

VPM's
DR VN BRIMS, Thane
Programme: MMS (2024-26)
Fourth Semester Regular Examination April 2026

Course Name:	SWAYAM- Entrepreneurial Finance and Accounting Toolbox	Course Code	MMS-F-404		
Roll No.		Marks	60		
Total No. of Questions	6	Duration	2 Hour		
Total No. of printed pages	4	Date	17th April 2026		
Course Outcome Statements:					
CO1: Recall key concepts and terminology related to entrepreneurial finance and accounting.					
CO2: Explain fundamental financial principles and funding mechanisms relevant to entrepreneurial ventures.					
CO3: Apply financial tools and techniques such as ratio analysis, cash flow management, and working capital assessment to solve practical problems in start-up scenarios.					
CO4: Analyze financial statements, funding alternatives (venture capital, angel investment, crowdfunding), and risk-return trade-offs to support entrepreneurial decision-making.					
CO5: Evaluate fundraising strategies, financial forecasts, and investor proposals to determine the most suitable financing and growth strategy for a venture.					
Instructions: -					
<ol style="list-style-type: none"> 1) All questions are compulsory. 2) Use of calculator is allowed. 3) You are trained as managers, not story writers—answer to the point. Precision is appreciated more than narration. 4) Marks are awarded for the quality of answers, not for the length or number of supplementary sheets used. More pages do not guarantee more marks. 			Marks	BL	CO
Q. No 1 (All Questions are Compulsory)					
Q. No.		Questions			
Q. 1		Case/Case-let Study			
		<p>GrowthKart Pvt. Ltd. is a rapidly growing e-commerce startup founded in 2020 by three co-founders—Rohan (CEO), Meera (COO), and Kunal (CTO). The company specializes in affordable lifestyle products and has achieved strong traction in Tier-2 and Tier-3 cities in India. Over the past three years, the company has raised two rounds of funding and is now at a crucial stage of deciding its exit strategy.</p> <p>The startup currently reports annual revenues of ₹25 crore with a net profit margin of 8%. Its valuation, based on recent investor discussions, is estimated at ₹120 crore. The equity structure is as follows: Rohan (30%), Meera (25%), Kunal (20%), and external investors (25%). The company has also issued ESOPs worth 5% to employees.</p> <p>Recently, GrowthKart received two exit opportunities:</p> <ul style="list-style-type: none"> • Option A: Acquisition Offer A large e-commerce company has offered to acquire GrowthKart for ₹150 crore in cash. 			

	<p>However, the deal includes a clause requiring the founders to stay for at least 3 years under a non-compete agreement. The acquiring company plans to integrate GrowthKart's operations into its own platform.</p> <ul style="list-style-type: none"> • Option B: IPO Route Investment bankers suggest that the company can go public within the next 18–24 months. Estimated IPO valuation could be around ₹200–220 crore, but this would require compliance costs of ₹10 crore, strict regulatory reporting, and exposure to market volatility. <p>However, internal challenges have also emerged. Kunal feels that his technical contribution is undervalued compared to equity distribution, while Meera is concerned about losing operational control in case of acquisition. Additionally, investors are pressuring for a quick exit to realize returns.</p> <p>Financial considerations also include:</p> <ul style="list-style-type: none"> • Outstanding debt: ₹10 crore • Legal and compliance cost (IPO): ₹10 crore • Employee ESOP obligations: ₹5 crore (on exit) <p>The founders must now decide the most suitable exit strategy while balancing financial returns, control, investor expectations, and ethical responsibilities.</p>			
	<p>a. Analyze the financial and strategic implications of the two exit options (Acquisition vs IPO) for GrowthKart Pvt. Ltd. Break down how each factor impacts the founders, investors, and employees separately.</p>	5	Level 4	CO4
	<p>b. Evaluate the most appropriate exit strategy for GrowthKart Pvt. Ltd. And justify your recommendation.</p>	5	Level 5	CO5
Q. 2	Answer the following			
	<p>a. A startup “QuickKart Logistics Pvt. Ltd.” operates in a highly volatile market.</p> <p>Current situation:</p> <ol style="list-style-type: none"> 1) Cash reserves: ₹20 lakh (3 months runway) 2) High customer churn: 25% 3) Frequent delivery delays (operational issues) 4) Revenue fluctuates significantly month-to-month <p>Available risk management tools:</p> <ol style="list-style-type: none"> 1) Risk Matrix 2) Scenario Planning 3) Stress Testing 4) Risk Register <p>Evaluate the suitability of the given risk management tools for the startup. Recommend the most effective combination of tools and justify your choice based on the company's risk profile.</p>	10	Level 5	CO5

