

LAKME INVESTMENT AND FINANCE LIMITED

FAIR PRACTICE CODE

Version Control

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| 1.0 | | | Operations | Head of Operation | Operations | |

Table of contents

| | |
|--|---|
| 1. Objective: | 3 |
| 2. Discrimination: | 3 |
| 3. The Fair Practices Principles: | 3 |
| A. Application for Loans and Their Processing | 3 |
| B. Loan Approval Process and Terms/Conditions | 4 |
| C. Disbursement and post-disbursement | 4 |
| D. Changes in Terms & Conditions | 4 |
| E. General | 4 |
| 4. Responsibility of Board of Directors | 5 |
| 5. Repossession of Assets | 6 |
| 6. Grievance Redressal Mechanism | 6 |
| 7. Regulation of excessive interest and complaints regarding the same | 6 |
| 8. Key Commitments | 7 |
| 9. Miscellaneous | 7 |

1. Objective:

Lakme Investment and Finance Limited (Hereinafter referred to as “Lakme” or “Company”) has laid down the fair practices code after considering the RBI regulations. The objective of these fair practices code include:

- Provide customers with comprehensive information on terms and conditions, enabling informed decisions
- Ensure transparency in interest rates and charges, including defaults and penalties
- Establish standards in customer dealings to promote fair practices
- Enhance customer understanding of service levels
- Foster customer confidence through a transparent grievance redressal mechanism

The Reserve Bank vide its master circular dated July 1, 2015, issued guidelines on Fair Practices Code (FPC) for all NBFCs to be adopted by them while doing lending business. The guidelines, inter alia, covered general principles on adequate disclosures on the terms and conditions of a loan and adopting a non-coercive recovery method.

2. Discrimination:

The Company shall not discriminate based on age, race, caste, gender, marital status, religion, or disability.

3. The Fair Practices Principles:**A. Application for Loans and Their Processing**

- **Communication:** All interactions with customers will be in English or a vernacular language preferred by the customer.
- **Information Disclosure:** At the point of sale, customers will be informed of applicable interest rates, processing fees, pre-payment options and any other relevant charges, facilitating meaningful comparison and informed decisions.
- **Acknowledgement of Applications:** Customers will receive an acknowledgement for their application along with a time frame for processing.
- **Collection of Information:** All necessary information for processing will be collected at the time of application. Customers will be informed if additional information is required.

B. Loan Approval Process and Terms/Conditions

- **Verification:** The Company will verify the creditworthiness of customers and communicate the approval decision through a sanction letter
- **Objective Evaluation:** Lending decisions will be based on the Company's credit policy and will not consider gender, race, caste, religion, or physical disability
- **Sanction Letter:** Customers will receive a sanction letter detailing the loan amount, interest rate, method of interest calculation and penalties
- **Rejection:** If application is not approved, the customer will be informed
- **Documentation:** Customers will receive copies of all executed loan documents and any referenced enclosures

C. Disbursement and post-disbursement

- **Timely Disbursement:** Disbursement will occur upon compliance with all sanction terms by the customer.
- **Reasonable Charges:** Interest rates and charges will adhere to the Company's internal policies to ensure fairness.
- **Recall/Acceleration:** Decisions to recall or accelerate loans will comply with the loan agreements.
- **Release of Security:** Upon full repayment, the Company will issue a letter of satisfaction and release any security interests.
- **Foreclosure Charges:** No foreclosure charges will be imposed on floating rate term loans for individual borrowers.

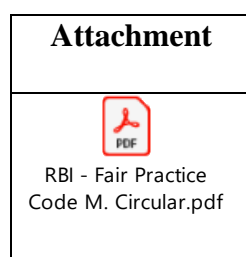
D. Changes in Terms & Conditions

- **Notification:** Any changes in terms, such as interest rates or charges will be communicated in writing.
- **Circumstances for Change:** Loan documents will specify conditions under which terms may change, methods of communication and the prospective application of changes.

E. General

- **Non-Interference:** The Company will not interfere in customers' affairs unless new, undisclosed information is discovered.

- **Transfer of Accounts:** Requests for account transfer will be addressed within 21 days. The Company retains the right to assign loans to third parties.
- **Confidentiality:** Personal information will be kept confidential except when required by law or with customer consent.
- **Legal Remedies:** Collection efforts will only involve legally available remedies.
- **No Harassment:** The Company will avoid undue harassment, including using force or contacting customers at unreasonable hours.
- **Foreclosure charges:** To bring in uniformity about prepayment of various loans by borrowers of banks and NBFCs, it is advised that NBFCs shall not charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers, with immediate effect
- **Website:** The same should be put up on their website, if any, for the information of various stakeholders.
- Field staff shall be trained to make necessary enquiries about existing debt of the borrowers. Training offered to the borrowers shall be free of cost. Field staff shall be fully aware of the procedure and systems related to loan / other products
- All sanctions and disbursement of loans should be done only at a central location and more than one individual should be involved in this function. In addition, there should be close supervision of the disbursement function
- Such other policies as may be applicable (*Refer attachment*)



4. Responsibility of Board of Directors

- The Board of Directors shall lay down the appropriate grievance redressal mechanism within the organization to ensure that all disputes arising out of the decisions of lending are heard and disposed of at least at the next higher level
- It shall also provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievance's redressal mechanism at various levels of management

- A consolidated report shall be submitted to the Board at regular intervals, as may be prescribed by it

5. Repossession of Assets

Transparent Process: The process of repossession will include issuing notice, allowing for final repayment opportunities and conducting sales/auctions transparently.

6. Grievance Redressal Mechanism

- The following information shall be displayed prominently, for the benefit of their customers, at their branches / places where business is transacted:
 - a. The name and contact details of the Grievance Redressal Officer who can be approached for resolution of complaints against the Company
 - b. If the complaint / dispute is not redressed within a period of one month, the customer may appeal to the Officer-in-Charge of the Regional Office of DNBS of RBI, under whose jurisdiction the registered office of the NBFC falls.
- Customer Support: A helpline and email will be provided for grievance recording.
- Timely Response: The Company will respond to grievances within 15 working days.
- Escalation: Information on escalating complaints will be provided if the initial responses are unsatisfactory.
- Review: Regular reviews of the grievance mechanism and Fair Practices Code will be conducted.

7. Regulation of excessive interest and complaints regarding the same

- The Board shall adopt an interest rate model considering relevant factors such as cost of funds, margin and risk premium to determine the rate of interest to be charged for loans and advances.
- The rate of interest shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.
- The approach for gradation of risks shall also be made available on the website of the companies or published in the relevant newspapers.
- The rate of interest should be an annualized rate so that the borrower is aware of the exact rates that would be charged to the account.

8. Key Commitments

- **Professional Service:** The Company commits to efficient, fair and diligent customer service.
- **Compliance:** All services will comply with relevant laws and regulations.
- **Clear Communication:** Marketing materials will be clear and not misleading.
- **Error Resolution:** The Company will address and correct errors promptly.

9. Miscellaneous

- **Periodic Review:** The Fair Practices Code will be periodically reviewed and revised as needed.
- **Accessibility:** The code will be available on the Company's website