



# **PUNE BRANCH OF WICASA OF ICAI**

**The Institute of Chartered  
Accountants of India**

**(Set up by an Act of Parliament)**

## **NEWSLETTER**

**Issue No. 2 - February 2020**  
**(Subscribers copy not for sale)**



Neha Bhagat  
Secretary  
Pune Branch of WICASA of ICAI

Hello, my dear friends,

Congratulations to all my friends who became CA's and Also who cleared CA Inter exams!! My best wishes with all those who are preparing for the exams and I wish they come with flying colours in next exams to be happen in May, 2020.

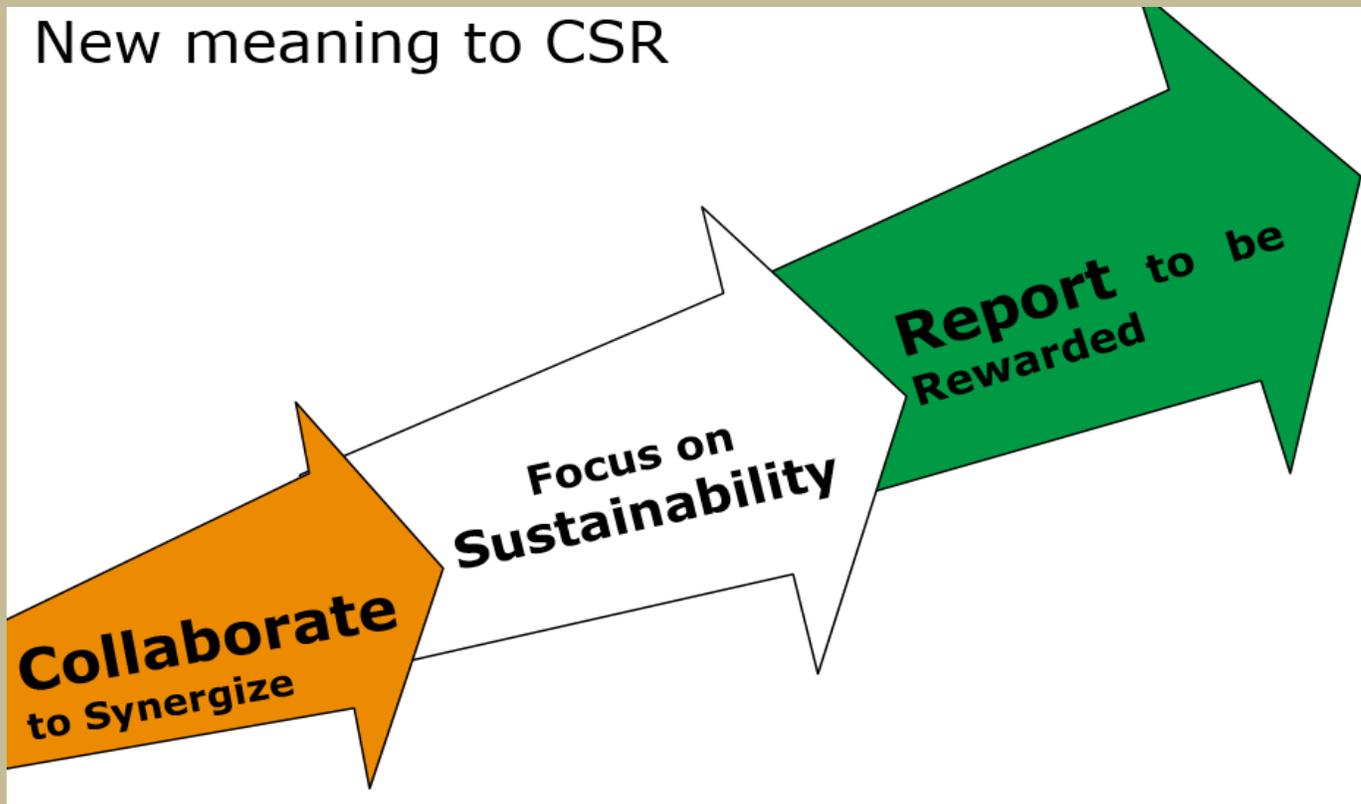
Failures are part of success and hence even if we fail on our roads, it is okay because there is very good saying, 'It is good to fail early than to fail when you have responsibilities'. I also believe in failing at the times when you have nothing to lose but to invest. With every failure BE STRONG. BE WISE and BE BETTER.

