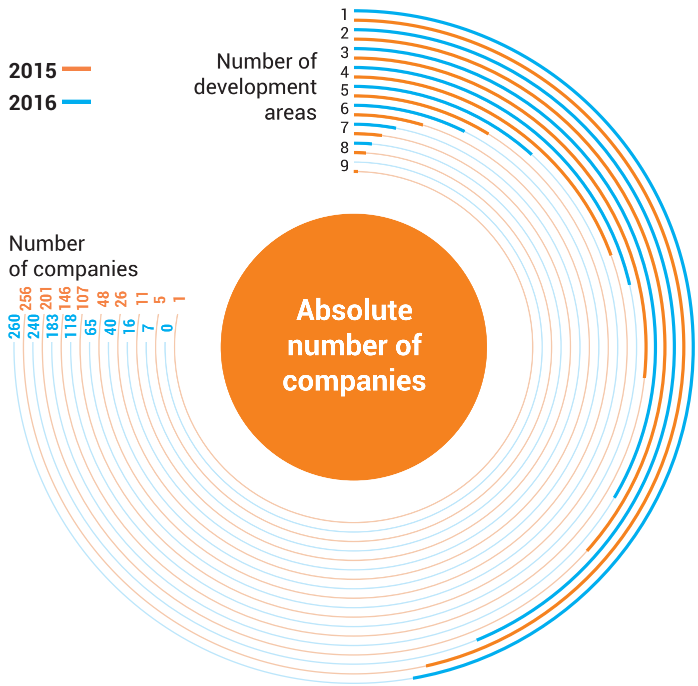
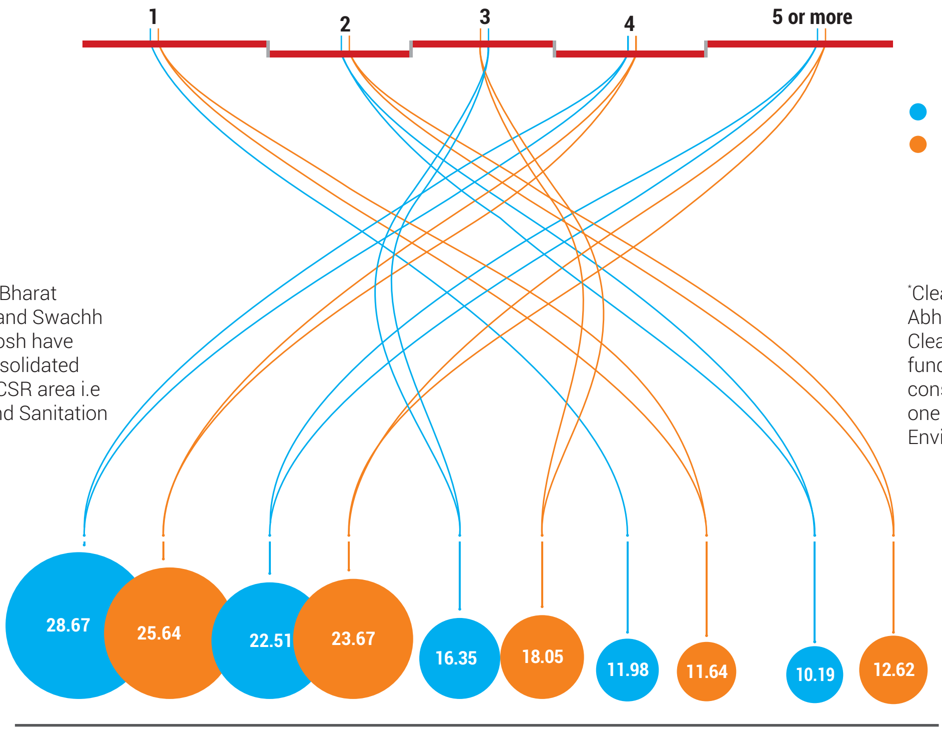


Figure 16

% of companies investing in multiple developmental activities*

Number of development activites



*Swachh Bharat Abhiyan and Swachh Bharat Kosh have been consolidated into one CSR area i.e Health and Sanitation

*Clean Ganga Abhiyan and Clean Ganga fund have been consolidated into one CSR area i.e Environment

Figure 17 128 companies invested in five or more development activities in the year 2016

