



SWAGAT HIRE PURCHASE AND FINANCE COMPANY PRIVATE LIMITED

CIN No. U65921MH1994PTC077154
RBI License No. B-13.01566

Registered Office:- Flat No.601, Excellentia "E", Casa Bella, Dombivli East, Dist-Thane, Maharashtra - 421204

Corporate Office:- D-1398, 1st Floor, Sai Sagar Building, Near Kaleva Chauraha, Indira Nagar, Lucknow-226016

Landline No. 0522-3128640

E-mail id:- compliance@swagat.mitrsewa.com

Risk Management Policy

Framework for Identification, Measurement, Monitoring and Control of Risks

Version 1.0 | Effective Date: 03 Feb 2026 | Review: Annual

Policy Owner	Board of Directors / Risk Oversight
Approved By	Board of Directors
Regulatory Reference	RBI SBR Directions, 2023 (Chapter VI & Annex VI); RBI Liquidity Risk Management Framework; RBI Circular on Operational Risk; Companies Act, 2013
Review Frequency	Annual (or on material change in risk profile)
Effective Date	03 Feb 2026

1. Introduction

Swagat Hire Purchase and Finance Company (hereinafter "the Company") recognises that effective risk management is fundamental to the long-term sustainability and sound operation of its financial services business. As an NBFC-BL engaged in hire purchase and lending activities, the Company is exposed to a variety of risks including credit risk, liquidity risk, market/interest rate risk, operational risk, and compliance/regulatory risk.

This Risk Management Policy ("Policy") establishes a comprehensive framework for the identification, measurement, monitoring, and control of all material risks to which the Company is or may be exposed, in compliance with the RBI Master Direction – NBFC (Scale Based Regulation) Directions, 2023 and international best practices.

2. Objectives

- Establish a sound, proportionate, and effective risk management framework aligned with the Company's scale, complexity, and risk appetite.
- Identify, assess, monitor, and mitigate all material risks to the Company's financial health, operational integrity, and regulatory standing.
- Ensure capital adequacy is maintained at all times commensurate with the Company's risk profile.
- Protect the interests of borrowers, lenders to the Company, and other stakeholders.
- Enable informed decision-making at the Board and management level by providing timely and accurate risk information.
- Comply with all RBI prudential norms, capital requirements, and reporting obligations.



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3. Risk Governance Structure

3.1 Board of Directors

The Board of Directors bears ultimate responsibility for risk governance. The Board shall:

- Approve and annually review this Risk Management Policy.
- Set and review the Company's overall Risk Appetite Statement.
- Review quarterly Risk Reports from the CEO/Management covering all major risk categories.
- Ensure that the Company has appropriate and effective mechanisms to identify, measure, control, and monitor all applicable risks on a timely and accurate basis, as required under Chapter VI of the SBR Directions.
- Approve the Internal Capital Adequacy Assessment Process (ICAAP) if and when applicable.

3.2 CEO / Senior Management

The CEO shall be responsible for day-to-day implementation of the risk management framework, including:

- Establishing risk management procedures and internal controls across all business functions.
- Identifying emerging risks and reporting material risk events to the Board promptly.
- Preparing quarterly Risk Reports for Board review.
- Ensuring all business decisions are consistent with the Board-approved Risk Appetite.
- Implementing corrective actions when risk levels exceed approved thresholds.

3.3 Risk Management Committee

The Board as a whole currently performs risk management oversight. The Company shall consider constituting a formal Risk Management Committee (with Board-level membership) as the scale of operations grows and as regulatory requirements prescribe. When constituted, the Committee shall:

- Meet at least quarterly.
- Evaluate the overall risk profile including liquidity risk.
- Report risk assessment outcomes to the Board.
- Review and recommend risk appetite and risk tolerance levels.

4. Risk Appetite

The Company's Risk Appetite is defined as the level and type of risk that the Board is willing to accept in pursuit of the Company's strategic objectives, consistent with regulatory requirements and the need to maintain financial soundness. The Risk Appetite Statement shall include:

- Maximum acceptable NPA ratio (Gross NPA as % of Gross Advances).
- Minimum Capital Adequacy Ratio (CRAR) to be maintained above the regulatory minimum.



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- Maximum single-borrower and group-borrower exposure limits.
- Maximum liquidity gap in defined maturity buckets.
- Operational loss tolerance thresholds.

The Risk Appetite Statement shall be approved by the Board annually and shall inform all credit sanction, investment, and operational decisions.

5. Credit Risk

5.1 Definition

Credit risk is the risk that a borrower or counterparty will fail to meet obligations in accordance with agreed terms, resulting in a financial loss to the Company. As a lending-focused NBFC, credit risk is the Company's most significant risk.

