



**KARNATAK UNIVERSITY, DHARWAD
ACADEMIC (S&T) SECTION**

**ಕರ್ನಾಟಕ ವಿಶ್ವವಿದ್ಯಾಲಯ, ಧಾರವಾಡ
ವಿದ್ಯಾಮಂಡಲ (ಎಸ್&ಟಿ) ವಿಭಾಗ**



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NAAC Accredited
'A' Grade 2014

website: kud.ac.in

No. KU/Aca(S&T)/MGJ-305/BOS /Comm (PG) /21-22/ 48

Date: 15 APR 2021

NOTIFICATION

Sub: Regarding introduction of P.G. Diploma in Entrepreneurial Finance
w.e.f. the Academic Year 2021-22 & onwards.

- Ref: 1. BOS (PG) Res. No. 06, dt. 01.12.2020.
2. Faculty Res. No. 03, dt. 18.12.2020.
3. Academic Council Res. No. 38, dt. 12.01.2021.
4. Vice-Chancellor's order dated 12/04/2021.

Adverting to the above, it is hereby notified to the Chairman, PG Dept.
of Commerce, K.U.Dharwad and Principals of all degree colleges (M.Com Course)
coming under the jurisdiction of Karnatak University, Dharwad introduction of P.G.
Diploma in Entrepreneurial Finance I & II Semester from Academic Year 2021-22 &
onwards.

Hence, the contents of this notification may please be brought to the
notice of the students and all the concerned. The prescribed syllabus may also be
obtained through K.U.website (www.kud.ac.in).

(Handwritten signature: Hanumanthappa K.T.)
(Dr. Hanumanthappa K.T)
REGISTRAR

To,

1. The Registrar (Evaluation), K.U.Dharwad.
2. The Chairman, BOS in Commerce (PG), Dept. of Commerce, K.U.Dharwad.
3. The Chairman, Dept. of Commerce, K.U.Dharwad.
4. The Principals of all the constituted and affiliated degree colleges (M.Com Course) under the jurisdiction of Karnatak University, Dharwad. (The same may be sent through e-mail)

Copy fws to:

1. Dr.(Smt) A.N.Tamargundi, Dean, Faculty of Commerce, Dept. of Commerce, K.U.Dharwad.
2. The Director, IT Section, Examination Section, K.U.Dharwad for information and to upload on K.U.Website (www.kud.ac.in).

Copy to:

1. PS to Vice-Chancellor, K.U.Dharwad.
2. S.A. to Registrar, K.U.Dharwad.
3. The Director, CDC Section, K.U.Dharwad.
4. The System Analyst, Computer Unit Exam Section, K.U.Dharwad.
5. O.S., Exam PG / Confl / QP / GAD Section, K.U.Dharwad.
6. O.S. Academic (PG/Ph.D) Section, K.U.Dharwad.

KARNATAK UNIVERSITY, DHARWAD



POST – GRADUATE DEPARTMENT OF STUDIES IN COMMERCE

Regulations and Syllabi

of the P.G. Diploma in Entrepreneurial Finance

Programme (PGDEF)

(I to II Semesters)

Preamble:

The world is witnessing a significant innovation in entrepreneurial activities. It is intriguing as to the germination and establishment these newer forms of business entities and their survival in the context of highly competitive business world. These innovative entities continue to arrive and survive.

The traditional commerce or business syllabi are devoid of all these contemporary world of new business forms emerging and as a result the student community is deprived of keeping themselves abreast of this business phenomenon. Resistance to change is also a reason for the existing undergraduate or post-graduate commerce curriculum to be stationary. However, it was felt that this gap in knowledge of the contemporary business phenomenon has to be bridged and the young learners should exit the frontals of University Education System equipped with the contemporary developments and contribute to the survival of these units and to further the entrepreneurial innovation.

The crux of the survival of all these newer forms of business entities like start-ups, unicorns, etc is the method of financing. The newer entities are seeking all creative and innovative ideas in financing. The Indian business tycoons like Mr Ratan Tata, Mr Ajiz Premiji, etc are mentoring the new born entities.

Against this background, the present Post-Graduate Diploma Programme in Entrepreneurial Finance (PGDEF) is designed by the University to enable the commerce graduates to add to their kitty the wherewithals to survive in competitive world and be tremendous useful to the business community and society at large. The programme is add-on and can be completed along with the Post-Graduate Course in Commerce or even otherwise also.

PART-A

Regulations Governing Post-Graduate Diploma in Entrepreneurial Finance

(PGDEF) Programme (PGDEF)

Under the

Faculty of Commerce

(Framed under Section 44(1)(c) of the K. S.U. Act, 2000)

1.0 Title

These Regulations shall be called “Regulations Governing the Post Graduate Diploma in Entrepreneurial Finance Programme (PGDEF),” Karnatak University, Dharwad.

