

TRANSFORMING INDIA

INTO AN AGRICOMMODITY POWERHOUSE

ANNUAL UPDATES FY 2021



In its endeavour to make the Indian agri supply chain effective, efficient and globally competitive, Origo, since its inception in 2011 has been consistently adopting innovative tools and practices, and devising solutions to create a “better ecosystem”.

It is quite satisfying to see that in FY 2020-21 too, Origo endured with its commitment to eliminate inefficiencies in the value chain. While the COVID pandemic has caused a stir in the economy, we were able to maintain positive growth. With a focus on Structured Trade Finance and government partnerships in Warehousing, Origo increased its Structured Trade contracts 1.8x and Government warehousing revenue is up by 35% for FY 2020-21.

Over the last year, Origo has focused on increasing liquidity in the agricultural ecosystem, democratizing investment in commodities and empowering stakeholders to enhance capacity through better supply chain management. In the process, we have strived to maintain regular interaction with our customers and have proactively invested in providing them with customized solutions. To further strengthen this bond, we are now emphasizing more on Customer Relation Management (CRM) by creating a universal and synergistic database that will integrate all the customer details and feedback on a single platform.

Here's a glimpse of Origo's progress in FY 2020-21.

STREAMLINING COMMODITY TRADE FINANCE

FOR A ROBUST ECOSYSTEM

The dependency of the commodity supply chain on various external factors often creates chaos and hampers the financial support and investment needs of the sector.

Origo, by streamlining the commodity trading process and introducing more trustworthy mechanisms in the value chain, is striving to make agri-markets financially lucrative for lenders and investors. In 2020-21, the company continued with its efforts to strengthen existing services and also introduced new financial instruments.

Boosting structured trade

Structured Trade Finance has been Origo's signature product and the underlying Forward Contracts have been the growth driver in this category.

To combat inefficiencies caused by price volatility and lack of timely supply, Origo uses Forward Contracts to provide customized solutions, which locks-in the price of agri-produce, thereby acting as a hedge against fluctuations and supply glitches.

The structure of Forward Contracts also creates an opportunity for institutional investors to lend through traditional structures and also through innovative securitized debt instruments. In October 2020, Origo issued the first-ever commodity linked Pass Through Certificate (PTC), successfully linking agricultural commodities and capital markets. PTC minimizes risks to investors by providing several layers of protection with the underlying commodity acting as collateral. We are confident that the forward contracts will play a crucial role in bridging a significant gap of formal credit in the agri sector.

In comparison to Futures Contracts, Forward Contracts have a higher proportion of physical deliveries, longer hedging periods (9-12 months compared to a 2-month roll-over in Futures), and cover a larger base of commodities. Given the flexibility of Forward Contracts along with the in-built off-balance sheet financing and price hedging, we expect significant growth in its adoption in the near future.

Over the last 4 years, we have executed nearly INR 500 crore of Forward Contracts, and is set to cross the cumulative INR 900 crore mark in this fiscal year. The growth is primarily due to better adoption, value-added product range and ongoing awareness generation in the market.

Origo's first-mover advantage in securitization of agricultural commodities will help drive the democratization of investment in the sector. By opening it up to an untapped set of investors, we are striving to enhance liquidity.

PROCUREMENT FINANCE

TO COMPLETE BOUQUET OF COMMODITY FINANCING

During the year, Origo also launched ProFin, a financial product that offers procurement finance to buyers. ProFin is a unique service providing the dual advantage of commodity procurement and trade credit.

By availing this service, buyers will be able to procure higher volumes of commodities by distributing their financial liability over a period of time.

With this product, buyers can get assured daily deliveries of commodities in smaller amounts, leveraging Origo's aggregation capabilities as per their operational requirements.

The product is, therefore, another step towards making Origo a comprehensive one-stop solution provider in the agri supply chain.

While ProFin offers the convenience of a bill clearance window to buyers, suppliers get the benefits of immediate payments.