My dear friends, we spent a very nice first month of this new calendar year at Pune WICASA. After the great success of International Conference for CA students, we programmed a super learning program of 'CA Sparks' wherein 36 speakers from different backgrounds of Auditing, Taxation, Finance, Accounting and Many other shared their experiences with the young and enthusiastic crowd of CA students. It was very fantastic experience to learn from the bests in the Industry about their journey and how they made to it. By the end of the month we got the news that your Pune WICASA again this year as well have won the Best Branch of Students Association Award on National Level.

I want to congratulate all of you for winning this award. It was not possible without your efforts and support to Pune WICASA. I am very thankful for showering love on us throughout the entire year. Thank you!!

Aishwarya Srikanth  
SRO0634010

New meaning assigned to CSR under the  
Companies Act, 2013 -Voluntary to Mandatory



“It is utopian notion that poverty can be overcome without the active engagement of business”

In this paper titled “ New meaning assigned to CSR under the Companies Act, 2013 - Voluntary to Mandatory” I would like to present an argument on how the current Corporate Social Responsibility ( CSR ) climate post mandate in India can be leveraged for the betterment and progress of the nation on both capitalistic as well as socialistic fronts. I would like to begin the presentation with an anecdote on why I, as an Indian believe that CSR is much more relevant in the Indian scenario, or for instance, in any developing country.



Every day, I along with crores of fellow Indians who are in the Corporate World witness a blaring contrast between two very different atmospheres whilst we set out to make our livelihoods. We witness the urban, Bharat with its mesmerizing glass buildings, resources in abundance and luxury and hospitality at its best and

the underdeveloped, polluted Bharat with resources on decline, sky rocketing prices, traffic, pollution and our fellow citizens grappling to make a living.

The CSR mandate introduced in the Companies Act, 2013 couldn't have made its debut at a less opportune moment. It was high time that the Legislature realised the growing importance of Corporates, especially well established gigantic ones to give back to the societies who allow them to thrive in the Indian environment synonymous to two social evils namely poverty and income inequality.

Today, Indian companies have a very difficult role to play in the country's development. It is certainly more complex than the role of corporations in developed economies. Starting much behind their international competitors, both in size and capabilities, Indian companies must rapidly learn to compete with the best in the world. At the same time, they have to compassionately connect with the conditions in their own country and communities around them. This is by no means an easy task.

### **New Meaning to CSR:**

The concept of Corporate Social Responsibility (CSR) underwent an overhaul in India for certain large, stable companies as it transited from being a voluntary exercise to mandated, objective driven, structured, transparent and accountable compliance - not only to the Government, but also to the other stakeholders and most importantly, to the Companies themselves.

**Section 135 of the Companies Act, 2013 says** "Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any 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."

The section further dives into the constitution of CSR committee, its functions, responsibility of the Board of Directors, and a broad overview of the CSR activities to be undertaken by companies. Though it gives a free hand to the Board to decide on the activities, it stipulates that the same shall not be ultra-virus to Schedule VII and the Companies (CSR) Rules, 2014.

The New era of CSR Compliance, in the age of increasing social and environmental issues calls for a new approach and trajectory for companies in undertaking CSR activities.

