

Financial Modeling, Resources & Compliances



KNOW YOUR EXPERT

SRIRAM CHIDAMBARAM

Education

CGMA from CIMA, UK Fellow Certified Management Accountant from the ICWAI Qualified Company Secretary from the ICSI EGMP from IIM-Bangalore

Experience

- Founder and CEO at Srf Capital Studio
 - VP Finance at E4E, a US based IT/ITeS multinational
 - Head of finance at MAS Holdings, UK
-

Relevant Professional Expertise

- Managed various Boards during the corporate and consulting career
 - Working currently with more than 50 companies managing their finance function, doing monthly reporting, reviewing with management, giving strategic advisory
 - Mentor with more than 20 startup Incubators
-

WHAT DOES SRF CAPITAL STUDIO OFFER?



Strategic Consulting

- Project About the Organization
- Create Financial Model
- Funding Readiness
- Connect to the right set of investors
- Getting the funding
- Deal Closing



Finance Function

- Manage your books
- Ensure compliance
- MIS
- Investor reporting
- Audit Support
- Get the DD ready

Key Takeaways

- Financial Frameworks
- Building Strategy Playbook
- Social Impact Startups
 - Migrant Workforce Startups
- Challenges & Strategies
- Headwinds & Tailwinds - Migrant Workforce Startups
- Financial Modeling
- Unit Economics
- Metrics and its importance
- Understanding Deal Structuring

