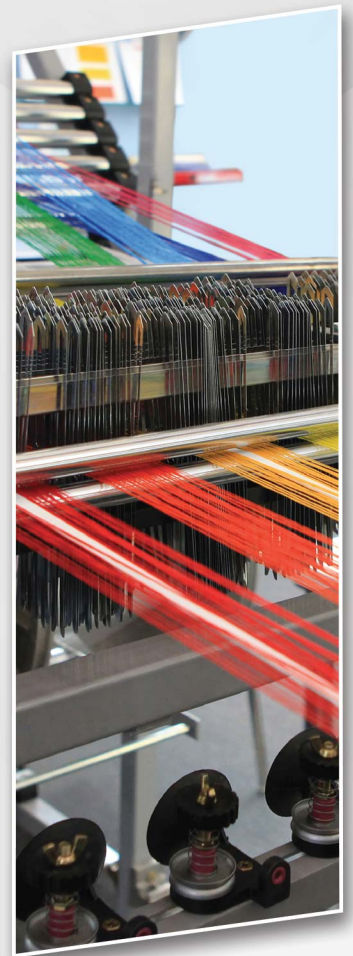


January - March, 2023

MSME INSIDER



BUDGET 2023

MSMEs SET TO GET PAYMENTS ON TIME

Editors Desk

Addressing the delayed payment crisis faced by micro and small enterprises — among the biggest challenges to their growth with the objective of promoting timely payments to Micro and Small Enterprises, Finance Minister Nirmala Sitharaman, in the budget 2023-24 proposed to amend section 43B of the Income Tax act with a new clause (h) in order to include payments made to such enterprises. Any MSME invoice that remains unpaid beyond 45 days will be disallowed as an expense till the payment is actually made. This will result in income bloating up and buying corporate will have to pay income tax on it.

India's Micro Small and Medium Enterprises (MSME) sector is a hidden gem that plays a critical role in propelling the Indian economy on a high-growth trajectory. These businesses have a proven business model that has been honed over years of operations.

The Vivad Se Vishwas scheme introduced in the Budget 2023 brings a ray of hope to MSMEs. As per this scheme, in cases of failure by MSMEs to execute contracts, 95% of the forfeited amount relating to bid or performance security will be returned to them by the government and government undertakings.

Unlocking the ease of doing business and enabling access to affordable capital have been the key demands of the MSME sector in recent years. Budget 2023 brought forth a few positive reforms around ease of doing business by proposing to reduce more than 39,000 compliances and have over 3,400 legal provisions decriminalized. On the operational front, PAN can now be used as a common business identifier and KYC processes will be simplified by taking a risk-based approach.

The TReDS platform assists businesses with getting their bills discounted on the platform. Using the M1xchange TReDS platform, the issues with funding and late payments of invoices can be resolved. M1xchange offers early liquidity within 24 hours through its online bidding platform to MSMEs at a competitive interest rate and is supported by a convenient end-to-end digital process. This is a highly effective and efficient solution to reduce the credit gap for MSMEs in India.

This newsletter contains recent News, TReDS updates, Government efforts, and M1xchange updates. Follow us on Facebook, LinkedIn, and Twitter to stay up-to-date on the latest happening in MSMEs & TReDS platforms.

Happy Reading!

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Message From **The CEO**

“

Delayed Payments are one of the major hurdles for MSMEs' growth. A lot of efforts are made to tackle this problem. This year's Union Budget gave more clarity on Govt's commitment towards solving this problem of delayed payment for MSMEs. However, the focus towards digital payments adoption in this Budget document motivates small businesses to further utilize the advantages of digital payments.

In order to promote timely payments to micro and small enterprises, it is proposed to include payments made to such enterprises within the ambit of section 43B of the Act. Thus, the deduction for such payments would be allowed only when actually paid. It will be allowed on an accrual basis only if the payment is within the time mandated under the Micro, Small and Medium Enterprises Development Act.

”

Sundeep Mohindru

Promoter & CEO, M1xchange



Partner Speak!



