

**AN INSIGHT IN TO THE CSR ACTIVITY OF MAHINDRA & MAHINDRA LTD.**

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**ABSTRACT**

Corporate Social Responsibility is a concept in India about which every company speaks a lot, but very few practice it in the right spirit. The new Companies Act has brought some notable changes to the CSR approach so that companies may give a fresh look to it. This paper aims to study the CSR activities of Mahindra & Mahindra Ltd for a period of five years. The study relies on secondary data from annual reports using the content analysis technique. The CSR section in addition to the Business Responsibility report had been studied for this purpose.

**Key words:** Corporate Social Responsibility, Governance, Stakeholders, Environment, Social

**INTRODUCTION**

Corporate Social Responsibility (CSR) is defined as the voluntary activities undertaken by a company to operate in an economic, social and environmentally sustainable manner. Apropos to the stakeholder theory, CSR may be viewed as “the obligation to a specific system of stakeholders to carry out actions that appear to further some social good, beyond the interest of the firm and that which is required by law to do” The concept of socially responsible business had gained momentum in India with the new Companies Act.

**IMPORTANCE OF CSR**

CSR concept is mostly viewed as charity process. In actual practice, CSR implementation has far reaching effects to both the company and the society. CSR has a considerable influence on stakeholders in a wide range of ways and has a positive effect on corporate performance. Economic, Environment and social factors are the three parameters used to measure the business performance as per the “Triple Bottom Line Approach”. In a much better perspective, CSR is closely associated with principles of sustainable development, according to which companies should be obliged to make decisions based not only on financial and economic factors but also on social, environmental and other consequences of their approach. The positive relationship between

CSR and financial performance can improve the relationship between corporation and its investors and it can also have a direct effect on investor's investment decision.

Companies have started focusing towards the stakeholders' well-being. This has been motivated by a belief that adopting sustainability practices in the long run will lead to the improved financial performance of the firm, increased competitive advantage, profit maximization and the long-term success of the firm. To achieve these goals, companies need to demonstrate to their stakeholders that they are meeting or exceeding those stakeholders' expectations of performance in the area of sustainability. To facilitate this, companies have adopted new reporting and disclosure frameworks to help them communicate with their stakeholders.

### **CSR UNDER NEW COMPANIES Act, 2013**

The Companies Act, 2013 had incorporated provision of CSR under Clause 135 which states that every company having net worth Rs. 500 crore or more, or a turnover of Rs. 1000 crore or more or a net profit of rupees five crore or more during any financial year, shall constitute a CSR Committee of the Board consisting of three or more Directors, including at least one Independent Director, to recommend activities for discharging corporate social responsibilities in such a manner that the company would spend at least 2 per cent of its average net profits of the previous three years on specified CSR activities.

### **TOP CSR PERFORMERS IN INDIA**

As per the study titled "India's Top Companies for CSR & Sustainability 2015" a joint initiative by Economic Times, Futurescape and IIM Udaipur, Mahindra and Mahindra Ltd. has emerged as the top company in the year 2014. It has progressed to first position from third position. The table below presents the top ten companies for the year 2013 and 2014.

**Table 1**  
**2013 and 2014 rankings of Top ten Companies for CSR & Sustainability**

<b>Rank (2014)</b>	<b>Company</b>	<b>Rank (2013)</b>	<b>Company</b>
1	Mahindra & Mahindra Ltd.	1	Tata Steel Ltd
2	Tata Power Company Ltd.	2	Tata Chemicals Ltd.
3	Tata Steel Ltd.	3	Mahindra & Mahindra Ltd
4	Larsen & Toubro Ltd.	4	Maruti Suzuki India Ltd
5	Tata Chemicals Ltd.	5	Tata Motors Ltd
6	Tata Motors Ltd.	6	Siemens Ltd.
7	GAIL (India) Ltd.	7	Larsen & Toubro Ltd
8	Bharat Petroleum Corporation Ltd.	8	Coca-Cola India Pvt. Ltd
9	Infosys Ltd.	9	Steel Authority of India Ltd
10	Jubilant Life Sciences Ltd.	10	Infosys Ltd.

