



**AN INITIATIVE TAKEN BY SELECTED CERAMIC COMPANIES
UNDER CORPORATE SOCIAL RESPONSIBILITY (C.S.R.)
(With special reference to Sec. 135 of Companies Act 2013)**

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ABSTRACT

The C.S.R (Corporate Social Responsibility) has been emerging very rapidly in business of the corporate sectors in India substantially. It has become an important aspect of business philosophy and practice all over the nation and world too. Government has implemented the social responsibility scheme for the corporate sectors and inserted the essential provisions under section 135 of company's act 2013. C.S.R. part of the corporate strategy and as a tool for attaining and sustaining competitive edge in market place.

The object of issuing this research paper is to trace the initiatives by companies for CSR in India to make it an important part of corporate functioning in the country and the emerging trends in Indian business sector which look at CSR as a tool for competitive strategy.

KEYWORDS: Ceramic Companies, Initiatives under Corporate Social Responsibilities (C.S.R.), Provisions under Section 135 of Companies Act 2013

OBJECTIVE OF STUDY

The objective of the research is to carry out an in-depth analysis of the initiatives by selected ceramic companies under CSR with effect from the year in which CSR implemented.

LITERATURE REVIEW

Review of literature can be just simple summary of the sources, but it usually has an organizational pattern and combines both summary and synthesis. The review of literature plays a vital role to undertake the study on financial performance of company. The researcher has reviewed past few year literatures from financial perspective which are described as follows.

- a) **Kraus, Patrick; Brtitzelmaier, Bernd (2012)** Corporate Social Responsibility CSR has become a popular research stream in business administrations' theory, as the increasing number of publications and specialized journals indicate. There can be identified numerous attempts in literature to define CSR. In a first step, the paper reviews selected attempts, in order to clarify the basic understanding of CSR. Furthermore, theoretical concepts of CSR will be discussed. Subsequently, empirical studies, analyzing the state of implementation of CSR, will be presented. The paper aims to systematically categorize the different research approaches, in order to provide a general overview. Recent studies in Germany indicate that finance departments are almost not involved in CSR implementation. This nourishes doubts of a companywide implementation of CSR.¹
- b) **Harish N (2012)**, CSR should be treated as an investment, not a cost, much like quality management. Business houses all over the world are increasing in realizing their stake in the society and engaging in

¹<https://www.ingentaconnect.com/content/apbj/ijmc/2012/00000014/00000004/art00026;jsessionid=4mcph2tfn0qj2.x-ic-live-02>

various social and environmental activities. Corporate social responsibility is an evolving concept that incorporates a wide range of internal and external policies and practices extending from the workplace, into the community & the environment.²

RESEARCH METHODOLOGY

To undertake the study author has collected secondary data from the annual reports of five years i.e. 2014-15 to 2018-19 of selected ceramic companies of India. Besides other required information were also collected through reference like financial literature, articles, websites, magazines and journals.

What is Corporate Social Responsibility Analysis (C.S.R.)?

Corporate Social Responsibility Analysis is concerned with making an analysis of c.s.r. initiatives taken by selected ceramic companies considering the provisions specified as follows:

“According to Section 135 of Companies Act 2013, C.S.R. requirements are applicable to every qualifying company which having: (1) Net Worth of Rs. 500 Crore or more, or (2) Turnover of Rs. 1,000 Crore or more, or (3) a Net Profit of Rs. 5 Crore or more during any financial year. This implies that the applicability of C.S.R. obligations will have to be determined independently for every financial year.”

Keeping in mind above the mentioned all necessary and relevant provisions, the researcher has carried out an analysis on C.S.R. for the selected ceramic companies for the projected period i.e. from 2014-15 to 2017-18 as C.S.R. was put into implementation from year 2014-15. The necessary detailed collected of C.S.R. of the said companies are tabulated as follows:

Sr. No.	Company	Financial Year	Three Yearly Avg. Net Profit (Rs. In Lakhs)	C.S.R. Prescribed (Rs. In Lakhs) (2% of Avg. Net Profit)	Actual C.S.R. Spent (Rs. In Lakhs)	C.S.R. Unspent (Rs. In Lakhs)
1	Aro Granite Industries Limited	2014-15	2084.62	41.69	35.38	6.31
		2015-16	1803.71	36.07	36.07	0.00
		2016-17	1404.31	28.09	28.09	0.00
		2017-18	2445.17	48.90	45.13	3.77
2	Asian Granito India Limited	2014-15	2231.97	44.64	42.25	2.39
		2015-16	2570.41	51.41	51.41	0.00
		2016-17	4043.04	80.86	80.86	0.00
		2017-18	6079.41	121.59	115.28	6.31
3	Cera Sanitaryware Limited	2014-15	8371.19	167.42	167.42	0.00
		2015-16	10426.33	208.53	208.53	0.00
		2016-17	12951.64	259.03	250.26	8.78
		2017-18	14751.52	295.03	295.03	0.00
4	H.S.I.L. Limited	2014-15	10289.9	205.80	205.80	0.00
		2015-16	12764.31	255.29	231.57	23.71
		2016-17	15154.69	303.09	303.09	0.00
		2017-18	14425.56	288.51	281.12	7.39
5	Kajaria Ceramics Limited	2014-15	31931.87	638.64	635.57	3.07
		2015-16	38598	771.96	771.96	0.00
		2016-17	45169	903.38	900.81	2.57
		2017-18	36952.33	739.05	721.27	17.78
6	Murudeshwar Ceramics Limited	2014-15	146.69	0.00	0.00	0.00
		2015-16	173.65	0.00	0.00	0.00
		2016-17	231.98	0.00	0.00	0.00
		2017-18	334.81	0.00	0.00	0.00

