Risk Management 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	Confidentiality level
V1	22.04.2022	As and when require/any change in regulatory requirement	Board of Directors	Legal and Compliance Team	Confidential
V2	09.04.2024	As and when require/any change in regulatory requirement	Board of Directors	Legal and Compliance Team	Confidential
V3	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
03.04.2026	April 2027	(i) Reviewed in accordance with Reserve Bank of India (Non-Banking Financial Companies - Credit Risk Management) Directions, 2025

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BACKGROUND:

In accordance with the Reserve Bank of India (Non-Banking Financial Companies Directions, 2025 applicable from November 28, 2025 and any subsequent amendments, each NBFC's Board is required to approve a Risk Management Policy. This policy should be relevant to the company's operations and should consider various factors, including the identification of both internal and external risks specific to the listed entity. These risks encompass financial, operational, sectoral, sustainability, information, cybersecurity risks, and any other risks as determined by the Committee.

Keeping in view the RBI Directions, the following internal guiding principle are therefore laid out by the Board of Directors of Sampati Securities Limited (the "Company"). This policy should always be read in conjunction with RBI guidelines, Directions , circulars, and instructions.

OBJECTIVE:

The aim of this policy is to deal with unforeseen and unintentional losses that may affect the company's human resources and financial assets, all while avoiding unnecessary constraints on activities that support the company's mission and objectives. The company has implemented robust risk management systems to handle various risk related issues. Effectively managing risk is crucial for the ongoing development of the company.

DEFINITIONS:

"Board" means Board of Directors of the Company.

"Company" means Sampati Securities Limited.

"Directors" the Directors to include all the Executive, Non-executive and Independent Directors of the Company.

"Senior Management" The Key Managerial Personnel of the Company and the employees who are categorized as the Senior Management by the Audit Committee of the Company.

"Policy" means Risk Management Policy.

"RBI" means The Reserve Bank of India.

RISK MANAGEMENT FRAMEWORK:

A Risk Management Framework for Sampati Securities Limited outlines a structured approach to identifying, assessing, mitigating, and monitoring risks that the company may face. Here are the key components of a typical Risk Management Framework for an NBFC.

Risk Governance and Culture:

Establish clear governance structures, roles, and responsibilities related to risk management.

Foster a risk-aware culture that emphasizes the importance of risk management throughout the organization.

Risk Appetite and Tolerance:

Define the company's risk appetite, i.e., the level of risk it is willing to take to achieve its objectives.

Set risk tolerance limits for different risk categories.

Risk Mitigation and Management:

Develop strategies and policies to mitigate or control identified risks.

Establish risk management procedures, such as credit underwriting standards, asset-liability management policies, and disaster recovery plans.

Cybersecurity and Information Security:

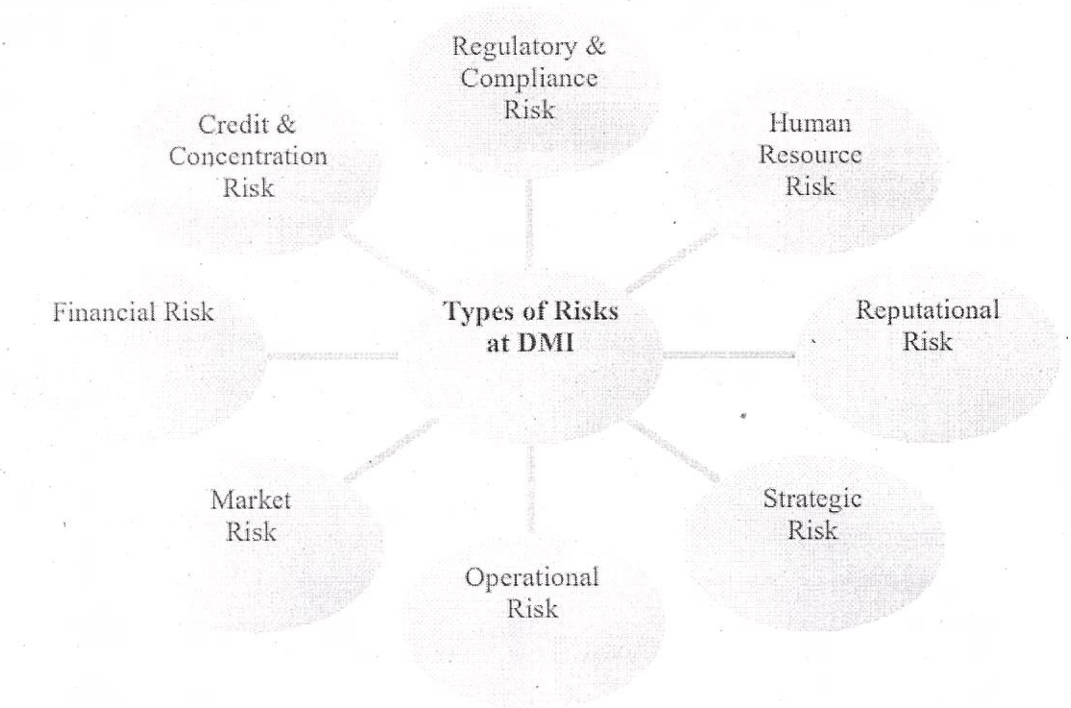
Implement strong cybersecurity measures to protect sensitive information and customer data.

Regularly assess and update security protocols to address evolving cyber threats.

Documentation and communication:

Maintain comprehensive documentation of risk management policies, procedures, and decisions.

Foster clear communication channels for risk-related matters throughout the organization.



TYPES OF RISK:

Strategic Risk: This risk is related to the overall business strategies and the related economic/business environment.

Operational Risk: Arising out of technology failure, fraud, error, inadequate financial capacity to fulfil obligations and/ or to provide remedies, outsourcing of activities to vendors.

Market Risk: Risks related to changes in various markets in which the Company operates.

Financial Risk: These risks includes movement in interest rates and also liquidity risks inherent to the business.

Credit & Concentration Risk: Where the overall industry has considerable exposure to one service provider and hence the company may lack control over the service provider.

Regulatory & Compliance Risk: Where privacy, consumer and prudential laws are not adequately complied with by the service provider

Human Resource Risk: Where the employee related factors are not handled cautiously such as safety, security, compensation, etc.

Reputational Risk: Where the practices followed by the Company are not in consonance with industry as well as internally prescribed standards.

POLICY:

The company acknowledges that effective risk management is a fundamental catalyst for growth and an essential component in elevating corporate governance. Consequently, the Board has crafted the following Risk Management Policy:

- **Vigilance for All Risks:** The Company is committed to continuously identify and address both direct and indirect risks that may impact its operations.

- **Protecting Shareholders' Interests:** We are dedicated to safeguarding the rights and values of our shareholders by establishing a well-structured Risk Management Framework.

- **Optimizing Risk Management Tools:** We will carefully select, maintain, and enhance the tools and methods employed in risk management. These tools will provide valuable insights that inform and support investment decisions throughout the entire organization.

MITIGATION OF RISK:

Sampati mitigates the day to day risks with the following ideologies:

- **Compliance with Fair Practices Code:** All employees are trained and instructed to follow the fair practices as per RBI prescribed guidelines in all their dealings with the customers.

- **Grievance Redressal Mechanism (GRM):** The Company has a defined GRM in place and the same is communicated to all customers at the time of sanction of loan. This is also available on the website of the Company.

- **Delinquency Management:** The Company does not resort to any coercive recovery practices and all recoveries are made in accordance with the Recovery policy and Fair Practice Code of the Company.

• **Legal Obligations:** All employees, vendors and associates are required to sign legal contracts wherein specific clauses related to non-disclosure are entered so as to ensure the Company from any reputational risks.

• **Market Risk:** Management regularly reviews its business model including the areas it wants to operate. The management carries out regular competitive analysis of its peers in the industry so as to remain in competition and change its markets if required.

