PREMIER FERRO ALLOYS & SECURITIES LIMITED

Business Continuity Policy

1. Introduction

1. Business continuity means maintaining the uninterrupted availability of all key business resources required to support essential operations of an entity. A Business Continuity Policy (BCP) is a strategic measure adopted by a company for laying down the parameters for identifications of threats and risks the company is exposed to, determining the impact they can have on the operations, designing safeguarding measures and preparing a framework for periodic review of the process.

2. A company's business strategies and decisions are based on an assumption of the business continuing. Among other things, business continuity planning is about putting in place measures that seek to prevent business interruption events from occurring in the first place. It also encompasses establishing appropriate responses should such an event occur. A BCP is therefore, a part of the Operational Risk Management of the Company.

3. Further, the Reserve Bank of India vide its Master Direction - Information Technology Framework for the NBFC Sector requires all Non-Banking Financial Companies (NBFC) to devise a business continuity plan, formulated by the Chief Information Officer (CIO), approved by the Board of Directors of the company.

2. Scope

BCP is designed to minimise the operational, financial, legal, reputational and other material consequences arising from a disaster. This policy covers all kinds of risks faced by an organisation including operational, financial, legal and reputational. After identification of various risks faced by an organisation, the gap analysis shall be conducted. Gap Analysis shall be done under the supervision of Chief Information Officer (CIO). CIO shall continue to be responsible for formulation, review and monitoring of BCP. The BCP shall be updated after taking into consideration insights from Board of Directors of the Company.

This BCP has been broken down into the following six parts which have been dealt with at a length below:

i. Identification of business activities and critical processes
ii. Business impact analysis
iii. Business continuity and disaster recovery
iv. Implementation of business continuity and disaster recovery plan
v. Training structures
vi. Regular testing and updation

PREMIER FERRO ALLOYS & SECURITIES LTD. Kolkata

3. Identification of business activities and critical processes

1. The various departments of the Company, as identified by the Risk Manager, in terms of the Risk Management Policy of the Company, shall identify critical processes in each of the departments, time involved, details of back-up of resources.

2. The information so collected from the respective departments shall be screened by the Risk Manager so as to ensure a common understanding and consistency of approach and terminology. The persons designated to represent the departments must be at a level that will balance the amount of detail and usefulness to senior management and the overall process.

3. Provided below is a format for collection of information from each of the departments. The Risk Manager may, however, suitably amend the table based so as to achieve better outcome, if it deems fit.

TABLE 1. NBFC CRITICAL SYSTEMS FRAMEWORK			
System	**Time Period (minutes, hours or days)**	**Data back-up (time and location)**	**Access Location (alternate site or data centre)**

4. Business Impact Analysis

1. The business of the Company can be broadly divided into two activities as follows:

   i. Fund based activities – comprising of hire purchase/ lease financing, bill discounting, inter-corporate loans, loan against property, capex /working capital loan, consumer financing, proprietary investment management etc.; and

   ii. Non-fund-based activities – comprising of merchant banking, loan syndication, advisory services, broking, registrar and share transfer agency, foreign exchange related business etc.

2. For each category of operational risk and incident that may affect the Company, as set out in Table 2, CIO/ Risk Manager/ such other person(s) designated by the Board should assess the risk exposures as a result of an incident or event affecting the operations. The probability of contingencies may be categorised as Very High / High / Medium / Low / Very Low Probability and the impact of the

PREMIER FERRO ALLOYS & SECURITIES LTD. Kolkata

contingencies may be categorised as Catastrophic / Major / Moderate / Minor / Insignificant Impact.

