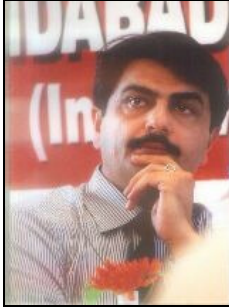


E-Circular dt December 22, 2008

## Need money ?

Take Loan of Rs. 50 Lakhs, without any Collateral,  
from FSIA help-desk\*



Rajive Chawla  
President, FSIA



Sangeet Kr Gupta  
Hon. Consultant, FSIA

### “Collateral Free Loans” – arranged by FSIA → in Times of “**Recession**”, → for your benefit

- ✓ Do you Purchase small Tools, Dies and Moulds ? Testing Equipments ?  
Do you take loan against all of these ?
- ✓ Do you always purchase Inverter, Generator, Batteries on Loan ?
- ✓ Do you always take Loan for small items like Computers, Printers, ....
- ✓ Have you been allotted some HSIIDC Flat recently ? Loan tie up to make ?
- ✓ Are you Planning to follow up with Private Banks for an Unsecured Loan  
carrying high rate of interest (18% to 24%)

#### The Core idea is

We all purchase a lot of small value Fixed Assets. And usually we don't take loan for those Assets .

#### The Core LOSS to your business is

The Loss is that you block your working capital funds ( money in hand) into fixed assets. Ideally Fixed Assets must come from Long Term funds. Here you don't, so, you lose liquidity.

## Meltdown in the World Economy

The world economy is undergoing a “Recession”, “Meltdown”, “Depression”, for many sectors , like Auto, Textile exports etc.

Indian Businessmen are facing the heat too.

Funds are getting scarce

Private Banks are getting giddy, on giving loans.


Customers are delaying payments .

→ Liquidity Crunch is there.  
A Reality, most of us are facing.

---

## FSIA in the service of the Businesses


For the first Time in India  
SIDBI has selected an Industrial Association as a Front-Desk, for selection of  
businesses for grant of quick Collateral Free Loans.

<p>For the first Time in India, a Large Bank(S.I.D.B.I.) has selected an Industrial Association(<b>FSIA</b>) <u>as a Front-Desk, for selection of businesses</u> for <u>Grant of quick Collateral Free Loans.</u></p>	
---	---

FSIA has entered into an MOU with the SIDBI for grant of quick Collateral Free Loans.

### A Quick look at the Features of this Quick “SIDBI-FSIA-Loan”

- ✓ **There is no Collateral.**
  - The Strength for proposal shall be your Balance Sheet + FSIA recommendation.
  - And moral pressure for Timely repayment is also that on the FSIA.
- ✓ **Nodal Bank is SIDBI and Front Desk is FSIA office**
  - That is the faith of SIDBI on your association
- ✓ **Moratorium is possible**
  - Usually, there is no moratorium on EMI-based unsecured Loans.