Or

	b	<p>A startup “FinFix Solutions Ltd.” is negotiating a funding deal with a venture capitalist.</p> <p>Key terms offered:</p> <ol style="list-style-type: none"> 1) Investment: ₹2 crore 2) Equity dilution: 30% 3) Board seat for investor 4) Liquidation preference: 2x 5) Anti-dilution protection clause <p>Startup details:</p> <ol style="list-style-type: none"> 1) Current valuation: ₹6 crore 2) Founders currently hold 80% equity 3) Business is growing at 20% annually 4) Future funding rounds expected <p>Critically assess the impact of the given term sheet on the founders’ control and long-term financial outcomes. Recommend whether the startup should accept or renegotiate the deal, with justification.</p>	10	Level 5	CO5
Q. 3		Answer the following			
	a.	<p>A startup is profitable on paper but frequently faces cash shortages. The finance team identifies that customers are delaying payments, while suppliers demand timely or early payments. Additionally, the company lacks structured credit policies and follow-up mechanisms.</p> <p>Examine the impact of inefficient management of Accounts Receivable (AR) and Accounts Payable (AP) on a startup’s liquidity position.</p>	10	Level 4	CO4
Or					
	b.	<p>A restaurant startup has recorded the following annual revenue data for the last four years: FY 2022: ₹12,00,000; FY 2023: ₹13,20,000; FY 2024: ₹14,40,000; FY 2025: ₹15,60,000. The management wants to forecast revenue for FY 2026 and FY 2027. The finance team is considering using a three-year moving average.</p> <p>Analyze the revenue pattern using the data given.</p>	10	Level 4	CO4
Q. 4		Answer the following			
	a.	<p>A startup named No Study Solution Ltd. reports the following data:</p> <p>Net Sales: ₹30,00,000 Cost of Goods Sold (COGS): ₹18,00,000 Operating Expenses: ₹6,00,000 Net Profit: ₹3,60,000 Average Total Assets: ₹12,00,000 Average Inventory: ₹3,00,000</p> <p>Make use of profitability and efficiency ratios and identify whether the firm is overstocking or efficiently utilizing its resources.</p>	10	Level 3	CO3

Or

	b.	A startup named “Profit Pe Chai Pvt. Ltd.” has reported the following financial data:		Level 3	CO3												
		<table border="1"><thead><tr><th>Particulars</th><th>FY 2025 (₹)</th><th>FY 2026 (₹)</th></tr></thead><tbody><tr><td>Sales</td><td>12,00,000</td><td>15,00,000</td></tr><tr><td>COGS</td><td>7,20,000</td><td>9,00,000</td></tr><tr><td>Net Profit</td><td>2,40,000</td><td>2,70,000</td></tr></tbody></table>	Particulars	FY 2025 (₹)	FY 2026 (₹)	Sales	12,00,000	15,00,000	COGS	7,20,000	9,00,000	Net Profit	2,40,000	2,70,000	10		
Particulars	FY 2025 (₹)	FY 2026 (₹)															
Sales	12,00,000	15,00,000															
COGS	7,20,000	9,00,000															
Net Profit	2,40,000	2,70,000															
		Identify the trend in profitability and cost structure.															

Q. 5

Answer the following

	a.	Summarise the different internal and external sources of finance available to startups and their role in business growth.	10	Level 2	CO2
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Or

	b.	Explain the concept of bootstrapping. And illustrate its advantages and limitations for entrepreneurs.	10	Level 2	CO2
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Q. 6

Answer the following

a	i	Why Financial Literacy Matters for Entrepreneurs?	5	Level 1	CO1
	ii	Define entrepreneurial finance and list its key components related to startup growth and sustainability.	5	Level 1	CO1

Or

b	i.	Recall any five differences between entrepreneurial finance and corporate finance.	5	Level 1	CO1
	ii	What are the key financial challenges in Startups?	5	Level 1	CO1