PAN EMAMI COSMED LIMITED

LOAN POLICY

DOCUMENT DETAILS

Document Title	**PAN Emami Cosmed Limited – Loan Policy**
Document Version	5.0
Prepared By	Secretarial Department
Reviewed By	Secretarial Department
Approved by	Loan and Investment Committee and Board of Directors
Effective Date	February 24, 2026

DOCUMENT CHANGE CONTROL

Sr. No	Name	Designation	Purpose
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DOCUMENT VERSION HISTORY

Sr. No.	Date of Document	Version	Remarks
1	April 01, 2022	1.0	
2	April 10, 2024	2.0	
3	December 26, 2024	3.0	
4	April 07, 2025	4.0	
5	February 24, 2026	5.0	

1. Introduction and Objective

Pan Emami Cosmed Limited ('the Company/PECL') is registered with Reserve Bank of India ('RBI') as a Non- Banking Financial Company ('NBFC'). This being a NBFC under it is obligatory on its' part to adhere to the various regulatory directions / guidelines issued by the RBI from time to time.

The objective of the company is to carry on finance business purpose and thus providing loan(s) is the most important activity by which, it receives income by way of interest earnings.

In accordance with the above, the Board of Directors of PECL have framed broad guidelines for decisions to provide loans as well as to bring operational efficiency.

2. Regulations

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

► Reserve Bank of India (Non-Banking Financial Companies – Credit Facilities) Directions, 2025

► 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

3. Terms & Conditions

3.1. Definition:

The term "Loan" shall include any loan in the form of inter corporate deposits, term loans, other 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 providing loans or subscribing Debt Instruments is to generate income through interest earnings and/or to benefit from capital appreciation, as the case may be.

3.3. Borrower:

The Company shall provide loans to its group entities, their promoter shareholders, as well as to non-group borrowers, in accordance with the Reserve Bank of India (Non-Banking Financial Companies – Credit Facilities) Directions, 2025, as amended from time to time, and other applicable regulatory guidelines.

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 ~~their~~ past performanceas well as his their-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 final decision for providing loans or any credit facilities at the meeting(s) 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, or any authorized person of the Company.

The Company shall ensure segregation of duties in its credit processes through a defined maker-checker mechanism, wherein credit appraisal and sanctioning functions are performed by separate personnel or levels of authority. All loan proposals, including those to group and non-group entities, shall be subject to a structured credit appraisal process, covering financial analysis, risk assessment, and repayment capacity. No loan shall be sanctioned without documented appraisal and approval in accordance with the delegated authority.

3.6. Term:

The Company may grant short-term loans, including inter-corporate deposits, for a period not exceeding 12 months, which may be renewed from time to time up to an aggregate tenure of 36 months, subject to compliance with applicable RBI guidelines and approval of the competent authority. Any such renewal shall be undertaken only after conducting a proper credit appraisal of the borrower.

3.7. Nature:

The loan to be made may be secured or unsecured. PECL may also decide to subscribe to the 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 which should be in line with the RBI norms adhering to the best practice in the market.

3.8. Rate of Interest:

The Company shall adopt a structured loan pricing model to ensure arm's-length pricing of all exposures. The pricing framework shall define the basis for determination of interest rates, including cost of funds, borrower risk category, tenor, and other relevant factors, to ensure consistency and risk-aligned returns. The rate of interest on loans, where applicable, shall vary from 7% p.a. to 18% 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 quarterly 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 with reasons recorded therefore.

3.9. Repayment:

Cut-off date is the date on which the repayment of loans may be demanded / called upon. Cut-off must be decided on the first date on which the loan is provided and is subject to revision as per the requirement of the borrower and pre- approval from persons authorized by the Board. The cutoff date for demand / call loan must be mentioned in the loan sanction document which, under no circumstances be greater than one year. In situations where the cutoff dates exceeds one year, specific reasons justifying the same must be stipulated and kept on records at the time of sanctioning the same. The sanctioning authority shall also record specific reasons in writing, if no interest is stipulated or a moratorium is granted for any period over and above the actual sanctioned tenure of loan. However, the date of repayment of loan shall not exceed 36 months from the date of disbursement in the case of call and demand loan. Further, in case of any other loan apart from call/ demand loan tenure of repayment shall be decided by the sanctioning authority.

The Company shall determine key loan terms, including cut-off dates, moratorium periods, and other applicable conditions, on a case-to-case basis, taking into account borrower-specific factors. All such terms shall be duly documented in the sanction letter/term sheet and approved by the competent authority at the time of sanction.

The sanctioning authority may, after due deliberation and engagement with the borrower, approve such terms where considered appropriate and justified based on the merits of the case. Further, the terms of such exposures shall be subject to periodic review.

Security:

PECL may grant both secured and unsecured loans to its group entities or entities outside the group. For secured loans, the borrower shall, in consideration of the loan given, must create such securities in favor 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, PECL, being a NBFC, can grant Short-term / Long term loans for working capital or general corporate purpose or liquidity management purposes or any other purpose to its group companies / promoter shareholders within the ambit of RBI Regulations.

(i) All demand loans will be sanctioned by the Board or by the committee, if delegated by the Board.

(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 NBFC at its discretion at any time after sanction up to a period of one year by giving due notice. 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 oneyear 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 quarterly basis. Prepayment 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 annually.

5. Reporting to Credit Information Companies:

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

6. Documentation:

Documents required for each sanctioning of loans are:

- Application form of the Company
- Terms Sheet
- Inter Corporate Deposit Agreement / Loan Agreement
- Request letter stating the reason of availing loan facility
- CKYC form

Further, KYC documents related to the Company and their Directors are taken once at the beginning of the financial year from Group companies / promoter shareholders and in order to ascertain any changes during the year, the same shall be obtained either at the time of new sanction or quarterly as may be decided by PECL.

7. Appraisal standards:

(i) PECL has in place, a well-defined framework for approving loan to different segments. Requests for credit facilities from the prospective borrowers shall be in the prescribed format and the full-fledged proposal should be prepared for submission to the competent authority for sanction. Each loan proposal should have credit appraisal note prepared by the sanctioning authority.

(ii) Presentation of credit proposals shall be done in the prescribed formats and all the modalities as required before sanctioning of the loan are to be well taken care.

(iii) Proposal should clearly indicate the need-based requirement of the borrower for finance and the rationale for recommendation

8. Foreclosure Charges

The Company shall not impose any foreclosure charges on any of its loans, regardless of the category of borrower or the reason for such foreclosure.

9. Term Loans

Any kind of term loan sanctioned by the Company shall be governed by the explicit terms and conditions determined through its internal credit appraisal mechanism and approved by the sanctioning authorities. This shall include the sanction amount, applicable interest rate, loan tenure, repayment schedule, and other related terms.

10. Review of Performance of loans:

The sanctioning authority shall periodically review the performance of loans.

11. Review of Policy:

This Policy will be reviewed further as and when required. This revised policy is adopted in the Board of Directors meeting held on February 24, 2026.

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