

Time: 2.5 hours

Marks: 75

Notes: (1) All questions are compulsory subject to internal choice
(2) Figures to right indicate marks

Q1. A. Match the following (any 8)

(08)

A

B

- | | |
|-------------------------------|--|
| 1) Seed financing | a) Investor in PE |
| 2) Second stage financing | b) Counter party risk |
| 3) Merchant Banks | c) Combination of offshore and domestic Investment |
| 4) Public Pension funds | d) Domestic investments |
| 5) Operating risks | e) Early stage financing |
| 6) Credit risk | f) Partial exit strategy |
| 7) Open Market | g) Expansion financing |
| 8) Leveraged recapitalization | h) Helps in going public |
| 9) Co-investment structure | i) Risk due to human error |
| 10) Unified structure | j) Purchase securities without intervention |

B. State whether following statements are True or False (any 7)

(07)

- 1) Phase Three of PE fund is Investment Period of Private Equity.
- 2) Due Diligence is a reality test.
- 3) FEMA Act is passed in the year 1994.
- 4) Hedge funds are typically close ended and not actively managed.
- 5) LLP is not a separate legal entity from that of its partners.
- 6) Business valuation is the process of assessing price of financial asset or liability.
- 7) Liquidity risk is risk of loss due to change in market prices.
- 8) Mezzanine is also known as first stage financing
- 9) Private equity funds typically have a life span of about 8 to 10 years.
- 10) The IPO process is a not a time consuming process.

Q2. A. Describe the various types of Venture Capital Funds.

(08)

B. Define Private Equity and state its benefits.

(07)

OR

Q2 .C Describe the role of Private Equity fund manager.

(08)

D. Differentiate between venture capital fund and hedge fund.

(07)

Q3.A. Explain the business cycle of Private Equity (08)

B. Write a note on Fund of fund (07)

OR

C. Explain the various types of risk in private equity (08)

D. Discuss various Valuation approaches used by Venture Capitalist. (07)

Q4. A. What is LBO? State the characteristics of LBO. (08)

B. Write a note on Mezzanine financing instruments. (07)

OR

C. Discuss on Due Diligence process. (08)

D. Write a note on Distressed Buyout. (07)

Q5.A. Describe Promoter Buy Back as an Exit Strategy (08)

B. What is Sale to other PE fund? State its advantages. (07)

OR

Q5. Write short notes on any three of the following questions. (15)

- a) Disadvantages of an IPO exit
- b) Off shore Legal Structure
- c) Secondary Market
- d) Limited Liability
- e) First Chicago Method
