Gurugram Branch of NIRC

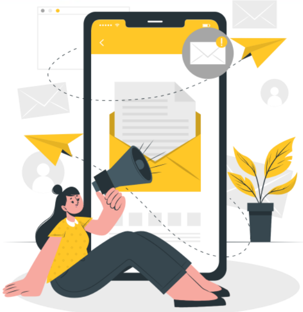
The Institute of Chartered Accountants of India

(Setup by an Act of Parliament)

e-Newsletter

Chartered Accountants

April 2021 Edition



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CA. Nitin Kataria
Chairman

Dear Members and Students,

Warm Greetings to all of you. It is an absolute pleasure to communicate with you as the Chairman of the largest branch of the northern region of our very esteemed institute which ranks the best among the professional bodies in the world. At the outset, today marks the beginning of a new financial year 2021-22 i wholeheartedly extend my best wishes for the same to each of our professional brothers and sister.

As you know that we were in a midst of a world level pandemic last year and each and every person on this earth was severely impacted. Despite most of the IT and Service sector was working from home we the Chartered Accountants were busy in our offices completing the work to meet the deadlines. But still the pandemic is not over yet and we have to take utmost safety and care to beat this pandemic. I also extend my heartfelt congratulations to all the students who qualified the January,2021 CA Foundation, Intermediate and Final Examinations.

The branch held its first physical seminar on 18th March,2021 almost after a gap of more than 1 year and it was very well received by the members as we saw a huge participation of the members in this and this shows that the professional community is ready to move forward now and once again, we are ready to serve for the noble cause of nation building.

I would also like to inform you all that the study group membership for the year 2021-22 is open now and I request you to please join the study group membership for the continuous updation of professional knowledge and excellence. We as a team are always committed to serve the Gurugram chapter and its members always.

We seek your continuous support and love to grow as a professional community. All the very best.

Article Key Metrics Assessment Startups

CA Kushal Aggarwal
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Before putting a dent in the universe, we need to understand our small world first!

India has the 3rd largest startup ecosystem in the world (with more than 50,000 startups). Industry has grown 7X in the last decade. Every single day, 5-6 new startups are born. Every founder brings in a new perspective, a new idea & a new solution.

But still the fact remains scary. 90% of the startups fail within first 5 years. You are more likely to fail than to succeed. So, what happens actually?

While there are multiple multiple factors that lead to this hard truth, one thing that stands out is inefficiency in understanding the right business metrics at right time.

Key Metrics Assessment is the Key! Period.

So, what is a business metric & How do we know which metric is the key metric?

Metric is nothing but a goal quantified!

Different startups have different metrics depending upon the industry, stage & their goals. While CM might be the most important metric for a Series round company, Seed stage company might focus on CAGR. While an OYO would focus on occupancy rate, Amazon would focus on GMV.

So, lets have a look few key metrics that are common to all the startups (have grouped it for better understanding)-

Growth Metrics

- CAC (Customer Acquisition Cost) = How much it costs, on average, to acquire a customer (This is undoubtedly one of the most critical one)
- MAU (Monthly Active Users) = The number of users that return to your startup's site or app on a monthly basis (Can be tracked as DAU/WAU as well)
- CMGR (Compounded Monthly Growth Rate) = (Latest Month/First Month) ^ (1 / # of Months) – 1 (Can be tracked as CAGR as well)
- MCR (Monthly Churn Rate) = Lost customers this month / prior month total
- ROAS (Return on Ad Spend) = Revenue (or GMV in case of aggregators) / total ad spend (Highly relevant for E-commerce business)

Profitability Metrics

Contribution Margin = (Revenue - Direct Costs) / Revenue (This defines the fundamental strength of business model)

Net Margins = (Total Revenue - Total Costs) / Total Revenue

Valuation Metrics

LTV (Lifetime Value) = Prediction of the net profit from the entire future relationship with a customer

TAM (Total Addressable Market) = Revenue opportunity available for a product

ARR (Annual Run Rate) = Projection of current Revenue MRR into the future, annualized

Cash Flow Metrics

Monthly Cash Burn Rate = How much money you spend per month (gross) (Everything is actually linked to this, this is the bottom line)

Cash Runway (No. of months) = Cash balance/Monthly cash burn

Average Collection Period = Total Debtors/ Net credit sales

Average Payment Period = Total Creditors/ Net credit monthly purchases

Revenue Metrics

ARPU (Annual Revenue per Account) = MRR / Total # of Customers

CCR (Customer Concentration Risk) = Revenue from largest customer / total revenue (Lesser the better)

Repeat Ratio = Customers coming back out of the total customers served over a period of time

There is no end to this list. But what matters is to understand what is relevant for your startup.

