

Strategy of CAs for
Revival of Business & Industry
(Start-Up + MSMEs)

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MSMEs – More Liberal Norms

MANUFACTURING	OLD NORMS	NEW NORMS
Micro Enterprises	Investment < 25 Lakhs	Investment < 1 Crore Turnover < 5 Crores
Small Enterprises	Investment < 5 Crores	Investment < 10 Crores Turnover < 50 Crores
Medium Enterprises	Investment < 10 Crores	Investment < 50 Crores Turnover < 250 Crores

SERVICES	OLD NORMS	NEW NORMS
Micro Enterprises	Investment < 10 Lakhs	Investment < 1 Crore Turnover < 5 Crores
Small Enterprises	Investment < 2 Crores	Investment < 10 Crores Turnover < 50 Crores
Medium Enterprises	Investment < 5 Crores	Investment < 50 Crores Turnover < 250 Crores

MSMEs ~ Heart of Economy

- Over 6 crore enterprises are operating across the country
 - Uttar Pradesh has highest units (~15%) followed by West Bengal
- Almost equal distribution in Manufacturing, Services and Trading
- Growing faster than Indian economy ~ 10% p.a.
- Having a pivotal role in Indian Economy:
 - 16% of total bank borrowings
 - Providing 45% of industrial output

Key Benefits of MSME Registration

- Priority Sector leding by RBI alongwith Credit Guarantee Trust Fund (CGTMSE)
 - Collateral free loans to micro and small enterprises
 - Overdraft interest rate concession available upto 1%
- Incentives offered for sourcing capital goods domestically or from abroad
 - Credit Linked Capital Subsidy Scheme (CLCSS) for purchasing machinery & technologies
 - Export Promotion of Capital Goods (EPCG) to allow import

30+ Schemes Available At www.msme.gov.in

Recognised Start-Up ~ Niche Domain

Key Requirements of Department of Promotion of Industry and Internal Trade

- Eligible entities
 - Registered Partnership Firm / Limited Liability Partnership / Private Limited Company
- Maximum 10 years from incorporation
 - Should not be formed by splitting up / reconstructing existing business
- Annual turnover of less than Rs 100 crores since inception
- Innovative approach as well as scalable business model with a high potential to create wealth & employment

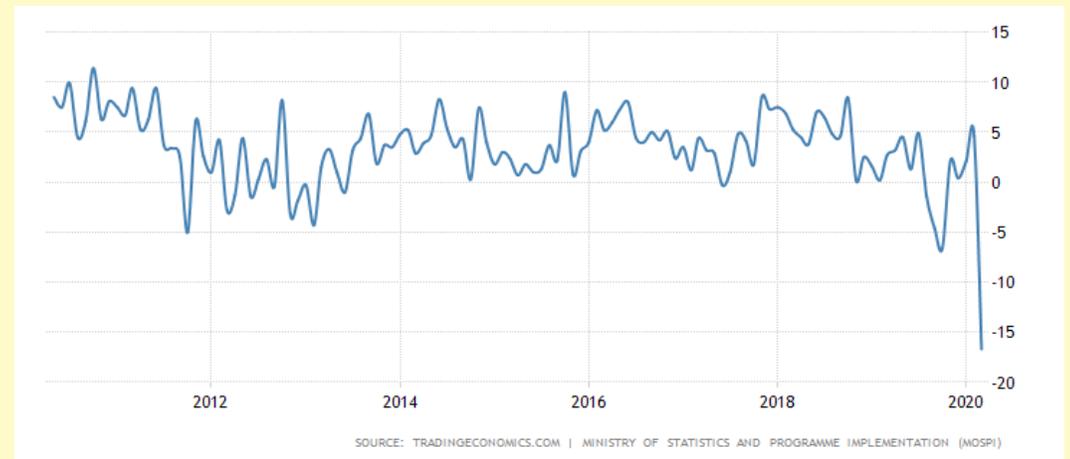
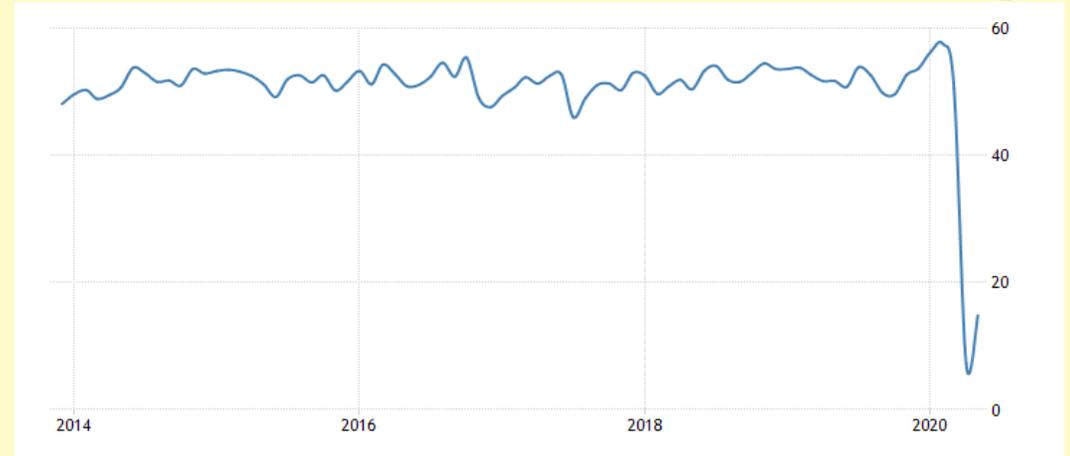
Corporate Business Register with Start-Up India on Tax Benefits of Recognition Self-Declaration Registration Certificate after Verification

60K+ Start-Ups & Growing Rapidly...