²https://shodhgangotri.inflibnet.ac.in/bitstream/123456789/3696/3/03_review%20of%20the%20literature.pdf

7	Nitco Limited	2014-15	-18591.85	0.00	0.00	0.00
		2015-16	-12660.81	0.00	0.00	0.00
		2016-17	-6762.62	0.00	0.00	0.00
		2017-18	-5766.33	0.00	0.00	0.00
8	Orient Bell Limited	2014-15	1076.79	21.54	21.54	0.00
		2015-16	927.78	18.56	18.56	0.00
		2016-17	1589.58	31.79	31.79	0.00
		2017-18	2149.76	43.00	43.00	0.00
9	Pokarna Limited	2014-15	464.92	0.00	0.00	0.00
		2015-16	3805.33	76.11	76.11	0.00
		2016-17	6927.3	138.55	138.55	0.00
		2017-18	7585.09	151.70	151.70	0.00
10	Somany Ceramics Limited	2014-15	5314.71	106.29	105.16	1.14
		2015-16	7094.77	141.90	141.87	0.02
		2016-17	10586.59	211.73	211.73	0.00
		2017-18	12408.58	248.17	216.52	31.65
Grand Total			291485.7	6678.31	6563.42	114.88

From the above table based on data available 4 years from 2014-15 to 2017-18, it is found that both Murudeshwar Co. and Nitco Co. have not become qualifying company as per sec. 135 of companies act 2013 for all years as their average profits was below the specified amount i.e. Rs. 5 crore or more (Rs. 1000 crore or more for turnover and Rs. 500 crore or more for net worth). Hence they have not contributed any amount for contribution towards C.S.R. Even pokarna has also not become a qualified company for first year i.e. 2014-15. Hence, the C.S.R Liability of Murudeshwar and Nitco Co. is Nil for all the four years.

If spoken in a broader sense, it is found that total amount payable was Rs. 6678.31 Lakhs in last 4 years by all selected companies from which actual amount utilized in C.S.R. was Rs. 6563.42 Lakhs. So it can be said that actual amount utilized for C.S.R. activities was 98.28% and unutilized amount of C.S.R. was 1.72%. The same has also been disclosed in annual reports of respective companies accordingly.

It has also observed from the above table that Orient Bell has become the only Co. among all which has fully paid its prescribed C.S.R. for all years i.e. from 2014-15 to 2017-18.

FINDINGS AND SUGGESTIONS

Findings

- 1 It is found that both Murudeshwar Co. and Nitco Co. have not become qualifying company as per sec. 135 of companies act 2013 for all years as their three yearly average profits was below the specified amount i.e. Rs. 5 crore or more (Rs. 1000 crore or more for turnover and Rs. 500 crore or more for net worth). Hence they have not contributed any amount for contribution towards Corporate Social Responsibility (C.S.R.). Hence, the Corporate Social Responsibility (C.S.R.) Liability of Murudeshwar and Nitco Co. is Nil for all the four years.
- 2 Pokarna has also not become a qualified company for first year i.e. 2014-15. As the three yearly average profit of Pokarna Limited was less than Rs. 5 crore for the year 2014-15 hence the prescribed liability towards Corporate Social Responsibility (C.S.R.) have not arrived at all.
- 3 If spoken in a broader sense, it is found that total amount payable was Rs. 6678.31 Lakhs in last 4 years by all selected companies from which actual amount utilized in Corporate Social Responsibility (C.S.R.) was Rs. 6563.42 Lakhs. So it can be said that actual amount utilized for Corporate Social Responsibility (C.S.R.) activities was 98.28% and unutilized amount of Corporate Social Responsibility (C.S.R.) was 1.72%. The same has also been disclosed in annual reports of respective companies accordingly.
- 4 It has also observed from the above table that Orient Bell has become the only Co. among all which has fully paid its prescribed Corporate Social Responsibility (C.S.R.) for all years i.e. from 2014-15 to 2017-18. And thus it has been declared as 100% Corporate Social Responsibility (C.S.R.) committed company.
- 5 Kajaria Co. has the highest percentage of total three yearly average profits viz. 10.95%, 13.24%, 15.50% and 12.68% for 2014-15, 2015-16, 2016-17 & 2017-18. Hence consequently it has also prescribed higher Corporate Social Responsibility (C.S.R.) for all the years. However, it is observed that Kajaria Co. has spent Corporate Social Responsibility (C.S.R.) fully only in the year 2015-16.

- 6 It is also analyzed that Nitco Co. has the lowest percentage of total three yearly average profits viz. - 6.38%, -4.34%, -2.32% and -1.98% for 2014-15, 2015-16, 2016-17 & 2017-18. The Company has not prescribed any Corporate Social Responsibility (C.S.R.) for all the years as the company has only suffered a loss continuously.

SUGGESTIONS

- 1) Kajaria Co. is a company in which Corporate Social Responsibility (C.S.R.) prescribed amounts for all years are higher than other companies so it has to be more attentive in spending 100% amount of Corporate Social Responsibility (C.S.R.) for the next years.
- 2) It is also a suggestion for Nitco Co. particularly to come out of such continuous loss making activity and it has to be more productive and increase its turnover at a large scale which will make the company sustainable in future. It has to increase its profit earning capacity which will also enable it to meet some socio economic commitments viz. Corporate Social Responsibility (C.S.R.), Corporate tax liability.

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