## Appendix

### A. Summary of Studies on Value Added by Venture Capitalists

<table>
<thead>
<tr>
<th>Study</th>
<th>Contribution of the Venture Capitalists</th>
<th>Venture Performance Measurement</th>
<th>Research Methodology Used</th>
</tr>
</thead>
<tbody>
<tr>
<td>Timmons and Bygrave (1986)</td>
<td>• Finding and selecting key management team members</td>
<td>Not Specified</td>
<td>Field Survey (Questionnaire)</td>
</tr>
<tr>
<td></td>
<td>• Making customer and supplier introductions</td>
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<tr>
<td></td>
<td>• Providing credibility to these customer and suppliers as well as with bankers</td>
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<tr>
<td></td>
<td>• Help in formulating strategies and future plans</td>
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<tr>
<td>Gorman and Sahlman (1989)</td>
<td>• Help obtaining additional financing</td>
<td>Not Specified</td>
<td>Field Survey (Questionnaire)</td>
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<tr>
<td></td>
<td>• Strategic planning</td>
<td></td>
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<tr>
<td></td>
<td>• Management recruitment</td>
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<tr>
<td></td>
<td>• Operational planning</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Introductions to potential customers and suppliers</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>• Resolve compensation issues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ehrlich et. al., (1994)</td>
<td>• First 20 variables same as MacMillan (1988). The rest are:</td>
<td>Not specified</td>
<td>Field Survey (Questionnaire)</td>
</tr>
<tr>
<td></td>
<td>• Reporting and Operational Control (Which reports, how frequently and remedial actions)</td>
<td></td>
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<tr>
<td></td>
<td>• Reporting Targets (Clarity, Difficulty and Feedback frequency)</td>
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<tr>
<td></td>
<td>• Expertise Sought (Operations, Management Selection, Personnel Management, Financial Management)</td>
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</tr>
<tr>
<td></td>
<td>• Force entrepreneurs to accept VC business terms</td>
<td>- Out of Business</td>
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<tr>
<td></td>
<td>• Willing to compromise</td>
<td>- Still Private</td>
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<tr>
<td></td>
<td>• Hamper development of new ideas</td>
<td>- Merged or acquired IPO</td>
<td></td>
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<tr>
<td></td>
<td>New Venture team dismissals</td>
<td></td>
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<tr>
<td></td>
<td>Strategic Information</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Sound business advice</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>• Excellent financial advice</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>• Sound management advice</td>
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<td></td>
</tr>
</tbody>
</table>

*(Contd.)*
<table>
<thead>
<tr>
<th>Study</th>
<th>Contribution of the Venture Capitalists</th>
<th>Venture Performance Measurement</th>
<th>Research Methodology Used</th>
</tr>
</thead>
</table>
| Macmillan et al. (1988) | • Searching for candidates of management team  
• Interviewing and selecting management team  
• Negotiating employment terms with candidates  
• Interfacing with investor group  
• Developing professional support group  
• Obtaining alternative sources of debt financing  
• Obtaining alternative sources of equity financing  
• Formulating business strategy  
• Developing actual product or service  
• Developing production or service techniques  
• Selecting vendors and equipment  
• Formulating marketing plans  
• Testing or evaluating marketing plans  
• Soliciting customers or distributors  
• Monitoring financial performance  
• Monitoring operating performance  
• Serving as sounding board to entrepreneur team  
• Motivating personnel  
• Replacing management personnel  
• Managing crises and problems | Market share  
Return on investment  
Sales volume  
Net profits | Field Survey (Questionnaire) |
| Dolvin (2005) | IPO Certification                                                                                     | IPO exit measured by initial underpricing, spread and lock up | Secondary Information |

(Contd.)

XXXVII
<table>
<thead>
<tr>
<th>Study</th>
<th>Contribution of the Venture Capitalists</th>
<th>Venture Performance Measurement</th>
<th>Research Methodology Used</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maula et. al. (2005)</td>
<td>Support in attracting • additional investors • key employees • partners • domestic customers • foreign customers Advice on • Markets • Competition • technology • organization (Total 9 constructs. The individual items of the constructs are not specified)</td>
<td>Not Specified</td>
<td>Field Survey (Questionnaire)</td>
</tr>
<tr>
<td>Busenitz et. al., (2004)</td>
<td>Procedural Justice • Force entrepreneurs to accept VC business terms • Willing to compromise • Hamper development of new ideas New Venture team dismissals Strategic Information • Sound business advice • Excellent financial advice • Sound management advice</td>
<td>Venture exit and status as -Out of Business -Still Private -Merged or acquired IPO</td>
<td>Survey through questionnaire</td>
</tr>
<tr>
<td>Sweeting (1997)</td>
<td>• Create value-added to company • Facilitate communication between venture capitalist and CEO • Source of informal information • Control and monitoring of company performance</td>
<td>Market Share Net Profit Sales Volume Return on Investment</td>
<td>Case Study approach using structured interview</td>
</tr>
</tbody>
</table>

