SATYA
सर्वे भवन्तु सुखिनः

SATYA MICROCAPITAL LIMITED

Pricing, Interest Rate and Charges Policy

Version 4.0

Document review and approval

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1. INTRODUCTION

SATYA MicroCapital Limited is a public limited company incorporated under the provisions of the Companies Act, 1956 and validly existing under the provisions of the Companies Act, 2013 having Corporate Identification Number (CIN) U74899DL1995PLC068688 (hereinafter 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. 14.01513.

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.

This policy is formulated in accordance with the Reserve Bank of India (Non-Banking Financial Companies - Responsible Business Conduct) Directions dated November 28, 2025 (as amended from time to time) ("RBI Master Direction") and other related regulatory and business requirements with respect to pricing, determination of interest rate and charges levied to the customers of the Company.

2. DEFINITIONS

Annual Percentage Rate (APR) means the annual cost of credit to the borrower which includes interest rate and all other charges associated with the credit facility.

Key Facts Statement (KFS) is a statement of key facts of a loan agreement, in simple and easier to understand language, provided to the borrower in a standardized format.

Microfinance loan is a collateral-free loan given to a household having annual household income up to ₹3,00,000 and fixed repayments obligations to income does not exceed 50% of the annual household income. For this purpose, the household shall mean an individual family unit, i.e., husband, wife and their unmarried children. Also, all collateral-free loans, irrespective of end use and mode of application / processing / disbursal (either through physical or digital channels), provided to low-income households, i.e., households having annual income up to ₹3,00,000, shall be considered as microfinance loans. Further, to ensure collateral-free nature of the microfinance loan, the loan shall not be linked with a lien on the deposit account of the borrower or backed by hypothecation of any security.

3. OBJECTIVE

The objective of this policy is to establish a standardized framework for charging interest rates and applicable fees across different customer segments and loan products. This policy is formulated in accordance with the Reserve Bank of India (Non-Banking Financial Companies - Responsible Business Conduct) Directions dated November 28, 2025 (as amended from time to time) ("RBI Master Direction") and other related regulatory and business requirements with respect to pricing, determination of interest rate and charges levied to the customers of the Company.
This policy lays down the guidelines and procedures involved to determine the interest rates and charges levied to the customers in line with the cost of funds and other relevant aspects with respect to pricing. The aim of this policy is to determine the fair charges/fees that should not be usurious and should be stable process. By implementing an effective Pricing, Interest Rate and Charges policy, the Company can maintain

stable prices, thereby supporting conditions for long term economic growth and generating maximum employment/business opportunities.

4. IMPLEMENTATION OF THE POLICY

The Board of Directors shall have oversight into this policy. The Board may delegate certain operational aspects to any board / management committee as deemed fit by the Board of Directors in order to ensure effective implementation of this policy. Such a committee will determine the pricing range for products in accordance with this policy and recommend the same to the Board for its approval. The interest rates to be charged for the customers will be decided by the business teams to be consistent with the range of rates approved by the Board. The business teams will take into account relevant factors, including the risk of the applicant defaulting on the loan, prevalent market conditions, competition and ability of the target customer base to service such interest while determining the rate to be charged within the range approved by the Board.

5. FAIR PRACTICES CODE

All aspects pertaining to this policy shall be undertaken as per the Board approved Fair Practices Code of the Company. The clauses outlined in this policy are formulated in line with Fair Practices Code as approved by the Board.

6. PRICING OF CREDIT – INTEREST RATE MODEL

In line with the applicable regulations, the Company has formulated this policy which lays down the broad criteria for arriving at interest rate and outlines the interest rate model of the Company. The Company's interest rate model is designed to ensure transparent, fair and competitive lending rates aligned with both market dynamics and borrower risk profiles.

The interest rate applicable shall also be assessed based on evaluation of various factors, which broadly include:

- Structure of the product;
- Interest rate trend prevailing in the market;
- Product/loan specific costs;
- Upfront charges;
- Income sources of the borrower;
- Geographical variations;
- Risk Categorization of the borrowers, basis the Credit and default risk assessment.