CSR spends per industry

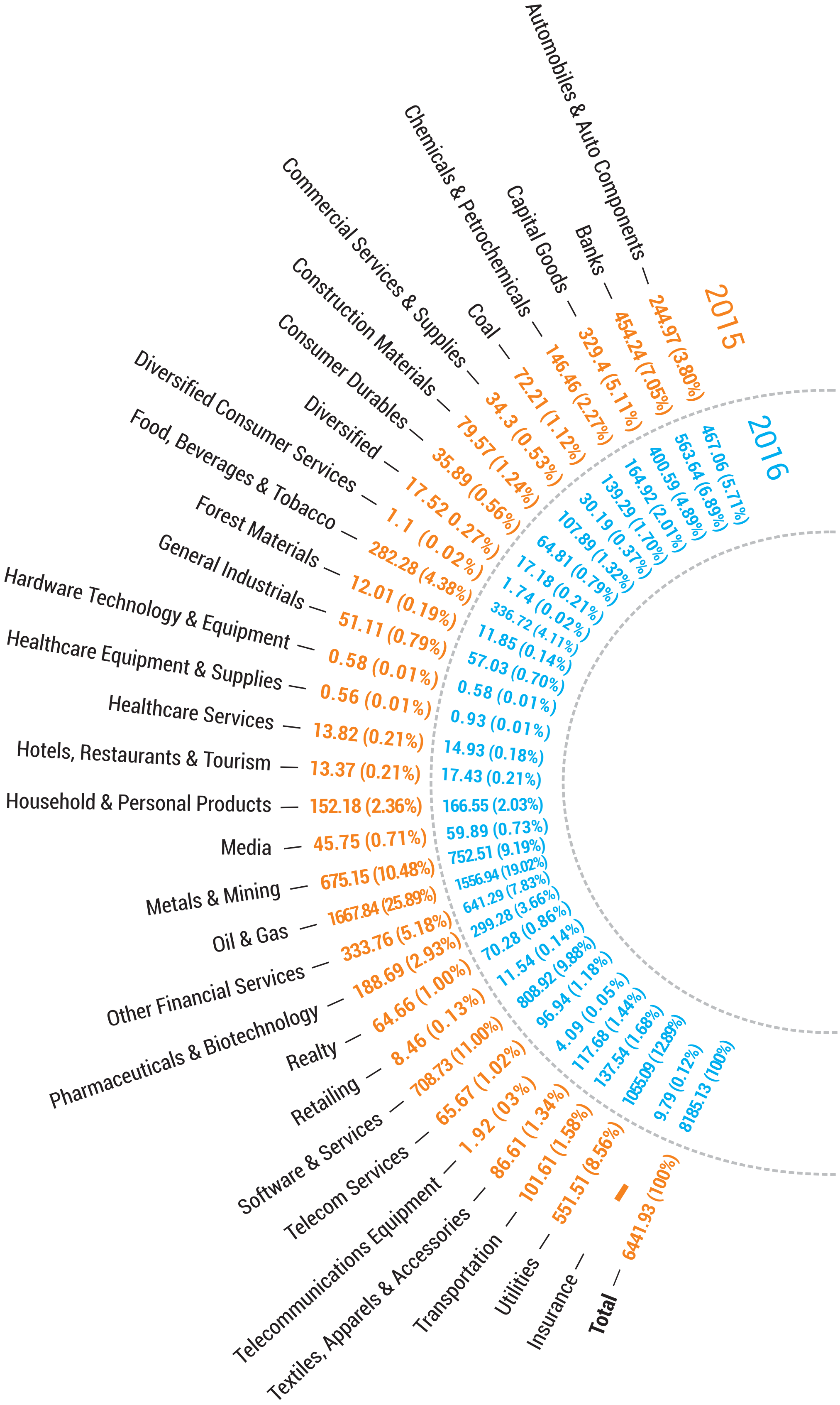


Figure 18

Reasons for underspend or no spend on CSR

According to Section 135, companies are required to disclose reasons for not spending at least 2% of the average net profit of past three financial years. CESD has categorised the reasons into four types. These are: planning and implementation, monitoring and evaluation, financial, and others.

Most of the reasons are of the nature of planning and implementation, with almost 44% of the companies in that category. This is significantly less than 62% in FY15, where 35% companies "required more time to plan". "Finding the right project" continues to be a challenge for 14% of the companies.

