

Swiss Cooperation Office in Vietnam

THE 10th APEC FIDN CONFERENCE: MODERNIZATION OF SECURED TRANSACTIONS REGIME FOR WAREHOUSE FINANCE DEVELOPMENT IN VIETNAM

December 7, 2021

Hợp tác với: **CỤC ĐĂNG KÝ QUỐC GIA GIAO DỊCH BẢO ĐẢM, BỘ TƯ PHÁP**



So Let's Change Minds

SLCM - “Warehouse Finance & 3rd Party Collateral Management”



So Let's Change Minds

Vision Mission & Values



Our Vision is to be present in every Geo Climatic Region of the World and to be the Preferred Agro Service Provider across all Agriculture Value Chains.

Our Mission is to Empower Aspirations of our Stakeholders by Instituting a Culture of Trust, Transparency and Mutually Rewarding Relationship based on Sustained Investments in State-of-the-Art Processes, Technology & Talent.

Our Values We endeavour our Mission and Vision through corporate pillars which are Customer Focus, Integrity, Professionalism, Discipline & Team Work.



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SLCM FOOTPRINTS - India & Myanmar

- **Most Recognised Post harvest Agri-Management Group** in India & Myanmar
- Focused on Technology & Process Deployment to enhance Efficiency & Transparency
- Headquartered in New Delhi and commands presence across India by managing **7335 Locations, 36 Cold Storages, 106.09 Million Sq. Ft. & a Throughput of 1817.06 Million MT**
- SLCM Ltd. Myanmar is managing a network of **255 Industrial Zones & managing 6.91 Million Sq. Ft. of Area by handling 525 commodities & throughput of 11.65 Million MT**
- **First and Only Group to manage 3rd Party Silos with 8 Silo Chambers, 696,960 Sq. Ft. of Area & 100,000 MT of Capacity**
- Handled a variety of **960 Commodities Globally**
- **Real Time Process Management System agnostic to Infrastructure, Location or Crop - Patent Pending under the aegis of 'AgriReach'**
- A 2015 FICCI study validated that **SLCM has reduced Post-Harvest Losses from 10% to 0.5%**
- **ISO 9001:2015, ISO 22000:2018, ISO 14001:2015, ISO 45001:2018, ISO 33000 & NABL Accredited**
- **Tie-ups with 14 Leading Banks for Collateral Management out of which 9 are in India & 5 in Myanmar**
- Accredited with **Leading National Exchanges**
- Multiple rounds of Funding have brought **7 marquee investors on-board**

*Data as on October 31, 2021



India

Myanmar





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Warehousing Format for Collateral Funding

Professional Warehouse (PWH)	Private Licensed Warehouse	Third Party Warehouse
Licensed Warehouse, license taken by SLCM	License is taken by the owner of the warehouse or the lessee in case of long or short term lease.	Unlicensed Warehouse
Either warehouse is owned by SLCM (Warehouse service provider/Collateral manager) or SLCM takes warehouse on lease	Warehouse either owned or lease by Service provider	Warehouse is either owned or taken on lease by depositor and likewise will be leased/subleased to SLCM.
Multiple depositors can deposit their stock in separate stacks and can avail pledge finance from their respective banks.	Multiple depositors can deposit their stock in separate stacks and can avail pledge finance from their respective banks.	Single depositor and if multiple then sister concern.
Responsibility of WSP – is for complete stock management including fumigation, insurance, security, supervision	Responsibility of managing the stock will be with the warehouse owner including fumigation, insurance, security, supervision	Supervision of management is with SLCM and responsibility is of bank borrower.
Two Revenue lines – storage charges from depositor and Collateral management fee from bank	Single revenue line – Collateral Management fee from bank.	Single revenue line – Collateral Management fee from bank.
Exclusive lock and key of SLCM	Joint lock and key of SLCM and warehouse owner/service provider	Exclusive lock and key of SLCM
Post inward quality and quantity valuation done by SLCM and SR lien noted to bank or borrower	Post inward quality and quantity valuation done by SLCM and warehouse owner/service provider. Warehouse owner/Service provider issue WR and submits to SLCM and SLCM issue SR lien noting to bank	Post inward quality and quantity valuation done by SLCM and SR lien noted to bank or borrower
Agreement type – lease agreement, storage agreement, revenue sharing agreement	Agreement type - Service provider agreement	Agreement type – notional lease or sub lease
Storage structure – dry storage	Storage structure – dry storage	Storage structure – dry storage, CAP storage, Open shed, Silos, Oil Tanks, Cold Storages

Dry Storage



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Cold Storage



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Silo Storage



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Open CAP & Shed Storage

Open CAP/Plinth

Open shed



Oil tank and Polysheet Storage

Oil tank



Polysheet Structure



Why Collateral funding getting preference ?

