TRADE RECEIVABLES DISCOUNTING SYSTEM (TReDS)





TReDS: An Exchange that facilitates change



About RXIL



- ❖ 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



ICICI Securities Ltd

YES Bank Limited

RXIL - Shareholders



Shareholders	
Small Industries Development Bank of India (Promoter)	Xsidbi
NSE Strategic Investment Corporation (Promoter)	® NSE
State Bank of India	OSBI
SBI Capital Markets Ltd.	SBI Capital Markets Limited
ICICI Bank Limited	O ICICI Bank



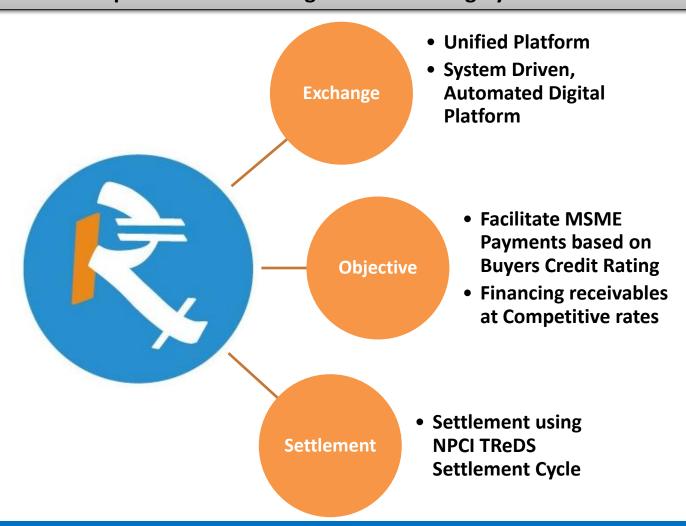
PICICI Securities



What is TReDS?



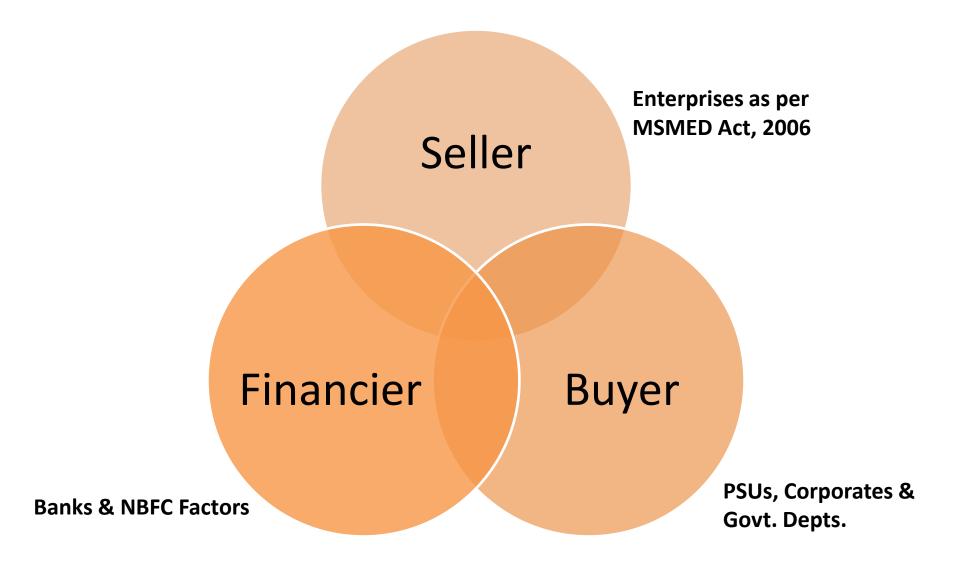
TReDS is a digital platform for MSMEs to auction their trade receivables at competitive rates through online bidding by Financiers