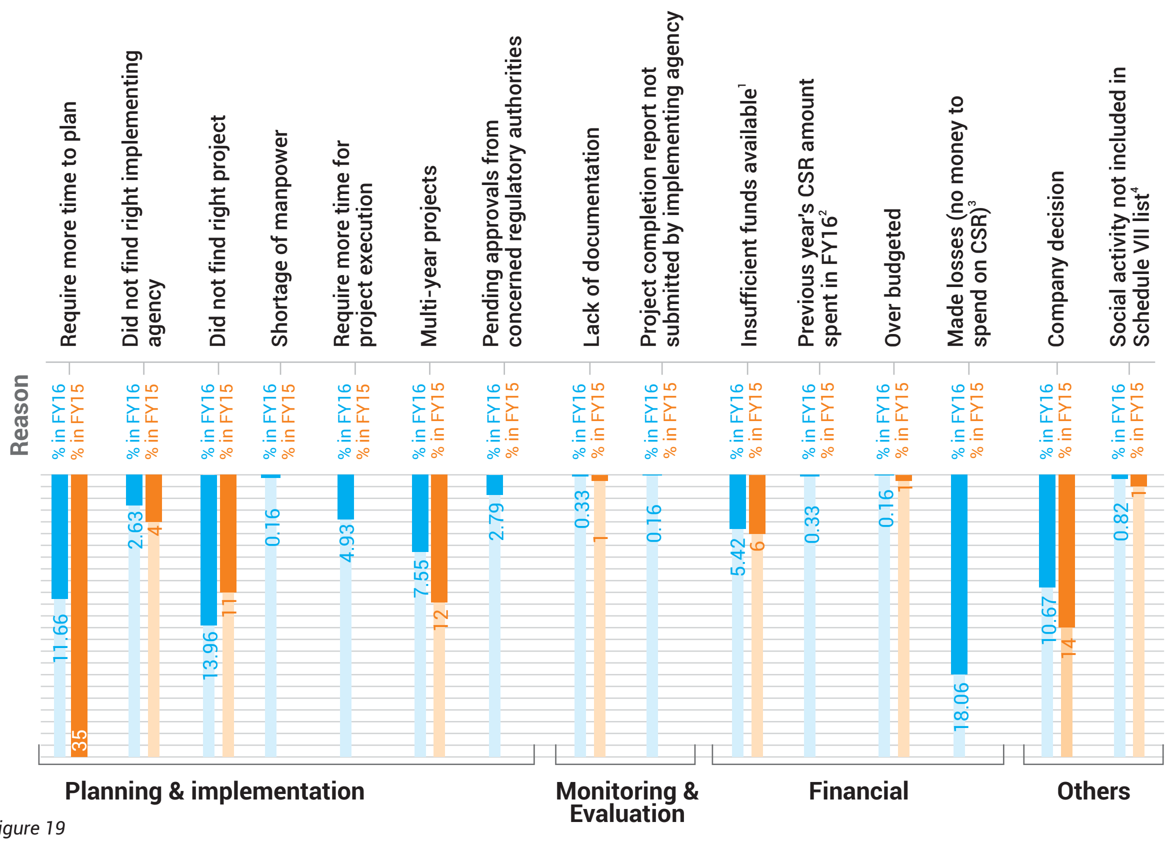


Figure 19

Additionally, close to 6.5% of the companies provided more than one reasons from the list for spending less than 2% of the requirement.

14% (nine percent in FY15) of the companies did not disclose any reason for underspend, which is not in compliance to requirements of Section 135.

[1] Insufficient funds available because they made losses in the immediate preceding financial year, however the average net profit for past three financial years was positive

[2] This is when companies decided to spend previous year's (FY15) unspent amount in FY16, but did not manage to spend at least 2% required for FY16

[3] Average net profit for the past three financial years was negative, but they were still eligible for Section 135 because of the other two financial criteria

[4] Five companies have disclosed having spent a portion of 2% CSR requirement on activities which are not strictly part of Schedule VII. These companies have excluded the spent portion from 2% calculation and reported separately.

Output data

06

A notable feature of CSR disclosures in FY16 is that some companies have begun to disclose output data. 13 percent, or 166 of 1,270 companies making such disclosures, reflects going beyond legislative requirements and improving the quality of disclosures.

1.5 cr people benefitted from Rs 3,747.97 cr spent for which output data has been reported. This averages to Rs 2,498.65 per person.

Having said that, most of these 166 companies have labelled the data as that of impact achieved because of their CSR activities. Equipped with technical capabilities on impact measurements and social value created, CESD has captured the data as output numbers and not impact created.

