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ICSI -WIRC Pune Chapter Newsletter



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A Capsule of Information for Corporate Professionals

**C**orporate  
**S**ocial  
**R**esponsibility

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ethical management practices  
CSR stakeholders  
environment  
sustainability ESG mission  
transparency ESG part  
PRI responsible investing  
philanthropy RI stewardship  
socially responsible employee  
accountability

## Chairman's Communique



**“Change is not something that we should fear. Rather, it is something that we should welcome. For without change, nothing in this world would ever grow or blossom, and no one in this world would ever move forward to become the person they're meant to be.” -- B.K.S. Iyengar**

### **Respected Seniors, Professional Colleagues and Dearest Students,**

It gives me great pleasure to communicate with you through this another “Special Edition” of Sanhita - newsletter of Pune Chapter. Few research papers from the Research Paper Writing Competition conducted by the Pune Chapter in April-May 2020 are being published in this Special Edition of Sanhita.

On June 21, 2020 we celebrated International Yoga Day. The holistic approach to health, well-being provided by the practice of yoga is critical now as the current pandemic has created a new reality for many and highlighted the importance of immunity. The ongoing pandemic and related restrictions have disrupted our lives, created loneliness caused by social distancing as it has also led to increased anxiety caused by economic difficulties, fear of illness and worry about loved ones. “A child first learns to crawl, then stand, then walk and then finally run. Similarly, it is only with regular mindful practice, tremendous discipline and time that one better yoga asanas,” says late yoga guru B K S Iyengar. In commemorating the International Day of Yoga this year, lets resolve to practice yoga regularly for strong body and healthy life.

The Institute celebrated various days in the month of June. World Environment Day, International Yoga Day and PCS Day were celebrated by organising online programs at national level where members and students from all over the nation participated. I am sure that these initiatives have not only benefitted the members and students for their professional growth but have also facilitated to take the brand ICSI to a new height.

After two months of nationwide lockdown enforced due to COVID-19 pandemic outbreak, on June 1, 2020 we entered in to “Unlock 1.0” on our way to get back life to normalcy. When I was communicating with colleagues of our fraternity and other professionals, I noticed that, although, lockdown has been lifted by the government, the social distancing restrictions still continue to remain in force and we have restricted office activities to curtail the risk of virus spread. Many professionals have shifted their working system to online mode from offline working, new systems and infrastructure is being set and I am sure that we all will very soon get used to working virtually.

Amidst all the social distancing restrictions, Pune Chapter continues to organise online activities for the benefit of its members and students. During the months of May-June 2020, Pune Chapter organised five Webinars for members consisting of topics “Impact of Lockdown on employment laws”, “Transfer Pricing”, “nitty gritty and practical challenges in CIRP process under IBC”, “All about MSMEs” and “Holding of Board and General meetings through video conference”. After following government guidelines and sanitisation of premises, the Pune Chapter office resumed functioning with limited staff. I would like to express my sincere gratitude to the Pune Chapter staff for being there at members' and students' service in this difficult time. The Managing Committee of the Pune Chapter also conducted its meeting through video conference.

On June 16, 2020 the nation mourned the death of Indian soldiers on Indo-China border. 20 soldiers from the Indian army martyred in a violent face-off with the Chinese Army near LAC at the Galwan Valley, Ladakh. I pay my tribute to our bravehearts who laid down their lives by presenting indomitable courage. We will forever be indebted to them for their invaluable service to the nation and their supreme sacrifice.

I once again congratulate all the winners of the Research Paper Competition and appreciate your sincere efforts to share the knowledge with the fellow members.

Wishing you all safe and healthy life.

With regards,

**CS Gaurav Nashikkar**

Chairman – Pune Chapter of WIRC of ICSI



### **SANHITA COMMITTEE**

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# Research Papers

## Use of CSR funds by the Companies

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**Creating a strong business and building**

**A better world are not  
Conflicting goals**

**They are both essential**

**Ingredients for long-term  
success**

**- Bill Ford**

The word CSR stands for Corporate Social Responsibility. While living in society, we use various natural as well as artificial resources in order to gain economic benefits and while doing so it becomes our social responsibility to give back to the society from these benefits – CSR is this concept of giving back to the society that we are liable to, in order to create better world.

The concept of CSR is an old concept and has been regulated in law for first time in the Companies Act, 2013. The origin of CSR can be traced from our Upanishads, Puranas and Vedic literature like Ramayana, Mahabharata and Bhagavad Geeta.

The first phase of CSR can be traced in the Indian scriptures wherein references have been found at several places stressing the importance of sharing one's earning with the deprived sections of society. We have a deep-rooted culture of sharing and caring. Our ancient Vedas too describe about charity, Dharmada and welfare of the society.

Prior to the regulation of CSR, various businessmen used to contribute voluntarily to the society by building temples or religious trusts. In the pre-independence era, the pioneers or propagators of industrialization also supported the concept of CSR. In 1900s, the industrialist families like Tatas, Birlas, Modis, Godrej, Bajaj and Singhanias promoted this concept by setting up charitable foundations, educational and healthcare institutions and trusts for community development.

The idea which was initiated by Jamshedji TATA by building dam in order to provide power to Mumbai was

one of corporate social responsibility activities. The preliminary work had begun on conceptualizing his grand vision, but before the new power company could be formed, Jamshedji passed away. Though he could not personally accomplish this tough task, Jamshetdi's sons Dorab and Ratan subsequently laid the foundation for affordable and clean power for the city of Bombay (now Mumbai). The hydropower units near Mumbai and the first grid connection around Lower Parel are, a century later, still functional. The Bhira plant was the third hydropower plant installed by the Tata Power Company Ltd in 1927. In the next few years, three hydroelectric entities, Tata Hydro-Electric Power Supply Company (in 1910), the Andhra Valley Power Supply Company (in 1916) and the Tata Power Company (in 1919), were incorporated to give shape to the dream. Together these three companies were referred to as the Tata Electric Companies. The other two entities were amalgamated into the Tata Power Company in the year 2000. The company continued its focus on corporate social responsibility activities that aim to make a difference to communities in its areas of operation. These include a number of training programmes for developing self-employment opportunities among the rural population.

In the era of independence struggle, from freedom fighters to various industrialists, people gave away their share of wealth to the society for freedom fighting movement and to help under-privileged part of the society. Thereafter post independence a need was felt to regularize the business sector and to have fair distribution of wealth and resources amongst the society members and this was the reason that there was increase in PSUs (Public Sector undertakings). After 1992 when the concepts of liberalization and globalization were introduced, the traditional approach of corporate social responsibility was shifted to Private sectors and then came the regulation of CSR activities through the Companies Act, 2013.

The question is that why should the companies which run their business and earn profit out of the business be

<sup>1</sup><https://www.who.int/dg/speeches/detail/who-director-general-s-opening-remarks-at-the-media-briefing-on-covid-19---11-march-2020>



Time period	Economic currents	State role	Corporate CSR
1850-1914	Industrialization	Colonial, extraction	Dynastic charity
1914-1947	Trade barriers for new industries	Colonial, exploitative	Support freedom struggle
1947-1960	Socialism, protectionism	Five year plans	Support new state; launch own rural initiatives
1960-1990	Heavy regulations	License raj; development failures	Corporate trusts
1991-2013	Liberalization	Shrinking in production; expanding in social provision	Family trusts, private-public partnerships, NGO sponsorship
2013-present	Globalization	Need to manage inequality; new reforms to liberalize	Introduction of mandatory 2% rule

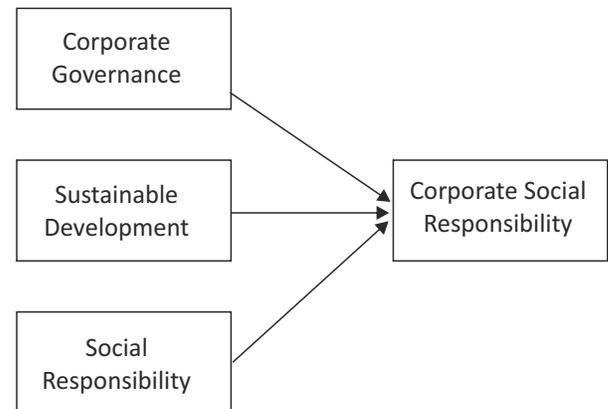
made liable to share their revenue with the society? Milton Friedman has expressed his views on this question as, how can a company be made socially liable? Socially responsible activities conducted by a corporation, according to Friedman, are distorting economic freedom because shareholders are not able to decide how their money will be spent. Friedman thus argues that corporations should focus on those activities that are causally related to company profit, effectively excluding charitable activities that do not directly generate revenue. He further views that there has been the claim that business should contribute to support charitable activities and especially to universities however such giving by corporations is an inappropriate use of corporate funds in a free-enterprise society.

While growing in terms of scale and scope, the corporate use resources not only for their business but also for building a good image in public for their business. In other words, the corporate go beyond profit maximization and this behavior can also be called as 'CSR' (Corporate Social Responsibility).

The concept of CSR was officially coined in the year 1953 by an American economist Howard Bowen in his publication 'Social Responsibilities of the Business Man'. The concept continued to evolve through 1980s as more organizations began incorporating social interests in their business practices. Gradually the concept of CSR

started gaining its importance and many of the big companies started investing their surplus profits towards CSR activities. Multinational companies like Walt Disney, Pfizer, Wells Fargo, Coca-Cola incorporated this concept into their businesses processes. Coca-Cola through their CSR activities worked in the field of women empowerment even prior to the regularization of CSR activities in the law. In the year 2007, Coca-Cola set up vocational course centers for women in Rajasthan and free training to the women to make them self-independent.

