



# KOMRISK

Enabling Compliance

## Case Study

*Implementing Komrisk at the third largest Systematically Important NBFC – majority control and ownership with one of the top 3 Indian PSU Banks*

# Background & Overview

## Problem

- Did not have verified database of compliances
- Frequent Regulatory changes could not be tracked
- Risk penalty could not be pre-empted
- Reporting was time consuming and was not accurate

## What

Client required framework and solution to address above mentioned problems and to manage its compliance portfolio in a person independent, seamless manner.

## How

Lexplosion used its expertise and skills to:

1. assess & analyze and the operations and risk profile of Client;
2. Conduct gap assessment to identify areas of compliance risk;
3. Identify the risk areas emerging from compliance, policies and operations
4. Provided the universe of compliance tasks applicable to Client and assisted in rolling out appropriate policies to counter risk
5. Carried out domain and technical training on new framework
6. Presented report after 3 months usage to show effectiveness of new risk framework.

## Deliverables

Lexplosion will provide:

1. List of identified gaps;
2. Remediation of identified gaps;
3. New risk framework to address problems effectively;
4. License to Komrisk Solution;
5. Checklist of customized compliances, policy drafts and internal tasks;
6. Complete deployment of Komrisk to address the gaps and anticipate, prevent, report future risks;
7. Multiple trainings for users to ensure comfort with system;
8. User licenses;
9. Ongoing intimation of regulatory/statutory updates and updation of checklist
10. Ongoing upgrades to Komrisk to improve workflows and UI;
11. Continuous tech support and query resolution

# Scope & Results

Type of Unit	No.
Head/registered office	1
Branch offices	3
Backoffice	1

Particular	No.
No of laws Identified	156
No of Compliances Identified	3266
No of new laws	6
No of Policies created	8

Particular	No.
Risk Areas identified	16
Risk mitigation measures implemented	10
Risk reduction %age	65%
Task completion rate after 3 months	96%



