

VENTURE CAPITAL AND PRIVATE EQUITY**TYFM SEM-VI****UNIT I**

| SR. NO. | QUESTION |
|----------------|---|
| 1 | VENTURE CAPITAL IS ----- TYPE OF AIF AS PER SEBI REGULATIONS |
| 2 | PRIVATE EQUITY INVESTMENTS ARE MADE IN---- |
| 3 | VENTURE CAPITAL INVESTMENTS ARE USUALLY MADE AT-- STAGE AS COMPARED TO PRIVATE EQUITY |
| 4 | AS PER SEBI GUIDELINES THE MINIMUM TENURE OF EACH SCHEME OF A PE FUND IS ----YEARS |
| 5 | WHICH IS THE BENEFICIAL INTEREST OF AN INVESTOR IN AN AIF |
| 6 | THE TERM --- REFERS FINANCIAL INVESTMENT IN A HIGHLY RISKY AND GROWTH ORIENTED VENTURE WITH THE OBJECTIVE OF EARNING A HIGH RATE OF RETURN |
| 7 | WHICH OF THESE IS A ROAD TOWARDS A HIGH GROWTH ECONOMY? |
| 8 | WHICH OF THE FOLLOWING ACT AS AN INTERMEDIARY TO LINK-UP THE SOURCES OF IDEAS AND THE SOURCES OF FUND |
| 9 | WHICH OF THE FOLLOWING DOES ONE NEED FOR DEVELOPING A PRODUCT IN THE INITIAL STAGES |
| 10 | THE PURPOSE OF VALUATION IS TO ASSESS THE --- AND VIABILITY OF THE VENTURE AND TO DIVIDE OF THE PERCENTAGE OF THE VFC OWNERSHIP |
| 11 | WHICH OF THE FOLLOWING SITS BETWEEN PUBLIC EQUITY AND OUTRIGHT OWNERSHIP IN TERMS OF THE INVESTMENT HORIZON AND THE DEGREE OF CORPORATE CONTROL |
| 12 | PRIVATE EQUITY IS A --- INVESTMENT FUND AS ITS CURRENT MARKET PRICE CANNOT BE DETERMINED EASILY AND CANNOT BE TRANSFERRED FOR A CERTAIN PERIOD OF TIME? |
| 13 | WHICH IS AN OPEN ENDED INVESTMENT FUND WHERE THERE IS NO RESTRICTION ON THE TRANSFERABILITY OF FUNDS AND ASSETS ARE READILY MARKED TO MARKET |
| 14 | INTERMEDIARIES POSSESS PROFESSIONAL EXPERTISE AND PLAY A PROMOTIONAL ROLE IN ORGANISING A PERFECT MATCH BETWEEN THE SUPPLY AND DEMAND FOR CAPITAL IN THE MARKET |
| 15 | WHICH TYPE OF CAPITAL CAN BE RAISED TO BUY EQUITY STAKES IN HIGH POTENTIAL COMPANIES |
| 16 | UNDER----FUND STRUCTURE , INVESTMENT VEHICLE IN THE FORM OF A LIMITED LIABILITY COMPANY OR LIMITED LIABILITY PARTNERSHIP ORGANISED IN AN OFFSHORE TAX FAVOURABLE JURISDICTION MAKES PORTFOLIO INVESTMENTS INTO INDIAN COMPANIES |
| 17 | WHICH 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? |
| 18 | WHAT KIND OF STRUCTURE IS GENERALLY USED WHERE DOMESTIC INVESTORS ARE ALSO EXPECTED TO PARTICIPATE IN THE FUND? |

