Compensation Policy for Directors, Key Managerial Personnel and Senior Management Employee

Prepared by Legal & Compliance Team

SAMPATI SECURITIES LIMITED

Summary of Policy

Version	Issue and Effective Date	Review Periodicity	Approving Authority	Policy Owner	Confidentiality level
V1	09.04.2024	As and when require/any change in regulatory requirement	Board of Directors	Legal and Compliance Team	Confidential
V2	03.04.2026	As and when require/any change in regulatory requirement	Board of Directors	Legal and Compliance Team	Confidential

Details of Last Review

Review Date	Next Review Date	Comments/Remarks/Changes
09.04.2024	April 2025	(i) Reviewed in accordance with the Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023
03.04.2026	April 2027	(i) Reviewed in accordance with Reserve Bank of India (Non-Banking Financial Companies - Governance) Directions

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1. Introduction

The Company considers human resources to be a critical and valuable resource. This policy on compensation of Directors, Key Managerial Personnel (KMPs) and senior management employees has been formulated in terms of the provisions of the Companies Act, 2013 read along with the applicable rules thereto and Reserve Bank of India (Non-Banking Financial Companies - Governance) Directions,2025 amended amendment made to it from time to time, in order to attract and retain the appropriate talent, pay a fair remuneration to the Directors, KMPs and employees of the Company and to harmonize the aspirations of human resources consistent with the goals of the Company.

2. Objectives

2.1 To formulate the criteria for determining qualifications, competencies, positive attributes, and independence for appointment of a Director (Executive / Non-Executive) and recommend to the Board policies relating to the remuneration of the Directors, Key Managerial Personnel, and other senior management employees.

2.2 To formulate the criteria for evaluation of performance of all the Directors on the Board.

2.3 To lay out remuneration principles for Directors and KMP's linked to their responsibilities, performance and achievement relating to the role fulfilled and in meeting the Company's objectives, overall governance, and goals.

3. Scope

Remuneration & Compensation Policy is applicable to the Board of Directors, Key Management Personnel (KMP) and Senior Management employees of Sampati.

Directors for the purpose of this policy will include:

(i) Independent Directors

(ii) Non-Executive Directors

(iii) Managing Director/Executive Director

KMPs as defined in Section 2 (51) of Companies Act, 2013, and for the purpose of this policy, include:

(iv) the Chief Executive Officer or the Managing Director;

(v) the Company Secretary;

(vi) the Whole-time Director;

(vii) the Chief Financial Officer; and

(viii) such other officer as may be prescribed

4. Constitution of the Nomination and Remuneration Committee

The Board has constituted the "Nomination and Remuneration Committee" of the Board which is in line with the requirements under the Companies Act, 2013 ("Act"). The Board has authority to reconstitute this Committee from time to time.

5. Definitions

5.1 'Board' means Board of Directors of the Company.

5.2 'Directors' means Directors appointed to the Board of the Company.

5.3 'Committee' means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act.

5.4 'Company' means Sampati Securities Limited.

5.5 Clawback means a contractual agreement between the employee and the regulated entity in which the employee agrees to return previously paid or vested remuneration to the entity under certain circumstances.

5.6 'Independent Director' means a Director referred to in Section 149 (6) of the Companies Act, 2013 and rules.

5.6 'Key Managerial Personnel (KMP)'means-

(i) the Managing Director or the Chief Executive Officer and in their absence a Whole-time

Director.

(ii) Company Secretary; and the Chief Financial Officer

(iii) Any other person as defined under Companies Act 2013 from time to time.

5.7 Senior Management shall mean the employees designated as "Head of the Department (HOD)" excluding Board of Directors and including key managerial personnel as per Companies Act or such other person as may be specified. The Committee would review the definition annually depending on the organization structure of the Company.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act,2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

6. Policy

I. Policy for appointment and removal of Director, KMPs and Senior Management

Appointment criteria and qualifications

(i) The Committee shall identify and ascertain the integrity, qualification, expertise, and experience of the person for appointment as Director or KMP's and recommend to the Board his / her appointment.

(ii) A person to be appointed as Director or KMP should possess adequate qualification, expertise, and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

(iii) A person, to be appointed as a director, should possess impeccable reputation for integrity, deep expertise, and insights in sectors / areas relevant to the Company, ability to contribute to the Company's growth, complementary skills in relation to the other Board members.

(iv) The Company shall not appoint or continue the employment of any person as Managing Director/ Executive Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended at the discretion of the committee beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond Seventy years as the case maybe.