Components of a Startup

Business Models

- Manufacturing
- Service
- SaaS
- E-Commerce
- Marketplace

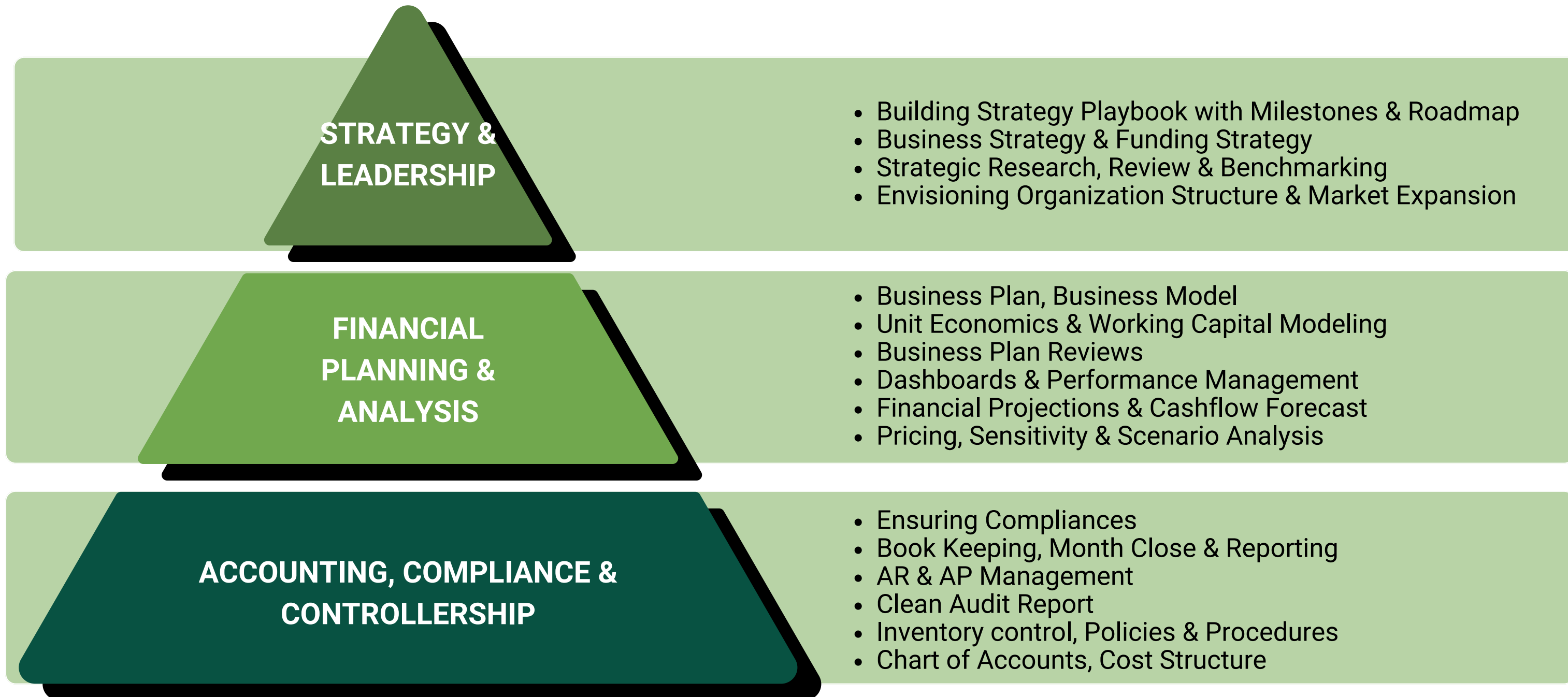
Customer Segment

- B2B
- B2C
- B2G
- B2B & B2C

Industry

AI, Big Data & Analytics Healthtech & Wellness
CleanTech **E-Commerce**
IT & Communication Fintech Agritech & New Food
SpaceTech Fashion & Beauty
EdTech Food & Beverage
Media & Entertainment Real Estate and Housing

The CFO Office Pyramid



Key Differences

Business Strategy

Business Plan

A business strategy sets out the purpose of your business, who it serves and what is the long term vision and mission. A strategy assesses and prioritizes options and then select the most advantageous. A business plan sets out how you will achieve your goals in detail, including the financial results.



What is your business?
What is your purpose?
Who is your customer?
Analysis of business environment
Competition and market gaps
How can you compete?



What business are you in?
What are your goals?
How will you achieve them?
What will be the financial benefit?
What investment do you need?

Building a Strategic Playbook for your Startup

Components of a Startup Strategic Playbook

- Vision and Mission
- Market Opportunity
- Value Proposition
- Business Model and Revenue Strategy
- Product and Technology Roadmap
- Go-to-Market Strategy
- Team and Organization Structure
- Financial Plan and Metrics
- Operational Excellence
- Risk Management and Compliance
- Fundraising Strategy
- Exit Strategy

Building a Strategic Playbook for your Startup

Focus on the
Basics First

Start with Key
Questions

Use Simple
Frameworks

Identify Key
Metrics Early

Keep It Lean
and Iterative

Leverage
Advisors and
Networks

Align with
Immediate
Milestones

Build a Minimal
Team
Framework

Emphasize
Cash Flow and
Budgeting

Mastering the Numbers: Build a Financial Model That Drives Strategy and Growth

Why is Financial Modeling Important

"Most startups don't fail because they lack a great product, they fail because they run out of cash. A well-constructed financial model gives you control over that."

Strategic Decision-Making

- Helps identify business levers (pricing, costs, customer acquisition).
- Supports informed growth planning and strategic decisions.
- Helps align strategy with financial performance.

Cash Flow and Runway Management

- Most startups fail due to cash shortages, not product failure.
- A financial model helps anticipate cash shortfalls and plan corrective actions.

Investor & Stakeholder Communication

- Demonstrates the company's financial health, growth potential, and risk profile to investors and stakeholders.
- Helps in securing funding by providing clarity on revenue, cost, profitability, cashflow

How can you implement a Financial Modeling?

Assumptions



- How will you acquire customers?
- What's the cost structure and scalability potential?
- What will drive revenue growth — pricing, volume, new markets?

Revenue Buildup



- SaaS → Monthly recurring revenue (MRR)
- Product → Unit sales × pricing
- E-Commerce → Conversion rates and average order value
- Services → Billable hours × rate per hour

COGS Structure



- SaaS → Cloud hosting, customer support
- Product → Raw materials, production costs
- Services → Direct salaries, project costs

Overheads & Working Capital

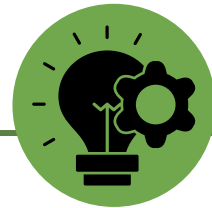


- Sales & Marketing → Scaling driver
- R&D → Future growth driver
- Cash Cycle → Inventory turnover, payment terms, deferred revenue

Focus Area - Financial Modeling across Business Models

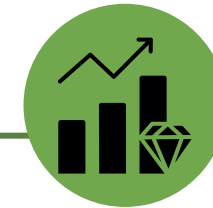
Business Model	Key Focus Area	Challenges
SaaS	MRR, churn, CAC vs LTV	High churn, payment delays
Manufacturing	Production efficiency, supplier terms	High CapEx, cash tied in inventory
Product	Sales volume, production cost	High working capital needs
E-Commerce	Conversion rates, AOV, fulfillment costs	Cart abandonment, refund rates
Services	Utilization rates, project margins	Misaligned staffing costs

Best Practices



Build Top-Down and Bottom-Up

Cross-check consistency



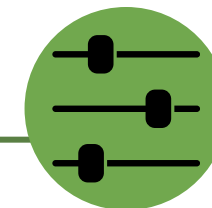
Focus on Drivers

Don't just project revenue; understand what drives it.



