

LAKME INVESTMENT AND FINANCE LIMITED

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POLICY ON OUTSOURCING SERVICE PROVIDERS

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Sl No	INDEX	Page
1	PREAMBLE	2
2	OBJECTIVE	2
3	APPLICABILITY	3
4	PRINCIPLES OF OUTSOURCING	3
5	ACTIVITIES THAT MAY BE OUTSOURCED	3
6	BOARD RESPONSIBILITY	4
7	MATERIAL OUTSOURCING ARRANGEMENTS	4
8	DUE DILIGENCE OF SERVICE PROVIDERS	4
9	OUTSOURCING AGREEMENT	5
10	CUSTOMER PROTECTION	5
11	INFORMATION SECURITY AND DATA PRIVACY	5
12	BUSINESS CONTINUITY MANAGEMENT	6
13	MONITORING AND REVIEW	6
14	OUTSOURCING REGISTER	6
15	GRIEVANCE REDRESSAL	6
16	AUDIT AND INSPECTION	7
17	TERMINATION AND EXIT STRATEGY	7
18	REGULATORY REPORTING	7
19	POLICY REVIEW	7
20	BOARD APPROVAL	7

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, recognizes that outsourcing of certain business activities and support functions can improve operational efficiency, enhance quality of customer service, enable access to specialized expertise, and facilitate cost-effective business operations. However, outsourcing does not dilute the Company's obligations, responsibilities, or accountability towards its customers, regulators, or other stakeholders.

The Company shall ensure that all outsourcing arrangements are undertaken in a prudent, transparent, and risk conscious manner, consistent with the applicable regulatory framework prescribed by the Reserve Bank of India from time to time. The Company shall remain fully responsible for all outsourced activities and shall ensure that such arrangements do not compromise customer interests, confidentiality of customer information, operational resilience, internal controls, compliance requirements, or the Company's ability to effectively manage risks.

This Policy establishes the governance framework for identification, selection, engagement, monitoring, renewal, and termination of Outsourcing Service Providers ("OSPs"). It also prescribes the principles for due diligence, contractual safeguards, business continuity, information security, data privacy, audit rights, regulatory access, performance monitoring, and oversight by the Board of Directors and Senior Management.

The Policy aims to ensure that:

- a. Outsourcing arrangements are aligned with the Company's business objectives and risk appetite;
- b. Risks arising from outsourcing are appropriately identified, assessed, mitigated, monitored, and reported;
- c. Customer protection, confidentiality, fair treatment, and grievance redressal are maintained at all times;
- d. Regulatory compliance and business continuity are not adversely affected by outsourcing arrangements; and
- e. The Company retains effective control and oversight over all outsourced activities.

This Policy shall apply to all outsourcing arrangements entered into by the Company, including both material and non-material outsourcing activities, and shall be read in conjunction with the Company's Risk Management Policy, Information Security Policy, Fair Practices Code, Digital Lending Policy (where applicable), Business Continuity Plan, Cyber Security Policy, and other internal policies approved by the Board.

2. OBJECTIVE

This Policy is framed in accordance with:

- a. Reserve Bank of India (Non-Banking Financial Company, as amended from time to time;
- b. RBI Guidelines on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs;

- c. RBI Master Directions on KYC;
- d. RBI Digital Lending Guidelines, wherever applicable;
- e. RBI Information Technology Governance and Cyber Security Framework;
- f. RBI Integrated Ombudsman Scheme, 2021;
- g. Applicable RBI circulars, notifications and directions issued from time to time.

The objective of this Policy is to establish a comprehensive framework for engaging, monitoring and managing Outsourcing Service Providers while ensuring that outsourcing does not diminish the Company's responsibility towards customers, regulators and other stakeholders.

3. APPLICABILITY

This Policy shall apply to all outsourcing arrangements entered into by the Company, including:

- a. Business Correspondents;
- b. Recovery Agencies;
- c. Collection Agencies;
- d. Call Centres;
- e. Technology Service Providers;
- f. Loan Processing Service Providers;
- g. Lending Service Providers (LSPs);
- h. Customer Service Centres;
- i. KYC Verification Agencies;
- j. Data Processing Vendors;
- k. Document Storage Agencies;
- l. Any third party engaged by the Company for performing outsourced financial or operational activities.

4. PRINCIPLES OF OUTSOURCING

The Company shall ensure that:

- a. Outsourcing does not reduce the Company's responsibility towards customers.
- b. Outsourcing does not impede effective supervision by RBI.
- c. Customer interests are protected at all times.
- d. Confidentiality of customer information is maintained.
- e. Outsourcing does not expose the Company to excessive operational, legal, cyber, reputational or concentration risks.
- f. Accountability for outsourced activities remains with Lakme Investment and Finance Limited.

5. ACTIVITIES THAT MAY BE OUTSOURCED

Subject to Board approval, the Company may outsource:

- a. Customer sourcing;
- b. Collection of loan applications;
- c. Preliminary KYC collection;
- d. Customer onboarding support;
- e. Field verification activities;
- f. Collection and recovery support;
- g. Call centre services;
- h. Data processing services;
- i. Technology support services;

- j. Customer service operations;
- k. Digital lending support functions.

Credit approval, sanction authority, policy formulation, risk management, compliance functions and internal audit shall not be outsourced.