**C – Collaboration**

**S – Sustainability**

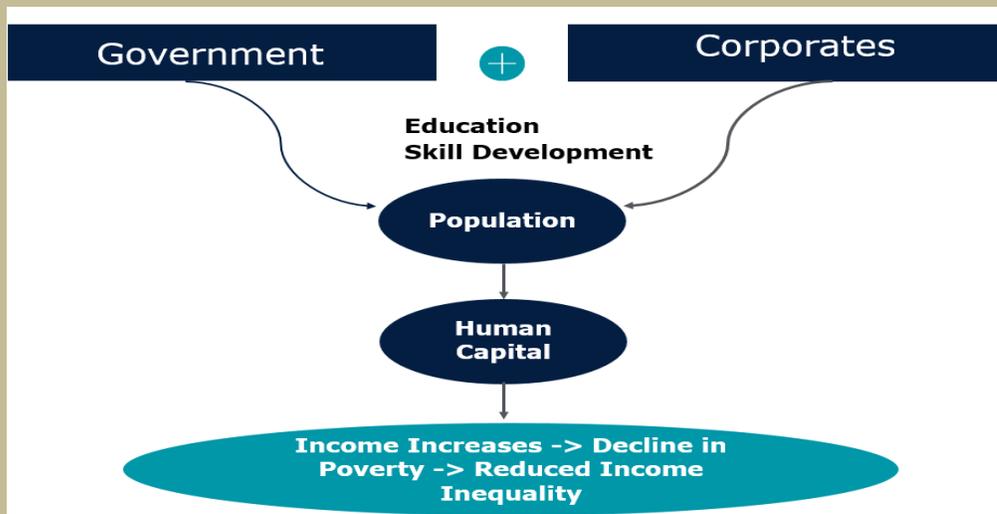
**R – Reporting**

**Collaborate to Synergize:**

Most of us believe that it is the responsibility of the Government to provide a conducive environment for equality through its social security measures and other policies; while some others think, it is the Corporation that should take the onus in pursuance of their 'social license to operate' objectives. This is often an inconclusive debate that has been continuing for decades now, about the effectiveness of socialistic and capitalistic models, where the perspectives often differ between the developed countries to the emerging countries. What one must remember here is that, the very concept of CSR differs between these two economies in terms of its definition as well as implementation. And, there is no comprehensive, "one size fits all" global corporate governance or CSR system, but emerging countries with ambitious growth targets like India have to follow a mixed and a more a collaborative approach to enjoy the benefits of synergies.

On a macro scale, the Government and the governed, that is, Government and the Corporations must work hand in gloves to develop the human capital of India to bring about a glorious future.

### Cycle of Conversion:



Dr. Chatterjee was instrumental in incorporating Section 135 into the Companies Act, 2013. The study of the Chatterjee model is a live study of the CSR mandate in the second most populous country and the largest democracy of the world.

The ideal scenario would be to generate the continuous 'cycle of conversion' as suggested by Chatterjee's CSR model i.e. convert the population through education and skill development and trigger economic activity through a symbiotic relationship between the Government and the Corporation. This will not only benefit the Corporations, but also the Government, the population and most importantly, the country, named India.

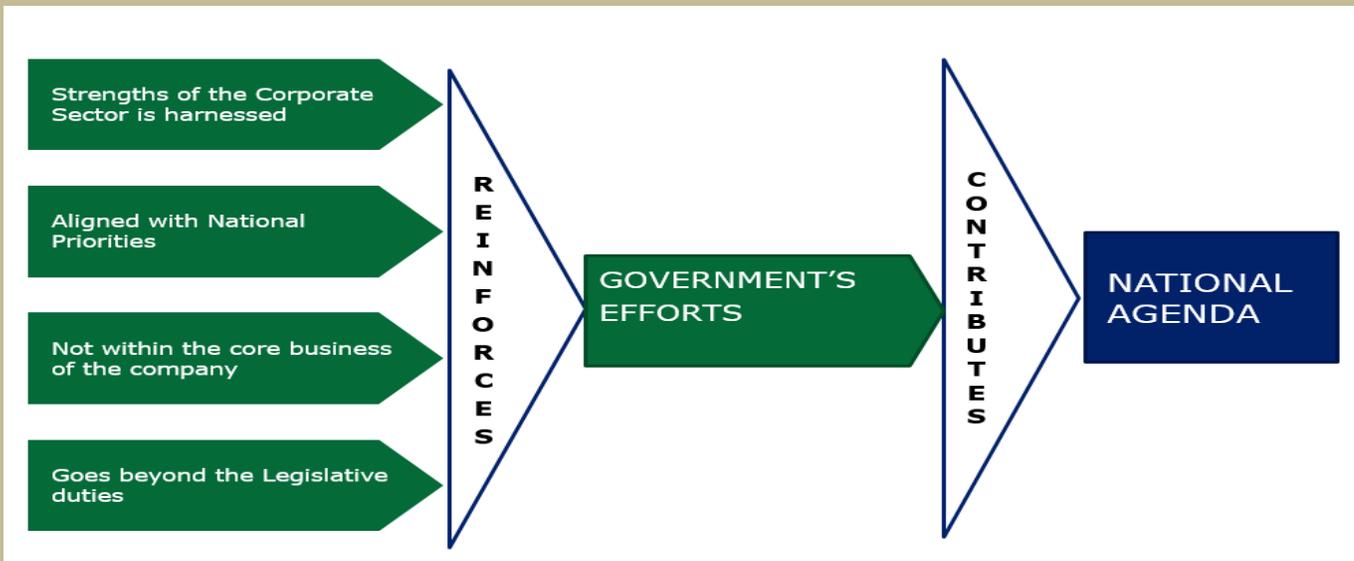
### Focus on Sustainability:

India is the third country in the world that has a 2% CSR mandate, next only to Mauritius and Indonesia. However, each one has its own unique features to suit the needs and requirements of their respective countries.

