MANSOON TRADING COMPANY LIMITED

CIN : L99999MH1985PLC035905

Regd. Office : Office No. 203, 2nd Floor, M - Space, Next to Minatai Thackeray Blood Bank,
Sitaram Patkar Marg, Goregaon (West), Mumbai - 400 104

Tel.: 93264 45140 · E mail : mansoontradingltd@gmail.com · Website : mansoontrading.co.in

Deputy Listing Manager,
Listing Compliance
BSE Limited
P. J. Tower,
Dalal Street, Fort,
Mumbai 400 001

November 13, 2025

Dear Sir,

Ref: Scrip Code : 512505
Sub: Various Policy applicable to Non-Banking Finance Company

We submit herewith the following Policy applicable to Non-Banking Finance Company under Reserve Bank of India duly adopted at the Board Meeting held on Monday, November 13, 2025

a) Asset Liability Management Policy
b) Investment Policy
c) KYC Policy
d) Liquidity Risk Management Policy
e) Loan Policy
f) Risk Management Policy

Please take the above information on record.

Thanking you.

Yours faithfully,
For **Mansoon Trading Company Limited**

V. B. Kulkarni

Vikas B. Kulkarni
Managing Director
(DIN-08180938)

MANSOON TRADING COMPANY LIMITED MUMBAI

Asset- Liability Management Policy

(Adopted by board at their meeting held on Thursday, November 13, 2025)

Mansoon Trading Company Limited (MTCL)

1. **Introduction:**
   Mansoon Trading Company Limited (MTCL) a company registered as non-systematically important non deposit taking NBFC with Reserve Bank of India, is predominantly engaged in the business of lending.
2. **Objective:**
   This objective of this policy is to create an institutional mechanism to compute and monitor periodically the maturity pattern of the various liabilities and assets of MTCL to

a) ascertain in percentage terms the nature and extent of mismatch in different maturity buckets.
b) the extent and nature of cumulative mismatch in different buckets indicative of short-term dynamic liquidity and
c) the residual maturity pattern of repricing of assets and liabilities which would show the likely impact of movement of interest rate in either direction on profitability. This policy will guide the ALM system in MTCL.

An efficient ALM needs (a) a good Management information system (b) a policy for the company setting limits for liquidity, interest rate (c) a Committee of Senior functionaries for ensuring adherence to the limits approved by the Board of Directors and (d) a well-defined process.

3. **ALM Organisation:**

a) Successful implementation of the risk management process would require strong commitment on the part of the senior management in the company, to integrate basic operations and strategic decision making with risk management. The Board of Directors will have overall responsibility for management of risks and should decide the risk management policy of the NBFC and set limits for liquidity, interest rate and equity price risks.

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b) The Asset Liability Management Committee (ALCO) consisting of following members should be responsible for ensuring adherence to the limits set by the Board as well as for deciding the business strategy of the company (on the assets and liabilities sides) in line with the decided risk management objectives.

I. Vikas Kulkarni - Chairperson
II. Anil Londhe - Member.
III. Abhijeet Salvi - Member.
IV. Neha Tulsyan – Member.

The frequency of holding the ALCO meetings will be Quarterly. However, if the need be for a meeting at a short notice, the ALCO meet at a shorter notice.

1. **Quorum:**

The Chairman and any one member out of other two members will constitute the quorum.

2. **Board of Directors Meetings and Review:**

The Board of Directors, in their board meetings, will oversee the implementation of the system and review its functioning periodically.

3. **Process:**

Reserve Bank of India has stipulated templates for reporting Structural liquidity / Interest Rate Sensitivity (DNBS04B) & Dynamic Liquidity (DNBS04A). ALCO will use the indicative formats for compiling the figures and the Reports on DNBS04A & DNBS04B for reviewing the liquidity and interest rate risk.

