

Improving channel efficiency through e-finance



INDUSTRY

Iron & Steel



GEOGRAPHY

PAN India



CHALLENGE

Limited buying power of distributors and substantial credit periods



SOLUTION

Supply Chain Finance implemented



RESULTS

Designed, developed, implemented the end-to-end finance solution

The Client

TATA Steel is a steel major with operations in 27 countries and having a total crude steel production capacity of around 30 million tonnes.

Business Requirement

mjunction received a mandate from TATA Steel to design, develop and implement an end-to-end finance solution for its supply chain.

The Business Challenge

TATA Steel used to sell their prime products to the distributors attached to various profit centers on interest free credit terms. The credit tenure used to vary from 15 days to 90 days depending on the geography in which the distributors used to operate. Credit Sales translated into high debtors and fear of bad debts in a falling market scenario impacted the top-line of the company adversely.

The Solution and Strategy adopted

- Unlike traditional channel finance the e-channel finance application/platform designed, developed & hosted by mjunction is tripartite in nature. The application is integrated with the ERP system of TATA Steel on one side and on the other side it has a back-to-back integration with the Core Banking System of various banks in India which makes the transaction seamless as well as complete "Straight Through Processing" without any manual intervention.
- mjunction's channel finance application acts as a financing aggregator for TATA Steel where with a single integration touch point, the company & its distributors have access to multiple banks for their financing need and requirements.

Result and Achievements

Through mjunction's Channel Finance service, TATA Steel achieved:

- 100% secured payment
- 100% timely payment
- Increased buying power of the distributors
- Improved Balance Sheet
- Single window in terms of supply chain visibility