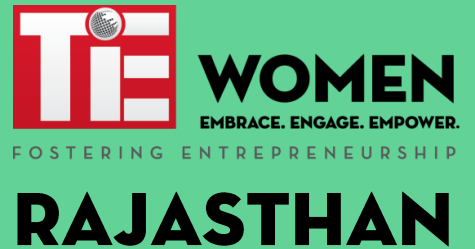


Investor Insight: Preparing for Investment Readiness

By Vivek Lodha



My Introduction

- Angel Investor, a Serial Entrepreneur and an active Startup Mentor.
- Alumni of IIT Bombay & Majors in Finance and International Management from Thunderbird School of Global Management.
- Director at JVS Foods Pvt Limited, one of India leading institutional food producers working with TATA Trusts, Bill Gates Foundation and the University of Toronto.
- Past CII-Yi, Jaipur Chair and Current Learning Chair for EO (Entrepreneurs Organisation) and a member of TiE Rajasthan
- Active investment portfolio of 25+ startups



What we will cover today!

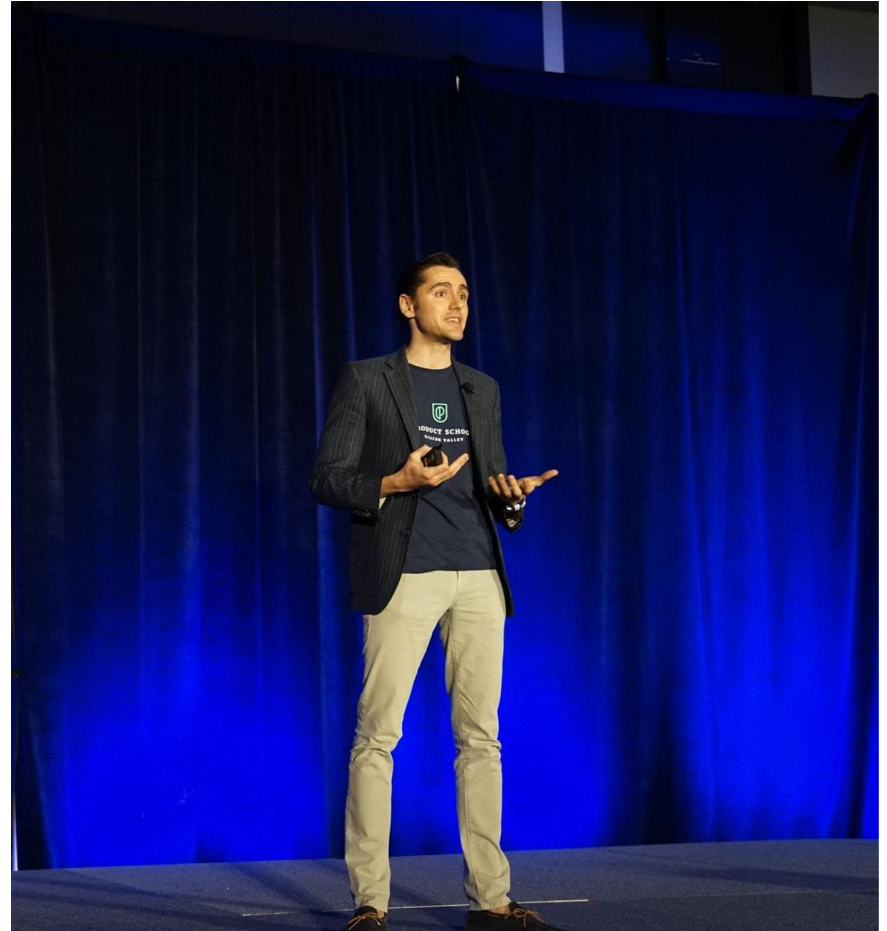
- Writing an effective Elevator Pitch
 - Gearing up for investor due-diligence
 - Understanding critical parts of term-sheets
 - Valuing your startup
 - Exit plan
-

Writing an effective Elevator Pitch

Components of an

Elevator Pitch

1. Who you are? Basic intro
2. State a fact that emphasise a problem that you are solving
3. What do you do / what do you offer?/ Your solution
4. How are you different?
5. End with a 'Call to Action'



Tips for writing an

Elevator Pitch

1. Know what's motivating your audience
2. Show social proof
3. Craft a story that gets your audience on your team
4. Anticipate and answer key questions.