Benefits

- Speedy loan sanction and disbursement with minimum documentation
- No additional security other than Agricultural commodities
- Attractive rate of interest as low as 6.9%
- Speedy release of commodities after repayment of dues
- Loans available at non-branch locations also
- Loans extended in government/private warehouses
- Liquidation of stock is easy in case account turns NPA.



Loan Disbursement Process

- Contact bank
- Submit the requisite documents
- The limit is then set up on the basis of your eligibility
- Stock the commodity in the designated warehouse and submit warehouse receipts along with disbursement documents
- Loan is disbursed upon receipt of digital Storage Receipts



Risk in Collateral Funding

Duration of funding:

- For agro commodity funding should ideally be between 6- 9 months and extension to be purely based on quality status.
- Avoid extending loan on commodities with life shorter than 3 months



Geography/ Location of Storage:

- For agro commodities loan should be extended on commodities deposited either in cultivation or trading zones, else liquidation will be difficult if account turns NPA.
- Due to locations scattered across geographies monitoring of operations is a challenge.

Pricing & Margin:

- Assessment of commodity price should be in context to the quality assessment of that particular lot and not FAQ price.
- Pricing to be regularly monitored so that prompt margin call initiated in situation of commodity price fall.

Risk in Collateral Funding

Quality of Goods:

- Technically trained staffs required to assess quality of goods while deposit and during storage.

Fidelity:

- Being manpower intensive, risk of fidelity cannot be ruled out, sufficient fidelity coverage should be in place.
- CM should be aware of any negative news of borrower, because stress leads to fraud.



How SLCM can add value

- Provide its technology enabled “Agri reach Module” for implementation and management of day to day warehousing operations.

- Provide well articulated and proven Standard Operating procedures for warehousing and collateral management.

- Provide on field training of warehouse management to people.

- Provide one of its kind mobile application for quality assessment.



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GROUP OVERVIEW

The Complete Supply Chain



COMMODITY WAREHOUSING

- Warehouse Mgt. for Leading Derivative Exchanges, Farmers, Govt. of India, Processors & Traders
- Silos Management
- Quality & Quantity Testing
- Fumigation & Auditing Services
- Mgt. on inter-model transfer
- Fleet Management
- End-to-End Logistics
- Assaying Services
- Rail Rake Movement

AGRI FINANCING

- Competitive Interest Rate
- Large basket of Commodities
- Priority Sector Lending
- Enabling Agri to become a monetized asset

SLCM GROUP

COLLATERAL MANAGEMENT

- Collateral Management for Banks & Other Financial Institutions
- Risk Mitigation System for Traders, Processors & Farmers
- Quality & Quantity
- Fumigation

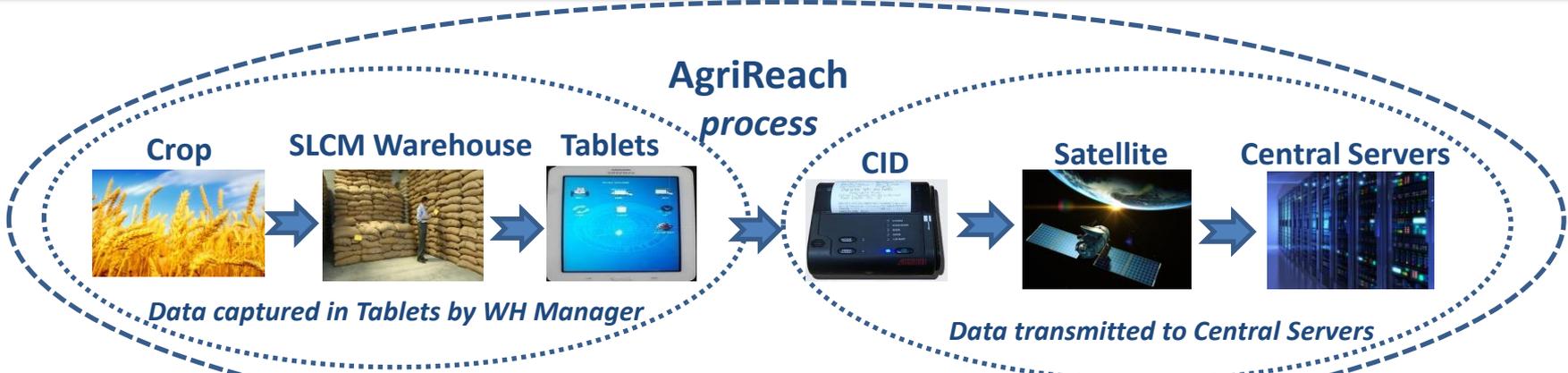
PROCUREMENT

- Direct Procurement from Farmers, Processors, Govt. bodies & Traders
- Research & Analysis
- Cover need of 'Just in Time' inventory
- Crop behavior patterns



