

Editorial

In today's compliance-driven landscape, digital audit trails have emerged as a cornerstone of good governance. Beyond satisfying regulatory mandates, they provide organizations with the transparency and accountability needed to face scrutiny with confidence and stand as a measure of best internal control practices. As Indian regulators tighten oversight, audit readiness is very much essential. This article dives deep into how audit trails shape the face of organizations in today's compliance-driven environment.

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

Happy Reading,
Team CimplyFive
October 06, 2025

What's more in this month's issue…

- ***What is Hot in Company Law?***
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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 **55 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 September 2025 here is based on visitors to our website is as follows:

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

Rank in AUG	Change in Rank	Rank in SEP	Section	Section Title
1	↔	1	188	Related Party Transactions
2	↔	2	179	Powers of Board
N	↑	3	62	Further Issue of Capital
3	↓	4	186	Loans and Investments
N	↑	5	149	Company to have Board of Directors

Sections 139 and 2(76) have been replaced with Sections 62 and 149 in the top 5 Rankings.

SEBI (LODR) Top 5 Chartbuster Regulations

Rank in AUG	Change in Rank	Rank in SEP	Regulation	Regulation title
1	↔	1	30	Disclosure of Events or Information
4	↑	2	23	Related party transactions
2	↓	3	17	Board of Directors
3	↓	4	34	Annual Report
5	↔	5	51	Disclosure of information having bearing on performance/operation of listed entity and/or price sensitive information.

There have been no new regulations in the rankings for the month of September 2025.

IB Code Top 5 Chartbusters

Rank in AUG	Change in Rank	Rank in SEP	Section	Section Title
2	↑	1	5	Part 2- Chapter 1 Definitions
3	↑	2	3	Part 1 Definitions
4	↑	3	6	Persons who may initiate corporate insolvency resolution process.
1	↓	4	7	Initiation of corporate insolvency resolution process by financial creditor.
5	↔	5	33	Initiation of liquidation.

There have been no new sections in the rankings for the month of September 2025.

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Article of the Month:

How a Digital Audit Trail Can Save You During Regulatory Scrutiny

Introduction

In today's regulatory climate, businesses are under more scrutiny than ever before. Every transaction, every approval, and every modification in a company's records can come under the lens of regulators, auditors or investigative authorities. In such a scenario, one of the most effective shields an organization can have is a digital audit trail. Far from being a back-end technicality, an audit trail has become a frontline compliance and governance requirement, particularly in India where the Ministry of Corporate Affairs (MCA) has made it mandatory in accounting systems from April 2023.

Meaning and Purpose of an Audit Trail

At its simplest, an audit trail is a chronological record of events. It captures who performed an activity, what action was taken, when it was executed and how it was processed within a system. In essence, it provides a transparent chain of evidence for all digital and financial activities. The purpose of maintaining such a trail is multi-fold, starting from transparent systems and aiding in operational trouble shooting in the entire metamorphosis of an organisation life cycle.

Understanding the Nature of Audit Trails

Audit trails come in many forms depending on the area of application. It varies in the context to which a trail is required.

- In Information technology, a system audit trail captures activities at the operating system or application level.
- In finance, a transaction audit trail provides a clear record of every financial entry, alteration, or deletion.
- User activity trails are particularly useful in monitoring access and actions performed by employees, while change audit trails document modifications to sensitive records such as contracts or shareholder registers.
- Compliance-focused audit trails, on the other hand, map business actions against statutory obligations, helping companies establish that regulatory requirements have been met.

Together, these different types of trails create a comprehensive record that enhances governance.

Why Audit Trails Matter in Practice

Audit trails are critical during regulatory scrutiny because they provide reliable, time-stamped records of business activities. They not only protect organizations from disputes but also strengthen overall governance.

Regulatory Compliance

Provide clear, time-stamped evidence of transactions and changes, making regulatory checks more straightforward.
***Impact**:* Protects companies from penalties, legal challenges, and allegations of data tampering.

Security

Highlight unauthorized access attempts and insider threats by capturing user activities.
***Impact**:* Minimizes the risk of data breaches and strengthens organizational resilience against cyber threats.

Audit Efficiency

Streamline internal and external audits by providing readily accessible and verifiable records.
***Impact**:* Saves time and cost during audits while improving accuracy of compliance reporting.

Error Reduction

Maintain accurate and traceable records that help identify and correct mistakes quickly.
***Impact**:* Prevents operational disruptions and financial misstatements.