4. **Liquidity Risk Management:**

a) **Maturity Profiling:**

ALCO will deliberate on the ability of MTCL to meet its maturing liabilities as they become due and ensure against any adverse situation from developing. ALCO will review on an ongoing basis how the situation is likely to develop under different assumptions. For measuring and managing net funding requirements, ALCO will use as a standard tool the maturity ladder and calculation of cumulative surplus at selected maturity dates. ALCO will use the same time buckets suggested by RBI (shown below) for measuring the net funding needs.

i) 1 day to 14 days
ii) 14 days to 1 month
iii) Over 1 month to 2 months
iv) Over 2 months to 3 months

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v) Over 3 months to 6 months

vi) Over 6 months to 1 year

vii) Over 1 year to 3 years

viii) Over 3 to 5 years

ix) Over 5 years.

b) **Structural Liquidity:**

The Statement of Structural Liquidity shall be prepared by placing all cash inflows and outflows in the maturity ladder according to expected timing of cash flows. A maturing liability shall be a cash outflow while a maturing asset shall be cash inflow.

There can be mismatches depending on cash inflows and outflows in each time bucket. The mismatches up to 1 year shall be relevant since these provide early warning signals of impending liquidity problems.

The net cumulative negative mismatches in the Statement of Structural Liquidity in the respective maturity buckets shall not exceed specified percentage of cumulative cash outflows in the respective time buckets, which is specified below.

Sl. No.	Time Buckets	Max net cumulative negative mismatches of the cumulative cash outflows
I.	1 day to 7 days	10%
II.	8 to 14 days	10%
III.	15 days to 30/31 days (1 month)	20%
IV.	Over 1 month and up to 2 months	20%
V.	Over 2 months and up to 3 months	20%
VI.	Over 3 months and up to 6 months	20%
VII.	Over 6 months and up to 1 year	20%

5. **Interest Rate Risk**:

The operational flexibility given to NBFCs in pricing most of the assets and liabilities imply the need for the financial system to hedge the Interest Rate Risk. Interest rate risk is the risk where changes in market interest rates might adversely affect an NBFC's financial condition. The changes in interest rates affect company in some way. The immediate impact of changes in interest rates is on company's earnings (i.e. reported profits) by changing its Net Interest

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Income (NII). As such MTCL is into funding of loans which are always fixed rate loans. The loans borrowed from NBFC are fixed rates. The company manages this risk on NII by pricing its loan products to customers at a rate which covers interest rate risk. The risk from the earnings perspective can be measured as changes in the Net Interest Income (NII) or Net Interest Margin (NIM). Measurement of such risk is done at the time of deciding rates to be offered to customers. Once interest rate risk is measured by the ALCO, lending rates are finalized. RBI has prescribed DNBS-04B for the purpose of Interest Rate Risk Monitoring and company may use the same for the purpose of measurement and monitoring of interest rate risk.

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Investment Policy

(Adopted by board at their meeting held on Thursday, November 13, 2025)

Mansoon Trading Company Limited(MTCL)

1. **OBJECTIVE:**

   The objective of investments policy by the company is to manage liquidity and to get reasonable returns while ensuring safety of the Investments, This policy covers guidelines in respect of investment by company.

2. **ACCOUNTING FOR INVESTMENT:**

   Investments in securities shall be classified into current and long term, at the time of making each investment

3. **INVESTMENTS:**

   The board hereby authorize to make the investment in quoted /unquoted equity /preference shares, bonds and unit of mutual funds.

4. **RECOGNITION OF INCOME FROM INVESTMENT:**

   - Income from dividend on shares and units of mutual funds shall be taken into account on mercantile basis.
   - Interest Income on Fixed Deposits with Banks shall be taken into account on accrual basis.

5. **APPLICABLE REGULATIONS:**

   The Company will adhere to the provisions of the Companies Act, 2013 on making the investments.

6. **POLICY REVIEW -**

   The Board of Directors of the Company will review the policy to ensure that it remains consistent with the overall objectives of the Company and it complies with the regulatory/ statutory requirements from time to time.

7. **AMENDMENTS -** The Board may amend the provisions of this Policy from time to time.