In Short the Concept Evolution of CSR will be explained in small diagram as follows :-



2 Arora S Gangopadhyay S "Toward theoretical Model of Voluntary Over Compliance" Journal of Economic Behaviour and Organization Vol. 28 (1995) PP 289\_309.  
 3 Thomas Insights \_ A Brief History of Corporate Social Responsibility



**COMPANIES ACT 2013 AND CORPORATE SOCIAL RESPONSIBILITY :-**

Due to globalization, foreign markets were made open for foreign companies. After that Indian companies also set up their business outside India and the economics of scale increased. In 2011, the government announced that it was considering mandating CSR under Company's Bill which became Companies Act 2013 replacing the 56 year old Companies Act, 1956 and made it mandatory for the 'targeted' companies to contribute towards social development activities. Prior to implementing Section 135, a High Level Committee on Corporate Social Responsibility was constituted and after public comments and suggestions, on 1st April 2014 the said Section 135 along with the rules along were enforced.

This section was introduced by taking into consideration the quasi-mandate approach. Earlier, in the Companies Act, 1956 there was no such provision regarding Corporate Social Responsibility. The definition of CSR (Corporate Social Responsibility) is mentioned in Rule

2(c) of Companies (Corporate Social Responsibility Policy) Rules, 2014 which is as follows :-

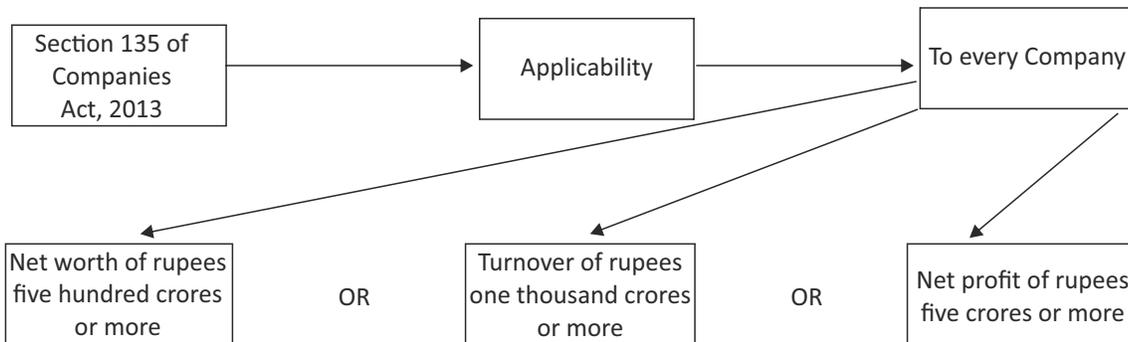
“Corporate Social Responsibility (CSR)” means and includes but is not limited to :—

- (i) Projects or programs relating to activities 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 cover subjects enumerated in Schedule VII of the Act.

Explanation of the Definition - :

CSR includes all those activities which are mentioned in Schedule VII of the Act and also such others activities which the board may decide to undertake and which have been mentioned in the Company's CSR Policy but shall be subject to the activities enumerated in Schedule VII of the Act.

Applicability of Section 135 of Companies Act 2013.



If any of the conditions prescribed is fulfilled as per the financials of the company then it is mandatory for the company to constitute a CSR Committee (Corporate Social Responsibility Committee). The requirements and procedure for constitution of CSR Committee is given in Rule 5 of the Companies (Corporate Social Responsibility Policy) Rules, 2014.

**The work to be undertaken by CSR Committee :-**

1. To see the Company's Financials and verify the amount of the CSR expenditure
2. To calculate 2% of the amount of average net profits of company made during the three years immediately preceding financial year for which the

CSR amount is being apportioned.

3. To draft the CSR Policy for the company
4. To ascertain the manner in which the CSR amount will be spent
5. To decide the activities or programme to be undertaken as CSR activities
6. To take approval of the Board in order to undertaken CSR activities through any registered trust, society, section 8 company established by that company.
7. To monitor whether the CSR expenditure has been done in India only and to give preference to local areas where the company operates, for spending



the amount of CSR.

8. To collaborate with other companies for spending money on CSR Activities.
9. To identify the areas in which the company will do CSR expenditure with due consideration to the activities mentioned in Schedule VII.
10. To determine the quantum of amount that company will spend on each activity
11. CSR committee has to Continuously monitor the CSR Activities and see that CSR expenditure are spent as per the Rules and Schedule specified and has to report about the non-spending or not undertaking of the CSR Activities to Board of the company.

**Applicability of CSR Expenditure to Holding Company, Subsidiary Company , Foreign Company , Associate Company , Section 8 Company :-**

Section 135 of the Companies Act, 2013 starts with the words “every company”, it means that every company including foreign company who has its branch office of project in India should do CSR expenditure if they fulfill the criteria which is mention under Section 135. This has been also specified in Rule 3 of Companies (Corporate Social Responsibility Policy) Rules, 2014. Section 129 (3) of the Companies Act, 2013 states that where a company has one or more subsidiaries or associate companies, it shall, in addition to financial statements provided under sub-section (2), prepare a consolidated financial statement of the company and of all the subsidiaries and associate companies in the same form and manner as that of its own and in accordance with applicable accounting standards, which shall also be laid before the annual general meeting of the company along with the laying of its financial statement. Hence, while calculating the net profits of the company the standalone figures has to be considered and if the consolidated figures are taken into consideration then it would be ultra vires Section 135 of Companies Act, 2013.

Applicability of Section 135 to Section 8 Companies :

Section 135 of the Act reads “ Every company.....”, i.e. no specific exemption given to section 8 companies with regard to applicability of section 135, hence section 8 companies are required to follow CSR provisions. The same is also enumerated in MCA FAQ On CSR Cell - FAQ

Number 11 “whether provisions of CSR are applicable on Section 8 Company, if it fulfills the criteria of section 135(1) of the Act?”

The foreign company which has its branch office or project office in India is required to do CSR Expenditure if they fulfill the criteria specified under Section 135 but if the branch office or project office is LLP or mere joint venture but not a body corporate then they are not required to make CSR Expenditure. Since the section describes that every company has to do CSR Expenditure.

**Areas for CSR Expenditure :-**

The expenditure for Corporate Social Responsibility should be done in activities / projects specified in Schedule – VII of the Companies Act 2013. Along with that MCA with general circular dated 18/6/2014 had given various illustrations where the CSR expenditure can be done and also MCA by general circular dated 23.3.2020 had said that the Schedule VII is broad based and may interpreted liberally for this purpose. The areas which are covered under Schedule – VII of the Companies Act 2013 are as follows –

- ❖ Eradicating hunger, poverty and malnutrition which includes –
  - a) Supply food to needy or to the group of people where there is shortage of food.
  - b) Supply of basic necessary material required for preparing food to old age home, Orphanage, people who are affected due to floods, tsunami, would also qualify as CSR .
  - c) Recent example will be supply goods to general public who had lost their daily earnings due to COVID -19 Epidemic.
  - d) Supplying foods to various gurudwarar, temples, schools for mid – day meal.
  - e) Creating employment for rural people
  - f) Giving nutritional food to hospitals for betterment of life of small children

All the above activities can be classified under eradicating hunger and malnutrition.

Activities under 'eradication of poverty and hunger', which includes eradicating malnutrition, promoting preventive health care making available safe drinking water, received Rs.1564.39 crore from 79 companies.



❖ Promoting health care including preventive healthcare and sanitation including contribution to the Swachh Bharat Kosh set up by the Government for promotion of sanitation and making available safe drinking water

- a) Organizing health care programmes for women and explaining the use of sanitary pads or giving them guidance for making sanitary pads.
- b) Providing machines for disposal of sanitary pads
- c) Organizing blood donation camps
- d) Making available safe drinking water
- e) Building toilets

TCS pledged a INR 100 Crore budget to support PM Modi's Clean India Initiative. This fund was dedicated towards better sanitation in schools, especially for girls.

❖ Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled, livelihood enhancement projects

- a) Providing Vocational Training to farmers
- b) Providing training to Disable person in order to make self-independent
- c) Provide Training to women on self-defense can be treated as special Training to women for their Protection after Nirbaya's rape case and various acid attack case reported in India.
- d) Driver's Training
- e) Providing Vocational course training to women for e.g Cloth stitching training to women and supplying sewing machine along with it can also enhancing vocation skills.
- f) Setting up of schools and free education to slum area children
- g) Setting up Nigh schools for elderly people and labour.

TCS had set up Adult Literacy Programme in the financial year 2014-2015 and computer based functional literacy programme which has reached to 2, 02,051 beneficiaries.

NALCO is also assisting trainees in getting employment. NALCO is actively considering for setting up of a skill development center. At Utkal University a skill

development incubation center is being constructed.

NALCO has also made significance contributions to upgrade agricultural techniques, encourage vegetable farming on a large scale and strengthening the afforestation program in the peripheral areas. The villagers are being provided with fertilizers, pesticides and training, free of cost. Fruit bearing saplings like mango, guava, lemon and jack fruit have been supplied to land displaced families for plantation. Vegetable seeds and seedlings are also supplied. Besides, plants have been planted in impact areas under social forestry scheme. To encourage the tribal villagers to adopt modern agricultural techniques, Krishi-melas are organized from time to time.

❖ Promoting Gender equality-

After the landmark supreme court verdict on Section 377 of the IPC it has been stated that the individuals belonging to a different gender will also have same rights that are available to males and females. In India providing funds to transgenders and making them empowered or providing assistance through Livelihood Enhancement Projects can also be called as CSR Activity because all around globe there are many companies who are providing funds to LGBT Community.

Hence the Indian companies should come and support LGBT Community and help in empowerment of LGBT Community.

Following are some of the activities falling within the category of "Promoting gender equality"

- ❖ Empowering women.
- ❖ Setting up homes and hostels for women and orphans.
- ❖ Setting up old age homes, day care centers and such other facilities for senior citizens.
- ❖ Measures for reducing inequalities faced by socially and economically backward groups.