(Contd.)
<table>
<thead>
<tr>
<th>Study</th>
<th>Contribution of the Venture Capitalists</th>
<th>Venture Performance Measurement</th>
<th>Research Methodology Used</th>
</tr>
</thead>
</table>
| Gomez-Mejia et al. (1990) | **Financial**  
- Source of capital  
- Help obtain additional investors.  
- Assist company in going public.  
- Bring in new investors.  
- Financial management  
- Structure the financing of firm.  
- Review business plan.  
- Help finalize budget  
**Boundary Spanning Contacts/Networking**  
- Obtain competitive information.  
- Refer accountants, lawyers, consultants.  
- Supply referrals for employees.  
**Inter Organizational Relations**  
- Environmental scanning.  
- Competitive market analysis.  
**Managerial**  
- Organization Structure  
- Help place internal systems of controls.  
- Recruit board members.  
- Establish reporting relationship within firm.  
- Develop systems for coordination, integration, and differentiation.  
**Human Resource Management**  
- Negotiate rewards packages for key employees.  
- Initiate and approve incentive and stock programs.  
- Recruit top management team.  
- Mentor entrepreneur and other members of management team.  
- Establish criteria to evaluate managerial performance.  
- Monitor CEO  
- Request frequent progress reports.  
- Assess CEO’s performance. Replace CEO if necessary. | Not Specified | Qualitative Research Approach with interviews and participant observation methods |

(Contd.)
Study Contribution of the Venture Capitalists Venture Performance Measurement Research Methodology Used

<table>
<thead>
<tr>
<th>Study</th>
<th>Contribution of the Venture Capitalists</th>
<th>Venture Performance Measurement</th>
<th>Research Methodology Used</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gabrielsson and Huse (2002)</td>
<td>• Help with acquisition of capital Serve as a sounding board • Financial competence • Give a sense of economic safety • Involvement on the board of directors • Networking support • Managerial competence • Development of business concept/strategies • Professionalisation of the business • Making external contacts easier • Negotiation and litigation competence • Mentor/coach; support and motivation • Marketing competence • Recruitment of key personnel • Competence regarding production • Technical competence</td>
<td>Not Specified</td>
<td>Questionnaires and In depth Interviews</td>
</tr>
</tbody>
</table>

(Source: Compiled by Researcher)

XL
B. Questionnaire to Study Venture Capital Investing in India

1. Name and Location of the venture capital firm
______________________________________________________________________

2. Year of establishment
_____________________________________________________________________

3. You are
☐ All India DFIs sponsored VCF
☐ SFCs sponsored VCF
☐ Bank sponsored VCF
☐ Private VCF

4. No. of portfolio companies at present
_____________________________________________________________________

5. What is the minimum and maximum capital amount you invest? (Approx in Rs)
_____________________________________________________________________

6. How many of the proposals you receive for investment are actually invested in last 12 months? (Approx percentage)
_____________________________________________________________________

7. For those firms that you didn't invest in, what were your main reasons for not investing? (Please mark all that apply)
☐ Risk was too high
☐ Parties could not agree on a valuation or terms and conditions
☐ Business management lacked sufficient expertise or experience
☐ Business plan was not acceptable
☐ Business did not fit with your investment preferences
☐ Required level of investment was too high/too low
☐ Expected return was too low
☐ Time horizon for profitability was too long
☐ Promoter’s contribution was very less
☐ Any other (please specify) __________________________

8. Rate the following sources of potential deals in order of preference from 1 (Least Preferred) to 5(Most Preferred).
☐ Referrals
☐ Look for deals themselves
☐ Prior Investees
☐ From the venture capital commu
☐ Unsolicited calls by entrepreneurs
9. Which sectors do you invest in? Please mark all that apply
- □ Bio technology
- □ Automobile and auto ancillary
- □ Retailing
- □ Health care
- □ Telecommunication
- □ Real estate
- □ Media
- □ Pharmaceuticals
- □ Education
- □ Aviation
- □ Information technology
- □ Tourism
- □ Financial services
- □ Textile and Apparels
- □ Agro/Food processing
- □ Power
- □ Oil and Gas
- □ Gems and Jewellery
- □ Chemicals
- □ Engineering
- □ Any other (Please specify)

