

# INDIA FACTORING

One stop solution for your Global Aspirations



## Portfolio

Despite the challenging times, IFFL has witnessed considerable uptick in business volumes with the portfolio increasing by more than two times to USD 129.37 Mn as on Mar'22 from USD 55.85 Mn in Mar'21. Coupled with northwards trajectory of portfolio, asset quality remains impeccable barring a few legacy accounts which continue to be pursued aggressively for resolution. Export factoring remains key focus area with concertation of more than 80% of total portfolio. As IFFL's portfolio is expanding, monitoring remains crucial while we continue to pursue growth.

## Treasury Updates

Despite an unprecedented high volume in a short span of time, all funding requests were honoured in the stipulated timelines as on March 31. The funding requirements were fulfilled through our parent FIMBank's support and also independent FCY lines from a local bank. Recently we have received additional USD 25 Mn credit lines from FIMBank. During last quarter, we have onboarded Federal Bank and Bank of Bahrain and Kuwait for foreign currency lines. To put things in perspective, around USD 25 M was disbursed in March 2022 itself, which was unprecedented but pleasant change. While growth is appreciable, forecasting plays equal importance. As we growth further, it will be important that forecasts are planned in an effective manner to avoid any last minute challenges.

## Credit Insurance

We are pleased to announce that India Factoring is the first Financial Institution to have availed India's first Portfolio Trade Credit Insurance Policy under the "IRDAI (Trade Credit Insurance - TCI) Guidelines, 2021. This policy has been underwritten by HDFC Ergo in association with Atradius India. This TCI Policy will enable our export customers to accelerate and convert their trade receivables to cash along with credit protection to mitigate against buyer's default. We are confident that this will improve our customers access to credit facilities. We continue to maintain our leadership position, now with added benefit of the TCI facility.

Here is what our CEO, Ravi has to say on this proud moment, " As leaders in India in providing Export Factoring, it is expected that we be the number one to offer Factoring services backed by Trade Credit Insurance. And we are glad that we are ahead of the said expectation and we are able to maintain that edge in the market with cooperation from global experts like Atradius, HDFC Ergo and Marsh Insurance Brokers. We are here to serve exporters in India in easing their working capital woes along with best in class credit protection and export bill realisation – all under one roof!"

## DLA impact

During the year of 2021, one of the key initiatives related to sanctioning of delegated approval to India RMC was implemented. India RMC has been sanctioned the authority to approve non-recourse export credit applications up to USD 3 Mn. Under this DLA, total of 15 applications have been approved with 11 of them already disbursed. The next step is to extend this DLA to domestic applications and modify the existing DLAs based on past experience. It is important that we maximize use of DLA authorities and work on proposals within the defined cap. This will demonstrate efficacy of the DLA.

## Codix

Here is an update to our ongoing project of Kastle replacement. Since last update, our preferred vendor, Codix completed Gap Analysis and shared their views on developments required. Action plan was agreed upon. Codix submitted their final quotes and legal documents. These were evaluated in great details by our legal and tax consultants as well as FIM Legal team. Recently, all Documents have been finalized and these are under execution now. Work I expected to gain momentum over next month or so.

## Economic Outlook

According to advance estimates released by the National Statistical Office (NSO), real GDP rose by 8.9% in 2021-22. Taking all these factors into consideration, the RBI projects real GDP growth for 2022-23 at 7.2% with Q1 at 16.2%, Q2 at 6.2%, Q3 at 4.1%, and Q4 at 4.0%, assuming crude oil (Indian basket) at US\$ 100 per barrel during 2022-23.

## Impact of Russia/Ukraine War and Sri Lanka financial issues on IFFL Portfolio

IFFL portfolio does not have direct exposure to Russian or Ukraine buyers and therefore the portfolio is largely insulated from ongoing war crisis. There is possibility of increase in raw material prices of Crude oil derivatives and commodity linked business. However, IFFL borrowers are sufficiently poised to pass on the prices to their buyers. Despite portfolio being insulated from any adverse impact of ongoing war, it is important to highlight some of the sellers which are exposed to Russia in smallest way possible and monitor them closely. On contrary, some of the customers stand to benefit as more sourcing is being routed to Indian manufacturers / exporters.

## Financial

Heading	Achievement
Operating profit as on Mar'22	INR 45 Mn (USD 600k)
PAT as on Mar'22	INR 25.6 Mn (USD 342k)
FIU as on Mar'22	INR 9,653 Mn (USD 129 Mn)