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Know Your Customer Policy (KYC Policy)

(Adopted by board at their meeting held on Thursday, November 13, 2025)

Mansoon Trading Company Limited. (MTCL)

1. INTRODUCTION:

The Comprehensive guidelines on Know Your Customer (KYC) norms and Anti Money Laundering (AML) standards has advised all NBFCs to outline policy framework on KYC and AML measures. To ensure alignment and compliance with the guidelines issued by RBI from time to time, the following KYC & AML policy of the Company has been approved by the Board of Directors of the Company. The Company is having external customer interface and the policy has been formulated accordingly.

2. OBJECTIVES:

The Objective of RBI guidelines is to prevent NBFCs being used, intentionally or unintentionally by criminal elements for money laundering activities. The guidelines enable to understand customers and their financial dealings better which in turn helps the Company to manage its risks prudently. The main objective of this policy is to establish procedures for identifying and verifying the identity of customers, thereby mitigating the risk of financial crimes.

3. CUSTOMER ACCEPTANCE POLICY:

The norms to be followed for accepting and dealing with the customers are given below:

- Not to open an account where the Company is unable to apply appropriate customer due diligence measures.
- No account is opened in fictitious / benami name.
- Profile for each new customer based on risk categorization. The customer profile may contain information relating to customer's identity, financial status, nature of business activity, information about his clients' business and their location etc. The

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nature and extent of due diligence will depend on the risk perceived by the Company. However, while preparing customer profile Company should take care to seek only such information from the customer which is relevant to the risk category and is not intrusive. The customer profile will be a confidential document and details contained therein shall not be divulged for cross selling or any other purposes except where disclosure is mandatory under law.

- Parameters of risk perception are clearly defined in terms of the nature of business activity, location of customer and his clients, mode of payments, volume of turnover, social and financial status etc. to enable categorization of customers into low, medium and high risk
- The Company shall ensure that the identity of the customer does not match with any person or entity whose name appears in the sanction lists circulated/prescribed by RBI from time to time.
- When the true identity of the account holder is not known, the Company shall file Suspicious Transaction Reporting (STR).

4. CUSTOMER IDENTIFICATION PROCEDURE

The company shall obtain and verify customer identification data before establishing a business relationship. For customer identification the, company shall obtain the following documents of the customer prior to commencement of any transaction:

- PAN Card of company
- Certificate of Incorporation
- Memorandum and Articles of Association
- Copy of Latest Company Master Data
- List of All Directors with their address
- PAN and Aadhar Card copy of all the Directors
- Last 3 Years Audited Financials of the Company
- Cancelled Cheque copy of Bank Account of the company
- Details of Signatories for operating the Bank Account
- List of Shareholders
- Company Profile / Note on the Activities of the Company
- Latest Income Tax Return acknowledgement.

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5. **REPORTING:**

The business shall have a system of internal reporting of suspicious transactions, counterfeit transactions.

The company will ensure that suspicious transactions or any type of transactions covered under provisions of prevention of money laundering act (maintenance of records) rules 2005 are reported to the appropriate law enforcement authority.

6. **RECORDS RETENTION:**

The procedure for retention of records is given below:

- Records for all suspicious transactions will be maintained
- The customer identification records shall be preserved for five years.

The records shall be maintained either in hard soft format and shall be provided to competent authorities upon request.

7. **KYC FOR EXISTING ACCOUNTS:**

The requirements of any of earlier section are not applicable to existing customers where management has reasonable belief that it knows the true identity of customer. Further transactions in existing accounts shall be continuously monitored and any unusual pattern in the operation of the account should trigger a review of the customer due diligence measures.

8. **ENHANCED DUE DILIGENCE:**

The level of due diligence will be enhanced for the customers posing high risk after scrutiny of transactions.

9. **RISK MANAGEMENT:**

The management of company monitors effective implementation of KYC guidelines.

The Company to ensure that functions of complying with KYC norms are not outsourced.

