

Are Equity Investors Crowding out Debt investors?



Who are we?

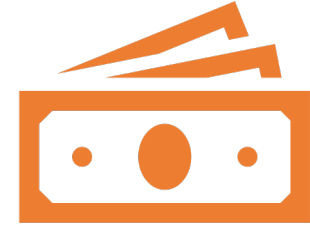
Leading lender to impact enterprises in India



I represent Caspian Debt



We provide Customised
Collateral Free Debt to Start-ups
We have disbursed over \$375
Mn in loans to over 235 high
impact companies in last 9
years.



We have provided loans
to over 60 companies in
climate smart sector
since 2018

Why Equity?

Equity provides soft cushion to entrepreneurs to make mistakes, fall, scrape their knees and get back again



FUND INNOVATION



FIND PRODUCT
MARKET FIT



CAPTURE MARKET
SHARE



LEVERAGE MORE
FUNDS



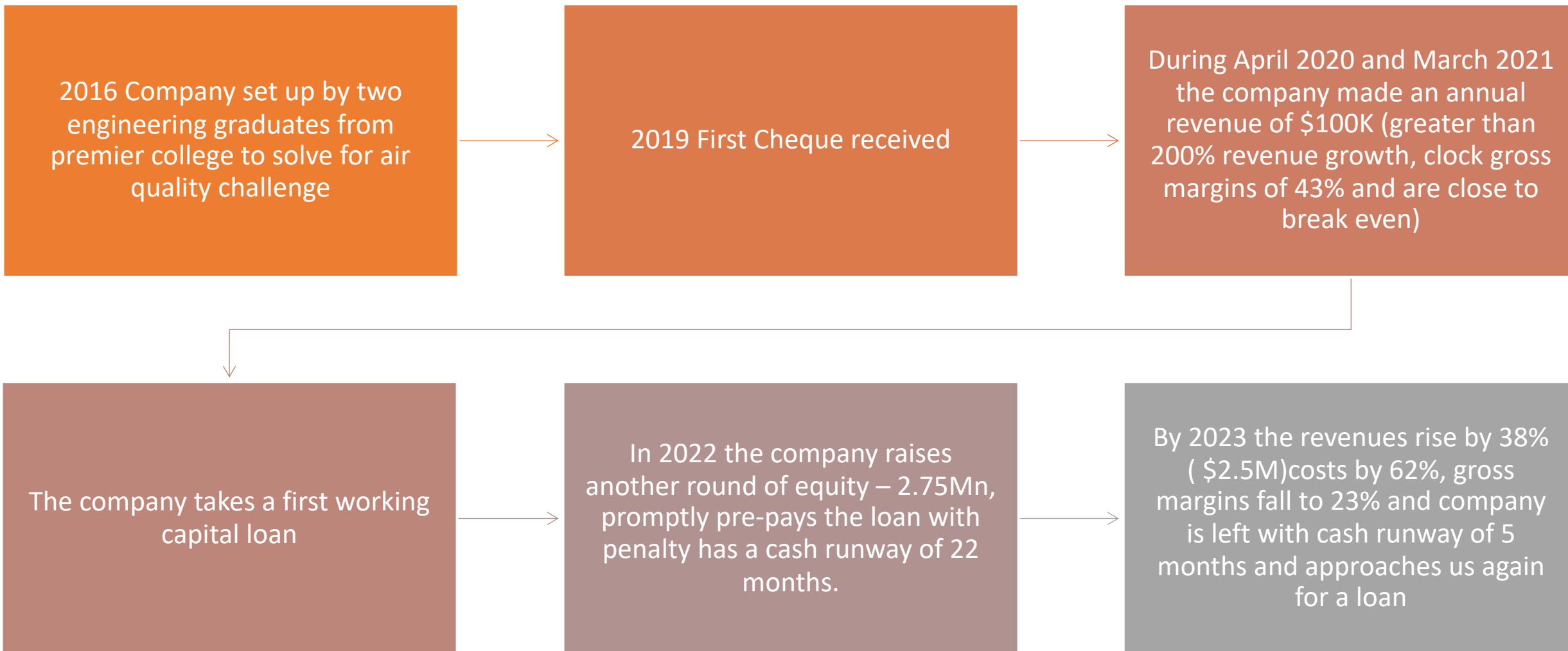
DERISK DEBT
INVESTORS AND
SUPPLIERS

2 companies different trajectories



Timeline of Climate Tech company X

Equity fuels innovation and growth



Timeline of Climate Tech company Y

Debt helps in scaling and profitability

2009 Company set up by renowned scientists to address climate change risk in agriculture

Professional CEO on boarded in 2015
Continue to grow steadily and run profitable operations since 2017

Take first working capital loan from Caspian in 2019 at Revenue of 300K and running profitable operations

Added two new lenders

2021 Revenues grew by 160%, repurpose technology for other B2B customers

2023 reached revenues of over \$1.8M, with gross margin of 28% and EBIDTA of 10%



Which path is preferable?

Holy Trinity of Scale, Profitability and Impact

Both the companies reached around 2Mn revenues

Company X with capital raise of \$4.6M reached the milestone in 8 years and Company Y with capital raise of 250K reached the milestone in 12 years.

Company X is yet to make profits and continues to raise further equity

Company Y has been profitable since inception but has achieved slower growth

Why does it matter?

Holy Trinity of Scale, Profitability and Impact



Capital is
scarce
resource.



It can fly out
sooner than it
flies in



Founders
time/management
bandwidth is
precious



Climate tech
is still evolving



Frugal
innovation
and cash
management
discipline has
never hurt
anyone

Not preaching to the choir – just emphasizing climate crisis need long term sustained action and hence requires more investments

Market principles apply to all investments – investments have to make money and be capital efficient

Each source of capital has its unique uses though money is fungible.

Each source is required and need to coexist and complement

Possible Paradigms of climate investing

Equity and Debt at two different ends of technology

Companies which Develop Technology

- Battery and storage technologies
- Green materials
- Green hydrogen technology
- Pollution control equipment
- Data and AI based systems

Financed Mainly by Equity

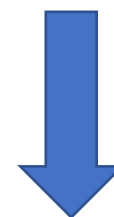


Upside : Rapid technology adoption and product Development

Companies which Deploy Technology

- EV fleet
- Clean energy projects
- Productive load deployment
- Energy storage projects
- Direct carbon capture projects
- Nature based adaptation

Financed Mainly by Debt



Security: Secured by customer contracts of proven technology

For this paradigm to succeed

Collaboration, governance and transparency



Equity and debt investors will have to collaborate closely



The deployment vehicle will have to be protected against possible parent company bankruptcy



Customer contracts in the deployment vehicle will have to be “bankable”



Debt providers will have to provide project finance