

Editorial

True compliance lives in culture—in leadership conduct, team rituals, and everyday decisions. While procedural compliance has its merits, modern-day organizations must be encouraged to adopt a more holistic approach—one that goes beyond ticking boxes to truly embed compliance into their culture and decision-making. It is not the fear of penalties, but building trust, agility, and ethical reflexes. When compliance becomes part of an organization's rhythm, it drives performance and enhances governance. Our article for the month urges leaders to embed compliance into the business's DNA—making it less about rules, more about values.

Please share your feedback on this newsletter with us at contact@cimplyfive.com, we eagerly look forward to it.

Happy reading,
Team CimplyFive
June 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***

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OPINION:

What is Hot in Company Law?

Our free to use website 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 **51 million page-views** as on date and attracts about 14,000 users accessing around 45,000 pages a day. List of the most viewed sections in the Companies Act, LODR and IB Code in the month of May 2025 here is based on visitors to our website.

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

Rank in April	Change in Rank	Rank in May	Section	Section Title
1	↔	1	179	Power of Board
2	↔	2	188	Related party transactions
N	↑	3	134	Financial Statements, Board Report, etc.
3	↓	4	62	Further Issue of Share Capital
N	↑	5	149	Company to have Board of Directors

Sections 186 and 177 have been replaced with Sections 134 and 149 in the top 5 Rankings.

LODR Top 5 Chartbuster Regulations

Rank in April	Change in Rank	Rank in May	Regulation	Regulation title
1	↔	1	30	Disclosure of Events or Information
2	↔	2	17	Board of Directors
3	↔	3	23	Related party transactions
4	↔	4	24A	Secretarial Audit and Secretarial Compliance Report
5	↔	5	33	Financial results

There has been no change in the rankings of the regulations since April, 2025.

IB Code Top 5 Chartbusters

Sections 30 and 6 have been replaced with Sections 33 and 35 in the top 5 Rankings.

Rank in April	Change in Rank	Rank in May	Section	Section Title
1	↔	1	59	Voluntary liquidation of corporate persons.
2	↔	2	3 and 5	3 – Definitions (Part 1, Chapter 1) 5 - Definitions (Part 2, Chapter 1)
3	↔	3	6 and 7	6 - Persons who may initiate Corporate Insolvency Resolution Process 7 - Initiation of corporate insolvency resolution process by financial creditor.
N	↑	4	33	Initiation of Liquidation
N	↑	5	35	Powers and Duties of the Liquidator

Article of the Month:

How to build an effective compliance culture in your organization

Introduction

Compliance has long been viewed as a back-office task, a regulatory burden fulfilled through checklists, policies, and training records for a long time now. But in today's high-velocity and increasingly transparent business environment, compliance can no longer be siloed. It must breathe through every decision, conversation, and strategy. A modern organization does not build compliance through enforcement, it builds through alignment. This article takes an unconventional look at compliance as a human system, one that evolves through behaviour patterns, organizational memory, and dynamic design.

Compliance as an Organizational Pulse, not a department

The most resilient organizations treat compliance not as a risk function, but as an organizational pulse alive in operations, brand, hiring, procurement, and product. When compliance lives in the bloodstream of the business, it shows up in how decisions are made under pressure and how teams respond when no one is watching.

Build this by:

- Embedding compliance cues in leadership language and team rituals.
- Designing roles with inherent accountability not just for delivery but for integrity.
- Replacing fear of failure with transparent feedback systems.

Culture Engines: Rituals, Language and Ethical Reflexes

Compliance is reinforced by what is rewarded, repeated, and remembered. Build ethical reflexes the same way you build habits through subtle but consistent reinforcement:

Best practices:

- Reengineer onboarding to tell the ethical history of the company.
- Host recurring forums where teams share compliance dilemmas they faced.
- Normalize ethical questioning as a trait of excellence not hesitation.

Leadership as Compliance Architects

Real compliance culture does not cascade from the legal team. It is designed by leadership conduct. What leaders tolerate, prioritize, and walk past becomes more powerful than any handbook.

