

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA– SEMESTER –III-EXAMINATION – WINTER-2023

Subject Code:4539261**Date: 05-12-2023****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 – 1** Answer the following in brief. **14**
- (a) Incubator
(b) Zero Coupon Bonds
(c) Mezzanine finance
(d) Convertible Preference shares
(e) Pay Back Period
(f) Seed funding
(g) Cost of Capital
- Q – 2 (A)** How the financial need of a new enterprise is different from the traditional enterprise? **7**
- Q – 2 (B)** Explain the important aspect a venture capitalist look for while financing the new venture? **7**
- OR**
- Q – 2 (B)** What are the stages of a successful venture life cycle? **7**
- Q – 3 (A)** What are the difficulties and challenges faced by a new enterprise in raising the funding from the traditional sources of finance? **7**
- Q – 3 (B)** The government must play a pivotal role in ensuring the adequate supply of funding to the enterprises. Explain. **7**
- OR**
- Q – 3 (A)** Elaborate the need and features of funding at the different stages of life of a venture? **7**
- Q – 3 (B)** What do you mean by Working Capital Finance? How does a firm assess its short term funding needs? **7**
- Q – 4 (A)** Write a note on Crowd funding as an emerging and innovative source of entrepreneurial finance. Throw some light on the future of crowdfunding in India. **7**
- Q – 4 (B)** What do you mean by “Cost of Capital”? Why is it crucial to estimate the cost of capital correctly while making the financial projections? **7**

OR

Q – 4 (A) Explain various sources of short term finance with their features. **7**

Q – 4 (B) What parameters should be considered while preparing the sound financial plans and projections? **7**

Q – 5 A company is considering two mutually exclusive projects. Both require cash outlay of Rs. 10,000 each. Required rate of return is 10% and tax rate is 50%. Cash inflows before depreciation, interest and tax are as below:

A (Rs.)	4000	4000	4000	4000	4000
B (Rs.)	6000	3000	2000	5000	5000

a) Calculate Pay Back Period for each project. **7**

b) Calculate Average Rate of Return for each project **7**

OR

Q – 5 a) Calculate Net Present Value for each project. **7**

b) Calculate Internal Rate of Return for each project. **7**
