



**THE INSTITUTE OF
Company Secretaries of India**

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

(Under the jurisdiction of Ministry of Corporate Affairs)

**WESTERN
INDIA
REGIONAL
COUNCIL**

e-Focus

ICSI - WIRC e-Newsletter

October 2025



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WIRC of ICSI Premises: 13, 56 & 57, Jolly Maker Chambers No. 2 (1st & 5th Floors),
Nariman Point, Mumbai – 400021.

E-mail: wiro@icsi.edu

Phone No.: 022-61307900/ 61307901/ 61307902

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Chairman's Communique

CS Hrishikesh Wagh
Chairman
WIRC of ICSI

Respected Seniors, Professional Colleagues, and Students,

It gives me great pleasure to present the **October 2025 Focus Edition of e-Focus**, dedicated to a subject of growing regulatory and professional significance—

“Adjudication Orders on Annual Filing Compliance under the Companies Act, 2013.”

In recent times, there has been a visible shift in the approach of the Ministry of Corporate Affairs, with increased reliance on the **In-house Adjudication Mechanism** for addressing non-compliances, particularly in relation to annual returns and financial statement filings under Sections 92 and 137 of the Companies Act, 2013. What were earlier viewed as routine or procedural lapses are now being examined closely, often resulting in monetary penalties and, in many cases, **personal accountability of directors and officers in default**.

This Focus Edition has been conceptualised with the objective of drawing practical lessons from recent adjudication orders passed by various Registrars of Companies. The articles contained herein analyse regulatory trends, highlight common compliance gaps, and offer actionable insights that professionals can apply while advising boards and management. The emphasis throughout this edition is not merely on understanding the law, but on **strengthening execution at the ground level**. As rightly said, “कार्येषु कौशलम्”—excellence lies in the manner in which responsibilities are executed. In the present regulatory environment, timely and accurate compliance is a reflection of this very principle.

The contributions in this edition underscore the evolving role of Company Secretaries as trusted governance professionals—individuals who not only ensure statutory filings but also help organisations build robust compliance systems, anticipate risks, and foster a culture of accountability. I commend the authors for their well-researched and experience-backed perspectives, which make this edition a valuable reference for both practitioners and corporates.

Alongside this knowledge initiative, **WIRC remained actively engaged in professional development activities during the month of October 2025**. A range of technical programmes, workshops, and interactive sessions were organised across the Region, addressing contemporary issues in corporate law, capital markets, and governance. The encouraging participation from members and students reflects the growing relevance of these initiatives and WIRC's continued commitment to learning and engagement.

I place on record my sincere appreciation for the efforts of the **Editorial Board, contributors, speakers, and volunteers**, whose dedication has ensured that *e-Focus* continues to remain a credible and practitioner-oriented knowledge platform of WIRC.

I am confident that this Focus Edition will serve as a meaningful guide for professionals and corporates alike, reinforcing the importance of diligence, discipline, and excellence in compliance.

Warm regards,

CS Hrishikesh Wagh

Chairman, WIRC of ICSI

Decoding Corporate Compliance: A Comprehensive Analysis of Adjudication orders on Non-Filing of Annual Returns and Financial Statements

CS Gopi Hitesh Chitaliya

Manager- Compliance & Legal

Raheja QBE General Insurance Company Limited



Introduction

This article, "Decoding Corporate Compliance," comprehensively analyzes recent adjudication orders issued by the Registrar of Companies (ROC) in India for the non-filing of **Annual Returns (Section 92)** and **Financial Statements (Section 137)** under the **Companies Act, 2013**.

The analysis highlights a stringent regulatory trend, where the **In-house Adjudication Mechanism (IAM)** imposes significant penalties. The key finding is the **dual penalty mechanism**, where a single default trigger separate penalties under both Section 92(5) and Section 137(3), with a standard initial penalty of **₹10,000** plus a daily fine of **₹100** for both the company and each Officer in Default (OID), subject to statutory caps. Cases like *QPRO Infotech Limited* demonstrate penalties reaching **₹10,00,000** for prolonged defaults. Crucially, the orders explicitly enforce the **personal liability** of directors, demanding payment from their personal income, as seen in the *Inner Heads Facilitation Services Private Limited* order.

The article also details the mitigating provision of **Section 446B**, which reduces penalties by half for One Person Companies, Small Companies, Start-ups, and Producer Companies (e.g., *Debock Seeds Multi Producer Company Limited*). Key compliance takeaways include the non-negotiable mandate to file even if the AGM is not held and the need to rectify defaults swiftly. The role of professionals is underscored as critical, as they face individual liability for false certification and must provide proactive advisory, encompassing compliance calendars, pre-filing due diligence, and strategic appeal management to safeguard corporate governance and avoid heavy financial and legal repercussions.

In the modern economic landscape, **corporate governance** and **transparency** are paramount. The foundational pillar supporting this structure in India is the **Companies Act, 2013** ("the Act"). Among its most critical requirements are the timely preparation and filing of **Annual" Returns (Form MGT-7/7A)** and **Financial Statements (Form AOC-4)** with the Registrar of Companies (ROC). These filings are not mere formalities; they serve as the official, public record of a company's financial health, management, and compliance status, empowering stakeholders, creditors, and the public to make informed decisions.

Failure to adhere to these deadlines, primarily stipulated under **Section 92** (Annual Return) and **Section 137** (Financial Statements) of the Act, attracts severe consequences under the in-house adjudication framework. The regulatory environment has witnessed a definitive shift, moving from a mere procedural framework to one of stringent enforcement, marked by a surge in adjudication orders imposing substantial monetary penalties. This article provides an in-depth analysis of the recent regulatory trends, the quantum of penalties, and the essential compliance insights for professionals and corporates navigating the complexities of annual filing obligations.



1. ANALYSIS OF RECENT ADJUDICATION ORDERS ON NON-FILING OF ANNUAL RETURNS AND FINANCIAL STATEMENTS

The Ministry of Corporate Affairs (MCA) has consistently leveraged the **In-house Adjudication Mechanism (IAM)**, formalized under **Section 454** of the Act, to enforce compliance. The Adjudicating Officers (ROCs) across various jurisdictions have passed numerous orders, unequivocally signaling that non-compliance, even if procedural, carries a heavy cost. The analysis of recent orders, including those issued by the Registrars of Companies (ROCs) for Mumbai, Rajasthan, Goa, and Punjab and Chandigarh, reveals several recurring themes and a firm application of penal provisions, predominantly **Section 137(3)**.

Case Study Highlights and Judicial Rigour

- i. **QPRO Infotech Limited (ROC Mumbai):** This case highlights the severity of the penalty for prolonged default. The ROC, Mumbai, issued an order on April 25, 2024, for the violation of Section 137 due to the non-filing of financial statements for the Financial Year 2018-19. The penalty imposed was substantial, reaching **₹3,61,000** on the company and **₹1,36,100** on an officer in default. This magnitude underscores that the penalty calculation, driven by the per-day penalty provision of Section 137(3), escalates rapidly when the default period extends over several years. It serves as a stark warning against chronic compliance lapses.
- ii. **Inner Heads Facilitation Services Private Limited (ROC Goa):** An order dated August 12, 2025, from ROC Goa, specifically for the violation of **Section 137(3)**, demonstrates the continued, proactive enforcement of the Act. The notice explicitly directs that the penalty imposed upon the officers in default shall be paid from their **personal sources/income**, reiterating the principle of individual accountability that is central to the adjudication mechanism.
- iii. **Euro Cotspin Limited (ROC Punjab and Chandigarh):** The order dated May 22, 2024, from ROC Punjab and Chandigarh, confirms the consistent application of Section 137 against non-filers. Notably, the orders often reiterate the penal consequences of non-payment of the imposed penalty under **Section 454(8)**, which includes further fines for the company and potential **imprisonment** or fines

for the officers in default. This clearly shows the regulator's intent to link failure to pay a civil penalty to criminal consequences for directors.

- iv. **Debock Seeds Multi Producer Company Limited (ROC Rajasthan):** The adjudication order from ROC Rajasthan for the violation of Section 137(1) highlights the application of **Section 446B**—the provision for lesser penalties for certain companies. The ROC Kanpur order for Haiderpur Fertilizer Producer Company Limited also confirms the application of the reduced penalty structure for Producer Companies. This is a critical nuance, as the quantum of penalty is significantly mitigated for specific company categories.

2. KEY REGULATORY OBSERVATIONS

- **No Excuse for Internal Disputes:** In cases like **Crystal Textiles Private Limited**, the company's appeal citing uncordial relations between shareholders, which prevented holding the Annual General Meeting (AGM) and approving accounts, was rejected by the Regional Director. The regulatory stance is clear: **statutory compliance is mandatory** and supersedes internal operational or management disputes. Even if an AGM is not held, the financial statements, along with a statement of facts and reasons for not holding the AGM, must be filed with the ROC within the stipulated period.
- **Focus on Officer in Default:** The majority of orders target the company and the **Officers in Default (OID)**, which typically include all Directors who were in office during the default period. This personal liability component is the most effective deterrent, ensuring that non-executive directors and whole-time directors alike are vested in compliance.

3. TRENDS AND QUANTUM OF PENALTIES ACROSS JURISDICTIONS

The current trends in the quantum of penalties reflect the government's policy of decriminalizing technical and procedural defaults while simultaneously ensuring they are not treated lightly. The imposition of a **penalty** (a civil wrong adjudicated by an administrative officer) instead of a **fine** (a criminal sanction levied by a court) has streamlined the enforcement process, leading to quicker and more numerous orders.

i. **The Standard Penalty Structure (Section 137(3) and 92(5))**

The penalty for non-filing of Financial Statements (Section 137(3)) and Annual Returns (Section 92(5)) is calculated on a daily continuing default basis, subject to maximum caps. The structure is as follows:

Default Provision	Defaulting Party	Initial Penalty	Continuing Penalty (Per Day)	Maximum Cap
Section 137(3) (Financial Statements)	Company	₹10,000	₹100	₹2,00,000
	Officer in Default	₹10,000	₹100	₹50,000
Section 92(5) (Annual Return)	Company	₹10,000	₹100	₹2,00,000
	Officer in Default	₹10,000	₹100	₹50,000

Note on Aggregation: Since both the annual return (MGT-7/7A) and financial statements (AOC-4) are due roughly at the same time (within 60 and 30 days of the AGM, respectively), a non-compliant company is almost always penalized under both Section 92 and Section 137 for each year of default. This effectively doubles the initial penalty and the daily default rate for the company and each officer, rapidly increasing the cumulative penalty.

ii. Application of Lesser Penalties (Section 446B)

A significant trend is the mandatory application of **Section 446B** for certain categories of companies. This provision ensures that penalties for non-compliance are lighter for smaller entities, aligning with the "ease of doing business" philosophy.

Section 446B applies to:

1. One Person Company (OPC).
2. Small Company.
3. Start-up Company.
4. **Producer Company.**

For these companies, the penalty is capped at **one-half** of the penalty specified for the default, subject to a maximum of **₹2,00,000** for the company and **₹50,000** for the officer in default. This reduction is evident in the adjudication order involving Debock Seeds Multi Producer Company Limited, where the ROC would have been bound to apply this provision due to its status as a Producer Company.

iii. **Factors Determining Quantum (Section 446A)**

The quantum of penalty is not arbitrary. **Section 446A** provides guiding factors for the Adjudicating Officer to consider, which is critical in determining the final penalty amount:

- **Size of the company.**
- **Nature of business carried on by the company.**
- **Injury to public interest.**
- **Nature of the default.**
- **Repetition of the default.**

The trend indicates that **repeated defaults** (especially within three years) lead to a higher penalty, potentially double the amount provided in the respective sections, although this provision is distinct from the primary penalty calculation under 446B. The long duration of default, as seen in the QPRO Infotech Limited case, clearly acts as an aggravating factor, driving the total penalty into the lakhs of rupees.

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4. KEY TAKEAWAYS AND COMPLIANCE INSIGHTS FOR PROFESSIONALS AND CORPORATES

The body of recent adjudication orders offers several crucial insights that companies and their compliance professionals must internalize to ensure statutory adherence and risk mitigation.

i. Personal Liability is Inescapable

The most critical takeaway is the shift in liability from the company as a collective to the individuals responsible for compliance. Directors and Key Managerial Personnel (KMP) are increasingly being held personally accountable, with the regulatory orders explicitly demanding that penalties be paid from their **personal resources/income**.