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Liquidity Risk Management Frame work

(Adopted by board at their meeting held on Thursday, November 13, 2025)

Mansoon Trading Company Limited (MTCL)

1. **PREMBLE:**

The frame work provides a comprehensive structure to manage liquidity risk in accordance with RBI regulations fostering stability and resilience for NBFCs. Guidelines on Liquidity Risk Management Framework for NBFCs with asset size of 100 crores and above issued by RBI are applicable to MTCL. It will be the responsibility of the Board to ensure that the guidelines are adhered to.

The guidelines deal with following aspects of Liquidity Risk Management framework.

A. Liquidity Risk Management Policy, Strategies and Practices
B. Management Information System (MIS)
C. Internal Controls
D. Maturity profiling
E. Liquidity Risk Measurement – Stock Approach
F. Currency Risk
G. Managing Interest Rate Risk
H. Liquidity Risk Monitoring Tools

A) Liquidity Risk Management Policy, Strategies and Practices:

The policy ensures in order sound and robust liquidity risk management system, including a cushion of unencumbered, high quality liquid assets to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources. Effective liquidity risk management helps

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to ensure the company's ability to meet its obligations as and when they fall due and reduces the probability of an adverse situation.

Key elements of the liquidity risk management framework are as under:

i) **Governance of Liquidity Risk Management:**

Successful implementation of any risk management process has to emanate from the top management in the NBFC with the demonstration of its strong commitment to integrate basic operations and strategic decision-making with risk management. The organizational set up for liquidity risk management is stated hereunder:

a) **Board of Directors (BoD)**:

The BoD shall have the overall responsibility for management of liquidity risk. The Board should decide the strategy, policies and procedures of the NBFC to manage liquidity risk in accordance with the liquidity risk tolerance/limits decided by it.

b) **Risk Management Committee:**

The Risk Management Committee, which reports to the Board shall be responsible for evaluating the overall risks faced by the NBFC including liquidity risk.

c) **Asset-Liability Management Committee (ALCO):**

The ALCO consisting of the top management shall be responsible for ensuring adherence to the risk tolerance/limits set by the Board as well as implementing the liquidity risk management strategy. Any of the Director's shall head the Committee. The role of the ALCO with respect to liquidity risk should include, inter alia, decision on desired maturity profile and mix of incremental assets and liabilities, sale of assets as a source of funding, the structure, responsibilities and controls for managing liquidity risk, and overseeing the liquidity positions.

d) **Asset Liability Management (ALM) Support Group:**

The ALM Support Group consisting of operating staff should be responsible for analyzing, monitoring and reporting the liquidity risk profile to the ALCO. Such

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support groups will be constituted depending on the size and complexity of liquidity risk management.

ii) **Liquidity risk Tolerance:**

Senior management should develop the strategy to manage liquidity risk in accordance with such risk tolerance and ensure that the company maintains sufficient liquidity.

iii) **Off-balance Sheet Exposures and Contingent Liabilities:**

The process of identifying, measuring, monitoring and controlling liquidity risk should include a robust framework for comprehensively projecting cash flows arising from assets, liabilities and off-balance sheet items over an appropriate set of time horizons. The management of liquidity risks relating to certain off-balance sheet exposures on account of guarantees and commitments may be given particular importance due to the difficulties that many company has in assessing the related liquidity risks that could materialize in times of stress.

iv) **Funding Strategy:**

The company will establish a funding strategy that provides effective diversification in the sources and tenor of funding. It should maintain an ongoing presence in its chosen funding markets and strong relationships with fund providers to promote effective diversification of funding sources. The company should regularly gauge its capacity to raise funds quickly from each source. There should not be over-reliance on a single source of funding.

v) **Collateral Position Management:**

The company shall actively manage its collateral positions, differentiating between encumbered and unencumbered assets.

vi) **Stress Testing:**

Stress testing should form an integral part of the overall governance and liquidity risk management culture in company. The company shall conduct stress tests from time to time for a variety of short-term and protracted company specific and market-wide stress scenarios (individually and in combination). In designing liquidity stress scenarios. The nature of the Company's business, activities and vulnerabilities should be taken into consideration so that the scenarios incorporate the major funding and market liquidity risks to which the company is exposed.

