

TRADE RECEIVABLES DISCOUNTING SYSTEM (TReDS)

INDIA'S **1**ST TReDS
EXCHANGE



TReDS : An Exchange that facilitates change

- ❖ NSE and SIDBI received in-principal approval to launch and operate TReDS platform on December 2, 2015
- ❖ Receivables Exchange of India Limited (RXIL) is a joint venture promoted by NSE and SIDBI
- ❖ RXIL is backed by State Bank of India, ICICI Bank and YES Bank
- ❖ RXIL incorporated as a public limited company on February 25, 2016
- ❖ RXIL received RBI approval on December 1, 2016 to launch the TReDS platform
- ❖ RXIL launched **India's 1st TReDS Exchange** on January 9, 2017

Shareholders

Small Industries Development Bank of India (Promoter)



NSE Strategic Investment Corporation (Promoter)



State Bank of India



SBI Capital Markets Ltd.



ICICI Bank Limited



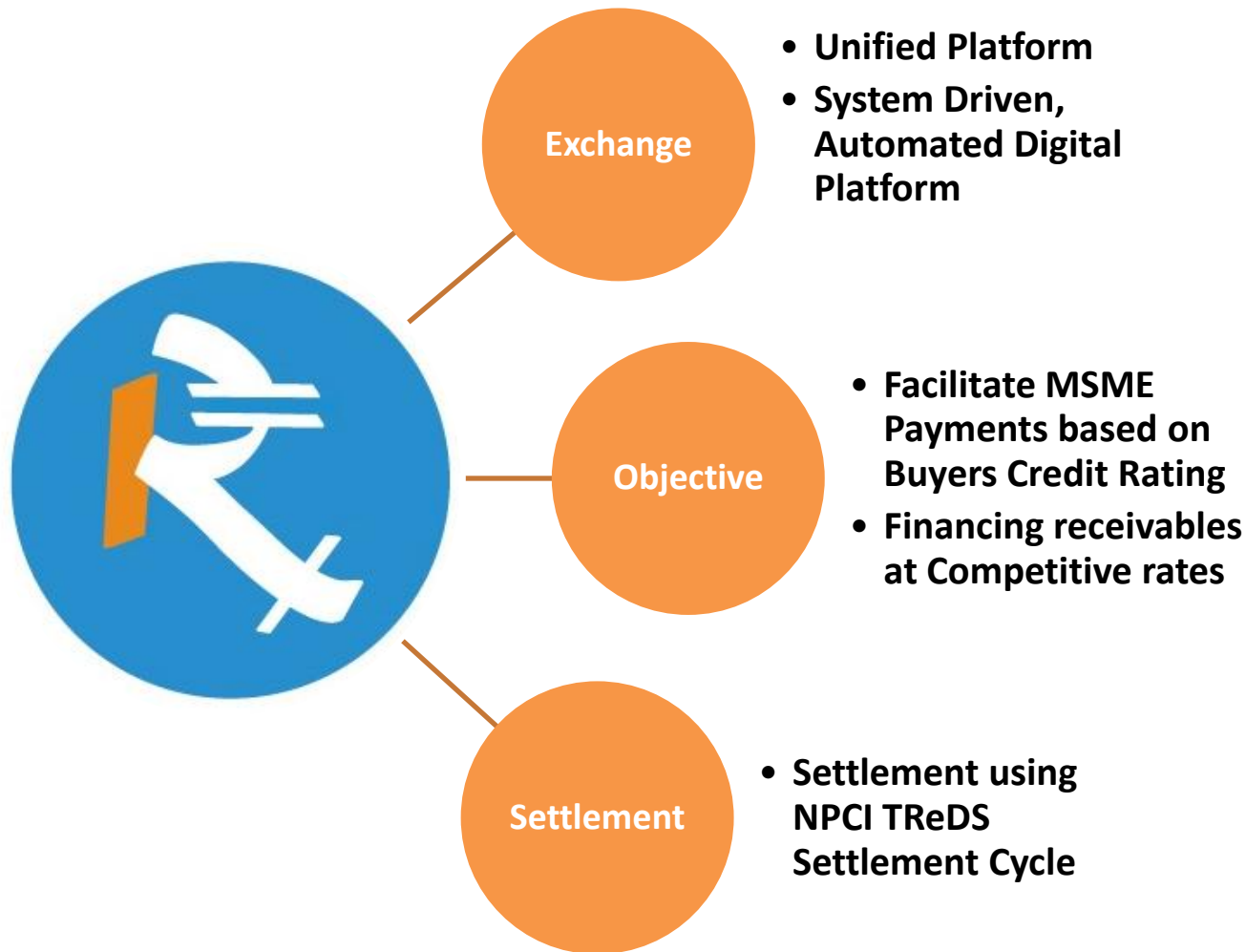
ICICI Securities Ltd