The RBI has not prescribed maximum cap for interest rates, however while deciding interest rate, the Company shall ensure that interest rate should not be too high as per market practices and the same shall be charged on the basis of cost, margin and considering other factors as defined under this Policy.

Further, the Company shall ensure to align the interest rate model of the company with the following aspects as well:

i. The interest rates charged by the company to its borrowers will be all inclusive interest rate and will be documented by the company. There may be different rates for different groups of customers, The rate will be arrived at as per the computation below.

   The Interest cost will be summation of below mentioned parameters
   a. The Cost of Funds (including cost of equity/ margin)
   b. Risk cost and premium
   c. operating expenses
   d. expected credit loss

The aforesaid components along with the other factors such as margin which is accounted for ascertaining the interest rate are explained in detail in this policy. The company will ensure that the maximum interest rate, other charges and fees on loan shall be reasonable and not usurious and would be disclosed to the borrower in the Key fact statement for microfinance loans and also on the website of the Company. The borrower would not be charged any amount which is not explicitly mentioned/ disclosed in the Key Fact Statement.

Note: The condition relating to the maximum rate is not applicable to loans extended by the company against funding by National Scheduled Castes Finance & Development Corporation (NSFDC) and any other specific scheme / specific fund.

ii. Processing charges shall be charged on sanction loan amount.
iii. The company shall disclose all interest rate, charges and fees in a standardized key fact statement.
iv. The Company shall not charge any penalty on pre-payment of microfinance loans at any time.
v. The Company shall prominently display the minimum, maximum and average interest rates charges on micro finance loans at its all offices and branches in simple language, and its details shall be available on its website.
vi. Any change in interest rate or any other change will be informed to the borrower well in advance and these changes will be effective only prospectively from the next quarter (ensuring 3 months notice).

vii. Issuance of non-credit products will be with full consent of the borrowers and fee structure for such products will be explicitly communicated to the borrower in the loan card itself.
viii. For Pricing of Products other than MFI products, the pricing shall be as per the specific product policies of the Company comprising the interest rate, processing charges, pre-closure charges, penalty, if any or any other applicable charges as may be determined from time to time which shall be in compliance of the applicable laws.

7. GRADATION OF RISK

Risk grading enables the Company to differentiate customers across different risk spectrums and helps in applying risk premium to that customer. The Company shall take the following factors into account for charging different interest rates to its different customers:

a. Risk associated with credit and probability of default of the borrower;
b. Track record of borrowers with similar backgrounds
c. Historical performance of similar homogeneous borrowers
d. Profile of each loan borrower
e. The repayment history of the borrower
f. Ticket size of the loan
g. Duration of the loan

h. Collection performance in the geographies to which the borrower belongs
i. Existing debts of the borrower
j. regulatory stipulations, if applicable,
k. Borrower's financial flexibility
l. and any other factors that may be relevant in a particular case

The rate of interest for the same product and tenor availed during same period by different customers need not be the same. It could vary for different customers depending upon consideration of all or combination of above factors. 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. The rate of interest will be annualized rate so that the borrower is aware of the exact rates that would be charged to the account.

8. COST OF FUNDS

This represents the cost associated with the capital which is used for lending operations. It is representative of what the company pays to source its funds. This also includes the cost and expenses of raising such funds. The company will take into consideration the following components to arrive at the cost of funds:

I. Weighted average Cost of funds including cost of equity, Syndication Fees paid to various Consultants, Processing Fees, hedging cost and any other charges paid to various Financial Institutions (FI's)
II. Average amount of outstanding borrowings from financial institutions at the beginning of the period and end of the period, for which cost of funds is being calculated.

Note: For better and more precise measure, the period for computing the average should not exceed one year and should not be less than one month.

