

# IS COMPREHENSIVE COMPLIANCE GOOD BUSINESS?



## Preface

Corporate laws play a critical role in determining the pace of economic development in the economy. Ease of doing business, which is often equated to de-regulation, is seen as a barometer of a conducive environment for economic growth. The speed with which the Companies Act, 2013 was enacted is a reflection of the urgency to accelerate economic growth in our country.

The Companies Act, 2013 with 470 sections being more than a third shorter than the Companies Act, 1956 with 658 sections is seen as a major movement forward in deregulation. Anecdotal evidence suggests that the experiences post enforcement of this Act is quite mixed. While deregulation may be a laudable effort, it begs a question whether corporate law can be really deregulated without reducing the social cost of corporate failures. Given this conflicting need of reducing social costs of corporate failures and accelerating economic growth, can technology be the solution?

This survey primarily intends to find the answer the three questions:

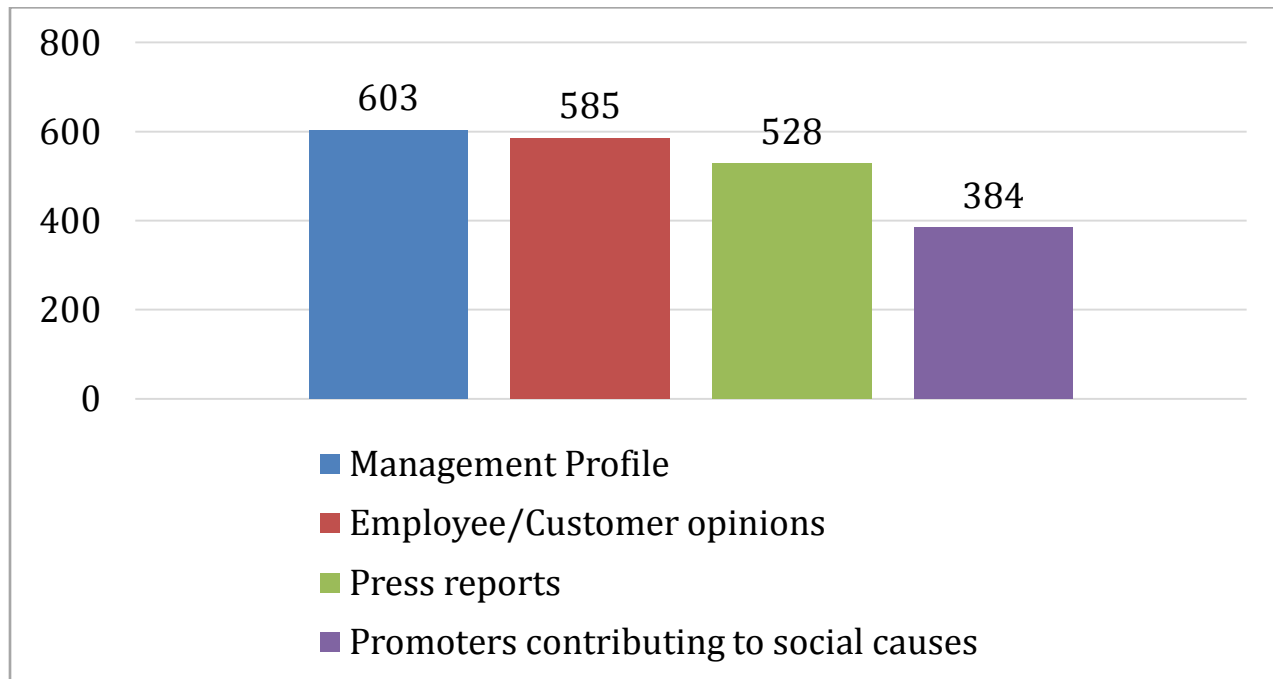
1. Who is responsible for compliance in a company?
2. Is Companies Act, 2013 easier than Companies Act, 1956?
3. What is the extent of technology used today for compliance?

Trust this perspective helps in appreciating this survey results.