- India is 3rd largest eco-system in the world with highest ever growth potential
 - Returns have huge variation: 0 – 1000X
- Indian Start-up eco-system is maturing & likely to boom
 - Increasing investments by global investors
 - Government initiatives like “Start-up India”
- Local start-ups have started to access global markets
- Mostly, Tech enabled businesses with scalable model in new market category across multiple stages
 - Seed Stage: R&D, Prototype, Product Development
 - Early Stage: Market Testing, Initial Launch

100+ Schemes Available At www.startupindia.gov.in

Covid - Massive Setback to Economy



ed by ~ 30% in a short time span

Industrial Production down by 67% Composite PMI Lifetime Low 7.20

STRATEGY - SURVIVAL Till REVIVAL And Thereafter Ensuring GROWTH Yearly

Huge Destruction Across Sectors...

Worst Affected

Hotels / Restaurants

Travel & Tourism

Realty / Malls

Moderately Affected

Logistics

Textiles

Metals

Least Affected

FMCG / Consumables

Pharmaceuticals

Education

How to survive?

How to revive?

How to grow?

Finance ~ Survival of the Fittest

Govt Support for Survival of MSMEs

- Liberalised Working Capital Scheme for funding upto Rs 5 crores with reduced margins ~ 10% on stocks and 15% on receivables
- Speedy processing of refunds in order to offer more liquidity
- Incremental assistance with Atmanirbhar Package
 - Rs 3 lakh crores collateral free automatic loans
 - Rs 20000 crores subordinate debt for stressed assets
 - Rs 50000 crores equity infusion through “Fund of Funds” for listed companies
- Other incentives offered
 - Reduction in TDS & EPF rates to offer more cash in hand
 - Global tendering allowed only for projects beyond Rs 200 crores
 - Relaxation in provisions under Insolvency & Bankruptcy Code in case of default

Timely Assistance from CAs Needed

Focus on Core Activities

- Focus can help to successfully overcome challenges

Profitability vis-à-vis Cashflows

- Cashflows can not be delayed merely to maintain profitability

Stop Loss alongwith Legal Compliance

- All costs including Owners' salary / drawings need to be re-assessed

Cash Administration - Key For Revival

- Set up “Cash Control Room”
 - Devise customised MIS system with cash budgeting
- Focus on Revenue Maximisation
 - Develop opportunity pipeline using technology
 - Explore alternate revenue streams
- Receivables & Payable Management
 - Approach banks for temporary loans / factoring
 - Support critical vendors but with renegotiated terms

Cash is The King... Always!

Assistance from Experts is needed to survive & revive

- Cost Reduction is mandatory
 - Convert fixed cost to variable cost
- Employee Management
 - Brain to have priority over heart
 - Hire on-demand reinforcements for existing team
- Understand Government policies to take benefits
 - Registration of MSMEs with “Udyog Aadhar” is essential
- Raise equity funding for Growth

CAs are best placed to assist Businesses...

Venture capital / Private equity

Creativity will be Game Changer

- Adoption of **Phygital Model**
- Usage of **Online Tools** for business
- **Hire Professionals** for optimum results
- Offer **Extra Value** to customers
- Tap opportunities with **Local First** policy
- Develop **M&A** roadmap to extend offerings
- **Peer Partnership** for optimum resource utilisation

Growth with VC/PE Funding



got maximum funding during lockdown

Value Addition by Strong Investors

Reliance announces investments worth ₹ 104,326.95 crore to further India's digital transformation



Investor Stake	Investment Amount (Rs Crore)	Date
Facebook 9.99%	43,573.62	22 April
Silver Lake 1.15%	5,655.75	03 May
Vista 2.32%	11,367.00	08 May
General Atlantic 1.34%	6,598.38	17 May
KKR 2.32%	11,367.00	22 May
Mubadala 1.85%	9,093.60	05 June
Silver Lake 0.93%	4,546.80	05 June
Abu Dhabi Investment Authority 1.16%	5,683.50	07 June
TPG 0.93%	4,546.80	13 June
L Catterton 0.39%	1,894.50	13 June

Listing To Unlock Value

- 2 popular nationwide stock exchanges ~ NSE & BSE
- Listing is the ultimate tool for unlocking value for the shareholders
 - IPO on Main Board or SME Board
 - Concessional norms for Start-up / SME Listing by BSE SME Exchange
 - Reverse Merger / Open Offer after complying with Sebi Regulations
- Listed companies have multiple avenues to raise funds

EXPERT SERVICES

CA - Friend, Philosopher & Guide

Audits
Accounting
Tax Consultancy

Prop / HUF / Partnership
MCA / Society Compliance
MSME / Other Registrations



MERGING AVENUES

Start-Ups
Loan Funding
IBC Protection
Risk Management
Transaction Advisory
Angel / VC / PE Funding
Capital Markets Advisory

COVID-19 LOCKDOWN

Economic Warriors
Are Committed To

1. Survival of MSMEs
2. Revival of Economy
3. Growth to \$ 5 Trillion

World Is Closed For Renovation

Grand Reopening Soon

Adopt New Normal

Be Positive ++

SURVIVE ~ REVIVE ~ GROW

THANK YOU

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