

MINISTRY OF CORPORATE AFFAIRS

NOTIFICATION

New Delhi, the 27th February, 2014

G.S.R. 129(E).- In exercise of the powers conferred under section 135 and sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules, namely: -

1. Short Title and Commencement

- (1) These rules may be called the Companies (Corporate Social Responsibility Policy) Rules, 2014.
- (2) They shall come into force on the 1st day of April, 2014.

2. Definitions

(1) In these rules, unless the context otherwise requires, -

- (a) "Act" means the Companies Act, 2013;
- (b) "Annexure" means the Annexure appended to these rules;
- (c) "Corporate Social Responsibility (CSR)" means and includes but is not limited to :-
 - (i) Projects or programs relating to activities ¹[areas or subjects] specified in [Schedule VII](#) to the Act; or
 - (ii) Projects or programs relating to activities undertaken by the board of directors of a company (Board) in pursuance of recommendations of the CSR Committee of the Board as per declared CSR Policy of the company subject to the condition that such policy will ²[include activities, areas or subjects] specified in Schedule VII of the Act.
- (d) "CSR Committee" means the Corporate Social Responsibility Committee of the Board referred to in [section 135](#) of the Act.
- (e) "CSR Policy" relates to the activities to be undertaken by the ³[company in areas or subjects] specified in [Schedule VII](#) to the Act and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of a company;

⁴[Provided that any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22 and 2022-23 subject to the conditions that-

(i) such research and development activities shall be carried out in collaboration with any of the institutes or organisations mentioned in item (ix) of Schedule VII to the Act.

(ii) details of such activity shall be disclosed separately in the Annual Report on CSR included in the Board's Report.]

(f) "Net profit" means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely :-

(i). any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and

(ii) any dividend received from other companies in India, which are covered under and complying with the provisions of [section 135](#) of the Act:

Provided that net profit in respect of a financial year for which the relevant financial statements were prepared in accordance with the provisions of the Companies Act, 1956 (1 to 1956) shall not be required to be re-calculated in accordance with the provisions of the Act:

Provided further that in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of [section 381](#) read with [section 198](#) of the Act.

(2) Words and expressions used and not defined in these rules but defined in the Act shall have the same meanings respectively assigned to them in the Act.

Amendments

1. Inserted by The Companies (Corporate Social Responsibility Policy) Amendment Rules, 2018 Dated 19.09.2018

2. Substituted by The Companies (Corporate Social Responsibility Policy) Amendment Rules, 2018 Dated 19.09.2018

in sub-rule (1), in sub-clause (ii) of clause (c), for the words:

cover subjects enumerated

the following words shall be substituted namely:-

"include activities, areas or subjects specified"

3. Substituted by The Companies (Corporate Social Responsibility Policy) Amendment Rules, 2018 Dated 19.09.2018

in sub-rule (1), in clause (e), for the words:

company as

the following words shall be substituted namely:-

"company in areas or subjects"

4. Inserted by the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2020. Dated 24.08.2020

3. Corporate Social Responsibility.

(1) Every company including its holding or subsidiary, and a foreign company defined under clause (42) of [section 2](#) of the Act having its branch office or project office in India, which fulfills the criteria specified in sub-section (1) of [section 135](#) of the Act shall comply with the provisions of [section 135](#) of the Act and these rules:

Provided that net worth, turnover or net profit. of a foreign company of the Act shall be computed in accordance with balance sheet and Profit and loss account of such company prepared in accordance .with the provisions of clause (a) of sub-section (1) of [section 381](#) and [section 198](#) of the Act

(2) Every company which ceases to be a company covered under subsection (1) of [section 135](#) of the Act for three consecutive financial years shall not be required to -

(a) constitute a CSR Committee; and

(b) comply with the provisions contained in sub-section (2) to (5) of the said section,

till such time it meets the criteria specified in sub-section (1) of [section 135](#).

4. CSR Activities

(1) The CSR activities shall be undertaken by the company, as per its stated CSR Policy, as projects or programs or activities (either new or ongoing), ⁵~~[excluding activities undertaken in pursuance of its normal course of business]~~.

⁴“(2) The Board of a company may decide to undertake its CSR activities approved by the CSR Committee, through

(a) a company established under [section 8](#) of the Act or a registered trust or a registered society, established by the company, either singly or alongwith any other company, or

(b) a company established under [section 8](#) of the Act or a registered trust or a registered society, established by the Central Government or State Government or any entity established under an Act of Parliament or a State legislature :

Provided that- if, the Board of a company decides to undertake its CSR activities through a company established under section 8 of the Act or a registered trust or a registered society, other than those specified in this sub-rule, such company or trust or society shall have an established track record of three years in undertaking similar programs or projects; and the company has specified the projects or programs to be undertaken, the modalities of utilisation of funds of such projects and programs and the monitoring and reporting mechanism”.

(3) A company may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR Committees of respective companies are in a position to report separately on such projects or programs in accordance with these rules.

(4) Subject to provisions of sub-section (5) of [section 135](#) of the Act, the CSR projects or programs or activities undertaken in India only shall amount to CSR Expenditure.

(5) The CSR projects or programs or activities that benefit only the employees of the company and their families shall not be considered as CSR activities in accordance with [section 135](#) of the Act.

(6) Companies may build CSR capacities of their own personnel as well as those of their Implementing agencies through Institutions with established track records of at least three financial years but such expenditure¹["including expenditure on administrative overheads,"] shall not exceed five percent of total CSR expenditure of the company in one financial year.

