



## PRESS RELEASE

### **RECEIVABLES EXCHANGE OF INDIA LTD [RXIL], a SIDBI-NSE initiative receives approval from RBI to launch India's first TReDS Exchange platform**

Reserve Bank of India has on December 1, 2016 authorised Receivables Exchange of India Limited (RXIL) to launch India's first trade receivables exchange platform – an online market place for MSMEs, Buyers and Financiers. RXIL has been promoted by SIDBI, the apex financial institution for promotion and financing of MSMEs in India and National Stock Exchange of India Limited (NSE) the premier stock exchange in India. SBI, ICICI Bank, YES Bank, SBI Capital Markets Ltd., and ICIC Securities Ltd., are the other joint investors. RBI last year granted in principle approval to three applicants to launch the platform including the joint venture of SIDBI and NSE. **RXIL, the company promoted by SIDBI and NSE is the first among the three applicants now to receive the authorisation to launch the platform.**

The Trade Receivables Discounting Systems (TReDS), an automated system driven platform is expected to benefit MSMEs by facilitating them to auction their trade receivables at competitive market rates through transparent bidding process on the platform by multiple financiers. TReDS will be the first attempt in India for introduction of factoring without recourse and help not only quick realisation of receivables but also appropriate price discovery.

Dr.Kshatrapati Shivaji (IAS), Chairman and Managing Director, SIDBI said that this major initiative is the continuum of series of SIDBI's efforts in addressing the gaps in the MSME eco system. Dr. Shivaji reiterated that SIDBI way back in early nineties piloted the Receivable Financing Scheme [RFS] in reverse factoring process in India for addressing the delayed payments problem of MSMEs. SIDBI through the Scheme has demonstrated how credit profile of large corporates could be leveraged for bringing down the cost of financing of receivables of MSMEs with more than 23000 registered MSME beneficiaries. Taking forward, SIDBI and NSE joined together later to launch web based discounting platform viz. NTREES with SIDBI as a single financier on the lines of NAFIN model in MEXICO. TReDS in a way is a graduation of NTREES operations envisaging multiple financiers. Dr. Shivaji hoped that the TReDS platform would compliment the other major digital initiatives by SIDBI viz. [www.standupmitra.in](http://www.standupmitra.in), [www.sidbistartupmitra.in](http://www.sidbistartupmitra.in), and [www.udyamimitra.in](http://www.udyamimitra.in) He added that these portals addressed to help meet most of the requirements of all the aspirants viz. be it startups, first time entrepreneurs and small enterprises through online connection of all the stakeholders in the form of market place. On successful implementation of GSTN next year, he hoped that the entire canvas of mercantile/commercial transactions in India could be digitised in full form.

While SIDBI brought in its expertise spanning two decades on the subject for MSME finance and factoring operations, NSE came in with its technical expertise in managing exchange operations to commence the TReDS platform successfully.

“NSE has always been on the forefront of innovation and has played a catalytic role in reforming the Indian capital markets. As an exchange we have been focussing on the growth of SMEs in India. To support this, NSE launched the NTREES – an online bill discounting platform jointly with



SIDBI in 2009 and subsequently launched EMERGE– a platform for listing growing SME companies to meet their capital requirements. With the approval to launch the TReDS platform, NSE will further support the growth of SMEs in the Indian economy” said Mr. J. Ravichandran, CEO Incharge, NSE.

Banks will benefit by financing the trade receivables of MSME Sellers as RBI has allowed them Priority Sector Lending benefits on the factoring units financed on TReDS platform. Corporates will also benefit through reduced input cost of goods and services by facilitating the MSME Sellers to get financed at competitive market rates and allow them to efficiently manage their cash flows; while complying with the MSMED Act, 2006. RXIL’s TReDS supports both factoring (single seller with multiple buyers) and reverse factoring (single buyer with multiple sellers).

#### **About Small Industries Development Bank of India (SIDBI):**

Small Industries Development Bank of India (SIDBI), set up on April 2, 1990 under an Act of Indian Parliament, is the Principal Financial Institution for the Promotion, Financing and Development of Micro, Small and Medium Enterprise (MSME) sector and for Co-ordination of the functions of the institutions engaged in similar activities. It has pioneered products in niche segments not conventionally addressed by the formal banking sector viz., Risk Capital, Energy Efficiency Products for MSMEs etc besides receivable financing scheme by pioneering of bill discounting facilities. For more information please visit [www.sidbi.in](http://www.sidbi.in)

#### **About National Stock Exchange of India Ltd. (NSE):**

In its 23 years of existence, NSE has transformed the capital market, based on technology, innovation, high standards of corporate governance and management practices. NSE’s business practices and high level of integrity have earned it the trust of the financial markets worldwide. Besides being a platform of choice for all exchange traded financial products in India, NSE’s flagship index, NIFTY 50 is used extensively by investors in India and around the world as a barometer of the Indian capital markets. Since inception, the exchange has been covered extensively by global media and has won many accolades in recognition of its contribution in reforming the Indian securities market. For more information, please visit: [www.nseindia.com](http://www.nseindia.com)

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