



**CSR** | CORPORATE SOCIAL  
RESPONSIBILITY

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**Corporate Social Responsibility (CSR)** is a concept where by companies integrate social & other useful concerns in their business operations for the betterment of their stakeholders & society in general.

The Ministry of Corporate Affairs (MCA) introduced CSR as a mandatory compliance for certain companies under the Companies Act, 2013. Thus, it is a statutory obligation for companies to engage in CSR activities and projects, which will help achieve sustainable development goals & positively impact various aspects of society

## CSR Applicability in India

Section 135 of the Companies Act, 2013 ("Act") provides that certain companies must mandatorily contribute a certain amount towards CSR activities.

The provisions of CSR apply to every company fulfilling any of the following conditions in the preceding financial year:

- 01**  
Net worth of more than Rs.500 crore
- 02**  
Turnover of more than Rs.1000 crore
- 03**  
Net profit of more than Rs.5 crore

The Board of Directors of every company for which the CSR provisions apply must ensure that the company spends in every financial year at least 2% of its average net profits made during the immediately preceding three financial years as per its CSR policy. If the company has not completed three financial years since its incorporation, it must spend 2% of its average net profits made during the immediately preceding financial years as per its CSR policy.



## What is CSR Monitoring?

Corporate Social Responsibility (CSR) monitoring is the process of examining and evaluating company's CSR efforts in order to verify that these programmes align with the company's values, mission and goals, as well as to measure the impact and success of these initiatives. Monitoring of CSR activities and its reporting is mandatory as per the Companies (Company Social Responsibilities Policy) Rules 2014. Also, it is the responsibility of the Company (through CSR Committee) to monitor the funds of the Company which are to be utilized as per the CSR Policy of the Company.



## Importance

CSR (Corporate Social Responsibility) monitoring is important for aligning CSR initiatives with corporate values, tracking progress, identifying gaps, and reporting to stakeholders. It helps ensure accountability, transparency, & effective resource allocation, ultimately contributing to better business performance and a positive impact on society and the environment.

### Accountability:

CSR monitoring ensures companies are accountable for their social and environmental impacts.

### Transparency:

Regular monitoring promotes transparency, building trust with stakeholders.

### Improvement:

Monitoring helps identify areas for improvement, enabling companies to refine their CSR strategies.



## Why do we need CSR Audit?

Although, requirement of audit of CSR activities seems not to be mandatory as per Companies Act 2013. However, various provisions of the Companies (Company Social Responsibilities Policy) Rules 2014 require the monitoring and reporting mechanism for CSR activities. Audit is a tool for effective monitoring & reporting mechanism.

## Benefits:



### Enhanced reputation:

Demonstrates commitment to social responsibility.



### Risk management:

Identifies potential risks and opportunities.



### Stakeholder trust:

Builds trust with stakeholders, including investors, customers and employees.



### Continuous improvement:

Enables companies to refine their CSR strategies.

## Importance:

CSR (Corporate Social Responsibility) audits are crucial in India for ensuring transparency, accountability, and effective utilization of CSR funds, as well as compliance with regulations. They help companies demonstrate their commitment to social and environmental responsibility, build trust with stakeholders, and identify areas for improvement in their CSR initiatives.

- Internal auditors stand at the forefront of conducting comprehensive CSR audits, fostering CSR awareness among stakeholders and senior leadership.
- Their expertise lies in seamlessly integrating CSR principles into regular management and risk control frameworks, positioning them as trusted advisors to the organization, leadership bodies, and overall CSR integration efforts.
- Effective CSR audits not only enhance stakeholder trust but also contribute to regulatory compliance and risk mitigation.
- By thoroughly examining an organization's CSR policies, procedures and practices, internal auditors identify potential gaps or inconsistencies that could lead to non-compliance with environmental regulations, labour laws or ethical standards.

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**8**

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People  
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**USD 5.1bn**

Global revenue in  
2024