2.0 Commencement

These Regulations shall come into effect from the date of assent by His Excellency, the Chancellor of the University.

3.0 Definitions

In these Regulations, unless otherwise provided:

- A “**Academic Council**” means Academic Council of the University constituted according to the *Karnataka State Universities Act, 2000*.
- B “**Board of Studies**” means P.G. Board of Studies in Commerce, Karnatak University, Dharwad.
- C **Course** means paper, which the student admitted to P.G. Diploma in Entrepreneurial Finance Programme (PGDEF), should successfully complete to receive the Post Graduate Diploma of Entrepreneurial Finance Programme.
- D “**Student**” means the candidate admitted to P.G. Diploma in Entrepreneurial Finance Programme (PGDEF).
- E “**University**” means Karnatak University, Dharwad.

4.0 Minimum Eligibility for Admission

A candidate, who has successfully completed Bachelor’s Degree programme in **Commerce** of this University or of any other University recognized as equivalent thereto by this University, shall be eligible for admission to the P.G. Diploma in Entrepreneurial Finance Programme (PGDEF) provided the candidate also satisfies the conditions like the minimum percentage of marks and other eligibility conditions as prescribed by the University from time to time. Admission shall be as per the Govt. of Karnataka Reservation Policy and directions issued in this direction from time to time.

5.0 Duration of the Programme

The duration of P.G. Diploma in Entrepreneurial Finance Programme (PGDEF) shall be year duration comprising of two semesters.

6.0 Medium of Instruction and Evaluation

The medium of instruction for P.G. Diploma in Entrepreneurial Finance Programme (PGDEF) shall be in English. However, the students may write the examinations in Kannada if so provided by the Board of Studies in Commerce (PG).

7.0 Programme Structure

7.1 The students of P.G. Diploma in Entrepreneurial Finance Programme (PGDEF) shall study the courses as may be approved by the Board of Studies in Commerce (PG), Faculty and the Academic Council of the University from time to time subject to minimum and maximum marks as outlined in these regulations.

7.2 The detailed programme structure for P.G. Diploma in Entrepreneurial Finance Programme (PGDEF) shall be as stated in Annexure –I.

8.0 Attendance

8.1 Each course shall be taken as a unit for the purpose of calculating the attendance.

8.2 Each student shall sign the attendance register maintained by the Department for each course for every hour/unit of teaching. The course teachers shall submit the monthly attendance report to the Chairperson of the Department who shall notify the same on the notice board of the Department during the second week of the subsequent month.

8.3 Marks shall be awarded to the student for attendance as specified in the regulations concerning evaluation.

8.4 A student shall be considered to have satisfied the required attendance for each course if he/she has attended not less than 75 % of the total number of instructional hours during the semester.

8.5 There is no provision for condoning shortage of attendance.

8.6 The students who do not satisfy the prescribed requirement of attendance shall not be eligible for the ensuing examination. Such candidates may seek admission afresh to the given semester.

9.0 Examination

9.1 There shall be an examination at the end of each semester conducted by the University.

9.1.1 There shall be semester-end examination of 3 hours duration for the courses carrying 75 marks.

9.1.2 Every student shall register for each semester-end examination as per the University Notification by submitting duly completed application form through the proper channel and shall also pay the fees prescribed.

- 9.1.3 The Office of the Registrar (Evaluation) shall allot the Register Number to the candidate at the 1st semester-end examination. That will be the Register Number of the candidate for subsequent appearances and semester-end examinations.
- 9.1.4 The Answer scripts shall be in the safe custody of the University for a period of six months from the date of announcement of results.
- 9.1.5 The programme is a fully carry-over system. A candidate reappearing for either the first or second semester examinations shall be permitted to take examinations as and when they are conducted.
- 9.1.6 Candidates who have failed, remained absent or opted for improvement in any course/ courses shall appear for such course/ courses in the two immediate successive examinations that are conducted. However, in the case of the candidates appearing for improvement of their marks, the marks secured in the previous examination shall be retained, if the same is higher.
- 9.1.7 Candidates who desire to challenge the marks awarded to them in the semester end examinations may do so by submitting an application along with the prescribed fee to the Registrar (Evaluation) within 15 days from the announcement of results.

