July 2026

TOMORROW'S MONEY TODAY

M1 DIGITAL CONNECT

From the Editor's Desk

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The MSME financing landscape is moving forward and July brought several developments that underline how quickly the ecosystem is evolving.

For Central Public Sector Enterprises, the focus has moved from simply adopting TReDS to demonstrating compliance through annual audit certification. For MSMEs, this creates a more structured route to invoice financing when supplying CPSEs.

At M1xchange, the focus continues to be on making this ecosystem larger, simpler and more accessible. M1 Group now connects 3,00,000+ MSME sellers with 15,000+ corporate buyers, creating one of the country's largest supply chain finance networks.

We are also seeing financing move deeper into the supply chain. S2S financing has crossed ₹2,200+ crore in cumulative throughput since inception, reflecting growing participation in deep-tier MSME financing. Alongside this, new guarantee cover on eligible TReDS transactions is helping reduce financier risk and create the potential for finer rates for MSMEs.

The month also took us beyond the platform with conversations around the next layer of digital finance at Fintech Fusion India, and a deeper presence in Kerala, where more than 2,000 enterprises have already unlocked nearly ₹12,000 crore in invoice financing.

In this edition, we look at the developments, ideas and businesses shaping the next phase of MSME finance.

In this Edition

The CPSE Mandate Moves from Notification to Audit Certification

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Payment discipline in public procurement now carries an annual compliance test

Compliance is no longer a checkbox - it's now an audit line item. The Ministry of MSME has made it compulsory for all Central Public Sector Enterprises to settle MSME supplier invoices through RBI-approved TReDS platforms, giving effect to a Union Budget 2026-27 proposal, Mint reports.

The shift lies in enforcement. CPSEs must disclose MSME invoices routed through TReDS and secure a statutory auditor's certificate of compliance at their annual audit - registration alone will no longer suffice.

For an MSME already supplying a CPSE, nothing changes on their end. Once the buyer is registered, invoices raised in the ordinary course of business become discountable on the platform.

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Central PSUs to now pay MSME vendors only via approved TReDS

The Centre has operationalized an FY27 Budget proposal by making TReDS-based payments mandatory for central public sector enterprises buying from MSMEs. The move seeks to improve cash flows for small businesses and make government-owned firms 'role models' for payment discipline.

New Delhi: The government on Friday made it compulsory for central public sector enterprises (CPSEs) to pay their micro, small and medium enterprise (MSME) suppliers through Reserve Bank of India-approved Trade Receivables Discounting System (TReDS) platforms, strengthening efforts to curb chronic payment delays and improve access to working capital for small businesses.

Click here to read the full article.

M1 Group: India's Largest Supply Chain Finance Platform

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M1 Group is now India's Largest Supply Chain Finance Platform, connecting over 3,00,000 sellers with more than 15,000 corporate buyers - one of the most extensive receivables financing networks in the country.

This scale translates directly into impact: faster working capital, seamless invoice financing, and stronger business partnerships powering India's supply chains forward.

This leadership position marks a foundation, not a finish line - as the network deepens, it strengthens India's push toward a fully formalised, technology-led financing ecosystem for MSMEs nationwide.

Vendor Onboarding, Reimagined: Faster, Lighter, Fully Compliant

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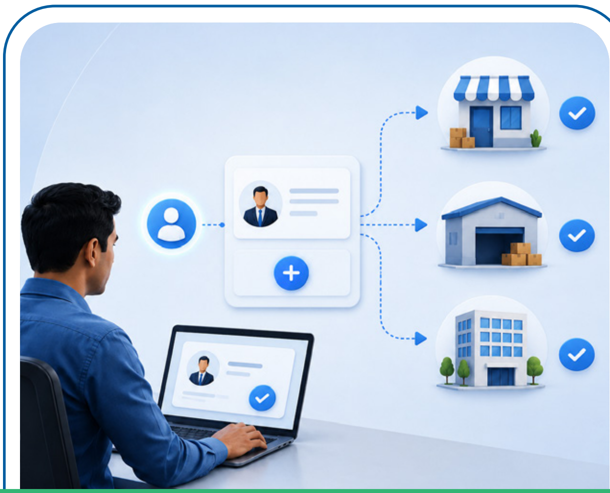
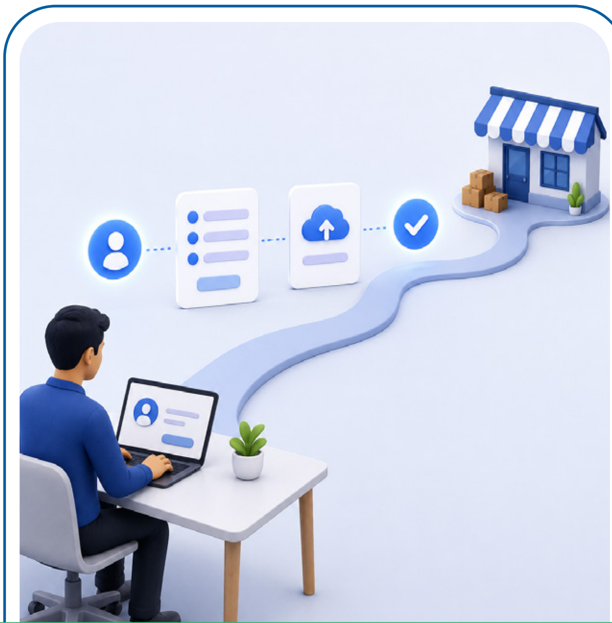
In line with the latest RBI guidelines, we have redesigned our vendor onboarding experience around a simple principle - collect only what is genuinely required and verify it at source. The result is two purpose-built onboarding workflows; each matched to how the vendor will transact on the platform.

