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C A P I T A L  
Ambitions Unleashed

# Understanding Supply Chain Financing Solutions

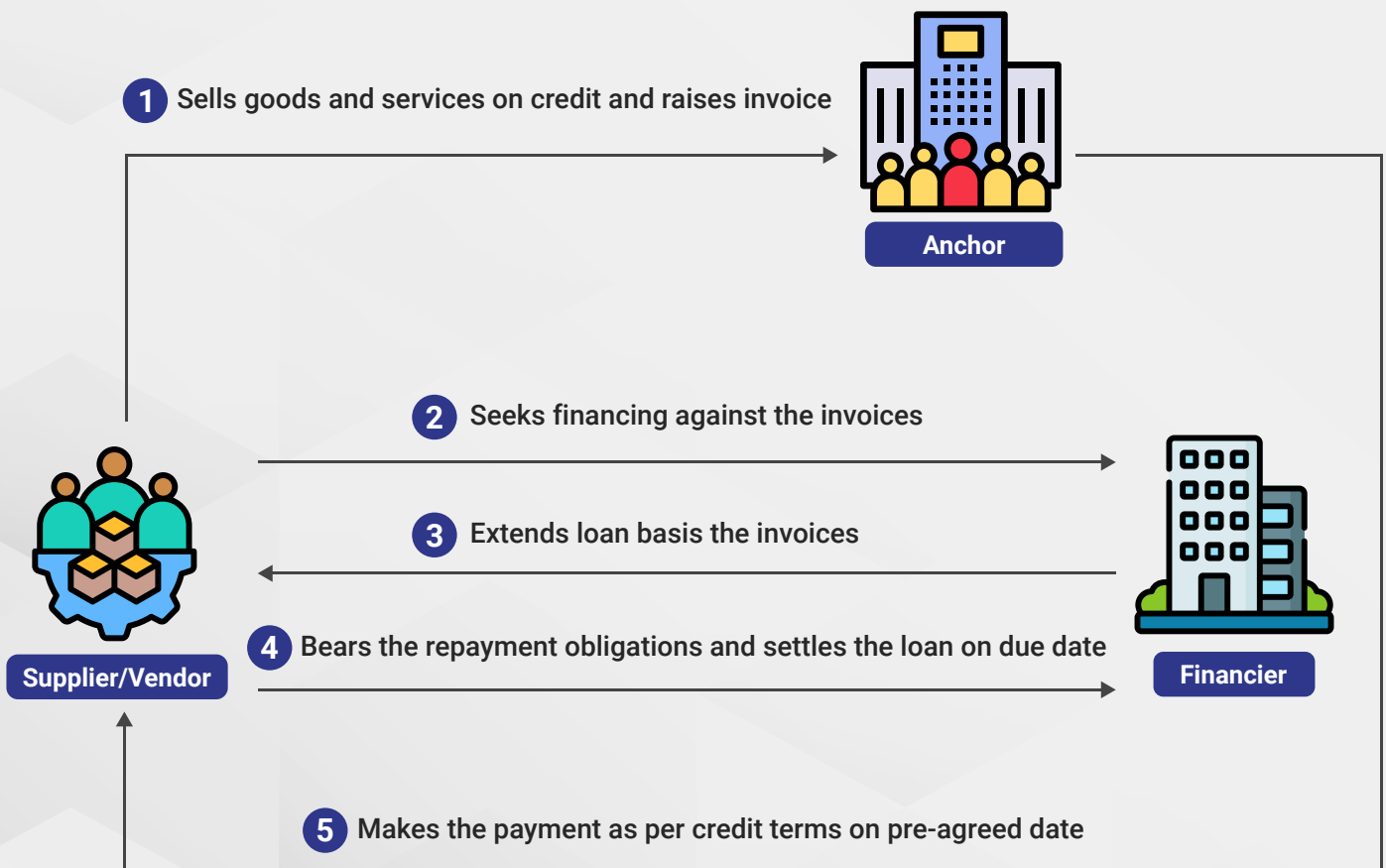
- Vendor Financing



## Introduction

Vendor Financing solution provided by a mid-market focused NBFC is a type of tailored financial arrangement in which the loan is extended to the supplier of an anchor (a large enterprise that initiates the financing program) against outstanding invoices. As these supply chain arrangements are mostly credit sales, it causes a strain on the vendor's cash flow, creating a working capital gap. Similarly, a disconnect between the anchor's payables timeline and invoice repayment period creates a working capital gap for the anchor. The lender depends on the anchor's credit rating rather than vendor's to approve financing. The primary responsibility of the loan obligation lies with the vendor.

## How does Vendor Financing work?



## Benefits of Vendor Financing



### Improves Cashflow

Vendor financing bridges the gap between invoice generation and receivable realisation leading to an efficient cash flow management for businesses.



### Liquidity Management

Vendor financing enables suppliers to access early liquidity through financing against invoices.

## Conclusion

One of the major challenges faced by mid-sized business is trying to stay competitive while offering extended payment cycles but doing so strain their working capital limits and their ability to scale. Vendor financing addresses this gap by providing flexible and transaction-related financing.

This is an ideal solution for suppliers who cater to large established enterprises and experience cash crunch due to extended payment terms. By providing immediate financing against unpaid invoices, vendor financing solution helps the businesses manage their cash flow effectively and stay invested in growth.

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