5.2 Credit Risk Management Framework

5.2.1 Credit Appraisal

- All loans shall be sanctioned based on a documented credit appraisal covering: borrower's income, repayment capacity, credit history (credit bureau check mandatory), collateral quality, and LTV ratio.
- The credit appraisal shall be recorded in writing in a standard format and retained for regulatory inspection.
- Lending decisions shall be based on the Board-approved credit policy and within prescribed delegation of authority limits.

5.2.2 Exposure Limits

- Single Borrower Limit: The exposure to any single borrower shall not exceed limits as prescribed by the Board, consistent with RBI prudential norms and the Company's capital base.
- Group Exposure Limit: Exposure to a group of connected counterparties shall be monitored and controlled to prevent concentration risk.
- Sector Concentration: The Company shall monitor sector-wise concentration (e.g., commercial vehicles, personal loans, SME) and report the same to the Board quarterly.

5.2.3 NPA Classification and Provisioning

In compliance with RBI SBR Directions and the NPA glide path:

Asset Classification	Overdue Period	Minimum Provision
Standard Asset	Current — 0 to 89 days past due	0.40% of outstanding (for NBFCs where applicable)
Sub-Standard Asset	NPA for up to 12 months	15% of outstanding
Doubtful Asset – D1	Sub-standard for 12 months	25% (secured) / 100% (unsecured)



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Doubtful Asset – D2	Doubtful for 1-3 years	40% (secured) / 100% (unsecured)
Doubtful Asset – D3	Doubtful for more than 3 years	100%
Loss Asset	Loss identified by auditor/RBI	100%

NPA Threshold With effect from March 31, 2025, all NBFCs (including NBFC-BL) must classify accounts overdue for more than 90 days as Non-Performing Assets (NPAs) in compliance with RBI's harmonised NPA norms under the SBR framework.

5.2.4 Recovery and Write-off

- A structured recovery process shall be initiated as soon as an account is categorised as SMA-0 (principal/interest overdue 1-30 days), with escalating recovery actions through SMA-1 and SMA-2.
- Write-offs shall require Board approval. Accounts written off shall continue to be pursued for recovery.
- Recovery efforts shall at all times comply with the Fair Practices Code and the Company's Code of Conduct for recovery agents.

6. Liquidity Risk

6.1 Definition

Liquidity risk is the risk that the Company will be unable to meet its financial obligations (including repayment of borrowings, operational expenses, and disbursement commitments) as they fall due, without incurring unacceptable losses or being unable to continue normal operations.

6.2 Liquidity Risk Management

- The Company shall maintain sufficient liquid assets (cash, bank balances, undrawn credit lines) to meet current and foreseeable obligations.
- A monthly Asset-Liability Management (ALM) statement shall be prepared to monitor the maturity profile of assets and liabilities and identify potential mismatches.
- The Company shall monitor and manage liquidity gaps in the following maturity buckets: 1-7 days, 8-14 days, 15-30 days, 31-90 days, and beyond 90 days.
- The Company shall not rely excessively on short-term funding for long-term asset deployment.
- Concentration in funding sources shall be managed — the Company shall aim to diversify its borrowing sources across banks, financial institutions, and (in due course) capital market instruments.
- A Contingency Funding Plan (CFP) shall be maintained, setting out actions to be taken in the event of a liquidity stress scenario. The CFP shall be reviewed and updated at least annually.



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- The ALM statement shall be reviewed by the Board quarterly.

7. Market and Interest Rate Risk

7.1 Definition

Market risk is the risk of adverse movements in interest rates, exchange rates, or other market variables affecting the value of the Company's assets and liabilities. For an NBFC primarily engaged in INR-denominated lending, interest rate risk is the primary market risk.

7.2 Interest Rate Risk Management

- The Company shall monitor the re-pricing profile of its assets (fixed vs. floating rate loans) and liabilities (fixed vs. floating rate borrowings).
- The Company shall aim to maintain a broadly matched interest rate risk profile, with appropriate margins built into its interest rate model.
- For floating rate products, interest rate reset clauses shall be clearly disclosed to borrowers and implemented in compliance with RBI guidelines.
- The impact of interest rate changes on the Company's net interest income and capital shall be assessed and reported to the Board at least semi-annually.
- The Company does not engage in speculative trading. All borrowings and investments shall be for genuine business purposes.

8. Operational Risk

8.1 Definition

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems, or from external events including fraud, technology failures, natural disasters, or legal risks.

8.2 Operational Risk Management

8.2.1 Internal Controls

- The Company shall maintain documented policies and Standard Operating Procedures (SOPs) for all key business processes including loan origination, disbursement, collections, accounting, and regulatory reporting.
- Maker-Checker controls shall be implemented for all material financial transactions.
- Segregation of duties shall be maintained between loan sanctioning, disbursement, and collections.

