



# Mahila Textile Acceleration Fund

**\$30M blended private credit fund structured to lower the cost of capital for NBFCs — enabling affordable invoice finance for women-led textile enterprises across India.**

**Target Yield**  
~10%

**WVSMEs Enabled**  
16,000+

**Fund Size**  
\$30M pilot, \$150M target

# \$70B credit gap

India's 63M MSMEs generate 30% of GDP. Women-led enterprises face the widest financing gap — **35% of the total shortfall.**

2.7M women-owned very small enterprises.  
Over 90% banked. Over 50% GST-registered.  
**Still locked out of formal credit.**





## The problem

# The missing middle

## Creditworthy, yet excluded

2.7M women-owned very small enterprises earn **\$30K–\$50K in revenue**. Over **90%** have bank accounts. Over **50%** maintain books and hold GST registration. Creditworthy by any reasonable standard — yet shut out of formal finance. No collateral. No credit history.

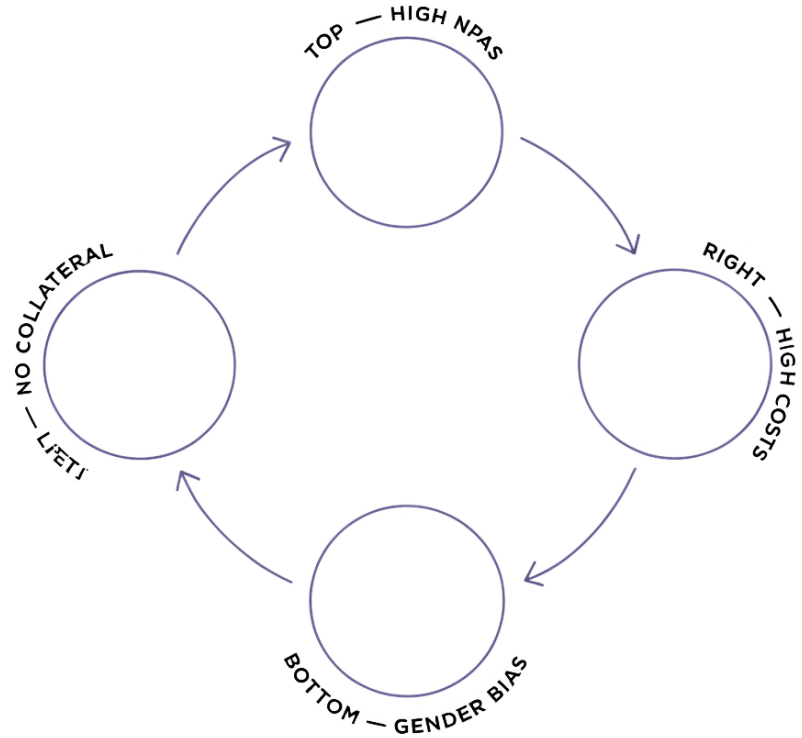
## Trapped in a gap

Too large for **MFIs, SHGs, and CLFs**.

Too small for conventional banks. The only option: family networks or informal lenders **charging 30%+ per annum**.

# Scale of the problem

**800K WVSMEs in textiles** face a structural credit gap of ~\$8B. Raw materials and production are funded upfront — buyer payments arrive only after invoice settlement. Seasonal demand makes timely financing critical.



# The solution



Catalyzing buyer-led factoring through India's TReDS platform

# Structural tailwinds

## Five forces already working in our favor

### **TReDS platform**

Electronic factoring marketplace with sub-1% default rates, proven at scale.

### **Budget mandate**

All public sector buyers must route MSME invoice payments through TReDS from 2025-26.

### **Pre-diligence**

High eligibility bar for TReDS participants means sellers and buyers are already investible.

### **CGTMSE guarantee**

India's MSME guarantee fund formally linked to TReDS, covering up to 90% of exposure.

### **Digital rails**

India's formalization momentum and digital infrastructure already in place and scaling.

### **Convergence now**

All five enablers are active simultaneously, creating a unique and time-sensitive window.

