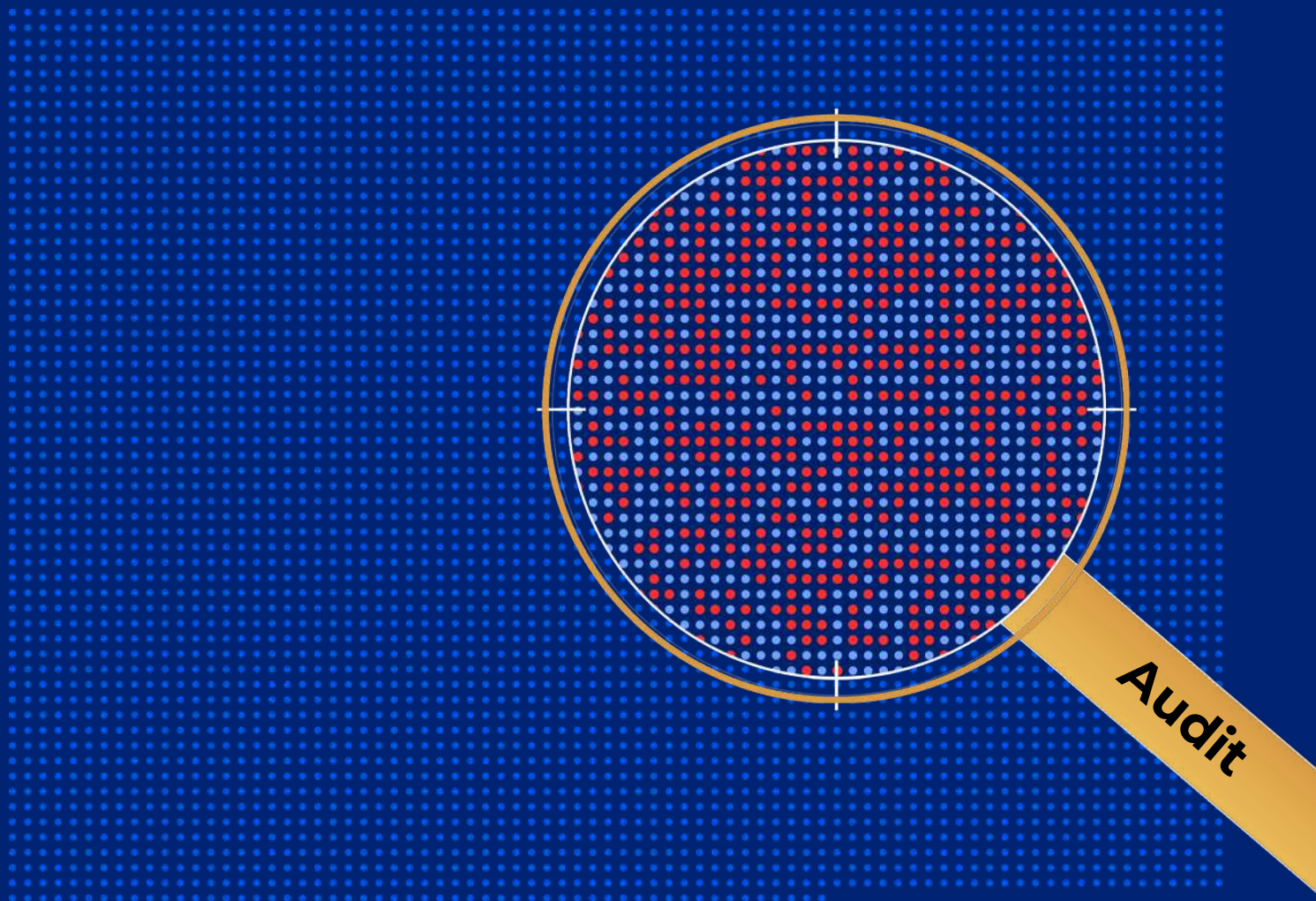


Hiding in *Plain Sight*

What **4,694 non-compliances**, found on the ground at 52 sites, reveal about compliance risk in Indian business



Each dot is one of the 4,694 non-compliances. Inside the lens, red marks the findings that could lead to imprisonment.

52

sites audited

0

sites are fully
compliant

4,694

non-compliances
recorded

The background is a collage of four industrial images: a refinery with tall distillation columns, a large warehouse interior with high ceilings and a forklift, a modern multi-story office building, and a mining site with a large excavator and a dump truck.

Based on physical compliance audits
of factories, warehouses, corporate
offices and mining & metals plants across
17 states and union territories

Inside this report

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CLOSING

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FOREWORD

In our previous report ‘*The Compliance Blindspot in Indian Enterprises*’, we highlighted how compliance risks often remain hidden in the day-to-day operations of an organisation. Our on-ground audits over the years reveal a related challenge. Even when organisations have the right intent, compliance requirements do not always translate into consistent action on the ground.

Policies may be in place and leadership may believe that requirements are being met, yet actual practices at individual sites can tell a different story. Information gets lost in translation, processes are not followed consistently, responsibilities remain unclear and risks are not adequately identified or prioritised.

These gaps can have serious consequences. What begins as a missed requirement or an oversight can lead to financial penalties, operational disruption and legal liability, including for those responsible for compliance. Repeated across sites, such gaps can become systemic risks for the business.

The challenge for leadership is to look beyond policies and reports and understand what is actually happening on the ground. Clear accountability, effective communication and appropriate risk assessment are essential to closing this gap.

This report brings these recurring patterns into focus to help organisations identify weaknesses, address their underlying causes and avoid preventable roadblocks. We believe compliance should support business continuity, not become a series of avoidable speed bumps. The first step is to recognise the gaps between what is required, what is expected and what is practised.

**Rishi Agrawal**

Co-founder and CEO
TeamLease RegTech

Across 52
sites, every
site had
gaps

**PHYSICAL AUDITS
17 STATES AND UTS**

KEY FINDINGS AT A GLANCE

Every Site we Audited had Compliance Gaps

Every company in this report asked for an independent physical audit. There were **4,694 non-compliances across 52 sites**, an average of 90 per site*

70%

attracted a penalty or prosecution

3,306 of 4,694**46%**

carried the risk of imprisonment

2,166 of 4,694**29%**

named directors or senior officers

1,378 of 4,694**31%**

involved fines that could escalate

1,457 of 4,694**60%**

were classified as Critical or High risk

2,592 of 4,332 rated**92%**

came from environment and labour laws

3,086 + 1,219**A NOTE ON THE SAMPLE**

These numbers should be read as a minimum

Companies that commission an independent audit are likely to be more careful than most, so the wider picture may well be worse. Treat these figures as a floor rather than a national average.