Gearing up for investor due-diligence

Gearing up for investor

Due-Diligence

1. Be Honest in your Presentation
2. Identify Key Risks
3. Do your Homework & Alignment with the Investment Thesis
4. Acknowledge “What Needs to Be Believed” to Invest



Three stages of

Due-Diligence

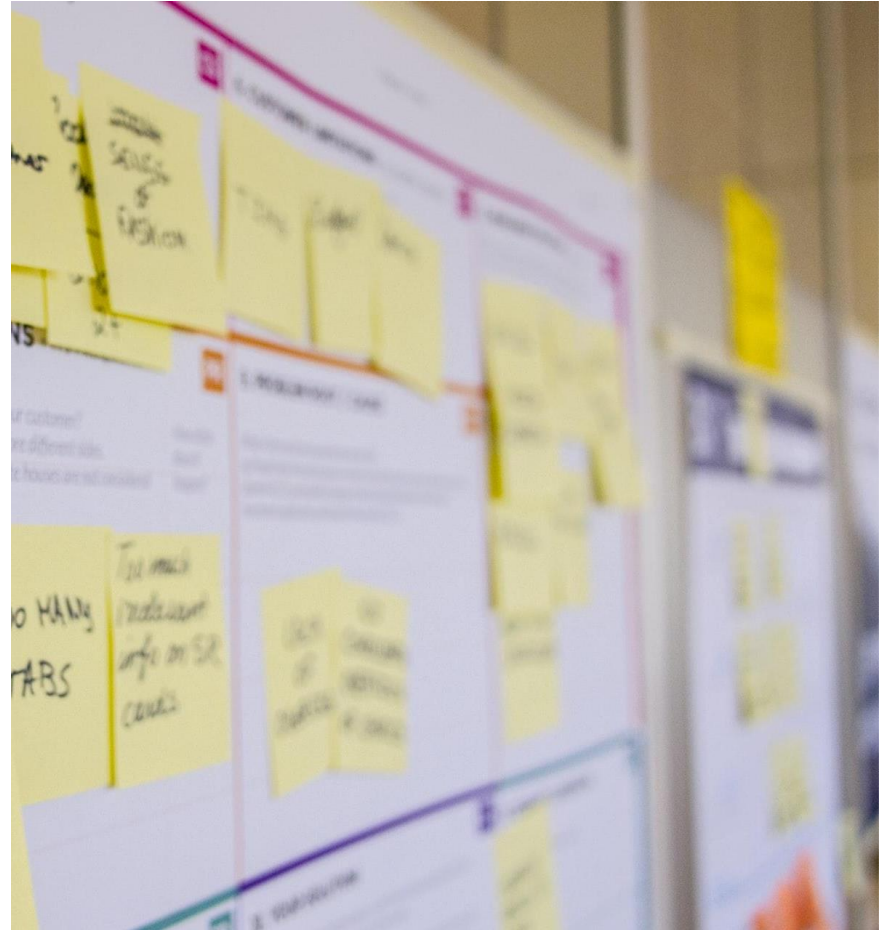
1. Screening (Technical) due diligence
2. Business & Financial due diligence
3. Legal due diligence



Understanding critical parts of term-sheets

Common terms used in a Term-Sheet

1. Who is issuing the note or stock
2. The valuation
3. Amount being offered
4. Shares and Share prices
5. Liquidation preference
6. IPO/Strategic Buyout



