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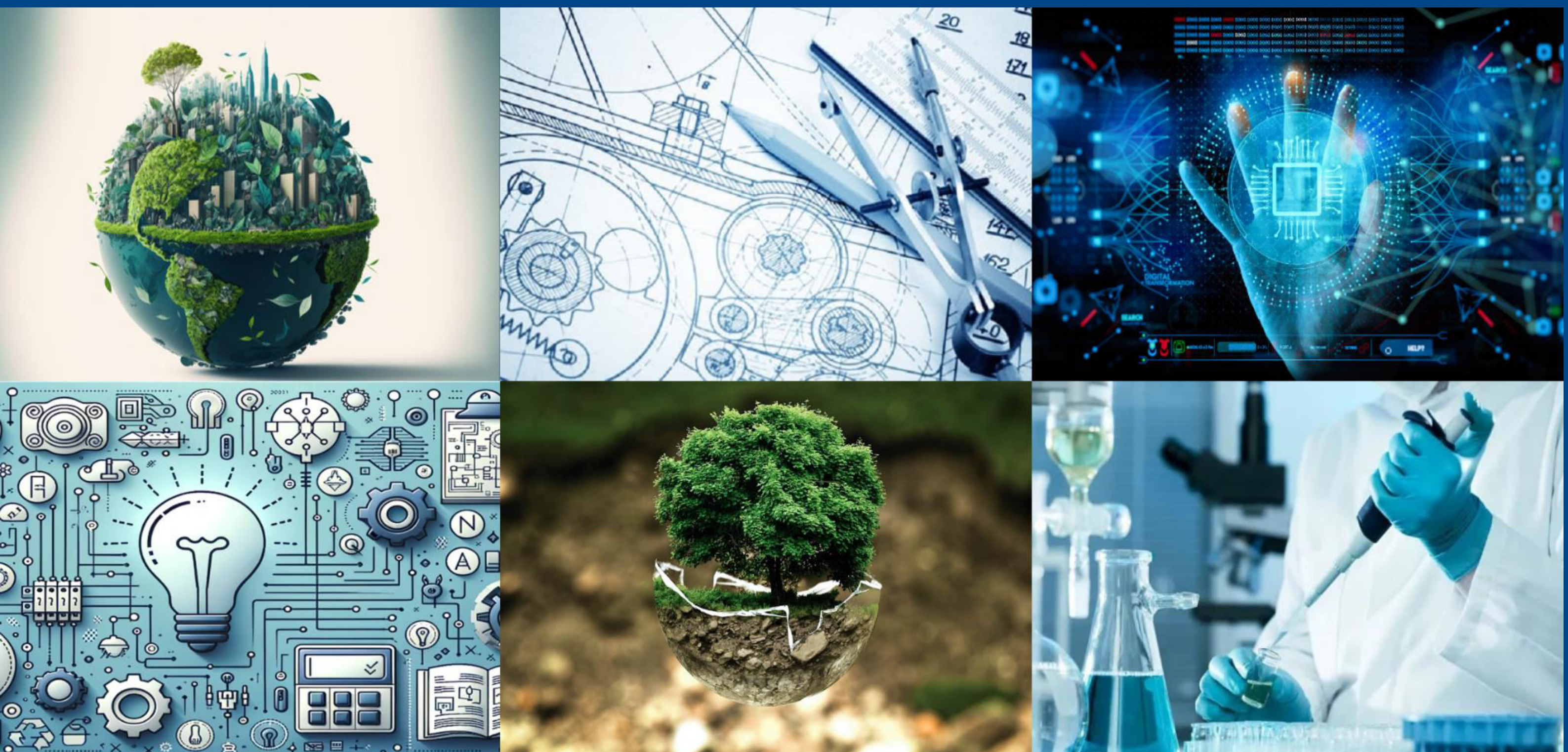

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CSR Spending and Financial Performance in Indian Companies: A Comparative Study of Select Firms (FY2023-24)

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ABSTRACT: In the 21st century, the notion of Corporate Social Responsibility (CSR) is evolving from its status as a gesture of good will to essential strategy for companies to plan. In India, this change has been reinforced with the law, whereby qualifying companies should allocate a minimum of 2% of their average net profitability towards CSR activities under the provision of Companies Act, 2013 – Section 135. The present paper explores the correlation between CSR spending and financial performance of a sample of prominent and well known Indian large companies.

