

FAIR PRACTICES CODE

(In accordance with RBI Directions – Paragraph 45)

Approved by: Board of Directors of Sampati Securities Limited

Approval Date: April 03, 2026

Effective Date: April 03, 2026

Policy Owner: Compliance Department

Version: 3.0

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1. POLICY STATEMENT

This Fair Practices Code (FPC) has been adopted by Sampati Securities Limited in compliance with the Reserve Bank of India (RBI) guidelines prescribed under paragraph 45 of the Directions applicable to NBFCs having customer interface. The objective is to ensure transparency in all dealings with borrowers, fair treatment of customers, and responsible lending practices.

2. OBJECTIVE

- To promote good and fair banking practices by setting minimum standards in dealing with customers.
- To increase transparency so that customers can have a better understanding of what they can reasonably expect from the Company.
- To foster confidence in the NBFC sector through responsible conduct and service quality.
- To comply with the RBI's mandatory requirements without dilution of their intent.

3. APPLICABILITY

This Code applies to all employees, representatives, agents, third party service providers including but not limited to Digital Lending App. (DLA), Lending Service Provider (LSP), recovery agents of Sampati Securities Limited engaged in loan origination, processing, disbursement, servicing, collection, or any other customer-facing function.

4. FAIR PRACTICES CODE PROVISIONS

The following provisions reproduce in full, the RBI-mandated Fair Practices Code as set out under Paragraph 45 of the Master Directions, without modification.

NBFCs having customer interface shall adopt the following guidelines:

For the purpose of this paragraph, the term '**personal loans**' shall have the same meaning as defined in the Annex to the circular on 'XBRL Returns – Harmonization of Banking Statistics' dated January 04, 2018.

For easy reference – Personal loans refers to loans given to individuals and consist of

- (a) consumer credit,
- (b) education loan,
- (c) loans given for creation/ enhancement of immovable assets (e.g., housing, etc.), and
- (d) loans given for investment in financial assets (shares, debentures, etc.).

1 Applications for loans and their processing

1.1 All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.

1.2 Loan application forms shall include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decision can be taken by the borrower. The loan application form shall indicate the documents required to be submitted with the application form.

1.3 The company shall devise a system of giving acknowledgement for receipt of all loan applications. Preferably, the time frame within which loan applications will be disposed of shall also be indicated in the acknowledgement.

2 Loan appraisal and terms/ conditions; and Key Facts Statement for Loans and Advances

2.1 The company shall convey in writing to the borrower in the vernacular language as understood by the borrower by means of **sanction letter or otherwise, the amount of loan sanctioned 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 on its record.** As complaints received against NBFCs generally pertain to charging of high interest/penal charges, **Company shall mention the penalties charged for late repayment in bold in the loan agreement.**

2.2 Borrowers may not be fully aware of the terms and conditions of the loans including rate of interest at the time of sanction of loans, either because the NBFC does not provide details of the same or the borrower has no time to look into detailed agreement. Not furnishing a copy of the loan agreement or enclosures quoted in the loan agreement is an unfair practice and this could lead to disputes between the NBFC and the borrower with regard to the terms and conditions. **The company shall 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.**

2.3 The company shall comply with the instructions contained in the circular on '**Key Facts Statement (KFS) for Loans & Advances**' dated April 15, 2024, as amended from time to time (format of KFS as given in the circular is incorporated in Annex XXVII).

3 Penal charges in loan accounts

3.1 Penalty, if charged, for non-compliance of material terms and conditions of loan contract by the borrower 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. There shall be no capitalisation of penal charges i.e., no further interest computed on such charges. However, this will not affect the normal procedures for compounding of interest in the loan account.

3.2 The company shall not introduce any additional component to the rate of interest and ensure compliance to these guidelines in both letter and spirit.

3.3 The company shall formulate a **Board approved policy on penal charges** or similar charges on loans, by whatever name called.

3.4 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/product category.

3.5 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.

3.6 The quantum and reason for penal charges shall be clearly disclosed by company to the customers in the loan agreement and most important terms & conditions/Key Fact Statement (KFS) as, in addition to being displayed on websites of NBFCs under Interest rates and Service Charges.