Karjat in the Raigad district of Maharashtra state is home to several tribal communities such as Thakar (or Thakur), Katkari, Kokna, Koli, and Warli. These communities have been living in houses made of thatched walls and roofs for centuries. In order to uplift their lifestyle, 173 Employees of Samsung C&T worked alongside the local community in Nandgoan village as part of its partnership with Habitat for Humanity India aimed at building homes



for families in need of decent homes.

❖ Environment protection, protection of flora and fauna, animal welfare. Agroforestry, conservation of natural resources, maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set up by the Central Government for rejuvenation of river Ganga.

Few activities which can be undertaken by company for environment protection and protection of wild life.

a) Water Cup Campaign undertaken by Paani Foundation is one of the unique way where the quality of water will be maintain and people collectively will work for the water conservation and many companies are providing funds as well as equipment to respective villages who are participating in the Competition. Satyamev Jayate Water Cup, a competition for excellence in soil and water conservation.

b) Protection of Wildlife Species.

c) Undertaking tree plantation programmes

d) To contribute funds for Ganga Water Pollution in order to reduce pollution of ganga water.

❖ Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art.

a) In Maharashtra where we have forts and it is duty of every person to protect history of your land hence the Indian companies can establish their own NGOs and Trust and start restoration of forts which will make future generation understand history of our land.

b) In India there are various folk dance forms or various art work which are still not known to general public, so companies can think of giving platform to such art and craft.

❖ Measures for the benefit of armed forces veterans, war widows and their dependents

Gujarat State Petronet Ltd. in the year 2018-2019 had undertaken activities like Armed Forces Veteran Welfare and this company had contributed some amount for renovation of Sainik house.

Some activities falling under this category are :

a) Schools can be established and free military training can be given to children of armed forces

including supply nutritional food.

b) Widows of armed forces can be given employment opportunities by various companies.

c) Various Insurance companies or Banking companies can give Insurance or freely subscribe them to various Pension Funds.

❖ Contribution for Prime Minister Relief Fund. As PM Cares is fund which is established by Central Government and recently MCA by General Circular had clarified that funds can be contributed for COVID -19 because it has been recognised as pandemic by World Health Organization.

❖ Contribution for various companies for upliftment of rural sports, national sports

❖ Slum development programmes.

❖ Organizing scholarship programmes for students for further studies.

All above are the activities or areas in which the CSR Activities can be undertaken by the companies depending on whether such activities fit within the criteria specified under Section 135 of Companies Act 2013.

#### Acts which do not qualify to be CSR

a) MCA has further clarified that CSR activities should be undertaken by the companies in project/programme mode [as referred in Rule 4(1) of Companies CSR Rules, 2014]. One-off events such as marathons/awards/charitable contribution/advertisement/sponsorships of TV programmes, etc. would not be qualified as part of CSR expenditure. - MCA's Circular No. 21/2014 dated 18-6-2014.

b) Expenses incurred by companies for the fulfillment of any Act/statute of regulations (such as Labour Laws, Land Acquisition Act, etc.) would not count as CSR expenditure under the Companies Act.

c) Contribution to political parties cannot qualify as CSR Expenditure

d) Benefits provided to labour and employees cannot be called as CSR Expenditure.

e) CSR activities do not include the activities undertaken in pursuance of normal course of



business of a company

**CSR Expenditure can be rooted through company's own trust, society or Section 8 Company**

As per Rule 4 (2) of Companies (Corporate Social Responsibility Policy) Rules, 2014 the Company can spend its CSR Expenditure through its Registered Trust, Society or Section 8 Company provided that if the Registered Trust, Society or section 8 Company should is not established by company or its holding or subsidiary or associate company, it shall have an established track record of three years in undertaking similar programs or projects.

**Reporting of CSR Expenditure**

1. The Board of Directors of the company have been cast with responsibility to report the CSR Expenditure in the Board report
2. Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014 requires companies to report the CSR expenses.
3. And in case of foreign company the balance sheet filled under sub- clause (b) of sub-section (1) of section 381 of the Companies Act, 2013 consists of an annexure regarding report of CSR.
4. In the board report the company is required to give details of spending of amount as CSR Expenditure and quantum which has been spend in various areas.
5. In case the company do not undertake the CSR activities then reporting as to why CSR activities had not been taken up by the company in the said financial year should be disclosed.

**Penalty for non-compliance with CSR provisions**

Penalty for non-compliance of CSR provisions under Companies Act, 2013

There is no specific penal provision for non-compliance under section 135 of the Companies Act, 2013. However, there is risk exposure under two different provisions.

**A. Section 134(3)(o)& Section 134(8) of the Companies Act, 2013**

(Non-disclosure or absence of the details about the CSR policy and its implementation in the Boards' report

would attract penalties)

Section 134(3)&(o): to disclose all the relevant information about its CSR policy and its implementation on an annual basis.

Section 134(8): Penalties for not discharging the duty as mentioned above are:

1. Fine, not less than fifty thousand rupees, may extend to twenty-five lakh rupees; and
2. Every officer of the company in default shall be: Punishable with imprisonment for a term which may extend to three years; or with fine which shall not be less than fifty thousand rupees but which may extend to five lakhs rupees, or with both.

**B. Section 450 & 451**

General penalties for flouting the rules and repeat offences-

Fine under Section 450 of the Companies Act, 2013 may extend to ten thousand rupees (Rs. 10,000/-), and where the contravention is continuing one, a further fine to one thousand rupees (Rs. 1,000/-) for every day after the first during which contravention continues.

As per Section 451 of the Companies Act, 2013, the company and every officer in default is punished either with fine or with imprisonment and where the same offence is committed for the second or subsequent occasions within a period of three years, then, that company and every officer thereof who is in default shall be punishable with twice the amount of fine for such offence in addition to any imprisonment provided for that offence.

Finance Minister Nirmala Sitharaman also said that companies have to comply with CSR Norms and if the companies fail to comply with CSR Norms then such companies will be made liable to pay fines for both the company and defaulting officers ranging from Rs 50,000 to Rs 25 lakh, with officers also be made liable for imprisonment of up to three years, as per the provisions of the Companies Amendment Bill, 2019<sup>6</sup>

**CONCLUSION**

The Companies Act, 2013 had made significant move by

6 [https://economictimes.indiatimes.com/news/company/corporate-trends/companies-to-face-penal-action-for-not-meeting-csr-rules/articleshow/70471926.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://economictimes.indiatimes.com/news/company/corporate-trends/companies-to-face-penal-action-for-not-meeting-csr-rules/articleshow/70471926.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)



introducing CSR as mandatory provision. This newly introduced obligation should be taken in right direction and companies should comply with CSR and think beyond profit maximization. The benefits of CSR can be achieved by creation of good public image for the company in long run, generate stake holder confidence etc. Companies which do not comply with CSR or just try to escape from CSR they should be penalized and action

them should be taken accordingly. Schedule VII of the Companies Act, 2013 should be interpreted in broader sense as CSR expenditure is based on self-declaration and self reporting mechanism. Various activities or areas can be considered by companies to spend CSR expenditure like supporting rural and national sports, wild life protection etc.





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**INTRODUCTION  
CORPORATE SOCIAL  
RESPONSIBILITY (CSR):**

Corporate Social Responsibility is about how Company manage its business process to produce an overall positive impact on the society. CSR is seen as a concept whereby Corporates can generate

value and long term sustainability for itself while making positive contribution in the betterment of society. CSR has become an integral part of Corporate strategy and a business opportunity to earn stakeholder goodwill.

The Companies Act, 2013 (hereinafter referred to as “the Act”) has introduced the concept of CSR in India as a mandatory provision for some select categories of Companies registered under the Act. It has been made as a statutory obligation on the Corporates to take initiatives towards social, environmental and economic responsibility. In India, CSR initiatives and the areas prescribed for making CSR expenditure are coherent with the sustainable development goals (SDG).

**BRIEF ABOUT THE REGULATORY REQUIREMENT FOR CSR COMPLIANCE IN INDIA :**

Section 135 of the Act, provides that every Company having :-

- a). net worth of rupees five hundred crores or more; or
- b). turnover of rupees one thousand crores or more; or
- c). a net profit of rupees five crores or more.

during the immediately preceding financial year shall constitute 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. In addition, CSR rules exempt unlisted public Companies and private Companies that are not required to appoint an independent director from having an independent director as a part of their CSR Committee.

As per section 135(5), of the Act, the Board of every Company shall ensure that the Company spends, in every financial year, at least two percent of the average net profits of the Company made during the three immediately preceding financial year in pursuance to the Corporate Social Responsibility Policy of the Company.

The CSR Committee of the Company shall undertake the following function as per section 135(3) of the Act:-

- a. formulate and recommend to the Board, a Corporate social responsibility policy which shall indicate the activities to be undertaken by the Company in the area or the subject specified in schedule VII;
- b. recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- c. monitor the Corporate Social Responsibility Policy of the Company from time to time.

The definition of CSR reproduced hereunder as per Clause (c) of rule 2(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 (“the Rule”) is not an exhaustive definition it is an inclusive definition which states as follows:

(c) - Corporate Social Responsibility means and includes but is not limited to :-

- (i) Projects or programs relating to activities 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 cover subjects specified in Schedule VII of the Act.

The definition does not seek to limit the activities specified in schedule VII as only activities pertaining to CSR. The words “means and includes but is not limited to” in the definition clause makes it amply clear that the activities of CSR are not limited to those contained in schedule VII but may go beyond that.

**CSR ACTIVITIES:**

The Company can undertake CSR activities through:-

- i). a Company established under section 8 of the Act or a registered trust or a registered society, established by the Company, either singly or along with any other Company, or
- ii). a Company established under section 8 of the Act or a registered trust or a registered society, established by Central Government or State Government or any entity established under an Act of Parliament or a State Legislature.



