

April-June
2024



TOMORROW'S MONEY TODAY

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BUILDING STRONGER NATION



**EMPOWERING
VIKSIT
BHARAT**

Welcome to the latest edition of our M1xchange Quarterly Newsletter. As we navigate through an era of rapid growth and innovation, the vision of a "Viksit Bharat" (Developed India) is closer than ever. At the heart of this vision lies the crucial role of Micro, Small, and Medium Enterprises (MSMEs).

MSMEs are the backbone of our economy, contributing significantly to the GDP, employment, and exports. This edition of the newsletter is a tribute to their agility, resilience, and entrepreneurial spirit that drive local and global markets. And as we strive towards a Viksit Bharat, empowering MSMEs becomes imperative. Their success fuels inclusive growth and lays the foundation for a robust economic framework.

This quarter, we also celebrated a significant milestone. M1xchange marked its 7th Founders Day with an offsite event, bringing together our dedicated employees to commemorate our journey and achievements. It was a day filled with reflection, team-building activities, and a renewed commitment to our mission.

We're also proud to share that M1xchange received the "Financial Inclusion Fintech of the Year" award at the Business World Fintech Awards. This recognition serves as a testament to our ongoing commitment to enhancing liquidity and fostering business growth across the board.

As we look ahead, our vision remains steadfast: to support and uplift MSMEs, ensuring their success. We are excited to announce the upcoming launch of our international trade finance platform, M1 NXT. It is a digital marketplace for international factoring products, with approval received from IFSCA.

We are committed to providing innovative financial solutions, fostering a conducive business environment, and celebrating achievements.

Index

[Editors Desk](#)
[CEO Desk](#)
[About M1xchange](#)
[Celebrating 7 Years of Innovation, Impact, and Inclusivity](#)
[MoU with the Government of Andhra Pradesh](#)
[Award & Accolades](#)
[1 Lakh Crore Throughput Achieved](#)
[Small-to-Small Financing](#)
[Fireside Chat with Sandeep Chandra](#)
[Corporate Recognition](#)
[Case Study](#)
[Financier Dashboard](#)
[Expert Speaks](#)
[Fireside Chat with Vineet Sharma](#)
[PSU](#)
[Podcast with Sundeep Sir](#)
[Life @M1](#)
[M1 in News](#)
[Group Company Update](#)




Sundeep Mohindru

Promoter & Director,
M1xchange

Dear Partners,

We, at M1xchange, aim to build a global trade finance community, transforming access to liquidity and thereby facilitating inclusive growth. M1xchange has achieved an impressive feat of ₹1,00,000 Crore throughput and became the #1 TReDS platform for the month of June. This landmark achievement underscores our commitment to providing robust financial solutions and supporting the growth of the nation. At M1xchange, we are dedicated to partnering with all the stakeholders in their growth journey. We believe in the power of collaboration and innovation as the engines of growth.

This year, we aim to significantly enhance our performance and expand our impact across the nation. We are dedicated to extending our geographical footprint. We plan to expand our reach to over 2,200 cities across India, ensuring that more businesses can benefit from our services. We are committed to supporting the backbone of the Indian economy—Micro, Small, and Medium Enterprises (MSMEs) and aim to onboard close to 30,000 MSMEs, providing them with the necessary working capital to grow and thrive.

Looking ahead, we are also excited to introduce M1NXT, a platform specifically designed for Export Factoring. This will empower businesses to expand their reach to international markets with greater confidence and financial security.

Through these initiatives, we are confident that we can drive substantial growth and create a more inclusive financial ecosystem for businesses across the country.



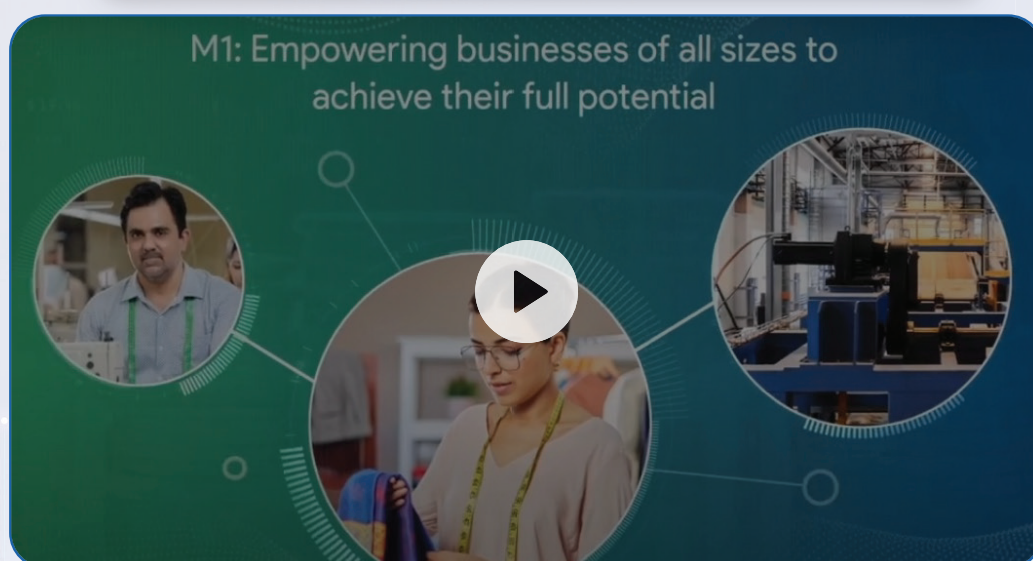
M1xchange is a TReDS (Trade Receivables Discounting) exchange that was started in April 2017. As India's largest global supply chain finance exchange for MSMEs, we facilitate the financing of MSMEs' trade receivables from corporate buyers through 'factoring' or 'invoice discounting' by financiers (Banks and NBFCs). Transactions on the TReDS platform happen digitally and start when the MSME Supplier of Goods & Services raises the invoice and the Buyer validates the same. This permits the financiers (Banks/NBFCs) to bid against the verified and approved invoice. Once the supplier accepts the bid, the payment is processed in 24 hours and credited to the MSME's bank account.