10. At what stages of development do you generally prefer to invest?
- □ Seed
- □ Early Expansion
- □ Start-up
- □ Expansion

11. Which of the following instruments of financing is generally used?
- □ Equity
- □ Convertible Rights
- □ Debt
- □ Differs from case to case

12. How many of businesses you invested in are principally technology- or knowledge-based businesses?
   Technology based businesses: [□ □ □ □] %
   Other businesses: [□ □ □ □] %
   Total: [□ □ □ □] %

13. Which of the following specialists are used for evaluating any business proposals?
- □ In house experts
- □ External specialists
- □ Combination of both
- □ Differs from case to case basis

14. How many members of top management team have entrepreneurial background? (Plz. Specify approx no./percentage)

______________________________________________________________________

15. What is the percentage of ownership stake you take normally in investee’s business? (%) 

______________________________________________________________________

16. Do you invest in:
- □ India only
- □ Outside India only
- □ Both India and abroad

17. Do you have any regional preferences for investment in India?
- □ Yes
- □ No
If yes, please specify the regions where you generally prefer to invest in:
☐ South  ☐ North
☐ West  ☐ East

18. Have you invested in/exited from any ventures based at Gujarat?
☐ Yes  ☐ No

If no, please specify reasons:
_____________________________________________________________________

If yes, Please mention the name of the firm you invested/exited
_____________________________________________________________________

19. How important it is for you to be geographically near to the investee company?

<table>
<thead>
<tr>
<th>Geographical nearness to Investee Co.</th>
<th>Extremely Important</th>
<th>Very Important</th>
<th>Neutral</th>
<th>Somewhat Important</th>
<th>Not at all Important</th>
</tr>
</thead>
</table>

20. Please rate the following criteria considered important in assessing a potential investment opportunity:

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Irrelevant</th>
<th>Desirable</th>
<th>Important</th>
<th>Essential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected rate of return</td>
<td></td>
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<tr>
<td>Size of Investment</td>
<td></td>
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<tr>
<td>Potential exit routes</td>
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<tr>
<td>Venture can be made liquid easily</td>
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<tr>
<td>Tax benefits</td>
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<tr>
<td>Quality of management team</td>
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<tr>
<td>Personality and attitude of entrepreneur</td>
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<tr>
<td>Domestic market potential of product/service</td>
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<tr>
<td>International market potential of product/service</td>
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<tr>
<td>Past track record of the entrepreneur</td>
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<tr>
<td>Little threat of competition</td>
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<tr>
<td>High tech product</td>
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<tr>
<td>Entrepreneur’s urge to grow</td>
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<tr>
<td>Entrepreneur referred by reliable source</td>
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<tr>
<td>Entrepreneur’s familiarity with market</td>
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<tr>
<td>Consistent with investment preference</td>
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<tr>
<td>Regulatory burden within industry</td>
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</tbody>
</table>

XLIII
Quality of business plan  
Consistency with your expertise, experience and Knowledge  
Co-investors are present  
Promoter’s own contribution  
Product prototype should be developed  
Proprietary protection  
Focused development strategy

21. Do you prefer to syndicate with other venture capitalists for investment?
   □ Yes  □ No

If yes, please rate the following reasons for syndication on importance scale:

<table>
<thead>
<tr>
<th>Reasons for Syndication</th>
<th>Extremely Important</th>
<th>Very Important</th>
<th>Neutral</th>
<th>Somewhat Important</th>
<th>Not at all Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financing of larger investment</td>
<td></td>
<td></td>
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<tr>
<td>Risk sharing</td>
<td></td>
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<tr>
<td>Superior selection of investments</td>
<td></td>
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<tr>
<td>Strong bargaining position against investee</td>
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<tr>
<td>Access or reciprocate deal-flow</td>
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<td></td>
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<tr>
<td>Window dressing</td>
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<tr>
<td>Need to access specific skills for better management</td>
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<tr>
<td>Deal is outside your preference for investment Stage</td>
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<tr>
<td>Deal is outside your preference of industry</td>
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<tr>
<td>Deal is outside geography you invest</td>
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</tbody>
</table>

22. At what stage of venture development would you like to syndicate with other venture capitalists?
   □ Early stage  □ Later stage  □ Exit stage

23. What is average target annual rate of return from investment made in ventures?
   □ 10%-20%  □ 30%-40%
   □ 20%-30%  □ More than 40%

XLIV
24. Rate your involvement with respect to the following areas in the business of investee.