Is that the CAC which I have to reduce first or is that the ARPU that I have to increase first? Should I focus on growth rate or margins? Should I improve my repeat ratio or maximize my no. of unique clients?

You need to ask yourself all these questions & decide what actually aligns with your story. While you try to optimize on all these metrics, you have to choose TOP THREE METRICS at any point of time. If your focus is clear, execution becomes better.

Take help from advisors. Benchmark your competitors. Have strong data tracking in place & keep on analyzing the metrics & trust me, the journey will become easier!!

Schedule III of the Companies Act, 2013 – A Complete Walk-through

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1. Background

The Companies Act 2013*("Act")* introduced Schedule III which prescribes the rules for preparation and presentation of the financial statements for the companies registered under the Act. Section 129(1) of the Act prescribes that,

"The Financial Statements shall give a true and fair view of the state of affairs of the company or companies, comply with the accounting standards notified under section 133 and shall be in the form or forms as may be provided for different class or classes of companies in Schedule III".

Schedule III lays out a format of the balance sheet, the statement of profit and loss, the statement of changes in Equity (under Ind AS) and that further sets out the minimum requirements of disclosure on the face of the balance sheet and Profit and Loss (P/L).

Schedule III was notified on March 26, 2014 applicable for the financial period beginning from April 1, 2014. Considering the changes in regulatory framework, changes in accounting framework (for e.g Introduction of Ind AS since 2015) and the vision of more transparent and vigil financial statements, the rule-based Schedule III of the Act was amended/updated from time to time as required.

2. Chronology of the Amendment in Schedule III

The below table summarises the journey of Schedule III and its applicability so far:

Date of Notification	Particulars
March 26, 2014 ***(Division I)***	Schedule III applicable to companies which are preparing its financial statements as per Accounting Standards (Indian GAAP) was introduced.
April 6, 2016 ***(Division II)***	Schedule III applicable to companies other than NBFCs which are preparing its financial statements as per Ind AS was introduced.
October 11, 2018 ***(Division III)***	Schedule III applicable to NBFC Companies which are preparing its financial statements as per Ind AS was introduced.
October 11, 2018	Amendments made in Division I and Division II
March 24, 2021	Amendments made in Division I, Division II and Division III

3. Latest Amendments in Schedule III

The Ministry of Corporate Affairs vide Notification dated 24 March 2021 has amended Schedule III to the Act, which shall be effective from the 1st day of April 2021. The notification incorporates various additional disclosure requirements while preparing the financial statements of an entity which are covered under the three divisions of Schedule III.

Schedule III	Applicability	Amended
Division I	Indian GAAP (AS)	Yes
Division II	Ind AS (Companies other than NBFCs)	Yes
Division III	Ind AS (NBFC Companies)	Yes

The Ministry, vide amendments notified in Schedule III to the Act, required all the companies to provide specific disclosures regarding the detailed shareholding of the promoters, loans and advances extended to the promoters, directors, KMPs etc. of the company, details of proceedings under the Benami Transactions (Prohibition) Act, 1988 and many more to ensure closer vigilance upon the companies in India. The Amendment also requires companies to expressly disclose the financial ratios such as Current Ratio, Debt-Equity Ratio, Debt Service Coverage Ratio, Return on Investment etc. for the period under review for which the Financial Statements are drawn up.

In this section we are covering amendment in Division II to Schedule III (applicable for companies other than NBFC companies on which Ind AS are applicable) in detail:

General Instructions:

1. Rounding off:

The word “Turnover” shall be substituted with “Total Income” for rounding off of figures appearing in the Financial Statements:

Total Income	Rounding Off
(1) less than one hundred crore rupees	To the nearest hundreds, thousands, lakhs or millions, or decimals thereof
(2) one hundred crore rupees or more	To the nearest, lakhs, millions or crores, or decimals thereof.