Stakeholder Trust

Enhance transparency across processes by ensuring every action is traceable.
***Impact**:* Builds confidence among regulators, investors, and clients, strengthening the company's reputation.

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How regulators depend on digital footprints to uphold corporate accountability

Global corporate history offers both cautionary tales and success stories. Companies such as Enron, WorldCom, and Satyam collapsed partly because they lacked reliable audit trails that could have exposed accounting irregularities on time. On the other hand, global giants like Apple and Microsoft have strengthened their governance by embedding robust audit mechanisms into their operations. By this, we can assert that the presence or absence of a credible audit trail can shape the fate of an enterprise.

In India, the government has recognized the importance of audit trails as a safeguard against fraud and mismanagement. The MCA's notification effective 1 April 2023 requires all companies to use accounting software that has the feature of recording audit trails of every transaction. The rules are very stringent, the audit trail must remain enabled at all times so as to avoid tampering, and it must capture the entire history of edits or deletions. Statutory auditors are now mandated to review these trails and comment on them in their audit reports.

Example:
Consider a scenario where a company records a vendor payment of ₹50,000 in its accounting system. Subsequently, the accounts team identifies an error and corrects the amount to ₹55,000.

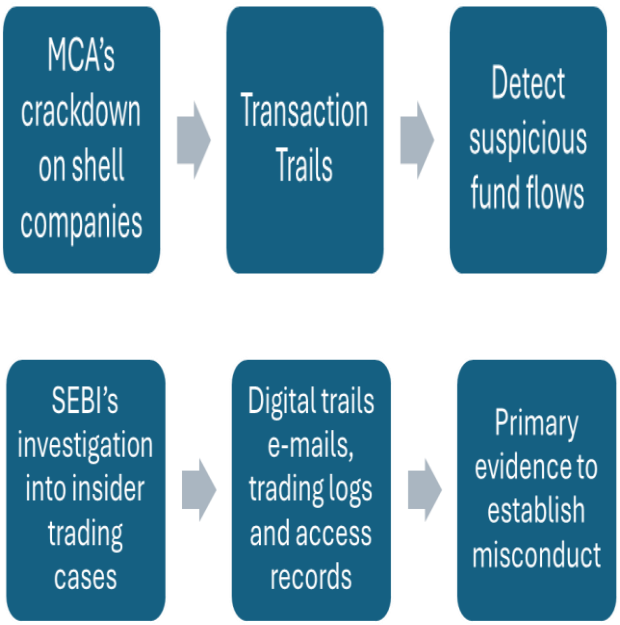
Under the audit trail requirement, the accounting software must automatically capture and retain the complete trail of this transaction, including:

- *The details of the original entry (amount, date, user ID)*
- *The particulars of the modification made (from ₹50,000 to ₹55,000)*
- *The identity of the user who made the change and the date and time of such modification*

Even if the transaction is deleted, the system should preserve a record of the deletion activity.

During statutory audit, the auditor is required to review such audit trails to verify that transactions have not been tampered with and that all changes are properly authorized and traceable.

India's broader regulatory approach is now visible, where transparency and accountability are being prioritized across the corporate sector.



Choosing the Right Technology for Audit Trails

When it comes to audit trails, choosing the right technology can make all the difference - Whether we are going to react to compliance glitches or build a proactive governance framework. Modern audit solutions are designed to go beyond simple record-keeping. They integrate automation, analytics, and real-time monitoring to provide a complete view of organizational activities.

The following are some instances on how choosing the right tool can help achieve the objective.

- **Wholesome Audit Process :** Some platforms are built to handle end-to-end audit lifecycle management, from planning and scheduling to reporting and traceability.
- **Security Focused**: In IT and data security audits, the focus goes more on user activity monitoring, breach detection, and access control.
- **Source of Reliability:** In finance-driven environments, audit and internal control tools help track financial entries and enhance reporting accuracy.
- **Ensuring Scalability:** Organizations operating across multiple subsidiaries or regulated industries often require scalable and configurable systems that can support different compliance needs while ensuring consistency.

Thus, the choice ultimately depends on the nature of the business, its size, and its regulatory environment. A small or mid-sized company may prioritize cost-effective, easy-to-deploy systems with customizable workflows, while larger enterprises often benefit from integrated solutions that connect with ERP, risk management, or compliance platforms. Regardless of size, the right technology ensures audit trails remain reliable, tamper-proof, and ready for regulatory scrutiny.

