SUPPLEMENTARY FOR DECEMBER 2026 TERM OF EXAMINATION

PAPER - 18

CORPORATE FINANCIAL REPORTNG

SYLLABUS 2022

Module 7: Specific Accounting Standards

Module 7.5: Corporate Social Responsibility Reporting in India

As per notification no. GSR 416(E) dated 27.05.2026, under Schedule VII, after item (xii) and the entries relating thereto, the following item and entry shall be inserted, namely:

“(xiii) Subscription to zero coupon zero principal instruments on Social Stock Exchange."

Accordingly, the following changes in the respective paragraphs may be considered while reading the text available, as **point no. 7.5** under **Permissible CSR Activities, (page. 366)** the following shall be included -

‘Subscription to zero coupon zero principal instruments on Social Stock Exchange’.

As per notification no. GSR 415(E) dated 27.05.2026, the Companies (Corporate Social Responsibility Policy) Rules, 2014 is amended as follows:

- In Rule 2(1)

  (i) after clause (h), the following clause shall be inserted, namely: -

  ‘(ha) “Not for Profit Organization” has the same meaning as in clause (e) of regulation 292A of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.’;

  (ii) after clause (k), the following clause shall be inserted, namely: -

  '(l) "zero coupon zero principal instrument" means an instrument declared as a security that is issued by a Not-for-Profit Organization registered with the Social Stock Exchange segment of a recognised Stock Exchange in accordance with the regulations made by the Securities and Exchange Board of India.'.
- After rule 4, the following rule shall be inserted, namely:

  “4A Corporate Social Responsibility implementation through zero coupon zero principal instrument.

  (1) A company may carry out Corporate Social Responsibility activities through a zero coupon zero principal instrument:

  Provided that the expenditure incurred for such instrument shall not exceed ten percent of the total Corporate Social Responsibility expenditure of such company for that financial year.

(2) The company that has subscribed in a zero coupon zero principal instrument shall be exempted from undertaking impact assessment of any project funded by such an instrument.

(3) The Not-for-Profit Organisation issuing the zero coupon zero principal instrument and raising fund therefrom shall -

(a). undertake a project with a duration not more than three succeeding financial years from the issue of such zero coupon zero principal instrument; and

(b). on termination of listing of such zero coupon zero principal instrument, transfer the unspent amount to any fund included in Schedule VII to the Act and submit its compliance report to the Securities Exchange Board of India;

(4) The provisions of rule 4, except sub-rules (5) and (6) shall be applicable to the implementation of Corporate Social Responsibility through a zero coupon zero principal instrument.”