- Here you can take upto 3 to 6 months ( on merits )
  - ✓ **Ballooning option**
    - Usually EMI's are Equal Monthly instalments during the tenure
    - Here you can plan your own. You may repay Rs. 20K p.m. in First year, Rs. 30K p.m. in second year, and Rs. 50K p.m in 5<sup>th</sup> year.
  - ✓ **Rate of Interest**
    - Rate of Intt on unsecured Pvt Bank Loans is about 18%-24%.
    - Here it will be SIDBI's PLR , minus 0.5%.
    - Just an Example, the current PLR of ICICI Bank is 17.5%
    - And the Current PLR of SIDBI is just 12.5%
    - And in this scheme, you will get at 12%
  - ✓ **Rate of interest shall be Floating**
    - We at FSIA editorial board, feel that the Rate of interests may go down in near future.
    - Our President, Mr Rajive Chawla was in Hong-Kong Last week, attending the World SME Conference, as part of Indian delegation.
    - The News he has brought on Interest front is that, in USA, the rate of interest is currently nearly ZERO %. In Japan, also around ZERO %. In Europe, between 1-2%. So, Indian Banks cannot and will not continue at 12 to 15% Rate of interest.
    - So, FSIA has organized Floating interest for this scheme.
    - To your benefit.
  - ✓ **NOC of the Existing Bank ?**
    - No, it is not required.
    - SIDBI will just intimate the existing banker, if any.
  - ✓ **Charge registration in the ROC ?**
    - Yes, it will be done.
- 
- ✓ **Who will be carrying out financial due diligence and preliminary scrutiny** of the loan eligibility. ? -- FSIA ( However SIDBI 's decision shall be final and binding)
  - ✓ **Disbursement Request** → via the FSIA help-desk
  - ✓ **Who is eligible ?** →
    - Micro, Small & medium enterprises who (or their Associate concern or any unit in the group or under same management) are members of FSIA for atleast past one year as on date of application.
    - in existence for a minimum period of 3 years.
    - having Net Profit for last 2 years
    - having Minimum Credit Rating as per SIDBI's norms.
    - having Maximum limit : not more than 15% of the turnover in case of manufacturing / service sector units and 35% of turnover in case of units engaged only in job work subject to a maximum of Rs. 50 lakh.
    - having No default/ overdues.and have good credit track record
    - not in RBI/CIBIL defaulter/ caution list
    - KYC norms compliant
    - Having No statutory dues. Cases under protest/ litigation shall be considered on merit

- having maximum overall DER (including proposed Loan) of 2.5 : 1 for the concern
- having factory in its name or the promoter should have residence in his own or spouse name in NCR.
- **FSIA Notes**
  - The above ready reference is quite transparent
  - If you meet the above, the loan would be transparently available
  - If you don't, you might not.
  - Having a Good Balance Sheet is a must, as seen above.
  - You may take the counsel of FSIA help desk for your eligibility review before you file the case.

✓ **What are the Other Important Features of this Scheme**

Details are as under :

<b>Eligible assets for financing</b>	<ul style="list-style-type: none"> <li>• Capital assets mainly plant, machinery and other equipments bought by the MSMEs. The cost inclusive of all taxes.</li> <li>• It may include Delivery vehicles etc required for business</li> <li>• HSIIDC Flatted Sheds , or such others Fixed Assets</li> </ul>
<b>Individual limit</b>	<ul style="list-style-type: none"> <li>• <b>Upto Rs 50 lakh ( Rupees Fifty Lakhs only)</b></li> </ul>
<b>Tenure of loans</b>	<ul style="list-style-type: none"> <li>• Upto 60(sixty) months from disbursement based on revenue projections of the MSME. The repayment schedule could be on EMI basis and staggered/ ballooned to match the projected cash flow of the MSME with three months moratorium for loan.</li> <li>• Overall tenure for the EMI's of future tranches, shall remain within the sanctioned tenure</li> </ul>
<b>Security from borrowers</b>	<ul style="list-style-type: none"> <li>• 1st charge on assets financed.</li> <li>• Personal guarantee of all the promoters.</li> <li>• PDCs from borrowers</li> </ul>
<b>Sanction process</b>	<ul style="list-style-type: none"> <li>• MSMEs would submit application forms (in CART format) through FSIA along with all documents as per SIDBI check list.</li> <li>• FSIA shall forward the same to SIDBI along with the Forwarding letter, document checklist, and eligibility compliance.</li> <li>• SIDBI may seek additional information as may be required from the units either directly or through the FSIA</li> <li>• SIDBI official may visit the units premises before sanction of assistance FSIA would facilitate such visits and coordinate them</li> <li>• A limit based on internal credit criterion of SIDBI would be set on each member applicant MSME</li> <li>• The sanction would be communicated to the borrowers and a copy of the sanction note would be provided to the FSIA</li> </ul>
<b>Disbursement Amount</b>	<ul style="list-style-type: none"> <li>• SIDBI's disbursement will be released in the name of the asset supplier, wherever possible. Otherwise it would be disbursed in their WC/Current account of the units under advise to their bankers.</li> </ul>