Deployment Timeline – 35 days



Quarterly Filings – 25 items



Functional Queries resolved – 25



All Users Trained (~70)  
4 Online Training Sessions



Registers Maintained– 25 items

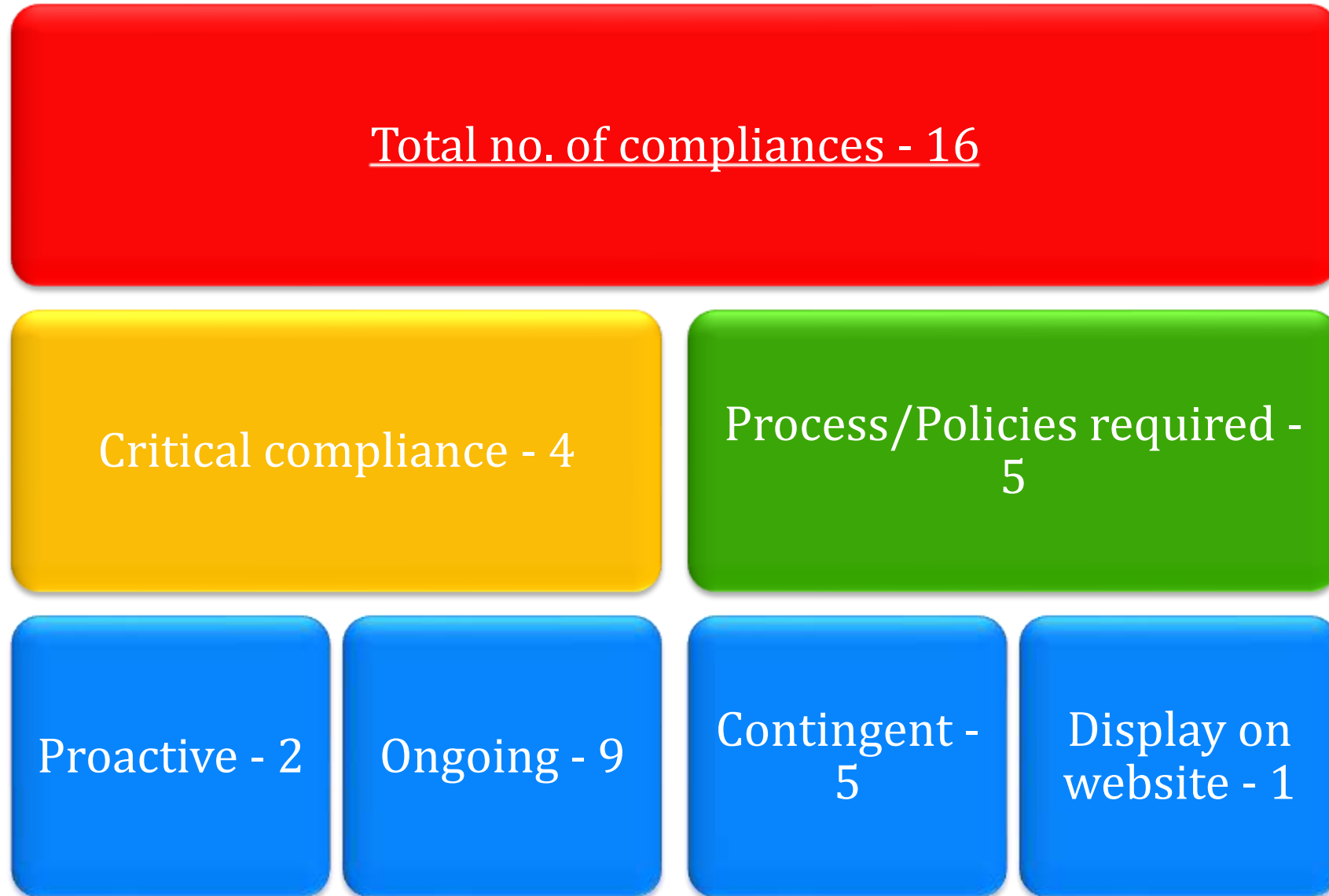


Avg. Resolution TAT – 48 hours

# List of Laws Identified

- Non-Banking Financial Company Returns Directions, 2016**    **Fair Practices Code, 2015**    **RBI Act, 1934**  
NBFCs Auditor's Report Directions, 2016    Miscellaneous Instructions To NBFC, 2010
- Monitoring Of Frauds In NBFCs Directions, 2016**    **Credit Information Companies Regulations, 2006**  
Prevention Of Money Laundering Act, 2002    **Miscellaneous Instructions To All NBFCs Dated 01 July, 2015**
- Credit Information Companies Act, 2005**    **Prevention Of Money Laundering Rules, 2005**  
Know Your Customer Direction, 2016    Master Circular On Credit Card, Debit Card And Rupee Denominated Co-Branded Pre-Paid Card Operations Of Banks And Credit Card Issuing NBFCs, 2016
- Ombudsman Scheme For NBFCs, 2018**    **Notification On Provision Of Safe Deposit Locker Facility by NBFCs Dated 28 January 2016**
- SEBI Circular Dated September 21, 2018**    Information Technology Framework For The NBFC Sector, 2017  
NBFC Systemically Important Non-Deposit Taking Company And Deposit Taking Company Directions, 2016
- National Financial Reporting Authority Rules, 2018**    **Epidemic Diseases Act, 1897**
- Competition Act, 2002**    **Central Goods And Services Tax Act, 2017**
- Directions On Managing Risks and Code Of Conduct In Outsourcing Of Financial Services By NBFCs, 2017**    **Companies Act, 2013**
- Integrated Goods And Services Tax Act, 2017**    **Competition Commission Of India Regulations, 2011**

