

**PRESENTATION ON
FACTORING**

BY

GLOBAL TRADE FINANCE LIMITED

19.06.2007



Global Trade Finance Ltd

ABOUT GTF

- Incorporated in March 2001
- India's first International Factoring Company
- RBI has accorded registration and Authorised Dealer License
- Highest Credit Rating from CRISIL (P1+) and ICRA (A1)
- Members of Factors Chain International (FCI)

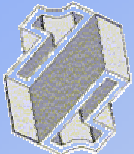


GTF Promoters

A Joint Venture Between



Export Import Bank of India – 40%



FIMBANK

First International Merchant Bank -38.5%



Bank Of Maharashtra -9%



International Finance Corporation -12.5%



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2006-07 for GTF

- Factored Assets was INR 17,496 Mn –119% over previous year's INR 7,990 Mn
- Turnover for the year was INR 62,138 Mn -121% over previous year's was INR 28058 Mn.
- PAT was INR 288.7 Mn – 121% over previous year's INR 133.3 Mn.



GTF'S BASIC PRODUCT OFFERINGS

DOMESTIC

- 1. Domestic Factoring**
- 2. Reverse Factoring**
- 3. Channel Financing**

EXPORTS

- 1. Export Factoring**
 - **with credit protection**
 - **with recourse**
 - **For SSI registered exports**

IMPORTS

- 1. Import Factoring**



What is Factoring?

To simplify.....

Is a contract between “the Supplier” and “the Factor” where in

the Supplier assigns receivables to the Factor

Notice of Assignment of receivables is given in writing to the debtors.

the Factor performs atleast two of the following services

- **Financing by way of prepayments against invoices**
- **Sales Ledger Maintenance**
- **Collection of Receivables**
- **Credit Protection against Bad Debts**



Factoring When Best Suited ?

**Situation Of
Open Account Sales**

**Assignment Of
Whole Turnover**

**Involving Continuous
Relationships**



Types Of Factoring

Domestic Factoring

Export Factoring

For Inland sales on a “With or Without Credit Protection” basis



Types Of Factoring

Domestic Factoring

Export Factoring

For Overseas sales , with / without credit protection



Sellers Advantage

- Can sell on Open Account Terms
- Immediate and Flexible Finance supports growth
- Not Collateral Linked
- Collection and Follow ups
- MIS
- Credit Management
- Credit Protection

Buyer Friendly

- Trade facility – substitutes LCs
- Automatic Revolving Line
- Seller Credentials Established
- See and Pay
- Commercial Practicalities – Debit Notes/ Credit Notes/ Replacements accepted



