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1. **Objective and Scope**

1.1 Reliance Strategic Investments Limited (herein after referred to as “the Company” or “RSIL”) is registered with Reserve Bank of India (“RBI”) as a Non-Deposit Taking Non-Banking Financial Company. Being a regulated entity, it complies with the Guidelines/Directions issued by RBI from time to time. The Company’s Loan Policy is the framework, which defines the principles for its lending business. The Company shall duly implement and keep the Loan Policy including the Appendices and any amendments thereto up to date, in accordance with any regulatory, corporate or other legal requirements.

1.2 The objectives of this Policy are as below:

a) To articulate a set of standardized principles, evaluation criteria and procedures for the lending activities of RSIL.

b) To institute due diligence for mitigating level of credit risks and improve credit quality.

c) To define overall credit risk appetite.

d) To establish underwriting framework- including maximum credit limits, risk limits, etc.

e) To ensure thorough loan appraisal, validity of purpose, documentation requirements, disbursement arrangements, follow-up and monitoring and closure of loan accounts. This includes both, supervision of outstanding loans as well as recovery of overdue loans.

This Loan policy provides an overall description of all stages of the lending process.

1.3 In pursuing its business, RSIL will operate according to the highest ethical and compliance standards and constantly seek to follow best practices in the industry. RSIL has adopted a Fair Practice Code involving transparency, reasonableness of charges and fairness in dealing with customers which it is committed to uphold. Under no circumstances will contravention of laws and relevant regulations would be tolerated.

2. **Business Strategy and Business Operations**

2.1 RSIL business operations need to be financially sustainable i.e. all expenses shall have to be met from income essentially from interest earned on loans extended in addition to income from investments and fees collected from services extended to customers. The Company may extend loans to any Body Corporate(s), firm(s), Individuals, etc.

2.2 **Business Segments**

- **Corporate Lending**: The Company can further extend loans to any Body
Other Segments / Loan Products: Apart from lending to non-individual entities in general, RSIL will actively seek to lend to MSMEs and customize loan products targeting any specific market segment as may be approved by the Board of Directors or any other collective or individual functionary to whom the powers may stand delegated under this policy. The scope of loans will include any form of inter corporate deposits that may be placed by the company.

2.3 Sanctioning Authority

The Board of Directors or the authorized officers as per the authority delegated by the Board of Directors or the Investment and Lending Committee (herein after referred to as “ILC”) as the case may be, shall be the Sanctioning Authority. The Sanctioning Authority may approve the proposal of any sector on case to case basis covering the entire spectrum of aspects viz. purpose, size, interest rate, term, repayment terms, risk factors, security required and any other conditions.

- The sanctions accorded by the ILC or the authorised officers as per the authority delegated by the Board of Directors shall be placed before the Board of Directors in their ensuing meeting for the purpose of review and noting.

- If the ILC decides that any particular loan or any other feature of a program need to be placed before the Board of Directors, the same shall be placed before the Board of Directors for the approval.

3. Regulatory Restrictions on Loans and Advances

I. Loans and advances to Directors

Unless sanctioned by the Board of Directors/ Committee of Directors, the Company shall not grant any loans and advances aggregating Rupees Five crores and above to -

(i) its Directors (including the Chairman/ Managing Director, if any) or relatives of the directors;

(ii) any firm in which any of the Directors of the Company or their relatives are interested as a partner, manager, employee or guarantor; and

(iii) any company in which any of the Directors of the Company, or their relatives are interested as a major shareholder, director, manager, employee or guarantor.

Provided that Director or his/her relatives shall be deemed to be interested in a Company, being the subsidiary or holding company, if they are major shareholder or in control of the respective holding or subsidiary company.

Provided that the Director who is directly or indirectly concerned or interested in any proposal
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should disclose the nature of their interest to the Board of Directors/the Committee when any such proposal is discussed. They should recuse themselves from the meeting unless their presence is required by the other directors for the purpose of eliciting information and the Director so required to be present shall not vote on any such proposal.

The proposals for credit facilities of an amount less than Rupees Five crore to the borrowers may be sanctioned by the Sanctioning Authority in the Company under powers vested in such authority, but the matter should be reported to the Board of Directors of the Company.

II. Loans and advances to Senior Officers of the Company

The Company shall abide by the following when granting loans and advances to their Senior Officers:

(i) Loans and advances sanctioned to the Senior Officers of the Company shall be reported to the Board of Directors of the Company.