- Train managers as compliance interpreters not enforcers.
- Reward leaders who self-report misses and model learning.
- Include cultural signals (e.g., ethical creativity, resilience in audits) in leadership Key Performance Indicators.

Human-Centered Compliance Systems

Compliance infrastructure must feel like a co-pilot wherein employees should never have to choose between doing their job and doing the right thing.

Design systems that:

- Integrate compliance into everyday workflows.
- Offer decision support, not just rules.
- Predict misunderstandings before they escalate.

Behavioral Triggers: Designing for the Grey Zone

Most compliance breaches happen in ambiguity. Design behavioral interventions for grey areas:

- Use scenario-based learning that replicates moral dilemmas.
- Allow anonymous crowdsourcing of unclear situations.
- Create cross-functional squads to evaluate and codify responses.

Compliance as a Trust Signal to Investors and Markets

For foreign investors, a mature compliance culture is about risk literacy and ethical coherence:

- Compliance maturity signals long-term value protection.
- It reduces the cost of due diligence and speeds up partnership alignment.
- Investors value agility with governance organizations that adapt fast without regulatory panic.

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Adaptive Compliance: Iterate Like a Product

Static policies become obsolete. Treat compliance like an evolving product:

- Run quarterly policy sprints.
- Build a roadmap for compliance upgrades based on risk emergence.
- Compliance should be inspired by positive examples and success stories, not driven solely by breaches or failures.

Invisible Infrastructure: Technology as Silent Guardian

Under Section 134(5)(f) of the Companies Act, 2013, directors are legally mandated to ensure that "proper systems are devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively." This places direct accountability on the Board for compliance oversight. Modern compliance platforms address this requirement by providing measurable, tech-driven solutions that help demonstrate adherence and operational effectiveness in real time.

Key features to look for in modern compliance technology include:

- **Proactive Compliance Alerts:** Automated notifications ensure that compliance tasks are completed on time, helping your business stay ahead of deadlines and significantly reducing the risk of non-compliance.
- **Efficient Workflow Management:** A robust system facilitates the assignment, completion, reassignment, and approval of compliance activities, supported by a clear escalation matrix to maintain accountability across departments and business units.
- **Organized E-Repository and Data Archival:** A centralized digital repository stores all compliance documents and records, providing easy access for audits and simplifying long-term record management.
- **Comprehensive Reporting:** The platform offers a variety of downloadable reports that provide a clear overview of compliance status across different teams, departments, or business units, aiding in strategic decision-making.
- **Real-Time Graphical Dashboard:** A unified, interactive data display accessible to all management levels—from top executives to operational teams—allows tracking of compliance progress and risk categorization, empowering informed and timely interventions.

When Culture Carries Compliance

Compliance culture is tested not in audits, but in unplanned moments. When your team faces pressure, rush, or opportunity do they pause and align? That pause is your real compliance program.
Culture is the carrier. It sustains integrity at scale. Build it not just with rules, but with relationships, rituals, and reflections. When culture becomes the code, compliance no longer needs constant correction it becomes direction.

The Impact of Compliance Culture: Benefits and Risks

Benefits of compliance:

- Reduced legal and regulatory risks
- Stronger brand and public trust
- Improved internal morale and cohesion
- Better, more ethical decision-making at every level
- A more agile and resilient organization

Risks of Non-compliance:

- Regulatory fines and sanctions
- Reputational damage and media backlash
- Talent attrition and internal mistrust
- Legal liability for executives and directors
- Competitive disadvantage in trust-driven markets

How Compliance Culture Enhances Business Performance

A strong compliance culture is not just risk mitigation—it's business acceleration. When people trust their organization to operate fairly, they work with greater purpose and fewer internal barriers. *Customers and partners are more likely to engage with companies that uphold ethical standards*. Internally, compliance-driven organizations attract top talent, perform better during audits, and move faster in regulated environments because they're prepared, not reactive.

In essence, compliance becomes a strategic differentiator—fueling trust, agility, investment-readiness, and sustainable growth.