This study does not use illustrative or hypothetical figures but utilises real & publicly disclosed data of four major companies in India namely Tata Consultancy Services, Infosys, ITC and Hindustan Unilever for the financial year 2023-24. The goal of the study is to determine if there is a correlation between higher CSR spending and better financial results, and to be honest about the actual and potential limitations of four companies.

This case study does not include a large-sample statistical test but is rather descriptive with comparisons based entirely on secondary sources, including analysing and summarising the annual reports of the companies, company CSR disclosures, and financial news websites. Given that only 4 companies were mentioned, any pattern should be presented as suggestive, rather than statistically significant, and a larger sample would need to be used for a proper hypothesis test.

I. INTRODUCTION

CSR was at one point seen as more of an extra, but today it's regarded as being essential and organisations are essentially forced to incorporate it into their business plans if they wish to last over the long term. Once considered solely as profit-driven initiatives, these are now being recognized as the issue of balancing sustainability, employee wellbeing and public trust for a company.

Today, there are several pressures on firms to be responsible, such as globalization, in a way different from that in the past. Ethical brands are becoming increasingly popular with consumers; investors are increasingly taking into account ESG before investing and regulators are getting tougher on company behaviour.

CSR has achieved centre stage in corporate India after the Companies Act 2013 which mandated 2% of the average net profit of qualified companies over the previous three-year period to be spent on CSR programmes approved as per the provisions of Section 135 (MoCA, Companies Act, 2013).

This law encourages companies to channel a lot of money towards education, health, the environment, social development, rural upliftment and social welfare. Moreover, India is one of the first countries in the world to make the investments for CSR compulsory instead of an option.

There is a large body of literature on the concept of the CSR–financial performance relationship. In many cases there are positive results, but other studies hold the opposite view. One crowd of researchers believes that CSR helps to bolster reputation, foster customer loyalty, boost employee morale and gain trust from investors, all of which lead to

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better bottom line numbers. Another competitive camp sees no such payoff, viewing CSR spending as a straight financial burden, having no tangible economic advantage.

The amount of conflicting studies meant that this was a much-desired field of study in different nations and sectors. Additionally, multiple studies exist that provides rationales around the possible linkage of CSR and corporate financial results. Stakeholder Theory proffers the ability to create value for all stakeholders (Freeman, 1984).

Legitimacy theory can be employed to account for CSR as a way for a business to secure social acceptance. Different concepts of CSR are linked to the creation of valuable intangible assets like trust, reputation and employee commitment and its aim is to achieve sustainable competitive advantage.

In the recent past, with struggles from worldwide crises like COVID-19 and the growing attention on peoples' social and environmental responsibilities as an axis of sustainable development, business has had sufficient opportunity to contemplate two axes of its responsibilities: the low one, holding a place in the world of profit and the higher one, contributing to worldwide sustainable development.

The paper then investigated the empirical relationship between CSR and FP through reviewing previous empirical research and finding new CSR FP conventional lines of certain industries. In this paper, the previous studies have been given an overview and a discussion. The aim of this paper is to explore the possibility of an improvement in FP as a result of CSR, probe some of the gaps in CSR research, and offer some meaningful insights to managers, policy makers and future researchers.

II. LITERATURE REVIEW

2.1 Introduction

The issue of corporate social responsibility (CSR) has enjoyed an unprecedented wave of research. Throughout its last three decades of being a field, its principle has been confined to philanthropy — some giving here, some giving there — largely as if it were a design accessory and not an integral part of the business. Slowly, this narrow perspective began to dissipate.