In other words the Companies need to address sustainability by regularly contributing to the national priorities and be the central driving factor for the National Agenda. We need to make it "for India, by India, in India", bigger and better than ever.

The crux of the Chatterjee Model, lay in the fact that certain large, stable Corporations must ensure certain percentage of CSR spent on specific projects beyond their core business and legislative duties, in areas as laid down in accordance with the National priorities (Schedule VII in the Companies Act, 2013) and should have clear outcome-orientation.

## Contribute to the National Agenda



## Creation of National Venture Capital Fund:

For instance, this could be done for the creation of a national venture capital fund, into which all companies pay their share of CSR funds. All contributing companies could become investors in this fund, and stand to reap the benefits from any successful investments made by it. The Government, too, could match the contribution from participating companies and stand to gain in the process. Additionally, participating firms can be asked to provide advisory, mentorship and infrastructure support to investee enterprises where possible (and where there is no conflict of interest).

This national venture capital fund can open its doors to a wide spectrum of entrepreneurs, who would otherwise struggle to get funding — such as fresh college graduates, rural enterprises, socially-focused for-profit projects and others

## Report to be rewarded:

The CSR activities should have a budget and people assigned to it, and, that can be clearly implemented, measured, reported, audited, and thereby harnessing the strength of the Corporations.

An interesting initiative as declared by the UAE government, while soft launching CSR, by declaring 2017 as the “Year of giving”, is the development of “National CSR Index” listing by ranking businesses basis their percentage of contributions to CSR. It was to be complemented with an award system for companies by the UAE government like “Social Responsibility Passport” to be awarded to the top five best performing companies granting them some special privileges with local and federal government agencies.

Though India Inc. had legislated the mandate with a liberal view of “Execute or explain” with no penalty to the defaulting companies, the Companies Amendment Bill 2019 which amends the Companies Act 2013 by received the assent of the President and getting published in the official gazette on 31, July 2019 as the Companies (Amendment) Act, 2019 has introduced new provisions for treatment of unused CSR funds and penal provisions for non-compliance. Whereas, erstwhile, the companies which failed to meet their CSR obligations, were required to disclose the reasons for not spending the CSR amounts in the directors' report.

**a) Transfer of Unspent Funds :**

- I. If there are any unspent CSR funds during a financial year (in respect of an ongoing CSR Project), in accordance with its CSR policy, the company must transfer such unspent CSR funds into a special account within a period of 30 (thirty) days from the end of the financial year
- II. Such account, to be opened with a scheduled bank by the company, will be called an Unspent Corporate Social Responsibility Account (Unspent CSR Account) and the proceeds of the Unspent CSR Account will have to be spent by the company towards the CSR projects (under its CSR policy) within three financial years from the date of such transfer. If the company is unable to spend the sum in the Unspent CSR Account within the prescribed period of 3 (three) financial years, then, such unspent amount should be transferred to a fund specified under Schedule VII of the Companies Act (Schedule VII Fund) within 6 six months from the end of the relevant financial year.
- III. However, if there are any unspent CSR funds at the end of a financial year and there are no ongoing CSR projects, the funds should be directly transferred to the Schedule VII Fund, within six months from the end of the relevant financial year.

