



**BRMP LEASING & FINANCE PRIVATE LIMITED**

**POLICY ON CREDIT OR INVESTMENT  
CONCENTRATION LIMITS**

## **RECORD OF REVIEW**

<b>BRMP LEASING AND FINANCE PRIVATE LIMITED</b>	
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## **1. INTRODUCTION**

**BRMP LEASING & FINANCE PRIVATE LIMITED (“BRMP” or “Company”)** is a private limited company incorporated under the Indian Companies Act, 1956 and registered under Companies Act, 2013 and is a Non-Banking Financial Company (“NBFC”) registered with the Reserve Bank of India (RBI) under the Non-Deposit Taking NBFC falling under Base Layer category as per RBI Scale Based Regulations.

Reserve Bank of India had issued Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 on 19<sup>th</sup> October 2023 as amended from time to time which mandates the Company to have a Board approved policy on Credit/Investment Concentration Norms. Keeping in view these prudential norms, this policy has been formulated to govern the Company’s credit and investment exposure norms.

## **2. PURPOSE**

The policy aims to ensure risk diversification, prudential exposure limits, and alignment with the repayment capacity of borrowers, thereby mitigating concentration risk.

These exposure norms are designed to align loan and investment decisions with the borrower’s capacity to service the obligations, ensure adequate diversification of the portfolio, and reduce vulnerability to adverse market or economic conditions.

## **3. GENERAL**

No exposure will be taken against BRMP Leasing & Finance Private Limited (the Company) own shares i.e. the company will not grant any loan/ advance/ overdraft or any other credit facility by whatever name, against its own shares. No exposure on partly paid shares or shares held in materialized form shall be considered.

Shares issued by the Company shall not be accepted either as primary or collateral security for any facility granted by the Company.

Exposure means and includes both funds based and non -fund based facilities, and covers both on-balance sheet and off-balance sheet items.

## **4. CREDIT/INVESTMENT CONCENTRATION LIMIT**

1. The company shall maintain the ceiling on concentration to single or group borrowers as under:
  - i. credit/investment (taken together) not exceeding twenty-five percent (25%) of its Tier 1 capital to a single party; and
  - ii. credit/investment (taken together) not forty percent (40%) of its Tier 1 capital to

a single group of parties.

2. The Company may exceed the concentration of credit/ investment by five percent (5%) for any single party and by ten percent (10%) for a single group of parties, on account of infrastructure loan and/or investment. These additional exposures would be in accordance with the latest ceilings prescribed by the RBI from time to time.
3. Product-specific policies/programs shall define the minimum and maximum loan quantum that may be granted under each product, subject to the overall ceilings. These limits may be reviewed in accordance with business needs and RBI guidelines.
4. Product policies shall also specify the methodology for computing exposure amounts and the applicable eligibility criteria for borrowers and groups.
5. The ceilings mentioned above shall also apply to exposures to companies/firms within the Company's group and to borrowers/investee companies that are part of a group.
6. The term "group" shall have the same meaning as defined under Section 370(1B) of the Companies Act, 1956 or any applicable definition as per prevailing regulatory provisions.
7. While computing exposures, all exemptions or relaxations granted under applicable RBI guidelines shall be taken into account.
8. The latest audited balance sheet shall be considered for calculating ceilings on exposure based on owned funds and Tier 1 capital.
9. The Company shall consider the provisions under the Companies Act and SEBI laws while dealing with investments, inter-corporate loans/advances, loans against shares, and exposures to directors and persons with substantial interest.
10. Exposures to the capital market shall be appropriately classified and reported to RBI, as required by prevailing guidelines.

#### **5. COMPUTATION OF EXPOSURE – CREDIT RISK TRANSFER INSTRUMENTS**

Off-balance sheet exposures shall be converted into credit equivalents using the credit conversion factors prescribed by the RBI.

While computing exposures, all exemptions or relaxations granted under applicable RBI guidelines shall be taken into account.

The latest audited balance sheet shall be considered for calculating ceilings on exposure based on owned funds and Tier 1 capital.

The Company shall consider the provisions under the Companies Act and SEBI laws while dealing with investments, inter-corporate loans/advances, loans against shares, and exposures to directors and persons with substantial interest.

Exposures to the capital market shall be appropriately classified and reported to RBI, as required by prevailing guidelines.

#### **6. SENSITIVE SECTOR EXPOSURE (SSE)**

- Capital market and commercial real estate exposures shall be considered sensitive and shall be subject to Board-approved internal sub-limits.
- A sub-limit within the commercial real estate ceiling shall be fixed internally for financing land acquisition.
- There shall be a ceiling of ₹1 crore per borrower for financing subscription to Initial Public Offers (IPOs).

#### **7. SECTORAL EXPOSURE FOR CONSUMER CREDIT**

- Sectoral exposure limits for consumer credit, especially unsecured credit, shall be reviewed and set by the Board. These limits shall be strictly monitored by the Risk Management Committee.
- Top-up loans extended against movable assets of depreciating nature, such as vehicles, shall be treated as unsecured for credit appraisal and exposure purposes.

#### **8. INVESTMENTS IN ALTERNATIVE INVESTMENT FUNDS (AIFS)**

- The Company shall not invest in any AIF scheme that has downstream investments in debtor companies (with current or past loan/investment exposure in the previous 12 months).
- If an AIF in which the Company is an investor makes such downstream investment, the Company shall liquidate its holdings within 30 days or provide 100% provisioning if liquidation is not possible.
- Investments in subordinated units of AIFs with a priority distribution model shall be fully deducted from capital funds.

#### **9. REVIEW OF POLICY**

The Management Committee/Board shall oversee the implementation of this Policy and review its effectiveness periodically. The Policy shall also be reviewed and amended as required in line with regulatory changes. In case of any conflict between this Policy and the applicable regulatory requirements, the latter shall prevail until the Policy is suitably revised.

**\*\*\*End of Policy Document\*\*\***