

ART Venture Finance (India) Private Limited

Fair Practices Code

Version 1.0 | Effective Date: 1st July 2026 | NBFC-ICC (Non-Deposit Taking, B2B)

Prepared By	Secretarial Department
Reviewed By	[Name / Role]
Recommended By	Chief Investment Officer
Approved By	Board of Directors

Version History:

Version	Date	Description of Changes	Next Review Date
1.0	01.07.2026	First Version — B2B NBFC-ICC; aligned with RBI FPC Master Circular and RB-IOS 2026	Annually or upon regulatory change

Disclaimer:

This document is the property of ART Venture Finance (India) Private Limited and is intended for the Company's employees, officers, directors, and authorised representatives, as well as for public disclosure as required by RBI guidelines. This Code shall be displayed on the Company's website for the information of all stakeholders.

1. Background

The Reserve Bank of India, by its notification no. RBI/2006-07/138 DNBS.(PD)/CC No. 80/03.10.042/2005-06 dated 28 September 2006, read with notification no. RBI/2011-12/470 DNBS.PD/CC.No. 266/03.10.01/2011-12 dated 26 March 2012, and Master Circular DNBS (PD) CC No. 388/03.10.042/2014-15 dated 1 July 2014, has prescribed broad guidelines on fair practices to be framed and approved by the Board of Directors of all Non-Banking Financial Companies (NBFCs) for the information of the public.

ART Venture Finance (India) Private Limited (hereinafter referred to as "AVF" or "the Company") is a private limited company incorporated under the provisions of the Companies Act, 1956, and is a Non-Banking Financial Company — Investment and Credit Company (NBFC-ICC) registered with the Reserve Bank of India. AVF is a non-deposit taking NBFC-ICC with a net worth below Rs. 50 Crore, operating exclusively as a B2B investment and lending vehicle. AVF provides equity investments, convertible instruments, and alternative lending facilities (including working capital, term loans, and project finance) to tech-enabled, innovative businesses in India. AVF does not engage in retail or consumer lending.

This Fair Practices Code ("Code") has been adopted voluntarily by AVF's Board of Directors in the spirit of the RBI's guidelines, and in the interest of maintaining transparent, fair, and ethical dealings with all B2B counterparties. AVF will abide by this Code following its spirit, in a manner applicable to its B2B investment and lending business.

2. Scope and Applicability

This Code applies to all of AVF's financial products and services, including:

- Equity and growth equity investments in tech-enabled companies

- Convertible instruments — including convertible notes and Optionally Convertible Debentures (OCDs) — used as bridge financing
- Alternative lending facilities — including working capital loans, term loans, and project finance — extended to venture-backed and growth-stage businesses

This Code applies to all employees, officers, directors, agents, and authorised representatives of AVF engaged in originating, structuring, executing, or managing any of the above transactions.

Note: As a B2B-only NBFC-ICC with no retail or consumer lending, provisions of the RBI Fair Practices Code that are specific to individual borrowers — such as vernacular language requirements, floating rate individual loan provisions, and consumer-specific foreclosure charge exemptions — do not apply to AVF's operations and are not included in this Code.

3. Applications and Their Processing

- All applications for financing — whether equity, convertible, or lending — shall be acknowledged by AVF within 5 business days of receipt of a complete application or expression of interest.
- AVF shall provide all material information to the counterparty at the time of application or alongside the term sheet, including the nature of the proposed instrument, fees and charges payable, processing timelines, information and documentation required for appraisal, and any other matter that may affect the counterparty's decision to proceed.
- The counterparty shall be informed of the end-to-end process from application through to sanction and disbursement, and of the expected timeline for each stage.
- If additional information or documentation is required during the appraisal process, AVF shall communicate the specific requirement clearly and provide a reasonable time for submission.
- Processing fees, if charged, are non-refundable once the appraisal process has commenced, regardless of whether the application is approved or declined. This shall be communicated to the counterparty at the time of application.

