

LAKME INVESTMENT AND FINANCE LIMITED

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DIGITAL LENDING POLICY Board Approval Date: 20.03.2026

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1. PREAMBLE

This Digital Lending Policy (“Policy”) is framed in accordance with the applicable provisions of the Reserve Bank of India (“RBI”) guidelines on Digital Lending, Information Technology framework, Fair Practices Code, Outsourcing Guidelines, Data Privacy principles, and other applicable laws governing Non-Banking Financial Companies (“NBFCs”).

The objective of this Policy is to establish a transparent, secure, fair, and compliant framework for undertaking digital lending operations by the NBFC through digital platforms, mobile applications, web portals, APIs, and partnerships with Lending Service Providers (“LSPs”).

This Policy shall apply to all digital lending products and services offered by the NBFC either directly or through outsourcing arrangements.

2. OBJECTIVES OF THE POLICY

The objectives of this Policy are:

- a. To ensure responsible digital lending practices.
- b. To safeguard customer interests and data privacy.
- c. To establish governance and accountability mechanisms.
- d. To ensure compliance with RBI Digital Lending Guidelines.
- e. To define operational standards for digital loan origination, servicing, recovery, and grievance redressal.
- f. To regulate engagement with Lending Service Providers (LSPs) and Digital Lending Applications (DLAs).

3. APPLICABILITY

This Policy shall apply to:

- a. All digital lending products of the Lakme.
- b. All digital loan origination channels.
- c. Mobile applications and web-based platforms.
- d. Third-party LSPs engaged by the NBFC.
- e. Employees, agents, contractors, and service providers involved in digital lending operations.

4. DEFINITIONS

4.1 Digital Lending

Digital Lending refers to automated or semi-automated lending processes involving customer acquisition, credit assessment, sanction, disbursement, servicing, recovery, or associated activities through digital platforms.

4.2 Digital Lending Application (DLA)

A mobile application, website, or platform used by the borrower for availing digital lending services.

4.3 Lending Service Provider (LSP)

An agent or service provider engaged by the NBFC to perform digital lending-related functions including sourcing, underwriting support, customer acquisition, servicing, collections, or recovery.

4.4 Borrower

Any individual or entity availing financial assistance through digital channels of the Lakme.

5. GOVERNANCE FRAMEWORK

5.1 Board Approval

This Policy shall be approved by the Board of Directors of the Lakme and reviewed periodically, at least annually.

5.2 Senior Management Responsibility

Senior management shall ensure:

- a. Effective implementation of this Policy.
- b. Compliance with RBI guidelines.
- c. Adequate internal controls and risk management systems.
- d. Monitoring of outsourced digital lending activities.

5.3 Compliance Oversight

The Compliance Officer shall monitor adherence to:

- a. RBI Digital Lending Guidelines.
- b. Data privacy laws.
- c. Cybersecurity standards.
- d. Fair lending practices.

6. CUSTOMER ACQUISITION AND ONBOARDING

6.1 KYC Compliance

Customer onboarding shall comply with:

- a. RBI KYC Directions.
- b. Prevention of Money Laundering Act (PMLA).
- c. CKYC requirements.
- d. Video KYC or Aadhaar-based authentication where permitted.

6.2 Customer Consent

Explicit consent shall be obtained from borrowers before:

- a. Collecting personal data.
- b. Accessing mobile device resources.
- c. Sharing information with third parties except where required by Law and/or duly issued by a competent authority in which event the borrower shall be informed post facto, if allowed
- d. Initiating auto-debit mandates.

Consent records shall be digitally stored and auditable.

6.3 Transparent Communication

The NBFC shall clearly disclose:

- a. Loan amount.
- b. Interest rate.
- c. APR (Annual Percentage Rate).
- d. Processing fees and other charges.
- e. Repayment schedule.
- f. Penal charges.
- g. Recovery process.
- h. Grievance redressal mechanism.

7. DIGITAL LOAN PROCESSING

7.1 Loan Origination

All digital loan applications shall be subject to:

- a. Identity verification.
- b. Credit assessment.
- c. Fraud checks.
- d. Eligibility verification.

7.2 Credit Assessment

The NBFC shall use prudent underwriting standards based on:

- a. Income assessment.
- b. Banking behavior.
- c. Credit bureau data including but not limited to CIBIL Rating or its equivalent.
- d. Repayment capacity.
- e. Internal risk models.
- f. Relative data /notes/observations are internal documents not to be shared with the applicant for the facility.

