


<p>कार्पोरेशन बैंक (सार्वजनिक क्षेत्र का अग्रणी बैंक) प्रधान कार्यालय, डा पे सं. 88 मंगलूर - 575 001</p>	 e-CIRCULAR	<p>Corporation Bank (A Premier Public Sector Bank) Head Office, PB No.88, Mangalore – 575 001</p>
<p>Credit Division [Credit Policy & Planning Section] Email : CPMS@corpbank.co.in</p>		
HO Circular No. 1/2013	Index No. 11.00/1/2013	01-January-2013

TO ALL THE BRANCHES / OFFICES

**Subject : OBSERVATION OF AUDIT COMMITTEE OF THE BOARD - SITE INSPECTION,
SCRUTINY OF BALANCE SHEET**

HIGHLIGHTS

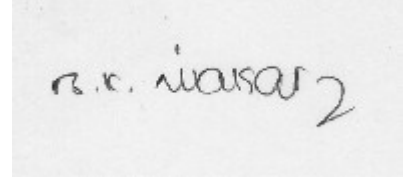
**Branches to strictly comply with the guidelines issued vide Circular No
No.452/2012 dated 08.08.2012 and 447/2012 dated 07.08.2012**

1. The Audit Committee of the Board while reviewing the financial results for the half year ended 30th September 2012, has made the following observation:
 - Improvement to be brought on site visit at all levels.
 - Scrutiny of the Balance Sheet of the Borrower to be improved. Notes on account be scrutinized and that the disclosure under Accounting Standards shall be studied and critical analysis of Balance Sheet shall be made for the purpose of decision making.
2. In this regard, we invite attention of the branches to HO Circular No.452/2012 dated 08.08.2012 and 447/2012 dated 07.08.2012 on the above subject. For ready reference we reiterate here below the highlights of the circular:
 - 2.1 The stock inspection should cover the following:
 - Value of stock declared in the stock statement is correct and stock holding is sufficient to cover the liability with the requisite margin.
 - Stock declared is fully paid for so as to ensure that there is no double finance.
 - Stock is in the possession of the borrower
 - Stock is in good condition, moving and easily realizable at expected price
 - Stock is kept in a safe & secure place and adequate safeguards are taken against the risk such as theft, fire etc.,
 - Stock is fully insured against all normal risk like fire, strike, riots

- Hypothecation Board with the Bank's name is displayed prominently in the godown / business premises.

2.2 Further, scrutiny of the Balance Sheet shall also focus on Auditor's Notes on accounts that reveals the accounting practices followed by the business entity, details of contingent liabilities including guarantee obligations, claims relating to income tax/ sales tax excise duty/ custom duty pending in the courts/ tribunals. The information gathered as above, shall enable the Bank to get an idea on the business ethics adopted by the constituent and to take a decision whether or not to have dealings with the constituent.

3. All our branches and other offices are advised to note the above for strict compliance.



[B K DIVAKARA]
GENERAL MANAGER

Note: Hindi version of the Circular follows.