# RBI Master Circular - Fair Practices Code: Compliance Tasks Breakdown



# Compliance Task List

Clause No.	Task	Penalty
1 r/w 2.A	Adoption of Fair Practices Code - Applicable to all NBFCs	
2.A (i)	Implement a process to facilitate loan - Applicable to all NBFCs	1. a) furnishing false or incorrect information or misrepresentation in any application, declaration, return, invitation of deposit, prospectus, or b) failure to produce any book, account or other document, statement or information as may be required under this Act or any order, regulation, direction made under this Act – Fine up to Rs. 5,000/- may be imposed.
2.A (i)	Issue acknowledgement receipt upon receiving loan application- Applicable to all NBFCs	
2. A (ii) r/w 2.A(iv)	Steps to be taken prior to loan disbursement -Applicable to all NBFCs	
2. A (iii)	Inform the borrower in the event of any change in the terms and conditions-Applicable to all NBFCs	
2. A (iii) (b)	Recalling/accelerating payment or performance in accordance with the loan agreement- Applicable to all NBFCs	
2. A (iii) (c)	Release of securities upon repayment of all dues/realisation of the outstanding amount of loan-Applicable to all NBFCs	
2. A (iv)-(b)	Consent or object the transfer of borrowal accounts - Applicable to NBFCs	
2. A (v)	Set up a Grievance Redressal Mechanism-Applicable to all NBFCs	
2. A (v)	Ensure redressal of disputes and complaints -Applicable to all NBFCs	
2. A (v)	Submission of report of the periodical reviews to the Board-Applicable to all NBFCs	
2.A (vii) r/w 2.A (viii) r/w 2(A)(ix)	Regulation of excessive interest so charged - Applicable to all NBFCs	2. (a) failure to obtain registration, or (b) receipt of deposit in contravention of the RBI Act, 1934, or (c) failure to comply with any direction or order of RBI – Fine up to Rs. 5,00,000/- or twice the amount involved in such contravention, whichever is higher. If such offence continues – additional fine up to Rs. 25,000/- per day for every day such contravention continues.
2.A (viii) (b)	Disclosing interest rates on loans and advances and its updation-Applicable to all NBFCs	
2.A (ii) r/w 2.A (iii)	Disclosures to be made in loan agreement with the borrower - Applicable to all NBFCs in case of repossession of vehicles financed by the NBFCs	
2.C (i) r/w 2.C (ii)	Additional guidelines for lending against collateral of gold jewellery - Applicable to all NBFCs	
2. A (vi)	Display the information regarding the Grievance Redressal Mechanism - Applicable to all NBFCs	

# Improvements

*After successful deployment and post 3 months of usage, following improvements in compliance were observed*



