



JSA Prism Employment Law

June 2025

Corporate governance enhanced through mandatory workplace harassment disclosures under new company law amendments

The Ministry of Corporate Affairs (“MCA”), Government of India, *vide* notification¹ dated May 30, 2025, has introduced the Companies (Accounts) Second Amendment Rules, 2025, (“**Amendment Rules**”) amending Rule 8(5)(x) of the Companies (Accounts) Rules, 2014 (“**Company Rules**”), and mandating specific disclosures regarding compliance with *inter alia* the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (“**POSH Act**”). These Amendment Rules will be effective from July 14, 2025, and will mark a significant development in strengthening corporate governance, accountability as well as workplace safety.

Background and scope of the Amendment Rules

Prior to the introduction of the Amendment Rules, Rule 8(5)(x) of the Company Rules required companies to disclose in their annual board report (“**Board Report**”), only a brief statement affirming compliance with the requirement to constitute an Internal Committee (“**IC**”) under the POSH Act. Under the Amendment Rules, companies are now additionally required to disclose the following:

1. number of complaints of sexual harassment received in the year;
2. number of complaints disposed-off during the year; and
3. number of cases pending for more than 90 (ninety) days.

Further, format of the extract in the Board Report released through the Amendment Rules also requires companies to provide details of the number of female employees, male employees, and transgender employees, each, as on the closure of the financial year. Some of these additional and specific disclosures appear to be aligned with applicable disclosure and reporting norms already required under POSH Act as well as the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013 (“**POSH Rules**”). Interestingly, in addition to disclosures under the POSH Act, the Amendment Rules also mandate inclusion of a statement in the Board Report affirming company’s compliance with provisions of the Maternity Benefit Act, 1961.

Statutory provisions relevant to reporting of sexual harassment complaints and implications for non-compliance

These Amendment Rules appear to be built on the existing statutory and broader reporting framework under Sections 21 and 22 of the POSH Act read with Rule 14 of the POSH Rules. Under section 21 of the POSH Act, every IC constituted

¹ G.S.R. 357(E).

under the POSH Act is required to prepare and submit to the employer, an annual report capturing *inter alia* details of: (a) number of complaints of sexual harassment: (i) received during the year; and (ii) disposed-off during the year; (b) number of cases pending for more than 90 (ninety) days; (c) number of workshops or awareness programme that were carried out against sexual harassment; and (d) nature of action taken by the employer. Section 22 of the POSH Act obligates an employer to include in the company's annual report, details pertaining to number of sexual harassment cases filed and their disposal status. Where no such report is required to be prepared, the data on number of cases should be intimated to the concerned 'District Officer'.

With the latest introduction of compliance and reporting norms under the Amendment Rules, a non-compliance with prescribed disclosure requirements could now attract penal consequences under both the POSH Act as well as the Companies Act, 2013 ("**Companies Act**").

Under the POSH Act, failure to incorporate the prescribed data in the annual report of a company in accordance with applicable provisions may attract penalties in the form of fine ranging between INR 50,000 (Indian Rupees fifty thousand) and INR 1,00,000 (Indian Rupees one lakh) depending on the frequency of contravention. In some cases, repeated contraventions could also lead to cancellation, withdrawal, or non-renewal of the license/registration of an establishment. Section 134(8) of the Companies Act prescribes stringent consequences for non-compliance with prescribed disclosures in the Board Report, with penalties reaching up to INR 3,00,000 (Indian Rupees three lakh) on the company and INR 50,000 (Indian Rupees fifty thousand) on each officer responsible for the default.

Conclusion

The Amendment Rules represent a significant regulatory advancement aimed at strengthening workplace compliance under the POSH Act. By shifting reporting compliance from a simple declaration to more detailed and quantifiable disclosures, the MCA has underscored the critical importance of maintaining safe and inclusive work environments. Adherence to these disclosure requirements, supported by strong internal monitoring, accurate tracking of the status of sexual harassment complaints, effective disposal of such complaints, and record-keeping, is essential for managing legal risks and maintaining good corporate governance, enhancing organizational accountability.