- Terms and conditions apply
- All loans at sole discretion of SIDBI
- Available only for FSIA Members

## Some Quick Questions & Answers

- ✓ When is this scheme starting ? = Already Started . Contact us immediately.
- ✓ Whom to Contact ? = SIDBI-Faridabad, or FSIA office
- ✓ What if I am not a FSIA member ? = No problems, Join us. New Members are welcome.
- ✓ Special offer = Indeed → Very Special Offer: → Loans also available on eligible assets, Machines, Capital Equipment etc. purchased during this financial year i.e., on or after 01.04.2008
- ✓ Repayment by = PDC Cheques .
- ✓ Any Subsidy ? → Yes. Credit Linked Capital Subsidy (15% Subsidy) available wherever applicable.
- ✓ When should I come to FSIA ? → Immediately, ( Earlier the better ) → You may submit documents & take sanction letter valid for upto 6 months for immediate disbursal whenever the need arises. ( infact take disbursement for the assets purchased after 1-4-2008, now )



Mr Kaul, from SIDBI, Mumbai, and Mr Rajiv Chawla, exchanging the signed MOU's



Mr Sanjay Gulati, Mentor-and CMD, Omega Cranes Group, uncorking the Champagne Bottle, brought by Mr Yogi Nagpal of Light Lift Engineers

## Final Conclusion for the SME members

Friends,  
As Mr Kaul, the CGM of SIDBI, Mumbai said that day,

**“We start, by doing what is necessary, .....  
Then, we start doing, what is possible .....  
and Suddenly,  
.....We are doing the IMPOSSIBLE....”**

SIDBI-FSIA have done just that ..... from merely voicing the concern of “Recession”, and credit Squeeze..... This joint venture ”I-am-SME-of-India has become an Agency which can Think-Decide-Recommend-Help Award-and finally help-Disburse Funds to the SME businesses in India.

Congratulations. To all.

Now, if you need FSIA services in this regard. Please contact the FSIA secretariat. We are in your Service.





Congratulations Friends, that is a nice Christmas Gift from the SIDBI to the FSIA members

...

what a way to celebrate the Christmas and a Happy New Year 2009..... Quick Loan to Ease Liquidity.

**For queries, suggestions and feedback , you can e-mail us at :**

	<p><i>Sangeet Kumar Gupta</i>  FCA, ICWA, PGDMM, B.Com(Hons)  Honorary Consultant,  Faridabad Small Industries Association  93126-08426  <a href="mailto:groupmlg@eth.net">groupmlg@eth.net</a>  <b>Camp Off</b> : 63, Sector-15, Faridabad  <b>FSIA Off</b> : FSIA Park, Opp. Plot No.23,  Sector- 24, Faridabad- 121005</p>	
---	---	---

**Subscription**

Please send your details, and request by e-mail to [groupmlg@eth.net](mailto:groupmlg@eth.net), or [FSIA4u@rediffmail.com](mailto:FSIA4u@rediffmail.com), or [Rajivchawlaindia@yahoo.com](mailto:Rajivchawlaindia@yahoo.com). My personal email id is [skgupta@mlginfotech.com](mailto:skgupta@mlginfotech.com)

