



In association with



Operates

**Fund of Funds under Government of India's Scheme for
Promotion of Innovation, Entrepreneurship and Agro-
Industry**

(ASPIRE Fund)

Scheme for Promotion of Innovation, Entrepreneurship & Agro-industry
[ASPIRE Fund]

1. Objective

(i) Create new jobs and reduce unemployment, (ii) Promote entrepreneurship culture in India, (iii) Provide grassroots economic development at district level, (iv) Facilitate innovative business solutions for unmet social needs, (v) Promote innovation to further strengthen the competitiveness of MSME sector.

2. Principal features

Name of Fund	ASPIRE Fund
Fund Manager	Small Industries Development Bank of India (SIDBI)
Fund size	`60 crore
Fund life/Tenure	The tenure of the Fund will be initially upto 12 years

3. Purpose

The Fund would be utilised by SIDBI to contribute to various Angel / Venture Capital Funds (VCFs) for investing in Start-ups / early stage enterprises in the areas of Innovation, Entrepreneurship, Forward Backward linkage with multiple value chain of manufacturing and service delivery, Accelerator support in the Agro based Industry verticals and sectors which would galvanize the rural economy. Investment by VCFs to the extent of contribution from ASPIRE Fund should be made only in companies which are rural and agro focussed and not in companies which are exclusively Information Technology enterprises.

4. Eligibility criteria of Venture Capital Funds (VCFs)

- Category I & II Alternative Investment Funds (AIFs) registered with Securities and Exchange Board of India (SEBI).
- The AIFs should invest at least twice the amount of contribution received under the ASPIRE Fund in MSMEs / Start-ups / early stage enterprises.
- Initial investment by AIFs in individual enterprises to the extent of contribution out of ASPIRE Fund shall not exceed `1 crore (share of ASPIRE Fund in an enterprise)
- Fund Manager / team should have prior track record in Fund management or prior investment experience.

5. Process

The Fund would be managed by SIDBI's existing in-house investment team headed by Senior Executive.

Two stage processes for selection of Venture Funds is followed as under:

5.1 Stage I : Preliminary Screening by Venture Capital Investment Committee (VCIC) of SIDBI

- Based on the initial discussions with regard to prima-facie eligibility of the Fund, the proposal would be taken for preliminary screening to the Venture Capital Investment Committee (VCIC), having external experts as members, nominee from the Ministry of MSME Government of India, besides officials from SIDBI.
- The prospective Fund Managers have to make a detailed presentation before VCIC.
- Based on preliminary screening and after deliberations with the Fund Managers, VCIC would recommend for undertaking detailed due diligence of the proposal.

5.2 Stage II : Detailed due diligence and sanction by Executive Committee of the Board

- Based on the recommendation of the VCIC, detailed due diligence of the proposal would be undertaken by SIDBI and the proposal would be put up to the Executive Committee of the Board for sanction.
- Upon sanction, Letter of Intent will be issued and Contribution Agreement would be signed.
- Based on the commitments made by the Fund, the Fund would send a draw down request to SIDBI against each investment to be made by the Fund.
- Generally, commitment period of a Venture Capital Fund would be for a period of 4 to 5 years i.e. disbursement of the committed amount out of ASPIRE Fund would be done over a period of 4 to 5 years.
- VCIC shall have the discretion to decide on the commitment period of VCF on case to case/need basis.

6. Size of investment

- There is no Minimum investment limit prescribed. The maximum investment limit to a Venture Capital Fund (VCF) shall not exceed ` 10 crore.
- The investment shall not be more than 25% of the size of VCF. VCIC shall have the discretion to specify minimum investment limit / modify/revise/alter the investment limit, wherever considered necessary.

7. Others

- (a) The aggregate contributions to the corpus of VCFs from Fund of Funds being operated by different Ministries of the Government of India/ State Governments, including SIDBI, shall not exceed 35% of its corpus. In case

such aggregate contribution exceeds 35%, SIDBI's contribution shall be reduced to that extent. VCFs to furnish a certificate at the time of final closing.

- (b) VCIC is authorized to recommend need based changes in the operational guidelines for approval by SIDBI Board, who shall be the final authority for the purpose. However, in case any change is required to be considered, the presence of Joint Secretary level officer of the Ministry of MSME in the VCIC shall be mandatory, who will in turn obtain the approval of the Ministry of MSME.

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