A.TREDS Ltd

Platform Name: Invoicemart

Online Market Place in India for MSME Invoice Financing

Note: The presentation and contents are being shared only for purpose of evaluation of A.TREDS Ltd (platform name: Invoicemart) case study nomination submitted for Digital and Innovative Financial Products and Services for MSMEs beyond Credit under G20 Indonesia 2022 (restricted usage). The contents are not to be shared with anyone for any other purpose without our explicit consent.
Micro Small Medium Enterprises (MSMEs) in India

- Access to credit and delayed payment from Buyers is a prevalent issue affecting growth of MSMEs.

- MSME supplies on credit to buyer this results in higher pricing and ultimate cost to consumer increases.

- **Invicemart - Trade Receivables Discounting System (TReDS)** platform set up in India to facilitate discounting of invoices raised on their buyers through multiple financiers via a bidding model.

- **It is a unique and fast evolving digital market place model in India aimed at financial inclusion of MSME.**

**MSMEs in India are as defined below**

<table>
<thead>
<tr>
<th>Classification</th>
<th>Micro Enterprises</th>
<th>Small Enterprises</th>
<th>Medium Enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing Enterprises and Services Enterprises</td>
<td>Investment in Plant and Machinery or Equipment: Not more than ₹ 1 Crore and Turnover: Not more than Rs. ₹ Crores</td>
<td>Investment in Plant and Machinery or Equipment: Not more than ₹.10 crore and Turnover: Not more than ₹. 50 Crores</td>
<td>Investment in Plant and Machinery or Equipment: Not more than ₹.50 Crore &amp; Turnover: Not more than ₹. 250 Crores</td>
</tr>
</tbody>
</table>
MSMEs in India – Challenges for growth

Key Growth Constraints for MSMEs

- Inadequate market linkages: 32%
- Lack of infrastructure: 29%
- Inadequate finance: 28%
- Lack of managerial competence: 24%
- Obsolete technology: 22%

Reasons for inadequate finance to MSMEs

- Access: Lack of physical branches in remote location, Alternative methods to reach MSMEs yet to mature
- Cost: High Interest rates, High servicing/processing costs
- Process: Lengthy turnaround times, Complex and inflexible procedures
- Collateral/Documentation: Lack of collateral, Lack of formal accounting systems
A.TREDS Ltd (Platform Name: INVOICEMART) - online marketplace

**Guidelines**
- Governed by Reserve Bank of India under Payment and Settlements Systems Act, 2007
- Guidelines on KYC and adherence to AML, CFT, PMLA etc

**Activities**
- Primarily focused on making cheap and timely finance available to MSMEs to ease out their short-term liquidity concerns
- Unique model that enables converting trade receivables of MSMEs into liquid funds thus unlocking working capital quickly through a bidding mechanism

**Focus**
- Address the access to finance and ease of working capital for MSMEs
- Corporates, PSU/PSEs to route their MSME payments to build supply chain synergies.
- Banks to build short term granular asset with PSL benefit

---

**Buyer**
- Buys goods from seller and has to pay at the end of the credit period

**Seller**
- Provides goods / services to large buyers and raises invoice on buyer.

**Financier**
- Buys seller’s invoices and assumes ownership of receivables
Invoicemart (TReDS platform) and How it Works?

- **Seller**
  - Provides goods / services to large buyers and raises invoice on buyer for payment after credit period

- **Buyer**
  - Buys good from seller and has to pay at the end of the credit period

- **Invoicemart**
  - Enables buyers to accept invoices uploaded by sellers
  - Enables financiers to buy invoices from sellers and also settles the payment from financier to seller

- **Financier**
  - "Buys" seller's invoices and assumes ownership of receivables to be paid by buyer on due date

- **Invoicemart settles repayment from buyer to financier**
Benefits for MSMEs in India

- “Without Recourse” financing for MSME on market-place (unique model world over) through a bidding model
- No collateral, loan liability or repayment liability on MSME for the financing
- Early Payments unlocking the receivables from Buyer
- Significant reduction in receivable cycle leading to improved cash flows for MSME
- MSME leverages Buyer’s credit profile thus significantly reduced rate of interest
- Better relationship between MSMEs and Buyers as MSME can then offer discount
- MSMC has access to finance at competitive rates even from Banks which do not have a bilateral relationship with MSME or a physical presence in the place where MSME is based
- End to end digital process for onboarding, transactions and settlement
Invoicemart – Highlights

**OWNERSHIP**
JV between Axis Bank, the leading pvt sector bank in India & mjunction, Largest B2B e-commerce company in India (TATA Steel & SAIL JV).

**PARTICIPANTS**
Strong tie-up with more than 1300+ CPSEs, PSUs & Corporates; Financing by 55+ Banks & NBFC Factors Guided 20000+ MSMEs across 28 States & 5 UTs to register and get their bills discounted

**COVERAGE**
900+ Cities and 3400+ Pin codes MSME from Tier 1, Tier 2 & Tier 3 are participating on the platform for Invoice Discounting

**INVOICES**
16 Lakh+ invoice discounted with 70% financing to Micro & Small Enterprises

**DIGITAL JOURNEY**
- Digitized end to end process & service to power excellent customer journey
- MOBILE APP

**RISK & IT INFRASTRUCTURE**
- 1st Block chain network with MonetaGo
- ISO 27001 certified

**MILESTONE**
1st Platform to cross INR 60,000 crores+ (aprx $ 7.3Bn) worth of MSME invoice discounting across 900+ cities in India
Invoicemart - Growth

- **Highest Cumulative Throughput** of ₹ 60,000+ crores (appx USD 7.3+ Bn) since inception
- India’s **largest and leading** TReDS platform
- **Highest No of Participants** – 21,000+ (Buyers – 1300+; MSMEs – 20000+; Financiers – 55+)

![Invoicemart Growth in Last 3 Years](chart.png)
## Digital Aspects of TReDS

| Online Application and Upload of Documents | Video KYC for Sole Proprietor, Unit Visit only for Other Entities |
| E-sign of Application Form and Agreement | Login Credentials given once Registered (Documents Validated) |
| Connected to Multiple Buyer(s) through the platform | Transaction for Multiple Buyers Uploaded through single Login |
| Bidding and Acceptance of Bid (Maker, Checker) on Platform/Mobile App | Direct Credit to Bank Account through NPCI |
| All Notifications, Reports, Assignment through Email | Reach our Helpdesk Through Email/Phone |