**Source:** India's Top Companies for CSR & Sustainability 2015 report.

## **NEED FOR THE STUDY**

Marina Prieto-Carrón et al argues that CSR has to be viewed from different perspectives rather than looking at it as “spending something for the society”. There is no one size fits for all strategy for CSR. Each company has to carry out responsible business within its framework and maximize the benefits for its stakeholders. In this context, this paper has studied the CSR activities of Mahindra and Mahindra Ltd in order to understand its perspective towards the same.

## **OBJECTIVES OF THE STUDY**

- To study the CSR activities of Mahindra and Mahindra Ltd. for a period of five years
- To analyze the CSR spending pattern of the company for the year 2014-15
- To review the scope for further improvement in the CSR activities of the company.

## **METHODOLOGY**

Using the content analysis technique, the CSR reporting section of the annual report was analysed for the years 2010,2011,2012,2013 and 2014.While perusing the annual reports of the

company, it was inferred that CSR activities of the company is a regular phenomenon unlike some companies which have incorporated them after the new company law 2013.

### **MAHINDRA'S MANTRA FOR SUSTAINABILITY – RISE FOR GOOD**

The Mahindra Group had weaved its corporate social responsibility, sustainability and corporate governance initiatives under a new branding umbrella 'Rise for Good'. The vision is to inculcate positive change in the lives of communities through its various initiatives. The group's CSR and sustainability initiatives focus on four broad areas — education (with a focus on education of the girl child), health, environment and disaster relief.

### **AN INSIGHT IN TO MAHINDRA'S CSR**

Corporate Social Responsibility has always been an integral part of the Mahindra Group's vision and the cornerstone of our Core Value of Good Corporate Citizenship.

- Keshub Mahindra, Chairman Emeritus

The annual report 2014-14 states that the redefined 'Core Purpose' of the Company is to "challenge conventional thinking and innovatively use all our resources to drive positive change in the lives of our stakeholders and communities across the world, to enable them to RISE". In line with the Core purpose, the Company's CSR vision is "to focus our efforts within the constituencies of girls, youth & farmers by innovatively supporting them through programs designed in the domains of education, health and environment, while harnessing the power of technology.

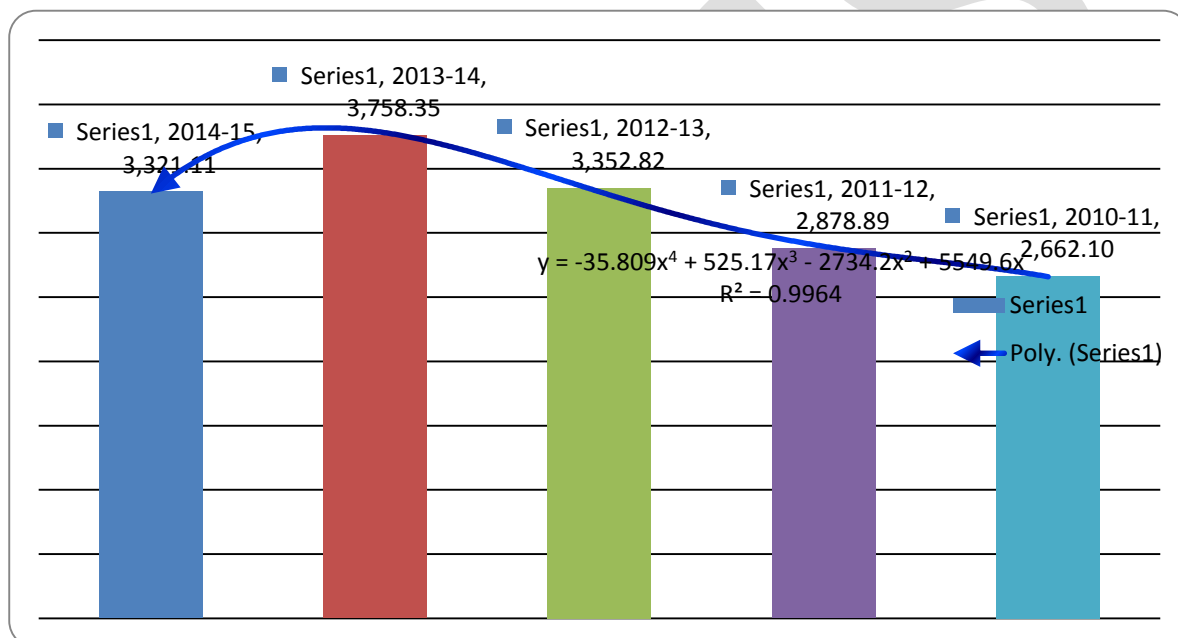
### **KEY CSR INITIATIVES OF MAHINDRA AND MAHINDRA LTD**

