



# MAHILA TEXTILE ACCELARATOR

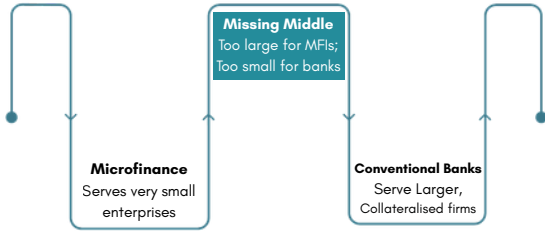
The fund aims to leverage India's robust digital infrastructure to transform WVSMEs growth through low-cost capital, access to business support via a blended private credit structure

**\$30M Pilot fund size    50,000 women impacted    up to 50% reduction in interest**

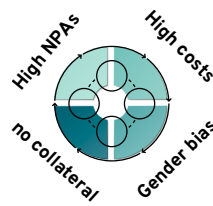


## THE PROBLEM - MISSING MIDDLE

**Women-owned very small enterprises (WVSMEs)** in India are enterprises (2.7M in number) that have a revenue of \$ 30,000-50,000, over 90% of them have bank accounts, over 50% maintain books and have a GST registration. Yet, they are **systematically underserved by formal finance** due to a lack of collateral, and formal credit history. These enterprises are too large for MFIs, SHGs, CLFs but too small for conventional lenders. They rely on family or informal lenders who **charge 30+% p.a**



## SCALE OF PROBLEM - TEXTILE MANUFACTURING



**30% of the WVSMEs (800K addressable market) are textile manufacturers, representing an estimated credit demand of ~\$8B. Yet these enterprises remain structurally underserved in formal working-capital markets.**

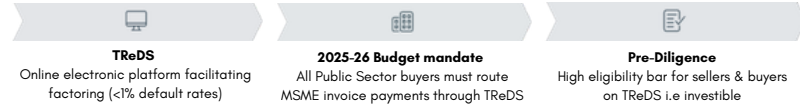
**They face persistent cash-flow gaps: raw materials and production costs must be funded upfront, while buyer payments are received only after invoice settlement. Seasonal demand makes access to timely financing even more critical.**

While TReDS has created a strong infrastructure for receivables financing, the cost of capital for many participating NBFCs remains high. They have been priced out by banks at higher ticket sizes. The fund seeks to help them be competitive for small ticket sizes by supplying lower-cost blended capital to NBFCs active on TReDS, allowing them to pass on lower financing rates to underserved women-led textile MSMEs.

The problem is not only borrower demand, but also the cost structure of the financing ecosystem. Many NBFCs serving this segment operate with a cost of borrowing in the ~10-15% range and typically lend onward to MSMEs at much higher rates. As a result, women-led textile enterprises often face borrowing costs of roughly 20-28%, keeping formal credit expensive even where access exists.

## THE SOLUTION - CATALYZING BUYER-LED FACTORING

### Structural Tailwinds



### Investment Thesis

A \$30M blended private credit fund providing structured capital to NBFC partners active on India's RBI-regulated Trade Receivables Discounting System (TReDS).

These NBFCs deploy capital through buyer-driven invoice discounting, enabling WVSMEs to unlock working capital with no recourse.

The fund leverages NBFC origination and underwriting capabilities, shifting credit exposure from WVSMEs to higher-quality corporate buyers while enabling scalable access to formal credit.

By supplying lower-cost capital, the fund reduces NBFC funding costs, allowing them to extend more affordable financing to underserved women-led enterprises.

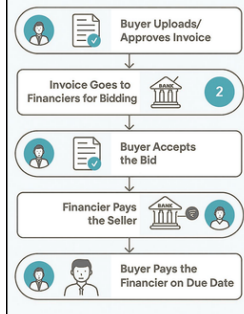
- **Phase 1** : \$30M pilot focusing on textile clusters in **southern - western India** - (2% of 800K)
- **Phase 2** : \$150M scale up to other textile clusters across India (6.5% of 800K)
- **8.5%** of the addressable market (800K), room to scale

**Benefit to NBFC** - Benefit to NBFC - Access to lower-cost institutional capital, enabling scale and improved unit economics

**Benefit to seller** - no recourse, no collateral, instant liquidity

### REVERSE FACTORING ON TReDS

Reverse Factoring is a buyer-led financing model in which the buyer accepts the bid.



