



## **Session on Angel Investment and VCFunding Opportunity for Early Stage Entrepreneurs**

The Institution's Innovation Council (IIC) and Student Startup & Innovation Policy (SSIP) VNSGU organized an Expert talk by Mr. Shubham Bhandari (Investment Banking | Raising Funds for Early Stage Tech Start-ups, Ex- Grant Thornton) on 28 July 2023 at 10:30 AM at Department of Business and Industrial Management (DBIM), VNSGU. In this event, there were a total of 115 participants and 10 faculties present for the session.

At the beginning of the session, Mrs. Devanshi Solanki gave brief information about today's topic and introduce the key speaker of the event Mr. Shubham Bhandari (Investment Banking | Raising Funds for Early Stage Tech Start-ups, Ex- Grant Thornton)

Mr. Shubham Bhandari was the keynote speaker. Mr. Shubham Bhandari explained, the most basic and important question is - "How to fund your start-up?" What do you do if you don't have cash in your wallet? Overview of financing options Non- Equity Financing, Self-Finance/ Bootstrapping, Debt/ Bank Finance, Equity Financing, Angel financing, Venture capital, Private equity, Public stock markets. Understanding the options It is important to explore and understand the full range of options available to an entrepreneur. Luckily, there are still options for funding new companies, but finding and securing the cash will take careful research, good negotiating skills, and, above all, dedicated commitment to launch your business. Few options for raising funds by start-ups are provided Family and friends, Crowd funding, preferred stock and convertible debt, Angel investment, Venture capital

### **Angel Investment**

Angel investment can go beyond the purely financial. The advice and connections that a good angel investor can offer can be equally as valuable. Angel investors are willing to take on a risk of a brand-new start-up.

### **Venture Capital**

Venture capitalists aim to invest in early-stage businesses with high growth potential. Traditionally venture capitalists received equity in the business in exchange for funding it. However, these days they typically demand a mixture of equity and debt financing.

## **Source of Funding/ Raising Capital**

Both long term funds and working capital- is one of the biggest issues and challenges for any start-up looking towards scale, sustainability and success. Depending on the business model and regulatory considerations, choice of entity will play a key role in determining the options of capital available (i.e., grant capital vs. commercial capital), sources of capital available (i.e., domestic capital vs. foreign capital) and manner of engagement with the funders- therefore, choice of legal entity should also be made through the lenses of the proposed sources of capital.

## **Funding for start-ups in India**

Debt financing; - invested funds to be repaid within a stipulated time frame with interest. Banks, non- banking financial institutions, government loan schemes (CGTMSE, Mudra loan, Stand-up India) are sources of funding.

Equity funding: - there is no component of repayment of the invested funds. Equity fund investors share the risk and usually prefer to involve themselves in decision making process. A source of funding includes angel investors, self-financing, family and friends, venture capitalists, crowd funding, incubators/ accelerators.

## **What is Venture Capital Investing?**

Venture capital investing is a type of private equity investing that involves investment in a business that requires capital. The business often requires capital for initial setup (or expansion). Venture capital investing may be done at an even earlier stage known as the “idea phase”. Venture capitalists provides funds in 3 stages: - seed stage capital ( R &D of new products and services), early stage capital (initial operation and basic production) and later stage production (after business starts revenue).

## **Difference between VC and Angel investor**

As two of the most common alternative sources of funding, angel investors and venture capitalists cater to innovative start-up businesses, and both tend to prefer companies related to technology and science. There are some important differences between venture capitalists and investors: - An angel investor works alone, while venture capitalists are part of a company. As angel investors work alone, they have relatively limited financial capacity and may not always fund to full capacity. Venture capitalists, on the other hand, invest an average of \$7 million in a company.

A venture capitalist looks for a strong product or service that holds a strong competitive advantage, a talented management team and a wide potential market. Angel investors are primarily there to offer financial support and may not be obliged to get involved in the business.

### **Small industries development bank of India (SIDBI)- Fund of Funds**

In line with the start up India action plan, the cabinet approved the establishment of 'Fund of Funds for start-ups (FFS) at SIDBI for contribution to various alternative investment funds (AIFs) with a corpus of INR 10000 crore. To encourage the government agenda of boosting entrepreneurship by providing indirect funding to emerging start-ups through the provision of funds to venture capital (VC) funds present in the Indian start up ecosystem.

At the end, he took a small quiz to check the understanding of the participants, many gave accurate answers.

To conclude the session Mr. Devanshi Solanki gave the vote of thanks by thanking the speaker Mr. Shubham Bhandari for sparing his precious time and sharing his knowledge with participants, also thank Institution's Innovation Council, Moe's Cell, MHRD, and Veer Narmad South Gujrat University for their support throughout the session. He also thanks Dr. Manish Sidhpuria (Professor & Head Department of DBIM), the VNSGU Team, and all present participants. This event was organized by Institution's Innovation Cell under the guidance of VNSGU Vice-Chancellor Dr. Kishorsinh N Chavda Sir, and Dr. Rameshdan C Gadhvi (Registrar VNSGU).

### **Some Glimpse of this event**