Now it moves on to ethics, activities and the environment, and local interests of customers and workers as well as contribution to the local community. This scope now appears considerably wider than in earlier decades, though the pace and nature of this shift has varied across industries and firms. It seems like it's a different focus in different industries.

Quite a lot of research has been done on the relationships between CSR and financial performance (Margolis & Walsh, 2003). It appears that the evidence is divided as only the big, recognisable companies are receiving the long term benefits with no short term returns in their costs.

In the following brief review, the below few references, to intensive research of a wide variety of industries and countries will be summarized. It seems there is some need regarding the circumstances of the link to take place. It is unclear how much correlation this need has with the context in general terms.

2.2 Review of Previous Studies

Study 1

This paper is guided by the concept of the 4 P’s of the marketing framework applied in the field. The development and the earliest, predominant CSR framework were provided by Carroll (1991) with his much cited framework of CSR Pyramid. The Carroll responsibility model adds that a firm has increasing responsibilities, the very basic of being in a position to make a profit, followed by the obligation to abide by the law, and then the responsibility to do more for society than would be required by just making money and obeying the law.

Study 2

There is immense pressure because of the large number of problems that he faces. On the contrary, Porter & Kramer (2006) have put forth a new theory called “Strategic CSR”. In its CSR guidelines it says that CSR should be an

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approach and not be separated from strategy. Either in such a way as to enable charitable contributions to be made to distant and unrelated places.

This is to mean that business organizations get enhanced not only to produce economic value but also social value. This research paper intends to meet the above requirements.

Study 3

The connection between cause and effect for each may not be clear. Over the past ten years several studies, especially the most recent, Orlitzky, Schmidt and Rynes "Corporate Social Responsibility: Performance by Stakeholder" meta-analysis- researching the effect of CSR on Firm level performance found that after examining ten such CSR-Firm level performance studies there wasn't any significant CSR-led corporate profits or productivity gains. There might have been CSR-Firm level performance effects. But just as one-sided with the line reversal being that when the companies prospered because of their CSR efforts they tended to benefit in another indirect way through positive Firm level performance gains, when the positive profit gains were consequential enough for future Firm sustainability whereby paving the way for further Firm involvement in such CSR activities.

Study 4

According to Margolis and Walsh (2003), they analysed more than one hundred empirical studies focusing on the company performance-CSR relation. Though some differences were reported between the industry and the geographic location, almost all studies indicate that there is a positive or non-existent relationship between CSR and organisational profits. There was no negative relationship exhibited by any.

Study 5

There is an industrial or company specific relationship between CSP and CP, i.e. it has much to do with the characteristics of the company or its sector that it provides a social, marketing and/or profit opportunity" (McWilliams & Siegel, 2001). CSR should be a selective process for social projects that may add value to their markets and they should drop or refuse any project that doesn't offer a marketing impact. Hence CSR is to be seen as a desirable strategy to gain a competitive edge using Social Marketing activities.

III. STATEMENT OF THE PROBLEM

In today's world, CSR has become a way of life and an integral part of organizations' daily routine. There is a growing move to align a company with society and the environment, but at the same time, not neglect its business objectives. Much of these studies have aimed to determine if this practice really translates to a firm's monetary gains, and there is a split between those who argue that there is a tangible monetary benefit and those who suggest otherwise. The other law recently passed by the Government of India to encourage CSR as a practice among companies is the “Companies act-2013” M. of C. A. India (Ministry of Corporate Affairs, 2013), which obligates a set percentage of profit of certain companies to be donated for CSR. This resulted in a nearly fourfold increase in the spend on corporate social investing. The chief question this study aims to answer is whether this spending is actually good for business performance or not.

Research questions:

1. Is there any differences between now and before need of CSR?
2. Does a measurable relationship exist between a firm’s CSR activity and its financial outcomes?
3. What are the effects of CSR expenditure on certain financial ratios like ROA, ROE and NPM?
4. What are the Recent Developments and Challenges in Implementation of CSR?
5. How does CSR obligation affect the FPS of Indian companies?