However, Company can undertake CSR activities through section 8 Company or a registered trust or a registered society (it can be an NGO), other than those as mentioned above then, such Company or Trust or Society shall have an established track record of 3 years in undertaking similar programmes or project; and the Company has specified the projects or programs (CSR activities as mentioned above) to be undertaken, the modalities of utilisation of funds of such projects or programs and monitoring and reporting mechanism.

It is important to note that a Company may not undertake any CSR activity by itself. For example, a Company may not run a school or a hospital. A Company may and most of the Companies do contribute money to be used for CSR activity undertaken by any other entity or organisation. For example, a Company may donate money to an NGO which is running a hospital. This is not prohibited under section 135 of the Act or the CSR Rules.

CSR Activities shall be undertaken by the Company as per its stated CSR Policy, as projects, programme or activities (either new or ongoing), excluding activities undertaken by the Company in its normal course of business.

In determining CSR activities to be undertaken, preference should be given to local areas and the areas around where the Company operates.

**Schedule VII** of the Companies Act, 2013, specifies the activities which may be included by the Company in its CSR Policies. The entries in the said schedule VII must be interpreted liberally so as to capture the essence of the subject enumerated in the said schedule. The items enumerated in schedule VII are broad based and are intended to cover wide range of activities. (MCA General Circular no. 21/2014, dated 18-06-2014)

CSR activities under Schedule VII are briefed hereunder as:-

- ❖ Eradicate hunger, poverty and malnutrition;
- ❖ Promote health, education, vocational skills, livelihood enhancement projects and sanitation including contribution to Swachh Bharat Kosh;
- ❖ Equality of gender, women empowerment;
- ❖ Ensure environmental sustainability, ecological balance including contribution to Clean Ganga Fund;
- ❖ Protect natural heritage, art & culture;
- ❖ Benefits for armed force veterans, war widows and dependents;

- ❖ Train to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
- ❖ Contribute to PM's National Relief Fund and other applicable central government funds;
- ❖ Fund technology incubators located within Central universities.
- ❖ Develop rural development projects;
- ❖ Slum area development;
- ❖ Disaster Management, including relief, rehabilitation and reconstruction activities.

However, the Government in the line of expanding the scope of Corporate spend under the Corporate Social Responsibility norms, have issued various notifications, circulars, clarifications and made various announcements from time to time The recent ones are her under:

Finance Minister, Ms. Nirmala Sitharaman has issued a statement on 20th September 2019 to the effect that, CSR amount can now be can be spent on incubators funded by central or state government or any agency or public sector undertaking of central or state government, and, making contributions to public funded universities, IITs, national laboratories and autonomous bodies (established under the auspices of ICAR, ICMR, CSIR, DAE, DRDO, DST, Ministry of Electronics and Information Technology) engaged in conducting research in science, technology, engineering and medicine.

❖ Amid the COVID-19 (corona virus) outbreak, the Ministry of Corporate Affairs has notified that :-

- i). Companies' expenditure to fight the pandemic will be considered valid under CSR activities. Funds may be spend on various activities related to COVID-19 such as promotion of healthcare including preventive healthcare and sanitation, and disaster management. (As per MCA General Circular No. 10/2020; dated 23/03/2020);
- ii). Contribution to PM CARES Fund set up to provide relief to those affected by any kind of emergency or distress situation such as that posed by COVID 19 pandemic will be eligible CSR activity. (As per MCA Office Memorandum eF. No. CSR-05/1/2020-CSR-MCA; dated 28/03/2020)



These moves by the Government at the time of crisis are expected to benefit local communities, where businesses have operations and complement the state's efforts to combat the crisis that has disrupted economic activity and could impact livelihoods.

However, the following are not permissible activities under CSR:

1. CSR contribution for one off events such as marathons / awards / charitable contribution / advertisement / sponsorship on TV programmes.
2. Expenses incurred by Companies for fulfilment of acts/regulations (such as labour laws, land acquisitions).
3. CSR projects / programmes or activities that benefit only the employees of the Company and their families.
4. Contribution of any amount directly or indirectly to any political party.

#### **CSR AMENDMENTS UNDER THE COMPANIES (AMENDMENT) ACT, 2019**

The following amendments are introduced by the Companies Amendment Act, 2019, (herein after referred to as "the Amendment Act, 2019") dated 31st July 2019, but are yet to be notified :-

- ❖ If the Company has not completed the period of 3 financial years since its incorporation, average net profit made during the immediately preceding financial year which it has completed since its incorporation shall be taken into consideration.
- ❖ As per the Act, if the Company is unable to spend the CSR amount fully it has to specify the reason for not spending the amount in its report ("Board Report") made under section 134(3)(o) of the Act.

Now, in the Amendment Act, 2019, it is provided that if the Company has an unspent amount relating to an ongoing project the Company shall open a separate bank account by the name "Unspent Corporate Social Responsibility Account" with the schedule Bank and transfer such unspent amount to the bank account within 30 days from the end of the financial year, in which it was required to spend such amount. Such amount shall be spend by the Company towards the CSR activity within a period of three financial year from the date of transfer and if the Company is unable to spend

such amount within a period of three financial year, then the unspent amount shall be transferred to a Fund specified in schedule VII, within a period of thirty days from the date of completion of the third financial year.

Further, if the unspent amount does not relate to an ongoing project, such unspent amount be transferred to a fund specified in schedule VII within a period of 6 months of expiry of the financial year.

- ❖ It prescribes for fine as well as imprisonment in case of non compliance with CSR spending requirements. A fine of at least Rs 50,000 and the quantum could go up to Rs 25 Lakhs. Besides, every officer of such Company who is in default shall be punishable with imprisonment for a term which may extend to three years or with fine which shall not be less than Rs 50,000 but which may extend to Rs 5 lakh.

The Government, however, is reviewing the above provisions after the industry objected to the strict provisions, especially with respect to the jail terms for CSR violations, and is yet to operationalize them.

However, with the magnitude of funds being deployed by Corporates under CSR, the existing CSR provisions needs to be relooked.

In this regard, the High-Level Committee on CSR, led by Injeti Srinivas, Secretary in Corporate Affairs Ministry had presented its report to the Government dated 7th August, 2019, making the following recommendations to review the existing framework of CSR and to develop a road map to strengthen the efficacy of the CSR :-

- ❖ Allowing CSR spending as a deduction while computing taxable income it will be as a big relief to businesses. To implement this, the Income Tax Act will have to be amended to include CSR spending among other classes of expenditure that get the same benefit;
- ❖ CSR to be followed by business structures such as limited liability partnerships and partnerships, which are also profit making business entities.
- ❖ The carry-forward of unspent balance over 3-5 years;
- ❖ Balancing local area preferences with national priorities while identifying CSR projects;
- ❖ Exemption for Companies below a threshold CSR spend to constitute a CSR committee;
- ❖ Impact assessment for the Companies undertaking CSR projects; etc.



### CSR TRENDS IN INDIA

Since the applicability of mandatory CSR provision in 2014, CSR spending by Corporate India has increased significantly.

The brief report on the CSR Spend as available on the National CSR data portal (herein after referred to as the “CSR portal”) is here under:

Financial Year	Total No. of Companies	Total amount spend on CSR ( INR Cr )	Total No. of CSR Projects	Comparatives
2014-15	16548	10066	9352	28
2015-16	18290	14517	18423	28
2016-17	19539	14330	23008	28
2017-18	21397	13624	23489	29

Data: csr.gov.in

Also, as per the sector-wise development data released by the Corporate Affair Ministry on the CSR portal, the education sector received the maximum funding (38 percent of the total) followed by hunger, poverty, and healthcare (25 percent), environmental sustainability (12 percent), rural development (11 percent). Programs such as technology incubators, sports, armed forces, reducing inequalities saw negligible spends.

The state-wise data on the CSR portal shows that the states where poverty levels are low such as Maharashtra, Karnataka, Gujarat, Andhra Pradesh, and Delhi account for 40% of the CSR funds that businesses have spent over the last four years, while states with the highest concentration of backward districts have received just 9% during the same period.

Details of CSR Expenditure of Companies listed on NSE	FY 18	FY19	% change
CSR spend reported (Rs crore)	10179	11961	18
Unspend amount (Rs crore)	1749	1343	-23
CSR spend by PSU Companies (Rs crore)	2710	3198	18
No. of Companies spending on CSR	1024	1055	3
Companies that missed spending the minimum 2% of net profit	353	332	-6

Data: nseinfobase.com

Further, an analysis by KPMG, on the disclosures under the Act by the 100 largest listed Indian Companies by market capitalisation. titled “India CSR Reporting Survey 2019”, reflects the following:-

- ❖ More Companies are complying to requirements of Section 135 of the Companies Act, 2013.

- ❖ 325% Increase in the number of Companies that have disclosed details of outreach in annual report.

- ❖ 30% Companies have had more than three CSR committee meetings.

- ❖ 18% Companies have a CSR Foundation.

- ❖ 76% Companies that have spent 2 per cent or more during the current year.



- ❖ 41% Companies have aligned CSR projects to SDGs in their annual report.
- ❖ Over the last five years (2014-19) INR 35077 crores have been the cumulative expenditure on CSR by these Companies.

The above facts and figures provide us the with information on the amount of CSR spend, activities on which the CSR is spend and on which location it is spend at, it does not measure the impact of CSR spend.

The main aim of the CSR is to create a social impact. Impact measurement of the CSR activities / projects is the need of the hour. Impact assessment of the CSR activities should not to be limited to a survey at the completion of activities. One can only realize the impact if the before and after of an initiative are compared.

#### TOP CSR SPENDING COMPANIES IN INDIA

Futurespace conducted a study to examine the Corporate performance on the environment, social and governance framework. The study reviewed the spending pattern on CSR. It list out the Top 20 Indian Companies for CSR in 2019. Tata Chemicals Ltd. has been ranked as the number one Company third year in a row for Sustainability & CSR practice in Responsible Business Ranking 2019. Brief on the CSR activities carried out by some of these top 20 Companies is hereunder:-

##### 1. Tata Chemicals Ltd.

Improving the quality of life and fostering sustainable and integrated development in the communities where it operates is central to Tata Chemicals Corporate philosophy. In order to do so Tata Chemicals established Tata Chemicals Society for Rural Development (TCSRSD) in 1980 as a society and trust. It lays emphasis on the spirit of participatory development by involving the beneficiaries at each stage of the development process which ensures viability and sustainability of the programmes.

