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:

Loss Assets	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	
Doubtful Assets	(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;	
	(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:	
	Period for which the asset has been considered as doubtful	% of provision
	Up to one year	20
	One to three years	30
	More than three years	50
Sub-standard assets	A general provision of 10% of total outstanding shall be made.	
Standard Assets	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	

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

INVESTMENT POLICY OF SAMPATI SECURITIES LIMITED

Prepared by Legal & Compliance Team
SAMPATI SECURITIES LIMITED

Summary of Policy

Version	Issue and Effective Date	Review Periodicity	Approving Authority	Policy Owner
V1	31.01.2029	As and when require/any change in regulatory requirement	Board of Directors	Legal and Compliance Team
V2	08.04.2024	As and when require/any change in regulatory requirement OR Annually whichever is earlier	Board of Directors	Legal and Compliance Team
V3	03.04.2026	As and when require/any change in regulatory requirement OR Annually whichever is earlier	Board of Directors	Legal and Compliance Team

Details of Last Review

Review Date	Next Review Date	Comments/Remarks/Changes
08.04.2024	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 the Reserve Bank of India (Non-Banking Financial Companies - Classification, Valuation and Operation of Investment Portfolio) Directions, 2025

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PREAMBLE

This Investment Policy has been made pursuant to **Reserve Bank of India (Non-Banking Financial Companies - Classification, Valuation and Operation of Investment Portfolio) Directions, 2025** as amended and may be modified by the Board of Directors of the Company from time to time.

The Board of Directors has approved and revised this 'Investment Policy' on 03rd April 2026.

APPLICABILITY

This Investment policy shall be applicable to all investments made by the Company.

DEFINITIONS

For the purpose of this Investment Policy -

a) "Act" means the Reserve Bank of India Act, 1934;

b) "Board of Directors" means the Board of Directors of Sampati Securities Limited.

c) "Body corporate" means a body corporate as defined under Section 2 of the Companies Act, 2013;

d) "Break up value" means the equity capital and reserves as reduced by intangible assets and revaluation reserves, divided by the number of equity shares of the investee company;

e) "Carrying cost" means book value of the assets and interest accrued thereon but not received;

f) "Company" or "Sampati" or "SSL means Sampati Securities Limited;

g) "Companies Act" means the Companies Act, 2013 or any statutory modifications or reenactment thereof for the time being in force.

h) "Companies in the group" means an arrangement involving two or more entities related to each other through any of the following relationships:

- Subsidiary - parent (defined in terms of AS 21),
- Joint venture (defined in terms of AS 27),
- Associate (defined in terms of AS 23),
- Promoter-promotee (as provided in the SEBI (Acquisition of Shares and Takeover) Regulations, 1997) for listed companies,
- a related party (defined in terms of AS 18), Common brand name, and investment in equity shares of 20% and above.

i) "Current investment" means an investment which is by its nature readily realisable and is intended to be held for not more than one year from the date on which such investment is made;

k) "Earning value" means the value of an equity share computed by taking the average of profits after tax as reduced by the preference dividend and adjusted for extra-ordinary and nonrecurring items, for the immediately preceding three years and further divided by the number of equity shares of the investee company and capitalised at the following rate :-

(a) in case of predominantly manufacturing company, eight per cent;

(b) in case of predominantly trading company, ten per cent; and

(c) in case of any other company, including an NBFC, twelve per cent;

Note: If, an investee company is a loss-making company, the earning value will be taken at zero;

l) "Fair value" means the mean of the earning value and the break-up value;

m) "Long term investment" means an investment other than a current investment;

n) "Net asset value" means the latest declared net asset value by the concerned mutual fund in respect of that particular scheme;

p) "Regulations/Master Directions" means Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 as amended and updated from time to time;

Other terms not defined hereinabove shall have same meaning as defined in the Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 amended from time to time.

COMPANY PROFILE

Sampati Securities Limited (SSL) is registered as a Non-Banking Financial Institution in terms of the provisions of Non-Banking Financial (Non-Deposit Accepting Public Deposit).

SSL is classified as a Non-Systemically Important Non-Deposit Accepting (ND-NSI) Non-Banking Financial Company.

SSL being a registered NBFC with RBI has been primarily engaged into

(a) Investing in securities of listed and unlisted companies and,

(b) Lending activities.

Following broad guidelines have been framed by SSL to inform its investment decisions in order to conform with the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 and Non-Banking Financial-Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016. Meeting of the long term investment goals of the Company basically depends on a number of factors, which not only include fund availability and rate of return, but also inflation and taxes. The motive of the Company to hold the investments is to get returns out of the investments, which can be in any of the following manner:

1. Return on investments in the form of Dividend and/or interest;
2. For capital appreciation;
3. For other benefits.

CLASSIFICATION OF INVESTMENT

The Investments, that the Company will hold, will be treated as the assets of the Company held with the motive of earning income by way of dividend, interest, and / or for capital appreciation and / or for other benefits. The investments of the Company shall be classified into the following two categories:

1. **Current Investment:** The investments made by the Company which are intended to be held for not more than one year from the date on which such investment is made.

2. **Long Term Investment:** Investment intended to be held for more than one year from the date on which such investment is made

TRANSFER OF INVESTMENT

a) Investments in securities shall be classified into Current and Long Term, at the time of making each investment;

b) No inter-class transfer will be made on ad-hoc basis;

c) The inter-class transfer, if warranted, shall be effected only at the beginning of each half year,

(i.e. on 1st April or 1st October) with the approval of the Board of Directors;

d) The Investments shall be transferred scrip-wise, from Current to Long term or vice-versa, at the Book Value or Market Value, whichever is lower;

e) The depreciation, if any, in each scrip shall be fully provided for and the appreciation, if any, shall be ignored;

f) The depreciation in one scrip shall not be set off against the appreciation in another scrip, at the time of such inter-class transfer.

