# SANVIN FINCAP PRIVATE LIMITED

**(formerly known as Protect Securities Private Limited)**

**RBI registration no: B-14.01902**

# CONCENTRATION RISK MANAGEMENT POLICY

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## 1. Introduction

This Concentration Risk Management Policy ("Policy") is framed pursuant to the provisions of the Reserve Bank of India (Non-Banking Financial Companies – Concentration Risk Management) Directions, 2025 and other applicable regulatory requirements.
The objective of this Policy is to ensure that the Company maintains a diversified credit portfolio and avoids excessive concentration of credit and investment exposures in any single borrower, group of borrowers, industry, product segment or geographic area.

## 2. Objective

The objectives of this Policy are:

- To identify and manage concentration risk arising from lending and investment activities.
- To establish prudent exposure limits for borrowers and borrower groups.
- To prevent excessive dependence on any single customer, sector or geographical region.
- To maintain a diversified and balanced loan portfolio.
- To comply with RBI guidelines applicable to Base Layer NBFCs.

## 3. Scope

This Policy shall apply to:

- All loan and credit exposures.
- Investments made by the Company.
- Consumer credit portfolio.
- Secured and unsecured lending products.
- Exposure to individual borrowers and connected borrower groups.

**4. Governance**

The Board of Directors shall be responsible for overall oversight of concentration risk management. The management shall periodically monitor compliance with exposure limits and report material deviations, if any, to the Board.

The Board may revise the limits prescribed under this Policy from time to time based on business requirements, risk profile and regulatory developments.

**5. Single Borrower Exposure Limit**

To ensure diversification of credit risk, the Company shall not ordinarily permit aggregate exposure to a single borrower exceeding **10% of the Company's Net Owned Funds (NOF)** or **₹100 lakh**, whichever is lower, without specific approval of the Board.

For this purpose, exposure shall include:

- Term loans;
- Gold loans;
- Secured loans;
- Unsecured loans;
- Investments, if any; and
- Any other credit facility granted to the borrower.

**6. Group Borrower Exposure Limit**

The aggregate exposure to a group of related or connected borrowers shall not ordinarily exceed **15% of the Company's Net Owned Funds (NOF)** or **₹150 lakh**, whichever is lower, without specific approval of the Board.

The Company shall identify group relationships based on:

- Common ownership;
- Common control;
- Common management;
- Financial interdependence; or
- Any other relationship indicating common risk.

**7. Consumer Credit Exposure**

The Company shall maintain a balanced consumer credit portfolio and avoid excessive concentration in any specific product segment.
The following internal portfolio limits shall apply:

- Unsecured personal loans shall not exceed **25%** of the total loan portfolio.
- Gold loans may constitute up to **100%** of the total loan portfolio.
- Any new lending segment introduced by the Company shall be monitored separately.

The Board may revise these limits based on market conditions and business strategy.

**8. Unsecured Loan Exposure**

Considering the relatively higher risk associated with unsecured lending, the Company shall:

- Exercise enhanced due diligence before sanction.
- Monitor repayment behaviour closely.
- Maintain prudent limits on unsecured exposure.

The aggregate unsecured loan portfolio shall ordinarily not exceed **25% of the total loan book** without Board approval.

**9. Geographic Concentration**

The Company shall seek to diversify its business across locations and avoid excessive exposure to a single geographic area.

Where business conditions require higher concentration, the same shall be reported to the Board.

**10. Industry and Sector Concentration**

The Company shall periodically review sector-wise exposure to ensure that lending is not excessively concentrated in any particular industry or economic activity.

Where significant concentration is observed, management may:

- Restrict fresh sanctions;
- Increase collateral requirements;
- Enhance monitoring frequency; or
- Prescribe sector-specific exposure caps.

**11. IPO Financing**

The Company shall comply with RBI guidelines relating to IPO financing. In any case, exposure for financing subscription to Initial Public Offers (IPO) shall not exceed **₹1 crore per borrower**.

**12. Monitoring and Reporting**

The management shall review concentration levels periodically and place before the Board, at least annually, details relating to:

- Top borrower exposures;
- Group exposures;
- Product-wise concentration;
- Unsecured loan concentration;
- Geographic concentration; and
- Any breach or deviation from approved limits.

**13. Exceptions**

Any exposure exceeding the limits specified in this Policy shall require prior approval of the Board of Directors along with recorded justification.

Such approval shall be granted only in exceptional circumstances and after considering the overall risk profile of the Company.

**14. Review of Policy**

This Policy shall be reviewed annually or earlier if required due to changes in RBI regulations, business strategy or risk profile of the Company.

**15. Interpretation**

Any matter not specifically covered under this Policy shall be governed by the RBI (NBFC – Concentration Risk Management) Directions, 2025 and other applicable laws. In case of any inconsistency, the regulatory provisions shall prevail.