Challenges in implementation and How to Overcome Them

Challenges in Audit Trails	**How to Overcome Them**
Resource Constraints – Smaller companies often lack the manpower and budgets to maintain detailed logs.	Invest in modern, cost-effective accounting and ERP systems that are MCA-compliant.
Outdated IT Systems – Legacy software may not support robust audit logging.	Upgrade to systems with built-in audit trail features and automation capabilities.
Legal Complexity – Interpreting audit data requires technical and legal expertise.	Frame clear internal policies and procedures; ensure statutory auditors review audit trails.
Risk of Data Tampering – Audit records may be altered if not adequately protected.	Implement strong access controls, encryption and monitoring to preserve integrity of data there it is free from being tampered or altered.
Employee Awareness – Lack of understanding may result in poor compliance practices.	Conduct regular training programs to ensure employees recognize the importance of audit trail maintenance.

Conclusion

In this modern era, a digital audit trail is more than just a technical formality - it has become a governance necessity. It keeps companies audit-ready at any time by recording every transaction and change, providing strong protection during scrutiny. It also helps prevent fraud by tracking activities and fosters trust with regulators, investors, and customers through transparency. As global compliance standards rise, organizations with proper audit trails stay better prepared and more accountable.

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BLISS Tips for the Month

BLISS Tips #327: Track threshold based Compliances Effortlessly with BLISS

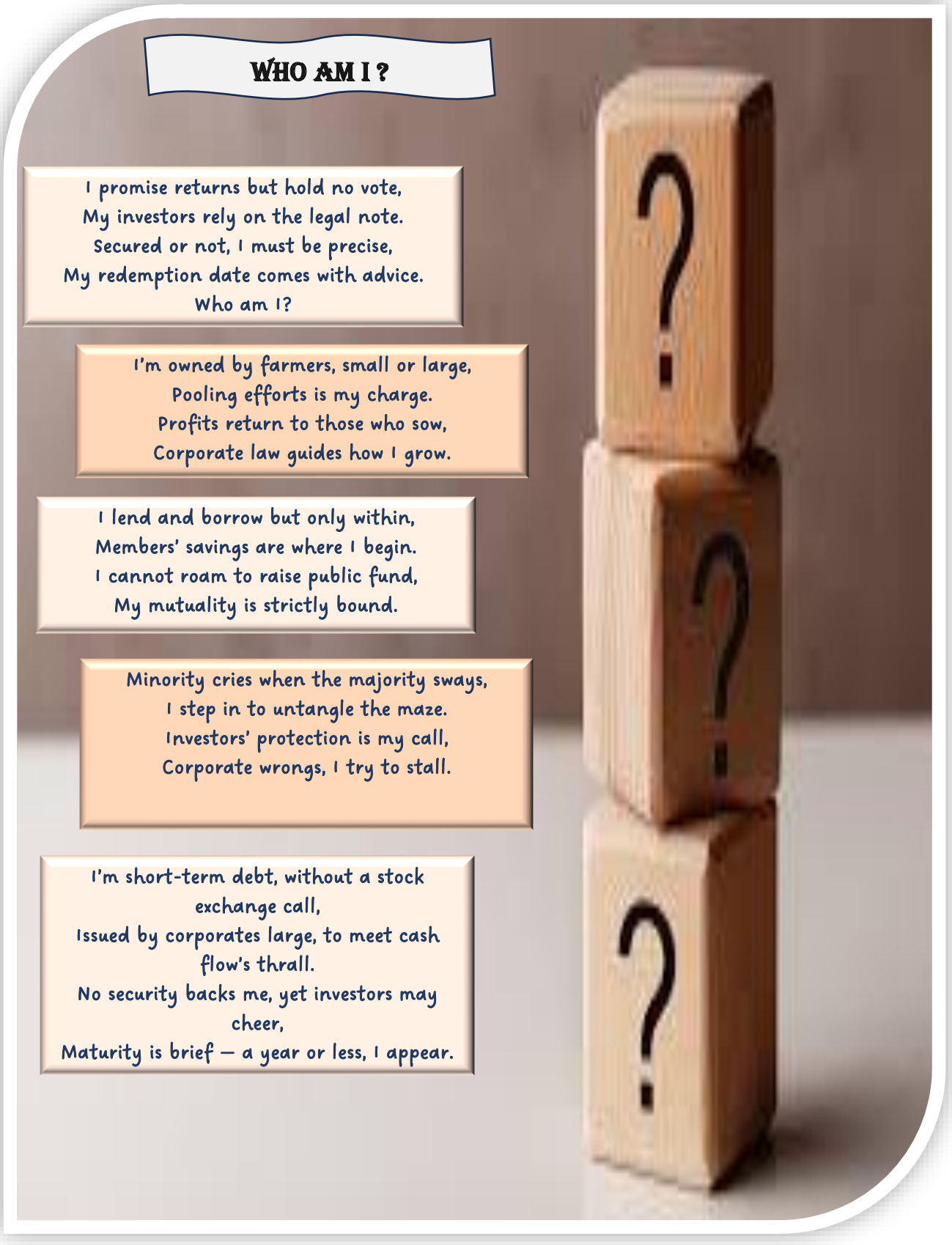
With BLISS, you no longer need to manually track the threshold-based compliance like XBRL filings, appointment of a Women Director or constituting a CSR Committee. These are automatically triggered based on the financial details entered - turnover, net worth, paid-up capital and borrowings. Enter the company's financial data and BLISS will immediately notify you of the applicable compliances. You can also upload proofs, add remarks and save everything at one place.