By creating a win-win situation for both buyer and seller, ProFin will streamline the credit process, allow more liquidity and ensure faster payments to producers and suppliers.

By offering a comprehensive range of financial services, Origo is committed to empower buyers as well as producers.

WAREHOUSING SERVICES

SECURING NEW PARTNERSHIPS

Quality storage of agri-commodities is pivotal in the value chain, ensuring quality retention, higher marketability and food security. Origo continues to deliver the best warehousing services by consistently expanding its network.

Be it commodity storage for buyers and traders, or warehousing for Minimum Support Price (MSP), Origo has been providing high-quality, scientific storage services for over a decade. Under the MSP, we provide the warehousing facilities for produce procured from Farmers, which is later used for Public Distribution System (PDS) by Government.

Our warehouse services played even a more critical role during 2020-21 when the nation was fighting the COVID pandemic. With our nationwide storage facilities, we ensured a seamless supply of foodgrains during the lockdown phase.

Team Origo worked against all odds to ensure timely movement of stock from warehouses to their destination and continues to do so.

Additionally, at the time of harvest (which was right in midst of lockdown), our manpower was available at all the Government warehouses to take inward of MSP procurement stock, ensuring no wastage for Farmers due to delay in procurement.

Owing to our impeccable storage facilities and seamless coordination across multiple locations, we managed to secure new partnerships with several central and state government agencies, including HAFED, MPWLC and FCI Rajasthan.

Till date, Origo has cumulatively managed storage of 25 million MT government stock.



With these new contracts, Origo will be managing 50% higher stock quantity for the Government, increasing it from 2.7 million MT to 4.1 million MT.

GOING DIGITAL

CREATING A NEW-AGE SUPPLY CHAIN

To enhance customer experience, Origo is focusing on leveraging the latest technology, which leads to faster turnarounds and provides added benefit of real time information. This technological boost is set to take our highly secure and transparent platform to the next level. Besides offering direct benefits to our customers, it will instill greater transparency and trust in the whole system.

Digital trade finance platform

Working on its vision of converting commodities into “digital assets” that can be traded and financed seamlessly between buyers, sellers and lenders, Origo is working on the next phase of digital enhancement in its Structured Trade services.

The platform validates all transactions and provides transparent information to each stakeholder. This comprehensive digital trade & finance platform will allow enhanced trust and capacity building in the ecosystem.

Origo plans to launch this platform in the coming year under the “TradeFi” brand. We expect that this digital evolution will elevate India’s commodity ecosystem to a new level.



Launching e-auction facility

In May 2021, Origo is launching its Digital Auction platform which will enable buyers and sellers to transact via real-time auctions. By facilitating commodity trading on a virtual platform, we aim to create more open markets which promote better price discovery. This is also a significant step to overcome geographical barriers and create more inclusion.

The electronic auctioning system will broaden the buyer-seller network, effectively bridging the supply and demand mismatch. With direct participation from farmers and farmer producer organizations (FPOs), the platform will play a pivotal role in the removal of intermediaries thereby promoting better income for the farming community and timely availability of produce for consumers.

Digitization and technological integration will bring the much-needed boost to Indian agriculture and make it a globally competitive industry.

CREATING 'TRUE VALUE'

THROUGH OUR BUSINESS

With a focus on its social goals, Origo has been making consistent efforts in enhancing food security and mitigating climate change. In 2020-21, the company collaborated with KPMG to assess the "True Value" of the impact created by its business. The True Value project measured our activities as socio-economic equivalents which go beyond conventional financial cost and benefit accounting.

This assessment verifies and documents various social benefits reaped by direct and indirect beneficiaries of Origo. The company has been successful in creating a positive impact for the society and is strategically focusing on creating value for all its stakeholders.



The assessment used KPMG's True Value methodology bucketed under three categories – economic, environmental and social.

[HERE IS THE DETAILED REPORT ON ORIGO'S TRUE VALUE ASSESSMENT](#)