<table>
<thead>
<tr>
<th>Area of Involvement</th>
<th>High</th>
<th>Medium</th>
<th>Low</th>
<th>None</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology development</td>
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<tr>
<td>Research and development</td>
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<tr>
<td>Production</td>
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<tr>
<td>Customer Knowledge</td>
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<tr>
<td>Formulating, testing and evaluating marketing plans</td>
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<tr>
<td>Sales</td>
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<tr>
<td>Internationalization of the company/markets</td>
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<tr>
<td>Strategic Planning</td>
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<td></td>
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<tr>
<td>Selecting management team</td>
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<tr>
<td>Serve as sounding board</td>
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<tr>
<td>Manage crises and problems</td>
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<tr>
<td>Networking</td>
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<tr>
<td>Corporate governance</td>
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<tr>
<td>Strategic alliance partner</td>
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<tr>
<td>Monitoring financial performance</td>
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<tr>
<td>Introducing investee to potential customers, Suppliers</td>
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<tr>
<td>and service providers</td>
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</tr>
<tr>
<td>Cash management</td>
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<tr>
<td>Budgeting</td>
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<tr>
<td>Further financing</td>
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<tr>
<td>Sale (exit)</td>
<td></td>
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</tr>
</tbody>
</table>

25. Rate the following areas/operations of the investee company that you normally control.

<table>
<thead>
<tr>
<th>Control Areas</th>
<th>High Control</th>
<th>Medium Control</th>
<th>Low Control</th>
<th>No Control</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Expenditure</td>
<td></td>
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<tr>
<td>Working Capital Management</td>
<td></td>
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<tr>
<td>Debt Levels</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend payment</td>
<td></td>
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<tr>
<td>Management Remuneration</td>
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<tr>
<td>Recruitment of Personnel</td>
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<tr>
<td>Participation in mergers</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Sale of assets</td>
<td></td>
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</tr>
</tbody>
</table>

26. Which of the following methods do you use for exercising control?

- Continuous monitoring
- Evaluation of management
- Conformance to the objectives as set in the plan
- Any other _______________
27. Which of the following means of formal monitoring do you use?
- [ ] Budgets
- [ ] Monthly Accounts
- [ ] Business Plans
- [ ] Financial statements
- [ ] Any other (please specify) ______________

28. Rate the following methods for collecting the information from the investee company on a preference scale of 1 (Least Preferred) to 5 (Most Preferred)
- [ ] Telephone conversation
- [ ] Personal visit
- [ ] Board meetings
- [ ] Management report
- [ ] Contacting representatives appointed on investee’s board

29. Please mark the no. of visits to investee company
- [ ] Monthly
- [ ] Six Monthly
- [ ] Quarterly
- [ ] Annually

30. What are the common grounds of conflict between investee company and the venture capitalist? Mark all that apply
- [ ] Information not revealed by the investee company
- [ ] Timing of investment
- [ ] Amount of investment
- [ ] Differences in the perception of both the parties regarding each other’s role
- [ ] Stage of investment in case of the staging strategy
- [ ] Control exercised by the venture capitalist
- [ ] Any other please specify ______________

31. How did you exit/or would exit those investment(s)? Please mark all that apply
- [ ] Initial public offering
- [ ] Business was liquidated
- [ ] Sale of ownership stake to existing owners
- [ ] Sale of ownership stake to one or more third parties
- [ ] Repurchase of the shares by Investee Company
- [ ] Business acquisition or merger
- [ ] Business ceased operations
- [ ] Any other ____________

32. Please mention time frame preferred with respect to exiting the business of investee.
- [ ] Less than 5 years
- [ ] 5-7 years
- [ ] 7-10 years

33. Have you invested in ventures earlier incubated or funded by angels?
- [ ] Yes
- [ ] No

34. Have you invested in businesses that have emerged from business incubators?
- [ ] Yes
- [ ] No

XLVI
35. Please rate your perception towards business angels and incubation centres on an agreement scale:

<table>
<thead>
<tr>
<th>Perceptions</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Add value to the investment</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Vital source of early stage finance</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Necessary to ensure VCs continue getting quality deals</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>A useful referral source</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

36. Your suggestions/comments:

______________________________________________________________________
______________________________________________________________________
______________________________________________________________________
______________________________________________________________________
______________________________________________________________________

Name and Position of the respondent

______________________________________________________________________

Thank you!!!
C. Questionnaire to Study VC Supported Entrepreneur/Firm

1. Name of the entrepreneur and the venture:
____________________________________________________________________

2. Location (city) where you have started the venture:
____________________________________________________________________

