



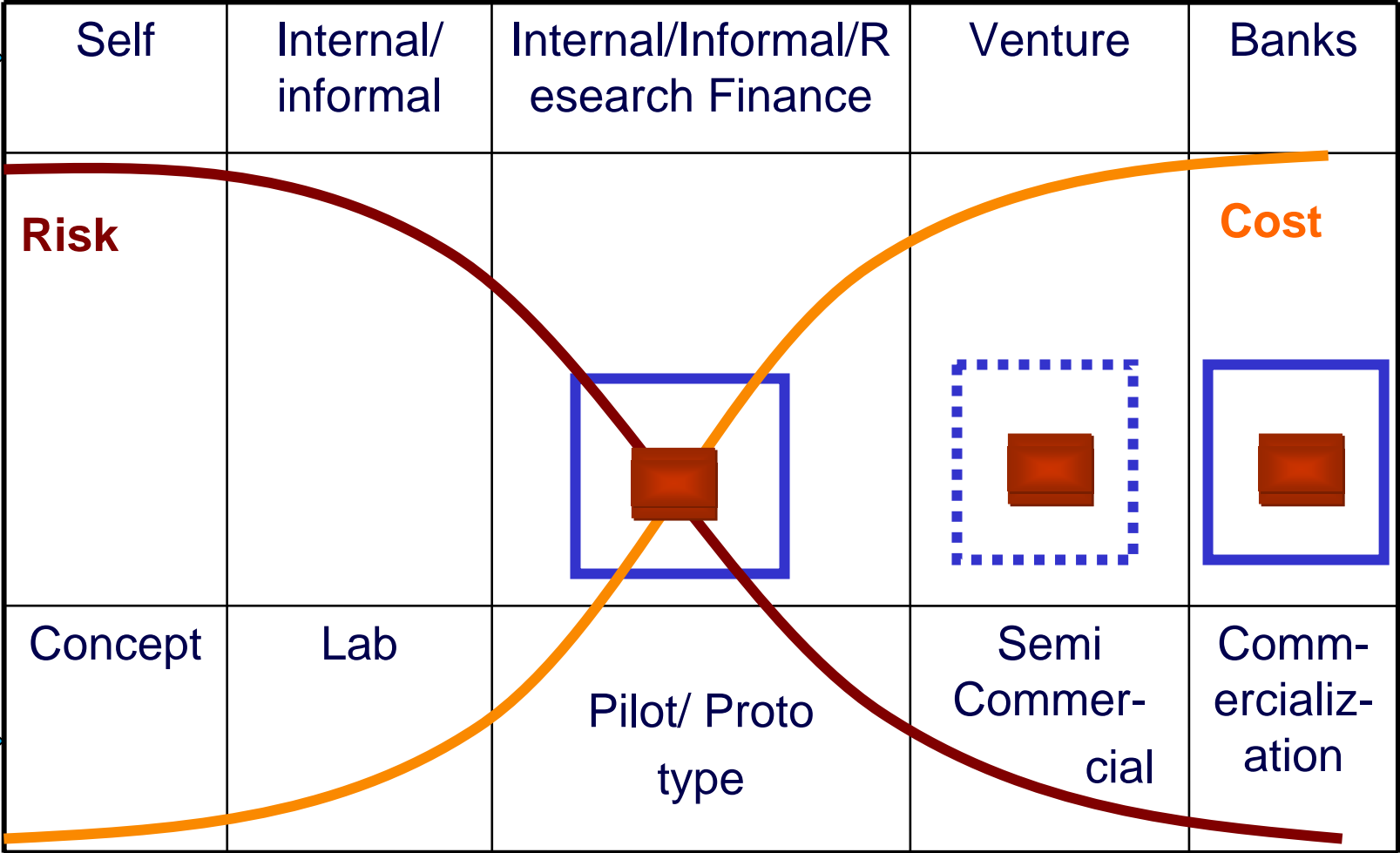
The Financing Challenge – Evaluating Innovative Businesses

Nov. 08, 2006

2nd Global Forum on Business Incubation, Hyderabad

Technology Funding Life-cycle

Funding



Stage

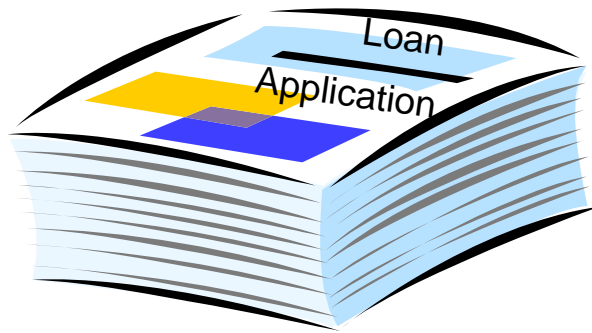


Assistance

- **Cash Credit / Overdraft**
- **Working Capital Demand Loan**
- **Foreign Currency Loans**
- **ECB**
- **Bill Discounting / Receivable Discounting**
- **Export Finance / Bill Negotiation**
- **Term Loans**
- **LC**
- **BG**
- **SBLC**
- **Cash Management**
- **Fx remittances**

