



Mukund & Rohit
CHARTERED ACCOUNTANTS

MAY 2024

NEWSLETTER



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SOCIAL AUDIT

Social audit is a method of evaluating, understanding, measuring and reporting company's performance with an aim to bridge the gap between the expected and the actual result.

Services that can be provided in the purview of Social Audit and ESG Audit:

Social auditors play a crucial role in assessing and ensuring that organizations adhere to social responsibility standards and ethical practices. The services provided by social auditors can vary depending on the specific needs and goals of the organization, but generally include the following:

1. Assessment of code of conduct of the company:

- Study the company's code of conduct and assess whether the company is adhering to it and the ethics followed.
- Evaluate policies related to employee treatment, environmental impact, community engagement, and other relevant areas.

2. Labour Practices and Human Rights Audits:

- Review of labour practices to ensure wages are given as per laws, working conditions are safe and human rights are complied with.
- Assess the supply chain to identify and ensure that norms are not violated related to child labor, forced labor, and other human rights violations.

3. Environmental Impact Assessment:

- Evaluate the organization's impact on the environment.
- Assess compliance with environmental regulations and standards.
- Identify opportunities for sustainable practices and resource efficiency.

4. Community Engagement and Social Investment:

- Review how much the company engages in community engagement programs and the extent of social investment by the company.
- Assess the positive and negative impacts of the organization on local communities.
- Ensure that the organization contributes positively to the well-being of the communities in which it operates.

5. Diversity and Inclusion Audits:

- Assess diversity and inclusion practices within the organization.
- Review hiring, promotion, and retention practices to ensure equal opportunities.
- Provide recommendations for improving diversity and inclusion efforts.

6. Stakeholder Engagement and Communication:

- Evaluate the organization's communication with stakeholders regarding social responsibility initiatives.
- Assess the effectiveness of engagement with employees, customers, investors, and the wider community.

7. Social Performance Measurement and Reporting:

- Develop and implement metrics to measure the organization's social performance.
- Assist in preparing social responsibility reports for internal and external stakeholders.

8. Risk Assessment and Mitigation:

- Identify potential social, ethical, and reputational risks for the organization.
- Develop strategies to mitigate and manage these risks.

9. Continuous Improvement Recommendations:

- Provide recommendations for continuous improvement in social responsibility practices.
- Assist in developing action plans to address identified weaknesses and enhance overall performance.

These services collectively help organizations demonstrate their commitment to social responsibility, ethical business practices, and sustainability. Social auditors often work with companies to align their operations with internationally recognized standards and best practices.

-CA Akanksha Talaiya

UNDERSTANDING CIBIL REPORT

In today's credit-driven world, a healthy financial profile is essential. A key component of this is your CIBIL Report, a document that plays a crucial role in shaping your financial well-being.

CIBIL report, generated by the Credit Information Bureau (India) Ltd., an Indian credit rating bureau that has access to your credit information. This information refers to all financial transactions where you have borrowed or repaid the money.

It provides a detailed record of an individual's credit history and repayment activity. It includes information on credit accounts, repayment history, and creditworthiness assessment. The report consists of various sections such as the CIBIL Score, personal information, account details, account status, and inquiry information.

The CIBIL Report features two key elements:

CIBIL Score: This 3-digit numeric summary is the heart of the report. It typically ranges between 300 (lowest) and 900 (highest), with a higher score indicating a better credit history. A good CIBIL score is between 700 to 900, which means the borrower has a higher chance of getting a higher loan amount at a low-interest rate.

Credit Information: This section provides details on your credit accounts including:

- Loan types (e.g. home loans, credit cards)
- Account details (sanction amount, outstanding balance, payment history)
- Account Status (active, closed, loss or suit filed)
- Credit History

CIBIL Score Range:

CIBIL Score Range	Creditworthiness
750-900	Excellent
700-749	Good
650-699	Satisfactory or Fair
600-649	Doubtful
Below 600	Needs Attention

Difference between a CIBIL Score of 0 and -1 ?