(ii) No Senior Officer or any Committee comprising, *inter alia*, a Senior Officer as member, shall, while exercising powers of sanction of any credit facility, sanction any credit facility to a relative of that Senior Officer. Such a facility shall be sanctioned by the next higher Sanctioning Authority under the delegation of powers.

III. In respect of grant of aforementioned loans mentioned at para I and II above

(i) The Company shall obtain a declaration from the borrower giving details of the relationship of the borrower with the directors/senior officers of the Company for loans and advances aggregating Rupees Five crore and above. The Company shall recall the loan if it comes to their knowledge that the borrower has given a false declaration.

(ii) The Company shall disclose in its Annual Financial Statement, aggregate amount of such sanctioned loans and advances as per the prescribed template.

The above norms as mentioned at para I, II and III will equally apply to awarding of contracts.

IV. Loans and advances to Real Estate Sector

While appraising loan proposals involving real estate, the Company shall ensure that the borrower has obtained prior permission from government/local government/other statutory authorities for the project, wherever required. To ensure that the loan approval process is not hampered on account of this, while the proposals may be sanctioned in normal course, the disbursements shall be made only after the borrower has obtained requisite clearances from the government/other statutory authorities.

V. Explanations:

For the purpose application of regulatory restrictions on grant of Loans and Advances in paras I to IV above, the term 'loans and advances' excludes such advances granted against
Government securities, Life insurance policies, Fixed deposits, Stocks and shares, Housing loans, car advances, etc. granted to an employee of the RSIL under any scheme applicable generally to employees subject to the Company’s interest/lien being appropriately marked with legal enforceability. While other terms such as ‘control’, ‘relative’ and ‘senior officer’ shall have the meanings assigned to them under the Companies Act, 2013, the term ‘major shareholder’ shall mean a person holding 10% or more of the paid up equity capital or five crore rupees in paid up shares, whichever is lower.

**Capital Market Exposures**

Exposure to capital market (direct and indirect) will be reckoned as sensitive exposure. Accordingly, RSIL shall fix Board-approved internal limits for sensitive exposures for capital market exposures. Dynamic vulnerability assessments of various sectors and their likely impact on business, as evaluated periodically for fixing such internal exposure limits.

Ceiling on IPO Funding – There shall be a ceiling of ₹1 crore per borrower for financing subscription to Initial Public Offer (IPO).

Lending against own shares: RSIL will not lend against the security of its own shares.

Loans against stocks and shares: RSIL may lend against the collateral of listed or unlisted shares subject to limits set out by the Board. While lending against the collateral of listed shares, the Company shall:

(i) maintain a Loan to Value (LTV) ratio of 50 per cent for loans granted at all times. Any shortfall in the maintenance of the 50 per cent LTV occurring on account of movement in the share prices shall be made good by the borrower within 7 working days.
(ii) in case where lending is being done for investment in capital markets, accept only Group 1 securities (specified in SMD/ Policy/ Cir - 9/2003 dated March 11, 2003 as amended from time to time, issued by SEBI) as collateral for loans of value more than ₹5 lakh, subject to review.
(iii) report on-line to stock exchanges on a quarterly basis, information on the shares pledged in their favour, by borrowers for availing loans in the specified format.

**4. Purpose of Loan:**

4.1 RSIL will explore the whole gamut of commercial lending opportunities in the market. RSIL will also extend loans to corporates towards general corporate purposes subject to its risk appetite and regulatory exposure norms.

4.2 In all cases, it will be ensured that loans and advances are granted only for legally permissible and bonafide purposes.

**5. Customer Selection:**
RSIL will provide loans to non-individuals such as firms, partnerships and corporates meeting their KYC and credit standards.

**6. Loan Underwriting:**
The process from the receipt of customers’ request and communication of the final approval
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of facility will be as under:

7.1 Loan Approval process:

The process will start from the receipt of customers’ request and the processing of same, including approval of the credit facility. The process ends with the communication of an approval of facility to the customer through a term sheet/sanction letter.

