

MOONGIPA CAPITAL FINANCE LIMITED

PROVISIONING POLICY

1. PREAMBLE

This Provisioning Policy ("Policy") has been framed in accordance with the provisions of the Reserve Bank of India (RBI) Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, as amended from time to time, and other applicable laws and regulations.

The objective of this Policy is to establish a framework for identification, classification, measurement, monitoring, and provisioning of credit exposures and assets of the Company in a prudent and consistent manner.

2. OBJECTIVE

The objectives of this Policy are:

- To ensure adequate provisioning against potential losses arising from credit exposures.
- To comply with RBI prudential norms on income recognition, asset classification, and provisioning.
- To safeguard the financial stability and asset quality of the Company.
- To provide a transparent and uniform methodology for provisioning.

3. APPLICABILITY

This Policy shall apply to all loans, advances, receivables, and other credit exposures undertaken by the Company.

4. REGULATORY FRAMEWORK

The Company shall comply with:

- RBI Master Direction – Non-Banking Financial Company – Scale Based Regulation Directions, 2023.
- Applicable Accounting Standards (Ind AS or Accounting Standards, as applicable).



- Any circulars, notifications, guidelines, or amendments issued by RBI from time to time.

5. ASSET CLASSIFICATION

The Company's loan assets shall be classified as follows:

5.1 Standard Assets

Assets that do not disclose any problem and carry normal business risk.

5.2 Non-Performing Assets (NPA)

An asset shall be classified as NPA when interest and/or principal remains overdue for a period of more than 90 days or as prescribed by RBI from time to time.

5.3 Categories of NPAs

a) Sub-Standard Assets

Assets which have remained NPA for a period not exceeding 12 months.

b) Doubtful Assets

Assets which have remained in the sub-standard category for a period of 12 months.

c) Loss Assets

Assets identified as uncollectible or having negligible value, though there may be some recovery value.

6. PROVISIONING NORMS

The Company shall create provisions on outstanding loan assets in accordance with RBI guidelines prevailing from time to time.

6.1 Standard Assets

Provision shall be maintained at the rate prescribed by RBI on outstanding standard assets.



6.2 Sub-Standard Assets

Provision shall be made as per RBI norms applicable to the outstanding amount and secured/unsecured portions of such assets.

6.3 Doubtful Assets

Provision shall be made on the secured and unsecured portions of doubtful assets as prescribed by RBI, considering the period for which the asset has remained doubtful.

6.4 Loss Assets

A provision of 100% shall be made for all identified loss assets.

7. ADDITIONAL PROVISIONS

The Company may create additional provisions over and above the regulatory minimum requirements based on:

- Portfolio risk assessment;
- Economic conditions;
- Industry-specific risks;
- Borrower-specific weaknesses;
- Management judgment and Board recommendations.

8. WRITE-OFF OF LOANS

Loan accounts may be written off after approval by the Board of Directors or delegated authority where:

- Recovery prospects are remote;
- Legal remedies have been exhausted or are not economically viable;
- Adequate provisions have been made.

A write-off shall not prejudice the Company's right to continue recovery efforts.

9. REVIEW AND MONITORING

The Finance Department shall:

- Review asset classification monthly.
- Calculate required provisions periodically.
- Ensure timely accounting of provisions.
- Report provisioning status to senior management and the Board.

10. DISCLOSURES

The Company shall make appropriate disclosures regarding:

- Gross NPAs;
- Net NPAs;
- Provision coverage;
- Write-offs;
- Recoveries;

in its financial statements as required under applicable laws and RBI guidelines.

11. RESPONSIBILITIES

Board of Directors

- Approve the Policy and amendments thereto.
- Review provisioning adequacy periodically.

Finance Department

- Compute and maintain provisions.
- Ensure compliance with RBI requirements.

Internal Auditor

- Verify provisioning calculations and compliance.
- Report deviations, if any.

12. POLICY REVIEW

This Policy shall be reviewed annually or earlier if required due to changes in RBI regulations, accounting standards, or business requirements.

13. EFFECTIVE DATE

This Policy shall come into effect from the date (i.e 25 May, 2026) of approval by the Board of Directors of Moongipa Capital Finance Limited and shall remain in force until modified or replaced.