

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 exposure limit applicable to base layer NBFC.
- 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

Exposure limit as applicable to base layer NBFC.

RBI stipulated prudential exposure norms on concentration of credit/ Investment are as follows:-

Lend & Invest (loans/ investment together)	Single Borrower Limit	(25%) twenty-five percent of its Tier 1 capital to a single party
	Group Limit	(40%) forty percent of its Tier 1 capital to a single group of parties
Additional Exposure for Infra Loans	Single Borrower Limit	Exposure may exceed by additional (5%) five percentage points provided the additional credit exposure is on account of infrastructure projects.
	Group Limit	Exposure may exceed by additional (10%) ten percentage points provided the additional credit exposure is on account of infrastructure projects.
Norms for exceeding the above ceiling		Fedex Finance may exceed the above ceilings on credit concentration to a single party or a single group of parties by 50 percent of its owned fund, or such other percent with the approval of Board.

7. Monitoring and Control

- Exposure positions shall be monitored whenever required by the Risk Management Committee.
- Deviations, if any, shall be reported immediately to the board and which shall be rectified/ratified 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.
