

Seat No.: _____

Enrolment No. _____

GUJARAT TECHNOLOGICAL UNIVERSITY**MBA - SEMESTER-IV - EXAMINATION – WINTER 2015****Subject Code: 2840601****Date: 05/12/2015****Subject Name: Investment Banking****Time: 02.30 PM TO 05.30 PM****Total Marks: 70****Instructions:**

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

Q1. (a) What are the activities undertaken/ role played by the modern day Investment Bankers?
(7)

(b) What is meant by Qualified Institutional Buyers (QIB's)? Mention and explain various QIB's and their importance for the Primary market?
(7)

Q2. (a) Mr. Kamal is the CFO of a renowned listed company. The company is planning to raise capital to fund its expansion by issue of fresh equity shares. Mr. Kamal is confused whether he should raise money by Public Issue or by Private Placement. You are a merchant banker and Mr. Kamal approaches you for advice. What will be your advise? Justify your answer in brief whether you would advise Public issue or Private placement.
(7)

(b) Explain the ethical issues and conflict of interest that arise for an Investment banker while undertaking various roles/activities. How should these be dealt with? (7)

OR

(b) What is Venture Capital? What are the factors considered by Venture capital firms before they finance a venture?
(7)

Q3. (a) What is meant by Credit Rating? How does credit rating help the investors as well as issuers (Fund raisers) of securities (7)

(b) Explain the role of a Merchant Banker in an IPO (Initial Public Offer). (7)

OR

Q3. (a) What is meant by Buyback of Shares and Delisting of Shares? What are the motives for going for a Buy back of Shares?
(7)

(b) A company requires fund for Future expansion. It can raise the money either by raising a term loan or by issue of fresh equity shares. You are a Project Finance Consultant and the company approaches you for advice. How should the company fund the expansion, by Debt or by issue of equity. Justify your advise.
(7)

- Q4. (a) Explain the role played by Investment banker in a Merger/Acquisition deal. (7)
- (b) What is meant by Underwriting of a Public Issue? How does the Underwriter get its compensation? What care should underwriter take before underwriting an issue? (7)

OR

- Q4. (a) Explain the important features of SARFAESI Act. (7)
- (b) What do you understand by Corporate Debt Restructuring (CDR)? Explain the process and importance of CDR for companies in Distress (7)
- Q5 (a) "It is difficult to find the exact value of a company's share", do you agree with this statement. Explain. Also mention the different methods available to value a business entity (7)
- (b) Explain the various measures undertaken by SEBI to safeguard the interest of Investors, who invest in a Public issue of a company. (7)

OR

- Q5 The Finance Manager of "Air Voice" company has estimated future free cash flow (FCFF) of the company for 6 years as Follows:

Year End	(Rs. Crores)
1	400
2	800
3	1050
4	1400
5	950
6	600

The FCFF are expected to be constant at Rs. 600 crore after six years as the mobile scenario in the country is likely to be stabilized by then. Assuming 13 percent overall cost of capital and total external liabilities of Rs. 2400 crores based, calculate the Value of the corporate (total) as well as value of Equity. Also find out value per share if the company ten crore shares outstanding. (14)

Year ----->	1	2	3	4	5	6
PVIF @ 13%	0.885	0.783	0.693	0.613	0.543	0.480