4. Appraisal and Communication of Terms and Conditions

- AVF shall conduct its appraisal — covering business, financial, and legal due diligence — in a thorough, timely, and fair manner. Additional information required during appraisal shall be requested promptly to facilitate efficient processing.
- Upon completion of appraisal, AVF shall communicate its decision to the counterparty in writing — through a term sheet, sanction letter, or investment letter — setting out: the amount sanctioned or proposed; the nature of the instrument (equity, convertible, or loan); the applicable interest rate (for lending) or valuation/conversion terms (for equity and convertibles); all fees and charges; the repayment schedule or investment horizon; security or covenant requirements; and the penal interest or default provisions applicable in case of delayed repayment.
- For lending facilities, the loan agreement shall expressly stipulate, in a prominent manner, the penal interest chargeable for late payment or default by the borrower.
- AVF shall furnish a copy of the executed transaction document — loan agreement, shareholders' agreement, or convertible note — to the counterparty at the time of sanction or disbursement.
- The counterparty's written acceptance of the terms and conditions shall be obtained and kept on record by AVF before disbursement or investment.
- AVF shall maintain all transaction-related communications and executed documents for a minimum period of 8 years from the date of closure or full repayment of the transaction, consistent with PMLA record-keeping requirements.

5. Disbursement and Changes in Terms and Conditions

- Once a transaction is sanctioned and all conditions precedent have been met, AVF shall disburse the agreed amount within the timeframe specified in the transaction documents.
- AVF shall give advance written notice to the counterparty of any proposed change in the terms and conditions of a transaction, including changes to interest rates, repayment schedules, fees, security requirements, or covenants.
- Any changes in interest rates and charges shall be applied only prospectively and shall not be applied retroactively to amounts already disbursed, unless expressly agreed by both parties.
- Decisions to recall, accelerate, or restructure a facility shall be made in strict accordance with the provisions of the relevant loan or transaction agreement and shall not be exercised arbitrarily.
- Upon full repayment of all outstanding dues — including principal, interest, and any other charges — AVF shall release all security, charges, or liens held against the borrower within a reasonable time, subject to any legitimate right of set-off. Where AVF exercises a right of set-off, the borrower shall be informed in writing with full particulars of the outstanding claim and the conditions for release of security.

6. Interest Rate and Pricing Policy

AVF has adopted an Interest Rate Policy, approved by the Board of Directors, which governs the determination of interest rates and fees for its lending products. This policy takes into account the following factors:

- Cost of funds and the Company's overall capital structure
- Risk profile of the counterparty — including business model quality, cash flow predictability, underlying asset value, and cap table strength
- Market benchmarks and prevailing rates for comparable alternative lending instruments in India
- Tenure of the facility and the nature of the security or covenant structure
- Stage of the investee company and sector-specific risk considerations

AVF's lending rates are disclosed to each counterparty in the term sheet and loan agreement prior to disbursement. The applicable interest rate, processing fee, and all other charges are communicated transparently before the counterparty is required to commit to the transaction.

For equity and convertible instruments, the economics of the transaction — including proposed valuation, discount rate, conversion mechanics, and any fees — are set out in the term sheet and definitive transaction documents. AVF does not charge hidden fees on equity or convertible transactions.

AVF's Interest Rate Policy shall be reviewed annually by the Board and is available for inspection upon request by any counterparty or regulatory authority.

7. Equity and Convertible Investments — Specific Practices

Given that AVF's product suite includes equity and convertible instruments — products not covered in depth by the standard RBI Fair Practices Code for lenders — AVF commits to the following additional practices for these instruments:

- All proposed investment terms — including valuation, instrument type, board rights, information rights, anti-dilution provisions, and exit rights — shall be communicated to the counterparty in writing in the term sheet prior to the commencement of legal documentation.
- AVF shall not impose governance rights or information requirements beyond those reasonably necessary to protect its investment and support the growth of the investee company. AVF shall not use board or investor

rights to interfere in the day-to-day management of the investee company beyond the scope of rights agreed in the shareholders' agreement.

- Conversion mechanics for convertible instruments shall be clearly explained to the counterparty — including the trigger events, discount rate, valuation cap (if applicable), and the circumstances under which repayment rather than conversion would occur.
- AVF shall exercise its rights as an equity investor or convertible holder in good faith and in the long-term interest of the investee company, consistent with its role as a long-term B2B partner.
- Exit from equity investments shall be pursued through transparent, contractually agreed mechanisms — including secondary sales, buybacks, IPO, or M&A — and shall not be pursued in a manner that is detrimental to the ongoing operations of the investee company.

