**J M Baxi Group**

Standard Operating Policy and Procedures

Statutory Compliance

Introduction

A standard operating policies and procedure (SOPP) is a set of step-by-step activities compiled by an organization to help workers carry out complex as well as standard routine operations. SOPs help to achieve efficiency, quality output and uniformity of performance while contributing to efforts that lead to process excellence.

This SOP aims to achieve the following objectives:

1. Act as a guide and reference document to stakeholders at all level of the organization

2. Clearly communicate activities and help to achieve consistency in operational procedures

3. Create accountability by assigning responsibilities at each stage of the lifecycle

4. Aid governance by documenting auditable processes and detailing control elements at each stage of the lifecycle

What is the Lifecycle and Process Tree?

Each SOP follows the process tree hierarchy and covers a specific entire mega process.

- A mega process represents the logical start and end of a process lifecycle. It is a grouping of processes across functions

- A process represents logical grouping of sub processes and provides detail at functional level

- A sub process represents grouping of similar activities

- An activity lists down specific tasks that have/are measurable, time bound, associated risks, mitigating controls and defined owners

The entire business lifecycle consists of several mega processes. An SOP is tasked with the coverage of all processes, sub process and activities applicable to a particular mega process

Who are the Stakeholders for this SOPP?

This stakeholders for this SOPP shall primarily be activity owners and business units

1. Activity owners (operating units) – Activity owners shall use this SOP as a reference document while performing their activities on a daily basis.

2. Business units – Business units shall use the SOP as a repository of all activities across the lifecycle. This will aid in identifying process improvement opportunities

Who will use this SOPP?

This SOPP shall be used by stakeholders across the entire organization. Most notable shall be the following:

1. Risk and Governance units – Risk and Governance units shall reference the SOPP to review existing controls and test their   
 2. Auditors – Auditors shall use this SOPP to check adherence to defined processes and standards. The SOPP shall help them identify any deviations to defined processes  
  
  
How do you read the SOPP?   
To read this SOPP, it is essential to understand the process lifecycle and its coverage. This SOPP is documented in a chronological order in line with the sequence of activities performed by activity owners. Therefore it should be read as such.  
  
This SOPP also provides references to various organization level policies, checklists, systems, reports etc. These have been appropriately referenced at applicable activities and attached as Annexures to this SOPP.  
Each activity has a performer and an activity owner assigned to it. An activity also has the following references against it:

* System reference – This lists down the system used to perform the activity
* Product reference – This column lists down the products that the activity is applicable to
* Activity owner (with prefix) – Each activity has a prefix that describes the nature of the activity. ‘Maker only’ means that it is a standalone activity. ‘Maker’ refers to the maker leg of a maker checker activity. ‘Checker’ refers to the checker leg of a maker checker activity

Organization structure

The organization structure defined in the SOPP is the structure defined at the functional level. 'Activity owners' are defined are defined are those who are responsible for performing the activity. 'Business Owners' are defined as those who have oversight and ultimate ownership for the activities.  
  
The 'roles and responsibilities' table in the SOPP lists down the 'business owners' and provides details on key activities they are responsible for. The list of 'business owners' shall form the organization structure for the particular SOPP and mega process.

**Manager - Legal**

**Manager – Legal & Company Secretary**

**HOD - Legal**

**Group Company Secretary**

Document review and approval

Revision history

| **Version** | **Created By** | **Document Approved By** | **Date Approved** | **Revision** |
| --- | --- | --- | --- | --- |
|  |  | Mr Mariyappan MB and Ms Ruchika Nayyar |  |  |

| **SOPP Number** | 1 |
| --- | --- |
| **Inherent risk for SOPP** | High |
| **Process Owner** | Group Company Secretary and HOD - Legal |
| **IT Applications** | Legatrix tool |
| **Guidelines / Policy reference** |  |
| **SOP Cross References** |  |
| **Product Group** |  |

Contents

[1. Compliance Management system 6](#_Toc194504828)

[Process Narrative 6](#_Toc194504831)

[Key Performance Indicators (KPI’s) 8](#_Toc194504832)

[2. Compliance Monitoring and Reporting 9](#_Toc194504833)

[Process Narrative 9](#_Toc194504836)

[Key Performance Indicators (KPI’s) 10](#_Toc194504837)

[3. Licenses and Notices 12](#_Toc194504838)

[Process Narrative 12](#_Toc194504841)

