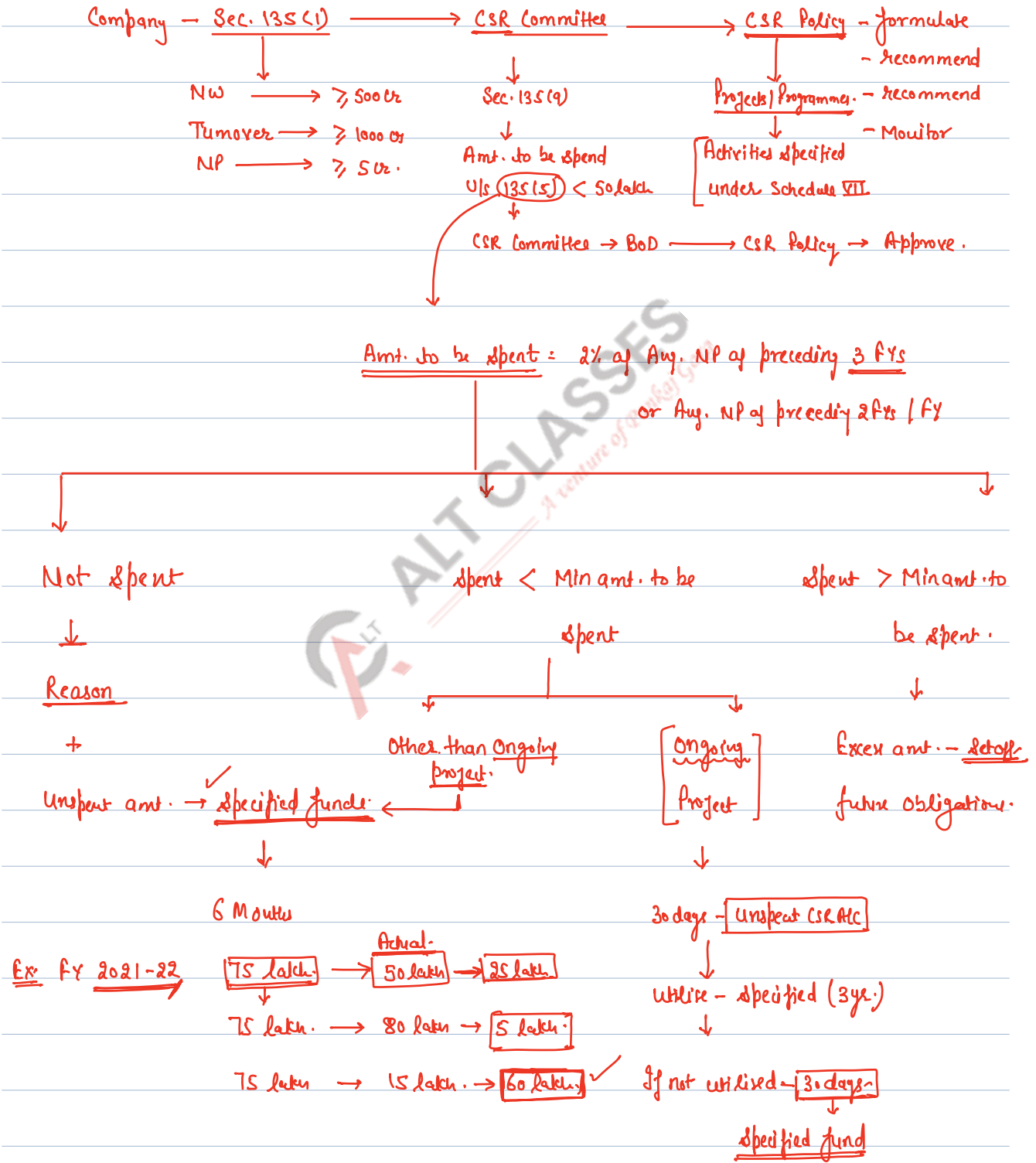


Lecture No. 4 of Chapter NO. 9

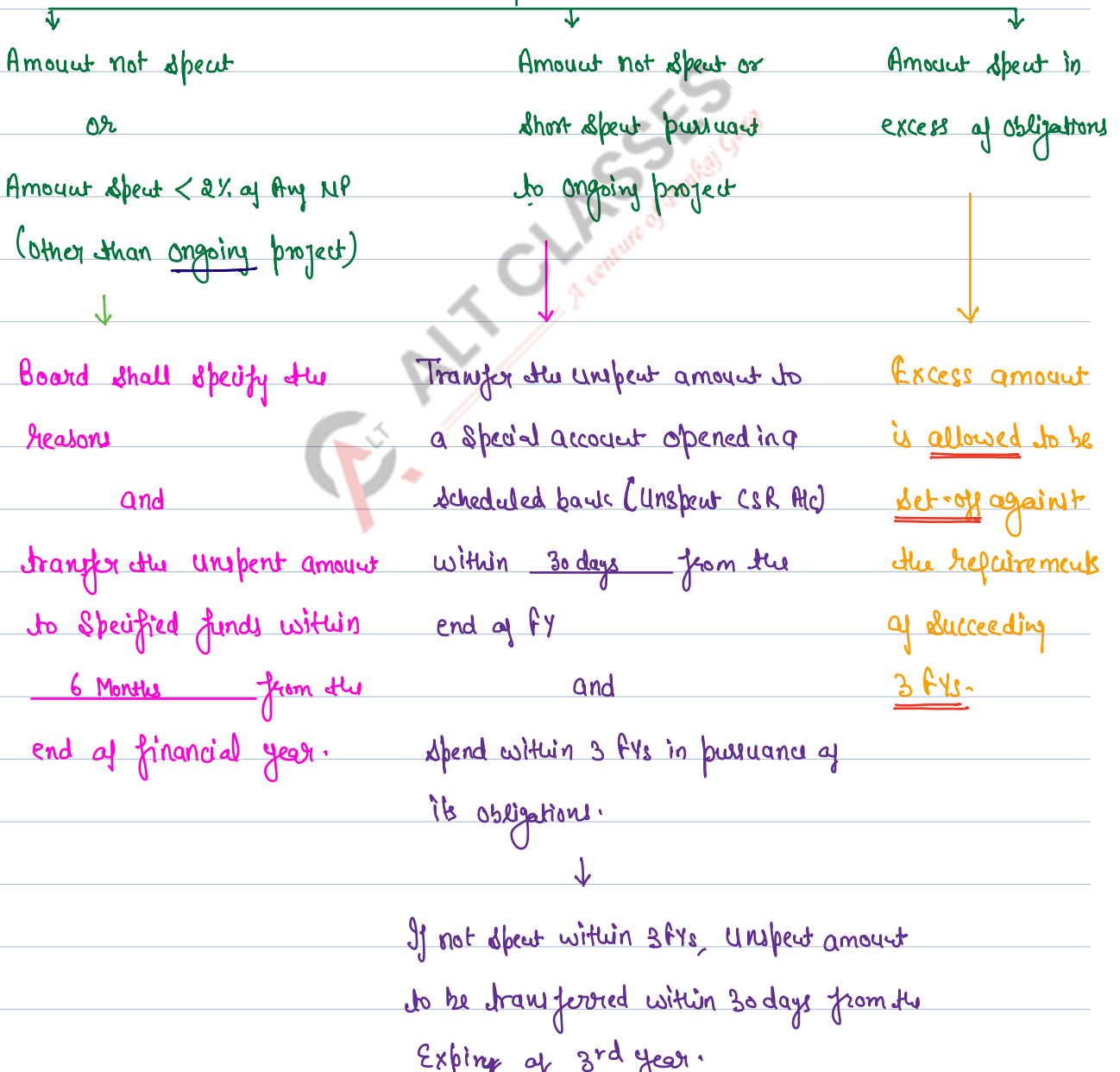
(vii) Corporate Social Responsibility:



Spending of CSR and consequences of non-compliance: Sec. 135(5) and 135(6)

Board of the company on which provisions of sec. 135 are applicable, shall ensure that the company spends in every financial year at least 2% of average net profit of immediate preceding three financial year; or where the company has not completed three financial years since its incorporation, during such immediate preceding financial year, in pursuance of its CSR Policy.

Consequences of non-spending or short/excess spending:



Example 1: FY 2019-20 Net Profit = 10 Cr.

FY 2020-21 " " = 18 Cr.