- **Actionable Insight:** Professionals must educate Directors, particularly non-executive and independent Directors, about their statutory role as 'Officer in Default.' Their lack of operational involvement is rarely a successful defence in adjudication proceedings, necessitating a more proactive oversight role.

ii. The Mandate to File, AGM or No AGM

The law is unequivocal: the obligation to file financial statements and annual returns exists irrespective of the company's ability to conduct its Annual General Meeting (AGM).

- **Actionable Insight:** If a company is unable to hold its AGM (due to internal disputes, operational issues, or otherwise), it must still file the financial statements (AOC-4) with the ROC within **30 days** of the due date of the AGM, accompanied by a **statement of facts and reasons** for not holding the AGM. This pre-emptive filing can transform a compliance lapse into a merely technical one, significantly mitigating the risk of adjudication.

iii. The Compounding Effect of Dual Defaults

As noted, non-filing almost always attracts penalties under **both Section 92 and Section 137**. A single administrative oversight instantaneously creates two parallel penalty liabilities for the same period.

- **Actionable Insight:** Compliance must be viewed holistically. The focus should be on the completion of the entire annual compliance cycle—from the closing of books and audit to the holding of the AGM and the subsequent filing of both forms (AOC-4 and MGT-7/7A)—rather than addressing filings in isolation.

iv. **Status Does Not Grant Immunity**

The legal status of a company—whether it is dormant, non-operational, or under severe financial distress—does not exempt it from filing its statutory documents. The adjudication orders against non-operational companies demonstrate the ROC's zero-tolerance policy for filing defaults. Continuous non-filing is one of the primary triggers for the ROC to initiate the **strike-off** process, which can ultimately lead to the dissolution of the company and disqualification of its directors.

- **Actionable Insight:** Directors of dormant or non-operational companies must be counselled on the need for either continued minimum compliance or an orderly process of winding up or fast-track exit to avoid penalties and disqualification.

5. **BEST PRACTICES FOR AVOIDING ADJUDICATION IN ANNUAL FILING**

Adherence to best practices is the most effective shield against the heavy monetary penalties and the reputational damage caused by adjudication orders. Compliance should be systematic, proactive, and technology-driven.

i. **Implement a Non-Negotiable Compliance Calendar**

The most fundamental best practice is maintaining a robust, detailed **Compliance Calendar**. This calendar must track all statutory deadlines, not just the final filing dates.

- **Key Milestones:**
 - **Financial Year Closing:** March 31.
 - **Board Meeting for Financial Statements Approval:** Must be held before the AGM.
 - **Annual General Meeting (AGM) Due Date:** September 30 (for a financial year ending March 31).
 - **Filing of AOC-4 (Financial Statements) Due Date:** 30 days from the AGM (typically October 30).
 - **Filing of MGT-7/7A (Annual Return) Due Date:** 60 days from the AGM (typically November 29).

ii. **Ensure Proper Conduct of Board Meetings and Statutory Records**

Compliance begins at the boardroom level. The failure to hold the requisite number of Board meetings (minimum of four during a calendar year, with not more than 120 days

gap between two meetings) is a violation in itself and can compromise the legality of decisions related to annual accounts.

- **Essential Records:** Statutory Registers (like Register of Members, Directors, Charges, etc.) must be accurately maintained and updated at the registered office. Furthermore, every director must file their annual disclosure of interest (**Form MBP-1**) in the first board meeting of the financial year. An outdated or missing statutory record can be a ground for an ROC inspection under Section 206, which often escalates to a full-fledged adjudication proceeding.

iii. **Rigorous Pre-Filing Due Diligence (Audit and Certification)**

Before forms are submitted, a rigorous due diligence process is required, often overseen by the Company Secretary or a Practicing Professional.

- **Pre-Audit Checklist:** The statutory audit should not just focus on financial accuracy but also on compliance disclosures within the Financial Statements (notes to accounts) and the Board's Report. Recent adjudication orders have imposed penalties for lapses like:
 - Missing statements on compliance with **Secretarial Standards**.
 - Inadequate disclosure of **Related Party Transactions (RPT)** (Form AOC-2).
 - Non-disclosure of the constitution of the **Internal Complaints Committee (ICC)** under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (**POSH** compliance).

iv. **Technology-Driven Compliance Management**

Moving away from manual checklists to integrated compliance management systems minimizes human error and tracks compliance on a real-time basis. The use of the MCA's e-adjudication portal and the pre-scrutiny functionality of e-forms should be maximized to catch discrepancies before final submission.

6. ROLE OF PROFESSIONALS IN ENSURING TIMELY FILINGS AND ADVISORY ASPECTS

The professional community—comprising **Practicing Company Secretaries (PCS)**, **Chartered Accountants (CA)**, and **Cost Accountants**—plays a pivotal and increasingly scrutinized role in the compliance ecosystem. Their function extends beyond mere form submission to strategic advisory and risk mitigation.

i. Mandatory Certification and Enhanced Scrutiny

For most companies (other than OPCs and Small Companies), the Annual Return (MGT-7) must be signed by a Director and a Company Secretary (CS) or, if no CS is appointed, a PCS. Furthermore, for listed companies and those exceeding prescribed limits, the Annual Return must be **certified by a PCS in Form MGT-8**. This certification confirms that the company has complied with all provisions of the Act.

- **The Risk of False Certification:** The stakes are high for the professional. If a PCS falsely certifies the Annual Return, the professional themselves is liable for a **penalty of ₹2,00,000**. This direct professional liability places an enormous responsibility on the certifier to perform thorough due diligence.

ii. Proactive Advisory and Risk Mapping

The role of the professional is to be a **proactive advisor**, not just a reactive filer.

- **Assessing Applicability of Section 446B:** Professionals must proactively determine if their client qualifies as an OPC, Small Company, Start-up Company, or Producer Company, ensuring the benefit of **reduced penalties** is available if a default occurs. For example, advising a small company on maintaining its capital and turnover limits to retain its "Small Company" status is a key advisory function.
- **Default Remediation Strategy:** When a default is identified, the professional's immediate task is to prepare an application for adjudication (**GNL-1/GNL-2** or the e-adjudication facility) and ensure the default is **made good** (i.e., the pending forms are filed) before the penalty order is passed. A good faith effort to rectify the default, even if late, can be a mitigating factor in the Adjudicating Officer's decision-making process.

iii. Corporate Rescue and Appeals

In the event of a significant penalty, the professional's role extends to preparing and representing the company and its directors in an appeal.

- **Appeals Process:** An appeal against the Adjudication Order must be filed with the **Regional Director (RD)** within **sixty days** of receiving the order, using **Form ADJ** and outlining the grounds of appeal. The case of Crystal Textiles Private Limited shows that the RD is unlikely to grant relief for preventable managerial defaults, underscoring the need for strong legal and factual grounds for appeal. The appeal strategy must focus on a **mistake of law or fact**, or factors under Section 446A, rather than simply pleading for mercy.

iv. Training and Internal Controls

Professionals are instrumental in designing and implementing **internal financial and secretarial controls** to prevent annual filing lapses. This involves training the accounting and managerial staff on the proper maintenance of financial records, timely finalization of accounts, and coordination with auditors to ensure a smooth, end-to-end compliance process. They must ensure that the audit process itself is a compliance check, verifying all statutory disclosures are in place before the Board's Report is signed and accounts are approved.

CONCLUSION: THE ERA OF PROACTIVE COMPLIANCE

The regulatory environment under the Companies Act, 2013, has clearly shifted towards **proactive, stringent, and technology-driven enforcement**. The flurry of recent adjudication orders, imposing penalties into the millions for prolonged annual filing defaults, leaves no room for corporate complacency. The distinction between a "fine" and a "penalty" may have decriminalized the default, but the **monetary consequence** and the **personal liability** of directors are more severe and efficiently executed than ever before.

For corporates, the mandate is simple: compliance is a continuous strategic function, not a year-end task. The implementation of robust compliance calendars, internal controls, and due diligence mechanisms is essential. For professionals, the role is elevated to that of a **compliance gatekeeper** and **strategic risk advisor**. By internalizing the trends from recent adjudication orders—especially the strict non-application of clemency for internal disputes and the dual-penalty mechanism under Sections 92 and 137—companies and their advisors can navigate the regulatory landscape successfully, ensuring transparency, upholding governance standards, and, most importantly, avoiding the heavy hand of adjudication. The cost of compliance, though demanding, is overwhelmingly less than the cumulative penalties and reputational damage from a single, protracted period of default.

References:

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3. Adjudication Order in the matter of M/s Opro Infotech Limited (ROC Mumbai):
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6. PIB Press Release on De-criminalisation of penalties for Companies Law breaches

The Institutional Architecture of Regulatory Discipline: How NCLT's Jurisprudence and SEBI's SWAGAT Framework Are Forging Corporate Integrity in India

CS Sachin Shiva Kotian

Affluence Advisory Private Limited

Director



Introduction

The Indian economy stands at a pivotal juncture in its history, characterised by explosive capital market growth, unprecedented retail investor participation, and a continuous push for corporate transparency. With capital markets achieving unprecedented scale and depth, the regulatory landscape has evolved from simple compliance monitoring to a complex, integrated system designed to mitigate systemic risk and secure investor trust. As the nation solidifies its position as a global economic powerhouse, the integrity and robustness of its regulatory framework become paramount. This new era of accelerated digital finance and complex corporate structures demands more than static compliance; it requires a dynamic, two-pronged regulatory architecture capable of adapting to issues ranging from complex insolvency proceedings and minority shareholder rights to systematic investor grievance resolution. The health of the Indian corporate ecosystem is now defined not just by its velocity of growth, but by the strength of the dual pillars supporting it: the **judicial enforcement of corporate law** and the **proactive stewardship of the capital markets regulator**.

The trajectory of India's economic ascent is inextricably linked to the integrity and reliability of its corporate governance framework. This article posits that the modern discipline governing Indian corporations is forged by a dynamic duality: the **ex-post judicial finality** provided by the National Company Law Tribunal (NCLT) and the **ex-ante systemic surveillance** engineered by the Securities and Exchange Board of India (SEBI) through its SWAGAT-FI framework. Together, these institutions establish the legal bedrock and the operational hygiene essential for sustainable market confidence.

On the one hand, the **National Company Law Tribunal (NCLT)** and the **National Company Law Appellate Tribunal (NCLAT)** serve as the specialised judicial core, tasked with interpreting the complexities of the Companies Act, 2013, and crucially, acting

as the Adjudicating Authority for the transformative Insolvency and Bankruptcy Code (IBC), 2016.



Through landmark adjudications, the NCLT/NCLAT is continuously clarifying foundational principles, from reinforcing the mandate for registering charges to ensuring that shareholder disputes regarding oppression and mismanagement balance *bona fide* business needs against minority rights. These rulings establish the disciplinary boundaries for internal corporate conduct, debt prioritisation, and fiduciary duty, thus safeguarding the internal integrity of the Indian firm. Besides, these rulings also provide binding jurisprudence on fundamental structural issues, corporate restructuring, and the protection of minority shareholder rights. These judicial streams offer the necessary legal predictability and finality for high-stakes corporate actions.

Concurrently, the **Securities and Exchange Board of India (SEBI)** has embarked on a mission to fortify the trust of the millions of retail investors fuelling the market. Recognising that traditional, fragmented complaint handling systems are obsolete in the digital age, SEBI pioneered the **SWAGAT-FI Framework (Systematic Workflow and General Awareness Tool)**. SWAGAT-FI is designed to tackle the high-volume, transactional disputes that erode retail investor confidence. It aims to institutionalise systematic workflow standardisation, enforces rigorous accountability measures, and leverages complaint data for proactive regulatory intervention. By enforcing strict, non-negotiable turnaround time (TAT) and integrating seamlessly with digital platforms like SCORES, the framework transforms the investor grievance mechanism from a reactive chore into a powerful, data-driven tool for market hygiene and supervisory review.

This article deconstructs the mechanisms of these two parallels- NCLT's impact in rulings and structural governance, while simultaneously evaluating SEBI's architecture for transactional integrity and synthesising their complementary impact on fostering a robust, predictable, and trustworthy corporate environment in India.