Onboarding for Direct Payment (Buyer-led)

Vendors can now be onboarded entirely by the Buyer, with no action required from the vendor at all. The Buyer submits the vendor's PAN, the associated GSTIN, and bank account details; we complete verification internally against golden-source records and activate the vendor straight away.

No vendor sign-up. No login.
No document upload.





Onboarding for Discounting (Vendor self-registration)

Vendors continue to register themselves, but the journey is now materially lighter - vendor KYC is no longer part of the flow.

- **Sole Proprietorship:** PAN, GST selection, and bank account details.
  No document upload.
- **Private Limited & Partnership:** No information sought on Directors or Partners, and no KYC on them either.
- **Adding users:** Name, email, and phone number only - no KYC, no documents.
- **Company documentation:** A Board Resolution or Letter of Authority is now the document we ask for.

S2S Financing: Extending Liquidity Beyond Tier 1

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S2S (Small-to-Small) Financing on M1xchange TReDS enables invoice factoring between MSME buyers and sellers - bringing digital financing deeper into India's supply chains.

By combining TReDS platform-led origination with data-driven credit analytics and access to multiple financiers, S2S helps deep-tier MSMEs access the liquidity they need to keep business moving.

How S2S Works

MSME Seller raises invoice on MSME Buyer

MSME Buyer acknowledges invoice on M1xchange

Multiple Financiers compete to finance the invoice

Seller gets early access to liquidity Buyer pays financier on due date

Why S2S Matters for India's Supply Chains

For MSME Supplier

- Access liquidity against approved invoices
- Improve cash flow and operational efficiency
- Fulfil orders and grow with confidence

For MSME Buyers

- Support supplier continuity without upfront payments
- Build stronger, more resilient supply chains
- Enable on-time procurement and smoother operations

For the Supply Chain

- Bring formal financing deeper into the ecosystem
- Strengthen businesses that keep the chain moving
- Drive long-term, sustainable growth

Credit Analytics Engine (CAE)

CAE (Credit Analytics Engine) is M1xchange's proprietary machine learning model that assesses the creditworthiness of MSME buyers who are unlisted, unrated, or not captured by traditional credit systems. It analyzes cash flow patterns, repayment history and transaction behaviour to generate a credit score based on actual business activity rather than balance sheet data alone.

S2S Financing:
Extending Liquidity Beyond Tier 1

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S2S Throughput Since Inception

S2S financing on M1xchange has crossed ₹2,200+ crore in cumulative throughput since inception - a milestone that reflects the scale at which the platform has enabled liquidity for MSMEs across India's supply chains. Each transaction represents a deep-tier MSME accessing formal, timely credit that traditional financing channels have historically underserved. Crossing this threshold positions S2S as a proven, scalable model for extending liquidity beyond Tier 1, with the platform now positioned for continued growth as adoption widens across sectors, buyers and financiers.

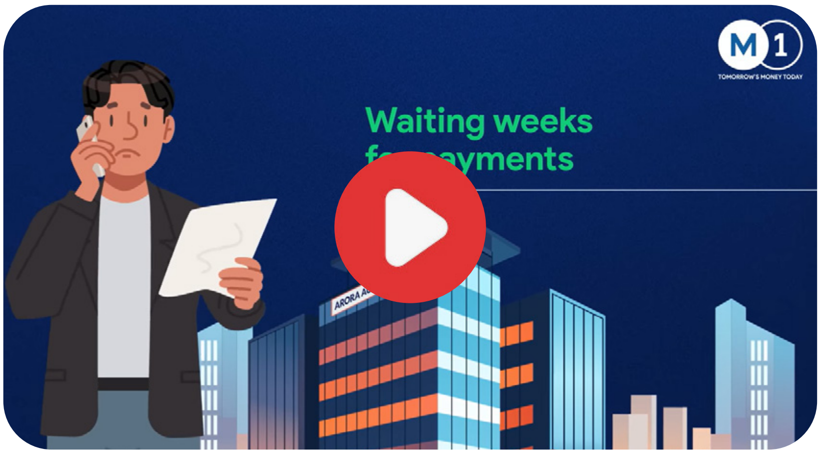
Top S2S Financiers | July 2026

Financier	Throughput
IDBI Bank Limited	#1
RBL Bank Limited	#2
Aditya Birla Finance Limited	#3
Mintifi Finserve Pvt. Ltd.	#4
State Bank of India	#5

Watch S2S in Action

How Does S2S Invoice Financing Work?

