



CPE Seminar
Organised by
Institute Chartered Accountants of India
Ernakulum Branch of SIRC



Funding options for Startups



CA Deepak Gupta
January 11, 2024

Funding – What it is...

Can we define?



Funding - Defined

funding

/ˈfʌndɪŋ/

noun

1. money provided, especially by an organization or government, for a particular purpose.

“funding for the project was provided by the Housing Corporation”

the action or practice of providing funding.

“the public funding of litigation remains a core question



Why Startups / MSMEs fail?

The background features a pattern of overlapping, semi-transparent thought bubbles in shades of grey and teal. Each bubble contains a black question mark. In the center, a lightbulb icon is drawn in a blue line-art style, with several short lines radiating from its top to indicate it is glowing. The word "Thoughts" is written in a clean, white, sans-serif font across the middle of the image, positioned over the lightbulb icon. A thin white horizontal line is drawn below the text.

Thoughts

Funding is not the top reason...

HOW TO FAIL A STARTUP

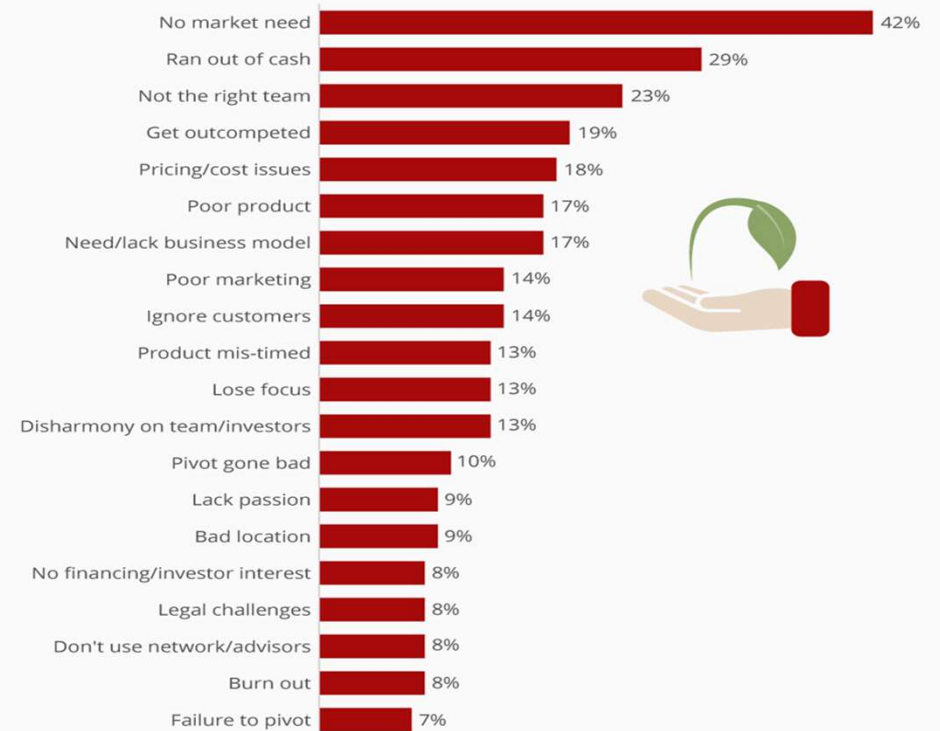
by Anna Vital

- build what you think people want even if it is not
- don't listen to your users
- fight with co-founders endlessly
- try to do everything yourself
- run out of money before becoming profitable
- burn out from overworking
- scale before you figure out what your product is
- hype up your startup, but don't improve the product
- create bot users to fake growth
- raise so much money that you can't show growth in the next round
- don't use your own product
- hire more people just to show you are growing

MADE WITH ADIOMA

The Top Reasons Startups Fail

Most frequently cited reasons for startup failure*

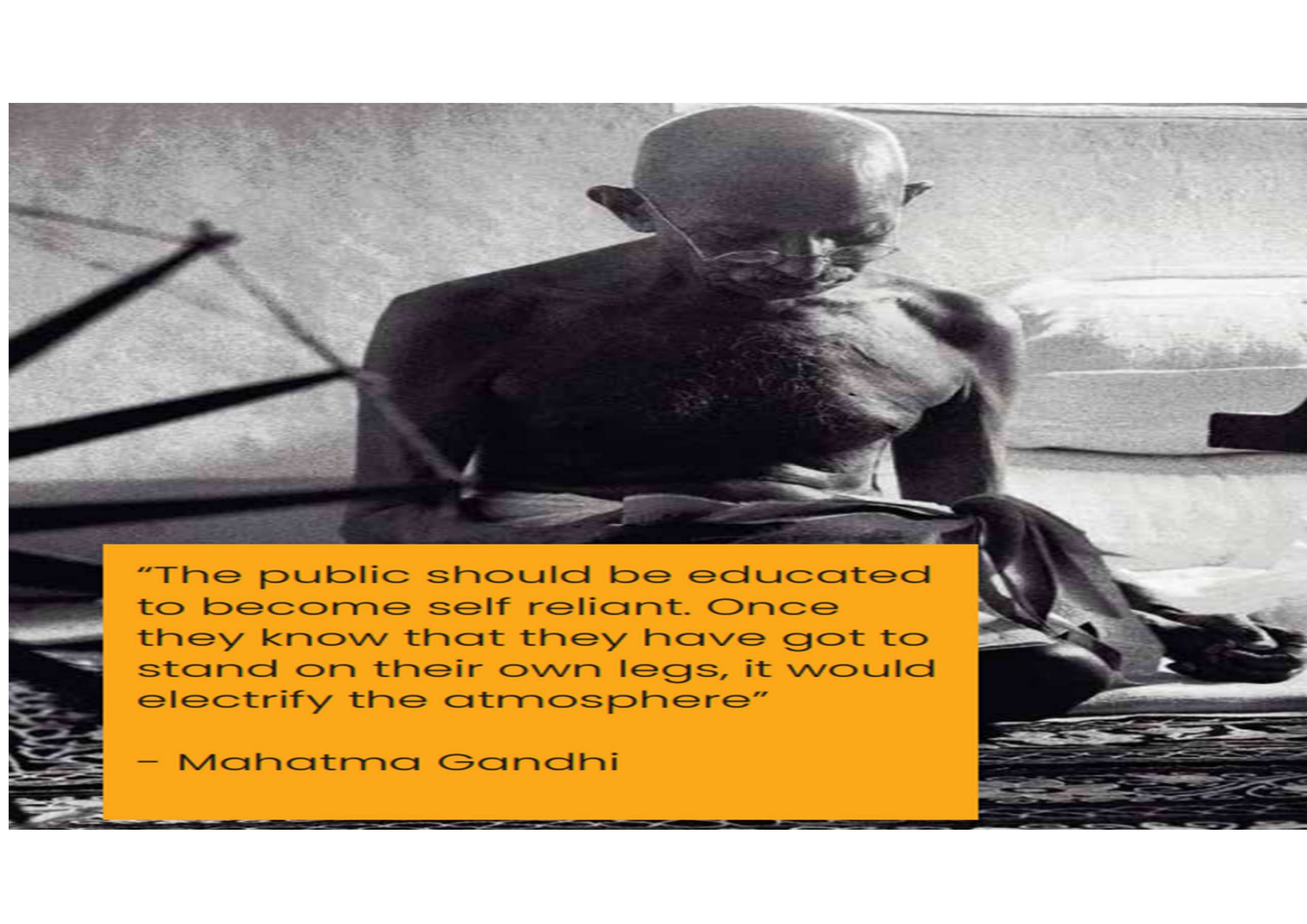


* Based on an analysis of 101 startup post-mortems
Source: CB Insights



What lies ahead...

- Early Stage Startups
- Growth Stage Valuations
- MSME Funding
- SME IPOs – What it is?
- Long Connects – a critical success element



“The public should be educated to become self reliant. Once they know that they have got to stand on their own legs, it would electrify the atmosphere”

– Mahatma Gandhi

A 3D rendering of a city with many grey houses and one red house. The houses are arranged in a grid-like pattern on a light grey surface. The red house is the only one of its color and is located in the center of the scene. A yellow horizontal line is positioned above the text "Startup Funding".

Startup Funding

Kerala – One of the oldest and budding Start-up Hub of India



3000+ REGD
STARTUPS



400+ FUNDED
STARTUPS



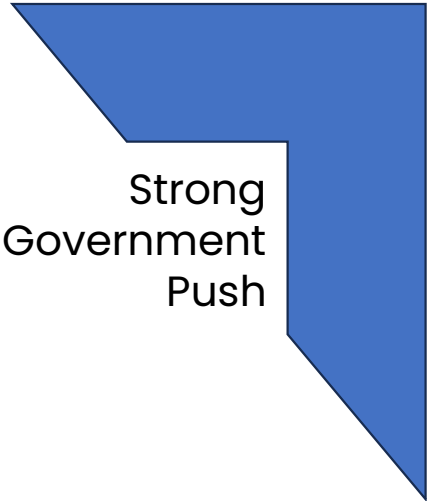
50+ MENTORS



10 LAC SQFT
INCUBATION SPACE



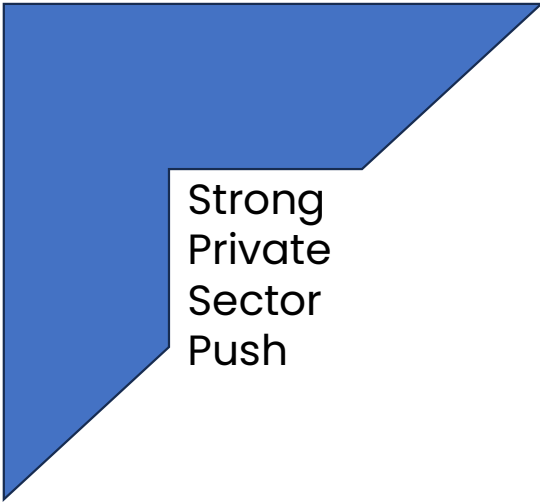
40+ INCUBATORS



Strong
Government
Push



300+ INNOVATION
CENTER



Strong
Private
Sector
Push



Innovation Grant

Benefits of Scheme

- Idea grant - **Upto 3 lakhs**
- Productization Grant - **Upto 7 lakhs**
- Scaleup Grant - **Upto 15 lakhs**
- Market Acceleration Grant - **Upto 10 lakhs**
- Idea Grant (Student Innovator) - **Upto 2 lakhs**
- Women/Transgender Productization Grant - **Upto 12 lakh**

24

Idea Days
Conducted

9000+

Application
Received

2467

Application
Shortlisted

709

Idea's Selected

38

Crore Funds
Allocated

Seed Fund

Purpose

To provide financial assistance to startups to foster the formation and development of innovative, technology-based business enterprises that will stimulate the economy of the State of Kerala through venture creations, increased employment and leveraging of private investment.

Benefits of Scheme

- Seed Fund of Rs.15 Lakhs at a subsidised interest rate of 6% per annum.
- Moratorium 12 months
- Repayment in 24 EMIs for loans up to Rs.5 Lakhs and 36 EMIs for loans above Rs.5 Lakhs



