



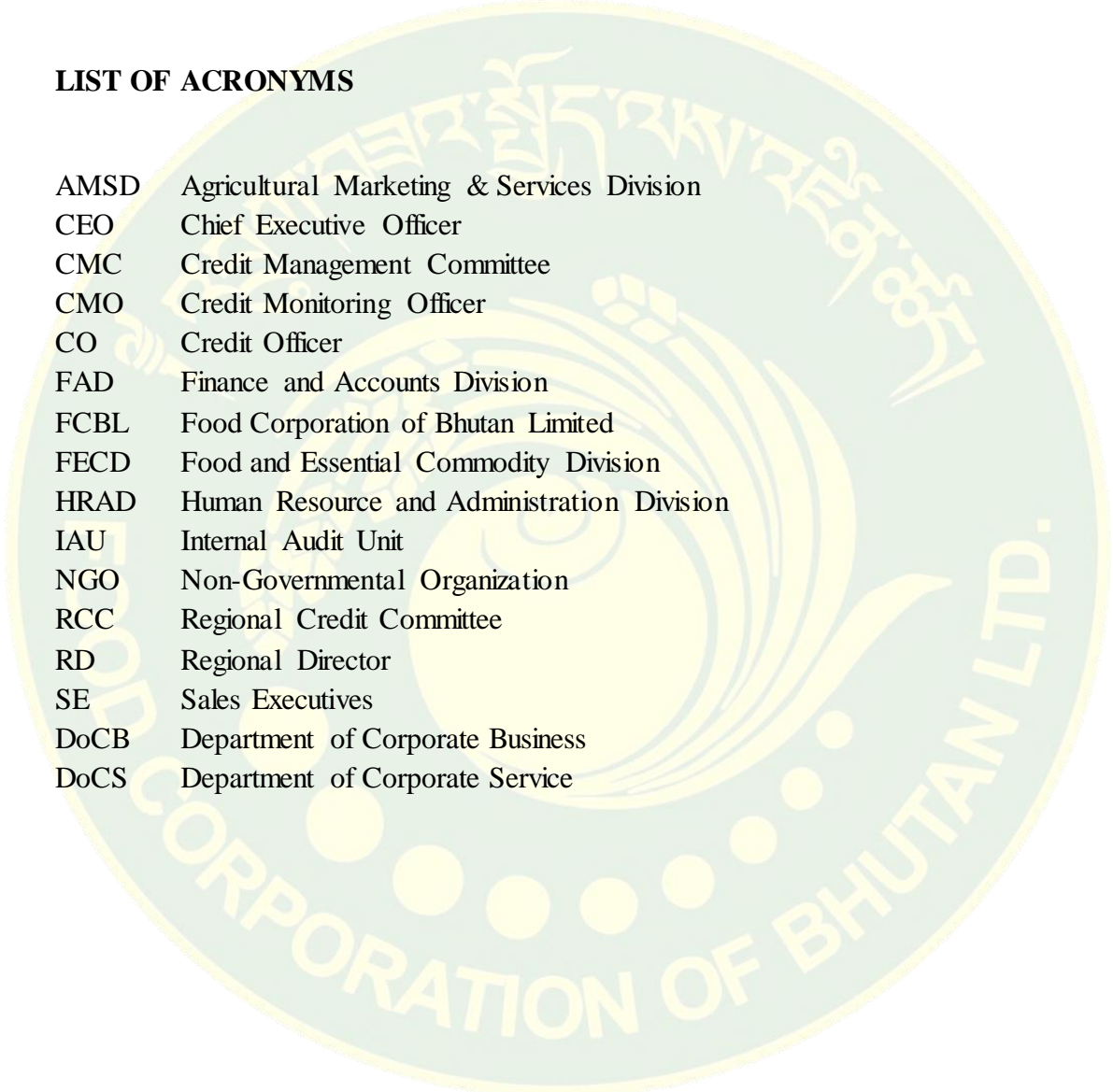
Ensuring Food Security for the Nation at all Times...

