



SIRC of ICAI

WOMEN CA's CONFERENCE


Professional Opportunities available in MSME Credit facilities

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MSME – a high priority sector

 30% of GDP

 110 million+ jobs

 48% of exports

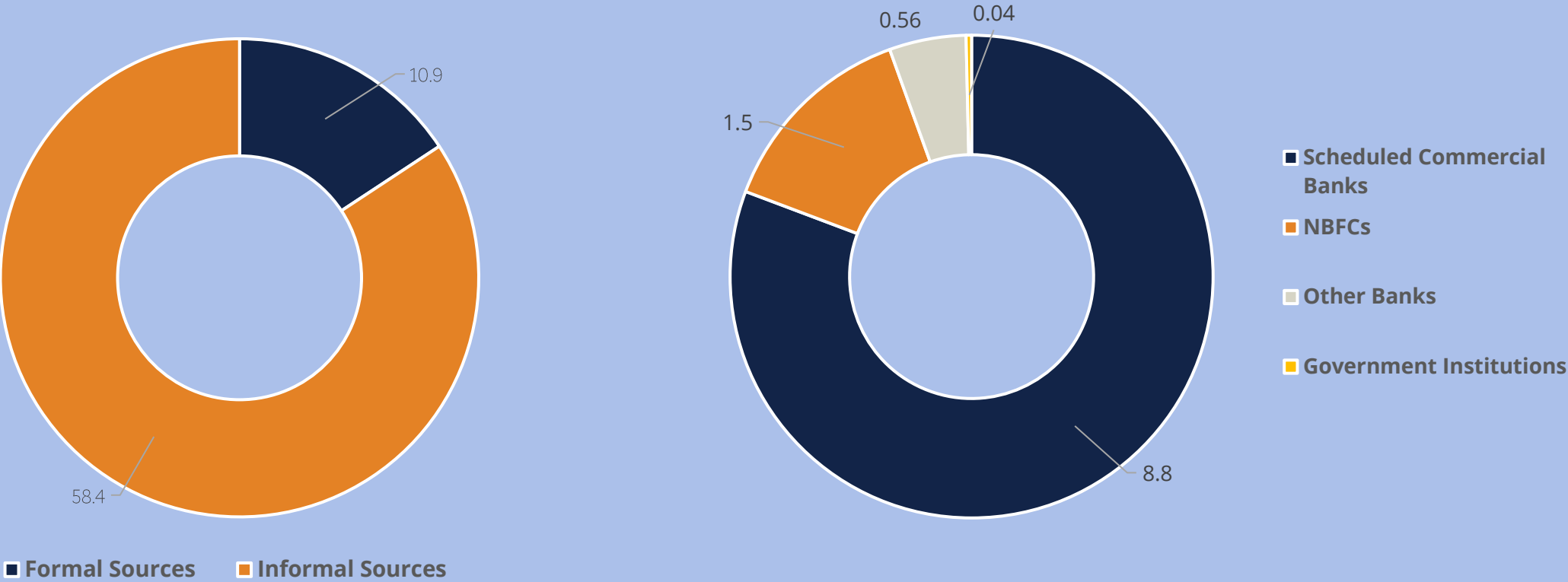
 633 cr.+ enterprises

Operational challenges & dynamic environment



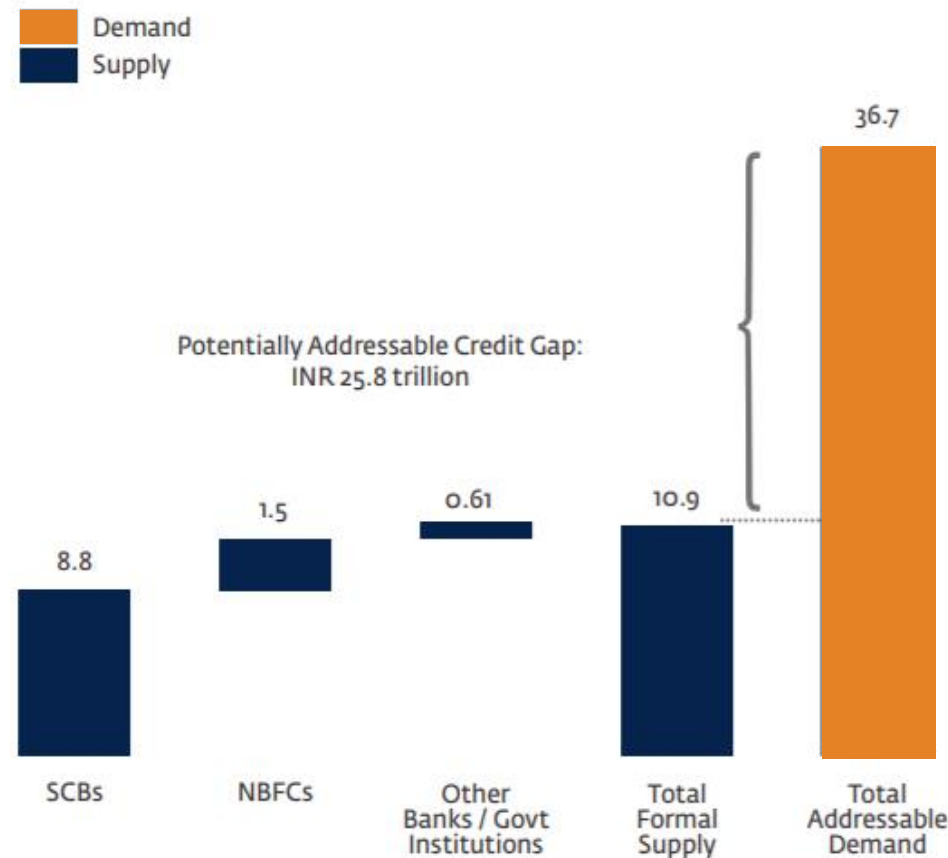
Hurdles to availing & utilizing credit to grow business