Research Gap:

1. Studies have shown conflicting results regarding link between CSR activity and financial performance.
2. Little work has been done on CSR activities as an aspect of the long run.
3. It is not explored cross-industry what the 3Rs (reduction, refinement, replacement) are for CSR Activities.
4. Given that ESG's evolution has been along a new path, there is a need to incorporate the update in the Study.
5. Lack of study over longer term effect of Mandatory CSR.
6. More attention should be given to the Stakeholder relevant measure, company's reputation & employee morale.

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Purpose of the Study

1. Discuss the link between a Company's CSR activity and its company's financial performance.
2. To explain the definition, scope and role of CSR in the organization.
3. Measure the impact of CSR on the key stock financial metrics.
4. Describe new trends in CSR and barriers to the adoption of CSR by companies.
5. Measure the level of contribution of CSR to establishing sustainable stakeholder relationships.
6. List areas for improving CSR practice in the future.

Objective of Study.

This study aims to determine and examine whether the degree to which the CSR activity of companies is related to financial performance. In addition to that central question, it is designed to target the following questions:

1. Identify, in practice, what CSR is and how it is applied in the organisation.
2. Evaluate CSR's effect on financial indicators.
3. Map recent CSR trends and the challenges of putting CSR into Practice.
4. Evaluate the contribution made by CSR in maintaining relationship with stakeholders over time.

Scope of Study:

1. Assess if there is a viable and causal relationship among firm performance and CSR activity.
2. Define CSR and how CSR is interpreted and applied in an organisation.
3. Determine CSR's impact on specific numbers such as Net Profit Margin, Earnings Per Share, Return on Assets and Return on Equity.
4. Examine the existing landscape on CSR, recent highlights and future challenges.
5. Understand how CSR can help to maintain stakeholder relationships.
6. Propose improvements for organisations' CSR practice.

Research Hypothesis

Based on the objectives of the study, the following hypotheses have been formulated:

Hypothesis 1

No distinct trend can be observed between companies that relate CSR investments to financial outcomes.

Hypothesis 2

It is found that companies which spend more on CSR have better financial performance in the sample of the companies.

IV. RESEARCH METHODOLOGY

4.1. Introduction

The methodology adopted to perform the analysis and the relationship between CSR expenditure and financial performance of a group of large companies in India presented in the following chapter.

4.2. Research Design

The study adopts a descriptive and comparative research design based entirely on secondary data collected from companies annual reports, CSR disclosures, government publications and published research articles.

4.3. Type of the study

This is a descriptive (comparative) case study. It is not a test of a formal statistical hypothesis but rather compares actual, published information on CSR and financial results between companies in order to search for trends to be discussed.

4.4. Source of Data

These are our sources of turning primary data into secondary data: Journals, Annual Reports and Sustainability Reports of Companies, Government publication (MCA, NSE, BSE).

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4.5. Variables in the study

4.5.1. Independent Variable:

Corporate Social Responsibility (CSR) is an independent variable of this study. CSR is not just the letter of the law; it's anything more beneficial or helpful to society. In order to attain the organizations' wider goals, they must establish connections with the different groups that they interact with. In practice, CSR is built on three interdependent pillars: economic, social and environmental. It is often said that CSR stands on three legs – economic, social and environmental and that they all depends on each other. It basically reflects the activities and policies that an organization engages in to monitor progress towards a sustainable development and without the participation of all stakeholders, there will be no way to achieve the progress.

Businesses simply cannot look at and focus only on profits, but also consider generating long-term wealth for their stakeholders. Within the company, CSR serves as that link that connects a company to its customers, employees, and other members of the local community. Sectors such as FMCG, banking, insurance and telecom have seen extensive opportunities for CSR activity, especially due to its influence on a companies' perception to its audience. It's a virtuous cycle that improves the public reputation of your brand, which leads to stronger brand loyalty, better customer retention and, ultimately, revenue and profit. It also affords companies a competitive edge. For many such corporations such as Woolworths, Nedbank Group and Barclays Africa, donations and sponsorships targeted toward communities have been a part of their socially responsible endeavours.