Shankar Jaganathan  
Founder & Chief Executive  
Bangalore, February 14, 2015

## SURVEY: Is Comprehensive Compliance Good Business?

**Q1.** How do you recognize companies with good compliance?

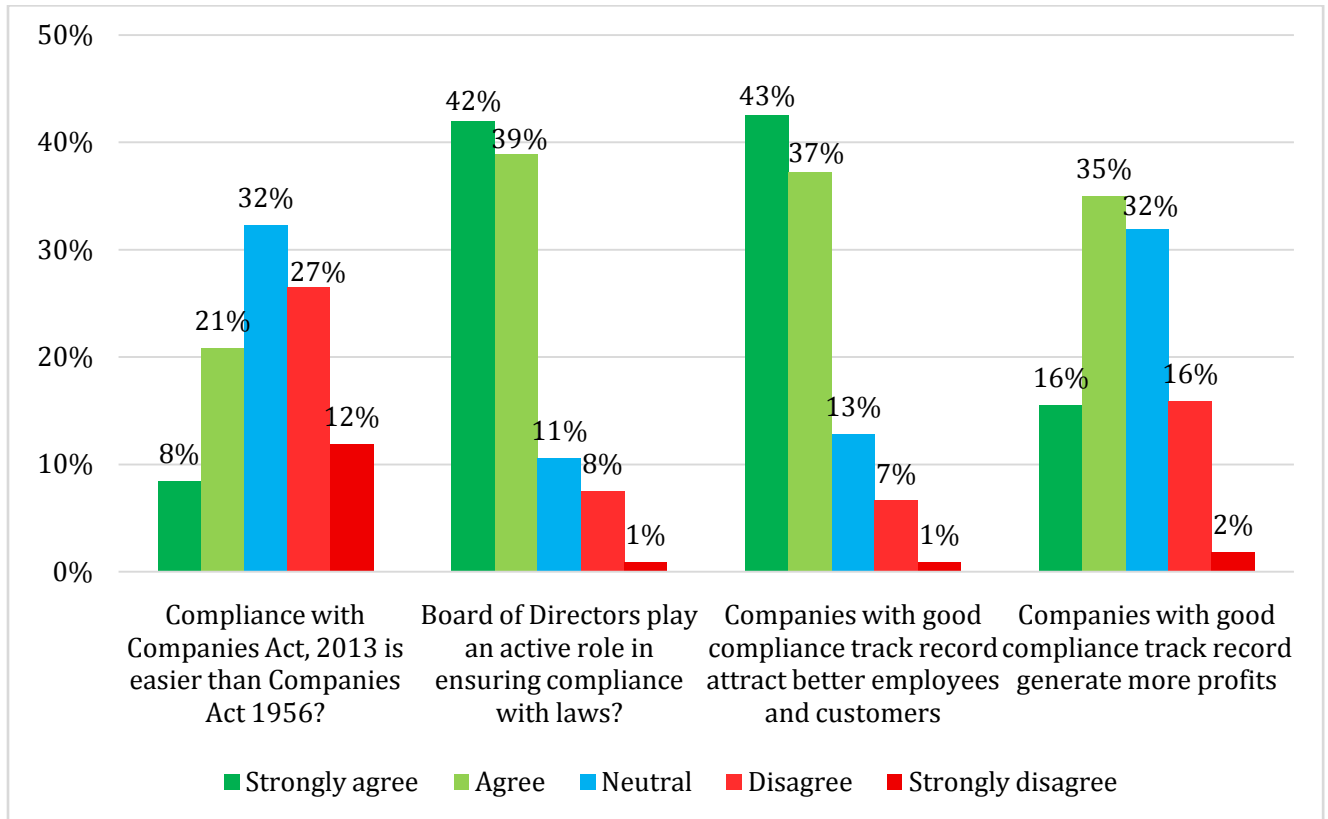


### Our Insights

- Actions speak louder than words, it is management profile that tops the list
- Insider opinion counts; for employees and customers are distinctly heard
- Personal contributions to charity, does it matter for compliance?

## SURVEY: Is Comprehensive Compliance Good Business?

### Q2. How far do you agree with these statements?



### Our Insights

- Companies Act, 2013 –a puzzle yet to be solved. Is it too soon to decide?
- Thumbs up for the Board’s role in promoting compliance
- Compliance a magnate for employees and customers
- Compliance and Profits, a conflict yet to be resolved

**Q3.** Why do you think businesses comply with law?



**Our Insights**

- Money speaks –both inflows and avoiding outflows
- Are employees and customers indifferent to non-compliance?

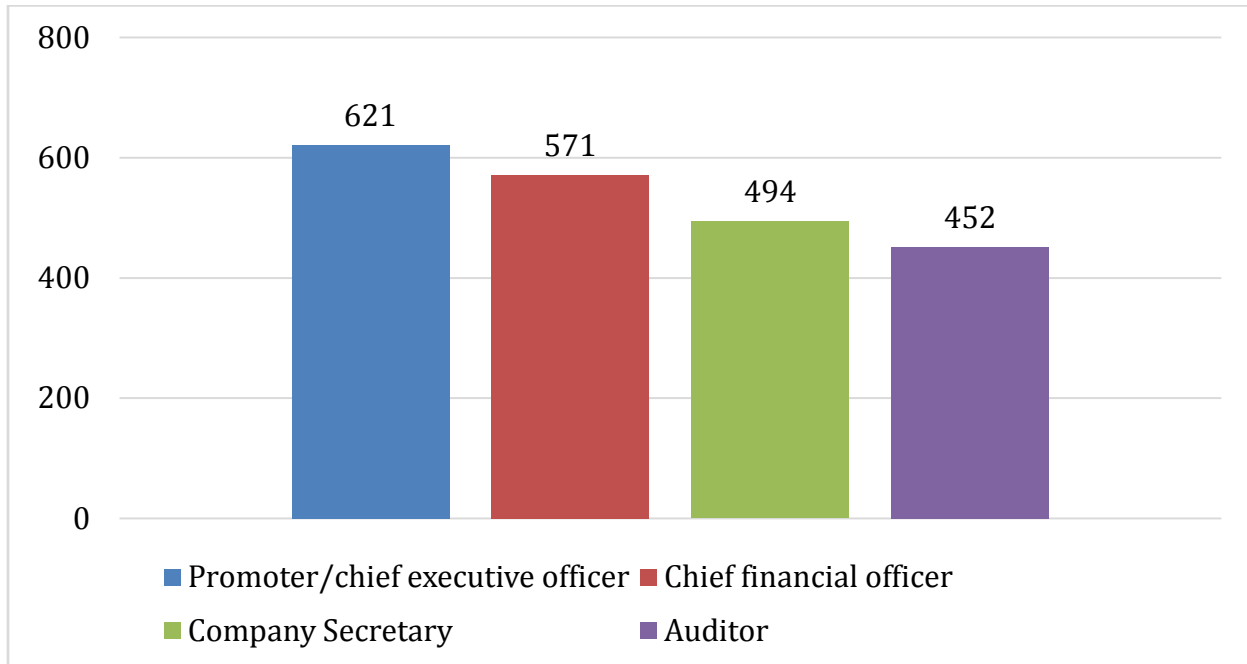
**Q4.** According to their ease of compliance, please rank the four laws.