Part I: Judicial Adjudication Precedent under the Companies Act, 2013

The advent of the **National Company Law Tribunal (NCLT)** and its appellate body, the **National Company Law Appellate Tribunal (NCLAT)**, has profoundly restructured India's corporate legal framework. These quasi-judicial bodies were established under the Companies Act, 2013, to consolidate jurisdiction previously fragmented across various forums, thereby ensuring specialised, efficient, and consistent adjudication. The NCLT/NCLAT serves as the primary engine for enforcing the **Companies Act, 2013**, handling everything from fundamental governance matters like oppression and mismanagement to large-scale, transformative corporate actions such as mergers and liquidations. Their continuous flow of judgments is not just dispute resolution; it is the active creation of **binding corporate jurisprudence**. Each ruling clarifies technical ambiguities, sets behavioural standards for directors, and, crucially, balances the often-conflicting interests of promoters, shareholders (especially minorities), and creditors. The case studies below illustrate the precision and impact of this specialised judicial oversight, demonstrating how the courts interpret statutory language to meet the evolving needs of the modern Indian economy.

1. The Criticality of Registering Charges (Section 77)

This theme highlights how a technical compliance requirement under the Companies Act, 2013, determines a creditor's fate in insolvency proceedings, particularly where the Companies Act, 2013, intersects with the Insolvency and Bankruptcy Code, 2016.

- **Case Context & Legal Reasoning:** In matters like ***SICOM Limited v. Mr Sundaresh Bhat (Liquidator of ABG Shipyard Limited)***, the central issue was whether a secured creditor who failed to register their charge with the Registrar of Companies (ROC) under **Section 77** of the CA, 2013, could still claim secured creditor status during the Corporate Insolvency Resolution Process (CIRP). The NCLAT consistently ruled that **Section 77(3)** is mandatory and operates as a public notice mechanism. The Tribunal's reasoning is rooted in the principle that corporate insolvency affects the public at large. Therefore, secret charges or private agreements cannot have a superseding effect on the statutory requirement for public disclosure of secured assets.
- **Significance:** This ruling reinforces the **supremacy of statutory compliance**. Non-registration means the creditor is treated as an **unsecured creditor** in insolvency, severely affecting their priority of repayment. This prevents fraudulent preference of certain creditors and ensures transparency in the company's financial standing, which is essential for all stakeholders and regulatory bodies.

2. Oppression and Mismanagement: The *Bona Fide* Business Rule (Section 241/242)

The NCLT frequently addresses shareholder disputes alleging **Oppression and Mismanagement** under Chapter XVI. These cases revolve around defining the boundary between justifiable corporate strategy and actions deemed oppressive to minority interests.

- **Case Context & Legal Reasoning:** In petitions like ***Ajay Kumar Jindal v. Ridhi Sidhi Rolling Mills Private Limited***, minority shareholders alleged oppression due to the dilution of their shareholding via a preferential allotment. The Tribunal adopted the principle of the **"just and equitable"** standard, which is the historical benchmark for oppression cases. The NCLT found that the company urgently needed funds to survive, and the minority shareholders had refused to infuse capital despite being offered the chance. The dilution was therefore deemed a *bona fide* commercial necessity, not an act of mala fide intent to oppress.
- **Significance:** This judgment protects the Board's **business judgment rule**. It clarifies that mere financial dilution resulting from a *bona fide* decision will not automatically constitute oppression. The element of ***mens rea*** to prove the oppression was absent. This prevents the NCLT from interfering in ordinary

commercial decisions while still reserving its power to provide structural remedies (like directing the majority to purchase the minority's shares) when genuine oppression is proven.

3. Judicial Review of Schemes of Arrangement: Preventing the 'Rubber Stamp' (Section 230-232)

One of the NCLT's most crucial roles is the judicial sanctioning of schemes of arrangement, mergers, acquisitions and amalgamations. The Tribunal acts as a judicial filter, ensuring these schemes meet the requisite standards.

- **Adjudication Principle:** The NCLT's role, established through numerous decisions (including those involving large groups like **Reliance Retail Ventures Limited**), is not to act as a rubber stamp, even if the scheme has the requisite majority approval. The court must verify three critical aspects: **Procedural Fairness** (proper meetings and disclosures), **Substantive Fairness** (just valuation and exchange ratios), and ensuring the scheme is **not contrary to public interest** or regulatory policy.
- **Significance:** This rigorous review prevents promoters from pushing through unfair schemes that may dilute equity, unfairly disadvantage creditors, or violate tax laws under the guise of corporate restructuring. It ensures that fundamental changes to the corporate structure are scrutinised for equity and adherence to the spirit of the law, thereby protecting both the individual shareholder and the broader market integrity.

4. NCLT as AA under the IBC: The Creditor Hierarchy

The NCLT's role as the Adjudicating Authority (AA) under the IBC is arguably its most transformative function, fundamentally reshaping the debt recovery landscape. A key area of jurisprudence is the distinction between creditor classes.

- **Case Context:** The distinction between **Financial Creditors (FCs)** and **Operational Creditors (OCs)**, solidified by the Supreme Court in cases like **Swiss Ribbons Pvt. Ltd. v. Union of India**, governs their rights under the IBC. FCs (lenders who provide capital against time value, e.g., banks) have seats on the **Committee of Creditors (CoC)**, giving them control over the resolution process. OCs (suppliers, employees, etc., whose debt arises from ongoing operations) do not.
- **Significance:** This NCLT-driven distinction has created a clear hierarchy in insolvency proceedings, privileging financial lenders who take higher risks and transforming the process into a creditor-in-control model. This clarity has

significantly improved India's "**Ease of Doing Business**" ranking by streamlining the resolution process, making the NCLT central to the nation's financial stability.

5. Regulatory Enforcement: Adjudication of Administrative Penalties (Section 454)

The Ministry of Corporate Affairs (MCA), through its Adjudicating Officers, utilises **Section 454** of the Companies Act, 2013, to impose penalties for administrative defaults.

- **Recent Trend and Impact:** This system allows for the imposition of fines for consistent delays or failures, such as not filing annual returns (**Section 92**), Board Reports (**Section 134**), or resolutions (**Section 117**). The shift towards civil penalties (as opposed to criminal prosecution) has created a more efficient, administrative mechanism for ensuring that continuous statutory filing occurs. The NCLT often confirms these penalties on appeal, reinforcing the MCA's authority.
- **Significance:** This focuses the NCLT's time on high-stakes judicial matters (IBC, O&M) while delegating routine compliance enforcement to the administrative wing, ensuring the entire corporate governance framework is continuously monitored and enforced.

6. Enforcement of the Duty of Care: Directors' Negligence and Misfeasance

The judiciary has actively enforced the Director's **duty of care and diligence** (Section 166), treating gross negligence that results in loss as a breach of fiduciary duty. This reinforces the punitive aspect of corporate accountability and frequently emerges during insolvency proceedings where liquidators seek to claw back misused assets.

- **Landmark Case Example: The RCFL Precedent (Misfeasance Applications Post-IBC):** A prominent illustration of this enforcement trend is seen in the actions taken by the Administrator/Liquidator against the former directors of **Reliance Commercial Finance Ltd. (RCFL)** and similar financial entities undergoing resolution. The application, filed before the NCLT under the relevant sections (including Section 340 of the Companies Act, 2013, dealing with misfeasance), was based on detailed forensic audits. The audits alleged that the directors:
 - **Willfully neglected** their fiduciary duty by sanctioning large, high-value loans to unrated or non-existent companies (often referred to as 'shell entities').
 - **Failed to exercise due care** by not implementing internal controls or credit evaluation mechanisms, which allowed funds to be diverted or 'siphoned' to related parties controlled by the promoters.

- **Misappropriated funds** through complex inter-corporate financial arrangements that caused massive financial detriment to RCFL and its stakeholders.
- **NCLT Ruling and Significance:** The Tribunal's acceptance of these findings and the subsequent initiation of proceedings for personal accountability against the former directors established a clear judicial mandate. The ruling confirmed that the corporate veil can be **pierced in cases of gross negligence and misfeasance** to hold directors *personally liable* for the quantifiable losses caused. This goes beyond punitive fines and aims for **restitution**, signifying a crucial hardening of the governance standard. This ensures directors are active fiduciaries, not merely passive figureheads, which is critical for maintaining the trustworthiness of the corporate structure.

Part II: Systematic Regulatory Action- The SEBI SWAGAT-FI Framework

The robust growth of India's capital market, driven by increased retail participation and digital accessibility, fundamentally necessitated a corresponding evolution in regulatory oversight. The Securities and Exchange Board of India (SEBI) introduced the **SWAGAT-FI Framework**, a holistic blueprint aimed at systematically addressing and resolving investor grievances. **SWAGAT-FI**, standing for **Single Window Automatic & Generalised Access for Trusted Foreign Investors**, is a philosophy designed to instil enduring trust and confidence, transforming the complaints process from a reactive chore into a proactive tool for market hygiene.

The Genesis of SWAGAT-FI: Scale and Standardisation

The need for SWAGAT-FI arose from the sheer scale of modern market operations, where inconsistent handling across different types of intermediaries (brokers, registrars, depositories) led to opaque resolution status and variations in turnaround times (TAT). SWAGAT-FI has been engineered to enforce **mandatory digitisation** of the complaints life cycle, routing all issues through a standardised digital platform, primarily the **SCORES (SEBI Complaints Redress System)**. This ensured parity in service delivery, regardless of the investor's location or the size of the intermediary involved. This move signalled a regulatory acknowledgement that speed and standardisation are paramount for the small retail investor, for whom protracted litigation or delays can be financially devastating.

Deconstructing the Core Pillars of SWAGAT-FI

The efficacy of SWAGAT is rooted in its multi-dimensional approach, focusing equally on process, technology, and enforcement.

I. Systematic Workflow Integration and Standardisation

SWAGAT-FI enforces a principle of strict, sequential processing for every complaint. The framework compels all intermediaries to establish and publicly disclose internal **Service Level Agreements (SLAs)** for grievance resolution. Crucially, SWAGAT-FI strictly defines a time-bound **escalation matrix**. If an intermediary fails to resolve a complaint within the mandated initial window (typically 15 to 30 days), the complaint is automatically flagged and escalated to a higher level of authority, often triggering regulatory intervention or penalty mechanisms. This systematic pressure ensures prompt resolution.

II. Accountability and Grievance Audit

This pillar is arguably the most punitive and effective, shifting SEBI from passively recording complaints to actively auditing the quality and speed of resolutions.

- **Enforcing Penalties:** The framework introduces a **performance-based penalty structure**. Intermediaries that consistently fail to meet stipulated TATs or demonstrate a pattern of unsatisfactory closures face regulatory action, including fines, operational restrictions, or even temporary suspension of business activities.
- **Grievance Audits:** SEBI conducts regular **"Grievance Audits,"** randomly selecting closed complaints to verify the fairness and accuracy of the resolution provided. This ensures that closure is substantive, not merely procedural.

III. Enhancing Transparency and Investor Access

The framework heavily relies on digital tools for full transparency. The integration with the **SCORES** platform is central to its success. Every investor receives a unique tracking number, allowing them to monitor the progress of their complaint in real-time. This mechanism drastically reduces information asymmetry and empowers the investor, making the regulatory body feel more accessible and responsive.

IV. The Awareness Mandate: From Data to Policy

SWAGAT-FI recognises that grievance data is a valuable regulatory asset, transforming reactive data into proactive policy.

- **Data-Driven Interventions:** SEBI utilises aggregated data captured under the SWAGAT-FI guidelines, such as the most frequently cited complaints, the intermediaries with the highest unresolved rates, and the average time taken for specific issue types, to inform its policy-making. For example, a high volume of complaints regarding a specific financial product might trigger a new circular tightening of rules, thus turning reactive complaint data into proactive market regulation. This predictive analysis capability is a core strength of the framework.

Part III: The Synthesis- Where Judicial Precedent Meets Regulatory Policy

The NCLT/NCLAT and SEBI, while operating under different statutory mandates, form a critical, symbiotic relationship that underpins corporate integrity. This duality ensures a comprehensive coverage of governance issues, from the high-stakes, structural level to the high-volume, transactional level.

1. The Overlap and Division of Labour

The regulatory ecosystem demonstrates a strategic division of labour:

1. **NCLT/NCLAT (Structural Integrity Guard):** Their domain covers foundational legal disputes: insolvency, debt hierarchy, the validity of schemes of arrangement, and fundamental shareholder protection. Their impact is long-term and precedent-setting, defining the *legal bedrock* upon which companies operate.
2. **SEBI SWAGAT-FI (Market Functionality Enforcer):** The SWAGAT-FI framework deals with the practical, high-volume issues that affect market functionality and investor experience: non-receipt of dividends, transfer delays, trading glitches, and registrar issues. Its focus is on **speed, standardisation, and accountability** of market intermediaries.

