

LAKME INVESTMENT AND FINANCE LIMITED

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COMPLIANCE TRAINING AND REGULATORY AWARENESS POLICY

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1. PREAMBLE

Lakme Investment and Finance Limited recognizes that a strong compliance culture is fundamental to sound corporate governance, regulatory compliance, customer protection and sustainable business operations.

This Policy has been framed in accordance with:

- a. RBI Scale Based Regulation (SBR) Framework for NBFCs;
- b. RBI Master Direction – Non-Banking Financial Company –as amended from time to time;
- c. RBI Master Direction on KYC;
- d. Prevention of Money Laundering Act, 2002;
- e. RBI Fair Practices Code;
- f. RBI Digital Lending Guidelines;
- g. RBI Information Technology Governance and Cyber Security Framework;
- h. RBI Outsourcing Guidelines;
- i. RBI Integrated Ombudsman Scheme, 2021;
- j. Companies Act, 2013;
- k. Other applicable laws and regulatory requirements.

2. OBJECTIVES

The objectives of this Policy are:

- a. To establish a compliance-oriented culture across the organization.
- b. To sensitize and ensure employees understand applicable laws, regulations and internal policies.
- c. To reduce regulatory, operational, legal and reputational risks.
- d. To strengthen customer protection and fair conduct practices.
- e. To ensure timely implementation of regulatory changes.
- f. To enhance accountability and ethical standards.
- g. To create awareness regarding RBI directions applicable to NBFCs.

3. APPLICABILITY

This Policy shall apply to:

- a. Directors;
- b. Independent Directors;
- c. Key Managerial Personnel (KMPs);
- d. Senior Management Personnel;
- e. Employees;
- f. Contractual Staff;
- g. Business Correspondents;
- h. Recovery Agents;
- i. Outsourcing Service Providers involved in customer-facing activities;
- j. Consultants handling regulated activities.

4. TRAINING GOVERNANCE

Board of Directors

The Board shall:

- a. Approve this Policy.
- b. Review annual compliance training status.
- c. Monitor significant regulatory developments.
- d. Ensure adequate resources for compliance training.

Compliance Officer

The Compliance Officer shall:

- a. Prepare annual training calendar.
- b. Conduct compliance training programmes.
- c. Maintain training records.
- d. Track completion status.
- e. Submit periodic reports to Senior Management and Board.

Human Resources Department

HR shall:

- a. Coordinate employee participation.
- b. Maintain attendance records.
- c. Include compliance training as part of induction programmes.
- d. Monitor completion of mandatory modules.

5. COMPLIANCE TRAINING FRAMEWORK

Training shall be conducted through:

A. Induction Training

Mandatory for all new employees.

To be completed within 30 days of joining.

B. Annual Refresher Training

Mandatory for all employees.

To be completed at least once every financial year.

C. Regulatory Update Training

Conducted whenever significant RBI or regulatory changes occur.

D. Function-Specific Training

Role-based training for:

- Credit Team;
- Operations Team;
- Collections Team;
- Recovery Team;
- Finance Team;
- IT Team;
- Compliance Team.

6. MANDATORY TRAINING MODULES

Module 1 – RBI Regulatory Framework

Coverage:

- a. RBI Act, 1934;
- b. NBFC registration framework;
- c. Scale Based Regulation Framework;
- d. Regulatory expectations for Base Layer NBFCs;
- e. Supervisory framework.

Module 2 – Prudential Norms

Coverage:

- a. Capital adequacy;
- b. NOF requirements;
- c. Asset classification;
- d. NPA recognition;
- e. Provisioning norms;
- f. Exposure norms;
- g. Concentration risk.

Module 3 – KYC / AML / CFT

Coverage:

- a. Customer Due Diligence;
- b. CKYC;
- c. Beneficial ownership;
- d. Politically Exposed Persons (PEPs);
- e. STR and CTR reporting;
- f. Money laundering indicators;
- g. Terrorist financing controls.