3. Sex: □Male □Female

4. Qualification: □SSC □HSC □Graduate □Post Graduate □Doctorate □Diploma

5. Age: □Below 25 years □25-35 yrs □35-45 yrs □Above 45yrs

6. State to which you belong to: □Gujarat □Any other state

7. Do you have any entrepreneurial family background? □Yes □No
   If yes, You have
   □Joined family business □Started own business

8. Rate the support of the family members, to you being an entrepreneur:
   □Opposed □Supportive □Skeptical □Very supportive □Neutral

9. Have you been previously working in any company before becoming an entrepreneur?
   □Yes □No
   If yes, plz specify the duration: __________(months/years)

10. Why did you decide to become an entrepreneur?
    (You may leave the options not applicable).
    □ Independence/do not like to work under someone
    □ Inspired by someone
    □ High need for achievement
    □ Corporate drop out
    □ Lured by monetary gain
    □ Wanted to support society
    □ Break off from the corporate routine
    □ Family Background

11. This is your:
    □First venture □Second venture □Third venture


XLVIII
13. Sector/Industry:  
- ☐ Health Care
- ☐ Bio-tech
- ☐ Education
- ☐ Textile
- ☐ IT/ITes
- ☐ Tourism
- ☐ Hospitality
- ☐ Automobile
- ☐ Construction
- ☐ Any other: ____________

14. Ownership structure of the start-up:  
- ☐ Proprietary
- ☐ Partnership
- ☐ Private Limited company
- ☐ Public Limited company
- ☐ Co-operative society
- ☐ Any other plz specify: ____________

15. Why did you start your venture in Gujarat?  
(You may leave the options not applicable).
- ☐ Familiarity with city/state
- ☐ Availability of resources
- ☐ Less costly as compared to other state
- ☐ Presence of target customers
- ☐ Less interference of Government
- ☐ Friendly regulatory environment
- ☐ Regional preference of investors
- ☐ Less competition
- ☐ Strategic location
- ☐ Govt. subsidies available
- ☐ Any other please specify: ____________

16. Have you ever presented your business plan in any competition?  
- ☐ Yes
- ☐ No

If yes, how do you perceive the role of this competition in starting your venture?  
- ☐ High
- ☐ Medium
- ☐ Low

17. Present Stage of development of the venture:  
- ☐ Seed (e.g. investment to enable further development, testing and preparation of a product or service to the point where it is feasible to start business operations)
- ☐ Start-up (e.g. investment to enable actual business operations to get underway, including initial production and marketing)
- ☐ Early Expansion (e.g. investment to expand commercial production and marketing, but where the business is still cash-flow negative)
- ☐ Expansion (e.g. investment in an already profitable business to expand commercial production or marketing)

18. Your familiarity with:  

<table>
<thead>
<tr>
<th>Familiarity with</th>
<th>Never heard of</th>
<th>Heard of only</th>
<th>Know a little bit</th>
<th>Know a fair amount</th>
<th>Know very well</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incubation Centre</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Angel Capital</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

19. Did you avail the services of incubation cells during seed or start up stage?  
- ☐ Yes
- ☐ No
20. Which of the following bootstrapping (self-financing) methods were used during the initial stage. (You may leave the options not applicable).

- Buy used equipment
- Lease rather purchase equipments
- Rented physical space
- Working out of home
- Hire temporary personnel
- Use personal credit cards
- Withhold salary when necessary
- Offer cash discount
- Obtain loans from friends/relatives
- Share employees with other
- Discounting bills and cheques
- Share office space
- Partnering rather employing
- Obtain advance payment from customers
- Employ friends/relatives at below market salaries
- Share equipments with other businesses
- Any other (Plz specify)

Venture Capital (Hereafter referred as VC) related questions:

21. Name the fund from which you raised VC:

______________________________________________________________________

22. The year in which VC is raised:

______________________________________________________________________

23. Total amount invested by the VC: Rs.

______________________________________________________________________

24. Has the Venture capitalist exited from your venture?

- Yes
- No

25. How did the VC fund invest in your venture?

- Individually
- As a part of syndication
- Both

26. Mention the bifurcation of equity holding (%) between:

<table>
<thead>
<tr>
<th>Promoter’s holding (%)</th>
<th>Venture Capital holding (%)</th>
</tr>
</thead>
</table>