Scenario Planning

Build best-case, base-case, and worst-case models.

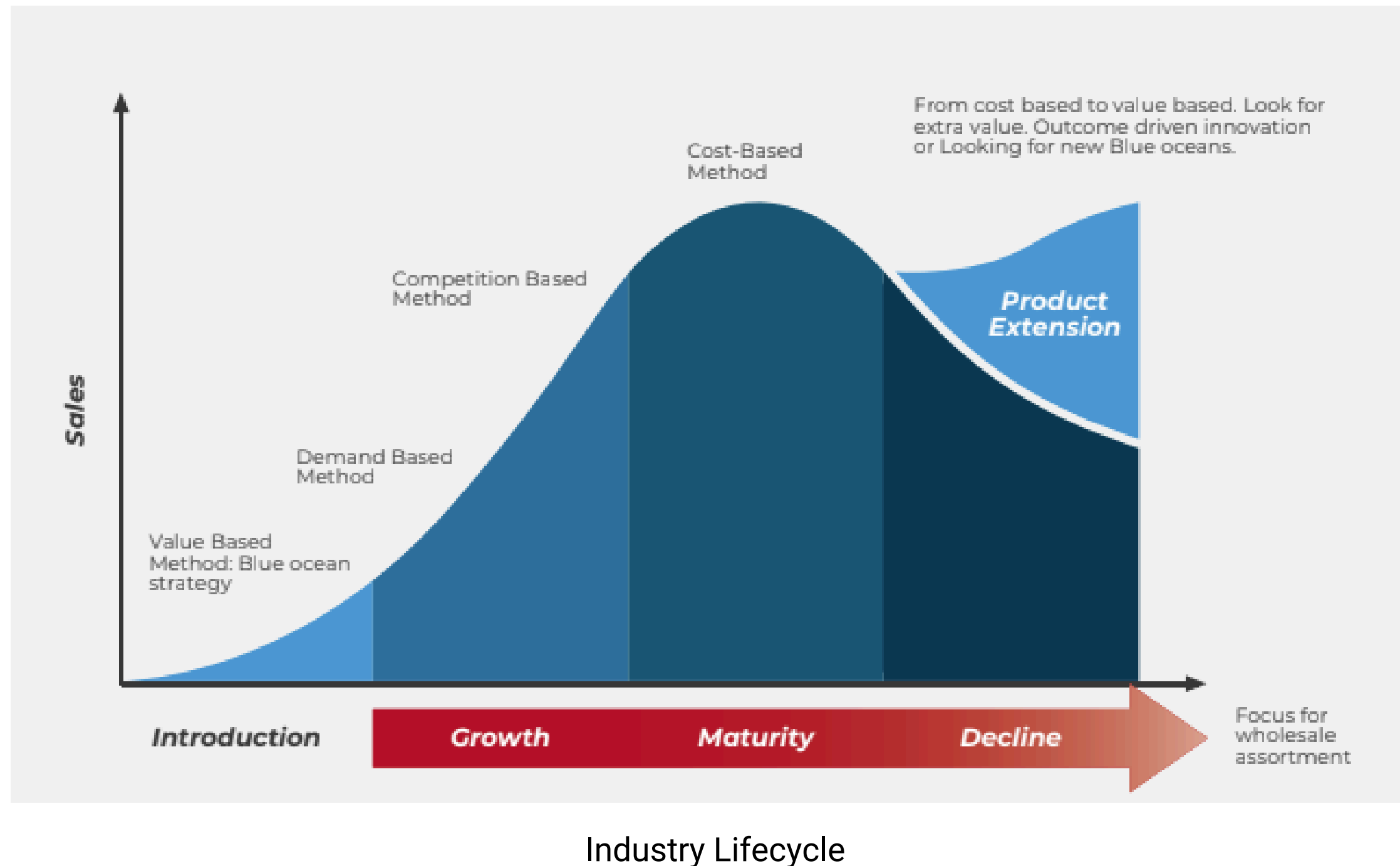


Track and Adjust

Update assumptions regularly based on actual performance.