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TOMORROW'S MONEY TODAY

**“ We Multiplied Our Turnover By 3X
With The Help Of M1xchange TReDS Platform ”**

SWAPNIL GULHANE
Director, VRamp Automation

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TOMORROW'S MONEY TODAY

**“ M1xchange is a blessing
for small businesses like us. ”**

NAIMISH SHAH
Owner, Jayshree Industrial Accessories

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About M1xchange

M1xchange is a TReDS (Trade Receivables Discounting) exchange that started in April 2017. M1xchange facilitates the financing of trade receivables of MSMEs from corporate buyers through 'factoring' or 'invoice discounting' by financiers (Banks and NBFC). 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 hrs. and credited to the MSMEs bank account. Through this platform, M1xchange promises MSMEs greater access to finance" at competitive rates and without providing any collateral. Further, the financing is without recourse. MSMEs pass on the risk of receivables to the financiers (NBFCs/Banks) by selling their receivables.

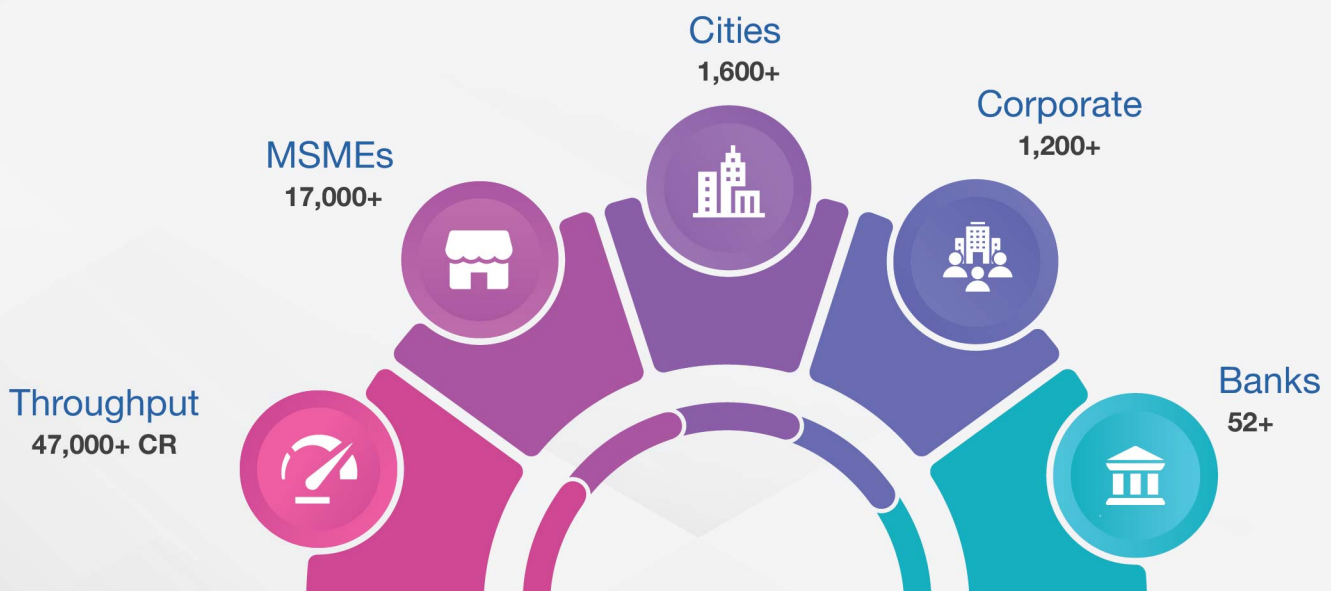


TOMORROW'S MONEY TODAY

M1xchange Insider

M1xchange is proud to be associated with top banks & financiers in India to ensure that the MSMEs in India don't face a liquidity crunch and can get their bills discounted at a very competitive interest rate without any security or collateral.

In the MSME ecosystem, digital supply chain finance has emerged as a breakthrough solution for cash crunch issues. Over 13 lakh invoices from MSMEs have been discounted on the M1xchange platform, with an overall throughput value of INR 47,000+ crores. This contributes to quick cash flow for MSMEs, allowing them to expand and complete orders on time.



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Benefits For Suppliers



Quick finance of receivable at competitive rate



Collateral free financing



Without recourse financing for supplier



Better relationship between suppliers and buyers



Financiers

New Financiers Onboarded

We are elated to welcome Tata Capital as a financier on-board! We strongly believe this partnership will further improve MSME's access to early payments and working capital liquidity.