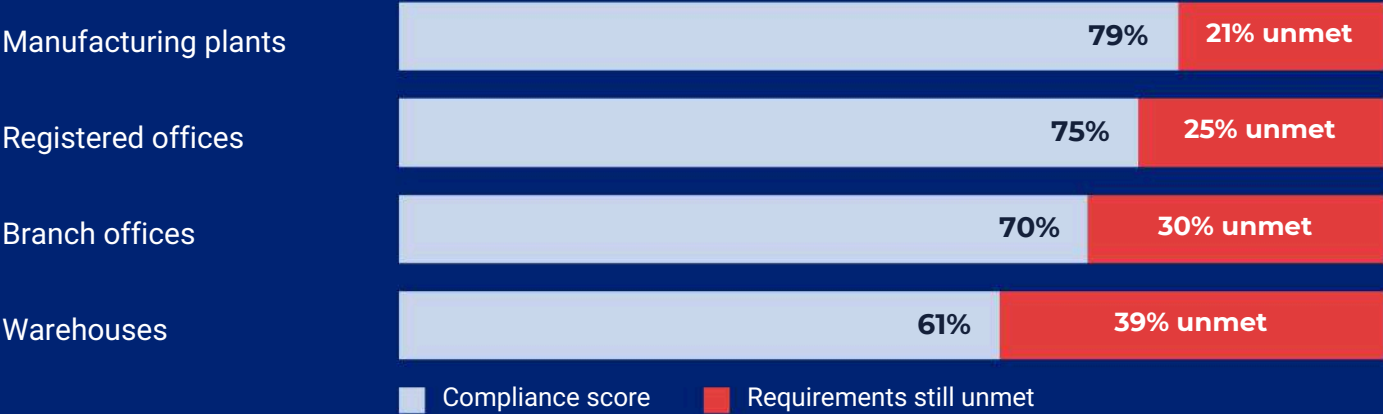


*Under the law in force at the time of each audit

FROM OUR WIDER AUDIT WORK

Even the highest score was 79%

Compliance scores ranged from 61% at warehouses to 79% at manufacturing plants, with registered offices at 75% and branch offices at 70%.



DEFINITIONS USED IN THIS REPORT

How to read the numbers

Financial and legal consequences
The applicable law provides for a penalty, prosecution or other legal consequence for the breach.

Could lead to imprisonment
The applicable legal provision allows imprisonment for the specified breach.

Personal liability
The provision identifies a director, senior officer, occupier or other designated person as potentially liable for the breach.

Daily fine
The law provides for an additional fine for each day the breach continues.



SECTION 01 · WHAT WAS AUDITED

Not One Site came out Clean

Our auditors prepare a Compliance Applicability Sheet based on the unit type, location and applicable laws, verify statutory documentation and physical infrastructure through on-site audits, and issue a Non-Compliance Report highlighting gaps, risks and recommended remediation measures.

52

sites audited

17

states and union territories

342

regulations



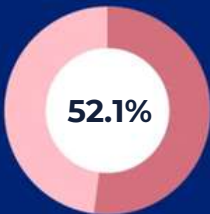
Warehouses carry the highest share of serious findings

EXHIBIT 1
Severity of Non-Compliance

Type of site	Sites	Non- compliances	Per Site	Rated Critical / High	Could lead to imprisonment*
Factory	28	3,475	124.1	63.50%	46.40%
Warehouse / depot	12	698	58.2	57.70%	52.10%
Corporate office	6	343	57.2	30.60%	31.80%
Mining & metals plant	6	178	29.7	54.50%	46.10%
All sites	52	4,694	90.3	59.80%	46.10%

SECTION 01 · CONTINUED

WAREHOUSES



A higher share of serious findings

More than half of warehouse findings (364 of 698) could lead to imprisonment, the highest share of any site type.

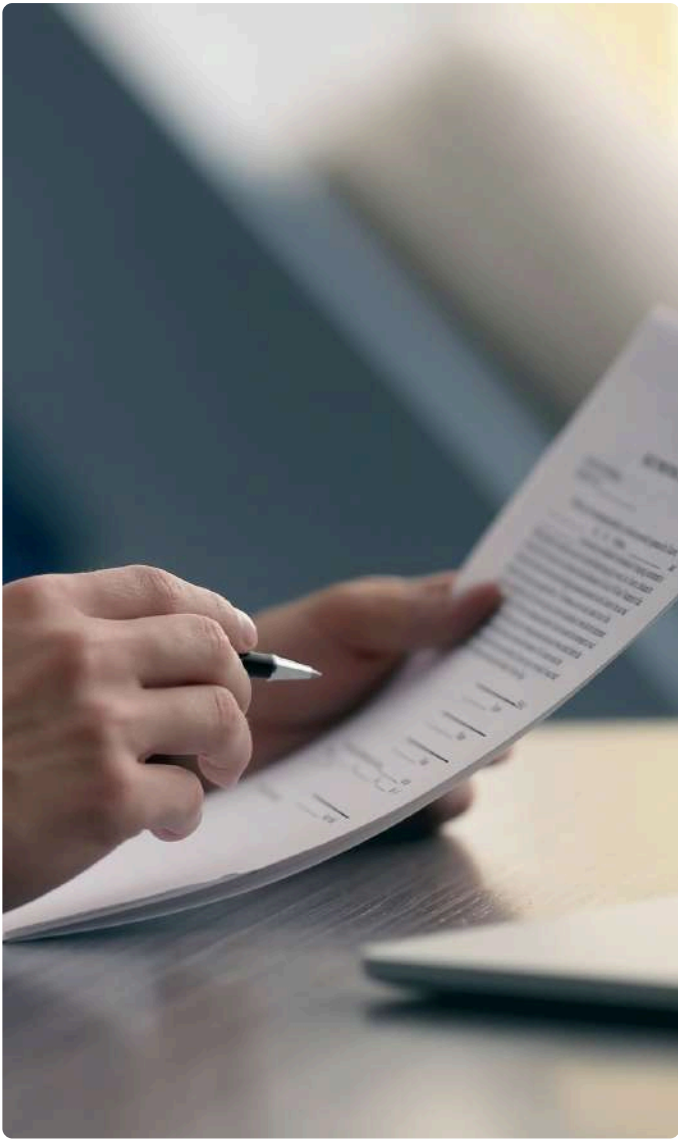
Warehouses tend to have fewer supervisors, more contract workers and more distance from the head-office team that manages compliance.

