Panel Discussion on MSME Financing
WTC - Mumbai

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October 16, 2019

Export Factoring

- *Non Recourse Facility*
- *Balance sheet management*
- *Frees up working capital – cuts FX exposure*
- *Additional feature of credit protection – correspondent factor*
- *Credit Insurance can be done away*
- *Gradual movement from LC backed to open account structure – a growing global requirement*

GENERAL MOTORS COMPANY
GE Transportation
Gamesa
Vestas
Aclara
MARCEGAGLIA
BorgWarner

Our Client

Ships Goods on Credit Terms →

Client's Buyer In Foreign Country

- Non-Recourse Financing
- Management of Buyers Ledger
- Secured by Assignment

- Follows up with Buyer
- Covers the Buyer's Credit Risk
- Credit Management (Keeps updated on Buyers credit standing)

India Factoring

← **Correspondent Arrangement** →

Our Correspondent (Factoring Company in Buyer's Country)

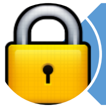
- BNP Paribas, UK
- CIT, US
- Eurofactor (Credit Agricole), Europe
- GE Factofrance, France
- Banca IFIS, Italy
- Unicredit, Italy
- ABN Amro, NL
- Deutsche Factoring

Export Factoring Advantages to You..

Improves his cash flow – immediate funding upon presentation of invoices

Client need not spend time on chasing overdue debts – collections are done by our Correspondent

No Languages / time zone issues with foreign debtors – collections are done by our correspondents



No losses due to Bad debts – Correspondent cover / insure Buyer's Credit Risk

Fully unsecured Facility – Client free to pledge his securities to Bank

Balance Sheet ratios improves – Factoring is Off Balance Sheet for Client

Improves Commercial competitiveness – higher credit terms does not affect the Client

Self Liquidating Finance – Financing is recovered from payments made by the buyer

Client can concentrate on his core business

Factoring vs Bank Finance

Factoring	Bank Finance
Receivables are Assigned / Purchased	Receivables are Hypothecated
Factoring Limit - Off Balance Sheet (Non-Recourse)	Bank Limit reflects on Balance Sheet as Loan
Unsecured	Mostly Secured
Receivables get converted into Cash	Receivables remain as Debtors
Factoring Limit is based on future Sales	Bank Limit is based on Balance Sheet
Based on Client's performance of goods and Debtor's Creditworthiness	Based on Client's Creditworthiness
Collection Services	No Collection Services provided
No Penalty on Overdues	Penal Interest on Overdues
Buyer Concentration approach	Client Concentration approach

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