

**MASTER OF BUSINESS ADMINISTRATION
(FINANCIAL MARKETS)
(MBAFM)**

Term-End Examination

June, 2013

**MCT-082 : PRIVATE EQUITY AND VENTURE
CAPITAL**

Time : 3 hours

Maximum Marks : 100

- Note :** (i) *Attempt any five questions.*
(ii) *All questions carry equal marks.*

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1. (a) Describe the characteristics of venture capital Investments ? 20
(b) Explain how do Private Equity Firms add value to their investments.
 2. Write short note on Due Diligence and what are major steps in the due diligence process ? 20
 3. Explain any four funding instruments (modes of financing) used by Venture Capital Funds. 20
 4. What do you understand by Exit Routes ? 20
Enumerate some important exit routes.
 5. Explain the various stages of venture capital financing. 20

6. Write in brief about the various valuation models used by Private Equity Firms to evaluate the target value. 20
7. Explain the investment process of a Venture Capital Fund. Also specify common Venture Capital criterias while selecting a portfolio entity. 20
8. Write short notes on *any two* of the following : 20
- What is an information memorandum ?
 - What distinguishes venture capital financing from other forms of financing ?
 - Calculate the equity value of XYZ Ltd. with the undermentioned information :

(i)	Firm operating value	11,40,000
(ii)	Market value of current portion of longterm debt	2,50,000
(iii)	Capitalized leases	80,000
(iv)	Market value of other non operating assets	4,00,000
(v)	Market value of investments	3,00,000
(vi)	Market value of preffered stock	2,00,000
(vii)	Convertible debentures	10,000
(viii)	Number of outstanding shares	1,00,000