TReDS Participants







Registration Process



Registration

Application Form

Letter of
Authorisation /
Board Resolution/
Declaration

Master
Agreement and
General Terms &
Conditions

Entity KYC

KYC Form

PAN Card

Address Proof

Col, CA Certificate,
MSME Certificate

MOA & AoA

KYC Individuals

KYC Form

Identity Proof,
Signature
verification form
Banker

Address Proof

Statutory & Financials

Annual Report (2 years), ITR, Account Statement,

> Shareholding Pattern

GST Reg. No, Udyog Aadhar, NoA

Bank Details

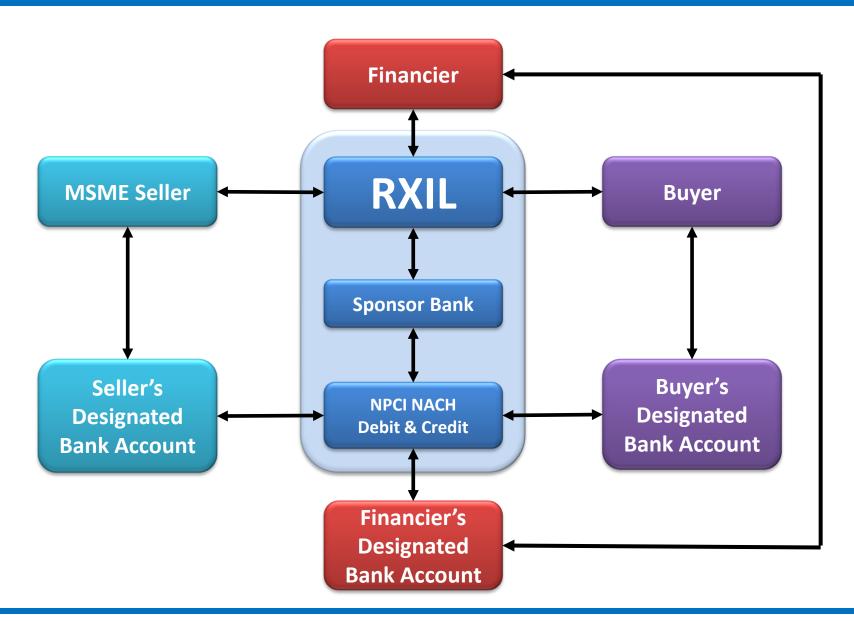
Bank Mandate,

Cancelled Cheque Leaf



TReDS Arrangement







Buyer – Seller Link



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)

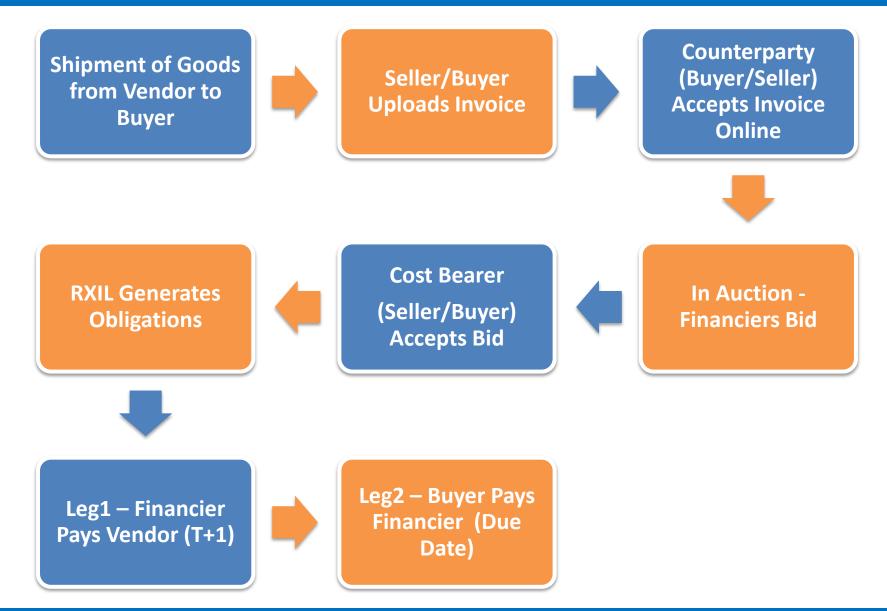
Transaction Charge
Bearer (Seller
/Buyer)