##### 2. Infosys Ltd.

The Company implements social development projects primarily through its CSR trust, the Infosys Foundation established in 1996. The Foundation primarily works with non-governmental organizations as the nodal agency for implementing projects. The major works of the Foundation's works included the introduction of Aarohan Social Innovation Awards, restoration of water bodies in Karnataka, supporting the construction of a

metro station in partnership with Bangalore Metro Rail Corporation Limited, enabling the pursuit of access and excellence in sports through the GoSports Foundation, and relief efforts in Tamil Nadu, Karnataka and Kerala.

##### 3. Bharat Petroleum Corporation Ltd. (BPCL)

Under the umbrella of “enabling quality education”, the focus is on imparting holistic education, preferably through usage of technology apart from catering to adequate infrastructural facilities, access to education and improvement of education systems.

Additionally, BPCL's CSR philosophy also includes participation in projects of national importance like the Swachh Bharat Abhiyan involving creation and maintenance of toilets, associated sanitation facilities, Waste Management initiatives leading to overall health and hygiene for the communities.

##### 4. Mahindra & Mahindra Ltd. (M&M)

M&M have spend on Nanhi Kali programme which provides educational support to underprivileged girls in India through an after school support programme. M&M have sponsored its 20th Lifeline Express (hospital on a train) in Arrah Bihar, through which medical care, treatment, and surgical intervention was provided to 11,119 individuals. Through Mahindra Hariyali 0.95 million trees were planted which contributed to improving green cover and protecting bio-diversity in the country. Of these, 0.83 million trees were planted in the Araku valley, which besides greening the environment also provided livelihood support to tribal farmers growing coffee in this region.

##### 5. Reliance Industries Ltd. (RIL)

CSR activities of the Company are carried out under the aegis of Reliance Foundation. The foundation has touched the lives of 26 million people through various platforms. Reliance's initiatives in the areas of Rural Transformation, Health, Education, Sports for Development, Disaster Response, Arts, Culture and Heritage, and Urban Renewal are in keeping with the Sustainable Development Goals (SDGs) outlined in the United Nations 2030 Agenda for Sustainable Development and India's National Developmental Goals. Its social initiatives are based on a three-pronged strategy – Direct engagement with the Community, Forging Partnerships and Collaborations, and Leveraging Technology.



## 6. Vedanta Ltd.

Vedanta has a large and complex CSR portfolio with multiple and diverse projects running across various locations. There are 10 broad thematic areas under which, it undertakes community development projects. The Nandghar Project is among the flagship initiatives, which aims to re-build Anganwadis for ensuring the health and learning of children in rural areas, and also for becoming a platform of women's empowerment and skilling.

## 7. Indian Oil Corporation Ltd.

Indian Oil's key CSR thrust areas include: Safe drinking water and protection of water resources, Healthcare and sanitation, Education and employment-enhancing vocational skills, Empowerment of women and socially/economically backward groups. The CSR projects of Indian Oil are undertaken mostly for improving the quality of life in various communities, which invariably include marginalized / underprivileged sections of the society.

### CONCLUSION ON SPENDING BY COMPANIES TOWARDS CSR

From the above revealed data and details there is no denying the fact that as a Country, India has gained tremendously through CSR spending as the Companies have come forward in last 4-5 years for making CSR contributions. But from the CSR spending by the Companies it is understood that major chunk of CSR funds is towards human development. However, the focus on economic development and environment sustainable development is relatively poor.

Sectors, such as education and health can be easily undertaken and activities in these areas are quantifiable. But there is less focus on environmental activities.

Companies usually undertake CSR activities in the areas where work can be done without any hardship. Companies should self-regulate and be responsive to the disadvantaged, vulnerable and marginalised sections of society. They should respect and promote human rights, make efforts to protect and restore the environment,

and support inclusive growth and equitable development.

The Companies are focused more in complying with the law by having CSR policy and a committee in place but does not have an implementation strategy.

In the attempt to spend on their CSR activities, Companies are actually losing sight of the main issue—the impact of their CSR fund spends. In the end what matters the most is the impact they have on society.

A Social Impact Assessment (SIA) or a CSR Assessment can help a Company analyse the relevance and impact of its CSR projects. It also helps Companies understand whether the right mechanisms to achieve the objectives were used, and finally, if all the goals set at the beginning of the program were met.

To conclude, CSR has a huge potential to improve the lives of large number of people in the Country. Therefore it is important that the Companies do not relegate it as a perfunctory exercise, but make a meaningful contribution to society.

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### Abstract:

In view of the Pandemic declared by the World Health Organisation, the Ministry of Corporate Affairs felt the need to bring all Companies together and help the nation to eradicate such problem by motivating the Companies to contribute financially towards the activities mentioned under the Act as well as contributing amount to the Funds specified by the Government. In this view the Ministry has issued several circulars stating that any

contribution made with respect to COVID-19 shall be treated as eligible CSR Activity. This paper involves rough idea about the provisions that were in-force since 01/04/2014 till date and a detailed study about the changes brought by Ministry in the provisions of Section 135, its relevant rules and Schedule VII of the Act.

### History

India is the first country in the world to mandate Corporate Social Responsibility (CSR). On 01.04.2014 the Govt. of India implemented new CSR Guidelines requiring the companies to spend 2% of the average net profit on social development



### Legislation

The CSR activities and policies will be legislated by the Companies Act, 2013 read with Companies (CSR Policy) Rules, 2014 and Schedule VII of the Act.

❖ According Section 135 of Companies Act, 2013, every company having

- Net worth of INR 500 crores or more, or
- Turnover of INR 1000 crores or more, or
- Net Profit of INR 5 crores or more

during the immediately preceding Financial Year shall constitute CSR Committee of the Board.

❖ Such committee shall compose three or more directors, out of which at least one director shall be an independent director. Provided that where a company is not required to appoint an independent director under sub-section 4 of section 149, it shall have its CSR committee composing of two or more directors.

Here,

*Net Worth: means the aggregate value of the paid up share capital and all reserves created out of profits (securities premium account and debit or credit balance*

*of profit and loss account), after deducting the aggregate value of accumulated losses deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation*

*Turnover means the gross amount of revenue recognised in the profit and loss account from the sale, supply, or distribution of goods or on account of services rendered, or both, by a company during a financial year.*

### DUTIES AND RESPONSIBILITIES OF CSR COMMITTEE:

Following are the duties and responsibilities of CSR committee

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company
- Recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- Monitor the Corporate Social Responsibility Policy of the company from time to time.



(4) The Board of every company referred to in sub-section (1) shall,—

(a) 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

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

(5) The Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least two per cent. 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.

Provided that 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:

Further provided that if the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount and, unless the unspent amount relates to any ongoing project referred to in sub-section (6), transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

#### COMPANIES (CSR POLICY) RULES, 2014

##### 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), excluding activities undertaken in pursuance of its normal course of business.
- (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 expenditure 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.

**Note:** MCA through its circular no: 21/2014 dated June 18, 2014 specified that the CSR activities carried through Contribution to Corpus of a Trust/ Society/ Section 8



companies etc. will qualify as CSR expenditure on basis of following condition:

- (a) The Trust/ Society/ Section 8 company etc. is created exclusively for undertaking CSR activities or
- (b) Where the corpus is created exclusively for a purpose directly relatable to the activity or activities specified under Schedule VII of the Act

**MAJOR OBSERVATION:** Apart from section 8 Companies that are set up for the purpose of CSR activities, the current rules have opened up avenues for registered trust and societies to undertake CSR activities, provided that they have a proven track record. There have been cases where Companies have used Trusts/NGO's to funnel money to the managements' private accounts. Hence, to close such misuse, entities that are registered under Societies Registration Act of 1860 for CSR activities have been dropped.

#### 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 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:

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

Provided further that the Board of Directors shall ensure that activities included by a company in its Corporate Social Responsibility Policy are related to the 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.

#### 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 areas or

subjects, specified in Schedule VII of the Act.

#### SCHEDULE VII

As per schedule VII the companies can include following activities in their CSR policies :

- i. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
- ii. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- iii. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
- iv. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga
- v. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts;
- vi. Measures for the benefit of armed forces veterans, war widows and their dependents;
- vii. Training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports
- viii. Contribution to the prime minister's national relief fund or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
- ix. Contribution to incubators funded by Central Government or State Government or any agency or



Public Sector Undertaking of Central Government or State Government, and contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organisation (DRDO), Department of Science and Technology (DST), Ministry of Electronics and Information Technology) engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).

- x. rural development projects
- xi. slum area development
- xii. disaster management, including relief, rehabilitation and reconstruction activities.

#### ACTIVITIES THAT WOULD NOT QUALIFY AS CSR EXPENDITURE:

- ❖ Any projects or programs or activities that benefit only the employees of the company
- ❖ One-off events such as marathons/ awards/ charitable contribution/ advertisement/ sponsorships of TV programmes etc. would not be qualified as part of CSR expenditure.
- ❖ Any expenditure incurred by the company for fulfillment of any Act or Statute
- ❖ Any contribution made directly or indirectly to any political party
- ❖ Activities undertaken by the company in pursuance of its normal course of business.

**Note:** A frequently faced problem by the Companies is that whether they can spend CSR funds on activities other than the activities mentioned under SCHEDULE VII?

