

# Restructuring Working Group (RWG)

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 C/o State Investment Corporation & Joint Economic Council

## INSTRUMENTS IMPLEMENTED UNDER MTSP/ERCP/RWG

Eligibility criteria : Registered companies being into operation for at least one year

❖ Instruments:		Direct Support to enterprises	Purpose
1	<b>ISSUE OF DEBENTURES</b>	<ul style="list-style-type: none"> <li>❖ Burden sharing through injection of 40% by bank, 40% by SIC through issue of debentures and 20% by the promoters.</li> <li>❖ Interest rate charged by SIC: 5% p.a (cumulative)</li> <li>❖ Interest rate charged by the Bank: Repo less 125 basis points</li> </ul>	To assist financial restructuring of highly geared companies unable to raise additional loans from banks
2	<b>EQUITY INJECTION</b>	<ul style="list-style-type: none"> <li>❖ In the form of Preferential shares</li> <li>❖ 5% cumulative dividend payment</li> <li>❖ Exit Agreement on redemption of shares by the company</li> </ul>	
3	<b>ISSUE OF CORPORATE GUARANTEES</b>	<ul style="list-style-type: none"> <li>❖ In lieu of SIC injecting funds in the company, banks will finance 80% funding requirements of which corporate guarantee of SIC will cover for 50% loss for fund injected by bank/s.</li> </ul>	To assist financial restructuring of highly geared companies unable to raise additional loans from banks as well as to meet working capital requirements
4	<b>SALE AND LEASE BACK OF PROPERTY</b>	<p><b>General conditions for Sale and Lease Back of Property:-</b></p> <ul style="list-style-type: none"> <li>❖ Sale and lease back period : 3-5 years</li> <li>❖ Rental : 5% p.a. on sale value</li> <li>❖ Buy-back option : over a period of 3-5 years</li> <li>❖ Buy-back price: Purchase price + 5% return per annum</li> <li>❖ initial associated costs borne by company</li> </ul>	To assist asset rich and cash poor companies to raise finance for diminishing financial burden, reducing financial costs and restructuring
<b>Other instruments</b>			<b>Purpose</b>
1	<b>IMPORT LOAN FACILITY</b>	<p>Facility provided to enterprises which have reached their limit with the bank/s. The facility is meant <b>only</b> for purchase of raw materials and accessories for <b>confirmed</b> export orders. Maximum Interest rate for MUR Account: Repo + 300 basis points and for foreign account/s: LIBOR + 2%</p> <p><b>Conditions</b></p> <ul style="list-style-type: none"> <li>❖ Merging of existing and new limit for import loan. <b>40% guarantee on loss</b> be provided on global exposure</li> <li>❖ Enterprises to subscribe for Credit Insurance cover for their exports</li> <li>❖ Purchased performed under approval of IFA</li> <li>❖ Automatic extinguishing of import loan against receipt of proceeds on a first in first out basis</li> </ul>	To assist manufacturing enterprises having export growth potential but unable to raise additional import loan from banks for confirmed orders in hand.

Scheme: <b>Bank Support to SMEs – SME Financing</b>			Purpose
1	<b>SMEs WITH TURNOVER LESS THAN Rs 10M</b>	<ul style="list-style-type: none"> <li>❖ New measure announced in Budget speech 2013. The scheme includes new overdrafts and bank loans as well as renewal of existing.</li> <li>❖ 50% guarantee provided by government (SIC)</li> <li>❖ Interest rate at repo + 300 basis points – presently at 7.9%</li> <li>❖ SMEs apply directly to banks</li> <li>❖ Scheme monitored by Bank of Mauritius</li> </ul>	To assist SMEs in raising finance from commercial banks to meet their working capital needs and their expansion as well as to create new jobs
2	<b>SMEs WITH TURNOVER ABOVE Rs 10M BUT LESS THAN Rs 50M</b>	<ul style="list-style-type: none"> <li>❖ Measure renewed in Budget speech 2013. The scheme includes new overdrafts and bank loans as well as renewal of existing.</li> <li>❖ 35% guarantee provided by government (SIC)</li> <li>❖ Interest rate at repo + 300 basis points</li> <li>❖ SMEs apply directly to banks</li> <li>Scheme monitored by Bank of Mauritius</li> </ul>	To assist SMEs in raising finance from commercial banks to meet their working capital needs and their expansion as well as to create new jobs

**LEASING EQUIPMENT MODERNISATION SCHEME  
(ACQUISITION OF EQUIPMENT AND MACHINERY)**

LEMS	Purpose	Eligibility Criteria	Contribution of client	Guarantee provided by SIC	Maximum leasing amount (exc. VAT)
I	Acquisition & modernisation of production equipment	Turnover less than Rs 50m	10%	30% on cost of assets	Rs 10m
II		Turnover between 50 and Rs 150m	15%	15% on cost of assets	Rs 25m
III		Turnover over Rs 150m	20%	No guarantee	Rs 75m

**INTEREST RATE : 7.25%**

**LEASING MODERNISATION SCHEME  
(SALE AND LEASE BACK OF EXISTING MACHINERY & EQUIPMENT)**

LEMS	Guarantee provided by SIC	Maximum leasing amount (exc. VAT)	Interest rate
IV	30% on loss incurred by leasing companies	Rs 150m	7.25%

**EXPORT CREDIT INSURANCE SCHEME (ECIS) & LOCAL INSURANCE COVER FOR SMEs**

The Credit Insurance Schemes (both export and local) aim at supporting Mauritian manufactures in obtaining proper insurance cover for their production and against default from clients. The insurance cover is provided by Compagnie Francaise d'Assurance pour le Commerce Extérieur (COFACE).

## **RWG CREDIT FINANCING SCHEME (RCFS)**

The scheme comprises of Factoring service to enterprises involved in B2B. The turnover of the applying enterprise should not exceed Rs 50m per annum. The Scheme is being operated jointly with CIM Finance Ltd.

### **Conditions & Pricing**

- Maximum single Client Funding Limit: MUR 10,000,000
- Maximum single debtor factoring limit: MUR 2,000,000
- Maximum credit invoice period: 90 days
- Maximum % financing: 90% of invoice amount. Remaining 10% kept in a Reserve Account and released to the beneficiary entrepreneur (less accrued interests and any outstanding charges) once the invoice is paid in full
- Interest rate: 7.50% p.a.
- Factoring fee: 1.50% of invoice amount
- Signing fee: MUR 10,000 upfront and one-off for companies with turnover above Rs 5m
- Signing fee : MUR 5,000 upfront and one-off for companies with turnover below Rs 5m

## **PLANTERS HARVEST SCHEME**

The objective is to provide assistance to Harvest Service Providers with leasing finance for the purchase of eligible equipment to assist sugar cane planters in improving and better planning of their field harvest operations and therefore reduction overall harvest and transport costs.

<b>Descriptions</b>	<b>PHS 1</b>	<b>PHS 2</b>
Annual Turnover	Above Rs 50m	Below Rs 50m
Maximum leasing amount	Rs 50 millions	Rs 15 millions
Beneficiary Client - Share of Contribution	20% on the value of asset (exc. VAT)	15% on the value of the asset (exc VAT)
Repayment mode	84 months	84 months
Interest rate	5.5 %	5.5 %