As an RBI-regulated Fintech with investments from multiple marquee investors, we operate under a framework and environment of strong governance. This governance has generated a high level of trust among banks, corporates, and MSMEs. This trust enables significant adoption by all stakeholders and, hence, growth. We have a vision of enabling access to liquidity for over 1 million MSMEs in the next 5 years.

M1xchange Insider



M1xchange completed 7 years, a journey characterized by innovation, impact, and inclusivity. Our commitment to inclusivity has enabled us to support diverse businesses, fostering a more equitable economic landscape. We celebrated this milestone with great enthusiasm and gratitude. From insightful discussions to engaging team-building activities, the celebrations reflected our vibrant culture and collective achievements.



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MoU Signed with Government of Andhra Pradesh

M1xchange signed a Memorandum of Understanding (MoU) with the Government of Andhra Pradesh. The ceremony was graced by the esteemed presence of Sri. Kondapalli Srinivas, Hon'ble Minister for MSME, SERP, NRI Empowerment & Relations, and Sri. N. Yuvaraj, IAS, Principal Secretary to Government (Mines), Industries & Commerce.

This strategic partnership aims to revolutionize the financial landscape for Micro, Small, and Medium Enterprises (MSMEs) in Andhra Pradesh by providing enhanced access to working capital. Leveraging the TReDS platform, this initiative will facilitate quicker invoice discounting, ensuring MSMEs receive timely payments and improve their cash flow.



Adding another feather to the cap “Financial Inclusion Fintech of the Year”

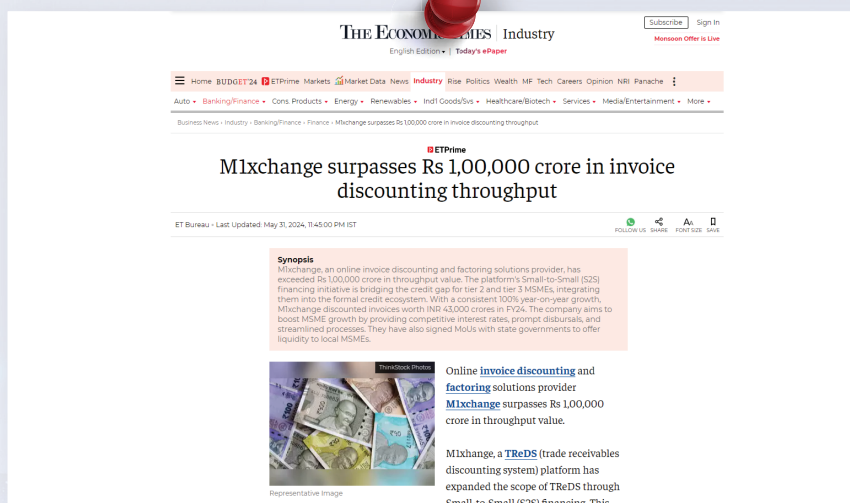
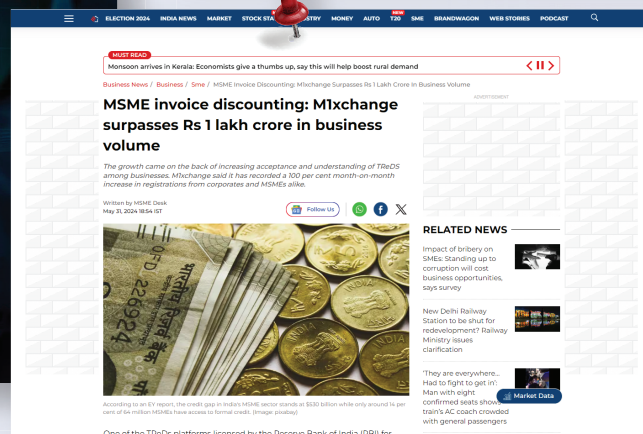
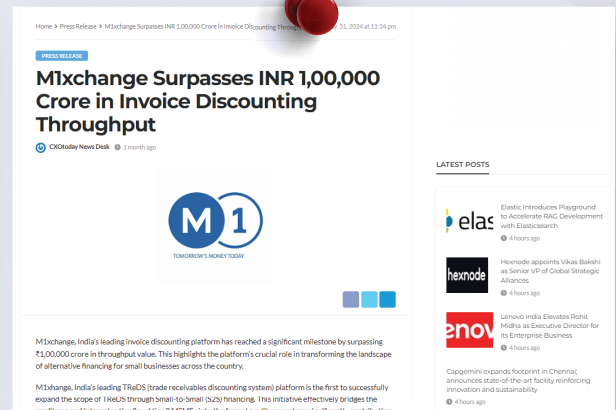
M1xchange was awarded "Financial Inclusion Fintech of the Year" at the BW Festival of FinTech 2024, held on June 28th in Bengaluru. This recognition highlights our dedication to empowering individuals and businesses throughout India and affirms our pioneering efforts in transforming the financial landscape to enhance accessibility and equity nationwide.



1 Lakh Crore Throughput Achieved: Another Step Towards Empowering MSMEs & Financial Inclusion

07

M1xchange successfully facilitated invoice discounting exceeding ₹1,00,000 Crore on its TReDS platform. This achievement transcends mere financial achievement; it signifies a significant leap forward in financial inclusion and empowerment for Micro, Small, and Medium Enterprises (MSMEs).



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Late payments blocking your MSME's growth?

Embrace growth and boost your company's performance with M1xchange Small-to-Small Business Invoice Financing. It offers you financial support to grow your business and obtain funding with ease, all without worrying about collateral.

Now, save costs, scale working capital, and achieve business success with M1xchange's Small-to-Small Business Invoice Financing.

It is a one-stop plug-and-play platform to support MSME sellers & buyers with cash-flow-based financing.