9.2 **First semester**

- 9.2.1 There shall be a Board of Examiners to set, scrutinize and approve question papers.
- 9.2.2 The BOE shall scrutinize the question papers submitted in two sets by the paper setters and submit the same to the office of the Registrar (Evaluation).
- 9.2.3 The office of the Registrar Evaluation shall dispatch the question papers to the Department/ P G Centres/ Colleges who shall conduct the Examinations according to the schedule announced by the University.
- 9.2.4 The Chairperson of the Department/ Administrator of the P. G. Centre/ Principal of the College shall appoint one of their full time course teachers as Post Graduate Programme (PGP) Coordinator who shall conduct the examinations and arrange for evaluation of answer scripts for first semester.
- 9.2.5 Answer scripts shall be valued by the examiners appointed by the University. However, in those circumstances where an examiner for a particular course is not available, then the answer scripts of that course shall be dispatched to the office of the Registrar (Evaluation) who shall arrange for valuation of the same.
- 9.2.6 There shall be single valuation for first semester. The examiners (Internal or External) shall value the answer scripts and shall indicate the marks awarded to each question on marks list.
- 9.2.7 The Marks List, a copy of the Examination Attendance Sheet and the sealed bundles of the answer scripts shall be dispatched by the PGP Coordinator to the Registrar (Evaluation)'s Office at the conclusion of the valuation at the respective centres.
- 9.2.8 The Office of the Registrar Evaluation shall process and announce the results.

9.3 Second Semester:

- 9.3.1 There shall be a Board of Examiners to set, scrutinise and approve question papers.
- 9.3.2 As far as practicable, it will be ensured that 50% of the paper setters and examiners are from other Universities/ Research Institutes.
- 9.3.3 Each answer script of the semester-end examination (theory and project report) shall be assessed by two examiners (one internal and another external). The marks awarded to that answer script shall be the average of these two evaluations. If the difference in marks between two evaluations exceeds 20% of the maximum marks, such a script shall be assessed by a third examiner. The marks allotted by the third examiner shall be averaged with nearer award of the two evaluations.

Provided that in case the number of answer scripts to be referred to the third examiner in a course exceeds minimum of 5 or 20% of the total number of scripts, at the even semester-end examinations, such answer scripts shall be valued by the Board of Examiners on the date to be notified by the Chairperson of the Board of Examiners and the marks awarded by the Board shall be final.

9.4 Evaluation

- 9.4.1 Each Course shall have two evaluation components - Internal Assessment (IA) and the Semester End Exams.
- 9.4.2 The IA component in a course shall carry 25% and the Semester End Examination shall carry 75%. Courses having 25% marks as internal assessment shall have 3 marks allotted to attendance.
- 9.4.3 Marks for attendance shall be awarded to the students as stipulated below :

Attendance (in percentage)	Marks
Above 90	3
Above 80 and up to 90	2
Above 75 and up to 80	1
75	No marks

- 9.4.4 Internal Assessment (IA) shall be based on written tests/ assignments/ seminars and /or any other instructional activity. However, the number of IA components per course per semester shall not be less than two.
- 9.4.5 The IA marks list shall be notified on the Department notice board as and when the individual IA components are completed and the consolidated list shall be submitted to the Office of the Registrar Evaluation before the commencement of semester-end examination.
- 9.4.6 The tests shall be written in a separately designated book supplied by the University which shall be open for inspection by the students after evaluation.
- 9.4.7 There is no provision for seeking improvement of Internal Assessment marks.
- 9.4.8 The IA records, pertaining to Semester Examination, shall be preserved by the department/Centres/Colleges for a period of one year from the date of semester examination. These records may be called by the University or a body constituted by the University as and when deemed necessary.

10.0 Maximum duration for completion of the Programme

10.1 A candidate admitted to P.G. Diploma in Entrepreneurial Finance Programme (PGDEF) shall complete it within a period, which is double the duration of the programme from the date of admission.

10.2 Whenever the syllabi are revised, the candidate reappearing shall be allowed for the examinations only according to the new syllabi.

11.0 Declaration of Results

11.1 The minimum marks for a pass in each course shall be 40% of the total marks including both the IA and the semester-end examinations. Further, the candidate shall obtain at least 50% of the marks in the semester-end examination. There is no minimum for the IA marks.

11.2 Candidates shall secure a minimum of 50% in aggregate in all courses of the programme in each semester to successfully complete the programme.

11.4 For the purpose of announcing the results, the aggregate of the marks secured by a candidate in two semester examinations shall be taken into account. However, Ranks shall not be awarded in case the candidate has not successfully completed each of the semesters in first attempt or has not completed the programme in the stipulated time or had applied for improvement of results.