vii) **Contingency Funding Plan:**

Company shall formulate a contingency funding plan (CFP) for responding to severe disruptions which might affect the company's ability to fund some or all of its activities in a timely manner and at a reasonable cost. Contingency plans should contain details of available / potential contingency funding sources and the amount / estimated amount which can be drawn from these sources, clear escalation / prioritization procedures detailing when and how each of the actions can and should be activated, and the lead time needed to tap additional funds from each of the contingency sources.

viii) **Intra Group transfers:**

With a view to recognizing the likely increased risk arising due to Intra-Group Transactions The liquidity risk management processes and funding programs are expected to take into account lending, investment, and other activities. Processes and programs should fully incorporate real and potential constraints, including legal and regulatory restrictions, on the transfer of funds within group.

B. Management Information System (MIS):

Company shall have a reliable MIS designed to provide timely and forward-looking information on the liquidity position of the company ALCO, both under normal and stress situations. It should capture all sources of liquidity risk, including contingent risks and those arising from new activities, and have the ability to furnish more granular and time-sensitive information during stress events.

C. Internal Controls:

Company shall have appropriate internal controls, systems and procedures to ensure adherence to liquidity risk management policies and procedure. Management should ensure that an independent party regularly reviews and

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evaluates the various components of the company's liquidity risk management process.

D. Maturity Profiling:

a) For measuring and managing net funding requirements, the use of a maturity ladder and calculation of cumulative surplus or deficit of funds at selected maturity dates is adopted as a standard tool. The Maturity Profile should be used for measuring the future cash flows of company in different time buckets. The time buckets shall be distributed as under:

(i) 1 day to 7 days

(ii) 8 days to 14 days

(iii) 15 days to 30/31 days (One month)

(iv) Over one month and up to 2 months

(v) Over two months and up to 3 months

(vi) Over 3 months and up to 6 months

(vii) Over 6 months and up to 1 year

(viii) Over 1 year and up to 3 years

(ix) Over 3 years and up to 5 years

(x) Over 5 years

b) Within each time bucket, there could be mismatches depending on cash inflows and outflows. While the mismatches up to one year would be relevant since these provide early warning signals of impending liquidity problems, the main focus shall be on the short-term mismatches viz., 1-30/31 days. The net cumulative negative mismatches in the Statement of Structural Liquidity in the maturity buckets 1-7 days, 8-14 days, and 15- 30 days' buckets should not exceed 10%, 10% and 20% of the cumulative cash outflows in the respective time buckets. NBFCs, however, are expected to monitor their cumulative mismatches (running total) across all other time buckets up to 1 year by establishing internal prudential limits with the approval of the Board. NBFCs shall also adopt the above cumulative mismatch limits for their structural liquidity statement for consolidated operations.

c) The Statement of Structural Liquidity may be prepared by placing all cash inflows and outflows in the maturity ladder according to the expected timing of cash flows.

A maturing liability shall be a cash outflow while a maturing asset shall be a cash inflow.

d) In order to enable them to monitor their short-term liquidity on a dynamic basis over a time horizon spanning from 1 day to 6 months, company shall estimate their shortterm liquidity profiles on the basis of business projections and other commitments for planning purposes.

E. Liquidity Risk Measurement – Stock Approach:

Company shall adopt a "stock" approach to liquidity risk measurement and monitor certain critical ratios in this regard by putting in place internally defined limits as approved by their Board. The ratios and the internal limits shall be based on an NBFC's liquidity risk management capabilities, experience and profile. An indicative list of certain critical ratios to monitor are short-term liability to total assets; short-term liability to long term assets; commercial papers to total assets; non-convertible debentures (NCDs) (original maturity of less than one year) to total assets; short-term liabilities to total liabilities; long-term assets to total assets; etc.

F. Currency Risk:

Exchange rate volatility imparts a new dimension to the risk profile of a Company's balance sheets having foreign assets or liabilities. The Board of company should recognize the liquidity risk arising out of such exposures if any and develop suitable preparedness for managing the risk.