CREDIT SALES MANUAL

2023

www.fcbl.bt

LIST OF ACRONYMS



| | |
|------|--|
| AMSD | Agricultural Marketing & Services Division |
| CEO | Chief Executive Officer |
| CMC | Credit Management Committee |
| CMO | Credit Monitoring Officer |
| CO | Credit Officer |
| FAD | Finance and Accounts Division |
| FCBL | Food Corporation of Bhutan Limited |
| FECD | Food and Essential Commodity Division |
| HRAD | Human Resource and Administration Division |
| IAU | Internal Audit Unit |
| NGO | Non-Governmental Organization |
| RCC | Regional Credit Committee |
| RD | Regional Director |
| SE | Sales Executives |
| DoCB | Department of Corporate Business |
| DoCS | Department of Corporate Service |

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1 RATIONALE

With economic advancement in the country, there has been a rapid private sector development particularly in the sector of trade for food and essential commodities, resulting in fierce competition in the market. While it has made significant contribution to the overall economic growth of the country, FCBL has significantly lost its market share to the private traders who sell food and essential commodities. Therefore, it has become necessary for FCBL to explore appropriate mechanisms to position ourselves well in the market to help regain our market share and remain ahead of the private competitors to continue to serve our customers responsibly. FCBL has found out Credit Sale as one of the most relevant and effective tools to offer alternative choice to our potential customers which will not only help to retain them but it would also help FCBL to conduct its business sustainably in the longer period of time.

Through this credit sales initiative, FCBL wishes to:

- Enhance the sales to attain financial goals of FCBL;
- Build goodwill and confidence of customers with FCBL;
- Expand our market share;
- Provide convenient customer services;
- Support new customers and budding entrepreneurs.

2 OBJECTIVE OF THE CREDIT MANUAL

This Credit Manual aims to fulfill the followings objectives:

- 2.1 Establish a systematic and fair credit facilities for the customers and FCBL;
- 2.2 Outline procedural requirements to implement the credit sale;
- 2.3 Guide credit officers and other officials involved in the credit activity;
- 2.4 Provide proper check and balance for fairness, transparency and accountability purposes
- 2.5 Avoid unforeseen risks associated to the credit sale.

3 COMMENCEMENT DATE

This revised Credit Sales Manual of the Food Corporation of Bhutan Limited (FCBL) shall come into effect from **1st January 2023** and it shall supersede all previous credit policies, regulations and guidelines pertaining to the same. It shall henceforth be treated as a living document, which shall be periodically updated to respond to the changing market conditions.

4 CODE OF CONDUCT

Credit Officer and official involved in facilitating and managing credit sale shall adhere to the following Code of Conduct at all times;

- 4.1 Demonstrate professionalism while rendering customers care services.
- 4.2 Communicate properly with the clients and reporting authorities at all times.
- 4.3 All information regarding the customer and FCBL shall be kept confidential unless otherwise permitted through a written consent.
- 4.4 Maintain proper file management system and documentation.
- 4.5 Maintain proper office decorum at all times.
- 4.6 Refrain from malpractices.
- 4.7 Maintain financial discipline at all times.

5 CREDIT AUTHORITIES & RESPONSIBILITIES

In order to implement and facilitate the credit sales smoothly, power is delegated to different committees and officials depending on their roles and level of engagements in credit sales implementation. A chain of credit approval system is instituted to ensure effective coordination, efficiency, fairness and management of the credit sales.

5.1 BOARD OF DIRECTORS

The Board of Directors shall be the highest authority to approve the credit manual based on the amendments proposed by the FCBL Management. The EMC shall also render oversight and guidance on the overall credit management system. The other specific responsibilities include the followings:

- 5.1.1 Approve the credit manual and amendments proposed by the management.
- 5.1.2 Help to explore financial support as and when necessary to implement the credit sales effectively.
- 5.1.3 Provide advice and guidance to strengthen credit sales.
- 5.1.4 Make necessary interventions as and when required

5.2 CREDIT MANAGEMENT COMMITTEE (CMC)

The Credit Management Committee shall be the highest advisory body within the management on all credit issues. The Committee shall meet on a quarterly basis or as and when necessary. The quorum of the CMC shall be two-third of the total strength of the committee to proceed with any meetings.

The following members comprise the Credit Management Committee.

