



CREDIT APPRAISAL MEMORANDUM

(Renewal)

CAM Reference No.	CAM_SAMFIN_FPO_
LOS Id.	

Borrower Name	B Organized Agro Limited	Borrower Id.	NA	CAM Date	18-07-2023
Group Name	N/A	Customer Since	New	Next Review Date	17-07-2024
Registered Office & Address	541-205/91/5A, Jimmarusu Road, Nagar Colony, Vijayawada, Krishna, Andhra Pradesh, 123456	Approving Authority	CC2- FC	Business Head	Saiprasad Somayajula
Constitution	Private Limited	External Rating	N/A	Relationship Mgr./ Contact No.	Seelam Mallikarjun/
Business Description	Precision Agriculture & Farm Mechanization	Unit Visit Date	08-05-2023	Associate Name	N/A
Vertical	FPO	Type of enterprise	Farm Mechanization	MSME classification	Micro Enterprises
Security	Secured	RCU Screening	N/A	Credit Manager/ Contact No.	Narendra E/
KYC AML Risk Categorization	High*	Primary/Secondary Value Chain	Primary- Paddy Cultivation	World Check One	No Match Found
FPO Grading and Score	Grading NA Score NA				
NABARD Grading Score	N/A	Internal Dedupe	No Match	ESMS Categorization	Applicability- Limited
LEI Code	N/A				Category - C

Facility/ Tenor	O/s as on 11-07- 2023 (INR Mn)	Amount Authoriz ed (INR Mn)	Change Inc/(dec) (INR Mn)	Amount Propose d (INR Mn)	Pricing		
Short-Term Output Loan (Revolving) Tenor: 180 Days Availability: 12 Months	NA	0.00	(+)15.00	15.00		Existing	Proposed
					Interest	Nil	18% p.a.
					Proc fees	Nil	1% p.a.
Total Exposure to Borrower	NA	0.00	+15.00	15.00			
Total Exposure to Group	NA	0.00	+15.00	15.00			

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Samunnati Group Exposure	NA	0.00	+15.00	15.00	
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BORROWER PROFILE

Brief description of the Borrower:

B Organized Agro (P) Ltd is a private limited startup company that brings together the rich experience of promoters with over 36 years in the agriculture and allied sectors. The core focus is on providing Agri services and empowering farmers to cultivate their crops from anywhere, driven by the principles of the Brown Revolution (Soil Health) and Precision Farming.

Their vision is to deliver the future of agriculture in India, leveraging precision agriculture practices while re-energizing Mother Earth. They aim to empower farmers at every stage of the agricultural journey, from seed to sale, by facilitating world-class infrastructure. With a deep understanding of the challenges and requirements of the current farming community, they have collaborated with farmers in designing and standardize mechanized solutions for rice and pulses cultivation. Further, their focus areas in Rice include Rice Mechanization, D-DSR, W-DSR, AWD, Carbon Farming, Soil Restoration, Advanced Water Management, and Women Empowerment. Their complete sit-and-drive mechanized solutions are ready for implementation, with ongoing efforts to develop solutions for sugarcane cultivation.

The company is prepared to roll out the developed standardized solutions in Andhra Pradesh, Telangana, and Karnataka, targeting these regions with a robust service delivery model. Their comprehensive services encompass complete backward integration in cultivation, enabling farmers to fully optimize their farming practices. Additionally, they are building an aggregator and agripreneurs network to further facilitate farmers in cultivating their crops from anywhere.

At B Organized Agro (P) Ltd, their approach to sustainable agriculture extends beyond innovative practices. They also prioritize women empowerment, recognizing the vital role of women in agriculture and promoting their participation and leadership. The company profile revolves around providing agri services, empowering farmers, and revolutionizing agriculture in India through their standardized mechanized solutions, comprehensive services, and focus on sustainability.

1	Name of the Company	Praanadhaara Organized Agro forestry Private Limited.	
2	Date of incorporation	05-06-2018	
3	CIN No.	U0234567456718PTC108571	
4	PAN No.	AHTYU4455R	
5	GST No.	37AHTYU4455R1ZB	
6	Contact Person	Jugan Rao- Director	
7	Mobile No.		
8	E-mail Id.	p@gmail.com	
9	Account Details	Bank Name	HDFC Bank Ltd
		Branch	Vijayawada
		Account No.	123
		Account Type	Current Account
		IFSC	HDFC001

14	Major crops	Paddy & Sugarcane
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➤ Operations Details:

B Organised Agro Forestry (P) Ltd is a start-up focused on providing agri services to farmers in the districts of Krishna, Guntur and Bapatla during the Kharif 2023 season. They have implemented Good Agricultural Practices (GAP) and introduced mechanized solutions to enhance the efficiency and productivity of rice cultivation. One significant change we have made is the adoption of direct seeding of rice, replacing conventional transplanting methods. Direct seeding offers benefits such as reduced labor costs, improved seedling vigor, and efficient resource utilization, ultimately leading to higher yield and profitability for farmers.

B Organized Agro is pioneer in the integration of mechanized solutions and Alternate Wetting and Drying (AWD) practices for inter-cultivation operations. This innovative approach is the first of its kind in India and aims to optimize water usage, control weed growth, and minimize soil erosion, promoting sustainable and environmentally friendly farming practices.