Common terms used in a Term-Sheet

7. Voting rights

8. Board seats

9. Conversion options

10. Anti-dilution provisions

11. Investors rights to information

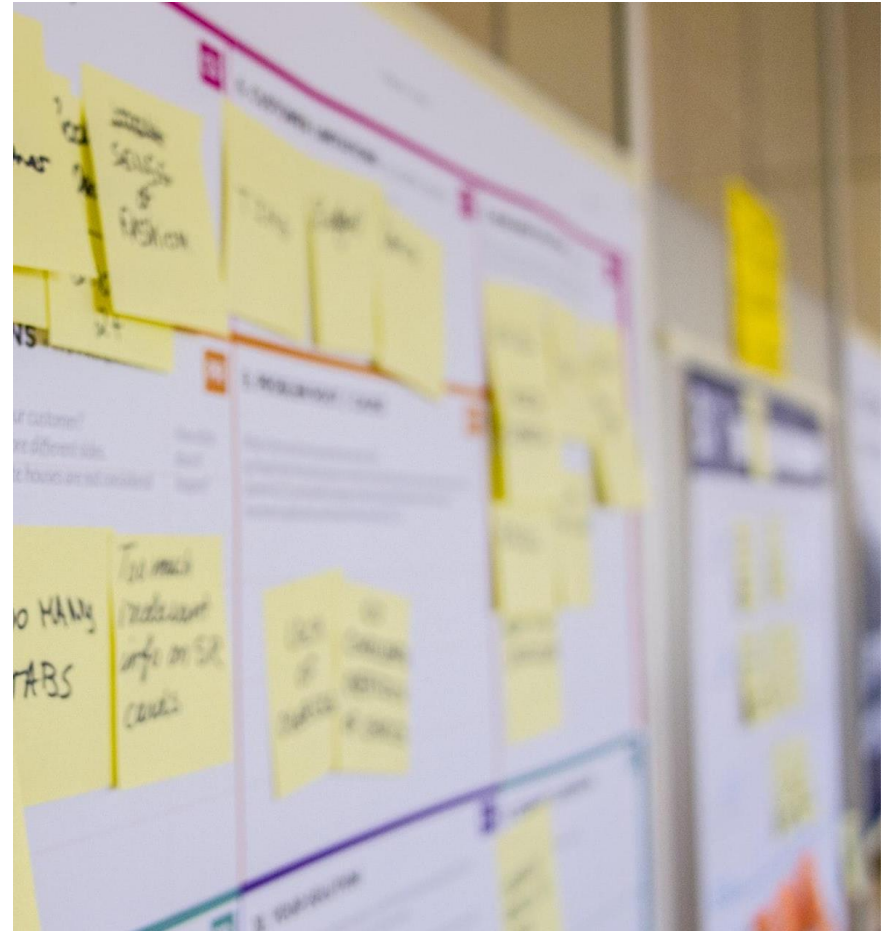
12. Founders obligations



Common terms used in a

Term-Sheet

- 13. Who will pay legal expenses
- 14. Non-disclosure requirements
- 15. Rights to future investment
- 16. Tag along and Drag along