Pricing for Profit: Unlocking the Right Pricing Strategy for Growth

Pricing Frameworks



- It is important to have an effective mechanism for discovering the appropriate pricing for your products and services.
- In the early stages, price is determined by the value perceived by the customer.
- In the growth stages, price is determined by external factors like demand and competition
- In the late stages, once the product has reached maturity, pricing can become cost based.

Key Differences

Price Discovery



Price Discovery is the process of determining the optimal price for a product or service based on the supply and demand in the market

Price discovery is crucial for startups, impacting profitability, customer satisfaction, and competitive advantage, requiring ongoing adjustments.

Pricing Model

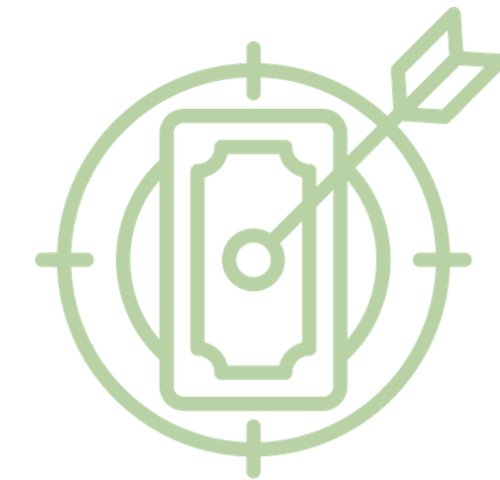


Pricing Model is the way you format your price and present it to the customer pricing models.

Ex:

- Hourly Pricing Model
- Tiered Subscription
- Subscription Model
- Milestone based Pricing
- Result based Pricing

Pricing Strategy



A pricing strategy is the way your company determines the best price for your product in your market.

Ex:

- Dynamic Pricing
- High Low Pricing
- Skimming Pricing
- Penetration Pricing
- Premium Pricing

Pricing Strategies by Business Model

Service

- Cost Plus Pricing
- Project Based
- Tiered Pricing

SaaS

- Flat Rate Subscription Model
- Tiered Subscription Model

Platform

- Geographic Pricing
- Dynamic Pricing
- Value Based Pricing

E-Commerce

- Dynamic Pricing
- Freemium/Subscription
- Penetration Pricing

Key Indicators for pivoting a Business Model

Key Indicators

- Stagnant or Declining Revenue
- Poor Product-Market Fit
- Market Saturation or Decline
- Customer Behavior Shifts
- Unprofitable Unit Economics
- Difficulty Scaling the Business
- Competitive Pressure
- Technological Advancements
- Resource Constraints
- Regulatory or Environmental Changes
- Lack of Engagement or Growth in Key Metrics
- Founder's or Team's Vision Misalignment
- External Feedback
- Burnout or Resource Drain

Types of Pivots to Consider

Zoom-In Pivot

Focus on a single feature or product that resonates most with customers

Zoom-Out Pivot

Expand the offering to include complementary products or services

Customer Segment Pivot

Target a different group of customers than originally planned

Problem-Solution Pivot

Tackle a completely different problem identified in the market

Revenue Model Pivot

Shift from one revenue model to another, such as moving from a subscription to a freemium model.

Technology Pivot

Leverage new or existing technology to create a different value proposition.

Unit Economics that Scale: Master your
Margins & Customer Value

Unit economics is the financial analysis of the revenue and costs associated with a single unit of a product or service

Why Unit Economics Profitability Matters



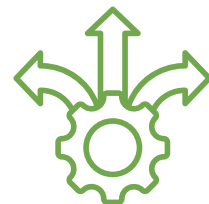
Sustainable Growth



Attracting Investors



Reduced Dependency on
Funding



Flexibility and Adaptability

How can you find the unit economics?



Understand Revenue and Costs

- Identify revenue and costs per unit.
- Separate fixed (e.g., rent, salaries) and variable costs (e.g., marketing, transaction fees).



