

LAKME INVESTMENT AND FINANCE LIMITED

Regd Office: No. 1, Anna Pillai Street, Chennai – 600 001.

Corporate Office: No.1, Padiyur Road, Pudupatti, Dindigul – 624 005.

CIN: U65993TN1995PLC033288 | Email ID: compliance@lakmefinance.com | Mobile No: 8925975497

COLLECTION, RECOVERY AND RESPONSIBLE BUSINESS CONDUCT POLICY

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1. PREAMBLE

Lakme Investment and Finance Limited (“the Company”) is committed to conducting its lending, collection, and recovery activities in a fair, transparent, ethical, and legally compliant manner. As a Non-Banking Financial Company – Base Layer (NBFC-BL), the Company recognizes the importance of balancing effective recovery of dues with due respect for the dignity, privacy, and rights of borrowers.

This Collection, Recovery and Responsible Business Conduct Policy has been formulated to establish a standardized framework for collection and recovery of loans while adhering to principles of fair treatment, customer protection, and responsible lending practices. The Policy aims to promote professional conduct by employees, collection personnel, recovery agents, and outsourced service providers engaged by the Company.

The Company shall ensure that all collection and recovery efforts are carried out in a courteous, non-coercive, and non-discriminatory manner, without resorting to harassment, intimidation, undue pressure, public humiliation, or unfair practices. The Company shall respect the confidentiality of customer information and comply with all applicable laws, regulations, and guidelines issued by the Reserve Bank of India (RBI), including the Fair Practices Code, Outsourcing Guidelines, Digital Lending Guidelines, and other applicable regulatory instructions issued from time to time.

The Policy further reinforces the Company's commitment to responsible business conduct by ensuring that borrowers facing genuine financial difficulties are treated with empathy and provided with appropriate assistance, wherever feasible, while safeguarding the Company's financial interests and asset quality. Recovery actions shall be undertaken only with due notice to the borrower and only through authorized personnel and approved procedures, ensuring transparency, accountability, and proper grievance redressal mechanisms.

Through this Policy, the Company seeks to foster a culture of ethical collections, customer-centric service, regulatory compliance, and responsible business practices, thereby earning and maintaining trust and confidence among customers, stakeholders, investors, and regulators.

2. OBJECTIVE

This Policy establishes the framework governing collection, recovery, engagement of recovery agencies, repossession of secured assets, customer communication, grievance redressal and responsible business conduct.

The objectives of this Policy are to:

- a) Ensure fair, transparent and ethical collection and recovery practices;
- b) Respect and protect customer dignity, privacy and confidentiality;
- c) Establish structured recovery and escalation mechanisms;
- d) Avoid coercive, abusive or unfair recovery practices;
- e) Define standards for employees, Lending Service Providers (LSPs), recovery agencies and outsourced service providers;
- f) Ensure compliance with applicable RBI regulations and laws;
- g) Protect the reputation and integrity of the Company;
- h) Minimize credit losses while preserving customer relationships;
- i) Promote responsible business conduct and customer-centric recovery practices.

3. SCOPE

This Policy shall apply to:

- a. All lending and other financial products offered by the Company;
- b. Employees involved in collection and recovery activities;
- c. Branch personnel and collection teams;
- d. Lending Service Providers (LSPs);
- e. Recovery agencies;
- f. Recovery agents;
- g. Collection call centers;
- h. Legal recovery teams;
- i. Any outsourced service provider engaged for recovery activities.

4. REGULATORY FRAMEWORK

This Policy is framed in accordance with:

- a. Reserve Bank of India Act, 1934;
- b. RBI Master Direction – Non-Banking Financial Company – Base Layer (NBFC-BL);
- c. RBI Fair Practices Code Guidelines;
- d. RBI Digital Lending Guidelines;
- e. RBI Outsourcing of Financial Services Directions;
- f. RBI Integrated Ombudsman Scheme;
- g. Information Technology Act, 2000;
- h. Applicable Consumer Protection Laws;
- i. Any other directions, circulars or guidelines issued by RBI from time to time.

5. DEFINITIONS

Borrower

Any individual, partnership, LLP, company or other entity availing financial services /assistance from the Company.

