

**OUTSOURCING POLICY**  
**OF**  
**SATTVA HOLDING AND**  
**TRADING PRIVATE LIMITED**

# **OUTSOURCING POLICY**

## **INTRODUCTION:**

The purpose of this document is to define the outsourcing policy for the company Sattva Holding and Trading Private Limited (hereinafter referred to as "Sattva"/" Company") is a Private Limited Company incorporated under the Companies Act, 1956 which is a debt listed Company, listed on BSE Limited and registered with RBI as ND-SI-CIC (Non-Deposit taking Systemically Important Core-Investment Company)

Sattva is an Investment Company which holds investment in its various Group Companies.

## **PREAMBLE:**

This Policy shall be termed as Outsourcing Policy of Sattva. The terms in this policy shall be considered as defined by the Reserve Bank of India in its various directions, guidelines as issued and may be issued from time to time and, or as defined herein below.

Outsourced services may include such activities that may need expert advise, opinion and attention which shall help conducting Sattva, its operations in a smooth, efficient and effective manner.

## **OUTSOURCING:**

'Outsourcing' is defined as the NBFC's use of a third party (either an affiliated entity within a corporate group or an entity that is external to the corporate group) to perform activities on a continuing basis that would normally be undertaken by the NBFC itself, now or in the future. 'Continuing basis' includes agreements for a limited period.

This policy is designed to manage the risks associated with outsourcing activities agreements including Strategic Risks, Reputation Risk, Compliance Risk, Operational Risk, Legal Risk, Exit Strategy Risk, Counterparty Risk, Country Risk, Contractual Risk, Access Risk, Concentration and Systematic Risk.

## **ACTIVITIES THAT SHOULD NOT BE OUTSORCED:**

The Company shall not outsource core management functions including Risk Management, Strategic and Compliance functions and decision-making functions, management of investment portfolio, etc. The activities which shall weaken or compromise Internal Control, Business Conduct or Reputation shall not be outsourced.

## **ROLES AND RESPONSIBILITY**

Approving a framework to evaluate the risks and materiality of all existing and prospective outsourcing activities and the policies that apply to such arrangements;

- Deciding on business activities of a material nature to be outsourced and approving such arrangements;
- Setting up suitable administrative framework of senior management for the purpose of these directions;
- Undertaking regular review of outsourcing strategies and arrangements for their continued relevance, safety and soundness;
- Shall take the responsibility for the actions of their service provider

#### **MATERIAL OUTSOURCING:**

Material outsourcing arrangements are those which, if disrupted, have the potential to significantly impact the business operations, reputation or profitability. Materiality of outsourcing would be based on:

1. The level of importance to the Company of the activity being outsourced as well as the significance of the risk posed by the same;
2. The potential impact of the outsourcing on the Company on various parameters such as earnings, solvency, liquidity and risk profile;
3. The likely impact on the Company's reputation and brand value, and ability to achieve its business objectives, strategy and plans, should the service provider fail to perform the service;
4. The cost of the outsourcing as a proportion of total operating costs of the Company; and
5. The aggregate exposure to that particular service provider, in cases where the Company outsources various functions to the same service provider and the significance of activities outsourced

#### **DISCRETION OF OUTSOURCED ACTIVITIES:**

**The discretion for outsourcing activities will rest with Management of the Company, who will be responsible for the following:**

1. Evaluating the risks and materiality of all existing and prospective outsourcing, based on the policy and norms approved by the Board;
2. Developing and implementing efficient and effective outsourcing policies and procedures commensurate with the nature, scope and complexity of the outsourcing activities;
3. Board shall review the policy from time to time;
4. Communicating information pertaining to material outsourcing risks to the Board in a timely manner;

5. Ensuring that there is independent review and audit for compliance with set policies

**OTHER FORMALITIES TO BE CONDUCTED:**

**AGREEMENTS:** The terms and conditions governing the contract between the Company and the service provider shall be carefully defined in written agreements and vetted by the Principal Officer and Company Secretary on their legal effect and enforceability.

Some of the focal points to be kept in mind during a contract:

1. The contract shall clearly define what activities are going to be outsourced including appropriate service and performance standards;
2. The Company must ensure it has the ability to access all books, records and information relevant to the outsourced activity available with the service provider;
3. The contract shall provide for continuous monitoring and assessment by the Company of the service provider so that any necessary corrective measure can be taken immediately;
4. A termination clause and minimum period to execute a termination provision, if deemed necessary, shall be included;
5. Clauses to allow the Reserve Bank of India or persons authorised by it to access the NBFC's documents, records of transactions, and other necessary information given to, stored or processed by the service provider within a reasonable time;
6. A clause to recognise the right of the Reserve Bank to cause an inspection to be made of a service provider of an NBFC and its books and account by one or more of its officers or employees or other persons; and
7. Such other provisions deemed necessary by the Board / Principal Officer / Company Secretary or such mandated by any law considering the kind of activities and size of the operations of the Company.

**CONFIDENTIALITY AND SECURITY:**

The Company shall seek to ensure the preservation and protection of confidential data and documents.

**WEBSITE:**

The Board Approved-Outsourcing Policy will be hosted on the Company's website i.e. [www.sattvaholding.com](http://www.sattvaholding.com)