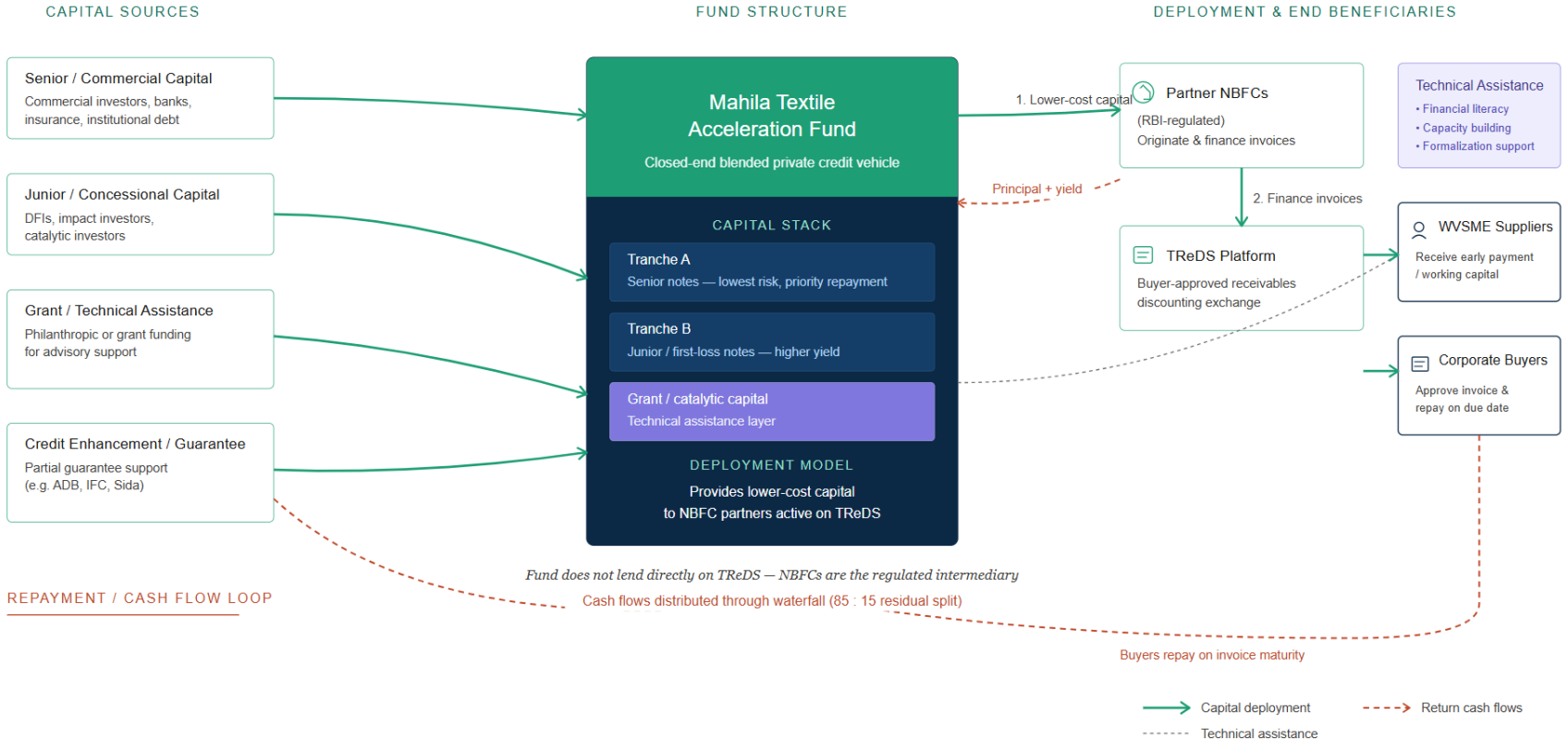
## How the fund works

- 01** Capital providers invest  
Investors commit capital into the Mahila Textile Accelerator
- 02** Fund deploys to NBFC partners  
Structured capital flows to RBI-regulated NBFCs active on TReDS.
- 03** NBFCs finance buyer-approved invoices  
NBFCs originate and fund approved invoices on the TReDS platform.
- 04** WVSME suppliers receive early payment  
Women-led textile suppliers unlock working capital ahead of invoice maturity.
- 05** Corporate buyers repay on due date  
Buyers settle invoices at maturity, completing the credit cycle.
- 06** NBFCs return principal and yield  
NBFC partners remit principal plus agreed yield back to the fund.

Running alongside the capital flow: technical assistance to NBFC partners, guarantee support via CGTMSE, and impact monitoring across all transactions.