1. Chief Executive Officer (Chairman)
2. Head of Department of Corporate Business (Dy. Chairman)
3. Head of Food & Essential Commodities Division (Member)
4. Head of Finance & Accounts Division (Member)
5. Company Secretary cum Legal Officer (Member)
6. Credit Monitoring Officer of HQ (Member Secretary)

CMC shall carry out the following responsibilities to implement the credit sales:

- 5.2.1 Judiciously look into any issues affecting credit sales.
- 5.2.2 Review credit manual as and when necessary to keep it relevant to the changing needs.
- 5.2.3 Approve credit amount as per the power delegated to the Committee through the credit manual.
- 5.2.4 Put in place appropriate mechanisms to manage risk associated to credit sales and provide necessary directives to the concerned officials.
- 5.2.5 Conduct timely review of the overall credit sales and provide necessary directives to the concerned officials.

5.3 REGIONAL CREDIT COMMITTEE (RCC)

The Regional Credit Committee (RCC) shall be the highest advisory body within the region on all credit issues. The RCC shall meet on a quarterly basis or as and when necessary. The quorum of the RCC shall be two-third of the total strength of the committee or at least three (3) members to proceed with the meetings.

The following members comprise the Regional Credit Committee:

1. The Regional Director (Chairman)
2. One Sr. Manager (Dy. Chairman)
3. Bulk Manager / Depot In-charge (Member)
4. Regional Accountant (Member)
5. Regional Credit Officer (Member Secretary)

Other responsibilities of the RCC include the followings:

- 5.3.1 Judiciously look into the issues affecting credit sales in the region.
- 5.3.2 Approve credit amount as per the power delegated to the Committee through the credit manual.
- 5.3.3 Propose to the CMC on any amendments that needs to be made in the manual
- 5.3.4 Put in place appropriate mechanisms to manage risk associated to credit sales and provide necessary directives to the concerned officials.
- 5.3.5 Assess the write-off proposals, if any and submit to the CMC for necessary actions.
- 5.3.6 Conduct timely review of the overall credit sales and provide necessary directives to the concerned officials in the region.

5.4 HEAD OF DEPARTMENT OF CORPORATE BUSINESS (DoCB)

The Head of DoCB shall be directly responsible for the overall management of credit sales in all the regions. H/her specific responsibilities include the followings;

- 5.4.1 Strategies, plan, organize and implement credit sales in all the regions.
- 5.4.2 Supervise and manage the overall credit sales.
- 5.4.3 Ensure that execution of credit sales are in conformation to this manual.
- 5.4.4 Review the overall credit sales performance every month.
- 5.4.5 Monitor credit recovery efforts to avoid disputes, bad debts and long over dues.
- 5.4.6 Carry out any other task deemed beneficial to strengthen the credit sales.

5.5 REGIONAL DIRECTOR (RD)

Regional Director shall be responsible for the coordination and supervision of credit sales within the region. They are responsible to:

- 5.5.1 Supervise and manage credit sales in all the depots within the region.
- 5.5.2 Ensure strict execution of credit manual and its compliance.
- 5.5.3 Monitor credit appraisal system in all the depots within the region.
- 5.5.4 Ensure timely recovery of the credit sales within the region.
- 5.5.5 Conduct timely monitoring on the overall performance of the credit sales within the region.
- 5.5.6 Ensure effective management of credit defaulters through appropriate means.
- 5.5.7 Report to Head of DoCB every month on the status of the credit sales and recoveries.
- 5.5.8 Coordinate credit collections and monitor the daily aging reports within the region.
- 5.5.9 Carry out any other task assigned by the Head, DoCB to strengthen credit sale.

5.6 CREDIT OFFICER (CO)

The officials who are directly engaged in providing the credit sales from the FCBL such as Bulk/Depot/Wholesale/Retail are considered as the Credit Officers in this particular context. The credit officer shall:

- 5.6.1 Act as the link between the clients and the FCBL.
- 5.6.2 Assess credit worthiness of the customer prior to sanctioning the credit sales.
- 5.6.3 Report to their immediate supervisors on a regular basis.
- 5.6.4 Manage day-to-day credit sales.
- 5.6.5 Sanction credit request (application) as per the power delegated to him/her.
- 5.6.6 Ensure timely follow-up and recovery actions as per the manual.
- 5.6.7 Maintain proper accounts for the credit sales and credit recovery.
- 5.6.8 Ensure invoice accuracy; settle disputes, make necessary deductions, if any.