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SAVE | **SCALE** | **SUCCEED**

Small-To-Small Invoice Financing

For Your Business Growth!




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Fueling Growth
With Non-Collateral Based Working Capital

Get The Capital You Need With

Small-To-Small Invoice Financing



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Experience the Simplicity of
SMALL-TO-SMALL INVOICE FINANCING

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Small-to-Small (S2S) Financing is redefining the financial landscape for Micro, Small, and Medium Enterprises (MSMEs). It transcends traditional limitations, offering a digital platform where all MSMEs can thrive.

Can an MSME be the backbone to finance smaller businesses? Data Analytics have the answer

The micro, small, and medium enterprises (MSMEs) play a pivotal role in India's dynamic economic landscape. MSMEs are the second-largest employer in India after agriculture, employing over 110 million people and accounting for 23% of the country's labour force. Other than providing jobs, MSMEs are crucial in fostering innovation and driving economic growth. Today, thanks to the digitization of the economy, small businesses linked data availability, advanced data analytics tools and supportive regulatory frameworks. MSMEs are positioned to become the critical economic value creators for both downstream and upstream businesses within their Industry supply chains.

The small-to-small way of Working Capital Management

The Reserve Bank of India (RBI) has introduced a unique concept known as "Small-to-Small" (S2S) financing. This initiative allows MSME Buyers to effectively support their downstream MSME suppliers by providing much-needed financial support through offering early payment solutions to these suppliers. By leveraging advanced non-financial and financial data analytics, MSMEs can now be assessed on their creditworthiness quickly to facilitate financing more inclusively and efficiently. The use of Credit Analytics Engines (CAE) is central to this approach of M1xchange, reshaping traditional credit evaluation methods and paving the way for a more inclusive financial system.

Harnessing the power of Data Analytics

The S2S financing model leverages TReDS Platform Data along with MSMEs' digital data and data analytics. M1xchange Credit Analytics Engines (CAE) uses data from various online sources such as bank statements, GSTN records, and TReDS transaction data to evaluate an MSME's capacity and intent to repay loans. This method engages cohesive risk assessment methodologies compared to traditional balance sheet-based evaluations, which often do not depict the true financial health of an MSME. By providing a comprehensive view of an MSME's financial behaviour/health, CAEs facilitate better decision-making and risk management.



Toward economic growth and financial inclusivity

The S2S financing model has several significant financial benefits. Firstly, it enhances the liquidity of Tier 2 small businesses in the value chain of large corporates by providing them with timely access to funds. This liquidity is crucial for their growth and stability, enabling them to invest in new opportunities and expand their operations. Secondly, the model supports smaller businesses by offering them unsecured financing against even small denomination invoices. This support is crucial for the sustainability and growth of these smaller businesses, which are often the backbone of local economies.

Moreover, the S2S financing model promotes financial inclusion by making credit more accessible to micro and small businesses that may have previously been underserved by traditional banking systems. The use of data analytics ensures that even businesses without a strong balance sheet can be assessed fairly based on their platform/financial behaviour and transactions.

Collaboration for a robust ecosystem

The success of the S2S financing model depends on the collaboration between various stakeholders, including financial institutions, regulatory bodies, and technology providers. Here, the financiers play a crucial role in identifying the necessary data points for credit analysis and effectively utilizing the CAE to evaluate credit limits. Regulatory bodies, such as the RBI can provide the framework and support needed to implement and scale these innovative financing models. Technology providers ensure seamless collection, processing, and analysis of financial data, simplifying the experience for MSMEs and banks alike.

The way forward

MSMEs have always been a cornerstone of India's economic landscape. With the integration of advanced data analytics and supportive regulatory frameworks, they are now poised to become a vital source of financing for smaller businesses. The implementation of the Small-to-Small Financing model and the use of Credit Analytics Engines mark a new era of financial inclusion and efficiency. By empowering MSMEs with the tools and resources they need, we can drive sustainable economic growth and create a vibrant and inclusive financial ecosystem that benefits all.

Manish Arora
Head S2S



M1xchange hosted a fireside chat with Sandeep Chandra, CMD of CDS Infra Projects Ltd. Mr. Chandra shared his inspiring journey and the core values driving his success. He provided invaluable insights on building high-performance teams and discussed strategic priorities shaping the infrastructure sector, emphasizing the need for adaptability and strategic foresight.

Mr. Chandra highlighted M1xchange's crucial role in the growth of CDS Infra Projects Ltd., praising its innovative financial solutions for ensuring timely payments and enhanced liquidity. This session provided attendees with a unique opportunity to delve into Mr. Chandra's journey and the core values driving his success, leaving them inspired and equipped with practical takeaways to apply in their organizations.



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Recognizing the Remarkable Contributions of Corporates Leveraging our TReDS Platform



SAEL Limited, a prominent player in India's agricultural sector, transformed its financial landscape through M1xchange's Trade Receivables Electronic Discounting System (TReDS). Traditional bill discounting burdened SAEL with lengthy approvals, complex paperwork, and limited financing options. M1xchange's TReDS platform revolutionized this process by connecting SAEL to a wider pool of financiers, enabling faster approvals, enhanced transparency, and competitive bidding for lower rates. This shift improved cash flow, reduced financing costs, and streamlined operational efficiency for the organization, highlighting the platform's transformative impact on agricultural financial management and fostering growth and operational excellence.



To Read The Case Study, Click Here





As Q1 of the new fiscal ends and challenges of business plans for the FY begin to sink in, there is a perceptible increase in pressure, however gentle, for most corporates, including our financier partners. We therefore consider the beginning of Q2 to be a good time to touch upon the subject of risk-reward trade-off!