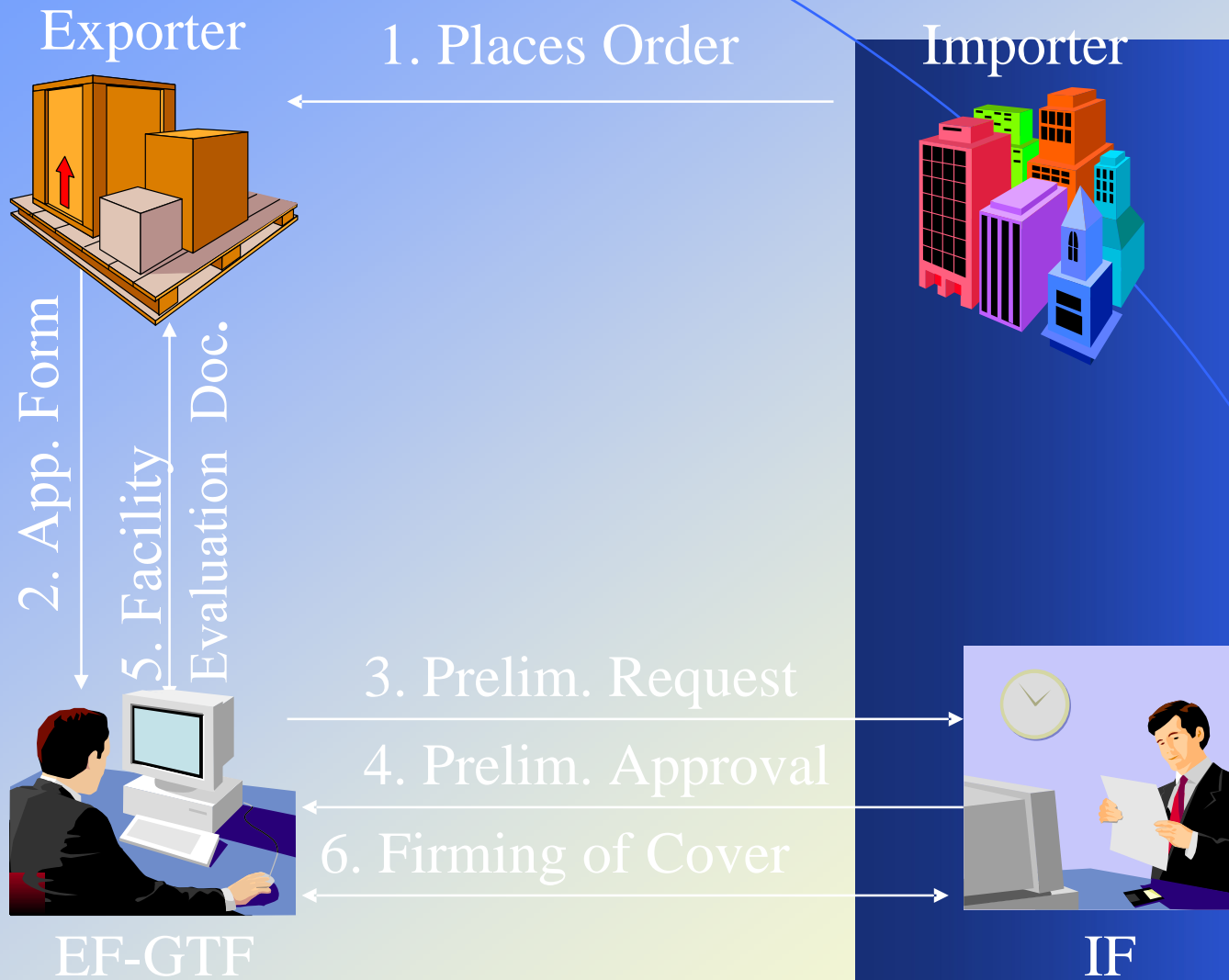
Export Factoring Process

- Approval of Facility
- Document Flow



Export Factoring Process

Approval of Facility



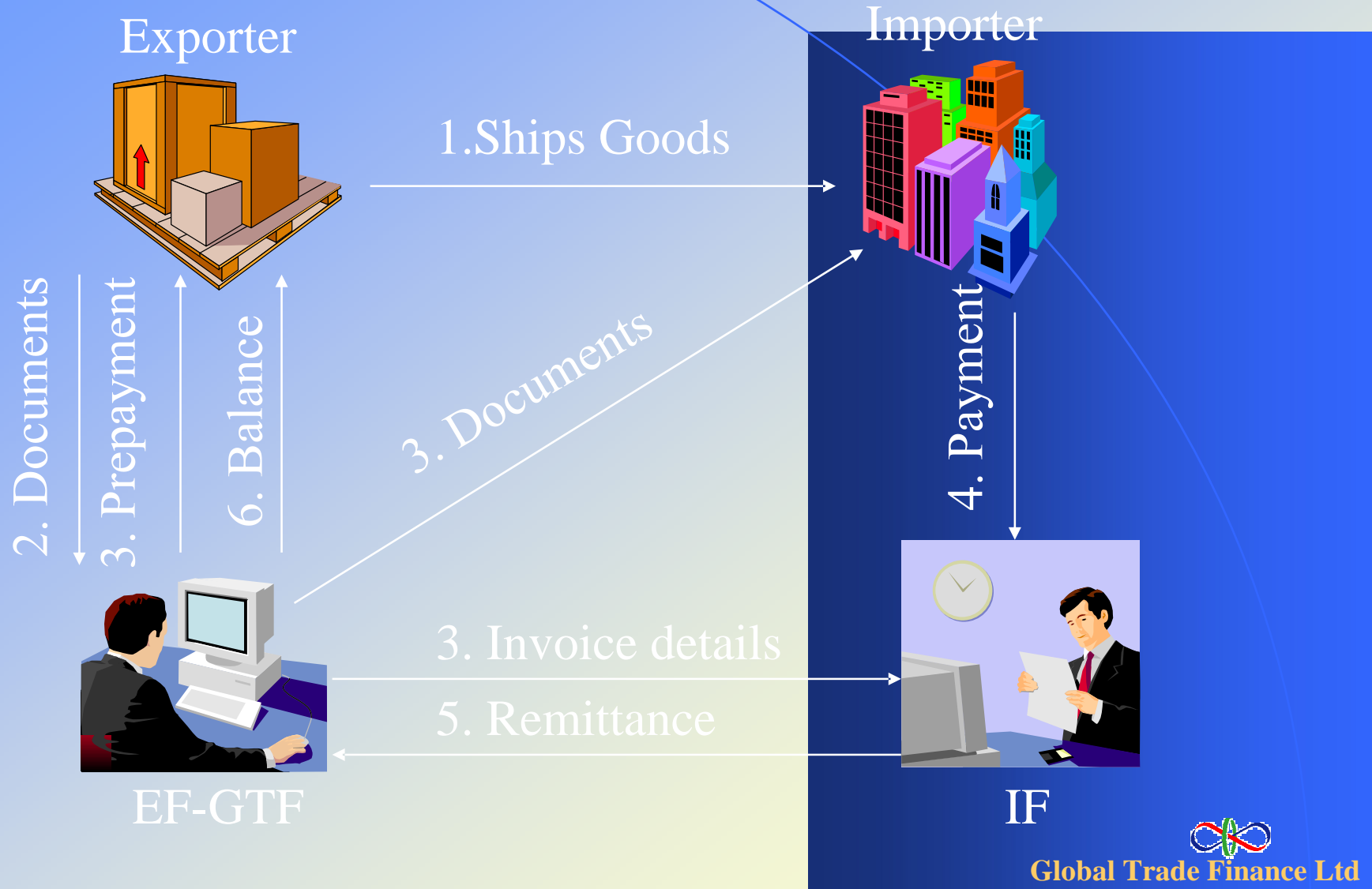
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Export Factoring Process

Document Flow



Advantages of Export Factoring

Flexible Financing

Credit Protection

Collection

Credit Management

Sales Ledger Management



Our Country Coverage

- ◆ Europe
- ◆ America
- ◆ Asia-Pacific
- ◆ Africa



Export Factoring for SSI's – NEW!!

ONLINE SANCTION OF SSI LOANS!!!

Eligibility Criterias:-

- Registered SSI Unit
- The company has to be an exporter
- Organization should be in existence for at least two years
- Positive PBT as per latest audited financials
- Accumulated losses should not exceed 50% of net worth
- Relationship with the proposed debtors should be at least six months
- Debtor and country should be approved by ECGC



Export Factoring for SSI's – NEW!!

REAL TIME SANCTION OF SSI LOANS!!!

- Online sanction of Export Factoring facilities for registered SSI units exporting to developed and developing countries
- Credit insurance available for factorable buyers
- Fixed insurance charge of 0.50% per invoice
- Maximum limit per exporter is INR 25 Mn
- Maximum limit per buyer per exporter is INR 10 Mn



Export Factoring for SSI's – Unique Features!!

- User friendly application form
- Bouquet of services
- Collection and sales ledger analysis
- Online access from any location
- Sanction of up to Rs 25 Mn

INSTANT IN-PRINCIPAL SANCTION OF EXPORT FACTORING FACILITY!!



Domestic Factoring

Without Credit protection

With Credit protection



Domestic Factoring without Credit Protection

- Invoice Discounting
- Secured by acceptance of debtor to pay to the Factor
- Whole turnover clause
- Limit linked to actual sales
- Commercial Practicalities – Debit Notes/ Credit Notes/ Replacements accepted