3.7 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.

4 Disbursement of loans including changes in terms and conditions

4.1 The company shall give notice to the borrower in the vernacular language or a language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. The company shall also ensure that changes in interest rates and charges are affected only prospectively. A suitable condition in this regard must be incorporated in the loan agreement.

4.2 Decision to recall/accelerate payment or performance under the agreement shall be in consonance with the loan agreement.

4.3 The company shall release all securities on repayment of all dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim they may have against borrower. If such right of set off is to be exercised, the borrower shall be given notice about the same with full particulars about the remaining claims and the conditions under which the company are entitled to retain the securities till the relevant claim is settled/paid.

5 Responsible Lending Conduct – Release of movable/immovable property documents on repayment/ settlement of personal loans

5.1 Release of movable/immovable property documents:

(i) The company shall release all the original movable / immovable property documents and remove charges registered with any registry within a period of 30 days after full repayment/settlement of the loan account.

(ii) The borrower shall be given the option of collecting the original movable/ immovable property documents either from the banking outlet/branch where the loan account was serviced or any other office of the NBFC where 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 on or after the effective date.

(iv) In order to address the contingent event of demise of the sole borrower or joint borrowers, the company shall have a well laid out procedure for return of original movable/immovable property documents to the legal heirs. Such procedure shall be displayed on the website of NBFCs along with other similar policies and procedures for customer information.

5.2 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 ₹5,000 for each day of delay.

(ii) In case of loss/damage to original movable/immovable property documents, either in part or in full, company shall assist the borrower in obtaining duplicate/certified

copies of the movable/immovable property documents and shall bear the associated costs, in addition to paying compensation as indicated at clause (ii) 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 under these paragraphs shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.

6 Reset of floating interest rate on Equated Monthly Instalments (EMI) based personal loans

6.1 At the time of sanction of EMI based floating rate personal loans, the company is required to take into account the repayment capacity of borrowers to ensure that adequate headroom/margin is available for elongation of tenor and/or increase in EMI, in the scenario of possible increase in the external benchmark rate during the tenor of the loan. However, in respect of EMI based floating rate personal loans, in the wake of rising interest rates, several consumer grievances related to elongation of loan tenor and/or increase in EMI amount, without proper communication with and/or consent of the borrowers have been received. To address these concerns, the Company has formulated a dedicated **Policy on Reset of Floating Interest Rates for EMI-based Personal Loans**, which shall form an integral part of this Fair Practices Code and is annexed hereto as **Annexure – A**.

6.2 Apart from the equated monthly instalment loans, these instructions would also apply, mutatis mutandis, to all equated instalment-based loans of different periodicities.

7 General

7.1 The company shall refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless information, not earlier disclosed by the borrower, has been noticed).

7.2 In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e., objection of the NBFC, if any, 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.

7.3 In the matter of recovery of loans, an NBFC shall not resort to undue harassment viz., persistently bothering the borrowers at odd hours, use muscle power for recovery of loans etc. As complaints from customers also include rude behaviour from the staff of the companies, NBFCs shall ensure that the staff are adequately trained to deal with the customers in an appropriate manner.

7.4 The company shall not charge foreclosure charges/ pre-payment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers, with or without co obligant(s).

7.5 In the matter of recovery of loans, an NBFC or its recovery agencies/agents shall -

- a. not persistently bother the borrowers before 8:00 a.m. and after 7:00 p.m.
- b. not resort to intimidation or harassment or use muscle power
- c. not intrude upon the privacy of the debtors' family members, referees and friends, etc.

- e. not make threatening and/or anonymous calls
- f. endeavour to answer customer's queries and render assistance to resolve issues
- g. not Mislead the customer on the action proposed and consequences
- h. not threaten with imprisonment or even mention imprisonment
- i. not accept gifts from customers or bribes of any kind

An agent shall not engage in harsh recovery methods.

8 Responsibility of Board of Directors

8.1 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.

8.2 The Board of Directors shall also provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievances 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.

9 Reserve Bank – Integrated Ombudsman Scheme, 2021

NBFCs covered under the Reserve Bank – Integrated Ombudsman Scheme, 2021 (RB IOS, 2021) shall comply with the directions provided under the said Scheme.

