COMPOSITE SECURITIES LIMITED

POLICY ON OUTSOURCING

Guidelines on Outsourcing of Activities

Though our organization, Composite Securities Limited, is at present not outsourcing any major intermediary activity, nonetheless we have formulated this policy keeping in mind the future needs of the organization within the guidelines set by SEBI and the Exchanges.

Hence, in case of any outsourcing activity by our organization, we would keep in mind the following points while appointing a third party to oversee the functioning of the desired activity:

1. We will ensure high standards of service, exercise due diligence, and ensure proper care in their operations.

2. We would outsource with a view to substantially reducing costs or for strategic reasons.

3. We would bear in mind that outsourcing activities through a third party may pose the following risks: operational risk, reputational risk, legal risk, country risk, strategic risk, exit-strategy risk, counterparty risk, concentration risk, and systemic risk. Such risks need to be mitigated to the maximum possible extent.

4. We will follow the principles for outsourcing as laid down by SEBI in Annexure I.

5. However, the following activities shall not be outsourced: core business activities and compliance functions. A few examples of core business activities include execution of orders and monitoring of clients' trading activities in the case of stock brokers; dematerialization of securities in the case of depository participants; and investment-related activities in the case of Mutual Funds and Portfolio Managers. Regarding Know Your Client (KYC) requirements, we shall comply with the provisions of the SEBI (KYC (Know Your Client) Registration Agency) Regulations, 2011 and the guidelines issued thereunder from time to time.