Automated decision-making models shall be periodically validated.

7.3 Key Fact Statement (KFS)

Before execution of the loan agreement, the borrower shall be provided a Key Fact Statement containing:

- a. APR.
- b. Total cost of borrowing limited to the proposed transaction.
- c. Recovery mechanism.
- d. Cooling-off period.
- e. Grievance contacts details.

8. DISBURSEMENT AND REPAYMENT

8.1 Direct Disbursement

Loan disbursement shall be made directly:

- a. Into the borrower's bank account.
- b. Without pass-through or pooling accounts of LSPs.
- c. Deviations shall be only at the express request of the applicant and at the sole discretion of the NBFC

8.2 Repayment Collection

Repayments shall be collected only:

- a. Through Lakme-controlled accounts.
- b. Via payment mechanisms duly approved in advance by the NBFC.

LSP accounts shall not be used for repayment collection unless specifically permitted by RBI.

9. DATA PRIVACY AND SECURITY

9.1 Data Collection Principles

The Lakme and LSPs shall:

- a. Collect only need-based data.
- b. Avoid excessive permissions.
- c. Not access personal contacts, media files, call logs, or unrelated device data unless legally permitted and specifically consented.

9.2 Data Storage

Customer data shall be:

- a. Stored securely within approved infrastructure.
- b. Protected through encryption and access controls.
- c. Retained as per regulatory requirements. Customer will be explicitly informed about this aspect.

9.3 Data Sharing

Customer data shall not be shared with third parties without explicit borrower written consent except:

- a. Regulatory requirements.
- b. Credit bureau reporting.
- c. Legal proceedings.

10. LENDING SERVICE PROVIDERS (LSPs)

10.1 Due Diligence

Before onboarding any LSP, the NBFC shall conduct:

- a. Financial due diligence.
- b. Technical capability assessment.
- c. Compliance review.
- d. Information security assessment.
- e. Reputation checks.

10.2 Outsourcing Agreement

A formal agreement shall define:

- a. Roles and responsibilities.
- b. Data confidentiality obligations.
- c. Service standards.
- d. Audit rights.
- e. Customer grievance handling.
- f. Compliance obligations.

10.3 Accountability

The NBFC shall remain fully responsible for:

- a. Regulatory compliance.
- b. Customer protection.
- c. Actions of the LSP.

11. FAIR PRACTICES AND CUSTOMER PROTECTION

11.1 Ethical Recovery Practices

Recovery agents and LSPs shall:

- a. Follow RBI Fair Practices Code.
- b. Avoid harassment or intimidation.
- c. Avoid contacting unrelated persons.
- d. Respect customer privacy.

11.2 Cooling-Off Period

Borrowers may be provided a cooling-off period for exiting digital loans subject to applicable product terms.

11.3 Interest and Charges

All charges shall be:

- a. Transparent.
- b. Non-discriminatory.
- c. Properly disclosed upfront.

Hidden charges are prohibited.

12. GRIEVANCE REDRESSAL MECHANISM

12.1 Grievance Officer

The NBFC shall appoint a Grievance Redressal Officer for digital lending complaints.

The following shall be displayed on all DLAs and websites:

- a. Name of Grievance Officer.
- b. Contact number.
- c. Email ID.
- d. Complaint escalation matrix.

12.2 Resolution Timeline

Complaints shall be resolved within timelines prescribed by RBI and internal service standards.

12.3 Escalation

Unresolved complaints may be escalated to:

- a. Nodal Officer.
- b. RBI under the Ombudsman Scheme, where applicable.

13. REGULATORY REPORTING

The NBFC shall:

- a. Maintain records of digital lending operations.
- b. Submit regulatory reports as required by RBI.
- c. Maintain audit trails and transaction logs.

14. TRAINING AND AWARENESS

Employees and LSP personnel involved in digital lending shall undergo periodic training on:

- a. RBI guidelines.
- b. Data privacy.
- c. Cybersecurity.
- d. Fair lending practices.
- e. Customer grievance handling.

15 . POLICY REVIEW

This Policy shall be reviewed:

- a. At least annually, or
- b. Earlier if required due to regulatory changes, business requirements, or risk considerations.

Any amendments shall require approval of the Board of Directors.

16. BOARD APPROVAL

Approved by the Board of Directors at its meeting held on 20.03.2026.