**b) Penal liability for non-compliance:**

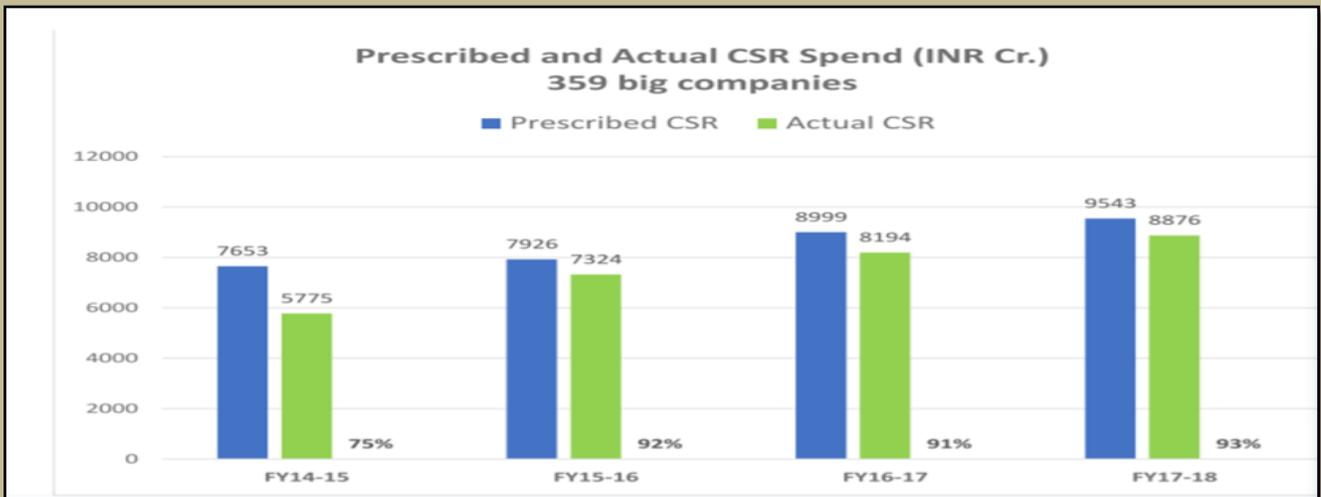
If a company fails to comply with above mentioned obligations, the Amendment provides for imposition of penalty of not be less than INR 50,000 but which may extend to INR 25, 00,000. Additionally, the Amendment also provides for imprisonment of every officer of the company who is in default for up to three years and a fine of not be less than INR 50,000 but which may extend up to INR 5,00,000 or with both. Additionally, separate penalty for continuing offences has also been prescribed.

In light of India’s lawmakers tough stance against companies defaulting in respect of CSR spends, it is essential the Indian government adopts a reward system more like

UAE, to encourage the Corporates by highlighting the impact created by their CSR programmes.

### Key statistics:

- ✓ The actual CSR spent has increased by **50%** from FY 14-15 to FY 17-18.
- ✓ The number of CSR projects in FY 17-18 has increased by **25%** from the previous year.



- ✓ Public sector enterprises account for over **1/4<sup>th</sup>** of India's total CSR spend.

The CSR spend has been on a constant increase year on year from the year of mandate and the sun has been shining bright on the Indian Sub-Continent in terms of CSR Compliance. The introduction of penal provisions in section 135 will mainstream practice of business involvement in CSR and make businesses socially, economically and environmentally responsible.

***The new meaning to CSR in terms of collaboration, sustainability and reporting, as proposed in the paper will propel the economy forward and create a long-term impact for the nation.*** Leveraging the innovative ideas and robust management systems of companies and mobilizing resources of the government to bridge the resource gaps with increased focus on national urgencies and environmental agendas will strengthen the Nation on its march toward the 5 trillion economy.



**AtharvaKhurd**

**WRO0538232**



## MY FIRST HIMALAYAN TREK

It was my first ever solo trip that too a trek in the great Himalayas Ranges. It was my relatively first trek in the Himalayas, I had been to the Himalayas before, but never for a trek. I wanted a break from my regular schedule and luckily my exams had just finished, so one of my friends suggested to go to the Bhrigu lake trek.

We had to start our trip from Pune, we had to report on the railway station @8 in the morning. Me being an introvert I was hoping that I'll be able to bond with the other trekker while traveling in the train itself. But I had a surprise for me waiting..... all 30–35 people were reserved in different compartments. The first 2 friends I made on the trip was Aditya and Snehal we started chit chatting on the railway station, although we got separated while travelling to Delhi. Then in the train I meet Satchit who was a fellow trekker travelling with the same group. After chatting with him for a while I visited Aditya in the next compartment, where I met a couple of new friends Jaynish and Aishwarya, I made around 7-8 friends while travelling.

After reaching Dehli, we went to Karol Bagh in a hotel to freshen up, we were there for like 5-6 hours. Here another 8-10 people joined us trek. So after that we had to travel overnight to Manali. While traveling to Manali we 40 people introduced ourselves to each other. In the bus we 40 started bonding with each other.