11.5 The grading of candidates at the examination shall be as follows:

Percentage of Marks	Class
70.00 % and above	First class with Distinction
60.00 to 69.99%	First Class
50.00 to 59.99%	Second Class
Below 50%	Fail

Annexure – I

PART-B

Detailed Course Structure of the Post Graduate Diploma in Entrepreneurial Finance Programme (PGDEF)

Semester	Subjects	Max. Marks		Total Marks	Hrs/ week
		IA	Sem. end Exam		
I	Compulsory Courses				
1.1	Principles of Entrepreneurship	25	75	100	04
1.2	Innovation and Entrepreneurship	25	75	100	04
1.3	Entrepreneurial Accounting	25	75	100	04
1.4	Corporate Finance-I	25	75	100	04
1.5	Entrepreneurial Finance-I	25	75	100	04
	Total Marks for the First Semester	125	375	500	20
II	Compulsory Courses				
2.1	Corporate Finance-II	25	75	100	04
2.2	Entrepreneurial Finance-II	25	75	100	04
2.3	Capital Market Financing of SMEs	25	75	100	04
2.4	Startup valuation Methods	25	75	100	04
2.5	Cost Accounting for Entrepreneurs	25	75	100	04
	Total Marks for the Second Semester	125	375	500	20
	GRAND TOTAL (SEMESTER I & II)	250	750	1000	40

Notes: All Courses are compulsory

POST GRADUATE DIPLOMA IN ENTREPRENEURIAL FINANCE

FIRST SEMESTER

PAPER -WISE DETAILED CONTENTS

Paper – 1.1: Principles of Entrepreneurship

Learning Objectives:

The subject aims to provide an understanding of basic principles in entrepreneurship, the knowledge of which would enable the students to pursue the remaining courses with greater deal of enthusiasm and awareness.

- Module – 1: Introduction – Meaning and concept of entrepreneurship; types of entrepreneur; need and significance; entrepreneur v/s intrapreneur; history of entrepreneurship development, role of entrepreneurship in economic development; myths about entrepreneurship; process of entrepreneurship; start-ups and their stages; agencies involved in development of entrepreneurship; entrepreneurship in Indian scenario.
- Module – 2: The Entrepreneur – Why to become entrepreneur, the skills/traits required to be an entrepreneur; creative and design thinking; the entrepreneur decision process; skill gap analysis and role models; mentors and support system; entrepreneurial success stories
- Module – 3: Entrepreneurship Process – Self-Assessment of skills and qualities; generation of ideas; assessment – micro and macro economic and market environment; feasibility study; business plan preparation, execution of business plan; role of networking in entrepreneurship.
- Module – 4: Institutional Support – meaning, objectives, significance of institutional support for entrepreneurship; Institutional support in India – at central level and state level; training; establishment, marketing, financing, research and development , etc support for entrepreneurship development in India; policy framework for the development of entrepreneurship
- Module – 5: Entrepreneurship in Start-Ups – meaning and significance of start-up entrepreneurial activities; start-ups v/s entrepreneur; economic contribution of start-ups entities; risks involved in start-ups; unicorns – concept and development; growth of start-ups and unicorn start-ups in India; Start-ups India Initiative - Scheme of Central Government; women entrepreneurship and women entrepreneurship in start-ups;

References:

1. Arya Kumar, Entrepreneurship: Creating and Leading Entrepreneurial Organization; Pearson, New Delhi
2. Khanka S S, Entrepreneurship Development, S Chand, New Delhi
3. Robert Hisrich and Michael Peters, Entrepreneurship, McGraw Hill, New Delhi
4. David H Holt, Entrepreneurship: New Venture Creation, Pearson, New Delhi
5. Poonam Gandhi, Entrepreneurship, Global Publications, New Delhi
6. T V Rao and Donald Kuratko, Entrepreneurship – A South Asian Perspective, Cengage, New Delhi
7. Sharma Sangeeta, Entrepreneurship Development, Prentice Hall, New Delhi

Paper – 1.2: Innovation and Entrepreneurship

Learning Objectives:

The paper is designed to impress the learners on the importance of innovation and relation between innovation and entrepreneurship development. This learning would enable the students to incorporate innovation and creativity as a part of entrepreneurship and in day-to-day living.

- Module – 1: Concept of innovation, objectives, need and significance of innovation; relationship between innovation and entrepreneurship growth and developments; benefits of innovation to business, employees, customers and society;
- Module – 2: Classification of innovation – incremental, disruptive, architectural and radical; innovation models – employee innovation, customers, partner/supplier, competitor and public innovation; Oslo’s classification – organizational, process, product, marketing and eco-innovation.
- Module – 3: Entrepreneurial Opportunities: Opportunities, discovery/creation, pattern identification and recognition for venture creation; prototype and exemplar models; reverse engineering; innovation process and decision-making – entrepreneurial ecosystem, ideation, development and exploitation of opportunities; negotiation, decision-making process and approaches; effectuation and causation
- Module – 4: Crafting Business Models and Lean Start-ups: Introduction to business models; creative value propositions-conventional, industry logic, value innovation logic; customer focussed innovation; analyzing and building business models, introduction to lean start-ups, business pitching.
- Module – 5: Nurturing Innovation – meaning, objectives, need and significance; innovation environment; Board, Board Chairman and CEO responsibilities in developing creative and learning organization; developing structure to identify and evaluate ideas; learning from competitors; developing reward system – methods of rewarding

References:

1. Peter Drucker, Innovation and Entrepreneurship, Routledge.
2. John R Bessant and Joe Tidd, Innovation and Entrepreneurship, Wiley, New Delhi
3. Ken Banks, Social Entrepreneurship and Innovation, Kogan Page,
4. Pamela Ryan, Impact Imperative: Innovation, Entrepreneurship and Investing to Transform the Future, Greenleaf Book Group Press.
5. Paul Burns, Corporate Entrepreneurship and Innovation, Red Globe Press.
6. Carter S and D Joes Evans, Enterprise and Small Business – Principles, Practice and Policy, Pearson, New Delhi.
7. Verstraete T and Laffittte E J, A Business Model of Entrepreneurship, Edward Elgar Publications.
8. Blank Steve, The Start-Up Owner's Manual: The Step by Step Guide for Building a Great Company, K & S Ranch publication.
9. Ries Eric, The Lean Start-up; How Constant Innovation Creates Radically Success Business, Penguin books Ltd.
10. Charles Matthews, Innovation and Entrepreneurship: Competency Framework, Routledge.

Paper – 1.3: Entrepreneurial Accounting

Learning Objectives:

The paper aims at understanding the design of accounting system to suit to the requirements of SMEs or start-up entities and the study would enable the students to discharge effectively the role of information providers.

- Module - 1: Accounting as an information system; managerial application of accounting information; accounting concepts and conventions; accounting standards and their applicability to MSMEs
- Module – 2: Accounting cycle – recording, classifying and summarizing and generation of accounting statements of entrepreneurial entities – interim and annual financial statements;
- Module – 3: Cash Flow Analysis: Meaning and classification of cash flow – operating investing and financing cash flows; measuring operating cash flows; funds from operations and cash from operations; computation of cash flows
- Module – 4: Ratio Analysis – Meaning, objectives and significance of ratio analysis; types of accounting ratios; historical and budgeted ratios; computation of functional financial ratios – liquidity, structural, efficiency and profitability ratios; limitations of ratio analysis.
- Module – 5: Comparison between traditional and contemporary measurement of operating performance; measuring Operating Performance and Prediction - Return on cash adjusted assets, return on sales, return on market value of assets, cash flow return on assets; use of percentage change to detect abnormal operating performance; time adjusted and inflation adjusted ratios; Prediction of industrial sickness through ratios – univariate and multivariate models – Altman’s and L C Gupta models.

References:

1. Frank J Fabozzi, Entrepreneurial Finance and Accounting for High-Tech Companies, MIT Press
2. Tycho Press, Accounting for Small Business Owners, Tycho Press, Berkeley, California
3. Gregory Becker, Accounting Principles: The Ultimate Beginner’s Guide to Accounting,

Paper – 1.4: Corporate Finance – I

Learning Objectives

This subject aims at elaborating the students the basic financial decisions in corporate entities and their applications in start-up entities and SMEs. This knowledge would enable students to perform effectively the allocation of capital resources.

- Module – 1: Basics of Corporate Finance – Concept of Finance and Business Finance; emergence of corporate finance and reasons for its growth; nature and scope of finance function; objectives of finance function – profit maximization v/s wealth maximization; financial decisions and risk-return trade-off; finance function in start-up and SMEs
- Module – 2: Leverage Analysis and Capital Structure Decision: Concept of Leverage and Classification – Significance and Measurement of Operating, Financial and Total Leverage; leverage analysis in start-up and SMEs
- Module – 3: Designing Optimum Capital Structure – Theoretical Explanation – Net Income and Net Operating Approaches; MM Model, Traditional Approach, Trade-off models, pecking order hypothesis and signalling hypothesis; determinants of capital structure decision; capital structure decisions in Start-up and SMEs
- Module – 4: Capital Budgeting Decisions: Concept of Capital Budgeting – features, significance and types of capital budgeting decisions; measurement of project's cash inflows and outflows; evaluation criteria – accounting rate of return, payback methods; discounted cash flow methods – NPV, IRR, PI, NTV; Conflict between NPV and IRR – cross rate and MIRR; multiple IRRs; capital rationing Decisions; complex investment projects; capital budgeting in start-up and SMEs.
- Module – 5: Capital Budgeting Decisions under Risk and Uncertainty – Concept of risk and uncertainty and comparison; methods of incorporating risk/uncertainty – traditional and statistical methods; decision – tree method; risk or uncertainty in start-ups and SMEs

References:

1. Pandey I M, Financial Management, Vikas Publications, New Delhi
2. M Y Khan and P K Jain, Financial Management, McGraw Hill, New Delhi
3. Prasanna Chandra, Financial Management, McGraw Hill, New Delhi
4. Damodaran, Corporate Finance, Wiley Publications, New Delhi
5. Brealey, Myers, Allen and Mohanty, Principles of Corporate Finance, McGraw Hill, New Delhi
6. Ross, Westerfield, Jaffe and Kakan, Corporate Finance, McGraw Hill, New Delhi
7. Brigham and Ehrhardt, Financial Management – Theory and Practice, Cengage, New Delhi

Paper1.5: Entrepreneurial Finance - I

Learning Objectives:

This subject is introduced with an object of enabling students to learn the basics of financial requirements of entrepreneurial activities. The study enables the students to occupy eminent positions in the emerging star-up and other forms of new ventures.

