

# 2nd Pakistan SME Conference 2008

**Products and Options**  
**for**  
**Business Development of SMEs**

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# IGI Investment Bank-Introduction



## History

One of the oldest and leading investment banks in Pakistan. Established in 1990.

## Listings

Karachi and Lahore Stock Exchanges

## Capital

Rs. 2.2 billion. Largest NBFC in Pakistan

## Network

Karachi, Lahore, Islamabad, Faisalabad, Multan, Gujranwala, Peshawar & Sialkot.

# Our Experience with SMEs



- Operating since 1991 with SMEs
- Total Leasing & Lending portfolio of Rs. 3.30 billion
- SME contributes to 80%
- Low NPLs
- Catering to sectors ranging from Transportation, Textile, Pharmaceuticals, Engineering, Auto-part vendors, OEMs, Food and Confectionaries amongst many others.
- Business expansion through long-term relationship building.

# Products Offered



## Commercial Leasing and Lending

Leasing

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Term Financing

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Project Financing

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Working Capital Financing

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Guarantees

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Bill Discounting

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Commercial Property Financing

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## Corporate Finance

Advisory services on Debt and Equity issues

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Private Placements and Public Listings

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Underwriting of Equity and Debt Issues

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Lease and Debt Syndications

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Corporate Restructurings

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Mergers and Acquisitions

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Divestitures

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# Lease Finance Facility

Range from 3 to 5 years

- Plants & Machinery
- Power Plants
- Generators
- CNG Stations
- Hi – Tech Engineering Equipment
- Commercial Vehicles
- Vehicle Fleet Financing
- Office Equipment
- Heavy Machinery & Equipment
- Healthcare Equipment
- Earth Moving Equipment
- Chillers
- Textile and Allied Machinery
- Computers & Allied Equipment
- Embroidery Machines
- Boilers
- Reverse Osmosis Plants
- Printing and packaging machines
- Bottling lines
- Furnaces

# Loan Finance Facility

IGI Investment Bank Ltd. offers

- Short Term Finance (Working capital)
  - Flexible repayment options
  - Rollover facility
  
- Long Term Finance (Capital Expenditure)
  - Reducing balance
  - Bullet payments
  - Flexible terms
  
- Project Finance
  - Up to 7 years
  - Structured facility

# IGI Advantage

- Usually no collateral requirement
- Personalized service
- Quick processing
- Penetration into the sector
- Less documentation requirement
- Specialization in evaluating SMEs
- Strong relationships
- Asset based financing
- Basic focus on assets creation

# SME Definition (SBP)

Type of Business	Fixed Assets (Excluding Land & Building)	No. of Employees	Turnover
Manufacturing	100	250	300
Trading	50	50	300
Service	50	250	300

# The importance of SMEs

- Strong potential for economic development
- Employment generation
- Poverty alleviation
- Structural transition from low to middle income levels
- Development of entrepreneurial class
- Higher levels of competition and mobility among SMEs

# SMEs' role in Pakistan

- SME sector is the backbone of Pakistan's economy.
- There are 3.2 million business enterprises in Pakistan.
- 90% of all private enterprises are SMEs (Employing up to 99 persons)
- About 78% of the non-agriculture labour force is employed by SMEs
- SMEs contribute over 30% to the GDP

# Government initiatives

- Government's initiative to develop SMEs as an engine for the growth of economy
- Government has identified SMEs as one of the four key areas for economic growth
- To address the issues of SMEs, Government devised the SME policy to provide conducive environment

# Challenges for SME growth

- Inadequate infrastructure
- Financing barriers
- Financing cost
- Disincentive
- Shortage of skilled personnel
- Technological constraints
- Lack of Innovation
- Entrepreneurial handicap

# Challenges for Financial Institutions

- Unstructured target market
- SMEs perceived to be high risk
- Small ticket size
- Quality of financials
- Understated revenues for taxation purposes
- Inadequate legal support to creditors
- Lack of support system to support equity financing

# Moving Forward

- Improvement in regulatory framework
- Improvement in Legal Enforcement
- Increased banking courts and tribunals
- Increase legal enforceability
- Easy credit availability
- Tax incentives
- Recognition of SME as a formal sector
- Participation in international conferences and forums (public & private)
- Need to develop technical expertise to address challenges in international markets (public & private)
- Labor skill development programs (public & private)

**Thank You**