Domestic Factoring with Credit Protection

Credit insured receivables

Specific debtor cover/ Portfolio of debtors/ Whole Book

Funding on accepted invoices

Acceptance of the debtor to pay to the Factor

Automatic settlement of claims



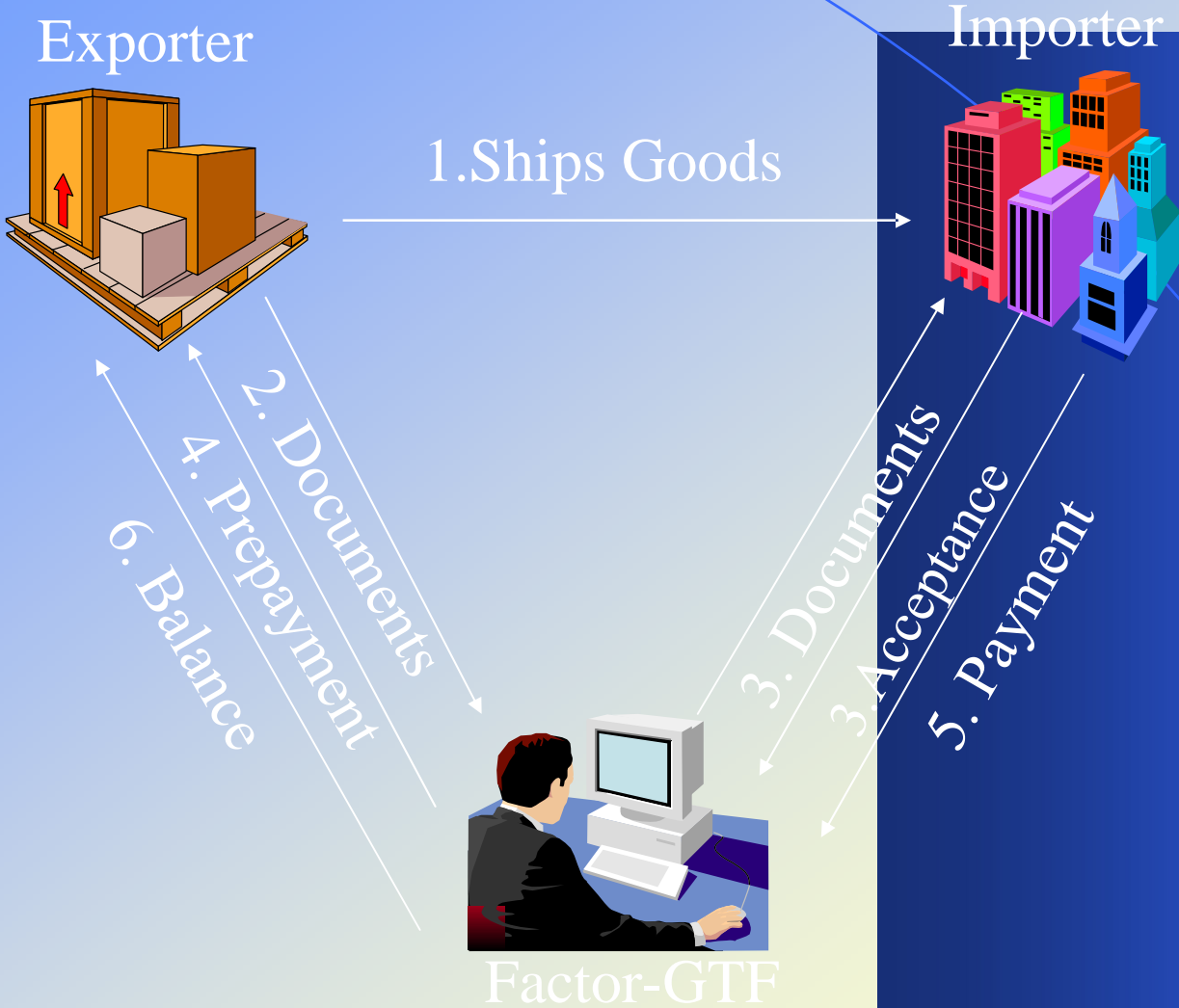
Import Factoring – NEW!!