[Key Performance Indicators (KPI’s) 14](#_Toc194504842)

[4. Litigation Management 15](#_Toc194504846)

[Process Narrative 15](#_Toc194504849)

[Key Performance Indicators (KPI’s) 18](#_Toc194504850)

[5. Compliance Tool Updating and Maintenance 19](#_Toc194504851)

[Process Narrative 19](#_Toc194504854)

[Key Performance Indicators (KPI’s) 20](#_Toc194504855)

[6. Compliance Education and Training 21](#_Toc194504856)

[Process Narrative 21](#_Toc194504859)

[Key Performance Indicators (KPI’s) 22](#_Toc194504860)

### Compliance Management system

### Process Flow

### 

### Process Narrative

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Responsibility** | **Accountability** | **Frequency** | **System/ Manual** |
| **1.1 Identification of Compliances** Each HOD-User identifies the applicable laws and acts relevant to their respective departments. For example, the HOD-HR will determine the applicability of the Payment of Gratuity Act, 1972, the Payment of Bonus Act, 1965, etc., while the HOD-Taxation will identify the relevant sections of the Income Tax Act, 1961, based on the entity's location. They will then share this information with the Manager - Legal and Company Secretary. The Manager - Legal and Company Secretary will consolidate the applicable laws and acts followed by the review of Company Secretary and share the consolidated list with the Legatrix team to update the compliances in Legatrix tool. | **EXEC / Manager - User** | **HOD - User** | **As and when** | **System** |
| **1.2 Risk classification and ownership disclosure**  A consolidated compliance checklist will be shared with the Legatrix team, which includes tabs for entity name, unit name, function name, legislation name, applicable rules, central/state laws, and legislation categories such as HR laws, corporate laws, tax laws, etc. Manager – Legal & Company Secretary will classify the compliances as Super Critical, Critical, High, Medium, and Low Risk, based on their criticality and the potential consequences.  For each function, the performer (the person responsible for executing the task), the reviewer (the person responsible for reviewing the task performed by the performer), and the Function HOD (who ensures that the task has been performed by the performer and reviewed by the assigned reviewer) are defined in the system. In some functions, the reviewer and the HOD - Function may be the same person. | **EXEC – Legal & Company Secretary** | **Manager – Legal & Company Secretary** | **As and when** | **System** |
| **1.3 Due date alert mechanism**  For each compliance activity, the respective due date is updated in the system. A reminder email will be sent to the performer one week before the due date, and another reminder will be sent to the reviewer three days before the due date.  In the event of any amendments due to circulars or official notifications, the performer will contact the Legatrix team to update the due date in the system. The Legatrix team will then update the due date in the system upon approval from the HOD – User. | **EXEC - User** | **HOD - User** | **As and when** | **System** |
| **1.4 Types of Compliances**  Following are the broad classification of the Compliances to be followed by the Performers and Reviewers:   |  |  | | --- | --- | | **Type of Compliances** | **Periodicity** | | Regular | As per the due date | | Event based | As and when the specific event occurs | | Regular and event based | As per the due date and when the specified event occurs | |  |  |  |  |

### 

### Key Performance Indicators (KPI’s)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Attribute** | **Objective** | **Base Line** | **Target** | **Action Plan** |
| Overall Compliance Completion Rate | Track the overall percentage of compliance activities (both regular and event-based) that are completed on time and within the required deadlines. | XX | XX | XX |
| Timeliness of Compliance Identification | Measure the time taken by each HOD-User to identify and share the applicable laws and acts for their department with the Manager - Legal and Company Secretary. | XX | XX | XX |
| Accuracy of Risk Classification | Track the accuracy of the risk classification, ensuring that compliance risks are categorized correctly based on the criticality and potential consequences. | XX | XX | XX |
| Due Date Compliance Rate | Measure the percentage of compliance activities that are completed by the assigned due date without delays. | XX | XX | XX |