VALUATION

Valuation of Quoted Current Investment:

The quoted current investments shall, for the purposes of valuation, be grouped in the following categories:

A. i) Equity Shares or any compulsory convertible instruments

ii) Preference Shares

B. i) Debentures and bonds

ii) Preference Shares

iii) Debentures and bonds

iv) Government Securities including treasury bills

v) Unit of Mutual Funds and

vi) Others

The quoted current investments for each category shall be valued at cost or market value, whichever is lower.

For this purpose:

i) Investments in each category shall be considered scrip- wise and the Cost and Market value/Fair Value aggregated for all investments in each category.

ii) If the aggregate market value for the category is less than the aggregate cost for that category, the net depreciation shall be provided for or charged to the Profit and Loss Account.

iii) If the aggregate market value for the category exceeds the aggregate cost for the category, the net appreciation shall be ignored.

iv) Depreciation in one category of investments shall not be set off against the appreciation in another category.

Valuation of Un-quoted Current Investment:

a) Equity Shares

Unquoted equity shares in the nature of current investments shall be valued at cost or break-up value, whichever is lower. However, an NBFC may substitute fair value for the break-up value of the shares, if considered necessary. Where the Balance Sheet of the investee company is not available for two years, such shares shall be valued at ₹1 only.

Where the balance sheet of the investee company is not available for two years, such shares shall be valued at One Rupee only.

b) Preference Shares

Unquoted preference shares in the nature of current investments shall be valued at Cost or Face value, whichever is lower.

c) Government Securities

Investments in unquoted Government Securities or Government guaranteed bonds shall be valued at Carrying cost.

d) Mutual Funds

Unquoted investments in the units of mutual funds in the nature of current investments shall be valued at the Net Asset Value (NAV) declared by the mutual fund in respect of each particular scheme.

e) Commercial Papers

Commercial Papers shall be valued at Carrying cost.

f) Debentures

Unquoted debentures shall be treated as term loans or other type of credit facilities depending upon the tenure of such debentures for the purpose of income recognition and asset classification.

Valuation of Long Term Investment:

A long term investment shall be valued in accordance with the Accounting Standard issued by ICAI as specified below:

"Long-term investments are usually carried at cost. However, when there is a decline, other than temporary, in the value of a long term investment, the carrying amount is reduced to recognize the decline. Indicators of the value of an investment are obtained by reference to its market value/fair value, the investee's assets and results and the expected cash flows from the investment. The type and extent of the investor's stake in the investee are also taken into account.

Restrictions on distributions by the investee or on disposal by the investor may affect the value attributed to the investment.

Long-term investments are usually of individual importance to the investing enterprise. The carrying amount of long-term investments is therefore determined on an individual investment basis.

Where there is a decline, other than temporary, in the carrying amounts of long term investments, the resultant reduction in the carrying amount is charged to the profit and loss statement. The reduction in carrying amount is reversed when there is a rise in the value of the investment, or if the reasons for the reduction no longer exist."

A long-term investment shall be valued in accordance with the applicable Accounting Standards.

Accounting for Investments:

Quoted current investments shall, for the purpose of valuation, be grouped into the following categories, viz.,

(1) Equity shares;

(2) Preference shares;

(3) Debentures and bonds;

(4) Government Securities including treasury bills;

(5) Units of mutual fund; and

(6) Others.

a. Quoted current investments for each category shall be valued at cost or market value whichever is lower.

b. Commercial Papers shall be valued at carrying cost.

Income from Investments:

a. Income from dividend on shares of corporate bodies and units of mutual funds shall be taken into account on cash basis.Provided that the income from dividend on shares of corporate bodies shall be taken into account on accrual basis when such dividend has been declared by the corporate body in its annual general meeting and the NBFC's right to receive payment is established.

b. Income from bonds and debentures of corporate bodies and from Government Securities / bonds shall be taken into account on accrual basis.

c. Income on securities of corporate bodies or public-sector undertakings, the payment of interest and repayment of principal of which have been guaranteed by Central Government or a State Government shall be taken into account on accrual basis.

Transactions in Government Securities

Such transactions in Government Securities undertaken through its gilt account or its demat account or any other account, as permitted by the Reserve Bank.

Committee for Investment overview/review:

ALCO COMMITTEE shall have the functions as follows:

1. Fixing criteria for classifying the investments into current and long term investments,
2. Investment of funds as per the policy guide lines,
3. Day to day monitoring of Investment portfolio,
4. Disposal of securities and realization of proceeds and revenue dues,
5. Accounting of the Securities transactions and reconciliation thereof,
6. Review of portfolio as and when required.

Powers of the Committee:

The Board of Directors has delegated all the powers of Investment/Disinvestment decision within the limits specified as given below:

Investment Limits	Sanctioning Authority
Upto 50 Crore	COO or Director
above 50 Crore	ALCO Committee

The Investment Committee shall be fully authorized to invest the surplus funds of the company in any form of investment it considers to be beneficial to the company within the framework approved by the Board of Directors.

The committee shall meet as and when required depending on investment decisions. The committee will report to the board of directors on quarterly basis, if require.

AMENDMENTS

The Board may amend the provisions of this Policy from time to time.

Unless otherwise specified, such amendments shall be effective from the date of the Board meeting at which such amendments are approved.

SAMPATI SECURITIES LIMITED