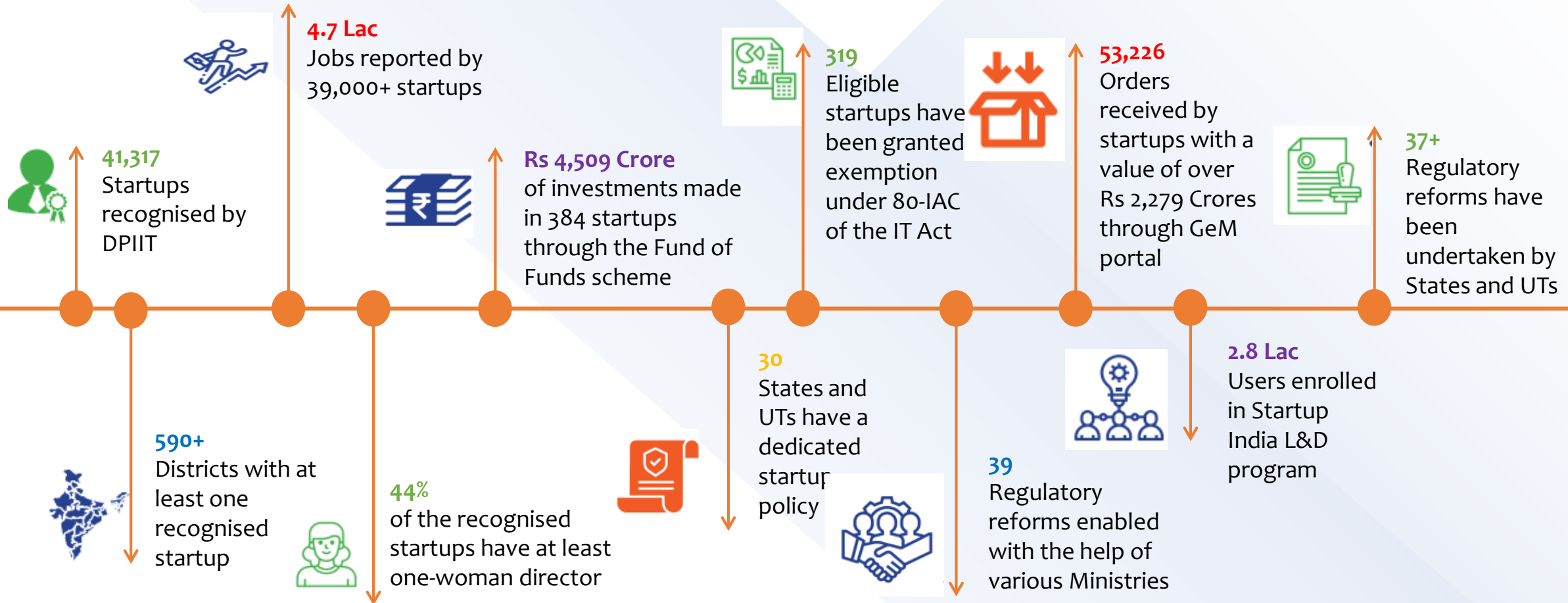




INVESTMENTS IN START-UP

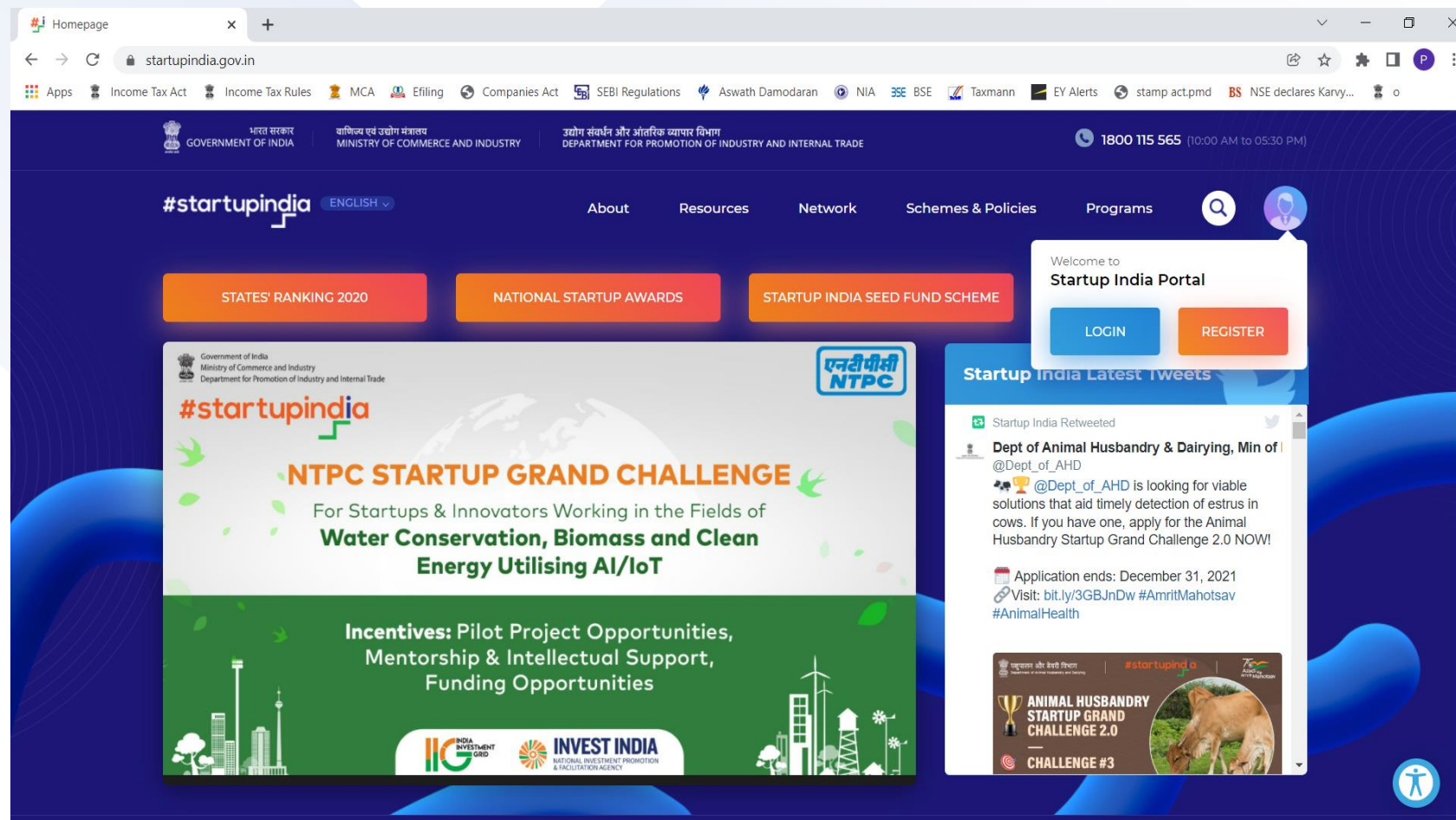
Startups Scenario in India



Source: startupindia.gov.in (January 2016 – December 2020)