CORPORATE OFFICES

57 VS 58
per office per warehouse

Offices are not exempt

The six corporate offices audited averaged 57 findings each, about the same as a warehouse.



SECTION 02 · WHAT WE FOUND AT EACH SITE

Every Site had its own Blind Spots

These are the laws behind the most common gaps and how often a penalty named an individual.

EXHIBIT 2

The laws behind the gaps and how often individuals were named

Type of site	Non-compliances	Most common areas of law	Named individuals personally
Factory 28 sites	3,475	Factories Act · Environmental laws · HIV and AIDS Act · Apprentices Act · Electricity Act	1,237
Warehouse / depot 12 sites	698	Contract Labour Act · Environmental laws · Shops & Establishments Acts · POSH Act, 2013 · Minimum Wages Act	88
Corporate office 6 sites	343	Shops & Establishments Acts · HIV and AIDS Act · Apprentices Act · Payment of Wages Act · Right of Person with Disabilities Act, 2016	51
Mining & metals plant 6 sites	178	Site consents and clearances · Factories Act · Fire safety code · Contract Labour Act, 1970	2

9 in 10

1,237 of 1,378 of the findings that named a director, senior officer or the factory occupier as personally responsible were in factories.



SECTION 02 · CONTINUED

What our auditors found, site by site

✗ Found in the 4,694 audit findings

□ Also common in our wider audit work

Factories

28 sites · 3,475 findings · 124.1 per site

- ✗ Overtime paid at single rate
- ✗ Working-hour and wage notices not displayed
- ✗ Apprentices not engaged as required
- ✗ HIV and AIDS policy not drafted or not shared with workers
- ✗ Complaint officer not appointed

WIDER AUDIT WORK

Consent and environmental clearance conditions not followed, expired fire approvals, lifting equipment not tested, and accidents not reported.

Warehouses

12 sites · 698 findings · 58.2 per site

- ✗ Hazardous waste authorisation not obtained
- ✗ Hazardous waste records not kept ✗
- Crèche not provided
- ✗ Complaint officer not appointed
- ✗ POSH awareness programmes not held

WIDER AUDIT WORK

Goods stacked unsafely, fire exits blocked, forklifts run by untrained operators, and contractors deployed without statutory compliance.

Corporate offices

6 sites · 343 findings · 57.2 per site

- ✗ Start of business not intimated to the authority
- ✗ Inspection book not kept
- ✗ Apprentices not engaged
- ✗ Crèche not provided
- ✗ HIV and AIDS policy not drafted
- ✗ Abstracts of Acts not displayed

WIDER AUDIT WORK

Shop & establishment registration not renewed, POSH committee not properly set up, and lift or fire approvals lapsed.

Mining & metals plants

6 sites · 178 findings · 29.7 per site

- ✗ Fire-fighting equipment not provided or not working
- ✗ First aid not maintained
- ✗ Biomedical waste not disposed of properly

WIDER AUDIT WORK

Environmental clearance conditions not followed, dust suppression inadequate, and mine machinery not tested.

SECTION 03 · WHAT IS AT STAKE

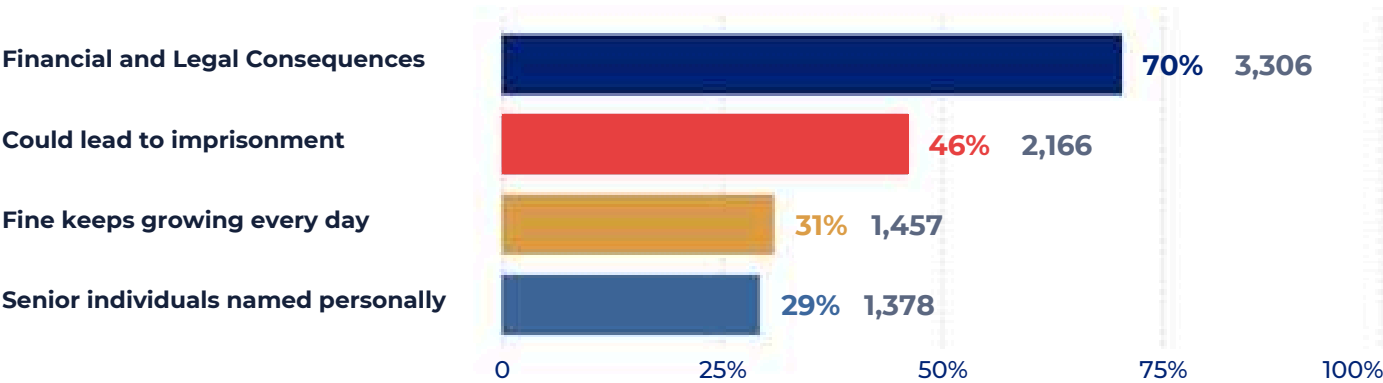
46% of Non-Compliances carry Imprisonment Clauses

Many of these findings are more than paperwork. The law treats them as offences and, in some cases, holds named individuals responsible.

EXHIBIT 3

Almost half of all findings could lead to imprisonment

Share of all 4,694 non-compliances, by legal consequence



Under the law in force at the time of audit. One finding can carry more than one consequence, so the bars add up to more than 100%.

PERSONAL LIABILITY
It can be personal

1,378 findings named a director, senior officer or the factory occupier as personally responsible. Under the Factories Act, when a company owned a factory, one of its directors was treated as the occupier. Nine in ten of these findings (1,237) were in factories.

1,237 in factories

141 elsewhere

DAILY FINES
It grows every day

1,457 findings carried a fine for every day the gap continued. Of these, 901 could also lead to imprisonment. A gap can therefore continue to add to the potential penalty while it remains unresolved.

901 could also lead to imprisonment

of 1,457



SECTION 03 · CONTINUED

It can stop the business

Beyond fines and prosecution, authorities can suspend licences, withdraw consents or order a site to close. A closure stops production and revenue at once. Two widely reported cases:

2018

Sterlite Copper, Thoothukudi

The Tamil Nadu government ordered the permanent closure of the copper smelter after its consent to operate was not renewed



2020

LG Polymers, Visakhapatnam

After a deadly gas leak, the plant was reported to have been operating without the required environmental clearance. Its CEO and a director were among those arrested.

**DISCOVERY**

How gaps come to light

Gaps surface through a government inspection, a worker complaint, an accident, a customer or supplier audit, or due diligence by an investor, lender or buyer. Who finds a gap, and when, shapes how it is handled.