27. Instrument of financing used:

- Equity
- Convertible Rights
- Debt
- Any other

28. How did you come to know about this investor:

- Newspaper
- Bank/FI
- Consultant
- Friends
- Any other___________
29. Why did you approach this investor for assistance? (Mark all that apply)
- Banks rejected the proposal
- Wanted cheaper funds
- Wanted management support free of charges
- Geographical Proximity
- Formalities are simpler than other financial institutions
- Did not have collateral to borrow from other institutions
- Knew personally the investor

30. Did you raise the funds from angel investors before being funded by VC?
- Yes  
- No

31. The current funding for the venture (with respect to the involvement of outsiders) is:
- First Round
- Second Round
- Third Round

32. How long did it take for the VC to process from application to approval?
- Less than 3 months
- 3-6 months
- More than 6 months

33. What role did the VC play in the constitution of the Board of your company?
- Active
- Passive
- None

34. How many seats the VC or its representatives hold in your company’s Board of Directors?
- None
- Two
- One
- Three
- More than Three

35. How often on an average do you interact with the VC or its staff?
- Once a month
- At least twice a month
- Once in two months
- Once in several months
- Once in three months

36. Which of the following pre-investment development activities did you implement in order to make the company more attractive for VC? (Mark all that apply)
- Developing business plan
- Developing R&D function
- Obtaining Patent
- Developing marketing function
- Changing composition of management team
- Developing production function
- Changing composition of Board of Directors

37. Which of the following resources did the firm try to acquire using the name of the VC (Mark all that apply):
- Acquiring financing from other investors
- Acquiring new customers
- Acquiring suppliers or co-operation partners
- Recruiting key employees
- Any other (please specify): ____________________
38. Within which areas has the venture capitalist contributed with knowledge, experience and network? Please use the scale mentioned below and rate each variable for expected contribution and the actual contribution:

<table>
<thead>
<tr>
<th>(To a very low Degree)</th>
<th>(To a very high Degree)</th>
<th>Expected Contribution</th>
<th>Actual Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Technology development</td>
<td></td>
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<tr>
<td>Research and Development</td>
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<td></td>
<td></td>
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<tr>
<td>Production</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Customer Knowledge</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Formulating, testing and evaluating marketing plan</td>
<td></td>
<td></td>
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<tr>
<td>Sales</td>
<td></td>
<td></td>
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<tr>
<td>Internationalization of the company/markets</td>
<td></td>
<td></td>
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<tr>
<td>Strategic planning</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Selecting management team</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Serve as sounding board</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Manage crises and problems</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Networking</td>
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<td></td>
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<tr>
<td>Strategic alliance partner</td>
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<tr>
<td>Corporate governance</td>
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<tr>
<td>Introducing to potential suppliers, customers and other service providers</td>
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<tr>
<td>Monitoring financial performance</td>
<td></td>
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<tr>
<td>Cash management</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Budgeting</td>
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<td></td>
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<tr>
<td>Further financing</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Sale (exit)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

39. How do you assess the overall support extended by the VC?
- □ Extremely Unsatisfactory
- □ Somewhat Unsatisfactory
- □ Somewhat Satisfactory
- □ Extremely Satisfactory
- □ Neutral

40. How important it is for you to be geographically near to the VC?
- □ Extremely Important
- □ Very Important
- □ Somewhat Important
- □ Not very Important
- □ Neutral

41. Please rate the following involvement of the VC in responding to the problems encountered by the firm on a scale of 1(Rarely) to 5(Constantly):
- □ Works with firm on site
- □ Holds meeting
- □ Works with firm via telephone
- □ Any other ways

LII
42. Please indicate the degree to which you agree or disagree with the following statements

<table>
<thead>
<tr>
<th>Statements</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>VCs are insensitive to early stage projects</td>
<td></td>
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<tr>
<td>They provide networking support</td>
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<tr>
<td>VCs are bankers with little practical knowledge</td>
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<tr>
<td>They provide managerial support</td>
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<tr>
<td>They bring financial discipline</td>
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<tr>
<td>Invest only in successful Cos.</td>
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<tr>
<td>Negotiations take too long</td>
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<tr>
<td>Do not meet our funding needs</td>
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<tr>
<td>They help in further fund raising</td>
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<tr>
<td>Making a business plan for VC is difficult</td>
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<tr>
<td>They add value to the venture</td>
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<tr>
<td>Valuations are unfair</td>
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<td></td>
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<tr>
<td>They help in marketing product</td>
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<tr>
<td>It is difficult to approach them</td>
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<tr>
<td>They are eager to exit</td>
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<tr>
<td>They put restrictive covenants</td>
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<tr>
<td>They share financial and business risk</td>
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<tr>
<td>It is costly as compared to other sources</td>
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<tr>
<td>Involvement results in better corporate governance</td>
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</tr>
</tbody>
</table>