8.2.2 IT and Cybersecurity

- All IT systems used for loan management, accounting, and customer data shall be protected with appropriate access controls, passwords, and encryption.
- Customer data shall be stored securely and access restricted on a need-to-know basis.



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- Regular data backups shall be maintained and tested for recoverability.
- The Company shall implement basic cybersecurity measures proportionate to its scale of operations.

8.2.3 Business Continuity

- A Business Continuity Plan (BCP) shall be maintained to ensure continuation of critical functions in the event of disruptions such as natural disasters, system failures, or pandemic events.
- The BCP shall be reviewed and updated at least annually and tested periodically.

8.2.4 Fraud Prevention

- The Company shall implement anti-fraud controls including verification of borrower identity (KYC), property/vehicle documents, and income proofs at the time of loan appraisal.
- Staff shall be trained to identify potential fraud indicators.
- All instances of fraud (attempted or actual) shall be reported to the Board immediately and to RBI as required under applicable guidelines.

8.2.5 Outsourcing Risk

- Any outsourcing of financial services (including loan sourcing, recovery, collection) shall be governed by written agreements in compliance with RBI's Outsourcing Guidelines (Annex XIII of SBR Directions).
- The Company remains responsible for the conduct of all outsourced agents.
- Outsourced agents shall be trained on the Fair Practices Code and Code of Conduct before engagement.

9. Compliance and Regulatory Risk

Compliance risk is the risk of legal sanctions, financial loss, or reputational damage resulting from failure to comply with applicable laws, regulations, and internal policies.

- The CEO shall maintain a comprehensive regulatory compliance calendar covering all RBI return due dates, Companies Act compliance deadlines, and PMLA/FIU-IND reporting obligations.
- Any regulatory communication, show-cause notice, or inspection observation received from RBI shall be placed before the Board within 7 days of receipt.
- Corrective actions identified in regulatory inspections or internal audits shall be implemented within the timelines approved by the Board.
- The compliance status shall be reported to the Board at every quarterly Board meeting.



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10. Capital Adequacy

The Company shall comply with RBI's capital adequacy requirements as prescribed for NBFC-BL:

- The Company shall maintain a Capital to Risk-weighted Assets Ratio (CRAR) of not less than 15% at all times, of which Tier-1 capital shall be not less than 10%.
- The minimum Net Owned Fund (NOF) shall be maintained at ₹10 crore (as applicable to NBFC-ICC) and shall be increased in accordance with RBI's NOF glide path.
- The Board shall review the capital adequacy position quarterly and plan capital augmentation well in advance if the CRAR is projected to approach or fall below the regulatory minimum.
- The Company shall prepare and maintain a Capital Planning document as part of its ICAAP exercise.

11. Risk Reporting

A comprehensive Risk Report shall be submitted by the CEO to the Board at every quarterly Board meeting. The Risk Report shall cover:

Risk Category	Metrics to be Reported	Frequency
Credit Risk	Gross NPA %, Net NPA %, Provision Coverage Ratio, Top-10 exposures, Sector concentration, SMA-0/1/2 book	Quarterly
Liquidity Risk	ALM gap analysis (by maturity bucket), Cash flow statement, Borrowing maturity profile	Quarterly
Market/Interest Rate Risk	Re-pricing gap analysis, Net Interest Margin trend	Semi-annual
Operational Risk	Fraud incidents, IT incidents, BCP status, Internal audit findings	Quarterly
Compliance Risk	Regulatory return filing status, Pending RBI observations, Show-cause notices	Quarterly
Capital Adequacy	CRAR, Tier-1 capital, NOF position	Quarterly

12. Internal Audit

The Company shall ensure that an independent internal audit function reviews all major risk areas at least annually. Key requirements:

- Internal audit shall cover credit appraisal quality, disbursement processes, collections, accounting controls, and regulatory compliance.
- Internal audit findings shall be presented to the Board (or Audit Committee when constituted).



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- Management responses to audit findings shall be documented and tracked to closure.
- The Company may engage an external audit firm to conduct internal audit functions until an in-house capability is established.

13. Policy Review

This Risk Management Policy shall be reviewed at least annually. An immediate review shall be triggered by:

- Material changes in the Company's business model or product mix.
- Significant deterioration in any risk metric (e.g., sharp rise in NPA, liquidity stress).
- New RBI guidelines or changes in existing regulations.
- Adverse findings from RBI inspection or internal/external audit.

Adopted by the Board of Directors of Swagat Hire Purchase and Finance Company.

Date of Adoption: 02 Feb 2025 | Version: 1.0

