

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

LOANS AND ADVANCES TO DIRECTORS, SENIOR MANAGEMENT, RELATIVES OF DIRECTORS AND RELATED ENTITIES

Board Approval Date : 20.03.2026

SI No	INDEX	Page
1	PREAMPLE	2
2	OBJECTIVE	2
3	APPLICABILITY	3
4	POLICY PRINCIPLES	3
5	ELIGIBLE RELATED PARTY EXPOSURES	3
6	MONETARY CEILING LIMITS	3
7	EXPOSURE EXEMPTION FOR NON-PUBLIC FUND BASED NBFC	4
8	APPROVAL MATRIX	4
9	CONDITIONS FOR SANCTION	5
10	DISCLOSURE REQUIREMENTS	5
11	MONITORING OF EXPOSURE LIMITS	5
12	EXCEPTIONS	6
13	REVIEW OF POLICY	6
14	BOARD APPROVAL	6

1. PREAMBLE

Lakme Investment and Finance Limited (“the Company”), being a Non-Banking Financial Company – Base Layer (NBFC-BL) registered with the Reserve Bank of India (“RBI”), recognizes the importance of maintaining high standards of corporate governance, transparency, integrity, and regulatory compliance in all its lending activities. Lending transactions involving Directors, Senior Management, their relatives, and related entities require enhanced oversight to ensure that such transactions are conducted on an arm’s length basis and do not give rise to conflicts of interest, undue influence, preferential treatment, or reputational risk to the Company.

This Policy on Loans and Advances to Directors, Senior Management, Relatives of Directors and Related Entities has been formulated to establish a transparent framework for identifying, evaluating, approving, monitoring, and reporting credit facilities granted to such persons and entities. The Policy seeks to ensure that all such transactions are undertaken in accordance with applicable provisions of the Companies Act, 2013, the rules made thereunder, RBI regulations applicable to NBFCs, applicable accounting standards, and other statutory and regulatory requirements.

The Company shall ensure that any loan, advance, guarantee, security, or credit accommodation involving related parties or connected persons is assessed with the same degree of prudence, credit appraisal standards, and risk evaluation criteria applicable to unrelated borrowers. Such facilities shall not be granted on preferential terms and shall be subject to appropriate approval mechanisms, disclosure requirements, and monitoring controls as prescribed under this Policy.

The objective of this Policy is to safeguard the interests of the Company and its stakeholders by promoting fairness, accountability, transparency, and sound credit governance. The Policy also aims to prevent actual or perceived conflicts of interest and ensure that lending decisions remain independent, objective, and consistent with the Company's risk management framework and business objectives.

Through this Policy, the Company reaffirms its commitment to ethical business practices, responsible lending, regulatory compliance, and robust governance standards while ensuring that all related-party lending transactions are managed in a prudent and transparent manner.

2. OBJECTIVE

This Policy establishes a framework governing grant of loans, advances, guarantees or credit facilities to:

- a. Directors;
- b. Relatives of Directors;
- c. Senior Management personnel;
- d. Firms/LLPs in which Directors or relatives have substantial interest;
- e. Companies/entities where Directors or relatives are promoters, major shareholders or exercise control.

The objective is to:

- a. Prevent conflict of interest;
- b. Ensure arm’s length lending;
- c. Maintain prudential exposure limits;
- d. Comply with RBI Directions and Companies Act requirements;
- e. Ensure transparency in related party lending.

3. APPLICABILITY

This policy shall apply to:

- a. All Directors (Executive/Non-Executive/Independent Directors)
- b. Relatives of Directors
- c. Senior Management Personnel
- d. Firms, LLPs, HUFs and entities connected with Directors
- e. Companies where Directors/relatives hold substantial interest or control

Definitions of relative, control and major shareholder shall remain as per Companies Act, RBI Directions and existing policy.

4. POLICY PRINCIPLES

The Company recognizes that lending to Directors, Senior Management Personnel, Relatives of Directors and Related Parties may give rise to actual or perceived conflicts of interest. Accordingly, such lending shall be governed by the following principles:

- a. All transactions shall be conducted at arm's length and in the ordinary course of business;
- b. No preferential treatment shall be provided in respect of interest rates, security requirements, repayment terms, waiver of charges or recovery actions;
- c. Credit appraisal standards applicable to unrelated borrowers shall equally apply to related party borrowers;
- d. The repayment capacity of the borrower shall be independently assessed and documented;
- e. Interested Directors shall neither participate in appraisal, sanction nor approval of such facilities.
- f. Rescheduling of loans to directors will be considered at one level higher than the level sanctioning the original loan.