**for Discontinuation of this E-mail**

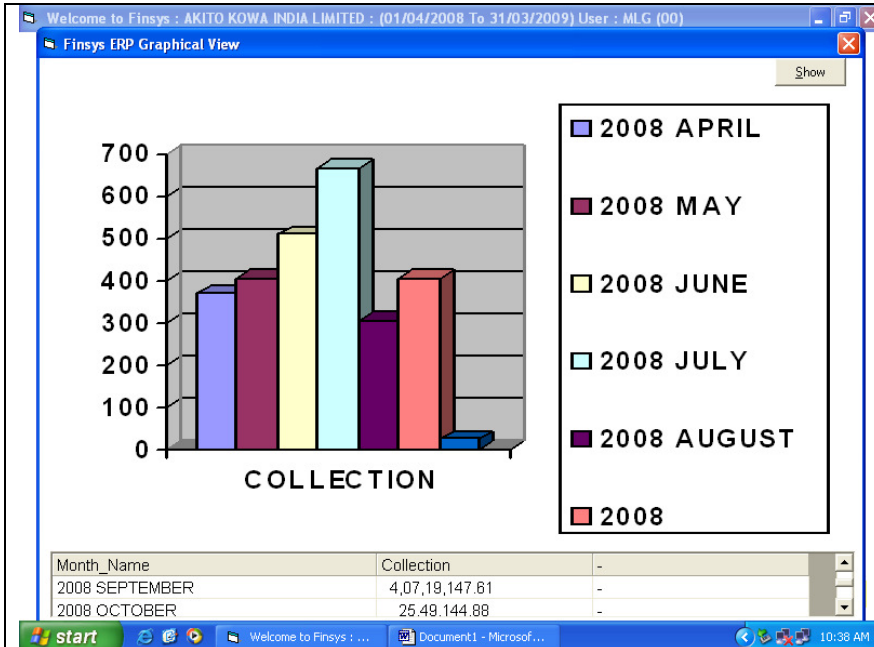
To discontinue receipt of e-mails from the author, please reply mentioning "Discontinue" in the Subject.

**Notes & disclaimer**

For private circulation. Intended for recipient only. This is only for personal information of the members. Based on information & interpretations available as on Monday, December 22, 2008. Please contact your Consultant / Chartered Accountant / counsel for his final opinion, if deemed fit.

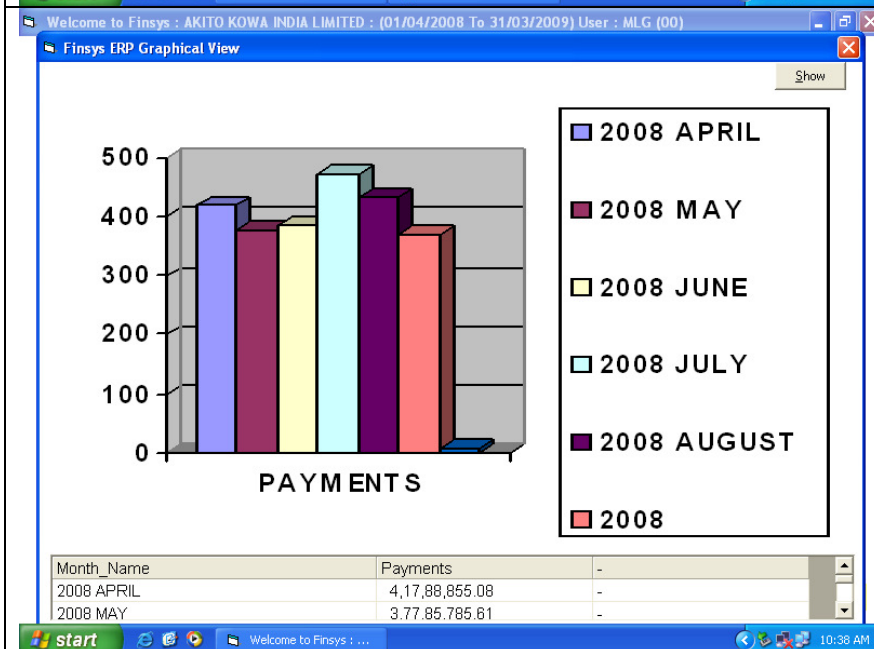
For Back issues, click on <http://www.finsys.co.in/Ecircularts.htm>

Advt.



**Graph's of Collections from Customers**

**And Payments to Vendors**



Using your Finsys ERP, you can see the GAP between Your Receipts and Your Payments

See Your Cash Flows .....

And if required Take this SIBDI-FSIA Loan

For information about how to use the Finsys ERP, access the manuals on [www.finsys.co.in](http://www.finsys.co.in)

**[www.finsys.co.in](http://www.finsys.co.in)**

Home page of "Finsys"-( The ERP Software Solutions ) # 93500-18744 ( Puneet Gupta)