



CAPITAL TRADE

LINKS LTD.

CIN : L519090DL1984PLC019622

OUTSOURCING POLICY
OF
CAPITAL TRADE LINKS LIMITED

OUTSOURCING POLICY

INTRODUCTION:

The purpose of this document is to define the outsourcing policy for the company M/s Capital Trade Links Limited (hereinafter referred to as "CTL"/" Company") is a Public Limited Company incorporated under the Companies Act, 1956. CTL is a Non-Systematically Important and Non- Deposit taking NBFC registered with RBI.

The Company is in the business of providing funds/credit facility for various purposes to various customers i.e. for personal loan, loan against property, SME loan, Vehicle Loan, Business Loan, etc.

PREAMBLE:

This Policy shall be termed as Outsourcing Policy of Capital Trade Links Limited. 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 financial services include applications processing loan origination System (LOS), document processing, marketing and research, supervision of loans, data processing and back office related activities etc. Outsourcing business is often characterized by expertise not inherent to the core of the client organization.

1. OUTSOURCING:

Outsourcing involves the use of a third party service provider in any number of operational functions to perform ongoing activities (including agreements for a limited period). This policy is designed to manage the risks associated with outsourcing activities agreements.

2. RBI DIRECTION:

RBI has issued directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs. The directions are applicable to material outsourcing arrangements which may be entered into by an NBFC with a service provider located in India or elsewhere. The service provider may either be a member of the group/ conglomerate to which the NBFC belongs or an unrelated party. These directions are concerned with managing risks in outsourcing of financial services and are not applicable to technology-related issues and activities which are not related to financial services, such as usage of courier, catering of staff, housekeeping and janitorial services, security of the premises, movement and archiving of records etc.

3. ACTIVITIES THAT SHOULD NOT BE OUTSORCED:

The Company shall not outsource core management functions including Internal Audit, Strategic and Compliance functions and decision-making functions such as determining compliance with KYC norms for opening loan accounts, according sanction for loans and management of investment portfolio.

4. 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
- Shall take the responsibility to maintain the confidentiality of information pertaining to the customers that is available with the service provider;

5. MATERIAL OUTSOURCING:

Material outsourcing arrangements are those which, if disrupted, have the potential to significantly impact the business operations, reputation, profitability or customer service. 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, funding capital 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 in context of customer service and protection

6. 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;
6. No part of the outsourced activity shall be sub-contracted unless and otherwise specifically stipulated in the contract explicitly.

Any proposal by service provided to subcontract, at a later stage, shall be after accessing various risks to which the activity is exposed to and with prior written approval of the Risk Management Committee of the Company.

A proper cost benefit analysis of the outsourced activity should be done before awarding the outsourcing contract; the decision to outsource or not should be taken with due regard to the cost benefit analysis so done.

7. 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 Company Secretary on their legal effect and enforceability. Every such agreement shall address the risks and risk mitigation strategies. The agreement shall be sufficiently flexible to allow the Company to retain an appropriate level of control over the outsourcing and the right to intervene with appropriate measures to meet legal and regulatory obligations. The agreement shall also bring out the nature of legal relationship between the parties - i.e. whether agent, principal or otherwise.

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. Controls to ensure customer data confidentiality and service providers' liability in case of breach of security and leakage of confidential customer related information shall be incorporated;
6. The contract shall provide for the prior approval/ consent by the Company of the use of subcontractors by the service provider for all or part of an outsourced activity;
7. it shall provide the Company with the right to conduct audits on the service provider whether by its internal or external auditors, or by agents appointed to act on its behalf and to obtain copies of any audit or review reports and findings made on the service provider in conjunction with the services performed for the Company;
8. outsourcing agreements shall include clauses to allow the RBI or persons authorised by it to access the Company's documents, records of transactions, and other necessary information given to, stored or processed by the service provider within a reasonable time;

9. outsourcing agreement shall also include a clause to recognize the right of the RBI to cause an inspection to be made of a service provider of an Company and its books and account by one or more of its officers or employees or other persons;

CONFIDENTIALITY AND SECURITY:

Public confidence and customer trust in the Company is a prerequisite for the stability and reputation of the Company. Hence, the Company shall seek to ensure the preservation and protection of the security and confidentiality of customer information in the custody or possession of the service provider.

8. WEBSITE:

The Board Approved-Outsourcing Policy will be hosted on the Company's website i.e. www.capitaltrade.in for our customer's information and benefit as mentioned in the RBI's circular