8. General Conduct

- AVF shall refrain from interference in the affairs of a borrower or investee company except as expressly provided in the terms of the relevant transaction document, or where information not previously disclosed has come to light that materially affects AVF's position.
- In the matter of recovery of lending facilities, AVF shall not resort to any form of harassment, coercion, intimidation, or inappropriate conduct. All recovery actions shall be taken strictly in accordance with the terms of the loan agreement and applicable law. AVF shall ensure that all employees and agents involved in recovery are trained to conduct themselves professionally and respectfully at all times.
- Where a borrower requests a transfer of its borrowal account to another lender, AVF's consent or objection shall be communicated in writing within 21 days of receipt of such request. Any such transfer shall be on transparent contractual terms consistent with applicable law.
- AVF shall ensure that all security enforcement — where required — is conducted in a fair, transparent, and legally compliant manner, with the aim of recovering legitimate dues and not of causing disproportionate harm to the borrower or investee company.
- AVF shall not discriminate against any counterparty on the basis of gender, religion, caste, community, or any other protected characteristic in the processing of applications, the setting of terms, or the conduct of the transaction relationship.
- All counterparties shall be treated with courtesy and respect throughout their engagement with AVF, from initial application through to full closure of the transaction.

9. Transparency and Disclosure

- AVF shall maintain a publicly accessible summary of its key product terms, fee structures, and this Fair Practices Code on its website at www.artventurefinance.in.
- AVF shall not make any misleading representations to counterparties regarding the nature, terms, or risks of any financial product or investment.
- All material risks associated with a proposed transaction — including the risk of loss of equity value, default consequences, or dilution mechanics — shall be disclosed to the counterparty before execution.
- AVF shall clearly communicate the distinction between its products: equity (permanent capital with governance rights), convertibles (hybrid instruments converting on a future event), and lending (debt with defined repayment obligations and security). No counterparty shall be committed to a product they do not understand.

10. Grievance Redressal

AVF's Board of Directors has established a Grievance Redressal Mechanism governed by AVF's Grievance Redressal Policy (separately adopted and published). The key elements are as follows:

- Any counterparty with a complaint or grievance may contact AVF through the following channels: Email: contact@artventurefinance.in | GRO Email: karuna.sharma@artventurefinance.in | Phone: +91-124-5060981 | Website: www.artventurefinance.in
- The Grievance Redressal Officer (GRO) — Karuna Sharma, Company Secretary & Compliance Officer — is responsible for ensuring prompt and fair resolution of all escalated complaints. Contact: karuna.sharma@artventurefinance.in | +91-124-6622200.
- All complaints shall be acknowledged within 48 hours and resolved within 30 calendar days. If a complaint is not resolved within 30 days, or if the counterparty is unsatisfied with AVF's resolution, the counterparty may approach the RBI Ombudsman under the Reserve Bank — Integrated Ombudsman Scheme, 2026 (RB-IOS 2026) at cms.rbi.org.in or by calling the toll-free number 14448.
- The GRO's name, designation, and contact details shall be prominently displayed on AVF's website and included in all transaction sanction letters and term sheets.

AVF shall review compliance with this Code and the functioning of the grievance redressal mechanism annually, and a report shall be presented to the Board of Directors each year.

11. Review and Amendment

This Code shall be reviewed annually by the Board of Directors, or earlier if required due to changes in RBI regulations or AVF's business operations. Any amendments to this Code shall be approved by the Board of Directors and reflected in the version history.

The Company Secretary is responsible for initiating the annual review and presenting recommended amendments to the Board. The updated Code shall be published on AVF's website promptly following Board approval.

Declaration

ART Venture Finance (India) Private Limited will abide by this Fair Practices Code, following the spirit of the Code and in a manner that may be applicable to its B2B investment and lending business. This Code shall be displayed on the Company's website for the information of all stakeholders and shall be made available to any counterparty or regulatory authority upon request.

For and on behalf of the Board of Directors

ART Venture Finance (India) Private Limited

Authorised Signatory	[Name / Designation]
Date	[Date of Board Approval]
Place	Gurugram, Haryana

This document should be reviewed by qualified legal counsel before publication. It does not constitute legal advice.