
Guide to Startup Cap Tables & Investment Structures



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What you will learn today ?

1. What is Cap Table
2. How to build Cap Table
3. How Cap table works with Various Funding Stages



What is Cap Table ?

The cap table is a record of ownership.

The cap table provides an analysis of the founders' and investors'

- *ownership %*
- *equity dilution and*
- *value of equity in each round of investment*

Case Study

In this case, we are talking about 3 guys- Prakash, Vijay and Suresh fresh out of a college having a cool business idea and a product they named PRAVIJS in 2022.

They allocate 40% share each to Prakash and Vijay and Suresh 20%. To create a Cap table, we will allocate initial number of shares say 1 Lakhs divided for shareholder in the below pattern (this is a founder pool also known as Common Shareholder pool)

Cap Table Pre Investment

Share Holder Name	Nos of Share	% Holding
Prakash	40,000	40%
Vijay	40,000	40%
Suresh	20,000	20%
Total	1,00,000	

Angel Investor

Mr. Shah is a hotelier and an angel investor and agrees to fund them for an angel investment of 25 lakhs INR for around 20 % stake in their company.

Cap Table Post Angel Investment

Type of Holding	Share Holder Name	Nos of Share	% Holding	% Holding	Value
Equity	Prakash	40,000	40%	32%	40 Lacs
Equity	Vijay	40,000	40%	32%	40 Lacs
Equity	Suresh	20,000	20%	16%	20 Lacs
	Total	1,00,000			1 Cr
Preference Share	Mr. Shah	25,000		20%	25Lacs
		1,25,000	100%	100%	1.25 Cr

Seed Investment

It is already 6 months and the idea gains virility.

Hence the first investors Premium Ventures have decided to invest in PRAVIJS. They are willing to pool in 5 Cr for 20% dilution. However, they have a condition of 2X liquidation preference.

Cap Table Post Seed Investment

Type of Holding	Share Holder Name	Nos of Share	% Holding	% Holding	Value
Equity	Prakash	40,000	32%	26%	6.4 Cr
Equity	Vijay	40,000	32%	26%	6.4 Cr
Equity	Suresh	20,000	16%	13%	3.2 CR
	Total	1,00,000	80%	64%	16 Cr
Preference Share	Mr. Shah	25,000	20%	16%	4 Cr
Preference Share	Premium Ventures	31,250		20%	5 Cr
	Total	56,250	20%	26%	9 Cr
		1,56,250	100%	100%	25 Cr

Series A Investment

Charge Capital comes in at this stage and agrees to invest around 100 Crores on this idea @ another 15 % stake for them.

However Charge Capital has demanded to keep an ESOP of at least 5 % for new employees/ visionary leaders for outside who can join / lead the company

Cap Table Post Seed Investment

Type of Holding	Share Holder Name	Nos of Share	% Holding	% Holding	Value
Equity	Prakash	40,000	26%	20.5%	136.7 Cr
Equity	Vijay	40,000	26%	20.5%	136.7 Cr
Equity	Suresh	20,000	13%	10.2%	68 Cr
Equity	ESOP	9615		5%	33.3 Cr
	Total	1,09,615	66%	56%	374.7 Cr
Preference Share	Mr. Shah	25,000	16%	13%	85.3 Cr
Preference Share	Premium Ventures (Pref B)	31,250	20%	16%	106.7 Cr
Preference Share	Charge Capital (Pref C)	29,296		15%	100 Cr
	Total	85,547	36%	44%	292 Cr
		1,95,162	100%	100%	666.6 Cr

Partial Exit by Angel Investor

Mr. Shah who is sitting on >300 times his initial investment is undeterred much by accurate numbers and he is willing to sell half of his portfolio for even a handsome discount of 50 % to the investors.

Charge Capital strikes out a deal and his stocks are liquidated at a share price of 17,000 flat per share and Mr Shah pockets out 21 Crores at this stage and remaining still as part of his preferred shareholder pool.

Cap Table after Partial Exit from Investor

Type of Holding	Share Holder Name	Nos of Share	% Holding	% Holding	Value
Equity	Prakash	40,000	20.5%	20.5%	136.7 Cr
Equity	Vijay	40,000	20.5%	20.5%	136.7 Cr
Equity	Suresh	20,000	10.2%	10.2%	68 Cr
Equity	ESOP	9615	5%	5%	33.3 Cr
	Total	1,09,615	56%	56%	374.7 Cr
Preference Share	Mr. Shah	12,500	13%	6.4%	42.7 Cr
Preference Share	Premium Ventures (Pref B)	31,250	16%	16%	106.7 Cr
Preference Share	Charge Capital (Pref C)	41,796	15%	21.4%	142.8 Cr
	Total	85,547	44%	44%	292 Cr
		1,95,162	100%	100%	666.6 Cr

Cash Out Scenario

A billion dollar company based out of US decides to invest in India and acquire PRAVIJS as part of their expansion strategy. Financials are evaluated and they are willing to acquire PRAVIJS at a total of 800 Crores

Now for 800 Crores, the price per share will be 40,897 which is approximately 20 % higher than the Series A valuation

Cap Table - Cash Out Scenario

Type of Holding	Share Holder Name	Nos of Share	% Holding	Value
Equity	Prakash	40,000	20.5%	163.6 Cr
Equity	Vijay	40,000	20.5%	163.6 Cr
Equity	Suresh	20,000	10.2%	81.8 Cr
Equity	ESOP	9615	5%	39.3 Cr
	Total	1,09,615	56%	448.3 Cr
Preference Share	Mr. Shah	12,500	6.4%	51.1 Cr
Preference Share	Premium Ventures (Pref B)	31,250	16%	127.8 Cr
Preference Share	Charge Capital (Pref C)	41,796	21.4%	170.9 Cr
	Total	85,547	44%	350 Cr
		1,95,162	100%	800 Cr

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When you work with Jordensky, you get a team of finance experts to take care of the tedious finance work so you can focus on growing your business.

This brings us to the end of Cap Table and Investment Structures guide. We have talked about everything that you need to follow, understand, and practice to run a successful business.

We have tried to include everything that you need to know about Cap Table Structures. If you have any questions, let us know by sending an email at akash@jordensky.com

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