According to the GENERAL CIRCULAR no: 21/2014 dated June 18, 2014 clarifies that section 135 and Companies (CSR policy) Rules, 2014 is to ensure that the activities undertaken in pursuance of the CSR policy must be relatable to Schedule VII of the Companies Act, 2013. However, the entries in the said Schedule VII must be interpreted liberally so as to capture the essence of the

subjects enumerated in the said Schedule. The items enlisted in the Schedule VII of the Act, are broad-based and are intended to cover a wide range of activities.

#### COMPLIANCES FOR HOLDING OR SUBSIDIARY COMPANY \

A holding or subsidiary company of a company which fulfils the criteria under section 135(1) doesn't make the company (holding or subsidiary) liable to comply with section 135, unless the company itself fulfills the criteria.

#### APPLICABILITY OF SEC 135 TO SECTION 8 COMPANIES:

Section 135 of the Act reads " Every company.....", i.e no specific exemption is given to section 8 companies with regard to applicability of section 135, hence section 8 companies are required to follow CSR provisions once they fulfill the criteria specified under sec 135 of Companies Act, 2013

#### APPLICABILITY OF SEC 135 TO FOREIGN COMPANIES

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.

#### SECTION 134 OF COMPANIES ACT, 2013

According to sub-section (3) of sec 134, there shall be attached to statements laid before a Company in General meeting, a report of Board of directors, which shall include-

- ❖ The details about the policy developed and implemented by the Company on Corporate Social Responsibility initiatives taken during the year.

**Note:** Provided that where the policy referred in respect of the above clause is made available on the Company's website, if any, it shall be sufficient compliance of the requirements under such clauses if the salient features of the policy and any change therein are specified in brief in the Board's report and the web address is indicated therein at which the complete policy is available.

**Penalty:** If a company contravenes the provisions of this section, the company shall be punishable with fine which shall not be less than fifty thousand rupees but which may extend to twenty-five lakh rupees and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to three years or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both.



**DISCLOSURE AS PER PART II OF SCHEDULE III OF COMPANIES ACT, 2013 (Profit and loss account)**

According to the part II of schedule III, the Companies that are covered under section 135, shall disclose its amount in the notes of accounts under the head expenditure a sum equal to the amount incurred on corporate social responsibility activities;

**Note:** The provisions of Part II shall apply to the income and expenditure account referred to in sub-clause (ii) of clause (40) of section 2 in like manner as they apply to a statement of profit and loss.

**RECENT CHANGES**

The Ministry through its general circular no: 10/2020 dated March 23, 2020 with due respect to declaration of Pandemic by World Health Organisation (WHO) has

clarified that spending CSR funds on COVID-19 activities is an eligible CSR activity. The Ministry further clarified that the funds can be utilised for various activities related to COVID-19 under items nos (i) and (xii) of Schedule VII relating to promotion of health care, including preventive health care and sanitation and disaster management. Further, as per General Circular No 21/2014 dated June 18, 2014, items in Schedule VII are broad based and may be interpreted liberally for the purpose.

Another General Circular No: 15/2020 dated April 10, 2020 was issued by the Ministry clarifying whether contribution made to PM CARES Fund and other funds shall be considered to be eligible CSR expenditure. Given below is a table giving clear picture about the eligible CSR expenditure

Sr. No	Name of the Fund	Whether eligible CSR expenditure or not?	Explanation
1	PM CARES fund	Yes	Contribution made to 'PM CARES Fund' shall qualify as CSR expenditure under item no (viii) of Schedule VII of the Companies Act, 2013 and it has been further clarified vide Office memorandum F. No. CSR-05/1/2020-CSR-MCA dated 28th March, 2020.
2	Chief Ministers Relief Fund	No	'Chief Minister's Relief Fund' for COVID-19' is not included in Schedule VII of the Companies Act, 2013 and therefore any contribution to such funds shall not qualify as admissible CSR expenditure
3	State Relief Fund	No	State Relief Fund for COVID-19' is not included in Schedule VII of the Companies Act, 2013 and therefore any contribution to such funds shall not qualify as admissible CSR expenditure
4	State Disaster Management Fund	Yes	Contribution made to State Disaster Management Authority to combat COVID-19 shall qualify as CSR expenditure under item no (xii) of Schedule VII of the 2013 and clarified vide general circular No. 10/2020 dated 23rd March, 2020.
5	Payment of salary/wages to employees and workers, including contract labour, during the lockdown period	No	Payment of salary/ wages in normal circumstances is a contractual and statutory obligation of the company. Similarly, payment of salary/ wages to employees and workers even during the lockdown period is a moral obligation of the employers, as they have no alternative source of employment or livelihood during this period. Thus, payment of salary/ wages to employees and workers during the lockdown period (including imposition of other social distancing requirements) shall not qualify as admissible CSR expenditure.



**KEY POINTS:**

- ❖ Salary paid by the companies to regular CSR staff as well as employees, who render their services for CSR will be part of Administrative overheads and should not exceed 5% of the total CSR expenditure as per rule 4(6) of CSR Policy, Rules 2014.
- ❖ The amount spent by a company towards CSR cannot be claimed as business expenditure. The Finance Act, 2014 provides that any expenditure incurred by an assessee on the activities relating to corporate social responsibility referred to in section 135 of the

Companies Act, 2013 shall not be deemed to be an expenditure incurred by the assessee for the purposes of the business or profession.

- ❖ Computation of net profit for section 135 is as per section 198 of the Companies Act, 2013 which primarily is NET PROFIT BEFORE TAX.

**TOP 6 STATES IN CONTRIBUTION TO CSR ACTIVITIES**

According to the records provided by CSR Portal the following states have made the highest contribution towards CSR activities

SR. NO	STATE	AMOUNT SPENT FY 2017-2018 INR (crores)
1	Maharashtra	2527.94
2	Karnataka	951.27
3	Gujarat	769.28
4	Delhi	541.14
5	Andhra Pradesh	269.04
6	Haryana	262.07

*Explanation: According to the data analysis carried out by NextGen, based on the reports of the Company showed that the CSR capital is based in developed states because of the vast network of NGO's in the states like Maharashtra, Gujarat, Karnataka, Delhi, etc. On the other hand the island territories of Lakshadweep and Andaman and Nicobar had little or no exposure to CSR spends. The state of Maharashtra has emerged as the biggest beneficiary since the first year in which CSR contribution became mandatory due to strong presence of manufacturing facilities across the state. Also,*

*majority companies have Mumbai as their headquarter and this has resulted in more than 50% of the top 100 companies by market capitalisation on NSE deploying their CSR spends in Maharashtra either directly or indirectly.*

**SECTOR WISE DEVELOPMENT**

The CSR funds were utilised for a lot of purposes like cleaning of river Ganga, sports, hunger eradication, etc. However, the highest contribution was made in the following sectors.

Sr. No	Development Sectors	Amount spent in FY 2017-2018 (in crores)
1	Education, Differently abled, Livelihood	3486.76
2	Health, Eradicating hunger, poverty and malnutrition, safe drinking water, sanitation	1773.53
3	Rural development	1066.51
4	Environment, Animal welfare, Conservation of resources	1006.36
5	Gender equality, women empowerment, old age homes, reducing inequalities	274.79



**Conclusion:**

Even after strict rules and provisions, it is still difficult to identify and track the actual flow of funds and to regulate the use of such funds only for the activities specified under Schedule VII of the Act. The Ministry should come up with norms for more stringent reporting, transparency in the flow of funds, regular reporting of CSR by the Companies other than by the way of Board's report as per section 134 and notes to accounts as per Schedule III, keep a close eye on NGO's,

Trusts and Societies, regular auditing for NGO's will help us close the loophole and prevent the Companies from taking inappropriate advantage of loopholes.

**BIBLIOGRAPHY:**

1. MCA21
2. Economic times newspaper
3. National CSR Portal





## Sanskrit Shlok and its meaning

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अनुगन्तुं सतां वर्त्म कृत्स्नं यदि न शक्यते।  
स्वल्पमप्यनुगन्तव्यं मार्गस्थो नावसीदति॥

### Meaning

Following the complete advice or the path of the pious, noble persons may not be always possible but one thing is certain that following their advice and path will always help us improve and will never downgrade a person .

### Comment

We see around us certain personalities who are above board, who are like a lighthouse, are great thinkers and motivators, are role models.

Now the question that emerges is whether we can follow them one hundred percent? Whether we can do all those things which they have done?

Perhaps the answer to this question could be “NO “. We may not be able to follow them completely, however all said and done even a step or two, taken in the direction shown by them will only elevate us and will never downgrade a person. Therefore, we should try to follow such idols in the best possible manner and to the extent possible. Each one of us cannot fight like Chhatrapati Shivaji Maharaj but then trying to do what he did for the country will certainly make us better persons. Every one may not become Saint Tukaram Maharaj or Yudhishtira of Mahabharat but we should try to follow the true path ( SatyaMarg) so that we do not become Duryodhana or Mambaji.



