

(I) **CONTEXT & BACKGROUND**

As on date, Banking institutions in India follows External Marginal Cost of funds-based Lending rate (MCLR) for pricing assets. In case of NBFCs, there are no specific stipulation from RBI for following specific pricing regime. However as a part of good market practice & governance, we propose to follow a Marginal Cost of funds-based Lending Rate (MCLR) methodology to assess & price any loan asset financed by Samunnati Financial Intermediation & Services Pvt Ltd.

(II) **PREAMBLE**

This note is an extension of Credit Policy and subset of Interest rate Policy laid down by Samunnati Financial Intermediation & Services Pvt Ltd. It would act as principle & underlying document while considering asset pricing decisions

(III) **Key Factors taken into consideration for MCLR Calculation:**

- Average Cost of capital
- Cost of Operations including Cost of Carry for buffer funds.
- Cost of Risk
- Tenor Premium
- Return on Net Worth
- Credit Risk Premium (Associated with internal Risk grading of the customer)

(IV) **Details on Components**

Part A

1. **Weighted Average Cost of Capital (WACC):** For the purpose of calculation, we have considered ROI & processing fee paid if any for respective borrowings. We will consider the maximum of the below mentioned calculations:

- A. Last 3 months weighted average cost Borrowings
- B. Last one year weighted average cost of Borrowings

This will be recalibrated on Quarterly basis and communicated with approval of the ALCO for the forth coming Quarter.

2. **Cost of Operations:** This includes attribution of over-head cost (Man power deployed directly for business and Man power deployed for supporting functions incurred by business verticals. This also include negative carry on stipulated buffer maintained by treasury. Cost has been allocated in proportion to AUM contribution by respective business verticals ie : Farmer Collective & AE.
Number needs to be recalibrated on Quarterly Basis.
3. **Cost of Risk :** Write off reported by respective business verticals. Number to be calibrated every quarter based on data issued in previous quarter.



4. **Tenor Premium:** The proxy value for various tenors has been derived from the latest MCLR/ Bank Prime lending rate of various banks – IDFC/Axis/SBI. Currently following SBI Regime.

Total of (1) to (4) is termed as Fund Transfer Price (FTP)

Part B

5. **Return on Net Worth:** Tier 1 capital reported in previous Quarter MIS is considered for calculation. Return expectation has been assumed at 18%. This portion carries a weightage of 100% in overall MCLR pricing regime.
6. **Credit Risk Premium:** Internal Credit Rating regime followed by Farmer Collective (FC) & Agri Enterprise (AE) need to be considered. Risk weightage for respective risk buckets need to be reviewed & re calibrated on a Bi-annual basis.

(V) CALCULATIONS

- FTP for respective tenors = Weighted Average Cost of Capital (WACC) for respective buckets + Cost of Operations + Cost Of Risk + Tenor Premium
- Marginal Cost of funds-based Lending Rate = FTP for respective tenors + Return on Net Worth Requirement + Credit Risk Premium of the customer.

(VI) ASSUMPTIONS

1. As majority of Loan book generated by SAMFIN would be having a tenor of less than one year with revolving nature, all such facilities with revolving nature offered to a customer (STL/ARF offered to any Farmer Network or Agri enterprises) for meeting regular working capital requirement will be linked MCLR.
2. MCLR in above case will be calculated based on WACC for one year.
3. All other NON revolving cases will be linked to nearest MCLR.

(VII) EXCEPTIONAL CASES

1. Pricing provided to Alternate Channel Customers (B2B2C channel where in aggregator would be Fin tech company, Tech platforms, Tech Fin company) will be assessed based on Special pricing Regime. Output received in MCLR for such program (By inputting internal rating of anchor) can be provided as base input in Pricing Tool & outcome there in can be considered as pricing for the program/Individual borrower.
2. Transactions related to treasury deployment including strategic lending to customers (NBFCs), Securitisation, Direct Assignment will be governed by respective negative drag perceived in the ALM calculations. Any such pricing approval will be approved by CFO/Finance Controller, Business Head & CRO jointly or as defined in policy documents (Investment Policy/Securitisation policy) from time to time.

- 3. B2B2C (Other than Alternate Channel) would be driven by the anchor rating and subsequent pricing requirement as per MCLR tool. However (MCLR Minus Spread) pricing approval can be taken from appropriate authority once out put of LPP out put tool is made available.

Customer segment wise Pricing

Pricing across all products shall be based on a Risk based Pricing Methodology.

1. Agri Enterprises Loans

Customer Risk Profile	Card Rate
Low risk	18% p.a
Medium Risk	19% p.a
High Risk	20% p.a

Customer risk profile shall be evaluated based on the AE internal scoring model & shall be tabled to Management Level Risk Committee.

2. Farmer Collectives (FC)

Customer Segment	Card rate
B-B-C	24% p.a
B-B	20% p.a
BC model	24% p.a

3. FC – WC segment pricing

All Farmer Collectives Working Capital (FC-WC) cases shall be priced at minimum 15.75%.

Pricing for FC products shall be based on the FC internal scoring model .

Terms and conditions

- 1. The above prices are card rates which shall be quoted to customers.
- 2. Any deviations to the card rates shall be approved by Group Business Head/Executive Director. on a case to case basis.

Date: 13 Nov 2024

Version No: 1

Code:

Pricing Framework



Service Charges ,Penal & other Charges

S. No.	Particulars	Charges and Fees	
		AE	FC
1	Loan processing fees & Monitoring fees	Upto 3% p.a of the sanctioned amount	Upto 3% p.a of the sanctioned amount
2	Documentation & Client Visit Charges	Upto maximum of Rs.20000/-	Upto maximum of Rs.20000/-
3	Stamp duty charges	At actuals	At actuals
4	Cheque/NACH bounce charges	Rs.200/- per failed transaction	Rs.200/- per failed transaction
5	Penal Charges for non-payment of interest/charges/instalments	12% per annum over and above contracted rate	12% per annum over and above contracted rate
6	Prepayment Charges*/Foreclosure charges	2% of the amount being repaid (Not applicable for payments through ESCROW)	NA

Note :

1. All the above charges are exclusive of Goods & Services Tax (GST). Applicable GST, taxes and/or other statutory levies shall be levied over and above the charges levied.
2. All the above charges are applicable wef 1st November 2024.

The Group Business Head / Executive Director shall have the discretion to reduce / waive the penal charges and other financial charges on case-to-case basis in line with the Board approved Credit Policy and prevailing industry practices.