BLISS Tips #328: Generate Master Data Reports Seamlessly with BLISS

BLISS compiles a Master Data of all company information available in the tool. Users with the 'Reporter Role' can leverage the 'Report Generation' feature to effortlessly download various reports for a specific company, or set of companies or their entire accessible Group of Companies. These reports include key information such as Directors, Key Managerial Personnel (KMPs), Auditors, Holding and Subsidiary Companies, Dividend, and Share Capital. This feature is particularly helpful for large groups, simplifying the process of generating frequently needed company data.

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



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

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Compliance Calendar for the month of October 2025

Compliance for Companies under Companies Act, 2013			
Sl. No	**Compliance Requirement**	**Section/Rule**	**Due Date**
1	Filing of Financial Statements (Form AOC-4 / AOC-4 XBRL)	Section 137 of the Companies Act, 2013 read with Rule 12 of the Companies (Accounts) Rules, 2014	Within 30 days of AGM
2	Filing of Annual Return (Form MGT-7 / MGT-7A)	Section 92 of the Companies Act, 2013 read with Rule 11 of the Companies (Management and Administration) Rules, 2014	Within 60 days of AGM
3	Filing of Resolutions / Agreements (Form MGT-14)	Section 117 of the Companies Act, 2013 read with Rule 24 of the Companies (Management and Administration) Rules, 2014	Within 30 days of passing resolutions at AGM
4	Filing of Half-yearly Return for Outstanding Payments to MSMEs (Form MSME-1)	Section 405 of the Companies Act, 2013 read with MSME Notification dated 22.01.2019	30th October 2025
SEBI (LODR) Regulation, 2015 Compliances			
Sl. No	**Compliance Requirement**	**Regulation reference**	**Due Date**
1	**Integrated Filing (Governance)** Statement of redressal of Investor Grievances and Compliance Report on Corporate Governance	13(3) and 27(2)(a)	To be filed on or before 30th October 2025 (For the quarter ended 30th September)

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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 September, 2025.

- **01/09/2025**

MCA has notified the Companies (Incorporation) Second Amendment Rules, 2025 w.e.f. September 15, 2025. Under this amendment, Form No. RD-1 has been substituted with a new version.

- **05/09/2025**

FAQs on Applicability of the Industry Standards on "Minimum information to be provided for Review of the Audit Committee and Shareholders for Approval of Related Party Transaction (RPT)

The Industry Standards Forum ("ISF"), comprising ASSOCHAM, CII, and FICCI, under the guidance of stock exchanges, has developed industry standards in consultation with SEBI. FAQs have been released on the aforementioned subject to provide further clarity on, including but not limited to:

1. Applicability
2. Guidelines for placing information to the Audit Committee
3. Minimum Information to be provided to the shareholders for approval of Material RPTs.

- **09/09/2025**

MCA has notified the Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2025 w.e.f. September 09, 2025.

Key highlights of the Amendments are as follows: -

(a) In case of a company regulated by a sectoral regulator such as RBI, SEBI, IRDAI or PFRDA, the notice of the proposed scheme shall now be sent to concerned regulator and for listed companies, the notice must also be sent to the respective stock exchanges, in addition to Registrar and Official Liquidator or persons affected by the scheme.

(b) Enhanced eligibility criteria for fast-track mergers:

- Between two or more unlisted companies (other than Section 8), where the companies:

(i.) have, in aggregate, outstanding loans, debentures or deposits not exceeding Rs. 200 crore and

(ii.) has no default in repayment of loans, debentures or deposits.

This condition shall be met on a day not more than thirty days before the date of notice and on the date of filing of the scheme. An auditor's certificate confirming these conditions must be filed with the approved scheme.