FY 2021-22 " " = 32 Cr.

Q.1: What is the amount to be spent for CSR activities for FY 2022-23.

Ans.: (a) 20 lakh (b) 4 lakh (c) 64 lakh (d) 40 lakh

$$2\% \text{ of } \left(\frac{10 \text{ Cr} + 18 \text{ Cr} + 32 \text{ Cr}}{3} \right) = 40 \text{ lakh}$$

Q.2: If actual amount spent is 25 lakh and there is no ongoing project, what will be obligations of the company.

Sol.: (a) No obligation

(b) Deficit of 15 lakh to be utilised in FY 2023-24.

(c) Deficit of 15 lakh to be transferred to unspent CSR A/c.

✓(d) Deficit of 15 lakh to be transferred to specified funds.

Q.3: If actual amount spent is 45 lakh, whether company is entitled to set-off the excess amount spent.

Sol.: (a) No

(b) Yes, set off allowed against CSR obligations of immediate succeeding 2 FYs.

✓(c) Yes, set-off allowed against CSR obligations of immediate succeeding 3 FYs.

(d) Yes, set-off allowed against CSR obligations of immediate succeeding 5 FYs.

Q.4 : If actual amount spent is ₹ 8 lakh and an Ongoing project exists, what will be the obligations of the company.

Sol.: (a) Unspent amt. of ₹ 8 lakh to be transferred within 30 days to specified funds.

✓ (b) Unspent amt. of ₹ 8 lakh to be transferred within 30 days to unspent CSR A/c.

(c) Unspent amt. of ₹ 8 lakh to be transferred within 6 months to specified fund.

(d) Unspent amt. of ₹ 8 lakh to be transferred within 6 months to unspent CSR A/c.

Penalty provisions for non-compliance of Sec. 135(5) and 135(6): Sec. 135(7)

↓
Company
↓
↓
Officer in default
↓

shall be liable to a penalty of

(a) twice the amount to be transferred to specified fund or unspent CSR A/c

or

(b) ₹ 1 crore,
whichever is lower.

shall be liable to a penalty of:

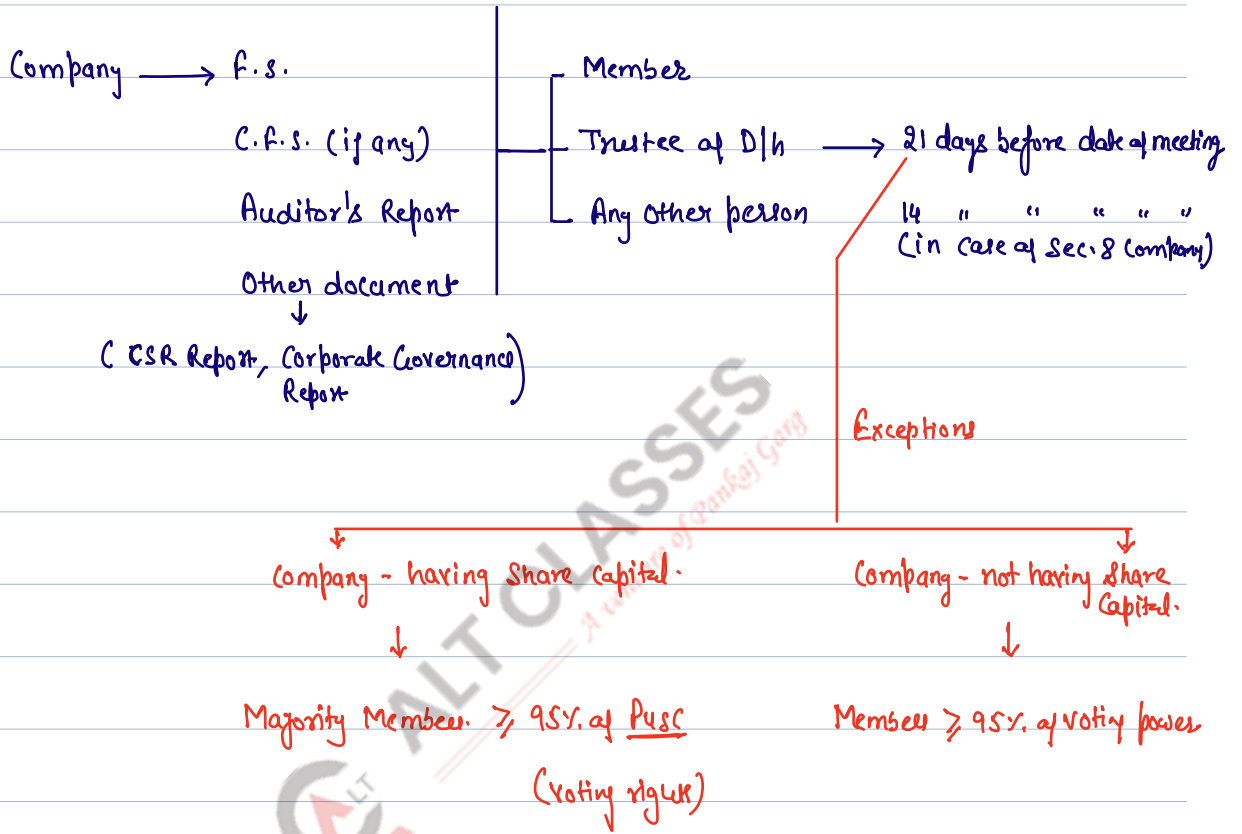
(a) $\frac{1}{10}$ th of amount to be transferred to specified fund or unspent CSR A/c