4.5.2. Dependent Variable:

The dependent variable which is performance of the company is closely related with corporate image, commitment of employee and customers, increases along with increase of the firm's overall performance. Economic performance in this segment is reported in terms of both financial and non-financial factors including but not limited to employee satisfaction and customer satisfaction, and most significantly, financial performance, determined by: Return on Assets (ROA) = Net Profit ÷ Total Assets.

ROA tells you how efficiently a company utilises its assets and makes a profit on each rupee of its sales; NPM (Net Profit Margin) displays how much profit out of every rupee of sales the company makes, and whether or not the value of its equity shareholders is being added or subtracted. Typically, low NPM indicates pricing problems or poor revenue management.

A lack of proper stock control and increased storage prices (if raised cost as customer) can ultimately lead to loss of market share for a company. Earning per Share (EPS) = Net Earning ÷ Shares Outstanding, the amount of profit earned per share outstanding – this demonstrates how much net earning is per share. Earnings growth and solid operating performance would be suggested by a higher EPS. The relationship between a company's resource management and results, as displayed in "staff and customer commitment" and "results," are suggested by the information provided by NPM and EPS.

Additional evidence of the effectiveness of CSR in improving a company's financial situation and image may also be gained by looking at profit and turnover ratios and other profitability ratios: profit/net worth; profit/total assets; contribution/total assets.

4.6 Sampling Technique:

Primary data collection was not conducted as that would involve getting access to CSR officers and finance teams in each India company. This study, instead, follows an informed secondary-data approach, using the data extracted from the annual reports and CSR disclosures provided by the companies and the companies' financial results as reported in reliable business-news sources, and published.

4.7 Data Collection:

The relevant information from the CSR articles, books, journals, CSR reports, Government and environmental sustainability were collected from articles, the University library and from the companies websites.

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4.8 Tool for Data Analysis:

Descriptive and comparative analysis was applied to examine the CSR expenditure and financial performance data, supported by a tabular comparison across companies and metrics.

Insights into the above statements proved significant patterns existed within the distributions of CSR and the dependent variables (i.e. CSR adoption and financial performances and results emanating from CSR practices.) The statistical methods that can be used in this study are: descriptive analysis, comparative analysis, trend analysis, percentage analysis, and correlation analysis.

4.9 Conceptual Framework:

This conceptualisation helps to decipher the assumed relationships between the concepts which were used in this research. It proves that CSR is directly contributing to an improved Corporate Image. Improved Corporate image translates to Satisfied & Committed Employee, Satisfied Customers & Investors. Consequently, a Satisfied and committed workforce and investors stimulate a higher Financial Performance.

4.10 Reliability of the data collected.

The data used in this study were collected from reliable secondary sources, including company annual reports, CSR disclosures and government publications. The data were cross-verified to ensure consistency and accuracy.

Although the sample size is small, each data point was cross-verified against multiple reliable sources to minimise bias and ensure accuracy.

4.11 Ethical considerations of the study.

All data gathered in this research has been appropriately documented and properly cited. There exists no tampered data from this work.

V. DATA ANALYSIS AND INTERPRETATION

5.1 CSR Expenditure Across Sample Companies

To get a real sense of CSR spending for the FY 2023-24, four Indian corporate giants have been selected here: Tata Consultancy Services (TCS), Infosys, Indian Tobacco Corp. Ltd. (ITC), and Hindustan Unilever Ltd. (HUL); the data presented are from their disclosures.

Table 5.1 Sector-wise CSR Allocation in India (FY2021-22, Real Data)

CSR Sector	Amount (₹ Crore, FY2021-22)	Share of Total (%)
Health	7,731	29.4
Education	6,482	24.7
Environment & Sustainability	2,392	9.1
Other Sectors (combined)	9,673.73	36.8
Total	26,278.73	100.0

Interpretation

The industry with the highest percentage of the total spending on CSR in India in FY 2021-22 was Health, at 29.4%, followed by Education (24.7%) and Environmental sustainability (9.1%) (Table 5.1). The national trend matches the four sample companies' respective CSR priorities fairly well.

