

LENDING AGAINST MORTGAGE OVER STOCK IN TRADE
(Revolving Loan Limit)

The Board approved Credit Policy and Procedures Manual (Version 1V) permits lending against stock in Trade up to 50 % of market value (Refer Part I Paragraph 14 in the said Manual)

We give below the procedure to be followed when considering applications for facilities against the aforesaid security which are to finance short term working capital requirements of reputed business entities or individuals, involved in dealing in goods as either wholesale or Retail dealers or as sole agents.

1. Type of stock in trade to be considered.

1. Non- perishable goods with a high consumer demand
2. Goods with a reputed brand name
3. Goods required by the Building Industry.
4. Fast moving Consumer durables (Electronic appliances Mobile Phones etc.,)
5. Fertilizer and agricultural inputs with a high seasonal demand
6. Such other type of good acceptable to the Head Office Credit Committee

7. Security

- a) Mortgage over stock in trade described in section 1 above
- b) If borrower provide goods on credit obtain assignment over book debts
- c) Loan agreement
- d) Pro-note and Receipt
- e) Borrower to execute an Agreement to deposit sales proceeds to a savings account at the branch.
- f) Stocks should be insured against risk of Burglary, Fire Riots and Civil Commotions and such facilities assigned in favour of the company (Manager to ensure renewal of Insurance cover)

8. Repayment (Short Term)

Equated installments ranging from 3 to 12 months depending on the nature and demand of the stocks mortgaged.

9. Terms Conditions of Advance

- a) Facility to be considered to profit making customers as disclosed in their audited accounts for the last three years

- b) LTV ratio should be restricted to 50% of the into stock value of goods
- c) Borrower to submit certified statements of stocks as at end of each month disclosing the into stock of goods value of which should cover the LTV ratio
- d) Branch Manager should conduct a stock verification based on the monthly statement and action to taken rectify any irregularities.
- e) Officials at central Credit Department should conduct stock verification quarterly and submit a report to CEO and renew the facility as appropriate .
- f) Stock statements are subject to surprise audit of the Chief Internal Auditor.
- g) Borrower to provide an undertaking to provide required assistance to conduct aforesaid stock verifications.

Please ensure strict compliance with the above requirements in addition those stipulated in the Credit Policy and Procedures Manuals and circulars in force hen considering credit applications on this subject



**Deputy General Manager
(Business Development
& Fund Mobilization)**



Senior Manager Credit



CEO/ Executive Director