

KLM AXIVA FINVEST LIMITED

COMPLIANCE POLICY

Version Number	Date of approval	Remarks
1	14.11.2025	Original policy
2	22.05.2026	Revision

COMPLIANCE POLICY

I. Preamble

The Compliance Policy is framed in accordance with the compliance framework prescribed by the Reserve Bank of India (RBI) for Non-Banking Financial Companies (NBFCs) classified under the *Middle Layer, Non-Deposit Taking, Systemically Important* category.

It also incorporates supervisory and governance obligations arising under the Securities and Exchange Board of India (SEBI), the Ministry of Corporate Affairs (MCA), and all other applicable laws and regulatory authorities.

This Policy sets out the governance structure, roles, responsibilities, and accountability mechanisms for ensuring that KLM Axiva Finvest Limited ('the Company') conducts its business in full compliance with applicable laws, regulations, and internal policies.

The Board recognizes compliance as a core pillar of sound governance, ethical conduct, and risk management, and mandates strict adherence across all levels of the organization.

II. Objectives

The objectives of this Policy are to-

- a) Establish a structured and transparent framework for compliance governance and accountability,
- b) Ensure compliance with all applicable statutory and regulatory requirements,
- c) Define the roles and responsibilities of key stakeholders in compliance management,
- d) Identify, monitor, and mitigate compliance risk and,
- e) Promote and institutionalize a strong culture of compliance across the Company.

III. Scope and Applicability

This Policy shall apply to all business divisions, branches, departments, officers, and employees of the Company.

The Policy is intended to ensure compliance with -

- a) RBI Master Directions, guidelines, and circulars applicable to NBFCs,
- b) SEBI regulations governing Non-Convertible Debentures (NCDs), Perpetual Debt Instruments (PDIs), and Subordinated Debt,
- c) The Companies Act, 2013 and allied rules,
- d) Income Tax, GST, and other fiscal laws; and,
- e) Labour, welfare, and allied statutory obligations applicable to the Company.

IV. Compliance Governance Framework

i. Board of Directors

The Board shall have ultimate accountability for ensuring compliance with all laws and regulations. It shall -

- Approve and periodically review the Compliance Policy;
- Ensure the independence, authority, and resourcing of the Compliance function;
- Review material compliance breaches, regulatory observations, and corrective actions;
- Promote a culture of compliance and integrity throughout the organization.

ii. Audit Committee of the Board (ACB)

The ACB shall provide Board-level supervision on compliance management. It shall -

- Review compliance reports submitted by the Chief Compliance Officer (CCO);
- Examine significant breaches and direct remedial measures;
- Assess the adequacy and effectiveness of compliance and internal control frameworks; and
- Report systemic deficiencies and emerging risks to the Board.

iii. Chief Executive Officer (CEO)/Executive Director

The CEO/ Executive Director shall ensure that the compliance framework operates effectively and without interference. The CEO/ Executive Director shall -

- Provide strategic direction to and monitor the Compliance function;
- Ensure the CCO has sufficient independence, authority, and resources;
- Reinforce compliance as a management priority and part of ethical business conduct;
- Ensure timely rectification of compliance deficiencies;
- Ensure that the Compliance function operates free from any conflict of interest or undue influence.
- Report significant compliance developments and breaches to the ACB and the Board.

iv. Key Managerial Personals (KMPs)

KMPs include all the personal as defined in Section 2(51) of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirement) Regulations. They shall provide management-level supervision over compliance implementation.

It shall -

- Monitor compliance performance across business and functional units;
- Review compliance dashboards, exception reports, and regulatory updates;
- Facilitate cross-functional coordination on compliance matters; and
- Ensure that material issues are reported to the ACB, and Board as appropriate.

- Give proper guidance to the Board of Directors on compliance functions which will help them in decision making.
- Maintain a positive relation between the company, Board of Directors and its shareholders.
- Ensure all other responsibilities as specifically mentioned in the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirement) Regulations and RBI directions.

v. Chief Compliance Officer (CCO)

The CCO shall be responsible for administering, maintaining, and improving the compliance framework. The CCO shall be the nodal point of contact between the company and the RBI and shall necessarily be a participant in the structured or other regular discussions held with RBI. Further, compliance to RBI inspection reports shall be communicated to RBI necessarily through the office of the CCO. The CCO shall:

- Identify and monitor all applicable regulatory, statutory and internal norms/requirements;
- Maintain and periodically update the Compliance universe of the Company;
- Track regulatory changes and disseminate them to relevant functions;
- Conduct periodic compliance reviews and report deviations to the MCE, ACB, and Board;
- Verify departmental compliance checklists; and
- Submit consolidated quarterly and annual compliance certifications.

