

## **ATRADIUS PAYOUT SAVES LECEISTER TEXTILE FIRM**

A textile company is trading strongly, over nine months after it could have hit the rocks.

Softex International Limited, based in Leicester, imports yarns for knitting with the final products ending up in the stores of Burberry, M&S, John Lewis, Laura Ashley, Debenhams, and New Look. In November last year, the firm was threatened with financial turmoil after one of its customers, a fashion manufacturer, went into administration.

However, they received a pay out from trade credit insurer [Atradius](#) for over £55,000 which kept the business afloat. Today, Softex is continuing to trade successfully in the region.

**Kiran Yarashi, managing director of Softex which was established 15 years ago, said:**

“In an already extremely tough textile environment in the UK, had we not been able to recover this defaulted payment from Atradius, we would have been facing a very difficult financial situation ourselves.

“The administration was unexpected. It was a long-standing customer with a reported turnover of £15m and there were no signs that it was about to go under. The loss would have left a big hole in our finances and we couldn’t have continued operating without the claims payout from Atradius.”

Softex’s experience demonstrates that you can never assume that you’re safe from the risks of insolvency. In an economic report earlier this year, Atradius predicted that there would be little improvement to the UK insolvency climate in 2016 despite being another year on from the recession. The volatility of recent weeks following the referendum is unlikely to have improved the predicted outlook with pre-Brexit forecasts indicating that insolvency levels in England & Wales were expected to hit 12,725 in 2016. While below the 12,855 compulsory liquidations and creditors’ voluntary liquidations recorded last year, the drop is small at just 1%. High profile insolvencies already this year include BHS and Austin Reed. However, as Softex has experienced it is not only the failure of high-profile customers that can cause a financial headache.

**Tanya Giles, Regional Manager at Atradius, said:** “The economy grew 0.6% in the three-month period to the end of June. However, as we review the impact of the weeks following the referendum we need to bear in mind that the effects of the recession continue to cast a shadow with business insolvencies still running at troubling levels. Businesses can be significantly impacted when they do not get paid. Insolvencies are brutal and leave a trail of destruction along the supply chain. Small businesses are particularly at risk as they may not be able to sustain the financial impact of unpaid invoices, nor indeed the loss of a customer from their book.

“However, while some insolvencies may be a shock, there will often be tell-tale signs of an impending failure. The warning signs include customers failing to pay on time, permanently taking advantage of full credit lines asking to prolong overdue bills, changing banks or offering bills of exchange in lieu of payment.

“The biggest single thing a business can do to mitigate the risks of non-payment is to protect themselves. Trade credit insurance provides simple, cost effective protection to your business against the risk of not getting paid. If you can’t get paid, for instance if your customer becomes insolvent, defaults on the payment or is affected by political risk, you can



make a claim to Atradius, reducing the need for bad debt provision and releasing money back into the business.”

As a trade credit insurer, Atradius protects businesses from the risks of non-payment and also advises businesses on trading risks and opportunities in the domestic and export markets using intelligence gathered from millions of firms around the world.

Mr Yarashi, of Softex which has been a customer of Atradius for a decade, added:

“Atradius is always opening up limits for new customers for us. For instance, when I had the opportunity to supply a multimillion pound turnover company, I wanted to ensure I could supply them with whatever they needed – with the right protection. Atradius gave me a large credit limit and we could start doing business immediately. That year, we turned over £1m of business with that company; Atradius played a major role in our business’ success. I would always take the opinion of Atradius whether to supply a customer as they can advise if I’m likely to get paid or not – and I don’t want to take a hit. They help me decide where to do business and where not to do business.”

Kiran Yarashi has further appreciated the support extended by long term dedicated Account Manager - Claire Bowen who understood his business and extended maximum support. Adjusting the policy premiums, extending maximum credit periods, quick and positive support for credit limits for customers where business was possible are some of the instances. This kind of an excellent understanding of the client's business by this dedicated manager helped Softex to sail through difficult times.

For more information on Atradius or to download Atradius’ insolvency warning checklist, visit [www.atradius.co.uk](http://www.atradius.co.uk) You can also follow [@AtradiusUK](https://twitter.com/AtradiusUK) on Twitter.

## **ENDS**

### **About Atradius**

Atradius provides trade credit insurance, surety and collections services worldwide through a strategic presence in 50 countries. Atradius has access to credit information on 200 million companies worldwide. Its credit insurance, bonding and collections products help protect companies throughout the world from payment risks associated with selling products and services on trade credit. Atradius forms part of Grupo Catalana Occidente (GCO.MC), one of the leading insurers in Spain and worldwide in credit insurance.