



Growth Capital & Equity Assistance Scheme for MSMEs



Objective & Purpose

To provide growth capital to deserving Micro, Small & Medium Enterprises as defined under MSMED Act 2006, for:

- Bridging the gap in the means of finance for expansion/ modernization/ scaling up. New businesses/ diversification by entrepreneurs with established track record can be considered, selectively.
- Intangibles or non-asset creating investments viz product development, marketing related expenditure, R&D, investments in quality control, energy efficiency equipment, etc.
- Margin money for working capital or working capital on selective basis
- Any other bonafide expenditure required for growth of the business

Eligible customers

The enterprise should be an MSME as per MSMED Act, 2006 at the time of application for assistance ; and fulfils any one of the following criteria :

- 3 years profitability ; and
- 2 year satisfactory banking track record ;

- Preference will be given to Customers assisted by Private Equity investors / Venture Capital Funds / Angel funds

Instruments of assistance

- Non-participatory Debt Products :
 - Subordinated Debt (SD) viz. a debt based assistance which is subordinated to other secured debt and is quasi-equity in nature.
- Participatory Debt Products
 - Debt products with royalty participation
 - Debt products with equity participation such as Optionally Convertible Debt (OCD), Optionally Convertible Subordinated Debt (OCSD) viz. Debt which is convertible to Equity alongwith Equity kickers
- Equity based products viz. Optionally Convertible Cumulative Preference Shares (OCCPS)

Quantum of assistance

- Need based generally not below ₹25 lakh and subject to internal norms of SIDBI.
- Upto 50% of post project tangible network

Tenure

- Upto 7 years (including need based moratorium). Depending upon the cash flows and requirement of the customer, lower tenure can also be considered.
- For equity investments, the exit should be proposed within the above period.
- Repayment could be structured in a flexible manner based on the cashflows of the enterprise.

Rate of Interest (coupon rate)

- As per the prevailing rate structure of SIDBI based on internal rating
- Generally, 2%-3% above SIDBI's Prime Lending Rate.

Security

- The assistance shall generally be secured by first charge on tangible assets acquired out of assistance.

For enquiries, please contact the nearest SIDBI office