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| 19 | PRIVATE EQUITY FUNDS TYPICALLY OPERATE AS A LIMITED PARTNERSHIP WHICH IS CONTROLLED BY A PRIVATE EQUITY FIRM REFERRED TO AS THE ---- |
| 20 | A RIGOROUS INVESTIGATION AND EVALUATION OF AN INVESTMENT OPPORTUNITY BEFORE COMMITTING FUNDS |
| 21 | WHAT IS THE DOCUMENT THAT STATES THE TERMS AND CONDITION OF THE INVESTMENT CALLED? |
| 22 | THE ORGANISED FORM OF VENTURE CAPITAL ORIGINATED IN THE UNITED STATES OF AMERICA IN WHICH YEAR? |
| 23 | WHICH OF THE FOLLOWING INTERMEDIARIES FUND A FIRM AT R&D AND PRODUCT DEVELOPMENT STAGE? |
| 24 | AT THE GROWTH STAGE , WHICH INTERMEDIARY FUNDS THE FIRM? |
| 25 | BUSINESS INCUBATORS NURTURE AND HELP SET UP THE BUSINESS VENTURE BY --- |
| 26 | ANGEL INVESTORS INVEST THEIR MONEY-- |
| 27 | WHO ALL INVEST IN VENTURE CAPITAL FUND? |
| 28 | WHAT IS THE USUAL HURDLE RATE RANGE? |
| 29 | A VENTURE CAPITAL UNDERTAKING IS A DOMESTIC COMPANY WHICH IS--- |
| 30 | AS PER VENTURE CAPITAL LONG TERM INVESTMENT RANGES BETWEEN--- |
| 31 | IN WHAT MANNER DOES A VENTURE CAPITAL INVEST ? |
| 32 | WHICH OF THE FOLLOWING IS A TRUE OBJECTIVE OF VENTURE CAPITAL? |
| 33 | WHICH MODE CAN A VENTURE CAPITALIST EXIT THROUGH? |
| 34 | SELECT THE MOST APPROPRIATE ROLE OF VENTURE CAPITAL FROM THE FOLLOWING |
| 35 | FROM THE POINT OF VIEW OF INVESTORS IDENTIFYING THE RIGHT EXIT ROUTE AND AT THE RIGHT TIME IS A ROLE PLAYED BY? |
| 36 | UNDER WHICH CATEGORY SPECIFIED BY SEBI DOES THE SME FUND FALL? |
| 37 | WHICH AMONG THE FOLLOWING IS THE CORRECT SECTION FOR DEFINITION OF VCF AS GIVEN BY SEBI |
| 38 | REAL ESTATE FUNDS, TECHNOLOGY FUNDS, EDUCATION FUNDS ARE EXAMPLES OF WHICH CLASSIFICATION OF VCF? |
| 39 | STRUCTURE WHICH IS USED WHERE THERE IS NO INTENT TO POOL CAPITAL AT DOMESTIC LEVEL i.e INDIA LEVEL |

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| 40 | ICICI VENTURE FUNDS LTD IS AN EXAMPLE OF WHICH PROMOTERS BASED VCF? |
| 41 | CANBANK VENTURE CAPITAL FUND WAS FOUNDED ON ? |
| 42 | THOSE FUNDS THAT INVEST IN THE VC FUND /S INSTEAD OF DIRECTLY INVESTING IN COMPANIES |
| 43 | TERM SHEET IS A ----- AGREEMENT BETWEEN THE VENTURE CAPITAL FUND AND THE COMPANY ENTERING INTO A LEGALY BINDING AGREEMENT AT A FUTURE DATE. |
| 44 | PRIVATE EQUITY IS CLASSIFIED UNDER CATERGORY II OF ----- BY SEBI. |
| 45 | AS PER SEBI GUIDELINES, THE MINIMUM TENUARE OF EACH SCHEME OF A PE FUND IS ----- YEARS. |
| 46 | WHAT IS THE MINIMUM CORPUS REQUIRED FOR A PE FUND |
| 47 | IDENTIFY THE CORRECT FEATURE OF PE INVESTMENT |
| 48 | THE AMOUNT OF INVESTMENT IN EACH INVESTING COMPANY BY A PE FUND SHOULD BE? |
| 49 | CHOOSE THE APPROPRIATE FORMULA FOR DPI MULTIPLE |
| 50 | WHICH AMONGST THE FOLLOWING IS THE OBJECTIVE OF A HEDGE FUND? |