or

(b) ₹ 2 lakh
whichever is lower.

(viii) Rights of Members to copies of Audited financial statements (Sec. 136):

- to be covered from book -



Circulation: Demat shares → Electronically
 Other than demat → " (consent in writing)

Abridged financial statements! Listed Company → Abridged f.s. (AOC-3 / AOC-3A)

↳ Full financial statement - Inspection - regd. office

during working hours - 21 days

Obligations: Listed Companies - f.s. ^{+ CFS} - Website. ✓

- Subsidiaries / Associates → f.s. - Website. ✓

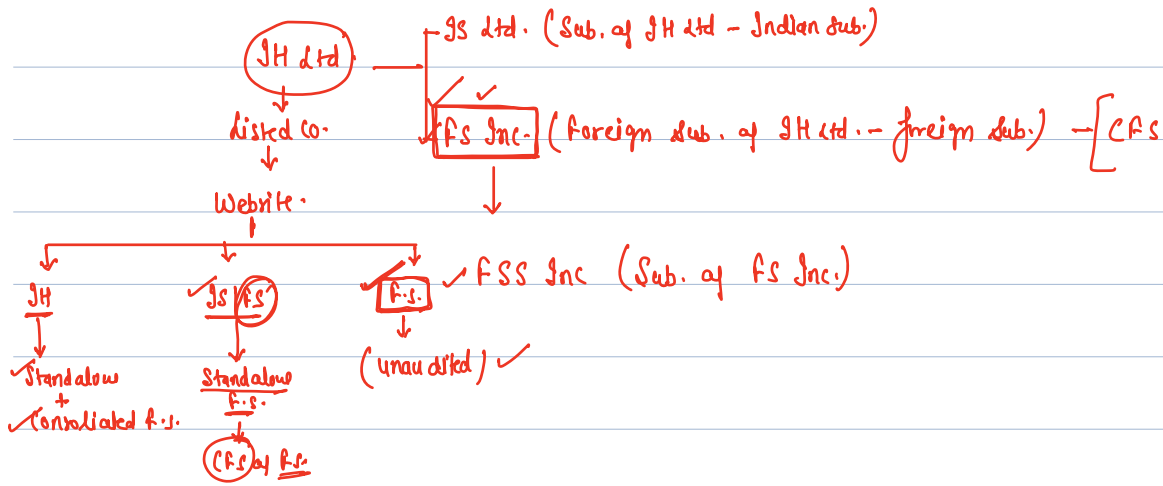
- Foreign subsidiaries

f.s. - audited ✓

f.s. - unaudited ✓

CFS

unaudited f.s. + Translation



Nidhi Companies → Sec. 136(1) → F.S. - Notice Board affix

Meeting Notice Circulate - Area.

Members → holding < ⇐ lower of 1% of PUC or ₹ 1000
 500 or 1000 = 500

Nidhi - 50000 x ₹1 = 50000 x = 700 -

y = 400

