

VPM's
Dr. VN BRIMS, Thane
Programme: MMS (2016-18) (Finance)
MMS Semester IV Examination April 2018

Subject	Private Equity & Venture Capital		
Roll No.		Marks	60 Marks
Total No. of Questions	6	Duration	2.5 Hours
Total No. of printed pages		Date	20.04.2018

Note:

1. The Question paper is divided into two parts A & B. Part A contains the case and theory questions 2-7 are in Part B.
2. Parts A and B have to be answered in separate answer books.

Part A

Questions in Part A are compulsory

Q 1 Please answer the Questions given below:

- A. Describe in your own words: what is 'Network Effect'? Give an example of Network Effect. Do strong Network Effects result in 'Winners take all' scenario? Give reasons for your answer. **(10 Marks)**
- B. Amazon Inc in US from the times of its listing hasn't shown much profit and profit growth since listing. Market Capitalisation is up more than 400x since listing. Company has invested close to 65 Billion \$ in capex. Almost all of it funded through internal accrual. How could the company do so given low profitability? What is not being captured in the net profit figure or the Profit & Loss Account? (Think about Cash Conversion Cycle) **(10 Marks)**

Part B

Attempt Any FOUR from the Remaining SIX Questions

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

- a) Define 'Venture Capital'. Discuss briefly how it differs from traditional business organizations
- b) Discuss the strategic role of Venture capital in developing the entrepreneurship in India
- c) Discuss the important conditions for development of venture capital for high tech enterprises in India

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

- a) Discuss the Venture financing Stages
- b) How does the stage of growth in a venture capital business differ from the stages of product life cycle in traditional business organizations? Discuss with Diagrams.
- c) Discuss 'Due diligence' and its scope in the promotion of a venture capital business

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

- a) Discuss the process of venture capital financing
- b) Discuss the importance of deal structuring in venture capital
- c) Discuss the typical opportunities of exit plan in venture capital business

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

- a) Marketing plan is the essence of growth of venture capital business –Discuss
- b) What is marketing & demand analysis? Explain
- c) What is 'business incubator'? discuss

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

- a) What is Technical Analysis? How does the technical analysis for venture capital business differ from traditional business?
- b) Explain the linkage and collaboration between R& D institutions with High Tech venture capital business
- c) Explain the risks of venture capital business

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

- a) "Financial performance is the key to success of venture capital business" – explain
- b) High Risk –high return is the essence of venture capital business – explain
- c) Entrepreneurial risk is critical for the success of venture capital business – explain.