

Companies (Corporate Social Responsibility Policy) Rules, 2014

- The Ministry of Corporate Affairs has notified the Companies (Corporate Social Responsibility Policy) Rules, 2014, commonly referred to as the CSR Rules with effect from 1st April 2014. Accordingly, section 135 of the New Companies Act, 2013 is also notified from the above date.
- As per section 135, Every Company having (a) Net Worth of Rs.500 Crores or more, **(OR)** (b) turnover of Rs.1000 Crore or more, **(OR)** (c) a net profit of Rs.5 Crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.
- An unlisted public company or a Private Limited Company which is not required to appoint an independent director shall have its CSR Committee without such director.
- A private limited company having only two directors on its Board shall constitute its CSR Committee with its two such directors.
- The CSR Committee shall formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act. The Committee shall recommend the amount of expenditure to be incurred on the activities, and monitor the CSR Policy of the Company from time to time.
- The activities mentioned in Schedule VII include (a) eradicating extreme hunger and poverty, (b) promotion of education, (c) promoting gender equality and empowering women, (d) reducing child mortality and improving maternal health, (e) combating human immune-deficiency virus, AIDS, malaria and other diseases, (f) ensuring environmental sustainability, (g) employment enhancing vocational skills, (h) social business projects, and (i) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the SC/ST/OBC, minorities and women.
- At least two percent of the average net profits of the Company made during the three immediately preceding financial years shall be spent for every financial year commencing from 1st April 2014.
- The CSR Activities as formulated by the CSR Committee shall be in accordance with Schedule VII of the Act.
- The CSR Activities can be undertaken by the Company or through its registered trust, society or company u/s.8 of the Act.
- Any amount contributed to any political party shall not constitute CSR Activity
- The CSR activities should not include any activity undertaken by the Company during the normal course of its business.
- Any project / program which benefit the employees or their families shall not be considered as CSR Activities.
- The contents of the CSR Policy and its activities shall be displayed by the Company in its website

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