B Organized Agro has collaborated with renowned institutions such as the International Rice Research Institute (IRRI), Indian Institute of Rice Research (IIRR), and various universities. These institutions, along with a few private technology partners, appreciate the efforts B Organized Agro has put in and are collaborating in their respective ways to make our solutions reachable and beneficial to the farming community.

Direct Seeding of Rice and its benefits:

Direct seeding of rice, also known as direct-seeded rice (DSR) or dry-seeded rice, is a modern cultivation method that involves sowing rice seeds directly into the field without transplanting seedlings. It is gaining popularity as an alternative to traditional rice cultivation methods, such as puddled transplanting, due to its numerous benefits, including environmental advantages.

Benefits of Direct Seeding of Rice:

1. **Water Conservation:** Direct seeding of rice significantly reduces water usage compared to conventional methods. This technique requires less water for irrigation because fields are not flooded for transplanting. According to studies, DSR can save up to 30-50% of water compared to traditional methods (Source: Tuong et al., 2005; Pandey et al., 2002).
2. **Reduced Greenhouse Gas Emissions:** DSR contributes to lower greenhouse gas emissions, particularly methane (CH₄). In traditional methods, the flooded conditions promote anaerobic decomposition of organic matter, resulting in significant methane emissions. Direct seeding reduces methane emissions by about 30-50% compared to conventional methods (Source: Wassmann et al., 2009; Gathala et al., 2011).
3. **Soil Health and Nutrient Efficiency:** Direct-seeded rice enhances soil health by preserving soil structure and organic matter. Puddling and transplanting can degrade soil quality over time. DSR also improves nutrient-use efficiency, as fertilizer application can be better targeted to the root zone of the crop. Studies have shown that direct-seeded rice can increase nitrogen-use efficiency by 10-20% (Source: Gathala et al., 2013; Jat et al., 2013).
4. **Biodiversity Conservation:** Direct seeding of rice supports biodiversity conservation by providing a more favorable environment for beneficial organisms. The reduced disturbance to soil and water regimes creates opportunities for diverse plant and animal species to thrive, including beneficial insects, birds, and soil microorganisms (Source: Pandey et al., 2002; Gathala et al., 2013).
5. **Reduced Agrochemical Use:** Direct-seeded rice often requires fewer agrochemical inputs compared to traditional methods. By avoiding standing water, weed growth is reduced, resulting in lower herbicide

requirements. Additionally, improved nutrient management practices in direct-seeded systems help optimize fertilizer use, minimizing the risk of nutrient leaching and runoff (Source: Singh et al., 2019; Ahmed et al., 2020).

6. Time and Labor Savings: Direct seeding of rice eliminates the labor-intensive process of raising and transplanting seedlings, reducing labor requirements and associated costs. It also reduces the overall cultivation time, allowing farmers to save time and engage in other agricultural activities.

7. Higher Crop Productivity: With proper management, direct-seeded rice can achieve comparable or even higher yields than traditional methods. Advances in seed varieties, improved agronomic practices, and weed management techniques have contributed to increased productivity in DSR systems (Source: Singh et al., 2019; Ahmed et al., 2020).

Brief Note on AWD and Its Benefits:

Alternate Wetting and Drying (AWD) is an innovative water management technique used in rice cultivation. Traditionally, rice fields are kept continuously flooded throughout the growing season, leading to high water usage and significant methane emissions. AWD, on the other hand, involves periodically allowing the rice fields to dry out partially before re-flooding them. This intermittent drying and flooding approach has several benefits, including improved water efficiency, reduced greenhouse gas emissions, and enhanced soil health.

Water Efficiency: By implementing AWD, farmers can significantly reduce water consumption in rice cultivation. Studies have shown that AWD can reduce irrigation water use by 15-30% compared to continuous flooding (Belder et al., 2004). This reduction in water usage contributes to conserving freshwater resources and is especially beneficial in regions where water scarcity is a concern.

2. Greenhouse Gas Emissions: Continuous flooding in rice fields promotes anaerobic conditions that lead to the production and release of methane, a potent greenhouse gas. AWD helps mitigate methane emissions by creating aerobic conditions during the intermittent drying periods. Research indicates that AWD can reduce methane emissions by 48-72% compared to continuous flooding (Yan et al., 2009). This reduction in greenhouse gas emissions contributes to mitigating climate change.

3. Soil Health: The alternation between wet and dry conditions in AWD enhances soil health and nutrient availability. It promotes the decomposition of organic matter, improving soil structure, and increasing nutrient mineralization. A study conducted in the Philippines reported that AWD resulted in higher soil organic carbon content, nitrogen availability, and improved soil structure (Oliveros et al., 2009).

The environmental benefits of AWD have been widely recognized and promoted by organizations such as the International Rice Research Institute (IRRI), the Food and Agriculture Organization (FAO), and various national agricultural research institutions.