Karnataka – Matured Start-up Capital of the World



15000+ STARTUPS



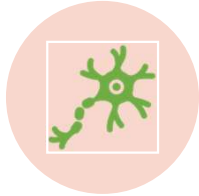
700+ FUNDED
STARTUPS



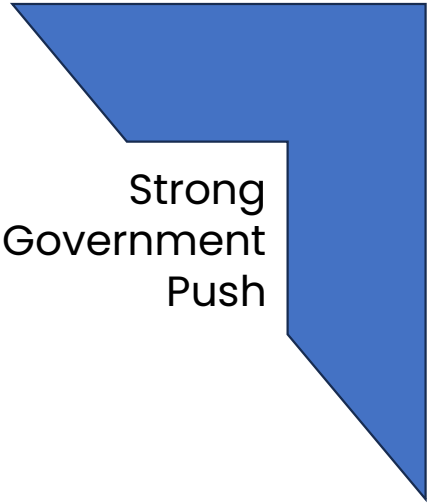
150+ MENTORS



10138+ STATE
RECOGNIZED START
UPS



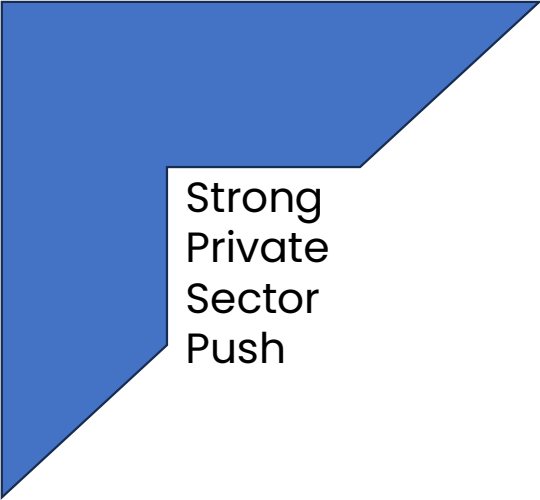
55 +INCUBATORS



Strong
Government
Push

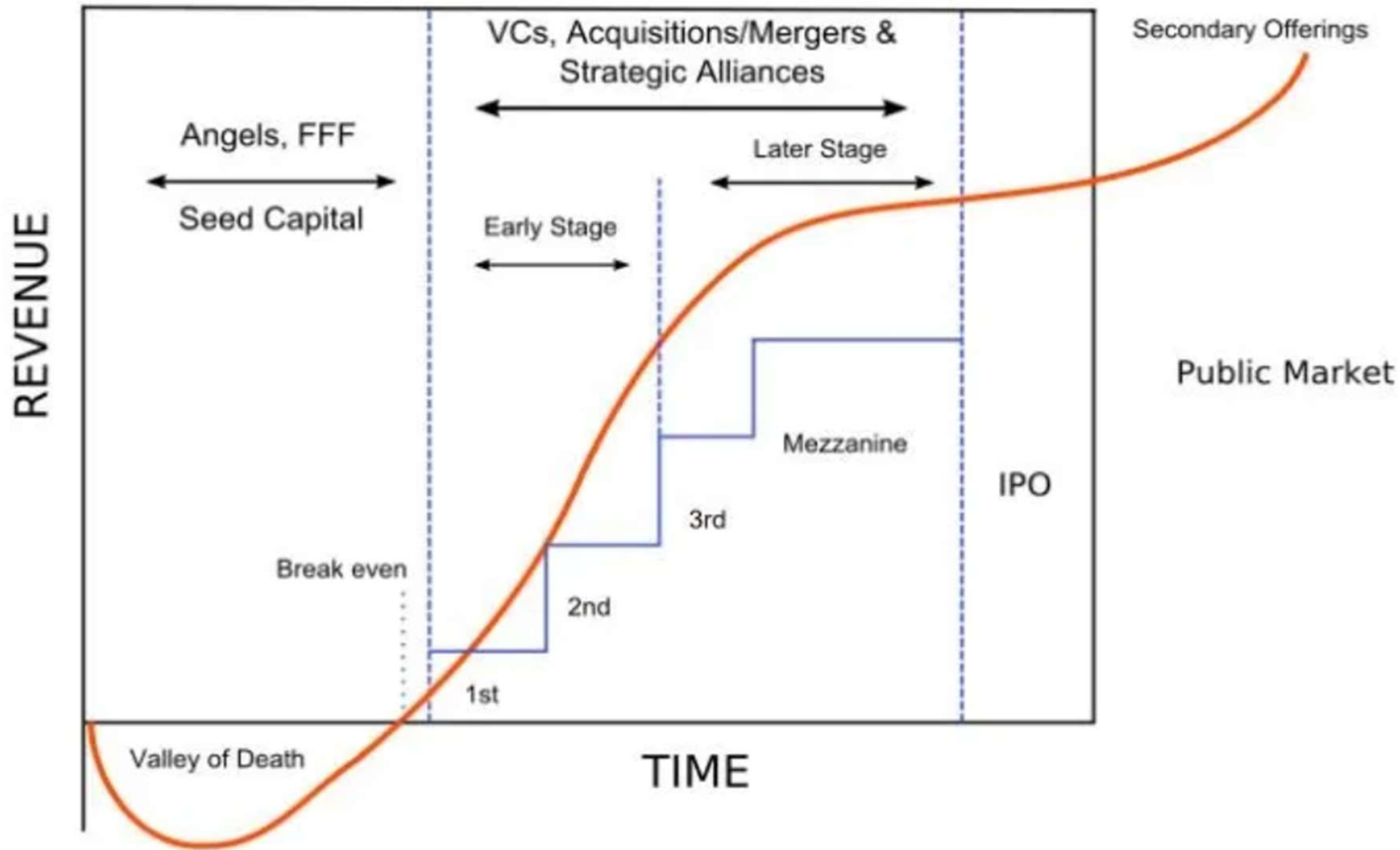


30+ VENTURE FUND
STARTUPS



Strong
Private
Sector
Push

Fund Raise Stages



Debt

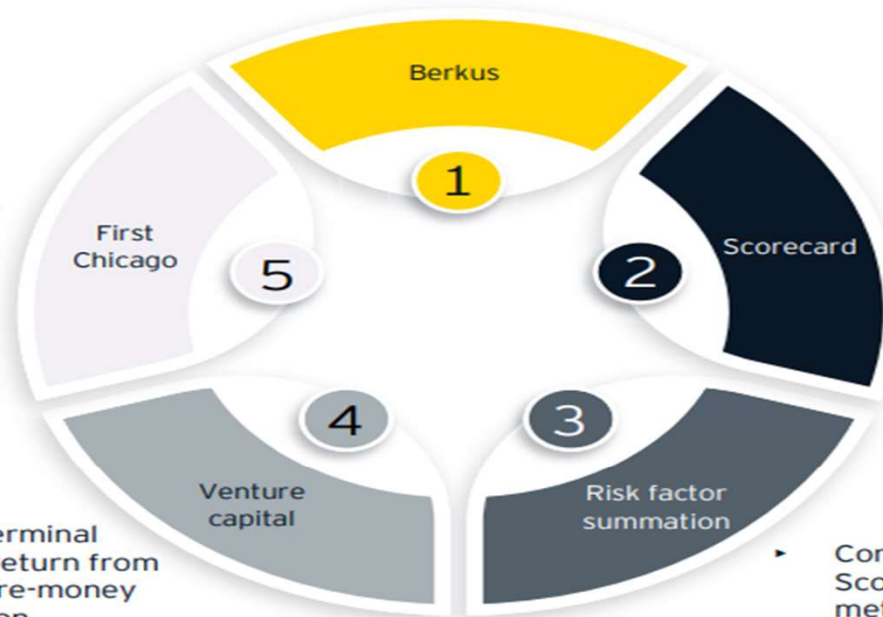
**Quasi
Debt/Equity**

EQUITY

Early Stage: Startup Valuation

- ▶ Based on five parameters: Sound idea, prototype, quality of management team, strategic relationships and product roll out or sales
- ▶ Assigning range of values to pre-revenue companies as start-up begins to make progress

- ▶ Combination of DCF and market multiple methods giving weights to normal, best and worst case scenario



- ▶ Adjustments to valuations of comparable cos. based on scores assigned to each metric of target

- ▶ Employs a forecasted terminal value and an expected return from investor to determine pre-money and post money valuation
- ▶ Terminal value = exit multiple x targeted revenues (or) earning in exit year

- ▶ Combination of Scorecard and Berkus method

Source: EY Newsletter



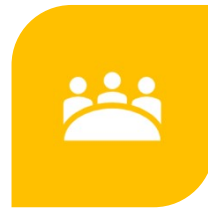
Example: Early Stage Startup Valuation



DEEP TECH AND AI
COMPANY IN DIGITAL TWIN
SPACE



PLANNING TO LAUNCH
PRODUCT IN AEROSPACE,
HEALTHCARE AND
MANUFACTURING SECTOR



DESIGN DEVELOPED, INITIAL
DISCUSSIONS WITH
STRATEGIC PARTNERS



NO TOPLINE, LARGELY
PRODUCT RESEARCH AND
PATENT RELATED EXPENSES



TEAM OF HIGHLY SKILLED
ENGINEERS, PHDS AND TECH
LAUREATES

Particulars	Amount
Product Type	XYZ
Future Sale – 8 th Year (in units) – A	34.00
Average Price – B	1.03
CoGS (48%) – C	0.48
Unit profit – $D = B \times C$	0.52
Contribution – $E = A \times D$	18.10
Multiple Factor (Next Page for Explanation)	20X
Future Valuation	362.40
Discount for unforeseen events	30%
Future Valuation post discount factors	253.70
Discount rate	25%
Current Valuation	42.60

Valuation Matrix

- *USD in Mn.*

Note 4: Multiple Factor

3x	2x	3x	6x	2x	4x
<ul style="list-style-type: none">• Advanced Technology• Demonstrated use cases	<ul style="list-style-type: none">• Coherent, experienced team• Deep expertise in AI and Deep tech	<ul style="list-style-type: none">• Strategic Partnership• Supply chain and distribution network	<ul style="list-style-type: none">• Applied to most engine types• Preventive maintenance of engines• Increase Technical life of existing engine	<ul style="list-style-type: none">• Digital twin solutions aligned to various solutions across industries	<ul style="list-style-type: none">• Application in multiple geography• Multiple used case in varied platforms



Fund of Funds

KSUM is partnering with **SEBI accredited Alternative Investment Funds (AIFs)** to invest in the startups from Kerala. The state government will act as a limiter partner for the funds

Benefits of Scheme

- The scheme will attract VC funds to the state and the fund will have a large corpus of funds for startups.
- The funds will have access to the Kerala startup ecosystem and any activities organised or supported by KSUM.
- The funds will be having a monthly facilitation program for interacting with Kerala based Startups.
- The technology startups in the scaling up stage can connect with the investors to raise equity based investments for their growth.
- The scheme will provide opportunities for branding and promotion of the fund in all startup events organized by KSUM.

List of Beneficiaries

- Unicorn India Venture Fund I
- Salamander Excubator Angel (SEA) Fund
- Indian Angel Network Fund I
- Speciale Invest Fund I
- Unicorn India Venture Fund II

Other Major schemes



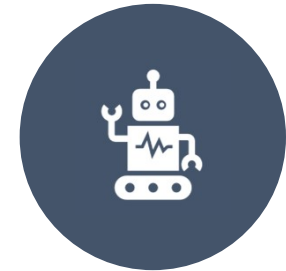
PATENT
REIMBURSEMENT



INTERNATIONAL
EXCHANGE PROGRAM



RENT SUBSIDY



R&D GRANT

Growth Stage Valuation

- MRR~ARR Based valuation
- GMV
- Revenue / EBITDA
- DCF
- Comparable Corporates



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STARTUP INDIA REGISTRATION



How to register for Udyam Certificate ?

1. Go to the Udyam registration portal – <https://www.startupindia.gov.in/>

Required Documents



Company Incorporation Certificate
and PAN Card



Company Website / Brochure



GST Number (For Invoice)

BENEFITS OF STARTUP REGISTRATION

Funding, tax & cost benefits

- **Easier access to Funds**
- Eligible to access the venture capital fund set up by the Central Govt subject to meeting criteria (Fund of Funds INR 10000 Cr)
- **Benefits under Direct Tax Laws**
- Post getting clearance, the Startup can avail tax holiday for 3 consecutive fin years out of its first ten years since incorporation.
- A Startup may apply for Angel Tax Exemption
- Set off of carry forward losses and capital gains allowed in case of a change in Shareholding pattern
- **Trademarks and Patents**
- The DPIIT recognised startups have a rebate of 50% in the Govt. fee while filing a Trademark Application
- The Patent applications are fast-tracked for examination. Hence, reducing the turnaround time. Apart from this, they also get an 80% rebate for filing a patent application.

Ease of Compliance

- **Self Certification**
- Compliance with 6 Labour Laws and 3 Environmental Laws through an easy online process;
- No inspection under Labour Law requirements for recognised startups for a period of 5 years;
- Inspection under the Labour Law compliance only upon receiving written complaints against the DPIIT-recognised startup;
- All startups falling under the 'white category' i.e., are practically non-polluting, and availing the benefits of the startup India scheme, are allowed to do self-certification for pollution-related compliances. In their case the officers only conduct periodical checks.

Funding avenues – Government policy – 2022-27



Idea2 POC/ ELEVATE

One time Grant in Aid upto 50 L

10% of the fund to focus on Deep Tech, Assistive Technology and SDGs

SDGs include circ economy, RE, Sustainability, CC

Mentoring and incubation support at subsidized rates at Govt supported incubation centres



Startup Funding thru Fund of Funds

Venture Capital Fund of INR 100 Cr for disruptive technologies



Beyond Bengaluru Cluster Seed Fund

Focus on emerging technology clusters

Startup Incubators



Work with individuals or groups that are working on a business idea which is at an early stage & they do not function on a defined schedule



Incubators offer co-working space, monthly rentals, coaching and community connections



Incubators operate independently too; more often than not, they are sponsored by VCs, Govt or institutions or enterprises



As part of the incubator, a company can fine-tune its product-market fit, uncover intellectual property challenges, and network with other startups.

Startup Accelerators



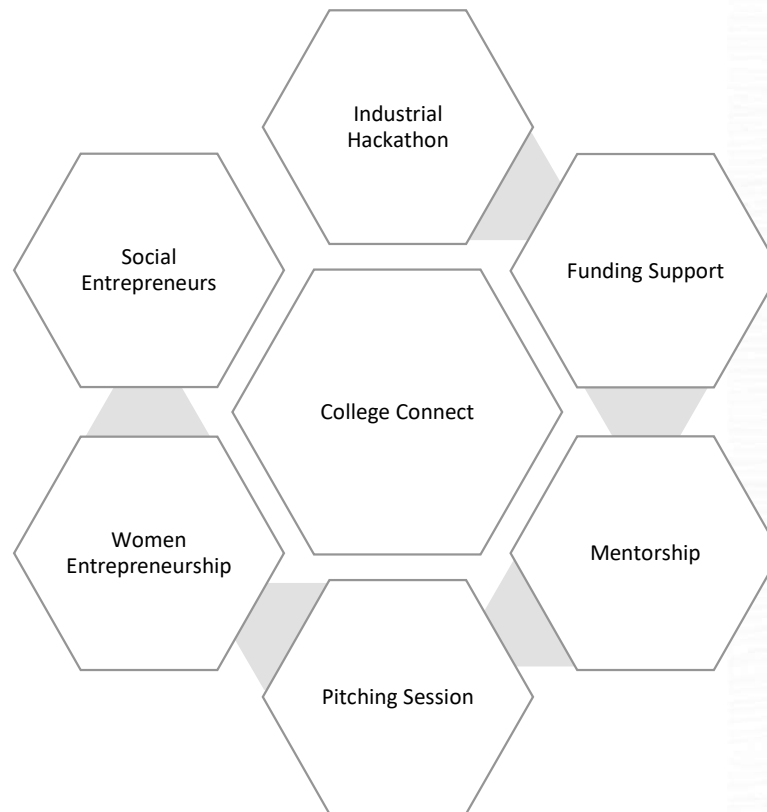
Start up Accelerators invite applications from those businesses that are seeking capital and have a potential for fast growth



Accelerators assist with seed capital & investor meetings

K-Tech Innovation Hub

K-tech Innovation Hubs, powered by IKP are set up across the state of Karnataka to foster the growth of hardware startups.