Conclusion:

A culture of compliance isn't built overnight. It's shaped by every interaction, every decision, and every message from leadership. It must be designed deliberately and sustained consistently.

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The goal isn't to avoid punishment—it's to build a workplace where doing the right thing is simply the way things are done.

When compliance becomes part of a company's identity, success follows—not just in avoiding risks, but in building a truly trustworthy, forward-thinking enterprise.

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BLISS Tips for the Month

BLISS Tips #318: Set validity period for users to ensure secure and time-bound access!

On BLISS, access validity periods can be configured while adding users, enabling them to view or comment on documents for a defined duration. Once the validity period expires, access is automatically revoked, eliminating the need for manual intervention and ensuring access is not retained beyond the intended timeframe.

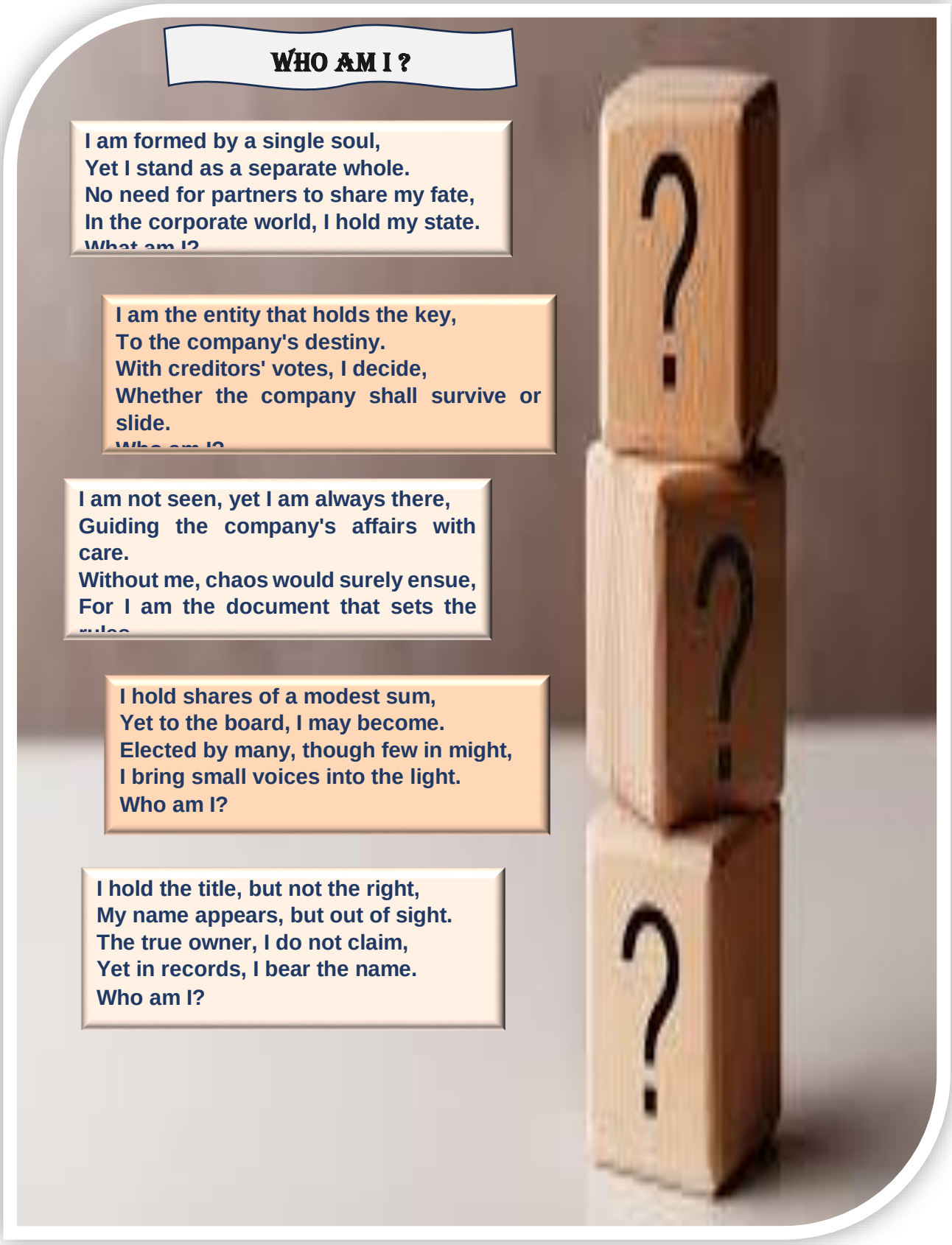
Prompts and email alerts are also sent prior to the expiry of the access period to ensure a smooth and uninterrupted experience for different users such as Auditors, Directors and KMPs, etc.