Shifting these disclosures from internal records to publicly available Board Reports increases transparency, allowing relevant stakeholders greater visibility into a company's compliance status in addressing matters of sexual harassment, and consequently reinforcing the need for organisations to maintain effective complaint redressal mechanisms. These measures, combined with frequent notifications from local authorities requiring companies to comply with the POSH Act and register details of their ICs on the '*SHe-box*' portal, appear to be directed at a more efficient and streamlined monitoring of compliance under the POSH Act. Disclosures pertaining to gender of employees may lead to enhanced public perception of a company's culture towards implementing a diverse workplace.

However, despite these measures, it remains to be tested whether companies will in fact, continue to adhere to such compliance measures not only as a matter of statutory form, but in spirit and substance also—be it through implementation of appropriate reporting channels, constitution of functional ICs not just on the basis of technical specifications under the POSH Act, but in a manner such that the ICs are more accessible and demonstrably independent in addressing complaints of sexual harassment at workplace, or ensuring policy revisions and leadership mandates directed towards on-ground efforts at hiring a diverse workforce.

Employment Practice

JSA has a team of experienced employment law specialists who work with clients from a wide range of sectors, to tackle local and cross-border, contentious and non-contentious employment law issues. Our key areas of advice include (a) advising on boardroom disputes including issues with directors, both executive and non-executive; (b) providing support for business restructuring and turnaround transactions, addressing employment and labour aspects of a deal, to minimize associated risks and ensure legal compliance; (c) providing transaction support with reference to employment law aspects of all corporate finance transactions, including the transfer of undertakings, transfer of accumulated employee benefits of outgoing employees to a new employer, redundancies, and dismissals; (d) advising on compliance and investigations, including creating compliance programs and policy, compliance evaluation assessment, procedure development and providing support for conducting internal investigations into alleged wrongful conduct; (e) designing, documenting, reviewing, and operating all types of employee benefit plans and arrangements, including incentive, bonus and severance programs; and (f) advising on international employment issues, including immigration, residency, social security benefits, taxation issues, Indian laws applicable to spouses and children of expatriates, and other legal requirements that arise when sending employees to India and recruiting from India, including body shopping situations.

JSA also has significant experience in assisting employers to ensure that they provide focused and proactive counselling to comply with the obligations placed on employees under the prevention of sexual harassment regime in India. We advise and assist clients in cases involving sexual harassment at the workplace, intra-office consensual relationships, including drafting of prevention of sexual harassment (POSH) policies, participating in POSH proceedings, conducting training for employees as well as Internal Complaints Committee members, and acting as external members of POSH Committees.

This Prism has been prepared by:



Gerald Manoharan
Partner



Sonakshi Das
Partner



Ananya Sharma
Associate



18 Practices and
41 Ranked Lawyers



7 Ranked Practices,
21 Ranked Lawyers



14 Practices and
12 Ranked Lawyers



12 Practices and 50 Ranked
Lawyers



20 Practices and
22 Ranked Lawyers



8 Practices and
10 Ranked Lawyers
Highly Recommended in 5 Cities



Recognised in World's 100 best
competition practices of 2025



Among Best Overall
Law Firms in India and
14 Ranked Practices



Asia M&A Ranking 2024 – Tier 1

Employer of Choice 2024

Energy and Resources Law Firm of
the Year 2024

Litigation Law Firm
of the Year 2024

Innovative Technologies Law Firm of
the Year 2023

Banking & Financial Services
Law Firm of the Year 2022



Ranked Among Top 5 Law Firms in
India for ESG Practice



Ranked #1
Best Law Firms to Work

Top 10 Best Law Firms for
Women

For more details, please contact km@jsalaw.com

www.jsalaw.com



Ahmedabad | Bengaluru | Chennai | Gurugram | Hyderabad | Mumbai | New Delhi



This Prism is not an advertisement or any form of solicitation and should not be construed as such. This Prism has been prepared for general information purposes only. Nothing in this Prism constitutes professional advice or a legal opinion. You should obtain appropriate professional advice before making any business, legal or other decisions. JSA and the authors of this Prism disclaim all and any liability to any person who takes any decision based on this publication.