

FAIR PRACTICES CODE

Author of the Policy	Compliance Department
Vetted by	Company Secretary
Approver of the Policy	Board
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PREAMBLE

The Reserve Bank of India (RBI) has issued guidelines on Fair Practices Code for Non- Banking Financial Companies (NBFCs) which sets the fair practices standards while dealing with individual customers and to serve as a part of best corporate practices. Tomorrow Capital Enterprises Private Limited (**“the Company”**) hereby furnishes the Fair Practices Code (**“the FPC”**) based on the guidelines issued by RBI. The Company shall also make appropriate alterations in the FPC from time to time to confirm to the standards that may be prescribed by RBI from time to time.

OBJECTIVES OF THE POLICY

- Use best practices when interacting with clients.
- Adhere to morally and legally sound business operations.
- Be open with your customers and provide them all the information they require.
- Develop a comprehensive FPC to adopt guidelines provided by the regulator and self-regulatory organizations.
- Formulate operating guidelines for implementation of FPC in an effective manner.
- Disseminate the policy guidelines in an effective manner to all stakeholders in general.
- Review & reinforcement mechanism to ensure high level of adherence to FPC.

THE COMPANY’S COMMITMENTS

- The Company undertakes to abide by all applicable laws, regulations and guidelines passed /issued by the Regulators and other competent authorities such as Government, Local Authority etc.
- The Company undertakes not to discriminate between customers on grounds of religion, caste, gender or language.
- The Company will provide clear and full information about its services to its customers / prospective customers and will not resort to any misleading or potentially misguiding advertisement or publicity.
- The Company undertakes to desist from introducing any services having elements of ‘hidden charges’ or lack of transparency.
- The Company undertakes to take all possible and reasonable measures to secure the safe custody

of the security pledged by the customers and to compensate the customer for any accidental, inadvertent or fraudulent loss of the security whilst in the custody of the Company.

- The Company is committed to put in place a system for promptly addressing complaints and suggestions of the customers supplemented with a structured Customer Grievance Redressal Mechanism having an escalation matrix.
- The Company shall display the FPC on its website and make available a copy of the same to the Customer, on request.

I. FAIR PRACTICES CODE

The FPC will be applicable to the following broad areas:

- i. Loan applications and processing thereof
- ii. Loan appraisal and terms/conditions
- iii. Disbursement of loans including changes, if any, in terms and conditions
- iv. Post disbursement supervision/monitoring
- v. Other general provisions

i. Loan applications and processing thereof:

Loan application form will, inter alia, include the broad features and the terms and conditions governing the loan. This would enable the borrowers to take an informed decision by comparing and analyzing the terms offered by the Company with other lenders in the market. The application form shall specify the requisite documents to be submitted along with the application.

Loan application forms will be made available to the prospective borrowers on request in the vernacular language of the place where the registered office of the Borrower is situated or place where the borrower is situated, or in a language used by the Company in its general communications with the Borrower.

Loan application form may also list out the additional information/ documents required from the borrowers.

The Company shall provide acknowledgement for receipt of all loan applications stating the approximate time period within which loan application will be disposed of.

ii. Loan appraisal and terms/conditions:

The Company shall convey in writing to the Borrower, by means of loan card and/or loan agreements, the amount of loan sanctioned, in the language as understood by the borrower, along with the terms and conditions including annualized rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower(s) on its record. A copy of the loan documents including loan agreement and annexures thereof shall be made available to the borrower at the time of sanction and disbursement.

The Company shall evaluate the capability of the borrowers to repay the loan before sanctioning it.

The penalties charged for late repayment will be mentioned in bold in the loan agreement.

In case of lending under consortium arrangement, the participating NBFC/banks would decide the timeframe to complete appraisal of the proposal and communication of the decision. The Company will abide by the decision of the consortium.

The Company will furnish a copy of the loan agreement as understood by the borrower along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans.

iii. Disbursement of loans including changes in terms and conditions:

The Company shall give notice to the borrower(s) in the vernacular language or a language as understood by the borrower(s) of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc.