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AgriReach process



From Farm to Money within 24 hours
Saving 9.5% losses during the Storage Period

Non Banking Financial Institution which does Collateral Funding (KISSANDHAN)



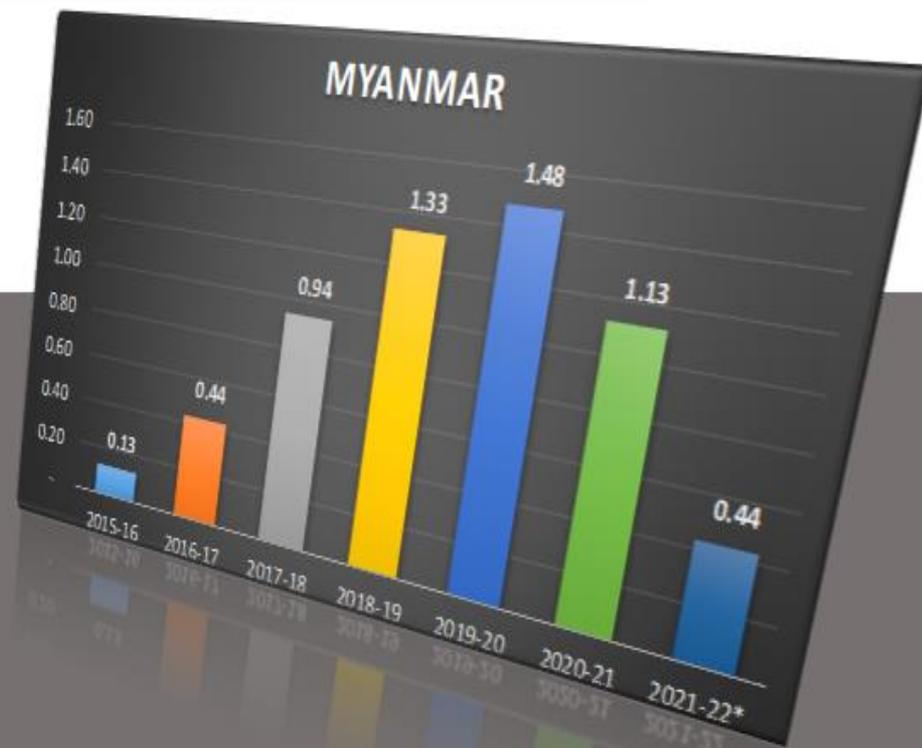
India & Myanmar Risk cover through the Year:-

FY	Unit	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22*
INDIA	USD Billion	26.24	40.64	64.11	65.76	61.45	62.48	67.78
MYANMAR	USD Billion	3.86	13.09	28.18	39.87	44.27	33.76	13.14



India & Myanmar Cumulative AUM Managed:-

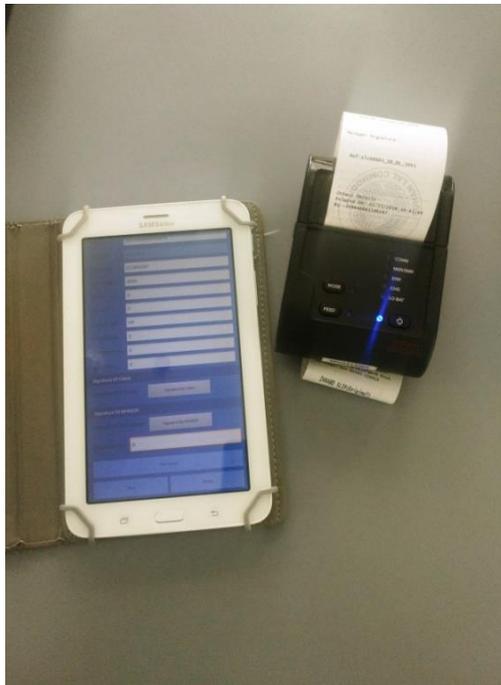
FY	Unit	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22*
INDIA	USD Billion	0.87	1.35	2.14	2.19	2.05	2.08	2.26
MYANMAR	USD Billion	0.13	0.44	0.94	1.33	1.48	1.13	0.44



SLC Agri Reach – Technology Platform

MOBILITY APPLICATION

Mobile application development is a term used to denote the act or process by which application software is developed for handheld devices, such as personal digital assistants, enterprise digital assistants, mobile phone or tablets. These applications can be pre-installed on phones during manufacturing platforms, or delivered as web applications using server-side or client-side processing to provide an "application-like" experience within a Web browser or Mobile App.