Assess Profitability

- Determining the Gross Profit : Revenue generated by a single unit- COGS
- Determining the Net Profit: Revenue generated by a single unit- all expenses (COGS and Fixed Costs)



Customer Metrics

- Determine Customer Acquisition Cost (CPA): $\text{Total acquisition cost} \div \text{New customers}$.
- Determine Customer Lifetime Value (LTV): $\text{Avg revenue per customer} \times \text{Avg customer lifespan}$.
- Determine Payback Period: $\text{CPA} \div \text{Monthly revenue per customer}$.

Key Unit Economics by Business Model

SaaS

- Customer Acquisition Cost
- Customer Lifetime Value
- Churn Rate
- Monthly Recurring Revenue

Platform

- Customer Acquisition Cost
- Lifetime Value
- Take Rate
- Gross Merchandise Value

E-Commerce

- Average Order Value
- Gross Margin
- Return Rate
- Cart Abandonment Rate

Product

- Product Contribution Margin
- Contract Manufacturing Cost
- COGS

Metrics: Track to scale for sustainable Growth

Importance of Metrics

“

Metrics are measurable indicators used to track the performance, growth, and health of a business. They help founders and stakeholders make data-driven decisions and evaluate progress toward goals.

”

The importance of Metrics



Startups that master metrics scale faster and secure investor confidence.



Metrics guide decisions, improve operational efficiency, and align the team with clear goals.



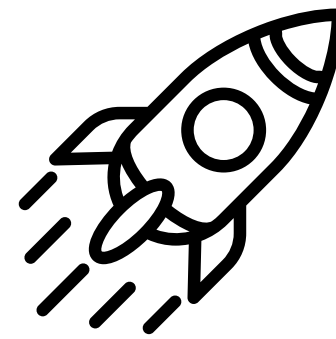
Knowing your numbers is key to optimizing burn, revenue, and customer acquisition.

Key Metrics for Startups



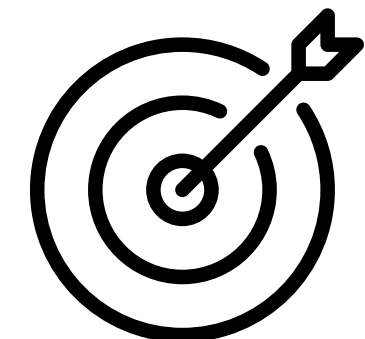
Early Stage

- Customer Acquisition Cost
- Lifetime Value
- Churn Rate



Growth Stage

- Monthly Recurring Revenue
- Gross Margins
- Customer Retention



Late Stage

- Burn Rate
- Cash Runway
- Operational Efficiency
- Revenue Per Employee

Key Metrics across various Business Models

SaaS

- Customer Acquisition Cost (CAC)
- Monthly Recurring Revenue (MRR)
- Churn Rate

Platform

- Monthly Active Users
- Customer Acquisition Cost
- Gross Merchandise Value

E-Commerce

- Cart Abandonment Rate
- Conversion Rate
- Average Order Value

Product

- Conversion Rate
- Average Order Value
- Repeat Purchase Rate

What investors look for

Sustainable Growth

Investors value revenue and customer growth rates

Unit Economics

LTV: CAC Ratio > 3

Burn Rate & Runway

How long the company can survive without raising additional funds.

Profitability Trends

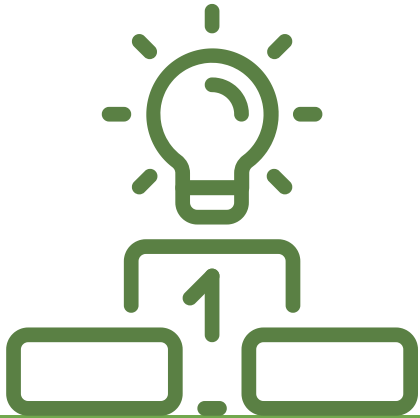
Is your path to profitability clear?

Operational Efficiency

Metrics that show you're scaling without increasing inefficiencies

Deal Structuring: Critical Level for
sustainable growth

Modes of Funding

					
Instrument	Convertible Notes and Convertible Debentures		Equity		Grant
			Debt		Revenue Based Financing
Use Case	Ideation, Testing, Market Study, Initial traction, MVP	For strategic scaling, early working capital and team buildup, PMF	For new product development, Pilot, Proof of concept, Prototype	For working capital, Bridge funding	Increase your runway during the scale up phase.

