

Taking a cue from the Forbes and Fortune 500 ratings of companies in the US, the Indian Merchant Chamber's Corporate Social Responsibility Committee and Karmayog have, for the first time, rated the 500 best companies in India in terms of CSR. At an IMC seminar, MN Chaini, President Elect 2008, IMC, stressed on the need for corporates to take the initiative in helping the country to develop. Unfortunately, most companies in India do not practise Corporate Social Responsibility or CSR. A few who have a global outlook run CSR units while only some comply with the norms laid down by the UN. At the seminar, Jennet Geddes from KPMG stressed that companies needed to move from charity and philanthropy to CSR.

Vinay Somani, Trustee, Karmayog, said: "Every company harms the environment and the people. We are not at all happy with our findings but this is a step forward towards development with some right perspective. Out of the 500 companies listed, 229 are zero-rating companies as per norms and guidelines. Not a single company has full marks and 4 points have been allotted to just

The Importance of Being Earnest about CSR



In the context of the Indian Merchant Chamber's recent rating of the 500 best Indian companies in terms of Corporate Social Responsibility, Vitthal Dempo looks at why CSR is so important.

four companies who are rated as the best." HDFC, Infosys Technologies, Tata Steel Ltd and Titan Industries topped the list and certificates of appreciation were presented to them.

How companies are rated

The main criterion of CSR ratings is based on the company's main products and services. Every

automobile, accessories and allied products like paper and forest-based products and iron and steel. The impact of CSR services on the community and its effective working is also given priority for ratings.

Sadly, corporates in India are yet to develop CSR ratings. Most of them are making feeble efforts towards CSR by way of donations to charitable trusts or NGOs or sponsoring events. This trend should change as companies need to understand the necessity of practising CSR. For a few, it is like a marketing tool, observes Somani. Just five Indian companies publish a Corporate Sustainability Report to measure and assess the impact of their business on the

company causes some harm and the first priority count is based on diluting the harm done. The second priority is for society-oriented services. Cigarette, tobacco and alcohol manufacturing units do not qualify for ratings. Special attention is given to chemicals, fertilisers, paint and plastic industries and others include mining, aviation, and thermal power generation, cement industries,

Karmayog CSR Rating	No. of Companies	% of Companies
0	229*	46
1	89	18
2	138	28
3	40	8
4	4	1
5 (highest)	0	0

* Companies doing no CSR as per information from their websites and annual reports

environment. According to the study, very few companies openly state the processes they follow, the damage these processes cause, and the steps taken to minimise that damage. A few companies have a clearly defined CSR philosophy. Most implement their CSR in an ad-hoc manner that has no connect with their business process. Also, most companies seem either unaware or unbothered about CSR practices. However, all companies have shown an upward learning curve with respect to CSR and the situation looks set to improve in the future.

The CSR imperative

It is imperative for corporate giants to state, in their Annual Report, how they fared in CSR. It is also important for the government, in consultation with industry associations and experts, to set timelines for the adoption and implementation of guidelines on CSR. Vinay Somani stressed that every company should publish a separate Corporate Sustainability Report (as per the Global Reporting Initiative framework) along with their Annual Report. Every company must clearly define their CSR philosophy and objectives and state which issues it intends to work on or contribute to. These trends can yield strategic benefits to the company. Every company must engage in CSR activities that minimise the harm to the environment. Projections for energy-efficient technologies for factories and offices and the adoption of rainwater harvesting irrespective of the production processes that companies are engaged in must be implemented in the nation's interest.

HIGHEST CSR RATINGS

- 1. Housing Development Finance Corporation Ltd**
 Rs 3500 crore sales per year
 Net profit - Rs1000 crore
 Core activities: Shelter, children, disaster, self reliance, environment
 Expenses for CSR - Rs7 crore as shown in company annual report
- 2. Infosys Technologies Ltd**
 Rs 7000 crore sales.
 Net profit - Rs 2000 crore
 CSR expenses Rs.14 crore
 Core activities: Education, health, community, art
 Expenses shown in annual report as per guidelines.
- 3. Tata Steel Ltd** Rs 14000 crore sales
 Net profit - Rs 3500 crore
 Expenses on CSR: Rs 28 crore
 Education, healthcare, tribal welfare and more
 Expenses shown in annual report
- 4. Titan Industries Ltd** Rs 1000 crore sales
 Net profit - 25 crore
 CSR activities: Rs 2 crore for women empowerment, the disabled and community development
 Expenses shown in annual report.

OTHERS HIGH ON THE LIST

- 3M India Ltd.
- Aditya Birla Nuvo Ltd.
- Asahi India Glass Ltd.
- Bharat Petroleum Corp. Ltd.
- Canara Bank
- Dr.Reddys Laboratories Ltd.
- DSP Merrill Lynch Ltd.
- Finolex Industries Ltd.
- GAIL India Ltd.
- GMR Industries Ltd.
- Godrej Consumer Products Ltd.
- Godrej Industries Ltd.
- GTL Ltd.
- Hindustan Lever Ltd.
- ICICI Bank Ltd.
- i-flex solutions Ltd.
- Indian Overseas Bank Ltd.
- ING Vysya Bank Ltd.
- Jubilant Organosys Ltd.
- Kansai Nerolac Paints Ltd.
- Kirloskar Pneumatic Co. Ltd.
- Lanco Industries Ltd.
- Larsen & Toubro Ltd.
- Lupin Ltd.
- Mahindra & Mahindra Ltd.
- NIIT Ltd.
- Oil & Natural Gas Corp. Ltd.
- Punjab National Bank
- Raymonds Ltd.
- Siemens Ltd.
- Sundaram Clayton Ltd.
- Tata Chemicals Ltd.
- Tata Metallicks Ltd.
- Arvind Mills Ltd.
- The Jammu & Kashmir Bank Ltd.
- Tata Power Co. Ltd.
- Tinplate Co. of India Ltd.
- Transport Corp. of India Ltd.
- Videocon Industries Ltd.
- Wipro Ltd.