### Compliance Monitoring and Reporting

### Process Flow

### 

### Process Narrative

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Responsibility** | **Accountability** | **Frequency** | **System/ Manual** |
| * 1. **Compliance Monitoring and Reporting** Manager – User(Reviewer) carries out the certifications for the compliances assigned to the EXEC – User(Performer), and the system will automatically retrieve the compliance date.   Compliance positions and the action to be taken by the EXEC – User(Performer) is explained as below:   |  |  | | --- | --- | | **Type of Compliance** | **Status reflected colour** | | Complied | Green | | Partially complied | Saffron | | Pending(to be complied) | Red | | **Manager - User** | **HOD - User** | **As and when** | **System** |
| * 1. **Identification of Non-compliance**   In the event of non-compliance, a non-compliance notification will be sent to the respective HOD – User. HOD - User will then report the non-compliance to the Manager - Legal & Company Secretary and work to resolve the issue.  In case of Super critical non-compliance, HOD – User will report to Group Company Secretary. | **Manager - User** | **HOD - User** | **As and when** | **System** |
| * 1. **Reporting of Non-compliance**  Manager - Legal & Company Secretary reviews the non compliance and checks the risk classification of the Compliance activity in consultation with Group Company Secretary.   In case it pertains to Super critical risk, Group Company Secretary then reports to the Managing Director to obtain their resolution comments and forward action plan. | **Manager – Legal & Company Secretary** | **Group Company Secretary** | **As and when** | **System** |
| * 1. **Resolving non compliances** Group Company Secretary provides the resolution comments from Managing Director to the HOD - User which is then discussed with the Executive – User.   Executive – User will perform the compliance as per the resolution and status will be automatically updated. | **Group Company Secretary** | **-** | **As and when** | **Manual/ System** |

### Key Performance Indicators (KPI’s)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Attribute** | **Objective** | **Base Line** | **Target** | **Action Plan** |
| Accuracy of Compliance Status Updates | Measure the accuracy of the compliance status (Green, Saffron, or Red) assigned in the system, ensuring it reflects the actual progress of the compliance activity. | XX | XX | XX |
| Non-compliance Reporting Time | Track the time taken by HOD – User to report the non-compliance to the Manager – Legal & Company Secretary after receiving the notification. | XX | XX | XX |
| Resolution Time for Non-compliance | Measure the average time from when a non-compliance is identified to when it is reported to the Group Company Secretary or Managing Director, ensuring a timely resolution. | XX | XX | XX |
| Resolution Effectiveness Rate | Track the success rate of non-compliance resolutions, ensuring that once an action plan is implemented, the issue is fully resolved and the compliance status is updated accordingly. | XX | XX | XX |

### Licenses and Notices

### Process Flow

### 

### Process Narrative

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Responsibility** | **Accountability** | **Frequency** | **System/ Manual** |
| * 1. **List of applicable License** Manager – User prepares the list of applicable Licenses for the respective department (including the different States where the entity is operational) followed by the review of HOD – User. | **Manager - User** | **HOD - User** | **As and when** | **Manual** |
| * 1. **Verification of uploading of Licenses** HOD - User will discuss the final list of Licenses with the Terminal Head / Business Head so as to verify the completeness of the list of Licenses and shares with Manager – Legal & Company Secretary.   Manager – Legal & Company Secretary reviews and suggest on the additions/ deletions required to the list of Licenses  Terminal Head / Business considers additions/ deletions required to the list of Licenses.  Terminal Head / Business Head provides the final list of Licenses to the Group Company Secretary and Group Company Secretary will provide the same to Legatrix Team to upload the same on the portal. | **Manager - User** | **HOD - User** | **As and when** | **System** |
| * 1. **Renewal of Licenses** When the license date is entered into the Compliance Portal, the relevant performer and reviewer will be alerted 30 days before the license expiry. The Legatrix team also tracks the license renewal process. Either the Legatrix team will initiate the renewal application, or EXEC / Manager - User will contact the Legatrix team to submit the renewal application for the respective license also. | **EXEC / Manager - User / Legatrix Team** | **HOD - User** | **As and when** | **System** |
| * 1. **Receipt and Acknowledgment of Notices / Government Agency Inquiries** EXEC / Manager - User in consultation with HOD – User forwards any notices received, including copies of Inquiries from Government agencies to Manager – Legal marking HOD – Legal in Cc on a real-time basis/immediately. Notices may also be received by the Legal Team directly.   Manager - Legal, in consultation with the HOD - Legal, reviews the received notices and analyzes cases where a response is required.  Manager - Legal drafts the responses for the specific notice, which is then reviewed by the HOD - Legal. The final response is shared with the HOD - User to be forwarded to the respective counterparty or government agency, as applicable. | **EXEC / Manager - User** | **HOD - Legal** | **As and when** | **Manual** |
| * 1. **Consolidation of Notices and Corresponding Response Allocation**   All notices, along with their responses, dates, and respective team statuses, are maintained in the Legatrix tool. EXEC / Manager- User tracks these details on weekly basis to ensure that no response, which needs to be provided within the specified timeline, is overlooked. | **EXEC / Manager - User** | **HOD - User** | **As and when** | **System** |

