

# Corporate Compliance Management

Excellence for achieving better  
Corporate Governance



**Pavan Kumar Vijay**



***Do you usually confront with these??***

**How to make  
compliances  
on time?**

**I don't know  
which laws are  
applicable**

**I am bored  
of  
Stereotyped  
Compliance  
system**



[ Are we ready with the answers? ]

*Do we consider Corporate Compliances  
as just another burdensome,  
complicated , back office operations,  
monotonous work?*

**OR**

*Do we see the opportunity in it ?*



# [ A famous teaching.... ]

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*Opportunity is missed by most people because it is dressed in overalls and looks like work.*

*Thomas Elva Edision*



# [ Where Opportunity lies?? ]



The opportunity lies in good  
Corporate Governance.

Where DISCLOSURE  
accompanies TRANSPARENCY

# History is Witness

Outstanding Performance,  
Higher Profits,  
Expanded Market Reach and the like

**FAILS**

to protect a company  
which has put good governance & ethics  
at the back burner....



[ Secret behind building foundations ]

.....Only the culture of  
strict adherence to good compliance  
can keep a company  
ahead on sustainable basis , bring in  
larger profits...



# [Disclosure & Transparency]

Compliance  
in Letter



Compliance  
in Letter &  
Spirit

*Filing the Gap*



# [ Compliance in Letter ]

Details of complaints resolved during the financial year 2005-06 are as follows.

Complaint Received	Complaint Resolved	Pending
430	230	200

# [ Compliance in Letter & Spirit ]

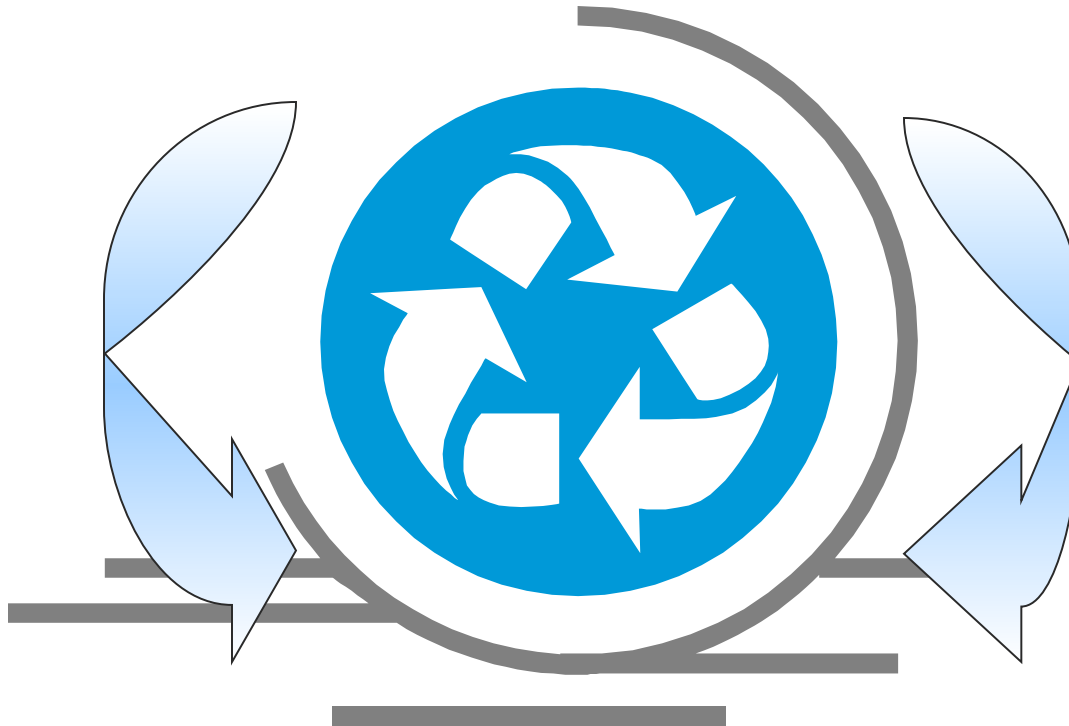
Compliant Received	Compliant Resolved	Time involved	Reasons for delay
4	3		
Reasons			
1- Non-receipt of Bonus		7 days	-
1- Demat		7 days	-
1- Non-receipt of dividend		7 days	-
1- Non-receipt of Notice	Pending	14 days	Wrong address

EXAMPLE : INFOSYS LTD -INVESTOR'S COMPLIANT MODEL

# Designing effective & user friendly **COMPLIANCE MANAGEMENT SYSTEM** to lay down strong foundation for **GOOD GOVERNANCE**