Glimpses of Startup Website

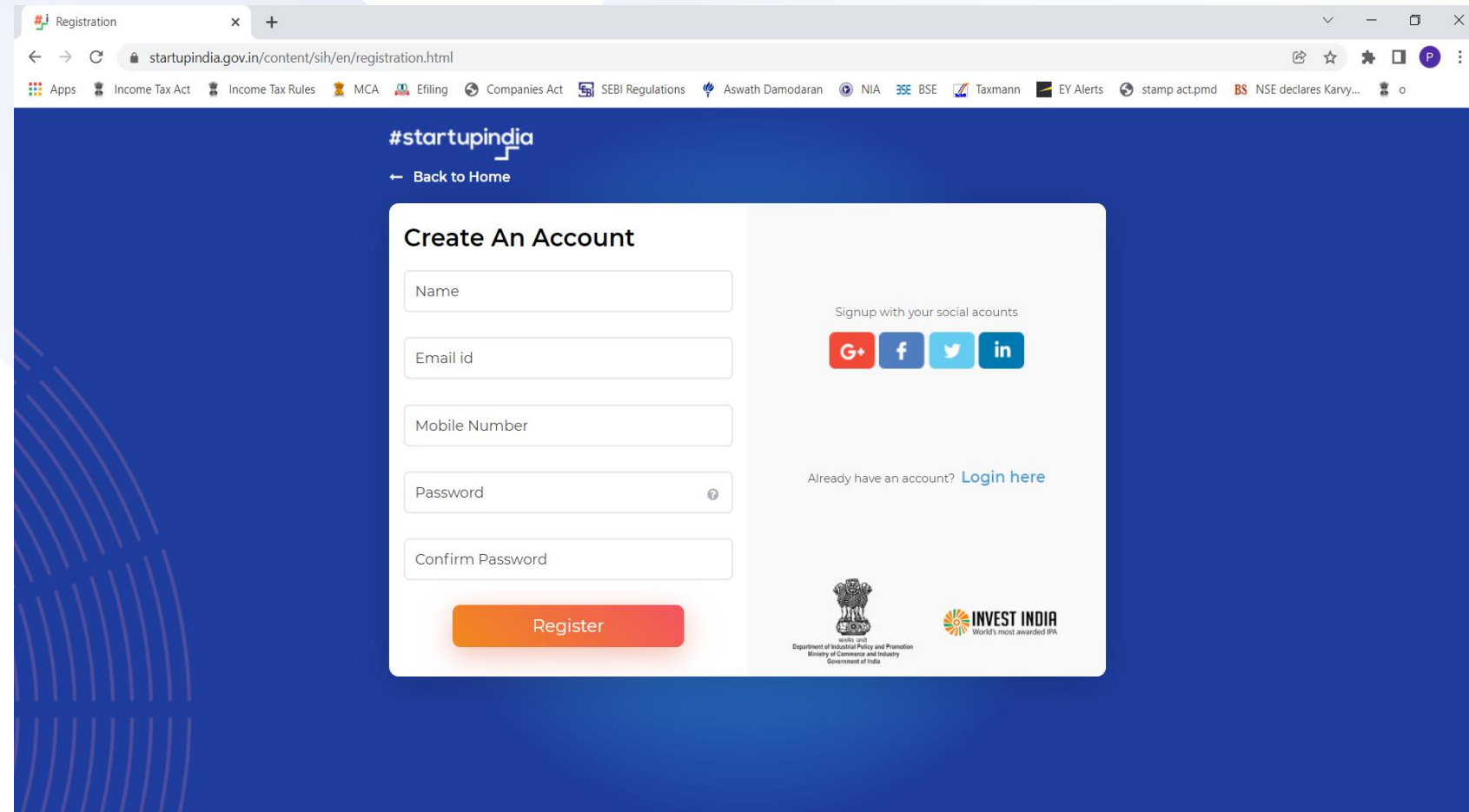
Startup India website homepage



The screenshot shows the homepage of the Startup India portal. At the top, there is a navigation bar with the following links: About, Resources, Network, Schemes & Policies, and Programs. The main header features the #startupindia logo, a language selector set to ENGLISH, and a contact number 1800 115 565. Below the header, there are three prominent buttons: STATES' RANKING 2020, NATIONAL STARTUP AWARDS, and STARTUP INDIA SEED FUND SCHEME. A central banner promotes the NTPC Startup Grand Challenge, which is focused on Water Conservation, Biomass, and Clean Energy Utilising AI/IoT. The banner also lists incentives such as Pilot Project Opportunities, Mentorship & Intellectual Support, and Funding Opportunities. On the right side, there is a 'Startup India Latest Tweets' section featuring a tweet from the Dept of Animal Husbandry & Dairying, Min of I, regarding the Animal Husbandry Startup Grand Challenge 2.0. The bottom of the page includes logos for the India Investment Corp and Invest India.

