



## Editorial

In today's evolving corporate environment, compliance is no longer about meeting dates or submitting forms—it's about building resilient, accountable organisations. This article dives into real-world cases where missed deadlines were only the surface of larger governance failures. Through sector-specific insights, it highlights how procedural lapses can lead to lasting reputational and financial damage. The message is clear: true compliance demands cross-functional ownership, ethical leadership, and a culture of proactive oversight. It's not a task, it's a mindset.

We have also included exciting sections in the newsletter like brain teasers. Our other regular features comprise of Gist of Changes in the Companies Act, 2013, SEBI's LODR, 2015 and IB Code, 2016, and Statutory Compliance Calendar for the month of July 2025.

Please share your feedback on this newsletter with us at [contact@cimplyfive.com](mailto:contact@cimplyfive.com), we eagerly look forward to it.

Happy Reading,  
Team CimplyFive  
August 06, 2025

### *What's more in this month's issue...*

- ❖ *What is Hot in Company Law?*
- ❖ *Article of the Month*
- ❖ *BLISS Tips for the Month*
- ❖ *Test your Gray Matter!*
- ❖ *Compliance Calendar*
- ❖ *Regulatory Changes in the Month*

**OPINION:****What is Hot in Company Law?**

Our free to use website [www.ca2013.com](http://www.ca2013.com) has the unique distinction of providing an integrated view of the Companies Act, 2013 ("Companies Act"), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015 ("SEBI (LODR)") and Insolvency and Bankruptcy Code, 2016 ("IB code"). Our website has crossed **53 million page-views** as on date and attracts about 15,000 users accessing around 45,000 pages a day. List of the most viewed sections in the Companies Act, SEBI (LODR) and IB Code in the month of July 2025 here is based on visitors to our website is as follows:

**For the Month of July, 2025**  
**Companies Act, 2013 Top 5 Chartbusters**

Rank in June	Change in Rank	Rank in July	Section	Section Title
2	↑	1	188	Related Party Transactions
1	↓	2	179	Powers of Board
5	↑	3	186	Loan and Investment by the Company
N	↑	4	139	Appointment of auditors
N	↑	5	2(76)	Definitions - Related party

Sections 62 and 174 have been replaced with Sections 139 and 2(76) in the top 5 Rankings.

**SEBI (LODR) Top 5 Chartbuster Regulations**

Rank in June	Change in Rank	Rank in July	Regulation	Regulation title
1	↔	1	30	Disclosure of Events or Information
2	↔	2	17	Board of Directors
4	↑	3	23	Related Party Transactions
3	↓	4	34	Annual Report
N	↑	5	172	Disclosure of information having bearing on performance/operation of listed entity and/or price sensitive information.

Regulation 2 has been replaced by Regulation 172 in the top 5 rankings for the month of July, 2025.

**IB Code Top 5 Chartbusters**

Rank in June	Change in Rank	Rank in July	Section	Section Title
4	↑	1	7	Initiation of corporate insolvency resolution process by financial creditor.
3	↑	2	6	6 - Persons who June initiate Corporate Insolvency Resolution Process
N	↑	3	5	Part 2- Chapter 1 Definitions
N	↑	4	33	Part 2 chapter 3 Definitions
2	↓	5	3	Part 1 Definitions

Section 53 and 59 have been replaced with Section 5 and 33 in top 5 rankings for the month of July 2025.

## Article of the Month:

### What Happens When You Miss a Compliance Deadline: Real-World Cases

#### Introduction

In today's corporate environment, compliance is often narrowly perceived as meeting filing deadlines or completing statutory submissions on time. While deadlines are critical, this perception barely scratches the surface of what compliance truly demands. It goes far beyond timely paperwork—it's a reflection of an organisation's broader commitment to ethical conduct, sound governance, and long-term accountability.

That said, deadlines are not mere calendar events—they are legal and procedural checkpoints designed to safeguard transparency, protect stakeholder interests, and uphold regulatory discipline. Missing them can trigger a domino effect: regulatory penalties, reputational damage, investor distrust, and in some cases, even legal action.

So, what really happens when a company misses a compliance deadline? Is it just a late fee—or could it be a warning sign of deeper issues within the organisation? This article explores that very question through real-world cases that highlight the consequences—both visible and hidden—of missing the mark on compliance timelines.