Some of the company's key CSR initiatives had been listed below.

- **Project Nanhi Kali:** Provision of educational support to underprivileged girls from poor urban, remote rural and conflict afflicted communities across India.
- **Mahindra Pride School:** Livelihood training program for youth from socially and economically disadvantaged groups.
- **Mahindra Hariyali:** Afforestation initiative to improve green cover and protect biodiversity in the country and also contribute to the livelihood of farmers.

- **Mahindra Saarthi Abhiyaan:** Scholarships to daughters of truck drivers which allow them to pursue higher education thus reducing drop outs amongst girls.
- **BAJA:** Training under-graduate engineering students in automotive engineering enabling them to get jobs in the automobile industry.
- **Health Care and Sanitation Projects:** Swachh Bharat Swachh Vidyalaya, Mahindra Care and Health camps

**Fig 1. PAT of Mahindra and Mahindra Ltd from 2010 to 2015**



**Source:** Annual reports from 2010-15

A review of the company’s Profit after tax for the five years reveals that , profit is steadily progressing from 2010, reaching its peak in 2013 i.e. 3,758.35 crores. The company has a commitment of spending one percent of its profit for CSR activities and had honoured its commitment so far.For the study period, it is found that the company had spend one percent for the first four years.

For the year 2014-15, the CSR spending pattern of the company is analyzed. During the year, the Company has spent Rs. 83.24 crores on CSR activities. The amount equal to 2% of the

average net profit for the past three Financial Years is Rs. 83.03 crores. The various sectors and the amount spent for projects on the sector are presented through the chart below.