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5.2 Sector-wise CSR Allocation in India (Aggregate)

In addition to the four sample companies, a table of where the CSR money is being spent throughout India is a useful thing to look at. The allocation of CSRs for the FY 2021-22 year, available only in the sector-wise format for the past year, is indicative of the current year.

Table 5.2 Company Classification by Sector

Company	Sector
Tata Consultancy Services (TCS)	IT Services
Infosys	IT Services
ITC Limited	FMCG / Diversified
Hindustan Unilever (HUL)	FMCG

Interpretation

In subsequent comparison of the financial ratios of the four companies, it is worth noting that they are split into IT services (TCS, Infosys) and FMCG (ITC, HUL) groups, as financial ratios can vary based on industry, even without considering CSR activity.

Table 5.3 Company-wise CSR Focus Areas (FY2023-24, Real Disclosures)

Company	CSR Spend (₹ Cr)	Key Disclosed CSR Focus Areas
TCS empowerment	827.00	Education, healthcare, digital inclusion, skilling, women
Infosys	450.76	Education, community development, skilling
ITC sustainability	404.05	Poverty alleviation, education, healthcare, environmental
HUL	233.73	Water conservation, health & hygiene, waste management, skilling

Interpretation

CSR funds are allocated nationally to health and education among other broad categories in the highest amounts (Ministry of Corporate Affairs, 2013). It is in line with the focus areas disclosed in the CSR correspondents of the four sample companies where Education, Health, Skill, Environmental sustainability feature as core focus areas.

5.4 Financial Performance of the 4 Sample Companies

Actual Financial Performance based on company results and independent yearly financial report analysis is provided below for each of 4 companies for FY 2023-24.

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Table 5.4 Company Financial Performance: CSR Expenditure, Net Profit and NPM (FY2023-24, Real Data)

Company	CSR Expenditure (₹ Cr)	Net Profit (₹ Cr)	NPM (%)
TCS	827.00	45,908	19.06
Infosys	450.76	26,233	17.07
ITC	404.05	20,458.78	26.63
HUL	233.73	10,277	16.39
Average	478.89	25,719.20	19.79

Interpretation:
Table 5.4 indicates that the four companies have different performance when it comes to both CSR expenditure and net profit. For instance, the net profit of the company – TCS is the highest at ₹45,908 crore whereas HUL has the lowest net profit of ₹10,277 crore. Also, when it comes to CSR expenditure, TCS has an amount of ₹827 crore and HUL has ₹233.73 crore, whereas both other companies are in the medium range. On the surface, it might seem that the greater the volume of funds invested in CSR, the higher the return. However, this pattern does not hold for Net Profit Margin: ITC records the highest NPM at 26.63% despite ranking only third in CSR spend.

5.5. Return on Assets (ROA).
Return on Assets (ROA) indicates how well an asset is being used by a business; that is, the higher the ROI the more efficient that the business is working.

Table 5.5 Return on Assets by Company (FY2023-24, Real Data)

Company	CSR Expenditure (₹ Cr)	ROA (%)
TCS	827.00	32.8
Infosys	450.76	19.5
ITC	404.05	22.7
HUL	233.73	13.5
Average	478.89	22.13

Interpretation
TCS spends the highest in their CSR and has the highest ROA amongst the four companies, while HUL spends the lowest and has the lowest ROA amongst the four companies and ITC are in the middle. It is an interesting trend but doesn't constitute evidence that spending on CSR improves the efficiency of assets because of a small number of firms.

5.6 Return on equity (ROE) analysis
The return on equity (ROE) shows the return that a shareholder makes from the money invested in the company.