# [ Compliance of Rules & Regulations ]



Good Corporate Governance

# IMPLEMENTING EFFECTIVE COMPLIANCE MANAGEMENT SYSTEM

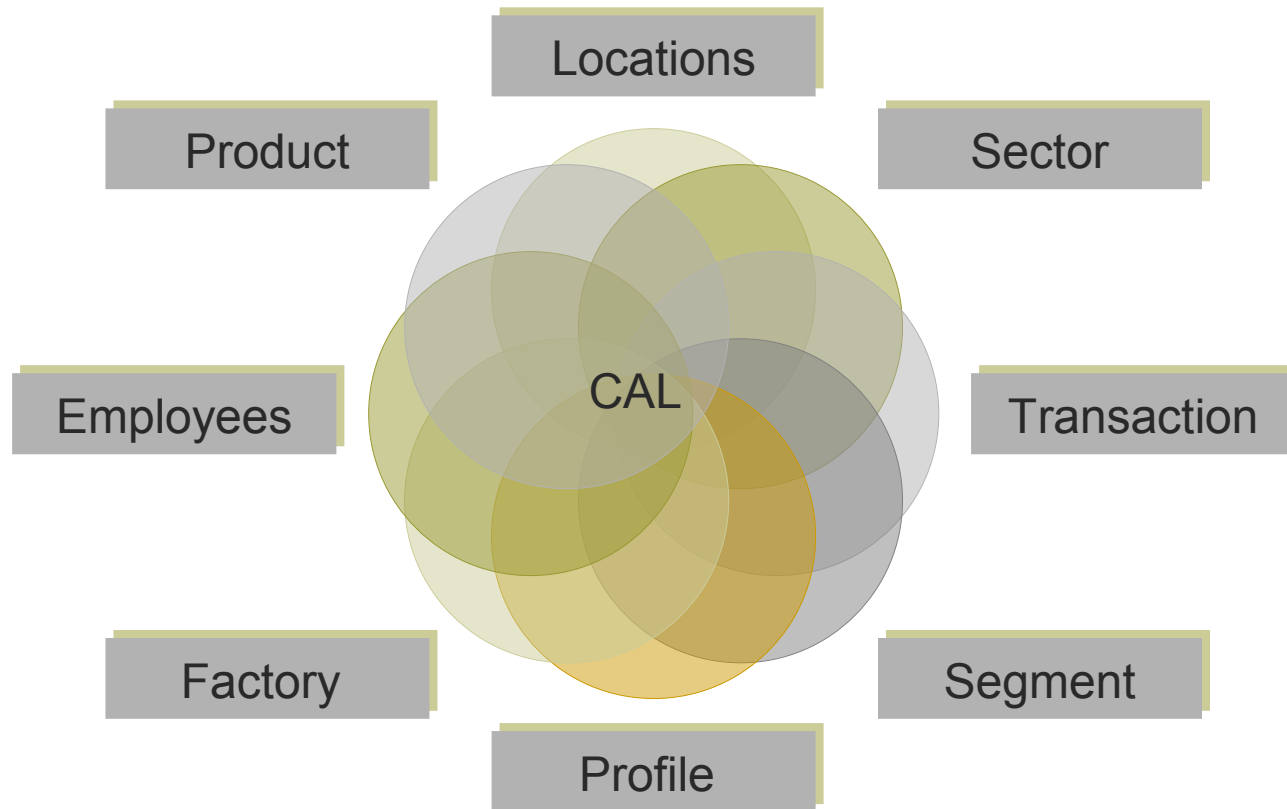


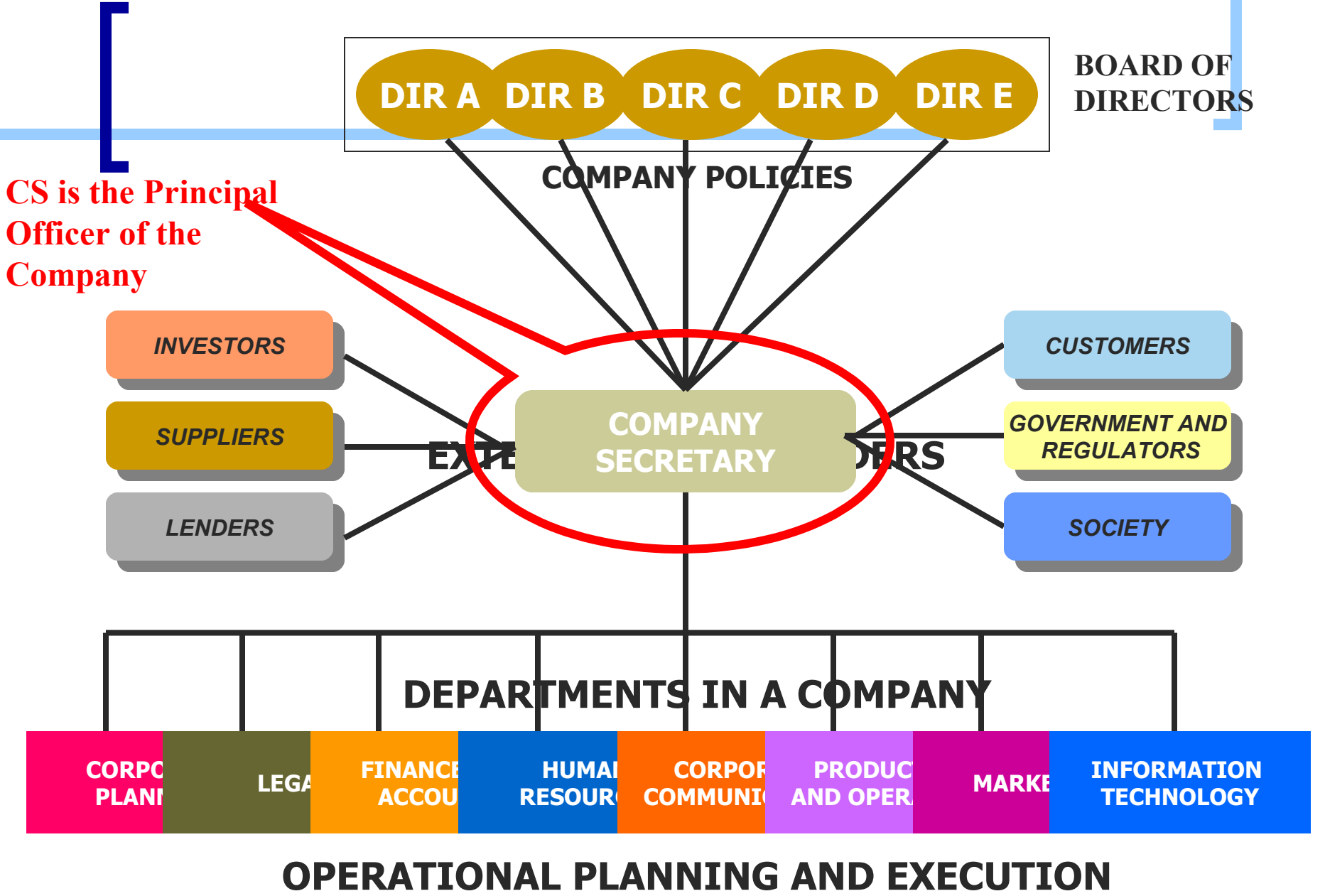
# [Corporate Governance in System]

## *Clause 49 of Listing Agreement:*

*“ The Board shall periodically review compliance reports of all laws applicable to the company, prepared by the company as well as steps taken by the company to rectify instances of non-compliances.”*

# [ Compliance of all laws (CAL) ]





CS is the Principal Officer of the Company





# ROLE OF COMPANY SECRETARY ??



Company Secretary is primarily  
O responsible to coordinate with the  
**COMPLIANCE OF ALL LAWS**

Therefore, **WE ARE ANSWERABLE.....**

# [ What is Compliance of all laws?? ]

## Compliance of all laws

Not just any another compliance

..... it is a “**HIDDEN  
KHAZANA**” for all stakeholders .