2. Reinforcement and Feedback Loops

The success of one system directly reinforces the mandate of the other, creating essential feedback loops:

- **Judicial Clarity Secures SEBI's Base:** The NCLT's strict adherence to compliance (e.g., the *SICOM* case on charges) signals to all market participants that statutory discipline is non-negotiable. This judicial insistence on a compliant environment makes SEBI's job of overseeing market conduct easier, as the foundational corporate structure is legally sound.
- **SWAGAT-FI Data Informs Judicial Oversight:** SEBI's use of **data-driven regulatory interventions** provides vital information to the judicial arm. If any of SWAGAT-FI data reveals a pattern of non-compliance among a category of companies regarding, say, timely filings, it alerts the MCA (and potentially the NCLT during related proceedings) to potential threats or systemic weak points that require deeper legal scrutiny or punitive action.
- **Preventing Systemic Overload:** An NCLT decision sanctioning a merger (Section 230-232) is a structural event. If, post-sanction, thousands of investors face issues with the resulting share swaps, the **SWAGAT-FI mechanism** is the immediate, automated tool that forces the intermediary to resolve the high-volume dispute

swiftly, preventing a systemic panic or a class-action event that would otherwise land back in the NCLT queue. This speed is crucial to maintaining market stability.

3. Global Perception and Economic Confidence

This duality of enforcement, a rigorous legal system providing the **rigidity of law** and an agile regulatory framework providing the **agility of process**, is vital for global investors. India's strong, specialised corporate tribunals (NCLT/NCLAT), coupled with an innovative, tech-enabled investor protection system (SEBI SWAGAT-FI), demonstrate a comprehensive commitment to corporate governance. This reduces the **sovereign risk** associated with investing in emerging markets, driving greater Foreign Direct Investment (FDI) and reinforcing India's image as a responsible and trustworthy destination for global capital.

Conclusion

The modern corporate landscape in India is defined by an intricate tapestry of checks and balances provided by its dual regulatory command structure. The **NCLT and NCLAT** function as the supreme interpreters of corporate law, establishing crucial precedents that determine the structural governance and the very survival of companies, defining the boundaries for secured creditors, corporate restructuring, and minority protection. Simultaneously, the **SEBI SWAGAT-FI Framework** acts as the dynamic, technology-enabled firewall for the retail investor, transforming grievance resolution from a bureaucratic hurdle into a standardised, time-bound, and data-rich tool for market supervision.

The ultimate strength of this system lies in its proven synergy. Judicial decisions provide the **rigidity of law**, defining what *must* be done, while SWAGAT-FI provides the **agility of process**, defining how justice *must* be delivered swiftly, efficiently, and equitably. Together, they ensure that India's phenomenal capital market growth is underpinned by genuine corporate integrity and a robust mechanism for investor trust. As the market continues to evolve, this regulatory duality must remain equally agile, ensuring that no technical loophole or systematic failure undermines the public confidence that fuels the Indian economy.

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Learning from Adjudication Orders – Annual Filing Compliance under the Companies Act, 2013

CS Dimple Mehta

PayU Payments Private Limited

Mumbai

Group Head – Company Secretary

csdimple.mehta@payu.in



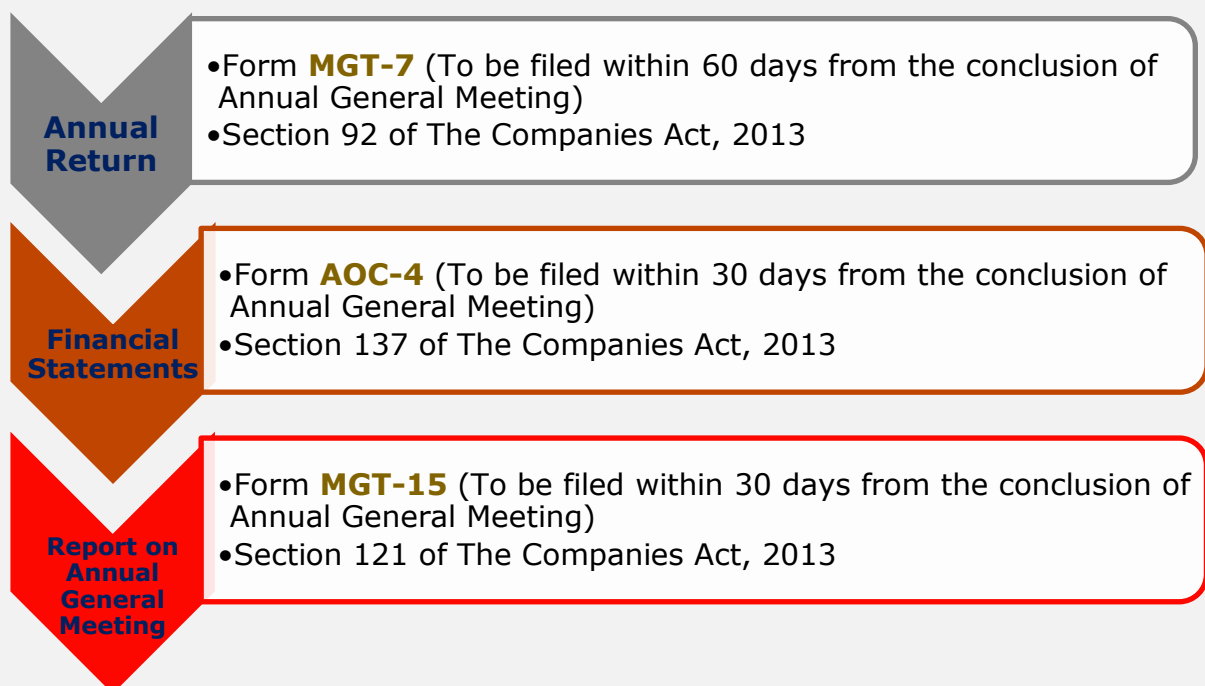
Introduction

The Ministry of Corporate Affairs (**MCA**) has intensified enforcement of statutory compliance under the Companies Act, 2013, particularly focusing on timely filing of Annual Returns (**Section 92**) and Financial Statements (**Section 137**).

The MCA is issuing Adjudication Orders under **Section 454**, supported by the Companies (Adjudication of Penalties) Rules, 2014, to impose monetary penalties on non-compliant companies and their officers.

Several companies facing penalties for non-compliance with annual filing requirements under the Companies Act, 2013, adjudication orders have become a critical learning tool for corporate governance professionals. In FY 2024-25, approximately 1,150 adjudication orders (31% of total ROC orders) were issued for Companies Act non-compliance

What are Annual Filing Requirements?



Case1: Failure to Comply Requirements within the prescribed timeline:

In the case of China Construction Sausum (India) Private Limited

The Director General (Corporate Affairs) directed the Registrar of Companies, Mumbai to conduct an inquiry under Section 206(4) of the Companies Act, 2013 regarding **China Construction Sausum (India) Private Limited**. The subsequent inquiry report revealed compliance violations.

Key Findings:

- **Primary Violation:** Company failed to file its Annual Return for Financial Year 2019-2020
- **COVID-19 Relief:** Despite receiving a 3-month extension for AGM due to the pandemic, making the final filing deadline February 2021
- **Actual Filing:** Company eventually filed its Annual Return in February 2023 - a delay of over 700 days
- **Legal Breach:** This constituted a clear contravention of Section 92(4) of the Companies Act, 2013

Core Issue:

Substantial delay in mandatory annual return filing despite pandemic-related deadline extensions provided by authorities.

Conclusion & Learning:

- Even when authorities provide pandemic-related extensions, companies cannot indefinitely delay fundamental statutory obligations. The 700+ day delay demonstrates that extraordinary circumstances don't excuse basic compliance failures.
- Annual return filing remains a non-negotiable requirement under the Companies Act, 2013. This case reinforces that compliance frameworks must be robust enough to handle disruptions.
- The extreme delay suggests inadequate internal compliance systems rather than temporary oversight, highlighting the need for:
 - Automated compliance calendars
 - Regular monitoring mechanisms
 - Professional compliance support

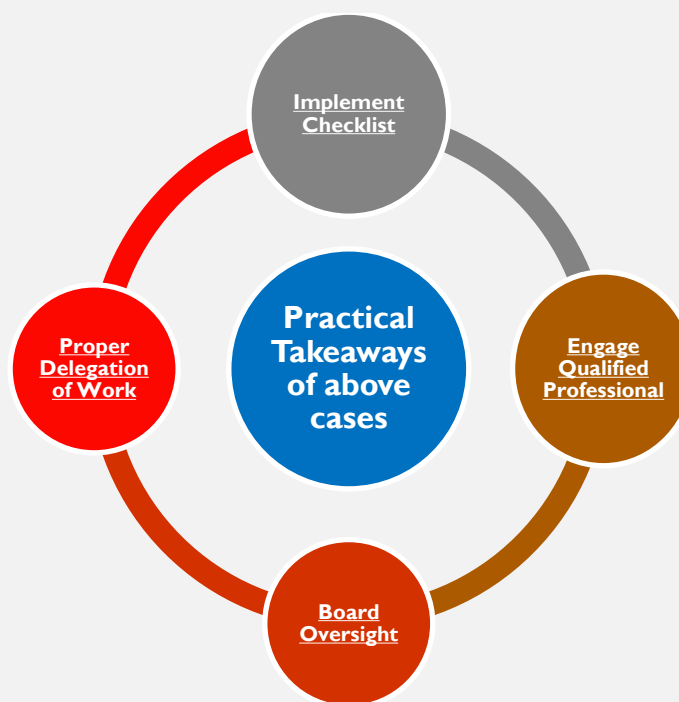
Case 2: Failure to attach Auditor's Report to its Financial Statements:

In the case of Living Liquidz India Private Limited

ROC Mumbai issued an adjudication order dated 28th August, 2025 in the matter of Living Liquidz India Private Limited for violating Section 134(2) of the Companies Act, 2013 by failing to attach the auditor's report to its financial statements for the financial year 2023-24. The Adjudicating Authority imposed a penalty of ₹ 300,000 upon the company and a penalty of ₹ 50,000 each on two directors in default.

Conclusion & Learning:

- Section 134(2) of the Companies Act, 2013 mandates that financial statements must include the auditor's report, there is no exception given or leniency for technical omission.
- The Directors of the Company must ensure proper oversight of statutory filings as if the failure is occurred, they cannot escape personal accountability for company about failures.
- The Company must ensure that for regulatory acceptance – Complete documentation is much more needed accordingly auditor's report has to be attached as the same is integral to financial statements, not optional. Thus, partial or incomplete filings are treated as "Non-Compliance".



Case 3: In the case of BCL Homes Limited:

BCL Homes Limited, with a paid-up capital of Rs. 8.49 crore, came under scrutiny following an inspection ordered by the Central Government. The MCA's Registrar of Companies, Kamna Sharma, issued a show cause notice and a preliminary findings letter on February 28, 2023, followed by a summons on March 15, 2024. Despite these efforts, the company failed to respond, raising red flags about its compliance practices. The investigation revealed that the board of directors had not passed resolutions to approve the financial statements or board reports for the financial years ending March 31, 2021, and March 31, 2022, nor were these documents filed with the Registry of Companies.

Conclusion & Learning:

- This indicates a systematic negligence as size of company (₹8.49 crore paid-up capital) makes this non-compliance particularly concerning. It also shows the fundamental failure from Board Level.
- The Company fails to respond the notices as this behaviour typically leads to ex-parte proceedings and harsher penalties also if the company is not responding then it creates presumption of guilt in regulatory matters.

- The Company has to implement robust internal controls for statutory compliance.

Practical Take-aways: BCL Homes Limited



For Board Governance:

- Regular board meetings with proper agenda and minute-keeping
- Designated compliance officer to track statutory requirements
- Annual compliance calendar with clear deadlines
- Implement Checklist and update the same accordingly



For Regulatory Response:

- Never ignore regulatory notices
- Engage qualified professionals for regulatory correspondence
- Maintain transparent communication with authorities.