- Between a holding company and its subsidiary (except where the transferor is listed).
- Between subsidiaries of the same holding company (transferor not listed).
- Between a foreign holding company and its wholly owned Indian subsidiary.

(c) The transferee company shall file the approved scheme with the Central Government within 15 days of conclusion of members'/creditors' meetings, along with prescribed fees.

(d) Forms CAA-9, CAA-10, CAA-11 and CAA-12, have been substituted. The updated versions are available for reference in the notification.

- **15/09/2025**

Single filing system for Integrated Filing (Annual Secretarial Compliance Report)

Vide these circulars, the Stock Exchanges have extended the single filing system for Integrated filing (Annual Secretarial Compliance Report) w.e.f. September 15, 2025.
The single filing system is now available for the following disclosures:
1. Investor Grievance Report
2. Corporate Governance Report
3. Reconciliation of Share Capital Audit Report
4. Meetings of shareholders and voting
5. Integrated filing (Governance)
6. Annual Secretarial Compliance Report

Single filing system for the following will be introduced at a later stage:

1. Investor Grievance Report for REITs and INVITs
2. Corporate Governance Report, Integrated Filing (Governance) and Annual Secretarial Compliance Report for Exclusively Debt Companies, REITs and INVITs

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- **23/09/2025**

MCA General Circular No. 03/2025

The Ministry of Corporate Affairs (MCA) has allowed companies to hold their Annual General Meetings (AGMs) and Extraordinary General Meetings (EGMs) through Video Conference (VC) or Other Audio Visual Means (OAVM) till further orders.

There is no extension of the statutory timelines for holding AGMs, and companies failing to comply may face legal action under the *Companies Act, 2013*.

Companies holding AGMs through VC or OAVM must follow the provisions mentioned in Para 3 and Para 4 of General Circular No. 20/2020 dated May 5, 2020 , while EGMs may also transact items via postal ballot in line with the existing framework.

All other requirements from earlier circulars on virtual meetings remain unchanged.

- **29/09/2025**

Framework on Social Stock Exchange ("SSE"):

On recommendations of Social Stock Exchange Advisory Committee (SSEAC) and the feedback received through public consultation, SEBI has notified amendments to the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

1. Key Highlights of the amendment are as follows:

1.1. Registration of Not-for-Profit Organization (NPO) –

- The eligibility criteria for the aforementioned registration has been revised. The entities must now be registered in India as:

a) Charitable trust under Indian Trusts Act, 1882
b) Charitable trust under public trust statute of the relevant State
c) Trust under Indian Registration Act, 1908
d) Charitable society under Societies Registration Act, 1860
e) Charitable society under State Societies Act
f) Company registered under Section 8 of Companies Act, 2013 / Section 25 of Companies Act, 1956

1.2. Annual Disclosures by NPOs-

A. The below disclosures are now required to be made on Annual Basis:

i. within 60 days from end of financial year:

a) General aspects: name, location, mission, goals, activities, scale of operations
b) Governance aspects: ownership/legal form, governance structure, board details, key executives, meetings and reviews, risks/mitigation, ethics/conflicts, remuneration, grievance redressal, registrations/licenses

B. i. by October 31 or due date of ITR, whichever is later:

a) General aspects: outreach, top 5 donors, top 5 programs
b) Governance aspects: related party transactions, compliance process and statement
c) Financial aspects: audited financials (Balance Sheet, Income, Cash Flow, program-wise utilization), auditor's report and details

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1.3. Annual Impact Report (AIR)

- All Social Enterprises raising funds via SSE to provide duly assessed AIR by October 31 or due date of ITR, whichever later as against the earlier requirement of 90 days within the end of Financial Year.
- NPOs registered without listing security to self-report AIR covering significant activities/interventions/projects, methodology of significance, and at least 67% of program expenditure in previous FY.
- AIR shall now be assessed by Social Impact Assessors (Earlier social auditor) and their report disclosed along with AIR.

The provisions of this circular shall come into effect from September 19, 2025.

- **30/09/2025**

Extension of time for filing e-form DIR-3-KYC and web-form DIR-3-KYC.

The Ministry of Corporate Affairs has extended the due date for filing e-form DIR-3-KYC and web-form DIR 3-KYC from September 30, 2025 to October 15, 2025, without payment of any filing fee.

Solution for Riddles
1. Debenture
2. Producer Company
3. Nidhi Company
4. Oppression / Mismanagement / Class Action
5. Commercial Paper

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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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