

Seat No.: _____

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA – SEMESTER (04) – • EXAMINATION – SUMMER 2016**Subject Code: 2840601****Date: 10/05/2016****Subject Name: Investment Banking (IB)****Time: 10.30 AM TO 01.30 PM****Total Marks: 70****Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

Q. Select the correct answer for the given MCQ**6****No. 1****(a)**

Core Investment Banking in Indian context is predominantly non fund based activity while in the US and other developed markets, it is predominantly fund based

1. A. True B. False

The full form of ARC is

2. A. Asset Reconstruction company
B. Asset Reconciliation company
C. Asset Renewable Company
D. Asset Renowned Company

An Investment bank holding expertise in a specific sector or a service is called as a

3. A. Buldge bracket Investment Banks
B. Boutique Investment Banks
C. Merchant Banks
D. Investment Banks

NAV of the company is

4. A. Revaluation of assets
B. Book value of Assets
C. Total assets reduced by liabilities
D. None of them

Green Shoe option is to provide more number of shares to the investors than originally planned in:

5. A. FPO
B. Private Placement
C. Rights Issues
D. IPO

A restructuring option available to the company to increase its EPS and reduce the number of shares in the markets

6. A. Takeover
B. Buyback
C. Merger
D. Split off

Q.1 (b) Define the following terms:**04**

1. Underwriting Devolvment
2. Due Diligence
3. BIFR
4. Takeover

Q.1 (c) Differentiate briefly Investment banking and Merchant Banking**04**

Q.2 (a) Explain in detail, the business portfolio of Investment Banks and services rendered by them. **07**

(b) Discuss the emergence of Investment Banks in the US and India. **07**

OR

(b) You are a manager of an Investment Bank facing dilemma to suggest your Investors and the corporate clients at the same time. Discuss this statement in lieu of "Conflict of Interest" in detail and suggest the probable solutions to it. **07**

Q.3 (a) Write in detail the different equity, hybrid and debt instrument available for funding in the domestic market **07**

(b) Your company is a listed company in India and wants to get listed in the USA. What options does your company hold to get its shares listed on American Stock exchange? Discuss it in detail with the compliance requirement. **07**

OR

Q.3 (a) State the difference between private equity and venture capital. Discuss the investment banking perspective in Private equity **07**

(b) Who is QIB? Discuss the different type of QIBs and also elaborate on the guidelines governing the investment decisions of QIBs. **07**

Q.4 (a) Write in detail the genesis of CDR in detail. Discuss the three tier structure of CDR of India. **07**

(b) A company in a high growth stage has a free cash flow to firm of Rs 196 lakh in the first year which is expected to grow at the rate of 9% every year for five year. The cost of equity is 14.65% and cost of debt is 7%. The debt ratio is 50%. Find out the Present value of FCFF at the end of five years. Also find the value of firm at the end of stable growth rate period if the growth rate is 5%, Cost of equity 13.27% and cost of debt 6.65% where debt ratio is 30% **07**

OR

Q.4 (a) State the importance of Underwriting in any public issue. Also elaborate its different types in detail **07**

(b) Write in detail the strategies of Corporate split up by transfer of equity and transfer of assets. Discuss the same with some relevant examples. **07**

Q.5 Your Financial Institution is expanding its business operations in the field of Investment Banking divisions in India. All the necessary approvals are to be taken from the government. The Investment Banking divisions of yours have an option to provide services to certain specific group of companies (sector) or the whole market. Discuss (1) The Regulatory aspects of Investment Banking in India. **14**

(2) Select the type of Bank you belong to and justify your answer.

OR

Q.5 Your Investment Banking Division has got an option to help a company called "Apex Ltd" to raise an IPO of 15, 00,000 numbers of shares having a face value of INR 10 each. Price band is from 110 to 115 and bids can be made in multiple of 20 equity shares and thereafter. **14**

Make all the necessary required assumptions and elaborate on the pre and post IPO process of Apex Ltd in detail.