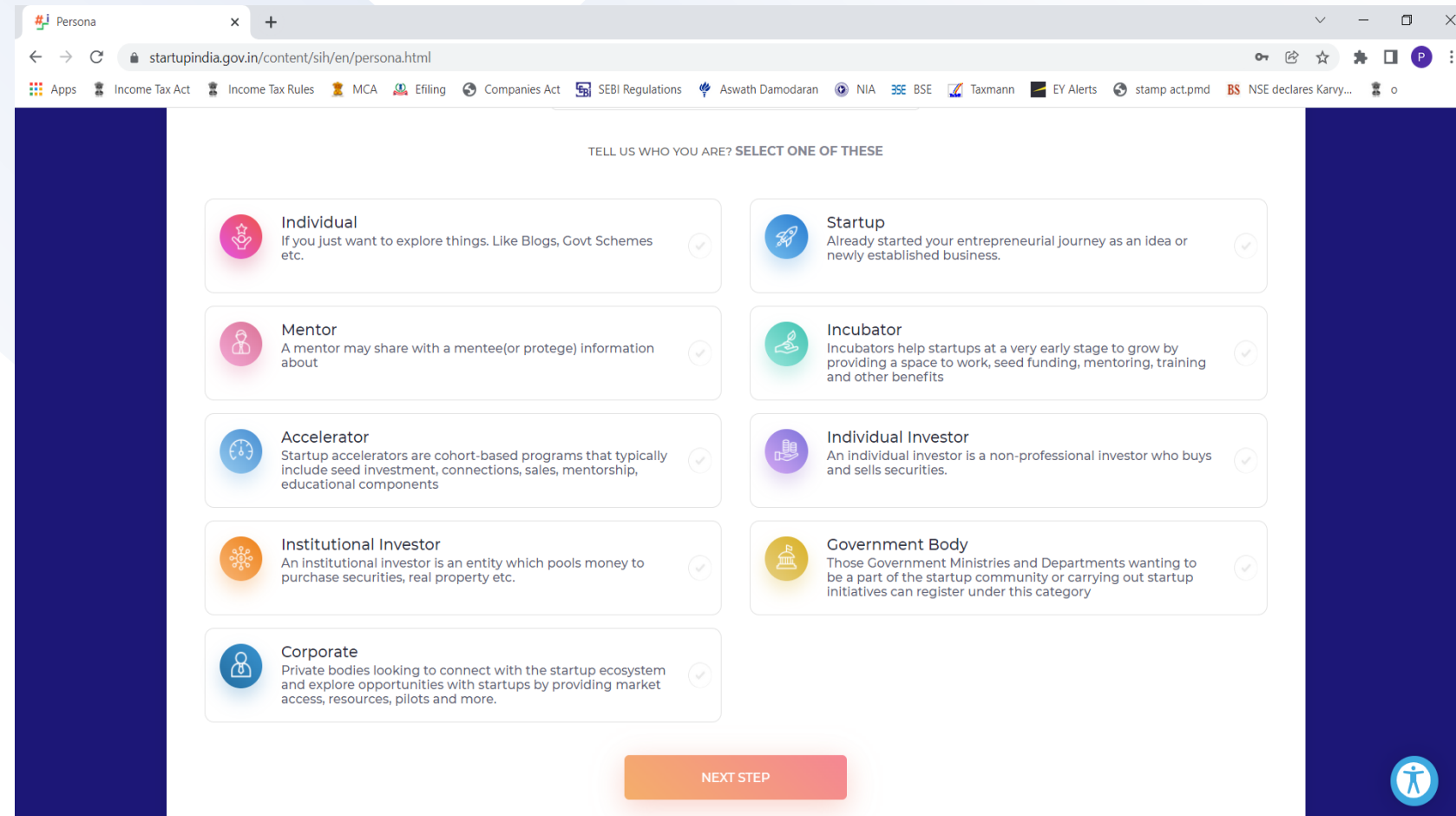
Glimpses of Startup Website

Registration on Startup India as a New User



Glimpses of Startup Website

Selection of the kind of user/ applicant



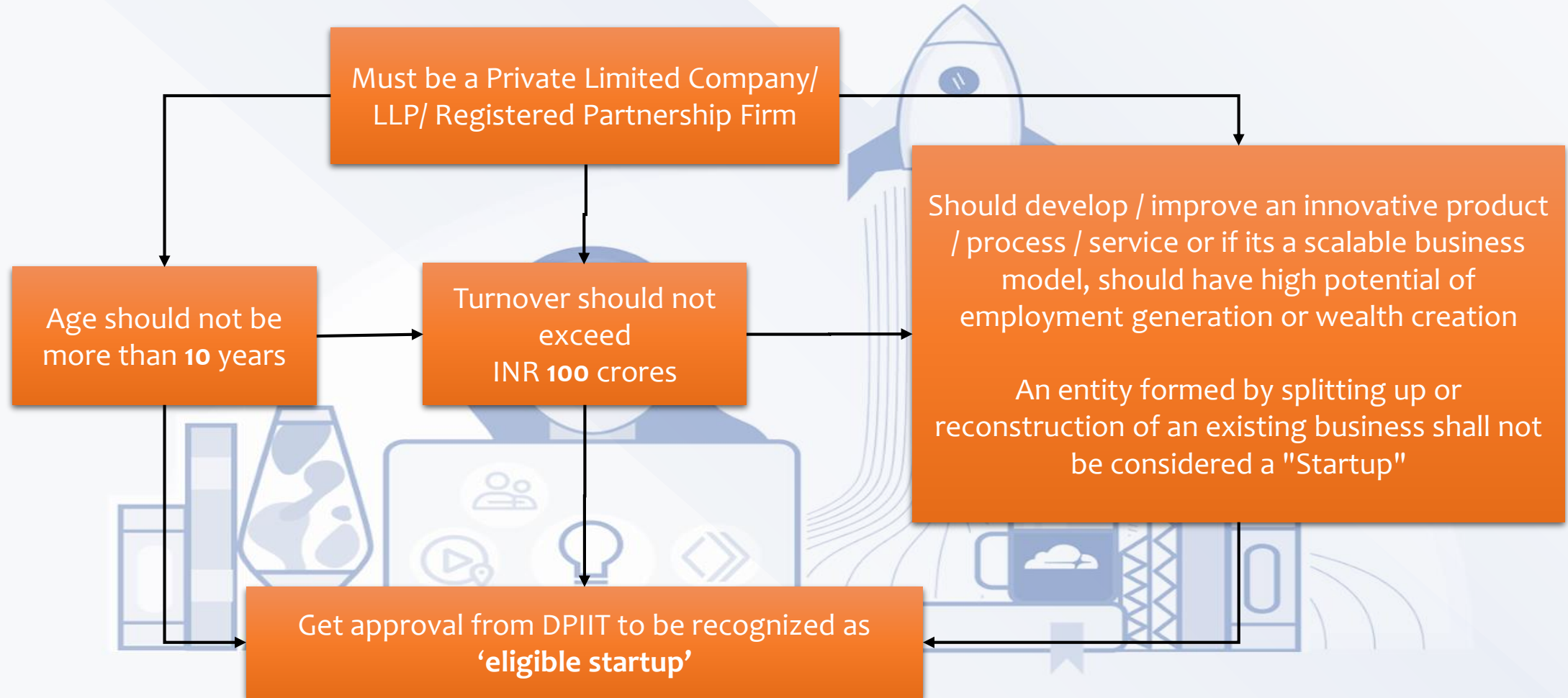
The screenshot shows a web browser window with the URL `startupindia.gov.in/content/sih/en/persona.html`. The page title is "Persona". Below the browser window, a form titled "TELL US WHO YOU ARE? SELECT ONE OF THESE" is displayed. The form contains ten selection options, each with a colored icon, a title, a description, and a checked checkbox:

- Individual**: If you just want to explore things. Like Blogs, Govt Schemes etc.
- Startup**: Already started your entrepreneurial journey as an idea or newly established business.
- Mentor**: A mentor may share with a mentee(or protege) information about
- Incubator**: Incubators help startups at a very early stage to grow by providing a space to work, seed funding, mentoring, training and other benefits
- Accelerator**: Startup accelerators are cohort-based programs that typically include seed investment, connections, sales, mentorship, educational components
- Individual Investor**: An individual investor is a non-professional investor who buys and sells securities.
- Institutional Investor**: An institutional investor is an entity which pools money to purchase securities, real property etc.
- Government Body**: Those Government Ministries and Departments wanting to be a part of the startup community or carrying out startup initiatives can register under this category
- Corporate**: Private bodies looking to connect with the startup ecosystem and explore opportunities with startups by providing market access, resources, pilots and more.

At the bottom right of the form is a red button labeled "NEXT STEP".

Tax benefits to startups

Definition of Startup



Startups and Tax Elements

Tax Holiday under section 80-IAC

Under Section 80-IAC of IT Act, Startup can avail tax holiday for **three** consecutive financial years out of its first **ten** years since incorporation

Eligibility Criteria for applying to Income Tax exemption:

- Entity should be a recognized Startup by DPIIT
- Only private limited or a LLP is eligible for tax exemption
- Startup should have been incorporated after 1st April, 2016

Tax Exemption under section 56

Eligibility criteria for Tax Exemption under section 56(2)(viib) of IT Act:

- Entity should be a DPIIT recognized Startup
- Aggregate amount of paid-up share capital and share premium of the startup after the proposed issue of share, if any, does not exceed INR 25 Crore
- Startups shall adhere to the end use restrictions

Carry Forward of Losses

Provisions of Section 79 of IT Act, gets triggered when there is change in shareholding > 49%.