Watch the short explainer to see how S2S flows invoices between MSME buyers and sellers, enabling faster access to liquidity through a seamless, end-to-end digital financing journey.



Click here to watch the full video.

Guarantee Cover on TReDS: Lower Risk for Financiers, Finer Rates for MSMEs

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Under CGTMSE Circular No. 262/2026-27, banks and NBFCs financing MSMEs on TReDS may now avail government-backed guarantee cover on eligible factoring units discounted on the platform.

The circular operationalises a provision introduced by the RBI's TReDS Directions, 2026, which formally recognised insurance companies and government-notified Credit Guarantee Fund Trusts as participants on a TReDS platform.

75%
Maximum Guarantee Coverage

₹10 Cr
Exposure Limit, MSE Buyers

₹2 Cr
Exposure Limit, MSE Sellers

Why this changes pricing: on TReDS, financiers bid anonymously for each factoring unit, and every bid prices the buyer's default risk into the discount rate. When a government guarantee absorbs three-quarters of that exposure, the risk premium contracts — and a finer rate leaves more of the invoice value with the MSME.

BENEFITS AT A GLANCE

FOR MSMEs	A lower cost of funds on the same approved invoice
FOR FINANCIERS	Reduced exposure, and confidence to fund segments previously priced out
FOR THE ECOSYSTEM	A deeper bidding pool on every invoice, and finer price discovery across the market

Less risk for financiers. Greater confidence to fund MSMEs.

India Stack and the Next Layer of Finance

Fintech Fusion India 2026

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Sundeep Mohindru,
Promoter & Director, M1xchange, joined the panel 'India Stack: The Battle for the Rails — Who Owns the Next Layer of Finance?' at this year's edition.

M1xchange Deepens Its Kerala Footprint for MSME Liquidity

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Kerala's MSMEs are stepping onto bigger stages — larger buyers, export orders, longer supply chains — and the state is answering with liquidity to match. Over 2,000 enterprises here have already unlocked nearly ₹12,000 crore in invoice financing, powering growth across manufacturing, exports, food processing, healthcare, logistics and technology.

"Kerala has consistently demonstrated strong entrepreneurial capability, supported by a vibrant MSME ecosystem and a growing export economy. As businesses expand into larger domestic and global supply chains, access to timely working capital becomes increasingly important. The Government's recent push is further accelerating adoption of digital invoice financing. This momentum is helping platforms like M1xchange grow faster and reach more MSMEs across the state. We believe the rising awareness of TReDS, and the expanding ecosystem will enable more businesses in Kerala to improve liquidity, strengthen cash flows and scale with greater confidence," Sundeep Mohindru, Promoter & Director, M1xchange.

Two regulatory shifts are accelerating this momentum: the Ministry of MSME's mandate requiring all CPSEs to settle invoices through RBI-authorised TReDS platforms, and RBI's 2026 TReDS Master Direction, which removes mandatory seller-side due diligence for MSMEs while keeping KYC and payment safeguards intact — clearing the runway for faster, collateral-free financing.

Click here to read the full article.

The Scale Behind India's Growing TReDS Ecosystem

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Platform participation across MSMEs, corporates and financiers

M1xchange continues to strengthen access to digital receivables financing across MSMEs, corporates and financiers. Each figure below represents one side of the same transaction, a seller who uploaded, a buyer who accepted, and a financier who bid.

BILLS DISCOUNTED

₹3,50,000 Cr+

Cumulative invoice value financed since inception.

MSMEs ONBOARDED

1,00,000+

Sellers eligible to discount approved invoices.

CORPORATES ONBOARDED

15,000+

Buyers accepting invoices and enabling supplier liquidity.

FINANCIERS ONBOARDED

80+

Banks and NBFCs bidding on factoring units.

Together, these numbers reflect the growing adoption of TReDS as digital infrastructure for MSME working capital, and the depth of the financier pool that ultimately determines what an MSME pays for it. Eighty financiers bidding on one invoice is not a vanity figure; it is the mechanism by which a discount rate is driven down.

A TReDS Success Story

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Access to timely working capital is essential for businesses operating within complex supply chains.

S.M. Sun Power leveraged the M1xchange platform to unlock faster liquidity against approved invoices, enabling the company to strengthen cash flow management and support operational continuity.

Through digital invoice discounting, the business was able to access working capital more efficiently while maintaining stronger financial discipline within its receivables cycle.

Such success stories continue to demonstrate the growing role of digital supply chain financing in empowering businesses

Click to watch full video.

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When tomorrow's money comes today,

progress happens.

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