The Company shall ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard should be incorporated in the loan agreement.

iv. Post Disbursement Supervision:

- a. The decision, if any, of the Company to recall/accelerate payment or performance of loan shall be in accordance with the terms and conditions of the Loan Agreement.
- b. The Company shall give reasonable time to the borrowers before recall the loan or asking for accelerating the payment or performance subject to the terms and conditions contained in the Loan Agreement and other related documents.
- c. The collaterals/securities lying with the Company may be released within 30 business days from the receipt of full and final repayment of loans subject of course to any legitimate right or lien and set off for any other claim that the Company might have against the borrowers. However, in cases where the borrower has availed facility allowing him to borrow/draw monies within the overall amount sanctioned as and when needed by him, the collateral may be retained by the Company for operational convenience.
- d. If such right of set off is to be exercised, the borrower(s) shall be given notice about the same with full particulars about the remaining claims and the conditions under which the Company is entitled to retain the securities till the relevant claim is settled/ paid.

e. Penal Charges:

- i. The Company shall charge penalty if any for non-compliance of material terms and conditions of loan contract by the borrower and it shall be treated as 'penal charges' and shall not be levied in the form of 'penal interest' that is added to the rate of interest charged on the advances.
- ii. There shall be no capitalization of penal charges i.e., no further interest computed on such charges. However, this shall not affect the normal procedures for compounding of interest in the loan account.
- iii. The Company may charge interest on unpaid interest (including on unpaid EMI) at the contracted rate of interest till the date of remediation, and not at the penal rate of interest.
- iv. Additional / fresh penal charges cannot be levied on the earlier outstanding amount of penal charges and company should follow the instructions and clarifications, if any, issued by Central Board of Indirect Taxes & Customs (CBIC) with regard to applicability of GST on penal charges.
- v. The Company shall not introduce any additional component to the rate of interest and ensure compliance to these guidelines in both letter and spirit.
- vi. The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan category.
- vii. The penal charges in case of loans sanctioned to 'individual borrowers, for purposes other than business', shall not be higher than the penal charges to non individual borrowers for similar non-compliance of material terms and conditions.
- viii. The quantum, the reason for penal charges, key fact statements shall be clearly disclosed by the Company to the customers in the loan agreement. The same shall be also be disclosed on the website of the Company.
- ix. Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefor shall also be communicated.

f. Release of movable/immovable property documents on repayment/ settlement of personal loans:

- i. The Company shall release all the original movable / immovable property documents and remove charges registered with any registry within a period of 30 business days after full repayment/settlement of the loan account.
The borrower shall be given the option of collecting the original movable/ immovable property documents from the office where the loan account was serviced or any other office of the Company where
- ii. the documents are available, as per her/his preference.
- iii. The timeline and place of return of original movable/immovable property documents shall be mentioned in the loan sanction letters issued.

g. Compensation for delay in release of movable/immovable property documents:

- i. In case of delay in releasing of original movable/immovable property documents or failing to file charge satisfaction form with relevant registry beyond 30 days after full repayment/ settlement of loan, the Company shall communicate to the borrower reasons for such delay. In case where the delay is

attributable to the Company, it shall compensate the borrower at the rate of ₹ 5000/- for each date of delay as per the RBI Master Guidelines.

- ii. In case of loss/damage to original movable/immovable property documents, either in part or in full, the Company shall assist the borrower in obtaining duplicate/certified copies of movable/immovable property documents and shall bear the associated costs, in addition to paying compensation as indicated at clause (i) above. However, in such cases, an additional time of 30 days will be available to the Company to complete this procedure and the delayed period penalty will be calculated thereafter (i.e., after a total period of 60 days).
- iii. The compensation provided shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.

v. Other General Provisions:

- The Company shall refrain from interfering in the affairs of the borrowers except as provided in the terms and conditions governing the loan as contained in the loan documents (unless new information, not earlier disclosed by the borrower, has come to its notice).
- The Company shall in case of receipt of request from the borrower for transfer of borrowal account, give its consent or otherwise i.e., objection of the Company and shall be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.
- The Company shall generally convey its consent within a reasonable period of time to all requests from the borrower to transfer the loan account of a particular borrower to other NBFC, bank or financial institution. Such transfer shall be in accordance with the contractual terms entered into with the borrower and in accordance with the statutes, rules, regulations and guidelines as may be applicable from time to time.
- The Company shall not discriminate on the grounds of gender, caste or religion in its lending policy and activities.
- In the case of recovery of loans, the Company shall resort to the usual measures, which are legally and legitimately available to it and as per laid down guidelines and extent provisions and shall operate within the legal framework.
- The Company shall provide the terms and conditions in respect of its lending activities or services whenever the borrower requests for the same.
- Responsibility of Board of Directors: The Board of Directors of the Company shall also lay down the appropriate grievance redressal mechanism within the organization. Such a mechanism shall ensure that all disputes arising out of the decisions of lending institution's functionaries are heard and disposed of at least at the next higher level.

