Printed Page:-4 **Subject Code:- CMBIE0202**

Roll. No:

NOIDA INSTITUTE OF ENGINEERING AND TECHNOLOGY, GREATER NOIDA

(An Autonomous Institute Affiliated to AKTU, Lucknow)

MBA IEV

SEM: II - THEORY EXAMINATION (2025 - 2026)

Subject: Entrepreneurial Finance: Concept & Management

Time: 3 Hours **Max. Marks: 100**

General Instructions:

IMP: *Verify that you have received the question paper with the correct course, code, branch etc.*

1. *This Question paper comprises of* ***three Sections -A, B, & C.*** *It consists of Multiple Choice Questions (MCQ's) & Subjective type questions.*

2. *Maximum marks for each question are indicated on right -hand side of each question.*

3. *Illustrate your answers with neat sketches wherever necessary.*

4. *Assume suitable data if necessary.*

5. *Preferably, write the answers in sequential order.*

6. *No sheet should be left blank. Any written material after a blank sheet will not be evaluated/checked.*

SECTION-A 20

1. Attempt all parts:-

(1.1) Entrepreneurial finance mainly deals with financing of ________. (CO1, K1) 1

- (a) Government firms
- (b) Startups and ventures
- (c) NGOs
- (d) Banks

(1.2) IPO is generally associated with ________. (CO1, K2) 1

- (a) Seed financing
- (b) Working capital
- (c) Product testing
- (d) Harvest stage

(1.3) Which type of financing involves exchanging ownership equity for capital investment in a startup? (CO2, K1) 1

- (a) Equity financing
- (b) Debt financing
- (c) Crowd funding
- (d) Peer-to-peer lending

(1.4) Fixed costs remain constant irrespective of ________. (CO2, K2) 1

- (a) Output level
- (b) Selling price
- (c) Tax rate
- (d) Profit

(1.5) Calculate the cost of debt if the interest rate is 10% and the tax rate is 30%. (CO3, K3) 1

(a) 0.1
(b) 0.03
(c) 0.13
(d) 0.07

(1.6) Mention the cost associated with the issuance of new equity. (CO3, K1) 1

(a) Interest cost
(b) Flotation cost
(c) Operating cost
(d) Variable cost

(1.7) In the context of early-stage ventures, _______________ is the 'Terminal Year'. (CO4, K2) 1

(a) The final year of the explicit forecast
(b) The year the company goes bankrupt
(c) The year the first dividend is paid
(d) The year the seed round closes

(1.8) Valuation helps an entrepreneur decide: (CO4, K2) 1

(a) How much equity to give up
(b) Which laptop to buy
(c) What color the logo should be
(d) Where to host the office party

(1.9) Factoring involves the sale of ___________ asset to a third party. (CO5, K2) 1

(a) Real Estate
(b) Equipment
(c) Accounts Receivable
(d) Intellectual Property

(1.10) When a fund is "soliciting investments," it is seeking: (CO5, K1) 1

(a) Office space
(b) New employees
(c) Capital commitments
(d) Patent rights

2. Attempt all parts:-

(2.1) Define venture life cycle. (CO1, K1) 2

(2.2) State two advantages of ratio analysis. (CO2, K2) 2

(2.3) Outline the importance of a cash budget for a new venture. (CO3, K2) 2

(2.4) State the importance of the 'Burn Rate' for early-stage startups. (CO4, K1) 2

(2.5) Describe the role of a "Consultant" in the venture investing cycle. (CO5, K2) 2

<u>SECTION-B</u> 30

Answer any <u>one</u> of the following:-

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(3.1)	Differentiate between angel investors and venture capitalists. (CO1, K4)	6
(3.2)	Evaluate the significance of business models in startups. (CO1, K5)	6

Answer any one of the following:-

(3.3)	Explain financial bootstrapping with examples. (CO2, K2)	6
(3.4)	Explain the limitations of break-even analysis. (CO2, K5)	6

Answer any one of the following:-

(3.5)	Illustrate the process of preparing projected monthly income statements for a new business. (CO3, K3)	6
(3.6)	Analyze the effect of changing interest rates on the Weighted Average Cost of Capital. (CO3, K4)	6

Answer any one of the following:-

(3.7)	A firm has EPS of ₹8 and its shares are trading at a P/E ratio of 20. (CO4, K3) (a) Calculate the market price per share. (b) Explain the significance of the earning multiplier in investment decisions.	6
(3.8)	Discuss the importance of 'Sensitivity Analysis' when projecting financial statements for valuation. (CO4, K2)	6

Answer any one of the following:-

(3.9)	Examine the steps involved in the "Venture Investing Cycle" from inception to exit. (CO5, K4)	6
(3.10)	Evaluate the impact of "Harvesting" strategies on the overall Internal Rate of Return (IRR). (CO5, K5)	6

SECTION-C 50

4. Answer any one of the following:-

(4.1)	Explain entrepreneurial finance and discuss its importance in modern business environment. (CO1, K2)	10
(4.2)	Evaluate the importance of opportunity screening before venture investment. (CO1, K5)	10

5. Answer any one of the following:-

(5.1)	Critically examine the role of financial statements in managerial decision-making. (CO2, K5)	10
(5.2)	Analyze the challenges faced in obtaining startup finance. (CO2, K5)	10

6. Answer any one of the following:-

(6.1)	Develop a comprehensive financial plan for a venture transitioning from the Startup to the Survival stage. (CO3, K6)	10
(6.2)	A company issues 10% debentures of ₹1,00,000 redeemable after 5 years at par. The company receives net proceeds of ₹95,000. Tax rate is 30%. Calculate the cost of redeemable debt. (CO3, K3)	10

7. Answer any one of the following:-

(7.1)	Differentiate between 'Operating Cash Flows' and 'Financing Cash Flows' in a projected statement. (CO4, K4)	10

(7.2) A venture is expected to generate earnings of ₹60 lakh after 4 years. The industry P/E ratio is 15. The required rate of return by VC investors is 28%. The amount invested today is ₹25 lakh. (CO4, K3) 10

Calculate:

Terminal Value

Post-Money Valuation

Pre-Money Valuation

Percentage ownership of Venture Capitalist

8. Answer any one of the following:-

(8.1) Compare "Receivables Factoring," "Venture Leasing," and "Mortgage Lending" as strategic alternatives to Equity. (CO5, K4) 10

(8.2) Critically assess the role of "State and Central Government Financing" in correcting market failures in VC. (CO5, K5) 10