Promoters/Key Management Person

Name	Age	Designation	% of share holding	CRIF Score	CRIF Comments (Report as on 11-07-2023)
T Y Ranga	60	MD & CEO	32%	300	<p>There are 44 credit lines, out of which 26 of them are closed and 18 are live. Among 18 live credit lines 3 of them are overdues and are in NPA and all of them are secured loans.</p> <p>1. A Joint OD facility with a loan amount of INR 4.98 Mn has an overdue of INR 0.546 Mn, the account is in 91 DPD and is sub standard.</p> <p>2. A joint Agri loan of INR 6 Mn has an overdue of INR 0.688 Mn, the account is in 91 DPD and is in Sub standard.</p>

					<p>3. A Joint OD facility with a loan amount of INR 15.25 Mn has an overdue of INR 1.33 Mn, the account is in 91 DPD and is sub standard.</p> <p>As per the explanation provided by the Client: The client and his family were serious victim of covid, and lost few members of the family. He has stopped the entire farming activity in 2022 and was left with no income, he has brought the account to regular in March 23 by paying all the dues. He has sold a property and will be clearing the dues in the next month.</p>
M M Allu	50	Director	32%	772	Has 7 credit lines among which all of them are closed.
T Laksh	50	Director	36%	300	<p>There are 19 credit lines, out of which 5 of them are closed and 14 are live. Among 18 live credit lines 3 of them are Overdues and are in NPA and all of them are secured loans. She is spouse of T Yugandhar reddy and hence the same details credit lines are found in her report.</p> <p>4. A Joint OD facility with a loan amount of INR 4.98 Mn has an overdue of INR 0.546 Mn, the account is in 91 DPD and is sub standard.</p> <p>5. A joint Agri loan of INR 6 Mn has an overdue of INR 0.688 Mn, the account is in 91 DPD and is in Sub standard.</p> <p>6. A Joint OD facility with a loan amount of INR 15.25 Mn has an overdue of INR 1.33 Mn, the account is in 91 DPD and is sub standard.</p> <p>As per the explanation provided by the Client: The client and his family were serious victim of covid, and lost few members of the family. He has stopped the entire farming activity in 2022 and was left with no income, he has brought the account to regular in March 23 by paying all the dues. He has sold a property and will be clearing the dues in the next month.</p>

Key Management Person: MD & CEO	Name: T Y Ranga	Phone No.:	Email Id.: B123@gmail.com
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Mr. Ranga is the CEO of the Organization. He takes care of the daily operations of the organization.

➤ **Existing Borrowal Arrangement**

a. Working Capital:

Name of the bank	Facility Type	Existing (INR Mn)				Account Classification /Conduct
		Funded		Non-Funded		
		Limit	O/s as on 11-07-2023	Limit	O/s as on 01-07-2023	
Nil	No Working capital facilities form any bank					
Total				-	-	

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- There are no loans from any of the banks as on today.

b. Details of Term Loan with repayment schedule:

Name of the bank	Existing (INR Mn)			Account Classification /Conduct
	Limit	O/s as on 07-07-2023	Repayment terms	
	No Term loans			
Total				

No term loans availed from any other banks.

- **Comments on Commercial Highmark:** The report is generated on 18/07/2023, the commercial Highmark score of the entity is 703, which falls under low risk category. The organization has 2 credit lines which are demand loans worth INR 10.5 lacs and 2.6 lacs each and both of them are regular.
- **Group Profile:** Not Applicable
- **World Check:** No Match Found for the company and the promoters.
- **Probe 42 Observation:**
 - **Related Party Transactions:** The Organization does not have any related party transactions.
 - **Related Corporate:** The FPC does not have any Holding Corporates, Subsidiary Corporates, Associate Corporate and Joint ventures.
 - **Open Charges:** There are no open charges as per records.
 - **Legal History:** There are no disposed cases as per records
 - **Credit Ratings:** The corporate has not been rated.
- **Banking Conduct:** The FPC has a current account with HDFC bank Ltd, Vijayawada bearing Current Account No.- 59222111555999. Following are observations:
 - There has been no instance of inward cheque bounces in last 12 months in both the accounts.
 - As per provisional report submitted the sales between Apr-22 to Mar-23 is reported to be INR 12.96 Mn whereas as per banking credits the sales through online transactions are reported to be INR 4.59 Mn, which indicates that 40% of business transactions are routed through bank. The farm mechanization services that the Organization is offering is majorly paid in cash by small farmers, hence the transaction is not routed through bank account.

PURPOSE AND SUMMARY OF PROPOSAL

They has partnered with farmers and designed and standardized mechanized solutions for rice and pulses cultivation. They have standardized D-DSR (Dry-Direct Seeding of Rice method) and W-DSR (Wet-Direct Seeding of Rice) and AWD(Alternate Wet and Dry method) methods of cultivation in rice. These methods has shown significant results in reduction of water usage and reduction in emission of green house gases.

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They has adopted the direct seeding of rice, replacing the conventional transplanting method. They are trying to commercialize the standardized practices and help farmers to get the benefit of higher yield. They have leased out 750 acres from 164 farmers across 17 villages in Guntur, Krishna and Bapatla in this kharif season.

Proposing for a fresh Revolving short-term loan limit of INR 15 Mn for a tenure of 180 days at a ROI of 18% p.a. plus 1% p.a. plus applicable charges on revolving basis with a sanction validity of 12 months. The loan amount shall be utilised for cultivation of 750 acres leased land with the help of standardized Direct seeding method. The Interest repayment shall be monthly and the principal shall be repaid at the end of the tenure.

- ◆ The cultivation methods that the organization has standardized are Direct seeding of Rice method(DSR) and Alternate Wetting & Drying method (AWM) are environmental friendly practices.
- ◆ These practices help reduce women drudgery in agriculture.
- ◆ The methods developed by them help in reduction of water usage, reduce carbon emissions, increase in productivity.