Diversified Fundraising Strategies

Challenges	Advantages	Challenges	Best For
Impact Investment (VCs & Funds)	High capital, scalable	• Requires financial returns	• Scalable for-profit social startups
Grants (Govt & CSR)	No equity dilution	• Restrictive use of funds, long approval time	• Non-profits & Section 8 companies
Revenue-Based Financing	Non-dilutive, scalable	• Requires steady cash flow	• Social enterprises with strong unit economics
Social Impact Bonds (SIBs)	Paid upon delivering impact	• Complex structuring	• Startups with measurable impact
Crowdfunding (Impact platforms)	Community-driven funding	• Marketing-heavy	• B2C social startups
Government & SIDBI Loans	Low-interest financing	• Bureaucratic delays	• Agritech, fintech, MSME-based impact startups

Understanding the stages of funding

Art

Science

Startup Stages of Evolution	Source of Capital	Typical Funding Size	Typical Valuation Range	Funding Basis
Idea Only	Bootstrap, F&F, Angel/Seed Funds	\$50-100K	\$500k-1.5M	Idea attractiveness & market size
+ Strong team	Bootstrap, F&F, Angel/Seed Funds	\$100-250K	\$500k-1.5M	Execution capability of founders
+ Demo prototype	Angel/Seed Funds	\$250-500K	\$2-5M	A successful working model of product/service
+ Validated product MVP	Angel/Seed Funds, VC	\$1-5M	\$5-20M	Customer adoption and early visibility into cash flows
+ Rapid customer adoption	Typical series A Angels, Seed-funds exit, VCs increase	\$5-20M	>\$50M	Strongly based on growth, market share and revenue growth estimates
Growth Capital for viral growth over a long period	Multiple rounds (B, C, D, E...) VCs will start taking partial exits. PE enters in a big way	\$20-100M	>\$250M	Supported by ongoing rapid growth and expected market share leading to revenues/profitability
Stable growth	Stable growth	>\$100M	>\$500M	Profitability/Cash flows based

Common Terms that affect deal structure

1

Type of instrument:
equity, CCPS, CCD,
Convertible Note

2

Validity of the term
sheet: They have to be
signed under a certain
time frame

3

Valuation (pre and post
money): The investor and
founder must agree on
this

4

Valuation cap or floor:
These protect the
investors

5

Anti-Dilution & ROFR:
Prevent dilution and
secure the right of first
refusal for existing
shareholders.

6

Liquidation
preferences:
Guarantee a
return on exit

7

Drag-Along & Tag-Along
Rights

8

Board Representation &
Observer Rights: Define
decision-making
involvement for investors.

9

ESOP Pool & Founder
Vesting: Allocate employee
incentives and secure
founder commitment.

Preparing for fundraise

Ensure that all the documents related to the registrations are in place.

Ensure that all the compliances are in place and filed within the due date.

Due Diligence preparedness such as data room preparation which includes collation of information.

Ensure all the compliances such as paperwork, secretariat and statutory compliances related to the earlier fundraise are in place.

Ensure that financial projections including the utilization of the fundraise to be done.

Ensure that there is a Formal business plan in place.

Prepare on the data room collation 6 months prior to fund raise journey

Benchmark Revenues for Valuation

Business Model	Benchmark Revenue	Typical Valuation Multiples	Expected Valuation Range
SaaS	₹1-2 Cr ARR (Seed) / ₹8-10 Cr ARR (Series A)	5x - 15x ARR	₹15-40 Cr (Seed) / ₹75-150 Cr (Series A)
E-commerce & D2C	₹5-10 Cr Annual Revenue (Seed) / ₹50-100 Cr (Series A)	1x - 3x Revenue	₹20-50 Cr (Seed) / ₹75-250 Cr (Series A)
Marketplaces & Platforms	₹20-30 Cr GMV with early retention proof	2x - 4x Net Revenue	₹30-75 Cr (Seed) / ₹100-300 Cr (Series A)
Manufacturing (B2B, Capital Goods)	₹50-100 Cr Revenue with healthy margins	0.5x - 2x Revenue	₹50-200 Cr (Series A)
Product-Based (Hardware, IoT, Consumer Goods)	₹10-25 Cr Revenue (Scaling)	1x - 4x Revenue	₹20-100 Cr (Series A)
Services (Consulting, IT, Agencies)	₹5-15 Cr Annual Revenue (Profitable with growth)	1x - 3x Revenue	₹10-50 Cr (Scaling Stage)

Cap Table: Founder Control & Smart Management

A cap table isn't just a list—it tells the real story of ownership.

