



MANGALAM INDUSTRIAL FINANCE LIMITED

RISK MANAGEMENT POLICY

1. INTRODUCTION

The Board of Directors of Mangalam Industrial Finance Limited (“the Company”) has adopted this revised Risk Management Policy (“the Policy”) to establish a robust framework for identifying, assessing, monitoring, and mitigating risks across the organization.

The Policy aligns the Company’s operational and financial resilience with modern regulatory expectations. The Board may review, alter, and amend this Policy from time to time based on changing business dynamics or statutory updates.

2. OBJECTIVES

The objective of this Policy is to safeguard and enhance shareholder value by establishing a proactive structure to minimize threats, optimize performance, and identify business opportunities.

The primary objectives include:

- Integrating risk management into the culture and daily operations of the Company.
- Ensuring compliance with applicable regulatory frameworks, including the Reserve Bank of India (RBI) regulations and the Companies Act, 2013.
- Defining a clear governance structure for risk oversight through a dedicated Risk Management Committee (RMC).
- Protecting the Company's assets, reputation, and operational continuity.

3. DEFINITION

In this Policy, unless the context otherwise requires:

- **"Act"** means the Companies Act, 2013, along with the rules, circulars, and notifications framed thereunder.
- **"Applicable Law"** means the Companies Act, 2013, and the guidelines, Master Directions, and circulars issued by the Reserve Bank of India (RBI) from time to time.

MANGALAM INDUSTRIAL FINANCE LIMITED

CIN No. : L65993WB1983PLC035815

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- **"Audit Committee"** means the Committee of the Board of Directors of the Company constituted under Section 177 of the Companies Act, 2013.
- **"Board of Directors" or "Board"** means the collective body of Directors of the Company as defined under Section 2(10) of the Companies Act, 2013.
- **"Risk Management Committee (RMC)"** means the Committee constituted by the Board of Directors of the Company in accordance with the RBI regulations for Base Layer NBFCs.
- **"Company"** means Mangalam Industrial Finance Limited.

4. REGULATORY FRAMEWORK/ REQUIREMENT

This Policy is formulated, updated, and governed by the following statutory mandates:

A. Companies Act, 2013

- **Section 134(3)(n):** Requires the Board's Report to include a statement indicating the development and implementation of a risk management policy for the Company, identifying elements of risk, if any, which may threaten the existence of the Company.
- **Section 177(4)(vii):** Empowers the Audit Committee to evaluate internal financial controls and risk management systems.

B. Reserve Bank of India (RBI) Directives & Scale Based Regulation (SBR)

- **RBI Circular Ref: RBI/2025-26/98 (DOR.GOV.REC.No.263/18-10-013/2025-26) dated November 28, 2025 (titled "Reserve Bank of India (Non-Banking Financial Companies - Governance)Directions"):** Under these directives, it is mandated that all Non-Banking Financial Companies in the **Base Layer (NBFC-BL)** must constitute a dedicated **Risk Management Committee (RMC)** of the Board to oversee organizational risks.

C. Non-Applicability of SEBI (LODR) Regulations, 2015

- **Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:** This regulation mandates the constitution of an RMC only for the top 1,000 listed entities based on market capitalization.
- Since the Company does not fall within the top 1,000 listed entities by market capitalization, **Regulation 21 of SEBI LODR is not applicable.**
- The Risk Management Committee of the Company has been constituted **solely pursuant to the RBI regulatory mandates for Base Layer NBFCs** and not under SEBI LODR.

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5. CONSTITUTION OF THE RISK MANAGEMENT COMMITTEE (RMC)

Pursuant to the aforementioned RBI Circular dated November 28, 2025, the Board of Directors of the Company at its meeting held on **February 13, 2026**, formally approved the constitution of the **Risk Management Committee (RMC)**.

A. Composition of the Committee

The RMC comprises the following members of the Board, who possess the requisite financial, operational, and structural expertise to evaluate and monitor institutional risk:

DIN	Name	Designation	Position in Committee
08265981	Mr. Paresh Prakashbhai Thakkar	Non-Executive Independent Director	Chairperson
10177722	Mrs. Mansi Jayendra Bhatt	Non-Executive Independent Director	Member
02809108	Mr. Venkata Ramana Revuru	Managing Director	Member
07261150	Mr. Yatin Sanjay Gupte	Non-Executive Non-Independent Director	Member

B. Core Mandate & Roles of the Committee

The Committee will look after operational, credit, liquidity, and systemic risks as required by RBI regulations. Specific responsibilities include:

1. Formulating a comprehensive risk management strategy and reviewing it periodically.
2. Monitoring and evaluating the effectiveness of the risk management framework, internal controls, and compliance systems.
3. Ensuring that robust processes are in place to identify, measure, manage, and report risks inherent in the NBFC operations.
4. Reporting periodic risk profiles and mitigation strategies directly to the Board of Directors.

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6. RISK IDENTIFICATION, EVALUATION, AND MITIGATION

The Company encounters various internal and external risks. Risk identification is obligatory for all vertical, functional, and operational heads, who must map and report material exposures.

A. Classification of Risks

- **Credit & Asset Risk:** Risk of default or degradation of asset quality stemming from lending operations.
- **Liquidity & Interest Rate Risk:** Mismatches in asset-liability maturities or fluctuations in borrowing costs affecting profit margins.
- **Strategic & Business Risks:** Structural changes in the macroeconomic environment or competitive shifts impacting business viability.
- **Operational & Technology Risks:** Failures in internal systems, data breaches, cyber-security threats, or human errors.
- **Statutory & Non-Compliance Risks:** Risks originating from non-compliance with the Companies Act, RBI Master Directions, BSE Listing Compliances, and tax laws.
- **Hazard & Reputation Risks:** Macroeconomic shocks, brand erosion, or force majeure events.

B. Risk Assessment & Treatment Steps

1. **Risk Estimation:** Evaluating risks qualitatively and quantitatively based on their probability of occurrence and potential impact on profit, liquidity, or capital adequacy.
2. **Risk Treatment:** Implementing mechanisms to address risks. This includes risk mitigation controls, risk absorption, policy limits, diversification of lending portfolios, or transferring risks through insurance.

7. REPORTING AND GOVERNANCE HIERARCHY

To ensure a continuous flow of risk-related data, the following reporting matrix is established:

Reporting:

First level - Vertical Heads;

First Escalation - Risk Management Committee;

Second Escalation - Further Board of Directors

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- **First Level (Functional Heads):** Identify and manage day-to-day operational risks and submit preliminary details to the RMC.
- **First Escalation (Risk Management Committee):** The RMC shall systematically review risk metrics, analyze policy adherence, evaluate mitigation strategies, and meet at regular intervals.
- **Second Escalation (Board of Directors):** The Board maintains ultimate accountability. The RMC briefs the Board on significant issues, emerging regulatory threats, and structural shifts.

8. REVIEW OF THE POLICY

This Policy shall be reviewed by the Risk Management Committee and the Board of Directors at least once a year, or earlier if necessitated by amendments to RBI regulations, statutory legal changes, or structural shifts in the Company's business profile.

For Mangalam Industrial Finance Limited

SD/-

Venkata Ramana Revuru

Managing Director

DIN: 02809108

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