# [ HIDDEN KHAZANA for *all* ]



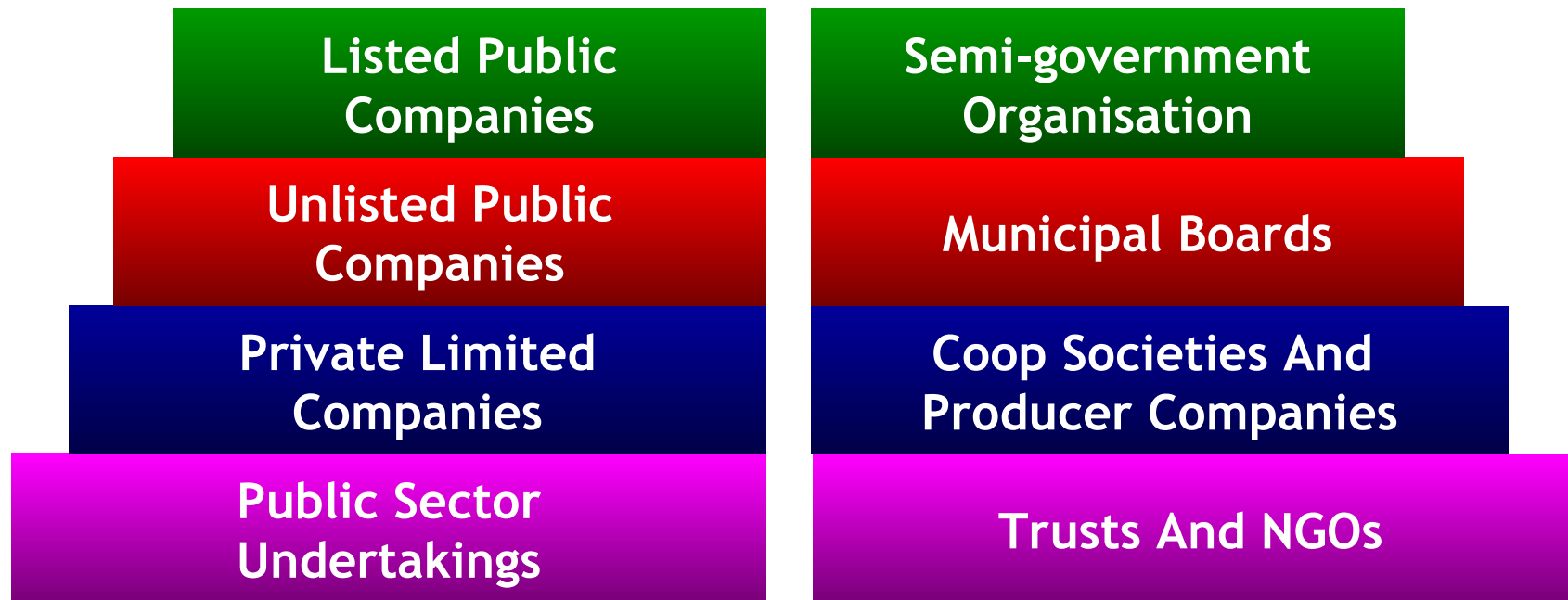
# [Right Proportion = Creating difference]

- ☐ Understand your company
- ☐ Proper Identification & Evolution of applicable laws
- ☐ Analysis of applicable laws
- ☐ Assessment



