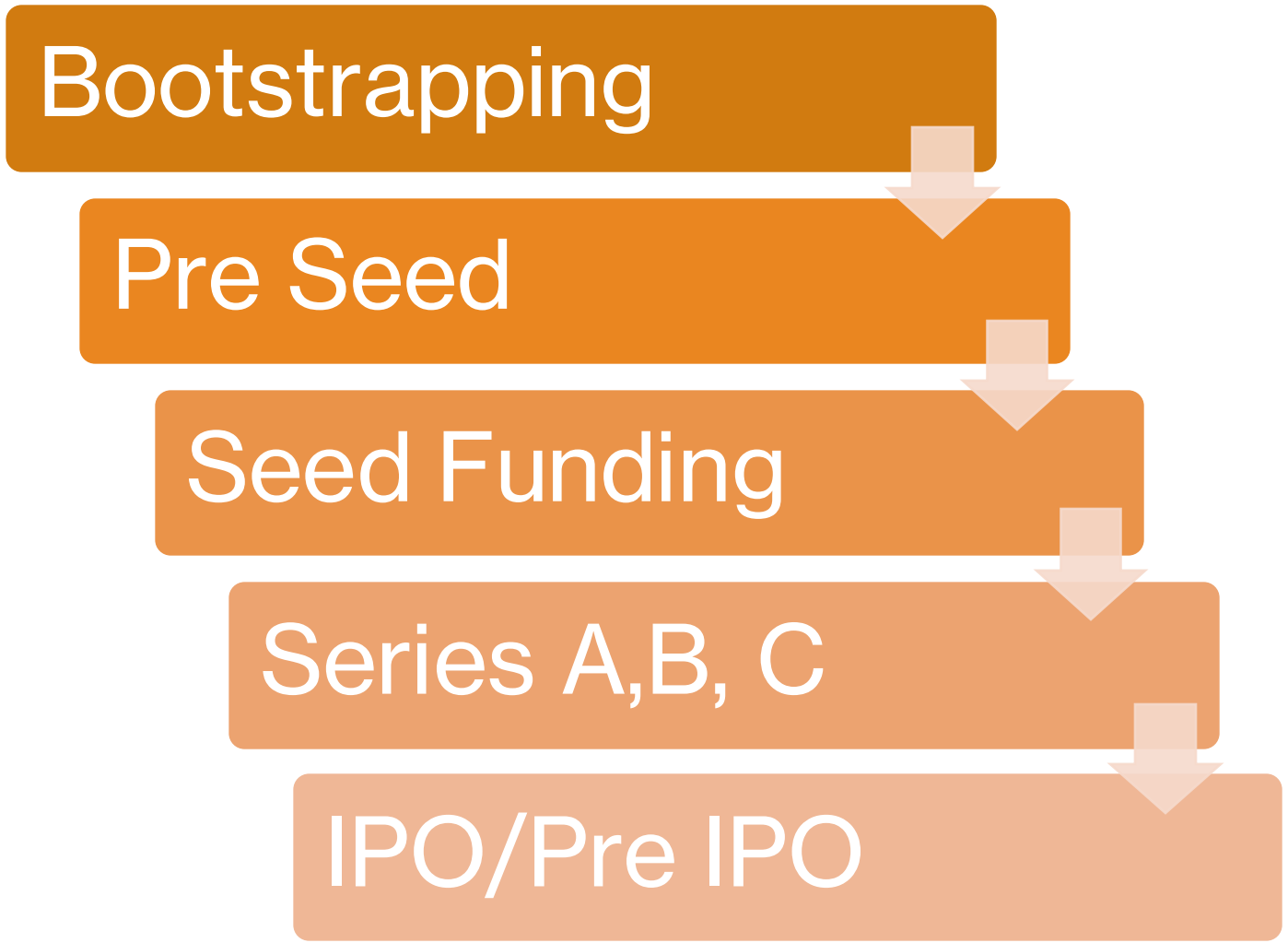
#startupindia

Ranadheer Alokam
Regional Business Leader – MIB
Yes Bank, Chennai

Stages of Startup Funding



Eligibility Criteria for Startups:

A company can be recognized as a Startup under the Startup India initiative (administered by the Department for Promotion of Industry and Internal Trade – DPIIT)

Eligibility Criteria :

