

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

INTEREST RATE POLICY

Board Approval Date: 20.02.2026

Sl.No	INDEX	Page
1	PREAMBLE	2
2	OBJECTIVE	2
3	APPLICABILITY	2
4	INTEREST RATE FRAMEWORK	3
5	RISK-BASED PRICING MODEL	4
6	INTEREST RATE RANGE	4
7	VENTURE FUNDING PRICING	5
8	FIXED AND FLOATING INTEREST RATES	5
9	PROCESSING FEES AND OTHER CHARGES	5
10	PENAL CHARGES	6
11	ANNUALIZED RATE DISCLOSURE	6
12	TRANSPARENCY REQUIREMENTS	6
13	REVIEW OF INTEREST RATES	6
14	EXCEPTIONS	7
15	CUSTOMER GRIEVANCE REDRESSAL	7
16	DISCLOSURE ON WEBSITE	7
17	REVIEW OF POLICY	7
18	BOARD APPROVAL	7

1. PREAMBLE

Lakme Investment and Finance Limited ("LAKME" or "the Company") is a Non-Banking Financial Company registered with the Reserve Bank of India.

This Interest Rate Policy ("Policy") has been framed in accordance with:

- a. RBI Master Direction – Reserve Bank of India (Non-Banking Financial Company) , as amended from time to time;
- b. RBI Fair Practices Code applicable to NBFCs;
- c. RBI Guidelines on Penal Charges in Loan Accounts;
- d. RBI Digital Lending Guidelines, wherever applicable;
- e. Applicable RBI circulars, notifications and directions issued from time to time.

The Policy establishes a transparent framework for determining interest rates, fees, charges and other pricing components applicable to credit facilities extended by the Company.

2. OBJECTIVE

The objectives of this Policy are:

- a. To establish a risk-based and transparent pricing framework.
- b. To ensure that borrowers are charged interest rates commensurate with risks assumed by the Company.
- c. To promote fairness, consistency and transparency in lending operations.
- d. To comply with RBI regulatory requirements and Fair Practices Code.
- e. To ensure proper disclosure of Annualized Percentage Rate (APR), charges and loan pricing.

3. APPLICABILITY

This Policy shall apply to all credit facilities including:

- a. Loan Against Property (LAP);
- b. Business Loans;
- c. Corporate Loans;
- d. Working Capital Loans;
- e. Bridge Finance;
- f. Trade Finance Facilities;
- g. Project Finance Loans;
- h. Structured Credit Facilities;
- i. Venture Funding;
- j. Revenue Based Financing;
- k. Cash Flow Based Financing;
- l. Any other lending products introduced by the Company.

4. INTEREST RATE FRAMEWORK

The interest rate charged by the Company shall be determined based on the following components:

A. Cost of Funds

Including:

- Bank borrowings;
- Financial institution borrowings;
- Debentures;
- Inter-corporate borrowings;
- Any other funding sources.

B. Operating Cost

Including:

- Customer acquisition costs;
- Credit appraisal costs;
- Technology expenses;
- Collection costs;
- Administrative overheads;
- Compliance costs.

C. Credit Risk Premium

Based on:

- Borrower risk profile;
- Credit score;
- Banking record;
- Financial strength;
- Repayment history;
- Cash flow adequacy.

D. Tenure Risk Premium

Longer tenure loans may attract higher risk premiums.

E. Security Premium

Pricing may vary depending upon:

- Type of collateral;
- Quality of collateral;
- Loan-to-Value ratio (LTV);
- Enforceability of security.

F. Business and Industry Risk

Considering:

- Industry outlook;
- Sector concentration;
- Market conditions;
- Economic environment.

G. Profit Margin

Reasonable spread necessary to ensure sustainability and growth of the Company.

5. RISK-BASED PRICING MODEL

Interest rates shall vary depending upon:

Parameter	Risk Impact
Credit Score	High
Repayment History	High
Cash Flow Strength	High
Net Worth	Medium
Industry Risk	Medium
Security Coverage	High
LTV Ratio	High
Vintage of Business	Medium
Group Exposure	Medium
Regulatory Risk	Medium

Borrowers with stronger credit profiles may be offered lower interest rates than borrowers carrying higher credit risk.