# [ UNDERSTANDING AT MACRO LEVEL ]

## Different Corporate Structures



# Different Industries

**Tourism And Hotel**

**Capital Market And  
Its Intermediaries**

**Financial Services**

**Textiles**

**Banking And NBFC**

**IT Enabled  
Services And BPO**

**Drugs, Pharma  
And Healthcare**

**IT Solutions**

**Capital Goods**

**Infrastructure,  
Power And Telecom**

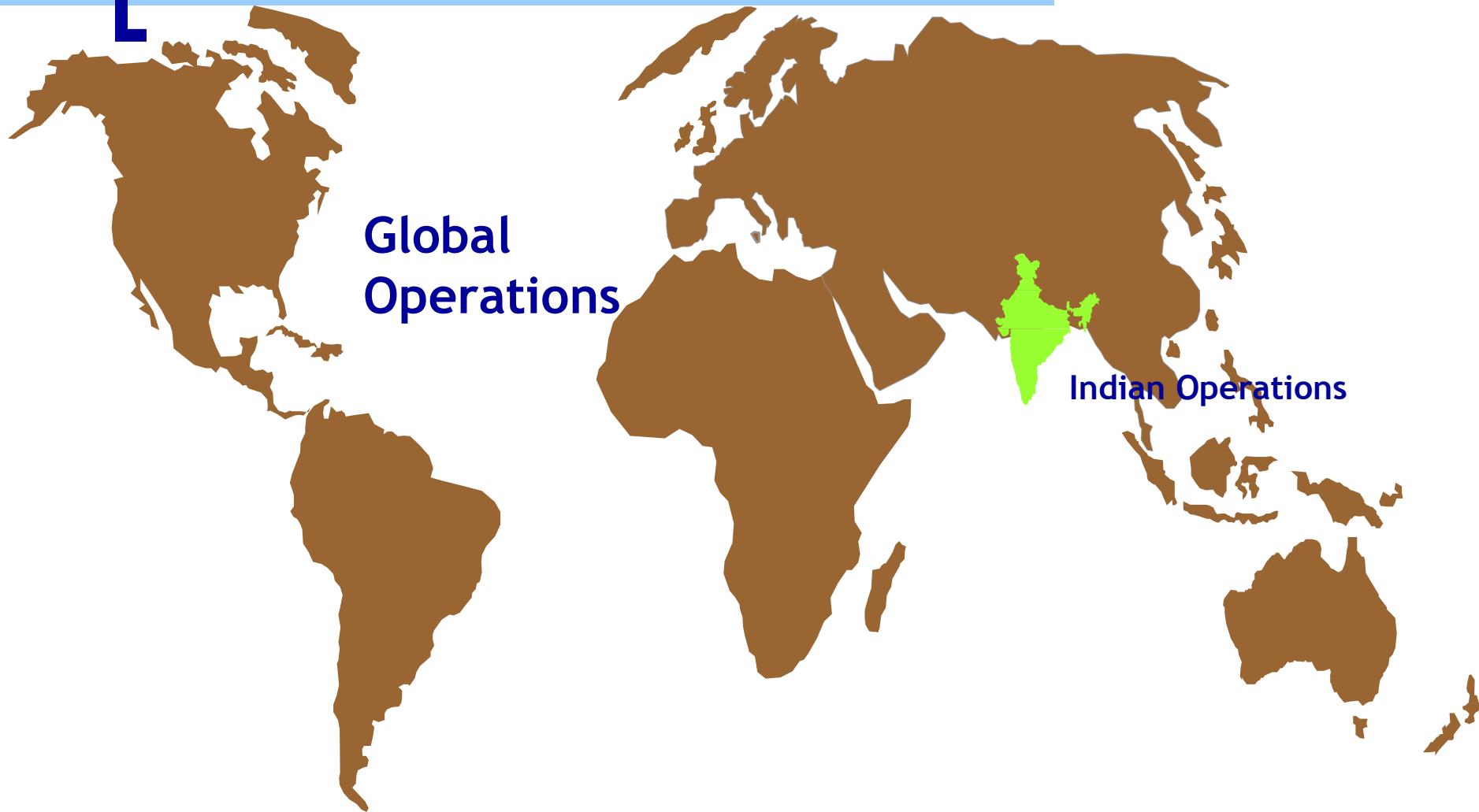
**Agriculture And  
Food Processing**

**Media And  
Entertainment**

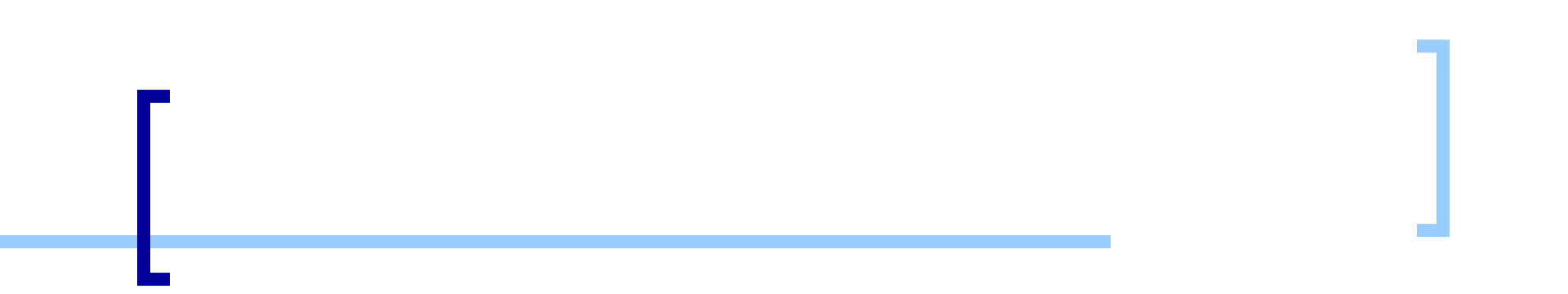
**Engineering and  
Construction**

**FMCG**

# Different Geographies







Time has come.. Corporate  
compliance is not merely a legal  
compliance but it is **NECESSITY**  
Now .....

# [Necessity: The mother of invention]

The general who wins the battle makes many calculations in his temple before the battle is fought. The general who loses makes but few calculations beforehand.