### An Innovative Instrument - Blended supply-chain private credit fund

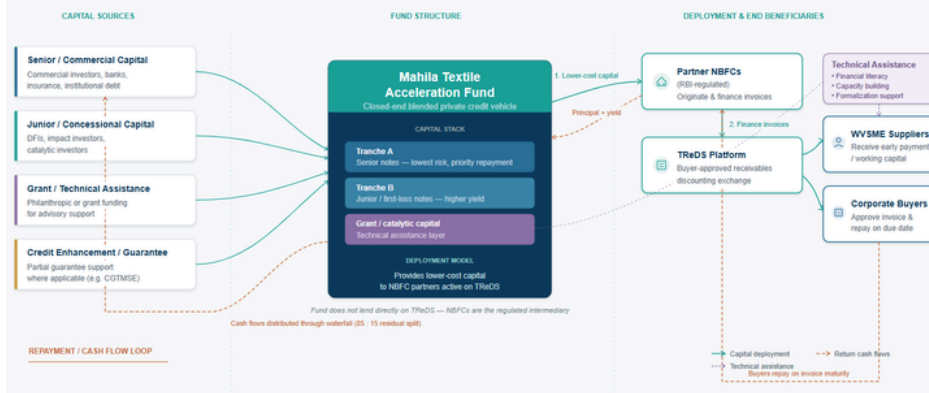
- The fund aims to **crowd-in commercial capital** to address the credit gap to WVMSEs - **catalyze growth & entry into formal credit**
- Additionally, it aims to provide commercial investors an alternate to investment-grade bonds
  - return enhancers with low risk, in a high rate environment
- Three distinct tranches of capital - Grants , a technical assistance facility for non-financial support and first-loss de-risking mechanism for NBFC portfolio risk, Tranche B - mezzanine or sub-ordinated debt, and Tranche A - stable pay-outs and first claim on cash flows
- Path to market rates - concessionality and technical assistance required to bring borrowers into formal system, market returns after

### Fund Details

<b>Structure</b>	Closed-end blended private credit vehicle	<b>Tranche A (senior)</b>	8%
<b>Fund size</b>	\$30M -----> \$150M	<b>Tranche B (Junior)</b>	Principal plus equity upside
<b>Fund term</b>	7 years	<b>Fees &amp; Carry</b>	2% management fee +15% carry post 8% Tranche B hurdle
<b>Capital stack</b>	Tranche A - Senior notes Tranche B - Junior (first-loss) notes Grant/ catalytic capital	<b>Average Ticket size</b>	Max \$6M
<b>Deployment Model</b>	Capital provided to NBFC partners for TReDs - based invoice financing	<b>Target Yield to NBFCs</b>	~10% cost to NBFC

### OPERATING STRUCTURE

Mahila Textile Acceleration Fund - blended private credit vehicle



**Commercial investors(India)** - commercial banks, insurance, pension & mutual funds (Northern Arc, Vivriti capital, Caspian debt)

**Concessional investors** - DFIs, MDBs (IFC/FMO/BI/ADB), impact investors (Aavishkar, Lok capital), Proparco, DEG, Norfund

**Concessional investors** - Grants (Grameen, Asha impact, Wadhvani, TATA trusts, Azim Premji foundation)

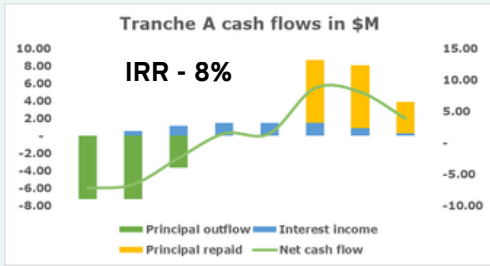
**Intermediaries - NGOs** - Antaran, Dhriti, SHGs, SEWA(women's association), e-commerce(amazon) social media & government platform(GeM), SHE-marts

**Corporate buyers** - export houses, boutique stores, public sector undertakings(PSU)

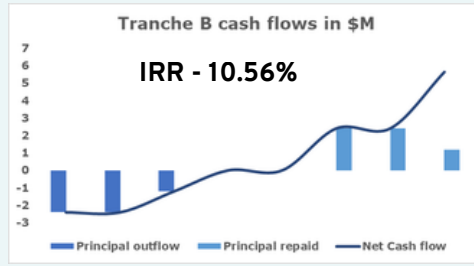
**Credit Guarantee Fund(CGTMSE)** - India's guarantee fund for MSMEs, formally linked to TReDS, up to 90% guarantee

**Partner NBFC-** 121 Finance, UGRO Capital, Profectus Capital & Tata Capital

# FINANCIAL ANALYSIS



Over \$150M loans enabled/disbursed



\$15M in interest cost saved

## Key Assumptions

**NBFC lending rate (to MSMEs)** - 13.5-16.5% p.a

**Target yield to fund (from NBFCs)** - ~10% p.a

**Default rate** - 1%(0.8% currently on TReDS)

**Non Financial Support** - \$100/WVSME

**Deployment of capital** -

Capital is deployed through partner NBFCs, which originate and finance invoices on TReDS.