UNIT 4

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| 1 | A sale of the portfolio company to another private equity firm, also known as a _____ in private equity |
| 2 | _____ possess professional expertise and play a promotional role in organising a perfect match between the supply and demand for capital in the market |
| 3 | _____ is a hybrid of debt and equity financing that is typically used to finance the expansion of existing companies. |
| 4 | When a fund exits its investment through a/an _____ it does so through an offering of shares to the public |
| 5 | Business Valuation is the act or process of assessing value or price of Financial _____ |
| 6 | In a strategic sale, PE incestors sell their stake in the investee company to _____ |
| 7 | One of the the advantages for the buyer in a secondary sale is _____ |
| 8 | _____ is a strategy where a company takes on significant additional debt for paying a large dividend or for repurchasing shares. |
| 9 | In a secondary sale, PE investors sell their stake to _____ |
| 10 | In a _____, the PE investors sell their shares in the secondary market |

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| 11 | _____ is sale to strategic investors |
| 12 | Secondary Sale means _____ |
| 13 | Tag along rights give the right to the PE investors to sell fully or a part of their stake in the company along with the promoters at the same price at which the _____ sell their stake |
| 14 | Drag Along Rights are _____ |
| 15 | Right of First Offer means that the promoters have to first offer any shares that they want to sell to _____ before offering them for sale to a third party. |
| 16 | In Right to First Offer the price is determined by _____. |
| 17 | Right of First Refusal means that the promoters cannot sell shares to any identified third party before offering the shares to the _____. |
| 18 | In Right of First Refusal the price would be set by _____. |
| 19 | Private Equity investments are made in an investee company for a period of _____. |
| 20 | By nature PE investments are _____. |
| 21 | _____ is the most preferred exit mode according to some PE Fund |
| 22 | In India as per SEBI regulations, it is not compulsory for an unlisted company making an IPO to obtain grading. |
| 23 | Exit via liquidation of the investee company is one of the most preferred modes of exit among PE investors |
| 24 | IPO is a quicker mode of exit as compared to a secondary sale |
| 25 | Sponsored ADRs are those in which the non U.S. company enters into an agreement directly with a U.S. depository bank. |
| 26 | The buyers in a strategic sale usually have financial objectives |
| 27 | IPO gives high visibility to the investee company. |
| 28 | IPO results in true Valuation of company. |
| 29 | Post the IPO, the control of the existing shareholders including the promoters and the PE firm gets _____ |
| 30 | In India IPOs are governed by _____ regulations. |
| 31 | Due Diligence is _____ |
| 32 | IPO grading/rating is done by _____. |
| 33 | Promoter buyback is a quick mode of Exit. |
| 34 | The cost of promoter buyback is relatively _____ as compared to IPO |
| 35 | Sale to Other PE Funds mode of exit is also called as _____. |
| 36 | Sale to Other Strategic Investors mode of exit is also called as _____. |
| 37 | _____ property is a collection of ideas and concepts |
| 38 | _____ means any person engaged in the business of issue management. |
| 39 | Liquidation is _____ preferred modes of exit |
| 40 | A/An _____ is a negotiable certificate issued by a U.S. depository bank representing a specified number of shares of a foreign company's stock |