Collection Activity

Actions undertaken to remind and facilitate timely repayment of dues before default become significant.

Recovery Activity

Actions initiated for recovery of overdue amounts after occurrence of default.

Recovery Agency

An external agency duly appointed by the Company for recovery of overdue dues.

Recovery Agent

An individual authorized by the Company or a recovery agency to undertake recovery activities.

Default

Failure of a borrower to pay any amount due under the loan agreement on the scheduled due date.

Security

Any collateral secured by , hypothecation, pledge, mortgage, guarantee or other security provided in favour of the Company.

Days Past Due (DPD)

Number of days elapsed from the due date of repayment including extensions as approved in writing by the Company until actual payment.

6. GUIDING PRINCIPLES OF RECOVERY

The Company shall conduct all collection and recovery activities based on the following principles:

- a. Fairness;
- b. Integrity;
- c. Professionalism;
- d. Respect for borrower dignity;
- e. Transparency;
- f. Accountability;
- g. Confidentiality;
- h. Regulatory compliance.

The Company shall ensure that recovery efforts do not result in:

- a. Harassment;
- b. Public humiliation;
- c. Threats or intimidation;
- d. Physical force;
- e. Coercive tactics;
- f. Misrepresentation of legal consequences.

7. COLLECTION AND RECOVERY FRAMEWORK

DPD (Days Past Due)	Action
1–30 Days	Reminder SMS / Calls
31–60 Days	Follow-up calls, repayment discussions, demand notices
61–90 Days	Personal discussions, restructuring evaluation, settlement options where permissible
Above 90 Days	Recovery proceedings, legal notices and enforcement actions
Chronic default	Recovery agency engagement, arbitration, legal proceedings or security enforcement where applicable

All recovery actions shall be adequately documented in the Loan Management System (LMS) or other approved records.

8. COMMUNICATION STANDARDS

All collection and recovery communications shall:

- a. Be courteous and professional;
- b. Be conducted only by authorized personnel;
- c. Clearly identify the Company and caller;
- d. State the purpose of communication;
- e. Avoid misleading statements;
- f. Respect borrower privacy.

Recovery communications shall ordinarily be made between:

08:00 AM and 07:00 PM

unless a different time is specifically requested or consented to by the borrower.

9. PROHIBITED RECOVERY PRACTICES

The following practices are strictly prohibited:

- a. Use of abusive, offensive or threatening language;
- b. Physical intimidation or coercion;
- c. Harassment of family members, friends, neighbours or employers;
- d. Repeated excessive calling intended to cause distress;
- e. Public disclosure of borrower information;
- f. Recovery through social media pressure;
- g. Anonymous or deceptive communications;
- h. Misrepresentation of legal authority;
- i. False threats of arrest, imprisonment or seizure;
- j. Visiting borrower premises without prior notice or proper authorization.

Any violation shall attract disciplinary action and may lead to termination of employment or agency engagement.

10. ENGAGEMENT OF RECOVERY AGENCIES

The Company may engage recovery agencies only after conducting due diligence covering:

- a. Legal constitution and registration;
- b. Regulatory compliance record;
- c. Financial capability;
- d. Operational capability;
- e. Litigation history;
- f. Management background;
- g. Data protection standards;
- h. Reputation and market standing.

Recovery agencies shall enter into written agreements incorporating RBI-mandated conduct standards.

11. ELIGIBILITY AND TRAINING OF RECOVERY PERSONNEL

Recovery personnel shall:

- a. Undergo background verification;
- b. Complete mandatory recovery and conduct customer training;
- c. Be familiar with RBI guidelines;
- d. Undergo periodic refresher training;
- e. Possess valid identification documents.

12. CODE OF CONDUCT FOR RECOVERY PERSONNEL

Recovery personnel shall:

- a. Carry valid identity cards;
- b. Carry authorization letters during field visits;
- c. Maintain professional behaviour;
- d. Respect customer privacy;
- e. Avoid aggressive behaviour;
- f. Maintain confidentiality of borrower information as disclosed by the borrower and as obtained during the recovery proceedings.