- 5.6.9 Coordinate credit collection and review the daily aging reports.
- 5.6.10 Ensure that no credit is being extended to any customers from 15 December to 30 December with exception to government, state-owned enterprises.
- 5.6.11 Refrain from facilitating credit sales to any customers without proper documentation.
- 5.6.12 Ensure that the credit sales are extended as per this manual.
- 5.6.13 Ensure to furnish complete set of documents as per clause 9.2 to RCC/CMC should the case require further review or legal actions.

6 APPROVAL LIMITS

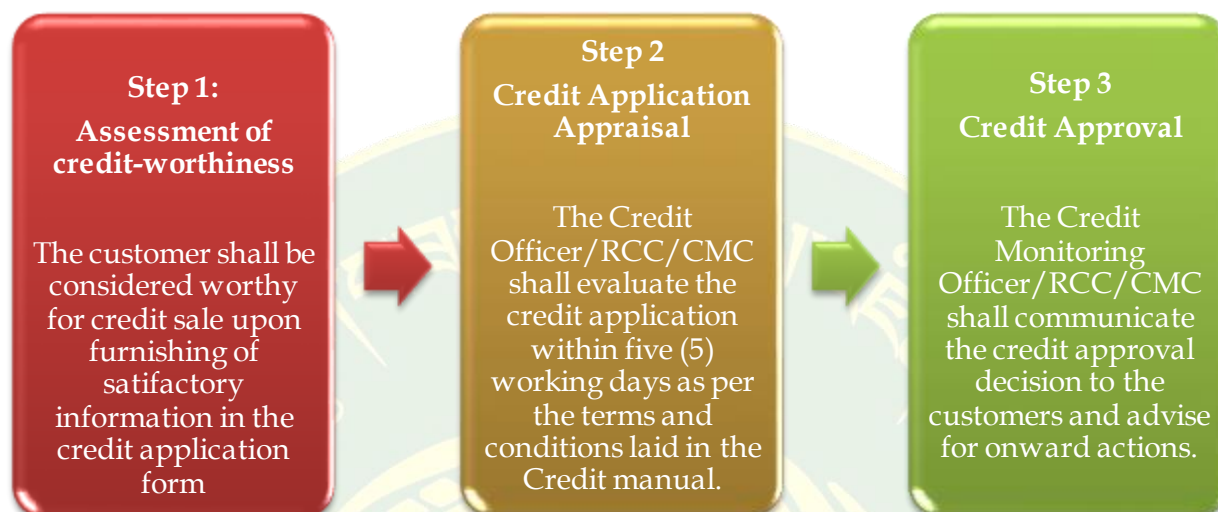
The approval limits for FCBL shall be as follows;

| APPROVING AUTHORITY | APPROVAL LIMITS IN TERMS OF CREDIT AMOUNT / CASE | |
|----------------------------------|---|-----------------------|
| | GOVERNMENT ORGANIZATIONS & REGISTERED PRIVATE INSTITUTIONS | INDIVIDUAL CUSTOMERS |
| CREDIT MANAGEMENT COMMITTEE | NO UPPER LIMIT OF CREDIT SHALL BE APPLIED FOR GOVERNMENT, CORPORATE AND MONASTIC BODY UNLESS OTHERWISE ADVISED BY CMC AND RCC | ABOVE NU. 5,00,000.00 |
| REGIONAL CREDIT COMMITTEE | | UP TO NU. 5,00,000.00 |
| REGIONAL DIRECTOR | | UP TO NU. 3,50,000.00 |
| BULK MANAGER | | UP TO NU. 3,00,000.00 |
| DEPOT MANAGER & SALES EXECUTIVES | | UP TO NU. 2,00,000.00 |

- 6.1 The customer who has been into business between six to 12 months shall be eligible for credit only up to Nu. 50,000 with the condition that the customer procure an equivalent amount in cash.

7 CREDIT PROCEDURES

The diagram below shows different steps involved in the credit appraisal system which shall be applied to all the customers.