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| 41 | A/An _____ trades on U.S. stock markets as any domestic shares would. |
| 42 | In Stake swap strategy, the PE firm may _____ the stake it has in a subsidiary company with holding company for a stake in the holding company |
| 43 | In _____ strategy PE funds make an exit by selling their stake in a company in the Open Market |
| 44 | Challenges in promoters buyback include _____ |
| 45 | Advantages of sale to another PE funds include _____ |
| 46 | Strategic Sale & Mergers and Acquisition mean the same. |
| 47 | Exit of PE Fund Investment is important as it _____ |
| 48 | _____ refers to a graph which exhibits a decline or drop in the initial stages, which steadily shows an increasing trend over time. |
| 49 | Offer Document is also called as _____ in case of public issue. |
| 50 | Factors required for the growth & strengthening of Venture Capital investments in India are _____. |

| A | B | C |
|------------------------|----------------------|-------------------------|
| CATEGORY I | CATEGORY II | CATEGORY III |
| UNLISTED EQUITY SHARES | LISTED EQUITY SHARES | ONLY DEBT |
| LATER | EARLIER | EXPANSION |
| 7 | 2 | 3 |
| UNIT | LEVERAGE | CORPUS |
| VENTURE CAPITAL | MERCHANT BANKING | LEASING |
| MERCHANT BANKING | LEASING | PRIVATE EQUITY |
| VENTURE CAPITAL | AIF | LEASING |
| SEED CAPITAL | START UP CAPITAL | SECOND ROUND INVESTMENT |
| PROFITABILITY | FEASIBILITY | AVAILABILITY |
| VENTURE CAPITAL | PRIVATE EQUITY | GROWTH CAPITAL |
| CLOSE ENDED | OPEN ENDED | FUND |
| VENTURE CAPITAL | PRIVATE EQUITY | GROWTH CAPITAL |
| ISSUERS | INVESTORS | INTERMEDIARIES |
| VENTURE CAPITAL | PRIVATE EQUITY | GROWTH CAPITAL |
| OFFSHORE | CO-INVESTMENT | UNIFIED |
| OFFSHORE | CO-INVESTMENT | UNIFIED |
| OFFSHORE | CO-INVESTMENT | UNIFIED |

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| LIMITED PARTNER | GENERAL PARTNER | INVESTMENT PARTNER |
| DUE DILIGENCE | MANAGEMENT ASSESSMENT | DEAL STRUCTURING |
| TERM SHEET | TERM PLAN | EVALUATION |
| 1980 | 1946 | 1989 |
| BUSINESS INCUBATORS | ANGEL INVESTORS | VENTURE CAPITALISTS |
| SEED FUNDS | PRIVATE EQUITY | IPO |
| ACCESS TO EXPERTS AND FINANCE | ISSUING DEBT | ONLY VIRTUAL ACCESS |
| DONOT PROVIDE ANY ADVICE TO INVESTEE VENTURES | AT A VERY LATE STAGE | ONLY IN SMALL GROUPS |
| ONLY GOVERNMENT | PENSION FUNDS, GOVERNMENTS, HNI'S | LIMITED PARTNERSHIPS |
| 5-10% | 10-15% | 2-5% |
| LISTED ON RECOGNISED STOCK EXCHANGE | NOT LISTED ON ANY RECOGNISED STOCK EXCHANGE | ENGAGED IN NBFC, GOLF FINANCING |
| 2-5 YRS | 3-8 YRS | 3-7 YRS |
| ALL AT ONCE | ONLY AT BEGINNING | THROUGHOUT |
| LOW INVESTMENT HIGH RETURNS | HIGH INVESTMENT HIGH RETURNS | HIGH INVESTMENT LOW RETURNS |
| ONLY IPO | ONLY BY BUYBACK BY PROMOTERS | ISSUING NEW CAPITAL |
| MENTORING AND FUNDING HUMAN AS WELL AS FINANCIAL RESOURCES | NO ACCESS TO NETWORK BUT MANAGEMENT GUIDANCE | RAISING FINANCE ALL AT ONCE |
| VENTURE CAPITALIST | PORTFOLIO MANAGER | ANGEL INVESTOR |
| CATEGORY 1 | CATEGORY 4 | CATEGORY 2 |
| SEC 10 (232FB) | SEC 11 (23FB) | SEC 10 (23FA) |
| STRUCTURE | SECTOR FOCUS | PROMOTERS OF THE FUND |
| UNIFIED STRUCTURE | CO-INVESTMENT OR PARALLEL | ONSHORE |