The Board of Directors shall also provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievance's redressal mechanism at various levels of management. A consolidated report of such reviews shall be submitted to the Board at regular intervals, as may be prescribed by it.

- The Company shall not discriminate in extending loan facilities to physically/visually challenged applicants on grounds of disability. The Company shall render all possible assistance to such persons for availing of the various business facilities. The Company shall include a suitable module containing the rights of persons with disabilities guaranteed to them by the law and international conventions, in all the training programmes conducted for their employees at all levels. Further, the Company shall ensure redressal of grievances of persons with disabilities under the Grievance Redressal Mechanism already set up by them.

II. GRIEVANCE REDRESSAL POLICY (“GRP”):

The Board of the Company shall lay down appropriate grievance redressal mechanism within the organization which will ensure that all disputes arising out of the Company’s functionaries are heard and disposed of at least with the next higher level. The Company shall display the (i) name and contact details (telephone/mobile numbers and email addresses) of the ‘Grievance Redressal Officer’ who can be approached by the public for resolution of complaints against the Company prominently at the place places where business is transacted. Following are the hierarchy details for redressing customer grievance, in case it arises:

First point of contact

Kind attention: **Parth Singhal**, Company Secretary

Email address: compliance@tomorrowcapital.in

Place: 3rd Floor, Lodha Excelus, Apollo Mills Compound, N.M. Joshi Marg, Mahalaxmi, Mumbai 400011.

Contact number: 022-71519034

1st Escalation

Kind attention: **YOGESH VADHWANA**, Director

Email address: yogesh.vadhvana@ablventures.com

Place: 3rd Floor, Lodha Excelus, Apollo Mills Compound, N.M. Joshi Marg, Mahalaxmi, Mumbai 400011.

Contact number: 9920174820

2nd Escalation

Kind attention: **SANDEEP SAXENA**, Director

Email address: sandeep.saxena@ablventures.com

Place: 3rd Floor, Lodha Excelus, Apollo Mills Compound, N.M. Joshi Marg, Mahalaxmi, Mumbai 400011.

Contact number: 022-71519000

Company shall comply with the Reserve Bank-Integrated Ombudsman Scheme, 2021 (Scheme), as amended from time to time and comply with the requirements of the same.

If the complaint / dispute is not redressed within a period of one month, an appeal may be made to the Officer-in-Charge of the Regional Office of DNBS of RBI (with complete contact details), under whose jurisdiction the registered office of the Company falls.

The Board of the Company shall also provide for periodical review of the compliance of the FPC and the functioning of the grievance’s redressal mechanism at various levels of management. A consolidated report of such reviews may be submitted to the Board at regular intervals, as may be prescribed by it.

III. POLICY FOR DETERMINING INTEREST RATES:

To ensure that the customers are not charged excessive interest rates and charges on loans and advances by the Company, the Board of the Company has adopted a Policy on Interest Rate Model and Policies & Procedures on Determining Interest Rates. The information regarding the Interest Rate Model of the Company will be also disclosed in the application form and sanction letter.

IV. CONFIDENTIALITY:

The Company may not reveal transaction details of the borrowers to any other persons except under following circumstances:

- i. The information is required to be disclosed by any applicable law, any direction, request or requirement of government authority.
- ii. The information is required by the Auditor, professional advisors, agents or any third-party service providers of the lenders who are under duty of confidentiality.
- iii. The information is required by any person with which the lender may enter into a transfer, assignment, participation or other agreements.
- iv. If the information is required by other banks if the borrower has availed any facility from them or any credit information bureau.

V. COMPLAINTS:

In case of any complaint/grievances of the borrowers, the same shall be intimated by them in writing to the Grievance Redressal Officer. The Grievance Redressal Officer shall immediately make all efforts to redress the grievances. The employees dealing with the aggrieved customer shall guide him/her to lodge a complaint.

VI. REVIEW:

The Fair Practices Code shall be reviewed as and when the Company's Board of Directors deems it necessary to do so. Any change in the Fair Practices Code shall be immediately updated on the Company's website.
