

Seat No.: _____

Enrolment No. _____

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA – SEMESTER (4) – EXAMINATION – WINTER 2016

Subject Code: 2840601

Date: 26/10/ 2016

Subject Name: Investment Banking (IB)

Time: 02:30pm 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.

Q – 1 (A) Select the right answer from the given choices.

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1. In Investment Banking, the following is considered “Core Investment Banking Activity”.
(a) Commodity Derivatives (b) Microfinance credit
(c) Corporate Restructuring (d) Fixed Income trading
2. In an Asset Management Structure, if the taxation of income and gains is attracted to the investor level and not at the fund level, such mechanism is called a _____.
(a) Transparent structure (b) Go through structure
(c) Tax neutral structure (d) Pass through structure
3. Which of the following instruments has an impact on EPS of the company?
(a) Convertible preference share (b) Zero coupon bond
(c) NCD with warrants (d) FRN with coupon strip
4. In a public issue process, the due diligence is performed by _____.
(a) lead manager responsible for pre-issue process
(b) lead manager responsible for post-issue process
(c) the underwriters (d) The Auditor
5. In a sponsored ADR issue, the shares surrendered in India are offered through depository receipts in overseas markets by way of a _____.
(a) Right issue (b) private placement of listed ADRs
(c) private placement of unlisted ADRs (d) Public offer
6. A company decides to suspend operations in a loss making manufacturing division and transfer all the assets of that division to another profit – making division. This amounts to _____.
(a) Hive – off (b) internal restructuring
(c) external restructuring (d) Asset sale

Q – 1 (B) Explain the following terms.

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1. FCCB
2. Leverage buyout
3. Depositories

4. Price – Earning Ratio

Q – 1 (C) What do you mean by primary market? Which are the major categories of investors in primary market? 4

Q – 2 (A) Explain in brief the meaning, features and advantages of credit rating. 7

Q – 2 (B) Write a note on term loan as an important source of long term finance. 7

OR

Q – 2 (B) Explain the concept of bond, types and its valuation with example. 7

Q – 3 (A) Elaborate book building method of issuing securities in the market. How it differs from fixed price issue. 7

Q – 3 (B) Write an explanatory note on BIFR. 7

OR

Q – 3 (A) Intermediaries play a critical role in IPO management. Explain the statement. 7

Q – 3 (B) Discuss the concept of underwriting with its types. 7

Q – 4 (A) What do you mean by de-listing of securities? What are the reasons and types of de-listing? 7

Q – 4 (B) Venture capital emerged as a very useful tool for raising finance. Explain the statement with its features and benefits. 7

OR

Q – 4 (A) Explain Private Placement and Preferential Allotment as methods of issuing securities. 7

Q – 4 (B) What are the various types of debentures available in the securities market? 7

Q – 5 Santa Ltd. is a leading player in textile and garment industry. It wants to expand its market share by taking over comparatively smaller firms. Santa Ltd. targets to acquire Banta Ltd. which is in the similar line of business. But Santa Ltd. is unable to find the value at which it should acquire Banta Ltd. As an investment banker, you are required to help Santa Ltd. by explaining various business valuation models available. 14

OR

Q – 5 Gabbar Corp. Ltd. is a large business conglomerate operates in diverse business verticals for last 5 decades. The company thinks that the current business structure, model and practices are not suitable for the present business environment. It wants to restructure its business. You are called upon by the top management of the company to advice on the matter. Please explain the company about the different corporate restructuring techniques. 14