### Key Performance Indicators (KPI’s)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Attribute** | **Objective** | **Base Line** | **Target** | **Action Plan** |
| Timeliness of License List Preparation | Measure the time taken by the Manager – User to prepare the list of applicable licenses for the respective department (including different states). | XX | XX | XX |
| Additions/Deletions Implementation Rate | Track how many additions or deletions suggested by the Manager – Legal & Company Secretary are implemented in the final list of licenses. | XX | XX | XX |
| Error Rate in Finalized License List | Track the number of errors or inconsistencies found in the final list of licenses once uploaded to the Legatrix tool, indicating the thoroughness of the verification process. | XX | XX | XX |
| Renewal Processing Delay | Track the number of instances where renewal applications were not submitted on time, resulting in expired licenses or delayed renewals. | XX | XX | XX |
| Timeliness of Final Response | Measure the time taken by the HOD – Legal to review and finalize the responses, ensuring they are sent to the respective counterparty or government agency within the required timelines. | XX | XX | XX |



### Litigation Management

### Process Flow

### 

### Process Narrative

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Responsibility** | **Accountability** | **Frequency** | **System/ Manual** |
| * 1. **Management of Legal notices involving the Company** a) Notices issued by the Company against Third party: Manager - Legal analyzes the case facts in accordance with the relevant legal procedures and prepares appropriate responses followed by the review of HOD - Legal.   b) Notices issued against the Company by the Third Party: Manager – Legal closely monitors, reviews the cases for merit, and respond to in compliance with legal requirements followed by the review of HOD – Legal.  In both cases mentioned above, the Manager - Legal, in collaboration with the HOD-Legal, develops the litigation strategy after analyzing the case facts and considering the financial impact. This includes evaluating whether the claim made by the third party is lower than the anticipated costs of prolonging the case.Top of FormBottom of Form | **Manager - Legal** | **HOD - Legal** | **As and when** | **Manual** |
| * 1. **Tracking Ongoing cases** Manager - Legal maintains a manual litigation tracker in Excel, which is reviewed monthly by the HOD-Legal which is shared with respective Terminal / Business via email. | **Manager - Legal** | **HOD - Legal** | **As and when** | **Manual** |
| * 1. **PPR (Possible, Provision, and Remote) Analysis**   Refer Activity 3.4.2 of FSCP’s SOPP | **-** | **-** | **-** | **-** |
| * 1. **Hiring of External Law Firms/Legal Counsels:** In case, HOD - Legal deems it necessary to seek external consultancy from legal firms or legal counsels, they may hire an external law firm to defend the case and provide legal representation. In special cases, approval from the Managing Director is also required before engaging external law firms.   If new litigation arises requiring the hiring of external legal counsel or a law firm at the entity level, the user department, in consultation with the terminal/business head, will notify the legal team. The legal team will then recommend suitable external legal counsel or law firms for the entity.  *Refer DOA* | **Manager - Legal** | **HOD - Legal** | **As and when** | **Manual** |
| * 1. **Court Filing and Documentation:** External Law firms / Legal Counsel will file the required relevant documents in the Court only after the approval from HOD – Legal over mail communication.   *Refer DOA*  The legal counsel or representative of the external law firm will appear in court on behalf of the company, providing real-time / EOD updates to the Manager - Legal. Manager - Legal will then update the litigation tracker based on any progress in the case following the hearing followed by the review of HOD - Legal. | **Representative – External Law Firm / Legal Counsel** | **HOD - Legal** | **As and when** | **Manual** |
| * 1. **Penalty Management:** In cases where an order is passed against the Company and penalty is payable as per the court order, the HOD-Legal will inform the HOD-User about such order and further advise along the course of action including filling of further appeal. In case where Company is not standing with a strong case against such order, HOD-User will discuss with Terminal Head / Business Head for payable amount. HOD – User then notify the Manager - F&A to process the payment.   *Refer DOA*  In case the Counterparty is Government Agency, consultation with Managing Director is required.  *Refer DOA* | **Manager – User and Manager - Legal** | **HOD – User and HOD - Legal** | **As and when** | **Manual** |
| **Settlement and Mediation:** In case counterparty or the company seeks an out-of-court settlement, HOD – User obtains Terminal Head / Business Head approval over email communication for the same.  HOD - Legal will recommend feasible options for resolving or managing litigation. However, the final decision regarding out-of-court settlements remains with the Terminal/Business head.  In case of Out of Court settlement involving Government Agency, Approval from Managing Director is required.  *Refer DOA* | **HOD – User** | **Terminal / Business Head** | **As and when** | **Manual** |

