CORPSCORE
CONSULTANTS

FUND RAISING BY STARTUP

01

WHAT IS FUNDING?

Funding refers to the financial investment of a company to raise money required to start and run a business.

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STARTUPS NEED FUNDING FOR

- Prototype creation
- Product development
- Team hiring
- Working capital
- Legal and consulting services
- Sales and marketing
- Office space and admin expenses, etc.

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TYPES OF FUNDING

- EQUITY FUNDING
- DEBT FUNDING
- GOVERNMENT GRANTS

EQUITY FUNDING 04

- Startups give up a portion of their ownership to shareholders in return for capital.
- Equity Investors prefer to involve in the decision-making process.
- No guarantee.
- Sources come from Angel Investors, Self-financing families, Friends, Venture Capitalists, and Crowd Funding.

DEBT FUNDING

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- Borrowing money and paying it back with interest within a stipulated time frame.
- Startups need to provide a business asset as collateral.
- Less involvement in decision-making.
- Lender has no control over business operations.
- Sources are Banks, Non-Banking Financial Institutions, and Government Loan Schemes.

GOVERNMENT GRANTS

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- A grant is a financial award given by an entity to a company facilitating a goal or improving performance.
- No component of repayment of the invested funds.
- Startups pose a huge risk of not receiving a portion of the grant due to several reasons.
- No direct involvement in decision-making.
- Sources are Central Government, State Governments, Corporate Challenges, and Grant Programs of Private Entities.

INVESTORS LOOK FOR:

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- Objectives and Problem solving
- Management and team
- Scalability and sustainability
- Customers and suppliers
- Competitive analysis
- Sales and marketing
- Financial assessment

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STEPS IN STARTUP FUNDING

- Assessing the need for funding
- Assessing investment readiness
- Preparation of Pitchdeck*
- Investor targeting
- Due diligence by interested investors
- Term sheet**

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*A pitchdeck is a detailed presentation about the important aspects of the startup.
Creating an investor pitch is all about telling a good story connecting each element with the other. *

**A term sheet is a “Non-binding” list of propositions by a venture capital firm at the early stages of a deal that summarizes major points of engagement in the deal between the investing firm and the startup.

A term sheet for a venture capital transaction in India typically consists of four structural provisions: valuation, Investment structure, Management structure and changes to share capital.**