43. Are you planning for the expansion in near future:
   - ☐ Yes
   - ☐ No

If yes, will you approach the same VC for further assistance?
   - ☐ Yes
   - ☐ No
   - ☐ Not decided
D. Questionnaire to Survey the Funding Preferences of New Age Entrepreneurs

1. Name of the entrepreneur and the venture

______________________________________________________________________

2. Location (city) where you have started the venture

______________________________________________________________________

3. Sex:  

   ☐ Male  ☐ Female

4. Qualification:  

   ☐ SSC  ☐ Post Graduate  
   ☐ HSC  ☐ Doctorate  
   ☐ Graduate  ☐ Diploma

5. Age:  

   ☐ Below 25 years  ☐ 35-45 yrs  
   ☐ 25-35 yrs  ☐ Above 45 yrs

6. State to which you belong to:  

   ☐ Gujarat  ☐ Any other state

7. Do you have any entrepreneurial family background?  

   ☐ Yes  ☐ No

   If yes, You have  

   ☐ Joined family business  ☐ Started own business

8. Have you been previously working in any company before becoming an entrepreneur?  

   ☐ Yes  ☐ No

   If yes, plz specify the duration: _______________ (months/years)

9. Why did you decide to become an entrepreneur? (Mark all that apply)  

   ☐ Independence/do not like to work under someone  
   ☐ Inspired by someone  
   ☐ High need for achievement  
   ☐ Corporate drop out  
   ☐ Lured by monetary gain  
   ☐ Wanted to support society  
   ☐ Break off from the corporate routine  
   ☐ Family Background

10. Rate the support of the family members, to you being an entrepreneur:  

    ☐ Opposed  ☐ Supportive  
    ☐ Skeptical  ☐ Very supportive  
    ☐ Neutral

11. This is your:  

    ☐ First venture  ☐ Second venture  ☐ Third venture

12. Nature of the Innovation:  

    ☐ Product  ☐ Service/ Process

LIV
13. Sector/Industry: □ Health Care □ Bio-tech
□ Education □ Textile
□ IT/ITes □ Tourism
□ Hospitality □ Automobile
□ Construction □ Any other ____________________

14. Ownership structure of the start-up: □ Proprietary
□ Partnership
□ Private Limited company
□ Public Limited company
□ Co-operative society
□ Any other plz. specify________

15. Reasons for starting the venture in Gujarat:(Mark all that apply)
□ Familiarity with city/state
□ Less costly as compared to other state
□ Less interference of Government
□ Regional preference of investors
□ Strategic location
□ Any other please specify

16. Have you ever presented your business plan in any competition?
□ Yes □ No

If yes, how do you perceive the role of this competition in starting of your venture?
□ High □ Medium □ Low

17. Present Stage of development of the venture:
□ Seed (e.g. investment to enable further development, testing and preparation of a product or service to the point where it is feasible to start business operations)

□ Start-up (e.g. investment to enable actual business operations to get underway, including initial production and marketing)

□ Early Expansion (e.g. investment to expand commercial production and marketing, but where the business is still cash-flow negative)

□ Expansion (e.g. investment in an already profitable business to expand commercial production or marketing)

18. If it is Seed or Start up stage, which specific stage of such development:
□ Idea generation □ Prototype development
□ Product launching □ Product testing in the market

19. Familiarity with the incubation centre:

<table>
<thead>
<tr>
<th>Familiarity with Incubation Centre</th>
<th>Never heard of</th>
<th>Heard of only</th>
<th>Know a little bit</th>
<th>Know a fair amount</th>
<th>Know very well</th>
</tr>
</thead>
</table>

20. Did you avail the facilities at the incubation centre during the initial stage of your venture?
□ Yes □ No
21. Which of the following bootstrapping (self-financing) methods were used during the initial stage:

- ☐ Buy used equipment
- ☐ Lease rather purchase equipments
- ☐ Rented physical space
- ☐ Working out of home
- ☐ Hire temporary personnel
- ☐ Use personal credit cards
- ☐ Withhold salary when necessary
- ☐ Offer cash discount
- ☐ Obtain loans from friends/relatives
- ☐ Share employees with other
- ☐ Discounting bills and cheques
- ☐ Share office space
- ☐ Partnering rather employing
- ☐ Obtain advance payment from customers
- ☐ Employ friends/relatives at below market salaries
- ☐ Share equipments with other businesses
- ☐ Any other (Plz specify)

