



**RAAM &
ASSOCIATES LLP**
COMPANY SECRETARIES & TRADEMARK AGENT &
IP ATTORNEYS

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

CSR - APPLICABILITY



NET WORTH OF RS.500 CRORES OR MORE;

TURNOVER OF RS.1000 CRORES OR MORE;

NET PROFIT OF RS.5 CRORES OR MORE DURING THE IMMEDIATE PRECEDING FINANCIAL YEAR

CSR COMMITTEE



THREE OR MORE DIRECTORS;

- OUT OF WHICH AT LEAST ONE DIRECTOR SHALL BE AN INDEPENDENT DIRECTOR;

EXCEPT UNLISTED PUBLIC CO OR PRIVATE CO; TO WHICH THE PROVISION OF INDEPENDENT DIRECTOR NOT APPLICABLE; SHALL HAVE COMMITTEE TWO OR MORE DIRECTORS;

NON-APPLICABILITY OF CSR COMMITTEE



Where the amount to be spent by a company **does not exceed fifty lakh rupees**, the requirement for constitution of the Corporate Social Responsibility Committee shall not be applicable and

the functions of such Committee provided under this section shall, in such cases, be **discharged by the Board of Directors** of such company;

CSR COMMITTEE - RESPONSIBILITY

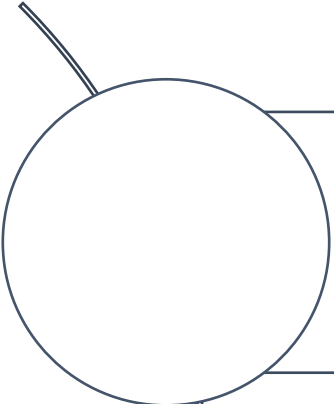


formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company ⁵[in areas or subject, specified in [Schedule VII](#)];

recommend the amount of expenditure to be incurred on the activities referred to in clause above; and

monitor the Corporate Social Responsibility Policy of the company from time to time.

BOARD RESPONSIBILITY



after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company and disclose contents of such Policy in its report and also place it on the company's website, if any, in such manner as may be prescribed; and



ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.

CSR - IMPLEMENTATION

a company established under [section 8](#) of the [Act](#), or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or



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; or



a company established under [section 8](#) of the [Act](#), or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

REGISTRATION

Every entity, covered under sub-rule (1), who intends to undertake any CSR activity, shall register itself with the Central Government by filing the form CSR-1 electronically with the Registrar, with effect from the **01st day of April 2021**:

- Provided that the provisions of this sub-rule shall not affect the CSR projects or programs approved prior to the **01st day of April 2021**.

Form CSR-1 shall be signed and submitted electronically by the entity and shall be verified digitally by a Chartered Accountant in practice or a Company Secretary in practice or a Cost Accountant in practice.

On the submission of the Form CSR-1 on the portal, a unique CSR Registration Number shall be generated by the system automatically.

CSR - CONTRIBUTION

2% OF AVERAGE N.P. DURING THE **THREE** IMMEDIATELY PRECEDING FINANCIAL YEAR;

EXPLANATION: NET PROFIT SHALL BE CALCULATED IN ACCORDANCE WITH THE PROVISIONS OF SECTION 198

- the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities:

CSR EXPENSE

- 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.
- The board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.
- Any surplus arising out of the CSR activities shall not form part of the business profit of a company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

SET OFF - EXCESS CSR SPENT



Such excess amount may be set off against the requirement up to immediate succeeding three financial years subject to condition that

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- excess amount available for set off shall not include the surplus arising out of CSR activities, if any;
- the Board of the company shall pass a resolution to that effect;

CAPITAL ASSET

The CSR amount may be spent by a company for creation or acquisition of a capital asset, which shall be held by –

- a company established under [section 8](#) of the [Act](#), or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number under sub-rule (2) of [rule 4](#); or
- beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or
- a [public authority](#):

Provided that any capital asset created by a company prior to the commencement of the Companies ([Corporate Social Responsibility](#) Policy) Amendment Rules, 2021, shall within a period of one hundred and eighty days from such commencement comply with the requirement of this rule, which may be extended by a further period of not more than ninety days with the approval of the Board based on reasonable justification.

CSR REPORTING

The Board's Report of a company covered under these rules pertaining to any financial year shall include an annual report on CSR containing particulars specified in Annexure I ;

Every company having average CSR obligation of ten crore rupees or more, in the three immediately preceding financial years, shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study;

The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

A Company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed five percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less.]

UNSPENT CSR AMOUNTS OTHER THAN ON-GOING PROJECT



SPECIFY THE REASONS FOR NOT SPENDING CSR AMOUNTS IN THE BOARD REPORT

TRANSFER UNSPENT CSR AMOUNTS TO A FUND SPECIFIED IN SCHEDULE VII; WITHIN A PERIOD OF SIX MONTHS OF EXPIRY OF THE FINANCIAL YEAR;

UNSPENT CSR AMOUNTS ON-GOING PROJECT

TRANSFERRED BY THE COMPANY WITHIN A PERIOD OF **THIRTY DAYS FROM THE END OF THE FINANCIAL YEAR TO A SPECIAL ACCOUNT** TO BE OPENED BY THE COMPANY IN THAT BEHALF FOR THAT FINANCIAL YEAR **IN ANY SCHEDULED BANK** TO BE CALLED THE UNSPENT CORPORATE SOCIAL RESPONSIBILITY ACCOUNT;

SUCH AMOUNT SHALL BE SPENT BY THE COMPANY IN PURSUANCE OF ITS OBLIGATION TOWARDS THE CORPORATE SOCIAL RESPONSIBILITY POLICY **WITHIN A PERIOD OF THREE FINANCIAL YEARS** FROM THE DATE OF SUCH TRANSFER;

FAILING WHICH, THE COMPANY SHALL TRANSFER THE SAME TO A FUND SPECIFIED IN SCHEDULE VII, **WITHIN A PERIOD OF THIRTY DAYS FROM THE DATE OF COMPLETION OF THE THIRD FINANCIAL YEAR.**

OTHER PROVISION

- The Board of Directors of the Company shall mandatorily disclose the composition of the [CSR Committee](#), and [CSR Policy](#) and Projects approved by the Board on their [website](#), if any, for public access.
- [Until a fund is specified in Schedule VII](#) for the purposes of subsection (5) and(6) of [section 135](#) of the [Act](#), the unspent CSR amount, if any, shall be transferred by the company to any fund included in schedule VII of the [Act](#).”

PENALTY

COMPANY

- twice the amount required to be transferred by the company to the Fund specified in Schedule VII or the Unspent Corporate Social Responsibility Account, as the case may be, or one crore rupees, whichever is less;

EVERY OFFICER

- one-tenth of the amount required to be transferred by the company to such Fund specified in Schedule VII, or the Unspent Corporate Social Responsibility Account, as the case may be, or two lakh rupees, whichever is less.

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