Overall Credit Supply to MSME



Source: MSME AR 16-17; Bank and NBFC ARs, SIDBI, RBI, NABARD; Primary Research, Intellect Analysis
Figures in INR trillion

Potentially addressable credit gap



Source: MSME AR 16-17, Primary Research, Intelicap Analysis
Figures in INR trillion



Huge professional opportunity



Credit/ funding decisions



Relevant funding Options



Evolving technologies

The Credit Conundrum

Supply side constraints



- High Transaction cost / low margins
- Low risk appetite
- Lack of product innovation
- Outdated underwriting process

Demand side constraints



- Information asymmetry
- Inadequate collateral
- Existing Debt
- Limited equity capital in BS
- Run rate

Metamorphosis of credit landscape

Conventional

- Trade Credit - BD
- Fund Based – OD/ CC/ WCDL/ STL
- Non Fund Based – LC / BG / SBLC

- Term Loan
- Bridge Loan
- Financial Leases
- Project Finance

New Age

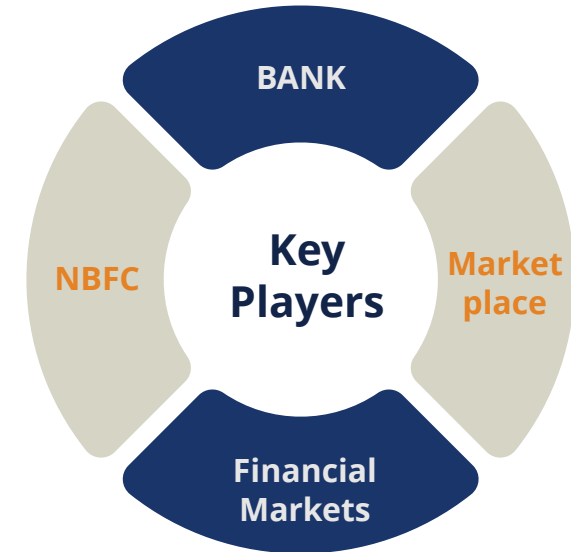
- Trade Credit - LCD/ SCF/ Factoring
- Fund Based – Revenue Funding
- P2P

- Mezzanine Debt
- Venture Fund

Short- Term

Long- Term

Domestic lending only



High-priority sector status

Digital Influence



Evolving modalities

- Online/ Mobile lending platforms
- P2P lending
- Online Supply chain financing
- Payments Bank
- Blockchain

Evolving metrics for credit assessment

Conventional



- Company History
- Company Credit Rating
- Financials/ ITR
- Company and Key Personnel KYC
- Repayment Track Record
- Hard Collateral – Company's assets
- CMA Report - MPBF

