

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA – SEMESTER -III-EXAMINATION – WINTER-2023

Subject Code:1539341**Date: 13/12/2023****Subject Name: Investment Banking****Time:10:30 AM TO 1:30 PM****Total Marks: 70****Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.
4. Use of simple calculators and non-programmable scientific calculators are permitted.

Q.1	Explain the terms a) Junk bond b) Assets Management c) Leveraged Buyout d) Chinese wall e) Bulge bracket f) Underwriting g) Green shoe option	14
Q.2	(a) As a financial advisor in investment banking firm articulate pre activity in new capital issue.	07
Q.2	(b) Define Investment banking and how it is different from commercial banking.	07
OR		
Q.2	(b) Explain types of Investment banks in detail.	07
Q.3	(a) Describe the role of underwriter in IPO process.	07
Q.3	(b) Write a note on secondary trading market.	07
OR		
Q.3	(a) Write a note on private placements and private equity,	07
Q.3	(b) Differentiate equity market and credit market.	07
Q.4	(a) What is Credit Rating Agency? Elaborate its functions.	07
Q-4	(b) Why bonds are popular instrument in global financial market? Explain it with the reference of their classifications.	07
OR		
Q.4	(a) Explain the dissimilarities between technical analysis and fundamental analysis. Justify your answer by describing various methods of technical analysis.	07
Q.4	(b) What is venture capital? Explain types of venture capital in detail.	07
Q.5	Case Study: On September 29, 2016, Avenue Supermarts Limited, the parent company of D-Mart, filed a draft red herring prospectus with the Securities and Exchange Board of India (SEBI) to raise Rs. 18,700 million through an Initial Public Offering (IPO) of its equity shares . D-Mart planned to use Rs. 10,800 million from the proceeds of the IPO for debt repayment, Rs. 3,670 million for opening new stores, and the remaining for corporate purposes. D-Mart, a chain of retail stores in western and southern India, was promoted by Radhakishan Damani (Damani). The company was the third largest branded retail chain in the country in terms of revenue after Kishore Biyani's Future Retail (Future) and Mukesh Ambani's Reliance Retail (Reliance) in 2016. Damani, a well-known	

investor and trader on the Indian Stock Market, had created a unique profitable business model in the low margin retail sector. D-Mart had managed to achieve a CAGR of 40% since 2012 and shown a consistent rise in profits and number of stores at a time when its competitors were managing to barely survive. Industry experts, investors, and analysts had been closely observing the growth of D-Mart and had been waiting for the company to get listed. ..

D-Mart was established by Damani in 2002 with the first store in Powai, Mumbai, a then emerging sub-urban area . Damani, a reputed investor and trader, utilized the fortune he had created by trading and investing in the Indian stock market to start a retail store. According to his friends, Damani talked little but was a terrific listener; he made his billions by listening to people’s views and gauging the pulse of the stock market. He was known for turning down interview requests and was rarely seen in events widely covered by the media. Damani was also popularly known as Mr. White and White for his penchant for wearing white colored clothes.

In the first 9 years of setting up D-Mart, Damani took time to understand the business and adopted a conservative approach toward expansion. Industry experts said he initially focused on visiting wholesalers and worked on building long-term relationships with them. Damani created the company single-handedly by personally monitoring every aspect of the business. He handpicked most of the top management team himself and instilled in them an entrepreneurial mindset..

The company started with low cost products that consumers needed on a daily basis and could be sold below MRP. According to industry experts, this allowed D-Mart to have a quick inventory turnover, which was used to negotiate better prices with wholesalers. This in turn helped the company maintain the low prices of products.

(a)	Identify the objectives of the IPO.	07
(b)	As an investment banker give advice to D-mart regarding IPO.	07
OR		
(a)	Analyze D-Mart’s decision to raise equity to repay its debt.	07
(b)	Narrate the case from investment banker perspective.	07