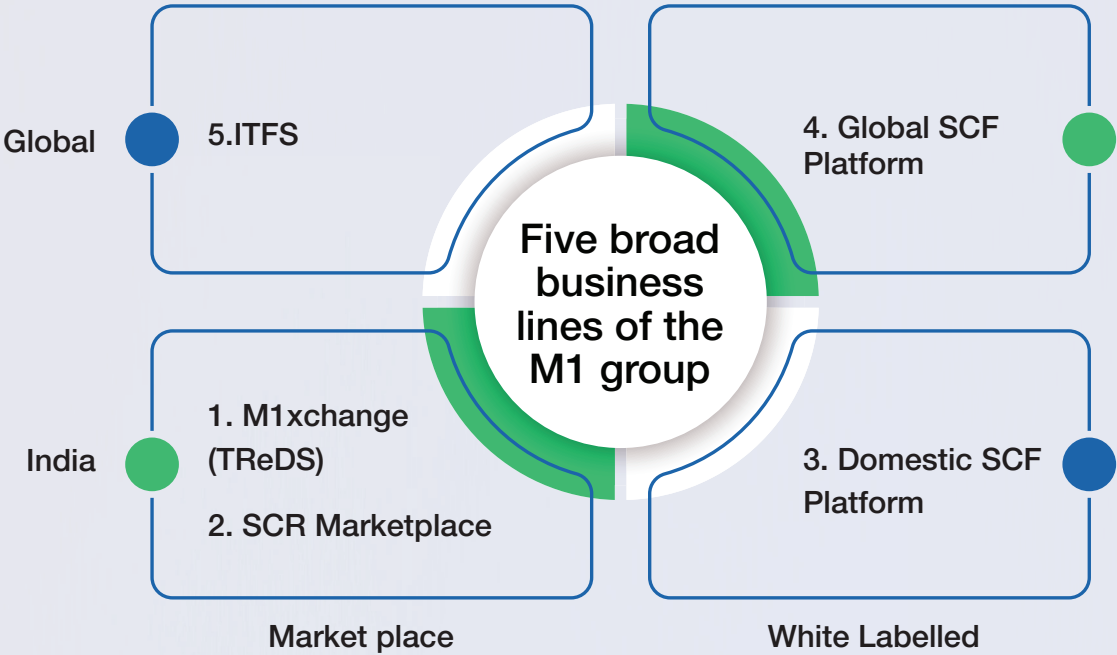
In financial terms, risk is the chance that an outcome or investment's actual gains will differ from an expected outcome or return. Financial risk refers to the possibility of losing money on an investment or having a negative business outcome. Many leaders among our financiers would be great practitioners in the assessment and management of risk. Among the emerging economies, India has developed a robust risk management architecture that has resulted in our financial markets becoming a global cynosure. Inevitably, as markets mature, nations realize that vibrancy in economic growth is often sacrificed at the altar of rather skewed risk averseness. But then, who is not familiar with the adage, 'nothing ventured, nothing gained'?

It is in the context of a discussion on the risk that one recalls the grit and determination of the early 20th century's greatest seafarer and adventurer Sir Ernest Henry Shackleton, an Anglo-Irish Antarctic explorer, who led three British expeditions to the Antarctic. He was one of the principal figures of a period known as the Heroic Age of Antarctic Exploration. In December 1913, Shackleton published details of his new expedition, grandly titled the "Imperial Trans-Antarctic Expedition". A year later, on 5th December, 2014, Shackleton and his brave crew aboard their vessel Endurance departed from South Georgia for the Weddell Sea on 5th December 1914, heading for Vahsel Bay. As the ship moved southward, navigating in ice, she encountered first-year ice, which slowed progress. Deep in the Weddell Sea, conditions gradually grew worse until, on 19th January 1915, Endurance became frozen fast in a sheet of floating ice. On 21st November 1915, the wreck of Endurance finally slipped beneath the surface of icy waters in Antartica. Shackleton and his braveheart crew, who had by then abandoned their vessel and got into smaller boats, began their operation to salvage their pride while fighting for survival. To cut the long story short, Shackleton walked more than 50 miles on frozen ice and without food from the closest ice mass, summoned help from deep sea