- **Loan Application:** The customer shall submit a form either at offline or online touch-points to inform the Company regarding the interest in a certain loan product.
- **KYC Document Verification:** The documents submitted by the customer will be required to be analyzed either using competent technological or human resources.
- **Credit Appraisal:** This step involves arriving at a decision to provide the loan or not taking into consideration the purpose of the loan, the applicant’s credit history, creation of assets and repayment capacity. RSIL shall require additional documents such as income statement, PAN, Form16 or other considered necessary from the customer.

7.2 Final decision on Sanction:

The final decision to provide the loan or not will remain with RSIL after all the previous steps.

Since the major focus in retail loans shall be unsecured loans, the underwriting shall be strengthened such that loans shall only be granted after the ability and intention to pay of the individual is assessed to an extent as much as possible. Unconventional sources such as alternative data modelling to arrive at the credit worthiness of the individual can also be used.

Unsecured loans shall not be granted to those who do not have a verifiable regular income, other than students. In case of students, the personal loan shall require the guarantee of another person who shall pay in case of default.

7.3 Processing Fee:

RSIL has decided to charge a processing fee at applicable rates from time to time. Any revision in these charges would be implemented on prospective basis with due communication to customers. These charges would be decided upon by the respective business / Function heads in consultation with Operations, Finance, Compliance and Legal Heads. These shall be explicitly conveyed to the customer in the application form.
7.4 Other Charges:

The below charges shall be as applicable for each product line.

- Prepayment Charges/Loan Foreclosure
- Additional Interest on late payment
- PDC/ECS swap charges
- Loan cancellation charges
- EMI Bounce charges
- Legal charges

8. Tenor

The retail loans shall be granted for a tenor of not more than five years.

Besides the above, in order to gainfully utilize the deployable funds, the Company shall make a short-term deposits / loans including inter corporate deposits for a period not exceeding one year. The maximum period credit facilities shall not exceed Twenty years from the date of disbursement of the loan.

9. Determination of Interest rates:

9.1 The base interest rate comprises of the cost of funds, operational costs and the minimum rate of return desired. The further spread will take into account the factors in the creditworthiness of the customer in the form of risk premium.

9.2 Other relevant factors have been enumerated below:

- Interest shall be accrued and charged periodically but not less than monthly rests. Fees/charges may be levied upfront or at other specific intervals as per the agreed terms and conditions.

- Some fees or commissions may have to be paid before the commencement of a facility, the customer shall be required make advance payment of such funds to RSIL.

- In all cases, the effective interest rate shall be clearly communicated to the customers, all fees, commissions, interest rates and their calculations shall be transparent and explained in a manner that could be understood by the customers, in compliance with the FPC, and the duplicate term sheet duly signed shall be obtained from the borrowers in token of acceptance of the terms and conditions of the facility.

- Interest Rate policy will be reviewed periodically to take into account market forces, inflation and risk factors.

- Interest rate structure may vary among borrowers depending upon the risk factors & need for achieving operational & financial sustainability. The Credit...
Authority will go through the rate recommended and give approval in all such cases.

- The sanctioning authority shall record specific reasons in writing at the time of sanctioning loans, in case no interest is stipulated or a moratorium for principal or interest is granted for any period.

9.3 The rate of interest shall majorly depend on three overarching major factors:

(a) **Company factors:**

- The cost of funds: Currently, both equity and debt funding is provided by the parent company, Reliance Industries Limited at an internally decided rate. Going forward, RSIL shall opt for bank borrowings, debentures and commercial papers.
- Operational costs: This would include the cost of using manpower for applicant’s checks and document processing/verification, and if any face to face interaction is required.
- Technology costs would also be factored in.
- Forecasting and planning objectives: RSIL shall have an Annual operating Plan with certain Return on equity/Return on Assets targets. Thus, the interest rate would have a margin for fulfilment.

(b) **Customer Factors based on the risk categorization (low, medium, high) of the customer:**

- Credit Bureau rating: All customers with existing tradelines shall be partly evaluated on the basis of their credit score. A cut-off score shall be defined with risk categorization and associated interest rates.
- Customer history: If a customer already has a loan account with RSIL, the performance of the individual on the existing repayments shall be evaluated. This is also a subset of the credit score.
- Customer Alternate data results: Going forward, RSIL shall heavily invest in developing strong technological capabilities to analyze social media content via partnerships, Information sourced from electronic devices via mobile-based application permissions to understand the linkages between the declarations made by the customer and the reality reflected by his/her financial transactions and actions.
- Applied Amount and Tenor of the loan: The interest rate shall also factor in the amount of loan and the number of months that the loan shall be repaid in.