It was like 10am when we reached our base camp in Manali. Around 4pm our group leader called all of us for a couple of hours of acclimatization walk around the Vashist temple. It was a very beautiful and refreshing walk into the nature, beautiful fresh air

to breathe and beautiful mother nature's scenery, what a combination. We were done for the day and ready to retire for the day in our allotted tents. The next day I woke up to beautiful snow cover mountains on its top. After our breakfast we had to go to Jogni Waterfalls for another acclimatization walk followed by rappelling.

We started walking from our base camp and it took us around 1-1.5 hours to reach Jogni falls. We spent about 30-60 minutes over there enjoying the nature and clicking some photographs. Then we started to walk toward the place where we were supposed to do rappelling. Everyone enjoyed rappelling and here I met with a small accident which we'll talk about later. We were supposed to do valley crossing as well but time did not permit us.

The next day we were supposed to start our actual trek, where we had to carry our all necessary things up while trekking. If we needed so extra luggage up at the camp sites the we could hire portes who would carry our luggage for us in exchange of money. I opted not to hire one as my luggage was not more that 4kgs, we had an option to dump our extra luggage in the base camp, which was 100% safe. So I dumped my extra luggage in the base camp. Our team had 2 local guides Gupta Ji (group leader) and Chandra Bhai.



The point from where we had to start our trek was about 5-6 kms far from our bases camp which we traveled by local transport. Our trek had started with very steep incline for about 1.5-2 hours climb. Once our trek had started after every 10-15 minutes the view would change, walking in the jungle was a pretty good experience for me. Once the incline was over I started walking in my normal pace which was faster than the rest of the people although we weren't allowed to overtake Gupta ji.

While walking with Gupta ji he gave me information about each and every plant which came across us and about the climatic conditions in Manali. He also told me about his other treks, while chatting with him it came to my knowledge that he is 71 years old and still he was faster than everyone. At the end of the trek we had about 30-45



minutes incline. After that we reached our 1st campsite Moridugh. Once we entered the campsite we had beautiful camp covered with yellow tents, seriously amazing site. We reached around 2-2:30 to the camp and we were welcomed with some energy drink. After our evening tea everyone of us started finding wood for bonfire. While having dinner we enjoyed beautiful music played by Rahul Bhai with his guitar. A perfect evening under the clear sky in front of the bonfire, I even spotted a couple of shooting stars there. It was the first time I was going to spend a night in the jungle, we were warned that there are wild bears around us so try not to go out of the tents alone at night.

The next day we woke up in a wonderful climate. After our breakfast we started



to our journey to the next campsite. It was a comparatively a short walk around 3-3.5 hours walk. While walking up there started making our own road through the jungle. We even crossed 3-4 rivers on the second day. Once we reached the 2nd campsite Botadugh, we took some rest and in the evening the whole climate change, a perfect rainy

weather, we were literally standing into the clouds visibility was extremely low, although it was perfect climate for us but it wasn't a good climatic condition for the next day i.e., the summit day as bad weather can create disaster while trekking. At the night when we were having dinner that time Gupta Ji told us the history about the Bhrigu lake.

The other day when we woke up it was raining heavily so we couldn't summit. So we decided to spend our time in the campsite itself. Better luck next time.

The next day we had to climb down to the basecamp again right from 10,000 feet to 6,000feet. It took me 4-5hours to decline as the path was very steep and slippery due to the rains. While climbing down I was the slowest to be honest. Once I came down I was the party happy that I had started to trek and partly sad because I couldn't summit.



That evening we were allowed to explore Manali so we decide to explore the Manali market. The next day we were supposed leave for Dehli in the evening, so few of us decided to explore Manali but I decided to pack my stuff up and stay in the basecamp.

While coming back to Pune I had made a lot of new friends and millions of memories in my first trek. Too many new experiences. These were the best 11 days of my life till now, I wish we would have stayed for more couple of day!!!!!!

Thank You!!



**Akul Ketan Karkhanis**  
**WRO0685910**  
**Painting: Bliss!!**



# **AWARD FUNCTION**

**National Level Best Students Association (WICASA)**  
**Award F. Y. 2019-20 – 1st Prize**



**Regional Level Best Students Association (WICASA)**  
**Award F. Y. 2019-20 – 1st Prize**



**Seminar on Transfer Pricing and Financial Planning for CA Students**