Outsourced agencies shall provide written undertakings to comply with this Policy.

13. BORROWER NOTIFICATION PRIOR TO RECOVERY AGENCY ASSIGNMENT

Before assigning any recovery agency, the Company shall:

- a. Inform the borrower through SMS, email or written communication;
- b. Provide details of the recovery agency;
- c. Share information with the borrower on grievance procedure of the company
- d. Specify contact information of the authorized representative.

14. RECOVERY DURING PENDING GRIEVANCE

Where a genuine borrower grievance remains unresolved and relates directly to the recovery matter:

- a. Recovery action may be temporarily reviewed or moderated;
- b. Coercive recovery measures shall not be undertaken;
- c. Grievance resolution shall be prioritized.

This shall not restrict the Company's legal rights where delay may adversely affect recovery prospects.

15. CALL RECORDING AND DOCUMENTATION

The Company may record collection and recovery calls for:

- a. Quality assurance;
- b. Compliance monitoring;
- c. Training purposes;
- d. Dispute resolution.

Such records shall be retained in accordance with applicable legal and regulatory requirements.

16. CONFIDENTIALITY AND DATA PROTECTION

Borrower information shall be accessed only on a need-to-know basis.

The Company and recovery agencies shall ensure:

- a. Confidential handling of borrower data;
- b. Compliance with data privacy requirements;
- c. Secure storage of customer information;
- d. Prevention of unauthorized disclosure.

17. ENFORCEMENT OF SECURITY

Where security enforcement becomes necessary, the Company shall act in accordance with:

- a. Loan agreement provisions;
- b. Applicable laws;
- c. Contractual rights;
- d. Due process requirements.

The borrower shall be provided:

- a. Notice of default;
- b. Opportunity to regularize the account;
- c. Details of enforcement actions;
- d. Sale or realization procedures where applicable.

18. DIGITAL AND TECHNOLOGY-BASED RECOVERY CONTROLS

The Company shall not employ technology-based recovery mechanisms that:

- a. Harass borrowers;
- b. Publicly disclose borrower information;
- c. Access unauthorized personal data;
- d. Restrict essential services.

Where financed assets are technology-enabled, any restriction shall:

- a. Be contractually disclosed;
- b. Be legally permissible;
- c. Be proportionate;
- d. Allow reasonable cure opportunities.

Emergency functions shall never be disabled.

19. COMPENSATION FOR BORROWER HARM

Where borrower loss arises due to:

- a. Unauthorized recovery action;
- b. Harassment;
- c. Breach of confidentiality;
- d. Incorrect reporting;
- e. Improper enforcement action;

the Company may offer to provide appropriate remedial action, correction and compensation as determined by management.

20. GRIEVANCE REDRESSAL MECHANISM

Recovery-related grievances may be escalated as follows:

Level 1 – Customer Care

Email: customercare@lakmefinance.com

Phone: 8925975496

Level 2 – Grievance Redressal Officer

Email: finance@lakmefinance.com

Phone: 8925975495

Level 3 – Principal Nodal Officer

Email: compliance@lakmefinance.com

Phone: 8925975497

If the grievance remains unresolved within the prescribed timelines, the borrower may approach the appropriate authority under the RBI Integrated Ombudsman Scheme.

21. MONITORING AND INTERNAL CONTROLS

The Compliance Department shall periodically monitor:

- a. Recovery practices;
- b. Agency conduct;
- c. Customer complaints;
- d. Call recordings;
- e. Legal compliance;
- f. Recovery performance trends.

The Board and senior management shall receive periodic reports on recovery governance and compliance.

22. NON-COMPLIANCE AND DISCIPLINARY ACTION

Any violation of this Policy may result in:

- a. Warning;
- b. Suspension;
- c. Financial penalties;
- d. Removal from approved panel;
- e. Termination of employment or agency contract;
- f. Legal action where warranted.

23. POLICY REVIEW

This Policy shall be reviewed annually. Reviewed earlier whenever required due to regulatory changes, business requirements or RBI directions.

24. BOARD APPROVAL

This Corporate Governance Policy was approved by the Board of Directors on 20-03-2026