



Name:

Enrolment No:

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, May 2022

Program: BBA-FAS

Semester: IV

Subject/Course: Merchant Banking/Investment Banking

Max. Marks: 100

Course Code: FINC 3047

Duration: 3 Hours

Instructions:

SECTION A
10Qx2M=20Marks

S. No.		Marks	CO
Q 1	MCQ		
I.	Most investors are risk-averse which means _____. A. they will assume more risk only if they are compensated by higher expected return. B. they will always invest in the investment with the lowest possible risk. C. they will always invest in the investment with the lowest possible risk. D. they avoid the stock market due to the high degree of risk.	2	CO1
II.	Which of the following would be considered a risk-free investment? A. Gold. B. Equity in a house. C. High-grade corporate bonds. D. Treasury bills.	2	CO1
III.	_____ are financial assets. A. bonds B. Machines C. stocks D. A&C	2	CO1
IV.	Treasury bills are traded in the _____. A. money market. B. capital market. C. government market. D. regulated market.	2	CO1
V.	In an underwriting arrangement, the risk is assumed by the _____. A. issuer of the security. B. investment bankers. C. commercial bankers.	2	CO1

	D. institutional investors.		
VI.	Investment bankers are compensated by _____. A. the underwriting spread. B. commissions paid by the buyers of the security. C. commission paid by the sellers of the security. D. guaranteed investment contracts.	2	CO1
VII.	Investment bankers operate in the _____. A. primary market. B. secondary market. C. third market. D. fourth market.	2	CO1
VIII.	_____ was first Indian bank to set up merchant banking division in 1972. a) PNB b) UBI c) SBI d) Citi Bank	2	CO1
IX.	According to _____ (Merchant Bankers) Rules, 1992, it is mandatory for a merchant banker to hold a certificate of registration a) SEBI b) RBI c) IRDAI d) NABARD	2	CO1
X.	The minimum net worth requirement for acting as merchant banker under Category IV is a) 5 Crore b) 50 Lacs c) 20 Lacs d) Nil	2	CO1
SECTION B 4Qx5M= 20 Marks			
Q2	Explain the various Obligations and Responsibilities of a Merchant Banker.	5	CO2
Q3	Explain any two money market instruments	5	CO2
Q4	Explain the difference between money market and capital market	5	CO2
Q5	Explain the difference between merchant banking and commercial banking	5	CO2
SECTION-C 3Qx10M=30 Marks			
Q6	Who is an Underwriter? What are the different classifications of Underwriter? Explain each of them in detail	10	CO3
Q7	Explain in detail the various steps involved in IPO process	10	CO3
Q8	What is the meaning of Loan Syndication? Explain the various factors that affects Loan Syndication	10	CO3
SECTION-D 2Qx15M= 30 Marks			
Q9	What do you mean by Venture Capital? Explain in detail the various stages involved in Venture Capital.	15	CO3

<p>Q10</p>	<p>A Case Study:</p> <p>Burger King is India’s fastest growing quick-service restaurant chain which opened up its issue from 2nd December to 4th December 2020. The proceeds from the share sale, the company said, will be used to repay borrowings and open new stores and expand its presence in country. Due to the uncertainties in the market and COVID-19, the role of the merchant became more important than ever. Activities in the secondary market picked up pace after the benchmarks rebounded on the optimism stemming from the fiscal and monetary stimulus announced by the government and central bank, a faster-than-expected pickup in economic activities after lockdown curbs were eased, robust foreign flows, and a potential Covid-19 vaccine. This issue was managed by 4 merchant bankers being led by Kotak Mahindra Capital limited and others were CLSA India private limited, Edelweiss Financial services limited, and JM Financial limited. The IPO was getting delayed due to regulatory requirements and then COVID which created uncertainties in the mind of the investors. The company came up with Rs.810 crores issue and the issue got fully subscribed within 2 hours and was 156 times oversubscribed. One of the major challenges before the merchant banker to gain the trust of the investors as the risk involved was higher. The key risks were-</p> <ul style="list-style-type: none"> The outbreak of the Covid-19 pandemic Real and perceived health concerns arising from food-borne illnesses, health epidemics, food quality, allergic reactions or other negative food-related incidents The termination of master franchise and development agreement Demand for products may decrease due to changes in consumer preferences and food habits Business depends in part on the continued international success and reputation of the Burger King brand globally, and any negative impact on the brand may have an adverse impact Deterioration in the performance of, or its relationships with, third-party delivery aggregators Inability to identify suitable locations and successfully develop and roll out new restaurants, and expand into new regions. Even besides all the issues the merchant bankers involved did their pre and post-issue duties diligently. The offer letter of the IPO got accepted by SEBI and the public issue was a hit. <p>Based on above case study answer the following</p> <ol style="list-style-type: none"> 1. What do you think Burger King IPO was a Hit or failure? 2. Who led the syndicate for Burger King IPO and Why was it getting delayed? 3. What were the problem apart from IPO, Burger King Faced due to Covid? 4. What was the main purpose to raise money and how much money was raised? 	<p>15</p>	<p>CO4</p>
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