TATA CAPITAL

Existing Financiers

PSU



Private



Foreign Banks



NBFC



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Founders Day Celebration

Six Years of Growth, Hard Work & Success

Team M1 marks its six-year anniversary with celebrations across all regions. The celebrations were our way of showing appreciation to our customers and employees for their continued loyalty and support.



SME EXPRESS GROWTH KA FUNDA

In a recent interview on Zee Business, Sundeep Mohindru, Promoter & Director, M1xchange, highlighted the immense impact of TReDS on businesses. While explaining how deeply this is helping the industry, he also talked about potential opportunities for insurance companies in the TReDS space.

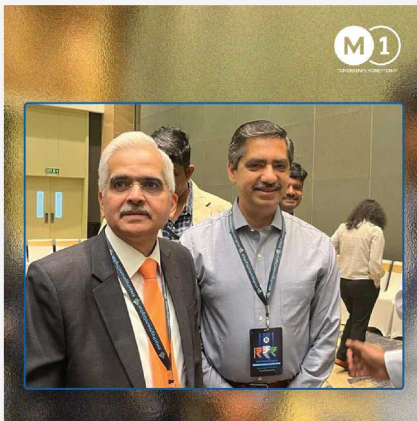


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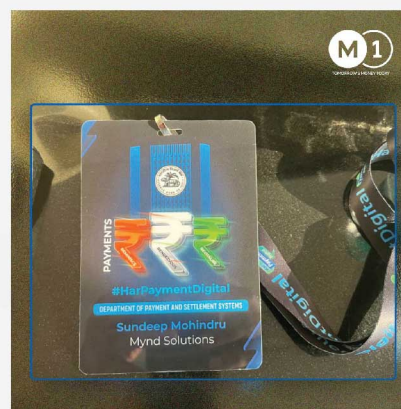


Event Participation

During the recent Payment System Operators Conference, the Reserve Bank of India (RBI) emphasized their key objective of making all payments digital. As a Payment System Operator (PSO), TReDS will play a significant role in this initiative and will help scale up India's economy through the "Reminisce, Rendezvous, Revitalize (RRR)" approach. TReDS is continually striving to reach new heights every year to support this vision.



At the conference, Sundeep Mohindru, CEO of M1xchange TReDS platform, along with CEOs from other TReDS platforms, Invoicemart and RXIL, were present. The conference was organized by the RBI in Kochi, and its aim was to bring together payment system operators and industry experts to discuss the latest trends, developments, and challenges in the digital payment ecosystem. As a participant in the conference, TReDS is committed to supporting the RBI's objectives and driving the growth of digital payments in India.



Event Participation



During the 13th Manufacturing Conclave and MSME Excellence Awards held at Sheraton Grand Pune on 10th March in association with the The Bengal Chamber of Commerce and Industry Mr. Amit Sachdev the COO of M1xchange, shared valuable insights on how MSMEs can leverage the TReDS platform to enhance their business.

Sundeep Mohindru, Promoter & Director - M1xchange talked about Bringing credit to MSMEs: Approach to build long-term scale while derisking the portfolio at Bharat Fintech Summit 2023. This insightful and thought-provoking session delivers the desired benefits to MSMEs.



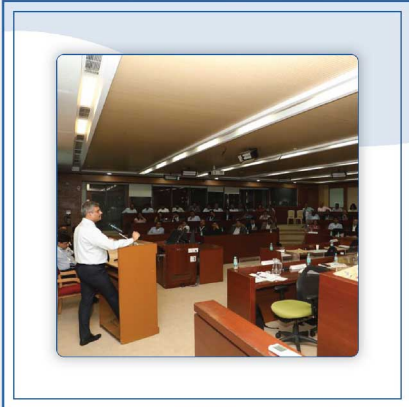
M1xchange had a great time at the Young Business Leaders Forum (YBLF) organized by ACMA. Mr. Chinmaya Deva Tayal, Senior Director Sales, shared his view on how young entrepreneurs can solve their working capital woes with TReDS. The YBLF engages in activities that inspire, motivate, and impart learning to enhance competitiveness and leadership skills amongst the future leaders of Indian Manufacturing companies.



Mr. Tushar Buch, Sr. VP, Banking, M1xchange, was part of a panel discussion at IIM Ahmedabad to talk about Fintech experiences and how new technologies are changing the pace of financial services.