BLISS Tips #319: Plan Ahead with Compliance Reminders in BLISS!

With BLISS, you can activate mail reminders for each user, ensuring timely compliance alerts are delivered straight to their email inbox. These alerts help you plan ahead, stay compliant, thereby enhancing efficiency and reducing possibilities of oversight, without the need to login to check the status. Similarly, mail reminders can be enabled or disabled for each user based on their role and required level of visibility.

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



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

1. **Under Section 62(1)(a), who is eligible to subscribe to shares in a rights issue?**

   a) Only existing equity shareholders
   b) Existing equity shareholders and their relatives
   c) Existing equity shareholders and employees
   d) Anyone, including the general public

2. **Which form must an individual submit to a company to declare their status as a Significant Beneficial Owner?**

   a) Form DIR-3
   b) Form BEN-1
   c) Form MGT-14
   d) Form INC-22

3. **What is the maximum time frame for completing the CIRP under the IBC?**

   a) 180 days
   b) 270 days
   c) 330 days
   d) 365 days

4. **What is the revised timeline for public announcements following the filing of the draft offer document under the SEBI (ICDR) Regulations, 2015?**

   a) Within 3 working days
   b) Within 5 working days
   c) Within 7 working days
   d) Within 2 working days

5. **What is the minimum period for which a trading plan must be given under SEBI's regulations?**

   a) 6 months
   b) 12 months
   c) 18 months
   d) 24 months

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Board Leaders Integrated Software Solution

BLISSPLUS

BLISSPLUS is a Cloud hosted software that automates the routines, provides an e-repository, 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

CIMPLYBEST

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

Clear Compass

Clear Compass is an All-law Compliance Software to ascertain, track and manage all the applicable state, central and industry-specific laws.

CAIRR LODR Integrated

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

Compliance Calendar for the month of June, 2025

Compliances for Companies under Companies Act, 2013			
Sl. No.	**Compliance Requirement**	**Section/ Rules**	**Due Date**
1.	DPT-3: Return of Deposit	Section 73 of the Companies Act, 2013 read with Rule 16 of the Companies (Acceptance of Deposits) Rules, 2014	To be filed on or before 30th June, 2025
2.	CSR 2	Rule 12(1B) of Companies (Accounts) Rules, 2014.	To be filed on or before 30th June, 2025
3.	Every Private Company other than a small Company shall: (a) issue the securities only in dematerialised form; and (b) facilitate dematerialisation of all its securities	Rule 9B of the Companies (Prospectus and Allotment of Securities) Rules, 2014	To be complied on or before 30th June, 2025

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

- **02-05-2025**

SEBI notifies the SEBI (LODR) (Second Amendment) Regulations, 2025.

The highlights of the amendments are:

1. It has been specified that in case of securities debt instrument, the SCORES registration may be taken at the Trustee level for all Special Purpose Distinct Entities, they are Trustee of.

2. The following information having a bearing on performance of listed entity and/or price sensitive information is required to be disclosed to the Stock Exchange pursuant to Regulation 83:

a. Outstanding litigations and material developments in relation to the originator or servicer or any other party to the transaction which could be prejudicial to the interests of the investors shall be disclosed by special purpose distinct entity or its trustee to the stock exchange on annual basis.

b. Disclosure about defaults in connection with servicing obligations undertaken by servicer shall be disclosed by special purpose distinct entity or its trustee to the stock exchange on annual basis.

