

Asset Light Scheme for Service Sector Entities



Objective

- To meet the credit needs of the 'asset light type of businesses' mostly in the new emerging segments of service sector which do not involve creation of fixed assets and generally operate from leased/rented premises. The key objective is to provide finance to the emerging segments in the services sector with lower collateral requirements.

Indicative profile of businesses

- Restaurant Chains, budget hotel chains, diagnostic/speciality clinic chains, gyms/fitness centers, media, entertainment companies, and other service businesses which invest in tangible but light assets like interiors, equipment, computers, etc.
- Organized retail outlets, which invest primarily in interiors and stock, etc.

Eligibility

- 3 years in operation
- Established model of profitability with net profits in atleast 2 of last 3 years. VC/PE assisted companies which have not achieved profitability could also be assisted selectively if they present a clear plan/trend for achieving profitability.
- Other financial norms as specified from time to time.

New entities could be considered selectively only if they are

- Promoted by entities/promoter group with such track record as above in similar/ related line of business.
- Franchisees of well known franchisors (with track record and franchising experience) for maximum assistance of ₹100 lakh.

Forms of assistance

- Term Loan
- Revolving Term Loan

Quantum of assistance

- Need based. Generally not less than ₹50 lakh.
- Maximum assistance is subject to caps not exceeding ₹50 crore for registered MSME units and ₹35 crore for other eligible service sector projects.

Eligible heads for financing

- Capex including investment in light assets like interiors, equipment, furnitures & fixtures, project related intangibles etc.
- Working Capital Gap

Rate of Interest

- As per credit rating and linked to PLR

Repayment Period

- Generally 5-7 years including moratorium.
- Repayment could be suitably structured for seasonal businesses.

Security

- The assistance shall be secured by tangible assets, acquired under the assistance and/or other unencumbered assets of the company.
- Collateral requirement of 30-50% of assistance.

For enquiries, please contact the nearest SIDBI office