Event Participation



At the SME Development program held at IIM Bangalore, Mr. Moulinath Ganguli, Director Sales, M1xchange, shared insights on the importance of maintaining integrity in managing working capital and liquidity in the era of e-invoicing and bill discounting.

Sundeep Mohindru Promoter & Director - M1xchange talk about tech solutions for empowering & building a competitive MSME landscape at Business Insider India's MSME Exchange 2023. How Digital transformation is the answer to challenges faced by small businesses.



"India 5000 MSME Conference", where Vishal Kumar, Senior Director, Business Operations from M1xchange, addressed the MSMEs on how TReDS can help them ease cash flow obstructions that hinder growth.

The curtain raiser of our new-age trade finance platform, M1NXT - an event curated for Export Promotion Councils. The ITFS event wrapped up successfully, leaving a lasting impact on the international trade financing landscape. Industry leaders discussed the latest developments in trade financing, and a new-age solution, M1 NXT, and flexible financing options were highlighted, leading to more efficient trade financing for businesses of all sizes. Let us toast to future-proof financing solutions.

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Event Participation

When it comes to the MENA trade, GTR MENA is where the action is. In our endeavor to drive M1 NXT forward in the MENA region, our senior leader, Rajesh Parthasarathy Senior Director-Financial Institutions, was at GTRMENA 2023 in Dubai, interacting with Bankers and Corporates. The event gave an insider's look at the latest trends in the industry, from supply chain disruptions to new transformation programs.

This premier gathering connects key players in the MENA trade industry and has been a staple for over 20 years. The event reflected on global economic changes, including supply chain disruptions, surging commodity prices, and inflation, as well as the excitement generated by the region's transformation programs, the latest technological developments in trade finance.

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M1 NXT was thrilled to be a part of the FCI event, "The Digital Revolution of Receivables Finance in GIFT City,". Our team headed to GIFT City Gujarat to promote International Factoring and showcase the digital revolution in receivables finance and mechanics of the factoring industry. It was an incredible experience connecting with industry leaders and innovators.

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GOVT'S MEGA PUSH FOR MSME, ANNOUNCES REVAMPED CREDIT GUARANTEE SCHEME WORTH RS 9,000 CRORE

MSME credit guarantee was proposed last year. The revamped scheme will go into effect on April 1, 2023, with a corpus infusion of 9000 crores. This will allow for an additional two lakh crores of rupees in collateral-free guaranteed credit. Furthermore, credit costs will be reduced by about 1%.

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INITIATIVES HAVE BEEN UNDERTAKEN, SUCH AS EASY ACCESS TO FUNDS AND TAX DEDUCTIONS, WHICH WILL PUT SMALLER FIRMS IN A STRONGER PLACE TO PROSPER AND THEN BECOME INTERNATIONALLY COMPETITIVE.

The Micro, Small and Medium Enterprises (MSME) do seem to be India's economic growth driver, accounting for approximately 30% of the nation's GDP. They also serve as the leading force next to 48% of export markets, 95% of the nation's industrial plants, and 40% of India's working population employment. This is among the quickest developing and also most evolving sectors of the Indian economy.

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M1xchange offers early liquidity for MSMEs through TReDS

M1xchange, a TReDS platform, aims to provide liquidity to over 4.7 million MSMEs in Maharashtra's automobile, agriculture, textile, and chemical sectors. The platform plans to offer fast liquidity within 24 hours through its online bidding platform, helping MSMEs get funding at market-determined interest rates. M1xchange's digital process ensures a convenient and end-to-end customer experience for MSMEs, who can use TReDS for receivable discounting from corporate buyers with the help of multiple financial institutions.

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The MSMEs are getting their receivables at a discounting rate band of 6.3-10 per cent per annum, depending on the credit rating of the corporate houses

M1xchange, an electronic platform for discounting trade receivables for MSMEs, has seen growth in the total value of bill discounting through its system will be more than double to Rs 25,000-30,000 crore in the current financial year. The growth is backed by the adoption of the system by micro, small and medium enterprises.

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M1xchange to help MSME exporters finance their invoices via the new ITFS platform

M1NXT will support Indian exporters with liquidity for international trade transactions through a worldwide network of institutional financiers and banks that purchase receivables through a real-time marketplace. The organization is trying to onboard and engage with as many national and international banks as possible to bring liquidity to the exporters of India.

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M1xchange:

India's Leading TReDS Platform Licensed by RBI



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