5. ELIGIBLE RELATED PARTY EXPOSURES

The following categories may be considered for credit facilities:

- Directors (where permissible under applicable law);
- Relatives of Directors;
- Senior Management Personnel;
- Firms, LLPs and HUFs in which Directors or relatives have substantial interest;
- Companies and entities controlled by Directors, promoters or relatives;
- Group Companies and Associate Companies.

All such facilities shall be subject to enhanced governance and approval requirements.

6. MONETARY CEILING LIMITS

The following ceilings shall apply:

Category	Maximum Individual Exposure	Aggregate Exposure Limit	Approval Authority
Director (Executive/Whole Time)	Upto ₹10 Cr	25% of AUM or 50 % NOF whichever is less	Board + Interested Director Abstention
Relative of Director	Upto Rs 5 Cr	25% of AUM or 50 % NOF whichever is less	Credit Committee + Board Ratification
Entity where Director has substantial interest/control	Upto ₹10 Cr	40% of NOF	Credit Committee + Board Ratification

Category	Maximum Individual Exposure	Aggregate Exposure Limit	Approval Authority
Senior Management Personnel	Upto ₹1 Cr	5% of NOF	MD/CEO + Board Reporting
Group exposure to all Directors & related entities	NA	50% of NOF S.T.NOF COMPLIANCE NORM	Board Approval
Staff loans under HR policy	As per HR norms	NA	HR/Management

6.1 Aggregate Exposure Limits

The aggregate exposure towards Directors; Relatives of Directors; Senior Management Personnel; Related Parties; Group Companies;

shall ordinarily not exceed: 40 % of the Company's Owned Funds at any point in time without specific Board approval and subject to NOF Compliance norm.

Exposure shall include:

- Outstanding principal;
- Accrued interest;
- Guarantees issued;
- Letters of comfort;
- Undrawn commitments;
- Any other funded or non-funded exposure.

7. EXPOSURE EXEMPTION FOR NON-PUBLIC FUND BASED NBFC

Considering that the Company is a Non-Deposit Taking NBFC and does not utilize public funds, the Board may approve exposure to Group Companies or Related Parties beyond the normal internal concentration limits where:

- The transaction is commercially justified;
- Repayment capacity is independently established;
- Security coverage is not less than 1.50 times the exposure;
- Escrow mechanism is available wherever feasible;
- Exposure is supported by adequate collateral and guarantees;
- Such exposure does not adversely affect liquidity, capital adequacy or solvency of the Company.

Any such exemption requires a specific Board Resolution recording reasons for approval.

8. APPROVAL MATRIX

A. Loans up to ₹5 Cr

Approval:

- Credit Manager; and
- Director

B. Loans above ₹5 Cr up to ₹10 Cr

Require:

- Credit Committee recommendation
- Board approval

C. Loans to Directors, Promoters or Group Companies

Mandatory:

- Board Approval;
- Interested Director abstention;
- Recording in Board Minutes.

9 . CONDITIONS FOR SANCTION

All related-party loans shall satisfy:

Financial Assessment

- Income verification
- Credit bureau check
- Existing liabilities review
- Cash flow analysis

Security Requirement

Loans above ₹10 lakh shall ordinarily be backed by:

- Immovable property;
- Liquid collateral;
- Guarantee; or
- Other acceptable security.

Pricing

Interest rate shall not be lower than:

- Minimum lending rate applicable to comparable external borrowers.
- Preferential pricing is prohibited.

10 . DISCLOSURE REQUIREMENTS

The Company shall disclose annually:

Particulars	Current Year	Previous Year
--------------------	---------------------	----------------------

Directors and relatives		
-------------------------	--	--

Related entities		
------------------	--	--

Senior Management		
-------------------	--	--

Outstanding balances		
----------------------	--	--

NPAs, if any		
--------------	--	--

Disclosure shall form part of notes to financial statements where applicable. Existing policy already contemplates disclosure but without thresholds.

11 . MONITORING OF EXPOSURE LIMITS

The Risk/Compliance Department shall monitor:

- Individual exposure;
- Aggregate related party exposure;
- Delinquencies;
- Regulatory breaches;
- Concentration risks.

Quarterly reporting shall be placed before the Board.

12. EXCEPTIONS

Any deviation from monetary limits or approval hierarchy shall require:

1. Detailed justification;
2. Risk assessment;
3. Approval of Board of Directors;
4. Recording in Board minutes.

13. REVIEW OF POLICY

This policy shall be reviewed Annually; or Upon change in RBI regulations; or Upon material change in Company structure/exposure.

14. BOARD APPROVAL

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