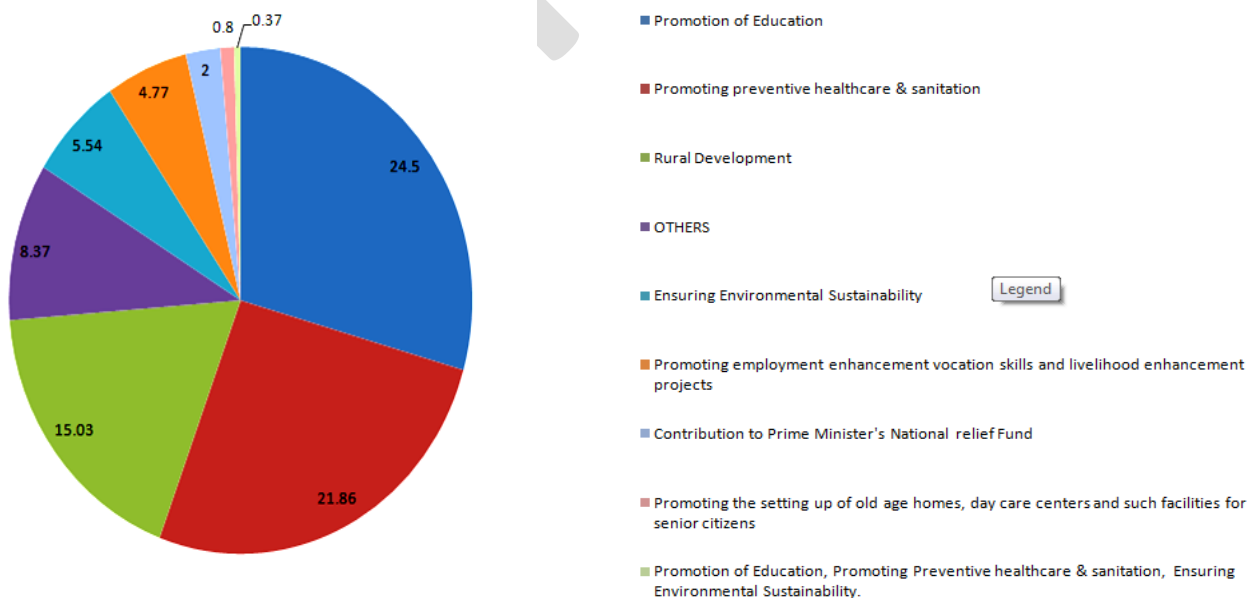
**Table 2**

**Sectorwise amount spent towards CSR by Mahindra & Mahindra for 2014-15**

Promotion of Education	24.5
Promoting preventive healthcare & sanitation	21.86
Rural Development	15.03
Others	8.37
Ensuring Environmental Sustainability	5.54
Promoting employment enhancement vocation skills and livelihood enhancement projects	4.77
Contribution to Prime Minister's National relief Fund	2
Promoting the setting up of old age homes, day care centers and such facilities for senior citizens	0.8
Promotion of Education, Promoting Preventive healthcare & sanitation, Ensuring Environmental Sustainability.	0.37

**Source:** 2014-15 annual Report of Mahindra & Mahindra Ltd

**Fig 2: Sectorwise amount spent towards CSR by Mahindra & Mahindra for 2014-15**



## **SUSTAINABILITY INITIATIVE**

The foundation for developing a sustainable enterprise was laid in 2007 and the company is taking meticulous efforts to consider the impact of its business on environment. The company has adopted the GRI standards for sustainability reporting from 2009 and the first report was published for the year 2009-10 in accordance with the latest guidelines. During the year 2009-10, carbon foot printing exercise was also undertaken to make a stock of GHG emissions from its business operations under Scope I, II and III. The process is continuously strengthened to reduce consumption of energy and water.

## **BUSINESS RESPONSIBILITY REPORTS**

In august 2012, SEBI introduced the clause 55 of the listing Agreement which prescribes disclosure of certain non-financial parameters. The prescribed format is the “Business Responsibility Report”. This is mandatory for the top 100 listed companies and hence Mahindra had incorporated it in its annual report. The key principles which are required to be reported by the entities include the areas such as environment, social, governance and stakeholder's relationships. Now Top 500 listed companies are required to disclose the same.

## **FINDINGS**

The company has included the detailed CSR report as per the required format in its annual report. The company had spent two percent of its three year average profit for CSR. The Business sustainability Report as per the GRI guidelines are also in place. The company has included the reports in its website thereby allowing easy accessibility of the information to its stakeholders.

## **CONCLUSION**

The company presents a satisfactory picture on its CSR activities. It is clear that the company has complied with the provisions even before they have been made mandatory. A notable feature is that the company has linked its CSR agenda to business value thus ensuring sustainability. While the company presents an account of its CSR activities, a more comprehensive evidence of the social and environmental impacts of its activities could be added. The CSR projects of the company match with the areas earmarked by law. In general, it would be more effective if companies follow a need analysis process and then design their CSR programmes to suit them.

The study believes that Mahindra & Mahindra has the potential to become a fore runner in its CSR activities and would set good examples for other companies to follow.

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