6. INTEREST RATE RANGE

The Board authorizes Management to determine lending rates within the following broad range:

Product Category	Interest Rate Range (Per Annum)
Loan Against Property	15% TO 36%
Personal Loans	14% TO 60%
Business Loans	18% TO 60%
Corporate Loans	18% TO 60%
Bridge Finance	24% TO 60%
Trade Finance	18% TO 60%
Venture Funding	Risk Based
Cash Flow Based Financing	Risk Based
Revenue Based Financing	Risk Based

The Board may revise the range periodically.

7. VENTURE FUNDING PRICING

For Venture Funding transactions, pricing may be structured through:

A. Revenue Based Financing

Finance charges may be linked to:

- a. Revenue generation;
- b. Turnover growth;
- c. Business scalability;
- d. Industry risk.

B. Cash Flow Based Financing

Finance charges may be determined based upon:

- a. Projected cash flows;
- b. Debt servicing capacity;
- c. Business cyclicity;
- d. Exit visibility.

Pricing shall be approved through the credit approval process.

8. FIXED AND FLOATING INTEREST RATES

The Company may offer:

A. Fixed Rate Loans

Interest rate remains unchanged throughout the tenure.

B. Floating Rate Loans

Interest rate may be linked to:

- a. Internal Benchmark Rate;
- b. Cost of Funds;
- c. External Market Indicators;
- d. Other Board-approved benchmarks.

Reset frequency shall be clearly disclosed in the sanction letter and loan agreement.

9. PROCESSING FEES AND OTHER CHARGES

The Company may levy:

- a. Processing Fee;
- b. Documentation Charges;
- c. Legal Charges;
- d. Valuation Charges;
- e. Technical Verification Charges;
- f. Security Creation Charges;
- g. CERSAI Charges;

- h. Insurance Charges;
- i. Cheque Bounce Charges;
- j. Collection Charges;
- k. Foreclosure Charges (where contractually applicable);
- l. Any other charges permitted by law.

All charges shall be disclosed upfront.

10. PENAL CHARGES

In case of default or delay in repayment:

- a. Penal Charges may be levied.
- b. Penal Charges shall be reasonable and commensurate with the default.
- c. Penal Charges shall not be capitalized.
- d. No penal interest shall be charged on penal charges.
- e. Penal Charges shall not be used as a revenue enhancement tool.
- f. Penal Charges applicable to each product shall be disclosed in the sanction letter and loan agreement.

11. ANNUALIZED RATE DISCLOSURE

The Company shall disclose to borrowers:

- a. Annual Interest Rate;
- b. Annualized Percentage Rate (APR), wherever applicable;
- c. Processing Fees;
- d. Penal Charges;
- e. Foreclosure Charges;
- f. All other charges payable.

The disclosure shall be made before execution of loan documents.

12. TRANSPARENCY REQUIREMENTS

The Company shall:

- a. Publish the Interest Rate Policy on its website.
- b. Display interest rate ranges on the website and customer communication channels.
- c. Clearly communicate changes in pricing.
- d. Ensure borrowers receive complete pricing information before loan disbursement.

13. REVIEW OF INTEREST RATES

Interest rates shall be reviewed periodically considering:

- a. Cost of funds;
- b. Market conditions;
- c. Credit losses;
- d. Portfolio performance;
- e. Liquidity conditions;
- f. RBI regulations.

Management may revise lending rates within Board-approved limits.

14. EXCEPTIONS

Any deviation from the approved pricing framework shall require approval from the Credit Committee, Managing Director or Board-authorized authority, as per delegation matrix. Reasons for deviation shall be documented.

15. CUSTOMER GRIEVANCE REDRESSAL

Any grievance relating to:

- a. Interest rate charged;
- b. APR disclosure;
- c. Penal charges;
- d. Fee collection;
- e. Loan pricing;

may be addressed to:

Grievance Redressal Officer
Email: finance@lakmefinance.com
Phone: 8925975495

If unresolved within 30 days, customers may approach RBI under the Integrated Ombudsman Scheme, 2021.

16. DISCLOSURE ON WEBSITE

The Company shall display on its website:

- a. Interest Rate Policy;
- b. Product-wise interest rate range;
- c. Penal Charges Policy;
- d. Grievance Redressal Mechanism;
- e. Fair Practices Code.

17. REVIEW OF POLICY

This Policy shall be reviewed at least annually or earlier if required due to:

- a. Regulatory changes;
- b. Business requirements;
- c. Market developments;
- d. Board directions.

18. BOARD APPROVAL

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