SATYA MICROCAPITAL LIMITED

Policy on Resolution of Stressed Assets

Version 3.0

Document review and approval

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3.	3.0	-	May 29, 2026	Board of Directors

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SATYA MICROCAPITAL LIMITED

POLICY ON RESOLUTION OF STRESSED ASSETS

1. INTRODUCTION

SATYA MicroCapital Limited is a public limited company incorporated under the provisionsof the Companies Act, 1956 and validly existing under the provisions of the Companies Act, 2013 having Corporate Identification Number (CIN) U74899DL1995PLC068688 (hereiafter referred to as "**SATYA"** or the "**Company**"). Satya is a Middle Layer Non-Deposit taking Non-Banking Financial Company (**"NBFC""**) registered and regulated by the Reserve Bank of India ("**RBI**") as a Non-Banking Financial Company – Micro Finance Institution ("**NBFC - MFI**"), bearing Registration no. **.

The Company is engaged in the business of providing microfinance loans to borrowers from low-income households, primarily in rural and semi-urban areas, which include Water & Sanitation loans, Micro, Small and Medium Enterprises Business loans, Limited liability loans, etc. The Company primarily focuses on empowering rural women both digitally and financially and facilitate financial inclusion.

2. OBJECTIVE OF THE POLICY

The Policy sets out the parameters for determining the eligibility of the borrowers for restructuring their loans. The Policy will come into effect from the date of approval of the Board of Directors of the Company and can be amended from time to time, based on changes in the applicable regulations/directions (including any special restructuring frameworks / concessions introduced by the RBI from time to time), subject to approval of the Board. The effective date for such changes will be date of approval of the Board in this regard.

3. REGULATORY REFERENCE

This policy has been framed in accordance with the Reserve Bank of India (Non-Banking Financial Companies – Resolution of Stressed Assets) Directions, 2025, as amended from time to time, (hereinafter, RBI Master Directions).

4. DEFINITIONS

'aggregate exposure' shall include all fund based and non-fund based exposure, including investment exposure;

'credit event' in the context of projects under implementation shall be deemed to have been triggered on the occurrence of any of the following: (i) default with any lender; (ii) one or more lenders determine a need for extension of the original / extended Date of Commencement of Commercial Operations (DCCO), as the case may be, of a project; (iii) expiry of original / extended DCCO, as the case may be; (iv) one or more lenders determine a need for infusion of additional debt; (v) the project is faced with financial difficulty determined as per paragraph 5 of this Policy;

'default' shall mean non-payment of debt (as defined under the Insolvency and Bankruptcy Code, 2016) when whole or any part or instalment of the debt has become due and payable and is not paid by the debtor or the corporate debtor, as the case may be.

'interest during construction' shall mean the interest accrued on debt provided by the Company and capitalised during the construction phase of the project;

'lender', in the context of project finance, shall mean any of the following entities: (i) a Commercial Bank (including Small Finance Banks (SFBs) but excluding Payments Banks (PBs), Local Area Banks (LABs) and Regional Rural Banks (RRBs)); (ii) a Non-Banking Financial Company (NBFC) (including a Housing Finance Company (HFC)); (iii) a Primary (Urban) Cooperative Bank; (iv) an All India Financial Institution.

'liquidation value' shall mean the estimated realisable value of the assets of the relevant borrower, if such borrower were to be liquidated as on the date of commencement of the Review Period;

‘monitoring period’ shall mean the period from the date of implementation of resolution plan up to the date by which at least 10 per cent of the sum of outstanding principal debt as per the resolution plan and interest capitalisation sanctioned as part of the restructuring, if any, is repaid;

‘outstanding principal debt’ shall include all credit facilities, including debt / debt like instruments (viz., non-convertible debentures, optionally convertible debentures, optionally convertible preference shares, nonconvertible preference shares etc.) that exist post implementation of the resolution plan.