### **Our Insights**

- Does financial outflow determine ease of compliance?
- Small margin between three Acts

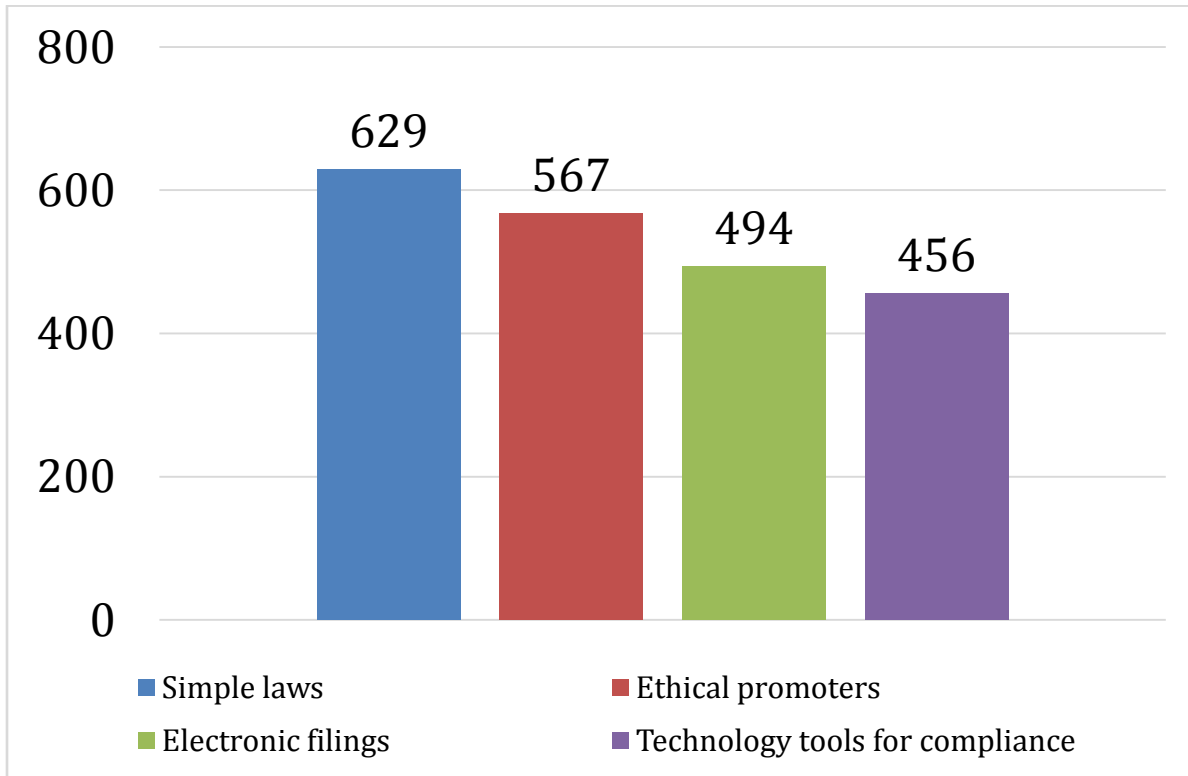
**Q5.** In your opinion who has the highest influence on compliance in your company?



**Our Insights**

- Pied pipers call the tune –CEO and CFOs
- Tone at the top sets the pace

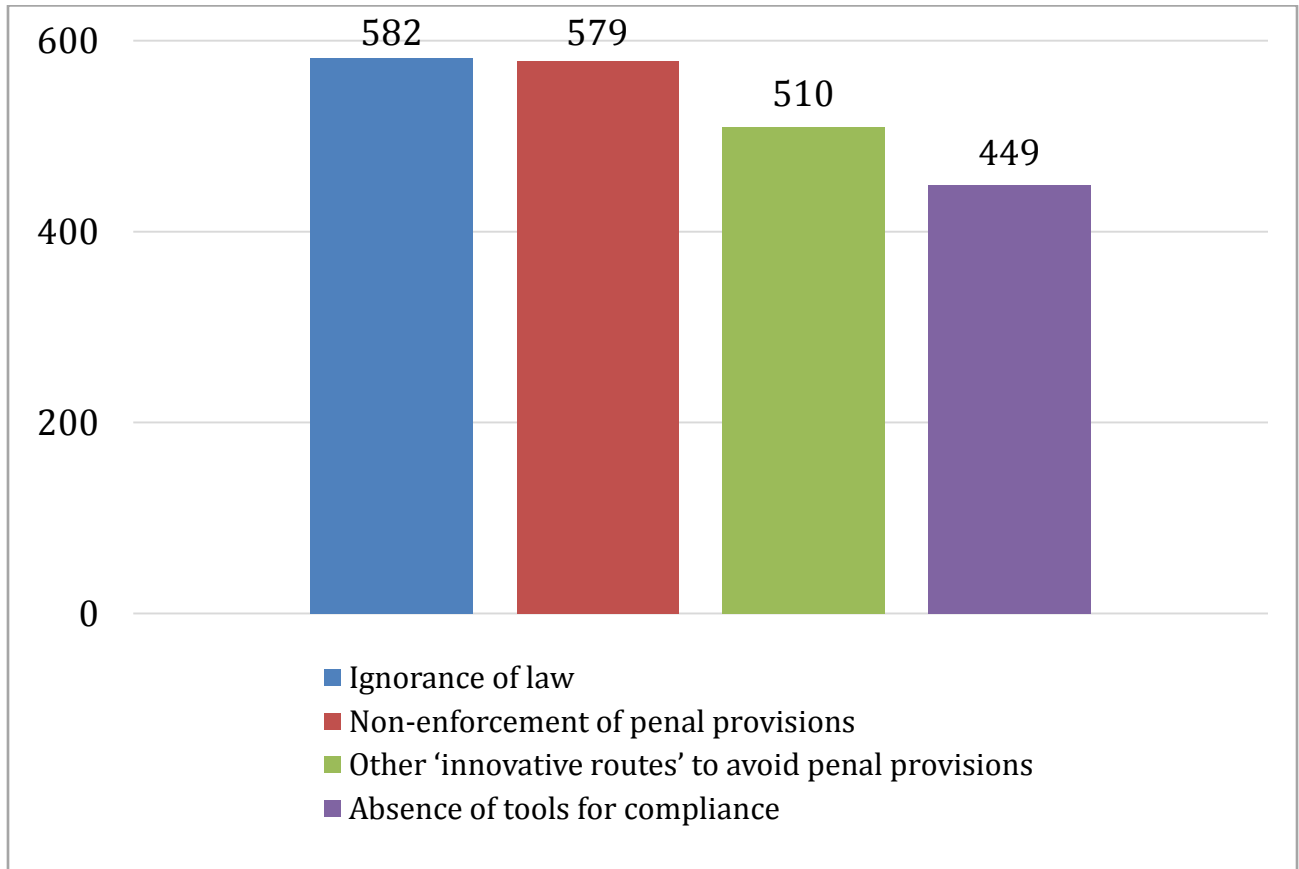
**Q6.** Please rank the four in the order of their ability to improve compliance?



