

MSMEs

Fight



Guide Book : Volume III

- Start-ups Stay Afloat
- Looking for Capital - CSAS is here for you

Start-ups Stay Afloat

- a. Tighten the belt, it's time to move from a cool start up imagery to be attentive and upright. If you have surplus of anything, curtail it. At the same time, don't hesitate to spend on heads critical for your business survival and growth.
- b. Re-negotiate all pending payments by a couple of months. They may not write it off, but a deferment now means more cash in hand which leads to extension of runway. **Live another day to fight another day.**
- c. Assume that the next few months will be very difficult from a capital-raising perspective. So, plan accordingly.
- d. Evaluate your options of raising funds. Should you go for a Down round or Debt? StartUps desperate for cash to survive may seek raising funds at lower value, which leads to disproportionate dilution of founders' equity to existing and new investors coming on board. At the same time, Debt may require collateral security and comes with a commitment of monthly interest payment commitment.
- e. Start with your existing backers/ existing investors and then reach out to other investors in your network and finally cast a wider net.
- f. Investors will now shift focus from "Growth at all costs" to "Survival/Sustainability" to "Reasonable growth with a path to profitability". Go back to the drawing board, adjust your business plan and pitch accordingly.
- g. Govt has created fund of funds for start-ups which is administered through SIDBI. Under this venture funds are provided support which is used for providing equity to start-ups.
- h. **The list of supported funds along with contact details are available in SIDBI website. (<http://www.sidbivcf.in/en/commitments>)**
- i. You may go through the list and find from their respective site as to their objective and reach them directly.
- j. SIDBI also conducts regular interaction with the venture funds through its program (Investor Day / Lets Partner). You may also participate in such meets for finding potential investors.
- k. You may also reach out to various angels/angel networks spread across various geographies of the Country.
- l. Optimise for runway instead of valuation at this point – a flat round that gives you 12 months' visibility would be a desirable outcome.
- m. Be persistent but patient and stay positive.

COVID-19

Startup Assistance Scheme (CSAS)

In a bid to help Startups tide over the liquidity crunch faced due to COVID-19 pandemic, SIDBI, has launched COVID-19 Startup Assistance Scheme (CSAS).

Under the scheme, loan amount up to Rs. 2 crore per Startup can be availed for up to 36 months, including a moratorium of up to 12 months.

The objective of CSAS scheme is to provide financial assistance to GoI defined Startups who have got at least one round of funding through SEBI registered Venture Capital Funds and whose cash flow has been adversely affected by the COVID-19 pandemic.

The assistance can be used for various working capital requirements. The loan may also be considered against outstanding GST refund.

Link to know more about the scheme: <http://sidbivcf.in/en/csas>

**“Chase the vision, not the money;
the money will end up following you”
– Tony Hsieh**