Assessment of Limits:

Proposal for Funding to	Rice Farmers
No of Acres	750
Cost of Cultivation Per Acre (In Rs.)	INR 30,000
Type of Loan	Input loan(For arm equipment)
Duration of Loan	Six Months
Crop Season	Kharif, 2023
% of Financing	90%
Loan Component Per Acre (in Rs.)	INR 22,000.
Total Exposure for projected Acres (In Acres)	INR 16.5 Mn
Proposed Exposure	INR 15 Mn
Margin	10%

- **Recommendation:** Proposing for a fresh Revolving short-term loan limit of INR 15 Mn for a tenure of 180 days at a ROI of 18% p.a. plus 1% p.a. plus applicable charges on revolving basis with a sanction validity of 12 months
- **Purpose:** The limit availed will be utilized for cultivation of paddy in Dry Direct seeding method.
- **Justification for Tenure:** The tenure proposed is 180 days. The duration of the crop is 120 days and including post harvest operations, processing, packing, selling and to receive the money from the rice millers or processors, the total tenure is proposed for 180 days.
- **Cashflow Routing:** The loan will be disbursed directly to their account, for performing the farm mechanization operations. whereas the repayment shall happen through escrow account. The rice millers/processors pay the client through escrow account, which enables Samunnati to deduct at source.
- **Repayment:** Repayment will be routed through ESCROW facility. Customer to open one Virtual Account with Samunnati Financial Intermediation & Services Pvt. Ltd. as beneficiary. The collection of all sales receivables

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from the Rice millers/processors should be credited to this account from which repayment for the facility will be adjusted as mutually agreed. As per the ESCROW statements with Samunnati Financials, the repayments are already routed through the ESCROW account.

- **Security:** The Organization is offering FD of INR 5 Mn lein marked to Samunnati. which is 33% of the loan amount. In addition to the FD, the proposal also qualifies for USAID guarantee, which offers 50% of the loan amount as guarantee in case of default. personal guarantee of 1 BOD- Rao along with CA-Certified Net-worth statement and two (2) UDCs from each guarantor.

Deviations to Credit Policy

Parameters	Norms	Compliance/ Recommendations	Approving Authorities
CIBIL Score	CIBIL score for all the directors/Key persons (CEO/COO) to be more than 650	The MD and other board members Highmark score is 300, which is less than stipulated. There is OD of 91 days noticed in their repayment. The client has confirmed the repayment of the OD Hence recommending for deviation approval.	Head FPO-Credit
Mode of Operation	The limit shall be disbursed into the account of suppliers and vendors	The disbursement is directly to the clients account, as the client is cultivating the land with the new method of cultivation, which is DSR	CC2- FC
Turnover	Growth rate of sale turnover for last two financial years must be positive	The company has only 1 year of operation and has about 1 cr revenue, The company s going commercial this FY.	CC2- FPC

HISTORICAL AND PROJECTED PERFORMANCE

Particulars	31.03.22	31.03.23
	(AUDITED)	(Provisional)
Net Sales (NS)	0.00	10.48
Other Income	0.00	0.00
Total Revenue	0.00	10.48
Growth in Revenues	#DIV/0!	524050%
Gross Profit	-0.01	0.33
Gross Profit Margin	-250.00%	3.13%
EBITDA	-0.01	-2.48
EBITDA Margin %	-250.00%	-23.63%
Depreciation	0.00	0.00

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Interest	0.00	0.00
PAT	-0.01	-2.48
PAT margin (in %)	-250.00%	-23.63%
Total Outside Liabilities (a)	0.01	6.58
Total Bank Borrowings	0.00	0.00
Tangible Net Worth (b)	0.00	4.44
Current Ratio	0.50	1.51
TOL/TNW (a/b)	-2.23	1.48
Interest Coverage Ratio	#DIV/0!	#DIV/0!
DSCR	#DIV/0!	#DIV/0!
Sundry creditors	0.00	6.57
Sundry debtors	0.00	8.34
Inventories	0.00	0.00
Payable No of Days (c)	0	236
Receivable No of Days (d)	0	290
Inventory No of Days (e)	0	0
Working Capital (No of Days) (d+e-c)	0	54
Debt/EBITDA	-	-

Brief Description of Financials:

➤ **Turnover:**

The Company is a startup and has developed a new method of rice cultivation, which reduces water utilization, lower carbon emissions and reduce women drudgery in rice cultivation. They have developed the method in 2021 and 2022. they have standardized the method in 6000 acres in 2023 and have done a business of INR 10.48 Mn and made a loss of INR 2.48 Mn.

➤ **Leverage Ratio:**

- **Tangible Networkth:** The total tangible networkth of the organization is INR 4.44 Mn, which includes share capital of INR INR 2.5 Mn and a reserves of -INR 8.04 Mn and INR 9.98 Mn loans from directors
- **Leverage Ratio:** The leverage ratio of the company as on March 23 is 1.48X, which is well within permissible limits.
- **Current Ratio:** The current ratio of the company is in the range 1.51x as on march 23. and is in permissible limits.

➤ **Coverage and Activity ratios:**

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- **Interest coverage Ratio:** Interest coverage ratio of the FPC is Nil as the client has not availed any loans from any financial institutions.

➤ **Debtor Ageing Analysis:**

No debtors as on 30 June 2023.