(v) A whole time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a director in any company, with the permission of the Board of Directors of the Company.

Term / Tenure

- **Managing Director / Whole-time Director**

The Company shall appoint or re-appoint any person as its Managing Director and CEO or Whole-time Director for a term not exceeding five years at a time. Re-appointment shall be made before the expiry of term, based on an evaluation of the performance for a minimum period of three years.

- **Independent Director**

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms as per the Companies Act, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time (Executive) Director of a listed company. Further an independent director shall not be on the Board of more than three NBFC(NBFC-ML or NBFC-UL) as the same time.

▫ **Removal**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made there under or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director or KMP subject to the provisions and compliance of the said Act, rules and regulations.

▫ **Retirement**

The Whole-time Directors, KMP and senior management personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Whole-time Directors, KMP and senior management personnel in the same position/ remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

II. Remuneration to Directors and Key Managerial Personnel

A. Remuneration to Managing Director / Whole-time Directors:

The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.

The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director /Whole-time Directors.

B. Remuneration to Non- Executive / Independent Directors:

The Non-Executive / Independent Directors may receive sitting fees, commission and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees, commission and such other remuneration may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.

All the remuneration of the Non- Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination Remuneration and Compensation Committee and approved by the Board of Directors or shareholders, as the case may be.

An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share-based payment schemes of the Company.

Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:

C. Remuneration to Key Managerial Personnel and Senior Management:

The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.

The NRC/ administrator appointed by Board for the purpose of administering the Employee Stock Option/ Purchase Schemes, shall determine the stock options and other share-based payments to be made to Key Managerial Personnel and Senior Management.

The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from to time. The variable pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

The Board may at their discretion decide on claw back of variable pay paid on earlier for any years to Executive Director, KMP's, senior management relating to separation before pre agreed periods and/for any clause , as per Company Policy.

D. The Remuneration to the directors and key managerial personnel shall be in line with the limits prescribed under provisions of the Companies Act, 2013 and rules made there under.

E. The Committee shall periodically review the remuneration payable to the directors and key managerial personnel and recommend any revision thereof on the basis of financial condition of the Company and performance of the director or key managerial personnel.

F. Loan and advances to directors, key managerial personnel, and senior management:

The Committee shall review and approve the loans and advances to directors in line with the requirements of provisions of Companies Act, 2013 and rules made there under. Loan and advances to key managerial personnel and senior management should be as per the Company's policy.

7. Modification and Amendment

This policy is subject to modification and amendments from time to time as recommended by NRC and approved by the Board.

The custodian of this policy is Head- Human Capital.

SAMPATI SECURITIES LIMITED

Recovery Policy of Sampati Securities Limited

A **Recovery Policy** is a critical part of company's risk management framework, outlining the steps and strategies to recover overdue loan amounts from borrowers who have failed to repay within the agreed-upon timeframe. Its purpose is to minimize the financial impact of defaults and protect the company's cash flow, ensuring that outstanding debts are efficiently collected while maintaining regulatory compliance. The policy typically defines clear processes for loan classification, provisioning requirements, recovery strategies and overdue calculations.

Key Components of a Recovery Policy:

1. Loan Classification

Loan classification refers to categorizing loans based on how overdue they are, and determining the appropriate recovery actions based on this classification. This step is essential in determining the severity of the default and choosing the appropriate recovery strategy.

- **For Non-DLA Loans (Direct Loans to Borrowers):**
    - **Standard Loans**: Loans that are within the repayment schedule and have not missed any payments. These loans are considered low-risk.
    - **Sub-Standard Loans**: Loans that have been overdue for 1-90 days. Borrowers are still expected to make payments, but the situation is starting to become risky, requiring early intervention.
    - **Doubtful Loans**: Loans overdue for 91-180 days. At this stage, there is a high risk that the borrower may default on repayment, and the company needs to take stronger recovery measures.
    - **Loss Loans**: Loans overdue for more than 180 days. These loans are considered highly risky, and recovery efforts should focus on mitigating losses, possibly through legal action or settlement or write-offs.
- **For DLA Loans (Loans Processed through Loan Service Providers):**
    - **Standard Loans**: Loans that are within the repayment schedule.
    - **Doubtful Loans**: Loans overdue for 91 days or more. Since these loans involve third-party intermediaries, the company must collaborate with recovery agency to initiate recovery efforts.