Illustrative List of Accelerators

- DevX
- India Accelerator
- Indian Angel Network
- 500 startups
- Techstars Bangalore Accelerator
- Marwari Catalysts
- Microsoft Accelerator
- GSF India Accelerator
- 9Unicorns
- ScaleMinds
- Green House Ventures Accelerator (GHV)
- Zone Startups
- Jaarvis Accelerator
- Rebalance
- Target Accelerator
- iAccelerator
- Incubate Fund India
- Forge Accelerator
- Aspire Labs
- JioGenNext
- TLabs Accelerator
- Cisco LaunchPad (CLAP)
- SAP Labs
- GSF Accelerator
- Axilor Ventures
- WE Hub
- Startup360
- thinQbate
- Brigade Real Estate Accelerator Program(REAP)

Illustrative List of Incubators

- NSRCEL
- Centre for Innovation, Incubation and Entrepreneurship (CIEE - IIMA)
- IAN Incubator
- Nasscom 10,000 Startups
- IIMK Live
- [iCreate](#)
- T-HUB
- Khosla Labs
- 91 Springboard
- Social Alpha
- Startup Oasis
- Supreme Incubator
- Centre for Technology Business Incubator (BITS Pilani)
- Rainmatter
- VIT-TBI
- SINE
- Science and Technology Entrepreneurship Park (STEP)
- Kerala Startup Mission
- IIM Calcutta Innovation Park
- Villgro
- HealthStart
- Technology Business Incubator (University of Hyderabad)
- Amity Innovation Incubator
- SIDBI Innovation and Incubation Centre (SIIC)
- Venture Catalysts
- TIDES Business Incubator
- Technology Incubation and Entrepreneurship Society (TIETS)
- Venture Center
- DLabs
- Atal Innovation Mission
- Maker Village
- Agri Business Incubator
- Riidl - Research Innovation Incubation Design Labs

EMERGING TRENDS IN MSME FUNDING



Funding challenges faced by MSME/Startups



INFORMATION
ASYMMETRY



LACK OF FINANCIAL
KNOW-HOW –
PRODUCTS & PLAYERS



LACK OF
TECHNOLOGICAL
ADVANCEMENTS AND
EASE OF DOING
BUSINESS



EXISTING HIGH-COST
DEBT FROM
UNREGULATED
MARKETS



INADEQUATE
COLLATERAL



LIMITED EQUITY CAPITAL

FUNDING SOLUTIONS

Conventional

- Trade Credit – Bill Discounting
- Fund Based – Overdraft / Cash Credit/ Working Capital Demand Loan/ Short Term Loan
- Non-Fund Based – Letter of Credit / Bank Guarantee / Stand By Letter of Credit

- Term Loan
- Bridge Loan

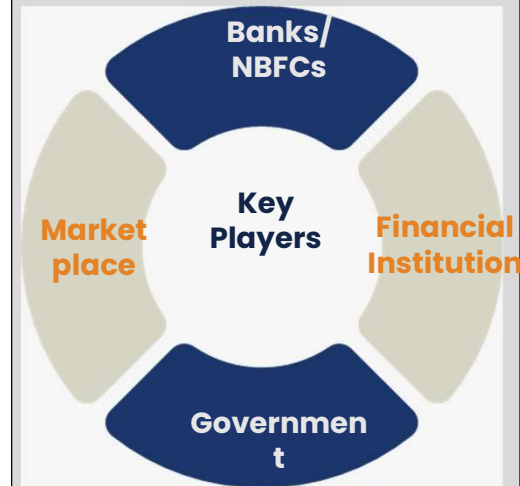
New Age

- Trade Credit – LC Discounting/ Supply Chain Financing/ Factoring
- Fund Based – Revenue Funding, Channel Financing, GST OD
- Govt Schemes – CGTMSE, CGSS, MUDRA, SFSS
- Digital Micro Finance
- P2P

- Structured Products – Hybrid
- Mezzanine Debt
- Venture Fund
- ICO

Short- Term

Long- Term





Pradhan Mantri MUDRA Yojana

Loan Sanctioned in FY23: Rs. 4.56 lac cr.

Loan Disbursed in FY23: Rs. 4.50 lac cr.

No. of Guarantee Approved: 6.23 cr.

- Issued by : GOI since 2015 and delegated to commercial banks/ RRBs/ Small Finance Banks/ MFIs and NBFCs.
- Loan Quantum – As per startup growth stage, loan is divided as ;
 - SHISHU : Max 50k
 - KISHORE : 51k – 5 lacs
 - TARUN : 5.01 lacs – 10 lacs
- Target Sector – Non Corporates/ Non Farm Small/ Micro Enterprises
- Eligibility – Startups with minimum 6 months cashflow
- Facility – Working Capital (1 year) and Term Loan (upto 5 years)
- Annual Guarantee Fees – 2% p.a.
- Collateral – Current Assets (Working Capital) and/or Fixed Assets (Term Loan) ; Personal Guarantee of Promoters and Guarantee Cover from the Government
- ROI – Linked to EBLR* + Margin
- * EBLR – External Benchmark Linked Rate
- Margin – Depends on credit profile of the startups



CGTMSE SCHEME



Objective

The scheme aims at motivating first generation entrepreneurs towards self-employment by providing credit guarantee funding for third-party guarantee-free / collateral free loans



Key Benefits

- Micro Finance Institutions as Member Lending Institutions (MLIs) are now eligible
- Concessions related to fees and increased coverage to SC/STs
- Reduced Guarantee fee by 10% and coverage extent increased to 85% to Women, ZED Certified Units and Units in Aspirational Districts



Key Features

- Eligible Activities – Manufacturing, Services and Retail
- Not Eligible activities - Educational & Training Institutions, Self Help Groups & Agriculture
- Loan Amount
 1. For Micro and Small Enterprises (MSEs)– Credit facility up to Rs. 500 lakh can be covered on an outstanding basis.
 2. For Regional Rural Banks (RRBs) and Select Financial Institutions credit facilities up to Rs. 50 lakh is allowed
- Guarantee Coverage - From 75% – 85% (50% Coverage for retail activity)
- Collateral/ 3rd party guarantee – Not required
- Annual Guarantee Fee Upto Rs.1 Crore - Fee revised from 2% and reduced to as low as 0.37%

Guarantee Approved in FY23: Rs. 1.04 lac cr.

Growth in Coverage: 87%

No. of Guarantee Approved: 11.65 lacs

SIDBI Make in India Loan for Enterprises (SMILE)



Objective

The scheme was initiated by the Government of India to make MSMEs take active part in the 'Make in India' campaign. The primary focus is to provide financing to small enterprises within the MSME sector. The term Soft Loan was introduced to offer loan with Soft terms to meet the debt-equity ratio for establishment of an MSME.



Key Benefits

- Attractive interest rates
- Comparatively more extended periods of loan repayment
- Speedy dispensation of financial assistance
- Efficient funding of partial promoter contribution by methods of soft loans
- Speedy dispensation of machinery loan through the contactless platform
- In the case of SMILE equipment finance, there exist lower amount of promoter contribution



Key Features

Nature : Quasi – Equity (Soft Loan) in Nature

Funding Quantum : Min 10 Lakh Max 25 Lakh

Purpose : For Equipment Finance

Repayment Period: Max 10 years, including moratorium of upto 36 months

Min Promoter Contribution : 15% subject to Maximum Debt Equity Ratio (DER) of 3:1

Collateral : First charge over all assets and Personal Guarantee of Promoters

Credit Guarantee Scheme for Startups (CGSS)

- Issued by : GOI & DPIIT since 2000 and delegated to Banks from few years
- Loan Quantum – Upto 10 Crs
- Target Sector – Startups & MSMEs
- Eligibility – (a) Reached a stable revenue for 1 year in same business (b) Not in defaulters list (c) Eligibility of the startup certified by Member Institutions (Bank/NBFC) as per CGSS policy
- Facility – Transaction based (Funded by Banks/ NBFCs) and Umbrella based (Funded by Venture Debt Funds)
- Annual Guarantee Fees – 2% p.a.
- Collateral – Current Assets (Working Capital) and/or Fixed Assets (Term Loan) ; Personal Guarantee of Promoters and Guarantee Cover from the Government
- ROI – Linked to EBLR + Margin
- * *Startups should have DPIIT recognised Startup certificate*

Startup India Seed Fund Scheme

- Issued by : GOI since 2015 and delegated to commercial banks/ RRBs/ Small Finance Banks/ MFIs and NBFCs.
- Loan Quantum – Upto 20 / 50 lacs funded by Incubators*
- Target Sector – Early stage startups (market entry) with proof of concept, prototype development & product trials
- Preference would be given to startups creating innovative solutions in sectors such as social impact, waste management, water management, financial inclusion, education, agriculture, food processing, biotechnology, healthcare, energy, mobility, defence, space, railways, oil and gas, textiles, etc.
- Objective – significant employment generation and eco friendly space
- Eligibility – DPIIT recognised startup incorporated less than 2 years ago
- *Incubators are funding agents defined by DPIIT in their relevant notifications*

REVENUE BASED FINANCING

Funding Range – a factor of Revenue

- Revenue Financing is also known as Flexible Growth Capital
- Revenue based financing allows startups to raise funds by pledging a certain percentage of their future revenue as a payment until all paid.
- Revenue based financing can be accessed by all the businesses having high growth trajectory, predictable margins but need funds to achieve growth
- Due to seasonality RBF is suitable for business with fluctuating monthly revenues
- For a short period of time and not a revolving credit



INVENTORY FINANCING



PERFORMANCE MARKETING



GROWTH FINANCING

SALES INVOICE DISCOUNTING

Business can raise funds on unpaid customer invoices

For supplies to large corporates invoice and credit validation becomes an easy process thus helping MSMEs to raise funds based on credit profile of large corporates

Tenor – As per credit period but not >90 Days

Startups can maintain healthy cashflow and liquidity

- ✓ **Quick Fund Disbursal**
- ✓ **Digital Processing**
- ✓ **Collateral Free**
- ✓ **Shorten Cash Cycles**

SUPPLY CHAIN FINANCING

Purchase Invoices or Orders confirmed by Anchors (large corporate supplier) can be used to secure funding

Risk mitigation measures undertaken by Anchors

Long tail suppliers of Anchors can be financed through this scalable program (customer-vendor-transporter-distributor-outsourced factory processing unit etc.)

- ✓ **Easy Processing**
- ✓ **Transparent**
- ✓ **End-to-End Supply Chain cash cycle is shortened**
- ✓ **Built for scale**

GST Based Overdraft



Objective

To Support cash flows and ongoing working capital expenses of MSMEs with ready source of funding



Key Benefits

- No More Financial Analysis – Assessment will only be basis turnover as per GST Returns
- Limit Amount – Upto Rs.2 crores by way of Fund based Overdraft facility
- Bank Statements not required for assessments