| | | |
|--|--|---|
| DEVELOPMENT FINANCE | CAPITAL ARMS OF COMMERCIAL BANKS | CORPORATE VENTURE CAPITAL FUNDS |
| 21ST SEPT 1989 | 21ST AUG 1989 | 21ST OCT 1989 |
| MUTUAL FUNDS | FUND OF FUND | SME FUND |
| POST | PRELIMINARY | CONCLUDING |
| VENTURE CAPITAL FUND | AIF | DEBT FUND |
| 7 | 2 | 3 |
| 20 CR | 25 CR | 10 CR |
| INVESTMENT IN LISTED SHARE | EQUITY AND EQUITY LINK INVESTMENT | SHORT TERM |
| MIN. 25% OF INVESTABLE FUNDS | MAX. 30% OF INVESTABLE FUND | MAX. 25% OF INVESTABLE FUNDS |
| Σ DISTRIBUTION/ Σ PAID IN CAPITAL | Σ RESIDUAL VALUE/ Σ PAID IN CAPITAL | EV / E |
| TO EARN PROFITS BY SALE OF INVESTE COMPANY | TO EARN PROFITS BY IPO OF INVESTE COMPANY | TO EARN PROFITS BY TRADING STOCKS, BONDS, COMMODITIES, DERRIVATIVES |

| | | |
|----------------------------|-----------------------|--------------------------------------|
| Secondary Sale | Buyback | IPO |
| Issuers | Investors | Intermediaries |
| Private Equity | Mezzanine Financing | Venture Capital |
| IPO | Promoter Buyback | Sale to other PE |
| Asset/Liability | Return | Risk Return |
| Promoters | Management | Another PE Fund |
| Longer J Curve effect | Deeper J Curve effect | Shallower and shorter J curve effect |
| Leveraged recapitalization | Strategic Sale | IPO |
| Promoters | Another PE Fund | Management |
| IPO | Strategic Sale | Secondary Sale |

| | | |
|------------------------------------|---------------------------------|------------------------------------|
| Drag Sale | Trade Sale | Secondary Sale |
| Sale to Promoter | Sale to Management | Sale to other PE fund |
| Promoters | Stakeholders | Shareholders |
| Often enforced by PE investors | Rarely enforced by PE investors | Primarily enforced by PE investors |
| Promoters | Strategic Investors | PE investors |
| Strategic Investors | PE investors | Promoters |
| Investor | Promoters | Strategic Investors |
| Investor | Strategic Investors | Third Party |
| 5-7 years | Less than 2 years | More Than 12 years |
| Permanent | Long term | Temporary |
| Strategic sale | Secondary Sale | IPO |
| FALSE | TRUE | DON'T KNOW |
| TRUE | FALSE | BOTH |
| FALSE | TRUE | DON'T KNOW |
| TRUE | FALSE | BOTH |
| TRUE | FALSE | BOTH |
| FALSE | TRUE | DON'T KNOW |
| TRUE | FALSE | BOTH |
| enhanced | increased | diluted |
| RBI | IRDA | SEBI |
| Examination of potential Investors | Investigation | Audit |
| SEBI | Investment Bank | Credit Rating Agency |
| FALSE | TRUE | BOTH |
| more expensive | same | less expensive |
| Secondary Sale | Secondary Buyout | Primary Sale |
| Strategic sale | Trade Sale | Primary Sale |
| Tangible | Depriciable | intellectual |
| Merchant Banker | Commercial Banker | Cooperative Bank |
| most | least | regular |
| GDR | MDR | FDR |

| | | |
|--------------------------------|------------------------------|------------------------------|
| GDR | ADR | MDR |
| sell | purchase | swap |
| Promoter Buyback | Sale to other PE fund | M&A |
| Valuations | Compliance with Regulations | Financing Buyback |
| Less number of parties | Shorter Holding Period | less expensive |
| TRUE | FALSE | DON'T KNOW |
| Strengthens the Capital Market | Promotes Innovation | Strengthens Entrepreneurship |
| I Curve | H Curve | J Curve |
| Prospectus | Subscription | Invitation |
| Improved Corporate Governance | Harmonization of Regulations | Higher Quality Entrepreneurs |