#### What is a compliance Deadline?

A compliance deadline refers to a defined date by which an individual or organisation must meet a specific legal, financial, operational, regulatory, or contractual obligation. These deadlines are not arbitrary—they are established to ensure timely adherence to frameworks set by courts, government authorities, regulators, or contractual agreements. For instance, legal compliance might involve adhering to a court directive by a stipulated date, while financial compliance includes timely submission of tax returns or audited financials. Operational compliance could relate to safety certifications, audit completions, or internal reporting requirements.

In regulated industries, failure to meet deadlines set by oversight bodies can result in serious consequences, including penalties or license suspensions. Even in contractual contexts, missing a deadline can lead to breach of agreement and potential legal disputes. Regardless of the context, compliance deadlines play a vital role in maintaining order, accountability, and transparency across all sectors.

#### Examples of Compliance Deadlines Across Industries:

- **Banking & Financial Services:**
  - Non-submission of quarterly NPA (Non-Performing Assets) reports to RBI by the prescribed deadline can lead to scrutiny or penalties.
  - Delay in filing Suspicious Transaction Reports (STRs) with FIU-IND may attract regulatory action.
- **Listed Companies:**
  - Failure to submit financial results within the prescribed timeline under SEBI LODR Regulations can result in fines and trading restrictions.
  - Delay in convening the AGM within six months from the end of the financial year is a violation under the Companies Act, 2013.
- **Pharmaceutical Industry:**
  - Missing the deadline for renewing product licenses or submitting clinical trial reports can lead to regulatory suspension by the CDSCO.
- **Construction & Infrastructure:**
  - Delay in securing or renewing environmental clearance within the specified window can halt project execution.

- **Technology & Data Privacy:**

- Non-compliance with personal data protection timelines (e.g., under GDPR or DPDP Act) can result in hefty fines and legal liabilities.

- **Energy & Utilities:**

- Missing periodic reporting to electricity regulatory commissions on emissions, safety audits, or tariff filings can affect license renewals or tariff approvals.

### Consequences of Missing Compliance Deadlines

Missing a compliance deadline is far from a benign error—it can expose an organisation to a multitude of risks. Beyond financial penalties and regulatory censure, the deeper cost lies in reputational damage, loss of investor trust, and erosion of internal discipline. A single lapse can cascade into audit flags, operational roadblocks, and scrutiny from enforcement agencies, especially if non-compliance becomes habitual.

When deadlines are missed repeatedly, they often point to systemic flaws in governance, lack of process ownership, or absence of risk-awareness culture. Directors may face disqualification, licences can be suspended, funding may get delayed, and in some industries, missed timelines could even lead to operational shutdowns or litigation.

### Decoding Real-World Cases of Missed Compliance and Their Root Causes

The RBI's imposition of over ₹54 crore in penalties during FY 2024–25 underscores the increasing seriousness with which regulators are addressing non-compliance in the financial sector. By initiating enforcement action in over 350 cases—including lapses in cybersecurity, KYC norms, and asset classification—the central bank has sent a strong message that regulatory violations will not be tolerated, regardless of the size or nature of the entity. The wide sweep of penalised institutions, from cooperative banks to foreign banks and NBFCs, reflects a zero-tolerance approach and reinforces the RBI's commitment to upholding financial discipline, transparency, and systemic stability. This trend highlights that compliance

is no longer a mere formality but a critical requirement for sustainable operations. ([Based on e paper - Times of India, June 1, 2025](#))

This enforcement push is not an isolated trend. Around the world, missed compliance timelines and weak governance structures have triggered major corporate crises. To truly understand the cost of compliance failures, we must look beyond fines and formality. Here are four prominent case studies from different sectors where missed timelines and deeper governance issues led to corporate crises, along with the root causes of each failure:

#### 1. Investment Banking Sector – Risk Ignored, Lessons Lost

A major global investment bank's collapse in 2008 became symbolic of failed governance in the financial services sector. The board failed to control excessive risk-taking, and risk management lacked independence and authority. Regulators were slow to respond, and incentive structures encouraged short-term profits at the cost of long-term sustainability. The organisation's inability to manage internal risks triggered systemic shockwaves across global financial markets.