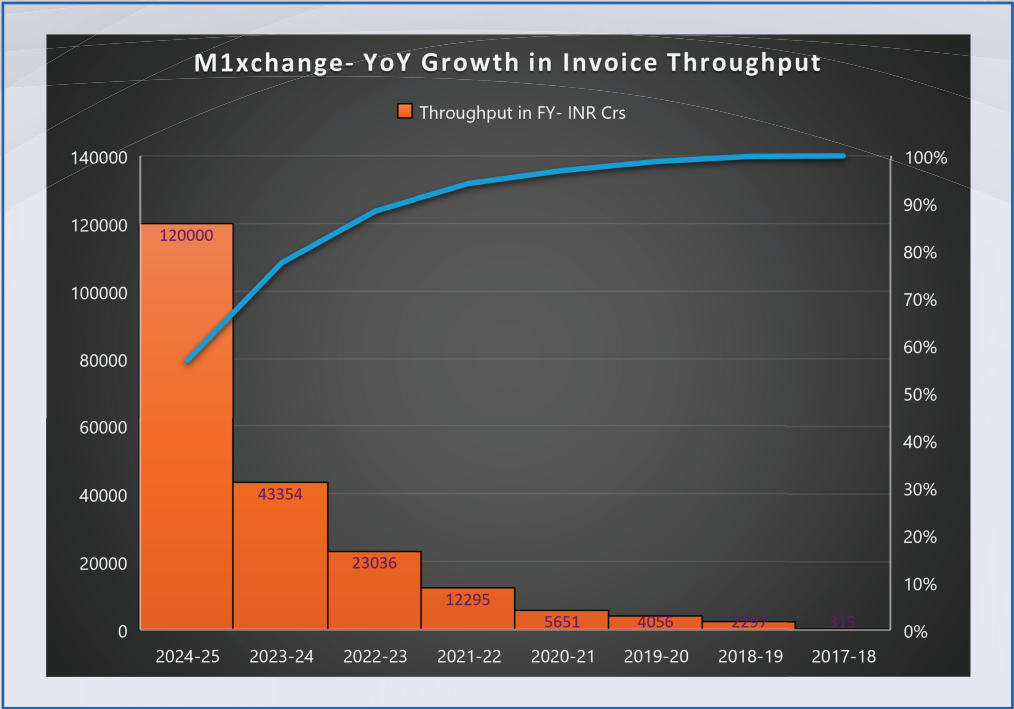


fishing ships and rescued most of the crew. It was by the display of sheer courage amidst adversity and confronting crisis head-on by taking calculated risks that Shackleton salvaged his pride, rescued his crew of 28 and carved his name as one of the most courageous seafarers ever! Sir Raymond Priestley, one of Shackleton's contemporaries, in his 1956 address to the British Science Association, paraphrased what another great sailor had said earlier thus: "Scott for scientific method, Amundsen for speed and efficiency but when disaster strikes and all hope is gone, get down on your knees and pray for Shackleton."
(Source: Wikipedia)

The following table summarises areas in which the Mynd Group is equipped to provide Digital Financial Inclusion Solutions:



In financial markets, sensitivity to risk often takes a toll on making available adequate trade liquidity to the smaller and marginal enterprises, while a skewed generosity is bestowed on larger ones. Even though, in terms of losses through failed lending programmes, financiers have been hit much harder by the very same larger enterprises, particularly corporate borrowers. TReDS is one paradigm-changing programme directed towards the financial inclusion of smaller enterprises where norms are being rewritten in the financial sector. Your favourite TReDS platform, M1xchange, ended Q1 with a cumulative throughput value of invoices factored at Rs. 14,693 Cr. (a 100% growth over Q1 volumes at Rs. 7451 Cr. in the previous year!). On a cumulative basis, the value of invoices factored is Rs. 1,05,707 Cr. M1xchange is indeed grateful to over 32,000 vendors, 1617 corporate buyers and 61 financiers who constitute the firmament of her eco-system. In our 7th year of operations, it gives Team M1 immense joy to share our growth story over the years as follows:



** Throughput for 2024-25 is our collective aspiration

Yet it is the risk perception in taking exposure on ‘bottom of the pyramid’ corporates that has resulted in skewness when one considers exposure by External Credit Rating of Buyers in Q1, as may be observed in the following Table:

M1xchange- Classification of Throughput and Outstanding Value of Invoices- Q1 2024-25 by External Credit Rating (ECR)		
ECR	Throughput Q1	Outstanding 30 th June
AAA	335	215
AA	3215	2835
A	7291	8994
BBB	3852	3939
Total	14693	15983

If we account for an estimated value of invoices payable by BBB-rated corporate buyers that do not come on the platform due to insufficient liquidity, then skewness in preference for approving limits only on A and better-rated buyers would become even more glaring.

To make more risk mitigating tools available to our financiers in an effort to make a deeper penetration in underserved segment of MSMEs who are vendors to BBB and below-rated buyers, your favourite TReDS exchange is rolling out Trade Credit Insurance (TCI) in Q2. We are reaching out to all our financier partners to please consider availing of the same and reach out to our teams, who would be happy to liaise with insurers to discuss their bespoke policy wordings and pricing to match your portfolios!

Top 3 Outstanding Performers on M1xchange TReDS Platform for the Quarter 1, FY 24-25



We are also happy to share our Quarterly Ranking score card for Q1 as follows:

Comparative Financier Ranking: Q1 FY 2024-25 over Q4 FY 2023-24

M1xchange : Comparative Ranking of Financiers- Q1 FY 2025 over Q4 FY 2024			
Financier Name	Ranking on Outstanding Value of Invoices 30 th June 2024	Financier Ranking	
		Invoice Throughput Q1 FY 2025	Invoice Throughput Q4 FY 2024
State Bank of India	1	1	2
Canara Bank	2	2	1
Indian Overseas Bank	3	3	3
Bank of India	4	6	6
Bank of Maharashtra	5	4	5
Central Bank of India	6	5	4
IDBI Bank	7	8	7
Punjab and Sind Bank	8	10	9
Punjab National Bank	9	9	11
SIDBI	10	7	8
Indian Bank	11	12	15
UCO Bank	12	11	13
Bank of Baroda	13	15	16
IndusInd Bank	14	14	12
Canbank Factors Ltd	15	19	18
Union Bank of India	16	13	10
SBI Global Factors Ltd	17	16	17
South Indian Bank	18	18	19
IDFC First Bank	19	17	14
Federal Bank	20	23	26
Jana Small Finance Bank	21	21	23
HDFC Bank	22	20	20
Shinhan Bank	23	22	22
Financiers with Rs 100 cr or more as outstanding invoices as on 30th June are ranked on other comparative parameters			

With utmost gratitude, we wish all our partners and their teams the very best in their endeavours as they partner with M1xchange in a collective mission to provide financial inclusion to the smallest and the farthest enterprise by bringing them on TReDS.



PSU



Private



Foreign Banks



NBFC



Honoring the Outstanding Contributions of Financiers in Enabling Growth and Operational Efficiency on M1xchange's TReDS Platform



The global trade finance gap jumped to a record \$2.5 trillion last year as heightened economic risks left banks' financing capacity stretched, according to the **Asian Development Bank's 2023 Trade Finance Gaps, Growth, and Jobs Survey**. The survey is the world's leading barometer of trade finance health, with responses reflecting over 60% of the global market for bank-intermediated trade financing. It includes data from 137 banks from 54 countries and 185 companies based in 43 countries. While the demand for trade finance surged on the back of the sharp post-pandemic recovery, heightened economic risks have made it more difficult to secure than before, the survey shows.

Looking forward, the Global Trade Finance Market is likely to grow from USD 9.3 Trillion (2022) to USD 12.5 Trillion (2032) printing CAGR of 3%*. With various challenges in global trade, geo-political risks and challenges around capital allocation, we have an important agenda to manage and fix. Stakeholders are looking at global impediments, intermediation around financing, digital intervention on physical and financing ecosystem etc.

