

**Question Paper Pattern for Semester End Examination (60 Marks)**

- There will be Five Questions in all.
- Q1 would be compulsory and would carry 20 Marks
- In addition to Q1, there would be six questions. Each question would carry 10 Marks. Each of
- these Six Questions will have three sub – questions and each sub – question would carry 05 Marks
- Students have to attempt any four out of the remaining six Questions and within each question; students have to attempt any two out of three sub – questions.

**Q1 MCQs**

**20 Marks (Compulsory)**

- (a) The method by which an investor will realize an investment,  
(1) exit route (2) private equity (3) business summary (4) institutional investors
- (b) The amount \_\_\_\_\_ is available to a management team for venture investments  
(1) Post money (2) senior stock (3) equity offerings (4) capital under management
- (c) A study of the background and financial reliability of the company is done by \_\_\_\_\_  
(1) Due diligence (2) preferred stock (3) market capitalization (4) follow on
- (d) An investment in a startup business having excellent growth prospects is  
(1) Private equity (2) venture capital financing (3) minority enterprise (4) LLP
- (e) Private equity firm is incorporated as \_\_\_\_\_  
(1) LLP (2) company (3) proprietorship firm (4) partnership firm
- (f) Venture capital is invested as \_\_\_\_\_  
(1) equity stake in the business (2) loan to the business (3) providing assets needed by the business (4) all of the above
- (g) Characteristics of venture capital investments  
(1) high risk (2) low liquidity (3) longer-term (4) all of the above
- (h) The funding process of venture capital starts with \_\_\_\_\_  
(1) idea generation (2) application for a funds (3) project report preparation (4) permission to raise capital
- (i) The venture capital financing starts with \_\_\_\_\_  
(1) Deal origination (2) preparation of funding report (3) deal negotiation (4) none of the above
- (j) The valuation of startups is generally done by \_\_\_\_\_  
(1) venture capital method (2) nav method (3) market price per share method (4) none of the above

- (k) The key risk in private equity is  
(1) liquidity risk (2) funding risk (3) market risk (4) all of the above
- (l) Funding risk in private equity refers to \_\_\_\_\_  
(1) not getting funding for the project (2) not able to repay to private equity funds (3) not able to earn on the funds (4) all of the above
- (m) Private equity funds are regulated by \_\_\_\_\_  
(1) Sebi (2) rbi (3) companies act (4) all of the above
- (n) Methods of startup valuation are \_\_\_\_\_  
(1) comparing price method (2) score card method (3) discounted cash flow (4) method all of the above
- (o) Valuation is the act of assessing \_\_\_\_\_ value or price of financial assets or liability.  
(1) business (2) financial (3) share (4) debenture
- (p) \_\_\_\_\_ loan are normal loans, but their interest is not fixed, but is provisional upon the results of business.  
(1) mortgage loans (2) participating loans (3) long term loans (4) short term loans
- (q) Holders of \_\_\_\_\_ bonds have right to acquire shares or other equity instruments of the company instead of accepting repayment  
(1) Non convertible (2) warrants (3) convertible (4) debentures
- (r) Mezzanine funding provides for \_\_\_\_\_ amount of funding than an asset backed loan.  
(1) lower (2) similar (3) higher (4) shorter
- (s) Due diligence check list for start –up companies include financial information, customer information and details of \_\_\_\_\_  
(1) income statement (2) cash flow statement (3) fund flow statement (4) organization goodwill
- (t) Due diligence is a \_\_\_\_\_  
(1) mandatory test (2) reality test (3) blind test (4) acid test

Attempt **Any Four out of the Remaining Six** Questions

Q2 Any two from (a) or (b) or (c) (5x2) = 10 Marks

- (a) Describe the strength and weakness of private equity and venture capital industry. (5 Marks)
- (b) Discuss the Venture capital cycle in detail. (5 Marks)
- (c) Explain the process of Private Equity. (5 Marks)

Q3 Any two from (a) or (b) or (c) (5x2) = 10 Marks

- (a) Discuss the fundraising process. (5 Marks)
- (b) Discuss First Chicago Method. (5 Marks)
- (c) What is Negotiation in Venture capital? (5 Marks)

Q4 Any two from (a) or (b) or (c) (5x2) = 10 Marks

- (a) What are Rights of First Refusal and Co-Sale? (5 Marks)
- (b) Explain Liquidation Preference. (5 Marks)
- (c) Write note on Employment/Consulting Agreements. (5 Marks)

Q5 Any two from (a) or (b) or (c) (5x2) = 10 Marks

- (a) Discuss the Due Diligence Procedure. (5 Marks)
- (b) What is Recapitalization? Explain in details. (5 Marks)
- (c) Describe Know Your Customer (KYC) with regulation of Private Equity. (5 Marks)

Q6 Any two from (a) or (b) or (c) (5x2) = 10 Marks

- (a) Explain the advantages and disadvantages of Long-Term Capital Gains (LTCG) in Private equity. (5 Marks)
- (b) Write note on Dividend Income. (5 Marks)
- (c) Explain fund structure and formation regulation of Private Equity. (5 Marks)

Q7 Any two from (a) or (b) or (c) (5x2) = 10 Marks

- (a) Describe the strategies used to manage market and political risks. (5 Marks)
- (b) Describe the role of the Board of Directors in the private company. (5 Marks)
- (c) Discuss the factors that contribute to the growth potential of private equity investments in developing markets. (5 Marks)

**Note: A Student has to separately secure minimum 50% marks (i.e 20 out of 40) in the Internal assessments and secure minimum 50% marks (i.e 30 out of 60) in the Semester End Examination in every subject to be declared as Pass.**