‘residual debt’ shall mean the aggregate outstanding principal debt envisaged to be held by all the specified lenders as per the proposed resolution plan;

‘resolution plan’ in the context of projects under implementation shall mean a mutually agreed, legally binding, feasible and time-bound plan for resolution of stress in a project finance account. The resolution plan may involve any action / plan / reorganization including, but not limited to, regularisation of the account by payment of all overdues by the debtor entity, sale of the exposures to other entities / investors, change in ownership, extension of DCCO and restructuring.

‘restructuring’ shall mean an act in which the Company, for economic or legal reasons relating to the borrower’s financial difficulty, grants concessions to the borrower.

‘review period’ shall mean a period of 30 days from the date of default or a credit event, as the case may be;

‘satisfactory performance’ shall mean that the borrower entity is not in default with any specified lender at any point of time during the period concerned;

‘specified lender’ shall mean any of the following entities: (i) a Commercial Bank (including SFBs but excluding PBs, LABs and RRBs); (ii) an All India Financial Institution. (iii) a deposit taking NBFC (excluding a HFC); (iv) a non-deposit taking NBFC (excluding a HFC) having asset size of ₹500 crore and above.

‘specified period’ shall mean the period from the date of implementation of resolution plan up to the date by which at least 20 per cent of the sum of outstanding principal debt as per the resolution plan and interest capitalisation sanctioned as part of the restructuring, if any, is repaid. Provided that for accounts restructured under IBC, the specified period shall be deemed to commence from the date of implementation of the resolution plan as approved by the Adjudicating Authority

‘standby credit facility’ shall mean a contingent credit line sanctioned for the project at the time of financial closure to fund any cost overrun during the construction phase of the project.
‘technical write-off’ shall refer to cases where the non- performing assets remain outstanding at borrowers’ loan account level, but are written-off (fully or partially) by a NBFC only for accounting purposes, without involving any waiver of claims against the borrower, and without prejudice to the recovery of the same.

5. SIGNS OF FINANCIAL DIFFICULTY OF THE BORROWER:

1. A default, as per the definition provided in the framework, shall be treated as an indicator for financial difficulty, irrespective of reasons for the default.
2. A borrower not in default, but it is probable that the borrower will default on any of its exposures in the foreseeable future without the concession, for instance, when there has been a pattern of delinquency in payments on its exposures.
3. A borrower’s outstanding securities have been delisted, or are in the process of being delisted, or are under threat of being delisted from an exchange due to noncompliance with the listing requirements or for financial reasons.
4. On the basis of actual performance, estimates and projections that encompass the borrower’s current level of operations, the borrower’s cash flows are assessed to be insufficient to service all of its loans or debt securities (both interest and principal) in accordance with the contractual terms of the existing agreement for the foreseeable future.
5. A borrower’s credit facilities are in non-performing status or would be categorised as nonperforming without concessions.
6. A borrower’s existing exposures are categorised as exposures that have already evidenced difficulty in the borrower’s ability to repay in accordance with the Company’s internal credit rating system.

The Company shall complement the above list of financial difficulty indicators with key financial ratios and operational parameters which may include quantitative and qualitative aspects.

6. EARLY IDENTIFICATION AND REPORTING OF STRESS

i. The Company shall recognise incipient stress in loan accounts, immediately on default, by classifying such assets as special mention accounts (SMA) as per the following categories:

SMA Sub-categories	Basis for classification – Principal or interest payment or any other amount wholly or partly overdue
SMA-0	Up to 30 days
SMA-1	More than 30 days and up to 60 days
SMA-2	More than 60 days and up to 90 days

ii. The above-mentioned instructions on classification of borrower accounts into SMA categories are applicable for all loans (including retail loans) irrespective of size of exposure of the Company.

7. RESOLUTION PROCESS

The below provisions shall be binding to the extent of applicability.