**Regulatory updates on the Companies Act, 2013**  
(From 21st May 2020 to 20th June 2020)



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CS Chetan Patankar, patankarcv@gmail.com

<p>1. Notification dated 26th May, 2020</p>	<p><b>Amendment of item no.(viii) in the Schedule VII to the Companies Act, 2013</b> The MCA vide its notification dated 26th May, 2020, further amended schedule VII to the Companies Act 2013. As per this notification, in item (viii) of the Schedule VII, after the words “Prime Minister's National Relief Fund”, the words “or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)” are added. This notification is deemed to have come into force on 28th March, 2020.</p>
<p>2. Notification dated 5th June, 2020</p>	<p><b>Companies (Share Capital and Debentures) Amendment Rules 2020</b> The MCA vide its notification dated 5th June, 2020, amended Companies (Share Capital &amp; Debentures) Rules (“said rules”). As per this notification: 1. the second proviso of sub-rule (4) of rule 8 of the said rules is amended as under: (i) For the letters, figures, brackets and words "GSR 180(E), dated 17th February, 2016 issued by the Department of Industrial Policy and Promotion", the letters, figures, brackets, and words "G.S.R. 127(E), dated the 19th February, 2019 issued by the Department for Promotion of Industry and Internal Trade" shall be substituted; (ii) For the words "five years" the words, "ten years" shall be substituted. Accordingly, post this amendment, the definition of start-up Company is to be construed as per G.S.R. 127(E), dated the 19th February, 2019 issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India. Further, such start-up companies may (post this amendment) issue sweat equity shares not exceeding fifty percent of its paid up capital upto ten years from the date of its incorporation or registration as against to five years from incorporation / registration. 2. Rule 18, sub-rule (7), clause (b), sub-clause (v) is substituted with the following: “(v) In case a company is covered in item (A) of sub-clause (iii) of clause (b) or item (B) of sub-clause (iv) of clause (b), it shall on or before the 30th day of April in each year, in respect of debentures issued by such a company, investor deposit, as the case may be, a sum which shall not be less than fifteen percent., of the amount of its debentures maturing during the year, ending on the 31st day of March of the next year in any one or more methods of investments or deposits as provided in sub-clause (vi): Provided that the amount remaining invested or deposited, as the case may be, shall not any time fall below fifteen percent. of the amount of the debentures maturing during the year ending on 31st day of March of that year.”</p>
<p>3. General Circular No. 22/2020 dated 15th June, 2020</p>	<p><b>Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 read with rules made there under on account of Covid-19 - Extension of time</b> This Ministry has issued General circular No. 14/2020 on 8th April, 2020 and General circular No. 17/2020 on 13th April, 2020 for providing clarifications on passing of ordinary and special resolutions by companies by holding extraordinary general meetings (EGMs) through video conferencing (VC) or other audio visual means (OAVM) or passing of certain items only through postal ballot without convening general meetings. The framework provided in the said circulars allows the companies to hold relevant EGMs or transact relevant business through postal ballots, as per procedure specified therein, upto 30th June, 2020 or till further orders, whichever is earlier.</p>



	<p>Considering the requests received from the stakeholders for extending the period, the MCA allows companies to conduct their EGMs through VC or OAVM or transact items through postal ballot in accordance with the framework provided in the aforesaid Circulars upto 30th September, 2020. All other requirements provided in the said Circulars remain unchanged.</p>
<p>4. General Circular No. 23/2020 dated 17th June, 2020</p>	<p><b>Scheme for relaxation of time for filing forms related to creation or modification of charges under the Companies Act, 2013</b></p> <p>On account of the pandemic caused by the COVID-19, and considering representations received in this Ministry, requesting that the timelines related to filing of certain charge related forms may be suitably relaxed so as to provide a window of compliance for the registration of charges, the Central Government has decided to introduce a Scheme, namely "Scheme for relaxation of time for filing forms related to creation or modification of charges under the Companies Act, 2013" for the purpose of condoning the delay in filing certain forms related to creation/ modification of charges.</p> <p>The important details of the scheme are as under: -</p> <ol style="list-style-type: none"> <li>1. Effective date of commencement of the scheme - 17th June 2020</li> <li>2. Applicability - Form CHG-1 &amp; CHG-9 (to be filed by a company or a charge holder), where the date of creation / modification of charge:             <ol style="list-style-type: none"> <li>(a) Is before 1st March 2020, but the time line for filing such form had not expired under section 77 of the Act as on 1st March 2020, or</li> <li>(b) Falls on any date between 1st March 2020 to 30th September 2020 (both dates inclusive).</li> </ol> </li> <li>3. The Scheme shall not apply, in case:             <ol style="list-style-type: none"> <li>(a) The forms i.e. CHG-1 and CHG-9 had already been filed before the date of issue of this Circular.</li> <li>(b) The time line for filing the form has already expired under section 77 or section 78 of the Act prior to 1st March 2020</li> <li>(c) The time line for filing the form expires at a future date, despite exclusion of the time provided in sub-para (iii) above.</li> <li>(d) Filing of Form CHG-4 for satisfaction of charges.</li> </ol> </li> </ol> <p>The relaxation of time, applicability of fees and the other relevant details of the scheme are as per General Circular No. 23/2020 dated 17th June, 2020.</p>
<p>5. General Circular No. 24/2020 dated 19th June, 2020</p>	<p><b>Clarification with regard to creation of deposit repayment reserve of 20% u/s. 73 (2) (C) of the Companies Act 2013 and to invest or deposit 15% of amount of debentures u/r.18 of Companies (Share capital and Debentures) Rules 2014 - COVID-19 -Extension of time-regarding</b></p> <p>The MCA has issued this clarification in continuation to General Circular No. 11/2020 dated 24th March 2020 (Sub: Special Measures under Companies Act, 2013 (CA-2013) and Limited Liability Partnership Act, 2008 in view of COVID-19 outbreak) and keeping in view the requests received from various stakeholders seeking extension of time for compliance of the subject requirements on account of covid-19.</p> <p>The Central Government decided to further extend the time in respect of matters referred to in paras V, VI of the aforesaid circular, from 30th June 2020 to 30th September 2020. All other requirements shall remain unchanged.</p>

## REGULATORY UPDATES ON SECURITIES LAW (21st May to 20th June 2020)

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CS Nikita Navindgikar, nikks.nn@gmail.com



Date	Circular No./ Notification No.	Updates										
June 4, 2020	SEBI/HO/IMD/DF 6/CIR/P/2020/92	<p>Relaxation in compliance with requirements pertaining to AIFs and VCFs</p> <p>In light of market events due to CoVID-19 pandemic, SEBI, vide Circular No. SEBI/HO/IMD/DF1/CIR/P/2020/58, dated March 30, 2020, extended the due date for regulatory filings for AIFs and VCFs for the periods ending March 31, 2020 and April 30, 2020.</p> <p>In addition to the above, SEBI has granted further relaxation and AIFs and VCFs are now permitted to submit the regulatory filings for the months ending March, April, May and June 2020, as applicable, on or before August 07, 2020.</p> <p>This circular is available on SEBI website at <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> under the category "Legal-Circulars".</p>										
June 8, 2020	SEBI/HO/DDHS/C IR/P/2020/098	<p>Relaxation from compliance with certain provisions of the SEBI (Issue and Listing of Debt Securities) Regulations, 2008, SEBI (Non-Convertible Redeemable Preference Shares) Regulations, 2013 and other SEBI Circulars due to the COVID -19 virus pandemic:</p> <p>SEBI vide circular no. SEBI/HO/DDHS/ON/P/2020/41 dated March 23, 2020 specified guidelines for relaxation from compliance with certain provisions of the SEBI LODR Regulations and other SEBI Circulars due to the COVID -19 virus pandemic.</p> <p>It is further decided to extend this relaxation provided in the circular for issuers who intend/propose to list their non-convertible debentures (NCD)/ non-convertible preference shares (NCPS)/ commercial papers (CP) for disclosure of financial results for another month. Accordingly, SEBI has granted following relaxations in time lines:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Particulars</th> <th>Available financials</th> <th>Date for issuance</th> <th>Extended date for issuance</th> <th>Period of relaxation</th> </tr> </thead> <tbody> <tr> <td>Cut-off date for issuance of NCD/ NCPS/CP</td> <td>As on September 30, 2020</td> <td>On or before March 31, 2020</td> <td>On or before June 30, 2020</td> <td>91 days</td> </tr> </tbody> </table> <p>This circular is available on SEBI website at <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> under the category "Legal-Circulars".</p>	Particulars	Available financials	Date for issuance	Extended date for issuance	Period of relaxation	Cut-off date for issuance of NCD/ NCPS/CP	As on September 30, 2020	On or before March 31, 2020	On or before June 30, 2020	91 days
Particulars	Available financials	Date for issuance	Extended date for issuance	Period of relaxation								
Cut-off date for issuance of NCD/ NCPS/CP	As on September 30, 2020	On or before March 31, 2020	On or before June 30, 2020	91 days								



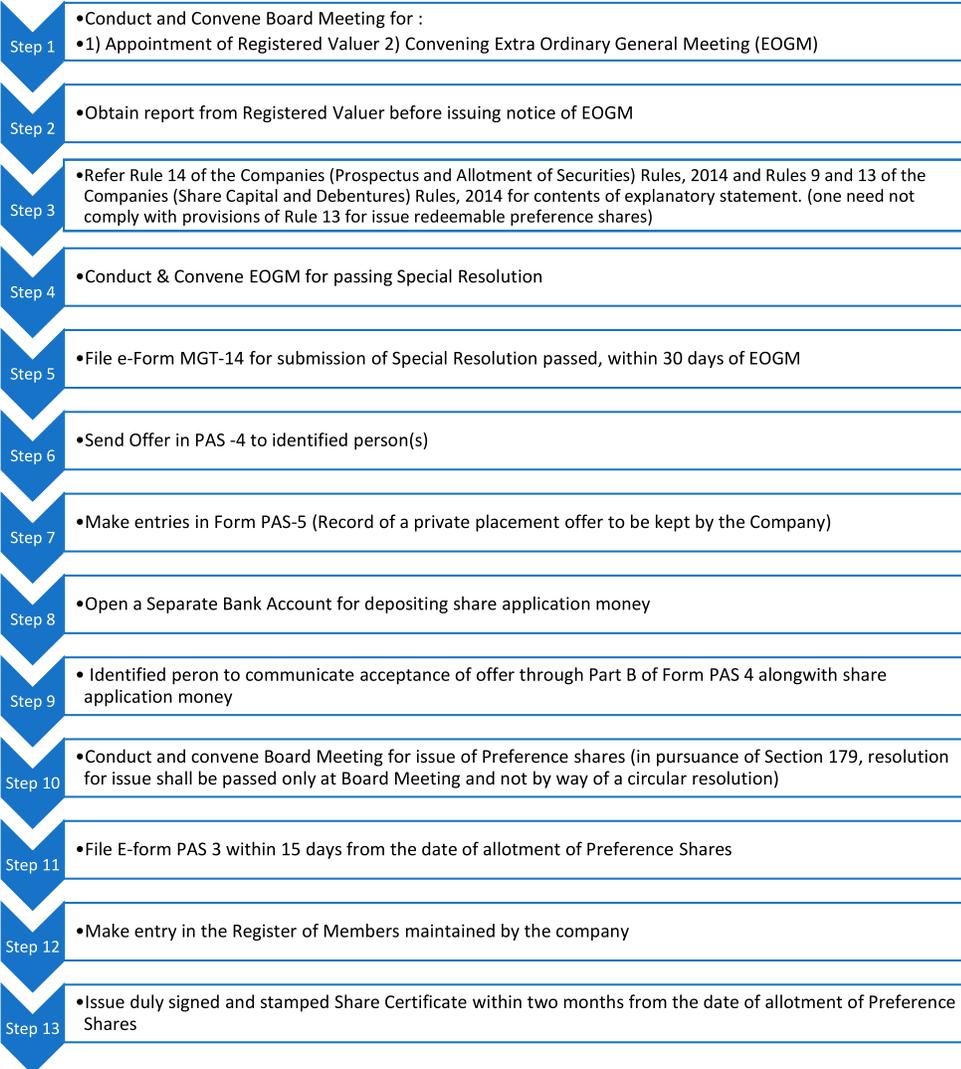
## PROCESS CHART FOR ISSUE OF PREFERENCE SHARES

