

Sample Questions for Venture Capital and Private Equity

Institute Name		Dr V N Bedekar Institute Of Management Studies				
Programme Name		MMS SEM IV				
Course (Subject Name)		Venture Capital and Private Equity				
Question Bank Prepared by (Faculty Name)		Dr. M. Sreedharan				
Faculty Email Id		smenon@vpmthane.org				
Faculty Mobile Number						
Sr. No.	Question	Option A	Option B	Option C	Option D	Correct Answer
1	Alternative Investment Funds are regulated by	RBI	Ministry Of Finance	SEBI	IRDAI	SEBI
2	SEBI stands for	Security and Exchange Board of India	Security Exchange Board of India	Security Empanelled Business Institution	Security Exchange Business Information	Security and Exchange Board of India
3	A company's shares are trading at Rs.100 in the market. Of the total 500,000 shares of Rs.10 each that the company has issued, 60% is held by the promoters. The company also has borrowings of Rs.2crores on its books. What is the company's market capitalisation ?	Rs50,00,000	Rs.500,00,000	Rs.700,00,000	Rs.200,00,000	Rs.500,00,000
4	The approach and resource configuration used to tap a business opportunity is	Due diligence	Business Model	Budget	Business Plan	Business Model
5	PE funds receive proposals from	SEBI	Prospective issuers	Investment Bankers	Consultants	Investment Bankers
6	Analysis of industry trends is a part of	Financial due diligence	Legal due diligence	Commercial due diligence	Initial due diligence	Commercial due diligence
7	Which of the following formats of binding the investee company do PE prefer?	Provision in memorandum and articles of association of investee company	Provision of shareholders agreement	Provision of subscription agreement	Oral promise of promoter	Provision in memorandum and articles of association of investee company
8	The AIF as per SEBI rules should have a minimum corpus of	Rs.10 crores	Rs15 crores	Rs.20 crores	Rs.30 crores	Rs.20 crores
9	Private Equity Investments are made in	Unlisted Equity Shares	Listed Equity Shares	Only debt	Preference Shares	Listed Equity Shares

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10	Which is the method of valuation that considers the entire stream of expected earnings of the investee company	First Chicago Method	The Conventional Venture Capitalist Valuation Mehtod	Net Assets Method	Capital Asset Risk Ratio Method	First Chicago Method
11	Which type of appraoch of valuation is denoted by Discounted Cash Flow Technique (DCF)	Income Approach	Market Approach	Replacement Cost Approach	Multiples Approach	Income Approach
12	Bank debts are described as	Junior Debts	Senior Secured Debts	Junior Unsecured Debts	Junior Secured Debts	Senior Secured Debts
13	LBO is described as which type of finance for the acquisition of the company ?	Equity	Cash	Leverage	Private Finance	Leverage
14	What is the most preferred exit option amon PE firms?	Trade Sale	Strategic Sale	Liquidation	IPO	IPO
15	List the most important characterisitic of emerging market	Conglomorates	Large organizations	Family Owned Businesses	Multinational Organizzations	Family Owned Businesses
16	The term intellectual property is used to denote	Collection of Ideas and Concepts	Tangible Assets	Innovative Practice	Investment Activity	Collection of Ideas and Concepts
17	What is the effect that leads to negative retuns for the fund in the initial stages	J curve' Effect	Price Effect	Income Effect	Substitution Effect	J curve' Effect
18	A start up is a human institution desinged to create a new product or service under conditions of	Extreme Happiness	Extreme Sadness	Balanced Mind	Extreme Uncertainty	Extreme Uncertainty
19	Drop in gross margin and a radical redcution in many elecmnts of cost structure is not an issue, if there is dranmatic insrease in	Unsecured Loans	Capital Structure	Bank Borrowings	Sales Volume	Sales Volume

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20	Customer Value Proposition (CVP), Profit Formula, Key Resources, Key Processes make a	A LBO Model	A Business Plan	A Borrowing Plan	A Business Model	A Business Model