By classifying loans this way, the company can prioritize its recovery efforts based on the severity of the delinquency, focusing more intensive recovery measures on loans that are closer to being written off.

Provisioning Requirements

Provisioning refers to the practice of setting aside a portion of funds to account for potential losses from defaulted loans. This is an important aspect of the company's financial management, as it helps to ensure that the company remains financially sound, even when dealing with a large number of non-performing loans (NPLs), if so.

The Reserve Bank of India (RBI) mandates that NBFCs create provisions based on the classification of loans. For instance:

<table>
<tr><td>Loss Assets</td><td colspan="2">The entire asset shall be written off. If the assets are permitted to remain in the books for any reason, 100% of the outstanding shall be provided for</td></tr>
<tr><td rowspan="6">Doubtful Assets</td><td colspan="2">(a) 100% provision to the extent to which the advance is not covered by the realisable value of the security to which the NBFC has a valid recourse shall be made. The realisable value is to be estimated on a realistic basis;</td></tr>
<tr><td colspan="2">(b) In addition to item (a) above, depending upon the period for which the asset has remained doubtful, provision to the extent of 20% to 50% of the secured portion (i.e. estimated realisable value of the outstanding) shall be made on the following basis:</td></tr>
<tr><td>Period for which the asset has been considered as doubtful</td><td>% of provision</td></tr>
<tr><td>Up to one year</td><td>20</td></tr>
<tr><td>One to three years</td><td>30</td></tr>
<tr><td>More than three years</td><td>50</td></tr>
<tr><td>Sub-standard assets</td><td colspan="2">A general provision of 10% of total outstanding shall be made.</td></tr>
<tr><td>Standard Assets</td><td colspan="2">The company (NBFC-BL) shall make provision for standard assets at 0.25 percent of the outstanding, which shall not be reckoned for arriving at net NPAs. The provision towards standard assets need not be netted from gross advances but shall be shown separately as 'Contingent Provisions against Standard Assets' in the balance sheet</td></tr>
</table>

By adhering to these provisioning requirements, the company can ensure it is financially prepared to absorb potential losses from defaults. The level of provisioning directly impacts the company's profitability and capital adequacy, so maintaining accurate provisions is vital for long-term stability.

2. Recovery Strategies

The recovery strategy outlines the steps to be taken based on the loan classification, the type of borrower (individual or business), and the circumstances surrounding the default. These strategies may include a mix of proactive and legal measures, tailored to each case:

For Non-DLA Loans (Direct Loans to Borrowers):

- **Contacting Borrowers Directly**: The first step in recovering overdue amounts is to reach out to borrowers through multiple communication channels, such as phone calls, SMS(if required), emails.

For example, a borrower who is 30 days overdue may first receive a polite reminder via call, while a borrower overdue by 90 days may receive a more formal email notice emphasizing the consequences of continued non-payment.

- **Sending Reminders**: The NBFC may send a series of reminders at different stages of the overdue period.

  For example, a borrower overdue by 60 days might receive a notice or is being reminded verbally.

- **Physical visits**: If internal efforts do not yield results, the company may employ extra efforts, such as field visits.

- **Initiating Legal Action**: If other recovery efforts fail, legal action may be pursued which include filing a suit in the court and/or attachment of the property (As per courts order/decree) to recover the debt.

For DLA Loans (Loans Processed through Loan Service Providers):

The recovery process for digital loans, typically characterized by short tenures of 1-45 days, requires a streamlined and efficient approach to ensure that overdue loans are managed effectively while minimizing defaults. The digital nature of these loans means that communication with borrowers is often handled through automated systems, online platforms, and various digital channels. Below is a detailed breakdown of the recovery process for such loans, including pre-collection reminders, post-collection reminders, transferring cases to recovery agencies, and initiating legal proceedings.

- **Pre-Collection Reminders (Before the Due Date and Early Overdue Period)**

  Pre-collection efforts are aimed at reminding borrowers of their upcoming repayment obligations before the loan becomes overdue. These reminders play a crucial role in reducing the likelihood of missed payments and ensuring timely repayment.

  Reminder Timeline:

  1. Pre-Due Date Reminders

  Recovery efforts begin before the repayment due date to minimize delinquency.

- 7 days before due date: Automated reminders are sent via SMS, email, and mobile app notifications. These include loan details, repayment amount, and payment instructions.

- 1–3 days before due date: A final reminder is issued, emphasizing timely repayment to avoid late fees or penalties. This may be delivered through push notifications, WhatsApp messages, emails, or pre-collection calls.