For Company Operations:

- Ensure continuity of operations even during business challenge
- Maintain minimum governance standards regardless of business performance
- Board training on fiduciary duties and legal obligations

Case 4: In the Case of Easy Funds Finance Private Limited

The Office of the Registrar of Companies, Rajasthan, Jaipur, has issued a penalty order against Easy Funds Finance Private Limited and its directors, Shri Vikas Modi and Shri Nitin Agarwal, for non-compliance with the Companies Act, 2013. The company failed to file its Annual Returns and Financial Statements for the fiscal years 2020-21 and 2021-22. The penalties are imposed under Section 454 of the Companies Act, 2013, and the Companies (Adjudication

of Penalties) Rules, 2014, as well as amendments from 2015. Easy Funds Finance Private Limited and directors faces penalties of ₹6,74,200. The penalties cover non-filing of annual returns and financial statements and are calculated based on the duration of non-compliance.

Orders like this generally require the company and its officers to:

- **Pay the prescribed monetary penalty** — here ₹ 6,74,200 in total — within 90 days of receiving

the order, using the MCA online payment portal under the "Miscellaneous Payments → Penalty" head.

- **File the overdue Annual Returns (Form MGT-7/MGT-7A) and Financial Statements (Form AOC-4/AOC-4 XBRL)** for

FY 2020-21 and 2021-22 immediately after payment, if not already filed.

- **File an appeal (optional)** — they may appeal to the Regional Director within the time as stipulated.

Summary of Few Adjudications order along with their Practical Takeaways

SI No.	Name of the Company	Date of Adjudication order	Summary of case	Practical Takeaways
1.	Alora Trading Company Limited	April 25, 2024	<p>The order entails penalties imposed on the company and its officers for late filing of the Annual Return for the financial year 2018-2019.</p> <p>ALORA TRADING CO LTD, a registered entity under CIN: L70100MH1982PLC2 96275, failed to file its Annual Return within the stipulated timeframe, violating Section 92. Despite issuance of a Show Cause Notice, no</p>	<p>1. Set up automated reminders 60 days before the due date</p> <p>2. Designate an authorized person to monitor and respond to all official correspondence</p> <p>3. Conduct quarterly compliance reviews to identify potential delays</p> <p>4. Engage qualified Company Secretary or compliance professional.</p>

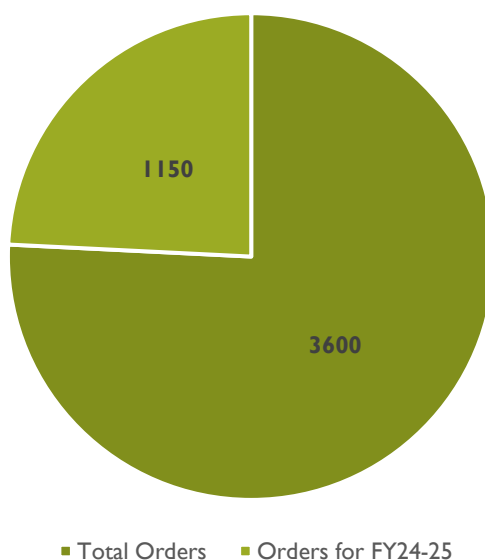
			response was received from the company or its officers.	5. Use MCA portal notifications and email alerts
2.	Moneshi Agro Industries Limited	October 30, 2024	<p>The Ministry of Corporate Affairs (MCA) has taken stringent action against Moneshi Agro Industries Limited for non-compliance with the provisions of Section 137 of the Companies Act, 2013. The Office of the Registrar of Companies (ROC), Mumbai, issued an adjudication order imposing penalties totalling ₹4,89,400 on the company and its key officers for failing to file financial statements for the financial year 2018-19.</p> <p>The Registrar of Companies observed that the company failed to meet the prescribed deadline for filing its financial</p>	<p>1. Engage Chartered Accountant for financial statement preparation</p> <p>2. Build 45-60-day buffer between board approval and filing deadline.</p> <p>3. Maintain compliance reserve fund for unexpected filings and fees.</p> <p>4. Assign specific directors' responsibility for compliance oversight</p> <p>5. Implement three-tier approval system: Preparation → Review → Filing</p>

			statements, with a delay extending to 354 days. Despite multiple notices, the company did not respond, leading to the imposition of penalties.	
3.	Hotel Holy Crest Bodhgaya Pvt Ltd	December 23, 2022	It is observed that the Company has not filed annual return since incorporation, therefore no record is available regarding the number of board meetings taken place. Hence, it is implied that the Company has not conducted the board meetings. Therefore, it appears that the provision of section 173(1) of the Companies Act, 2013 has been contravened by the company and its directors/officers in default, which inter alia states that: "every company shall hold the first meeting of the Board of Directors within thirty days of the date of its	<p>1. Call first board meeting immediately if never held since incorporation</p> <p>2. Plan 4 meetings minimum for current year with proper spacing (max 120 days gap)</p> <p>3. Establish statutory committees where required (Audit, Nomination, etc.)</p> <p>4. Coordination mechanism between board and committee meetings</p> <p>5. Director orientation on statutory duties and meeting requirements</p>

			incorporation and thereafter hold a minimum number of four meetings of its Board if Directors every year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board."	6. Governance framework beyond mere compliance
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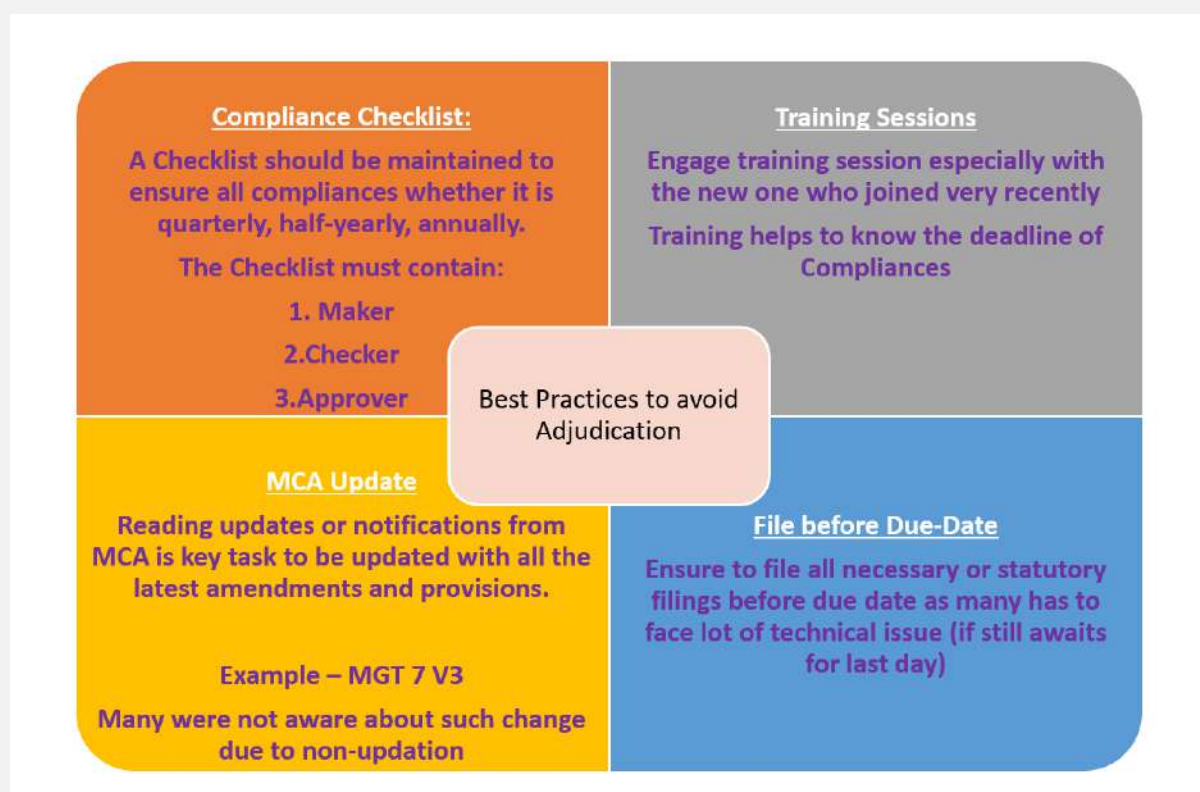
Recent FY 24-25 trends on number of Adjudication order:

Total Adjudication Orders & Pertaining to FY 24-25



A total of approximately 3600 orders passed by the ROC across the country are available on the MCA portal out of which around 1150 orders were posted in financial year 2024-25. This is about 31% of the total orders passed.

What shall be the Best Practices to avoid Adjudications:



1. **Compliance Checklist:** A Compliance Checklist serves as a practical tool for companies to systematically monitor and fulfil their statutory obligations under the Companies Act, 2013 and other applicable laws. It ensures that key filings—such as Annual Returns (MGT-7/MGT-7A) and Financial Statements (AOC-4/AOC-4 XBRL).

Following are the benefits of making compliance checklist:

1. **Avoiding penalties** and adjudication orders.
2. **Timely tracking of due dates** and filing requirements.
3. Encourages **verification of documents** and attachments before submission.

4. During statutory, internal, or secretarial **audits**, a well-maintained compliance checklist provides quick evidence of adherence to legal requirements.

2. **Training Sessions:** Training sessions play a vital role in strengthening a company's compliance culture and ensuring that directors, key managerial personnel, and employees are well-informed about their statutory responsibilities under the Companies Act, 2013 and other regulatory frameworks.

Following are the benefits of conducting training sessions:

1. **Creating awareness** of legal obligations

2. It **helps Company Secretaries, Compliance Officers,** and finance personnel stay updated on amendments, circulars, and practical filing challenges, enabling them to apply best practices.
3. Training clarifies **roles and responsibilities** across departments
4. **Regular workshops** on MCA e-filing, form preparation (AOC-4, MGT-7, etc.), and digital signature management reduce clerical errors and rejections.

3. **MCA Update:** MCA Updates—such as circulars, notifications, amendments, and press releases issued by the Ministry of Corporate Affairs—play a crucial role in keeping companies informed about the latest regulatory changes, compliance timelines, and procedural requirements under the Companies Act, 2013.

4. **Filing before 'Due Date':** Filing statutory documents such as Annual Returns (MGT-7/MGT-7A) and Financial Statements (AOC-4/AOC-4 XBRL) before their due dates is one of the simplest yet most effective ways to ensure full compliance

Following are the benefits of filing before due date:

1. **Filing on or before the prescribed deadline prevents**

late fees and penalties under Sections 92 and 137, and eliminates the risk of adjudication under Section 454.

2. Early filing allows adequate time to **verify details, attach correct documents,** and resolve technical issues on the MCA portal, avoiding rework or filing delays.
3. Timely filings ensure that statutory **records are up to date and easily accessible** for auditors, regulators, or potential investors.

- **Penalties for Non-Compliance:**

For default in filing annual return:

The Company & Officer in default shall be liable to penalty of ₹10,000/- and in case of continuing failure, with further penalty of ₹100/- for each day during which such failure continues, subject to maximum of ₹2,00,000 /- for Company & ₹50,000 for officer in default.

For improper certification of annual return by PCS: He shall be liable to penalty of ₹2,00,000/-

For Financial Statements: If a company fails to file the copy of the financial statements before the expiry of the period specified therein, the company shall be liable to a penalty of ₹10,000/- and in case of continuing failure, with a further penalty of ₹100 for each day

during which such failure continues, subject to a maximum of two lakh rupees, and the managing director and the Chief Financial Officer of the company, if any, and, in the absence of the managing director and the Chief Financial Officer, any other director who is charged by the Board with the responsibility of complying with the provisions of this section, and, in the absence of any such director, all the Directors of the company, shall be liable to a penalty of ₹10,000/- and in case of continuing failure, with further penalty of ₹100 for each day after the first during which such failure continues, subject to a maximum of ₹50,000/-

Anticipated Regulatory Change by MCA:

The Ministry of Corporate Affairs (MCA) is ushering in a transformative era for annual filing compliance through **comprehensive digitization initiatives** that culminated with the mandatory migration to the MCA V3 portal by July 14, 2025, featuring AI-powered validations, pre-filled data from previous years, and integrated cross-verification with PAN to minimize errors and enhance data accuracy. Simultaneously, penalty structure modifications have introduced a more stringent regime with uncapped daily penalties of ₹100 for late filing of critical forms like MGT-7 and AOC-4, maximum penalties reaching ₹2 lakh for non-filing, and the implementation of a fully digital e-adjudication platform from September

2024 that streamlines penalty proceedings while ensuring greater transparency and accountability. Furthermore, enhanced enforcement mechanisms reflect MCA's intensified regulatory approach, with a 25% increase in compliance violation orders, over 900 enforcement actions in 2023, mandatory Digital Signature Certificate authentication for all director filings, and expanded disclosure requirements covering areas such as sexual harassment compliance, maternity benefits, and detailed related party transactions—collectively creating an ecosystem where companies must adopt more robust compliance frameworks, invest in digital infrastructure, and prepare for heightened scrutiny as the government pushes toward its vision of transparent, digitally-enabled corporate governance in India's evolving business landscape.

