Corporate Social Responsibility

(Section-135 of the Companies Act, 2013)

1-Meaning of CSR:-

Corporate Social Responsibility in simple terms is a business model which regulates the Companies to have a social responsibility towards the society.

CSR fulfills the needs of the society along with the Stakeholders .It can be a Strategic Business Management concept, Charity, Sponsorship and Philanthropy and also a valuable contribution to poverty reduction.

2-Applicability of CSR:-

CSR is Applicable to every Company which fulfills anyone of the below three conditions during the immediate preceding Financial Year:-

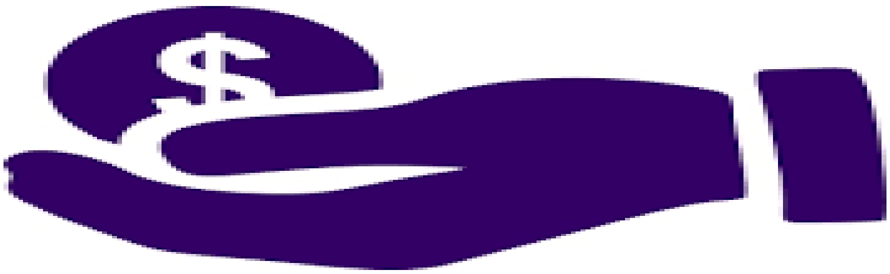
Company having:-

(a)Net worth of Rs.500 Crore or more or,

(b)Turnover of Rs.1000 Crore or more or,

(c)Net Profit of Rs.5 Crore or more.

3-How Much CSR?



Amount of CSR shall be at least 2% of Average Net Profit of three immediately preceding Financial Year.

4-Unspent CSR:-

The unspent amount of CSR shall be transferred to Unspent CSR Account within 30 Days from the expiry of 6 months from the end of the Financial Year. If the Amount is still unspent for the next 3 Financial Years then it shall be transferred to Investor Education & Protection Fund within 15 days from the expiry of 3 Years.

5-Other Matters:-

(a) 2% is the minimum Limit, if excess of 2% is paid it cannot be recorded as Prepaid Expenses and it cannot be adjusted against next year Liability.

(b) If CSR Expense is less than 2%, then the Reasons shall be disclosed the Board Report. It cannot be shown as outstanding expenses and the shortfall can be covered in the next year.

(c) If any Asset is created or constructed out of CSR expenses for public services then such asset cannot be shown in Balance sheet as there will be no economic benefits from such asset.

(d) Once a Company has fulfilled the Applicability Criteria for one year then it has to fulfill its obligation for subsequent 3 Financial Years.

(e) The Company to which CSR is applicable shall constitute a CSR Committee consisting of 3 or more directors out of which at least 1 Director shall be an Independent Director.

(f) The CSR Committee shall formulate and recommend to the Board, a CSR Policy, CSR Activities and the Amount of Expenditure to be spent and also monitor the CSR Policy of the Company from time to time.

6-Contravention:-

If the Above provisions contravenes then:-

(a) Company shall be punishable with a fine of not less than Rs.50,000 but which may extend to Rs.25 Lakhs &

(b) Every Officer of such Company who is in default shall be punishable with imprisonment for a term which may extend to 3 Years or with fine which shall not be less than Rs.50,000 but which may extend to Rs.5 Lakhs or both.

7-List of CSR Activities as per Schedule VII of the Companies Act, 2013:-

- Eradicating extreme hunger and poverty
- Promotion of education
- Promoting gender equality and empowering women
- Reducing child mortality
- Improving maternal health
- Combating human immunodeficiency virus, acquired, immune deficiency syndrome, malaria and other diseases
- Ensuring environmental sustainability,
- Employment enhancing vocational skills, social business projects

- 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 Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women and such other matters as may be prescribed.

THANK YOU