

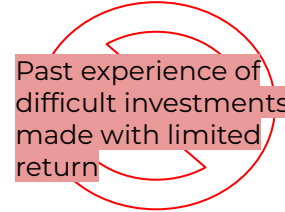
# Startup Funding Innovation-2W



Crowded market with CKD player



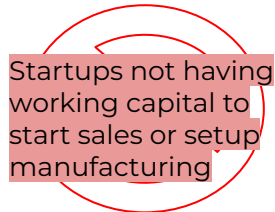
Limited exist options for investors in present scenario



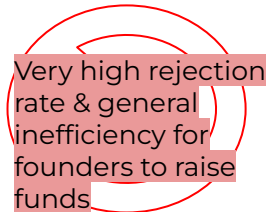
Past experience of difficult investments made with limited return



How will new startups compete with larger established entities or massively funded companies



Startups not having working capital to start sales or setup manufacturing



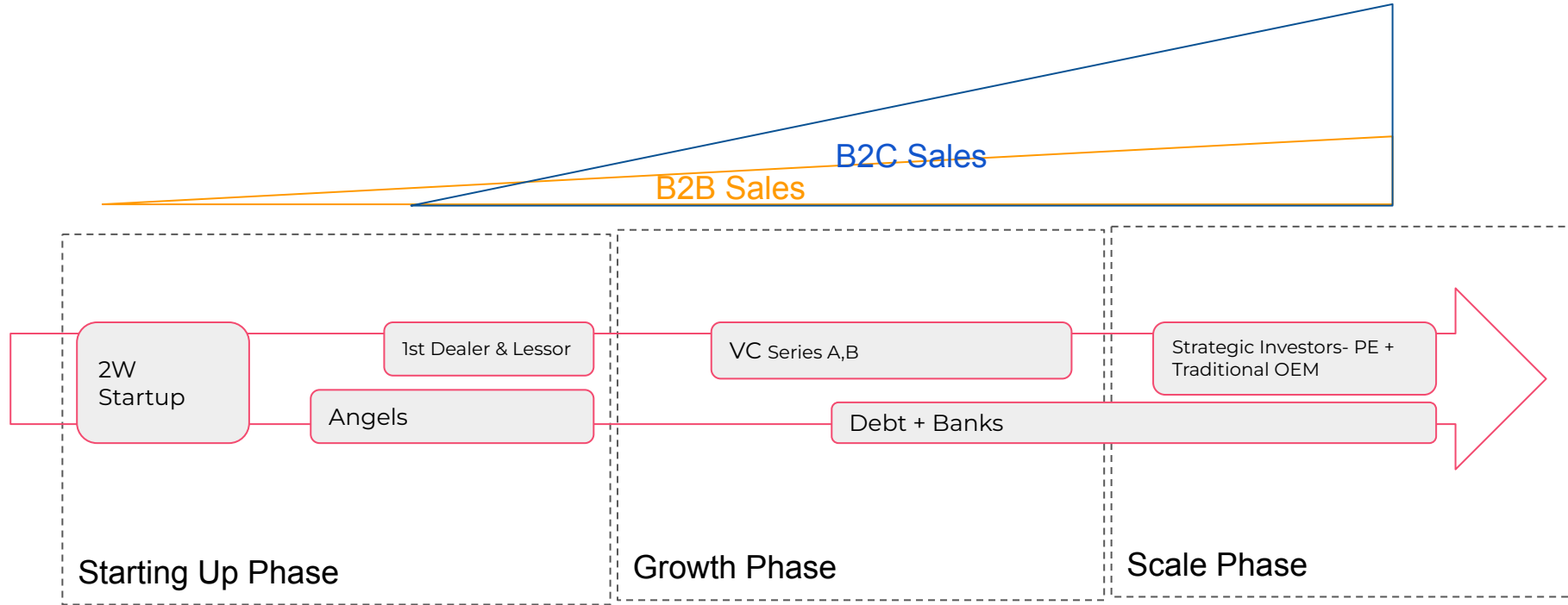
Very high rejection rate & general inefficiency for founders to raise funds



Limited knowhow sharing & industry wide support



Poor financing modelling & expensive buyout deals



## 1st Dealer & Lessor

### Condition :

- mature product
- demand assurance
- great PMF
- great brand

### Give :

- Bulk order for 100-500 vehicles
- financial capacity to lease to early customers & Fleets
- Guidance retails sales

### Take :

- Sales margin
- lease interest income
- Equity upto 5%

## Angel Investor

### Condition :

- promising product vision
- reasonable exit plan
- good interest from institutional investors

### Give :

- Capital on equity with high risk on himself
- mentoring & guidance
- Introductions to Institutional investors

### Take :

- Equity upto 10-15%
- Preference in exit
- some might be interested in joining the core team in future

## Venture Capital

### Condition :

- good exit plan with good returns
- assurance of follow up investors
- unique IP & brand

### Give :

- significant capital with high risk appetite
- accelerated networking follow up investors
- opens up financial ecosystem

### Take :

- Equity 20-30%
- Board seat/s
- participation in company vision control to secure their investment & might take reasonable ops indirect control

## Debt & Banks

### Condition :

- good gross margin to repay interest / EMI
- collateral (for banks )
- good sales assurance

### Give :

- fixed cost of capital
- cash at no equity dilution
- convertible debt by NBFCs
- collateral free debt based on revenue via NBFCs/ Fintech

### Take :

- Revenue share
- Margin share which might affect profitability
- affect credit score

## Strategic Investors

### Condition :

- good sales with strong IP & business Ops
- aligned with core business / interest

### Give :

- significant capital for niche situations which are not interesting to institutional investors
- take business to scale leveraging their existing ecosystem & financial strength
- reasonable exit to founders

### Take :

- controlling equity or acquisition
- commitment for 2-3 yr transition time

## XEV.FiN enabled SI ecosystem

- Strategic investors (SI) like traditional OEMs , Auto component manufacturers , PE or family offices
- Startup connect with these in early sales - startup phase
- **Startup Offer 40-50% discount** in equity cost to acquire startup if a agreement is signed now
- Startup agrees to meet milestones in terms of sales , investments , IP development , geographical presence , dealership network, high performance team & senior leadership etc
- **SI does not pay anything today - ZERO financial risk**
- SI signs up agreement and issues a Bank Guarantee (BG ) with a letter of intent.
- **Startup has option to choose to sell the company at predetermined valuation & discount or continue independent operations**
- OFAA offer will be valid for 3-4 years only during which startup needs to take a decision to exercise the option or not.
- Startup will also offer right to first refusal to SI incase startup want to explore others for acquisition
- Startup also will commit not to build vendor base from black listed entities at SI or anyone SI deems not fit for them to operate with in future when they acquire the business
- SI will have right to appoint board observer to ensure terms of agreement and startup operations are aligned.