Against this backdrop, governments, inter-governmental bodies, multilateral institutions and policymakers are innovating with various ideas. Amongst them, it's important to look at some newer trends, especially the **Sustainable Trade Finance** and **International Trade Financing Services (ITFS)** platform mooted by IFSCA, unified regulator at India's IFSC.

Sustainable TF is an impactful trend, focusing on commitment to the Environment, Social and Governance (ESG) principles. Government and, therefore, their key institutions are prioritizing Sustainable Finance given commitments under COPS25, wherein 73 countries committed to net zero emissions by 2050. Given paramount importance to the direction and flow of credit to sectors aligned to ESG goals, the International Chamber of Commerce (ICC Paris) has undertaken a mega project to recommend standards around **Sustainable Trade Finance**. I was privileged to be personally associated with the project on behalf of YES Bank (<https://iccwbo.org/wp-content/uploads/sites/3/2023/12/2023-ICC-Principles-for-Sustainable-Trade-Wave-2.pdf>). The flow of credit is likely to be augmented in the Sustainable TF sooner than later.

ITFS is redefining the way Global Trade Finance can be approached. IFSCA should indeed be appreciated for bringing this innovative idea to reality wherein plethora of partners can collaborate digitally to truly intermediate at the speed of thought. Domestic and emerging global digital infra have to be further augmented for transacting on the platform FRICTIONLESS.

The time is now. I am proud to collaborate with stakeholders for setting up such platform, which is digital with a variety of emerging data points, including sustainability.

Happy to bring in ITFS and its emerging ecosystem, especially when there is a dire need to bridge the funding gap in Global Trade Finance.

- **Munindra Verma, CEO, M1 NXT**



M1xchange recently hosted an insightful fireside chat with Mr. Vineet Sharma, Head of Trade Products at IndusInd Bank, and Mr. Sundeep Mohindru, Promoter & Director of M1xchange, who shared the inspiring story behind TReDS. This engaging conversation highlighted the innovative ideas and teamwork that brought TReDS to fruition, discussing both challenges faced and strategies employed.

They candidly explored the intricacies of trade finance, offering valuable lessons and anecdotes that underscored their resilience. This discussion was a valuable resource for anyone interested in trade finance and innovation, providing inspiring insights into collaboration and creative problem-solving.



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The Department of Public Enterprises (DPE) Ministry of Finance has been given the mandate to monitor the onboarding of all CPSEs on TReDS portal, as per the Ministry of MSME notification dated 02.11.2018 and display the details of registration “prominently” on their websites. Though several CPSEs have already registered on TReDS platform, some CPSEs that are yet to register.

The directive not only mandates the CPSEs to register on TReDS portal but also requires them to ensure mandatory onboarding of their MSMEs vendors onto the same portal. To enable the MSMEs to avail the benefits of the TReDS platform, the CPSEs will ensure that the decision of acceptance/rejection of the goods and the respective bills/invoices will be taken within 15 days of the delivery of the goods/rendering of services.

It is now mandatory for the CPSEs to ensure that the payments of MSME vendors are made online within the stipulated contract timeframe and in no case beyond 45 days, as provided in the Section 15 of the MSMED Act, 2006. To provide relief to MSMEs battling problems due to delayed payments from their buyers, DPE has directed CPSEs to report the following information to DPE: CPSE onboarding on the TReDS portal, MSME vendor onboarding, CPSE-wise pending payments, and the payments to MSMEs beyond 45 days' period.

On average, 17% of invoices uploaded on TReDS platforms are often unfinanced. According to RBI, buyers must pay MSME sellers for such invoices outside of the TReDS system. The Central Bank permitted TReDS platform providers to handle the settlement of all bills utilising the NACH method on the platform itself, thereby helping CPSEs, SPSUs, Corporates etc. smoothen the MSME supply chain payment process nevertheless, with the most recent change to the rules. To increase openness in the bidding process, the RBI further instructed TReDS platforms to show information on bids by financiers for an invoice to other bidders on the platform as well.

M1xchange has implemented this "Direct Settlement" feature, streamlining the MSME supply chain payment process in several CPSEs, namely RITES Ltd., REMC, SECI, PFC Ltd., REC Ltd., ONGC Ltd., NSIC Ltd., Andrew Aule & Co. Ltd., and NSKFDC Ltd., and now they are actively routing all payments of unfinanced invoices using M1xchange as preferred MSME payment system.

M1xchange is the preferred TReDS platform for 1800+ CPSEs, SPSUs, Corporates etc. Majority states like Tamil Nadu, Goa, Madhya Pradesh, Maharashtra, Andhra Pradesh, Uttar Pradesh, Kerala, Himachal Pradesh, Odisha, Telangana and Karnataka are making this system mandatory for Government purchases. M1xchange is now gearing up to penetrate deep into the MSME space and helping the states raise awareness among the MSMEs. The digital enablement and use of digital public infrastructure also led to a surge in MSME registration, where it has now clocked 4000+ registrations over the last three months.





Mr. Sundeep Mohindru, Promoter Director, M1xchange, appeared on the Uwacha Podcast to share his incredible journey from overcoming childhood challenges to revolutionizing the fintech industry. Hosted by Shubhanga Prasad and Saveen Hegde, the discussion delves into his entrepreneurial evolution, highlighting resilience and innovation. Mr. Mohindru reflected on overcoming obstacles, digital transformation in financial services, and pivotal career moments, offering valuable insights for aspiring entrepreneurs and seasoned professionals alike.



