Time: 2 ½ Hours **75 Marks**

NB: 1) All questions are compulsory.
2) Figures to the right indicate the full marks.

Q.1 a) Fill in the blanks with appropriate words (any 8) 08

1. The __________ has unlimited liability with regard to third parties.
   a) General Partner b) Limited Partner c) Unlimited Partner

2. ______________ is the risk that investor is not able to pay their capital commitments to a private equity fund.
   a) Funding Risk b)Exchange Rate Risk c) Liquidity Risk

3. FEMA Regulations are passed in the year__________.
   a) 1969 b)1992 c) 2000

4. A sale of the portfolio company to another private equity is known as ________.
   a) Mergers b) Secondary Sale c) Buyback

5. In India, the acquiring company can form a ________ which is a subsidiary of the acquirer with a minimum equity capital.
   a) SPV b)Fund of Fund c) Sponsor

6. __________ acts as an intermediary to link up the sources of ideas and the sources of fund.
   a) Merchant Banker b) Credit Rating Agency c) Venture Capital

7. __________ is a form of investment club.
   a) Debt fund b) Money Market c) Private Equity Fund

8. ____________ aims at reducing risk and enhances returns.
   a) Hedge fund b) Equity c) LBO

9. ____________ is an Investment period of Private Equity.
   a) Phase One b)Phase Two c) Phase Three

10. _______ Structure is normally used where domestic investors are expected to participate in the fund.
    a) Co-Investment b) Unified c) Offshore

b) State whether following statements are True or False. (Any 7) 07

1. The major advantage of secondary sale is its speed and liquidity
2. Seed capital is provided to the companies for the purpose of expansion of business.
3. Mezzanine financing is the hybrid of debt and equity financing.
4. Regulatory risk is the risk of doing a transaction which is not as per the prevailing rules and laws of the country.
5. Preferred ordinary shares are equity shares with special rights.
6. Special situations investing is specialist private equity investor and has existing relationship with firms.
7. Private equity investment is generally for a short period of one to two years.

8. Private Equity pool is operated by a Limited Partner who charges management fees for General Partners.
9. Under Offshore fund structure, an investment vehicle is organized in an offshore tax favourable jurisdiction.
10. In stock purchase format, the target firm sells its assets to the buying group.

Q.2	a) Explain in detail concept of private equity along with its characteristics	08
	b) Explain in detail business cycle of Private Equity	07
	OR	
	c) What is Venture Capital? What are various methods of obtaining venture Capital financing?	08
	d) Distinguish between private equity and venture capital	07
Q.3	a) Explain the risks faced by PE fund managers	08
	b) What are the methods used for valuation for startups	07
	OR	
	c) State three methods for valuation of Private Equity	08
	d) Explain in detail risk return trade off	07
Q.4	a) State various advantages and disadvantages of Mezzanine finance	08
	b) Elaborate the process of due diligence.	07
	OR	
	c) Explain various private equity strategic in detail	08
	d) Sate various advantages and disadvantages of LBO	07
Q.5	a) Explain various routes of exit in private equity	08
	b) State advantages and disadvantages of IPO exit	07
	OR	
	Write short notes (ant three)	15

1. Leverage recapitalization
2. Distressed buyout.
3. Balancing risk and reward
4. Limited liability
5. PE legal structure and terms