KEY RISK AND MITIGANTS

Risk	Mitigation
Primary Risk	The primary and biggest risk to this proposal is that the client is a start up and is looking to scale up in this financial year. The company has made a loss of INR 2.5 Mn in the last financial year.
Financial Risk:	The Company is a a start up and has done a revenue of INR 10.4 Mn in the last FY with a loss of INR 2.5 Mn. The client has not availed any limits from any financial institution. We are the sole lenders to the organization.
Business Risk:	The segment in which the organization is working is unique. They have standardized a separate method of crop cultivation, which they want to commercialize. There is lot of uncertainty on the adoption of the new methods. However the advantages of the method like reduce water utilization, reduce green gas emissions and reduction in women drudgery, which will help this method get more popular. International Organizations like IRRI and State universities have also acknowledged the benefits and are conducting training.
Industry Risk:	There is no industry risk as this is a new method of rice cultivation. Mitigation: With the advantages that the new method is offering, the business can pick up in a short time.
Management Risk:	The Organization is being run by close members only. All the persons in the directors are well experienced in farming and they are doing so from last 30-40 years.

COMMENTS ON PROPOSAL MEETING SAMUNNATI'S GENETIC CODE

- 1) **Social Capital:** The Organization is associated with reputed govt organizations like International rice research, Odisha State Agriculture university, Prof jayshankar Agri university, Acharya NG ranga Agri university and ICAR. They have worked with almost 200 farmers in the last FY.
- 2) **Trade Capital:** The FPC is tying up with many rice millers and sugar industries across south india, for supply of rice and sugar cane. The company is planning to cultivate 750 acres of rice in leased land and 1500 ac of sugar cane in Karnataka.
- 3) **Deduction at Source/Escrow:** Repayment will be routed through ESCROW facility. Customer to open one Virtual Account with Samunnati Financial Intermediation & Services Pvt. Ltd. as beneficiary. The collection of all sales receivables from the buyers should be credited to this account from which repayment for the facility will be adjusted as mutually agreed. As per the ESCROW statements with Samunnati Financials, the repayments are already routed through the ESCROW account.

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4) Buyer/Seller Relationship:

- FPC having multiple buyers (rice millers) and suppliers (farmers) and who are associated with the Organization.

5) End Use Monitoring:

- Bank statement of all operating accounts to be submitted on half-yearly basis.
- Provisional financials of the FPC should be submitted on half yearly basis to monitor the projected business growth within 30 days of half year end, i.e., 30th Sept & 31st March.
- Inspection to be carried out by Samunnati officials within 1 months of the limit set up date.
- Monitoring visit should be done by Samunnati officials on half yearly basis.

RECOMMENDATION

- Proposing for a fresh Revolving short-term loan limit of INR 15 Mn for a tenure of 180 days at a ROI of 18% p.a. plus 1% p.a. plus applicable charges on revolving basis with a sanction validity of 12 months. The loan amount shall be utilized for cultivation of 750 acres leased land with the help of standardized Direct seeding method. The Interest repayment shall be monthly and the principal shall be repaid at the end of the tenure.

Comforts:

- ✧ The Client is offering INR 5 Mn FD as collateral, which is 33% of total amount.
- ✧ The Proposal qualifies under climate smart agriculture and has 50% credit guarantee cover from USAID.
- ✧ The Method developed by the Organization is helping in reduction of water management, green house gases and women drudgery.

Recommended by:

Venkat Rao (Relationship Manager)	Sandeep Siram (Cluster Head-FPO)	Sai Prasad somayajulu (Group Head Farmer Collective)	Ediga Narendra Kumar (Head Creditunderwriting)
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Appendix I

TERMS AND CONDITIONS

Type of Facility	Short Term Loan (Revolving)		
Facility Limit	Facility Details	Existing Limit (Mn)	Proposed Limit (Mn)
	Fac-1: Short Term Loan (STL) for Output Purchase	0.00	15.00
	Aggregate Limits	0.00	15.00
Purpose	For cultivation of paddy in Dry Seeding of Rice method in 750 acres, which qualifies under climate smart agriculture		
Tenure	Facility Details	Tenure	
	Short Term Loan	180 Days	

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Validity of Limit	Facility Details	Validity of Limit
	Short Term Loan	12 Months
Margin	Nil	
Repayment	Facility Details	Repayment
	Short Term Loan	Interest- Monthly Principal- Bullet Repayment
Primary Security	Hypothecation of stocks and receivables financed by Samunnati	
Collateral Security	FD of INR 5 Mn to be lein marked to Samunnati	
Personal Guarantee	Personal Guarantee of BODs- 1. T. Yugandhar Rao 2. T. Swarajya lakshmi 3. Madan Mohan Avuluru	
Specific condition	1. Five (5) Undated Cheques (UDCs) from the borrower for overall limit from Current Account of HDFC bank bearing Account No.- 59222111555777 2. Two (2) Undated Cheques from the personal bank account of each Personal Guarantors.	
Rate of interest	18% p.a. (Rupees 15 per Thousand per month) <i>(Interest shall be subject to revision from time to time)</i>	
Additional Finance Charges	<ul style="list-style-type: none"> Any irregularity on account of non-payment of interest/charges/instalments will attract additional Finance Charge of 8% p.a. over and above the contracted rate for payments received. If non-compliance to covenants and conditions continues to persist for more than 60 days, additional Finance Charges at 0.25% per month over and above the contracted rate would be levied. 	
Processing Fee	1% p.a. of overall limit plus applicable charges to be collected upfront	
Documentation & Client Visit Charges	INR 10,000/- plus applicable taxes to be collected from the customer in the form of an account payee cheque from their operative account favouring Samunnati	
Mode of Operation	<ul style="list-style-type: none"> The loan will be credited to the Organization account after confirming the farm mechanization activity in the respective farmers fields. Escrow Arrangement: Customer to open one Virtual Account with Samunnati Financial Intermediation & Services Pvt. Ltd. as beneficiary. The collection of all sales receivables from the buyers should be credited to this account from which repayment for the facility will be adjusted as mutually agreed. 	
Documentation	<ul style="list-style-type: none"> ➤ Accepted Sanction Letter duly acknowledged by the Borrower. ➤ Board Resolution ➤ DP Note for the limits Sanctioned. ➤ DPN Delivery Cum Waiver Letter ➤ Term Loan Agreement ➤ Hypothecation Deed/ Agreement ➤ Necessary charges are to be registered with respective ROC prior to disbursement. ➤ Special Power of Attorney ➤ General Declaration & Undertaking 	