• **Whistle Blower/Fraud Prevention Policy**- The Company encourages all its employees to report any non-compliance of stated company processes or policies without fear. We have a formal policy that details the manner in which such issues are handled - background investigation. All issues reported are categorized for nature and severity:

- Financial or Non-Financial
- Major or Minor
- Procedural Lapse or Gross Violation
- Breach in Process or Disciplinary Issue

• **Technology Infrastructure:** At the facilities where back office and financial operations take place, alternate/back-up connectivity has been provisioned such that in the event connectivity is lost with one service provider, the alternate connection can be utilized.

• **Financial Risk:** Measuring and managing liquidity needs are vital for effective operations of an NBFC. The Company has constituted Asset and Liability Committee (ALCO) to identify any short term liquidity gaps and thereby take immediate corrective actions to bridge the same.

• **Credit Risk:** A strong credit risk management process helps in containing the portfolio quality of the company. Key elements of the credit risk management include a structured and standardized credit approval process supported by a strong system, effective training programs, legal and technical due diligence, monitoring and a robust credit risk management strategy at a senior management level.

• **Compliance Risk:** The responsibility for ensuring compliance with regulatory requirements and directives on a day-to-day basis rests with the Heads, who will comply with the Compliance requirements of the Company. The Internal Audit function assures audit of the compliance levels. Relevant Committees of the board provide oversight for the management of these compliances.

RISK MANAGEMENT COMMITTEE:

Having established a framework to manage risk; it is imperative that it be monitored religiously. The Company would monitor the same by conducting adequate risk reporting to its various committees and the Board. The reporting would be done by members of the Risk Management Committee who shall be the directors or senior management of the Company.

REPORTING:

The Company's reporting process will adapt in response to changing requirements and the evolving best practices in risk management. On an annual basis, the reporting content will encompass a risk profile that outlines the most critical risks confronting the Company. For each of these risks, the reporting will include the following:

- A clear description of the risk.
- Comprehensive documentation of the essential activities and controls implemented to mitigate and manage the risk.
- Identification of any remaining or residual risk.
- Reference to any action plans in place to rectify any vulnerabilities or weaknesses in risk management.
- The formulation of a risk appetite statement for each key strategic risk.

OTHERS

The Board is hereby authorized to review the Risk Management Policy of the Company on a periodical basis, so as to keep the same updated as per the market/ regulatory trends in the Country.

SAMPATI SECURITIES LIMITED

ASSET LIABILITY MANAGEMENT POLICY AND SYSTEM

Prepared by Legal & Compliance Team

SAMPATI SECURITIES LIMITED

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Asset Liability Management Policy and System (ALM)

4.1 Objectives:

The objective of Asset Liability Management policy is to manage liquidity and Market risks. The Policy is an exposition of SSL's approach to funding, deployment and pricing of various resources and aims to create Systems and procedures to monitor, regulate and manage Liquidity and market risks. The Asset Liability Management Committee (ALCO) will oversee the implementation of ALM policy and review its functioning periodically and provide direction on interest rate for deposits and loans

4.2 ALM Information System

2 The central element for the entire ALM exercise is the availability of adequate and accurate information with expedience. Collecting accurate data in a timely manner will be the purpose of Management Information System.

4.3 ALM Organization

The Board has overall responsibility for management of risks and decides the risk management policy of the company. SSL is strongly committed to integrate basic operations and strategic decision making with risk management.

4.4 Asset - Liability Committee -

Members of the Committee:

1 Independent Director

1 Executive / Non - Executive Director

Periodicity of Convening – The Committee shall convene meetings at regular intervals during the Financial Year.

Responsibility/Role of the Committee:

1. The ALCO is a decision-making unit responsible for balance sheet planning from risk-return perspective including the strategic management of interest rate and liquidity risks.

2. The role of the ALCO with respect to liquidity risk includes decision on desired maturity profile and mix of incremental assets and liabilities, sale of assets as a source of funding, the structure, responsibilities and controls for managing liquidity risk, and overseeing the liquidity positions.

