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Proposed amendment in Corporate Social Responsibility (“CSR”) related provisions of Companies Act 2013

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At a glance : This brief summarises proposed changes to Section 135 of the Companies Act relating to CSR applicability, governance and treatment of unspent CSR amounts.

Provision	**Current position (summary)**	**Proposed change (summary)**
Section 135(1)	CSR applies if, in the immediately preceding FY, the company meets any threshold, including net profit ₹5 crore or more; CSR Committee required where applicable.	Replace “five crore” with “ten crore, or such other sum as may be prescribed”.
Section 135(6)	Unspent amount for ongoing projects to be transferred to the Unspent CSR Account within 30 days from FY end; to be utilised within 3 FYs.	Substitute “30 days” with “90 days”.
Section 135(9)	If CSR spend obligation does not exceed ₹50 lakh, CSR Committee not required; Board discharges CSR Committee functions.	Replace ₹50 lakh with ₹1 crore, or such higher amount as may be prescribed.
Section 135(10)	No general carve-out beyond existing statutory exemptions.	Insert enabling provision: prescribed classes of companies meeting prescribed conditions may be exempt from compliance with Section 135.

Practical takeaways

- Fewer companies may fall within CSR applicability if the net profit trigger is increased to ₹10 crore (subject to prescription).
- For ongoing projects, the compliance window to transfer unspent amounts to the Unspent CSR Account would extend from 30 to 90 days after FY end.
- More companies may be able to operate CSR through the Board (without a CSR Committee) if the exemption limit increases to ₹1 crore (or higher as prescribed).
- A new rule-making carve-out may permit prescribed classes of companies to be exempt, subject to prescribed conditions.