### Our Insights

- Simplicity scores
- Is inadequate experience with technology reflected?

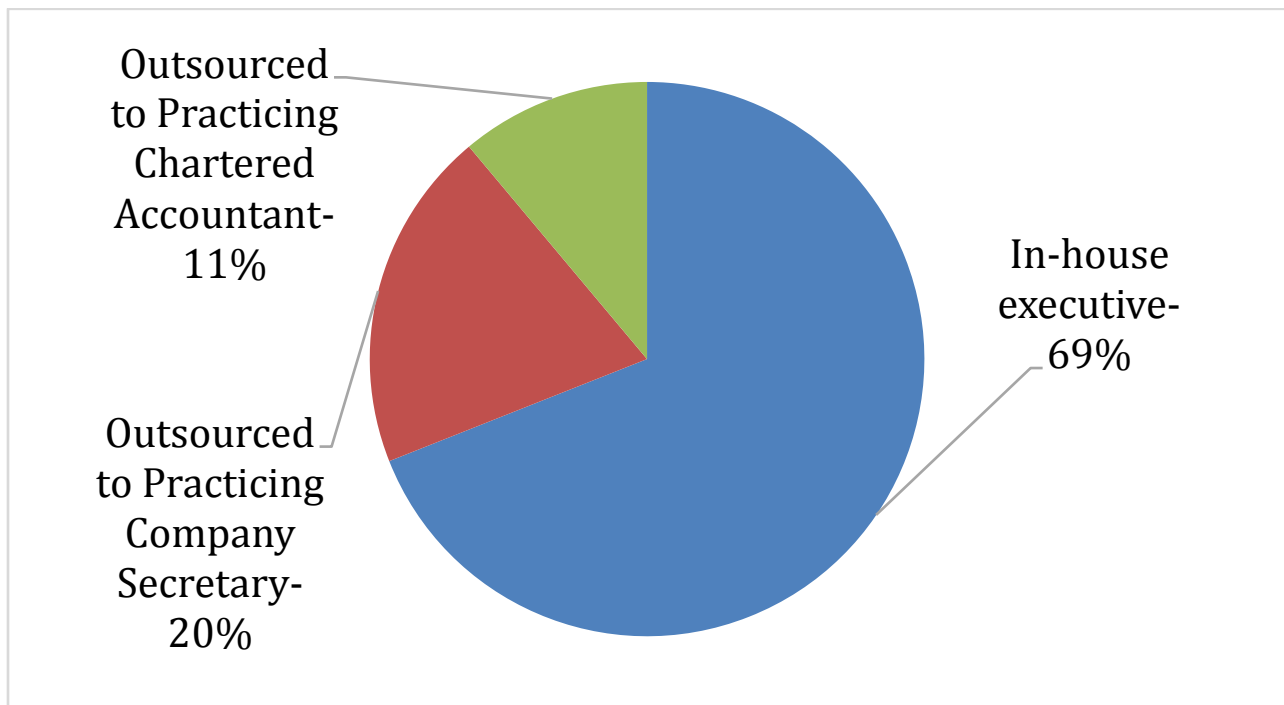
**Q7.** Which in your opinion is the cause of poor compliance?