Module 4 – Fair Practices Code

Coverage:

- a. Loan appraisal process;
- b. Interest rate disclosure;
- c. APR disclosure;
- d. Penal charges;
- e. Customer communication;
- f. Responsible lending practices.

Module 5 – Customer Protection

Coverage:

- a. Grievance Redressal Policy;
- b. Integrated Ombudsman Scheme;
- c. Customer complaints handling;
- d. Vulnerable customer treatment;
- e. Ethical conduct.

Module 6 – Recovery and Collections

Coverage:

- a. RBI recovery guidelines;
- b. Permitted collection practices;
- c. Customer interaction standards;
- d. Prohibited practices;
- e. Recovery agent conduct.

Module 7 – Digital Lending Compliance

Coverage:

- a. Digital Lending Guidelines;
- b. Lending Service Providers;
- c. Customer consent;
- d. Data privacy;
- e. Key Fact Statement;
- f. Digital fraud prevention.

Module 8 – Information Security & Cyber Security

Coverage:

- a. Information security controls;
- b. Password management;
- c. Data leakage prevention;
- d. Cyber fraud awareness;
- e. Incident reporting;
- f. Business continuity.

Module 9 – Outsourcing Compliance

Coverage:

- a. Outsourcing risks;
- b. Vendor due diligence;
- c. Data confidentiality;
- d. Service provider monitoring.

Module 10 – Corporate Governance

Coverage:

- a. Board responsibilities;
- b. Fit and Proper Criteria;
- c. Conflict of interest;
- d. Related party transactions;
- e. Whistle Blower mechanism;
- f. Code of Conduct.

Module 11 – Prevention of Fraud

Coverage:

- a. Fraud risk indicators;
- b. Internal controls;
- c. Fraud reporting mechanisms;
- d. Investigation procedures.

Module 12 – Regulatory Reporting

Coverage:

- a. RBI returns;
- b. Statutory reporting;
- c. Financial disclosures;
- d. Audit observations;
- e. Compliance certifications.

7. SPECIAL TRAINING FOR DIRECTORS

Directors shall receive annual training on:

- a. RBI regulatory developments;
- b. Corporate governance requirements;
- c. Risk management;
- d. Compliance obligations;
- e. Board responsibilities;
- f. Emerging regulatory risks.

8. SPECIAL TRAINING FOR RECOVERY PERSONNEL

All collection and recovery personnel shall undergo training on:

- a. Fair collection practices;
- b. Customer dignity and privacy;
- c. Recovery code of conduct;
- d. RBI guidelines on recovery;
- e. Complaint handling procedures.

No recovery personnel shall interact with customers without completing mandatory training.

9. TRAINING FREQUENCY

Category	Frequency
New Employees	Within 30 Days
Employees	Annual
Directors	Annual
KMPs	Semi-Annual
Recovery Staff	Annual
Business Correspondents	Annual
Outsourced Customer-Facing Personnel	Annual
Regulatory Change Training	As Required

10. ASSESSMENT AND CERTIFICATION

Employees shall undergo assessments after completion of training.

Minimum passing score:

- a. Employees – 70%
- b. Compliance Personnel – 80%
- c. Recovery Personnel – 80%

Certificates shall be issued upon successful completion.

11. TRAINING RECORDS

The Company shall maintain:

- a. Attendance sheets;
- b. Training material;
- c. Assessment results;
- d. Certifications;
- e. Annual training calendar;
- f. Compliance reports.

Records shall be preserved for a minimum period of eight years.

12. MONITORING AND REPORTING

The Compliance Officer shall submit it to the Board annually:

- a. Number of training programs conducted;
- b. Attendance statistics;
- c. Assessment results;
- d. Regulatory developments covered;
- e. Pending training requirements;
- f. Compliance gaps identified.

13. POLICY REVIEW

This Policy shall be reviewed annually or earlier upon:

- a. RBI regulatory changes;
- b. Business model changes;
- c. Audit observations;
- d. Board directives.

Any amendment shall require approval of the Board of Directors.

14. BOARD APPROVAL

This Policy is approved by the Board of Directors at the meeting held on 20.03.2026.