



Development Bank of Mauritius Ltd

“Your strategic partner in development”

FINANCING SCHEMES FOR THE MANUFACTURING SECTOR

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Development Bank of Mauritius Ltd

DBM FINANCING SCHEMES – MAIN FEATURES

- ❖ Budgetary Measures Implementation Instruments
- ❖ Sector Oriented
- ❖ Project Based

Main Financing Schemes (Sectorwise)

❖ **Manufacturing**

❖ **Tourism**

❖ **Trade & Services**

❖ **Agriculture & Agro- Industry**

❖ **Others** (computer/solar/disaster rehabilitation etc)

Operational Set Up

- ❖ **Government Window – Subsidised Interest Rates**
- ❖ **Commercial Window - Normal Interest Rates**

Financing Limits

Large Scale - Up to Rs 50 Million

SME - Up to Rs 3 Million

Financing Scheme for the Large-Scale Manufacturing Sector

Purposes:

- ❖ Setting up of new/expansion of existing manufacturing units
- ❖ Modernisation / Computerisation of operations
- ❖ Construction of industrial buildings
- ❖ Pollution control
- ❖ Purchase of fuel efficient & energy savings equipment
- ❖ Refinancing of commercially viable projects
- ❖ Financing of Agro-Business projects
- ❖ Purchase of land for industrial purposes
- ❖ Working capital finance

General terms of loan

- ❖ Loan amount : 60% of proposed capital investment with a ceiling of Rs 50.0 M
- ❖ Interest rate : 14% p.a
- ❖ Repayment period : up to 8 years
- ❖ Moratorium period : Up to 2 years
- ❖ Security : General floating charge
Fixed charge on assets being financed
Any other acceptable collateral
- ❖ Eligibility : Individuals, Societes, Companies etc.

Consortium Financing

For projects involving substantial investments the Bank also participates, with other banks and /or financial institutions, in consortium financing . In such cases, the Bank may adjust its lending terms to those of the Consortium.

Financing Scheme For SME Manufacturing Sector

PURPOSES

- ❖ Setting up of small manufacturing & handicraft enterprises
- ❖ Modernisation/Technology improvement by existing small enterprises
- ❖ Modernisation of Jewellery units
- ❖ Light Engineering
- ❖ Working Capital Finance
- ❖ Market surveys & Trade Fairs

Financing Scheme For SME Sector

General Terms of Loan

- ❖ Loan Amount : 75% of cost of project with a ceiling of Rs 3.0M
- ❖ Interest Rate : 14% p.a
- ❖ Repayment period : Up to 6 years
- ❖ Moratorium period : Up to 1 year

Financing Scheme For SME Sector

❖ Security

: General floating charge
Fixed charge
Personal guarantee
Acceptable collateral

❖ Eligibility

: Individuals, societies or companies holding valid permits/licences
SME's / Entrepreneurs registered with SEHDA, IVTB NWECC etc

SME Sector

NEW LOAN SCHEMES

SME'S especially start-ups, have always been facing problems of access to finance due to their inability to provide collateral security. The Government, through the DBM, has removed the obstacle of collateral security by introducing two schemes which will enable start-ups to embark more easily on an income generating activity. The two schemes are:

- ❖ **The Booster Loan Scheme**
- ❖ **The Quasi Equity Financing Scheme**

Booster Loan Scheme

Under the Booster Loan Scheme, a start-up at grassroot level is in a position to obtain financial assistance for the setting-up of a small enterprise involved in any of the following activities:

- ❖ Manufacturing
- ❖ Agriculture & Agri-Business
- ❖ Handicraft
- ❖ Tourism
- ❖ ICT
- ❖ Trade or Services

Booster Loan Scheme

Terms of the loan

- ❖ Max Loan Amount : Rs 50,000
- ❖ Interest Rate : 9 % p.a
- ❖ Repayment Period : Up to 5 years
- ❖ Security : General floating charge
- ❖ Eligibility :
 - (i) Entrepreneurs registered with SEHDA,AREU, IVTB,NW EC
 - (ii) Holder of a business reg. card
 - (iii) Laid –off workers in the EPZ / Sugar sector
 - (iv) Any other micro /small entrepreneur holding a Business Registration Card and having a viable project

Quasi Equity Financing Scheme

Twofold objectives

- ❖ Overcome problem of collateral security
- ❖ Ease debt repayment burden during the initial years

Quasi Equity Financing Scheme

Main Features

- ❖ Financial support representing up to 75% of cost of a project with a ceiling of Rs 300,000
- ❖ 49% - participation of DBM Venture Capital Fund (a subsidiary of DBM) directly in the capital of the company
- ❖ 26% -equity loan to the shareholders to acquire shares in the company
- ❖ Interest Rate:-
 - Quasi Equity Coupon Rate : 9 - 13%
 - Equity Loan : 9%
- ❖ Period: 5 yrs

Quasi Equity Financing Scheme

❖ Financing Pattern

	RS	%
Promoter's Funds :	100,000	25
DBM's Funds		
Quasi Equity :	196,000	49
Equity Loan :	104,000	26
Cost of project :	<hr/> 400,000	100
	=====	

Reimbursement Implications

Year	Equity Loan	Quasi Equity	
		Option 1	Option 2
1	No Payment	No Payment	Redeem @ 9%
2	Interest Only	No Payment	Redeem @ 10%
3	Interest Only	No Payment	Redeem @ 11%
4	Interest Only	No Payment	Redeem @ 12%
5	Capital + Interest (9%)	Redeem @ 13%	Redeem @ 13%

Micro Credit

- ❖ Purpose of Loan : Financing micro entrepreneurs involved in income-generating activities
- ❖ Maximum Loan : Rs 50,000
- ❖ Interest Rate : 5% p.a
- ❖ Repayment Period: Up to 4 years
- ❖ Moratorium Period: Up to 6 months
- ❖ Eligibility : Micro entrepreneurs selected by the Trust Fund for the Social Integration of Vulnerable Groups

Industrial Estates / Infrastructural Facilities

Existing – For mainly large industries

- ❖ Factory space – viz Coromandel, Plaine Lauzun, Triolet, Vacoas-Phoenix
- ❖ Land Leasing – viz La Tour Koenig

New Industrial Parks for SME's

**Proposed Sites: Terre Rouge
La Tour Koenig
Highlands**

Main Features:

- ❖ Four blocks of 5 units each (100-200m²) at ground floor level on each site
- ❖ Provision for electricity, water, telephone, sewerage and waste disposal facilities up to outer limits of building
- ❖ SME operator to secure statutory permits
- ❖ Administrative office on each site (fax, computer, secretarial services etc.)



 **THANK YOU**