



Angel Investment, VC Funding Opportunity for Early Stage Entrepreneurs

August 2022



Sources of Fund Raising

Bootstrap (Self Fund & Personal Saving)

- ☐ Positive Message to Investor
- ☐ Entrepreneur gets dedicated



Pre-Seed/Seed/ Pre-Series Funding

- ☐ First investment in a start-up company in exchange for equity/partial ownership
- ☐ Variety of sources - friends and family, Angel Investors, Crowdfunding and start-up accelerators



Micro Venture Capital

- ☐ New funding source for seed stage start-ups has developed and quickly become an integral part of the start-up ecosystem
- ☐ Labelled a seed venture or micro-venture capital fund (a Micro-VC)
- ☐ Smaller venture firms that primarily invest in seed stage emerging growth companies



Incubators/ Accelerators

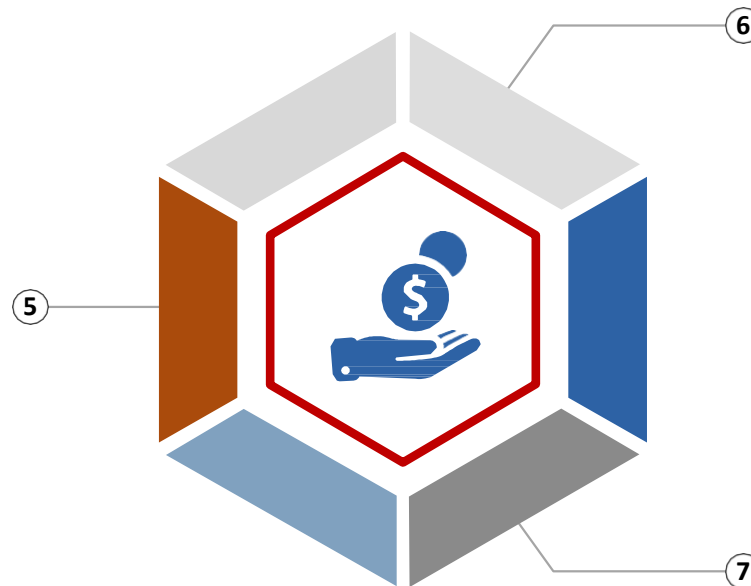
- ☐ Organizations set-up with the specific goal of assisting entrepreneurs with building and launching their start-up



Sources of Fund Raising

Series A Funding

- ☐ Important milestone for start-up companies
- ☐ Need to demonstrate a minimum viable product (MVP) to acquire an A round and not just a great idea or team)
- ☐ Not easy for seed funded companies to graduate to a Series A funding round
- ☐ Getting a Series A Funding:
 - ☐ Join an Accelerator
 - ☐ Leverage Your Network



Venture Capital Funds

- ☐ Professionally managed investment funds that invest exclusively in high-growth start-ups
- ☐ Each VC fund has its own investment thesis - preferred sectors, stage of start-up, and funding amount - which should align with your start-up



Venture Debt Funds

- ☐ Private investment fund that invest money in start-ups primarily in the form of debt
- ☐ Typically invest along with an angel or VC round

Sources of Fund Raising

Banks/ NBFCs

- ☐ Formal debt can be raised when the start-up can show market traction and revenue to validate their ability to finance interest payment obligations; Especially applicable for working capital
- ☐ Some entrepreneurs might prefer debt over equity as it does not dilute equity stake

TReDS

- ☐ To decrease the financing concerns faced by MSMEs, RBI introduced the concept of TReDS in 2014, an institutional mechanism for financing trade receivables on a secure digital platform
- ☐ TReDS such as M1xchange, standardizes the process of funding MSMEs via Invoice Discounting



Vendor Finance / Purchase Order Finance

- ☐ Debt Instruments
- ☐ Equity Instruments
- ☐ Trade Credit
- ☐ Customer Enablement Process

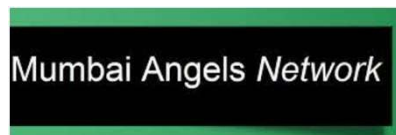
Government Loan Scheme

- ☐ Initiated by govt. to provide collateral-free debt to aspiring entrepreneurs and help them gain access to low-cost capital
- ☐ Schemes include CGTMSE, MUDRA, and Stand-up India

Sources of Fund Raising

Angel Investors

- ☐ HNIs who invest their money into high potential start-ups in return for equity



