

Time: 2.5 hr

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. _____ is needed for developing a product in the initial stages.
(a) Seed Capital (b) Second round financing (c) Leasing (d) Share capital
2. 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
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. A _____ structure is a combination of offshore and domestic investment, two separate pools of capital for offshore investors as well as domestic investors are been raised.
(a) Offshore (b) Co-investment (c) Unified (d) Mezzanine
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. The investee company paying the dividend has to pay _____.
(a) Capital Gain Tax (b) Short term capital Gain tax (c) Dividend distribution tax (d) Income Tax on Profit
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. Private equity investments are made in _____.
(a) Unlisted equity share (b) Listed equity share (c) Only debt (d) Tax
10. 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

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

(7)

	Group A		Group B
1	Start-up Financing	a	Private Equity Fund
2	Limited Partner	b	Pooling of Funds
3	Hedge Fund	c	Sale to Other PE firm
4	Co-Investment Structure	d	Funding for Research & Development
5	Seed Financing	e	Examination of Potential Investment
6	Credit Risk	f	Launch phase
7	Due Diligence	g	Combination of offshore & domestic investment
8	Would be Manager	h	Laws & Regulation
9	Secondary Sale	i	General Partner
10	Regulatory Risk	j	Default in Payment

Q.2. (a) Distinguish between Private equity and Venture capital?

(8)

(b) Define venture capital and state its features?

(7)

OR

(c) What are the Benefits of private equity Finance?

(8)

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

(7)

Q.3. (a) Explain Stages of obtaining venture capital?

(8)

(b) Explain various players in private equity Market?

(7)

OR

(c) Explain the process of Buyback by Promoters?

(8)

(d) Due diligence checklist for start up companies?

(7)

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

(8)

(b) Present the Legal structure of venture capital / Private equity funds in India?

(7)

OR

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

(8)

(d) How to prepare business plan for getting venture capital?

(7)

Q. 5. Explain leverage buyout? What are various advantage and disadvantage?

(15)

OR

Q.5. Write Short Notes (any three)

(15)

1. Sale to Other Strategic Investor

2. General partner

3. Risk return Trade-off

4. Foreign Direct Investment

5. Seed financing