3. To design, oversee and manage the Asset Liability Management System.

4. To decide the business and risk management strategy within the limit / parameters, if any, set by the Board.

5. To estimate and manage various components of assets and liabilities.

6. To manage credit risk, interest rate risk, liquidity risk, market risk and other operational risks.

7. Funding and capital planning.

8. Profit planning and growth projection.

9. Forecasting, analysing and preparation of contingency plans and

10. Any other issues referred by the Board relating to ALMs, from time to time

4.5 Asset Liability Management (ALM) Support Group

The ALM Support Group consists of the operating staff responsible for analysing, monitoring and reporting the liquidity risk profile to the ALCO.

4.6 ALM Process

The scope of ALM function can be described as follows:

I. Liquidity risk management
II. Management of market risks
III. Funding and capital planning
IV. Profit planning and growth projection.
V. Forecasting and analysing 'What if scenario' and preparation of contingency plans.

4.7 Liquidity Risk Management

ALCO measures not only the liquidity positions of the company on an on-going basis but also examines how liquidity requirements are likely to evolve under different assumptions. Therefore, liquidity is tracked through maturity or cash flow mismatches. The role of the ALCO with respect to liquidity risk includes decision on desired maturity profile and mix of incremental assets and liabilities, sale of assets as a source of funding, the structure, responsibilities and controls for managing liquidity risk, and overseeing the liquidity positions.

4.8 Statement of Structural Liquidity

The Statement of Structural Liquidity is prepared by placing all cash inflows and outflows in the maturity ladder according to the expected timing of cash flows. A maturing liability will be a cash outflow while a maturing asset will be a cash inflow. ALCO will deliberate on the ability of the company to meet its maturing liabilities as they become due and ensure against any adverse situation from developing. ALCO will review on an on going basis how the situation is likely to develop under different assumptions. For measuring and managing net funding requirements, ALCO will use as a standard tool the maturity ladder and calculation of cumulative surplus at selected maturity dates. For this purpose, the templates given in RBI guidelines will be made use of.

1) ALCO will use the same time buckets suggested by RBI for measuring the net funding needs.

2) 1 day to 14 days

3) 14 days to 1 month

4) Over 1 month to 2 months

5) Over 2 months to 3 months

6) Over 3 months to 6 months

7) Over 6 months to 1 year

8) Over 1 year to 3 years

9) Over 3 to 5 years

10) Over 5 years

4.9 Mandatory and Non-mandatory Securities: As SSL is not accepting public deposits.

5. Capital and Funding planning:

a) Maintaining adequate Capital:

SSL has ample scope for further leveraging of its capital to meet its business requirements. SSL may leverage its capital ensuring its capital adequacy ratio is always above the minimum level prescribed by RBI. The optimum mix of own capital to borrowed funds would increase the total assets under management and will also improve the overall profitability. However, the optimum CRAR shall be based on the review of asset quality on a continuous basis.

The special reserves, which are not part of net worth as per RBI regulations, shall be utilized for any contingency on account of sudden increase in non-performing assets or major bad debts write-off .

b) Funding planning:

SSL would ensure that both short and long term funds requirements for its business are made available by way of bank borrowings in the form of term loans, cash credit, FCNR(B) loans, and market borrowings by raising funds through commercial papers, bonds, debentures and/or any other financial instrument. SSL shall endeavour to prepare a Contingency Funding Plan (CFP) to fund the normal operating requirements of the corporation in case of any stressed situation or asset-liability mismatch.

POLICY REVIEW :

The Policy would ideally be reviewed on an annual basis. However, the policy can be reviewed at short notice depending on the exigencies/extraordinary situations, which may emanate during the course of SSL business. Such extraordinary situations may include significant changes in Government/Reserve Bank of India policies, global/national macro- economic conditions, financial performance, etc. This Policy shall remain in force till the next revision is carried out and disseminated.

SAMPATI SECURITIES LIMITED