Balance Sheet:

2. Lease liabilities

- "Lease liabilities" shall be included in non-current and current Financial Liabilities.
- Under the heading "borrowings" in Non-Current financial liabilities the term "Long term maturities of finance lease obligation" shall be deleted.
- Under the heading " Other Financial Liabilities" in current financial liabilities "Current

maturities of finance lease obligations" shall be deleted.

3. Statement of Changes in Equity:

"Changes in Equity Share Capital due to prior period errors" and "Restated balance at the beginning of the current reporting period" to be included in Statement of Changes In Equity under the heading Equity Share Capital.

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period

The same reconciliation is to be provided for previous reporting period as well.

4. PPE and Intangible Assets

In the reconciliation of the gross and net carrying amounts of each class of assets at the beginning and end of the reporting period, amount of change due to revaluation (if change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment and Intangible assets) shall be shown separately.

5. Ageing for Trade Receivables (Current and Non-Current)

Ageing for disputed and undisputed trade receivables (considered good, significant increase in credit risk and credit impaired) to be given separately in following buckets:

Outstanding for following periods from due date of payment*				
Less than 6 months	6 months – 1year	1-2 years	2-3 years	More than 3 years

*In case no due date of payment is specified, disclosure shall be given from the date of transaction.

6. Security Deposits

Under the heading "Loans" in non-current and current financial assets, the term "Security Deposits" shall be deleted and the same shall be included under the heading non-current and current assets "Other financial assets".

7. Equity Share Capital

A company shall disclose Shareholding of Promoters as under:

Shares held by promoters at the end of the year				% Change during the year
S. No.	Promoter Name	No. of Shares	% of total Shares	
Total				

8. Current maturities of long-term borrowings and long-term debt

"Current maturities of long-term borrowings" shall be disclosed separately under the heading "borrowings" in current financial liabilities.

"Current maturities of long-term debt" shall be deleted from the heading " Other Financial Liabilities" in current financial liabilities

9. Ageing for Trade Payables (Current and Non-Current)

Ageing for disputed and undisputed trade payables (MSME and Others) to be given separately in following buckets:

Outstanding for following periods from due date of payment*			
Less than 1 year	1-2 years	2-3 years	More than 3 years

*In case no due date of payment is specified, disclosure shall be given from the date of transaction.

10. Disclosure w.r.t to usage/purpose of borrowings

Where the company has not used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date, the company shall disclose the details of where they have been used.

11. Additional Regulatory Information to be provided

(i) Disclosure w.r.t immovable properties whose title deeds are not held in the name of the company

The company shall provide the details of all the immovable properties whose title deeds are not held in the name of the company containing following details:

- Relevant item in the Balance Sheet like PPE, Investment Property etc and Description of item of property like Land or Building
- Gross Carrying value
- Title deeds held in the name of whom
- Whether title deed holder is promoter, director, relative or employee of promotor/ director
- Property held since which date and reason for not holding in the name of the company
- Also indicate if the property is in dispute

(ii) Disclosure w.r.t to fair valuation and revaluation

The Company shall disclose as to whether the fair value of investment property (as measured for disclosure purposes in the financial statements) is based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

Where the Company has revalued its Property, Plant and Equipment (including Right-of-Use Assets) and Intangible assets, the company shall disclose as to whether the revaluation is based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

(iii) Loans or Advances granted to promoters, directors, KMPs and the related parties

The following disclosures shall be made where Loans or Advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person, that are:

(a) repayable on demand; or
(b) without specifying any terms or period of repayment

Type of borrower	Amount of loan or advance in the nature of loan outstanding	% to the total loans & advances in the nature of loans
Promoter		
Directors		
KMPs		
Related Parties		

(iv) CWIP and Intangible assets under development Ageing Schedule

- In normal case, ageing schedule for up to 1 year, 1-2 year, 2-3 years and more than 3 years shall be given for following categories:
  I. Project in progress
  II. Projects temporarily suspended
- In case where completion is overdue or has exceeded its cost compared to its original plan, ageing schedule for up to 1 year, 1-2 year, 2-3 years and more than 3 years shall be given for each project.
- Details of projects where activity has been suspended shall be given separately

(v) Details of Benami Property held

Where any proceeding has been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder, the company shall disclose the following:

(a) Details of such property,

(b) Amount thereof,
(c) Details of Beneficiaries,
(d) If property is in the books, then reference to the item in the Balance Sheet,
(e) If property is not in the books, then the fact shall be stated with reasons,
(f) Where there are proceedings against the company under this law as an abetter of the transaction or as the transferor then the details shall be provided,
(g) Nature of proceedings, status of same and company's view on same.

