

BUSINESS CONTINUITY PLANNING (BCP) AND DISASTER RECOVERY (DR) DRILL

The following shall be the updated Business Continuity Planning (BCP) and Disaster Recovery (DR) Drill Policy reviewed and approved at the meeting of the Board of Directors held on 25th May, 2024 as per the guidelines of Reserve Bank of India.

PREAMBLE

Business Continuity Planning (BCP) and Disaster Recovery (DR) forms a significant part of an organization's overall Business Continuity Management plan, which includes policies, standards and procedures to ensure continuity, resumption and recovery of critical business processes. BCP shall be designed to minimize the operational, financial, legal, reputational and other material consequences arising from a disaster. NBFC should adopt a Board approved BCP Policy. The functioning of BCP shall be monitored by the Board by way of periodic reports. The CIO shall be responsible for formulation, review and monitoring of BCP to ensure continued effectiveness. The BCP may have the following salient features:

- Business Impact Analysis- NBFCs shall first identify critical business verticals, locations and shared resources to come up with the detailed Business Impact Analysis. The process will envisage the impact of any unforeseen natural or manmade disasters on the NBFC's business. The entity shall clearly list the business impact areas in order of priority. ● Recovery strategy/ Contingency
- Recovery strategy/ Contingency Plan- NBFCs shall try to fully understand the vulnerabilities associated with interrelationships between various systems, departments and business processes. The BCP should come up with the probabilities of various failure scenarios. Evaluation of various options should be done for recovery and the most cost-effective, practical strategy should be selected to minimize losses in case of a disaster.
- NBFCs shall consider the need to put in place necessary backup sites for their critical business systems and Data centers.
- NBFCs 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'. The results along with the gap analysis may be placed before the CIO and the Board. The GAP Analysis along with Board's insight should form the basis for construction of the updated BCP.