10 Language and mode of communicating Fair Practice Code

Fair Practices Code (which shall preferably be in the vernacular language or a language as understood by the borrower) based on the guidelines outlined hereinabove shall be put in place by the company with the approval of its Board. The same shall be put up on their website and shall be displayed at the registered office and/or any branch office, for the information of various stakeholders.

11 Regulation of excessive interest charged by NBFCs

11.1 The Board of directors shall adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.

11.2 The rates of interest and the approach for gradation of risks shall also be made available on the website of the companies or published in the relevant newspapers. The information published on the website or otherwise published shall be updated whenever there is a change in the rates of interest.

11.3 The rate of interest must be annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

12 Complaints about excessive interest charged by NBFCs

12.1 The Reserve Bank has been receiving several complaints regarding levying of excessive interest and charges on certain loans and advances by NBFC. Though interest rates are not regulated by the Reserve Bank, rates of interest beyond a certain level may be seen to be excessive and can neither be sustainable nor be conforming to normal financial practice.

12.2 Boards of directors shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges. In this regard, the guidelines indicated in the Fair Practices Code about transparency in respect of terms and conditions of the loans are to be kept in view.

13 Repossession of vehicles financed by the company

13.1 The company must have a built-in re-possession clause in the contract/loan agreement with the borrower which must be legally enforceable. To ensure transparency, the terms and conditions of the contract/loan agreement shall also contain provisions regarding:

- (i) Notice period before taking possession;
- (ii) Circumstances under which the notice period can be waived; -54-
- (iii) The procedure for taking possession of the security;
- (iv) A provision regarding final chance to be given to the borrower for repayment of loan before the sale/ auction of the property;
- (v) The procedure for giving repossession to the borrower; and
- (vi) The procedure for sale/auction of the property.

13.2 A copy of such terms and conditions must be made available to the borrower. The company shall invariably furnish a copy of the loan agreement 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, which forms a key component of such contracts/ loan agreements.

Note: The company is not currently engaged in vehicle financing. However, the above paragraph has been included in accordance with the prevailing guidelines of the Reserve Bank of India and will become applicable automatically if and when the company initiates vehicle financing activities.

14 Lending against collateral of Gold Jewellery

While lending to individuals against collateral of gold jewellery, the company shall adopt the following in addition to the general guidelines as above.

14.1 They shall put in place Board approved policy for lending against gold that shall inter alia, cover the following:

- (i) Adequate steps to ensure that the KYC guidelines stipulated by the Reserve Bank are complied with and to ensure that adequate due diligence is carried out on the customer before extending any loan,
- (ii) Proper assaying procedure for the jewellery received,
- (iii) Internal systems to satisfy ownership of the gold jewellery,

(iv) Adequate systems for storing the jewellery in safe custody, reviewing the systems on an on-going basis, training the concerned staff and periodic inspection by internal auditors to ensure that the procedures are strictly adhered to. Normally, such loans shall not be extended by branches that do not have appropriate facility for storage of the jewellery,

(v) The jewellery accepted as collateral shall be appropriately insured,

(vi) Transparent auction procedure in case of non-repayment with adequate prior notice to the borrower. There shall be no conflict of interest and the auction process must ensure that there is arm's length relationship in all transactions during the auction including with group companies and related entities,

(vii) The auction shall be announced to the public by issue of advertisements in at least two newspapers, one in vernacular and another in national daily newspaper,

(viii) As a policy, the company themselves shall not participate in the auctions held,

(ix) Gold pledged shall be auctioned only through auctioneers approved by the Board,

(x) The policy shall also cover systems and procedures to be put in place for dealing with fraud including separation of duties of mobilisation, execution and approval.

14.2 The loan agreement shall also disclose details regarding auction procedure.

14.3 Other Instructions

(i) NBFCs financing against the collateral of gold must insist on a copy of the PAN Card of the borrower for all transaction above ₹5 lakh.

(ii) Documentation across all branches must be standardized.