Tracks how founders, investors, and employees hold equity.

Shows dilution impact at every funding round.

A well-managed cap table helps founders retain control.

Like Nykaa's founder, smart planning can help you hold over 50% even at IPO.

The Due Diligence Process

There are 3 stages to a diligence processes:

Business Due Diligence

This validates the business model, GTM strategy, and includes a SWOT analysis.

Financial Due Diligence

This validates the company's financial position and whether they have been compliant with all financial regulations applicable to them.

Legal Due Diligence

If the results of the business and financial due diligence are favourable, the investor's legal team will conduct a legal review of the deal.

Once these practices have concluded, and the results are favourable, you can expect to receive funds.

Social Impact Startups

Social impact startups address societal and environmental challenges sustainably, using innovative models to scale impact and generate revenue. In India, they focus on healthcare, education, financial inclusion, sustainability, and more.

Key Areas of Social Impact Startups

Key Areas	Focus
Financial Inclusion & Livelihoods	Microfinance & Digital Banking, Rural Employment & Gig Economy
Healthcare Access & Affordable MedTech	Telemedicine & Rural Healthcare, Affordable Medical Devices, Primary Healthcare Networks
Education & Skill Development	Edtech for Underserved Communities, Skill Training & Employability, Tech-Driven Learning
Employability & Migrant Workforce	Job Marketplaces & Upskilling, Migrant Worker Support & Rights, Digital Identity & Benefits Access
Sustainable Agriculture & Rural Dev.	Market Access for Farmers, Agri-fintech & Crop Advisory, Water & Sanitation Solutions
Renewable Energy & Sustainability	Clean Energy Access, Waste Management & Circular Economy, Eco-friendly Housing
Women's Empowerment & Gender Equality	Financial Independence for Women, Maternal Healthcare & Hygiene

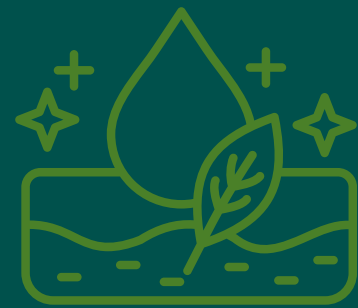
What Are Migrant Workforce Startups?

Migrant workforce startups are businesses that focus on solving problems faced by migrant workers, such as employment, financial inclusion, housing, healthcare, and legal rights. These startups build tech-driven platforms, financial services, skilling programs, and job placement solutions tailored to the unique needs of migrant laborers.

Practical Challenges faced

Funding & Financial Sustainability	Market Adoption & Customer Behavior	Operations & Execution Challenges	Scalability & Growth Barriers	Regulatory & Compliance Issues
• Access to Patient Capital • Limited Revenue Models • Grant Dependence	• Low Awareness & Trust • Reluctance to Pay • Language & Literacy Barriers	• Last-Mile Delivery • Building a Reliable Field Workforce • Supply Chain Inefficiencies	• Scaling Beyond a Pilot • Tech vs. Human-Centric Scale • Impact Measurement	• Changing Government Policies • Slow Government Collaborations • Licensing & Certification

Strategies to Overcome These Challenges



Blended Finance Models

Combine grants, impact investing, and earned revenue.



Public-Private Partnerships (PPPs)

Leverage government programs for funding and scale.



Local Partnerships & Franchising

Work with NGOs and community groups for last-mile delivery.



Tech-Enabled Scale

Use AI, vernacular apps, and automation to reduce costs.



Outcome-Based Impact Metrics

Align business growth with measurable social impact.

