

GUJARAT TECHNOLOGICAL UNIVERSITY**MBA - SEMESTER-IV • EXAMINATION-SUMMER • 2014****Subject Code: 2840601****Date: 30-05-2014****Subject Name: Investment Banking (IB)****Time: 10.30 am - 13.30 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) Define an investment bank and explain the evolution of investment banks in India. **07**

(b) What is due diligence? Explain any 3 areas of due diligence. **07**

Q.2 (a) A Ltd. Makes an issue of 10000 shares of Rs. 10 each at par aggregating to Rs. 100000. The issue has been underwritten fully by two underwriters B and C to the extent of Rs. 50000 each. The issue has been closed and the following information is available on the subscriptions. **07**

Valid subscriptions received	Rs. 76500	07
Received through underwriter B	Rs. 27500	
Received through underwriter C	Rs. 34800	
Direct subscriptions received	Rs. 14200	

Calculate devolvement for underwriter B and C

(b) Who are the investors in primary capital market? Explain any 7 briefly. **07**

OR

(b) What is private placement? Briefly explain its objectives. **07**

Q.3 (a) Explain the structure and state the objectives of corporate debt restructuring. **07**

(b) State the major fund and non-fund services provided by Investment banks. **07**

OR

Q.3 (a) What is an ARC? Explain the basic five methods of asset reconstruction. **07**

(b) Explain the role of investment bank in structuring merger & acquisition transaction. **07**

Q.4 (a) Explain the basic bond valuation model with the basic bond valuation formula and a hypothetical example. **07**

(b) What is private equity? Explain the role of investment banker in private equity transaction. **07**

OR

Q.4 (a) What is rating of securities? What are the benefits of security ratings to company and investor? **07**

(b) Differentiate the FCFE and FCFF models of equity and business valuation. **07**

Q.5 (a) Explain the functions of investment bank in IPO **07**

(b) What is organizational restructuring? State the symptoms indicating need for organizational restructuring **07**

OR

Q.5 (a) Evaluate equity share as a fund raising instrument for companies. **07**

(b) What are the stages of venture capital financing? Explain them. **07**