FACTORING OF IMPORTS INTO THE COUNTRY

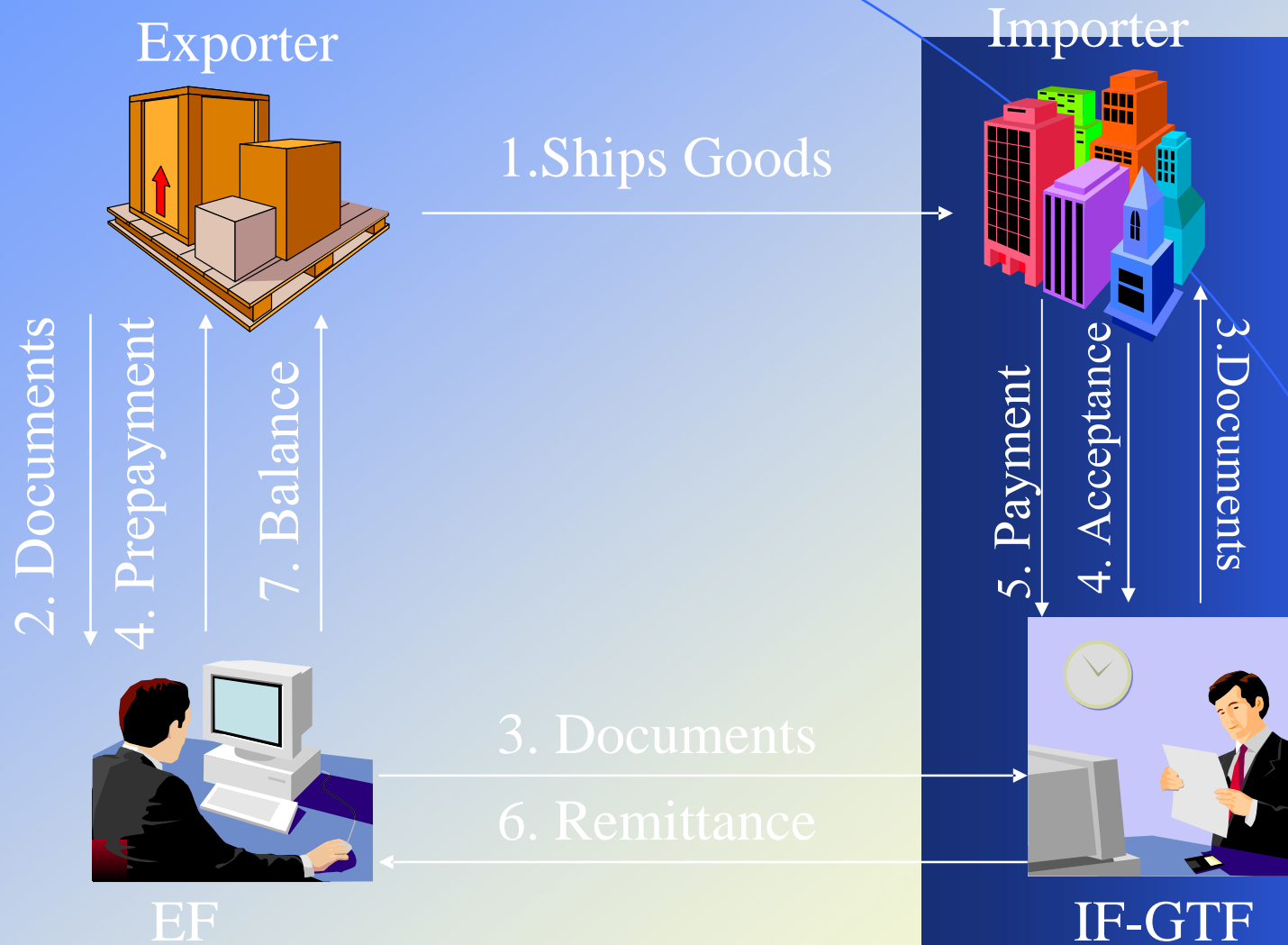
- Two types of facility offered
 - Fund Based Import Factoring
 - Non Fund Based Import Factoring
- On the back of credit protection from any acceptable Credit Insurance Company on GTF's client based in India
- Cover up to 90% and 100% prepayment to supplier abroad
- Currency of discounting is INR and currency of funding is USD or EURO



Import Factoring Process – Fund Based Transaction flow



Import Factoring Process – Non fund Based Transaction Flow



Pricing

Interest

Charged on Funds-in-Use Outstandings

Computed on a Daily Balance Method

Service Charge

Charged on the Turnover

Setup Fees

One time fee at the start of facility



Recapitulating the benefits of Factoring

- ✓ Prepayments of up to 90% of Invoice Value
- ✓ Released on Submission of Documents
- ✓ Unlinked to Assets
- ✓ Prepayment in INR or USD or EURO
- ✓ Grows with Sales



Our Contact details

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THANK YOU



ANY QUESTIONS



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