# OPERATING STRUCTURE

Mahila Textile Acceleration Fund — blended private credit vehicle



# Investment thesis

A \$30M blended private credit vehicle providing structured capital to NBFC partners active on India's RBI-regulated TReDS platform

- Cost of debt to NBFCs 10-15%, along with credit operating cost, small ticket size loans are priced high
- NBFCs deploy capital through buyer-driven invoice discounting
- WVSMEs unlock working capital — no recourse, no collateral
- Credit exposure shifts from WVSMEs to higher-quality corporate buyers
- Lower-cost capital enables affordable financing for women-led enterprises
- TReDS helps lower costs for NBFC, blended cost of funds and a partial credit guarantee further reduce costs for the NBFC

**Phase 1:** \$30M pilot to at least 5 NBFC partners focusing on factoring \$10,000+ invoices

**Phase 2:** \$150M scale-up to textile clusters nationwide, reaching 6.5% of the addressable market.

Shift focus from domestic WVSMEs to export linked; dollar buyer flows act as natural hedge and therefore can attract foreign capital

8.5% of addressable market captured across both phases. Meaningful room to scale.

# Unit economics

**Up to 16% p.a.**

NBFC lending rate to MSMEs, down from an average of 25%

**~10% p.a.**

Target yield to fund from NBFCs

**6%**

Blended cost of capital

**\$9,000**

Avg. invoice size / 90-day tenor, downstream to WVSMEs

**~4x / year, downstream**

Capital cycling rate

**1% target**

Default rate (0.8% current on TReDS)

Non-financial support: \$100 per woman-owned VSME beneficiary in addition to bank support

# Capital structure and waterfall

75%

20%

5%

**Repayment waterfall:** Tranche A (Senior) interest and principal first. Tranche B (Mezzanine) follows. Residual surplus split 85:15 between Tranche B investors and fund manager. Grant-funded technical assistance runs in parallel and is not repaid.

**Loss waterfall:** Grant absorbs up to \$1.5M, then mezzanine absorbs any further losses up to \$6M, then PCG covers 20% of Tranche A - \$4.5 i.e. \$12M before Tranche A principal is affected.

For a \$30M fund, 4x downstream recycling, that's a 10% default on that \$120M portfolio. Defaults on TREDs is under 1%, however net-defaults from other products in NBFC partners ranges from 1.5-6% (base to severe)

## TRANCHE DETAIL

### Tranche A — Senior Notes \$22.5M · 75%

Fixed interest. Priority repayment, first claim on cash flows. Lowest-risk position in the stack.

Target: commercial banks, insurance, pension and mutual funds. 8.00% net IRR

### Tranche B — Junior \$6M · 20%

de-risks Tranche A, crowds in private capital.

Target: DFIs, MDBs, impact investors. 10.56% net IRR

### Grant capital — \$1.5M · 5%

de-risks Tranche A, crowds in private capital.

Target: DFIs, MDBs, impact investors.

### Grant + TA Facility \$1.6M

Non-returnable. Funds financial literacy, digital onboarding, and capacity building at \$100 per WVSME to complement bank opex

Target: foundations and grant-makers.

## FUND DEPLOYMENT

# Deployment timeline

### ● YEAR 1

#### PILOT PHASE

# 40%

of fund capital deployed

- Deploy **40% of fund capital** through 2-3 NBFC partners
- Onboard first cohort of WVSMEs onto TReDS
- Concessional pricing and technical assistance to help downstream MSMEs scale
- Establish monitoring and reporting frameworks

### ● YEAR 2

#### SCALE-UP PHASE

# 40%

of fund capital deployed

- Deploy **40% of fund capital** as NBFC pipelines mature
- Scale invoice financing volumes via NBFCs on TReDS
- Expand NBFC partner network and geographic coverage
- Refine blended finance structure based on Year 1 data