**Our Insights**

- Popular opinion reinforced-too many laws and too little enforcement
- “Innovative” solutions, too contribute

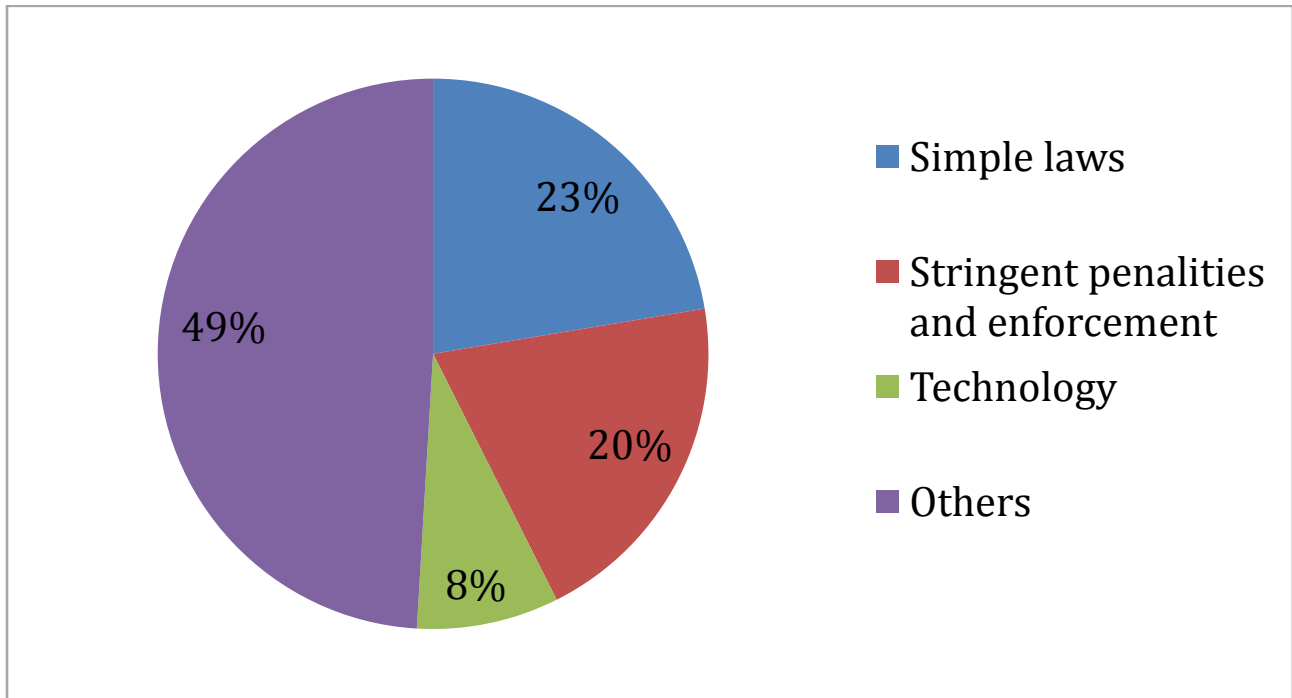
**Q8.** Who is primarily responsible for company filing and maintaining statutory registers and board minutes?



**Our Insights**

- Large companies in-house responsibility;
- Small and medium companies outsource;
- Chartered accountants a reasonable presence

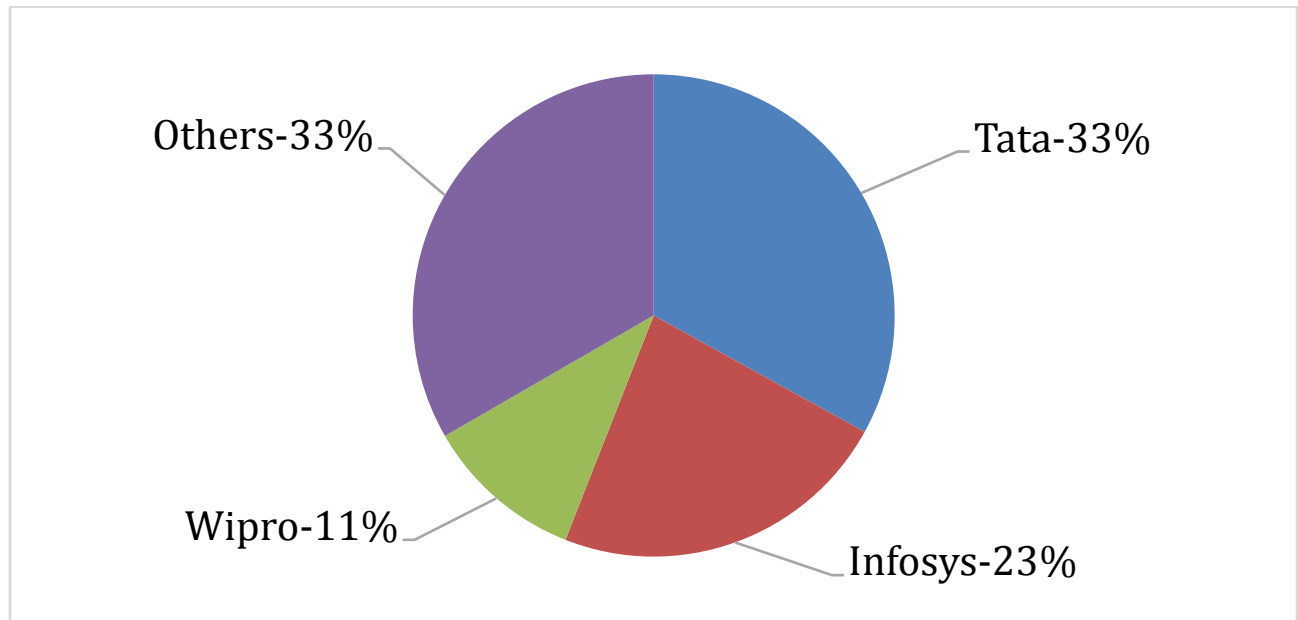
**Q9.** In your opinion, please name two things that need to be introduced in our country that can enhance compliance.