- Module - 1: Introduction: Concept of Entrepreneurial Finance, objectives, nature, scope and importance; role of entrepreneurial finance; entrepreneurial finance v/s corporate finance; growth of entrepreneurial finance in US, UK and other western countries;
- Module – 2: Start-up Financing – Meaning and significance; traditional small business financing options – debt financing, government sources of small business loans and equity financing; rollover retirement funds to start or finance business; new sources of debt and equity financing; stages of venture life cycle; sources of financing to MSMEs
- Module – 3: Business Planning: Difference between various plans of new ventures and established small business; purpose and importance of business plans; elements of sound business plan; financial aspects of a business plan; due diligence to the entrepreneur and outside investors; implementation and revision of business plan; reasons for failure of business plan
- Module – 4: Financial Planning and Forecasting: Concept of financial planning and process of financial planning; preparation of cash budget; sales budget and sales forecast; interrelationship between planning, budgeting and forecasting; projecting financial needs, break even analysis and financial forecasting; determinants of MSMEs financing needs
- Module – 5: Venture Capital: Meaning, objectives and nature of venture capital; advantages and disadvantages of venture capital; history of venture capital financing; organizing venture capital firms; factors considered before investing; securities involved in venture financing – common stocks, convertible bonds, convertibles preferred, warrants and options; pre-investment stage –deal flow, selection and evaluation; investment stage –ownership structure and contracting; post-investment stage – behaviour growth and success/failure; venture life cycle ad financing through venture life cycle

References:

1. Marco Da Rin and Thomas Hellman, Fundamentals of Entrepreneurial Finance, Oxford University Press, Oxford
2. Simon Hulme and Chris Drew, Entrepreneurial Finance, Red Globe Press.
3. Phillip Adelman and Alan Marks, Entrepreneurial Finance, Pearson, New Delhi
4. Chris Leach and Ronald Melicher, Entrepreneurial Finance, Cengage, New Delhi.
5. Smith J K, Smith R L and Bliss R T, 2011, Entrepreneurial Finance: Strategy, Valuation and Deal Structure, Stanford, Stanford University Press, 2011.
6. Abor J Y, Introduction to Entrepreneurial Finance, Palgrave Macmillan
7. Klonowski, Strategic Entrepreneurial Finance: From Value Creation to Realization, Routledge
8. Alhabeeba M J, Entrepreneurial Finance: Fundamentals of Financial Planning and Management for Small Business, Hoboken, New Jersey
9. Frank J Fabozzi, Entrepreneurial Finance and Accounting for High-Tech Companies, MIT Press

POST GRADUATE DIPLOMA IN ENTREPRENEURIAL FINANCE

SECOND SEMESTER

PAPER -WISE DETAILED CONTENTS

Paper – 2.1: Corporate Finance – II

Learning Objectives

This subject aims at elaborating the students the basic financial decisions in corporate entities and their applications in start-up entities and SMEs. This knowledge would enable students to perform effectively the allocation of capital resources.

- Module – 1: Cost of Capital and Measurement – Concept, significance and types of cost of capital; cost of specific source of capital – debt, preference, retained earnings and external equity; overall cost of capital – book value weights, market value weights and marginal weights; cost of capital in start-ups and SMEs
- Module – 2: Dividend Decisions – pay-out and retention ratios and market value behaviour; dividend theories – Walter’s, Gordon’s and MM models; residual theory; determinants of dividend decisions; stock dividends and stock splits; dividend decision in start-ups and SMEs
- Module – 3: Working Capital Management Decisions – Concepts of working capital and need; types of working capital; investment and financing working capital – liquidity and profitability tangle; determinants of working capital and computation – operating cycle approach to measurement; WCM practices in Start-ups and SMEs
- Module – 4: Inventory, Debtors and Payables Management – Meaning and objectives of holding inventories; inventory management techniques; analysis of investment in inventory and inventory control techniques; receivables management – credit policy and optimum credit policy; monitoring receivables ad factoring; payables management - meaning and cost of credit; techniques of payables management;
- Module – 5: Cash Management Practices – Facets of Cash Management and motives for holding cash; cash planning – cash forecasting and budgeting – short-term cash forecasts and long-term cash forecasting; determining the optimum cash balance; investing surplus cash in marketable securities; cash management practices in start-ups and SMEs

References:

1. Pandey I M, Financial Management, Vikas Publications, New Delhi
2. M Y Khan and P K Jain, Financial Management, McGraw Hill, New Delhi
3. Prasanna Chandra, Financial Management, McGraw Hill, New Delhi
4. Damodaran, Corporate Finance, Wiley Publications, New Delhi
5. Brealey, Myers, Allen and Mohanty, Principles of Corporate Finance, McGraw Hill, New Delhi
6. Ross, Westerfield, Jaffe and Kakan, Corporate Finance, McGraw Hill, New Delhi
7. Brigham and Ehrhardt, Financial Management – Theory and Practice, Cengage, New Delhi

Paper – 2.2: Entrepreneurial Finance - II

Learning Objectives:

This subject is introduced with an object of enabling students to learn the various sources of entrepreneurial finance. The knowledge of these sources would enable students to perform more effectively the role of financial executives.

- Module – 1: Mentor Financing: What do mentors do? Characteristics of good mentor; how to find a mentor; what to look for in a mentor; nurturing the mentoring relationship, learning from a mentor through apprenticeship
- Module – 2 Angel Financing: Meaning and Significance of angel investing; characteristics of business angels; etymology and origin; source and extent of funding; investment profile; superangel – meaning and features; useful tips on getting funds from business angels;
- Module – 3: Crowd Funding: Meaning, history and types of crowd funding; reward based equity, software value token, debt-based, duration based; role of crowd funding; platforms – meaning and services; significant campaign; benefits and risks involved in crowd funding; crowd sourcing – definition and historical examples
- Module – 4: Seed Financing – Meaning, usage and significance; seed capital v/s venture capital; Mezzanine Financing – Meaning and structure; uses; mezzanine debt; mezzanine tools; Revenue-based Financing or Royalty-Based Financing (RBF): Meaning and history; RBF v/s bank financing; working of RBF, application of RBF; RBF qualifications and application process; RBF v/s venture capital; pros and cons of RBF; RBF v/s conventional loans;
- Module – 5: Private Equity and Buy Outs: Meaning and key features; history and development; investment in private equity categories – investor categories; direct v/s indirect investment; private equity market; private equity v/s hedge funds; private equity in the 1980s, 1990s and in 2000s; Buy-outs – meaning, history and role of buyouts in financing start-ups; variations in buyouts – LBOs, MBOs, Buy and Build, Recaps, Secondary Buyouts; Public to Private; issue of high risk bonds (junk bonds); restrictions on issue of junk bonds; growth of junk bonds market the world over.

References:

1. Marco Da Rin and Thomas Hellman, *Fundamentals of Entrepreneurial Finance*, Oxford University Press, Oxford
2. Simon Hulme and Chris Drew, *Entrepreneurial Finance*, Red Globe Press.
3. Phillip Adelman and Alan Marks, *Entrepreneurial Finance*, Pearson, New Delhi
4. Chris Leach and Ronald Melicher, *Entrepreneurial Finance*, Cengage, New Delhi.
5. Smith J K, Smith R L and Bliss R T, 2011, *Entrepreneurial Finance: Strategy, Valuation and Deal Structure*, Stanford, Stanford University Press, 2011.
6. Abor J Y, *Introduction to Entrepreneurial Finance*, Palgrave Macmillan
7. Klonowski, *Strategic Entrepreneurial Finance: From Value Creation to Realization*, Routledge
8. Alhabeeba M J, *Entrepreneurial Finance: Fundamentals of Financial Planning and Management for Small Business*, Hoboken, New Jersey
9. Frank J Fabozzi, *Entrepreneurial Finance and Accounting for High-Tech Companies*, MIT Press

Paper -2.3: Capital Market Financing of SMEs

Learning Objectives:

This subject is introduced to explore the alternative sources of financing in capital market for SMEs and the knowledge would enable the students in understanding the methods of financing.

- Module – 1: Introduction to SMEs Financing: Meaning and functions of capital markets; Capital market and its constituents; need and significance of capital market financing; sources of financing MSMEs; problems involved in raising funds in capital market; SMEs Capital Markets – meaning and historical background; types of SME capital markets – exchange market – domestic market and international market; non-exchange market form – OTC market; market for unlisted SME shares.
- Module – 2: SME Equity Markets: Meaning and establishment of independent SME stock exchanges; Alternative Investment Market (AIM); platform; board; SMEs Stock Exchanges in India by BSE and NSE – establishment, objectives and functioning; challenges involved in development of SME stock exchanges;
- Module – 3: Benefits of SME Listing; SEBI norms for listing; eligibility criteria; modes of listing, difference from main board listing; global comparison; SMEs and IPOs – listed SMEs and Current IPOs; standardised lot size for SME exchange; SME listing agreement; direct listing on BSE SME Platform; migration from SME Exchange to main board.
- Module – 4: SMEs Debt Market – meaning and historical background; need and significance; types of SMEs Bond Instruments – SME collective note, SMEs joint bond and SME private placement bond.
- Module – 5: Regulatory Structure: Need and significance of regulatory structure – SEBI (Issue of Capital and Disclosure Requirement) Regulation 2009 (SEBI ICDR Regulations); ICDR Regulations applicable to SMEs; market makers obligations; market makers and SEBI guidelines;

Paper – 2.4: Start-Up Valuation Methods

Learning Objectives:

The subject is designed to understand complexity involved in valuation of firms especially start-ups who lack historical and accurate information. The knowledge of the approaches and methods would enable students in valuation of start-ups in mergers, takeovers, financing decisions etc.