I. Review Period

a. Once a borrower is reported to be in default by any of the specified lenders (as defined in this policy) except the Company, the specified lenders shall jointly undertake a prima facie review of the borrower account within the Review Period.
b. The specified lenders, during this Review Period shall jointly decide on the resolution strategy, including the nature of the resolution plan, the approach for implementation of the resolution plan, etc.
c. The Company may also choose to initiate legal proceedings for insolvency or recovery.
d. The Company shall start the process of implementing a resolution plan even before a default, because default with any lender is a lagging indicator of financial stress faced by the borrower.

II. Inter Creditor Agreement

a. If a resolution plan is to be implemented, an inter-creditor agreement shall be entered into between all specified lenders during the Review Period, to provide for ground rules for finalisation and implementation of the resolution plan in respect of borrowers with credit facilities from more than one specified lender.
b. The inter-creditor agreement shall provide that:
   i. any decision agreed by signatories representing 75 per cent by value of total outstanding credit facilities (fund based as well non-fund based) and 60 per cent of signatories by number shall be binding upon all the signatories; and
   ii. resolution plans shall provide for payment not less than the liquidation value due to the dissenting signatories.
   iii. provide for rights and duties of majority signatories, duties and protection of rights of dissenting signatories, treatment of signatories with priority in cash flows / differential security interest, etc.

III. Resolution Plan

a. A resolution plan may involve any action / plan / reorganization including, but not limited to, regularization of the account by payment of all over dues by the borrower entity, sale of the exposures to other entities / investors, change in ownership and restructuring.
b. The resolution plan will be clearly documented by the Company (even if there is no change in any

terms and conditions).

c. A resolution plan involving restructuring / change in ownership in respect of accounts where the aggregate exposure of specified lenders is ₹100 crore and above, an independent credit evaluation of the residual debt will be done by a credit rating agencies specifically authorized by RBI for this purpose. Company shall refer to the list of RP symbols as provided under RBI Master Directions, that can be provided by credit rating agencies as independent credit evaluation.
d. Two independent credit evaluations will be done for the accounts with aggregate exposure of ₹500 crore and above.
e. Only such resolution plans which receive a credit opinion of RP4 or better for the residual debt from one or two credit rating agencies, as the case may be, shall be considered for implementation.
f. If independent credit evaluation is obtained from more than the required number of credit rating agencies, all such independent credit evaluation opinions shall be RP4 or better for the resolution plan to be considered for implementation.
g. The credit rating agencies shall be directly engaged by the Company for the purpose of independent credit evaluation and the payment of fee for such assignments shall be made by the Company.
h. During the period when the RP is being finalized and implemented, the usual asset classification norms will continue to apply subject to additional provisioning requirements as provided in Para 8 of this Policy.
i. A resolution plan with respect to borrowers to whom one or more specified lenders continue to have credit exposure, shall be deemed to be 'implemented' only if the following conditions are met:

    i. A resolution plan which does not involve restructuring / change in ownership shall be deemed to be implemented only if the borrower is not in default with any of the specified lenders as on 180th day from the end of the Review Period. Any subsequent default after the 180-day period shall be treated as a fresh default, triggering a fresh review.
    ii. A resolution plan which involves restructuring / change in ownership shall be deemed to be implemented only if all of the following conditions are met:
        a. all related documentation, including execution of necessary agreements between specified lenders and borrowers / creation of security charge / perfection of securities, are completed by the specified lenders concerned in consonance with the resolution plan being implemented;
        b. the new capital structure and / or changes in the terms of conditions of the existing loans get duly reflected in the books of all the specified lenders and the borrower; and,
        c. borrower is not in default with any of the specified lenders

j. A resolution plan which involves specified lenders exiting exposure by assigning the exposures to third party or a resolution plan involving recovery action shall be deemed to be implemented only if the exposure to the borrower is fully extinguished.
k. In respect of accounts with aggregate exposure above a specified threshold with the Company on or after the 'reference date', resolution plan shall be implemented within 180 days from the end of Review Period, which shall commence not later than: (1) the reference date, if in default as on the reference date; or (2) the date of first default after the reference date.