### **Our Insights**

- Simple laws, technology and enforcement are the popular choices
- Some innovative suggestions are –incentivize compliance, transparency and promoting ethical role models

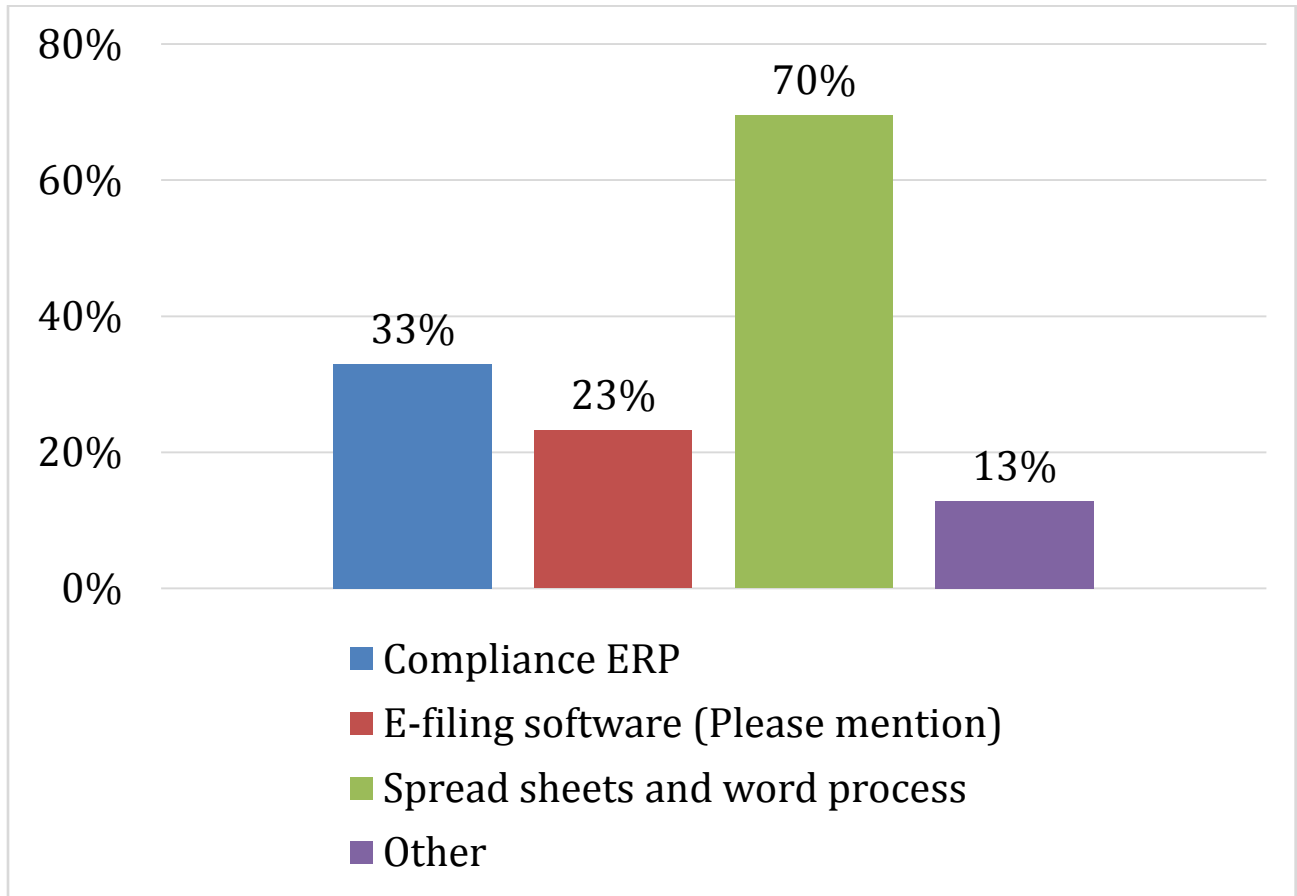
**Q10.** In your opinion, name two companies that have the highest compliance?



### **Our Insights**

- Professional opinion in sync with popular choice
- HDFC Bank and L&T also mentioned