(c) **External Factors:**

- Possibility of linkage of loan rates with benchmarked rates
- Competition Loan Rates: RSIL shall be mindful of the interest rates charged by its peer group companies for the benefit of the customer as well as for
(d) **Other Important factors:**

- The rate of interest shall be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.
- The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.
- The rates of interest and the approach for gradation of risks shall also be made available on the web-site of the companies or published in the relevant newspapers. The information published in the website or otherwise published shall be updated whenever there is a change in the rates of interest.

(e) **Repayment:**

The Loan may be repayable in one or more installments as per the terms agreed upon. However, the cut off date for repayment may be extended by the sanctioning authority for any particular case. Where such cut off date for repayment is extended beyond a period of one year from the due date, the sanctioning authority shall record specific reasons in writing for such extension.

(f) **Security:**

For secured loans, the borrower shall, in consideration of the loan given, create such security in favour of the Company as stipulated by the Company, including a demand promissory note, wherever applicable.

(g) **Collaterals:**

In case it is felt necessary to strengthen the credit worthiness of the borrower, a co-borrower / guarantor may be considered.

10. **Customer Journey:**

RSIL shall have two ways in which the customer can reach out for the services.

   a. **Independent through Web:** This shall be either through the mobile application or the online website (web-app).
   b. **Assisted through web/offline:** This shall be in both online and offline modes (in affiliated Jio stores) and branches, if any, opened in future.

11. **Pre-approved Customers:**

In this case, RSIL may approach the customer based on the determined credit worthiness from alternative sources of data obtained via application permissions, credit bureau and
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enabling the decision engine to identify customers.

This would then simply be a consent to the offer made by RSIL. From acceptance of the offer to actual disbursement, it could be independent or assisted.

12. **Policy on Demand Loans:**

Demand/Call loans offer flexibility to both customer and lender in handling the credit requirements. Within the framework of its loan policy, RSIL may grant short term demand loans for short term working capital or liquidity management purposes to corporates and MSMEs. These loans are repayable on demand or at short notices. The amount of loan and repayment tenor will be negotiated and agreed upon in writing and communicated in writing to the borrower.

(i) All demand loans will be sanctioned by the Board or as delegated by the Board. All Demand loans under delegated powers shall be reported to the Board at the next meeting. Specific justification for the sanction shall be recorded in each case.

(ii) All demand loans will be sanctioned with a repayment period of not more than one year. A demand loan may be called up or demanded by RSIL at its discretion at any time after sanction up to a period of one year. Demand loans may be renewed on maturity subject to satisfactory conduct and servicing.

(iii) Subject to the interest rate policy of RSIL, interest on demand loans shall be payable at monthly or quarterly rests. Pre-payment penalty shall not be levied on Demand Loans.

(iv) Demand or Call loans will be sanctioned on a fully secured basis.

(v) Sanctioned credit limits will be need-based and asset-backed and subject to limits under the Company's credit exposure norms.

(vi) The performance of demand loans will be reviewed every six months.

(vi) Demand or call loans shall not be renewed unless the periodical review has shown satisfactory compliance with the terms of sanction.

13. **General Information:**

- All customers shall be informed in detail regarding the features, terms and conditions including all charges of the loan before the sourcing of the application. In case of credit facility availed over online or telephonic mode, no loan application shall be processed without a written consent from the customer.

- RSIL shall not discriminate the sanctioning of loans based on gender, caste or religion. However, it may choose to develop lending schemes for specific sections of the society.

- After the sanction of the loan, the loan terms and conditions, sanctioning letter, repayment schedule and all other such relevant documents shall be sent in any chosen mode and explained to the customer.

- We shall endeavor to inform the customer regarding status of the account prior to it...
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turning into an NPA.

14. **Reporting to CICs:** RSIL shall ensure submission and updation of credit information for its borrowers regularly to all the Credit Information Companies (CICs) on a monthly basis or at short interval.

15. **Periodic Updation**
The Loan Policy shall be reviewed annually or as and when required necessary

*(This Policy was approved by the Board of Directors at its meeting held on January 28, 2013)*

*(This Policy was revised by the Board of Directors at its meeting held on July 19, 2022 to be effective from July 19, 2022)*