*Identified all applicable compliance tasks and received live checklist*



*Data-backed, instant reports and certifications – TAT reduced 95%*



*All documents/proofs in central archive with access controls*



*Reduced instances of non-compliance by 89%*



*Alerts & Escalations ensures all users are aware of due dates/deadlines*



*All stakeholders on same page*



*Tracking expenses involved in managing risk*



*Consultants/vendors engaged and aware of responsibilities*

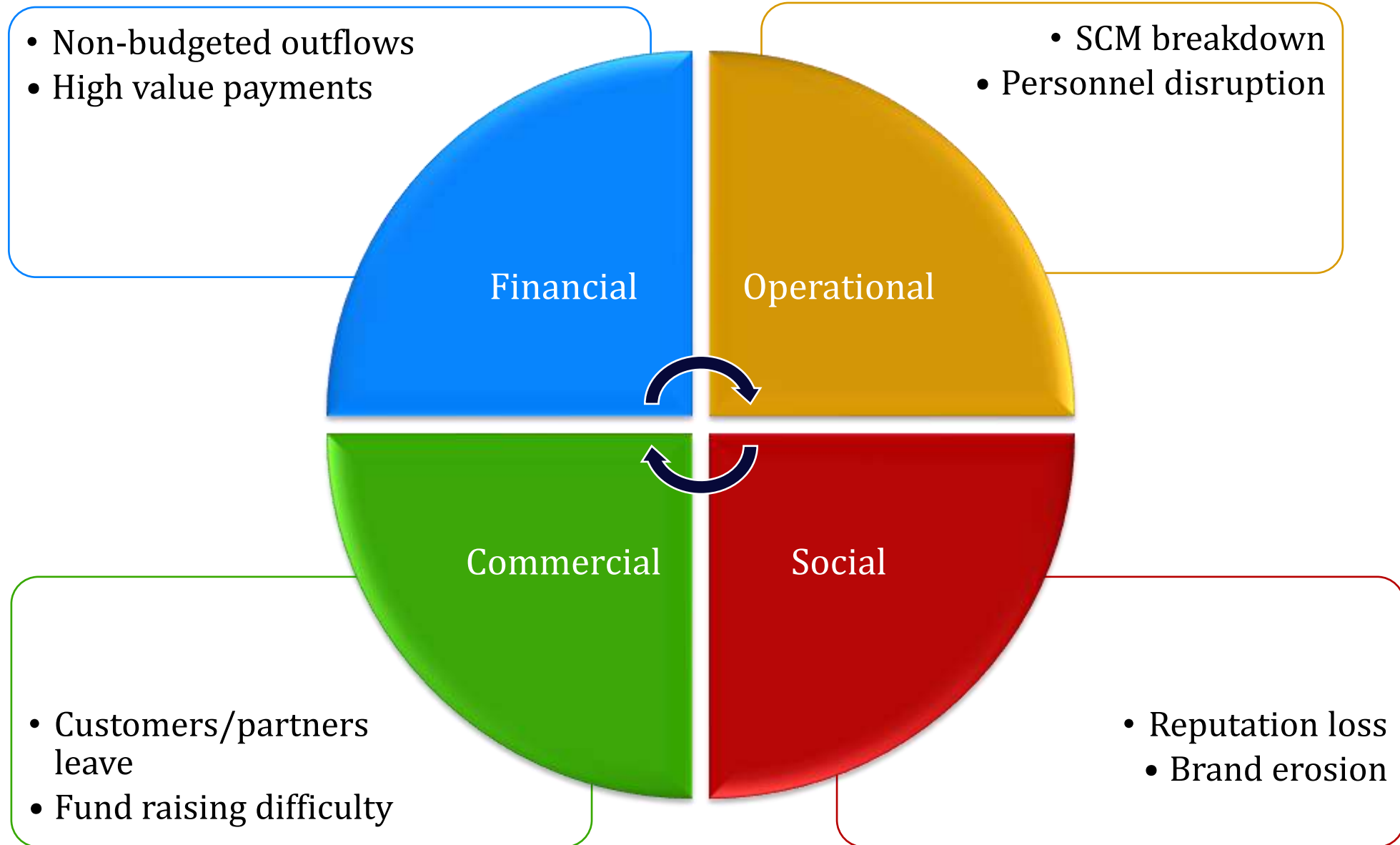
# Legal Risk Management Overview



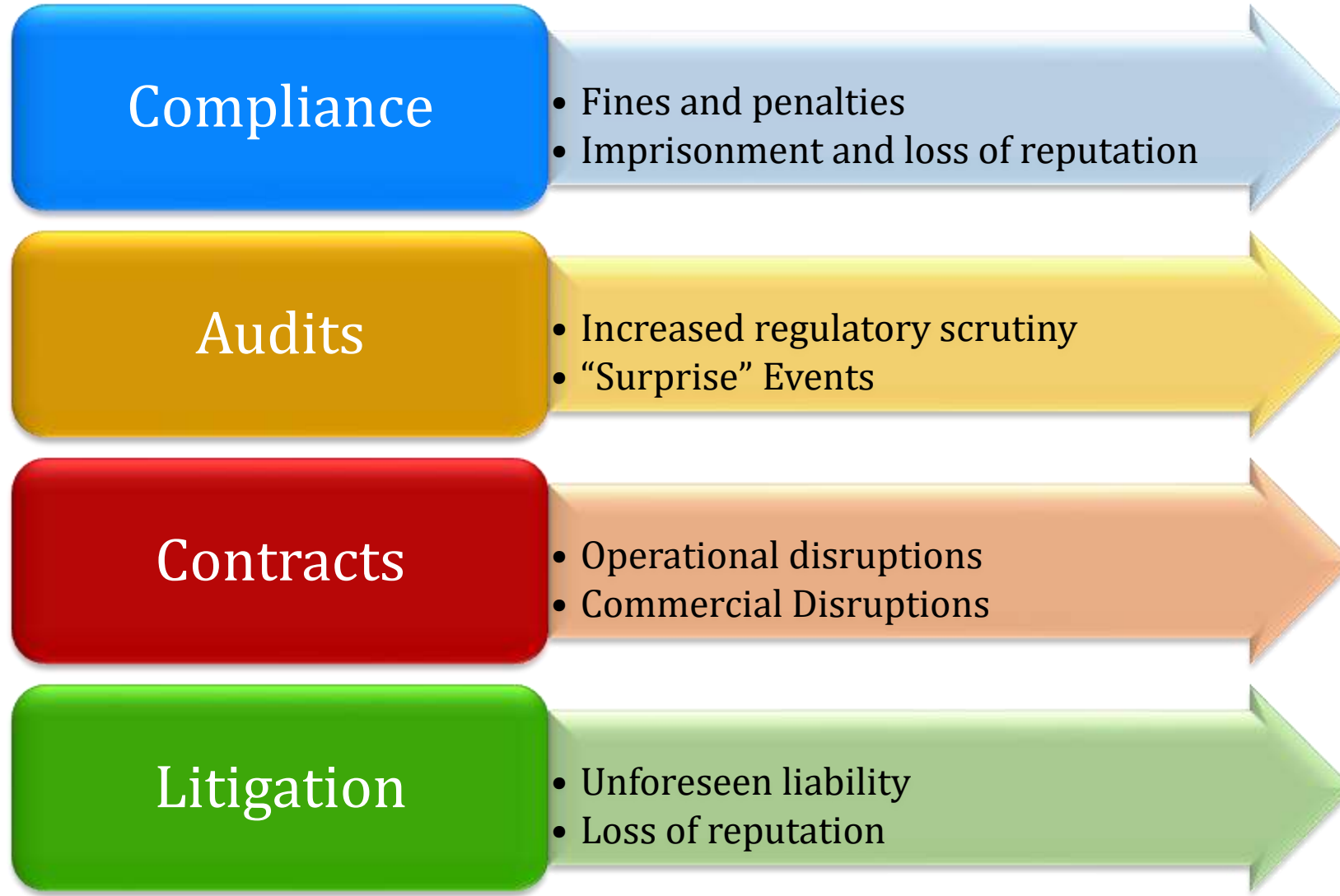
# Risk Management Overview



# Risk Parameters



# Risk Areas





# LEXPLOSION Value Proposal

# How can Lexplosion help?

## **Create Risk framework**

- Identify risk areas
- Define and implement controls
- Define assessment and performance metrics
- Identify and train stakeholders

## **Assessment**

- Periodic Audits
- Evaluation of reports

## **Software driven solution delivery**

- Cloud solutions with quick deployment
- Person independent
- Continuous upgrades and improvements

## **Project Management**

- Change management to ensure success
- 3<sup>rd</sup> party risk assessment
- Goal vs achievement

## **Continuous improvement and best practises**

- Legal Updates and current trends
- Software improvements
- Process improvements



# How can Lexplosion help?

## **Create Contracting Standards**

- Draft model templates for all types of commonly used contracts
- Create Playbook for streamlining review and negotiations
- Define deviations and escalations

## **Assessment**

- Conduct due diligence of contract portfolio to determine gaps and risk areas
- Create repository and summary of entire contract portfolio

## **Software driven solution delivery**

- Cloud solutions to automate pre & post execution of all contracts
- Monitor and manage the entire contract lifecycle
- Create reports on contract portfolio
- Analyse and assess user and vendor performance
- Forecast and track obligations and cashflows

## **Project Management**

- Second resources to assist in contract drafting/reviewing/reporting
- Set-up centralised contract process for all group companies and departments

