

## Discipline Specific Elective Course- 8.4(DSE-8.4): Investment Banking and Financial Services

### CREDIT DISTRIBUTION, ELIGIBILITY AND PRE-REQUISITES OF THE COURSE

Course title & Code	Credits	Credit distribution of the course			Eligibility criteria	Pre-requisite of the course (if any)
		Lecture	Tutorial	Practical/ Practice		
Investment Banking and Financial Services: DSE-8.4	4	3	1	0	Pass in Class XII	NIL

### Investment Banking and Financial Services BC: DSE- 8.4

**Learning Objectives:** The course aims to provide students with necessary theoretical and conceptual understanding of investment banking and financial services.

**Learning Outcomes:** After completion of the course, students will be able to:

1. Evaluate investment banking evolution, various activities and structure.
2. Analyse the process of issue management.
3. Examine role and functions of Mutual funds, Pension fund, Insurance and Leasing.
4. Examine role and functions of NBFC, Credit rating, Financial counselling, Portfolio management service, securitization, factoring and forfeiting.
5. Analyse process of Mergers and Acquisitions, its valuation techniques and methods of corporate restructuring.

#### Course Contents:

##### Unit 1: Investment Banking (9 hours)

Introduction: Concept, Importance; Commercial Banks vs. Investment banks; Functions of Investment Banks; Types of Investment banking operations; Investment Banking in India – Evolution, characteristics; Recent Developments and the way ahead; Structure of Investment Banks; SEBI guidelines for Merchant Bankers, Pre-issue and Post-issue regulatory framework.

##### Unit 2: Issue Management (9 hours)

Emergence and role of Capital markets, Types of Issue: Public Issue, Book building, Green Shoe option, Private placements, Preferential allotment, Rights Issue, Bonus Issue, Depository Receipts; Process of Issue Management; Lead Managers – Duties and responsibilities of Lead Managers; Underwriting- concept and types; Issue management intermediaries; De-mat account – Concept and importance; Depository System – NSDL, CDSL.

### **Unit 3: Financial Services (18 hours)**

Leasing – Concept and types of leasing; Venture Capital – various steps in venture financing; Start-ups – Concept and financing; Mutual Funds - Role, Types of Mutual Funds; Pension Funds; Insurance- Classification, Principles of insurance; An Overview of Regulatory Framework – RBI, SEBI, IRDA, PFRDA.

Banking products and services – Recent trends; Innovations in banking sector; NBFCs - Concept, Commercial Banks vs. NBFCs, Services provided by NBFCs; Housing Finance- Concept and Types, Housing Finance institutions; Credit Rating- Concept and significance, Credit Rating Agencies; Factoring and Forfaiting; Securitisation – concept, securitisation as a funding mechanism; Financial Counselling; Portfolio management services.

### **Unit 4: Mergers and Acquisitions (9 hours)**

Process of M&A, Role of Investment Bankers in M&A; Rationale and considerations of M&A; Financial Evaluation of M&A; Valuation techniques – Comparable companies analysis, Precedent Transaction analysis, Discounted Cash Flow Analysis, Leveraged Buyouts; Takeover defenses; Corporate Restructuring – Methods of corporate restructuring; Challenges: Legal, ethical and governance issues in Investment Banking.

#### **Exercises:**

The learners are required to:

1. Compile various forms and documents required to be registered as a Merchant Banker.
2. Compile various forms and documents required for pre-issue and post-issue management of Equity shares.
3. Make a comparison of 1-year and 3-year holding period return offered by two mutual funds belonging to the same risk class
4. Compare credit rating of all the debt securities issued by any two companies. Analyse its effect on the credit worthiness of the company in terms of coupon rate and yield.
5. Compile various incidents where different companies have successfully defended a hostile takeover bid.

#### **Suggested Readings:**

- Frederic S. Mishkin, Stanley G. Eakins. Financial Markets and Institutions, Pearson Education, New Delhi; 7th edition.
- Gordon E.& Natarajan K. (2019). Financial Markets and Services. Himalaya Publishing House.
- Khan M.Y. & Jain P.K.: Financial Services, Tata McGraw Hill.
- Khan M.Y.: Financial Services, Tata McGraw Hill; 9th edition; 2018.
- Khan M.Y.: Indian Financial System; Tata McGraw Hill; 10th edition; 2018.
- Pathak, Bharti V., – Indian Financial System: Markets, Institutions and Services, Pearson Education, New Delhi; 5th edition 2018.
- Pratap, Giri S.: Investment Banking, McGraw Hill, 4th Edition.
- Saunders, Anthony & Cornett, Marcia Millon (2007). Financial Markets and Institutions (3rd Edition); Tata McGraw Hill.
- Shanmugham,R.: Financial Services (2nd Edition). Wiley Publication.

**Websites:**

- [www.sebi.gov.in](http://www.sebi.gov.in)
- <https://www.rbi.org.in/>
- <http://www.tin-nsdl.com>
- <http://www.cdslindia.com>
- [www.financialservices.gov.in](http://www.financialservices.gov.in)
- <http://www.irdai.gov.in>
- <http://www.pfrda.org.in/pfrda.org.in>

**Note: Suggested readings will be updated by the Department of Commerce and uploaded on Department's website.**