The CCO shall report functionally to the Audit Committee of the Board (ACB) and administratively to the CEO/ Director of the company.

vi. Business and Functional Heads

Each Business or Functional Head shall be accountable for compliance within their functional area. They shall -

- Ensure adherence to all applicable regulatory, statutory and internal norms;
- Prepare and maintain a departmental compliance checklist covering relevant laws and internal rules;
- Review and update such checklists periodically to reflect regulatory or operational changes;
- Submit the checklist to the CCO for verification;
- Provide quarterly compliance certifications; and
- Undertake corrective measures for identified non-compliances.

V. Three Lines of Defense Framework

The Company shall operate under the Three Lines of Defense model.

1. **First Line:** Business and functional units that own and manage compliance risk through day-to-day adherence to laws, regulations, and internal policies.
2. **Second Line:** Independent control functions—Compliance, Risk Management, and Legal—that monitor, advise, and report on the effectiveness of controls.

3. **Third Line:** Internal Audit, which provides independent assurance to the ACB and Board on the adequacy and effectiveness of compliance controls.

VI. Compliance Risk Management

Compliance risk shall form an integral part of the Company's overall risk management system. The Company shall:

- Identify, assess, and monitor compliance risks in all business activities;
- Evaluate the impact of regulatory changes on operations and systems;
- Integrate compliance risk into enterprise-wide risk assessment processes;
- Ensure timely rectification of deficiencies; and
- Report compliance risk indicators periodically to the MCE, ACB, and Board.

An Annual Compliance Risk Assessment shall be conducted jointly by the Compliance and Risk Management functions to evaluate the level and direction of compliance risk, taking into account the following.

- RBI Risk-Based Supervision (RBS) observations;
- Statutory audit findings and management responses;
- Regulatory actions, penalties, or warnings;
- Delays or defaults in filings or payments; and
- Internal control weaknesses or recurring exceptions.

The assessment results shall be documented, reviewed by the MCE, and submitted to the ACB and Board with the annual compliance certification.

VII. Compliance Monitoring, Reporting and Certification

The Compliance Department shall maintain a structured monitoring and reporting system. It shall -

- Track statutory filings and regulatory submissions;
- Maintain a Compliance dashboard summarizing key metrics, pending items, and breaches;
- Review departmental checklists and exception reports;
- Report quarterly to the MCE and ACB; and
- Obtain quarterly compliance certifications from all Department Heads.

The CCO shall submit a Consolidated Annual Compliance Certificate to the MCE, ACB, and Board, affirming the Company's overall compliance status and pointing out any material deviations.

VIII. Non-Compliance

Non-compliance, whether intentional or inadvertent, shall be viewed seriously. The Company shall -

- Investigate all breaches promptly;
- Undertake appropriate corrective or disciplinary action as per internal governance policies;
- Report material non-compliances to regulators as required; and
- Implement remedial and preventive measures to avoid recurrence.

IX. Compliance Culture and Training

The Company shall nurture a compliance-oriented culture through continuous awareness, communication, and training.

- Periodic compliance training programs shall be conducted for employees at all levels;
- Adherence to compliance obligations shall form part of managerial performance evaluation; and
- Employees shall be encouraged to report compliance concerns in good faith, without fear of retaliation.

X. Record Keeping and Documentation

All compliance-related records, filings, certifications, checklists, and regulatory correspondences shall be securely maintained and easily retrievable for inspection by internal or external auditors and regulators. Record retention shall follow statutory requirements and the Company's approved Record Retention Policy.

XI. Review and custody of the Policy

This Policy shall be reviewed at least annually, or earlier if warranted by regulatory changes, business developments, or audit reports. The CCO shall initiate such review and submit the revised Policy to the MCE, ACB, and Board for approval.

The Chief Compliance Officer shall be the Custodian of the Policy, responsible for ensuring its implementation, maintenance, and continuous improvement, under the guidance of the Chief Executive Officer/ Director.

The Annexures I and II appended below shall form part of this Policy.