## **Continuous improvement and best practises**

- Software improvements
- Process improvements
- Intimation of current trends and forecasts in laws that affect contracts



# How can Lexplosion help?

## **Create Operating Standards**

- Draft model templates for all types of commonly used documents
- Create SOP's for court and internal processes for managing litigations and notices
- Create processes for better matter management and task handling

## **Assessment**

- Conduct due diligence of litigation portfolio to determine gaps and liabilities
- Create repository and summary database of entire litigation portfolio

## **Software driven solution delivery**

- Cloud solutions to manage, monitor and report on Litigation portfolio
- Monitor and manage the entire lifecycle from notice to final decree
- Create automated and data-backed reports
- Analyse and assess user and external lawyer performance
- Real time status of contingent liabilities and risks
- Create and assign tasks to internal users and external lawyers
- Track counsel fee and expenses in real time

## **Continuous improvement and best practises**

- Software improvements
- Process improvements
- Intimation of current trends and forecasts in laws that affect litigation process



THANK  
YOU



## Get In Touch

### **Headquarters**

Lexplosion Solutions Private Limited  
Mani Casadona, Office No. 12ES14, 12th  
Floor, Plot No. IIF, Action Area IIF/04,  
Newtown, Rajarhat, Kolkata – 700135  
T. +91.33.40 61 80 83/84/85, F.  
+91.33.40 61 80 86

### **Mumbai Office**

Lexplosion Solutions Private Limited  
Awfis, Parinee Crescenzo, 1B-1003, G  
Block BKC, Bandra Kurla Complex,  
Bandra East, Mumbai – 400051, India

### **NCT (Delhi) & Registered Office**

Lexplosion Solutions Private Limited  
D-20 Hauz Khas, Ground Floor,  
New Delhi – 110016, India

### **Bangalore Office**

Lexplosion Solutions Private Limited  
Regus, CBD Bangalore, Level 9 Raheja Towers,  
26-27 Mahatma Gandhi Road,  
Bangalore - 560 001, India

**[www.lexplosion.in](http://www.lexplosion.in)**

+91 33 40618083/84/85

**[inquiries@lexplosion.in](mailto:inquiries@lexplosion.in)**