RELIANCE VENTURES LIMITED

LOAN POLICY
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1. Introduction and Objective

The purpose of granting loans is to earn income from interest earnings and / or avail benefit of capital appreciation or both, on case to case basis.

In terms of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007 and various other directions / circulars issued by the Reserve Bank of India ("RBI") from time to time, Non-Banking Financial Companies ("NBFCs") are expected to exercise due diligence and care in all its lending decisions.

In accordance with the above, the Board of Directors of Reliance Ventures Limited (herein after referred to as “the Company” or “RVL”) framed broad guidelines which shall be considered while taking decisions for granting loan as well as to inculcate the operational efficiency.

The objective of the Company to make loans is to get reasonably good returns on the basis of sound lending decisions.

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 RVL.

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.

The Board of RVL approved the Loan Policy at its meeting held on December 10, 2012 and further reviewed the same at its meetings held on January 15, 2015 and April 15, 2019. The Policy was further reviewed and revised by the Board at its meetings held on July 20, 2021 and January 18, 2022. The Policy was further reviewed and revised by the Board at its meeting held on July 19, 2022.
2. Regulations

During the course of its operations, the Company shall strictly adhere to various guidelines as may be stipulated from time to time, by the RBI. These guidelines will include:

♦ Master Direction - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 [“Master Directions”]

♦ Adherence to Anti Money Laundering Standards ("AML") – Prevention of Money Laundering Act, 2002 as amended, read with the relevant rules and obligations of NBFCs

♦ Guidelines on Fair Practices Code for NBFCs

♦ Circulars, Guidelines and Clarifications as may be issued from time to time by RBI

Pursuant to any subsequent amendments or any statutory modifications or re-enactments in the above stated guidelines / norms / clarifications or in any other applicable acts / regulations, if there is any change in any of the parameter(s) framed by the Board, then the act / regulation will have overriding effect on the parameter(s).
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 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 RVL 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, RVL 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: RVL will not lend against the security of its own shares.

Loans against stocks and shares: RVL 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. Terms & Conditions governing the granting of Loans

Purpose:

The purpose of the Company to grant loans is to earn income from interest earnings or avail benefit of capital appreciation or both, on case to case basis.

Borrower:

The Company may give loan to any Body Corporate(s), Firm(s), Individuals, etc., subject to the regulatory prescriptions and/or restrictions on the specific sector or category of borrowers, as may be stipulated by RBI from time to time.

Credit analysis of the Borrower:

The Company shall sanction the loan after reviewing the financial strength of the borrower and taking into account any regulatory advices. The repayment capacity of the borrower will be assessed based on its past performance as well as its future plans and projections. The Company will be taking the CIBIL score at least once a year and certainly at the time of any adverse credit event in respect of all borrowers including in the case of Group Companies.

Credit Appraisal of the Loan Proposals for real estate exposure:

In case of real estate loans, the Company can provide finance/loans, for projects which are not in default, for the purpose of completion of the underlying real estate project, either through the route of takeover of loan exposure or through obtaining “No Dues Certificate” post direct disbursement to the borrowers, subject to all such safeguards as are necessary to ensure end use of funds.

Sanctioning Authority:

The Board of Directors or the authorised 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.

Term:

The Company shall make short-term loans including inter corporate deposits for a period not exceeding one year. The maximum period of term deposit or other credit facilities shall not exceed Twenty Five years from the date of disbursement of the loan.

Nature:

The loan to be made may be secured or unsecured. The Company may sanction Zero Coupon Optionally Convertible Loans (with an option to convert loan into equity shares of the Borrower where it is a company at the option of the lender). The Company may also opt to subscribe to unsecured optionally convertible (fully or partly) debentures. The loan could also be in the form of assignment or securitization or discounting of receivables or bill discounting, in consonance with the RBI norms and best practice in the market.

Request from the Borrower:

The borrower desirous of availing loan shall make a request in writing to the Company. The Company may at its sole discretion either accept or reject the request. Wherever felt necessary, the Company may enter into an agreement to grant loan on such terms and conditions as are within the ambit of this policy. The Company may extend the term of inter corporate deposit for a further period not exceeding in aggregate the period of one year. The loans sanctioned by other than the Board of Directors shall be placed before the Board of Directors for its noting, in the immediately ensuing meeting of the Board.

Interest:

The rate of interest on loans, where applicable, shall vary from 4.5% p.a. to 20% p.a. depending on the market conditions, availability of surplus funds with the Company and other circumstantial factors.

The Interest on the loan amount shall accrue and will become due and payable on monthly or quarterly basis depending upon case to case.

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.

Pre and post disbursement monitoring of the loans:

The Company shall procure from the Borrowers, other than group companies, end use certificates duly certified by Chartered Accountants, wherever prescribed in the terms of the sanction letter.

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.

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.

Collaterals:

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

Default:

In the event of any default made by the borrower, the Company shall have sole and absolute discretion to charge such additional interest not exceeding 15 % p.a. on the amount due to the Company.

Review of Performance:

The Sanctioning Authority shall periodically review the performance of loans.

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, RVL 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 up front and communicated in writing to the borrower.

(i) All demand loans will be sanctioned 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 RVL 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 RVL, 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. Demand or call loans shall not be renewed unless the periodical review has shown satisfactory compliance with the terms of sanction.

**Reporting requirements:**

The Company shall adhere to the prescribed prudential norms and reporting requirements in the periodical returns, CERSAI, CRILC platform and in the annual financial statements.

(This Policy was approved by the Board of Directors at its meeting held on December 10, 2012)

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