

ASPIRE Fund - Frequently Asked Questions (FAQ)

1. What is the classification of MSME ?

The present definitions adopted for manufacturing and service sector activities under MSMED Act, 2006 are as under:

Enterprise Category	Manufacturing (Investment in Plant & Machinery)	Services (Investment in Equipment)
Micro	Up to `25 lakh	Up to `10 lakh
Small	Up to `500 lakh	Up to `200 lakh
Medium	Up to `1000 lakh	Up to `500 lakh

2. Does SIDBI charge any processing fee for evaluating the proposals under ASPIRE Fund?

No

3. Is there any sector or state specific focus under ASPIRE Fund?

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. Are Angel Funds, Impact Investment Funds, etc eligible under ASPIRE Fund?

Yes. All AIFs registered under SEBI AIF Regulations, 2012 (Category I and II) are eligible under **ASPIRE Fund**.

5. Is registration of the Fund with SEBI necessary before approaching SIDBI ?

Yes.

6. When is the condition “The AIFs should invest at least twice the amount of contribution received under the ASPIRE Fund in MSMEs / Start-ups / early stage enterprises ” and the extent of contribution from ASPIRE Fund should be made only in companies which are rural and agro focussed **to be fulfilled?**

The condition is to be fulfilled at the end of the commitment period of the Fund. However, status of the compliance of the condition is to be submitted to SIDBI at the time of each drawdown and on a periodical basis.

7. Does SIDBI or Ministry of MSME have a say on the investment decisions of the AIF?

SIDBI or Ministry of MSME, Government of India does not have any say in the investment decisions of the AIF. The Investment Committee of each Fund shall take a call on its investments, as per Private Placement Memorandum and other Fund documents. The Investment Committee (IC) shall comprise of professionals and be broad based to the satisfaction of SIDBI.

8. What is the term of AIF covered under ASPIRE Fund?

As per existing SEBI AIF guidelines, the term of the Fund is determined from Final Closing of the Fund. Generally, the term of the AIF shall be 8-10 years from the date of Final Closing. In any case, it should not extend beyond 12 years from the date of Final Closing of the Fund.

9. Can AIFs make warehoused investments prior to the First Closing?

Yes. The Investment Manager can make warehoused investments prior to the First Closing, which can subsequently be acquired by the Fund at the cost of acquisition. However, no holding cost shall be charged to the Fund for such acquisition.

10. What are the general covenants of AIFs covered under ASPIRE Fund?

All AIFs supported under FFS programme will maintain high standards of corporate governance and investor reporting to ensure complete transparency and timely information to all its investors, by maintaining proper books of accounts, documents and records with respect to the Fund to give a true and accurate account of the investments, expenses, earnings, profits, etc.

The Fund shall appoint / change Statutory Auditors and Internal Auditors acceptable to SIDBI, who would inter-alia, make periodic disclosures as may be required by SIDBI. The AIFs are also required to comply with the various directives of SEBI, RBI, etc and also comply with the provisions of Prevention of Money Laundering Act and KYC guidelines of RBI.

11. What is the present status of ASPIRE Fund?

`47.50 crore has been committed so far. Further, Ministry of MSME, Government of India has sanctioned additional amount of `250 crore to enhance the corpus of ASPIRE fund. The terms & conditions for deploying the enhanced amount is under finalisation.
