

LAKME INVESTMENT AND FINANCE LIMITED

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FAIR PRACTICE CODE

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1. PREAMBLE

Lakme Investment and Finance Limited ("the Company"), a Non-Banking Financial Company – Base Layer (NBFC-BL) registered with the Reserve Bank of India ("RBI"), is committed to conducting its lending and business operations in a fair, transparent, ethical, and customer-centric manner.

This Fair Practices Code ("FPC") has been formulated in accordance with the applicable provisions of the RBI Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, as amended from time to time, and other guidelines issued by RBI relating to customer protection, fair lending practices, transparency, recovery mechanisms, and grievance redressal.

The Code establishes minimum standards of conduct that shall be followed by the Company while dealing with borrowers and prospective borrowers throughout the credit lifecycle, including loan sourcing, appraisal, sanction, documentation, disbursement, servicing, recovery, customer communication, and grievance handling. These standards shall also apply to depositors, and investors engaging with the Company.

The Company shall ensure that:

- a. Customers are treated fairly and without discrimination at all stages of the relationship.
- b. Pricing, terms and conditions for loan and other products are communicated transparently and adequately.
- c. Customers are provided with sufficient information to make informed financial decisions.
- d. Recovery and collection activities are conducted in a professional, lawful, and respectful manner.
- e. Customer information is protected and maintained confidentially except when disclosure is required by law or regulatory authorities.
- f. Adequate grievance redressal mechanisms are established for prompt resolution of customer complaints.
- g. Employees, service providers, lending service providers (LSPs), collection agencies, and other outsourced entities engaged by the Company adhere to the principles contained in this Code.

The Fair Practices Code shall be displayed on the Company's website, if any, and shall be made available to customers upon request. The Code shall be reviewed periodically and updated to reflect changes in regulatory requirements, business practices, and customer service standards.

2. OBJECTIVES

This Fair Practices Code ("FPC") has been framed in accordance with the Reserve Bank of India (RBI) Master Directions applicable to Non-Banking Financial Companies (NBFCs).

The objective of this Code is to ensure:

- a. Fair and transparent dealings with customers;
- b. Ethical lending practices;
- c. Adequate disclosure of terms and conditions;
- d. Protection of customer interests;
- e. Responsible recovery practices; and
- f. Effective grievance redressal.

3. SCOPE

This Policy shall apply to:

- a. All loan and other financial products offered by the Company;
- b. Physical, branch-based, assisted and digital lending channels;
- c. Employees, agents, recovery personnel and outsourced service providers;
- d. Customer acquisition, loan appraisal, sanction, disbursement, servicing and recovery activities.

4. FAIR LENDING PRINCIPLES

The Company shall:

- a. Act honestly, fairly and transparently;
- b. Treat customers with dignity and respect;
- c. Avoid misleading advertisements or representations;
- d. Ensure responsible lending practices;
- e. Protect customer information;
- f. Comply with all applicable laws and RBI regulations.

5. LOAN APPLICATION PROCESSING

The Company shall:

- a. Provide information regarding loan products and eligibility criteria;
- b. Inform applicants of documentation requirements;
- c. Acknowledge receipt of loan applications;
- d. Process applications within reasonable timelines;
- e. Communicate sanction or rejection decisions through appropriate channels.

6. LOAN APPRAISAL AND SANCTION

Loan applications shall be assessed based on:

- a. Creditworthiness;
- b. Repayment capacity;
- c. Risk profile;
- d. Regulatory compliance;
- e. Internal credit policy requirements.

The Company reserves the right to approve or reject applications based on its credit assessment framework.

7. LOAN SANCTION COMMUNICATION AND KEY FACT STATEMENT (KFS)

Upon sanction of a loan, the Company shall communicate the sanction terms to the borrower in writing or through any legally permissible electronic mode. The sanction communication shall clearly disclose all material terms and conditions of the loan, including but not limited to:

- a. Loan amount;
- b. Purpose of loan, wherever applicable;
- c. Rate of interest and methodology for calculation;
- d. Annual Percentage Rate (APR), wherever applicable;
- e. Processing fees and other charges;
- f. Penal charges for non-compliance with material terms of the loan contract;
- g. Loan tenure;
- h. Repayment schedule and instalment details;
- i. Security/collateral details, wherever applicable;
- j. Prepayment, foreclosure and other applicable conditions;
- k. Borrower's obligations and key terms of the loan agreement.
- l. Advance EMI adjustment methodology

No charge shall be levied unless disclosed in the sanction letter, KFS, loan agreement or other communication with the customer.

8. DISBURSEMENT OF LOANS

Loan disbursement shall be made in accordance with the terms agreed with the borrower and subject to fulfillment of applicable conditions.

Any changes in terms and conditions shall be communicated to the borrower.

9. INTEREST RATE POLICY AND DISCLOSURE

The Company shall maintain a Board-approved Interest Rate Policy.

Interest rates shall be determined considering:

- a. Cost of funds;
- b. Credit risk;
- c. Tenure;
- d. Product type;
- e. Security coverage;
- f. Repayment capacity;
- g. Market conditions.

10. CUSTOMER COMMUNICATION LANGUAGE

All key documents including

- a. Key Fact Statement
- b. Loan agreement
- c. Demand notices

shall be provided in English or in a language understood by the borrower wherever feasible.

11. NON-DISCRIMINATION CLAUSE

The Company shall not discriminate on grounds of religion, caste, gender, marital status, disability, or other prohibited grounds while considering loan applications, subject to credit evaluation requirements.

12. RECOVERY AND COLLECTION PRACTICES

The Company shall follow fair and lawful recovery practices.

Recovery personnel shall:

- a. Carry proper identification and authorization;
- b. Behave courteously.
- c. Respect customer privacy.
- d. Avoid harassment or intimidation.

Customer interactions shall ordinarily occur during reasonable hours.

13. REPOSSESSION OF SECURITY

Where repossession becomes necessary:

- a. Due legal process shall be followed.
- b. Prior notice shall be issued wherever required.
- c. Repossession shall be peaceful and lawful.
- d. Sale procedures shall be transparent.
- e. Surplus proceeds shall be returned after adjustment of dues.

14. CONFIDENTIALITY OF CUSTOMER INFORMATION

Information as provided by the customer or otherwise obtained shall be treated as confidential and shall not be disclosed except:

- a. With customer consent;
- b. As required by law;
- c. To regulators;
- d. To credit information companies;
- e. To authorized service providers on a need-to-know basis.

15. OUTSOURCING ACCOUNTABILITY

The Company shall remain fully responsible for actions of:

- a. Recovery agents;
- b. Collection agencies;
- c. Business correspondents;
- d. Technology service providers.
- e. Lending Service Providers.

16. GRIEVANCE REDRESSAL MACHANISM

Customers may submit complaints to the designated Grievance Redressal Officer.

The details of the Grievance Redressal Officer shall be displayed:

- a. At branches and offices;
- b. On the Company's website.
- c. In loan documents;
- d. On digital platforms.

If a complaint remains unresolved within 30 days, the customer may utilise RBI's Complaint Management System (CMS) under the Integrated Ombudsman Scheme.

16. REVIEW OF POLICY

This Code shall be reviewed at least annually or earlier if required due to regulatory changes.

17. BOARD APPROVAL

This Fair Practices Code was approved by the Board of Directors on 20-03-2026.