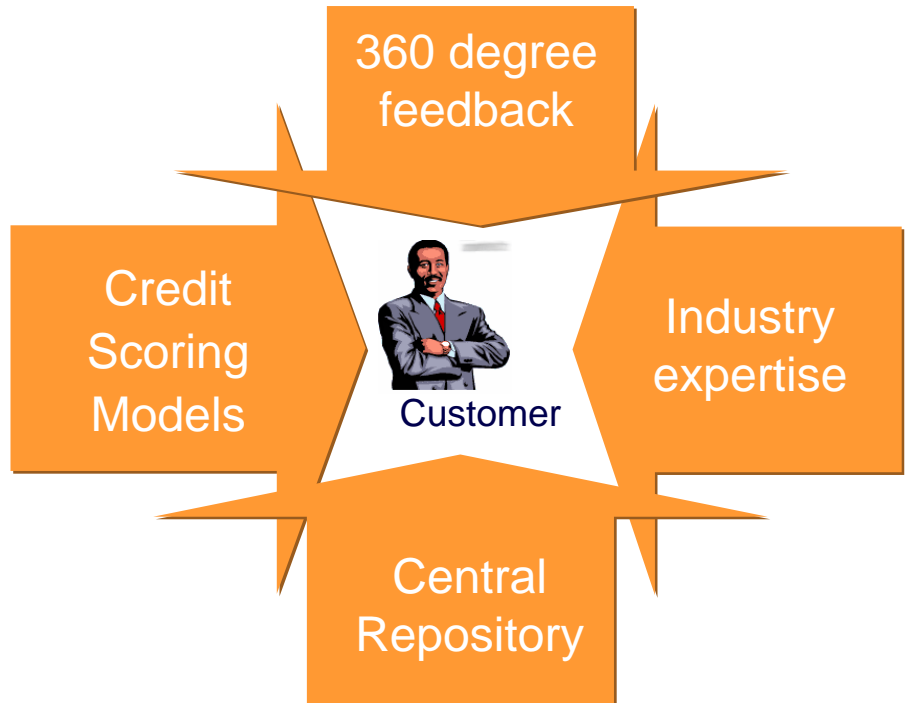


Credit Assessment Approach



Credit appraisal based on financial statements

Old economy



- Holistic view on the customer
- Touch & Feel beyond financials
- Use Past Data
- Quick TAT

ICICI Bank



Some “Go” – “No Go” Criteria

- **Business Vintage \geq 2 years**
- **Turnover \geq Rs.20 mn**
- **Tangible NW \geq Rs.10 mn**
- **EBITA margin $>$ 5%**
- **PAT margin : profitable operations for the last 2 years and profitable projections for the current year**
- **Receivables beyond 6 months $<$ 5% of annual revenues**



Qualitative Assessment

Factor	Parameter
Borrower/ Promoter	Experience in Industry; day to day close commitment to timely order execution; consistency in quality
Scale	Large scale servicing capability for different clients; location of base in areas of good quality labour, rentals & power
Capabilities	Wide range of services; innovative edge in software technology; USP in the services offered; value added/ premium services
Client Profile	Long term buyers; clients well distributed; increasing IT spends by client portfolio
Partners	Key management must be technically qualified; relevant domain knowledge pool; reputation of promoters



Thank you



ICICI Bank channelling Risk Capital

- Pro-actively reaching out to the customer who needs risk capital. Typical customer profile
 - Top line of Rs. 500 to 2000 million
 - Equity participation required ranging from Rs. 50 to 600 million.

- Identifying right Private Equity player for a client and establish their contact.
- Advice companies on percentage stake dilution and valuation if required.



Research Finance

Objectives

- **Unsecured debt assistance to stimulate technology development**
- **Facilitate private sector investment in R&D**
 - **soft funding in R&D projects upto 50% of the cost of the project**
- **Strengthen industry – TI collaboration**
- **Assist industry to develop new technologies in the areas of :**
 - **Bio-technology**
 - **Healthcare**
 - **Information Technology**
 - **Energy conservation**
 - **Etc.**



ICICI Bank's TFG Role

- **Manages technology development and commercialization programs**
- **Acts as manager/ administrator for various programmes for the international agencies**
 - **USAID**
 - **World Bank**
 - **ADB**
- **Aggregate funding of over USD 250 million**
 - **More than 300 projects in various industry sectors**