**Year 1 - 40%    Year 2 - 40%    Year 3 - 20%**

**Distribution waterfall**

Cash Flows are distributed in the following order:

1. Tranche A (senior) - priority interest and principal repayment
2. Tranche B (mezzanine) - principal and surplus cash flows(8% hurdle)
3. Grant capital - for de-risking cross portfolio NBFC exposure

Any residual surplus after repayment of Tranche A and Tranche B principals is distributed on a European waterfall basis, with an 85:15 split between Tranche B investors and the fund manager

# RISK ANALYSIS

Risk	Mitigation Strategy	Risk Level
<b>NBFC Counterparty Risk</b>	Partner only with RBI-regulated NBFCs with demonstrated TReDS operating capability, underwriting processes, and portfolio-performance track record. Diversify exposure across multiple NBFC partners rather than relying on a single financier	Medium
<b>Buyer Non-Payment / Underlying Credit Risk</b>	Focus on buyer-approved receivables on TReDS, where underwriting is anchored to higher-quality corporate buyers rather than WVSMEs. TReDS defaults are currently around 0.8-1.0%, and where applicable CGTMSE coverage can absorb up to ~90% of losses on covered exposure.	Low
<b>NBFC Deployment / Origination Risk</b>	Capital is deployed through NBFC partners that already have origination pipelines and platform access. Phased deployment (20% / 40% / 40%) reduces ramp-up risk and allows capital to scale in line with sourcing capacity.	Medium
<b>Concentration Risk</b>	Diversify by NBFC partner, buyer, geography, and textile cluster to reduce overexposure to a single borrower group, corporate buyer, or local market	Medium
<b>Invoice Fraud / Operational Risk</b>	Use TReDS' existing verification architecture: buyer approval, invoice matching, GST/tax linkage, and platform-level checks. This reduces fraud risk versus informal invoice-financing channels. The current diligence criteria in your model already rely on three-way matching and authenticity verification.	Low
<b>Platform / Process Risk</b>	TReDS is an established regulated channel, and transactions can also be routed through alternate invoice-discounting relationships if one platform faces operational disruption.	Low
<b>Yield Compression Risk</b>	The fund's economics depend on maintaining a spread between the NBFC lending rate and the fund's cost of capital. We assume a 13.5-16.5% lending rate, a 6% blended fund cost, and ~10% on-lending / target yield, implying the need to protect NBFC economics through disciplined pricing and partner selection	High
<b>Interest rate risk i.e Low yields</b>	Selectively bid on missing middle WVSMEs	Medium

# DILIGENCE CRITERIA

The fund shall invest based on the following criteria

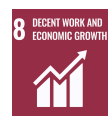
- **NBFC partner** must be RBI-regulated and demonstrate active TReDS operating capability, underwriting discipline, and portfolio-performance track record
- **WVSME focus** must be maintained — financed enterprises must be women-owned or have >50% women employees
- **WVSME eligibility and authenticity** verification to participate on TReDS
- Invoice authenticity, 3 way matching - buyer approval, GST matching & EXIL(TReDS) duplication check
- **Portfolio diversification** limits must be applied across NBFCs, buyers, geographies, and textile clusters
- Impact assessment and **additionality check** - prioritize WVSMEs with gaps in credit

# IMPACT ASSESSMENT

## SDG    IMPACT ASSESSMENT



Expanding access to affordable credit for women-led MSMEs.



Supporting MSME growth through reduced financing costs.



Strengthening financial infrastructure for underserved enterprises.

## 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

01	02	03	04	05
<b>What</b> <i>The outcome delivered</i>	<b>Who</b> <i>The stakeholders reached</i>	<b>How much</b> <i>Scale, depth, duration</i>	<b>Contribution</b> <i>Additionality of the fund</i>	<b>Risk</b> <i>What could prevent impact</i>
Affordable working capital for women-led textile MSMEs via buyer-approved invoice factoring on TReDS — no collateral, no recourse.	Women-owned very small enterprises in India's textile clusters — creditworthy but shut out of formal finance. Over 90% banked, over 50% GST-registered.	\$30M pilot deployed through 5+ NBFC partners, cycling ~4x per year on 90-day invoice tenors. \$150M at full scale-up.	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.	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.
<b>Up to 50%</b> <small>reduction in borrowing cost for MSMEs</small>	<b>16,000+</b> <small>WVSMEs financed in pilot phase</small>	<b>\$150M</b> <small>loans enabled, \$15M interest saved</small>	<b>75/ 20/ 5</b> <small>senior / junior/Grant blended structure</small>	<b>&lt;1%</b> <small>TReDS default rate; CGTMSE up to 90%</small>
<b>SDG 5 - SDG 8 - SDG 9</b>	<b>800K addressable - \$8B unmet demand</b>	<b>7-year fund term - ~4x capital cycling</b>	<b>Grant layer funds TA at \$100/WVSME</b>	<b>Phased 40 / 20 / 40 deployment</b>