

**GUJARAT TECHNOLOGICAL UNIVERSITY**  
**MBA – SEMESTER –III-EXAMINATION – WINTER-2022**

**Subject Code: 4539261****Date:30/01/2023****Subject Name: Entrepreneurial Finance****Time:10:30 AM to 1:30 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. No.	Question Text and Description	Marks
Q.1	Define terms (a) Venture capital Assistance Scheme (b) IRR (c) Incubation (d) WACC (e) Credit Guarantee Scheme (f) Cost of Capital (g) Commercial Papers	14
Q.2	(a) Discuss various long-term sources of finance for start ups. (b) Calculate 'Liquidity Ratio' from the following information: Current liabilities = Rs. 50,000 Current assets = Rs. 80,000 Inventories = Rs. 20,000 Advance tax = Rs. 5,000 Prepaid expenses = Rs. 5,000	7 7
<b>OR</b>		
	(b) X Ltd. has a current ratio of 3.5: 1 and quick ratio of 2: 1. If excess of current assets over quick assets represented by inventories is Rs. 24,000, calculate current assets and current liabilities.	7
Q.3	(a) What is Venture capital Fund? State its advantages and disadvantages. (b) Identify and explain the financial needs for the different phases of startup life cycle.	7 7
<b>OR</b>		
Q.3	(a) What is risk? Explain various types of macro and micro level risk associated with business. (b) Discuss the significance of Incubation in developing the eco-system for entrepreneurship.	7 7

- Q.4** (a) Explain the difference between venture capital, crowdfunding and private equity. **7**
- (b) Prepare Performa of Projected cost sheet and balance sheet. **7**
- OR**
- Q.4** (a) Write a note on funding especially available to women entrepreneur for setting up the startup and working capital requirement from Indian government as a part of women empowerment movement. **7**
- (b) "Proper financial planning is very crucial for the success of startup" Explain in detail. **7**
- Q.5** Equipment A has a cost of Rs. 75000 and net cash flow of Rs. 20000 per year for six years. A substitute equipment B would cost Rs. 50000 and generate net cash flow of Rs. 14000 per year for 6 years. The required rate of return of both equipments is 11%. Calculate the IRR and NPV for the equipments. Which equipment should be accepted and why? **14**
- OR**
- Q.5** A firm finance all its investments by 40% debt and 60% equity. The estimated required rate of return on equity is 20% after taxes and that of the debt is 8% after taxes. The firm is considering an investment proposal costing Rs. 40000 with an expected return that will last forever. What amount in rupees must the proposal yield per year so that the market price of the share does not change? Show calculations to prove your point. **14**

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