

PREMIER FERRO ALLOYS & SECURITIES LIMITED
(CIN: L27310WB197PLC031117)

COMPLIANCE POLICY

1. INTRODUCTION

Premier Ferro Alloys & Securities Limited (PFASL) is registered with Reserve Bank of India (RBI) a Systematically Important Non Deposit Accepting Non-Banking Financial Company (NDSI-NBFC). It is mainly engaged into the business of advancing loan and investment & trading in shares and securities.

Considering the RBI Circular no. DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021 on Scale Based Regulation, the Reserve Bank of India (RBI) has issued a circular on April 11, 2022 defining an independent Compliance Function and Role of a Chief Compliance Officer (CCO) in Non-Banking Financial Companies (NBFCs).

PFASL is a Systematically Important Non Deposit Accepting Non-Banking Financial Company (NDSI-NBFC) that falls under the Middle Layer of RBI's Scale Based Regulation. The Scale Based Regulation acknowledges the critical role of the compliance function in the overall structure for effective Corporate Governance. Therefore, certain principles, procedures and standards of compliance function and role of Chief Compliance officer in NBFC-ML are introduced keeping in view the principles of proportionality.

The company being an NBFC-ML is required to have the compliance function in order to have proper mechanism to ensure compliances pertaining to the RBI laws as applicable to the company.

2. OBJECTIVE

The purpose of the compliance function and compliance policy is to ensure the compliance of the applicable norms of RBI in both letter and spirit in a sustainable manner.

The Policy on Compliance will be reviewed as and when deemed fit and necessary by the Board in the context of changing regulations and emerging best practices with a view to enhancing the company's compliance.

3. SCOPE AND COVERAGE OF COMPLIANCE FUNCTION

Compliance Function shall ensure strict observance of all statutory and regulatory requirements as may be applicable to the company under various RBI norms including standards of market conduct and managing conflict of interest.

The purpose of the Compliance Function is to assist the company in managing its compliance risk which can be defined as "the risk of legal or regulatory sanctions, material financial loss or loss of reputation which an NBFC may suffer, as a result of its failure to comply with laws, regulations, rules and codes of conduct, etc., applicable to its activities.

4. RESPONSIBILITY OF THE BOARD AND SENIOR MANAGEMENT

The Board of Directors (BoD) shall provide the leadership and strategic guidance to the company's management. The company's management shall act in accordance with the supervision, control and directions by the BoD. The BoD plays a vital role in matters relating to formulation of appropriate policy, its implementation and strategic issues, which are crucial for the long-term development of the company.

Keeping in mind the unique business model of the company, the Board shall oversee compliance with all relevant policies and procedures by which the company operates and ensure that the company operates at all times in compliance with all applicable laws and regulations, adhering to the highest ethical and moral standards.

The company's Senior Management shall do all the necessary to identify and manage compliance risk through all levels of the organization. Whenever breaches are identified, Senior Management shall take appropriate remedial or disciplinary action.

5. COMPLIANCE FUNCTIONS

Compliance Functions shall have the following activities at the minimum:

- a) Assist the Board and the Senior Management in overseeing the implementation of Compliance Policy, including policies and procedures, prescriptions in Compliance Manuals, internal codes of conduct, etc.
- b) Play the central role in identifying the level of Compliance risk in the company. The Compliance risks in existing/ new products and processes shall be analysed and appropriate risk mitigants put in place.
- c) Ensuring compliance of regulatory/ supervisory directions given by the other regulators in both letter and spirit in a time-bound and sustainable manner. The compliance function shall put in place an effective Compliance Program where all Risk Mitigation Plan (RMP) /Monitorable Action Plan (MAP) points are complied with within the timelines prescribed.
- d) Attend to compliance with directions from regulators and ensure that discomfort conveyed to the company on any issue by the regulators, and action taken by any other authorities/law enforcement agencies, shall be brought to the notice of RBI.
- f) The Compliance Department may also serve as a reference point for the staff from operational departments for seeking clarifications / interpretation of various regulatory and statutory guidelines.

6. CHIEF COMPLIANCE OFFICER AS A NODAL POINT OF CONTACT

The company shall appoint a Chief Compliance Officer (CCO), who should be sufficiently senior in the organization hierarchy as per the requirement of the RBI Scale Based Regulation issued vide Circular no. DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021 and the Circular on Compliance Function and Role of Chief Compliance Officer (CCO) vide Circular no. Ref.No.DoS.CO.PPG./SEC. 01/11.01.005/2022-23 dated April 11, 2022.

7. ROLES, RESPONSIBILITIES AND POWERS OF THE CHIEF COMPLIANCE OFFICER

The Chief Compliance Officer (CCO) shall be responsible for the overall compliance management system, mitigate the compliance risks associated with the company's business in line with the RBI laws and shall be responsible for laying proper procedure system within the company with respect to the compliances of RBI Laws including RBI Master Directions, Master Circulars, Directions and Circulars, RBI Guidelines and other RBI notification as may be applicable to the company from time to time.

The CCO shall be the nodal point of contact between the company and the regulators / supervisors and shall necessarily be a participant in the structured or other regular discussions held with RBI. Further, compliance/replies to RBI inspection reports shall be communicated to RBI necessarily through the office of the Compliance Function.

The CCO shall have direct reporting lines to the Director of the company. The CCO shall report to the Board of Directors of the instances of any non-compliances occurred or failure in the compliance system. The CCO and Compliance Function shall have the authority to communicate with any staff member and have access to all records or files that are necessary to enable her / him to carry out entrusted responsibilities in respect of Compliance issues. This authority shall flow from the Compliance Policy of the company. The CCO shall not be given any responsibility, which brings elements of conflict of interest, especially any role relating to business. The CCO shall generally not be a member of any committee, which conflicts her / his role as CCO with responsibility as a member of the committee, including any committee dealing with sanctions. In case the CCO is a member of any such committee that would only be an advisory role.

The responsibilities of the CCO shall broadly include the following aspects:

- a) Taking of measures to ensure the independence of the Compliance Function and its right to freely disclose findings and views to senior management, Board including;
- b) Focus on various regulatory and statutory Compliance requirements;
- c) Monitoring mechanism for overall Compliance procedure;
- d) Reporting requirements, including Compliance risk assessment and change in risk profile, etc. to the Senior Management and to the Board;
- e) To access to relevant information with any staff member and have access to all records or files that are necessary to enable her / him to carry out entrusted responsibilities in respect of Compliance issues;
- f) Dissemination of information on regulatory prescriptions and guidelines among staff and periodic updating of operational manuals; and
- g) Taking approval of the Board for all new products by the Compliance Department, prior to their introduction.

8. REVIEW AND MODIFICATION

In case of any subsequent changes in the RBI Directions / Circular / guidelines / provisions in relation to Compliance Function in the company, the necessary changes shall be made in the policy keeping in view the business model of the company.