Table 5.6 Return on Equity by Company (FY2023-24, Real Data)

Company	CSR Expenditure (₹ Cr)	ROE (%)
TCS	827.00	50.9
Infosys	450.76	30.1
ITC	404.05	28.0
HUL	233.73	20.1
Average	478.89	32.28

Interpretation

ROE ranking follows the order by TCS, Infosys, ITC and HUL. Interestingly, the ranking of the four CSR spends is the same across the four companies; this may just be the fact that larger and generally more profitable IT/FMCG companies have had more money this to spend on CSR; it seems the downward-growing returns may not be necessarily related to CSR investments but only to the size and profitability of the companies.

5.7 Net Profit Margin analysis (NPM)

Net profit margin (NPM) is a ratio that shows the margin of profit by relating profit to sales (profit per rupee of sales).

Table 5.7 CSR Intensity by Company (FY2023-24, Real Data)

Company	CSR Intensity (CSR Spend ÷ Net Profit, %)
TCS	1.80
Infosys	1.72
ITC	1.98
HUL	2.27
Average	1.94

Interpretation

Unlike ROA and ROE, the Net Profit Margin presents a different pattern, which actually does the best, ahead of TCS, while spending lesser each in terms of absolute dollars. This is a good reminder that CSR spend, ROA, and ROE may perform in line, and NPM will do its own thing, probably more in relation to the business model of each company (FMCG margins compared to IT services margins) than the CSR activities as such.

5.8 Comparing CSR Spend and Financial Performance

This section examines whether there is a positive correlation between CSR expenditure and the four sample companies' results in the domain of financial performance; again, it does not seek to assert anything more than a suggestion that could only be certified at a much larger sample size.

There are only four companies thus a formal correlation coefficient would be very statistically fragile; a single company's results would have a significant influence on the result and no meaningful confidence interval is possible. Rather, the companies are compared with each other on each measure to determine if the same firms are dominant over all measures.

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Table 5.8 Ranking Comparison across Companies (FY2023-24)

Company	CSR Spend Rank	ROA / ROE Rank
TCS	1st	1st / 1st
Infosys	2nd	3rd / 2nd
ITC	3rd	2nd / 3rd
HUL	4th	4th / 4th

Interpretation

TCS take the top place for CSR spend and ROA, and the 2nd place for ROE and NPM. On these three measures (CSR spend, ROA, and ROE), HUL performs is low. This uniformity on three of four measures is interesting but it is consistent with only four firms in two different industries (IT & FMCG), which is by no means a broad cross section of Indian companies. With a bigger and more diverse sample size, a statement of statistical Certainty would be more appropriate.

5.9 Reflecting on the Propositions

A quick look at the two propositions outlined in Chapter 3 — companies with higher levels of spending on CSR, do tend to have higher ROA and ROE — shows a preference to Proposition 2. But with such few individuals involved, this has to be interpreted as a suggestive trend, instead of a realized discovery.

Table 5.9 Hypothesis Testing Results

Observation	Supported by This Sample?
Higher CSR spend lines up with higher ROA and ROE	Yes, consistently across all 4 companies
Higher CSR spend lines up with higher NPM	No — ITC leads NPM despite lower CSR rank

Interpretation

While the same was true for ROA and ROE, it didn't take a linear shape with NPM due to the poor CSR spend of ITC which had the best margin. This suggests that if there is a link, it is not even for all financial indicators, and probably varies significantly from one company to the next and from one industry to another, depending on each company's type of business.

5.10 Overall Comparative Summary

Below is a table that brings together the amount of CSR spending by the four sample companies and each of the three financial performance measures together.

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Table 5.10 Overall Summary of Financial Indicators

Metric	TCS	Infosys	ITC	HUL	Average	Pattern
CSR Expenditure (₹ Cr)	827.00	450.76	404.05	233.73	478.89	TCS highest, HUL lowest
ROA (%)	32.8	19.5	22.7	13.5	22.13	Matches CSR rank
ROE (%)	50.9	30.1	28.0	20.1	32.28	Matches CSR rank exactly
NPM (%)	19.06	17.07	26.63	16.39	19.79	ITC leads despite lower CSR rank

Interpretation

TCS leads on CSR spend, ROA, and ROE; ITC leads on NPM despite ranking third on CSR spend. HUL trails on every measure. Taken together, the data shows a directional association between CSR spend and profitability among these four large, well-established companies, but with a sample this size, industry differences (IT services vs FMCG) likely explain at least as much of the variation as CSR spending does.