**Q11.** Currently what are the tools you are using for compliance?

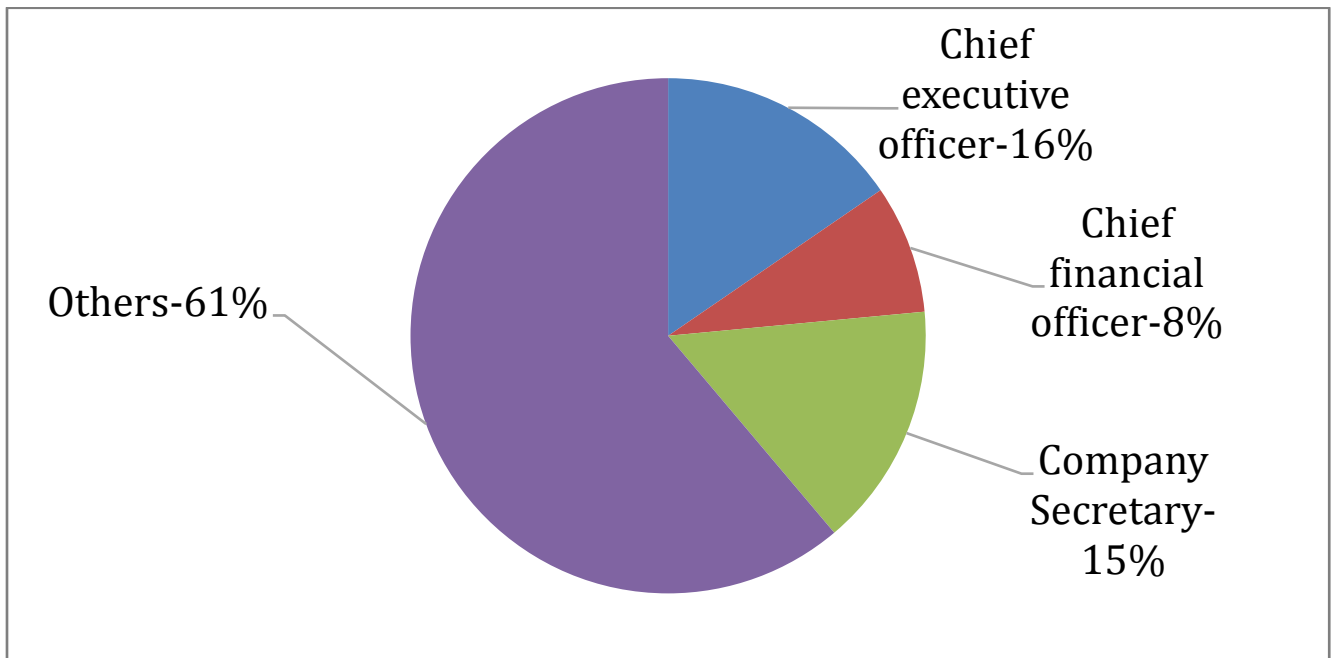
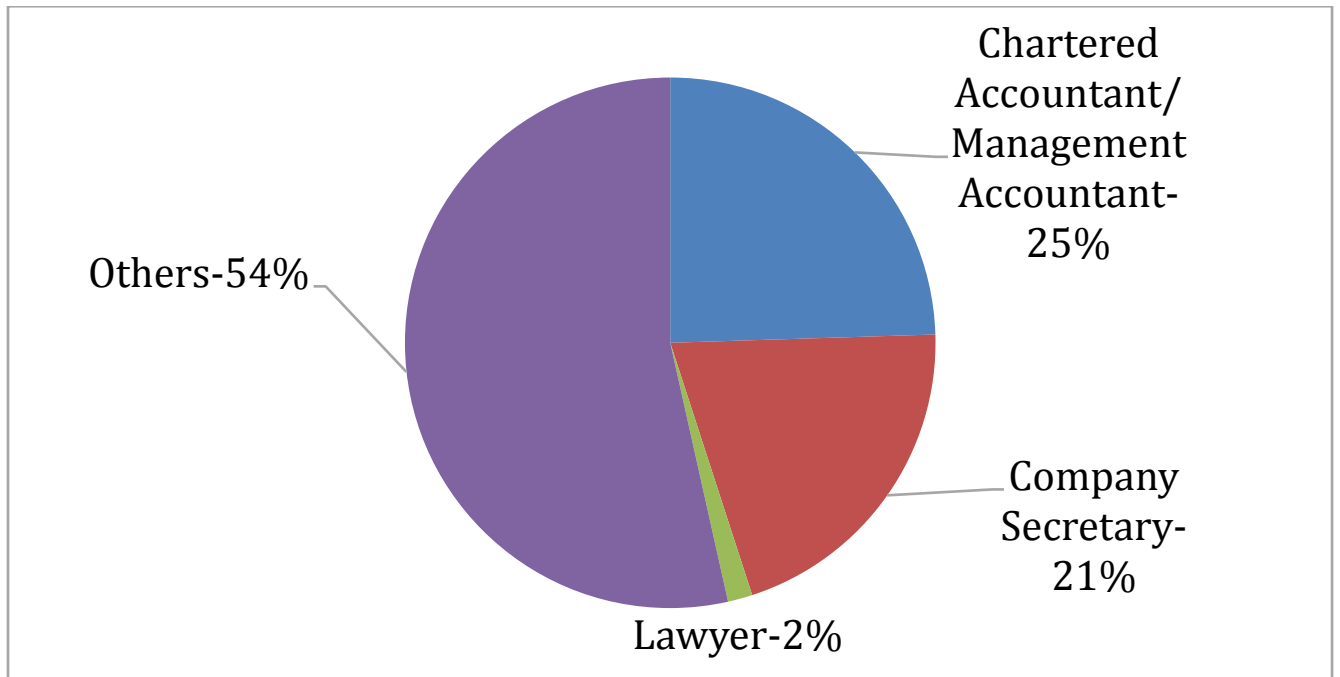