7.1 TERMS AND CONDITIONS FOR THE CREDIT SALE

- 7.1.1 Credit sales shall be extended to institutions (government and non-government) and those holding valid Bhutanese trade license issued by Department of Trade, Ministry of Economic Affairs.
- 7.1.2 Credit sales to private customers shall be facilitated only from single FCBL outlet.
- 7.1.3 A subsequent credit sale to private customer shall be provided on the condition that earlier credit availed are fully settled within the credit period.
- 7.1.4 No credit shall be provided to any customer who have records of credit default cases with FCBL
- 7.1.5 Any bank cheques from the customers shall be issued in the name of the Food Corporation of Bhutan Limited (FCBL).
- 7.1.6 Returning of sold items shall not be accepted under any circumstances.
- 7.1.7 Customers shall thoroughly check the goods before lifting from FCBL warehouses.
- 7.1.8 Customers may place orders electronically but the goods ordered by the customers shall be delivered only upon signing the sales invoice.

- 7.1.9 No credit shall be facilitated to any individual customers from 15 December to 30 December with exception to government institutions and state-owned enterprises.
- 7.1.10 The credit officers shall provide any schemes that are applicable to the customers accordingly.
- 7.1.11 The credit sales shall be provided for the duration not exceeding 35 days to private agencies, 45 days to government agencies, and 60 days to Kidu Office, and 60 days consecutively to Franchised Farm Shops on a proportion of 80/20 percentage.
- 7.1.12 Credit sales shall be facilitated to government institutions upon the execution of agreement between FCBL and Government Institutions / State owned enterprises in line with clause no. 7.1.11 and credit sales agreement form no. 11
- 7.1.13 All customers failing to liquidate the credit within the agreed credit period are liable for penalty of 24% per annum on the credit amount. However, penalty shall be calculated based on the number of days after the completion of the credit period.
- 7.1.14 Should the customer fail to liquidate the credit amount, including the penalty, s/he shall be dealt as per the laws of the kingdom of Bhutan.

8 CREDIT PERIOD & RECOVERY

The full credit amount shall be recovered within 35 days from the private customers, 45 days from Government customer, 60 days from Kidu Office and Franchised Farm shops. Credit officers shall follow the following steps to recover the credit amount from the customers:

- 8.1.1 Credit Officer shall initiate three written notice as per the timeframe specified in clause 8.1.3 reminding the customer to clear the outstanding dues within the stipulated time frame and caution on the 24% annual penalty.
- 8.1.2 The Credit officer shall ensure acknowledgement of the three written notice by the customer and obtain all documents as per the clause 8.1.3 and clause 9.2
- 8.1.3 The CO/RCC/FECD shall adhere to the timeframe and course of action specified below to forward the default cases to Legal Unit.

| Notification Schedule | | | Actions to be taken from the date of invoice |
|-----------------------|------------|----------------------|--|
| Private | Government | Franchised Farm Shop | |
| 15 | 20 | 30 | First Notice |
| 20 | 30 | 45 | Second Notice |
| 30 | 40 | 55 | Third Notice |
| 45 | 55 | 65 | Forward to Regional Credit Committee |
| 55 | 65 | 75 | Forward to Head Office, FECD |
| 65 | 75 | 85 | Report to CMC and Forward to Legal Unit |

9 LITIGATION OF DEBTORS

- 9.1 Upon receiving credit default cases, the Legal Unit shall immediately initiate legal course of actions and intimate FAD to timely book under the provision under doubtful debt.
- 9.2 The credit officer shall be responsible to obtain and forward the following documents for litigation.
1. Valid Citizenship Identity Card of Customer & Guarantor (Copy)
 2. Credit Sales Agreement form no. 11 / 12 (Original)
 3. Credit Application Form (Original)
 4. Credit Bills Signed by Customer (Original)
 5. Three Written Notice letter acknowledged by customer (Original)
 6. Business License (Copy)
 7. Case Summary
 8. Action taken report of RCC (Copy)