NSE issues Master Circular for Listed Companies

In order to enable the Listed Companies to have access to the applicable circulars/guidelines at one place and to facilitate Listed Companies to comply with the regulatory requirements, the Exchange has prepared a Master circular for Listed Companies consisting of the following 2 parts:

Annexure A: Details of Relevant circulars/guidelines relating to Listing Approvals i.e. Initial Public Offer (IPO), Further Issues, Scheme of arrangement, Debt Listing, Social Stock Exchange etc.

Annexure B: Details of Relevant circulars/guidelines relating to Listing Compliance i.e. Listing Regulations (Equity and Debt), SAST and PIT

This master circular is a compilation of all circulars/ guidelines issued as on April 30, 2025 which are operational as on the date of this circular, in supersession of the earlier Exchange master circular (ref no: NSE/CML/2024/10 dated April, 29, 2024).

With the issuance of this Master Circular, the circulars/guidelines contained in the circulars listed out in the respective annexures to this Master Circular shall stand rescinded. Notwithstanding such recission:

a. Any action taken, or intended to be taken, under the rescinded guidelines before the commencement of this Master Circular shall be considered as having been done under the relevant provisions of either the Master Circular or the rescinded guidelines, as applicable.

b. All actions taken, rights or obligations created, penalties imposed, or legal proceedings started under the rescinded guidelines will remain valid and unaffected, as if those guidelines were still in effect.

- **09-05-2025**

MCA notifies the NCLT (Recruitment, Salary and other Terms and Conditions of Service of Officers and other Employees) Amendment Rules, 2025 and NCLAT (Recruitment, Salary and other Terms and Conditions of Service of Officers and other Employees) Amendment Rules, 2025

The MCA vide these notifications has amended guidelines for Stenographer in terms of eligibility for appointment.

Amendment to Companies (Indian Accounting Standards) Rules, 2015

Key Highlights of amendments to IND AS 21, are as follows:

1. "Currency"-: A currency is exchangeable into another currency when an entity can obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which a transaction would create enforceable rights and obligations.

2. An entity must check whether one currency can be exchanged for another:
(a) on the date it measures value, and
(b) for a specific use or purpose.

If, on that date, the entity can get only an insignificant amount of the other currency for that purpose, then the currency is considered not exchangeable.

3. If a currency cannot be exchanged for another on the measurement date, the entity must estimate the spot exchange rate. The goal is to reflect the rate that would be used in a fair and orderly exchange between market participants under current economic conditions.

When multiple exchange rates are available, the rate that would apply if the related cash flows happened on the measurement date, should be used.

Appendix A has been substituted to reflect the aforesaid amendments, which provides an application guidance on Exchangeability and steps to determine whether a currency is exchangeable.

4. Disclosure requirements

When an entity estimates a spot exchange rate due to a currency's non-exchangeability, it must disclose the following information for stakeholders to understand the impact on its financial performance, position, and cash flows:
(a) the nature and financial effects of the currency not being exchangeable into the other currency;
(b) the spot exchange rate(s) used;
(c) the estimation process; and
(d) the risks to which the entity is exposed because of the currency not being exchangeable into the other currency.

5. Appendix C has been inserted containing references to matters contained in other Indian Accounting Standards

6. These amendments must be applied for annual reporting periods starting on or after 1 April 2025 and the effective date of application is the start of the first annual period in which the entity adopts these.

- **21-05-2025**

MCA notifies the Companies (Accounts) Amendment Rules, 2025

- Vide this amendment, the due date for filing form CSR-2 for the FY 2023-24 has been extended from March 31, 2025 to June 30, 2025.