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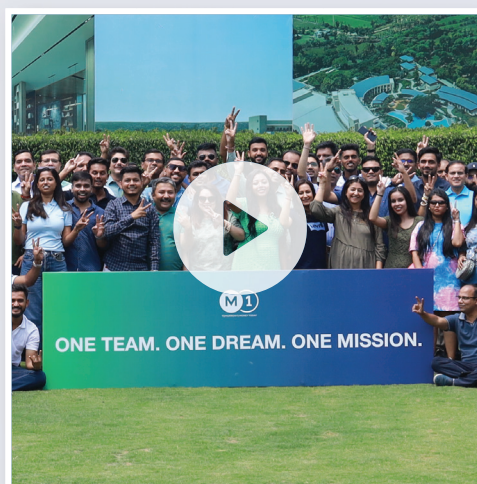
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Yoga Day

The M1xchange team came together to celebrate the art of mindfulness and movement. Through a series of yoga postures, we embraced tranquility and discovered inner peace, fostering a deeper connection with ourselves and each other.



Ideas Ignited, Laughter Erupted: M1xchange Founders Retreat Recap

To mark the completion of seven remarkable years, the M1xchange team embarked on an unforgettable retreat. Filled with thought-provoking discussions, infectious laughter, and a profound spirit of unity, this gathering was a reflection of our shared journey and accomplishments. The event highlighted the vibrant energy and collaborative spirit that define our team, making this retreat a memorable one.

Reward, Recognition & Celebration

This quarter, we celebrated and rewarded our employees for their outstanding contributions. We recognized long service awardees, celebrated birthdays, and shared the joy of various achievements together.



Invoice discounting platform M1xchange to double MSME onboarding

Chennai, May 18: Riding high on digital adoption among 5 million MSMEs, Tamil Nadu aims to become a \$1 trillion economy by 2030, largely relying on the MSMEs in the state. In such a scenario, M1xchange, India's leading invoice discounting platform aims to contribute to the growth story by bridging the working capital credit gap. Sectors such as infrastructure, auto/auto ancillaries, electricals/electronics, textile and agriculture are poised to be the key growth drivers for M1xchange.

Currently, Chennai has 2,91,435 Udyam registered MSMEs. A significant initiative by the government of Tamil Nadu is the introduction of C4i4 Lab to augment the growth of MSMEs through advanced manufacturing

technologies.

M1xchange has already onboarded over 3000+ MSMEs, which contributes to 10% of the company's overall business in Tamil Nadu. "Tamil Nadu is experiencing significant digital infrastructural advancements to foster the growth of MSMEs. We are witnessing an increased adoption of TReDS by businesses in Chennai. This is adding to the transaction volume growth. Our online bidding platform offers access to working capital against invoices within 24 hours, collateral-free and without recourse on MSMEs with an end-to-end digital experience to them. Our vision is to expand the TReDS platform and bridge the working capital gap for our contributors to

Chennai's growth story," said Roy Mathew Kurian, Chief Business Officer, M1xchange.

Invoice discounting via TReDS experienced a significant upsurge in 2023 driven by adoption among MSMEs, corporates, and banks. M1xchange plans to onboard 3000 more MSMEs on its platform in FY25 taking the total no. of MSMEs to nearly 60000. The company is targeting to

onboard at least 500 more corporates, and 20 more financiers predominantly NBFCs.

Till date, M1xchange has facilitated INR 98,000 crores worth of invoice discounting. This amounts to over 2.3 million invoices. The company is eyeing INR 72,000 crore in throughput value (total value of invoices processed) by March 2025, higher than INR 43,300 crore in FY24.

Hinduja family secures top spot on Sunday Times rich list

Chennai, May 18: The Hinduja family led by Gopichand Hinduja, Chairman of the Hinduja Group, a 110-year-old multinational conglomerate with a multi-billion dollar turnover, has topped the Sunday Times Rich List at ₹37,106 Billion.

Development, Lubricants and Specialty Chemicals, Energy, Real Estate, Trading, and Healthcare. British Prime Minister Rishi Sunak and wife Akshata Murty, who made their debut in the annual 'Sunday Times Rich List' two years ago, have

RBI to launch Digital Payments Intelligence Platform for fraud prevention

Business Today June 11, 2024



The Reserve Bank of India plans to set up a Digital Payments Intelligence Platform to reduce payment frauds. A committee led by Shri A.P. Hota has been formed to provide recommendations within two months.

It has proposed setting up a Digital Payments Intelligence Platform. This platform will leverage advanced technologies to mitigate payment fraud risks in India.

To advance this initiative, the RBI has formed a committee, chaired by Shri A.P. Hota, former MD & CEO of NPCI. The committee will examine various aspects of establishing this digital public infrastructure and is expected to provide recommendations within two months.

The central bank claimed that over the years, the Reserve Bank of India (RBI) has implemented several measures to ensure the safety and security of digital payments. These efforts aim to maintain public confidence in digital payment systems. A key aspect of sustaining this confidence is minimizing fraud.

Many digital payment frauds occur by tricking unsuspecting users into making payments or sharing their credentials. While the payment ecosystem—including banks, the National Payments Corporation of India (NPCI), and networks, payment aggregators, and payment apps—constantly works to protect customers, there is a pressing need for network-level intelligence and real-time data sharing across all payment systems. This new platform will provide data to tackle the issue of payment frauds.

Willy Ray, Chief Business Officer at IDfy said, "One of the biggest issues faced by the industry is that of repeat offenders—where the same fraudster systematically targets multiple victims. Efforts to create an industry-wide database have so far been limited by legal and commercial issues related to sharing of personal information of fraudsters. We hope that with RBI stepping in, it will become possible to create such a database through which repeat offenders can be stopped."

Amit Sachdev, COO, M1xchange said, "RBI's initiative to set up a dedicated platform to tackle challenges of digital payment frauds in India is well-timed. This is in line with several such initiatives undertaken by RBI to promote convenient, secure digital payments."

Sachdev added, "The proposed dedicated platform to tackle digital payment frauds is expected to provide vital additional information on frauds and thus enhance the efficacy of Digital Credit Analytics enabled on TReDS."