However, carry forward of losses in respect of **eligible start-ups** allowed if all shareholders who held shares carrying voting power on the last day of the year in which the loss was incurred continue to hold shares till last day of previous year in which such loss is to be carried forward

Therefore, restriction of holding of 51 % of voting rights to be remaining unchanged u/s 79 of IT Act has been relaxed in the case of eligible startups

Startup Funding

Funding stages

1

Self Funding

- # Initial investment by founder(s)
- # Funding by way of Equity or Loans

02

Friends & Relatives

- # Funding by way of Equity, Loans or Gifts
- # Tenure – 2 to 3 years

03

Angel Investor

- # Individual or Entities with surplus cash
- # Generally invests in form of Equity
- # Tenure – Min 5 years

Fund Raise Cycle of Start-ups

04

Banks & Financial Institutions

- # Term Loans
- # Working capital loans

05

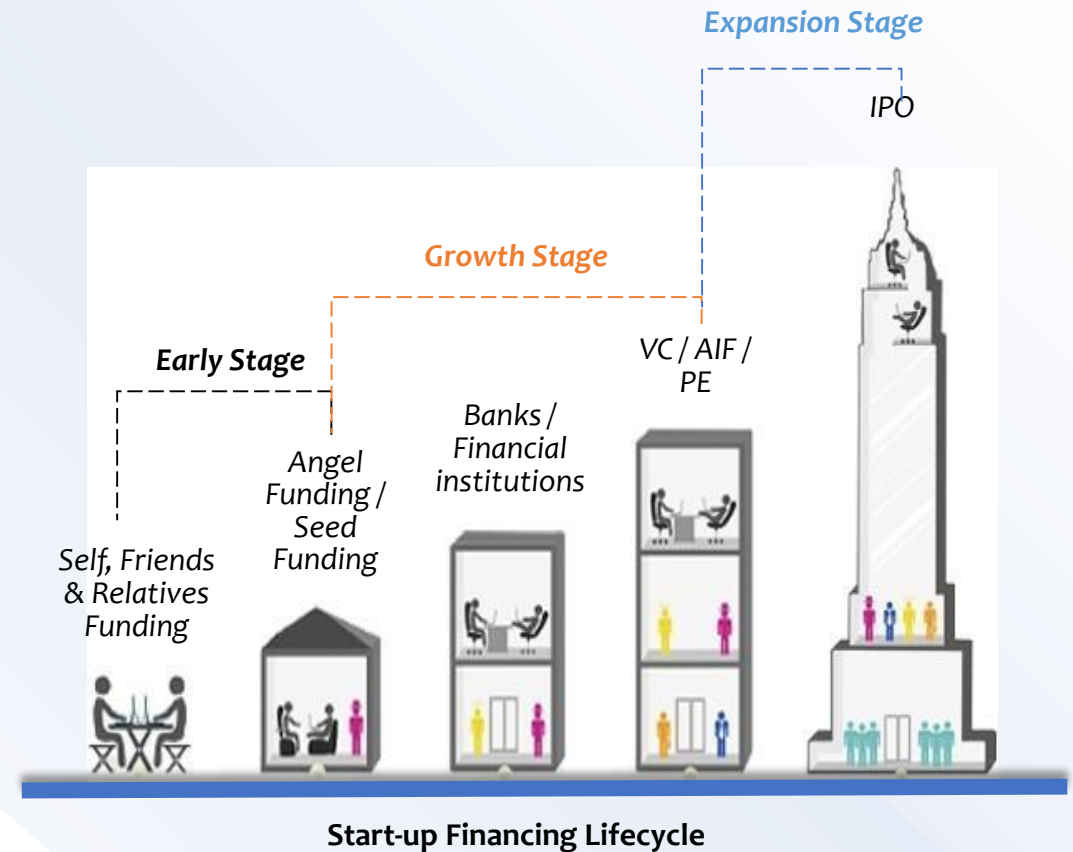
VC/ AIF/ PE

- # Funds to accelerate growth
- # Funding by way of Equity or Loans

06

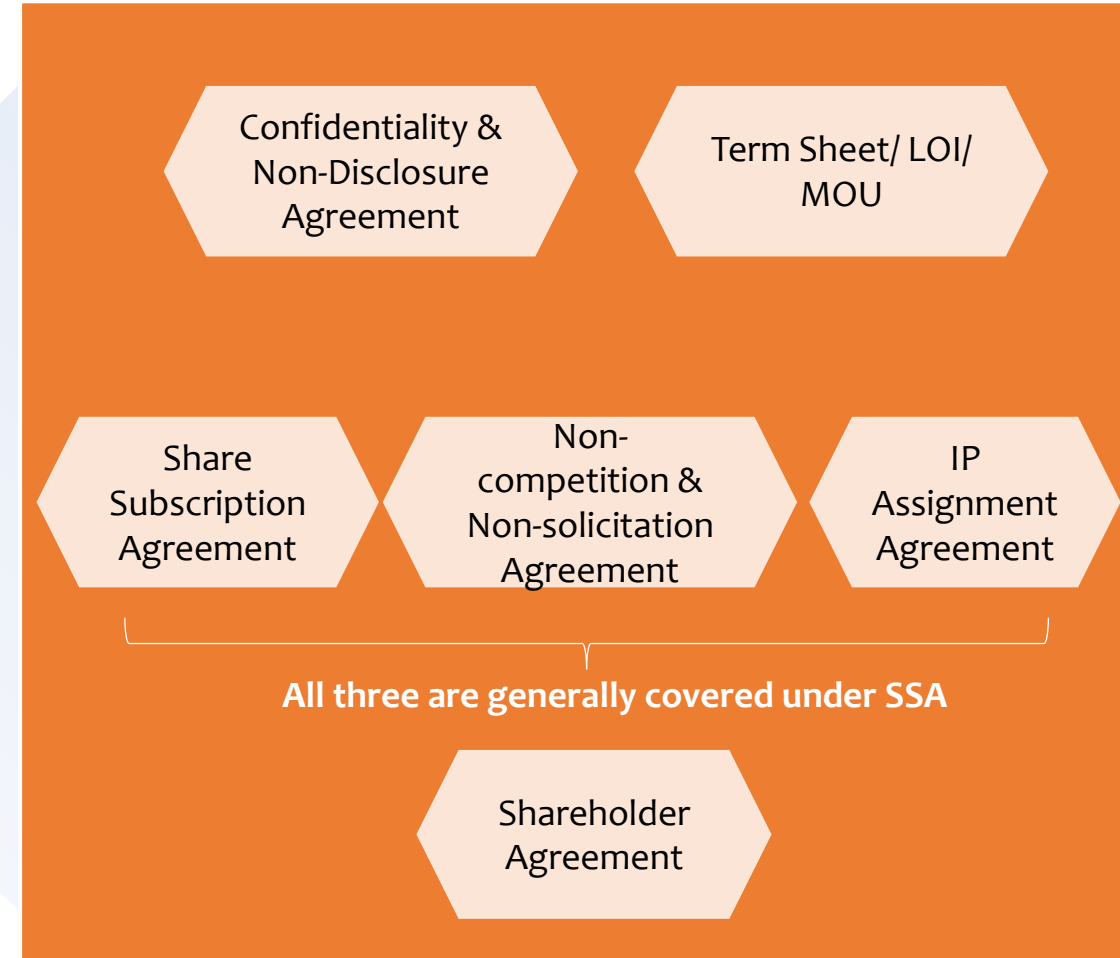
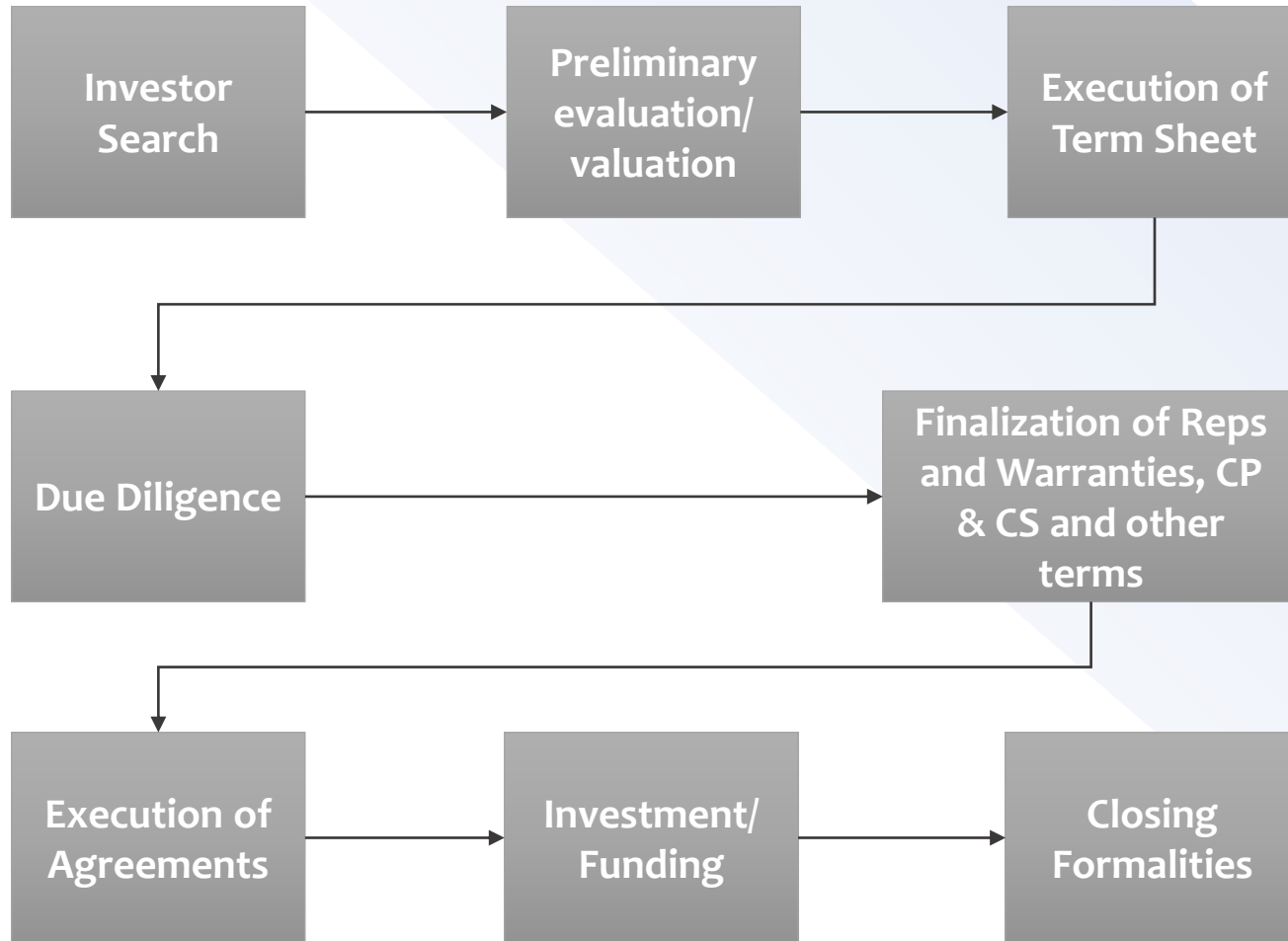
Public Market