   The reference dates shall be as under:

Aggregate exposure of a borrower to specified lenders other than the Company	Reference date
₹2000 crore and above	June 07, 2019
₹1500 crore and above, but less than ₹2000 crore	January 1, 2020

Less than ₹1500 crore	To be announced by RBI

In respect of accounts having aggregate exposure below ₹1,500 crore, the requirements as laid down under Para 8 of this Policy shall not apply.

8. ADDITIONAL PROVISIONING

Delayed Implementation of Resolution Plan – Additional Specific Provisioning

a. Where a viable resolution plan in respect of a borrower specified in sub paragraphs 'i' and 'j' of Para 7 of this Policy, is not implemented within the timelines given below, The Company, if having exposure to the borrower, shall make additional specific provisions as under:

Timeline for implementation of viable RP	Additional specific provisions to be made as a percentage of total outstanding, if RP not implemented within the timeline
180 days from the end of Review Period	20 per cent
365 days from the commencement of Review Period	15 per cent (i.e. total additional provision of 35 per cent)

b. The additional specific provisions shall be made over and above the higher of the following, subject to the total provisions held being capped at 100 per cent of total outstanding: (1) the provisions already held; or, (2) the provisions required to be made as per the asset classification status of the borrower account.

c. The additional specific provisions will also be made in cases where recovery proceedings have been initiated in respect of the borrower, unless the recovery proceedings are fully completed.

d. The additional specific provisions specified in sub-paragraph 'a' may be reversed as under:

   i. where the resolution plan involves only payment of overdues by the borrower – the additional provisions may be reversed only if the borrower is not in default for a period of six months from the date of clearing of the overdues with all the specified lenders;

   ii. where resolution plan involves restructuring / change in ownership outside the Insolvency and Bankruptcy Code, 2016 – the additional provisions may be reversed upon implementation of the resolution plan;

   iii. where resolution is pursued under the Insolvency and Bankruptcy Code, 2016 – half of the additional provisions made may be reversed on filing of insolvency application and the remaining additional provisions may be reversed upon admission of the borrower into the insolvency resolution process under the Insolvency and Bankruptcy Code, 2016; or,

   iv. where assignment of debt / recovery proceedings is initiated – the additional provisions may be reversed upon completion of the assignment of debt / recovery.

9. ASSET CLASSIFICATION AND PROVISIONING

I. Asset Classification Post Restructuring

a. An account classified as 'standard' shall be immediately downgraded as nonperforming assets, i.e., 'sub-standard' to begin with, following a restructuring by the Company.

b. An account classified as non-performing asset, upon restructuring by the Company, shall continue to have the same asset classification as prior to restructuring.

II. Additional Finance

a. Any additional finance approved under the resolution plan (including any resolution plan approved by the Adjudicating Authority under Insolvency and Bankruptcy Code, 2016) can be treated by the Company as standard asset during the monitoring period under the approved resolution plan, provided the account demonstrates satisfactory performance during the monitoring period.
b. If the restructured asset fails to perform satisfactorily during the monitoring period or does not qualify for upgradation at the end of the monitoring period, the additional finance shall be placed in the same as the asset classification category as the restructured debt by the Company.
c. Any interim finance [as defined in section 5 (15) of the Insolvency and Bankruptcy Code, 2016] extended by the specified lenders to borrowers undergoing insolvency proceedings under the Insolvency and Bankruptcy Code, 2016 may be treated as standard asset during the insolvency resolution process period as defined in the Insolvency and Bankruptcy Code, 2016.