REGULATOR

Government inspection

WORKFORCE

Worker complaint

INCIDENT

Accident

PARTNERS

Customer or supplier audit

CAPITAL

Due diligence by an investor, lender or buyer

Public examples of closures are based on widely reported news coverage.

SECTION 04 · PEOPLE, NOT JUST COMPANIES

Liability reaches the Boardroom

Many Indian laws can hold individuals responsible for a company’s compliance, including directors, senior officers, the factory occupier and managers in charge.

EXHIBIT 4

Whom the penalty provisions named



PERSONAL EXPOSURE



Insurance may not cover every consequence

Company indemnities and directors’ insurance may not protect an individual from criminal prosecution. Directors need to know which obligations name them, and those gaps should be closed first.

SECTION 04 · CONTINUED

Who does the law hold responsible

EXHIBIT 5

Seven laws and the people each one can reach

Law	Who it holds responsible?	What can they face?
Companies Act, 2013	Directors, MD, CEO, CFO, Company Secretary (officers in default)	Penalties, prosecution and disqualification as a director; imprisonment for some offences
Factories Act, 1948 Now the OSH Code, 2020	Occupier and factory manager	Fines; imprisonment for serious or repeat offences
Contract labour law Now the OSH Code, 2020	Principal employer and contractor	Liability for unlicensed contractors, unpaid wages and other breaches
PF and ESI laws Now the Code on Social Security, 2020	Employer, directors and persons in charge	Recovery of dues, fines and prosecution; imprisonment for serious defaults
State Shops & Establishments Acts	Employer, manager or person in control	Penalties for registration, working hours, leave, wages and records
Environmental laws	Directors, plant or unit heads and persons in charge	Heavy penalties, closure directions and prosecution in some cases
SEBI Act, 1992 Listed companies	Directors, key managerial personnel and compliance officer	Penalties, market bans and, in some cases, prosecution

Simplified summary. Exact liability depends on the specific provision and on the law in force.



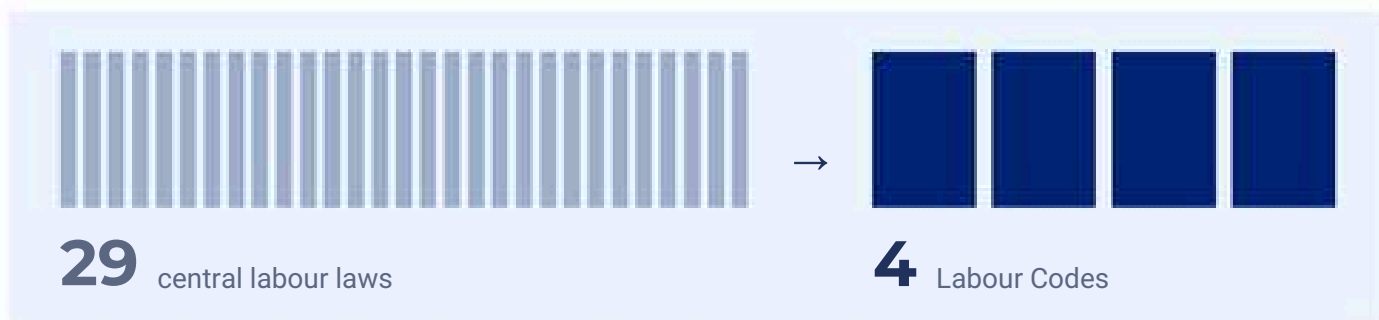
Labour Codes

Three of these seven laws now sit under the Labour Codes. Section 05 sets out what has changed, and what has not.

SECTION 05 · LABOUR CODES

The Law Changed. The Gaps Remain.

India's four Labour Codes came into force on 21 November 2025, replacing 29 central labour laws. Other laws have also replaced some jail terms with higher fines.



The penalties in this report reflect the law in force when each audit took place. Since then, four things have changed:

CHANGED**New laws, new paperwork**

The Factories Act, Contract Labour Act, Maternity Benefit Act, wage laws, PF and ESI laws and others are now part of the four Labour Codes. Registers, forms, notices and returns are changing with them.

SOFTENED**Fewer jail terms for a first offence**

Many first-time offences under the Labour Codes now attract fines instead of imprisonment. Some environmental and other laws have made similar changes.

TIGHTENED**Repeat offences are treated more strictly**

Under the Labour Codes, repeating the same offence can still lead to imprisonment. A gap that is not fixed can carry greater consequences if the same offence is repeated.

UNEVEN**State rules are still catching up**

States are notifying their own rules at different times. What applies in one state may not apply in another.

SECTION 05 · CONTINUED

Same duties, new risk

1,768

of our findings (37.7%) were under central labour laws that are now part of the Labour Codes.

SAME DUTIES

Crèches, fair wages, safe workplaces, contractor checks and proper records are still required.

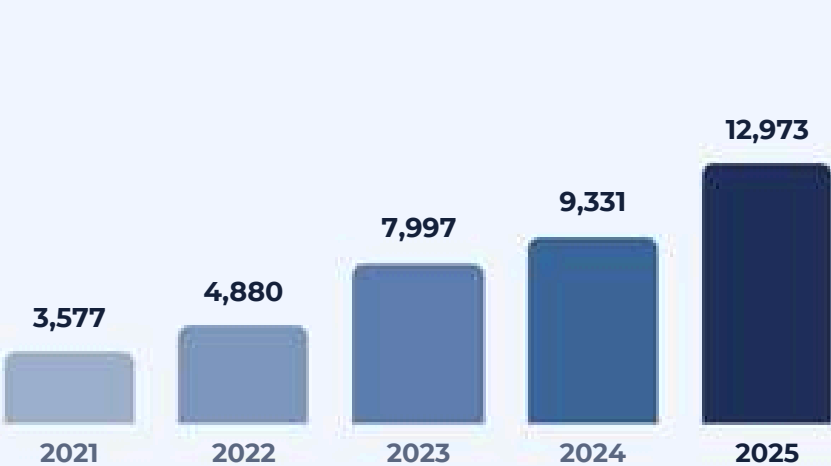
NEW RISK

Companies still using old registers, forms and notices may already be out of step with the new law.

EXHIBIT 6

Regulatory changes have more than tripled since 2021

Regulatory changes tracked by year



35+

CHANGES A DAY IN 2025

We tracked 12,973 regulatory changes in 2025, more than three times the number in 2021. That works out to more than 35 changes a day, including changes to forms, due dates, penalties and laws.

Regulatory changes tracked by TeamLease RegTech across Union, State and local government sources, by year

WHAT THIS MEANS

A change in law is the right moment for a fresh review. Check every site against the new Codes and the state rules that apply to it.