### ● YEAR 3

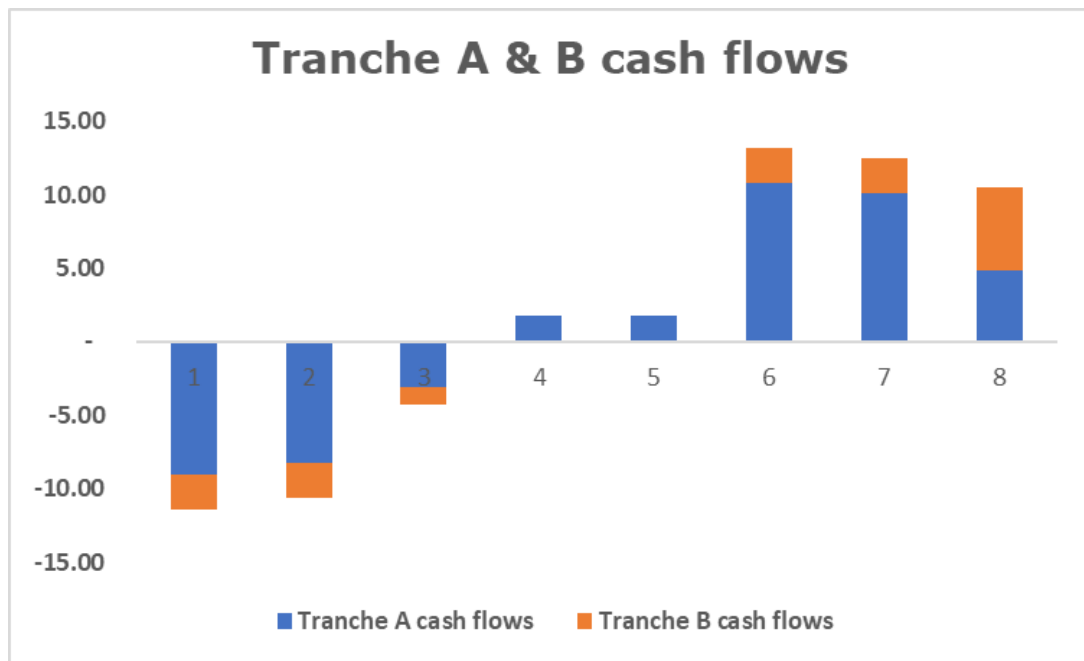
#### HARVEST PHASE

# 20%

of fund capital deployed

- Final 20% deployed + full capital deployment achieved
- **Harvest period begins** – return capital to Tranche A, then Tranche B

# Financial Analysis



7-year horizon. Both tranches turn cash-flow positive from Year 3 as interest and principal repayments build.

8.00%

Tranche A IRR

10.56%

Tranche B IRR

Up to 50%

Interest cost saved to WVSEs

Key benefits

# Benefit to all stakeholders

A structure designed to align incentives across every participant  
— from on-the-ground WVSMEs to institutional capital providers.



## For NBFCs

Access to lower-cost institutional capital, enabling scale and improved unit economics.



## For WVSMEs

No recourse, no collateral required. Instant liquidity to grow and sustain operations.



## For commercial investors

Investment-grade alternative with return enhancers and low risk in a high-rate environment.



## For concessional investors

Catalyze WVSME growth and drive entry into formal credit markets. Meet their gender mandates

# Diligence criteria

## Strict standards before capital is deployed



### NBFC partner

RBI-regulated, active TReDS capability, underwriting discipline, and proven portfolio track record



### WVSME focus

Financed enterprises must be women-owned or have more than 50% women employees



### WVSME eligibility

Authenticity verified before participation on TReDS is permitted



### Diversification

Exposure limits across NBFCs, buyers, geographies, and textile clusters



### Impact check

Additionality assessed; priority given to WVSMEs with documented gaps in credit access

# Risk analysis

Key risk categories and how the fund addresses each one.

Risk category	Exposure level	Mitigation approach	Structural safeguard	Key stat / outcome
<b>Credit risk</b>	Low	Buyer-approved receivables on TReDS only	No unsecured MSME loans	<1% default rate on TReDS
<b>NBFC counterparty</b>	High	RBI-regulated NBFCs only; track record diligence	Escrow mechanism to safeguard Tranche A	Regulated counterparties only
<b>Invoice fraud</b>	Low	3-way matching on every invoice submitted	Buyer approval + GST match + TReDS duplication check	RBI-regulated TReDS infrastructure
<b>Deployment &amp; yield</b>	Medium	Phased 40/40/20 deployment with portfolio monitoring	Bidding on WVSME invoices without drift	Growing TReDS volumes backstop yield
<b>Currency risk</b>	Medium	Raise senior capital locally where possible; hedge junior capital with rolling FX hedges	Local-currency senior funding + hedged offshore catalytic capital	FX exposure - up to 25%, maybe tough to hedge with fx forwards, 75% raised locally

# Partner ecosystem

## The networks enabling deployment and impact

### Commercial investors

Northern Arc, Vivriti, Caspian Debt, banks, insurance and pension funds

### Mezzanine capital

IFC, FMO, BII, ADB, Aavishkaar, Lok Capital, Proparco, DEG, Norfund

### Grant funders

Grameen, Asha Impact, Wadhvani, Tata Trusts, Azim Premji Foundation, Gates foundation, Ford foundation, Omidyar PRI