(vi) Disclosure w.r.t borrowings from banks or financial institutions

Where the Company has borrowings from banks or financial institutions on the basis of security of current assets, it shall disclose the following:
(a) whether quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts;
(b) if not, summary of reconciliation and reasons of material discrepancies, if any to be adequately disclosed.

(vii) Wilful Defaulter

Where a company is a declared wilful defaulter by any bank or financial Institution or other lender, following details shall be given:
(a) Date of declaration as wilful defaulter,
(b) Details of defaults (amount and nature of defaults)

"Wilful Defaulter" here means a person or an issuer who or which is categorized as a wilful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India

(viii) Relationship with Struck off Companies

Where the company has any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956, the Company shall disclose the following details, namely:

Name of struck off Company	Nature of transactions with struck-off Company	Balance outstanding	Relationship with the Struck off company, if any, to be disclosed
	Investments in securities		
	Receivables		
	Payables		
	Shares held by stuck off company		
	Other outstanding balances (to be specified)		

(ix) Registration of charges or satisfaction with Registrar of Companies (ROC)

Where any charges or satisfaction yet to be registered with ROC beyond the statutory period, details and reasons thereof shall be disclosed.

(x) Compliance with number of layers of companies

Where the company has not complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017, the name and CIN of the companies beyond the specified layers and the relationship or extent of holding of the company in such downstream companies shall be disclosed.

(xi) Key Ratios to be disclosed in financial statement

(a) Current Ratio,
(b) Debt-Equity Ratio,
(c) Debt Service Coverage Ratio,
(d) Return on Equity Ratio,
(e) Inventory turnover ratio,
(f) Trade Receivables turnover ratio,
(g) Trade payables turnover ratio,
(h) Net capital turnover ratio,
(i) Net profit ratio,
(j) Return on Capital employed,
(k) Return on investment.
The company shall explain the items included in numerator and denominator for computing the above ratios. Further explanation shall be provided for any change in the ratio by more than 25% as compared to the preceding year.

(xii) Compliance with approved Scheme(s) of Arrangements

Where the Scheme of Arrangements has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013, the company shall disclose that the effect of such Scheme of Arrangements have been accounted for in the books of account of the Company 'in accordance with the Scheme' and 'accounting standards' and any deviation in this regard shall be explained.

(xiii) Utilisation of borrowed funds and share premium

Where company has advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(i.e.), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;

Or

Where a company has received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall
(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
(ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

The company shall disclose the following:-
(I) date and amount of fund advanced or loaned or invested in Intermediaries or received from Funding parties with complete details of each Intermediary/Funding Party.
(II) date and amount of fund further advanced or loaned or invested by such Intermediaries to other intermediaries or Ultimate Beneficiaries along-with complete details of the ultimate beneficiaries.
(III) date and amount of guarantee, security or the like provided to or on behalf of the Ultimate Beneficiaries
(IV) declaration that relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and Companies Act has been complied with for such transactions and the transactions are not violative of the Prevention of Money-Laundering act, 2002 (15 of 2003)

Profit and Loss:

12. Grants or donations received

"Grants or donations received" (relevant in case of section 8 companies only) shall be inserted in under the heading "Revenue from operations" after "sale of services".

13. Separate disclosure for Undisclosed Income

The Company shall give details of any transaction not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income

Tax Act, 1961), unless there is immunity for disclosure under any scheme and shall also state whether the previously unrecorded income and related assets have been properly recorded in the books of account during the year.

Corporate Social Responsibility (CSR)

Where the company covered under section 135 of the Companies Act, the following shall be disclosed with regard to CSR activities:-
(i) amount required to be spent by the company during the year,
(ii) amount of expenditure incurred,
(iii) shortfall at the end of the year,
(iv) total of previous years shortfall,
(v) reason for shortfall,
(vi) nature of CSR activities,
(vii) details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard,
(viii)where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.

Details of Crypto Currency or Virtual Currency

Where the Company has traded or invested in Crypto currency or Virtual Currency during the financial year, the following shall be disclosed:
(i) profit or loss on transactions involving Crypto currency or Virtual Currency,
(ii) amount of currency held as at the reporting date,
(iii) deposits or advances from any person for the purpose of trading or investing in Crypto Currency or virtual currency."