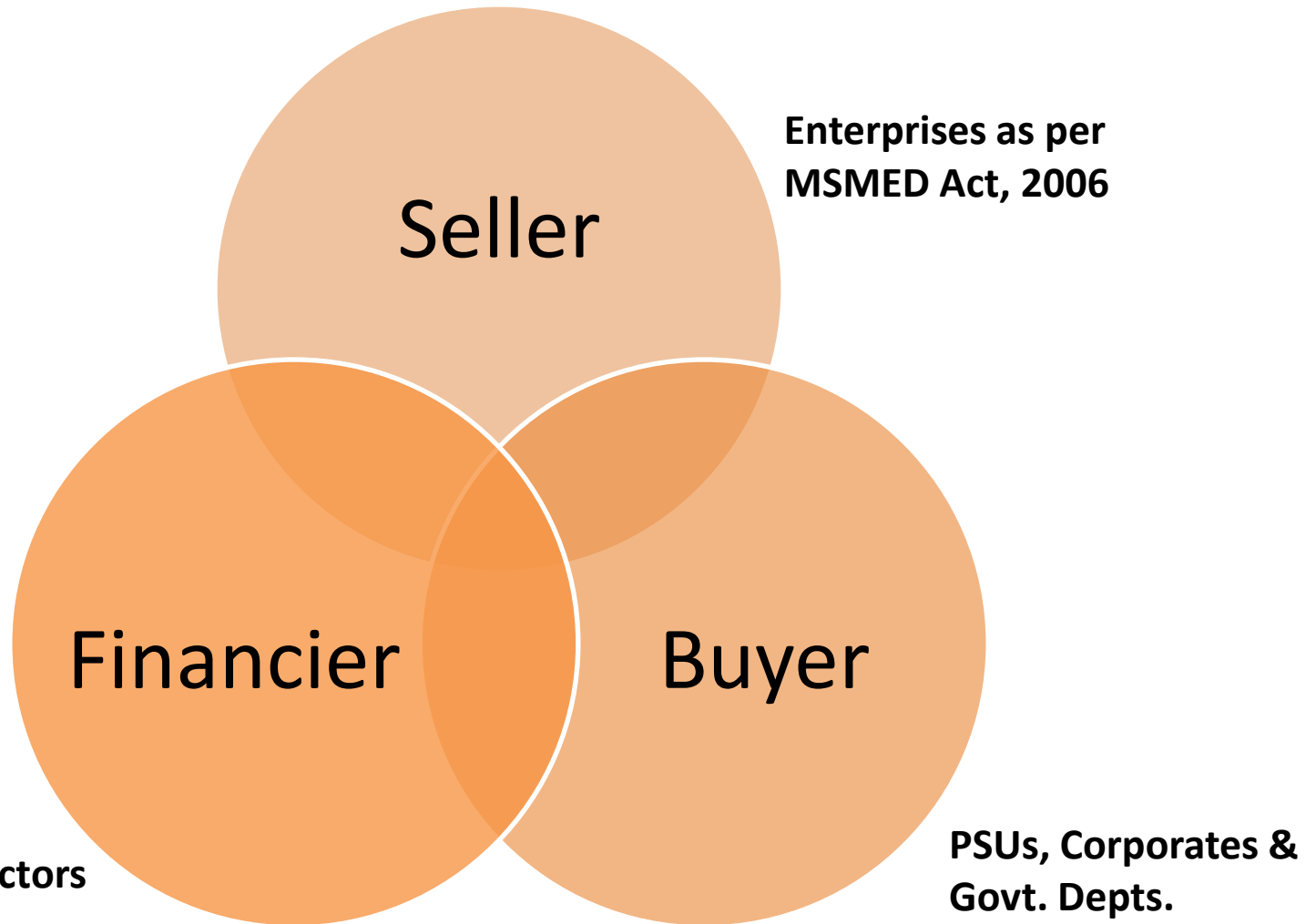


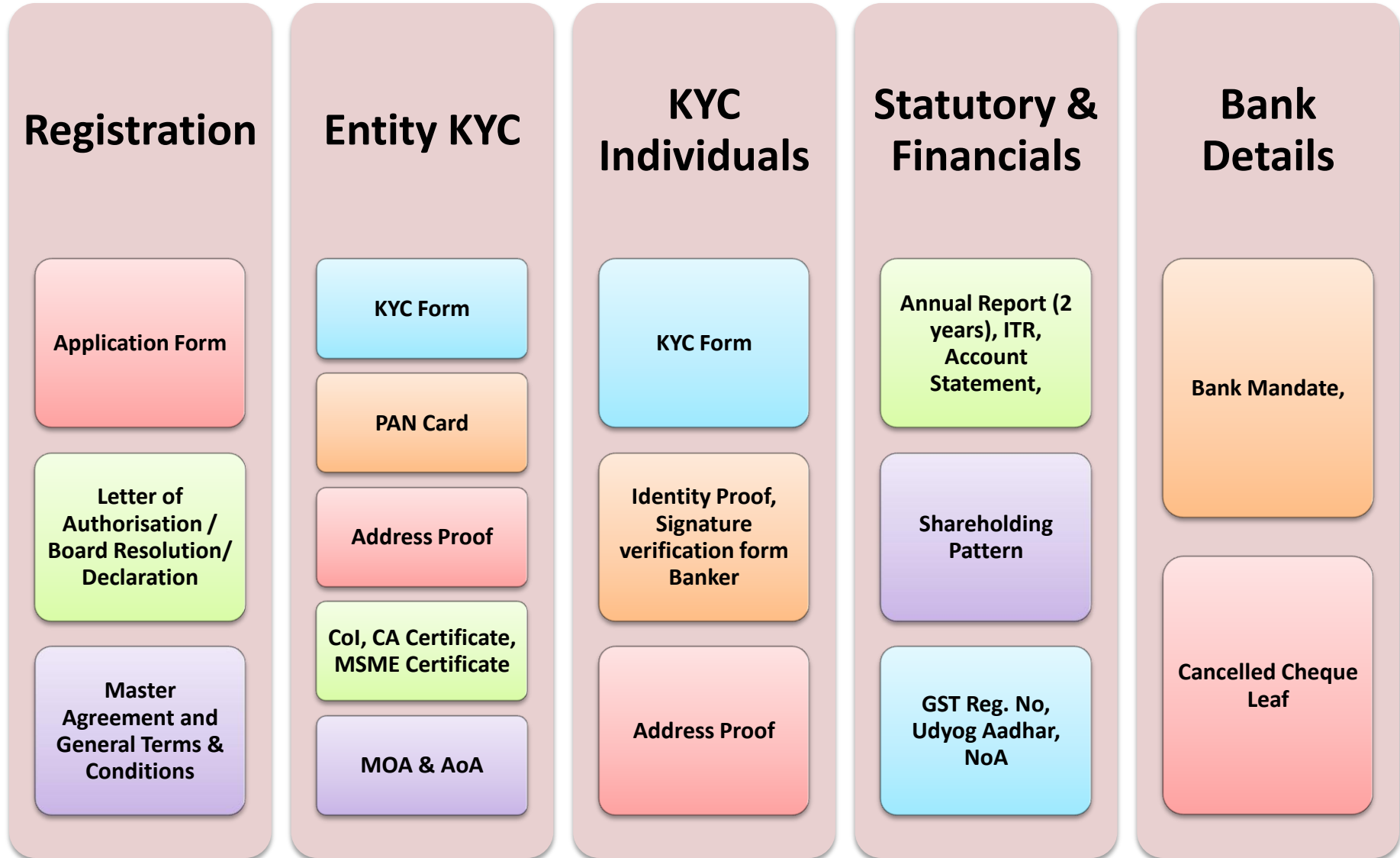
YES Bank Limited

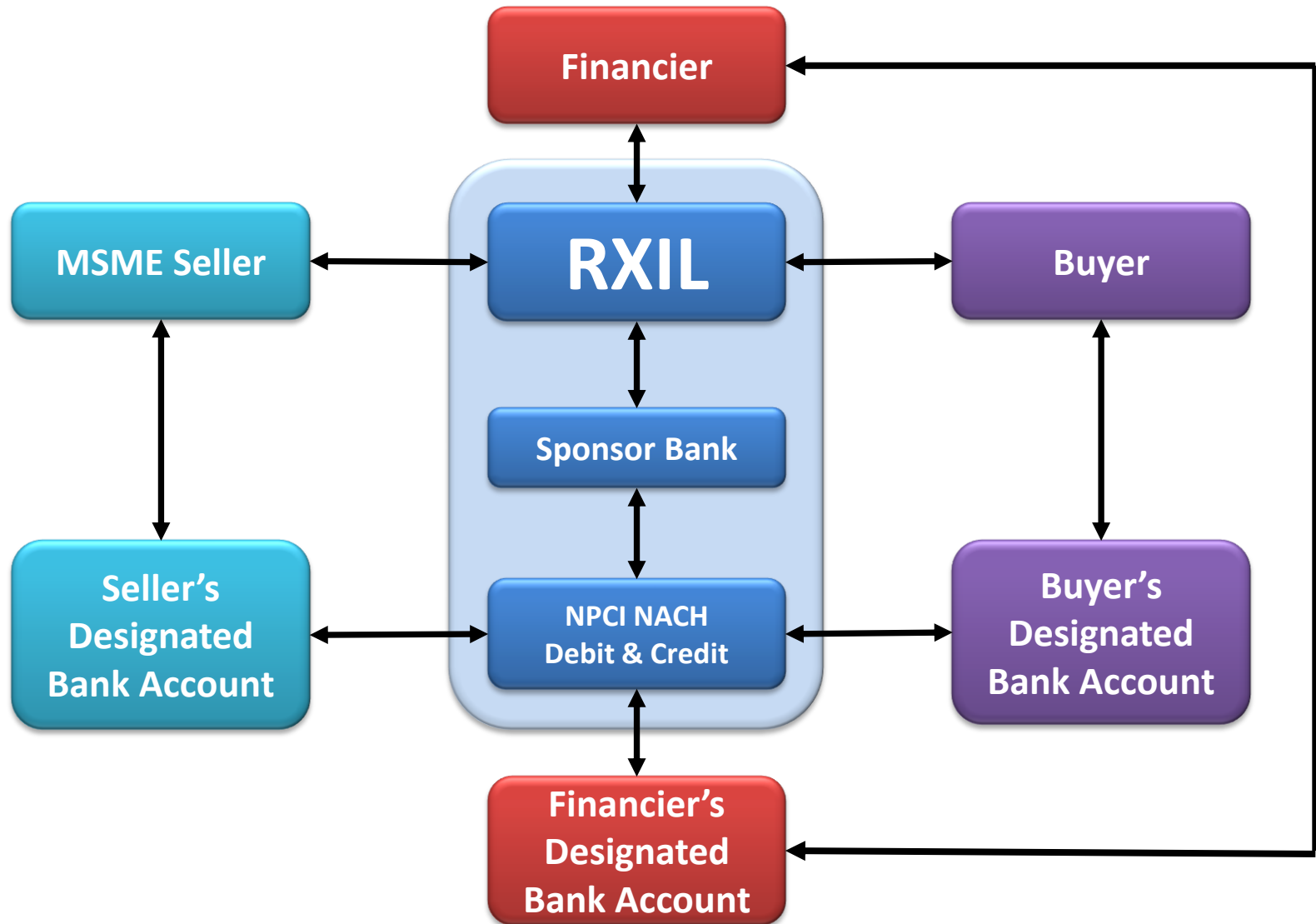


TReDS is a digital platform for MSMEs to auction their trade receivables at competitive rates through online bidding by Financiers