III. Asset classification upgrade after satisfactory performance

a. Standard accounts classified as non-performing and non-performing accounts retained in the same category on restructuring by the Company, may be upgraded only when all the outstanding loan / credit facilities in the account demonstrate ‘satisfactory performance’ with respect to all the specified lenders during the monitoring period. Provided that the account cannot be upgraded before one year from the commencement of the first payment of interest or principal (whichever is later) on the credit facility with longest period of moratorium under the terms of RP.
b. In addition to the requirement in sub-paragraph ‘a’, for accounts where the aggregate exposure of specified lenders is ₹100 crore and above at the time of implementation of resolution plan, to qualify for an upgrade, in addition to demonstration of satisfactory performance, the credit facilities of the borrower shall also be rated as investment grade (BBB- or better), at the time of upgrade, by credit rating agencies accredited by RBI for the purpose of bank loan ratings. Provided that while accounts with aggregate exposure of ₹500 crore and above shall require two ratings, those below ₹500 crores shall require one rating. Provided further that if the ratings are obtained from more than the required number of credit rating agencies, all such ratings shall be investment grade for the account to qualify for an upgrade.
c. If a borrower fails to demonstrate satisfactory performance with respect to all the specified lenders during the monitoring period, asset classification upgrade shall be subject to implementation of a fresh restructuring / change in ownership under these Directions or under the Insolvency and Bankruptcy Code, 2016.

IV. Default by a borrower after monitoring period

Any default by a borrower in any of the credit facilities with any of the specified lenders subsequent to upgrade in asset classification before the end of the specified period will require a fresh resolution plan to be implemented within the specified timelines as any default would entail.

V. Provisioning post Restructuring

The Company shall comply with the provisions of RBI Master Directions for post restructuring provisioning requirements.

VI. Income Recognition

a. Interest income in respect of restructured accounts classified as 'standard assets' may be recognized on accrual basis and that in respect of the restructured accounts classified as 'non-performing assets' shall be recognised on cash basis.
b. In the case of additional finance in accounts where the pre-restructuring facilities were classified as non-performing assets, the interest income shall be recognized only on cash basis except when the restructuring is accompanied by a change in ownership.

VII. Change in Ownership

In case of change in ownership of the borrowing entity, the Company shall comply with the directions as provided under RBI Master Directions.

10. MISCELLANEOUS:

I. **Display on Website:** The Board approved policy on resolution of stressed assets should be disclosed in the public domain and will also be hosted on the Company's website for its customers information and benefit in a prominent and easily accessible manner.

II. **Effective Date:** This Policy shall be effective from the date of approval of this Policy by the Board.

III. **Review of Policy:** The Policy shall be reviewed as and when required by the applicable rules and regulations.

IV. **Disclosures and Credit Reporting by the Company:**

a. The Company shall abide by the disclosure and credit reporting requirements of RBI's restructuring circulars in force to the extent applicable on the Company.

b. The Company shall report credit information, including classification of an account as SMA, to Central Repository of Information on Large Credits (CRILC), on all borrowers having aggregate exposure of ₹5 crore and above with them, on a monthly basis.

c. The Company shall submit a weekly report of instances of default by all borrowers (with aggregate exposure of ₹5 crore and above) by close of business on every Friday, or the preceding working day if Friday happens to be a holiday.

d. The Company will adhere to the relevant provisions on submission of financial information to information utilities of Insolvency and Bankruptcy Code, 2016 and Insolvency and Bankruptcy Board of India (Information Utilities) Regulations, 2017 and has put in place appropriate systems and procedures to ensure compliance to the provisions of the Code and Regulations.

e. The Company has made suitable disclosures in its financial statements in the 'Notes to Accounts', as specified in the Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025.

While Policy outlines the broad internal guidance that the Company will follow to take decisions regarding this resolution of stressed assets/loan in pursuance to RBI circulars issued from time to time, the Company retains the discretion to take decisions regarding this Policy depending on case specific issues or nuances. The Company reserves the right to amend the Policy within the framework of RBI guidelines.

11. OMNIBUS CLAUSE

All extant & future master circular/directions/guidance/guidance notes issued by RBI from time to time would be the directing force and will super cede the contents of this policy.