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	<ul style="list-style-type: none"> ➤ Personal Guarantee Deed from each of the Guarantors ➤ INR 5 Mn FD lien marked to Samunnati. ➤ Two (2) Undated Cheques (UDCs) from each of the Guarantors ➤ Four (5) Undated Cheques (UDCs) covering the overall limit ➤ Signed NACH Form along with NACH Mandate Letter ➤ Other Document for KYC Compliance ➤ Fax cum Email Indemnity Letter. ➤ Any other documents, as may be required.
Loan Covenants	<ol style="list-style-type: none"> 1. Disbursement is subject to submission of list of farmers along with the land details with survey no and land address. 2. Inspection to be carried out by Samunnati officials to be carried out within 2 months of Limit set up date & 6 months therein after. 3. Customer to provide bank statement of current accounts on half-yearly basis. 4. Customer to provide the Stock and Debtors statement on quarterly basis. 5. Audited Financials to be submitted within 6 months from the end of the financial year. 6. Limits to be renewed on or before the limit expiry date. Non-compliance would result in the interest rates being reset higher by "Processing Fees rate" from the "limit expiry date".
Other Conditions	<ol style="list-style-type: none"> 1. In the event of non-repayment of dues on the respective due dates, M/s. Samunnati would utilize the NACH mandate to recover the overdue on the next working date. 2. The Borrower will keep Samunnati Financial Intermediation & Services Pvt Ltd advised of any circumstances adversely affecting their financial position including any action taken by any creditor, Government authorities against them. 3. The Borrower will furnish information / documents including quarterly / annual financial accounts as may be required by Samunnati for review / renewal of Credit facility. 4. The Borrower shall pay the charges as per Samunnati's standard schedule of 5. charges for various services rendered by Samunnati. 6. The Borrower Shall not include the Receivable's financed by Samunnati Financial Intermediation & Services Pvt Ltd in their Monthly Drawing Power calculation being submitted to other financial institution. 7. The loan shall be utilized for which it is sanctioned, and it should not be utilized for the following: <ul style="list-style-type: none"> ○ Extending loans to subsidiary companies / associates without written Permission, any Speculative purposes. 30 The Borrower shall maintain adequate books and records which should correctly reflect their financial position.

Appendix II – Industry Classification

MSME Classification

Enterprises	Investment in plant & machinery	Turnover
Micro Enterprises	Does not exceed one crore rupees	Does not exceed five crore rupees

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Small Enterprises	Does not exceed ten crore rupees	Does not exceed fifty crore rupees
Medium Enterprises	Does not exceed fifty crore rupees	Does not exceed two hundred and fifty crore rupees

MSME Classification	
Latest Audited Turnover	INR 10.48 Mn
Latest Audited Investment in Plant & Machinery	INR 1.08 Mn
MSME Classification	Micro Enterprises

Appendix III – Account Review

Not Applicable

PDD & Loan covenant compliance

Record ID	Deferral Type	Due Date	Extended Date	Compliance Status	Action Point (timeline for resolving of same)
NA					

Appendix IV – Banking Analysis Appendix

Credit Summation of HDFC Bank, Vijayawada bearing Current A/c No.- 59222111555777			
Latest 15 Months	Credit Summation (INR Mn)	Number of Inward Returns	Number of Outward Returns
Jun-22	0.40	0	0
Jul-22	0.724	0	0
Aug-22	0.579	0	0
Sep-22	0.517	0	0
Oct-22	0.72	0	0
Nov-22	0.264	0	0
Dec-22	0.036	0	0
Jan-23	0.468	0	0
Feb-23	0.167	0	0
Mar-23	0.167	0	0
Total FY2022-23		0	0
Apr-23	0.218	0	0
May-23	0.175	0	0
Jun-23	0.15	0	0
Total	4.589	0	0

Appendix V – Group Exposure

Samunnati Financial Intermediation & Services Pvt Limited

Borrower Name	Amount O/s	Amount Authorized
Nil		

Samunnati Agro Solutions Pvt Limited: Not Applicable

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Appendix VI - Credit Policy Compliance

