

CORPORATE SOCIAL RESPONSIBILITY (“CSR”)

EXPENDITURE TOWARDS CSR OBLIGATIONS

Pursuant to the provisions of the Section 135 of the Companies Act, 2013 (“the Act”) and Companies (Corporate Social Responsibility Policy) Rules, 2014 (“CSR Rules”), Every company covered under the provisions of sub-section (1) to section 135 of the Act (i.e having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year) is required to spend, in every financial year, at least two percent of the average net profits of the company made during the three immediately preceding financial years or where the company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy.

The aforesaid expenditure may be completed by the Company through the eligible implementing agencies defined in the CSR Rules however merely transferring the funds to the appointed implementing agency(s) will not suffice the purpose, reason being the Board of Director of the Company is required to satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner as approved by it and a certificate is also required to be obtained from Chief Financial Officer or the person responsible for financial management who will certify the utilization of funds disbursed to the implementing for the purposes and in the manner as approved by the Board of Directors of the Company.

Accordingly, the due date for the completion of aforesaid expenditure [either directly by the Company or through implementing agency(s)] for the Financial Year 2021-22 is **March 31, 2022**. Therefore it is hereby suggested to the Company(s) who are spending their CSR obligations through the implementing agencies, to take the utilization certificate to ensure the utilization of funds disbursed to them, on or before the March 31, 2022 and in case of any unutilized fund, the Company shall take the said amount of money back from the implementing agency(s) and treat the same as unspent amount towards CSR obligations.

UNSPENT AMOUNT

1. The Board is required to transfer any unspent amount which does not relate to ongoing projects to a Fund specified in Schedule VII within a period of 6 months of the expiry of the financial year.
2. The Board is required to transfer any unspent amount which relates to ongoing projects to a special account for that financial year called the Unspent Corporate Social Responsibility Account (“Unspent CSR Account” to be opened in any scheduled bank) within a period of 30 days from the end of the financial year and 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.

SURPLUS OUT OF CSR FUND

1. If the company is having any surplus arising out of the CSR activities shall not form part of the business profit of a company.
2. Surplus is required to be ploughed back into the same project or 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 6 months of the expiry of the financial year.

PENALTY

If a company fails to transfer the unspent account as specified in section 135(5) section 135(6) of the Act,

a. the company shall be liable to a penalty of twice the amount required to be transferred by the company to the Fund specified in Schedule VII or the Unspent Corporate Social Responsibility Account w.r.t ongoing projects, as the case may be, or one crore rupees, whichever is less,

and

b. every officer of the company who is in default shall be liable to a penalty of 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.

FILING OF WEB-BASED FORM CSR-2

Pursuant to the provisions of the Section 135 of the Companies Act, 2013 (“the Act”) and Companies (Corporate Social Responsibility Policy) Rules, 2014 (“CSR Rules”), Every company covered under the provisions of sub-section (1) to section 135 of the Act (i.e having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year) is required to file Form CSR-2 (Report on Corporate Social Responsibility) electronically to the Registrar.

For the preceding financial year 2020-21, the Form is required to be filed separately through a web based form CSR-2 on or before **31st March, 2022** after filing Form AOC-4 or AOC-4 XBRL or AOC-4 NBFC (Ind AS) as the case may be.

For the financial year 2021-22 & onwards, the Form CSR-2 will be filed as an addendum to Form AOC-4 or AOC-4 XBRL or AOC-4 NBFC (Ind AS) as the case may be.

**Suggestions may be sent to
rupesh@cacsindia.com**

**Dr. S. Chandrasekaran | Senior Partner | Chandrasekaran Associates | Company Secretaries 11-F, Pocket
Four | Mayur Vihar Phase One | Delhi - 110 091 | Tel. +91-11-2271 0514 sankara@cacsindia.com |
info@cacsindia.com | www.cacsindia.com**

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