

FEDEX FINANCE PRIVATE LIMITED

Policy for Credit / Investment Concentration Limits

Fedex Finance Private Limited

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Policy for Credit / Investment Concentration Limits

1. Introduction

Fedex Finance Private Limited (hereinafter referred as “the Company” or “FFPL”) a non-deposit taking non-systemically important Non-Banking Financial Company (NBFC) licensed by the Reserve Bank of India (RBI) bearing registration No.13.00930

This policy lays down the guidelines for managing credit and investment concentration risks in compliance with the RBI’s regulatory framework applicable to NBFCs, as per the Master Direction – Reserve Bank of India (Non-Banking Financial Company– Scale Based Regulation) Directions, 2023, and may be amended from time to time.

The purpose of this policy is to mitigate credit and investment concentration risk by placing prudential limits on exposure to single/group borrowers and investments, ensuring a well-diversified portfolio and the financial soundness of the NBFC

2. Regulatory Framework

As per the Master Direction – Reserve Bank of India (Non-Banking Financial Company– Scale Based Regulation) Directions, 2023, the company shall:

- Adhere to a maximum exposure limit to a single borrower or group of connected borrowers.
- Have a Board-approved policy to manage credit/investment concentration risk.
- Maintain transparency and ensure adherence to internal risk limits in line with risk appetite.

3. Objectives

- To establish a robust framework for identifying, measuring, monitoring and controlling credit and investment concentration.
- To define prudential exposure norms for counterparties and sectors.
- To mitigate systemic and counterparty risk by promoting diversification.
- To ensure compliance with applicable RBI norms.

4. Scope and Applicability

This policy shall be applicable to the following:

- All credit exposures (funded and non-funded) to borrowers.
- All investments in financial instruments (equity, debt, mutual funds, AIFs, etc.).
- All business units and departments involved in credit underwriting, investment and risk management.

5. Definitions

“Board of Directors” or “Board” shall mean Board of Directors of the Company as constituted from time to time.

“Company” shall mean Fedex Finance Private Limited.

“Exposure” Includes both funded and non-funded credit facilities such as loans, guarantees, letters of credit, derivative exposures and investments.

“Group of Connected Borrowers” Two or more entities with common promoters or control, or where there is interdependence of business, as defined by RBI.

6. Exposure Norms & Concentration Limits

6.1 Single Borrower Exposure Limit (SBE Limit)

- Maximum exposure to a **single borrower** shall not exceed **15%** of the Company's **Owned Funds** (Tier I Capital + Tier II Capital, as applicable).
- The Board may, on prudential grounds, fix an internal limit.

6.2 Group Borrower Exposure Limit (GBE Limit)

- Maximum exposure to a **group of connected borrowers** shall not exceed **25%** of the Company's **Owned Funds**.
- Internal limits may be more conservative based on credit risk profile.

6.3 Investment Exposure Limits

- Investment made by the Company in **equity shares** of a single entity shall not exceed **10%** of the Company's **Owned Funds**.
- Aggregate exposure in **equity instruments** (quoted/unquoted) shall not exceed **20%** of Owned Funds.
- Exposure to **Alternative Investment Funds (AIFs)** shall not exceed **10%** of Owned Funds.

6.4 Sectoral Exposure Limits

The company may set internal exposure caps to sectors vulnerable to cyclicity or concentration risk, which is mentioned below:

Sector	Maximum Exposure (as % of Total Assets)
Real Estate	25%
Infrastructure	30%
NBFCs	20%
MSMEs	No hard cap; guided by portfolio limits

Note: These are indicative and may be revised by the Risk Management Committee based on risk assessment.

7. Monitoring and Control

- Exposure positions shall be monitored whenever required by the Risk Management Committee.
- A Quarterly Exposure Monitoring Report shall be presented to the Board.
- Deviations, if any, shall be reported immediately to the board and which shall be rectified within 30 days of the reporting made to the board.
- Limits shall be reviewed annually or earlier based on business and economic conditions by the Risk Management committee.

8. Review of Policy

The Board shall review and amend this policy as and when required.

If at any point a conflict of interpretation / information between the policy and any regulations, rules, guidelines, notification, clarifications, circulars, master circulars/ directions issued by relevant authorities (“Regulatory Provisions”) arises, then interpretation of the Regulatory Provisions shall prevail.

In case of any amendment(s) and/or clarification(s) to the Regulatory Provisions, the policy shall stand amended accordingly from the effective date specified as per the Regulatory Provisions.