Buyer creates link and MSME Vendor accepts the link

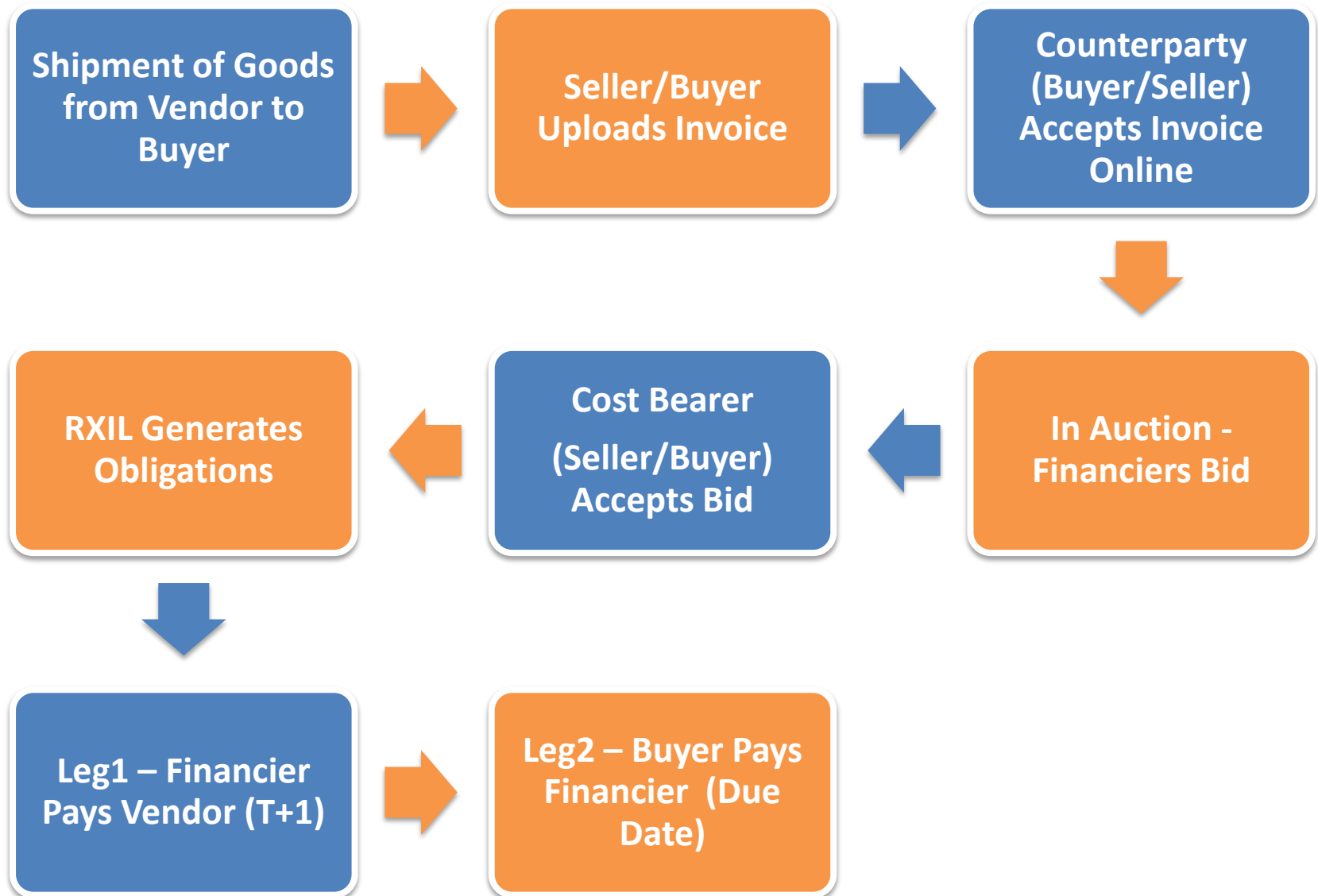
Cap Rate

