

CORPORATE SOCIAL RESPONSIBILITY (CSR)

107

*{Section 135 read with section 198 of the Act read with
Rule 3 of the Companies (Corporate Social Responsibility) Rules, 2014}.*

Synopsis

107.1	Procedure with check points	1836
107.2	Statement to be filed	1848
107.3	List of Documents Required	1848
107.4	List of Information Required	1849
Appendix 107.1	Sample board resolutions	1849
Appendix 107.2	Sample CSR committee resolutions	1850
Appendix 107.3	Activities which may be included in the csr policy of a company	1851
Appendix 107.4	Corporate Social Responsibility Policy	1852
Appendix 107.5	Format for the annual report on CSR activities to be included in the board's report [For financial year commenced prior to 1st day of April, 2020]	1855
Appendix 107.6	Format for the annual report on CSR activities to be included in the board's report for financial year commencing on or after 1st day of April, 2020	1856
Appendix 107.7	FAQs with regard to CSR under section 135 of the Act	1859
Appendix 107.8	Clarifications with regard to provisions of CSR under section 135 of the Act	1864
Appendix 107.9	FAQs on CSR (COVID-19 related)	1869
Appendix 107.10	Clarification on contribution to PM cares fund as eligible CSR activity under item no. (viii) of the Schedule VII of Companies Act, 2013	1870
Appendix 107.11	Clarification on spending of CSR Funds for COVID-19	1871

Relevant Sections, Rules and Forms at a Glance

Particulars	Section(s), Rule(s) and Name of e-Form(s)
The Companies Act, 2013	Sections 2(57), 2(91), 134, 135, 198, 381 and Schedule VII
The Companies (Corporate Social Responsibility Policy) Rules, 2014	Rule 3, 4, 5, 7, 8 and 9
Secretarial Standard-1 of ICSI	Clauses 3, 4, 5, 6, 7 and 8
Statement/Return to be filed	Annual Report on CSR Activities to be attached with Board's Report

Significant Relevant Approvals and Requirements

- ❖ Constitution of Corporate Social Responsibility committee
- ❖ Corporate Social Responsibility committee resolution for recommendation
- ❖ Board resolution
- ❖ Corporate Social Responsibility policy
- ❖ Corporate Social Responsibility projects and activities
- ❖ Particulars of the organisation where funds spent by the company
- ❖ Details of the amount spent, to be spent and carried forward on Corporate Social Responsibility activities or projects
- ❖ Details of fund transferred to a Fund specified in Schedule VII, if any
- ❖ Annual report on Corporate Social Responsibility

107.1 PROCEDURE WITH CHECK POINTS

S. No.	Particulars
1.	<p>Check whether the provisions of Corporate Social Responsibility (CSR) are applicable on the company as CSR is applicable on every company¹, including its holding or subsidiary and a foreign company having its branch or project office in India, which meets any of the following criteria during the immediately preceding financial year:—</p> <ul style="list-style-type: none">- Net Worth of ₹500 crores or more;- Turnover of ₹1000 crore or more;- Net Profit (Profit before tax) of ₹5 crores or more; <p><i>{Section 135(1) of the Act read with Rule 3(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014}.</i></p> <p>Foreign company means any company or body corporate incorporated outside India which (a) has a place of business in India whether by itself or through an agent, physically or through electronic mode; and (b) conducts any business activity in India in any other manner <i>{Section 2(42) of the Companies Act, 2013}</i>.</p> <p>Net worth means the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the 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 <i>{Section 2(57) of the Companies Act, 2013}</i>.</p> <p>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 <i>{Section 2(91) of the Companies Act, 2013}</i>.</p>

¹ Not applicable in case of Specified IFSC Public Company or Specified IFSC Private Company - Section 135 shall not apply for a period of five years from the commencement of business of a Specified IFSC public company or Specified IFSC Private Company - Notification No GSR 8(E) for IFSC specified Public company and GSR 9 (E) for specified IFSC private company, both dated 4th January, 2017.

S. No.	Particulars
	<p>The subscribers, who are individuals in the Memorandum of Association (MOA) shall be deemed as first directors until the directors are duly appointed by the members in accordance with Section 152 of the Companies Act, 2013 and rules made thereunder (Section 152 of the Act).</p> <ul style="list-style-type: none"> • Not the person intended/proposed to be appointed a director of a company has a valid Director Identification Number (DIN) under section 174 or any other number as may be prescribed under section 174 of the Companies Act, 2013, however, in case of first directors of a new company, the DIN up to 3 (three) persons can be obtained through incorporation with integrated form SPICe-1 (INC-11) (Section 152 of the Act read with rule 152 of the Companies Incorporation Rules, 2014). • Not a total number of directors, at least one director has stayed in India for a total period of not less than 182 days during the financial year. Provided that in case of newly incorporated company, residential status shall be determined proportionately. However, it is not required in case the director is appointed by the Central Government or State Government (Section 152 of the Act). • A person, who is intended to be appointed, shall not be eligible for appointment, if he/she has any disqualification for appointment under section 164 of the Act (Section 164 of the Act read with company provisions of government company and regulations in COA 2012 about COA 2012). • A person proposed to be appointed as a director in a company other than a company registered under Section 8 (non-profit company) of the Companies Act, 2013 (Section 152 of the Act) <ul style="list-style-type: none"> - shall not hold office as a director including any alternate directorship in more than 20 companies including directorship in dormant companies. - shall not hold office in more than 10 public companies including the private companies which are holding or subsidiary of public companies.
2.	In case of one person company, an individual being sole member is deemed to be the first director of the company, if the articles of association has not mentioned the names of first directors (Section 152 of the Act).
3.	Forms created in writing, on or before appointment, from the appointed director to act as director in the company as Form 208-2 (Part 2 of the Companies Incorporation and Qualification of Directors Rules, 2014).
4.	Forms an certificate in writing, on or before appointment, from the appointed director as Form 208-3 regarding that he/she is not disqualified under Section 164 of Companies Act, 2013, to act as a Director (Section 164 of the Act read with rule 17 of the Companies Incorporation and Qualification of Directors Rules, 2014).
5.	The particulars of first directors to be integrated with Form SPICe-1 (INC-11) at the time of incorporation of company.

For the detailed procedure, please refer Company Law Procedures & Compliances by Dr. Sanjeev Gupta, 2nd edn, 2021. You can buy from your bookseller or online at www.bharatlaws.com

[COMPANY LAW Procedures & Compliances \(in 2 vols.\)](#)