TABLE 2: INCIDENTS THAT MAY AFFECT NBFC OPERATIONS		
Infrastructure and Technology Failures		
Power failure	Hardware failure	Software failure
Data corruption including viruses	LAN/WAN/Intranet/ Internet Failure	Internal flood (sprinklers, pipes)
Voice network failure	Theft of equipment	Theft of data/information
Poor maintenance	Accidental damage	Sabotage
Incidents where Access to Premises is Denied		
Flooding or a fire concern	Health and safety violation	Hazardous chemicals accident
Gas or chemical leak	Industrial action or riot	Bomb or terrorist threat
Building fire or explosion	Internal/external flood	Sabotage or terrorism
Key Service Providers or Resource Failures Dependencies		
Failure of key service providers (telephone, internet, banking etc)	Third party providers (Central Bank and other outsourced operations)	Impact of incident on critical teams or groups (pandemic, travel, group incident)
Staff, Management and Related Human Failures		
Human error (which may be due to poor training or inadequate supervision)	Poor training or inadequate supervision (which may lead to human error or execution of unauthorized transactions)	Failure to follow code of conduct or conflict of interest guidelines
Lack of policy guidance (which may lead to poor decisions or unauthorized activities)	Poor understanding of risk environment (which may lead to unnecessary or unknown risks)	Poorly specified delegations (which may lead to execution of unauthorized transactions)
Failure to follow or adhere to administrative practices (which may lead to processing errors)	Key person risk (which may lead to human error when key person is absent)	Fraudulent, corrupt or dishonest practices (which may lead to financial loss and political embarrassment)
Failure to Meet Statutory, Legal, Human Resources and Other Obligations		
Legal/statutory obligations (e.g. compliance with loan agreements)	Management directives (e.g. internal policies and procedures)	Procedures manuals and delegated authorities

PREMIER FERRO ALLOYS & SECURITIES LTD. Kolkata

Reporting obligations (e.g. to higher authorities and international institutions)	Contractual obligations (e.g. debt service obligations)	Health and safety regulations (e.g. national workplace laws or regulations)
Major Natural and Regional Disasters		
Major earthquake	Hurricane, cyclone or tornado	Tsunami
Volcanic eruption	Severe fires	Civil disturbance
Severe flooding	Landslides	Terrorism

3. While carrying out the impact analysis, the following three major impact areas, among others, must be considered:

   i. **Reputational impact:** that may lead to a loss of confidence by the government, loss of market confidence, media coverage, and/or a high-level ministerial or Parliamentary enquiry.

   ii. **Reporting and resource impact**: that may be reported to the government or senior management within government–or external to regulators–and/or significant time is spent dealing with the issue.

   iii. **Impact on NBFC operations:** that may result in failure to meet the payment and other obligations and maintain the financial activities for the effective functioning of the government.

   A matrix will have to be prepared based on the probability and impact of incidents identified above. Based on the two factors, ranking shall be done in the scale of 0-5. Activities assessed by the Company with a rank of 4 and 5 shall be considered sensitive and critical in nature.

4. A detailed mitigation strategy needs to be developed for those incidents or events that are ranked as 4 and 5. If the number of incidents or events with these rankings is high, the matrix will clearly signal that there is a need for an alternate site and a well-documented disaster recovery plan.

5. The occurrence of natural or man-made disasters could adversely affect the Company's results of operations and financial condition and probability and impact of the same must also be considered while assessing the incidents. Some of the factors that may be considered in this regard are:

   i. Catastrophic loss of life due to natural or man-made disasters could cause the Company to pay benefits at higher levels and/or materially earlier than anticipated and could lead to unexpected changes in persistency rates.

PREMIER FERRO ALLOYS & SECURITIES LTD. Kolkata

ii. A natural or man-made disaster could result in damage to the Company's assets or losses in its projects, or the failure of its counterparties to perform, or cause significant volatility in global financial markets.

iii. Pandemic disease, caused by a virus such as H5N1, the "avian flu" virus, the Ebola virus, or H1N1, the "swine flu" virus, "zika virus" could have a severe adverse effect on the Company's business.

iv. Political tension, civil unrest, riots, acts of violence, situations of war or terrorist activities may result in disruption of services and may potentially lead to an economic recession and/or impact investor confidence.

v. From Indian perspective, apart from natural calamities such as earthquakes, a tsunami, floods and drought, erratic progress of a monsoon could adversely affect sowing operations for certain crops. Further prolonged spells of below normal rainfall or other natural calamities in the future could have a negative effect on the Indian economy, adversely affecting the Company's business and price of its equity shares.