### Partner NBFCs

121 Finance, UGRO, Profectus, Tata Capital

### Intermediaries

Antaran, Dhriiti, SHGs, SEWA, Amazon, GEM, SHE-marts

### Corporate buyers

Export houses, boutique stores, public sector undertakings

### Credit guarantee

CGTMSE — up to 90% guarantee coverage

## Impact framework

# Five dimensions of impact

IMP framework applied to the Mahila Textile Acceleration Fund — what the fund delivers, who it reaches, how much, how additional it is, and what could go wrong

0 1

## What

*The outcome delivered*

Affordable working capital for women-led textile MSMEs via buyer-approved invoice factoring on TReDS — no collateral, no recourse.

**Up to 50%**

reduction in borrowing cost for WVSMEs

SDG 5 · SDG 8 · SDG 9

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## Who

*The stakeholders reached*

Women-owned very small enterprises in India's textile clusters — creditworthy but shut out of formal finance. Over 90% banked, over 50% GST-registered.

**16,000+**

WVSMEs financed in pilot phase

800K addressable · \$8B unmet demand

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## How much

*Scale, depth, duration*

\$30M pilot deployed through 5+ NBFC partners, cycling ~4x per year on 90-day invoice tenors. \$150M at full scale-up.

**\$150M**

loans enabled; \$15M interest saved

7-year fund term · ~4x capital cycling

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## Contribution

*Additionality of the fund*

Blended capital lowers NBFC cost of funds to ~6%, enabling on-lending to a segment banks price out. Crowds in commercial capital behind concessional first-loss.

**75/ 20/ 5**

senior / junior/Grant blended structure

Grant layer de-risks and funds TA at \$100/WVSME

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## Risk

*What could prevent impact*

Yield compression is the binding risk — fund economics depend on spread between NBFC lending rate and blended cost of capital. Credit and fraud risks are structurally low on TReDS.

**<1%**

TReDS default rate; CGTMSE up to 90%

Phased 40 / 20 / 40 deployment

# Appendix

# TReDS platform overview

TReDS (Trade Receivables Discounting System) is an RBI-regulated electronic platform that enables factoring of MSME trade receivables against large, creditworthy buyers.

The platform uses three-way matching: buyer approval, GST verification, and duplication check — creating a high-integrity, low-fraud transaction environment. Eligibility requirements are stringent for both sellers and buyers.

Default rate below 1% (currently 0.8%), reflecting the quality of the underlying receivables and buyer base.

The 2025–26 Union Budget mandates all PSU buyers to route MSME payments through TReDS — significantly expanding the addressable pool. Transaction volumes have grown consistently year over year.

# NBFC partner profiles



## 121 Finance

Specialist in TReDS-based invoice financing for MSMEs.



## UGRO Capital

Data-driven MSME lending platform with deep sector expertise.



## Profectus Capital

Supply chain finance provider focused on receivables and working capital.



## Tata Capital

Leading diversified NBFC with deep institutional backing.

**All partners are RBI-regulated with active TReDS capability, underwriting discipline, and proven portfolio performance.**

