

NBHC ties up with leading PSBs for warehouse finance solutions

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Two of India's leading public sector banks, IDBI Bank Ltd and State Bank of Patiala, joined hands with National Bulk Handling Corporation Ltd. (NBHC), a Financial Technologies Group Company, for warehouse receipt financing solutions.

NBHC is an ISO 9001:2000 and ISO 22000:2005 certified company providing solutions for a complete commodity and collateral management. NBHC will work as collateral manager with the two banks to provide farmers with hassle-free and economical access to credit.

Mr D.K Kamble, Chief General Manager of the priority sector department, signed the agreement on behalf of IDBI Bank with Mr. Anil Choudhary, MD and CEO of NBHC, while Mr GP Kantia, DGM of priority sector advances, inked the agreement with Mr Choudhary in the presence of Mr A C Varma, MD, on behalf of State Bank of Patiala.

A product of favorable policy environment, warehouse receipt financing as an agri credit option is gaining momentum. NBHC has been appointed collateral manager by both IDBI Bank and State Bank of Patiala to fund farmers, corporates, processors, etc. As collateral manager, NBHC will shoulder the responsibility of stock pledged with the banks for quality and quantity.

Speaking on the occasion, Mr. Anil K. Choudhary said, 'We are extremely happy to sign the collateral management agreements with IDBI Bank and State Bank of Patiala, both leading banks in the agricultural finance sector. With the widespread network of the banks, NBHC, IDBI Bank and State Bank of Patiala can provide a great extent of financial flexibility to farmers, reducing the seasonal price fluctuations and distress sales during the crop harvest season.'

NBHC's over 250 warehouses and IDBI Bank's network of over 434 branches will be a captivating combination in reaching out to maximum number of customers in this segment on an immediate basis.

'There is a vast potential of lending in the agri-sector through warehouse receipt financing. Tying up with NBHC will help IDBI Bank increase the agri-portfolio by building quality assets in agri-lending. NBHC, through its expertise in commodity handling, in turn, will help IDBI Bank mitigate the risks associated with commodity financing,' said D.K. Kamble. 'IDBI Bank, with its recent acquisition of United Western Bank, now operates through a network of 434 branches, 18 extension counters and 529 ATMs spread across 255 cities in India. It has thus spread its wings to semi-urban and rural India, which will help it build a robust agri-portfolio.'

After passage of the Warehouse (Regulations and Development) Bill, 2005, warehouse receipts will soon get negotiable status. This decision will have a positive impact on warehouse receipt financing. The beneficiaries will be farmers and banks. The futures commodity market is growing rapidly. Based on this, commercial banks are devising customised schemes to fund traders and farmers

against the stock stored in commodity exchange warehouses. When banks give finance against the commodity, the commodity remains in their custody in warehouses supervised by collateral managers.

NBHC offers a comprehensive & proactive collateral risk management mechanism that provides complete protection to the commodity. NBHC assures banks of maintaining quality and quantity of the commodity. It is expected that agri-lending through warehouse receipts will touch Rs. 20-22 billion over the next 4-5 years.

At present, NBHC manages more than 1 million MT of commodity under the collateral management spread over 1200 warehouses. Commenting on the growth of NBHC, Mr. Choudhary said, 'This has been possible because of our professional approach, integrity and transparency in dealings and putting best practices in place.' He added, 'We follow a set of globally benchmarked practices and standards to help NBHC deliver low-cost, low-risk, and value-enhancing collateral management services.'

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About National Bulk Handling Corporation Ltd.

National Bulk Handling Corporation Ltd. (NBHC), an ISO 9001:2000 and ISO 22000:2005 certified company, is a national-level end-to-end solution provider in warehousing, bulk handling, procurement, grading and inspection, commodity care and pest management, audit, accreditation and commodity valuation, collateral management and disposal of commodities. The company's inherent business philosophy is to provide a professional, single-window, hassle-free, customised, economical and value-added service experience (both financially and operationally) to all depositors and business associates.

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