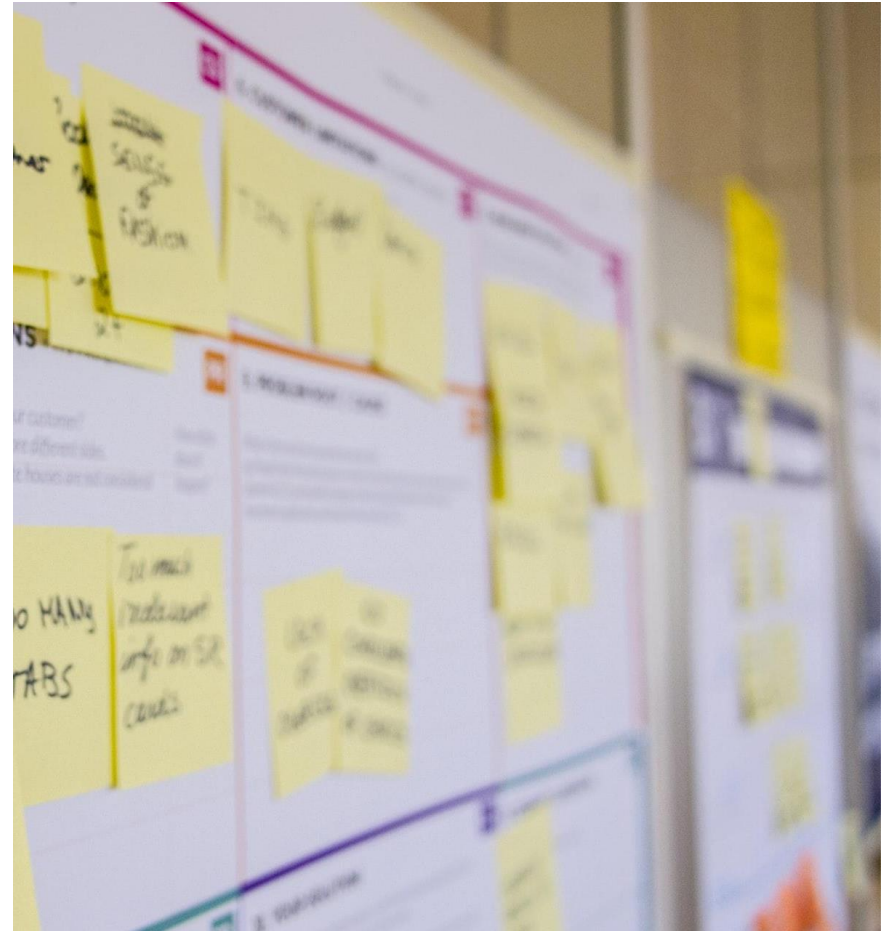
Things to check / understand in

Term-Sheet

Different types of Share

- Convertible
 - OCPS
 - CCPS
- Direct issue of shares

Capitalization table



Valuing your startup

What is startup Valuation

Startup valuation is the process of calculating the value of a startup company. Startup valuation methods are particularly important because they are typically applied to startup companies that are currently at a pre-revenue stage.



Important factors for pre-revenue / early stage

Startup Valuation

Traction / Proof of Concept

The Value of a Founding Team

Prototypes/ MPV

Supply and Demand

Emerging Industries and Hot Trends

Positive Unit Economics



Most common startup valuation

Methods

1. Standard Earnings Multiple Method
2. Discounted Cash Flow Method
3. Comparison Valuation Method
4. Combo Platter Method
5. Gross Profit x Competitor's Multiple Method
6. Best For Me Method