Photo

10 CREDIT APPLICATION FORM

| CUSTOMER INFORMATION | | | |
|---|--|--|---------|
| Customer Name | | Citizenship ID Card No. | |
| Business Name | | Trade License No. | |
| Permanent Address | Dzongkhag | Gewog | Village |
| | | | |
| Present Address | | | |
| Fixed Number | | Mobile Number | |
| Fax Number | | Email Address | |
| GUARANTOR INFORMATION | | | |
| Guarantor Name | | Citizenship ID Card No. | |
| Permanent Address | Dzongkhag | Gewog | Village |
| | | | |
| Present Address | | | |
| Phone Number | | Email Address | |
| CUSTOMER ASSESMENT | | | |
| Date of Business Establishment | | Type of Business (e.g. Hotel, Restaurant, Grocery, General etc...) | |
| No. of Years in Current Business | | | |
| Form of Business (Please tick) | <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Sole Proprietor <input type="checkbox"/> Others | | |
| TERMS & CONDITIONS | | | |
| <ol style="list-style-type: none"> 1. A customer shall avail credit facilities only from single FCBL outlets and not more. 2. A subsequent credit sale shall be provided to the customers on the condition that earlier credit availed by the customer(s) are fully recovered within the credit period. 3. Any bank cheques from the customers shall be issued in the name of the Food Corporation of Bhutan Limited (FCBL). 4. Returning of sold items shall not be accepted by FCBL under any circumstances. 5. Customers shall thoroughly check the goods before lifting from FCBL warehouses 6. Customer may place order electronically but the goods ordered by the customers shall be delivered only upon signing the sales invoice. 7. No credit shall be extended to any individual customers from 15 December to 30 December with exception to government institutions and state-owned enterprises. 8. The credit officers shall provide any schemes that are applicable to the customers accordingly. 9. Goods once delivered shall be at the risk of the customers. | | | |

10. The guarantor must be a Bhutanese citizen aged between 18 to 65 years.
11. The credit sales shall be provided for the duration not exceeding 35 days.
12. Should the customer fail to liquidate the credit amount within the credit period of 35 days, s/he shall sign the credit sales agreement form no. 12 to extend the repayment date.
13. Failure to settle the credit outstanding on the extended repayment date, the customer shall be liable for 24% penalty per annum and accordingly dealt as per the Law of kingdom of Bhutan.
14. The credit application form shall be renewed after every year to validate and update the credit documents.

Guarantor: I hereby undertake to stand as a guarantor of the applicant and agree to pay the credit amount along with penalty of 24% per annum, if any, in the event of non-recovery of credit from the applicant. I further authorize FCBL to take any legal action in case of failure to repay the credit amount along with the penalty.

Signature:

Affix the
Legal Stamp

Applicant: I, the undersigned, hereby agree to comply with all the above terms and conditions and attest my signature below. I authorize FCBL to take any legal actions in case of failure to repay the credit amount with penalty of 24% per annum.

Signature:

Affix the
Legal Stamp

Official Use Only

| | | |
|-----------------------------|--|------------------|
| Name of the Credit Officer: | Respective Depot Manager | Date: DD/MM/YYYY |
| Location Name: | Respective Sales location | |
| SIGNATURE | <p><u>Recommendation:</u></p> <p style="text-align: center;">By Depot Manager / RCC</p> | |

Check List for the credit application:

1. Duly filled and signed Credit Application Form by the Applicant and Guarantor on the Legal Stamp
2. Attach copy of Citizenship Identity Card of the Applicant and Guarantor
3. Valid copy of the trade license issued by Department of Trade
4. Assessment of the applicant and recommend by credit officer.

11 CREDIT SALES AGREEMENT (INSTITUTIONS)

This Agreement is executed between the _____, located in _____ [name of the place] _____ (hereinafter referred to as 'customer') and **Food Corporation of Bhutan Limited**, a state-owned enterprise regulated under Companies Act of the Kingdom of Bhutan, 2000, with its headquarter located in Phuentsholing, Bhutan (hereinafter referred to 'FCBL') and jointly referred to as 'Parties' for the purpose of this Agreement.

The purpose of this agreement is to establish a close relationship and sustainable business collaboration between the parties;

WHEREAS, the customer wishes to avail Credit Sales from FCBL;

WHEREAS, FCBL, desires to offer Credit Sales to _____ for food and essential commodities that are available with FCBL;

NOW THEREFORE, The Parties hereby agree as follows:

ARTICLE 1 OBJECTIVES

1. The objective of collaboration under this Agreement is to facilitate a Credit Sales of food and essential commodities as per the terms and conditions set out in this Agreement.

ARTICLE 2 TERMS AND CONDITIONS

2. The Parties commits to abide by the terms and conditions of this Agreement as prescribed here under:

2.1) FCBL shall

- a) Supply food and essential commodities as per the requirement of the customer from the stock that is available with FCBL at that particular point of time.
- b) Submit the consolidated bill to the customers for payment within ____ days from the date of bill issued.
- c) Provide subsequent credit sale on the condition that earlier credit availed by the customer(s) are fully recovered within the credit period.
- d) Not accept returning of sold items under any circumstances
- e) Not provide any credit without proper documentation.