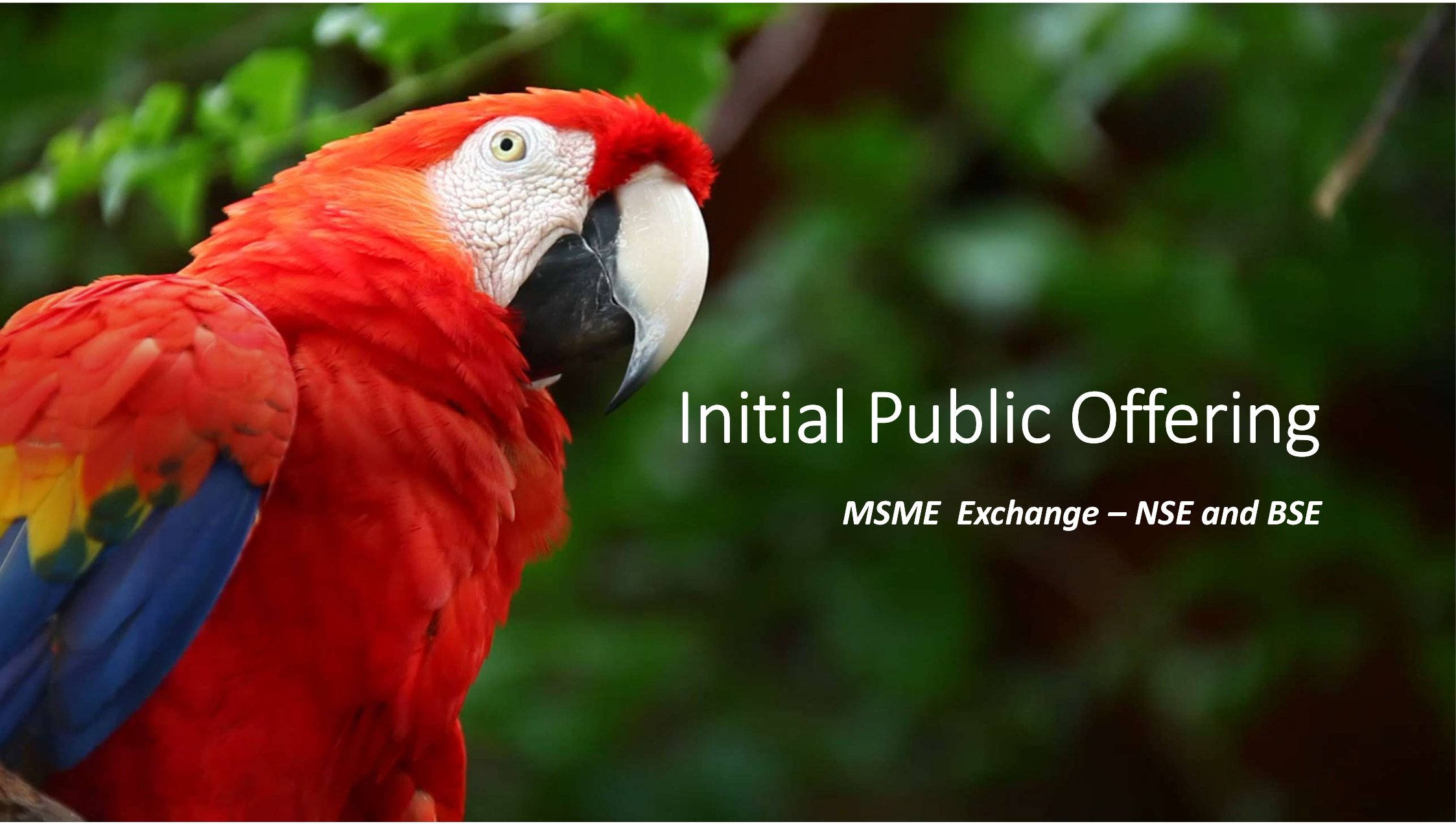
Yes Bank, Axis Bank, ICICI Bank etc. are offering this facility

SIDBI Lending for **Go Green** Initiatives

Initiatives by SIDBI to Promote MSME Lending

- Under the **SIDBI Srijan scheme**, highly concessional loans of up to Rs. 2 crore for a project are given to MSMEs at 3-5 per cent interest rates for undertaking innovative technology projects at the pre-commercialisation stage.
- Additionally, in collaboration with the World Bank, SIDBI's **End-to-End Energy Efficiency (4E) scheme** intends to support energy efficiency and solar projects by quickly dispensing loans up to Rs 3 crores at 4.90-7 per cent interest rates.
- SIDBI also signed an MoU with the Bureau of Energy Efficiency, intending to enhance green financing solutions for MSMEs and explore efficient solutions for helping them attain sustainability.

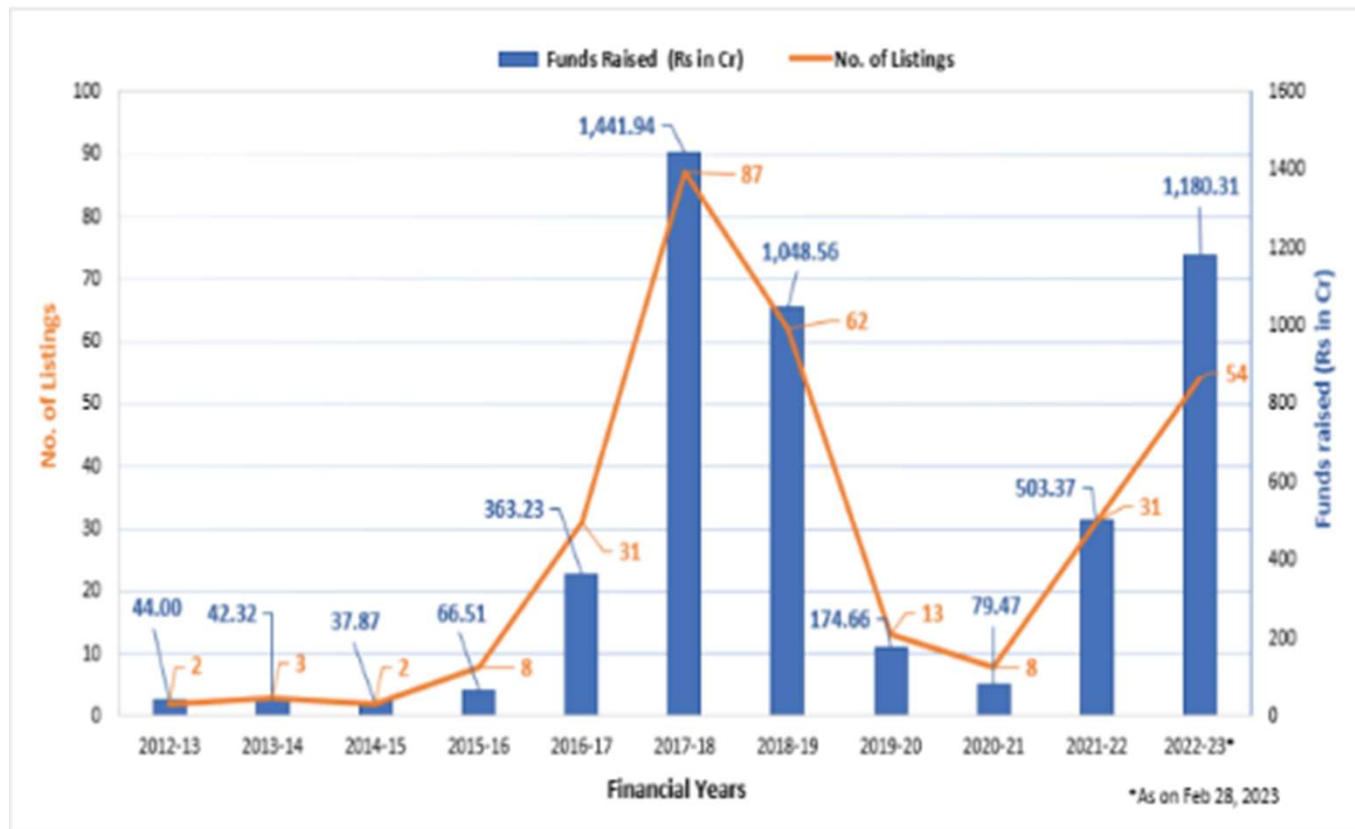




Initial Public Offering

MSME Exchange – NSE and BSE

Companies Listed on NSE EMERGE



MSME IPOs

Eligibility



SME Company

- Post issue paid up capital (face value) upto Rs.25 crore
- Track record of atleast 3 year
- Positive network
- Operating profit from operations for atleast any 2 out of 3 financial years

Technology Company

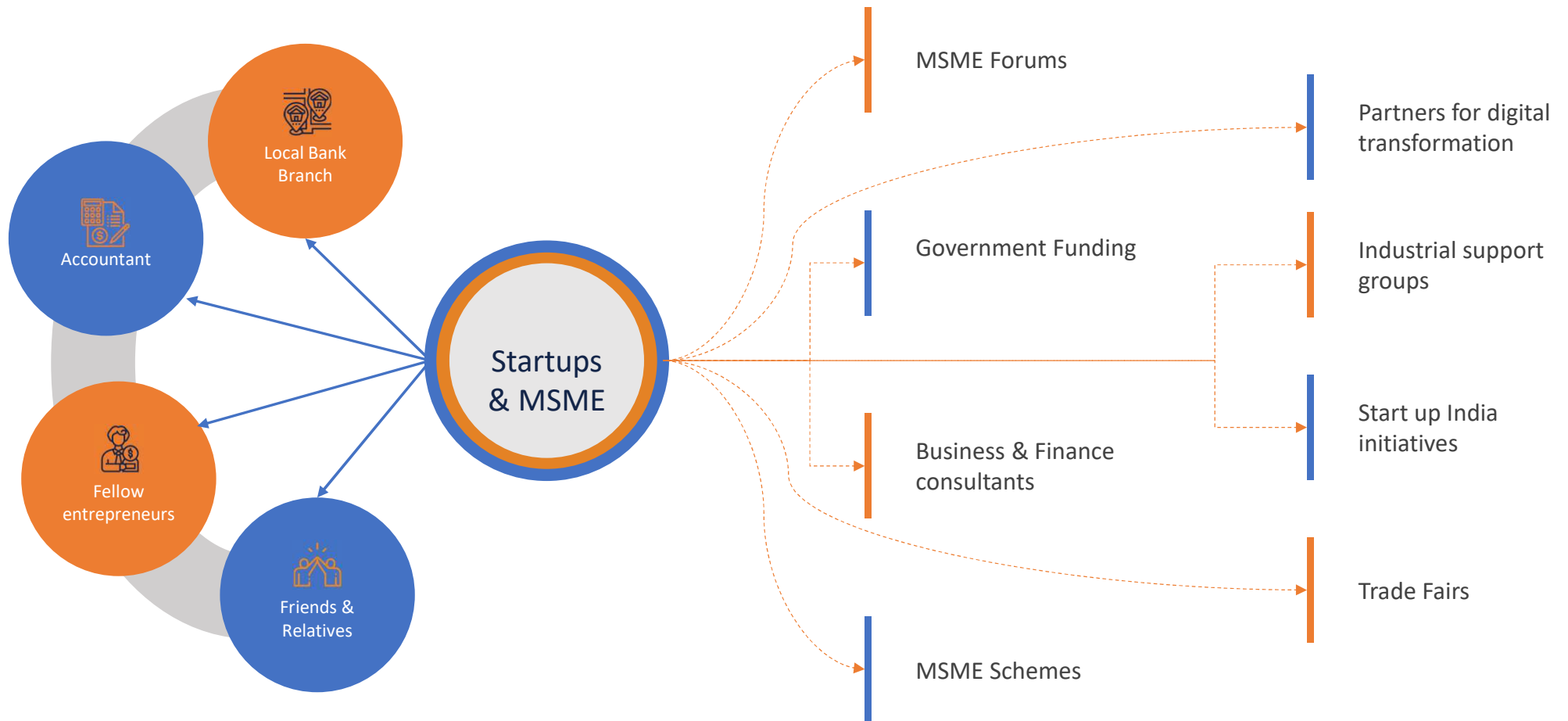
- Post issue paid up capital (face value) upto Rs.25 crore
- Track record of atleast 3 years
- Positive network
- Annual Revenue : Not less than 10 Crs
- Annual Growth : 20% (Number of Users/Revenue Growth/Customer base)

MSME IPO Benefits

- Higher visibility and profile
- Higher credibility with stakeholders like customers, vendors, employees, etc
- Alternate asset class for investors
- Unlock value of ESOPs to attract and retain talent
- Appropriate valuations: Liquidity /exit for investors
- Migration to Main Board



REACHING OUT TO THE “LONG” CONTACTS IS CRITICAL





Opportunities - Defined

opportunity, ऑप'ट्यूनटि

noun

plural noun: **opportunities**

a chance to do something that you would like to do; a situation or a time in which it is possible to do something that you would like to do

अवसर, सुअवसर, मौका; उपयुक्त,
अवसरानुकूल स्थिति या समय

Something is Missing...

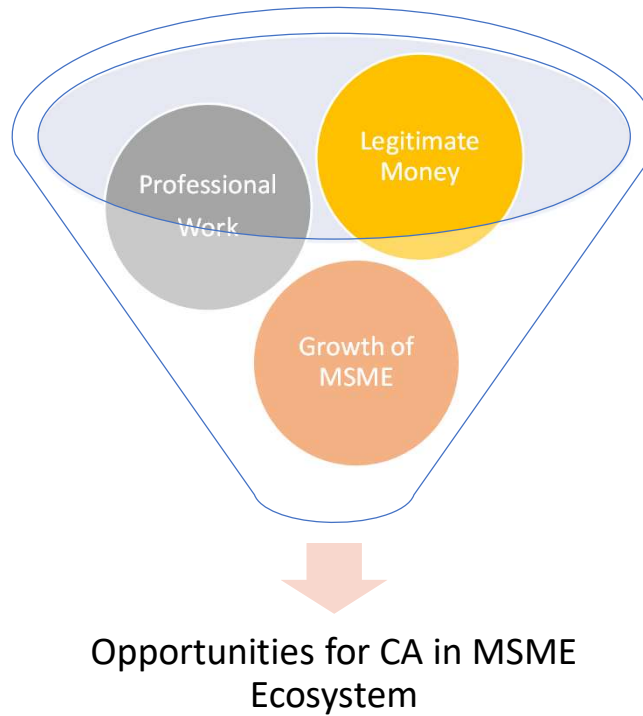
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IS IT ENOUGH????