SECTION 06 · WHERE THE GAPS COME FROM

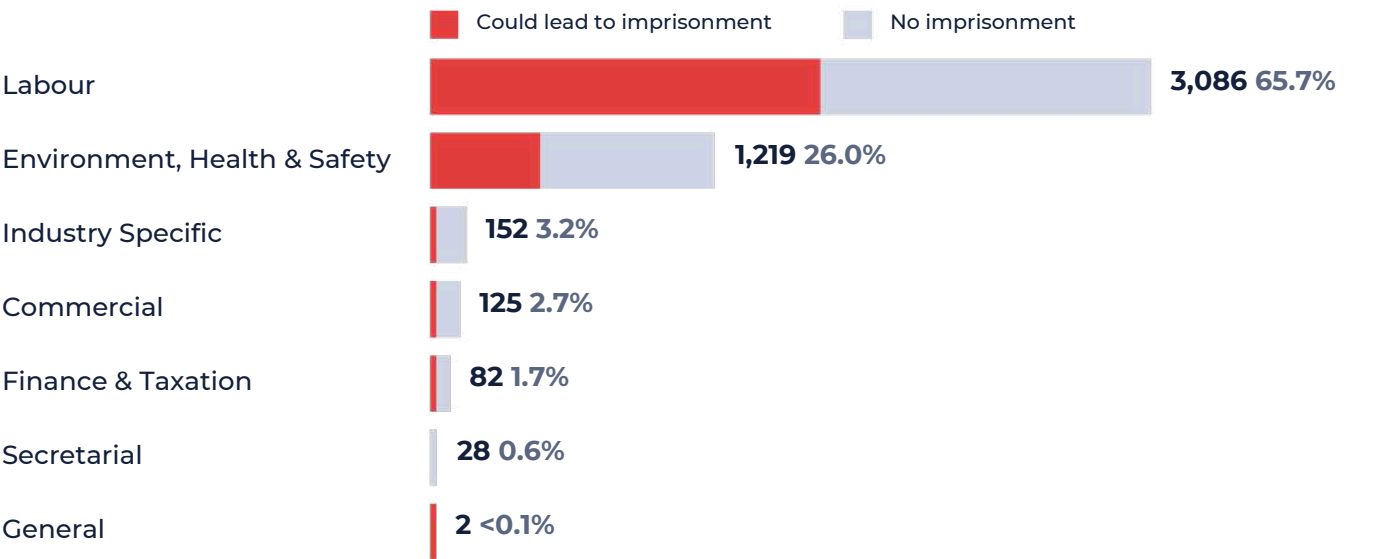
Labour and Environment Laws Produce Nine in Ten Gaps

Labour and Environment, Health and Safety law, together account for more than nine in ten findings.

EXHIBIT 7

Labour law produced two in three findings, and more than half of them could lead to imprisonment

Non-compliances by area of law



Imprisonment shown as per the law at the time of audit. Areas of law follow the seven categories used in the TeamLease RegTech compliance database.

MOST GAPS

Labour

Two in three findings relate to labour law, including wages, working hours, contract workers, welfare facilities, registers and returns. These are routine duties that apply across workplaces.

FEWEST GAPS

Finance, tax and company laws

Only 110 findings (2.3%) relate to finance, tax and company law. These duties tend to get senior attention. Site-level operational duties often do not.

SECTION 06 · CONTINUED

Environment, health and safety: fewer gaps, more serious ones

THE MOST SERIOUS GAPS

81.1%

of rated environment,
health and safety findings
were Critical or High
935 of 1,153 rated

Environment, health and safety makes up a quarter of findings but eight in ten rated findings here (935 of 1,153) were critical or high. These included hazardous waste, fire safety, electrical safety and pollution approvals.



RATED CRITICAL OR HIGH



EXHIBIT 8

Non-compliances by area of law

Area of law	Non-compliances	Share	Could lead to imprisonment	Rated Critical / High
Labour	3,086	65.7%	1,672 (54.2%)	55.8%
Environment, Health & Safety	1,219	26.0%	469 (38.5%)	81.1%
Industry Specific	152	3.2%	10 (6.6%)	45.7%
Commercial	125	2.7%	13 (10.4%)	12.5%
Finance & Taxation	82	1.7%	1 (1.2%)	2.6%
Secretarial	28	0.6%	0	0.0%
General	2	<0.1%	1 (50.0%)	100%
Total	4,694	100%	2,166 (46.1%)	59.8%

Imprisonment under the law in force at the time of audit. Critical and High shares use the 4,332 rated findings.

SECTION 07 · THE LAWS MOST OFTEN BREACHED

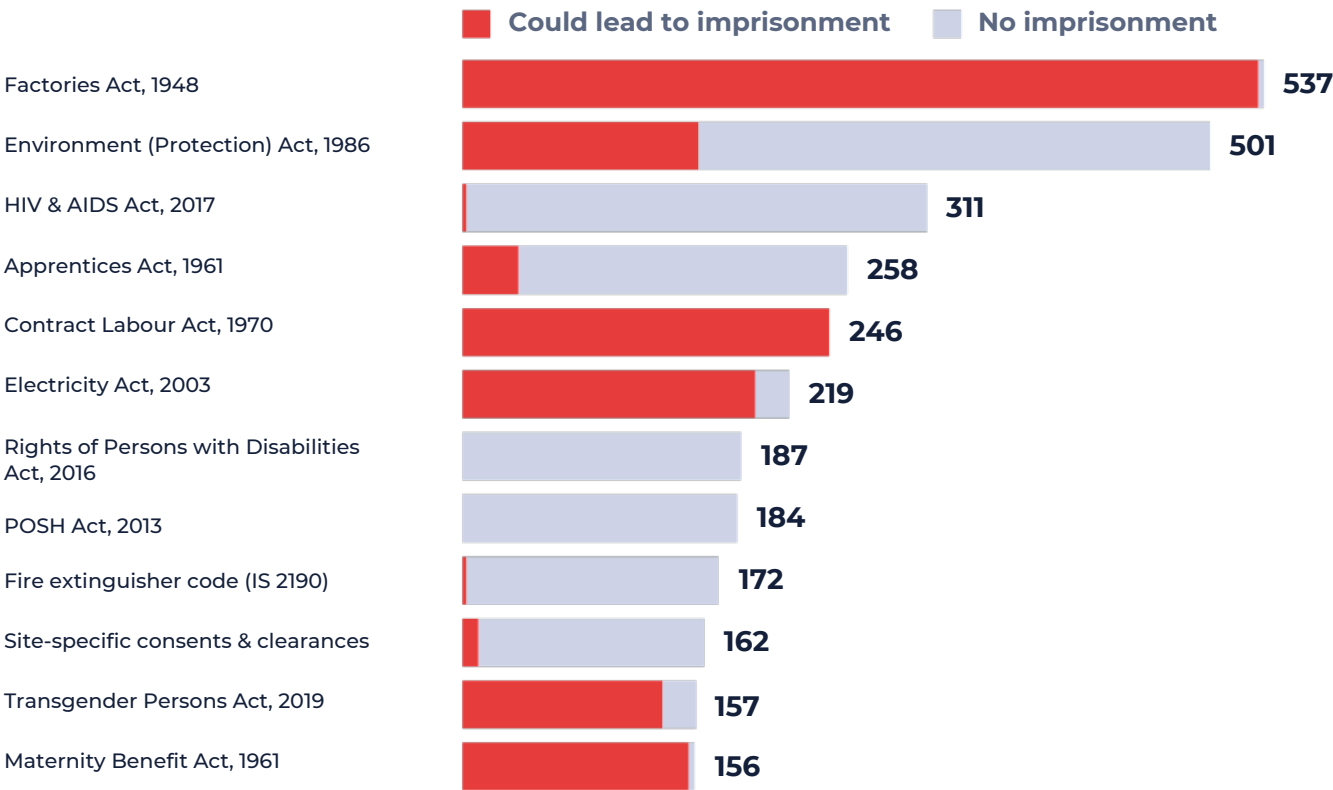
10 Laws account for most Compliance Gaps

