LRSD SECURITIES PRIVATE LIMITED

WHISTLE BLOWER MECHANISM

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PRELIMINARY

1. Policy Statement

1.1. **LRSD Securities Private Limited** (hereinafter referred to as "**LRSD**" or the "**Company**") is registered with the Reserve Bank of India (RBI) as a Non- Banking Financial Company (NBFC)- Middle Layer, not accepting public deposits and is committed to conducting its business in an ethical, transparent, and accountable manner, in accordance with the highest standards of professionalism, integrity and corporate governance.

1.2. As part of its governance framework, the Company recognises the need to establish a formal mechanism through which its Directors and employees may, in good faith, report instances of unethical or improper conduct, actual or suspected fraud, or violation of the Company's policies, applicable laws or regulatory directions, without fear of victimisation.

1.3. This Policy document sets out the Company's Whistle Blower Mechanism in accordance with the requirements of the *Companies Act, 2013, the RBI (Non-Banking Financial Company – Governance) Directions, 2025 and the RBI (Non-Banking Financial Company – Credit Risk Management) Directions, 2025.*

2. Purpose of the Policy

The purpose of this Policy is to:

2.1. Provide a formal, structured channel through which Directors and employees of the Company can raise concerns about suspected or actual wrongdoing within the Company without fear of reprisal, discrimination or harassment;

2.2. Reinforce the Company's culture of transparency, integrity and sound corporate governance consistent with the requirements of Section 177(9) and 177(10) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014;

2.3. Give effect to the requirement under the RBI (Non-Banking Financial Company – Governance) Directions, 2025 that every NBFC shall formulate a whistle blower mechanism for its Directors and employees;

2.4. Support the Company's credit risk governance and fraud-risk control objectives under the RBI (Non-Banking Financial Company – Credit Risk Management) Directions, 2025, by enabling early identification and reporting of credit-related irregularities, override of sanction/underwriting norms, suppression of asset-classification status, or other conduct that may compromise the integrity of the Company's credit risk management framework;

2.5. Establish the Audit Committee of the Board as the body authorised to oversee the vigil mechanism, ensuring independent review and escalation of matters reported thereunder; and

2.6. Ensure that genuine whistle blowers are protected from any adverse consequence and that all disclosures are investigated objectively and closed out in a time-bound manner.

3. Applicability

3.1. This Policy applies to:

3.1.1. All Directors on the Board of the Company, including Independent Directors and Non-Executive Directors;

3.1.2. All permanent, temporary, contractual and probationary employees of the Company, at all levels and across all locations/branches;

3.1.3. Key Managerial Personnel and Senior Management of the Company; and

3.1.4. Such other persons as the Board or the Audit Committee may, from time to time, permit to report under this mechanism, including vendors, business correspondents, agents and other third parties associated with the Company, in relation to matters concerning the Company's operations.

3.2. This Policy covers Protected Disclosures relating to the Company and its business operations, including matters concerning its credit risk management framework, financial reporting, and internal controls. It does not replace or override any other grievance redressal, customer complaint, or internal disciplinary mechanism of the Company, which shall continue to operate independently for matters not falling within the scope of this Policy.

SCOPE OF THE MECHANISM

4. Scope of the Policy – Matters that may be reported

"Whistle Blower" *is a vigilant individual, typically an employee, director, or stakeholder, who, in good faith, raises concerns or discloses information about unethical practices, misconduct, or improper activities within the organization.*

"Protected Disclosure" *means a good-faith communication that discloses or demonstrates information about an unethical or improper act, actual or suspected fraud, or violation of the Company's policies or applicable law, made in accordance with this Policy.*

Without limiting the generality of the term "Protected Disclosure", a Whistle Blower may report concerns relating to, inter alia:

4.1. Actual or suspected fraud, misappropriation of funds or assets, or financial irregularity;

4.2. Manipulation or suppression of Company data, including asset classification, credit appraisal, sanction terms or collateral valuation, in a manner inconsistent with the Company's credit risk management framework and the RBI (Non-Banking Financial Company – Credit Risk Management) Directions, 2025;

4.3. Wilful violation of the Company's internal policies, or applicable law and regulatory directions;

4.4. Deliberate breach or circumvention of internal control systems, including bypassing of sanctioning authority, know-your-customer (KYC) norms or credit underwriting standards;

4.5. Abuse of authority, criminal offence, corruption or bribery;

4.6. Actions that endanger the health or safety of employees, or damage to the environment; and

4.7. Any attempt to conceal, or deliberate non-reporting of, any of the above matters.

This Policy shall not be used to raise disputes or grievances of a personal nature, including interpersonal conflicts, service matters, performance evaluations or terms of employment, which shall continue to be addressed through the Company's grievance redressal channels as per *Grievance Redressal Mechanism* of the Company.