Future outlook and Recommendation

The regulatory landscape for MCA annual filings is evolving toward a technology-driven, transparency-focused ecosystem where artificial intelligence, machine learning, and blockchain technologies will fundamentally reshape compliance practices. The MCA is expected to introduce real-time compliance monitoring through advanced analytics, predictive risk assessment capabilities that flag potential non-compliance before deadlines, and automated cross-verification systems that integrate with

multiple government databases including income tax, GST, and banking systems. Companies should anticipate stricter ESG reporting requirements, enhanced cybersecurity compliance mandates, and gradual alignment with international standards such as IFRS and global data protection frameworks to facilitate India's integration into global supply chains and capital markets.

Strategic Recommendations are as follows:

Technology Infrastructure

Pro-active Compliance Strategy

Risk Management Framework

Organizational Capability Building

Stakeholder Engagement Excellence

1. Technology Infrastructure Investment

- Implement cloud-based compliance management systems with automated reminder capabilities and workflow management
- Adopt AI-powered document review tools to ensure accuracy and completeness before filing
- Integrate APIs with MCA portals for seamless data transfer and real-time status tracking
- Establish blockchain-based audit trails for enhanced transparency and immutable record-keeping

2. Organizational Capability Building:

- Create dedicated compliance teams with cross-functional expertise in technology, law, and finance

- Establish compliance committees at board level with regular monitoring and reporting mechanisms
- Invest in continuous professional development programs for compliance officers and company secretaries

- Develop internal compliance manuals that are regularly updated with regulatory changes

3. Proactive Compliance Strategy

- Maintain rolling compliance calendars with quarterly reviews and annual strategic planning
- Implement early warning systems that trigger alerts 60-90 days before filing deadlines
- Establish redundant filing processes with backup systems and multiple authorized signatories
- Create standardized documentation templates aligned with enhanced disclosure requirements

4. Risk Management Framework

- Conduct regular compliance audits using internal and external resources to identify gaps
- Develop contingency plans for system failures, technical glitches, and emergency filings
- Establish penalty provisioning in financial planning to account for potential compliance costs
- Create escalation matrices for handling complex compliance issues and regulatory queries

5. Stakeholder Engagement

Excellence:

- Build strong relationships with professional service providers including chartered accountants and company secretaries
- Participate actively in industry forums and regulatory consultations to stay ahead of changes
- Establish direct communication channels with ROC offices for clarifications and guidance
- Engage with technology vendors who specialize in regulatory compliance solutions

6. Future-Ready Preparation

- Monitor global compliance trends and best practices for early adoption of emerging standards
- Prepare for ESG reporting mandates by establishing data collection and verification systems

Conclusion

The landscape of MCA annual filing compliance has undergone a paradigmatic transformation, evolving from a traditional paper-based, reactive system to a sophisticated, technology-driven regulatory framework that demands proactive engagement and strategic planning from Indian corporations. The introduction of stringent penal provisions with uncapped daily penalties, mandatory digital adjudication processes, and enhanced enforcement mechanisms reflects the government's unwavering commitment to corporate transparency and accountability, while simultaneously raising the stakes for non-compliance to unprecedented levels.

As India positions itself as a global economic powerhouse, the MCA's regulatory evolution reflects broader themes of digital transformation, corporate governance excellence, and international competitiveness. Organizations that align their compliance strategies with these national priorities will find themselves well-positioned to capitalize on emerging opportunities in domestic and international markets, while those that resist change risk obsolescence in an increasingly regulated and transparent business environment.

The future of MCA annual filing compliance belongs to organizations that view regulatory excellence not as a burden to be managed, but as a competitive differentiation to be leveraged—transforming compliance from a defensive necessity into an offensive strategy for sustainable business success in India's dynamic corporate landscape.

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Best Practices for Avoiding Adjudication in Annual Filing

CS Kiran Bangera



Introduction

To avoid adjudication issues during annual filings, every companies should strictly follow compliance requirements, file precise and timely returns (quarterly, half yearly or annually) with the Registrar of Companies (RoC), and maintain proper documentation.

Every Company should maintain e forms & its challan on the server as well as in printed e form and should be kept in box files as it would help the company for any future disputes with the authorities.

Below are some basic practices one should adopt in order to avoid adjudication.

Best Practices to Avoid Adjudication:

- a) **File on Time:** Submit annual returns (Form MGT-7/MGT-7A) within 60 days of the AGM and financial statements (Form AOC-4) within 30 days.
- b) **Accuracy of Information:** Double-check all entries for errors, omissions, or inconsistencies before filing to avoid system-based validation failures.
- c) **Maintain Records:** Keep organized and updated records of shareholders, directors, meetings (with accurate minutes), and financial transactions.
- d) **Director KYC and Auditor Appointment:** Ensure DIR-3 KYC for directors and proper filing of auditor appointment (Form ADT-1) as required.
- e) **Monitor Compliance Calendar:** Regularly track statutory deadlines and set reminders to prevent last-minute rush or oversight. Maintain a compliance tracker to monitor ROC filings.
- f) **Rectify Defaults Quickly:** If an error occurs, rectify it before or within 30 days of notice from adjudicating authority to possibly avoid penalty and prosecution.

- g) Professional Advice: Engage a company secretary to review records and preparation, especially for complex compliance requirements.

Key Points:

1. Failure to comply can lead to monetary penalties, legal proceedings, and disqualification of directors.
2. Recent enforcement trends indicate severe penalties for even minor errors or missing information in filings, so diligence is critical.
3. Good governance, transparency, and timely filings minimize risks and foster trust with stakeholders.

BEST PRACTICES FOR AVOIDING ADJUDICATION IN ANNUAL FILING

**FILE ACCURATELY**

Check all information for completeness, accuracy, and consistency.

**TRACK DEADLINES**

Maintain a schedule of filing due dates and submit all forms on time.

**SEEK CLARIFICATION**

Contact the relevant authority directly regarding any ambiguous requirements.

**MAINTAIN RECORDS**

Keep organized documentation to substantiate all reported information

Common filing mistakes that trigger adjudication orders

Several common mistakes in annual filings frequently trigger adjudication orders and penalties from the Registrar of Companies (RoC):

Key Filing Mistakes That Trigger Adjudication:

1. **Missing Filing Deadlines:** Submitting annual returns (MGT-7/MGT-7A) or financial statements (AOC-4) after the prescribed period invites penalties and adjudication proceedings.
2. **Incorrect or Incomplete Information:** Errors in director names, DINs, shareholding patterns, or mismatched financial figures between different forms (like AOC-4 and MGT-7) often result in scrutiny and orders.
3. **Non-Disclosure/Incomplete Disclosures:** Leaving out mandatory disclosures in board reports, such as related party transactions, outstanding loans, or compliance with secretarial standards, leads to penal action.
4. **Not Updating Company Information:** Failing to update changes in registered address, directors, or shareholding before filing can cause discrepancies and legal exposure.
5. **Omitting Financial Statements or Audited Reports:** Forgetting to attach audited financials, board reports, or auditor certificates is a regular trigger for non-compliance orders.
6. **Unsigned or Uncertified Filings:** Submissions not signed by an authorized director or company secretary, or lacking a digital signature, are common reasons for adjudication.
7. **Failing to Hold or Report AGM:** Not conducting an Annual General Meeting or discrepancies in reporting AGM dates is a frequent mistake.
8. **Not Filing for Inactive Companies:** Non-active/dormant companies must still file annual returns—non-filing may lead to classification as a defunct entity and penal orders.
9. **Failure to Pay Outstanding Fees:** Not clearing pending ROC fees or government dues before filing results in acceptance issues and penalties.

Additional Triggers

1. Discrepancies between board report and annual return (e.g., number of meetings, CSR compliance).
2. Submission of documents through improper channels, like email/WhatsApp, not formal board meetings or official MCA portals.
3. Incorrect financial year references or mismatches across filings.

Consequences

These mistakes can result in:

1. Daily accruing penalties.
2. Adjudication orders and show cause notices.
3. Director disqualification and restrictions on future business.
4. Publicly posted non-compliance status and potential company strike-off.
5. Careful attention to deadlines, accuracy, and completeness—and prompt rectification of any errors—are crucial to avoiding adjudication orders.

Practical checklist to prevent common ROC filing mistakes-

1. Verify the latest statutory deadlines for each required form (MGT-7/MGT-7A, AOC-4, ADT-1, DIR-3 KYC, etc.) and set calendar reminders well in advance.
2. Confirm that all company master data is updated: address, director information, shareholding, and contact details must be accurate and reflect board resolutions.
3. Double-check that the Annual General Meeting (AGM) is held within due dates and resolutions/minutes are correctly drafted and approved.
4. Ensure all financial statements are audited and signed by authorized directors and auditors before submission.
5. Review all attachments for completeness: board report, financials, auditors' report, CSR disclosures, and certifications as mandated.

6. Use the correct digital signature (DSC) for directors or company secretary while submitting filings.
7. Validate form entries and cross-check figures between AOC-4, MGT-7, and annual financials to avoid inconsistencies or mismatches.
8. Make sure all mandatory disclosures on related party transactions, outstanding loans, meetings, and directors' interests are made accurately in filings.
9. Pay any outstanding government fees or RoC penalties before or during e-filing, and always download submission acknowledgment receipts.
10. For amendments or recent changes, ensure separate forms (e.g., DIR-12 for directors, INC-22 for address) are already filed and approved before annual returns.

Conclusion

By following these above steps meticulously, most adjudication triggers and penalties can be avoided. Consider maintaining a physical or digital filing register, and review all documents through a peer or professional compliance check before making submissions. Consistent adherence to these practices will help keep the company out of adjudication and maintain its legal standing.

Compliance as a Corporate Value: Lessons from ROC Adjudications under Sections 92 and 137 of the Companies Act, 2013

CS Premnarayan Tripathi

Founding Partner

Divine Governance Professionals (IFSC) LLP, GIFT IFSC



Introduction

1. Compliance - the Foundation of a Body Corporate

A body corporate stands firmly on four fundamental pillars — **accountability, transparency, trust, and compliance**. Good governance is not limited to the formulation of policies; it lies equally in their faithful execution and adherence to statutory requirements in both letter and spirit.

Among the numerous compliance provisions under the Companies Act, 2013 ("the Act"), **Section 92** (Annual Return – Forms MGT-7/MGT-7A) and **Section 137** (Filing of Audited Financial Statements – Form AOC-4, etc.) occupy a place of prime importance. These provisions apply to **every company** — large or small, private or public, operational or non-operational — thereby ensuring that the corporate ecosystem remains transparent and accountable.

Compliance with these sections demands awareness of several aspects:

1. The statutory provisions and related rules;
2. The due dates and filing procedures;
3. The specific information and documents to be furnished; and
4. The manner of e-filing on the **MCA portal (Version 3)**.

Although these requirements are straightforward, **non-compliance invites serious consequences**, including loss of privileges otherwise available to private companies, Section 8 companies, etc. Recognizing the growing non-compliance trend, **Registrars of Companies (ROCs)** have increasingly invoked their powers under **Section 454** to adjudicate and impose penalties for violations of these core filing obligations.



2. Annual Filings – The Statutory Mandate

Every Indian company must file **two crucial annual documents**:

- **Form AOC-4** – comprising the Audited Financial Statements and annexures; and
- **Form MGT-7/7A** – comprising the Annual Return containing governance and shareholding details.

2.1 Section 137 – Filing of Financial Statements

Under **Section 137(1)**¹, every company must file its financial statements with the ROC within **30 days of the Annual General Meeting (AGM)**. For **One Person Companies (OPCs)**, this timeline extends to **180 days from the financial year's closure**.

If the AGM is not held or financial statements are unadopted, the company must still file provisional statements within the prescribed period. Failure to comply attracts penalties under **Section 137(3)**:

- **Company:** ₹10,000 plus ₹100 per day of continuing failure (maximum ₹2,00,000);
- **Officer in default:** ₹10,000 plus ₹100 per day (maximum ₹50,000).

