Scope:

In case of Working Capital:

1. Monitor the purchases/invoices of the company (about quantum and reasonableness of the rates) for procurement of raw material / spares/ transportation of raw material etc. on daily/weekly basis and compare vis-à-vis monthly operation budget submitted by the company. Periodicity would be decided by the Bank/ Consortium.
2. Review of inventory build-up (including trade receivables and advances to the Company) for operation of the units commensurate with funds released.
3. To monitor the actual operations (production / supplies etc.) vis-a-vis projections.
4. Verification of high value transaction/ payment as regards beneficiary and purpose.
5. Assessment of financial information that has been and that will be provided by the company to its lenders including information related to its short term and long term cash flows.
6. Identify key issues and submit the report alongwith the suggestions with regard to smooth operations of the project.
7. Additional verification of evidence of end use of facilities to company and its utilization as per the conditions laid down by the Bank.
8. Inspection/verification of stocks/book debts and submission of monthly report (or as stipulated by Lenders) about the inventory/receivables position of the company including slow moving inventory if any, to arrive at correct drawing power to the company.
9. Submit reports at regular intervals (say at quarterly interval or as stipulated by the Bank/consortium members) on:
10. Temporary /long term/unscheduled closure of manufacture facilities
11. Any untoward incident or suspicious business or unrelated activity
12. Non–cooperation from borrower to provide general information.
13. Source of margin towards working capital/LC/BG
14. Quality of Book Debt, their appropriateness, age wise classification and eligible Book Debts for Drawing Power.
15. In case of consortium lending, ASM will monitor status of borrowing with member bank, conduct of accounts, business sharing etc.
16. Confirmation on availability of adequate insurance for the Securities/ Stocks/ Assets with Bank clause noted
17. Perform such other services as requested by the lenders and mutually agreed to by the party and lenders.

**In case of Term Loan** (Project Monitoring), preferably deployed when there is delay in implementation-ASMs for large accounts (exposure in excess of Rs.250 crores) should be engaged in order to ensure proper monitoring of project implementation as per schedule and utilization of funds, the scope of work will broadly include the following:

1. Conduct physical inspection of the project at regular intervals or deploy official at the project site for continuous monitoring, document reviews and monitoring of progress reports on continuous basis especially vis-à-vis original timelines to avoid sudden shocks of overrun.
2. Determine progress and appropriateness of related transactions (e.g. payments made to contractors and sub-contractors, vendors, orders placed and commercial terms thereof)
3. Deviations in project progress vis a vis timelines and amount disbursed. High value payment / dues to be clearly monitored to ensure proper utilization.
4. Periodical review of invoices and submission of exception report to the bank(s), fortnightly review of production / supplies (quantities of work certified) vis-à-vis inventory consumption records and cash flow to contractor, sub-contractors and vendors, wastages, extent of rework and quality non conformities raised by company, and highlight exceptions. A single review report will be released each fortnight for invoices raised and inventory consumed in that period.
5. Suggestions, if any, for improving the project management practices.
6. Verification/analysis of following is to be done by ASM-

* Approval/clearances/compliances in the project
* Analysis of government letters/ instructions / audit report /Independent Engineer’s report insurance/reports submitted to government.

1. Sources of capital fund infusion /Term Borrowing/any other borrowing
2. Physical progress of project vis-à-vis fund infusion.
3. Although the proposed empanelment will be for a period of 3 years, the agency once engaged by the bank for specific monitoring may continue beyond 3 years, provided there is no negative feature of the agency noticed during the course of the assignment
4. Perform such other services as requested by the lenders and mutually agreed to by the party and lenders.

**Timeline for submission of Report:**

On quarterly basis

**Applicability:**

In view of the utility of ASMs in today’s scenario, the services of ASMs are to be utilized for large value loans by bank under sole/multiple/consortium banking arrangement for monitoring. In case the borrowal account is having large exposure i.e. more than Rs.250 crore, ASMs are to be appointed by the Lead Bank on common engagement basis after discussion in the consortium meeting. In cases where the sanctioned facility is more than Rs.250 crore under Consortium Banking Arrangement respective Credit Head to take up with the Consortium Lead Bank/FI for appointment of ASM in the particular account, after due deliberations in the consortium meeting.

**Eligibility Criteria, Qualification, Affiliation:**

The Firms, Companies and Organizations should have been in the active list of empanelment for ASM with IBA. IBA has prescribed following eligibility criteria for engagement of ASM in its panel.

1. Firms, Companies and Organizations Having at least 2 qualified Engineers, Advocates and Chartered Accountants / Cost Accountants each as Members/employees & must be Registered with the Income Tax Authorities, Bar Council of respective state, Institute of Chartered Accountants of India (ICAI) / The Institute of Cost Accountants of India respectively as members with experience of minimum 3 years in finance related assignments, preferably having exposure in handling Stock audits, cash flow audits, forensic audits and similar other finance related assignments.
2. Firms / Corporates / Organization who display professional competence in handling such assignments and having satisfactory track record.
3. Partnership Firms/ LLPs with at least 5 members having turnover of minimum Rs.5.00 crores for last three years and having minimum 2 years’ experience as ASM of large companies.
4. Having unblemished track record and should not have been blacklisted by any financial Institution / other organizations / any government department. The Firms, Companies and Organizations should furnish self-attested affidavit in this regard
5. Should have office at any major centers of the country
6. The name of the Firm/Company or its promoter/partner etc. should not be in the defaulters/barred/caution list published/displayed at websites of public bodies such as by RBI/IBA/ECGC/SEBI/CICs etc.

**Process of Empanelment:**

1. Application will be invited from interested applicants for empanelment as ASMs who are appearing in the empaneled list on the IBA website.
2. The intending ASMs shall submit the application form along with other relevant enclosures / documents etc. as required under this document to the concerned Advances Department of the Zonal Office.
3. Once a decision to empanel or otherwise is taken, a letter of empanelment in duplicate shall be sent to the ASM.

**Empanelment / Validity:**

1. The tenure of the empanelment shall be for 03 (three) years from the date of empanelment (date of issue of letter to respective individual / firm / company).
2. In respect of ASM who has completed 3 years of empanelment and wish to continue, the entity should approach the bank at least 3 months before the expiry of the term of empanelment.
3. Bank shall carry out review exercise at the time of renewal, based on performance along with necessary information which the ASM will have to furnish to the Bank as and when called for. For renewal of empanelment of the ASM, Bank and the empanelled entity shall follow the same process as applicable to a fresh empanelment.
4. Bank reserves the right to remove any ASM from the panel any time after giving 15 days’ notice even before completion of 3 years.