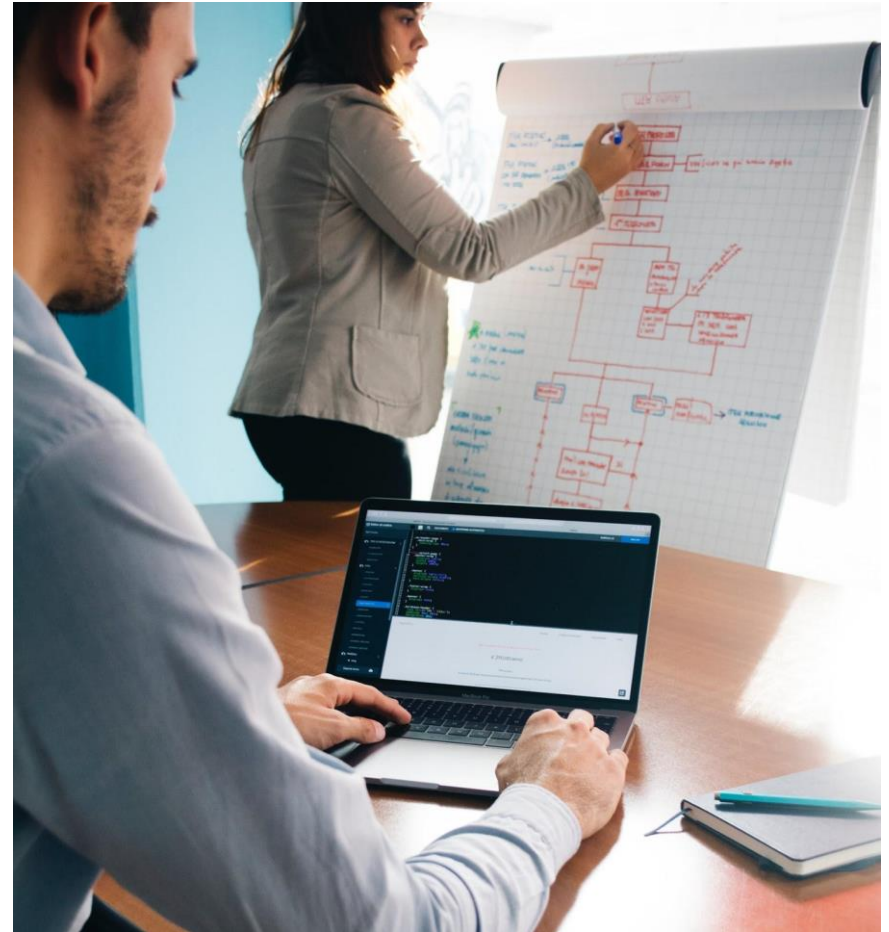


Exit Plan

Three main questions about

Exit Plan

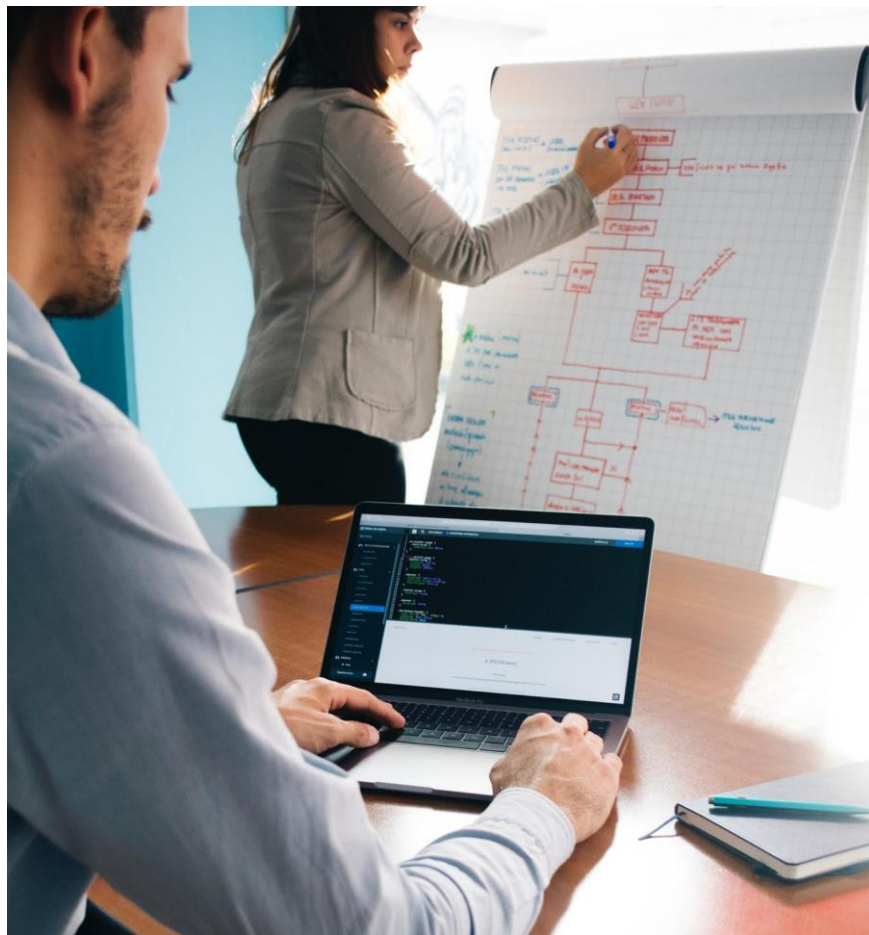
1. How long do you want to stay involved in the business?
2. What are your financial goals?
3. Do you have investors or creditors to pay off before exiting?



Common

Exit Plans

1. Acquisition
2. Initial Public Offering (IPO)
3. Management buyout
4. Family succession
5. Liquidation



Thank You

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