##### Root Cause:

*The root cause lay in the erosion of risk governance frameworks and the marginalisation of compliance voices. Compliance was treated as a back-office obligation rather than a strategic partner in decision-making. Lack of board-level intervention and a failure to act on early warning signs compounded the issue.*

#### 2. IT Services Sector – Financial Misreporting and Erosion of Market Value

In 2016, a prominent IT services company operating as a subsidiary of a multinational revealed massive financial irregularities. Senior officials manipulated financial data and delayed key disclosures, leading to severe compliance breaches. The fallout included delayed financial statements, investor exits, and a dramatic drop in market capitalisation. The crisis exposed the dangers of weak audit oversight and centralised decision-making without adequate checks.

**Root Cause:**

*The compliance lapses were rooted in excessive autonomy at the local subsidiary level with little real-time oversight from the parent organisation. Auditors failed to detect manipulations, and internal controls lacked both robustness and independence. Compliance was reactive, not preventive.*

### 3. Automotive Industry – Deceptive Compliance and Regulatory Fallout

In 2015, one of the world's largest automobile manufacturers was found to have falsified emissions test results using illegal software. Despite meeting documentation timelines, the actual environmental compliance was deceptive. The scandal led to global product recalls, multibillion-dollar penalties, and long-term reputational damage. It revealed the consequences of poor ethical leadership and inadequate regulatory oversight.

**Root Cause:**

*At the heart of this failure was a deliberate breach of ethical standards, facilitated by a culture that prioritised market performance over transparency. Internal whistleblowing mechanisms were ineffective, and compliance teams lacked the authority to challenge product engineering decisions. This created a compliance façade disconnected from operational reality.*

### 4. Technology Sector – Fabricated Finances and Governance Collapse

In 2009, a leading technology and outsourcing firm faced a major scandal after its CEO admitted to fabricating financial statements for years. Though filings were regularly submitted, they were built on false data. The lapse went undetected by auditors and regulators for a long time. The eventual exposure led to a collapse in market value, criminal proceedings, and a complete overhaul of the company's governance structure.

**Root Cause:**

*The root cause was excessive concentration of power in the hands of the promoter, coupled with a disengaged*

*board that failed to question anomalies. Internal audit was weak, and regulatory bodies were reliant on surface-level disclosures. This case exposed the fallacy of equating timely filings with genuine compliance.*

### Lessons Learned from Real-World Cases

The high-profile corporate failures mentioned above leave behind more than financial ruins—they offer powerful lessons for future governance:

- **Ethical Leadership is Non-Negotiable:** Every scandal starts at the top. Leaders must be held to high standards of integrity, and boards must actively oversee them.
- **Deadlines are Governance Markers:** Delayed filings often point to deeper process or cultural failures. Timeliness reflects discipline.
- **Transparency Builds Trust:** Whether it's an earnings report or an emissions test, accuracy matters. Misrepresentation erodes stakeholder confidence.
- **Regulators Can't Be Reactive:** Regulatory frameworks must evolve with market complexity, and enforcement must be consistent and timely.
- **Whistleblower Systems Work—If Trusted:** Secure, anonymous channels empower employees to flag risks before they escalate.
- **Long-Term View is Essential:** Profit at any cost is a flawed strategy. Companies must prioritise sustainability, compliance, and trust to thrive.

### Beyond Deadlines: How to Bulletproof Your Compliance Framework i.e Avoid Non compliances

At the heart of most missed compliance deadlines lies a combination of weak internal processes, poor cross-functional coordination, and a lack of ownership. Often, compliance is viewed as a reactive function rather than a proactive business enabler. Limited automation, siloed data, and over-reliance on individuals further increase the risk of oversight. To avoid such failures, companies must integrate compliance into their organisational DNA—not just as a deadline but as a mindset.

- Set up structured compliance calendars, automated alerts, and real-time monitoring systems to stay ahead of due dates.
- Conduct regular internal audits and ensure board-level visibility for critical compliance areas.
- Assign clear accountability, empower compliance teams, and establish escalation protocols.
- Train and sensitise cross-functional teams on the strategic importance and business impact of compliance.
- Foster a culture where transparency, early warning, and ethical conduct are part of daily operations.

Because at the end of the day, **compliance done right is not a formality-it's your organisation's first line of defence against disruption.**

## **BLISS Tips for the Month**

### **BLISS Tips #322: Circulate draft minutes and complete review process through BLISS!**

With BLISS, draft minutes can be circulated via email, and notifications regarding the same are also pushed on BLISS DOCS- our paperless Board Meeting App, enabling directors and invitees to review them.