2.2 Section 92 – Filing of Annual Return

Similarly, **Section 92(4)**² mandates every company to file its **annual return within 60 days of the AGM**. Failure to do so invokes **Section 92(5)**:

- **Company:** ₹10,000 plus ₹100 per day (up to ₹2,00,000);
- **Officer in default:** ₹10,000 plus ₹100 per day (up to ₹50,000). In addition, **Section 403**³ prescribes an **additional filing fee of ₹100 per day** of

¹ **137.(1)** A copy of the financial statements, including consolidated financial statement, if any, along with all the documents which are required to be or attached to such financial statements under this Act, duly adopted at the annual general meeting of the company, shall be filed with the Registrar within thirty days of the date of annual general meeting in such manner, with such fees or additional fees as may be prescribed:

Provided that where the financial statements under sub-section (1) are not adopted at annual general meeting or adjourned annual general meeting, such unadopted financial statements along with the required documents under sub-section (1) shall be filed with the Registrar within thirty days of the date of annual general meeting and the Registrar shall take them in his records as provisional till the financial statements are filed with him after their adoption in the adjourned annual general meeting for that purpose:

² (4) Every company shall file with the Registrar a copy of the annual return, within *sixty* days from the date on which the annual general meeting is held or where no annual general meeting is held in any year within *sixty* days from the date on which the annual general meeting should have been held together with the statement specifying the reasons for not holding the annual general meeting, with such fees or additional fees as may be prescribed.

³ **403.** (1) Any document, required to be submitted, filed, registered or recorded, or any fact or information required or authorised to be registered under this Act, shall be submitted, filed,

delay, with no upper cap — payable even if an adjudication penalty is subsequently imposed.

2.3 Section 454 – Adjudication of Penalties

Section 454 empowers the **Central Government** to appoint **Adjudicating Officers (ROCs)** to impose penalties for defaults under the Act. Importantly, the **Proviso to Section 454(3)** provides relief — if a company rectifies its default **within 30 days of the notice**, no penalty is imposed (though additional filing fees under Section 403 remain payable).

3. Why Annual Filings Matter Most

The **Audited Financial Statements** and **Annual Return** are instruments of **public disclosure**. They allow regulators, investors, creditors, and other stakeholders to assess a company's financial health and compliance status.

The MCA's digital registry functions as a **national corporate information repository**. When companies fail to file under Sections 92 and 137, it compromises the authenticity of this data, affecting policymaking, credit assessments, and enforcement actions under allied laws like **FEMA, SEBI Regulations, and Taxation laws**.

Thus, annual filings are not mere procedural formalities — they are **foundational to corporate transparency and democracy**.

registered or recorded within the time specified in the relevant provision on payment of such fee as may be prescribed:

Provided that where any document, fact or information required to be submitted, filed, registered or recorded, as the case may be, under section 92 or 137 is not submitted, filed, registered or recorded, as the case may be, within the period provided in those sections, without prejudice to any other legal action or liability under this Act, it may be submitted, filed, registered or recorded, as the case may be, after expiry of the period so provided in those sections, on **payment of such additional fee** as may be prescribed, which shall **not be less than one hundred rupees per day** and different amounts may be prescribed for different classes of companies:

4. ROC Adjudication Orders – Illustrative Cases

In recent years, adjudication orders under Sections 92 and 137 have increased significantly, underscoring the MCA's **zero-tolerance policy** toward non-compliance. A few cases are summarized below.

4.1 Case 1 – *Haiderpur Fertilizer Producer Company Limited (ROC Kanpur)*

Adjudication proceedings were initiated for non-filing of financial statements for FY 2021–22 under Section 137(3). Despite several notices, neither the company nor its directors responded. An inspection under **Section 206(5)** confirmed the default. The ROC, therefore, proceeded **ex parte** and imposed penalties under **Section 137(3)** read with **Section 446B** (benefit for small/producer companies).

- **Penalty:** ₹50,450 on the company and ₹25,000 each on its directors. The order directed rectification within 90 days and payment through the MCA's e-adjudication portal.

4.2 Case 2 – *Moonlight Associates Limited (ROC Guwahati)*

An inquiry under **Section 206(4)** revealed that the company had **no functional registered office** and had **failed to file annual returns (FY 2017–18 to 2021–22)** and **financial statements (FY 2018–19 to 2021–22)**. Despite citing operational paralysis due to CBI and SEBI investigations, the ROC held that such reasons did not absolve statutory responsibility.

- **Penalties imposed (under Section 454):**
 - ₹2,00,000 – non-maintenance of registered office (Section 12);
 - ₹10,89,100 – failure to file annual returns (Section 92);
 - ₹8,31,500 – failure to file financial statements (Section 137).

Total penalty: **₹21.21 lakh**, payable within 90 days.

The order reaffirmed that **compliance lapses cannot be excused by external challenges** and that maintaining transparency is a core duty of corporate management.

4.3 Case 3 – China Construction Sausum (India) Private Limited (ROC Mumbai)

The company delayed filing its **Annual Return for FY 2019–20** by 717 days. Upon inquiry, it was found that the default had been rectified before the issuance of the adjudication notice. Invoking the **Proviso to Section 454(2)**, the ROC held that since the default had been rectified before notice issuance, **no penalty would be imposed**. The proceedings were thus closed.

This case serves as a positive precedent, demonstrating that **timely rectification prior to adjudication** can protect companies from penalties.

4.4 Case 4 – Dolphin Universal Rural Development Limited (ROC Gwalior)

The company failed to file its **annual return for FY 2017–18** within the stipulated time. The ROC found the company and its four directors liable under **Section 92(5)** and imposed:

- **₹2,00,000** on the company (maximum limit);
- **₹50,000 each** on four directors.

The order directed rectification within 90 days and payment from **personal funds**. It also outlined the right to appeal before the **Regional Director, Ahmedabad**, within 60 days.

4.5 Case 5 – Skexxa Technology Private Limited (ROC Goa)

The company failed to file **financial statements for FY 2022–23** under Section 137(1). Despite notices, neither the company nor its directors responded or sought a hearing.

Applying **Section 446B (reduced penalties for small companies)**, the ROC imposed:

- **₹39,450** on the company;
- **₹25,000 each** on two directors.

They were directed to file the pending documents and remit penalties within 90 days, with a right to appeal before the **Regional Director, Mumbai**.

4.6 Case 6 – Sapphire Media & Infrastructure Limited (ROC Chennai)

The company failed to file its **financial statements for FY 2014–15** within 30 days of its AGM. Despite prosecution and subsequent adjudication, the ROC found a **delay of 882 days**.

Penalties imposed:

- **₹98,200** on the company;
- **₹50,000 each** on two directors.

The order reiterated that habitual delays erode accountability and warned that further defaults would attract action under **Section 454(8)** (prosecution for non-payment).

5. Consequences of Non-Filing or Default

5.1 Legal Repercussions

Failure to comply with Sections 92 and 137 triggers a series of regulatory and governance consequences:

- **Loss of Exemptions:**

As per **MCA notifications dated June 5, 2015 and June 13, 2017**, private companies lose several compliance relaxations if they default in filing financial statements or annual returns.

"The exceptions, modifications, and adaptations... shall be applicable only to a private company which has not committed a default in filing its financial statements or annual return."

Thus, timely filing is essential to retain statutory benefits.

- **Disqualification of Directors (Section 164(2)⁴):**

Directors of a company that fails to file financial statements or annual returns for **three consecutive financial years** become ineligible for reappointment or appointment in any other company for **five years**.

- **Regulatory Ineligibility:**

Non-filing can hinder applications before **FEMA, SEBI, RBI**, and other authorities, as compliance status is a prerequisite for approvals, borrowing, and corporate restructuring.

⁴ (2) No person who is or has been a director of a company which —

(a) has not filed financial statements or annual returns for any continuous period of three financial years;

shall be eligible to be re-appointed as a director of that company or appointed in other company for a period of five years from the date on which the said company fails to do so.

- **Strike-off Proceedings (Section 248(1)(c)⁵):**

Companies that fail to file for **two consecutive years** and are inactive may be struck off from the register after due notice.

- **Repeated Defaults (Section 454A⁶):**

If a company repeats the same default within three years of a penalty order, the fine is **doubled**.

5.2 Financial and Reputational Impact

Beyond statutory penalties, **non-compliance erodes stakeholder confidence**.

Companies face obstacles during fund-raising, mergers, or due diligence when filings are incomplete or outdated. Investors and creditors increasingly rely on MCA data for credibility checks, making accurate filings indispensable.

⁵ **248.** (1) Where the Registrar has reasonable cause to believe that—

(c) a company is not carrying on any business or operation for a period of two immediately preceding financial years and has not made any application within such period for obtaining the status of a dormant company under section 455, or he shall send a notice to the company and all the directors of the company, of his intention to remove the name of the company from the register of companies and requesting them to send their representations along with copies of the relevant documents, if any, within a period of thirty days from the date of the notice.

⁶ **454A. Penalty for repeated default**

Where a company or an officer of a company or any other person having already been subjected to penalty for default under any provisions of this Act, again commits such default within a period of three years from the date of order imposing such penalty passed by the adjudicating officer or the Regional Director, as the case may be, it or he shall be liable for the second or subsequent defaults for an amount equal to twice the amount of penalty provided for such default under the relevant provisions of this Act.

5.3 Weakening of Corporate Governance

Default in annual filings directly undermines governance principles by:

- Questioning the **accountability of directors and Key Managerial Personnel (KMPs)**;
- Reducing **investor and lender confidence**;
- Impacting **credit ratings** and **business relationships**; and
- Signalling management indifference toward transparency and responsibility.

6. Role of Company Secretaries as Governance Professionals

The **functions of a Company Secretary (CS)** are codified under **Section 205⁷** of the Act, read with **Rule 10 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**. A CS is required to:

- Report to the Board about compliance with applicable laws;
- Ensure observance of good corporate governance practices; and
- Guide the management on long-term implications of non-compliance.

Now the CS has evolved into a **strategic governance partner**, ensuring that the organization not only meets legal obligations but also fosters a sustainable compliance culture. Their role bridges statutory discipline with ethical responsibility, thereby strengthening corporate credibility.

7

205. Functions of Company Secretary

(1) The functions of the company secretary shall include,—

- (a) **to report to the Board about compliance with the provisions of this Act**, the rules made thereunder and other laws applicable to the company;
- (b) to ensure that the company complies with the applicable secretarial standards;
- (c) to discharge such other duties as may be prescribed.

7. The Way Forward

At its core, **Compliance is an expression of Corporate Responsibility**. The growing number of adjudication orders under Sections 92 and 137 signifies that regulators now expect more than procedural adherence — they expect a **culture of accountability**.

A company that consistently fulfils its filing obligations earns not just **regulatory goodwill**, but also **investor confidence and market respect**. Conversely, habitual non-filers invite not only monetary penalties but also **reputational damage** that can outlast financial losses.

As professionals, it is our duty to remind boards that **compliance is not a burden but a strategic necessity**. Company Secretaries as governance professionals must act as custodians of corporate ethics, guiding companies to treat compliance as an essential corporate requirement and responsibility.

In today's corporate ecosystem — where **transparency is the new currency of trust** — every company must remember that compliance is not a cost to be managed but a value to be upheld.