MODULES OF MOBILITY APPLICATION

- Module 1 :** Commodity Inward Document (CID)
- Module 2 :** Commodity Outward Document/Stock Discharge Receipt (SDR)
- Module 3 :** Quality Certificate (QC)
- Module 4 :** Warehouse Seal Record
- Module 5 :** Handing Taking Over (HTO)
- Module 6 :** Supervisor Report
- Module 7 :** Warehouse Weekly Performance and Crop Report
- Module 8 :** SMS Delivery Order
- Module 9 :** Stock Transfer
- Module 10 :** Mobile Attendance





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AgriReach: Implementation Kit



- **Kit Size:** 18x11x10 inches
- **Weight:** 24.25 pounds/11.5 kilos
- **Contents:** 60 items
- **Despatch Time:** Within 24 hours to the location irrespective of the Crop, Climate and Geography of the location
- **Additional requirement for international operations:** Local SIM card

The most user friendly composition bound to sustain huge impacts on the entire Agri Ecosystem

Agri Reach Audits



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Weekly Audits

Physical verification of warehouses

Reconciliation of stock count, assessment of crop health

Stock count & warehouse status report

Physical stock count by warehouse managers matched with stock records of the audit team

Aeration audit

Warehouses aired out for a period of 5 days in a week for a minimum of 5 hours each day

Crop health audit

5% of the total stock is poked in each lot to check for any live insects, atta formation, etc.

Sample seals audit

Warehouses are sealed daily with a unique code

Fortnightly Audits

Handing-over audit

Detailed procedure for handing-over followed as warehouse managers are rotated across

Broken seal audit

Broken seals at warehouses are recalled at the head office to check the authenticity of reporting

Paper trail audit

To ascertain that all documents are in place for inward and outward transactions

Stock samples tested at Lab

25% of all samples at warehouses are checked for moisture, infestation and overall crop health

Other audits

Checks to identify fumigation requirement Audit conducted to monitor operational expenses

Monthly Audits

Insurance & licenses audit

All warehouses are checked for insurance coverage

Validity of APMC^ licenses verified

Stock report & collateral management audit

Ensures that all documents are in place Declares all its stocks to APMC^

ISO compliance audit

Conducted to check compliance with ISO norms

Other audits

Fidelity insurance audit for clients, secretarial compliance, warehouse manager attendance and random quality inspection

Other weekly audits include moisture relevancy audits and visits by the supervisor



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Agri Reach – Digital Transaction enabling real time update

183/InwardDetails.aspx?CID=56009&td=j88473hjsdhjdjyghjkdshhdjshdgd7dgd

Sign in to Yahoo! Inc. | ASAP Methodology | IRCTC - Booked T | radagwmsg401.relia | Kingshir Asset Data | Personal Ban

Welcome to Home Change Password Logout

Sohan Lal Commodity Management Pvt. Ltd.

Master User Inward Handling Taking Over Quality Certificate Warehouse Seal Outward Report

ward-Details.aspx?CID=13702

Welcome to Home Change Password Logout

Sohan Lal Commodity Management Pvt. Ltd.

Master User Inward Handling Taking Over Quality Certificate Warehouse Seal Outward Report

Inward Details

Update History - 56009/1

Warehouse Details

Warehouse Code: PTN-4
Warehouse Name: PATNA-4

Lot & Platform Details

Lot Type: Existing
Lot No: 4021
Lot is Completed: No
Slip Type: Manual
Slip No: P1N04C0452
Exchange Type: PROFF
Platform Type: PROFF

Item Details

Item Code: SU
Item Name: SUGAR
Package Type: KATTA
Container Weight: Inclusive
LCKs: Quantal
Bags: 374
Katta: 0
Quantity: 374
Gross Weight:
Packing Weight:
Net Weight: 187.000000

