



INDIA FACTORING BULLETIN

One stop solution for your Global Aspirations



EXPORT FACTORING -TWO FACTOR SYSTEMS

Two Factor systems is a well-established system of Export Factoring. Under this system, the transaction involves four parties viz. Exporter, Export Factor in exporter's (seller) country, Buyer and Import Factor in buyer's country.

Functions of Export Factor:

- Secure credit cover on buyer from import factor
- Approve and set-up export factoring limit for Exporter
- Prepayment of invoice to the exporter
- Payment monitoring and follow-up with the Import factor for collection
- Release of margin money and issuance of EBRC on receipt of payment from buyer

Functions of Import Factor:

- Provide credit protection to buyer's credit risk
- Monitor buyer's credit worthiness
- Maintain sales ledger of exporters (records of invoices, due dates, payments, etc)
- Collect receivables from buyer and remit the proceeds to Export Factor

Benefits of Export Factoring

- Increased sales in foreign markets by offering competitive payment terms
- Accelerated cash flow for Seller through smooth collections
- Protection against insolvency of foreign buyers in Non-Recourse Export Factoring
- Knowledge and market intelligence about existing and prospective foreign clients
- Import Factor's presence and expertise in the foreign buyer market helps in overcoming language and time zone barriers.

Benefits of factoring services in overcoming contingencies

Factoring services can provide a huge impetus to all business for maintaining cash flows, when funds are needed to manage fixed expenses and cater to increasing demands / orders. Our products are customised to the needs of our customers and are capable in assisting them in handling unforeseen events. We are fully aware about the contingencies in global trade and can help our customers in overcoming the same, we ensures that our customers do not face a working capital shortage, when they need it the most. For instance, during the 'global supply chain crisis' of 2021, we were able to effectively support our customers, affected by the disruption in supply chain. This is in addition to a variety of benefits, already covered in earlier editions of our newsletter.

Auto component industry set for its global mark

Growing working population and expanding middle class are expected to remain key drivers. By 2025, 4 million of Electric Vehicles could be sold each year and 10 million by 2030. The market is expected to reach US\$ 206 billion by 2030. India is emerging as global hub for auto component sourcing and the industry exports 25% of its production annually. Auto component exports are expected to grow at 23.9% annually to reach US\$ 80 billion by 2026. India has competitive advantage in auto component categories such as shafts, bearings and fasteners due to large number of players. This factor is likely to result into higher exports in coming years.

Policy changes and reforms:

100% Foreign direct investment is allowed under the automatic route for auto components sector. In September 2021, the Indian government issued notification regarding a Production linked incentive schemes for automobile and auto components worth INR 25,938 crores (US\$ 3.49 billions). This scheme is expected to bring investment of more than INR 42,500 crores (US\$ 5.74 billions) by 2026.

A cost-effective manufacturing base keeps cost lower by 10-25% relative to operations in Europe and Latin America. India is the second largest steel producer globally, hence has a cost advantage.



WORRIED about going Global? Partner "INDIA FACTORING" for SOLUTIONS:

WORRIED ABOUT:	SOLUTIONS by INDIA FACTORING
Credit worthiness of customers	Non-recourse factoring services that provide credit protection to our customers
Monitoring of collections from customers	World class invoice tracking mechanism with advance technology that help invoice monitoring with accuracy
Foreign currency fluctuations may eat up bottom line	Currency solutions will protect your bottom line from currency fluctuations
Working capital requirements	Off balance sheet working capital funding without impacting your balance sheet strength



UPCOMING EVENTS

1. IILF - India International Leather Fair – 01st – 03rd February 2022 – Chennai Trade Center (Chennai) - Organized by India Trade Promotion Organization
2. Plastindia – 17th – 21st February 2022 – Pragati Maidan Exhibition Center (New Delhi) – Organized by Plastindia Foundation
3. Refining & Petro Chemicals – 22nd – 25th February 2022 – Bombay Exhibition Center – NESCO (Mumbai) – Organized by Chemtech Foundation
4. Bio Pharma South World Expo – 22nd – 25th February 2022 – Bombay Exhibition Center – NESCO (Mumbai) – Organized by Chemtech Foundation
5. Glasspex India – 03rd – 05th March 2022 – Bombay Exhibition Center -NESCO (Mumbai) – Organized by Messe Düsseldorf India Private Limited.
6. Fabrics & Accessories Trade Shows – 04th – 06th March 2022 – KTPO Trade Center (Bangalore) – Organized by S S Textile Media Private Limited.
7. GTE Garment Technology Expo – 04th – 07th March 2022 – NSIC Exhibition Ground (New Delhi) – Organized by Garment Technology Expo
8. Indian Ceramics Asia – 06th – 08th April 2022 – Helipad Exhibition Centre (Gandhinagar) – Organized by MMI India Private Limited.
9. Gartex Texprocess India - 21st – 23rd April 2022 – Bombay Exhibition Center – NESCO (Mumbai) – Organized by Mex Exhibition Private Limited.
10. Packplus South – 22nd – 24th April 2022 – BIEC (Bangalore International Exhibition Center) – Organized by Print-Packaging.com Private Limited.

*Please note that the abovementioned events/trade shows dates maybe cancelled / postponed, if government notifications mandate the same in view to COVID-19 pandemic.