

## Case Study

### **financejunction increased buying power for the bidding customers through Buyer Finance**

Industry	Steel Sector
Geography	India
Problem	Limited buying power due to stringent liquidity conditions
Solution	Implementation of an innovative finance facility for the bidding customers through host of banks
Results	<ul style="list-style-type: none"> <li>i. Significant increase in buying power</li> <li>ii. Auction success rate increased to 70%</li> <li>iii. Savings in overall borrowing cost impacting the “Net Margin”</li> </ul>

#### **The Client**

A Delhi based wholeseller/distributor. They regularly buy material from steel majors via mjunction’s online auction platform for selling secondary steel- metaljunction.

#### **The Business Challenge**

The bidding customer was unable to expand their business and increase their buying capacity due to liquidity issues. They were unable to take part and emerge as H1 bidder in the metaljunction auctions. The challenges were:-

- High interest rate
- Unavailability of Unsecured funds
- Lengthening payment cycle
- Constrained buying due to inadequate credit limits

They were in constant need of funds to meet their working capital requirements.

#### **The Solution- financejunction launches Buyer Finance**

To bring about financial inclusion for the bidding customer, financejunction devised the Buyer Finance scheme with an objective of providing funds at competitive rates with minimum

collateral. The availability of cheaper unsecured funds increased their auction participation. The increased buying power also enabled them to expand their business.

### The Approach

Financejunction’s buyer finance scheme enabled easy access to finance at competitive rates to facilitate the bidding customer’s purchase. financejunction first understood the requirements and then negotiated with banks and NBFC’s to offer unsecured finance at competitive rates.

An integrated online platform designed, developed and hosted by financejunction enabled execution of financial transactions on real time basis.

### Results & Achievements

The bidding customer is associated with financejunction since 2007 to avail its Buyer Finance Scheme. Since then, they have **availed unsecured finance over INR 400 Crores** via financejunction to fund their buys from metaljunction auctions. In the last 3 years there has been a **30% y-o-y increase in purchase** with an **auction success rate of 69.52%** for the customer.