Signature Details

Warehouse Manager
User ID: har1840
Emp Code: 1840

Client
Ref: 1840_SD_PTN_1277

Document Details

Document Name: CID
Document No: 56009
Document Ref No: PTN-412774021
Document Date: 12 Oct 2017 17:07 PM
Sync Date: 13 Oct 2017 18:07 PM
Status: Open

Party & Broker Details

Party Code: C00899
Party Name: NORTH END FOODS MARKETING PVT LTD
Broker Code: C002548
Broker Name: NO BROKER

Mandi C & F Details

C&F Code:
CAF Name:
CTD Code:

WeighBridge Details

WeighBridge Code: SMD
WeighBridge Name: SHREE MAHAVIR DHARAMKANTA
Truck No: JH11B6236
Bill Weight: 187.000000

Other Details

IR No: 00
BL No: 00
Commodity variety: 00
ISIN Details: 00
Container No: 00
Seal No: 00
Middleware Originator: slcm0038
Device Id: 359940062640835

Device Location on Google Map

Outward Details

Warehouse Details

Warehouse Code: MET-2
Warehouse Name: MALERKOTLA-2
Location Name: MALERKOTLA

Item Details

Item Name: WHEAT
Item Code: WHI
Total Quantity: 180.000000
Total Weight: 61.200000

Party & Broker Details

Party Name: GAO HCDI Bank
Party Code: C01278
Party Reference: 00
Address:
Lifting Person Name: N/A
ID Proof Type: ID NO:
ID Proof No: N/A

Other Details

Originator: 00
GatePass No: 1371
Truck No: PB13ALP449
Remarks: 00
Dn Remarks: BANK VTR NO: 103118
Special Remarks: slcm0028
Originator(hd/bd/ware): slcm0028

Signature Details

Warehouse Manager
User ID: vjay2009
Emp Code: 2009

Client
Ref: 2009_SD_MET_1151

Document Details

Document No: 13702
Document Ref No: MET-21151
Document Date: 07/08/2017 4:41PM
Byne Date: 07/08/2017 04:48 PM
Exp Date: 08 Aug 2017
Expiry Date: 07 Sep 2017
DO No: 20778
Device Id: 888807

Weigh Bridge Details

WeighBridge Name: RADHA KRISHNA DHARAM KANTA
WeighBridge Code: BKDK

Device Location on Google Map

S.N.	DO No	SR No	Party Name	Lot No	Quantity	P Type	Weight	UCM	QTY	QTY	L Lifting QTY	L Lifting WT	Excess Type	S.L Reason	T QTY	T WT
1	20778	10000	GAO HCDI BANK	00000	180.000000	WHT	61.200000	000000	000000	0.000000	0.000000	0.000000			180.000000	61.200000

Send to warehouse for print out Yes No

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Weightbridge photo



Receipt



Truck

Send to warehouse for print out Yes No



Weightbridge photo



Receipt



Receipt

Send to warehouse for print out Yes No



Reinventing Agro Services Globally



Video cameras and 24 / 7 call centre is used while also geotagging all Warehouses



In house developed mechanism for surveillance with key features –

- 1. Portable**
- 2. Scalable**
- 3. Does not require live electricity.**
- 4. Cost effective**



DIGITALLY UNIFIED AGRICULTURE MARKET PLACE. QUALITY CHECK & TRACEABILITY APP

Digitally Unified Agri Value Chain. Mobile APP for Quality Check & Traceability.

- Digital Transformation & Innovation started to create the Digital Play of SLCM. Unified Product & User Experience is the Key Differentiator.
- Unified Product digitally transforming post harvest Agri value chain with unique products and digital solutions to simplify the trade & create an Inclusive Economy.
- Game Changer Mobile APP to do quality assessment & traceability of crop to support Buying Behavior across the value chain.



The Future of Agri QUALITY is HERE
AI/ML Based Quality Check

EASY to Use
Quality Check in 3 Steps

- 1) **CLICK** an Image



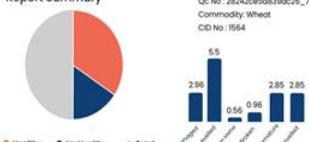
- 2) **Submit**



- 3) **GET Results**

Report Summary

QC No : 28242ce5a839dc26_72
Commodity: Wheat
CID No: 1664



● Healthy ● Un Healthy ● Total



AGRI REACH



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Key Investors



Auditors & Legal Advisors





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SLCM BANK TIE-UPS FOR COLLATERAL MANAGEMENT

INDIA



MYANMAR





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Thank You