



Crowdfunding

An Investor's Perspective



bridging ideas and money



Crowdfunding?

Solicitation of funds from multiple investors through a web-based platform or a social networking site or any other aggregation medium for a business venture or a social cause or a creative project

Types?

Community Based
Donation / Reward based Crowdfunding
Presently Permitted in India
Ketto / Catapoolt / Wishberry

Types?

Financial Return Based

Peer to Peer Lending

Equity Based

Lack of Clarity

Not Allowed in India

faircent.com / Lending Club

Crowdcube

Syndicate Room /

Opportunity?

Extensive Reach

Alternative / Informal Source of Financing

Investors get to 'Cherry Pick'

Lower Cost of Capital

Ecosystem to Nurture / Support Entrepreneurship

Democratisation of Funding

Threat?

Investment Risk
Fraud / Misuse of Funds
Lack of Information for Due Diligence
Lack of Liquidity
Uncertainty over Regulations
Intellectual Property

Market?

\$ 5.1 billion in 2013
\$ 50 billion by 2025 in China alone

Go to Market?

Legal Framework to Supervise and Regulate
Building Trust

Impact?

Access to Good Deals for Individual Investors

Caters to Initial / Seed Funding Needs

Subsequent / Substantial Funding Still with Traditional Sources

Combination of Both?

Regulation?

SEBI proposes a Class of Accredited Investors
Retail Investors covered under Accredited Investor Definition
Investors to sign Risk Acknowledgment

Other Laws

Companies Act, 2013; Information Technology (Reasonable Security Practices And Procedures And Sensitive Personal Data Or Information) Rules, 2011; KYC Guidelines and Prevention Of Money Laundering Act, 2002, Foreign Contribution Regulation Act, 2010

Case Study?

Ketto

Catapoolt

Led by ah! Ventures

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70 Lakh Raised

125 Lakh Raised

11 Investors

14 Investors

Challenges?

Not a Proven Model

Payment Issues

Campaign Frequency and Innovation

Barrier to Entry

Commission Percentage

NGO / Project Due Diligence

Solution?

Creating Communities / Network Effect
Gamification + Social Media / E-Commerce
Partnerships with Events / Brands / Corporates
Cash Collection
Emotional Connect through Content / Creative

Questions?

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