A Multi-Perspective Approach for Social Impact Startups



Perspective	Key Questions	Strategic Approach
Customer View	- Are customers engaging with the product as expected? - Are trust, cost, or accessibility barriers affecting adoption?	• Conduct perception audits via feedback loops and pilot tests. • Use human-centered design for real-world adoption.
Investor & Stakeholder View	- Do investors see scalability or just philanthropy? - Can impact metrics translate into financial viability?	• Frame impact in ROI terms to align with investor expectations. • Create hybrid models (grants + revenue) for sustainability.
Competitive & Ecosystem View	- Are we duplicating efforts with NGOs or government programs? - Can we align with policymakers or create a niche?	• Map competitors, government initiatives, and partnerships. • Engage in policy advocacy for scalability.
Internal Team View	- Does the team share the mission and business vision? - Are employees motivated beyond a paycheck?	• Foster ownership-driven roles and transparent communication. • Embed impact goals in KPIs and incentives.
Long Term View	- Are we building for the long term beyond donor cycles? - Can our model survive external shifts?	• Develop scenario planning to anticipate changes. • Diversify revenue streams and invest in data-driven decisions.

Challenges & Solutions for Social Impact Startups

Challenges	Key Issues	Solutions
Taxation Challenges	- No tax exemptions for for-profit social enterprises. - Hybrid models face double taxation on transactions. - Unclear GST applicability on impact services.	• Choose the right legal structure (Pvt Ltd, Section 8, NGO) for tax benefits. • Structure hybrid models carefully to avoid double taxation. • Leverage sector-specific GST exemptions where applicable.
Fundraising Challenges	- Limited early-stage VC interest due to slower scalability. - Angel tax and FCRA restrictions on foreign funding. - Debt financing difficult due to high-risk perception.	• Explore blended finance (grants + equity + debt) to reduce VC dependency. • Build strong impact metrics to attract investors. • Tap into government-backed funding while preparing for delays.
Regulatory & Compliance Challenges	- No defined legal structure for social enterprises. - Frequent policy changes in fintech, healthcare, and agritech. - Bureaucratic delays in government partnerships.	• Align business models with government priorities (Skill India, Digital India, etc.). • Engage with policy advocacy groups to navigate sector-specific regulations. • Build scalable compliance frameworks early to handle regulatory shifts.

Key Government Schemes for Migrant Workforce Starups

SRF

Capital Studio

Scheme	Key Benefits	How Startups can leverage it
PM Vishwakarma Yojana (Central)	Loan subsidies & skilling for artisans & blue-collar workers	Startups providing job platforms & skilling programs can integrate these workers
Skill India Mission (Central)	Grants for vocational training	Training startups can get funding & industry certification support
Migrant Worker Welfare Fund (State-level)	Subsidies for job placement, housing	Partner with state labor depts. for housing, fintech, or job matching solutions
PM Awas Yojana (PMAY)	Incentives for affordable housing	Real estate tech startups can enable access for migrants
National Urban Livelihoods Mission (NULM)	Microfinance for informal workers	Startups in fintech & lending can partner with state agencies
ESIC & EPFO (Labour Law Incentives)	Employer benefits & healthcare	Startups hiring gig workers can reduce costs through gov't incentives

Regulatory Grey Areas in Migrant Workforce Startups

Labour Laws & Gig Work Confusion

Gig workers lack EPF/ESI but aren't exempt from labor laws. Social Security Code enforcement remains unclear.

Taxation

Section 8 startups may face GST; Angel Tax complicates foreign investments.

FCRA Rules

Post-2020 restrictions limit foreign grants, leading startups to split NGO & Pvt Ltd structures.

Investor Value Proposition

Align with Blended Finance Trends

- Use government grants & CSR funds for initial cost coverage
- Raise impact-focused VC funding for scale
- Explore social impact bonds (SIBs) to tie funding to measurable worker outcomes

Data-Driven Impact Metrics for Higher Valuation

- Freemium model: Free job matching for workers, paid premium services for employers
- B2B partnerships: Work with large employers for workforce supply
- Transaction-based revenue: Fintech startups can offer small-ticket loans or insurance for migrant workers

Building a Sustainable Revenue Model

- Show clear impact metrics (e.g., "100,000 migrants placed in jobs with a 2x wage increase")
- Use technology-driven tracking (e.g., blockchain-based digital employment records)
- Align with UN SDGs (Sustainable Development Goals) to attract ESG-aligned investors

Key Takeaways

- Financial Frameworks
- Building Strategy Playbook
- Social Impact Startups
 - Migrant Workforce Startups
- Challenges & Strategies
- Headwinds & Tailwinds - Migrant Workforce Startups
- Financial Modeling
- Unit Economics
- Metrics and its importance
- Understanding Deal Structuring