### 

### Key Performance Indicators (KPI’s)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Attribute** | **Objective** | **Base Line** | **Target** | **Action Plan** |
| Response Time to Legal Cases | Measure the efficiency and timeliness of preparing responses to cases filed by or against the company. This ensures that legal responses are prepared in accordance with legal requirements and without unnecessary delays. | XX | XX | XX |
| Litigation Strategy Development Efficiency | Track the time taken from case analysis to the development of a litigation strategy. A timely strategy ensures the company can act swiftly to protect its interests while minimizing unnecessary costs. | XX | XX | XX |
| Accuracy and Completeness of Litigation Tracker | Ensure that the litigation tracker accurately reflects all relevant case details and updates. This helps maintain a clear overview of ongoing cases and aids decision-making. A higher accuracy rate ensures that no updates are missed and that relevant stakeholders are kept informed. | XX | XX | XX |
| Accuracy of PPR Risk Assessment | Evaluate how accurately the legal team can assess and identify compliance risks. The higher the accuracy, the better the company is prepared for future legal challenges or financial contingencies. | XX | XX | XX |

### Compliance Tool Updating and Maintenance

### Process Flow

### 

### 

### Process Narrative

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Responsibility** | **Accountability** | **Frequency** | **System/ Manual** |
| * 1. **User rights modification** In the event of a change in the job role or termination of a EXEC - User, the Manager – User / HOD – User will raise the ticket to IT Team and IT Team will inform Legatrix team to update the performer/reviewer in the system. The Legatrix team will then submit a request in the system for the HOD – User’s approval to modify the user rights.   Legatrix Team allocates the user rights to the respective user and updates the status of the request after providing feedback on the request.  After successful modification of user rights, IT team will close the ticket.  An audit trail function is also available in the Legatrix tool to understand through IT logs the changes (addition/deletion/modification) done in the Legatrix tool system | **Manager - User** | **HOD - User** | **As and when** | **System** |
| * 1. **User Complaints and Feedback** EXEC / Manager – User raises a request from AskIT Tab for complaint and provides the description for the complaint. IT team will connect with the Legatrix Team to resolve the complaints and close the ticket once resolved. | **EXEC / Manager - User** | **-** | **As and when** | **System** |

### Key Performance Indicators (KPI’s)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Attribute** | **Objective** | **Base Line** | **Target** | **Action Plan** |
| Ticket Closure Time by IT Team | Track the time it takes the IT team to close the ticket once the user rights modification process is completed. Faster closure ensures that the process is streamlined and no unnecessary delays occur. | XX | XX | XX |
| Ticket Closure Time by IT Team | Measure the time it takes the IT team to close the ticket once the complaint has been resolved. Fast ticket closure indicates that issues are not only resolved quickly but also properly documented and processed. | XX | XX | XX |

### Compliance Education and Training

### Process Flow

### 

### Process Narrative

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Responsibility** | **Accountability** | **Frequency** | **System/ Manual** |
| * 1. **Identification of new employees joining and pending compliances** HOD -User provides training to the EXEC / Manager - User as and when needed. | **HOD - User** | **-** | **As and when** | **System** |
| * 1. **Training to Employees** In the case of a new employee joining, the HOD - User will provide training based on availability. | **HOD - User** | **-** | **As and when** | **System** |

### Key Performance Indicators (KPI’s)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Attribute** | **Objective** | **Base Line** | **Target** | **Action Plan** |
| Time to Complete Compliance for New Employees | Track the time it takes to ensure that all compliance requirements (documentation, system access, etc.) for the new employee are fulfilled. Ensuring compliance quickly reduces risks and ensures a smooth onboarding process. And no unnecessary delays occur. | XX | XX | XX |
| Training Effectiveness (Employee Feedback) | Collect feedback from employees on the effectiveness of the training program, evaluating how well it prepared them for their role. High ratings indicate that the training is meeting the needs of the employees and is aligned with job requirements. | XX | XX | XX |