The ten laws and codes breached most often account for 2,777 of the 4,694 findings (59.2%).

EXHIBIT 9

Some of the most frequently breached laws carried almost no jail risk; others carried it in nearly every case

Top 12 laws and codes, by number of non-compliances



Top 12 laws and codes by number of non-compliances. State rules are grouped under the main Act. Imprisonment shown as per the law at the time of audit.



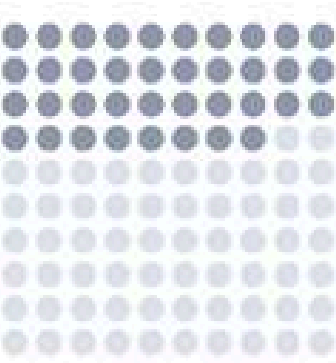
SECTION 07 · CONTINUED

What stands out

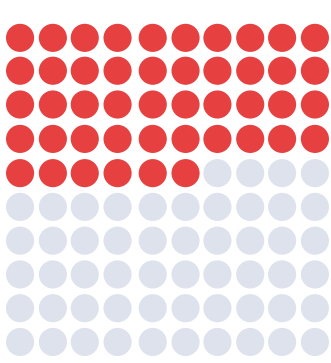
AGAINST THE BENCHMARK

A higher share of serious gaps than the law as a whole

Across Indian business law, about 38 in every 100 compliance requirements carry a possible jail term, according to *Jailed for Doing Business* (Observer Research Foundation, 2022). Among the gaps found on the ground, the figure was 46 in 100. The requirements companies miss are more likely than average to carry jail risk.



38
in 100 requirements
across Indian business
law



46
in 100 findings in
our audits

THE LARGEST SINGLE SOURCE

The Factories Act

533 of 537 could lead
to imprisonment

537 findings, 533 of which could lead to imprisonment at the time of audit. These ranged from missing welfare facilities and working-hour notices to overtime paid at the wrong rate and welfare officers not appointed. These duties now sit under the Labour Codes.



THE MOST WIDESPREAD GAP

Workplace inclusion laws

995 findings, 21.2%
of all

The laws on sexual harassment (POSH), persons with disabilities, HIV and AIDS, transgender persons, and maternity benefits together account for 995 findings (21.2%), found in 16 of the 17 states and union territories we covered. Most of these laws were passed or updated from 2013 onwards, and many companies have not yet put them in place at every site.



Found in 16 of the 17 states and union territories covered

SECTION 08 · DISPLAYS AND REGISTERS

Small Gaps, Big Consequences

The most common gaps are simple. They are easy to overlook and easy for an inspector to spot.

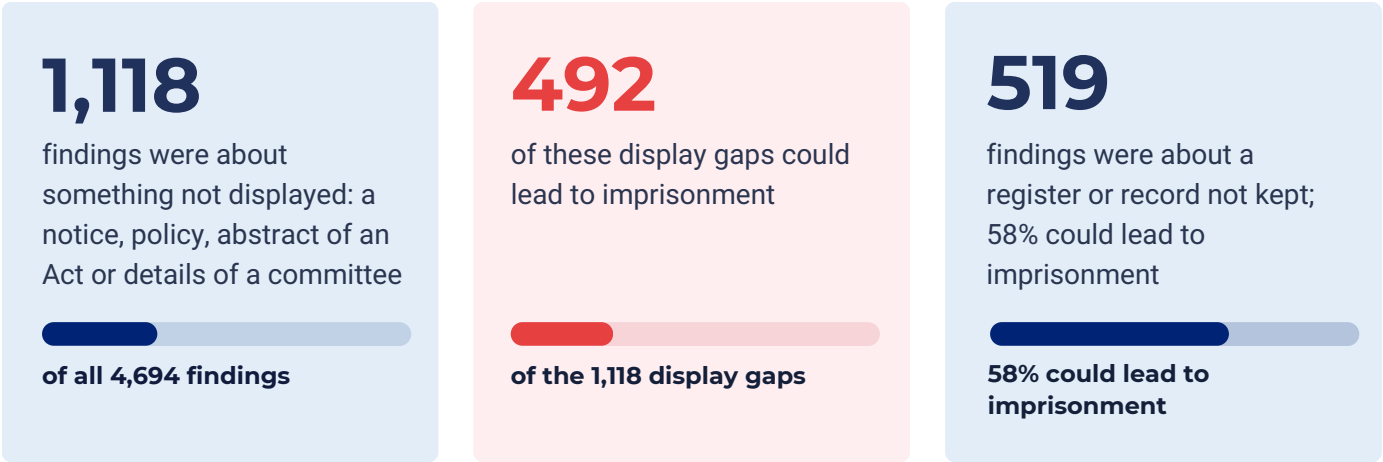


EXHIBIT 10

The same gaps, in state after state

Some gaps recur across companies and states. That pattern points to how compliance is managed, more than to one-off lapses.

