

Time: 2.5 hr

Marks: 75

Note: 1. All the questions are compulsory and carry equal marks.

2. Figures to the right indicate marks.

Q.1. (A) Multiple Choice Questions:- (any eight)

(8)

1. The term _____ refers to financial investment in a highly risky and growth-oriented venture to earn a high rate of return.
(a) Merchant Banking (b) Venture Capital (c) Leasing (d) Mezzanine
2. _____ is the most preferred exit option among PE firms
(a) Trade Sale (b) Strategic Sale (c) Liquidation (d) IPO
3. Discounted Cash Flow is a _____ approach of valuation.
(a) Income (b) Market (c) Goodwill (d) Cost
4. _____ possesses professional expertise and plays a promotional role in organizing a perfect match between the supply and demand for capital in the market.
(a) Issuers (b) Investors (c) Intermediaries (d) Venture Capitalist
5. Private equity is a _____ investment fund, as its current market price cannot be easily determined and cannot be transferred for a certain period.
(a) Close-ended (b) Open-ended (c) Active (d) Fund
6. _____ capital is raised to buy equity stakes in high-potential companies.
(a) Venture Capital (b) Growth Capital (c) Private Equity (d) Mezzanine Capital
7. _____ is needed for developing a product in the initial stages.
(a) Seed Capital (b) Second round financing (c) Leasing (d) Share capital
8. _____ multiple is commonly based on an assumption as to the 'normalized' level of earnings that can be generated from that revenue.
(a) Income (b) Revenue (c) Sponsor (d) Profit
9. In _____ option of LBO, shareholders simply sell their stock and all interest in the target company to the buying group, and then the two firms may be merged.
(a) Asset purchase (b) Stock purchase (c) Venture capital (d) Special investing
10. LBO involves use of _____ to finance the acquisition of a company
(a) Equity (b) Cash (c) Leverage (d) payment

Q.1. (B) Match the Pairs :- (any seven)**(7)**

	Group A		Group B
1	Limited Partner	a	Sale to Other PE firm
2	Start-up Financing	b	Pooling of Funds
3	Hedge Fund	c	Private Equity Fund
4	Co-Investment Structure	d	Domestic Investment
5	Unified Structure	e	Expansion Capital
6	Credit Risk	f	Launch phase
7	Secondary Sale	g	Combination of offshore & domestic investment
8	Mezzanine Financing	h	Human Error
9	Growth Capital	i	Hybrid of Debt and Equity Financing
10	Operational Risk	j	Default in Payment

Q.2. (a) Present the structure of venture capital / Private equity funds in India? (8)

(b) Define venture capital and state its features? (7)

OR

(c) What are the characteristics of private equity? (8)

(d) Discuss the Various Valuation approach and techniques in Venture capital / Private equity? (7)

Q.3. (a) Explain the stages of obtaining venture capital? (8)

(b) Explain various players in private equity Market? (7)

OR

(c) Explain the advantages and disadvantages of IPO exit? (8)

(d) Enumerate on the advantages of Mezzanine Financing? (7)

Q.4. (a) Explain various types of risk? (8)

(b) What are the important factors of successful PE Exits? (7)

OR

(c) Explain the Stages of due diligence process. (8)

(d) Explain Exit Strategies - Sale to Other Strategic Investor. (7)

Q. 5. Distinguish between Private equity, Venture capital and Hedge Funds? (15)

OR

Q.5. Write Short Notes (any three) (15)

1. Growth Capital
2. General partner
3. Seed financing
4. Promoter Buyback
5. Risk return Trade-off