The borrowing through are not permissible being CIC registered company and therefore company is not exposed to currency risk

G. Managing Interest Rate Risk (IRR):

The lending rate of interest will depend on the cost of borrowing, which will vary according to market conditions.

ALCO will review the market scenario and in case of extreme uncertain environment may propose infusion of funds by way of equity/preference capital to reduce the cost of funds.

H. Liquidity Risk Management Tools:

The statement of structural liquidity is currently one of the prescribed monitoring tools to assess liquidity risk.

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In addition to above, the following tool shall be adopted by the company for internal monitoring of liquidity requirement:

<u>Concentration of funding:</u>

The metric is meant to identify those significant sources of funding, withdrawal of which could trigger liquidity problems. The metric thus encourages diversification of funding sources and monitoring of each of significant counterparty, significant product and instrument.

<u>Available encumbered Assets:</u>

This metric provides significant information on available unencumbered assets, which have the potential to be used as collateral to raise additional secured funding in secondary markets. It shall capture the details of the amount, type and location of available unencumbered assets that could serve as collateral for secured borrowing in secondary market.

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Loan Policy

(Adopted by board at their meeting held on Thursday, November 13, 2025)

Mansoon Trading Company Limited (MTCL)

1. **PREAMBLE:**

   This policy document stipulates the guidelines governing lending activity of the company.

2. **PROCESS OF LOAN:**

   a) **Validation of proposals-** The following factors will be taken into consideration for assessing Loans proposals;

   - Profile and back ground of the borrower. This includes evaluating track record of the borrower.
   - Reviewing financial statements of the borrower including audited balance sheets and income statements.
   - Earning potential of the business of borrower.
   - Management structure of the business.
   - Following KYC procedure to understand /know the customer and their financial dealing.

   b) **Risk Analysis:** The analysis of the risk associated with business of the borrower.

   c) **Terms and conditions for Loan:** The Inter corporate loan (ICL) letter to the borrower will contain the terms and conditions applicable for processing the loan.

   d) **Balance confirmation:** At the end of each financial year, Company shall obtain statement of Balance confirmation duly signed by borrower.

   e) **Pricing of loan:** The Interest rate on loans would be decided considering prevailing rate of interest. The rates charged to borrowers will differ on case to case basis depending on various factors like profile of customer, tenor of loan, cost of borrowing funds, past track record, etc.

   f) **Tracking of Loan** – General prudence is to be observed while monitoring the loan from time to time.

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Risk Management Policy

(Adopted by board at their meeting held on Thursday, November 13, 2025)

Mansoon Trading Company Limited(MTCL)

1. **Introduction:**

   Mansoon Trading Company Limited (MTCL) a company registered as non-systematically important non deposit taking NBFC with Reserve Bank of India, is predominantly engaged in the business of lending.

   Successful implementation of the risk management shall require strong commitment on the part of the senior management in the NBFC, to integrate basic operation and strategic decision making wit risk management. The Board shall have overall responsibility for management of risks and shall decide risk management policy of the NBFC and set limits for liquidity, interest rate and equity price risk

2. **Risk Management Committee (RMC):**

   This committee is the board for evaluating the overall risk faced by the NBFC including liquidity risk. The risk management committee shall ensure that the risk associated with the business / functioning of the company are identified, controlled and mitigated and shall also lay down procedure regarding managing and mitigating the risk through integrated risk management system, strategies and mechanism.

   Board nominate the following members for the Risk Management Committee:

   1) Anil Londhe: Chairperson.
   2) Suresh Tapuria: Member.
   3) Vikas Kulkarni: Member.
   4) Neha Tulsyan: Member

3. **Meeting:**

   The frequency of holding their RMC meetings will be Quarterly. However, if the need be for a meeting at a short notice, the RMC meet at a shorter notice.

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4. **Quorum:**

The Chairman and any one member out of other two members will constitute the quorum.