22. How did you finance your business during the start-up stage:

- ☐ Personal savings
- ☐ Spouse’s Income
- ☐ Friends and Relatives
- ☐ Venture capital
- ☐ Loans from Banks/FIs
- ☐ Angel capital
- ☐ Any other source
- ☐ Government subsidy

23. Please specify the current ratio between:

<table>
<thead>
<tr>
<th>Promoter’s contribution</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other sources of financing</td>
<td>Name the source</td>
</tr>
<tr>
<td>(i)</td>
<td></td>
</tr>
<tr>
<td>(ii)</td>
<td></td>
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<tr>
<td>(iii)</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>

24. Your familiarity with:

<table>
<thead>
<tr>
<th>Familiarity with</th>
<th>Never heard of</th>
<th>Heard of only</th>
<th>Know a little bit</th>
<th>Know a fair amount</th>
<th>Know very well</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angel Capital</td>
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<td></td>
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<tr>
<td>Venture Capital</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>
25. Your perception towards equity investors:
*(Opt this question only if, your answer to Q 27 is: know a little bit, know a fair amount, Know very well).*

<table>
<thead>
<tr>
<th>Statements</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>It is difficult to approach them</td>
<td></td>
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<tr>
<td>They are eager to exit</td>
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<tr>
<td>It is costly as compared to other sources</td>
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<tr>
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<tr>
<td>They provide managerial support</td>
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<td></td>
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<tr>
<td>They help in further fund raising</td>
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</tr>
</tbody>
</table>

*If you have not received angel/venture capital, please opt Q 30 and Q.31*

26. Did you approach any angel investors/Venture capital firms for funding your requirement?

- [ ] Yes
- [ ] No

27. If yes, why the arrangement did not work out?

- [ ] Venture lacked the scalability
- [ ] Risk was too high
- [ ] Parties could not agree on a valuation or terms and conditions
- [ ] Business management lacked sufficient expertise or experience
- [ ] Business plan was not acceptable
- [ ] Proposals are still being considered
- [ ] Request for investment was withdrawn
- [ ] Business did not fit with your investment preferences
- [ ] Required level of investment was too high
- [ ] Required Level of investment was too low
- [ ] Expected return was too low
- [ ] Time horizon for profitability was too long
- [ ] Promoter's contribution was very less
- [ ] Any other (plz specify) __________________________

*If you have raised the debt from banks/FIs please attempt the Q.32 and Q.33*

28. Why did you approach bank/FIs for assistance?

- [ ] Did not have enough money for equity on my own
- [ ] Equity investors (Angel/VC) rejected the proposal
- [ ] Did not want to dilute equity
- [ ] Less costly as compared to other sources
- [ ] Less complex to raise finance from bank/FI
- [ ] Any other please specify: __________________________

LVII
29. Rate your overall experience with the bank/FI on the following parameter:

<table>
<thead>
<tr>
<th>Areas</th>
<th>Excellent</th>
<th>Very Good</th>
<th>Good</th>
<th>Fair</th>
<th>Satisfactory</th>
</tr>
</thead>
<tbody>
<tr>
<td>Speed of processing loan</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Loan disbursement process</td>
<td></td>
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<td></td>
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<tr>
<td>Reporting relations with bank</td>
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</tr>
<tr>
<td>Sharing of information</td>
<td></td>
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</tr>
<tr>
<td>Schemes offered</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Involvement of the bank in company’s operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

30. If you have not availed any external funding, please mention the reasons for the same:
- □ Have sufficient reserves to manage the funding all alone
- □ External funding is costlier as compared to internal sources
- □ External investors were approached but they were not willing to invest
- □ Proposals are still being considered by the investors
- □ Have not felt the need for such investment till now
- □ The venture is not so big as to consider the external investment
- □ Do not want to dilute equity to equity investors
- □ Do not have sufficient assets to be pledged to debt investors
- □ Will consider the appropriate source of financing at a later stage
- □ Any other please specify ____________________________

31. How important it is for you to be geographically near to the investor?

<table>
<thead>
<tr>
<th>Importance of Geographical Proximity</th>
<th>Extremely Important</th>
<th>Very Important</th>
<th>Neutral</th>
<th>Somewhat Important</th>
<th>Not very Important</th>
</tr>
</thead>
</table>

32. You would prefer to approach the investors:
- □ In Gujarat
- □ Outside Gujarat

33. Are you planning for the expansion in near future:
- □ Yes
- □ No

   If yes, what would be the preferred source of financing for the proposed expansion?
- □ Internal Reserves
- □ Angel Capital
- □ Venture capital
- □ Bank debt
- □ Any other source please specify: ____________________________

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