

**GUJARAT TECHNOLOGICAL UNIVERSITY**  
**MBA SEMESTER- III - EXAMINATION-SUMMER-2024**

**Subject Code: 4539261**

**Date: 30/04/2024**

**Subject Name: Entrepreneurial Finance**

**Time: 02:30 PM TO 05:30 PM**

**Total Marks: 70**

**Instructions:**

- 1. Attempt all questions.**
- 2. Make suitable assumptions wherever necessary.**
- 3. Figures to the right indicate full marks.**
- 4. Use of simple calculators and non-programmable scientific calculators are permitted.**

- Q – 1** Answer the following in brief. **14**
- (a) WACC
  - (b) Crowd-funding
  - (c) Incubator
  - (d) Social entrepreneurship
  - (e) Seed Funding
  - (f) Payback Period
  - (g) Commercial Papers
- Q – 2 (A)** Explain the evolution, role and significance of Angel Investors in India. **7**
- Q – 2 (B)** How Cost of Capital occupies the central place in taking entrepreneurial Financial decisions? **7**
- OR**
- Q – 2 (B)** Explain any five ratios along with their usefulness in evaluating the financial statement. **7**
- Q – 3 (A)** Discuss in detail the Venture capital as a source of finance for start-ups. **7**
- Q – 3 (B)** What do you mean by Risk? What are the types and sources of risk for the start-ups? **7**
- OR**
- Q – 3 (A)** Which are the critical factors you would consider while selecting the long term source of finance for start-up?. **7**
- Q – 3 (B)** Elaborate the role and significance of Incubation in developing the eco-system for entrepreneurship. **7**
- Q – 4 (A)** Discuss Private Equity as an emerging avenue for raising the start-up finance. **7**
- Q – 4 (B)** Discuss various tools for financial statement analysis. **7**
- OR**
- Q – 4 (A)** Discuss in details the determinants of working capital requirements. **7**
- Q – 4 (B)** What do you mean Start-up life cycle? Elaborate the financial need at these different stages. **7**

**Q – 5** Anjan Limited is a leading manufacturer of automotive components. It supplies to the original equipment manufacturers as well as the replacement market its project typically have a short life as its introduces new models periodically. **14**

You have recently joined Anjan Limited as a financial analysis reporting to Ravi Sharma, The CFO of the company. He has provided you the following information about two projects A and B, that are being considered by the executive committee of Sona Limited :

- Project A is an extension of existing line. Its case flow will decrease over a time.
- Project B involves new product. Building its market will take some time enhance its case flow will increase over a time.

The expected net cash flows of the two projects are as follows.

Year	Project A	Project B
0	(15,000)	(15,000)
1	11,000	3,500
2	7,000	8,000
3	4,800	13,000
4	3,000	15,000

Ravi Sharma believes that all the two projects have risk characteristic similar to the average risk of the firm and hence the firms cost of capital 12%, will apply to them.

Questions:

- a) What is payback period? Find the Payback periods of Project A and B? Rank the project as per payback period.
- b) What is the net present value (NPV)? Calculate the NPVs of projects A and B.

**OR**

**Q – 5** You are a young female entrepreneur planning to venture into a start-up of herbal cosmetics product. Explain the key factors to be carefully considered to make the idea into a successful start-up story. Highlight various government schemes and support available to the women entrepreneur in India. **14**

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