| D | ANSWER |
|--------------------|---------------|
| CATEGORY IV | A |
| ONLY EQUITY | A |
| DIVERSIFICATION | B |
| 5 | C |
| CARRIED INTEREST | A |
| PRIVATE EQUITY | A |
| VENTURE CAPITAL | D |
| PRIVATE EQUITY | |
| INITIAL INVESTMENT | A |
| NECESSITY | A |
| LBO | B |
| ACTIVE | A |
| LBO | A |
| VENTURE CAPITALIST | C |
| MEZZANINE | B |
| MEZZANINE | |
| MEZZANINE | |
| MEZZANINE | |

| | |
|--|---|
| SLEEPING PARTNER | |
| TERM SHEET | A |
| PROPOSAL | A |
| 1988 | B |
| PRIVATE EQUITY | A |
| VENTURE CAPITALIST | D |
| ONLY DESK AND OFFICE SPACE | A |
| ARE HIGH NET WORTH INDIVIDUALS | D |
| AIF | B |
| 15-20% | A |
| ENGAGED IN PRODUCTION, MANUFACTURING OF ANY ACTIVITY OTHER THAN SPECIFIED BY GOVERNMENT | B |
| 4-7 YRS | C |
| SEQUENTIALLY TILL FURTHER FUNDING IS NEEDED | D |
| LOW INVESTMENT LOW RETURNS | B |
| IPO, BUYBACK, SALE AND REDEMPTION | D |
| ONLY FUNDING NO GUIDANCE | A |
| QIB(QUALIFIED INSTITUTIONAL BUYER) | A |
| CATEGORY 2 | A |
| SEC 10 (22FB) | A |
| CATEGORY 1 | B |
| PURE OFF-SHORE | D |

| | |
|---|---|
| FUND OF FUNDS | A |
| 21ST OCT 1898 | C |
| INFRASTRUCTURE FUND | B |
| FINAL | B |
| HEADGE FUND | B |
| 5 | C |
| 30 CR | A |
| NO INVESTMENT IN DEBT | B |
| MIN. 30% OF INVESTABLE FUND | C |
| \sum DISTRIBUTION + RV / \sum PAID IN CAPITAL | A |
| TO EARN RETURNS BY SALE OF ASSETS | C |

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|----------------------------------|---|
| Mergers & Acquisition | A |
| Venture Capitalist | C |
| LBO (Leveraged Buyout) | D |
| Mergers & Acquisition | A |
| Dividend | A |
| None of the above | D |
| Longer and deeper J curve effect | C |
| Secondary Sale | A |
| None of the above | B |
| None of the above | D |

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|---------------------------------|---|
| None of the above | B |
| Sale to Strategic investor | C |
| None of the above | A |
| lately enforced by PE investors | B |
| None of the above | C |
| None of the above | B |
| All of the above | A |
| None of the above | C |
| None of the above | A |
| None of the above | C |
| All of the above | C |
| Both a & b | A |
| DON'T KNOW | B |
| Both a & b | A |
| DON'T KNOW | A |
| DON'T KNOW | B |
| Both a & b | B |
| DON'T KNOW | A |
| None of the above | C |
| PE Funds | C |
| All of the above | A |
| ROC | C |
| DON'T KNOW | B |
| None of the above | C |
| Both a & b | D |
| Both a & b | D |
| Computers | C |
| Foreign Bank | A |
| widely | B |
| ADR | D |

| | |
|-------------------|---|
| FDR | B |
| None of the above | C |
| Open Market | D |
| All of the above | D |
| All of the above | D |
| Both a & b | B |
| All of the above | D |
| M Curve | C |
| None of the above | A |
| All of the above | D |