5.11 Discussion of Findings

In general, the results indicate a positive trend in four companies' CSR expenditures and performance—ROA and ROE—showing how the companies perform compared to their own initial performance. This is in line with the concept that CSR does not necessarily have to sacrifice business performance, although it's not proved how one is influencing the other, or that both are the direct result of a well-managed large business run in a profitable industry. The focus on a company's business model is also a reminder to those following NPMs that it's not just about CSR numbers; the business model of a company can have just as much impact.

VI. SUMMARY OF THE STUDY, FINDINGS, LIMITATIONS, SUGGESTIONS AND CONCLUSION

6.1 Overview of the Study

The purpose of the study was to investigate the correlation between CSR expenditure and financial performance through real CSR data disclosed by the four companies in India that were selected for this study, instead of assumed values. There was a directionally positive relationship between CSR expenditure and ROA and ROE for the most part from the comparison as regards NPM, however. This indicates that CSR expenditure can be taken into account as a component of company's overall strategy despite the fact that only a four company sample would not produce a statistically firm causal linking relationship.

6.2 Findings

1. For any large Indian company, CSR is now emerging as one of the strategic and legal considerations.
2. The top three CSR mandated areas of focus, nationally and amongst the four sample companies, are related to education, healthcare and environmental sustainability.
3. The total expenditure on CSR has increased consistently year on year and is further picking up pace in FY 2023-24 in India.
4. For all four companies, CSR investments were directionally correlated with both ROA and ROE, though not consistently with NPM.
5. TCS, the top spender in the sample, was also the leader in ROA and ROE — consistent with the notion that CSR can be good for reputation and stakeholder trust, but the direction of the causality seems to be debatable and this study could not answer it.
6. This comparison between the rank ordering suggests that the ranking in favour of Proposition 2 is a good suggestion, but the sample size does not warrant it as a statistically significant result.
7. The importance of the financial aspects of CSR seems to have been just one of a number of factors, indeed some that surround industry and business model.

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6.3 Limitations of the Study

1. There is no data collection in this study, only secondary data.
2. The analysis is not a multi-year panel but covers only one financial year (2023-24) for each company.
3. The sample represents only two industries (IT services and FMCG), meaning the findings are not widely applicable.
4. Other factors that have the influence on financial performance – market condition, management decision, and macro-economic trend – was not separated from the influence of the CSR expenditure.
5. The sample size of four companies is too small for a statistically meaningful correlation analysis; fifteen to twenty companies across more sectors would be needed for that.
6.The way CSR reports is undertaken might cause barriers to comparisons between the initiatives.
7. From the data that was gathered it was decided that some samples should be representative of the data and therefore be included in this study.
8. As CSR and ESG are both changing, this may affect the results in the future.

6.4 Recommendations

1. Incorporate CSR into business strategy.
2. Invest for the long-term for social and environmental programs.
3. Enhance the transparency in CSR reporting.
4. Further increase stakeholder engagement.
5. Support employee wellbeing alongside environmental sustainability initiatives.
6. Evaluate the performance of CSR on a regular basis.
7. The project will foster innovation and cooperation, and help embed the ESG.
8. Suggest further research on this issue and supportive Government policies.

VII. CONCLUSION

Therefore, in conclusion, the study is essentially the outcome that among the four large companies analysed, expenditure on the CSR and financial performance (ROA and ROE) have a positive correlation while the case with NPM was quite different. This suggests that CSR is an important however not one-of-a-kind component of a company's monetary narrative. The next obvious step is to carry the comparison to an expanded and less concentrated collection of companies, from which they would then be able to sample the companies, and test the relation using a statistical measurement rather than a description.

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