



LATEST STATUTORY SNAPSHOT

THURSDAY, 08 AUGUST 2019



CSR SPEND MADE MANDATORY

Source: Companies (Amendment) Act, 2019

Date of Notification: 31st July, 2019

Section 135 of the Companies Act, 2013 (the Act) has been amended by the Companies (Amendment) Act, 2019 (Amendment Act).

However, the amendment is yet to be brought to force.

The summary of amendments to Section 135 are as under:

- CSR spending has been now made mandatory.
- Any unspent CSR fund (either arising from an ongoing project or not) should be transferred within thirty days from the last date of the financial year to a special account called “Unspent Corporate Social Responsibility Account”.
- If the company wants to spend the amount lying in the “Unspent Corporate Social Responsibility Account” on CSR obligations, it should do so within the expiry of three financial years from the date of such transfer.
- Any amount lying in the “Unspent Corporate Social Responsibility Account” beyond three financial years will have to be transferred to the fund specified under Schedule VII to the Act. Hence money unspent will have to be credited to funds like Swachh Bharat Kosh or Clean Ganga Fund, Prime Minister’s National Relief Fund or any other fund set up by the central government for socio economic development and relief.

Copyright © 2019 KSR & Co. Company Secretaries LLP. All rights reserved. You are receiving this email because you opted in via our website.

Mailing Address: KSR & Co Company secretaries LLP, 101, Indus Chambers, Govt. Arts College Road, Coimbatore 641018.



LATEST STATUTORY SNAPSHOT

THURSDAY, 08 AUGUST 2019

- The Central Government has now been empowered to give such general or special directions to a company or class of companies as it considers necessary to ensure CSR compliance.
- If a company contravenes the provisions relating to minimum CSR spending and / or transfer of the unspent CSR amount to the fund under Schedule VII the company shall be punishable with fine which shall not be less than Rs.50,000/- but which may extend to Rs.25,00,000/-. Every officer in default will be punishable with imprisonment for a term of three years or with fine which shall be not less than Rs.50,000/-but which may extend to Rs.5,00,000/- or with both.

Accordingly, the “comply or explain” approach has given way to “comply or suffer” approach.

*We need business to understand its social responsibility, that the main task and objective for a business is not to generate extra income and to become rich and transfer the money abroad, but to look and evaluate what a businessman has done for the country, for the people, on whose account he or she has become so rich - **Vladimir Putin***

| CENTRAL OFFICE | BRANCH OFFICE | BRANCH OFFICE |
|--|---|--|
| Indus Chamber No.101, Govt Arts College Road, Coimbatore – 641018. Tel No: - (0422)2302868, 4952868 Email: info@ksrandco.in Linked in: gene@ksrandco.in | Flat No.1, 26/27, Venkatesham Flat, Gopal Street, T-Nagar, Chennai – 600 017. Tel No: - (044)24337620, Email: chennai@ksrandco.in | S-311, 3 rd Floor, South Block, Manipal Centre, No.47, Dickenson Road. Bangalore – 560042, Tel No: - (080)25323232 Email: bangalore@ksrandco.in |