VIGIL MECHANISM

5. Oversight of the Vigil Mechanism by the Audit Committee of the Board

The Board of Directors of the Company has authorised the Audit Committee of the Board (ACB) to oversee the vigil mechanism of the Company. Accordingly:

5.1. The ACB shall have overall responsibility for the effective functioning of this Policy, including periodic review of Protected Disclosures received, the status of investigations and the adequacy of safeguards against victimisation;

5.2. The Chief Compliance Officer shall place before the ACB, on a periodic basis (at least half-yearly), a summary of Protected Disclosures received, actions taken and matters pending, without disclosing the identity of the Whistle Blower unless required by law or with the Whistle Blower's consent;

5.3. In exceptional cases, including where the Subject of a disclosure is a member of Senior Management, a Key Managerial Personnel, or where the Whistle Blower reasonably believes that reporting through the normal channel would not be appropriate, the Whistle Blower shall have direct access to the Audit Committee;

5.4. The ACB shall report to the Board on the functioning of the vigil mechanism as part of its periodic reporting.

6. Reporting Procedure

6.1. **Channels of Reporting:** A Protected Disclosure may be made in writing (including by email, letter or through such other channel as the Company may notify from time to time) addressed to the Chief Compliance Officer.

6.2. **Manner and Content of Disclosure:** A Protected Disclosure should ordinarily be in writing, made in good faith and supported by adequate particulars, including the nature of the concern, the persons involved (if known) and any relevant supporting information or documents, to enable a fair and objective assessment. Anonymous complaints may be considered by the Chief Compliance Officer or the ACB at their discretion, subject to sufficiency of information for verification.

6.3. **Acknowledgement:** Every Protected Disclosure shall be acknowledged in writing within a reasonable period (ordinarily not exceeding seven working days of receipt), save in the case of anonymous disclosures where acknowledgement may not be feasible.

7. Investigation Process

7.1. Upon receipt, the Chief Compliance Officer shall undertake a preliminary review to determine whether the matter falls within the scope of this Policy.

7.2. Matters found to be prima facie genuine shall be investigated in a fair, independent and time-bound manner, either by the Chief Compliance Officer, an internal team constituted for the purpose, or an external agency, as may be considered appropriate having regard to the nature and sensitivity of the matter.

7.3. Matters involving Senior Management, Key Managerial Personnel, or of a sensitive nature shall be reported directly to the Audit Committee, who may direct the manner and mode of investigation.

7.4. The Subject of the disclosure shall be given a fair opportunity to explain the facts and circumstances, consistent with principles of natural justice, before any adverse conclusion is drawn or action is recommended against them.

7.5. On completion of the investigation, a report with findings and recommendations shall be placed before the ACB, which shall decide on the appropriate course of action, including disciplinary action, referral to law enforcement authorities, or reporting to the RBI, as may be warranted.

7.6. The Company shall endeavour to complete investigations and communicate the outcome, wherever feasible, within a reasonable period of time from receipt of the

Protected Disclosure, or such extended period as the ACB may permit having regard to the complexity of the matter.

8. Protection to Whistle Blowers

The Company is committed to ensuring that no Whistle Blower who makes a Protected Disclosure in good faith and in accordance with this Policy is subjected to any unfair treatment, including but not limited to:

8.1. Termination, suspension, demotion or denial of promotion;

8.2. Transfer, harassment, discrimination or any other form of victimisation on account of having made a Protected Disclosure; or

8.3. Threats or intimidation intended to discourage the making of a genuine disclosure.

The identity of the Whistle Blower shall be kept confidential to the extent possible and permissible under law, and shall be disclosed only on a strict need-to-know basis, or where required by a court of law, statutory or regulatory authority, or with the explicit consent of the Whistle Blower. Any person found to have victimised a Whistle Blower shall be liable to disciplinary action, in addition to any other action as may be warranted in law.

9. False or Malicious Disclosures

9.1. While the Company encourages genuine reporting of concerns, this Policy shall not be used to raise malicious, frivolous or vexatious complaints, or to settle personal scores. Any person found to have knowingly made a false or malicious disclosure, or to have misused this mechanism, shall be liable to appropriate disciplinary and/or legal action, as determined by the ACB or the Board.

10. Confidentiality and Record Retention

10.1. All Protected Disclosures, investigation reports and related correspondence shall be treated as strictly confidential and retained by the Chief Compliance Officer for such period as may be required under applicable law, RBI Directions and shall be made available to the Board, the ACB, statutory auditors, the RBI or other regulatory/law-enforcement authorities as may be required.

11. Disclosure Requirements

11.1. This Policy shall be communicated to all Directors and employees of the Company and shall be hosted on the Company's website in accordance with the requirements of the RBI (Non-Banking Financial Company – Governance) Directions, 2025, which require governance-related policies to be made available for the information of stakeholders, and the proviso to Section 177(10) of the Companies Act, 2013, which requires the vigil mechanism to be disclosed on the Company's website and in the Board's Report.

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