(7) Contribution of any amount directly or indirectly to any political party under [section 182](#) of the Act, shall not be considered as CSR activity.

Amendments

1. Inserted by the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2014 Dated 12th September 2014

2. Substituted by the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2015 Dated 19th January 2015

For the words “established by the company or its holding or subsidiary or associate company under section 8 of the Act or otherwise”, the words “established under [section 8](#) of the Act by the company, either singly or alongwith its holding or subsidiary or associate company, or alongwith any other company or holding or subsidiary or associate company of such other company, or otherwise” shall be substituted;

3. Substituted by the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2015 Dated 19th January 2015.

For the words “not established by the company or its holding or subsidiary or associate company, it”, the words “not established by the company, either singly or alongwith its holding or subsidiary or associate company, or alongwith any other company or holding or subsidiary or associate company of such other company” shall be substituted

4. Substituted by the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2016 Dated 23rd May 2016.

In rule 4, for sub-rule (2), the following sub-rule shall be substituted, :—

“(2) The Board of a company may decide to undertake its CSR activities approved by the CSR Committee, through

(a) a company established under section 8 of the Act or a registered trust or a registered society, established by the company, either singly or alongwith any other company, or

(b) a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government or any entity established under an Act of Parliament or a State legislature :

Provided that- if, the Board of a company decides to undertake its CSR activities through a company established under section 8 of the Act or a registered trust or a registered society, other than those specified in this sub-rule, such company or trust or society shall have an established track record of three years in undertaking similar

programs or projects; and the company has specified the projects or programs to be undertaken, the modalities of utilisation of funds of such projects and programs and the monitoring and reporting mechanism”.

5. Omitted by the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2020. Dated 24.08.2020

5. CSR Committees.

(1) The companies mentioned in the [rule 3](#) shall constitute CSR Committee as under.-

(i) ¹[a company] covered under subsection (1) of [section 135](#) which is not required to appoint an independent director pursuant to sub-section (4) of [section 149](#) of the Act, shall have its CSR Committee without such director ;

(ii) a private company having only two directors on its Board shall constitute its CSR Committee with two such directors;

(iii) with respect to a foreign company covered under these rules, the CSR Committee shall comprise of at least two persons of which one person shall be as specified under clause (d) of sub-section (1) of [section 380](#) of the Act and another person shall be nominated by the foreign company.

(2) The CSR Committee shall institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company.

Amendments

1. Substituted by The Companies (Corporate Social Responsibility Policy) Amendment Rules, 2018 Dated 19.09.2018

in clause (i) of sub rule (1), for the words:-

an unlisted public company or a private company

the following words shall be substituted namely

"a company"

6. CSR Policy

(1) The CSR Policy of the company shall, inter-alia, include the following namely :-

(a) a list of CSR projects or programs which a company plans to undertake ¹[areas or subjects specified in] of the [Schedule VII](#) of the Act, specifying modalities of execution of such project or programs and implementation schedules for the same; and

(b) monitoring process of such projects or programs:

~~³[Provided that the CSR activities does not include the activities undertaken in pursuance of normal course of business of a company.]~~

Provided ³[further] that the Board of Directors shall ensure that activities included by a company in its Corporate Social Responsibility Policy are related to the ⁴[areas or subjects specified in [Schedule VII](#)] of the Act.

(2) The CSR Policy of the company shall specify that the surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of a company.

Amendments

1. Substituted by The Companies (Corporate Social Responsibility Policy) Amendment Rules, 2018 Dated 19.09.2018

in sub-rule (1), in clause (a), for the words

falling within the purview of

the following words shall be substituted namely:-

"areas or subjects specified in"

2. [Substituted by The Companies \(Corporate Social Responsibility Policy\) Amendment Rules, 2018 Dated 19.09.2018](#)

in sub-rule (1), in second proviso to clause (b), for the words

activities included in Schedule VII

the following words shall be substituted namely:-

"areas or subjects specified in Schedule VII"

3. [Omitted by the Companies \(Corporate Social Responsibility Policy\) Amendment Rules, 2020. Dated 24.08.2020](#)

7. CSR Expenditure

CSR expenditure shall include all expenditure including contribution to corpus, or on projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee, but does not include any expenditure on an item not in conformity or not in line with activities which fall within the ¹[areas or subjects, specified in] [Schedule VII](#) of the Act.

Amendments

1. [Substituted by The Companies \(Corporate Social Responsibility Policy\) Amendment Rules, 2018 Dated 19.09.2018](#)

in rule 7, for the words

purview of

the following words shall be substituted namely:

"areas or subjects, specified in"

8. CSR Reporting

(1) The Board's Report of a company covered under these rules pertaining to a financial year commencing on or after the 1st day of April, 2014 shall include an annual report on CSR containing particulars specified in Annexure.

(2) In case of a foreign company, the balance sheet filed under sub-clause (b) of sub-section (1) of [section 381](#) shall contain an Annexure regarding report on CSR.

Notes

1. [Circular relating to Extension of Tenure of High Level Committee or Corporate Social Responsibility 2018 dated 8th March 2019](#)

9. Display of CSR Activities on its Website

The Board of Directors of the company shall, after taking into account the recommendations of CSR Committee, approve the CSR Policy for the company and disclose contents of such policy in its report and the same shall be displayed on the company's website, if any, as per the particulars specified in the Annexure.