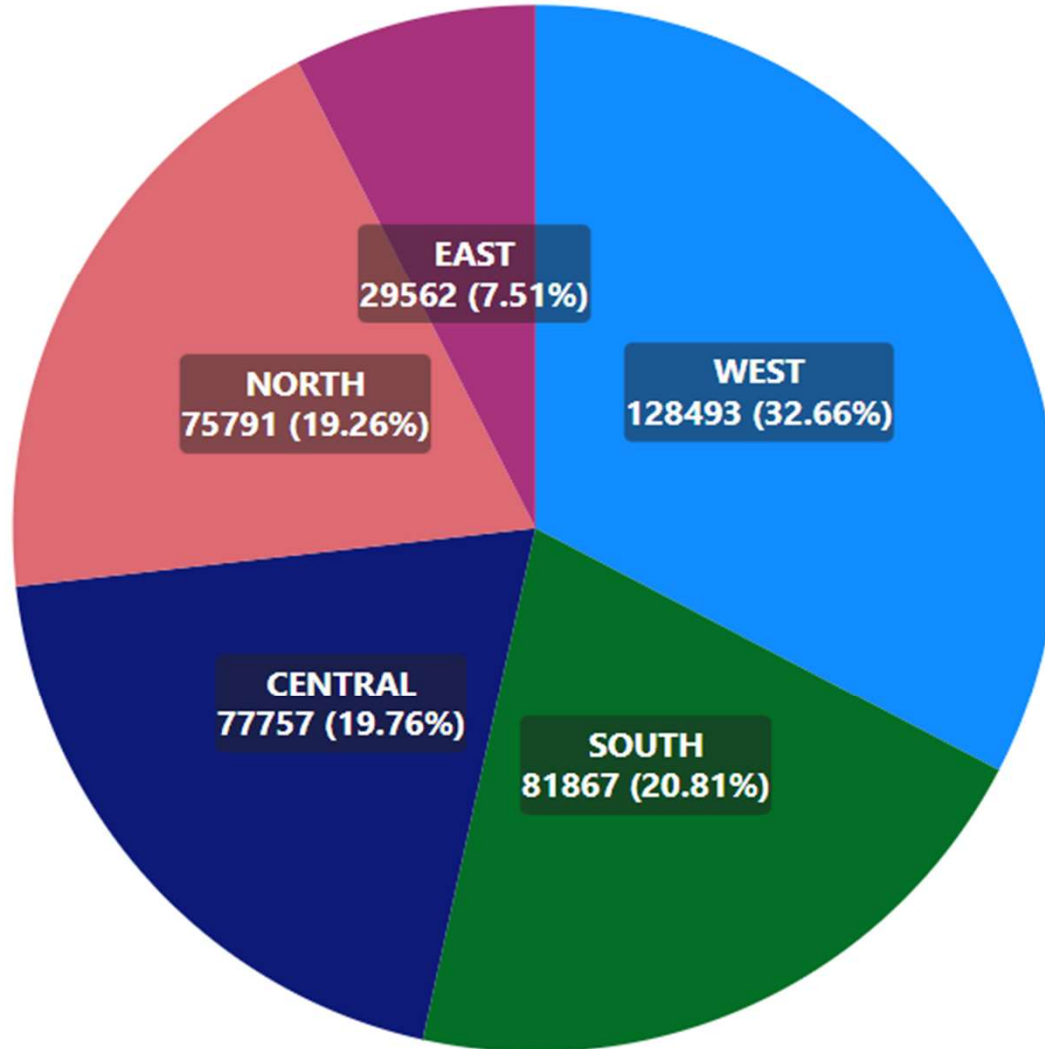
What lies ahead...

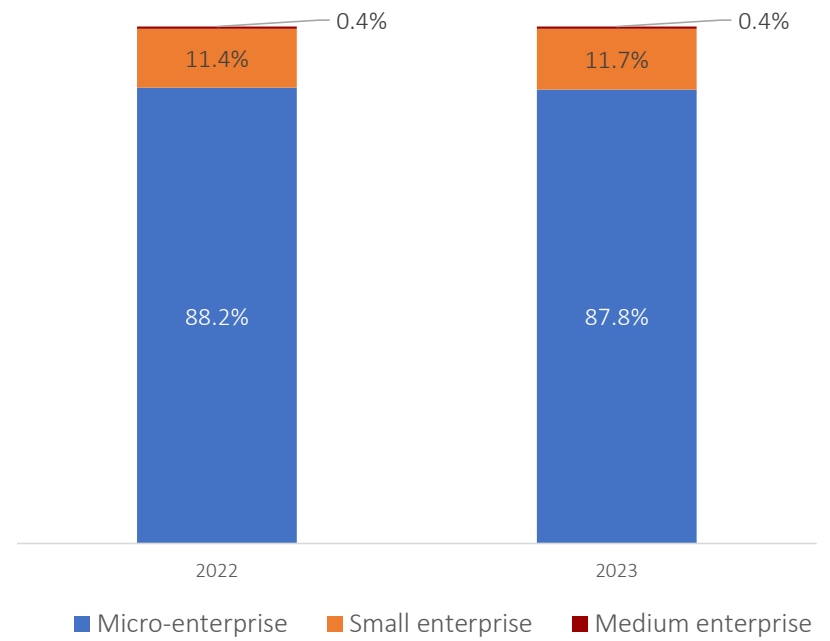
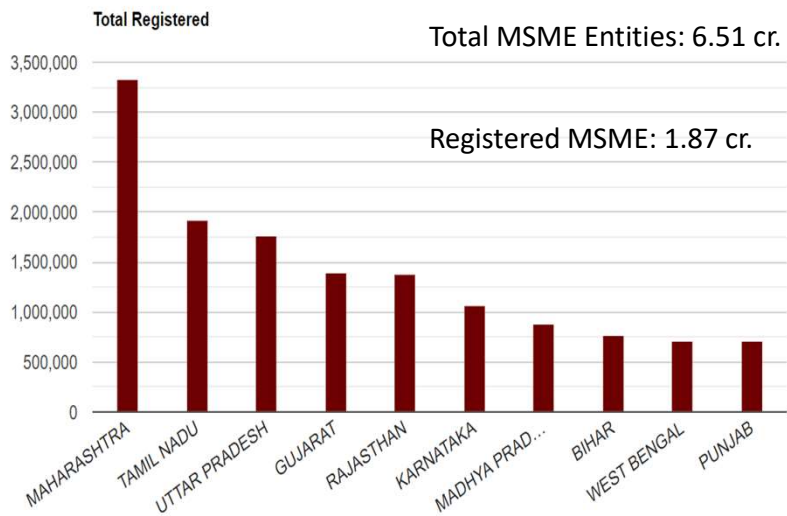
- Open ground to play – Large Area to cover
- Traditional Services
- CA Opportunities in MSME Eco System – A Fresh Look
- Existing Areas – New Opportunities
- MSME Funding
- Technology and CAs – Bonding for relevancy, visibility and profitability

A blurred background of a park with people playing and a colorful blanket in the foreground. The scene is bright and sunny, with green grass and trees in the background. In the foreground, a colorful, patterned blanket is spread out on the grass. The text "Open Area to Play" is overlaid in the center of the image.

Open Area to Play

Large market to capture







V
C

If
En
pe

Co
1%
it
se




Traditional
Services

Traditional Outlook



Attestation Services

- Audit Services, covering statutory audit, internal audit, due diligences, group reporting
- Company formation, certificate issuance, department filings
- Other certifications and attestation services

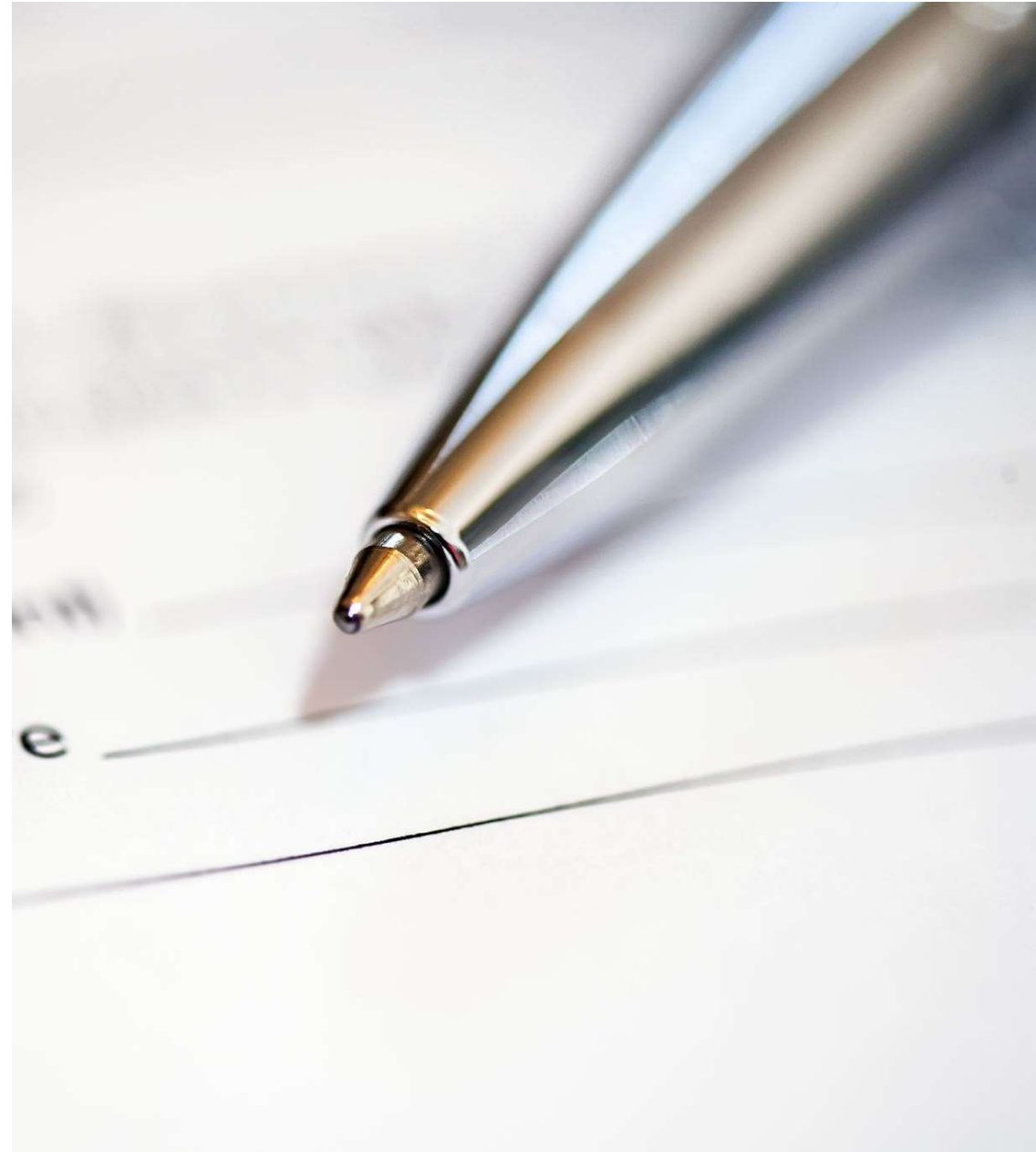


Traditional Advisory

- Representing company in various forums, tax litigations and guidance
- Compliance and regulatory services
- Payroll management
- Control study and execution support

Traditional Services for MSMEs

- Audit and related certification related work for MSME entity
- Regulatory Compliances – Income Tax, GST, PF/ESI etc
- Responding to and representing the MSMEs in regulatory forums
- Book Keeping Services
- Personal tax return of the Owners / Founders



DO YOU WANT THE LIFE CYCLE OF THE MILLENNIAL CA TO BE THE SAME?

- Do you wish to remain confined to the traditional practice areas and geographical boundaries of our nation ?
- Are we satisfied with the same nature of work over and over again?



“The only limitation is that which one sets up in one's own mind.”

— *Napoleon Hill*



A person is sitting at a desk, working on a laptop. The laptop screen displays a code editor with syntax-highlighted code. The person's hands are visible, one holding a smartphone. A glass of beer is on the desk next to the laptop. The background is slightly blurred, showing a window and some office equipment. The overall scene is dimly lit, suggesting an evening or indoor lighting.

Is 'CA' just considered to be another degree?

The answer is **NO**

It is the culmination of your hardwork and effort to become an esteemed member of such a renowned and respected profession. A Chartered Accountant is not just a degree but an emotion. To have strived to be the best.