COMMON GAP	LAW	FINDINGS	STATES	COULD LEAD TO IMPRISONMENT*
Complaint officer not appointed for transgender persons	Transgender Persons Act, 2019	54	12	54 of 54
Crèche facility not provided	Maternity Benefit Act, 1961 (now Labour Codes)	47	12	42 of 47
Hazardous waste authorisation not obtained	Environment (Protection) Act, 1986	33	8	23 of 33

Counts group different wordings of the same gap. *Under the law in force at the time of audit.

THE GOOD NEWS

2,482

About half of all findings (2,482) relate to displays, registers, records, policies and appointments. Many are quick to fix once someone spots them.

SECTION 09 · WHY THESE GAPS HAPPEN

Why do These Gaps Recur?

The data shows what goes wrong. Six patterns explain why.

01

Not knowing which laws apply 995

Companies follow the laws they know about. The 995 findings under workplace inclusion laws suggest many never checked whether these laws apply to each of their sites.

02

Head office is not the site 1,118

A policy approved at head office is not the same as a policy displayed at the site. 1,118 display gaps show how often this happens.

03

Contractors and smaller sites fall through the cracks 246

The Contract Labour Act alone produced 246 findings, and warehouses had the highest share of serious findings (52.1%). The company remains responsible for its contractors' workers.

04

Different rules in different states 342

Our findings spanned 342 acts, rules and conditions across 17 states and union territories. One central law can come with different state rules, forms and deadlines, so each site needs checking against its own local requirements.

05

Risk is judged on effort, not consequence 398

398 findings that named an individual as responsible were rated low risk. When gaps are ranked by how hard they are to fix rather than by what the law says, serious gaps get pushed down the list.

06

Compliance treated as a once-a year task 1,457

1,457 findings carried a daily fine. Every day a gap stays open, the cost grows.



SECTION 10 · A QUICK SELF - CHECK

10 Questions for every Site

Answer each question for every one of your sites. Count the number of times the honest answer is “No” or “Not sure”.

QUESTION		YES	NO	NOT SURE
1	Do we have a list of every law, rule and licence condition that applies to each site, including state rules?	☐	☐	☐
2	Have we updated our registers, forms and notices for the new Labour Codes and state rules?	☐	☐	☐
3	Has someone independent physically checked each site in the last 12 months?	☐	☐	☐
4	Do we know which of our open gaps could lead to imprisonment, and who would be held responsible?	☐	☐	☐
5	Do our directors know which obligations name them personally?	☐	☐	☐
6	Do we know which gaps carry a daily fine and how long they have been open?	☐	☐	☐
7	Are the POSH, disability, HIV, transgender and maternity requirements in place at every site?	☐	☐	☐
8	Are all required notices displayed and all registers kept up to date at each site?	☐	☐	☐
9	Do we check our contractors' compliance ourselves, or rely on their word?	☐	☐	☐
10	Are our warehouses and smaller sites checked as closely as our main plants?	☐	☐	☐

Your Score: Count of “Your Score” or “Not Sure”

0-2

Good control. An independent check will confirm it.

3-5

Likely gaps at one or more sites. Worth a closer look soon.

6 or more

High risk. Your sites probably look like the ones in this report.



SECTION 11 · WHAT ORGANISATIONS CAN DO

5 Steps to Fix the Gaps

Fix the most serious gaps first, then stop them coming back.

- 1 List what applies to each site**

Make a list of every law, rule and licence condition for each site, factory, warehouse and office, based on its state and what it does. Update it when the business or the law changes, including the new Labour Codes.
- 2 Fix the most serious gaps first**

Rank gaps by what the law says can happen: imprisonment, personal responsibility, daily fines and closure first. Then fix the quick wins.
- 3 Check on the ground, regularly**

Reports and uploaded documents show what the company says it does. A physical audit shows what is actually happening. Check every site, and check high-risk sites more often.
- 4 Include contractors and smaller sites**

Bring contractors, warehouses and outsourced work into the same checks. Verify contractor registers, wage payments and licences directly.
- 5 Keep proof all the time**

Keep dated, site-wise evidence of compliance so you can show what was in place at any time, rather than rush to put it together after a notice arrives.

BY ROLE

Who should focus on what

Board and directors	Know which obligations name you personally. Ask for independent, evidence-based assurance.
CFO	Treat compliance as a business risk, not a cost line. Check how daily fines and stoppages would affect the business.
HR head	Labour Code transition, contractor compliance, and inclusion laws at every site.
Plant and EHS heads	Safety, fire, waste and pollution approvals, and site registers, ready for inspection any day.

SECTION 12 · WHY PHYSICAL AUDITS MATTER

What does a Desk Review miss?

Every finding in this report came from an auditor standing on the site. Many would never show up in a document review or a compliance dashboard.

52/52

Every one of the 52 sites had gaps



Many compliance programmes run on self-declarations, checklists and uploaded documents. These show what is reported. A physical audit shows what is actually there: a missing notice, an incomplete register, a crèche that does not exist, an unchecked fire extinguisher, hazardous waste stored without approval.

EXHIBIT 11

What is reported and what is actually happening

	Desk review / self-declaration	Physical compliance audit
EVIDENCE	Relies on what the site reports	Checks the premises, registers, displays and records directly
RISK	Treats every item the same	Ranks each gap by its legal consequence
ASSURANCE	Gives comfort	Gives proof the board, auditors and authorities can rely on

SECTION 12 · CONTINUED

Other audits do not cover this

EXHIBIT 12

What each type of audit checks

Type of audit	What it checks
Statutory audit	Financial statements, tax and the accuracy of the books
Secretarial audit	Companies Act, SEBI and corporate governance requirements
Internal audit	Processes, SOPs and operational risks
Compliance audit	Every central, state and local law that applies to each of your sites

ON SITE

What our auditors check

Facilities	Canteens, crèches, first aid, ambulance rooms, toilets, drinking water, rest rooms.
Safety	Fire extinguishers and fire approvals, electrical safety, hazardous substances and waste storage.
Displays	Abstracts of Acts, working hours, wage dates, policies and committee details.
Registers and records	Attendance, wages, overtime, accidents and waste.
Licences and approvals	Validity, conditions and renewals, including contractor licences.

Every one of the 52 audited sites had gaps and many would not have shown up in central records. Regular checks on the ground are how you find them first.