2.2) The customer shall:

- a) Register itself with the FCBL to avail credit facilities and customer shall avail credit facilities only from single FCBL outlets.
- b) Settle bills for the procured goods from FCBL within ____ days from the date of delivery of goods without fail.
- c) Release payments in the form of cheque or cash against the consolidated bill in favor of FCBL
- d) Take full risk of the goods once delivered.
- e) Thoroughly check the goods before lifting from FCBL warehouses and sales outlets.
- f) May place orders electronically but the goods ordered by the customers shall be delivered only upon signing the sales invoice.
- g) Obtain credit confirmation, if necessary, for authentication of credit sales.

ARTICLE 3

TERM OF AGREEMENT

3. This agreement is duly executed as of effective date with two original copies with both parties retaining one copy each. This agreement shall be valid for a period of _____ year(s) with effect from _____.

ARTICLE 4

PAYMENT AND CREDIT PERIOD

- 4.1 Provide credit sale amounting to a maximum of _____ which shall be recovered by FCBL within ____ days from the date of credit sale.
- 4.2 Should the customer fail to liquidate the credit amount within the stipulated time, s/he shall be liable for penalty of 24% per annum on the outstanding credit amount.
- 4.3 If the customer fails to liquidate the credit amount including the penalty within ____ days, the matter shall be forwarded to the Legal Unit of the FCBL Head Office for necessary legal actions as per the law of Kingdom of Bhutan

ARTICLE 5
TERMINATION

- 5 The Parties may terminate this agreement by giving an advance written notice of one month to the other party in the event of:
- (1) Inability to operate as per the agreement;
 - (2) Irreconcilable ideological differences between the parties;
 - (3) Lack of cooperation from either party;

ARTICLE 6
INDEMNITY

- 6 All liabilities arising from or in connection with the activities carried out by the customer shall be the responsibility of the customer and no liability of any nature shall be passed to FCBL, and vice versa.

ARTICLE 7
AMENDMENT, EXTENSION AND SETTLEMENT OF DISPUTE

- 7.1 This agreement may be amended or extended on a mutual consent of the Parties. The consent shall be expressed in writing one month prior to the date of amendment or extension.
- 7.2 Any difference or dispute arising between the Parties concerning the interpretation or implementation of the activities under this Agreement shall be settled amicably through negotiation and failure to resolve the differences or dispute shall be referred to the third-Party arbitrator and in the event of failure, the Agreement shall be terminated.

ARTICLE 8
LAW GOVERNING

8. Any activities carried out under this Agreement shall be governed by the laws of Kingdom of Bhutan.

FCBL CREDIT SALES MANUAL 2023

IN WITNESS THEREOF, the parties hereto have signed this Agreement on ____day of the _____month of the year_____ on behalf of:

| FCBL | | CUSTOMER | |
|------------------------|--|------------------------|--|
| Name_____ | | Name_____ | |
| Designation_____ | | Present Address_____ | |
| Location_____ | | Permanent Address_____ | |
| Date_____ | | Contact No _____ | |
| | | Email ID: _____ | |
| | | CID No: _____ | |
| AFFIX LEGAL TAMP | | AFFIX LEGAL TAMP | |
| WITNESS | | | |
| Name:_____ | | Name:_____ | |
| Designation:_____ | | Address_____ | |
| Agency:_____ | | Contact No:_____ | |
| Date:_____ | | Date:_____ | |
| CID No: _____ | | Email ID: _____ | |
| | | CID No:_____ | |

REMARKS:

- I. Citizenship Identity Card Copy of Customer and the Witness must be obtained for validation.
- II. The official stamp of the institution must be affixed along with signature.