- **23-05-2025**

Amendment to IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016

1. Substitution of Regulation 40B: Model timeline (within 180 days) for insolvency resolution process has been substituted to reflect the new timelines, and filing through the electronic platform of the Board, as detailed below:

Form CP-1: From commencement of CIRP till constitution of Committee of Creditors ("CoC"): On or before the 10th day of the subsequent month, after filing the report on constitution of CoC to Adjudicating Authority ("AA")

Form CP-2: From constitution of CoC till issue of Request for Resolution Plan ("RFRP"): On or before the 10th day of the subsequent month, after issuance of RFRP

Form CP-3A: Details of resolution plan / liquidation / closure application filed with AA: On or before the 10th day of the subsequent month, after filing application with AA

Form CP-3B: Approval of resolution plan / liquidation / closure by AA: Within 7 days of disposal of application by AA

Form CP-4: Avoidance transactions reported to AA: On or before the 10th day of the subsequent month, after filing of application(s) with AA or disposal of application(s) by AA

Form CP-5: Monthly updates- This includes updates on the status of CIRP, details of CoC meetings held, updates on litigations, details of expenses incurred, reasons for delay (if any), etc.: On or before the 10th of every month for the preceding month.

These forms shall be made available by the Board on its electronic platform and it shall come into force from 1st June 2025.

2. Delayed Filing Fees: If a Form is filed after its due date—whether as a correction, updation, or for any other reason—it shall be subject to a late fee. The fee is ₹500 per Form for each calendar month of delay. The starting date from which the delay is calculated will be notified separately through a circular issued by the Board.

3. Filing Mechanism: The interim resolution professional or resolution professional, as the case may be, shall ensure that the Forms and its enclosures filed are accurate and complete.

Amendment to IBBI (Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Regulations, 2019

Regulation 17B relating to "non-submission of repayment plan" has been inserted, which states that if the debtor does not prepare a repayment plan under section 105 of the Code, the resolution professional, with the creditors' approval, must file an application with the AA to inform them, requesting further instructions.

- **28-05-2025**

IBBI notifies the format of the Revised Forms for Corporate Insolvency Resolution Process (CIRP)

- In furtherance to the IBBI notification dated 19/05/2025, IBBI has notified the format, scope and timelines of the forms CP-1, CP-2, CP-3A, CP-3B, CP-4 and CP-5. These electronic forms will be available on the IBBI website from June 01, 2025 and the existing forms (consisting of Form IP-1 and CIRP Forms 1 to 8) will be discontinued then. The new framework introduces a standardized monthly reporting cycle, replacing the current system of multiple event-based due dates during the month. No penalty will be levied on delay of filing forms during the initial quarter (July to September 2025) in order to facilitate IPs to familiarize themselves with the new forms and resolve technical issue(s) that may arise.

  It is directed that an IP shall file the revised Forms through the electronic platform as follows:

  1. For CIRPs admitted on or after June 01, 2025: Revised forms as per this circular shall be submitted as per the new timeline prescribed.

  2. For CIRPs ongoing as on June 01, 2025:
  a. Submit form CP-1 and CP-2 if corresponding earlier forms (CIRP-1,2,3,4) were not filed.
  b. Submit form CP-3A, CP-3B & CP-4 for all ongoing cases.
  c. Submit monthly form CP-5 by July 10, 2025 for the period of June 2025, and thereafter file it on a monthly basis.

  3. For CIRPs closed on or before May 31, 2025: In case any earlier forms are pending, the corresponding revised forms to be submitted on or before September 30, 2025.

- **29-05-2025**

Amendment to IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016

Key Highlights of the amendment are as follows:

1. The Committee may direct the Resolution Professional ("RP") to invite the providers of interim finance to attend as observers without voting rights, to such meeting(s) of the Committee, as the Committee may decide.

2. The RP may invite Expressions of Interest ("EOIs") with Committee of Creditors ("CoC") approval and these can be for:
- Resolution plan for the entire corporate debtor, or
- Sale of one or more assets, or
- Both

3. In case a resolution plan provides for payment in stages, the financial creditors who did not vote in favour of the resolution plan shall be paid at least pro rata and in priority over financial creditors who voted in favour of the plan, in each stage.

Solution for Riddles	**Solution for Quiz**
1. One Person Company	1. A
2. Committee of Creditors	2. B
3. Articles of association of the Company	3. C
4. Small Shareholder Director	4. D
5. Nominee shareholders	5. B

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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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