- The company must be within 10 years from the date of incorporation and 20 years from the date of incorporation for DeepTech Startups.
- Type of Entity : Ltd, Pvt Ltd, LLP, Registered Partnership Firm(Exclusions : Sole Proprietorship, Trusts, Societies)
- Turnover Criteria : Annual turnover must not have exceeded Rs. 200 crore and for DeepTech Startups, cap is at Rs. 300 Cr
- Core Business : Innovation, Development or improvement of a product, process, or service, business model with high potential for job creation or wealth creation
- Note : Entity should not be created as a part of merger, demerger, acquisition or amalgamation

ELIGIBILITY CRITERIA

Criteria	Requirement
Age	≤10 years (≤20 years for DeepTech)
Entity Types	Pvt Ltd, LLP, Partnership Firm, Cooperative Society
Turnover	≤ Rs 200 crore (≤ Rs300 crore for DeepTech)
Innovation Requirement	Must work on innovation / improvement / scalable model
Original Entity	Not formed by splitting / reconstruction

Programme	Key Support Area
Startup India	Ecosystem, tax relief, compliance benefits
SISFS	Seed funding up to ₹50 lakh
FFS	VC fund-of-funds support
CGSS	**Credit guarantee for startup loans**
AIM	Innovation labs & incubation
NIDHI	Deep-tech incubation & seed support
TIDE 2.0	ICT startup grants
MSH	Digital startup ecosystem & mentorship
SAMRIDH	Accelerator + market access
ASPIRE	Rural and agri startups
MUDRA	**Micro-loans**
Stand-Up India	Loans for women & SC/ST entrepreneurs
Digital India	Digital infra & tech innovation
Make in India	Manufacturing sector incentives
BIG (BIRAC)	Biotech R&D grants
MGS	Industry-academia grants
SIP-EIT	Patent filing support
National Startup Awards	Cash rewards & pilot opportunities

Banks role in Startup Funding :

Product	Purpose
Cash Credit/Overdraft	For meeting operating cycle
Bank Guarantee/Letter of Credit	To fulfill the C obligations with Buyer/Seller
Term Loan	CAPEX
Equipment Loan	CAPEX

BANK SPECIFIC REQUIREMENTS

Business Model	Innovative and Scalable
Minimum Vintage	2 Years
Revenue	To be in increasing Trend YoY
Promoter Background and Vintage	
Eligibility for Working Capital (Fund Based and Non- Fund Based)	20% of the Turnover
Limit Cap	Upto 20 Cr

Eligibility Criteria for CGSS

Basic Parameters	▪ To be recognized as Startup by DPIIT ▪ Stable Revenue Stream over 12 month period ▪ Not in Default or not classified as NPA ▪ Minimum Business Vintage of 3 years from date of Incorporation
Credit Assessment	▪ Positive EBIDTA as per latest Audited Financials ▪ DSCR >1.2x as on latest Audited Financials ▪ TD/EBIDTA < 3x ▪ Nil 30+ DPD in last 3 months

Extent of Guarantee	<table><tr><th>Loan Amount</th><th>Guarantee Cover</th></tr><tr><td>Upto 10 Cr</td><td>85%</td></tr><tr><td>>10 Cr to 20 Cr</td><td>75%</td></tr></table>
Banking Arrangement	Sole
Security	Exclusive charge on Assets

KEY POINTERS ON ASSESSMENT FOR JUDGMENTAL LENDING

Founders Profile :

Relevant professional experience in domain.

Achievements of founders till date.

Founders vision of business.

Are they ahead of technology curve?

Who are the critical members of founders and management team.

KEY POINTERS ON ASSESSMENT FOR JUDGEMENTAL LENDING

Financial Parameters:

Has any external investors have invested till date?

What is cash burn rate and runway?

Trajectory of valuation with each round

Visibility of profitability

Operating cash flows mismatch

Projected growth is compounded or linear?

INDUSTRY RISK

Technology obsolete?

Emergence of alternative products

Geo political risks.

Supply Chain vulnerabilities

Sunrise Sectors or traditional sectors?

CASE STUDY

Established in year : 2019

Business Profile : Providing end to end online services & Support for Warehousing, Logistics and C & F.

Initial Investment by Promoters : Rs. 0.12 Cr.

Bank funding under CGSS : Rs. 6 Cr in FY 23