*Sun Tzu*

*By*



# Understanding the Company

- Company's History & Background
- Capital Structure & Evolution
- Promoters & Group Companies
- Management & Administration buildup
- Financial Soundness & Debt Structure
- Risk Management & Protection
- Licenses & Approvals



# [ THE THREE STEP PROCESS ]

Step I : IDENTIFICATION

Step II : EVALUATION

STEP III : ASSESSMENT



# IDENTIFICATION PROCESS



- General application of laws.
- Sectoral applications
- Industry / Segment applications
- Geographical applications
- Number of Employees
- Transaction applications

# Evaluation: Preparation at home

Evaluating the applicable laws after due identification process

As for instance:

A Company has its operations of exports which further involve lots of foreign exchange transactions.

Identification: FEMA, 1999

Evaluation : FEM ( Exports of goods & services)  
Regulations, 1999

# [Assessment Process

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- ❑ Further improvements
- ❑ Implication of Compliance System
- ❑ Effective Usability
- ❑ Bridging the gap of Compliance in letter & Compliance in Letter & spirit



# EXPLAINING THE PROCESS

IDENTIFICATION, EVALUATION & ASSESSMENT AT ONE PLACE...

## *TEXTILE INDUSTRY*

- Manufacturing & Trading
- 1000 workers
- Export process
- Polluting Unit
- Unlisted Company
- Ludhiana based





# Identification of applicable laws

## General Laws

- Companies Act, 1956
- Income Tax Act, 1961

## Sector Specific

- Excise Act
- Factories Act

## Subjective

- Air (Prevention of Pollution Control) Act, 1981
- Environment (Prevention of pollution control) Act, 1986

## International Transaction

- FEMA , 1999

## No of Employees

- Factories Act, 1948
- Payment of Wages Act, 1936
- Contract Labour (regulation & abolition) act, 1970

## Area Specific

- All laws applicable to Ludhiana city

# **Compliance Timings: Evaluation**

**Compliance Timings**

**Fixed / Regular**

**Event Based**

# [The assessment process:

---

Identify the gap between the  
present compliance system  
and the results of evaluation  
process



# [Simplification: The Next Move]

## Developing Compliance Management Tools

C

Law wise
Period wise

h e c k l i s t

# Effective Usability

Triggering date & time

Triggering information input

Organisation type, Capital deployed, Business type  
Product profile

oftware

# Effective Usability

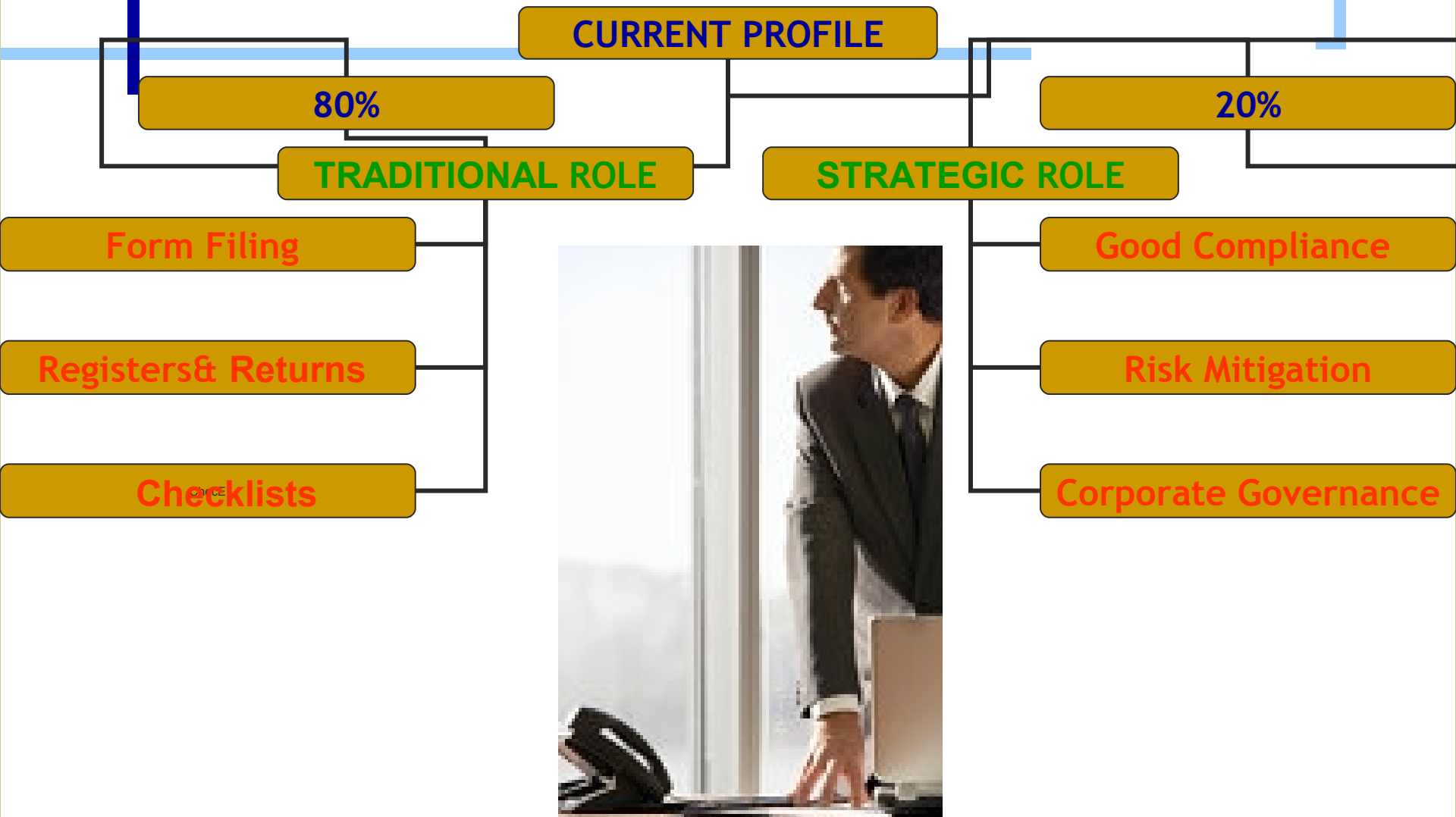
- 
- ❑ Newsletters & Magazines
  - ❑ Discussion e-Groups
  - ❑ Software carried automatic updating options
  - ❑ Attending seminars & workshops
  - ❑ Newspapers & Business News Channels
  - ❑ Regular visits at Authority's website