Terms of Reference:

a) To assist the Board in setting risk strategy policies in liaison with management and discharge of its duty relating to corporate accountability and associated risk in terms of management assurance and reporting.

b) To identify, monitor and measure of the risk profile of the MTCL., including market risk policies and strategies are effectively managed.

c) To review process and procedures to ensure the effectiveness of internal system of control so that decision making capability and accuracy of reporting and financial risks are always maintained at an optimum level.

d) To monitor external development relating to the practice of corporate accountability and reporting of specifically associated risk, including emerging and prospective impacts.

e) To perform such other act, including the acts and functions stipulated by the Act, the Reserve Bank of India and any other regulatory, as prescribed from time to time.

5. **Risk Identification, Classification and Policies managing these Risks:**

MTCL has identified and classified the primary risks that it faces under the following

i. **Credit Risk:**

The key risk for NBFC or any other institutions involved in lending business is Credit risk. According to RBI, credit risk is defined as

a) Possibility of losses associated with decline in the credit quality of borrowers or counterparties

b) Default due to inability or unwillingness of a customer or counterparty to meet commitments in relation to lending, trading, settlement and other financial transactions.

c) Loss from reduction in portfolio value (actual or perceived).

Hence it is imperative that the company should have a robust credit risk management system to address the above risk. The effective management of credit risk is a critical component of comprehensive risk management and is essential for the long-term success of any lending organisation.

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Credit risk management should encompass identification, measurement, monitoring and control of the credit risk exposures. The objective of the same should be to minimize the risk and maximize company's risk adjusted rate of return by assuming and maintaining credit exposure within the acceptable parameters. The credit risk management shall include credit norms and policies approved by Board.

ii. **Liquidity Risk:**

The next risk that is very specific to NBFCs or other institutions involved in the activity of lending is liquidity risk or the risk of inadequate liquidity to further the business. NBFCs depend on ~~banks~~, other NBFCs and other financial institutions for their funding needs.

iii. **Other Risks:**

a) **Financial Risk:**

Every Company, which is in the process of lending and collecting moneys, needs to manage its financial risk in a prudent fashion. Financial risk could take the following forms:

- Compliance with Accounting Standards – this is essential to ensure that the company's financials including the balance sheet and profit & loss account reflect the true and correct picture of the company's position and all the errors of Omission and Commission are avoided.
- Adequacy of Internal Financial Controls – every company needs to develop its own set of Internal Financial Controls, which will serve as the check and balance to ensure the orderly and efficient conduct of its business.
- Clearly documented and consistent accounting policies – it is essential for every company to develop its set of accounting policies in line with applicable Accounting Standards and also maintain consistency in the adoption of such accounting policies over the course of financial years.

The Accounting Policy of MTCL has been compiled to ensure that the relevant accounting principles are adhered to.

b) **Compliance Risk:**

- MTCL is an NBFC coming under the regulatory purview of the Reserve Bank of India, SEBI and Ministry of Corporate Affairs.
- MTCL recognizes that the regulatory landscape is under periodical review and this requires the company to be proactively prepared, as far as possible, to meet with the challenges posed by the changes. The company shall respond

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effectively and competitively to regulatory changes, maintain appropriate relationship with the regulators / authorities strengthen the reliance on capital and improve the quality of in-house compliance. All reports, returns and disclosures stemming from regulations are submitted promptly and accurately to reflect the correct position.

- Business processes shall be defined in a manner to ensure comprehensive regulatory compliance considering the multitude of regulatory agencies the company has to deal with. Competent and knowledgeable specialist officers shall be recruited to ensure compliance.
- The responsibility for ensuring compliance with regulatory requirements and directives on a day to day basis rests with the Business Heads, who will comply with the Compliance requirement of the Company. The Internal Audit function provides the assurance through audit of the compliance levels. Relevant Committees of the board provide oversight for management of these compliances.

c) Internal Controls:

Effective internal control is an integral part of managing financial risk. Pursuant to guidelines set forth in this policy, adequate controls must be established to ensure proper management of financial risk and to provide safeguard against mismanagement of MTCL funds and capital resources.