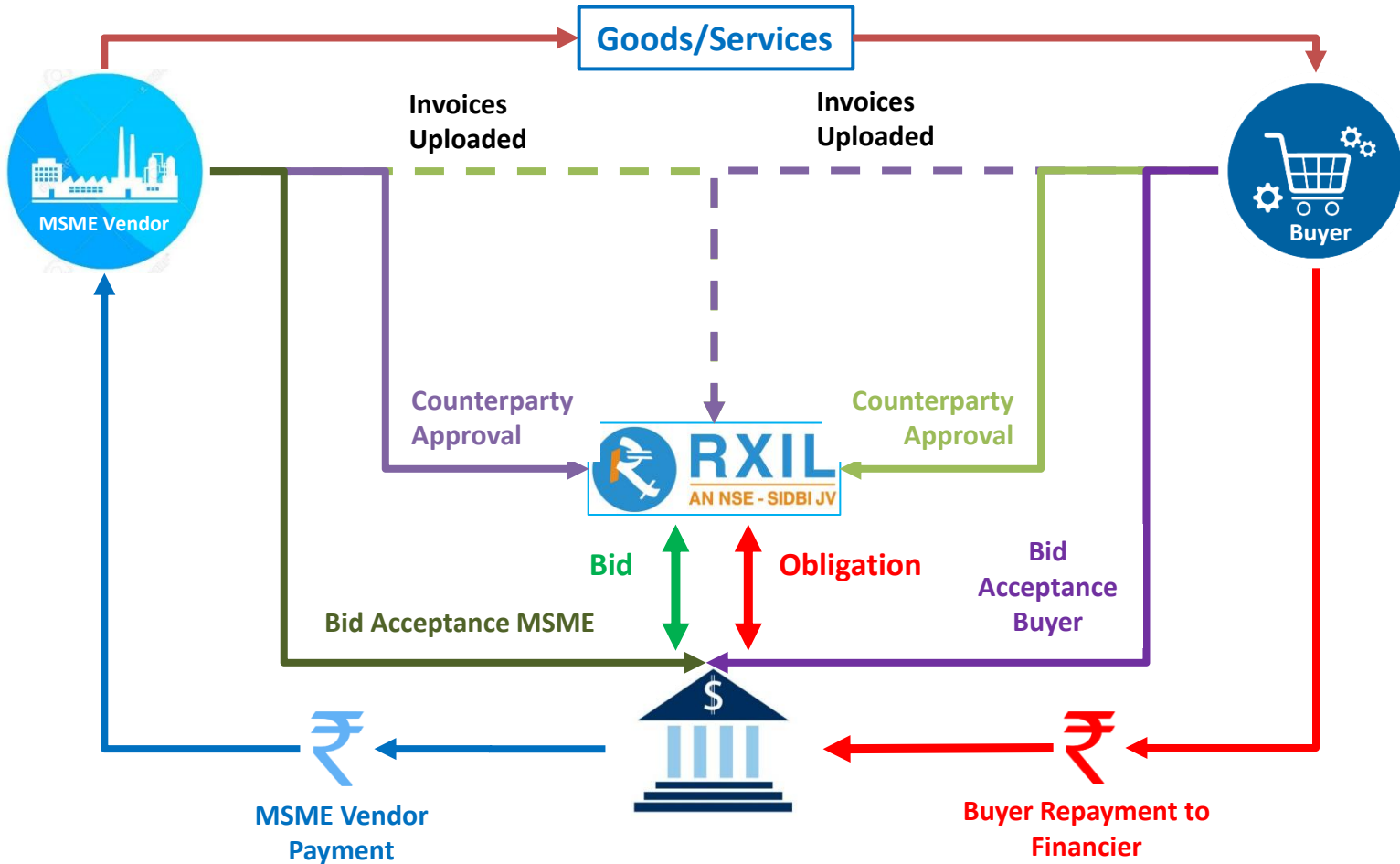
**Default Cost Bearer
(Seller /Buyer)**