pdations



Unsystematic  
Compliance  
System... the aftermath

# PRESENT FACE

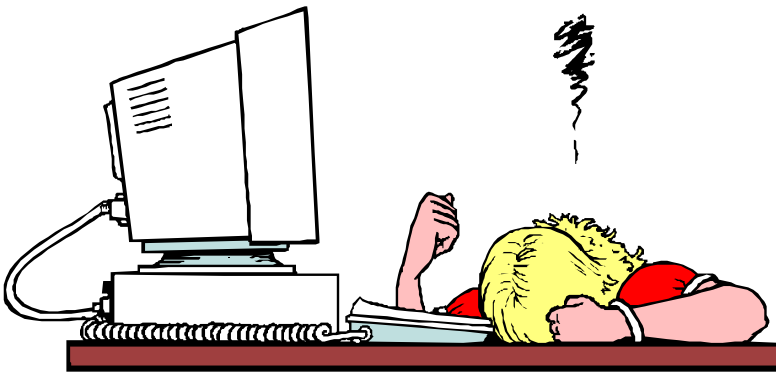




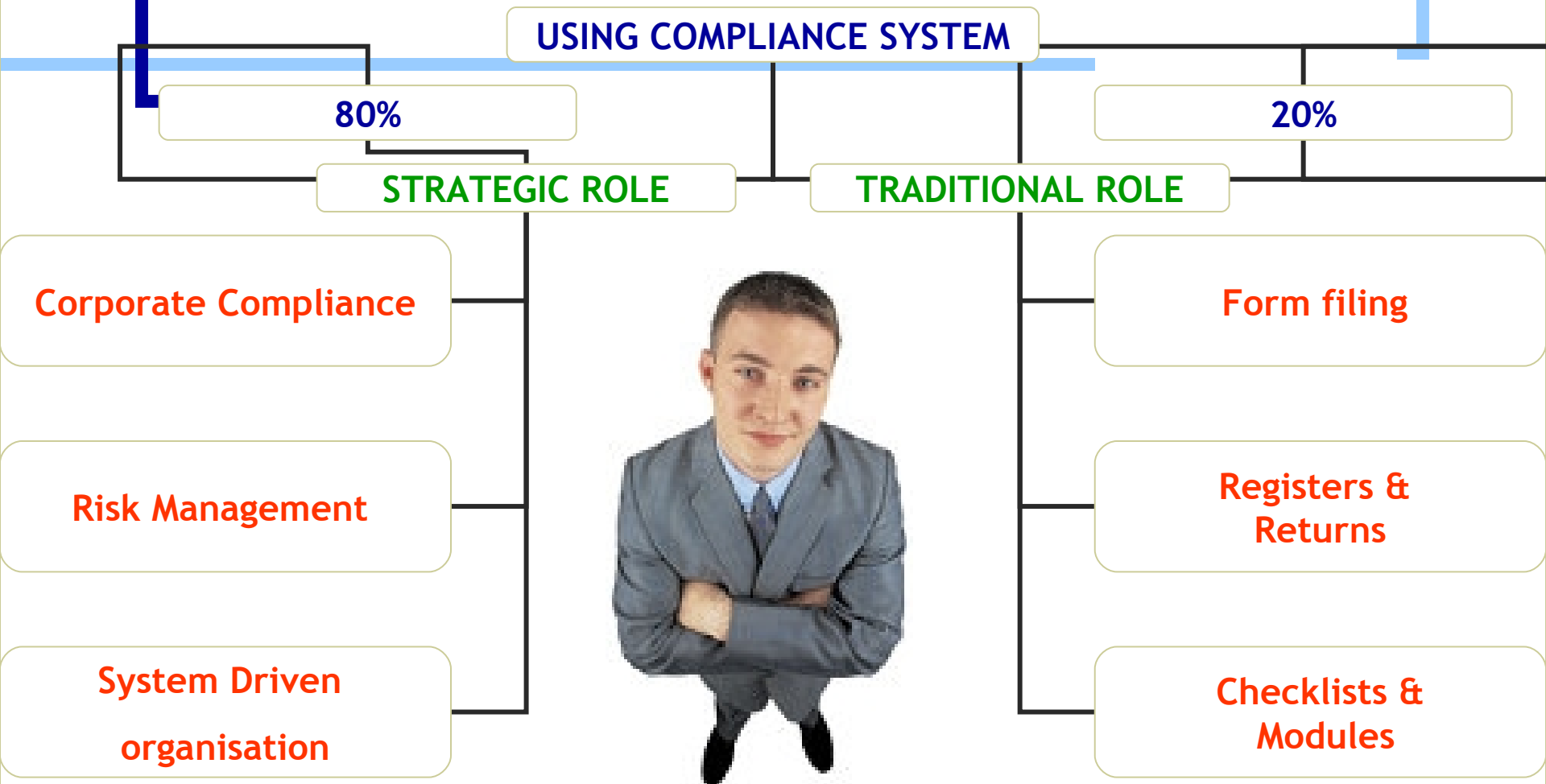
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Let IT works for you.....



# Compliance System can change the face.....



# [Advantages of Corporate Compliance]

- Easy Quantification of risk
- Establishing Risk appetite
- Identify and prioritize controls
- Multitude of Compliance obligations
- Building Strong Foundations
- Extended Confidence to Investors
- Gaining Competitive Edge
- Good Compliance System leads to Excellence in Operations



# [ Effect of Technology ]

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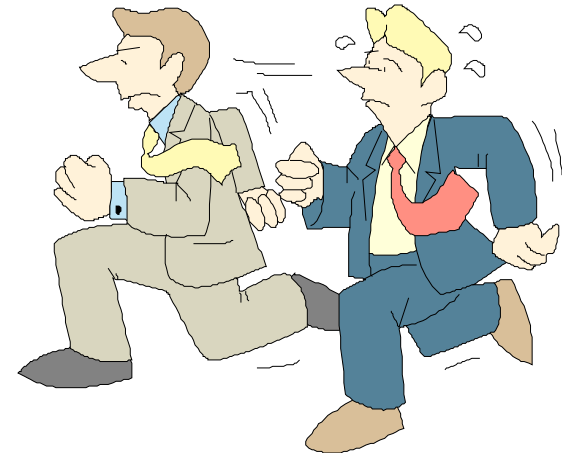
MCA 21

Easy Compliance

Impossible Non- Compliance

Edifar

**Company Secretary is like back bone**  
**of any Compliance Management System**  
**to any organisation and with its**  
**Proactive Approach & Intelligence**  
**make an organisation front runner in its field...**



# RESULT OF GOOD CORPORATE COMPLIANCE



*MAKING YOUR COMPANY DIFFERENT & LEADING  
TOWARDS EXCELLENCE*

[ EXCELLENCE PAYS... ]

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- 
- Happy Company
  - Happy Management
  - Happy Investors
  - Happy Customers
  - Happy Regulators

xellence



The Conclusion is .....  
Make Your Company **GOOD**  
**GOVERNED COMPANY**



[

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Thanks a lot.....



**Corporate Professionals**

WHERE EXCELLENCE IS LAW