6. Under BCP, the Company shall develop an IT infrastructure and wide array of backup and recovery services to protect client's data from system crashes, natural or man-made disasters, erroneous deletions or any other unplanned events that could damage data infrastructure and threaten or cripple critical business operations.

7. The Company shall through its data centres, strategically deploy application and database environments to provide fail-over disaster recovery services. Critical data is transmitted between locations multiple times each day, minimizing data loss.

8. The Company shall clearly list the business impact areas in order of priority. The impact of natural and man-made disasters on various business offices situated throughout the country shall be enlisted in order of priority.

9. The BCP will then set out critical information such as (1) critical systems and processes; (2) contact lists for key staff/teams; (3) standard procedures when invoking the plans; and (4) details of the recovery infrastructure including teams and documentation to be stored in the Company's office (primary site) and recovery location (alternate site).

PREMIER FERRO ALLOYS & SECURITIES LTD. Kolkata

5. Develop Business Continuity and Disaster Recovery Plan (DRP)

1. Once the business impact analysis has been completed, the Company shall develop strategies that concentrate on improving resilience and ensuring mitigation techniques are put in place for those incidents or events ranked as 4 and 5.

2. A business continuity planning report will have to be submitted to senior management on the greatest risks, the techniques to mitigate, control, or limit the risks, the actions that are recommended to address the greatest exposures including activation of a DRP, and an estimate of costs.

3. Senior management, based on the submission, will assess the cost-risk trade-off before making decisions and seeking approval from the Board of Directors.

4. An integral part of business continuity planning will be a Disaster Recovery Plan (DRP) which will capture the ways to recover upon happening of any of the contingent events. The DRP shall provide for the following:

    i. smooth transition to recovery operations following a major incident or event (or disaster);
    ii. escalation of recovery operations in the event of a prolonged disruption; and
    iii. ways to return to normal operations as quickly as possible.

An important part of the DRP is the structure of incident management and recovery teams along with the administration and IT support.

6. Implementation of the BCP/DRP

i. Once the BCP/DRP has been approved, the risk management under the supervision of the Risk Manager will oversee the implementation of the BCP/DRP and incorporate it into the wider operational risk management monitoring and control policies and procedures for treasury. This will include raising awareness with external parties to cover all activities external to the Company, of the BCP/DRP and ORM framework in a manner that they understand their respective roles under the frameworks. The risk management team will be responsible for maintaining and ensuring compliance with the requirements set out in the BCP/DRP.

ii. The Company must also ensure that its third party provides also have a BCP/DRP in place and the same must be incorporated in the service level agreements or memorandum of understanding with the third-party providers.

PREMIER FERRO ALLOYS & SECURITIES LTD. Kolkata

iii. The Company may consider integrating its BCP/DRP with other critical systems such as the government's integrated financial management information system (IFMIS), debt recording and management system, and other key systems in ministry of finance.

7. Training

The BCP/DRP should include a section on training with training exercise/scenarios and the frequency of such training. Training should be managed by the risk management team and undertaken for all employees. The training should consist of:

i. awareness presentations for existing employees (may also possibly be incorporated into the Company's orientation/ induction program for new employees)
ii. provision of a training manual
iii. interactive training (Intranet)

8. Regular Testing and Updating

The Company shall test the BCP either annually or when significant IT or business changes take place to determine if the entity could be recovered to an acceptable level of business within the timeframe stated in the contingency plan. The test should be based on worst case scenarios. Results of tests placed before the CIO and the Board of the Directors of the Company.

9. Policy Review

The Policy shall be reviewed at such intervals, as may be decided by the Board.

PREMIER FERRO ALLOYS & SECURITIES LTD. Kolkata