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

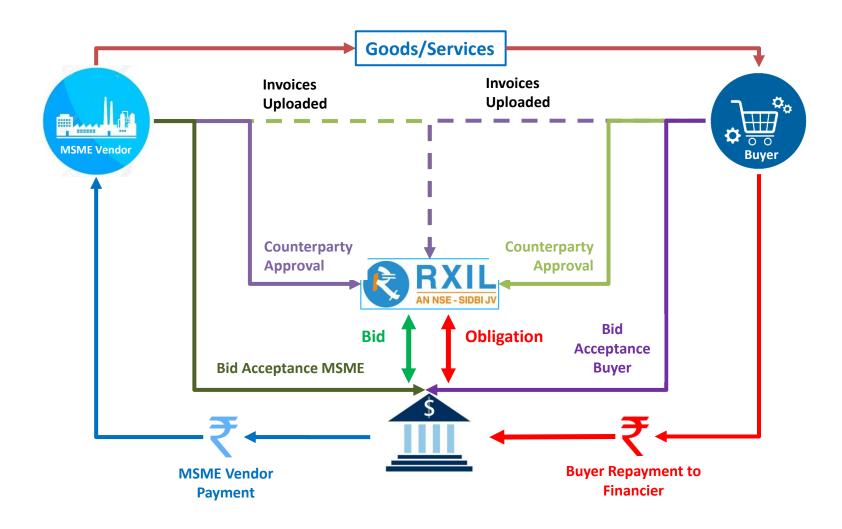


TReDS Process Flow





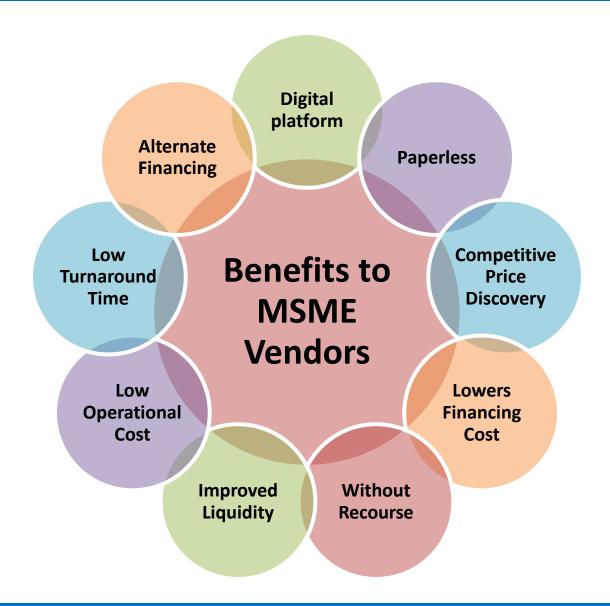






Key Benefits to MSMEs







Key Benefits – Buyer



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



Key Benefits – Financier





Online Hi-tech digital platform

Lower cost for New Customer Acquisition

Lower Operational Cost

Cross Selling Products



Auction Timings



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 at forefront in defining the TReDS agenda



State Bank of India executes first transaction on Receivables Exchange of India Ltd., India's First TReDS Exchange

8 JULY 2017 - PUBLIC

State Bank of India (SBI), India's largest Public Sector Bank has successfully executed its first digitised invoice discounting transaction on India's First TReDS (Trade Receivables Discounting Systems) Exchange set-up by Receivables Exchange of India Limited (RXIL).





'Diwali gift' for MSMEs









EXTRAORDINARY

NPT II—WYE 3—WY-WYE (ii) PART II—Section 3—Sub-section (ii)

प्राधिकार से प्रकाशित

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[पा.मं. 16/8/2018-पीएंडजी/पॉनिमी] राम मोहन मिथा, अपर मचिव और विकास आयुक्त

MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

NOTIFICATION

New Delhi, the 2nd November, 2018

8.0. §621(E).—In curreice of powers conferred by section 9 of the Micro. Small and Medium Enterprises Development Act, 2006 (27 of 2000), the Central Government benefity issues the following instructions that all companies registered with the Companies Act, 2015 (18 of 2015) with a tensover of more than Rs. 500 crose (rapper five hundred covers) and II Central Public Sector Enterprises shall be required to per themselves onbounded on the Trade Receivables Discounting System platform, set up as per the notification of the Benevet Bank of India. The Registers of Companies in each State shall be the competent authority to monitor the configurace of these instructions by companies under its jurisdaction and the Department of Public Enterprises. Government of India shall be the competent authority to monitor the compliance of section instructions by companies under the compliance of section instructions by contrast Public Sector Enterprises.

[F.No. 16/8/2018-PA/Glpoticy] RAM MOHAN MISHRA, Addl. Secy. and Development Commissioner

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offer of Publications, Delhi-110014.

CUMAR VERMA



PSUs have started



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 stared their operations on RXIL TReDS platform.



Initiatives taken by GOI / RBI / GeM INDIA'S



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)



RBI Broad guidelines



- * 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...