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Crowd Funding

- ☐ Raising money from a large number of people contributing a relatively small amount
- ☐ Done via online crowd funding platforms
- ☐ Benefits - Small investors don't harass; Free of cost marketing

KICKSTARTER

FUNDABLE



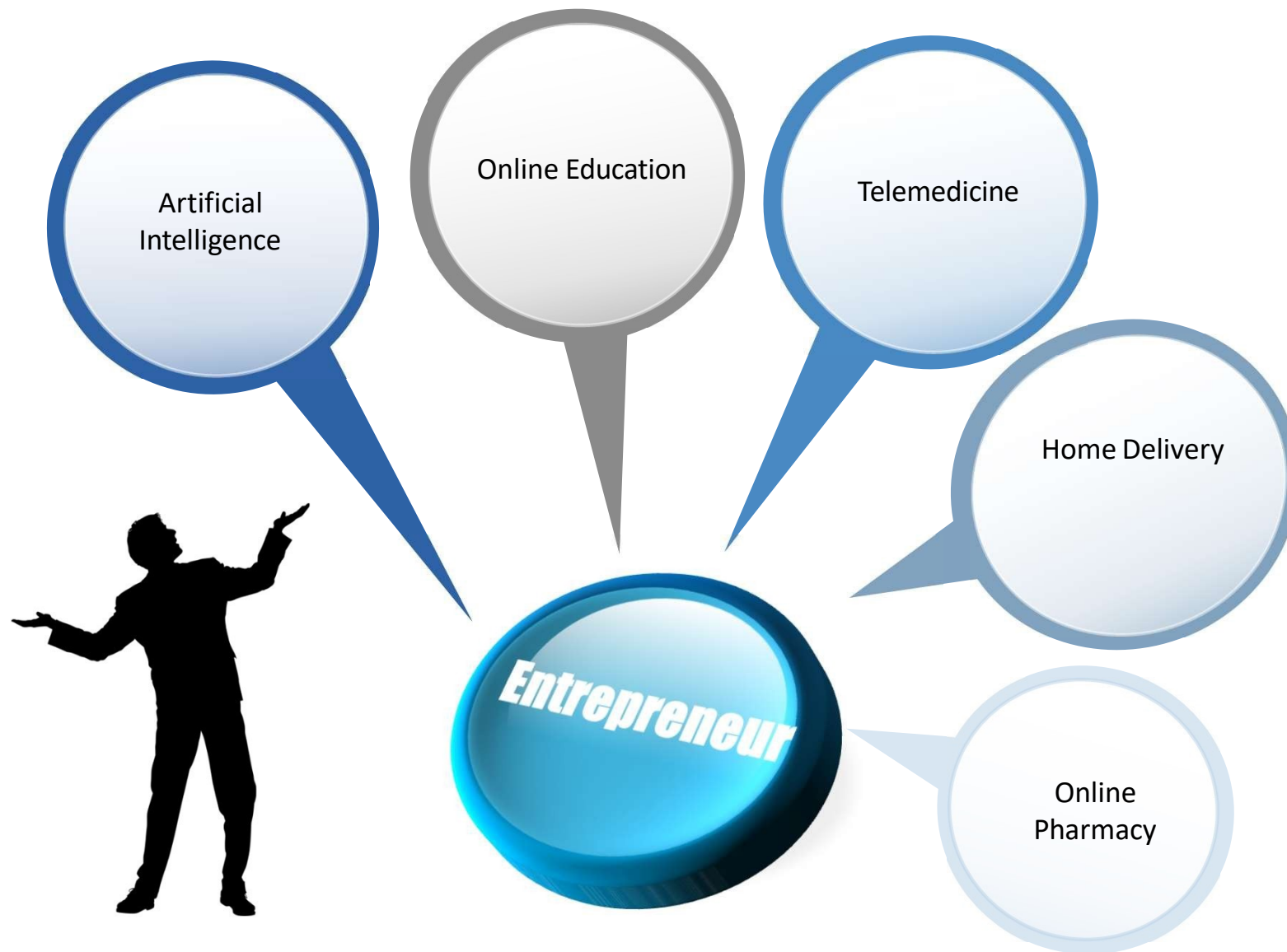
Catapult



Pitch Deck for Investors



Emerging Areas for New-Age Entrepreneurs



Process of venture capital financing

The steps are

1. Deal Origination
2. Screening
3. Evaluation
4. Deal Negotiation
5. Post Investment Activity
6. Exit Plan.