However, funds received for specific schemes and their interest charges, will be excluded while calculating Cost of Funds

9. RISK COST AND PREMIUM

- Prices may vary depending upon internal assessment of likelihood of delinquency or potential loss from customer segments basis business, geography, sourcing channel and/or other factors. Risk Premium will also take into account the volatility of credit risk for each price point. These will be based on the customer's risk profile across multiple factors including but not limited to, borrower's creditworthiness, risk profile, business profile, product specific nuances (if any) and prevailing market conditions and will take into account each identified risk factor. A combination of all the factors put together would help in determining the final pricing of the product. The company will take into consideration the following components to arrive at the Risk cost: Overall Provisioning percentage on the portfolio.
- Written off portfolio.
- Expected risk of the portfolio basis the geography, type of customers, risk profile of customer, demographics of customer, past portfolio performance, scale of development of the district, incidents of disaster, political risk etc.

Risk cost and premium will be assessed basis the portfolio performance and expected credit loss which will be ascertained quarterly or earlier under uncertain circumstances.

10. OPERATING COST

Operating cost encompasses all expenses borne by the company in order to run its business. It will be calculated as a percentage of average originated AUM and shall include manpower expenses, depreciation and all other expenses.

11. MARGIN

The Company ensures a reasonable profit return to achieve growth and sustainable return for its stakeholders. The expected return will be the margin percentage on average originated AUM pretax.

12. CHARGES

Penal charges

- The Company may collect a penalty for non-compliance of material terms and conditions of loan contract by the borrower only by way of penal charges and the same shall not be collected as penal interest that is added to the rate of interest charged on the loan amount. Charges, if any, for delayed payment shall be applied on the overdue amount and not on the entire loan amount.

- The penal charges shall not be capitalized by the Company, 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.

- 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. The material terms and conditions with respect to each product shall be defined in the credit policy of the company. The material terms and conditions for levy of penal charges along with the charges associated with the terms and conditions for MFI products are provided as **Annexure 1**

- The Company will not leavy additional / fresh penal charges on the earlier outstanding amount of penal charges.

- The Company is mindful that the penal charges are levied to inculcate a sense of credit discipline and are not meant to be used as a revenue enhancement tool by the Company.

- Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the company shall communicate the applicable penal charges as well. Further, any instance of levy of penal charges and the reason thereof shall also be communicated to the borrower.

Other Charges

Any other fees/charges charged by the Company should be disclosed in KFS as and when charged.

13. CEILING ON INTEREST RATE

The Ceiling on the interest rate and other charges shall be presented to Asset Liability Management Committee (ALM) every quarter

14. PRICING COMMITTEE

Pricing of the various loan products will be discussed in the Pricing Committee considering various factors which including the Cost of Funds, Risk Premium, Operating Expenses, Expected Margins, External Market Dynamics and Liquidity Position etc. within the overall regulatory framework and MD & CEO shall be authorized to decide the Pricing of the various Individual Loan Products in the Company.

To review the policy at regular intervals and also to look into the implementation of the Pricing Policy the Board delegated the same to the Pricing Committee which would consists of MD & CEO, Deputy CEO, CFO, CRO, Head Internal Audit and. The Asset Liability Management Committee (ALM) will continue to have the authority and oversight for the pricing policy/framework, including any changes in the underlying framework.

This policy documents shall act as reference (cost of funds, operating cost, margin and Risk cost and premium) for all the products (including Microfinance) of the Company and requisite disclosures, where applicable and mandatory, shall be displayed in terms of applicable laws.

The Pricing Committee would meet on a quarterly basis or at periodic intervals which the committee may decide on any changes / status quo in the interest rate. The Pricing committee's decisions will be put up to the ALM Committee for intimation/noting, in case of any change from the policy framework and in other cases for information.
The Company will publish quarterly rates on its website, branches and offices.

15. DISCLOSURES

The company shall disclose the minimum maximum and average interest rates on its website and update the same as and when the pricing is reset. Further, the rate of interest and the approach for gradation of risks shall also be made available on the website of the Company.

The quantum and reason for penal charges shall be clearly disclosed to the customers upfront in the loan agreement and Most Important Terms & Conditions/ Key Fact Statement as applicable, in addition to being displayed on the NBFC’s website under Interest rates and Service Charges

16. AMENDMENT OF THE POLICY

The Policy shall be reviewed by the Board on annual basis. Further, the policy shall also be amended whenever required due to changes in relevant Regulatory guidelines/applicable laws by the Board of Directors.

17. 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.