- Module – 1: Introduction: Concept and objectives of valuation; business valuation – meaning and objectives; foundations of new venture valuations – myths about new venture valuation; challenges involved in valuation of start-ups; overview of valuation models
- Module – 2: Valuation in Practice – Criteria for selecting start-up valuation models; implementing the continuing value concept; Discounted Cash Flow Methods – meaning and measurement of cash flows; two stage and three-stage growth models; free cash flow to equity models; free cash flow to all stakeholders and adjusted present value approach; excess return models – economic value added; capital structure and firm value
- Module – 3: Other Valuation Methods – Relative Valuation Methods – earnings multiples; book value or replacement value, revenue multiples; the Berkus Method, Scorecard Valuation Method; Cost-to-Duplication Method; Risk Factor Summation Method; Venture Capital Method; First Chicago Method;
- Module – 4: Real World Start-up Valuation Models – Standard Earnings Multiple Method; Human Capital Plus Market Value Method; Exit Method, Customer-Based Valuation Model; Comparison Valuation Method; Combo Platter Method; etc
- Module – 5: Entrepreneurs’ Perspective on Value: Opportunity Cost and choosing entrepreneurship; entrepreneur as on under diversified investor; factors influencing entrepreneurs cost of capital; valuing partial commitment investment; implementing partial commitment; short cuts and extensions; benefits of diversification

References:

1. Murat Akkaya, Start-Up Valuation: Theories, Models and Future,
2. Antonella Puca, Early Stage Valuation, Wiley Publications, New Delhi.
3. Christopher Mercer and Travis Harms, Business Valuation – An Integrated Theory, Wiley Publications, New Delhi.
4. Ashwath Damodaran, Damodaran on Valuation, Wiley Publications, New Delhi
5. Palepu, Healy and Bernard, Business Analysis and Valuation, Cengage Learning, New Delhi

Paper 2.5: Cost Accounting for Entrepreneurs

Learning Objectives:

The subject aims at analyzing the contributions of cost accounting system to the entrepreneurial entities to further their development. This would help the students to contribute in cost minimization efforts in start-ups and SMEs.

- Module – 1: Introduction: Concept of Cost Accounting – meaning, nature and characteristics; functions of cost accounting; managerial applications; financial accounting v/s cost and management accounting; techniques of cost accounting
- Module – 2: Cost Concept and Classification; meaning of cost and classification – element-wise, behaviour, functional, traceability, controllability, etc., managerial classification of cost – implied or opportunity cost, sunk cost, etc., managerial uses of cost classification in start-ups and SMEs
- Module – 3: Product/Service Costing Methods and their applications in start-ups and SMEs: concept of output, job and operating costing methods – cost accumulation, analysis and measurement of unit cost; process costing – features, computation of gain or loss and measurement of unit cost;
- Module – 4: Marginal Costing and Break-even Analysis – meaning, nature and assumptions of marginal cost; marginal costing v/s absorption costing; marginal costing equation; managerial applications of marginal costing; break-even analysis – meaning, nature and assumptions, contribution margin ratio and managerial applications of breakeven analysis; merits and demerits of marginal costing
- Module – 5: Budgetary Control and Standard Costing Techniques – Concept of budget and budgetary control; budget process; preparation of various functional budgets and variance analysis; flexible budgeting; standard costing system – concept of standard cost and standard costing; developing cost standards for various elements of cost and analysis of variances; application in start-ups and SMEs

References:

1. S P Jain and K L Narang, Advanced Cost Accounting, Kalyani Publishers Ludhiana
2. M N Arora, Cost Accounting, Vikas Publications, New Delhi
3. S N Maheswari, Cost and Management Accounting, Sultan Chand, New Delhi
4. Babatosh Banerjee, Cost Accounting – Theory and Practice, Prentice Hall, New Delhi.
5. Ravi M Kishore, Cost Accounting, Taxmann Publications, New Delhi
6. Colin Drury, Cost and Management Accounting, Cengage, New Delhi.
7. Horngren, Foster and Datar, Cost Accounting: A Managerial Emphasis, Prentice Hall, New Delhi.