Comments may be added on each agenda item, and clarification may be sought prior to finalization of minutes. This helps the compliance team to incorporate the suggestions of directors and accordingly make necessary changes within the timelines stipulated under the Companies Act, 2013. It also maintains a record of all versions of draft minutes circulated. Proof of delivery is also captured as required by the Secretarial Standards.

### **BLISS Tips #323: Generate and issue Certified True Copies effortlessly with BLISS!**

Certified True Copies are auto-generated in BLISS, based on the resolution recorded in the minutes. The user can quickly navigate to the relevant resolution and choose to generate the true copy in word or in PDF format. BLISS also allows insertion of preferred templates or letterheads, ensuring consistency with the company's existing formats.

### **BLISS Tips #324: Maintain repository of KYC documents with BLISS!**

With BLISS, the compliance team will be able to maintain a repository of the directors' and Key Managerial Personnels' KYC documents, for regular reference, as part of the register of directors.

These documents are stored in dedicated fields and can be uploaded in PDF, Word, or image formats for easy reference.



[Test your Gray Matter!! Take our Quiz to find out!](#)

### WHO AM I ?

Declared from reserves, not paid in cash,  
I don't hurt your bank with a sudden slash.  
You get me free, yet I'm no scam,  
Just a capital trick – who knows who I am?

Creditors knock when dues go high,  
I'm the door before companies die.  
Within 14 days, I show my face,  
Either admit or state your case?

I'm not your promoter, but I behave the same,  
I call the shots without taking the name.  
No shares in hand, yet deals I steer,  
SEBI watches me year to year. Who am I, the invisible king  
In governance, a shadowy thing?

I don't hold shares in black and white, Yet  
pull the strings from out of sight. Through  
layers stacked or foreign veil, My control and  
gains rarely trail. You won't see me on the  
ROC show, But the real power? That, I know.

I'm no casual note or written phrase,  
I'm your official boardroom gaze.  
With agenda clear and members tight,  
I capture decisions, black and white.  
What document am I, formal and wise,  
Recording every corporate slice?





**Test your Gray Matter!! Take our Quiz to find out!**

1. **A listed company proposes a buy-back of 20% of its paid-up equity share capital from free reserves. It had completed another buy-back just 8 months ago. Can the new buy-back proceed?**
  - A. Yes, with special resolution and SEBI approval
  - B. No, minimum 1-year gap is required between two buy-backs
  - C. Yes, if the buy-back is through open market route
  - D. No, unless NCLT grants exemption
  
2. **Under Section 233 of the Companies Act, 2013, which of the following entities is eligible for a fast-track merger?**
  - A. Holding company and foreign subsidiary
  - B. Two unlisted public companies with paid-up capital Rs. 6 crore each
  - C. A holding company and its wholly-owned Indian subsidiary
  - D. listed company and a startup
  
3. **Who among the following is not eligible to be appointed as a Resolution Professional under the IBC?**
  - A. An Insolvency Professional suspended by IBBI
  - B. A Chartered Accountant with 20 years of practice, not registered with IBBI
  - C. An Advocate registered as an IP with IBBI
  - D. All the above
  
4. **As per Regulation 32 of SEBI (LODR), a listed entity that has raised funds through public issue, rights issue, or preferential issue must disclose the Statement of Deviation or Variation. Which of the following statements is correct regarding this requirement?**
  - A. The statement must be submitted only at the end of the financial year
  - B. The disclosure is voluntary unless variation exceeds 10%
  - C. The statement must be reviewed by the Audit Committee and submitted to stock exchange(s) quarterly
  - D. The company must issue a press release only in case of major deviations
  
5. **Alpha Private Limited is a subsidiary of an unlisted public company and has a turnover of ₹500 crore during the financial year.**  
**Question:** Is Secretarial Audit applicable to this private company?
  - A. No, secretarial audit is not applicable to private companies
  - B. Yes, because it is a subsidiary of a public company and crosses prescribed threshold
  - C. No, because the holding company is unlisted
  - D. Yes, but only if it is also a listed entity

## Board Leaders Integrated Software Solution

### BLISSPLUS

timely alerts, and a real-time dashboard, all aimed at ensuring compliance and good corporate governance. By doing so, it provides complete peace of mind to the Board of Directors and assurance to professionals by providing them with real-time compliance status with respect to the Companies Act, 2013. It also has multiple premium features like Directors view, facility to store past Secretarial records, automated compliance tracker for size- based compliance under the Companies Act, 2013.