PLATFORM HAS 1,600 CORPORATES

M1xchange to rope in 30k more MSMEs

PIYUSH SHUKLA
Mumbai, May 1

LARGETRADE RECEIVABLES Discounting System (TReDS) company M1xchange, engaged in online financing and bill discounting of micro, small and medium enterprises (MSMEs), will onboard 25,000 to 30,000 more MSMEs on its platform in FY25, taking the total number of MSMEs to nearly 60,000, CEO Sundeeep Mohindru told FE.

The platform currently has 1,600 corporates and 60 financiers, including large banks like State Bank of India, HDFC Bank and Bank of Baroda and non-bank lenders like Tata Capital and Cholamandalam Finance.

In the current financial year, the company is targeting to onboard at least 500 more unlisted corporates, and 20 more financiers—predominantly NBFCs—on its platform.

"We have started seeing that, though in small numbers, MSMEs have started logging onto our platform from eastern places like Tripura, Shillong and it is spreading by way of good word, publicity and social presence. We must complement awareness that the MSME ministry, and the RBI are spreading," Mohindru said, adding that the plat-



ROAD MAP

■ M1xchange has 60 financiers, including large banks like SBI, HDFC Bank and Bank of Baroda

■ It also has non-bank lenders like Tata Capital and Cholamandalam Finance

■ This fiscal, the firm is targeting to onboard at least 500 more unlisted corporates, and 20 more financiers, mostly NBFCs disputes

form's presence will further expand from 1,800 cities to 2,200 cities in current fiscal.

It will also hire 50 new employees in FY25 and expand physical office network from 14 cities to 22-25 cities during the same period.

In terms of volumes, the

platform exited FY24 with ₹43,000 crore of invoice discounting in FY24, and in March 2024 alone reported ₹6,000 crore of volumes. "This is the run rate, and if we replicate that run rate, it takes us to ₹72,000 crore for FY25," he said.

Mohindru said that the platform has completely digitised the invoice discounting and financing journey for MSMEs on its platform and requires the proprietors to only upload their GST number and pan card details with the company, basis which the company sources their repayment and other borrowing history within minutes and enables financing, bill discounting options.

Further, about 20%-24% of existing MSMEs on the platform are from Maharashtra and the large proportion of incremental additions too are from the same state. Accordingly, the TReDS platform has formed a strategic partnership with Maharashtra government wherein the company will onboard MSME suppliers to state government run companies on its platform.

In the last fiscal, the company has participated in at least four awareness programmes on the TReDS platforms hosted by the state government, Mohindru said.

एमएसएमई के विकास को मिलेगा बढ़ावा

नई दिल्ली@पत्रिका. इनवॉइस डिस्काउंटिंग प्लेटफार्म एम1एक्सचेंज का लक्ष्य क्षेत्र में एमएसएमई के विकास को बढ़ावा देने के लिए डिजिटल सॉल्यूशन्स के साथ वर्किंग कैपिटल क्रेडिट अंतर को पाटना है। मौजूदा समय में कृषि, टेक्सटाइल्स, इन्फ्रास्ट्रक्चर, मेटल्स और मिनरल जैसे उद्योग राजस्थान में एम1एक्सचेंज के लिए महत्वपूर्ण विकास चालक के रूप में सामने आ रहे हैं।

RBI plans digital intelligence platform to lift consumer confidence

Suresh P. Iyengar
Mumbai

The Reserve Bank of India plans to set up a digital payments intelligence platform for sharing data on a real-time basis will safeguard the interest of consumers.

RBI Governor Shaktikanta Das said growing instances of digital payment frauds highlight the need for a system-wide approach to prevent and mitigate digital frauds.

It is, therefore, proposed to establish a digital payments intelligence platform which can share data on data real-time across the digital payments' ecosystem, he said.

PANEL FORMED

The RBI has constituted a committee to examine various aspects of setting up the platform, he said.

Digital payment fraud has witnessed a sharp five-fold jump to a record ₹1,457 crore in the fiscal year ended

March 2024, according to the RBI annual report.

The alarming increase coincides with the explosive 137 per cent growth in UPI transactions in the past two years to touch ₹200-lakh crore, as per RBI data. Digital payments, including card and internet transactions, accounted for 10 per cent of the total fraud amount in FY24, an increase from 1.1 per cent in the previous fiscal year.

Anand Kumar Bajaj, Founder, MD & CEO,

PayNearby, said integrating UPI Lite with the e-mandate framework will benefit people in small towns and rural regions, who frequently rely on small-value payments for daily needs.

The digital payments intelligence platform initiative by the RBI will enhance the security and transparency of the financial system, reducing fraud risks and building trust among users, he said.

Prashant Ramdas, Partner, Khaitan & Co said, while the RBI and NPCI have been

implementing security measures, this move would leverage technology and real-time data sharing architecture to detect and mitigate frauds.

The proposed platform would also be significant in bolstering customer confidence and boosting financial inclusion, he added.

SHARING VITAL DETAILS

Amit Sachdev, COO, M1xchange, said the proposed platform will enable access to vital additional in-

formation on frauds and enhance the efficacy of Digital Credit Analytics enabled on TReDS.

Ankit Ratan, Co-founder & CEO, Signzy, said the platform will leverage advanced technologies such as AI and machine learning to identify and mitigate fraud risks, leading to a safer digital payments' environment.

The comprehensive measures will empower the industry to deliver a more secure and trusted digital ecosystem for all, he added.



Our Subsidiary M1 NXT Makes Strides at FCI Annual Meeting in Seoul

28

At the 56th FCI Annual Meeting in Seoul, M1NXT, a future-ready digital cross-border factoring platform from India, met with the FCI leadership to discuss partnerships with ITFS platforms and promote factoring in India. This collaboration aims to improve the ease of doing business for Indian exporters and importers by boosting working capital flow and furthering Indian economic growth. M1NXT's presentation to the 200-strong audience highlighted its unique offerings and potential for trade financing opportunities. The M1NXT team found the conference valuable for collaboration and industry connections.



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