

VPM's
DR VN BRIMS, Thane
Programme: PGDM (2017-19) (Finance)
PGDM Trimester IV Examination September 2018

Subject	Investment Banking		
Roll No.		Marks	60 Marks
Total No. of Questions	7	Duration	3 Hours
Total No. of printed pages	1	Date	01.10.2018

**Note: Q1 is compulsory and solve any FOUR of the remaining SIX questions.
Q1) 20 Marks (Compulsory)**

Everest Ltd. is a profit-making and dividend paying company. In order to finance its future projects, the company proposes to raise equity finance through an IPO. From the following details and requirements, recommend the floor price for a 100% book-built offer.

- The ruling industry P/E multiple is 32 but the peer multiple is 35.
- The company proposes a bonus issue just before the IPO that would increase the equity base by 20% and exhaust all reserves.
- The company currently has an equity base of 2,000,000 shares of Rs. 10 each. The company posted a RONW of 42% for the preceding year.

Attempt any FOUR from the Remaining SIX Questions

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

- a) What is *Investment Banking*? How does it differ from *Commercial Banking*?
- b) What is *Financial Market*? Explain the role and functions of its various constituents.
- c) What is *Capital Market*? Explain the roles and functions of its various constituents.

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

- a) Discuss the evolution and growth of the primary market in India, including the pre-1991 period and post-1991?
- b) What are the securities that are permitted to be issued in the primary market? Which entities are permitted to issue securities in the capital market? Which entities are permitted to invest in such issues of securities?
- c) List the major primary market intermediaries and support service providers along with their brief roles and functions.

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

- a) What is *Issue Management*?
- b) What are the implications of "*Going Public*"? What are the disadvantages?
- c) When does having a market window make sense to a company?

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

- a) What is *Private Placement*? What are the essential conditions that need to be met for an issue to be termed as one?
- b) What are different types of Private Placements?
- c) What is a "*PIPE*" in the context of Private Placements?

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

- a) What roles are played by the Investment Banker in process of raising *Private Equity of Venture Capital*?
- b) What is the structure of a Venture Capital backed Start-up Business? Detail either the *Business Structure* of the *Financial Structure*.
- c) What is a *Term Sheet*? What are the typical contents of a term sheet for raising private equity? What are *Conditions Precedent*?

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

- a) What is *Share Buy-Back*? What is the rationale for a Company to initiate the process?
- b) What routes are normally adopted for corporate re-organisation through integration of companies?
- c) What are the critical factors for the success of a Joint Venture?