**SO WHY LIMIT
OURSELVES NOW?**

**"In order to stand out you
need to do the same things
differently."**

**WHY CAN'T WE EXCEED OUR
OWN EXPECTATIONS?**



~~LIMITS~~



CA Opportunities - Fresh Look

You cannot do today's business

with

yesterday's method

and

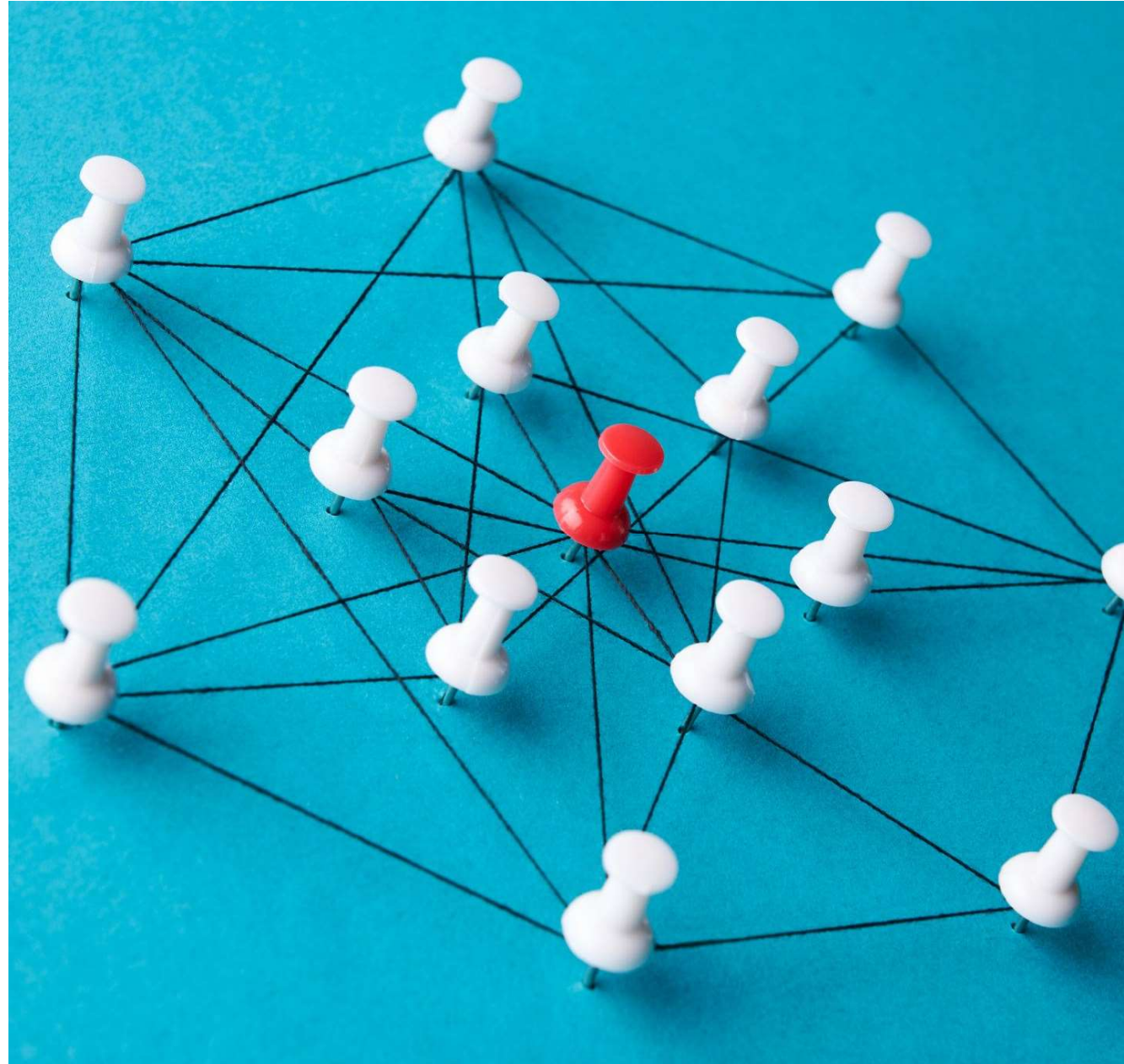
be in business tomorrow



Identify your market: MiE-SE-MeE

Different approach and skill sets
required for serving:

- Micro Entities
- Small Entities
- Medium Entities



Pareto Rule - Redefined

The Pareto principle states **that for many outcomes, roughly 80% of consequences come from 20% of causes**

For CAs, following generally holds true:

20% Reward from 80% effort

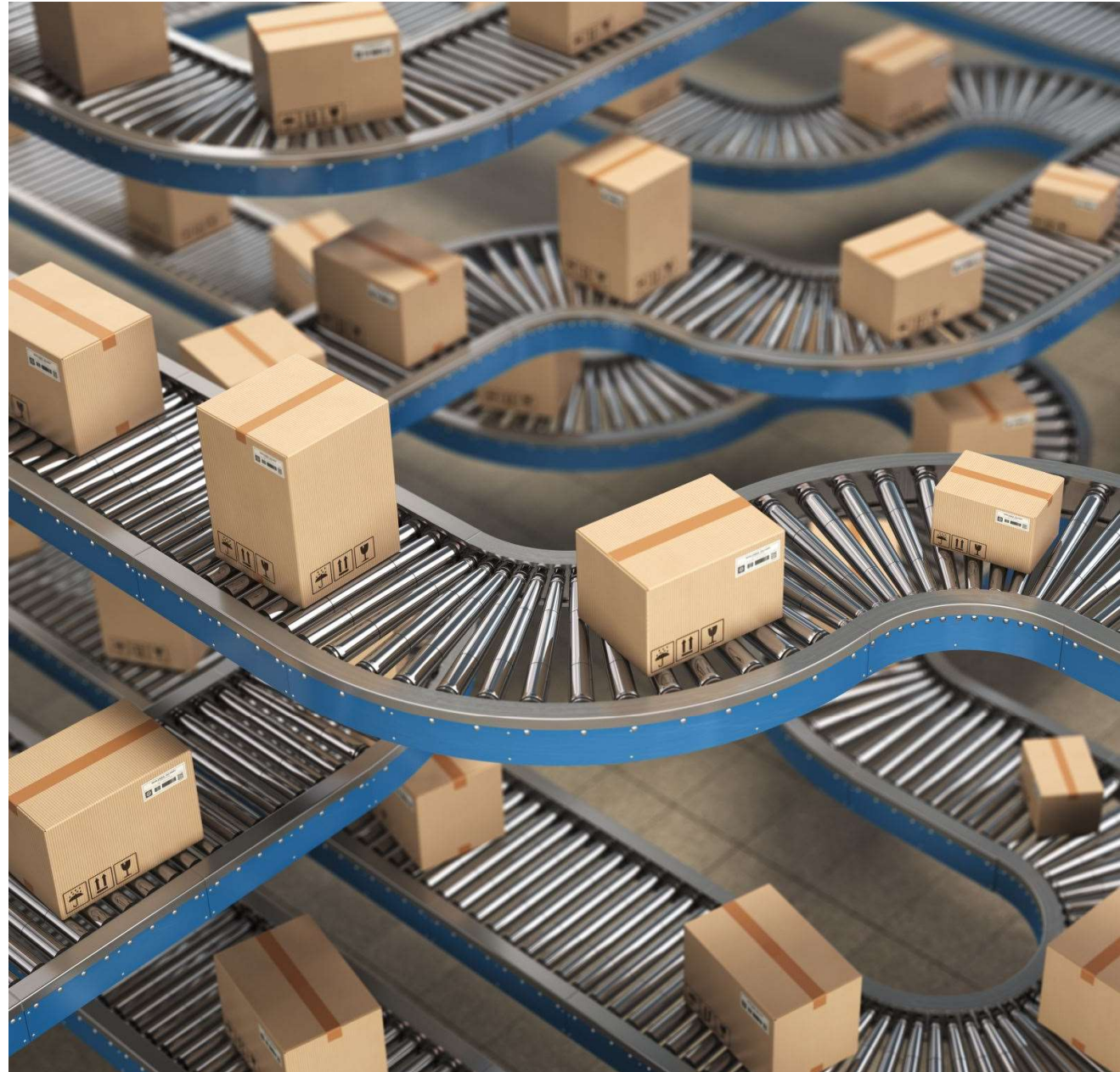
80% reward from 20% effort

Now, Segregate 20% client into A List, 80% in B and C list. CA should focus on A List, cultivate B List and Disregard C List

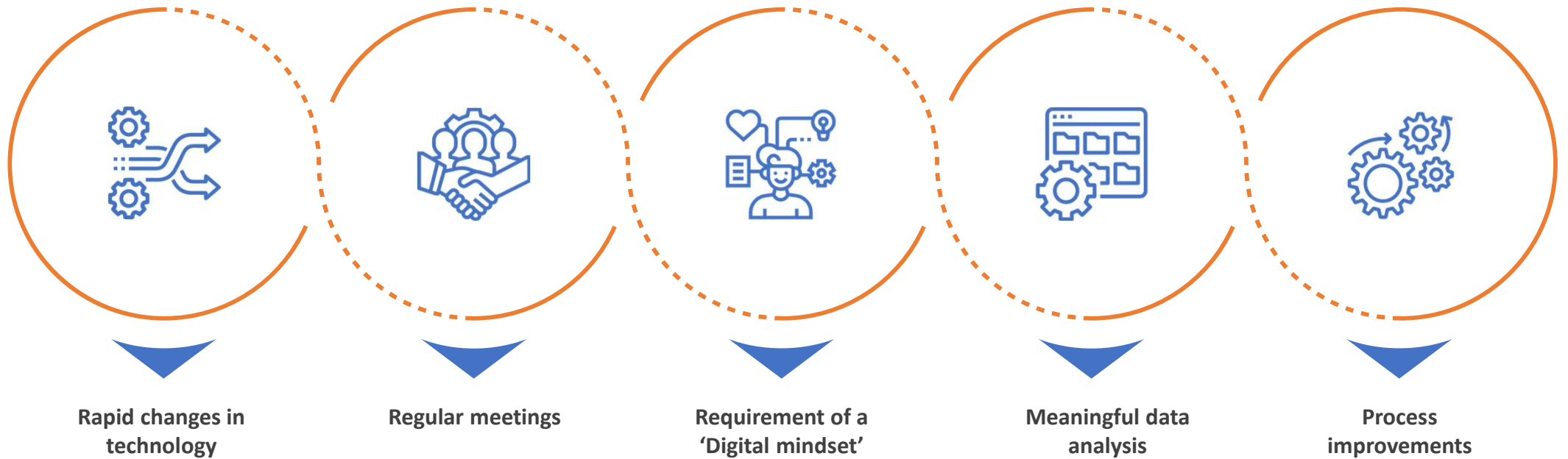


What is so different?

- Go-to-Market Strategy
- Client Acquisition
- Pricing Model
- Service Delivery
- Collection



ADOPTING A PROGRESSIVE MINDSET

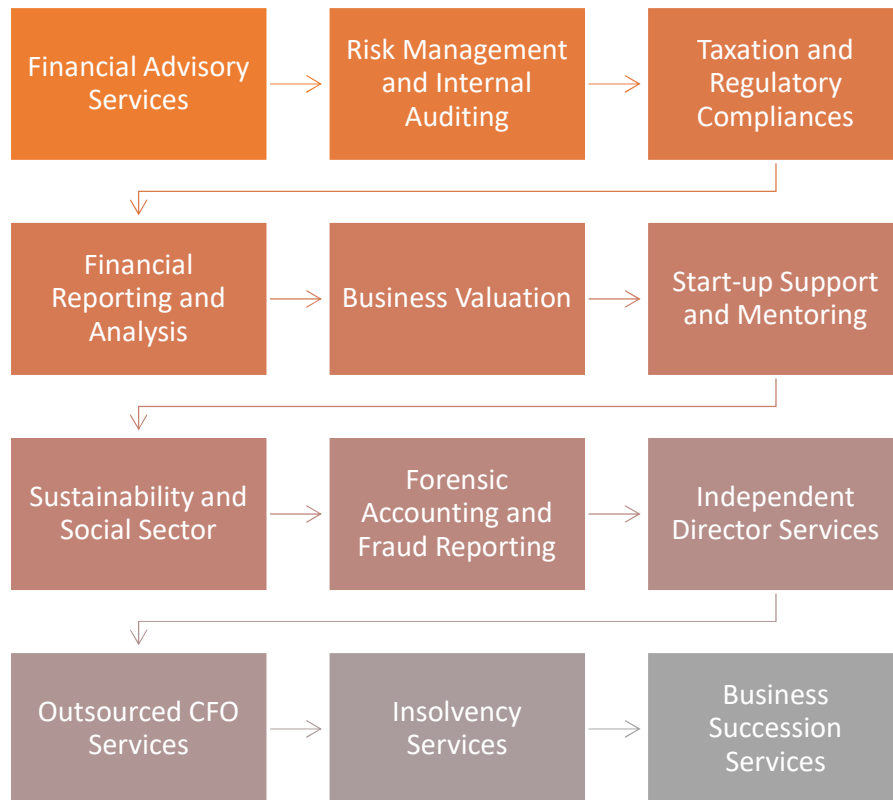


Most CA businesses do not rise beyond operational hurdles

Existing Areas: New Opportunities



Categories of Services



Financial Advisory Services

Traditional Outlook

- Book Keeping
- Technical Accounting Memo
- Tax Planning

New Age Services

- Static and Dynamic Annual Operating Plan, Monthly Budgets; Zero based Budgeting
- Working Capital Management (Unlocking capital blocked in Inventory, Debtors etc.)
- Accounting Automation
- Workflow based solutions for various business and finance processes
- Reconciliation Services across various platforms
- Toolification of repetitive tasks

Risk Management and Internal Auditing

Traditional View

- Internal Audit

New Age Services

- End to end business Analysis, key risk and mitigation plan
- Key Technology and Process Obsolescence Study
- ISO Certifications
- Process Audit and solutions
- Insurance Review
- Contract Review
- Pre-mortem of contracts with prospective customers / vendors

Taxation and Regulatory Compliance

Traditional View

- Return Filing
- Tax Calculation
- Certifications etc.