# CGTMSE guarantee structure

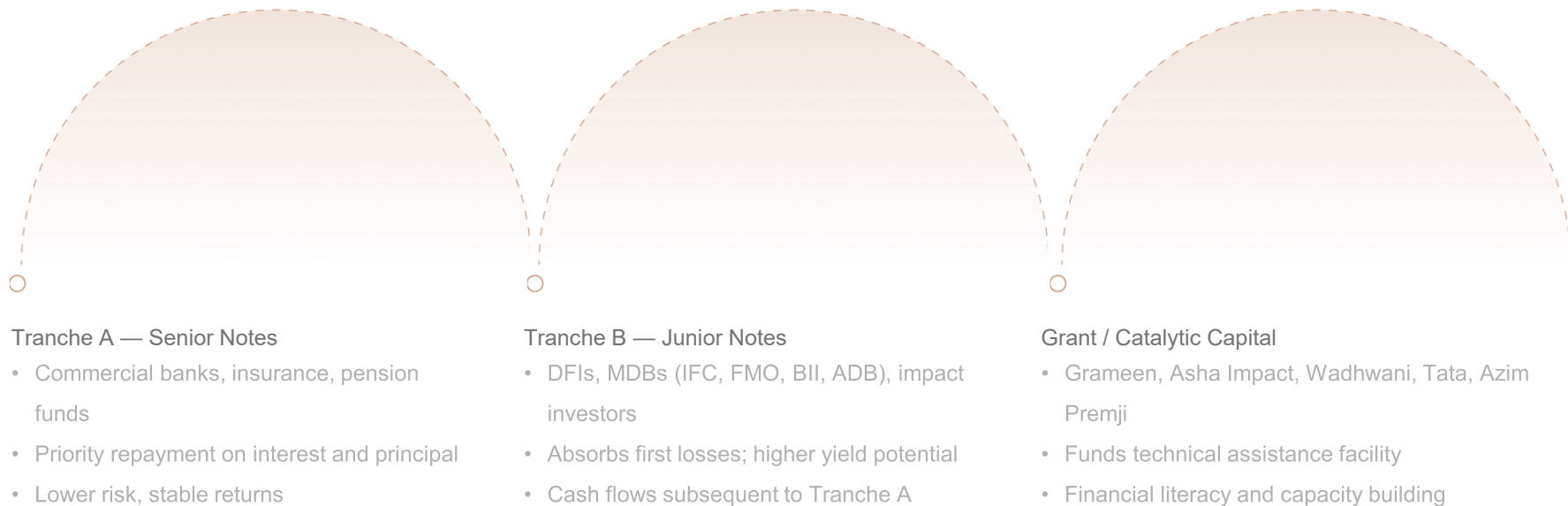
India's guarantee fund for **MSMEs, formally linked to TReDS** — enabling invoice financiers to operate with a government-backed safety net.

Provides up to **90% guarantee coverage** on eligible MSME credit exposures, directly lowering the risk for participating financiers.

Broader MSME access to formal credit is unlocked by reducing lender risk appetite constraints — particularly for underserved women-owned enterprises in the textile sector.

Strengthens the fund's **risk mitigation architecture**, adding a structural layer of protection alongside NBFC due diligence.

# Detailed capital stack



# Financial assumptions

Key parameters underpinning fund modelling and projections

	Parameter	Value	Notes
Average invoice size	\$9,000	Per MSME invoice	TReDS benchmark
Average tenor	90 days	~4× capital cycling p.a.	Short-duration structure
NBFC lending rate (to MSMEs)	13.5-16.5% p.a.		
Target yield to fund (from NBFCs)	~10% p.a.	Blended CoC: 7.53%	
Default rate	1.0%	0.8% current on TReDS	Conservative buffer applied
Deployment schedule	Y1: 20% · Y2: 40% · Y3: 40%	Non-fin. support: \$100/WVSME	Residual: 85:15 Tranche B / mgr

# Intermediary and distribution network

## Design support

Antaran: artisan and design support for textile enterprises. Dhriiti: entrepreneurship development for WVSMEs.

## Community access

SHGs provide community-level financial access. SEWA — India's largest women's trade union — drives collective bargaining.

## E-commerce

Amazon and social media channels connect WVSMEs directly to retail buyers, enabling demand generation at scale.

## Gov. platforms

GEM (Govt. e-Marketplace) and SHE-marts open procurement channels, giving WVSMEs access to institutional demand.

## Corporate buyers

Export houses and boutique stores source directly from WVSMEs, creating high-value off-take relationships.

## PSU buyers

Public Sector Undertakings mandated to use TReDS, unlocking receivables financing for WVSME suppliers.

# Glossary of key terms

## WVSMEs & GST

**WVSMEs:** Women-owned Very Small and Micro Enterprises.

**GST:** Goods and Services Tax — India's unified indirect tax system.

## TReDS & NPA

**TReDS:** Trade Receivables Discounting System, an RBI-regulated invoice financing platform.

**NPA:** Non-Performing Asset — a loan in default.

## NBFC & DFI

**NBFC:** Non-Banking Financial Company — a lender outside the commercial banking system.

**DFI:** Development Finance Institution focused on public-interest lending.

## CGTMSE & MDB

**CGTMSE:** Credit Guarantee Fund Trust for Micro and Small Enterprises — provides collateral-free loan guarantees.

**MDB:** Multilateral Development Bank.

## PSU & European waterfall

**PSU:** Public Sector Undertaking — a government-owned enterprise.

**European waterfall:** Returns distributed only after full investor capital is returned.