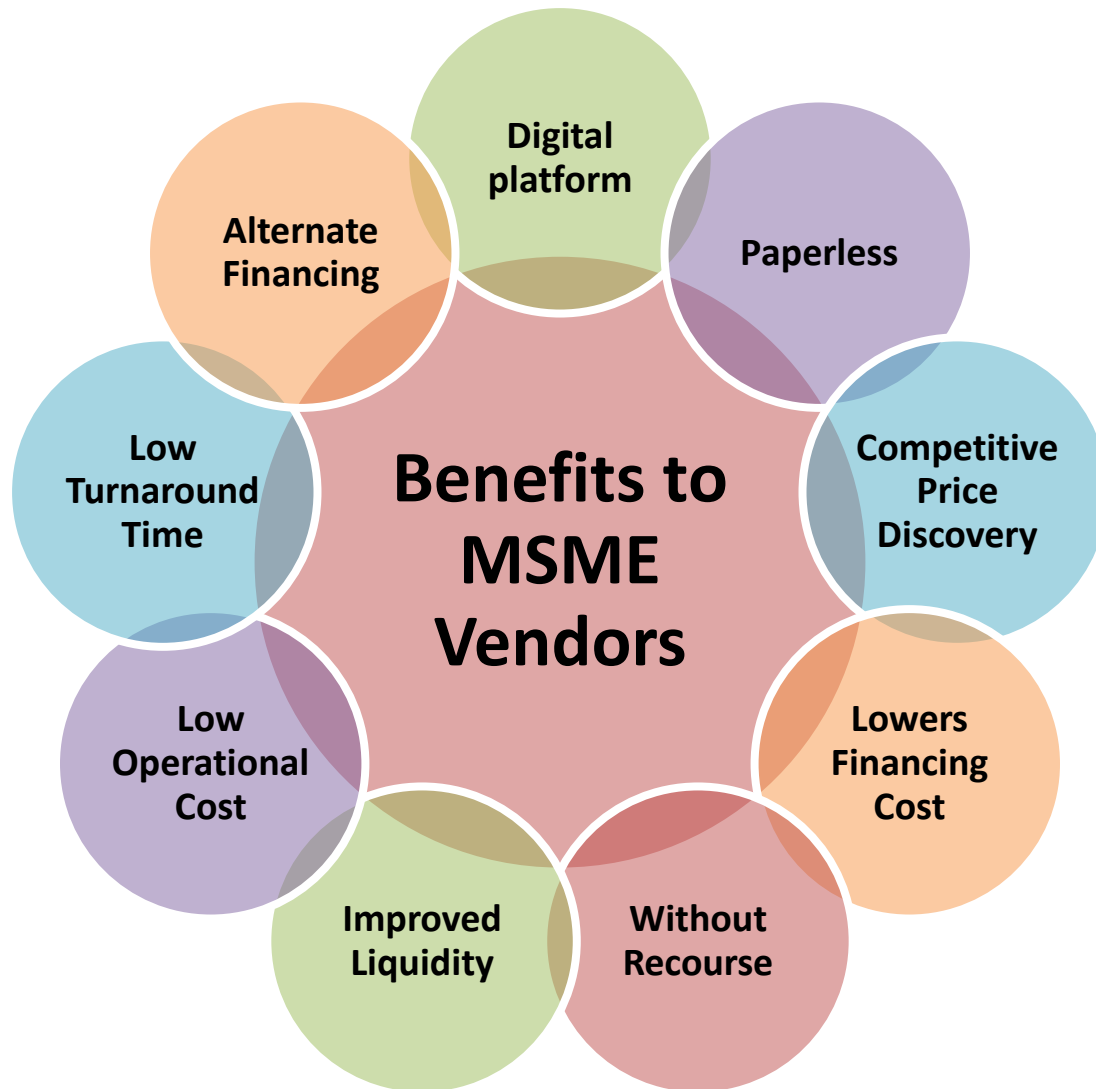
**Cost Split details
(in case Buyer &
Seller agree to share
financing cost)**

