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C A P I T A L

Ambitions Unleashed

# Understanding Supply Chain Financing Solutions

- Sales Bill Discounting

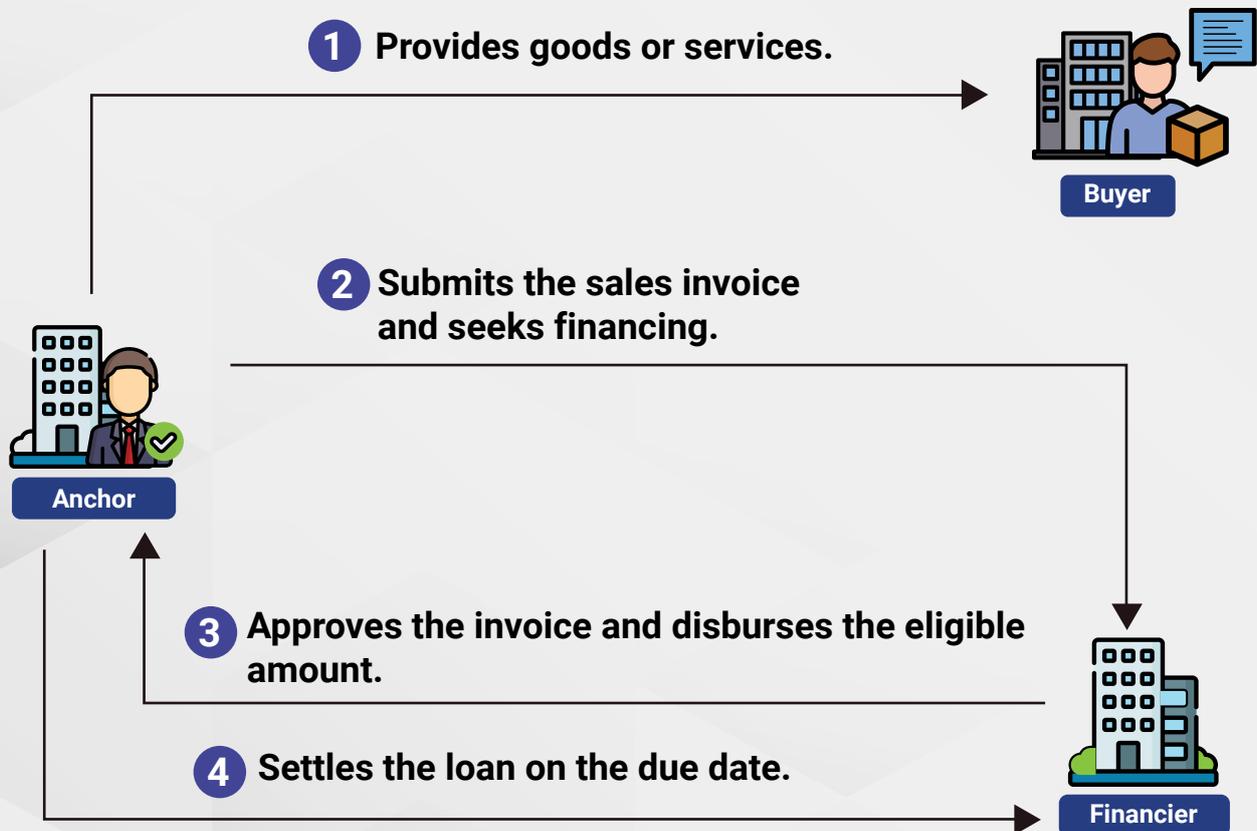
Sales  
Invoice




## Introduction

Sales Bill Discounting (SBD) is a financing option that allows anchor (vendor/supplier) to access immediate funds against unsettled invoices. The anchor sells goods or services to the buyer and raises invoice expecting a payment at a future date. However, in credit sales, the vendor/supplier could face an extended receivable cycle leading to a working capital gap between the time of sale and invoice settlement. Instead of waiting on the buyer, anchor presents its receivables to a financial institution seeking short-term liquidity (without transferring the ownership). The supply chain loan provides anchor with the flexibility to manage its cashflows effectively and maintain a healthy working capital. The anchor bears the primary responsibility of settling the dues at the end of loan term.

## How does SBD work?



## Benefits of SBD



**Quick Access to Funds:** With invoice discounting, anchors get immediate funds to manage their working capital needs while buyers get extended credit terms and can settle the invoices at the due date.



**Credit Based Financing:** The financing is collateral free and is extended based on creditworthiness of the anchor, empowering businesses with quick and easy access to funds.



**Efficient Management of Cash Flow:** Sales bill discounting bridges the gap between invoice generation and receivable realisation leading to an efficient cash flow management.

## Conclusion

Sales bill discounting enables businesses to unlock short-term capital tied up in invoices. It is ideal for businesses with lengthy receivables cycle and for those looking to streamline cashflows. Mid-market enterprises, typically underserved by traditional lenders, seek tailored financing solutions to effectively manage their supply chain and minimise production-related disruptions. NBFCs offer unique and structured financing solutions that help mid-market enterprises effectively manage their supply chain and optimise cash flow.

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