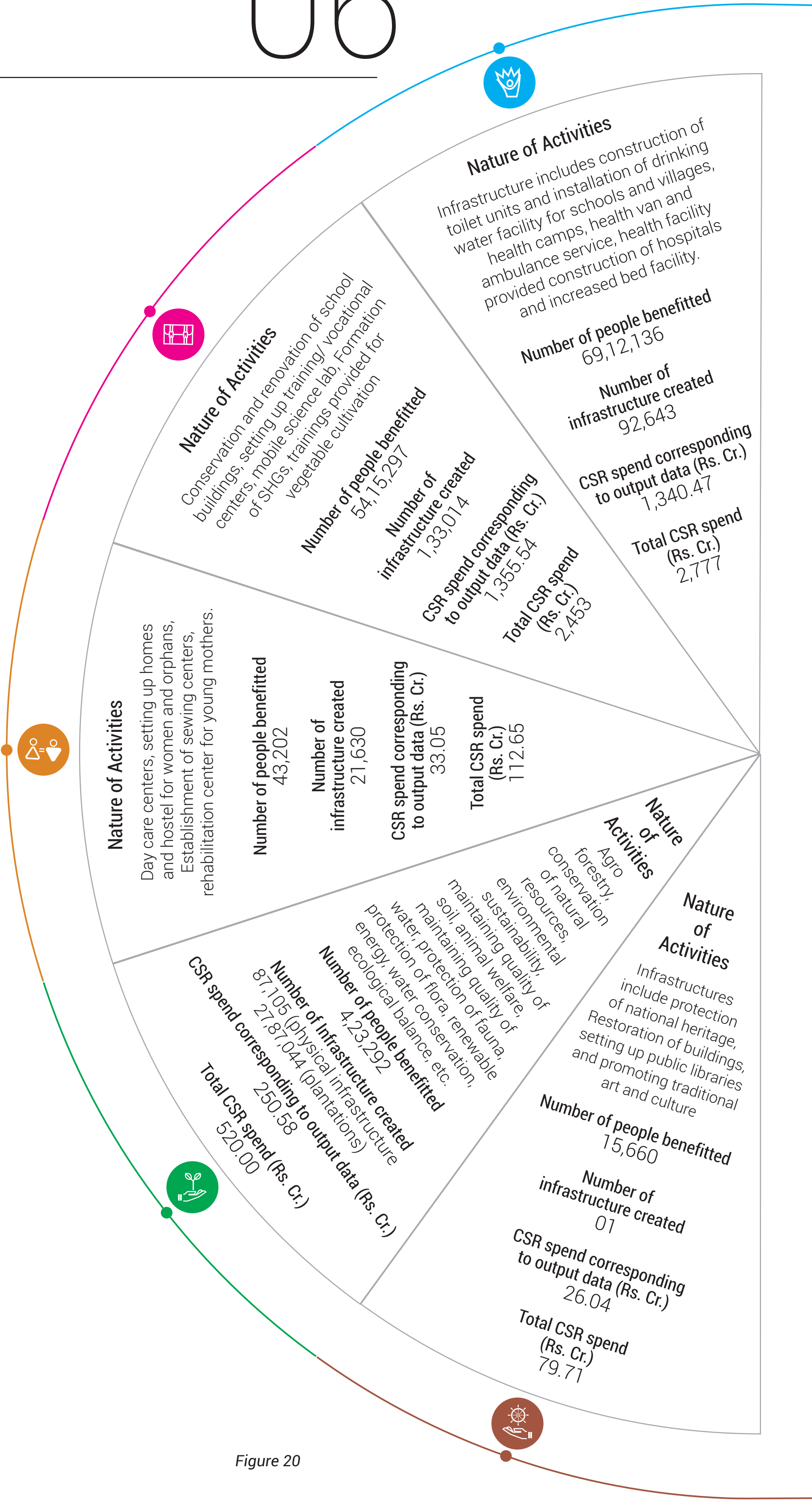
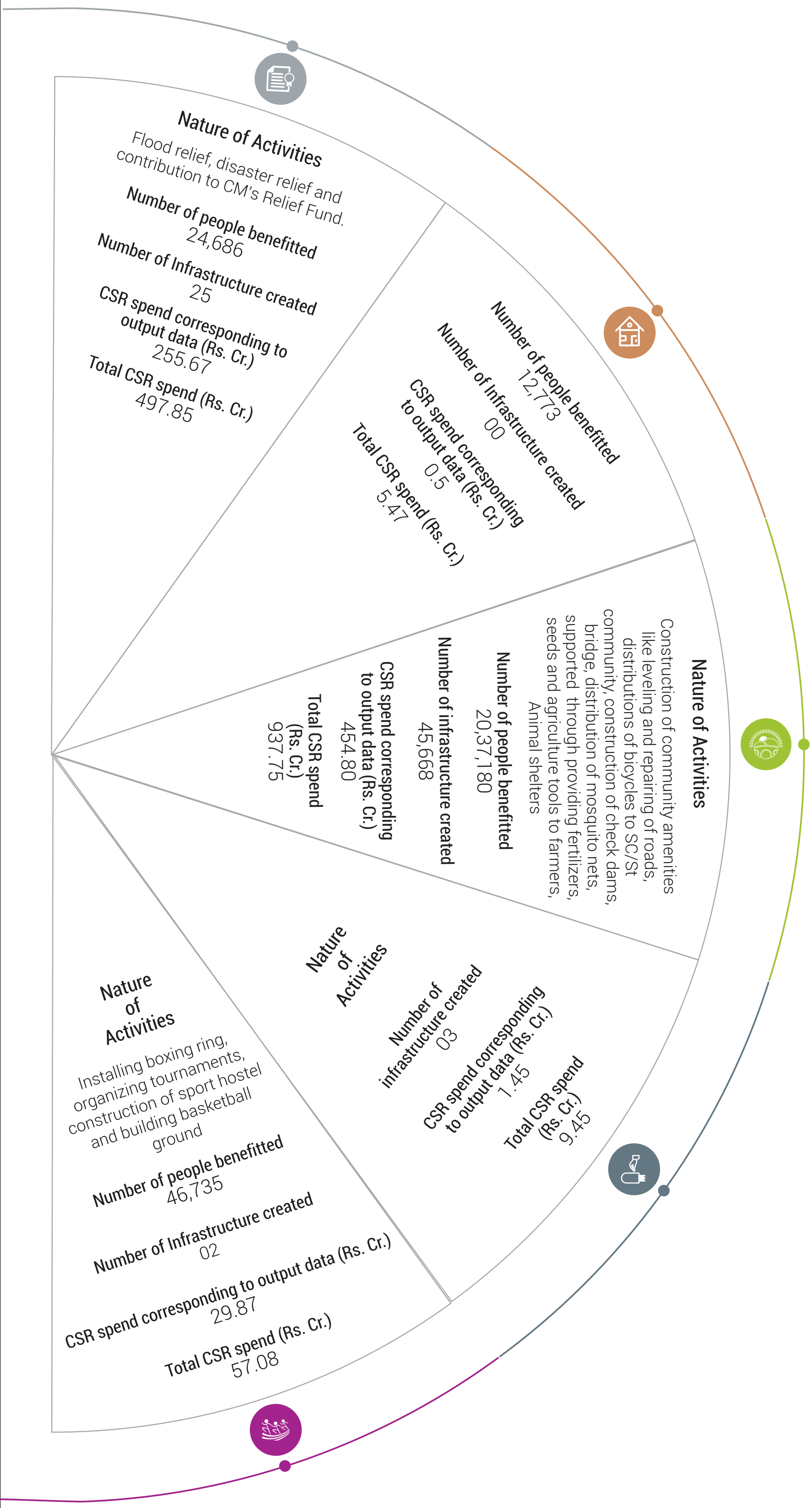