**Transaction Charge
Bearer (Seller
/Buyer)**

**Default Credit
Period & details of
Extended Credit
Period, if any**







MSMED Act, 2006

- Ensures Compliance by Buyer

Auction

- Competitive Price Discovery

Cost

- Lower Supply Chain Cost

Efficient Working Capital

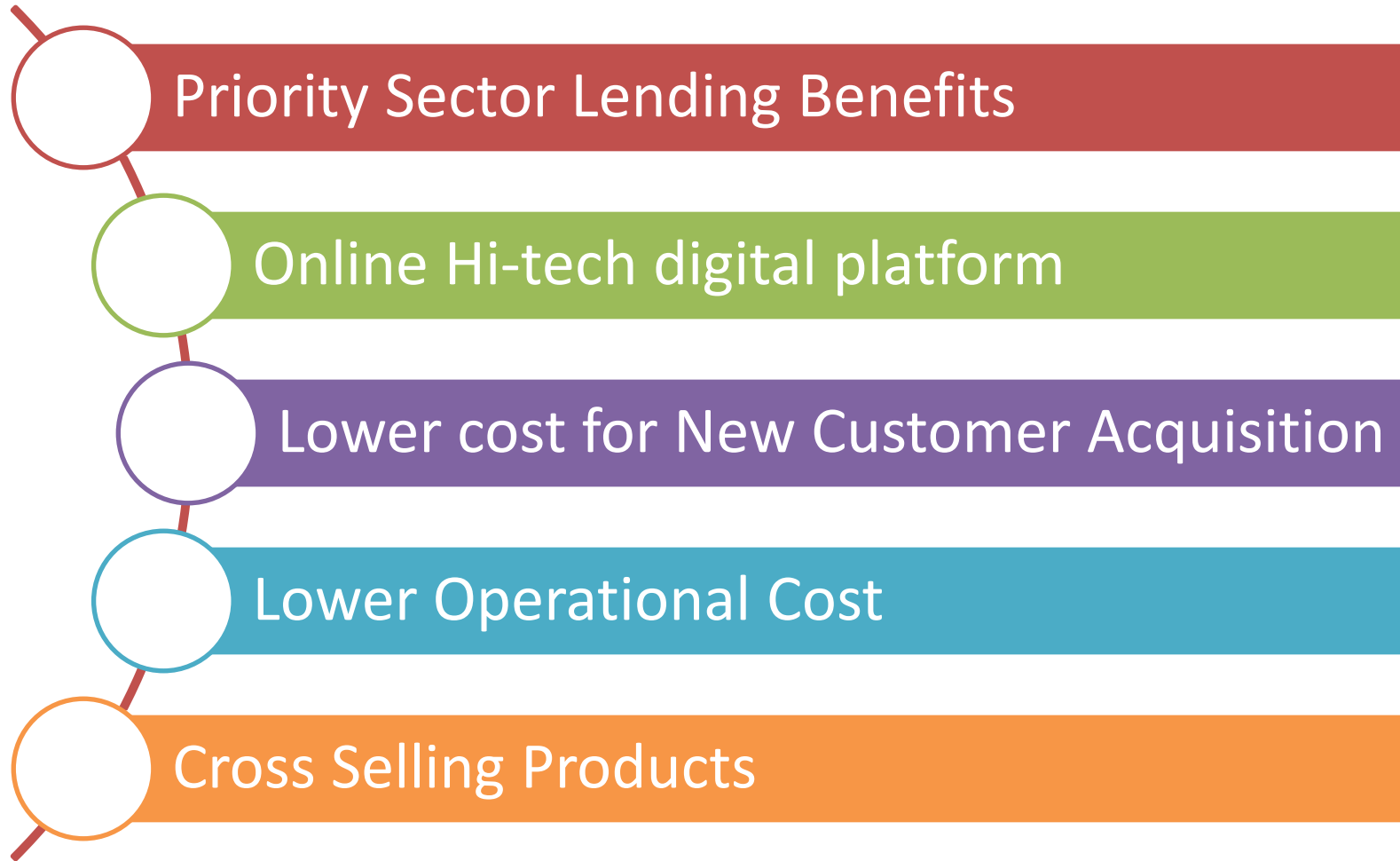
- Manage Cash Flows

Alternate Financing

- Flexibility for Buyer & its subsidiaries

MSME Vendors

- Stable Supplier Base



Activity	Timings
TReDS platform	9:00 AM – 9:00 PM
Auction Period	1 – 5 days
Auction Timing	9:00 AM – 9:00 PM
Auction Cutoff Timing (T+1) Settlement	4:00 PM
Leg 1 Settlement – Financier to pay Seller	T+1
Leg 2 Settlement – Buyer to pay Financier	Due Date

RXIL Proud to announce,

- ✓ **Hindustan Aeronautics Ltd (HAL) becomes India's First PSU to commence transactions on RXIL, India's First TReDS Exchange to facilitate MSME vendor payments**
- ✓ **GOA Shipyard Ltd has also started operations w.e.f. Aug 31, 2018**
- ✓ **IOCL, 1st Oil company to start transaction on RXIL TReDS platform**
- ✓ **BPCL has also started operations w.e.f Dec 12, 2018**
- ✓ **BEML Ltd, started their operations w.e.f Dec 27, 2018**
- ✓ **Other PSUs like CPCL, BHEL, MRPL, HPCL started their operations on RXIL TReDS platform.**

Mandated all the PSUs/Govt Depts to register on TReDS (as per Oct 24, 2017 notification)

Advances financed through TReDS are categorised as Priority Sector Lending for banks

To spur growth and boost revival of the MSME sector, GOI made it mandatory for companies with a turnover of INR 500 crore and above to join TReDS

Work shop / Town Hall meetings are conducted by RBI to create awareness about TReDS on a regular intervals

GOI through Department of Financial Services seeks periodical information from PSUs on progress made on TReDS as well as from TReDS entities

With a view to widening the scope of financiers, during Union Budget, it was announced that all NBFCs can also finance on the TReDS platforms

Integration with GeMS (Government e Marketplace) in a timebound manner for enabling discounting of MSME suppliers bills against the receivables from Govt/PSUs (under process)

- ❖ RXIL is regulated by RBI for operating the TReDS platform.
- ❖ As per the RBI TReDS guidelines there would be a onetime agreement drawn up amongst the participants in the TReDS:
 1. Master agreement between the buyers and the TReDS, stating the terms and conditions of dealings between both the entities. This agreement should clearly capture the following aspects:
 - a. The buyer's (corporates and other buyers including government departments and PSUs as the case may be) obligation to pay on the due date once the factoring unit is accepted online.
 - b. No recourse to disputes with respect to quality of goods or otherwise
 - c) No set offs to be allowed
 2. Master agreement between the MSME sellers and the TReDS, stating the terms and conditions of dealings between both the entities.

The agreement should also have a declaration / undertaking by the MSME seller that, in respect of goods and services underlying the factoring unit, no finance is extended by the working capital financing bank and such goods and services are not charged to the working capital financing bankers (i.e., finance availed through the TReDS would not be part of existing charge / hypothecation of its working capital bankers).

THANK YOU...