It may be noted that along-with other changes some amendments are common for Division I, II and III, out of above para/points below have been amended/added in Division I and III as listed in below table:

Division I (Indian GAAP)	**4, 5, 7, 9, 11: (i), (ii), (iii), (iv), (v), (vii), (viii), (ix), (x), (xi), (xii), (xiii), 12, 13, 14, 15**
Division III (Ind AS for NBFC Companies)	**3, 4, 5, 7, 9, 10, 11: (i), (ii), (iii), (iv), (v), (vi), (vii), (viii), (ix), (x), (xii), (xiii), 13, 14, 15**

Conclusion

This amendment has mandated several disclosures in the financial statements of the companies having material impact on all the stakeholders and shall enable the Government to ensure closer vigilance on the financial transactions of the Company. Further, the amendments shall result in making the financial statements one place in line with the stringent requirements in auditors report, new CARO which is applicable from next year and other regulatory requirements. Financials being the property of the management, these amendments put additional responsibilities on the hat of the management.

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1. What is Corporate Social Responsibility (CSR)?

Corporate social responsibility (CSR) is a self -regulating business model that helps a company be socially accountable—to itself, its stakeholders, and the public. By practicing corporate social responsibility, companies can be conscious of the kind of impact they are having on all aspects of society, including economic, social, and environmental.

To engage in CSR means that, in the ordinary course of business, a company is operating in ways that enhance society and the environment, instead of contributing negatively to them.

As per The Companies (Corporate Social Responsibility Policy) Rules, 2014, "Corporate Social Responsibility (CSR)" means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in these rules, but shall not include the following, namely:-

(i) activities undertaken in pursuance of normal course of business of the company: Provided that any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may under-take research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22, 2022-23 subject to the conditions that-

(a) such research and development activities shall be carried out in collaboration with any of the institutes or organisations mentioned in item (ix) of Schedule VII to the Act;

(b) details of such activity shall be disclosed separately in the Annual report on CSR included in the Board's Report;

(ii) any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;

(iii) contribution of any amount directly or indirectly to any political party under section 182 of the Act;

(iv) activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);

(v) activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;

(vi) activities carried out for fulfilment of any other statutory obligations under any law in force in India;

2. Why Corporate Social Responsibility (CSR)?

As per Section 135 of Companies Act, 2013, Every company having-

1. Net worth of rupees five hundred crore or more, or
2. Turnover of rupees one thousand crore or more, or
3. Net profit of rupees five crore or more

during immediately preceding financial year shall constitute a 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.

3. How to calculate CSR budget?

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 years, or where the company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years.

"Net profit" for the purpose of calculation of CSR shall be calculated in accordance with the provisions of section 198 and shall not include-

(i) any profit arising from any overseas branch of the company, whether operated as a separate company or otherwise; and

(ii) any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act

4. Companies (Corporate Social Responsibility Policy), Amendment Rules, 2021

MCA has introduced Companies (Corporate Social Responsibility Policy), Amendment Rules, 2021 on 22 January 2021. These amended rules are applicable w.e.f the date of publication in official gazette which is 22 January 2021. Major amendments of these Rules are further summarized below.

A) Relaxation to small businesses: Requirement of constitution of CSR Committee shall not be applicable, in case the amount required to be spent on CSR does not exceed Rs. 50 lakhs and the functions of CSR Committee in such a case, may be discharged by the Board of directors.

B) Excess spent on CSR activities: Where a company spends an amount in excess of requirement of section 135, such excess amount may be set off against the requirement to spend under section 135 up to immediate succeeding three financial years subject to the conditions that –

(i) the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any,

(ii) the Board of the company shall pass a resolution to that effect.

(c) CFO certification: The Board of a company shall satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.

(d) Registration by the Entity undertakes CSR activity: Every entity who intends to undertake any CSR activity, shall register itself with the Central Government by filing the form CSR-1 electronically with the Registrar, with effect from the 01st day of April 2021.

Also, Form CSR-1 shall be signed and submitted electronically by the entity and shall be verified digitally by a Chartered Accountant in practice or a Company Secretary in practice or a Cost Accountant in practice.

(e) Administrative Overheads: The board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.