Parameters	Norms	Compliance
PRODUCT DETAILS		
Sanction amount- Minimum exposure to FPO	INR 0.3 Mn	Complied
Sanction amount- Maximum exposure to FPO	<u>Short term Loan – Agri input</u> <ul style="list-style-type: none"> Not to be more than 30% of the total FPO projected sale turnover. 	Not Complied
Tenor	<u>Short term Loan – Agri Input</u> <ul style="list-style-type: none"> Less than or equal to 6 months, as per cash flow of client from sale of crop for which input loan is availed. <u>Short term Loan– Agri output</u> <ul style="list-style-type: none"> Not more than 12 months Loan Repayment tenor must match with cash inflow from sale of crop for which output loan availed. <u>Medium term loan</u> <ul style="list-style-type: none"> More than 12 months and up to 36 months as per cash flow of client. 	Complied
Repayment	<ul style="list-style-type: none"> Interest should be debited Monthly and Bullet repayment of principal at the end of credit period Or Bullet repayment of both Principal and interest at the end of credit period. Option of Monthly / Quarterly / Half Yearly / Yearly/ EMI (Interest+ Principal repayment). 	Complied
Validity of Sanction limit	<ul style="list-style-type: none"> 12 Months from date of sanction 	Complied
Validity of Sanction letter	The Sanction letter shall be valid for a period of 30 days from the date of Sanction and post which the same shall automatically expire in the event of non-acceptance.	Complied
Minimum Margin.	<u>Medium term loan</u> 20% of the overall project cost	N/A
Type of Limit	<u>Short term Loan</u> <ul style="list-style-type: none"> As per working Capital requirement. For FPO that availed both input and output loan facility: The output loan should be extended to the FPO only when the input loan is closed or vice versa. <u>Medium term loan</u> <ul style="list-style-type: none"> No replenishment for Principal rundown. 	Complied
Repayment mode	<ul style="list-style-type: none"> Based on the cash flow DAS/escrow mechanism can be applied on sale receivables from aggregator/buyer. Tripartite agreement shall be considered where it is found applicable. <u>Short term Loan – Agri Input</u> <ul style="list-style-type: none"> Repayment to be aligned to Crop cycle i.e. harvest along with the detailed due diligence and agreement with their member farmers. 	Complied

	<p><u>Short term Loan– Agri output</u></p> <ul style="list-style-type: none"> Repayment of loan shall be through capturing of cash flows from receivables (of buyers) through escrow/virtual account (DAS) mechanism. <p><u>Medium term loan</u></p> <ul style="list-style-type: none"> Samunnati loan to be disbursed in the bank account of FPO or Vendor / Service Provider and repayment of Samunnati loan as per cash flow from the activity. 	
Security	<ul style="list-style-type: none"> Primary: Hypothecation of stocks and book debts financed by Samunnati. Personal Guarantee: From CEO/President of FPO and from at least two board of directors. 2 UDC from each personal guarantor along with CA certified net worth certificate is required. Security Guarantee: 3 Security cheques for the overall limit from FPO. FLDG (First Loss Default Guarantee): As applicable Collateral: As applicable Corporate Guarantee: As applicable. 	Complied
Registration of Charges	<p><u>Applicant constitution:</u></p> <p><u>Private Limited.</u></p> <p>Samunnati must have charge on stock and book debts created out of loan availed from Samunnati. Necessary charges are to be registered with respective ROC within 30 days of deed of hypothecation and document evidencing the same shall be submitted to Samunnati.</p>	Complied
NON-FINANCIAL ELIGIBILITY NORMS		
Constitution	<p>FPO must be legal entity registered under:</p> <ul style="list-style-type: none"> Cooperative societies Act/Autonomous or Mutually aided Societies act of respective state Multi state Cooperative society act,2002 Producer Company under Section 581(C) of Indian company act 1956 as amended in 2013. Section 25 Company of Indian companies act 1956 as amended as Section 8 in 2013. Society registered under Society Registration Act,1860 Public trust registered under Indian trust act, 1882 	Complied
Vintage of experience	<p><u>Short term Loan – Agri Input</u></p> <ul style="list-style-type: none"> FPO must have relevant experience of at least 2 cycle for providing Agri input service to its farmer. <p><u>Short term Loan – Agri output</u></p> <ul style="list-style-type: none"> FPO must have relevant experience of at least 2 cycle for procurement and sale of Agri output. <p><u>Medium term loan</u></p> <ul style="list-style-type: none"> FPO must have relevant experience of at least 2 years in activity / operations for which Samunnati loan shall be funded. 	Complied
Social capital	<u>Short term Loan</u>	Complied