FROM AUDIT FINDINGS TO ACTION

Find the Gaps before Someone Else Does

RegAudit is TeamLease RegTech's on-ground compliance audit. It does not replace your compliance software. It checks, site by site, whether what your systems report is what is actually happening, across labour, environment, health and safety, tax, company law, industry specific and local laws

AVAILABLE AUDIT OPTIONS

Compliance health check

A quick view of where you stand: applicable laws, key gaps and a short gap report.

Legal compliance audit & gap assessment

A full audit of licences, registers, records, displays and physical conditions, with a detailed gap report and corrective actions.

Vendor compliance audit

Checks on your contractors and vendors across locations, with regular reporting.



WHEN AN AUDIT MAY BE USEFUL

- Before a board or audit committee review, an IPO, a fund raise, or a merger or acquisition.
- When the law changes, such as the move to the Labour Codes.
- Before a labour or factory inspection, or when opening sites in new states.
- When you rely heavily on contractors or have never had an independent audit.

HOW THE AUDIT IS CARRIED OUT

1

Understand the business, sites and activities.

2

Map the laws and requirements that apply to each site.

3

Check records, licences, displays, safety and facilities on the ground.

4

Report the findings in a risk-ranked gap report for management and the board.

ABOUT US

About TeamLease RegTech

20,000+

establishments

3,300+

business entities

60,000+

enterprise users

11,000+

regulatory instruments

45+

industries covered

28 + 8every state and union territory
covered

CLIENT OBSERVATIONS

A leading aluminium & metals producer

“An exceptional understanding of the intricate line items, with every detail meticulously examined.”

Legal Department, on a third-party compliance audit of a large metals unit

A listed diversified agribusiness

“Support, flexibility and collaboration were instrumental to the successful completion of the project.”

Compliance Lead, on 61 factories audited across India over six months

FOR MORE INFORMATION

Organisations can contact TeamLease RegTech for information on its compliance audit services.

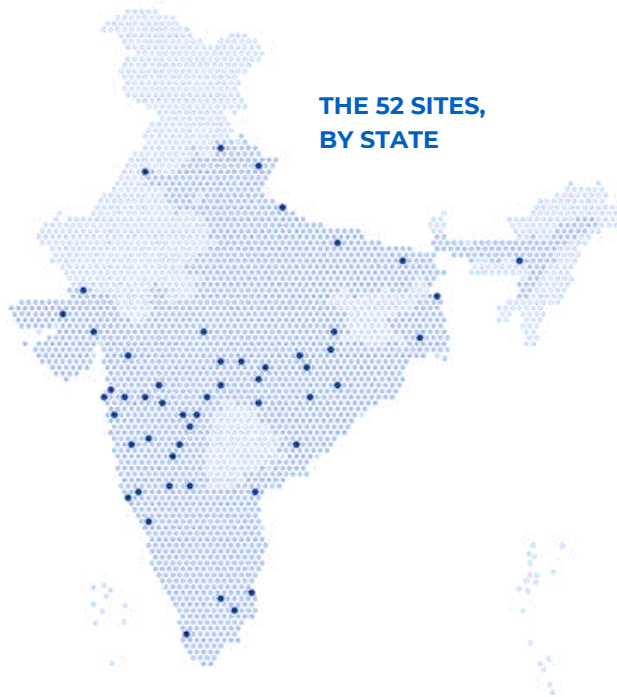
✉ sales@tlregtech.com

Ahmedabad · Bengaluru · Chennai · Delhi-NCR · Hyderabad · Kolkata · Mumbai · Pune



METHODOLOGY AND NOTES

About this Report



STATE / UT	SITES	FINDINGS	STATE / UT	SITES	FINDINGS
Maharashtra	21	2,233	Kerala	1	111
Tamil Nadu	3	548	Uttar Pradesh	2	96
Gujarat	4	340	Odisha	1	78
Karnataka	3	262	Haryana	1	77
Uttarakhand	2	179	Assam	1	66
Chhattisgarh	5	164	Dadra & Nagar Haveli	1	44
Andhra Pradesh	2	151	Goa	1	29
Madhya Pradesh	1	147	Bihar	1	28
West Bengal	2	141			
			Total	52	4,694

Each dark dot marks one site, placed within its state; dots do not show exact locations. Map not to scale. Base map: DataMeet India (CC BY 4.0), official boundary of India.

SOURCE

4,694 non-compliances recorded during physical compliance audits carried out by TeamLease RegTech at 52 sites (28 factories, 12 warehouses and depots, 6 corporate offices, 6 mining and metals plants) in 17 states and union territories. Each finding is one requirement not met at one site.

AREAS OF LAW

Areas of law follow the seven categories used in the TeamLease RegTech compliance database. State rules are grouped under the main Act.

PENALTIES

Penalties are taken from the penalty provision recorded against each finding, under the law in force at the time of audit. “Could lead to imprisonment” means the provision allowed for a jail term. “Treated as an offence” means the provision described the breach as punishable or allowed prosecution. “Daily fine” means a further fine for each day the breach continues. “Personally responsible” means the provision named a director, senior officer, occupier or officer in default. One finding can fall in more than one group.

CHANGE IN LAW

The four Labour Codes came into force on 21 November 2025 and replaced 29 central labour laws. Other laws have also been amended to replace some jail terms with fines. Penalties under current law may differ from those shown. Please note that all penalties and risks are based on pre-labour code notification

RISK RATINGS

Risk ratings were given by our auditors. 362 findings (7.7%) were not rated; Critical and High shares use the 4,332 rated findings.

DISPLAY, REGISTER AND QUICK-FIX COUNTS

These are based on the auditor’s short description of each finding.

WIDER AUDIT DATA

The site-type compliance scores (61% to 79%), the regulatory change counts and the “also common in our wider audit work” examples come from TeamLease RegTech’s broader audit and regulatory tracking work, not from the 4,694 findings.

PUBLIC EXAMPLES

Public examples of closures are based on widely reported news coverage.

THE 38% BENCHMARK

The 38% benchmark is from ***Jailed for Doing Business*** by Rishi Agrawal and Gautam Chikermane (Observer Research Foundation, 2022), which found 26,134 imprisonment clauses across Indian business laws. Rishi Agrawal is CEO of TeamLease RegTech.

LIMITS

This is a sample of our audits, not a national survey. Most findings come from factories (74%) and Maharashtra (47.6%). Companies that choose to be audited are likely to be more careful than average.

CONFIDENTIALITY

All client names and site details have been removed. No finding can be linked to any company.

DISCLAIMER

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52 SITES AUDITED · 52 WITH GAPS

Hiding in Plain Sight

Use this report to ask harder questions of your own sites, before an inspector, a worker or an investor asks them for you.

FOR MORE INFORMATION

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