

Supply Chain Finance

1. What is supply chain finance & the salient features

Supply chain finance is a short-term credit facility provided to suppliers (MSME) or distributors (MSME) of Medium or large companies.

- Will help Suppliers (majorly MSME) to generate cash flows from the invoices raised against the Buyers (medium and large companies)
- This will allow businesses to lengthen their payment terms to their suppliers
- Allows distributor to procure goods with zero or minimum as low as 20% initial investment
- Helps manufacturers (Who has a distribution chain) to generates additional operating cash flow by receiving the payment within a week.

This results in a win-win situation for all the participants in the eco-system.

Salient Features:

- Short-term funding (90 - 120 Days)
- annual limit will be approved with one time credit assessment
- Quick Disbursals within sanctioned annual limit
- Every year annual limit will be enhanced on the previous years performance

2. Who are the target customers of Supply Chain Finance

- MSME supplying goods to the Medium and large companies
- MSME acting as a distributor to the Medium and large companies

3. The end to end process followed in Supply chain Finance

- a. Profectus will approach buyer and seller (or) manufacturer and Distributor eco system.
- b. Will do credit assessment of anchor (Buyer of Manufacturer) from the available financial data sources.
- c. Will do credit assessment of supplier or Distributor by collecting financials and approves annual credit limit
- d. Once the seller / manufacturer raises invoice, Profectus receives that invoice and disburses the amount
- e. Within stipulated period (90 or 120 Days) buyer or distributor has to payback to the Profectus capital in designated account.
- f. This cycle will continue and every year annual limit will be enhanced

4. How Supply Chain Finance will help the IPMA members

Usually Buyers will take 90 to 120 days to pay the amount to the suppliers this will hamper the efficient working capital management for the MSME. Here supply chain finance will assist the supplier to liquidate the invoices immediately so they can take up new orders.

Distributors (MSME) can order the goods according to the demand without worrying about available investment with them. This will help in improving the sales and capturing the market for distributor as well as manufacturers.

Majority of the IPMA members will follow under above category so this product will help them to enhance their business.

5. Profectus capital offerings on Supply Chain finance

- Competitive pricing. We follow the risk based pricing model
- Expertise in supply chain finance so can act quickly
- Advanced IT systems to integrate with eco system and disburse loans quickly
- Customised product offering to each eco system of buyer and seller

Our **Unique Selling Proposition (USP):**

We can enhance the annual limit for supplier / Distributor operating in upward cycle of business for seasonal businesses for that upward cycle duration. So that they can accept the large orders of that period and receive the benefits.

For brief about the Profectus please find the attached PDF