CS Amruta Rohit Tikhe  
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- **Ensure following before planning Issue of Preference shares :**
- Whether Capital clause of the Memorandum & Articles of Association is divided into Equity and Preference Capital.
- Whether there is sufficient unissued Authorised Preference Share Capital
- Whether Articles of Association authorizes issue of Preference Shares
- Redeemable Preference Shares to be issued not exceeding 20 years (only exception is infrastructure projects)

### Applicable Sections & Rules :

- Sections 42, 62 and 55 of CA 2013
- Rule 14 of Companies (Prospectus and Allotment of Securities ) Rules 2014 & Amendments thereto.
- Rules 9, 10 and 13 of Companies (Share Capital and Debenture) Rules 2014 & Amendments thereto



- Redemption can be made only out of profits of the Company or fresh issue of shares made for redemption.
- only fully paid up shares can be redeemed.
- Where proposed redemption is out of profits, sum equal to nominal amount shares to be redeemed, to be transferred to Capital Redemption Reserve (CRR).
- Where Company is unable to redeem preference shares or to pay dividend, Company may with the consent of 3/4<sup>th</sup> members & with approval of Tribunal, issue further Redeemable Preference Shares equivalent to redemption and dividend, if any and on issue of such further shares, the unredeemed preference shares shall be deemed to have been redeemed. Issue of such further redeemable preference shares shall not be deemed to be an increase or a reduction, in the Share Capital of the Company.

## PUZZLE - June 2020

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### EXPAND THE ACRONYMS FROM HINTS AND MATCH IT WITH ITS YEAR

Sr. No	Acronym	Hint	Answer	Year
1	CSR	CA Rule		2015
2	EPF	Act		2018
3	ESI	Act		2015
4	FEMA	Act		1999
5	GST	Act		2016
6	IBC	Act		2002
7	ICDR	SEBI Regulation		1948
8	IEPF	CA Rule		1882
9	LLP	Act		2018
10	LODR	SEBI Regulation		2005
11	MSMED	Act		2017
12	NCLAT	CA Rule		2016
13	NFRA	CA Rule		2006
14	PIT	SEBI Regulation		1934
15	PMLA	Act		2008
16	RBI	Act		2005
17	RERA	Act		2018
18	RTI	Act		1952
19	SARFAESI	Act		2011
20	SAST	SEBI Regulation		2016
21	SBO	CA Rule		1956
22	SCR	Act		1992
23	SEBI	Act		2014
24	SEZ	Act		2002
25	TP	Act		2016



## Answer - May 2020 PUZZLE

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UNSCRAMBLE THE WORDS															
1	T	I	U	R	A	N	B	L							<b>ANSWER KEY</b> TRIBUNAL
2	D	E	I	A	R	V	T	I	V	E					DERIVATIVE
3	I	E	N	R	D	S	I								INSIDER
4	O	M	B	S	U	A	M	D	N						OMBUDSMAN
5	D	E	E	U	B	N	R	T	E						DEBENTURE
6	Q	A	F	I	U	T	O	I	I	A	C	L	N		QUALIFICATION
7	A	G	N	R	E	E	N	M	A	R	T				ARRANGEMENT
8	A	O	L	A	G	A	M	I	T	A	M	N			AMALGAMATION
9	O	P	O	S	S	E	R	P	I	N					OPPRESSION
10	S	E	H	U	D	C	E	L							SCHEDULE
11	I	D	V	I	E	N	D	D							DIVIDEND
12	A	A	N	H	C	I	M	R							CHAIRMAN
13	H	I	I	A	E	T	I	N	R	B	T	A	L	O	REHABILITATION
14	I	R	N	A	O	I	S	S	M	T	N	S			TRANSMISSION
15	C	N	A	K	Y	P	T	R	B	U					BANKRUPTCY
16	C	S	Y	L	O	N	V	E	N	I					INSOLVENCY
17	G	A	C	H	E	R									CHARGE
18	S	P	C	O	T	P	S	U	E	R					PROSPECTUS
19	O	R	E	A	E	T	K	V							TAKEOVER

\*Name of the Chairman of Pune Chapter of ICSI (for the words highlighted in yellow colours)

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<p><b>Broad Spectrum</b></p> <ul style="list-style-type: none"> <li> Area Assessment &amp; Socio-economic Surveys</li> <li> Skill Development, Vocational Training, Entrepreneurship Development</li> <li> Corporate Environmental Responsibility (CER)</li> </ul>	<p><b>Clientele</b></p> <ul style="list-style-type: none"> <li> Energy Conservation Solutions</li> <li> Infrastructure Development Services</li> <li> Cluster Development</li> </ul>
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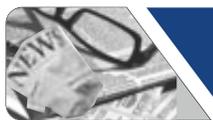
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# News from Chapter

## Chapter Report of ICSI-PUNE CHAPTER

From 21st May 2020 to 20th June 2020

CS Sanjay Patare, Secretary, Pune Chapter of ICSI

(Email ID: cssanjaypatare@gmail.com)

### STUDENTS' TRAINING ACTIVITIES

Sr. No.	Activities conducted	Remarks
1	Nil	Nil

### OTHER PROGRAMS/MEETING

Sr. No.	Activities conducted	Remarks
1	Webinar on 22.05.2020	ICSI-Pune Chapter had organized webinar on "Impact of Lockdown on Employment Laws" on 22nd May 2020 from 11.00 am to 12.30 pm. CS Sandeep Nagarkar was the eminent faculty for this webinar. This webinar was attended by 70 delegates from Pune. One (1) PCH was awarded to CS Members who attended this program.
2	Webinar on 29.05.2020	ICSI-Pune Chapter had organized webinar on "Fundamentals of Transfer Pricing and effectively managing the impact of COVID-19 on it" on 29th May 2020 from 11.00 am to 12.30 pm. CA Amit Dhadphale was the eminent faculty for this webinar. This webinar was attended by 70 delegates from Pune. One (1) PCH was awarded to CS Members who attended this program.
3	Webinar on 05.06.2020	ICSI-Pune Chapter had organized webinar on "All About MSME" on 05th June 2020 from 11.00 am to 12.30 pm. CS Pawan G Chandak was the eminent faculty for this webinar. This webinar was attended by 70 delegates from Pune. One (1) PCH was awarded to CS Members who attended this program.
4	Webinar on 12.06.2020	ICSI-Pune Chapter had organized webinar on "Nitty-gritty and practical challenges in CIRP Process under IBC" on 12th June 2020 from 05.00 pm to 6.30 pm. CS IP CFA Anil Seetaram Vaidya was the eminent faculty for this webinar. This webinar was attended by 70 delegates from Pune. One (1) PCH was awarded to CS Members who attended this program.
5	Webinar on 20.06.2020	ICSI-Pune Chapter had organized webinar on "360 degree analysis of holding BMs and GMs through VC or OAVM" on 20th June 2020 from 05.00 pm to 6.30 pm. CS S. Sudhakar was the eminent faculty for this webinar. This webinar was attended by 70 delegates from Pune. One (1) PCH was awarded to CS Members who attended this program.

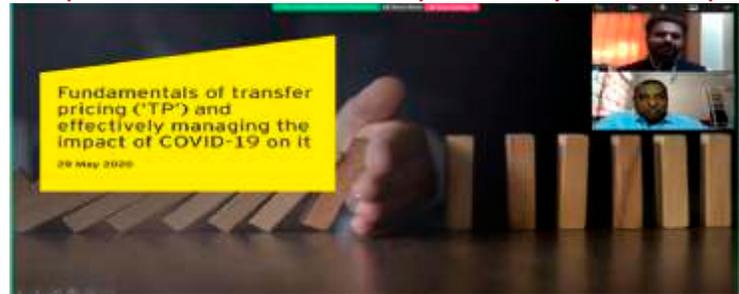


# Memory Refreshing

Topic "Impact of Lockdown on Employment Laws" on 22nd May 2020.  
Faculty: CS Sandeep Nagarkar



Topic "Fundamentals of Transfer Pricing and effectively managing the impact of COVID-19 on it" on 29th May 2020. Faculty CA Amit Dhadphale



Topic "Nitty-gritty and practical challenges in CIRP Process under IBC" on 12th June 2020.  
Faculty CS IP CFA Anil Seetaram Vaidya



Topic "All about MSME" on 05th June 2020.  
Faculty CS Pawan G Chandak



Topic "360 degree analysis of holding BMs and GMs through VC or OAVM" on 20th June 2020 Faculty CS S. Sudhakar.



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