Figure 20



In absence of any guidance on disclosures of outputs or impacts, companies chose to express it in different ways. For analysis, output data were grouped into two categories: one in terms of people in communities, and the other in terms of infrastructure created. For instance, number of people benefited through activities such as education or health or skills training is captured as people benefited, whereas number of schools or toilets constructed, number of health camps organised, number of plantations done, are captured as infrastructure created. The output data is then mapped with CSR spends of companies that reported the output data.

Methodology

07

Annual CSR Tracker 2016 is based on disclosures on CSR of companies to ascertain the extent to which they have complied with the legislation.

BSE provided a list of companies listed on the stock exchange that fell within the ambit of the legislation. Of the 1,340 (1,294 in 2015) listed companies also required to comply with Section 135 of Companies Act 2013, annual reports of 1,270 (1,181 in FY15) companies were analysed. Remaining companies were excluded for the following reasons:

1. Annual reports were not published by cut-off date of 1 December 2016
2. Public sector banks are governed by the RBI and therefore, do not fall under the purview of Companies Act 2013

Report Boundaries

1. Annual CSR Tracker 2016 is limited to BSE-listed companies that fall under the purview of the CSR legislation.
2. Information disclosed in annual reports for FY2016 is included for analysis. Information contained at sources other annual reports is beyond the scope of Annual CSR Tracker.