### BLISSLISTED

**BLISSLISTED** is an advanced variant of BLISSPLUS for Listed Companies with Companies Act, 2013 and SEBI's LODR 2015 compliances integrated to provide a single point compliance automation, risk manager & e-repository for secretarial records including past secretarial records.

### BLISSDOCS

**BLISSDOCS** is an Android/IOS based Board app for Directors which provides secure access to Board documents on Tablets/mobile phones, enhancing Directors productivity and making the Board meetings efficient & effective

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**CimplyBest** is a tailor-made software for Indian Corporates in conducting Corporate Board Evaluation which will optimize Board's Time & Effort with confidentiality assured.

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**CAIRR** is a free to use website from CimplyFive that provides at your fingertips, an integrated view of the Companies Act, 2013, IB Code, 2016 and LODR, 2015. The site and app are updated every business day by 11 AM for changes in the Act & Regulations. For more details, please visit [www.ca2013.com](http://www.ca2013.com)

**Compliance Calendar for the month of August, 2025**

<b>SEBI (LODR) Regulations, 2015 Compliances</b>			
<b>Sl. No.</b>	<b>Compliance requirement</b>	<b>Regulation reference</b>	<b>Due Date</b>
1.	Disclosure of Related Party Transactions (RPTs)	23(9)	To be filed on or before 14 <sup>th</sup> August 2025
2.	Quarterly disclosure of outstanding default on loans / debt securities	Reg. 30 r/w section V-B of the Master Circular	To be filed on or before 14 <sup>th</sup> August 2025
3.	Statement of Deviation and Variation	32(1)	To be filed on or before 14 <sup>th</sup> August 2025
4.	Financial Results	33(3)	To be filed on or before 14 <sup>th</sup> August 2025
<b>Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments Regulations, 2019)</b>			
<b>Sl. No.</b>	<b>Compliance requirement</b>	<b>Regulation reference</b>	<b>Due Date</b>
1	ECB-2 return (If the company has received External Commercial Borrowings, it is required to file Form ECB-2 with the AD Bank)	Foreign Exchange Management Act, 1999 (FEMA)	Within 7 working days from the end of the month.

**Gist of regulatory changes in Companies Act, 2013, SEBI (LODR) 2015, SEBI (PIT) Regulations, 2015 and Insolvency & Bankruptcy Code, 2016 in the month of July, 2025.**

• **07-07-2025**

**Companies (Listing of equity shares in permissible jurisdictions) Amendment Rules, 2025**

Form LEAP-1 (Form for submission of Prospectus with the Registrar) has been substituted with a revised format, with effect from 3rd July 2025.

**IBBI notifies the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Fifth Amendment) Regulations, 2025**

The Information Memorandum, which is a document containing key selling propositions and relevant information about the corporate debtor, shall now also include details of:

- i) all identified avoidance transactions, if any, under Chapter III or
- ii) fraudulent or wrongful trading under Chapter VI of Part II of the Code and
- iii) subsequent filings before Adjudicating Authority

A resolution plan shall not provide for assignment of any avoidance transactions and fraudulent or wrongful trading unless:

- i) they were already disclosed in the information memorandum and
- ii) intimated to all prospective resolution applicants before the last date for submission of resolution plans

• **09-07-2025**

**MCA Notification on the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2025**

MCA has notified the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2025 w.e.f. July 14, 2025. Form CSR-1 "Registration of Entities for undertaking CSR Activities" has been substituted with a new e-Form CSR-1.

<b><u>Solution for Riddles</u></b>	<b><u>Solution for Quiz</u></b>
1. Bonus Shares	1. B
2. Section 8 Demand Notice under IBC	2. C
3. Person Acting in Concert (PAC)	3. A
4. Significant beneficial owner	4. C
5. Minutes of the meeting	5. B

## About CimplyFive

### Mission

Provide a cost-effective, secure web-based, menu driven, subscription services that provides curated resolutions, timely alerts and informative dashboards to free the management bandwidth for pursuing business goals

### Vision

Leverage research and technology to eliminate procedural non-compliance risk for entities regulated by the Indian Companies Act, 2013



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