

# **Policy on Outsourcing of Activities**

## **1. Foreword:**

- 1.1. This policy emanates from Circular CIR/MIRSD/24/2011 dated December 15, 2011 issued by the Securities and Exchange Board of India (“SEBI”) in respect of Guidelines on Outsourcing of Activities by Intermediaries (“December 2011 Circular”/ “SEBI Circulars”).
- 1.2. SEBI through the December 2011 Circular directed all intermediaries including Debenture Trustees, to formulate and document an outsourcing policy duly approved by the board of directors based on the guidelines mentioned therein.

## **2. Objective:**

To ensure that core activities as specified in the abovementioned SEBI Circulars are not outsourced and that whenever any activity is outsourced, checks and balance outlined in this policy are observed.

## **3. Prohibition on Outsourcing:**

- 3.1. Beacon Trusteeship Limited (“BTL”) as a Debenture Trustee shall not outsource its following core activities:-
  - a. Calling for the periodical reports;
  - b. Monitoring and redressal of investor grievances;
  - c. Intimation to the Credit Rating Agencies, Stock Exchange, Depositories, SEBI or any other regulatory body to the extent possible;
  - d. Convening the meeting of debenture holders/ bondholders
  - e. Holding the security for the benefit of debenture holders/ bondholders
  - f. Compliance Functions.

## **4. Implementation:**

- 4.1. The department of BTL which proposes to outsource its activities should ensure that risk impact analysis is undertaken before out sourcing an activity and that the activity to be outsourced is a non core activity.
- 4.2. BTL shall conduct appropriate due diligence in selecting the third party and in monitoring of its performance.
- 4.3. The due diligence undertaken by BTL shall include assessment of:
  - a. third party’s resources and capabilities, including financial soundness, to perform the outsourcing work within the timelines fixed;
  - b. compatibility of the practices and systems of the third party with Beacon’s requirements and objectives;
  - c. market feedback of the prospective third party’s business reputation and track record of

- d. their services rendered in the past;
- d. level of concentration of the outsourced arrangements with a single third party;

- 4.4. Outsourcing relationships will be governed by written contract arrangements/ terms and conditions that clearly describe all material aspects of the outsourcing arrangement, including the rights, responsibilities and expectations of the parties to the contract, termination procedures. A separate confidentiality/ non-disclosure agreement will be entered into with the counterparty prior to any outsourcing of activities.
- 4.5. Vendor selected for outsourcing any activity should be of repute and should have experience and expertise in the line of business that he is handling by checking its antecedents.
- 4.6. There should not be conflict of interest in the process of selection of a vendor.
- 4.7. Vendor shall have Business Continuity and Disaster Recovery Plan in place so as to ensure uninterrupted service to BTL and for taking care of contingencies.
- 4.8. Agreement with the vendor should contain clause pertaining to non-poaching of employees.
- 4.9. Vendor should not be allowed to further assign/sub-contract the activities to any third party without BTL's consent in writing.
- 4.10. The concerned department which proposes to outsource its activities shall take the approval of any \_\_\_\_\_ of \_\_\_\_\_ the following for appointment of vendor by detailing in the memorandum how the selection of vendor has been done as per the laid down policy:
  - a. Mr. Pratapsingh Nathani, Chairman & Managing Director
  - b. Mr. Vitthal Nawandhar, CEO & Director
  - c. Mr. Kaustubh Kulkarni, Executive Director
  - d. Mr. Jaydeep Bhattacharya, Senior Vice President

## **5. Audit**

The department which proposes to outsource any activity should describe in the memorandum detailed task to be outsourced to a vendor, so that the memorandum acts as a basis / reference point for audit of activities.

## **6. Caveat**

No outsourcing arrangement should impair the ability of BTL / Auditor /Regulator to exercise its responsibility of supervision/inspection.

## **7. Review**

The concerned department which has outsourced its activities shall review the arrangement at regular intervals in the wake of changing business environment.