CESD analysed CSR disclosures of 1,270 companies, of which 40 were Public Sector Enterprises, using 41 indicators across six key aspects.

1. Governance
2. Policy
3. Financials
4. Spent as per Schedule VII
5. Spend channels
6. Spend locations

CSR portfolio

CESD brings the best expertise and experience to help companies create more impact through better CSR. We work with companies to ideate CSR projects, develop CSR strategies aligned to organisational vision and business strategies, measure impact of CSR activities, benchmark CSR portfolio, conduct customised NGO assessments, and recognise best practices in CSR.

Idea workshops for CSR projects	CESD conducts cross-functional and multistakeholder workshops for companies to ideate CSR projects. Which developmental and geographical areas should companies get into? How does it align with priorities of business and sustainability? How does it leverage resources available with the company and its partners? A typical idea workshop is half-to full-day. CESD prepares itself and participants before the actual workshop basis the history of company's CSR portfolio and its CSR policy.
Needs Assessments	CESD undertakes needs assessments of project beneficiaries and concerned stakeholders. Assessments are done using primary and secondary research techniques such as household surveys, interviews, and focus group discussions. Both qualitative and quantitative inputs are captured and analysed that provide vital inputs to CSR project design.
Impact Measurements	Impact measurement is important to understand the effectiveness of CSR projects. A well-designed impact study can also provide insights into stakeholder expectations and feedback on the projects conducted. Methodologies include control group comparisons, personal interviews, focus group discussions. Usually a combination of methodologies are deployed. CESD also helps with valuing social capital that a company creates via its CSR activities. Primarily using the methodology of Social Return on Investment or SROI, social capital valuation helps boards take informed decisions on social investments
Annual CSR Tracker	CESD has developed Annual CSR Tracker that provides macro insights into CSR activities of companies in a financial year. Based on corporate disclosures on CSR in director's report, the Annual CSR Tracker is supplemented by survey of companies on their experiences with CSR in that financial year. Advance booking for Annual CSR Tracker 2015 is now open.
Benchmarking CSR portfolio	Companies learn by benchmarking CSR activities with the best in the industry. CESD helps companies with benchmarking on a readymade database of almost 1300 companies. Customised benchmarking with companies of desire or additional indicators is also possible.

Developing a CSR vision and strategy	CESD helps companies to develop CSR vision and strategy by aligning it with vision, mission and business strategy of the company. In the process identify resource availability and gaps, identify KPIs to measure and manage.

Have a vision > Put strategy in place > Set targets & KPIs > Identify capacities & capabilities > Measure to manage > Review to improve

Excellence in CSR – CII-ITC Sustainability Awards	CII-ITC Sustainability Awards - CSR Domain Excellence recognise companies that have positively impacted both business and society by taking a strategic approach to CSR through collaborative programmes with government and civil society. Over a period of six months, applicants undergo a rigorouse valuation process that is based on principles of business excellence. The findings of this assessment, presented in the form of a detailed Feedback Report to every applicant, further help applicants by providing insights that improve the impact of their sustainability initiatives and drive overall performance by identifying opportunities for improvement.

Confederation of Indian Industry

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering industry, Government, and civil society, through advisory and consultative processes. CII is a non-government, not-for-profit, industry-led and industry-managed organisation, playing a proactive role in India's development process.

www.cii.in

CII-ITC Centre of Excellence for Sustainable Development

CII-ITC Centre of Excellence for Sustainable Development is a not-for- profit, industry-led institution that helps business become sustainable organisations. It is on a mission to catalyse innovative ideas and solutions, in India, and globally, to enable business, and its stakeholders, in sustainable value creation. It's knowledge, action and recognition activities enable companies to be future ready, improve footprints profiles, and advocate policymakers and legislators to improve standards of sustainable business through domestic and global policy interventions. CESD leverages its role of all-inclusive ecosystem player, partnering industry, government, and civil society. It has been a pioneer of environment management systems, biodiversity mapping, sustainability reporting, integrated reporting, and social & natural capital valuation in India, thus upgrading business in India to sustainable competitiveness. With three locations in India, CESD operates across the country and has also been active in parts of South and South East Asia, Middle East, and Africa. It has held institutional partnerships and memberships of the United Nations Global Compact, Global Reporting Initiative, International Integrated Reporting Council, Carbon Disclosure Project, development agen-cies of Canada, the USA, the UK, and Germany.

www.sustainabledevelopment.in

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