12 CREDIT SALES AGREEMENT (PRIVATE AGENCIES)

THIS LEGAL DOCUMENT (hereinafter referred to as the “Credit Sales Agreement”) is made on this DD / MM / YYYY at location name of the depot /bulk, Dzongkhag _____

BETWEEN the Food Corporation of Bhutan Limited, having its registered office at _____ (hereinafter referred to as the “Seller”)

AND _____ from _____ village, _____ Gewog, under _____ Dzongkhag, _____ Dungkhag, _____ Thram No. _____ House No. _____, bearing the Bhutanese Citizenship Identity Card No. _____, currently residing /working at _____ registered as _____ (hereinafter referred to as the “Buyer”)

RECITALS

WHEREAS the Buyer has requested/proposed to buy essential items on credit for the worth of Nu. _____ Ngultrum _____ from the Seller for the purpose of their business.

AND WHEREAS the seller extend credit to the buyer for the worth of Nu. _____ Ngultrum _____ for the said purpose on the terms and conditions contained herewith consideration for mutual benefits.

NOW, THEREFORE, the parties agree as follows:

1. DEFINITIONS

For the purpose of this agreement, unless the context requires otherwise, the following terms shall have the following meaning:

“Agreement” means this Credit Agreement.

“Buyer” means the person who is buying something or legal entity to whom or in whose name the seller has extended or granted the credit under the Agreement.

“Seller” means the person or legal entity who sells a thing or property in consideration of money to the buyer.

“Event of Default” Each of the following events shall be considered as an event of default:

- a. If any default shall have occurred in payment of any amounts due under this agreement;
- b. The Buyer, having breached or defaulted in the performance or observance of any of the covenants and obligations contained therein the Agreement.
- c. If any information given by the Buyer to the Seller is found to be misleading/misrepresented/incorrect.
- d. The Buyer becomes insolvent or any insolvency proceedings are instituted against the Buyer, whichever is earlier.
- e. The Buyer failing to comply with the written reminders and notices issued by the Seller.

“Compensatory Damages” means the damages that is chargeable on the credit amount or outstanding amount which includes compensation for the loss or damage cause in the usual of things from such breach under this Agreement.

"Credit Amount" means the amount made available to the buyer by the seller under this agreement.

"Outstanding Amount" means at any given point of time the aggregate of the outstanding credit amount, which is inclusive of compensatory damages, expenses and any other charges applicable.

"Party(s)" means the buyer and the seller under this agreement.

2. COMPENSATORY DAMAGES

2.1 The Compensatory Damages shall be computed at 24% per annum on days exceeding the entitled credit period.

2.2 The seller shall be entitled to revise the rate of penalty on the account in accordance with the directives of the Board of Directors.

3. TERM AND REPAYMENT

The buyer shall repay the entire credit outstanding balance within a period of..... Months/days or latest by ____/____/____. The failure on the Buyer to pay the amount due within the stipulated time period shall result in levying of 24% compensatory damages per annum and other charges/cost, if any from the date of bill maturity.

4. GUARANTEE (If applicable)

4.1 The buyer shall provide a new guarantor, if the current/existing guarantor is required to be discharged.

4.2 The guarantor shall have the same liability as that of the buyer for any obligation under this agreement.

5. CREDIT DEFAULT AND REMEDIES

In the event of default, the seller shall have the following remedies against the buyer:

5.1 The right to file a recovery suit before a court of competent jurisdiction against the buyer to recover the entire credit amount outstanding, including compensatory damages, fees and costs.

6. GOVERNING LAW AND JURISDICTION

The relevant laws of the Kingdom of Bhutan shall govern this Agreement. Any dispute arising out of and/or in connection with this agreement shall be submit to the court of competent jurisdiction in Bhutan, for adjudication.

FCBL CREDIT SALES MANUAL 2023

For the Buyer



Thumb Impression

Name:

.....

Contact No:

For the Seller

Authorized Signature

Name:

.....

Contact No:

Guarantor:

Name:

CID No:

Contact No:



Thumb Impression

Witness 1:

Name:

CID No:

Contact No:

Witness 2:

Name:

CID No:

Contact No:

REMARKS: *Mandatory to obtain a valid copy of CID for both applicant and the guarantor*

CORPORATE HEAD OFFICE, PHUENTSHOLING. www.fcbl.bt

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Thimphu Regional Office, Post Box No.: 188, Tel.: +975-02-322877, Fax: +975-02-323957

Gelephu Regional Office, Post Box No.: 166, Tel.: +975-06-251048, Fax: +975-06-251093

S/Jongkhar Regional Office, Post Box No.: 137, Tel.: +975-07-251073, Fax: +975-07-251123