Alternative

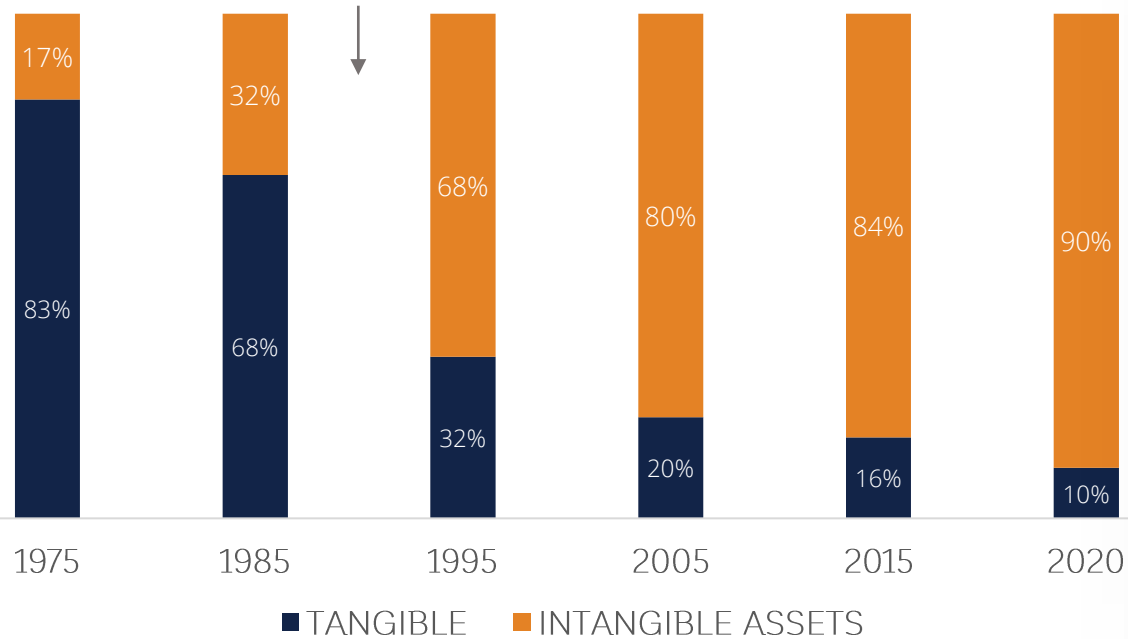


- Company Profile
- Promoters CIBIL Score
- Investors and Key Personnel profile
- Company KYC
- Bank Statements/ GST Returns
- Soft Collateral
- Cash Flow Forecast / Potential Investment

Intangible assets currently account for **90%** of the S&P 500's total assets

TANGIBLE VS INTANGIBLE ASSETS

The biggest shift occurred
between 1985 & 1995.



Example of tangible assets



Buildings & equipment



Cash & bonds



Inventory



Land

Example of intangible assets



Patents



Brand Value



Customer data



Software

Intangible assets can broadly be divided into two categories:
intellectual property & goodwill.

Evaluation of credit facility



Cost of Funding



Security



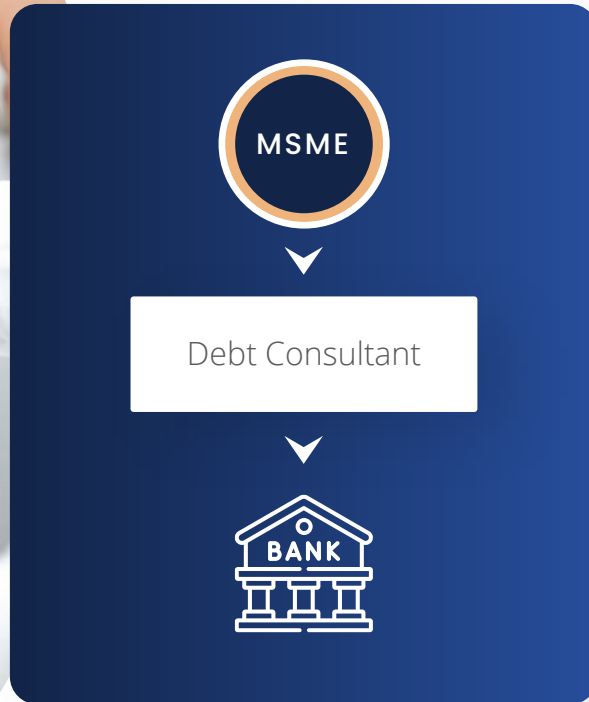
Tenor & Repayment Schedule



Covenants – Financial & Information



Just an intermediary?



- Project report submission
- Draft Financials & CMA
- Computing / validating MBPF
- Initial round of vetting
- 'Known' contacts

Acquiring funds is just **one** piece of the jigsaw

Know the business



Performance indicators



Growth plan & prospects

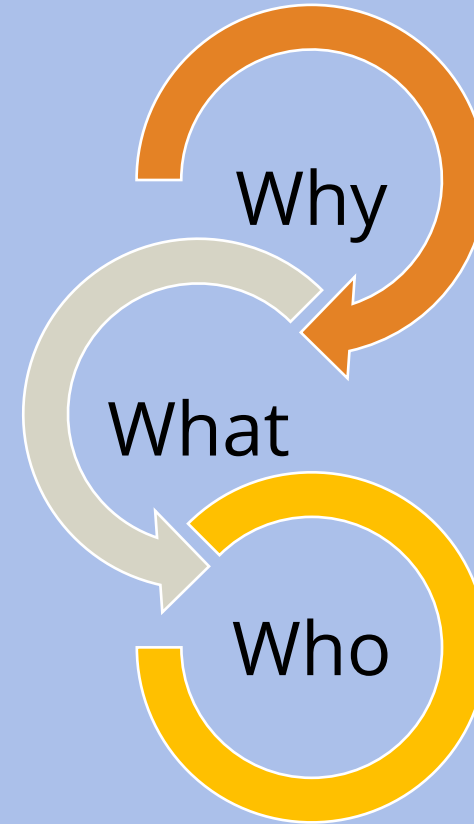


Revenue Models , assets



Business & management structure

Evaluate products



Assess MSME need

Why

What

Who

Find the right fit

The many colours of cash

- Identify, Structure and Monitor Fund Flows, Bank Accounts and Authority Matrix
- Internal controls – Robust Policy & Compliance Framework
- Assess Business Risks and Build Mitigants
- Track Cash generation & consumption areas
- MIS



Key Takeaways



Remain informed



Match business need to the right instrument



Create a culture of Financial Discipline & compliance

Women professionals to occupy their rightful place

Thank You!!

The logo for ASTRAVISE, featuring the word "ASTRA" in blue and "VISE" in black, with a stylized blue and black triangle between them.

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