"Administrative overheads" means the expenses incurred by the company for 'general management and administration' of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme.

(f) Surplus arising out of the CSR activities: Any Surplus arising out of the CSR activities shall not form part of the business profit of a company and shall be ploughed back into the same project or shall be transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

(g) Impact assessment: Every company having an average CSR obligation of ten crore rupees or more in the three immediately preceding financial years, shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.

The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR. Also, the company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed five percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less.

(h) Display of CSR activities on website of company: The Board of Directors of the Company shall mandatorily disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on their website, if any, for public access.

(i) Special unspent CSR account: A special bank account, called an Unspent CSR Account to be opened by the company in any scheduled bank.

- Any amount remaining unspent pursuant to any ongoing project, undertaken by a company in pursuance of its CSR Policy shall be transferred by the company in the unspent CSR Account within a period of thirty days from the end of the financial year.
- The amount transferred to the unspent

CSR account shall be spent by the company in pursuance of its obligation towards the CSR Policy within a period of three financial years from the date of such transfer.

- In case, the company fails to spend the amount within a period of three financial years, it shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.

"Ongoing Project" means a multi-year project undertaken by a Company in fulfillment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification.

(j) Transfer of Unspent CSR amount: The unspent CSR amount, if any, shall be transferred by the company to any fund included in schedule VII of the Act within a period of 6 months of the expiry of financial year.

(k) Penalty for non-compliance:

On Company	1) Twice the amount required to be transferred to the Fund specified in Schedule VII or "Unspent Corporate Social Responsibility Account" Or 2) One Crore rupees, whichever is lower
On officer in default	1) 1/10th of the amount required to be transferred to the Fund specified in Schedule VII or "Unspent Corporate Social Responsibility Account" Or 2) Two Lakhs rupees, whichever is lower

Conclusion

The new rules underlined the message that CSR is mandatory and a statutory obligation and every company that falls under Section 135 has to comply with the CSR provisions religiously. The new rules also state that all agencies implementing CSR activities will have to be registered with the government. In case company fails to spend 2 percent on CSR activities, it will have to transfer the unspent amount to a fund notified by the government. Also, now CFO has to certify to the board that the funds disbursed for CSR activities have been utilized and spent in the manner approved by board.

These stringent amendments put more responsibility on the management in complying with CSR provisions.

Seminar on Recent Updates in GST, Fake Invoice & E-Invoice and QRMP Scheme | Thursday, 18th March 2021

Group Discussion on GST compliances to be done in March 2021

Friday, 26th March 2021






Program hosted by Gurugram Branch in March 2021

CPE Programs

Friday, 5th March2021

VCM on Amendments proposed in Finance Bill 2021 for reassessment procedure under sections 147 to 151

Speakers: Shri Suraj Bhan Nain, IRS, Chief Commissioner of Income Tax (Retd.)
Shri Niranjan Kouli, IRS, Principal Commissioner of Income Tax

Monday, 8th March 2021

VCM on Women Empowerment-Making Impact
Chief Guest: Smt. Aastha Modi, IPS, DCP HQ, Gurugram
Guest of Honour: CS Mamta Binani, Past President, ICSI
Speakers: CA. Divya Abhishek, CA. Shweta Pathak Past, CS Preeti Grover

Friday, 12th March 2021

VCM-Discussion on Employment Reservation Bill in Private Sector 2020 and New Wages Bill 2019
Chief Guest: Sh. Varinder Singh Kundu, IAS, Haryana Labour Department
Speakers: Adv Anshul Prakash & Adv R L Soni.

Thursday, 18th March 2021

Seminar on Recent Updates in GST, Fake Invoice & E-Invoice & QRMP Scheme
Speakers: CA. Jatin Harjai, CA. Bimal Jain, CA. Ashish Chaudhary &
CA. Abhishek Raja Ram

Wednesday, 24th March 2021

VCM on Startup - Taxation, Valuation and Fund Raising
Speakers: CA. Brij Mohan Barwal & CA Amit Singal

Friday, 26th March 2021

Group Discussion on GST compliances to be done in March 2021
Speaker: CA. Sandeep Saini

Tuesday, 30th March 2021

Virtual CPE Meeting on Bank Audit
Speakers: CA. Amarjit Chopra & CA. Ajay Jain

Gurugram Branch Managing Committee for the Session 2021-2022

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