**Our Insights**

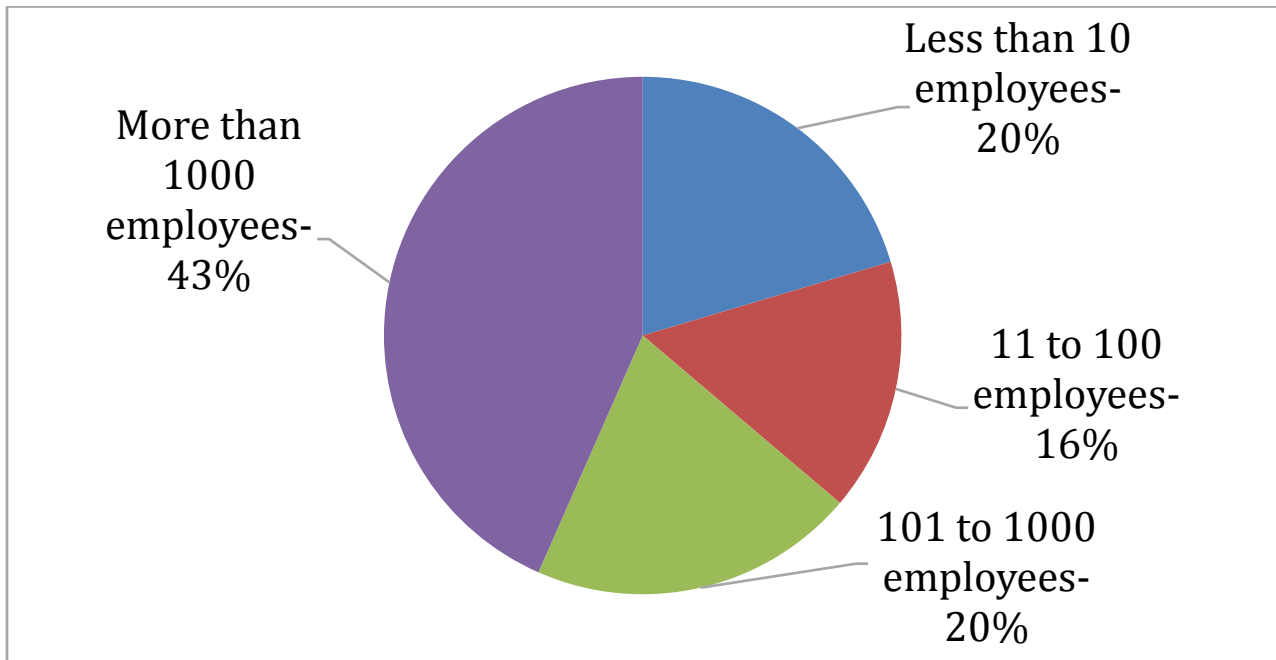
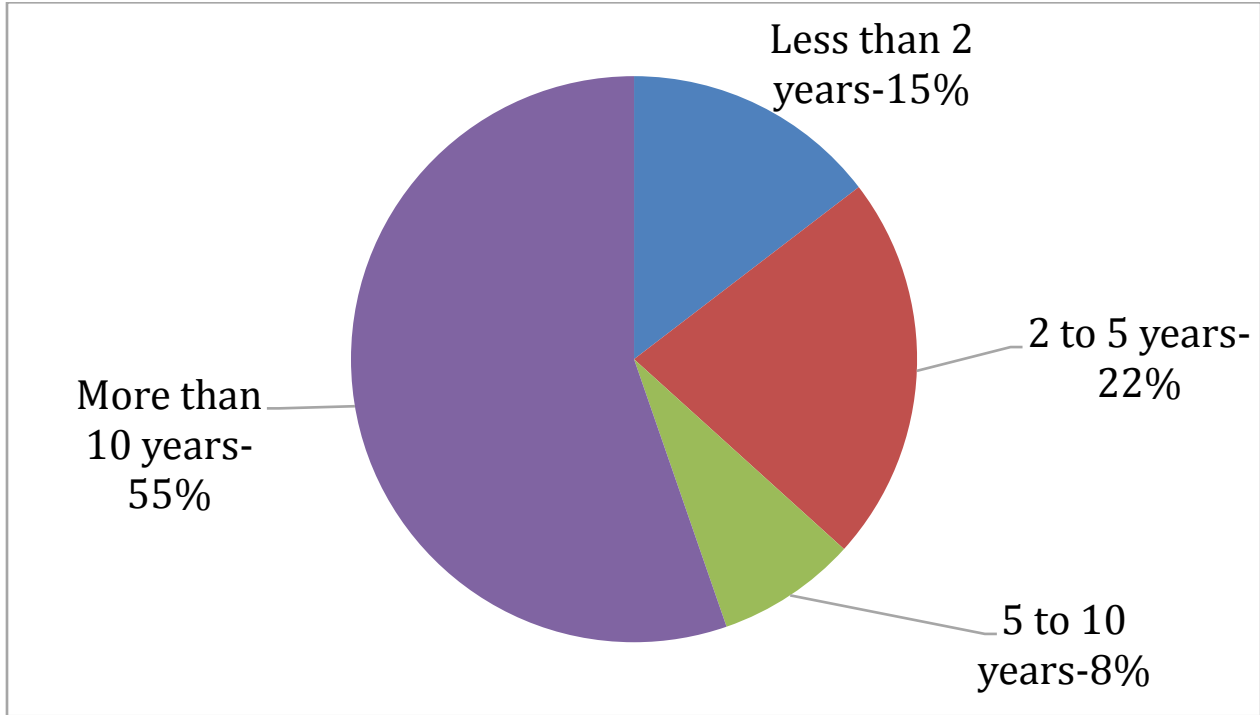
- Spread sheets and word processors dominate
- E-filing and Compliance software too emerging

## SURVEY: Is Comprehensive Compliance Good Business?

### RESPONDENT DETAILS



## SURVEY: Is Comprehensive Compliance Good Business?



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## **SURVEY: Is Comprehensive Compliance Good Business?**

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### **Board Leaders Integrated Software Solution (BLISS)**

BLISS is a digital productivity tool for Company Secretaries that automates routines and provides timely alerts to ensure compliance and good corporate governance. In the process, it also provides peace of mind and comfort to the Board of Directors and shareholders by giving them real-time compliance status with the Companies Act, 2013.



### **CimplyFive Corporate Secretarial Services Pvt. Ltd.**

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