**JAIPURIA INSTITUTE OF MANAGEMENT, INDORE**

**PGDM**

**SIXTH TRIMESTER (Batch 2019-21)**

**END TERM EXAMINATION, MAY-2021**

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| Course Name | **Investment Banking** | Course Code | FIN601 |
| Max. Time | **2 hours** | Max. Marks | **40** |

**INSTRUCTIONS:**

Attempt all the questions

**Questions.1 (8 Marks)**

Among the investor categories, some of them have been designated as Qualified Institutional Buyers or QIBs as per SEBI law. QIBs have a preferential treatment for investment in new issues of securities. Discuss the investor categories that comprise QIBs.

**Questions.2 (8 Marks)**

Buyback of shares is the repurchase of outstanding shares (repurchase) by a company in order to reduce the number of shares on the market. Companies will buy back shares either to increase the value of shares still available (reducing supply), or to eliminate any threats by shareholders who may be looking for a controlling stake. Discuss the buyback of the shares along with its objectives.

**Questions.3 (8 Marks)**

A transaction involving two or more companies in the exchange of securities and only one company survives is called Merger. Merger and acquisition result in several advantages in the acquiring company and the target company. There are three types of Merger. The reasons of Merger are mainly to reduce the competition, economics of scale, tax advantage, etc. Discuss the various challenges faced during the merger and acquisitions.

**Questions.4 (8 Marks)**

Like all investments, the method of payment for mergers and acquisitions (M&A) plays a very significant role in whether or not making the investment at all is feasible. There are a number of methods available to pay for M&A, each with their pros and cons. Discuss the various methods of financing mergers.

**Questions.5 (8 Marks)**

ABC Ltd. makes an issue of 10,000 shares of `10 each at par aggregating to `1,00,000. The issue has been underwritten fully by two underwriter’s X and Y to the extent of `50,000 each. The issue has been closed and the following is the information available on the subscriptions.

Amount `

Valid subscriptions received – 76,500

Received through underwriter X– 27,500

Received through underwriter Y– 34,800

Direct subscriptions received – 14,200

Examine the underwriters’ devolvement.