CIBIL Score of 0: A CIBIL score of 0, often displayed as 'NA' or 'No Activity', is assigned when an individual has less than 6 months of credit history. It means that the person has started using credit recently, and there is not enough data available to calculate a traditional credit score. This could be because you are new to credit and haven't used any credit products like loans or credit cards.

CIBIL Score of -1: This score is quite different from having a score of 0. This is not a mark of failure; instead, it signifies a blank slate. A CIBIL score of minus 1 is assigned when there is no previous borrowing history, no credit card in your name, and no track record on which your creditworthiness can be based.

Maintaining a Healthy CIBIL Report:

Understanding your CIBIL report empowers you to manage your credit effectively. Here are some tips for a healthy score:

- **Make Timely Payments:** Paying your bills on time is the single most significant factor influencing your CIBIL score.
- **Maintain Low Credit Utilization:** Don't max out your credit limits. Keeping your credit utilization ratio low demonstrates responsible credit management.
- **Limit Credit Inquiries:** Multiple loan inquiries within a short period can negatively impact your score.

-Ruhani Yadav

CORPORATE SOCIAL RESPONSIBILITY

As per Section 135(1) of the Companies Act, 2013 every company having -

- 1-Net worth of rupees Five hundred crores or more, or
- 2-Turnover of rupees One thousand crores or more or
- 3-A net profit of rupees five crore or more during [the immediately preceding financial year shall constitute a Corporate Social Responsibility (CSR) Committee.

The CSR Committee must consist of three or more directors, with at least one being an independent director.

Section 135 (5) of the Companies Act, 2013 states that :

The Board of such companies referred to in sub-section (1) 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], in pursuance of its Corporate Social Responsibility Policy.

Provided further that if the company fails to spend such amount, the Board shall, in its annual report, specify the reasons for not spending the CSR amount [clause (o) of sub-section (3) of section 134], and any unspent amount not related to an ongoing CSR project needs to be transferred to a specific fund mentioned in Schedule VII of the Companies Act within six months of the end financial year's [Section 135(5) proviso].

Penalty for not fulfilling the CSR responsibility:

If a company is in default in complying with the provisions of sub-section (5) or sub-section (6) of Section 135, the company has to pay a penalty under the provisions of Section 135(7):

I. Company: Twice the amount required to be transferred to a fund specified in Schedule VII or an Unspent CSR account, as the case may be, or one crore rupees, whichever is less.

II. Every Officer in Default : 1/10th of the amount required to be transferred to a Fund specified in Schedule VII or an Unspent CSR account or two lakh rupees, whichever is less.

-CA Heli Oza

COMPLIANCE CALENDAR

Sr.No.	Particulars	Due Date	Relevant Act
1	Payment of TDS/TCS	07-05-2024	Income Tax Act 1961
2	Issue of TDS Certificates for tax deducted u/s 194-IA, 194M in March	15-05-2024	Income Tax Act 1961
3	TDS Quarterly statements (other than Government deductor) for January to March	31-05-2024	Income Tax Act 1961
4	Return for authority deducting tax at source	10-05-2024	GST Act 2017
5	Details of supplies effected through e-commerce operator and the amount of tax collected	10-05-2024	GST Act 2017

Sr.No.	Particulars	Due Date	Relevant Act
6	Details of outward supplier of taxable goods & services effected - GSTR 1 for April 2024	11-05-2024	GST Act 2017
7	Return for Input Service Distributor- GSTR 6 for Apr 2024	13-05-2024	GST Act 2017
8	GSTR 3B for Apr 2024 if aggregate turnover above Rs. 5 crore	20-05-2024	GST Act 2017
9	GSTR 3B for Apr 2024 if aggregate turnover below Rs.5 crore	22-05-2024	GST Act 2017
10	GSTR 3B for Apr 2024 if turnover below Rs. 5 crore	24-05-2024	GST Act 2017

CREATIVE CORNER



Devang Mithapara



Karan Saroleeya

EDITORIAL BOARD



Shivani Jaiswal



Ruhani Yadav



Devanshi Jha

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