- # Expansion of business by raising funds from public
- # Exit opportunity for existing investors
- # Listing

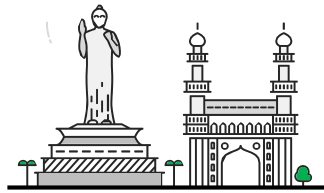


Start-up Financing Lifecycle

Fund raise process and documentation

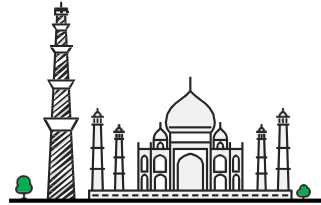


Contact us



HYDERABAD

Suite 5, Level 3, Reliance Cyber
Ville., Madhapur, Hitech City,
Hyderabad – 500081



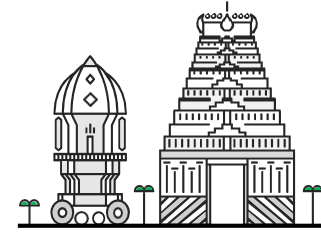
DELHI

C- 699A, 1st Floor, Sector-7, Palam
Extn., Dwarka, New Delhi, Delhi
110075



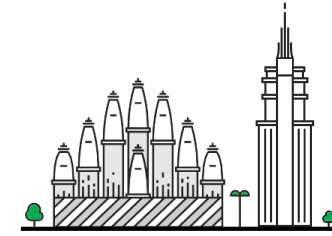
MUMBAI

Flat no.3, Plot no.226/227, Sion
East, Mumbai - 400022



CHENNAI

Old no 19, New no 13B, New
Bangaru colony first Street, KK
Nagar West, Chennai 600078



BANGALORE

90/1, 3rd Floor, Pasha South
Square, Rathavilas Road,
Basavangudi, Bangalore -
560004

Vizag: Level 3, Kupilli Arcade, Akkayyapalem, Visakhapatnam 530016,
Andhra Pradesh

Vijayawada: # 56-11-3, Sri Devi Complex, Y.V.R Street, MG Road, Patamata, Vijayawada, Andhra
Pradesh

Tirupati: H. No: 6-154/1, Syamala Nilayam, Near Water Tank, Akkarampalli, Tirupati, Andhra Pradesh

Kurnool: #21, Top Floor, Skandanshi Vyapaar, New Bus Stand Road, Kurnool 518 003, Andhra
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Thank You



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