ICSI- WIRC Program Activities for the month of October 2025

(Workshops /Seminar / Professional Development Programme)

Sl. No.	Activities Conducted	Remark			
01	ICSI-WIRC organized Ghatkopar Knowledge Centre Program on Paradigm shift towards greater transparency through Annual Filing under Companies Act 2013	<p>ICSI-WIRC in the month of October organized Ghatkopar Knowledge Centre Program on "Paradigm shift towards greater transparency through Annual Filing under Companies Act 2013" on 09.10.2025 at Kamalnayan Bajaj Hall, Bajaj Bhavan Ground Floor Jamnalal Bajaj Marg, Nariman Point, Mumbai.</p> <p>Sessions were conducted on the following key areas –</p> <table border="1"> <tr> <td>09.10.2025</td><td>Paradigm shift towards greater transparency through Annual Filing under Companies Act 2013</td><td>CS Meghna Shah Practicing Company Secretary, MSDS & Associates</td></tr> </table> <p>This Program was through Physical mode received an overwhelming response and was attended by 28 delegates.</p>	09.10.2025	Paradigm shift towards greater transparency through Annual Filing under Companies Act 2013	CS Meghna Shah Practicing Company Secretary, MSDS & Associates
09.10.2025	Paradigm shift towards greater transparency through Annual Filing under Companies Act 2013	CS Meghna Shah Practicing Company Secretary, MSDS & Associates			
02	ICSI-WIRC organized Borivali Knowledge Centre Program on Critical issues on Section 186 & 188 of Companies Act, 2013	<p>ICSI-WIRC in the month of October organized Borivali Knowledge Centre Program on "Critical issues on Section 186 & 188 of Companies Act, 2013" on 10.10.2025 at Radha Krishna Hotel, Sunplaza Shopping Centre, Opp. Diamond Talkies, L. T. Road, Borivali West, Mumbai.</p> <p>Sessions were conducted on the following key areas –</p> <table border="1"> <tr> <td>10.10.2025</td><td>Critical issues on Section 186 & 188 of Companies Act, 2013</td><td>CS Siddharth Jain Director - Corporate Secretarial, Cipla Limited</td></tr> </table> <p>This Program was through Physical mode received an overwhelming response and was attended by 46 delegates.</p>	10.10.2025	Critical issues on Section 186 & 188 of Companies Act, 2013	CS Siddharth Jain Director - Corporate Secretarial, Cipla Limited
10.10.2025	Critical issues on Section 186 & 188 of Companies Act, 2013	CS Siddharth Jain Director - Corporate Secretarial, Cipla Limited			
03	ICSI-WIRC organized Andheri Knowledge Centre Program on Corporate Social	ICSI-WIRC in the month of October organized Andheri Knowledge Centre Program on "Corporate Social Responsibility and its Implementation" on 12.10.2025 at Mayor Hall, Waterford Building All India Institute of Local			

	Responsibility and its Implementation	<p>Government Building-1, Waterford Building, 3037, CD Barfiwala Road, Zalawad Nagar, Juhu Lane, Yadav Nagar, Andheri West, Mumbai.</p> <p>Sessions were conducted on the following key areas –</p> <table border="1" data-bbox="632 387 1362 685"> <tr> <td data-bbox="632 387 828 685">12.10.2025</td><td data-bbox="828 387 1107 685">Corporate Social Responsibility and its Implementation</td><td data-bbox="1107 387 1362 685">CS Subramanian Narayanan Company Secretary, Larsen and Toubro Ltd</td></tr> </table> <p>This Program was through Physical mode received an overwhelming response and was attended by 29 delegates.</p>	12.10.2025	Corporate Social Responsibility and its Implementation	CS Subramanian Narayanan Company Secretary, Larsen and Toubro Ltd
12.10.2025	Corporate Social Responsibility and its Implementation	CS Subramanian Narayanan Company Secretary, Larsen and Toubro Ltd			

ICSI- WIRC Study Circle Meeting Activities for the month of October 2025

Sl. No.	Activities Conducted	Remark			
01	Makarand M. Joshi & Co. (Corporate) Study Circle of the ICSI organized Study Circle Meeting on Insights On Annual Filing 2025	<p>Makarand M. Joshi & Co. (Corporate) Study Circle of the ICSI in the month of October organized Study Circle Meeting on "Insights On Annual Filing 2025" on 03.10.2025 from 4.00 PM to 6.00 PM at Sarovar Banquet Hall, 2nd Floor, Payyade International Hotels Pvt. Ltd, VasANJI Lalji Road, Near Railway Station Kandivali (West), Mumbai.</p> <p>Sessions were conducted on the following key areas –</p> <table border="1"> <tr> <td>03.10.2025</td><td>Insights On Annual Filing 2025</td><td>CS Deepti Jambigi Joshi Partner – MMJC</td></tr> </table> <p>This Program was through Physical mode received an overwhelming response and was attended by 43 delegates.</p>	03.10.2025	Insights On Annual Filing 2025	CS Deepti Jambigi Joshi Partner – MMJC
03.10.2025	Insights On Annual Filing 2025	CS Deepti Jambigi Joshi Partner – MMJC			
02	Aditya Birla (Corporate) Study Circle of the ICSI organized Study Circle Meeting on Best Practices: Regulation 30 of SEBI (LODR) Regulations, 2015	<p>Aditya Birla (Corporate) Study Circle of the ICSI in the month of October organized Study Circle Meeting on "Best Practices: Regulation 30 of SEBI (LODR) Regulations, 2015" on 29.10.2025 from 2.30 PM to 5.30 PM at Hindalco Industries Limited, 21st Floor, One Unity Centre, Prabhadevi, Mumbai - 400013.</p> <p>Sessions were conducted on the following key areas –</p> <table border="1"> <tr> <td>29.10.2025</td><td>Best Practices: Regulation 30 of SEBI (LODR) Regulations, 2015</td><td>CS Savithri Parekh Company Secretary & Compliance Officer Reliance Industries Limited CS Vinay M A Company Secretary, Marico Limited</td></tr> </table> <p>This Program was through Physical mode received an overwhelming response and was attended by 63 delegates.</p>	29.10.2025	Best Practices: Regulation 30 of SEBI (LODR) Regulations, 2015	CS Savithri Parekh Company Secretary & Compliance Officer Reliance Industries Limited CS Vinay M A Company Secretary, Marico Limited
29.10.2025	Best Practices: Regulation 30 of SEBI (LODR) Regulations, 2015	CS Savithri Parekh Company Secretary & Compliance Officer Reliance Industries Limited CS Vinay M A Company Secretary, Marico Limited			

ICSI- WIRC Student Training Programmes and Other Activities for the month of October 2025

Sl. No.	Activities Conducted	Remark
01	ICSI-WIRC organized Student Training Program during the month of October-October 2025	<ol style="list-style-type: none"> 1. 64th Batch of 15 Days Classroom Mode Executive Development Program is scheduled from September 30, 2025 to October 18, 2025. 2. 34th Batch of 15 days Classroom Mode Non-Residential Corporate Leadership Development Program (CLDP) was organized for the Professional / Final Passed Students of ICSI from September 26, 2025 to October 14, 2025. 3. 12th Batch of 15 days Corporate Leadership Development Program ((CLDP) Webinar Mode) was organized for the Professional / Final Passed Students of ICSI from September 22, 2025 to October 08, 2025.
02	ICSI-WIRC organized Career Awareness Program during the month of October 2025	<ol style="list-style-type: none"> 1. Conducted 6 Batches of Career Awareness Programme (CAP) at Mulund College of Commerce (Autonomous), Mulund Vanijya Mahavidyalaya Marg, Mulund West, Mumbai on October 3, 2025. Around 600 Students from various class of FYJC Commerce Students have attended the session. 2. Conducted Career Awareness Programme (CAP) at Sanjeevan Gramin Vaidyakiya & Samajik Sahayata Pratishthan's Arts, Commerce & Science College, Onde, Taluka – Vikramgad, District -Palghar (M.S.) on October 3, 2025. Around 110 Students from various class of FY, SY & TY B Com Students have attended the session.

GALLERY OF PROGRAMS AT WIRC – ICSI

ICSI-WIRC organized Ghatkopar Knowledge Centre Program on "**Paradigm shift towards greater transparency through Annual Filing under Companies Act 2013**" on 09.10.2025 at Kamalnayan Bajaj Hall, Bajaj Bhavan Ground Floor Jamnalal Bajaj Marg, Nariman Point, Mumbai.



ICSI-WIRC organized Borivali Knowledge Centre Program on “**Critical issues on Section 186 & 188 of Companies Act, 2013**” on 10.10.2025 at Radha Krishna Hotel, Sunplaza Shopping Centre, Opp. Diamond Talkies, L. T. Road, Borivali West, Mumbai.



ICSI-WIRC organized Andheri Knowledge Centre Program on **"Corporate Social Responsibility and its Implementation"** on 12.10.2025 at Mayor Hall, Waterford Building All India Institute of Local Government Building-1, Waterford Building, 3037, CD Barfiwala Road, Zalawad Nagar, Juhu Lane, Yadav Nagar, Andheri West, Mumbai.



GUIDELINES FOR MEMBERS CONTRIBUTING ARTICLES TO BE PUBLISHED IN e-FOCUS

Regional Council ("WIRC") of The Institute of Company Secretaries of India ("ICSI") is pleased to bring out a monthly magazine for corporate executives and other professionals, viz., "FOCUS" under the guidance of its newly formed Editorial Board.

However, the Editorial Board wouldn't be able to succeed in releasing e-FOCUS unless all the members of ICSI put in some efforts to make release of e-FOCUS a success. What better than writing articles for e-FOCUS and getting a 'FOCUSSED' recognition! "Start writing, no matter what. The water does not flow until the faucet is turned on." — Louis L'Amour Well, if the above quote inspires you and you decide to author an article to be published in e-FOCUS, following are a few guidelines for authoring the articles for e-FOCUS ("Guidelines for e-FOCUS articles").

The article must be original contribution of the author .

The article must be an exclusive contribution for FOCUS. The article must not have been published elsewhere and must not have been or must not be sent elsewhere for publication, in the same or substantially the same form.

The article should ordinarily have 2500 to 4000 words. A longer article may be considered if the subject so warrants. An article can be jointly written by not more than two (2) members. Case studies and research-based articles with empirical data which would be of practical relevance to the company secretaries are welcome. Unless a particular theme is provided by WIRC, articles on topics related to management, international trade, finance, tax and other related areas may be written and submitted for e-FOCUS.

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ICSI or the Editorial Board of e-FOCUS has the sole discretion to accept/reject an article for publication in e-FOCUS or to publish it with modification and editing, as it considers appropriate.

The article submitted for e-FOCUS shall be accompanied by a 'Declaration-cum Undertaking' by the author(s) in the format as prescribed below. Any contravention of the afore said guidelines and breach of the undertaking furnished by the authors would be viewed seriously by ICSI and ICSI is entitled to take necessary action as it may deem fit in such cases.

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I _____, have read and understand the Guidelines for e-FOCUS and affirm titled as" _____ "assent by me for publication in e-FOCUS is my original contribution and no portion of it has been adopted from any other source.

The above article is an exclusive contribution for e-FOCUS and has neither been nor would be sent elsewhere for publication.

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The views expressed in my aforesaid article are mine and I solely shall be responsible for the views expressed in the article.

I under take that I:

1. comply with the Guide lines for e-FOCUS;
2. shall abide by the decision of the Institute, i.e., whether this article will be published and/or will be published with modification/editing; and .
3. shall be liable for any breach of this' Declaration-cum Undertaking'.

Signature of Author



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Company Secretaries of India**

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

(Under the jurisdiction of Ministry of Corporate Affairs)

Vision

"To be a global leader in promoting good corporate governance"

Motto

सत्यं वद। धर्मं चर। इष्टं कुरु। त्वत्कामं। कुरुते। त्वत्कामं। त्वत्कामं।

Mission

"To develop high calibre professionals facilitating good corporate governance"

**Safeguarding and
caring for your well being**



COMPANY SECRETARIES BENEVOLENT FUND

Saathi Haath Badhana

साथी हाथ बढ़ाना

COMPANY SECRETARIES BENEVOLENT FUND

Be a proud member of CSBF

The Company Secretaries Benevolent Fund (CSBF) provides safety net to the Company Secretaries who are members of the Fund and their family members in distress.

CSBF

- Registered under the Societies Registration Act, 1860 Recognised under Section 12A of the Income Tax Act, 1961
- Subscription/Contribution to the Fund qualifies for deduction under section 80G of the Income Tax Act, 1961
- Has a membership base of over 17000

ELIGIBILITY : A member of the Institute of Company Secretaries of India (ICSI) is eligible for the membership of the CSBF.

HOW TO JOIN : By making an online application using the link <https://stimulate.icsi.edu/> alongwith one time subscription fee of ₹10,000/-.

BENEFITS

- ₹10,00,000 in the case of death of a member under the age of 60 years
- Upto ₹3,00,000 in the case of death of a member above the age of 60 years
- Upto ₹50,000 per child one time (upto two children) for education of minor children of a deceased member upto the age of 60 years.
- Upto ₹75,000 for medical expenses in deserving cases
- Limited benefits for Company Secretaries who are not members of the CSBF

DONATION : Donation to CSBF can be made online at link www.icsi.in/ICSIDonation

CONTACT : For further information / clarification, please write at email id csbf@icsi.edu or contact on telephone no. 0120-4082135

For more details please visit <https://www.icsi.edu/csbf/home/>