

Warehouse Financing

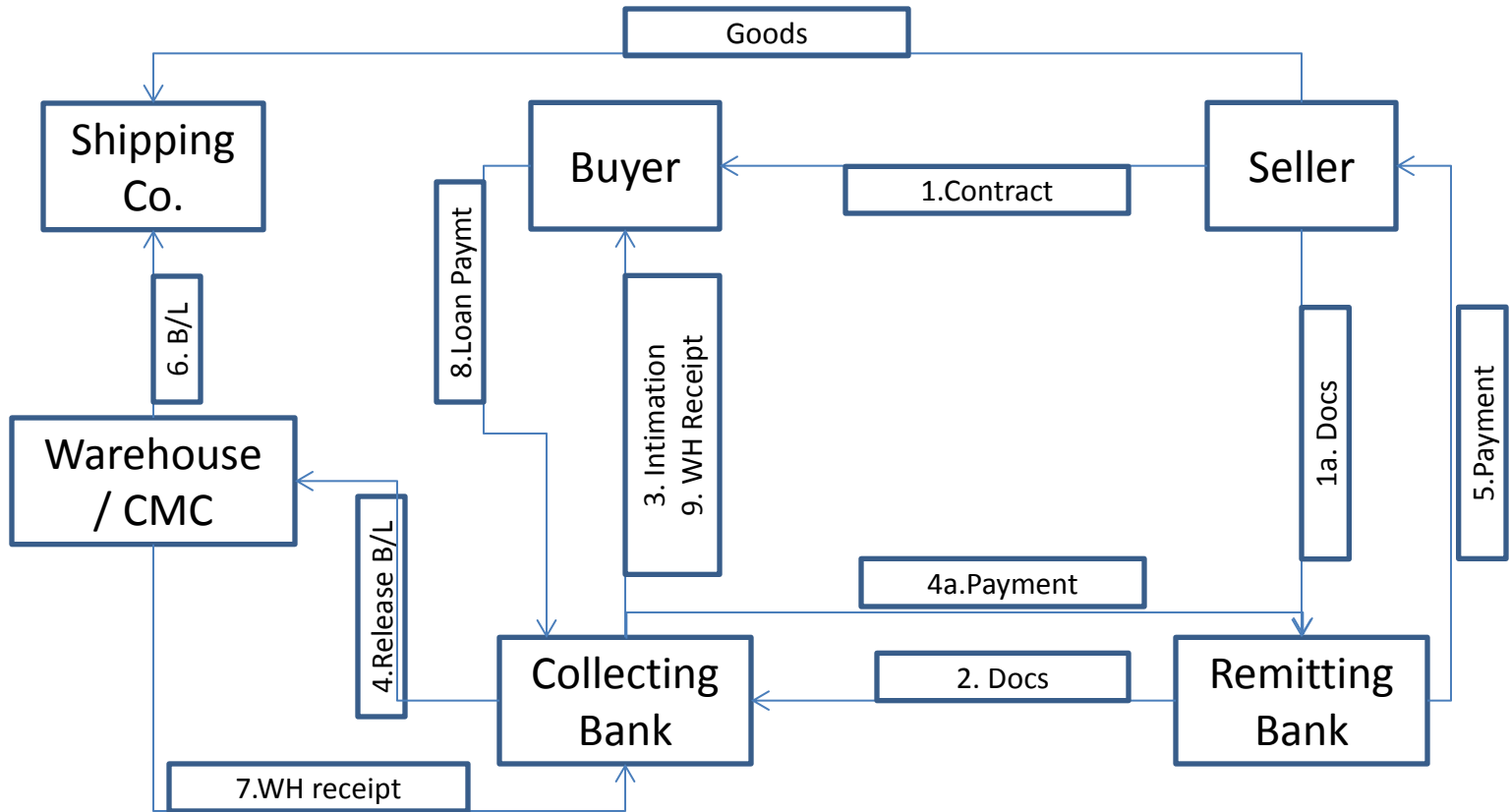
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Warehouse Financing

- Type of Asset Based Financing, secured by the inventory in the warehouse
- Helps the supplier to access additional financing
- Various stages of the product life cycle is financed
- Secured financing for banks as they control the movement of the goods
- Finance could be for goods under LCs, Collections or under Open Account

Warehouse Financing – Process Flow



Warehouse Financing

- Banks hold title to the goods in the warehouse
- Warehouse / Collateral Management Company (CMC) will release goods only upon authorization from the Bank
- CMC will report and Bank's middle office will typically monitor the in and out movement of the goods from the warehouse
- For Commodities there would typically be a mark-to-market done by the bank, so that the value of the goods is in line with the financing. If the goods value falls below the market value, top up would be required
- Generally, 100% financing is not done

Warehouse Financing - CMC

- CMC chosen by the bank depending on various parameters
- Insurance is taken for
 - Storage of goods
 - Loyalty and honesty of the warehouse keepers – fidelity insurance

Thank You