New Age Services

- Compliance Dashboard with auto reminders
- Indepth study of contracts, arrangements, share holder agreements, strategic partnerships to identify regulation and compliance issue

Financial Reporting and Analysis

Traditional View

- Preparation of Monthly MIS
- Yearly Financial Statement
- Audit Support

New Age Services

- Benchmarking key metrics and ratios with industry standards
- Budget Monitoring
- Streamline KPIs, key cross functional reports
- Dashboards for key reports

Particulars	PM	CM	Variance	%	
Revenue					
Other Income					
Total		0	0	0	0
Cost of Goods Sold					
Manpower					
Technology					
G&A Expenses					
Finance Cost					
Depreciation					
Total		0	0	0	0
PBT		0	0	0	0

Traditional Income Statement

Particulars	PY	PM	CM	Budget	Forecast	Variance	%
	Audited	Actual	Actual				
Revenue							
COGS							
Gross Margin 1	0	0	0	0	0	0	0
Fulfillment Cost							
PG Charges							
Warehouse							
Gross Margin 2	0	0	0	0	0	0	0
Sales							
Marketing							
Distributor and Channel Partners							
Gross Margin 3	0	0	0	0	0	0	0
Technology - Maintenance							
Gross Margin 4	0	0	0	0	0	0	0
Employee Benefit							
G&A Cost							
Technology – Product Development							
EBITDA	0	0	0	0	0	0	0
Finance Cost							
D&A							
PBT	0	0	0	0	0	0	0

New Age Income Statement

Business Plan and Valuation

Traditional View

- Issuance of valuation report

New Age Services

- New insights as per various valuation methodology
- Provide assistance in preparation of business plan
- Secondary research on business valuation to arrive at anchor business valuation
- Facilitate investors discussion and assist in arriving at business value

Start up Support & Mentoring

Traditional View

- Classic Audit and Advisory support
- Compliance and regulatory support

New Age Services

- Startup registration, MSME Registrations, various allied benefits
- Virtual CFO Services
- Assist in Company operation / business decisions / strategic plans
- Go to Market Strategy
- Coaching / Mentoring

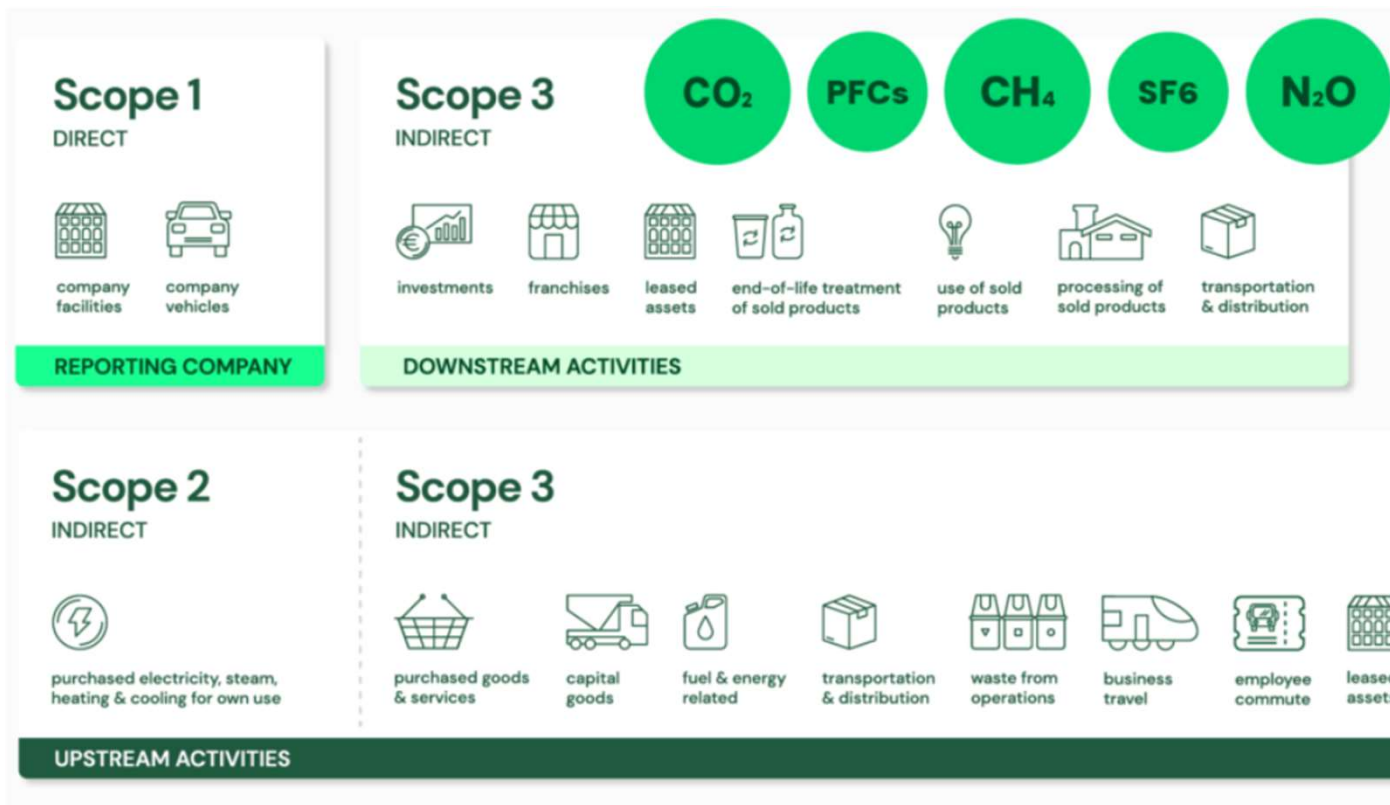
Sustainability and Social Reporting

Traditional View

- Audit and Advisory Support
- Compliances and Regulatory Services

New Age Services

- Comprehensive study and Sustainability reporting covering disclosures around ESG goals and communicating the company's progress and efforts to reach the goals
- Social Audit
- Impact Study and Reporting



Sustainability
– Level 1, 2
and 3

Forensic Accounting and Fraud Prevention

Traditional View

- Identification during Audit services
- Specific Assignment

New Age Services

- Providing services to Blockchain, Crypto companies on chain analysis, finance models
- Using data analytics tools to identify anomalies in information

Independent Director Services

As per Section 2(47) of the Companies Act 2013, independent directors are non-executive directors who contribute to improving corporate governance

- like a neutral observer on a company's board of directors
- not involved in the day-to-day operations or part of the company's top management.
- bring an outsider's perspective to decision-making

Requirement:

Every public listed company must have at least one-third of the total number of directors as independent directors

Non listed public companies with >10 cr. of share capital / >100 cr. of turnover / >50 Cr. of o/s loan, debentures etc. (At least 2)

Outsourced CFO Services

Win-Win-Win solution for the company, CAs and larger eco system

Advantage:

- Ferrari at Maruti price
- Pay-as-you-go model
- Flexibility in operation

Key Role played by Virtual CFOs



Ongoing financial planning and analysis (budgeting, forecasting, assessing long-term and short-term financing needs)



Evaluation of financial data capture and reporting systems, with recommendations for improvements



Analysis of overall financial strengths and weaknesses, with suggestions for improvements



Assistance with raising capital, advising on debt/equity mix



Assessment of the financial viability of new product ideas, including projections and NPVs, and IRR calculations



Preparing financial presentations for the Board or investors (e.g., pitch decks)

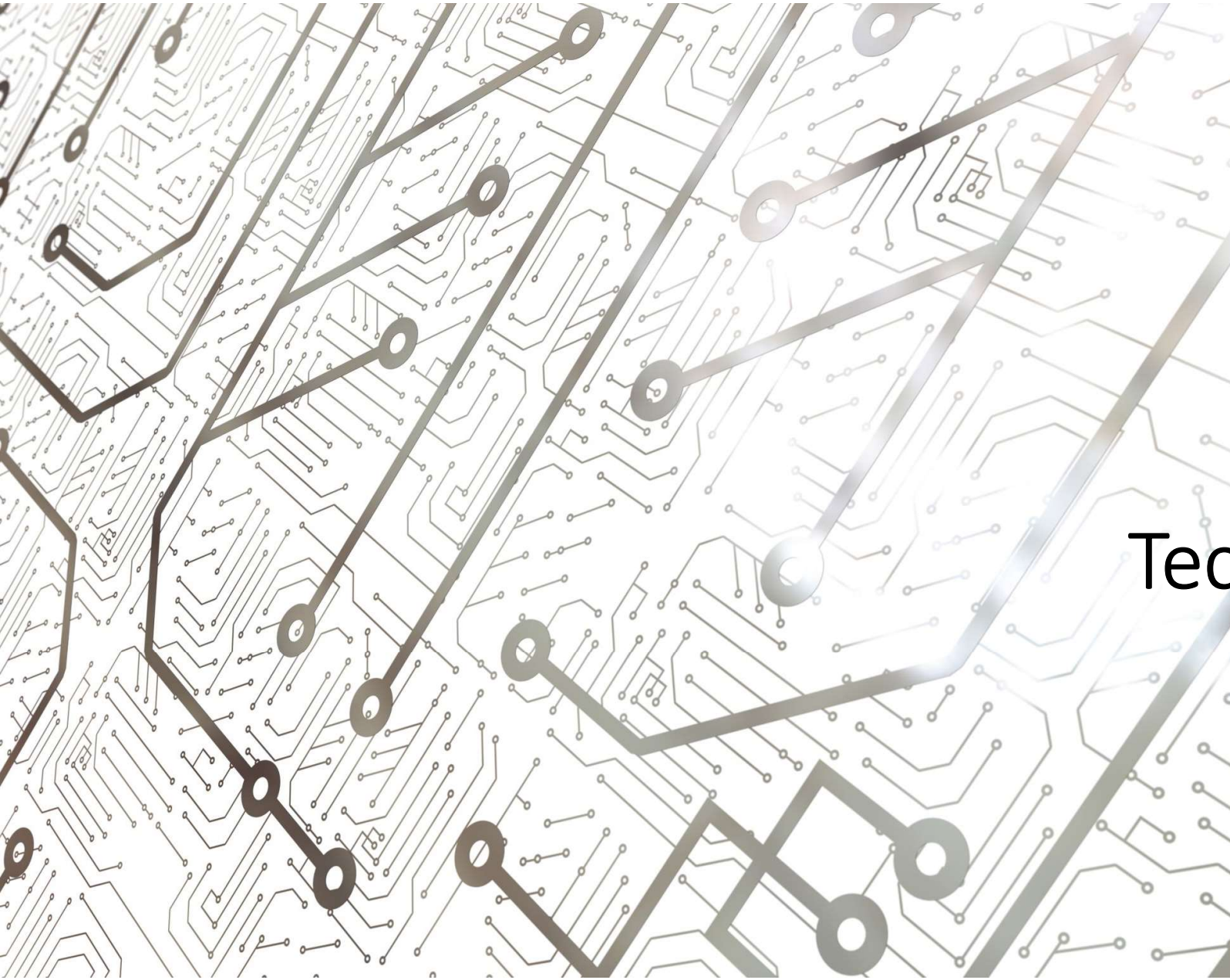


Analysis of pricing and cost structures to improve margins



Analysis of M&A opportunities, including financial forecasts of BAU and post-acquisition operations





Technology

IT Resources Available





Udyam Registration

First Step to be recognised

Question

Micro Pvt Ltd. (Micro) established in the year 2000 as a proprietorship entity. With the increase in operation, it converted into private limited company. After pandemic, company is struggling with working capital requirement due to delayed payment by the customers. Micro also came to know about various schemes for small companies, but don't know, how to avail. Current turnover: Rs. 1.2 cr. WC requirement: 10 lacs; Planned Capex: Rs. 1 cr.

- a) Whether Micro eligible to take Mudra Loan, CGTMSE loan?
- b) How Micro can get these benefits?





Udyam Registration

- Single Window, Easy to Use
- Permanent unique ID
- Online Certificate
- No renewal requirement
- Integration with other portals



D

Type of Enterprise	Micro	Small	Medium
Manufacturing	A	B	C
Services	D	E	F
UAM No.	KR03D0163924		

Udyog Aadhaar Memorandum

- Aadhaar Number
- PAN Number
- Name of Entrepreneur
- Social Category of Entrepreneur
- Gender
- Physically Handicapped
- Name of Enterprise
- Type of Organization
- Location of Plant Details

SN	Flat/Door/Block No.	Name of Premises/Building Village	Road/Street/ Lane	Area/Locality	City	Pin	State	District
1	2nd Wing, 3rd Floor	Sri Sai Harsha Tower,	Opp. to Forum Neighbourhood Mall	Whitefield	Bangalore	560066	KARNATAKA	BENGALURU (URBAN)

Official Address of Enterprise 2ND WING, 3RD FLOOR, SRI SAI HARSHA TOWER, OPP. TO FORUM NEIGHBOURHOOD MALL, WHITEFIELD, BANGALORE

- | | | | | | |
|------------|-------------------|--------|----------------------|-----|--------|
| District | BENGALURU (URBAN) | State | KARNATAKA | PIN | 560066 |
| Mobile No: | 9177041000 | Email: | deepak@astravise.com | | |
- Date of commencement 09/03/2018
- Previous Registration details-if any ::
- Bank Details

IFS Code	SBIN0004409
Bank Account:	38624063697
- Major Activity SERVICES

SN	NIC 2 Digit	NIC 4 Digit	NIC 5 Digit Code	Activity Type
1	74 - Other professional, scientific and technical activities	7490 - Other professional, scientific and technical activities n.e.c.	74909 - Other professional, scientific and technical activities n.e.c.	Services

- Persons employed 8
- Investment (Plant & Machinery / Equipment's) 2(Rs. In Lakhs)
- District Industry Centre BANGALORE (URBAN)

Declaration

I hereby declare that information given above is true to the best of my knowledge. Any information, that may be required to be verified, shall be provided immediately before the concerned authority.

