

Certificate in Entrepreneurial Finance

Syllabus

1: Foundations of Entrepreneurial Finance

- What is Entrepreneurial Finance: Differences from corporate finance; financial lifecycle of a startup
- The Venture Lifecycle: Ideation → Seed → Growth → Exit; funding needs at each stage
- Key Stakeholders: Founders, angels, VCs, family offices, banks, government funds
- Risk & Return in Startups: Asymmetric risk; probability weighting; expected value
- Common Financial Mistakes by Founders: Burn rate confusion; over-optimistic projections; poor cap table hygiene

2: Financial Statements for Startups

- Startup Income Statements: Revenue recognition; COGS vs. operating expenses; recurring vs. non-recurring
- Balance Sheet for Early-Stage: Simple vs. complex cap tables; deferred revenue; intangible assets
- Cash Flow Statement: Operating, investing, financing cash flows — why cash is king
- Unit Economics: CAC (Customer Acquisition Cost), LTV (Lifetime Value), Contribution Margin, Payback Period
- Key Metrics by Sector: SaaS (MRR, ARR, Churn, Net Retention); Marketplace (GMV, Take Rate); E-commerce (AOV, Gross Margin)
- Footnotes & Disclosure: Convertible notes, ESOP pool, related-party transactions

3: Financial Planning & Forecasting

- Building a Financial Model: Assumptions, drivers, scenario planning (base/bear/bull)
- Revenue Forecasting: Top-down vs. bottom-up; cohort analysis; growth rates
- Expense Forecasting: Fixed vs. variable; headcount planning; marketing efficiency
- Cash Runway Analysis: Monthly cash burn; runway extension strategies
- Sensitivity & Scenario Analysis: Key drivers (CAC, Churn, Pricing); breakeven analysis
- Rolling Forecasts: Updating projections with actuals; variance analysis

4: Valuation of Early-Stage Ventures

- Why Startup Valuation is Different: No profits, limited history, high uncertainty
- Pre-Money vs. Post-Money Valuation: Simple calculation; dilution implications
- Venture Capital Method: Return-driven valuation; terminal value; target IRR
- Berkus Method: Qualitative factors (sound idea, prototype, team, relationships, sales)
- Scorecard/Benchmark Model: Comparing to similar startups; weighted adjustments
- Risk Factor summation Method: 12 risk categories (management, stage, funding, technology, etc.)
- Discounted Cash Flow: Applicability and limitations in early-stage
- Comparable Analysis: Public comps; precedent transactions (M&A)
- Valuation Across Stages: Pre-seed → Seed → Series A → Series B (typical ranges)

5: Funding Sources & Capital Raising

- Bootstrapping & Self-Funding: Pros, cons, and strategies
- Friends & Family: Legal considerations; relationship management
- Angel Networks: Role, profiles, expectations; angel networks
- Venture Capital: Stages (Seed, Early, Growth); fund structure (GP/LP); VC decision making
- Family Offices: UHNW family capital; patient capital; strategic alignment
- Corporate Venture Capital: Strategic vs. financial returns; examples
- Government & Institutional Funds: Fund of Funds (FFS), SIDBI, Startup India Seed Fund, etc.
- Debt Financing for Startups: Venture debt, revenue-based financing, MSME loans
- Crowd Funding & ICOs/STOs: Equity crowdfunding (SEBI regulations); token offerings
- Grants & Competitions: Non-dilutive funding sources

6: Term Sheets, Deal Structuring & Negotiations

- Anatomy of a Term Sheet: Key sections (valuation, investment amount, securities, governance, liquidation, anti-dilution)
- Securities Used: Equity (common, preferred); convertible notes; SAFE notes (Simple Agreement for Future Equity)
- Liquidation Preference: 1x, participating/non-participating, seniority (stacked vs. pari passu)
- Anti-Dilution Provisions: Full ratchet vs. weighted average

- Voting Rights & Board Compositions: Founder control vs. investor control; protective provisions
- Dividend Rights: Cumulative vs. non-cumulative
- Redemption Rights: Forced buyback provisions
- Drag-Along & Tag-Along Rights: Majority/minority protection mechanisms
- ESOP Pool: Size, refresh rights, pre vs. post-money
- No-Shop & Exclusivity Clauses: Restrictions on seeking other investors
- Negotiation Strategies for Founders: Trade-offs; what to prioritize

7: Investor Management & Governance

- Board Management: Board meetings; information rights; reporting frequency
- Investor Updates: Best practices; KPIs to track; transparency
- Cap Table Management: ESOP allocation; valuation changes; funding rounds; tools (Carta, Ledger, etc.)
- Founder Vesting & Acceleration: Cliff, vesting schedule; single/double trigger acceleration
- Corporate Governance for Startups: Advisory board; independent directors (when required)
- Compliance Requirements: ROC filings, board resolutions, annual returns
- Conflict Resolution: Founder-investor disputes; mediation

8: Cashflow & Working Capital Management

- Cash Burn & Runway: Gross burn vs. net burn; runway planning
- Working Capital Cycle: Inventory, receivables, payables — optimizing for growth
- Cash Flow Forecasting: 13-week rolling cash flow; scenario planning
- Managing Receivables: Credit policies; collections; factoring
- Managing Payables: Vendor terms; strategic deferrals
- Inventory Management: Just-in-time; safety stock; obsolescence risk
- Short-Term Financing Options: Overdraft; invoice discounting; supply chain finance

9: Venture Capital & Private Equity Math

- Internal Rate of Return (IRR): Calculation; limitations; VC target IRRs
- Multiple of Invested Capital (MOIC): Gross vs. net; realized vs. unrealized
- Dilution Analysis: Founder ownership over multiple rounds; option pool refresh
- Cap Table Pro-Forma: Modeling a new round; pre vs. post-money

- Carried Interest & Management Fees: 2/20 model; hurdle rates; catch-up clauses
- Fund Economics: GP/LP waterfall distribution; clawback provisions
- Pro Rata Rights: Right to participate in future rounds; value and cost

10: Exit Strategies & Liquidity Events

- Type of Exits: Acquisition (trade sale); IPO; secondary sale; buyback; winding down
- M&A Process for Startups: Sell-side preparation; hiring an investment banker; LOI; due diligence; earnouts
- IPO Readiness: Financial audits, corporate governance, SEBI regulations, DRHP
- Secondary Transactions: Selling shares to new investors or family offices; tender offers
- Exit Multiples & Valuation: Typical ranges by sector (SaaS, Fintech, D2C, etc.)
- Founder Exits & Considerations: Emotional, financial, and legacy planning

11: Entrepreneurial Finance in India – Context

- Indian Startup Ecosystem: Bengaluru, Mumbai, Delhi NCR, Tier-2 cities; key sectors (Fintech, SaaS, D2C, EdTech, HealthTech)
- Regulatory Framework for Funding: SEBI (AIF, Angel Fund, Startup definition), RBI (FDI, ECB), DPIIT recognition
- Government Initiatives: Startup India, Fund of Funds for Startups (FFS), Credit Guarantee Scheme, TIDE, NIDHI
- Key Investors & Funds in India: AIFs, Private Investors, Family Offices
- Indian Tax Considerations: Angel tax, ESOP taxation, capital gains on exit
- IFSC- GIFT City: Offshore fund structures, family office hubs