The Company shall enter into written agreements with each outsourced service provider. The agreement shall have a clear validity period and provision to renew/extend with revised conditions, n detailed scope of services to be provided, agreed service levels, remuneration/reimbursements

6. BOARD RESPONSIBILITY

The Board shall:

- a. Approve the Outsourcing Policy.
- b. Review outsourcing risks annually.
- c. Approve material outsourcing arrangements.
- d. Review concentration risks.
- e. Ensure adequate oversight over outsourced activities.
- f. Review outsourcing MIS at least quarterly.

7. MATERIAL OUTSOURCING ARRANGEMENTS

An outsourcing arrangement shall be considered material if disruption of such service could:

- a. Significantly affect business operations;
- b. Impact customer service;
- c. Cause financial loss;
- d. Result in regulatory non-compliance;
- e. Cause reputational damage.
- f. Material outsourcing arrangements shall require Board or Board Committee approval.

8. DUE DILIGENCE OF SERVICE PROVIDERS

Prior to engagement, the Company shall conduct due diligence covering:

- a. Legal constitution;
- b. Ownership and management structure;
- c. Financial strength;
- d. Net worth and liquidity;
- e. Technical capability;
- f. Industry experience;
- g. Internal controls;
- h. Information security framework;
- i. Regulatory compliance record;
- j. Litigation history;
- k. Business continuity arrangements;
- l. Cyber security controls;
- m. Customer grievance handling capability;
- n. AML/KYC compliance history.
- o. Arrangements to safeguard misuse of data collected from customers and the Company

The due diligence report shall be documented and retained.

9. OUTSOURCING AGREEMENT

All outsourcing arrangements shall be governed through written agreements containing:

- a. Scope of services;
- b. Service level standards;
- c. Confidentiality obligations;
- d. Data privacy requirements;
- e. Audit rights of Lakme;
- f. RBI inspection rights;
- g. Record retention requirements;
- h. Business continuity requirements;
- i. Cyber security requirements;
- j. Sub-contracting restrictions;
- k. Termination rights;
- l. Customer grievance responsibilities;
- m. Indemnity provisions including monetary compensation for loss to the Company due to lapse of any nature by the Outsourcing party or its employees;
- n. Compliance obligations.

10. CUSTOMER PROTECTION

The Company shall ensure:

- a. Customers are informed when services are delivered through outsourced agents.
- b. Agents carry proper identification.
- c. Customers are not charged unauthorised fees.
- d. Fair Practices Code is followed.
- e. Customer consent requirements are complied with.
- f. Customer complaints are resolved within prescribed timelines.
- g. The Company shall remain fully responsible for customer service and grievance redressal.

11. INFORMATION SECURITY AND DATA PRIVACY

Service Providers shall:

- a. Maintain confidentiality of customer information.
- b. Use customer data only for authorised purposes.
- c. Implement access controls.
- d. Maintain cyber security safeguards.
- e. Report data breaches immediately.
- f. Comply with applicable privacy and data protection requirements.

Customer data shall not be shared with any authority or customer consent except where required by law.

12. BUSINESS CONTINUITY MANAGEMENT

All material service providers shall maintain:

- a. Disaster Recovery Plans;
- b. Business Continuity Plans;
- c. Data Backup Procedures;
- d. Incident Management Framework;
- e. Alternate Processing Arrangements.

The Company shall periodically test business continuity arrangements.

13. MONITORING AND REVIEW

The Company shall continuously monitor:

- a. Service quality;
- b. SLA compliance;
- c. Customer complaints;
- d. Regulatory compliance;
- e. Information security incidents;
- f. Portfolio performance;
- g. Recovery practices;
- h. Operational risks.

Periodic reviews shall be conducted at least annually.

14. OUTSOURCING REGISTER

The Company shall maintain a central Outsourcing Register containing:

- a. Name of Service Provider;
- b. Nature of outsourced activity;
- c. Agreement date;
- d. Renewal date;
- e. Risk classification;
- f. Responsible department;
- g. Review status.

15. GRIEVANCE REDRESSAL

Customers may lodge complaints through:

Email: customercare@lakmefinance.com

Phone: 8925975496

Grievance Redressal Officer: finance@lakmefinance.com

Principal Nodal Officer: compliance@lakmefinance.com

If complaints are not resolved within 30 days, customers may approach RBI under the Integrated Ombudsman Scheme, 2021

16. AUDIT AND INSPECTION

The Company shall have unrestricted rights to:

- a. Audit outsourced activities;
- b. Verify records;
- c. Conduct surprise inspections;
- d. Review internal controls;
- e. Assess information security controls.

The Service Provider shall permit RBI, auditors and authorised representatives access to records relating to outsourced activities.

17. TERMINATION AND EXIT STRATEGY

The Company shall maintain documented exit plans to ensure continuity of operations in case of:

- a. Contract termination;
- b. Service failure;
- c. Regulatory concerns;
- d. Insolvency of Service Provider;
- e. Security incidents.

Transition arrangements shall ensure uninterrupted customer service.

18. REGULATORY REPORTING

Management shall submit periodic reports to the Board covering:

- a. Material outsourcing arrangements;
- b. Outsourcing risk assessment;
- c. Customer complaints;
- d. Audit findings;
- e. Information security incidents;
- f. Corrective actions taken.

19. POLICY REVIEW

This Policy shall be reviewed annually or earlier upon changes in regulatory requirements or business operations. Any amendment shall require Board approval.

20. BOARD APPROVAL

This Policy is approved by the Board of Directors at its meeting held on 20th day of 2026