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	<ul style="list-style-type: none"> FPO must have minimum 250 shareholder farmers associated with FPO. Nascent FPO's may have less than 250 farmers but loan amount will be restricted basis the acreage and number of active members. <p>Medium term loan</p> <ul style="list-style-type: none"> FPO must have minimum 500 shareholder farmers associated with FPO. Exception is allowed for Horticulture FPO's. 	
Trade Capital	<p>Short term Loan</p> <ul style="list-style-type: none"> FPO must have trade vintage of at least 2 cycle with its strong buyer (with more than 50 crore turnover) In last one year, more than 200-member farmer must have availed Agri Input/output services from FPO. Deviation allowed for Nascent FPO's but loan amount will be restricted. <p>Medium term loan</p> <ul style="list-style-type: none"> FPO must have trade vintage of at least 2 cycle with strong buyer (with more than 50 crore turnover) In last one year, more than 500 FPO member farmer must have availed Agri Input/output services from FPO. 	Complied
Valid License	FPO must have valid Seeds/Pesticide/ Fertilizer license/ APMC mandi license etc.	NA
Governance	There must at least three BOD meetings in last 12 months.	Complied
Cheque bounce	Maximum no of inward cheque bounce (due to insufficient funds 5 cheques bounces in last 12 months).	Complied
Bank account conduct	Overdrawn/interest payment irregularity of not more than 10 days at a time, (Maximum 3 times in last 12 months).	Complied
Average utilization of existing loan facility from other lenders	Average utilization of existing Term loan/CC/OD/ account limit must exceed 70% of total available limit for last 18 months.	Complied
Highmark Score	<ul style="list-style-type: none"> Highmark score for all the directors/Key persons (CEO/COO) to be more than 650. Highmark report must have no reporting for delay in repayment of active and closed accounts for all directors/key persons. In Commercial CIBIL, no instances of delinquency must have been reported for both active and closed credit facility. Validity of period for Credit bureau and Commercial CIBIL report should be within 30 days from the date of report. After 30 days new CIBIL report must be generated. 	Non-Complied
FINANCIAL ELIGIBILITY NORMS		
Paid Up capital	<p>Short term Loan</p> <ul style="list-style-type: none"> The minimum Paid up capital required is INR 0.1 Mn. <p>Medium term loan</p> <ul style="list-style-type: none"> The minimum Paid up capital required is INR 0.5 Mn. Less than 0.5Mn lakhs can be considered if FPO is eligible for Government Subsidy 	Complied

Ratio of total liability to total Net worth (TOL/TNW)	The maximum limit for TOL/TNW required to be maintained is 4.00x	Complied
Receivable due	<u>Short term Loan – Agri Input</u> <ul style="list-style-type: none"> The value of receivable from sale of Agri input/output in 90+ ageing bucket to be less than 3% of total sale from Agri input/output (in last 12 month) 	Complied
Gross profit margin	FPO must have positive profit margin for last two financial year.	Complied
Growth in sales Turnover	Growth rate of sale turnover for last two financial years must be positive.	Complied

Credit policy guidelines on Maximum Exposure: SBL/GBL Exposure – Complied.

Appendix VII – Details of Reference Check: Not Applicable for existing clients

Appendix VIII-BMIU Analysis:

Not Applicable

Appendix IX- USDFC & USAID Synopsis

S.No.	Particular	Intervention related to	Alignment Correct (yes/no)
0	Value Chains (Agroforestry, NTFP, Perennial Fruits trees)		No
1	Reduced resource-intensity of agriculture	Reduced water usage: Reduced fertilizer application: Reduced chemical pesticides usage: Reduced Weedicides usage:	Yes
2	Reduced Green House Gases		Yes
3	Improved agricultural practices	Reduced Tillage: Irrigation: Resource management: Proper post-harvest handling:	Yes
4	Creating sustainable supply chains, and broader sustainable landscape-related businesses		Yes
5	Sustainability and Livelihood program		Yes

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The client is eligible for USAID credit guarantee program. The new method of rice cultivation, which is DSR, reduces the water utilisation by 30%, reduces green house gas emission by 30% and reduces women drudgery.

Appendix X-Related Party Disclosure

- None of the Directors of Samunnati are Directors in the Borrowing Entity – **Complied**
- None of the Directors/employees of Samunnati have any direct or indirect interest in the proposed transaction – **Complied**

Appendix XI-SBI Co-Lending Eligibility:

Not Applicable as limit proposed > INR 5 Mn

Appendix XII – Document Checklist

S. No.	Documents	Availability
1	KYC of the Entity or CKYC Id of the entity	Yes
2	KYC of Authorised signatories or CKYC id of the signatories	Yes
3	KYC of Promoter/Director/Beneficial owner or CKYC id of promoter/Dir/Ben owner	Yes
4	Borrower Profile	Yes
5	Last three years Audited Financials	Yes
6	YTD Sales figures	Yes
7	List of Buyers against whom ARF is proposed	No
8	Bank statement for last 6 Months from all operating accounts	Yes
9	GST for the last 6 months (non-GST products - Monthly break up is required)	Yes
10	YTD P&L & (Projections /CMA if available)	Yes
11	Product wise break up of revenues (last 2 fiscal)	Yes
12	Debtors Ageing latest month	Yes
13	Top 5 Suppliers /Vintage / transaction value last 6 months	Yes
14	Top 5 Buyers/Vintage/Transaction Value last 6 months	Yes
15	Existing Sanction Letter of other Banks	Yes
16	Sanction Limit & O/s for both WC & TL	Yes
17	CIBIL Authorization Letter from client	Yes
18	ESMS Declaration Form	Yes

Appendix XIII- Impact on FPO after Samunnati Intervention

Not Applicable

Appendix XIV- ESMS Categorization

Vertical	No of Members Limit	Loan Exposure	Application
Single FPO	>1000 members (Single FPO) > 1500 members (Federation of FPO's)	-	Not Applicable
	<1000 members (Single FPO)	<5 Cr	Limited

	< 1500 members (Federation of FPO's)	>5 Cr	Full
Single FPO in Asset Creation	>1000 members (Single FPO) > 1500 members (Federation of FPO's)	-	Not Applicable
	<1000 members (Single FPO)	<5 Cr	Limited
	<1500 members (Federation of FPO's)	>5 Cr	Full