

COVID-19 STARTUP ASSISTANCE SCHEME (CSAS)

Context

COVID-19 pandemic has impacted the entire economy and the startup ecosystem is no exception. SIDBI recognizes the operational and financial challenges being faced by the start-ups and endeavors to provide financial assistance and stability via its scheme viz. **Covid-19 Startup Assistance Scheme** ('CSAS'). This scheme will provide assistance to innovative startups that have demonstrated ability to adapt to economic impact from Covid-19 and ensured its employees safety and financial stability.

Scheme and Process

CSAS aims to provide assistance to startups that will directly benefit from the scheme. The objective of the Scheme is to provide quick working capital in the next 45 to 90 days to the Start-ups. Therefore, for a faster processing a Recommendation Committee comprising of 5 members (3 from SIDBI and its nominees and 2 from Venture Capital Industry) will be created. The process followed for screening by the application shall be as follows:

1. The Scheme document shall be available on SIDBI portal.
2. An application cum Credit Appraisal Memo (CAM) along with Self Assessment Tool (SAT) shall be made available on the SIDBI portal.
3. Start-ups are required to fill the CAM, SAT, and submit the documents to a designated email id (csas@sidbi.in), within 15 days of launch of the Scheme.
4. The Recommendation Committee will run a process, which will include a credit evaluation, Video Conference with the startup and VC Investor.
5. Thereafter proposed Internal Credit committee of SIDBI (ICC) will hold a weekly meeting to approve loans to Startups. During the ICC meetings, the Startups along with the VC Investor may be required to be available for a Video Conference meeting.
6. Approval or rejection will be communicated on the same day by email.
7. The Loan Agreements and related documentation will be completely digital.

The Scheme will be launched all throughout the country, for Government defined Start-ups, based on the eligibility criteria detailed in the Scheme.

The broad parameters of the Scheme are given below:

Name of the Scheme	Covid-19 Startup Assistance Scheme (CSAS)
Type of Facility	WCTL

Purpose	To provide interim support to startups whose cash flow and liquidity has been adversely impacted by the Covid-19 pandemic. The assistance can be used for various working capital requirements like salaries / wages, rent, administrative expenses, payment to vendors etc. The loan may also be considered against the GST refund.
Tenor of the Loan	Upto 36 months including maximum moratorium period of 12 months. Loan to be repaid in max 24 instalments.
Loan Amount	Not more than INR 2 Crores per Start-up
Eligible Beneficiaries	<p>Eligibility criteria for startups:</p> <ol style="list-style-type: none"> I. Government defined Start-ups which has received funding through Alternate Investment Fund registered with SEBI or by any VC / PE / Angel Fund investing in startups in India. II. Startups with a minimum employee base of 50 employees. This may also include the foot soldiers. III. Startups having FY 2019 and FY 2020 minimum turnover between INR 20 crore to INR 60 crore IV. Startups should be EBITDA positive in December 2019. If not, they should be in a position to project positive EBITDA for the quarter ending June 2020. V. Startup should have been incorporated for less than 10 years VI. Startups should have a positive Net Worth VII. Startups should have demonstrated innovative measures for ensuring business continuity during the Covid – 19 period. VIII. Startups should have taken adequate measures and ensured employee safety and their financial stability IX. Promoter / Founder of startup should have invested his own capital in the business <p>The below category is not eligible</p> <ol style="list-style-type: none"> I. Written off Startups by AIFs

	<p>II. Startups who are in Stress usually other than the present Covid-19 (as recommended by the Fund Manager)</p> <p>III. Startups who do not have strong Intellectual Property or Innovative</p> <p>IV. Startups having working capital facilities with any Bank.</p>
Insurance for Employees	<p>Each loan to the Start-ups will carry the following Insurance.</p> <ol style="list-style-type: none"> 1. Key Man insurance assigned to SIDBI. 2. All employee term Insurance upto 10 lakhs. <p>Cost of premium shall be borne in following pattern: 50% by SIDBI 25% by the Investor Fund 25% by the Startup</p> <p>The share of startup may be apportioned in the loan disbursement amount.</p>
Margin/Promoters Contribution	NIL
Rating	Not Applicable
Security	<p><u>Mandatory Security:</u></p> <ul style="list-style-type: none"> • First Pari-Passu charge on current assets of the Company • Keyman Insurance to the extent of facility amount disbursed to secure the facility <p><u>Additional Security, if available:</u></p> <ul style="list-style-type: none"> • Hypothecation of movables of the company. • Pledge of Intellectual Property • Pledge of Promoter shares • Personal Guarantee of Promoters • GST Refund (if any)
Interest rate	12% p.a. reducing balance
Disbursement Mechanism	Need based single / multiple tranche
Share Warrant Option	<ul style="list-style-type: none"> • At any time, during the currency of the WCTL, SIDBI will have the right to subscribe upto 2% of the share capital of the Company “at par” and as per the terms of Share Warrant Agreement. • The Company will not change the share capital structure of the company without prior approval of SIDBI. Approval for any change in share capital structure may be granted on terms and

	conditions considered appropriate for safeguarding SIDBI's interest under Warrant Agreement.
Processing Charges	2% of the sanction amount
Prepayment Charges	As applicable
Penal Interest	Default interest rates would apply on every overdue facility and would be applicable on the entire defaulted amount (principal and/or interest). The penal interest rate on defaulted accounts would be 2% per month on overdue facility.
Conversion in case of Default	In case of default in repayment / payment of principal or interest installment(s) continuing for more than 180 days, then SIDBI will have the right to convert that defaulted installment(s) along with its accrued interests, penal interests and all other costs and charges (either in full or in part) into equity capital of the Company "at par".
Legal Documentation	As per the facility and security provided
Recommendation Committee	Recommendation Committee to be set up by SIDBI.
Sanctioning Authority	Internal Credit Committee to be set up by SIDBI.
Source of Fund	SIDBI's Balance Sheet as SIDBI will directly provide the facility to start-up.