

RELIANCE INDUSTRIES HOLDING PRIVATE LIMITED

LOAN POLICY

Reliance Industries Holding Private Limited
Loan Policy

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1. Introduction and Objective

Reliance Industries Holding Private Limited ('the Company/RIHPL') is registered with Reserve Bank of India ('RBI') as a Core Investment Company ('CIC'). Being a CIC it has to comply with Guidelines/ Directions issued by RBI from time to time.

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

Notwithstanding the fact that a CIC can lend only to its group companies, it, being a financial institution, is expected to exercise due diligence and care in all its lending decisions in order to remain viable and eligible to continue to hold the Certificate of Registration issued by RBI.

In accordance with the above, the Board of Directors of RIHPL framed broad guidelines for decisions to make 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.

2. Regulations

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

- ◆ Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016
- ◆ 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 the Reserve Bank of India.

Any subsequent amendments or any statutory modifications or re-enactments in the above stated guidelines / norms / clarifications or in any other applicable acts / regulations shall prevail in the event of a conflict with this Loan Policy.

The Board of Directors of RIHPL approved the Loan Policy at its meeting held on September 17, 2021 and further reviewed and revised the same at its meeting held on January 6, 2023.

3. Terms & Conditions

3.1. Definition:

The term “Loan” shall include any loan in the form of inter corporate deposits, term loans, facilities, financial assistance or any other form of lending of Company’s funds. The loan may be short term or long term in nature.

3.2. Purpose:

The purpose of the Company to make loans is to earn income from interest earnings or avail benefit of capital appreciation or both, on case to case basis. Besides, being a holding company, it is also expected to provide funding support to its group companies.

3.3. Borrower:

The Company shall give loans to its group companies, as per the RBI (CIC) Directions.

3.4. Credit analysis of the Borrower:

The Company shall sanction the loan after reviewing the financial strength of the borrower. The repayment capacity of the borrower will be assessed based on his past performance as well as his future plans and projections and or the need to support the entity in the overall interest of the group.

3.5. Sanctioning Authority:

The Company shall take the decisions for giving loans or providing credit facilities at the meetings of the Board of Directors of the Company. The Board of Directors of the Company, by way of a resolution, may delegate the said power to any committee, Directors, Company Secretary, any authorised person or the Principal Officer of the Company.

3.6. Restrictions on Loans and Advances:

The Company shall not grant any loan to any person outside the meaning of “companies in the group” as prescribed in the RBI (CIC) Directions.

3.7. Term:

The Company shall make a short-term loan including inter corporate deposits for a period not exceeding 1 year. The maximum period of loan or other credit facilities shall not exceed 10 years from the date of disbursement of the loan.

3.8. 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), as per the provisions of the Companies Act, 2013. The Company may also opt to subscribe to unsecured optionally convertible (fully or partly) debentures as per the provisions of the Companies Act, 2013. 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.

Nevertheless, the Company will take care that the ratio of investment in equity instruments will continue to be not less than 60% of the total assets post sanction / disbursement of fresh loans, as proposed so as to comply with RBI (CIC) Directions.

3.9. 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. The Company shall enter into an agreement to grant loan on such terms and conditions as are within the ambit of this policy. The loans sanctioned by other than the Board shall be placed before the Board for seeking their ratification, in the immediately ensuing meeting of the Board.

3.10. Rate of Interest:

The rate of interest on loans, where applicable, shall vary from 4.5% p.a. to 15% p.a. depending on the market conditions, availability of surplus funds with the Company and other circumstantial factors. The Company may invest in preference shares of its group companies with the coupon rate as permissible under the Companies Act, 2013. It may also grant zero coupon loans with the option to convert into equity in consonance with the Ind AS and Section 186(11) of the Companies Act, 2013 and also not at variance with RBI regulatory norms, for strategic business purpose and it has the potential of capital appreciation.

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

The sanctioning authority shall record specific reasons in writing at the time of sanctioning loans, as to the rate of interest and / or if a moratorium for principal or interest is granted for any period.

3.11. 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 for the reasons to be recorded in writing and as per RBI Regulations.

3.12. Security:

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

4. 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, RIHPL, being a CIC, may grant short term demand loans for short term working capital or liquidity management purposes to its group companies.

- (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 RIHPL 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) The sanctioning authority shall record reasons in writing at the time of sanction, if the cut-off date for demanding or calling up such loan is stipulated beyond a period of one year from the date of sanction or for grant of moratorium for longer period on repayment of principal and / or interest.
- (iv) Interest on demand loans shall be payable at monthly or quarterly basis. Pre-payment penalty shall not be levied on Demand Loans.
- (v) Demand or Call loans will be sanctioned on an unsecured/ secured basis.
- (vi) Sanctioned credit limits will be need based.
- (vii) 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.

5. Reporting to Credit Information Companies:

The Company shall ensure submission and updation of credit information for its borrowers regularly to all the Credit Information Companies on a monthly basis or at short interval.

6. Review of Performance of loans:

The sanctioning authority shall periodically review the performance of loans.

7. Review of Policy:

This Policy will be reviewed as and when required but at least once in year.