(iii) NBFCs shall not issue misleading advertisements like claiming the availability of loans in a matter of 2-3 minutes. NBFCs shall also ensure compliance with the instructions issued vide 'Reserve Bank of India (Lending Against Gold and Silver Collateral) Directions, 2025' dated June 06, 2025 (as amended from time to time), as expeditiously as possible but no later than April 1, 2026'.

Note: The company is not currently engaged in Lending against collateral of Gold Jewellery. However, the above paragraph has been included in accordance with the prevailing guidelines of the Reserve Bank of India and will become applicable automatically if and when the company initiates Lending against collateral of Gold Jewellery activities.

15 Loan facilities to the physically/visually challenged by NBFCs

The company shall not discriminate in extending products and facilities including loan facilities to physically/visually challenged applicants on grounds of disability. All branches of 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.

5. IMPLEMENTATION & MONITORING

- **Board Oversight:** The Board shall periodically review compliance with the FPC and functioning of grievance redressal mechanisms.
- **Compliance Responsibility:** The Compliance Officer shall be responsible for ensuring that all operational procedures, loan documentation, communication formats, and IT systems align with the requirements of this Code.
- **Training:** All employees shall receive training on the provisions of this Code, with special focus on customer communication, interest rate disclosures, penal charges, and recovery practices.

6. DISCLOSURE

This Fair Practices Code shall be displayed prominently at all branches and offices having customer interface, uploaded on the Company's official website, and made available to customers upon request, in a language understood by them.

7. POLICY REVIEW

The Code shall be reviewed annually or earlier if required due to regulatory changes, and any amendments shall be approved by the Board.

For and on behalf of the Board of Directors

Sampati Securities Limited

Compliance Team

Date: 03.04.2026

Annexure – A Policy on Reset of Floating Interest Rates for EMI-based Personal Loans

Objective:

This policy sets out the framework for communication, customer options, operational procedures, and disclosures relating to the reset of floating interest rates on EMI-based personal loans, in line with RBI guidelines.

Scope:

Applicable to all EMI-based floating rate personal loans and other equated instalment-based loans of different periodicities sanctioned or serviced by the Company.

Policy Provisions:

1. **Communication at the Time of Sanction**

- At the time of sanction of any EMI-based floating rate personal loan, the Company shall clearly communicate to the borrower the possible impact of a change in the benchmark interest rate on the loan, including the potential for changes in the EMI amount, the loan tenor, or both.
- Any subsequent increase in EMI and/or tenor due to changes in the benchmark rate shall be communicated immediately through appropriate channels such as SMS, email, customer portal, or physical letter.

2. Option to Switch to Fixed Rate

- At the time of any reset of interest rates, borrowers shall be provided the option to switch over to a fixed rate as per this Board-approved policy.
- The policy may also specify the maximum number of times a borrower may be allowed to switch to a fixed rate during the tenor of the loan.

3. Borrower Choices at the Time of Reset

- Borrowers shall be given the option to:
 - (a) Enhance EMI while keeping tenor constant;
 - (b) Elongate the tenor while keeping EMI constant;
 - (c) Opt for a combination of both; and/or
 - (d) Prepay, either in part or in full, at any point during the tenor of the loan.
- Levy of foreclosure charges or prepayment penalty shall be subject to prevailing RBI instructions.

4. Disclosure of Applicable Charges

- All charges related to switching from floating to fixed rate, and any service/administrative costs incidental to exercising the above options, shall be transparently disclosed in the sanction letter and at the time of any revision in such charges.

5. Prevention of Negative Amortisation

- The Company shall ensure that elongation of tenor in case of floating rate loans does not result in negative amortisation.

6. Quarterly Loan Statement to Borrowers

- The Company shall provide or make accessible to borrowers, at the end of each quarter, a simple and easily understandable statement showing:
 - Principal recovered till date
 - Interest recovered till date
 - Current EMI amount
 - Number of EMIs remaining

- Annualised Rate of Interest / Annual Percentage Rate (APR) applicable for the entire tenor of the loan

Implementation:

This policy shall be implemented for all new loans and existing loans as per the timelines prescribed by RBI and will be reviewed periodically to ensure alignment with regulatory changes.