  These pre-emptive communications ensure borrowers remain informed and reduce the risk of missed payments.

  2. Due Date – Initial Recovery Action

  If repayment is not received on the due date, the account is flagged for recovery.

- Recovery agencies or internal teams initiate contact through phone calls, WhatsApp messages, and SMS.
- The tone remains professional, reminding the borrower of their obligation and encouraging immediate payment.

3. Overdue Notice (Day 3)

- If repayment is not received within three days of the due date, the Company shall issue a formal overdue notice to the borrower via email.
- The notice will clearly state the outstanding amount, due date, and any applicable penal charges.
- It serves as an official intimation of default and provides the borrower with an opportunity to regularize the account promptly.

4. Legal Notice (Between Day 4–10 After Due Date)

- If the loan remains unpaid and no resolution is reached within the period following the overdue notice, the Company may initiate the process of issuing a legal notice through its authorized advocate.
- The legal notice shall be prepared by external legal counsel.
- It shall serve as a formal communication to the borrower, providing details of the loan, overdue amount, penal charges, and the borrower's failure to repay.
- The notice shall grant the borrower a defined period (generally 15 days) to regularize the account before further remedies are considered.
- The purpose of the notice is to ensure transparency, provide the borrower with a final opportunity to settle dues, and document compliance with fair recovery practices.

5. Continued Recovery Efforts

- If repayment is still not made after the legal notice period:
- Recovery efforts shall continue through the Company's authorized recovery agency and internal teams.
- These efforts may include follow-up calls, written communications, and, where necessary, initiation of legal proceedings.
- Recovery strategies shall be adapted to the circumstances of each case, ensuring compliance with Fair Practices Code.

6. Principles of Recovery

- Recovery shall be conducted in a professional, non-coercive manner.
- Borrower dignity shall be respected at all times.
- All communications and notices shall be documented for audit and regulatory review.

- Legal remedies shall be pursued only after providing adequate opportunity for voluntary repayment.

Overdue Calculation

Overdue amounts are typically calculated by adding interest amount, principal, and any applicable penal charges that have accumulated due to missed payments. In the case of unsecured personal loans, the entire principal amount is considered when calculating overdue amounts, regardless of partial payments made by the borrower. For example, if a borrower misses three consecutive payments on a personal loan, the overdue amount will include the total unpaid principal along with any interest and penal charges, even if the borrower made a partial payment for the previous month.

The NBFC may also calculate overdue amounts on a daily basis, applying interest amount on the outstanding principal amount. These calculations can get complex in the case of default, so it is crucial for the recovery team to maintain clear records of payments, missed payments, and any penalties.

Detailed Calculation of Overdue Amount:

To understand how the overdue amount is calculated, let's break it down into components.

For Non-DLA Loans (Direct Loans to Borrowers):

Components of Overdue Amount:

1. **Outstanding Principal**: The original amount of the loan still due.
2. **Accrued Interest**: Interest that has accrued on the outstanding loan amount.
3. **Penal interest**: Penal interest for delayed repayment/default on loan repayment

For DLA Loans (Loans Processed through Loan Service Providers):

Components of Overdue Amount:

1. **Outstanding Principal**: The original amount of the loan still due.
2. **Accrued Interest**: Interest that has accrued on the outstanding loan amount.
3. **Penal interest**: Penal interest for delayed repayment/default on loan repayment
4. **Other Charges**: Any additional charges such as legal fees.

The board has delegated the powers to the authorized personnel for decision regarding settlement of loan account by waiver penal charges, partially or in full or below the threshold prescribed depending upon the various factors such as financial capacity, time duration of loan, other major factors (if any) while dealing the case.

Being an extremely short tenure unsecured loan product, the Bboard of Directors does not recommend restructuring the loan for DLA product.

Conclusion:

A well-structured recovery policy is essential for managing overdue loans and mitigating the financial risks associated with defaults, especially in fast-paced lending environments like digital loans. By implementing a systematic approach that includes timely pre-collection and post-collection reminders, engaging third-party recovery agencies, and using legal avenues when necessary, an NBFC can improve its chances of recovering outstanding amounts while maintaining a positive customer relationship. Additionally, adhering to regulatory requirements and maintaining transparency throughout the recovery process ensures that the NBFC minimizes losses, upholds its financial health, and complies with industry standards, ultimately supporting long-term business sustainability and growth.

SAMPATI SECURITIES LIMITED