Portal View:

The screenshot shows the homepage of the Udyam Registration Portal. At the top, there is a navigation bar with the Ministry of Micro, Small & Medium Enterprises logo and name in Hindi and English. The navigation menu includes Home, NIC Code, Useful Documents, Print / Verify, Update Details, and Login. A language dropdown menu is set to English. Below the navigation bar, a warning message states: "Beware of Fake Sites. Udyam (MSME) Registration is Free of Cost". A "NEW" icon is followed by the text: "1. Web-related services are implemented on the .IN domain". Another "NEW" icon is followed by: "MSME Units are requested to Onboard on TReDS Platform. Three available platforms are 1. www.invoicemart.com 2. www.m1xchange.com 3. www.rxil.in". Below this, it says: "This is the only Government Portal for MSME (Udyam) Registration". A section titled "Entrepreneurs!" says: "Just take few simple steps to make an Enterprise of your dreams...". The main heading is "MSME / Udyam Registration Process". Below this, it says "Welcome to Register here" and provides a button for "For New Entrepreneurs who are not Registered yet as MSME or those with EM-II". On the right side, there is a graphic of a person climbing a staircase with steps labeled MICRO, SMALL, MEDIUM, and CHAMPIONS. A hand is holding a wheel, and the Atmanirbhar Bharat logo is visible in the bottom right corner.

सूक्ष्म, लघु और मध्यम उद्यम मंत्रालय
Ministry of Micro, Small & Medium Enterprises

Home NIC Code Useful Documents Print / Verify Update Details Login English

Beware of Fake Sites. Udyam (MSME) Registration is Free of Cost

NEW 1. Web-related services are implemented on the .IN domain

NEW MSME Units are requested to Onboard on TReDS Platform. Three available platforms are 1. www.invoicemart.com 2. www.m1xchange.com 3. www.rxil.in

This is the only Government Portal for MSME (Udyam) Registration

Entrepreneurs!
Just take few simple steps to make an Enterprise of your dreams...

MSME / Udyam Registration Process

Welcome to Register here

For New Entrepreneurs who are not Registered yet as MSME or those with EM-II

MICRO SMALL MEDIUM CHAMPIONS

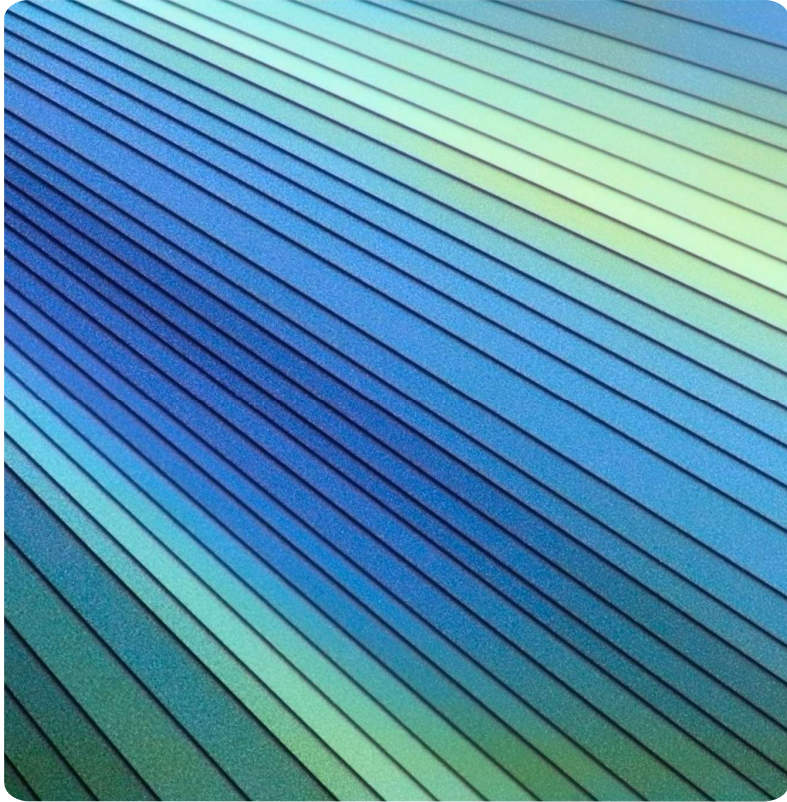
Atmanirbhar Bharat

<https://udyamregistration.gov.in/Government-India/Ministry-MSME-registration.htm>



MSME Databank

*Registered for Government
Procurement*



MSME Databank



Thrust to Make in India, Skill India and Digital India



Procurement and direct benefits transfer



Registration in www.msmedatabank.in



Benefits of registration: Being considered in Govt. Procurement

Portal View:

The screenshot shows the MSME Databank portal homepage. At the top left, the browser address bar displays "msmedatabank.in". The main header features the "MSME DATABANK" logo in large orange and green letters. To the right is the official MSME logo of the Ministry of MSME, Govt. of India, with the motto "OUR STRENGTH • हमारी शक्ति". Below the header is a navigation bar with "MSME DataBank", "Help", "Register", and "Support" links. A central message box states: "Registration on MSME Databank is **FREE OF COST** and there are **NO INTERMEDIARIES HIRED BY MINISTRY** to do registration on MSME Databank & collect fees." Below this is a large image of a factory floor with workers and a "MAKE IN INDIA" map overlay. On the right side, there are "Login" and "Register" tabs. The "Register" tab is active, showing a registration form with fields for "User Name:", "Password:", "Captcha:", and "Captcha Image:". The "Captcha Image" field displays the characters "QH D U Z".

<https://www.msmedatabank.in/>



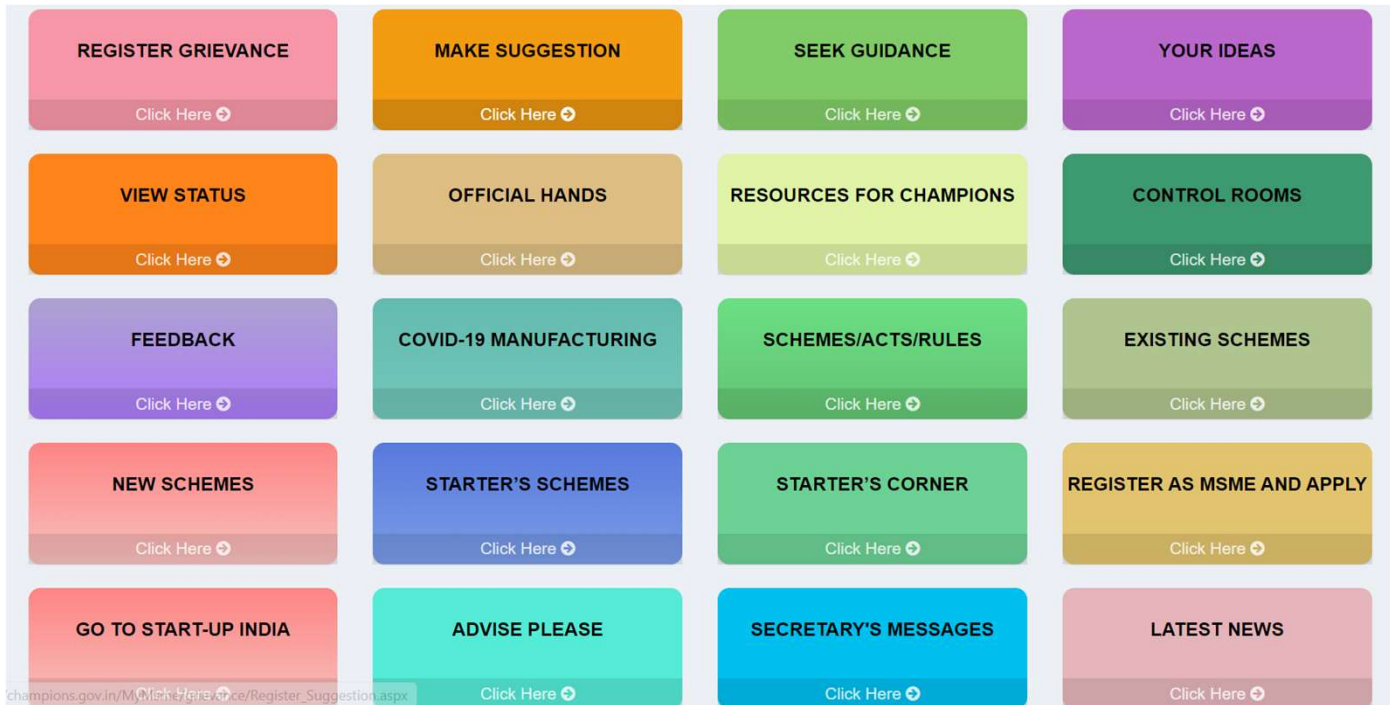
Champions Portal

Technology Assistance

Champion Portal

Technology driven
control room cum
management
information system

“Creation and
Harmonious Application
of Modern Processes for
Increasing the Output
and National Strength”



Wide range
of
information
in One
Channel



MSME Mart

B2B Portal for MSME

Constituents of the portal



5 lac+ SKUs across sectors available with more than 100k MSMEs offering goods and services

Global reach

Helpline to assist



MSME Sampark

Government Procurement Portal

Procurement Policy Integration

- Target of 25% of procurement from MSME sector
 - Sublimit of 4% from SC/ST
 - Sublimit of 3% from women entrepreneur
- 323 CPSE registered in the platform (Purchase Target of USD 17 bn.)
- Bill discounting facility through TReDS:
 - www.rxil.com
 - www.m1xchange.com
 - www.invoicemart.com



Sampark Portal reach





Samadhaan Portal

One stop grievance redressal

MSME SAMADHAN

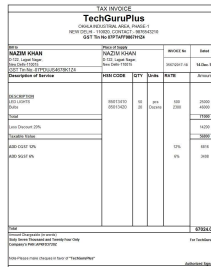
An initiative taken by the Govt. of India to settle the delayed payments and disputes of MSME units. It is an online portal where distressed MSMEs can lodge a complaint against buyer before the Micro and Small Enterprise Facilitation Council (MSEFC) of its state/ union territory, through the portal.

Portal provides single window platform for MSMEs, which is easy and convenient.

WHO CAN APPLY

Micro and Small Manufacturing/ Service Sectors (no traders) with valid UAM/Udaym Registration are eligible to apply (*medium not allowed*)

REQUIREMENTS

A screenshot of a sales invoice from TechGuruPlus. The invoice includes details such as the invoice number, date, and a table of items sold.

Description of Goods	Quantity	Rate	Amount
ITEM 1	100	1000	100000
ITEM 2	50	2000	100000
TOTAL			200000

A screenshot of a purchase order form. The form includes fields for the buyer's and seller's details, the purchase order number, and the date.

Buyer's Details	Seller's Details
Name: _____	Name: _____
Address: _____	Address: _____
Contact: _____	Contact: _____

Udyam Certificate

Seller / Buyer Details

Sales Invoice

PO/WO copy

CLAIM PERIOD COUNT

- Invoice Date + 45 Days free credit
- In case a specific credit period is agreed, it would be from that date

Samadhan Portal

Applications & Cases status of Micro and Small Units (MSEs)

1,58,661

Applications filed by MSEs

[More info](#)

14810

Applications Mutually Settled

[More info](#)

38295

Applications yet to be viewed by
MSEFC Council

[More info](#)

40635

Applications Rejected by MSEFC
Council

[More info](#)

30933

Cases Disposed by MSEFC Council

[More info](#)

33988

Cases Currently under
Consideration by MSEFC

[More info](#)

- Samadhan MSME initiative has been taken to monitor and handle the cases of delayed payments by the buyers to the Micro and Small enterprises under the MSMED Act, 2006.
- MSEFC council direct the buyer to pay the amount with interest

Portal View:

The screenshot displays the MSME SAMADHAAN portal interface. At the top, the header includes the Ministry of Micro Small and Medium Enterprises (Government of India) logo and the text "MSME SAMADHAAN- Delayed Payment Monitoring System". Navigation buttons include "English", "Case Filing for Entrepreneur/MSE Units", "Check Case Status", "Factsheets", and "Officer Login".

The main content area features a 9-step process flow diagram:

1. Entrepreneur filed the application online to respective Council after 15 days Council will take action on application.
2. Online Intimation Will Be Send to both Entrepreneur and Respondent By Email
3. Mutual Settlement option for Entrepreneur (MSEs can Mutual Settled the application before Convert In to Cases)
4. Council can approve the Entrepreneur application and convert in to case
5. SMS and Email send to Entrepreneur and respondent if application is converted into cases.
6. Council can reject the Entrepreneur application.
7. Council can enter the case detail in online portal if received offline application
8. Council will update Case hearing Status or hearing Date
9. Entrepreneur can view the application/case status by Udyam Registration / Udyog Aadhaar Number or Application No. / Case No..

A banner below the flowchart states: "MSME Units are requested to Onboard on TReDS Platform. Three available platforms are 1. www.rxil.in 2. www.m1xchange.com 3. www.treds.com"

Below the banner, a section titled "Applications & Cases status of Micro and Small Units (MSEs)" is visible.

https://samadhaan.msme.gov.in/MyMsme/MSEFC/MSEFC_Welcome.aspx



Sampark Portal

MSME Placement Portal

Sampark: National Government Service Portal

- MSME SAMPARK is online Placement Portal for MSME Technology Centre Trainees, helping employers to post job openings, & facilitating candidates to apply online for the available openings, in effect ensuring smooth process of hiring right until the interview process

Value Added Services

- Adopting digital tools
- ERP implementation
- Integrating business functions / processes
- Digital Transformation




THANK YOU!



CA Deepak Gupta

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 +91 9177041000

