

CIRCULAR TO ALL BRANCHES/OFFICES IN INDIA
ISSUED BY MSME BANKING DEPARTMENT

Dear Sir,

Re: BCSBI Code - Most Important and Common Terms & Conditions

You are aware that our Bank has also adopted BCSBI code which covers MSE borrowers also. BCSBI officials assigned "Above Average" rating to our Bank based on their survey and visits to various operational units of our Bank. While analyzing the rating rationale, it is observed by our Customer Service dept., at Head office that due to weak compliance under the parameter group "Information Dissemination" and "Transparency" the rating was affected. For the purpose, one of the weak area of compliance is in respect of ensuring and providing Most Important Terms and Conditions to the MSE customers along with relevant application forms.

To improve the score and to facilitate our branches for compliance of the guidelines, we have listed Common & Important terms and conditions which can be attached with all the applications. Common application for MSME customers for credit limits up to Rs.1.00 Crores is available on our Bank's Website. We are arranging to attach these common and important terms and conditions also on our Bank's website. Branches are instructed to ensure that this Common and important terms and conditions are attached with all the MSME applications whenever they are issued to the customers.

We request you to take careful note of the above said guidelines for compliance at all levels.

Yours faithfully,

(PurnimaRao)
Head-MSME Relationships &
Govt. Schemes.

Encl: a.a

Most Important and Common terms and conditions
(To be attached with all MSME application forms)

Cash Credit Hypothecation of Stocks and Book debts:

- The borrower is to submit monthly Stock & Book-debt statements before 10th of the next month in Bank`s prescribed format.
- The borrower is to submit certified Book debts statement by practicing C.A. or regular Auditor of the borrower, once every quarter, certifying age & amount of the book-debts, within 30 days of close of each quarter.
- Advance will not be allowed against stocks not paid for / stocks received on conversion, rejected / defective goods returned by purchaser and obsolete, un-saleable & old stocks.
- Drawings will be allowed as per advance value of stocks & book debts within the sanctioned limits.
- Book-Debts arising out of sale to associate concerns will not be financed.

In case of Mortgage of Properties:

- Title Clearance Certificate to be obtained from Bank`s approved Advocate to ensure that the title of the property is clear, marketable & unencumbered and valid & enforceable mortgage can be created. Necessary charges are to be borne by the borrowers.
- Property offered as security is to be got valued by Bank`s empanelled valuer and the charges are to be borne by the borrowers.
- Collateral securities are to be valued by empanelled valuer every three years.

In case of Term Loans:

- Payment for the items financed will be made directly to the suppliers .The borrower to submit all bills, invoices & receipts for Bank`s records.
- Cost over-run, if any, to be borne by the borrower.

Other Common Terms and conditions:

- Bank`s name plate should be displayed at the business premises / unit of the borrower.
- The Bank will have the right to examine the books of accounts and carry out inspection or valuation of assets of the borrower, which are charged to the Bank, from time to time by Bank`s officials / technical experts / external agencies / C.A. firms / Management Consultants and / or Valuers. The inspection / valuation charges so incurred will be borne by the borrower.
- The borrower is to obtain comprehensive insurance policy of all financed assets and securities with `Bank clause`.

