

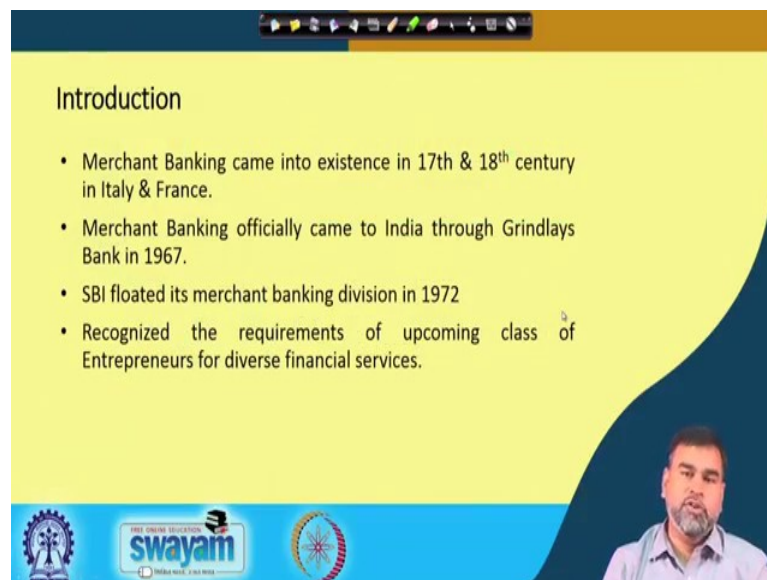
Financial Institutions and Markets
Prof. Jitendra Mahakud
Department of Humanities and Social Sciences
Indian Institute of Technology, Kharagpur

Lecture – 33
Merchant Banks

So, in the previous class we were discussing about the venture capital funds and how they are contributing into the business in Indian financial sector and as well as in the other economies. And, another type of organization which also contributes almost in every economy in the financial system or financial market that is basically your Merchant Banks.

You might have heard about this word again and again because, this organization is very much mandatory whenever we also participate in the equity market. And, as well as also they are very much important in terms of the financing activities or investment activities in the financial sector as a whole.

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Introduction

- Merchant Banking came into existence in 17th & 18th century in Italy & France.
- Merchant Banking officially came to India through Grindlays Bank in 1967.
- SBI floated its merchant banking division in 1972
- Recognized the requirements of upcoming class of Entrepreneurs for diverse financial services.

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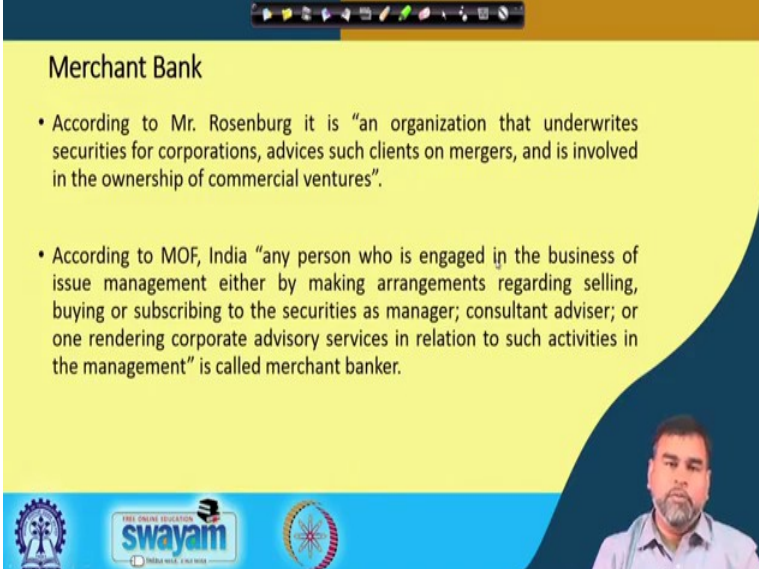
So, here if you see that merchant banking; this merchant banking concept is not new. It was there in the 17th 18th century in the Europe, but in India relatively this concept is not very old. But, although it is relatively old now because, it as well started in 1967 through this Grindlays bank in 1967. And, SBI basically floated its merchant banking division in 1972. The Grindlays less bank which was started this merchant banking

operation in India, after that it has certain kind of implications and it was realized that this particular services is very much required for the financial sector.

So, keeping that thing in mind SBI, State Bank of India has floated this merchant banking division in 1972. Why basically it is required because, the business or the financing activities or the investment activities in the market has been diverse. And, the requirement or the services required are totally different whatever way the business was running maybe 100 years back or 50 years back. So, keeping those things in the mind the merchant banking as a service came into the existence in almost all the financial system across the globe.

So, India is also following the same pattern and where the merchant banking has a significant role. So, what exactly the merchant banks are, what do they do?

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Merchant Bank

- According to Mr. Rosenberg it is “an organization that underwrites securities for corporations, advises such clients on mergers, and is involved in the ownership of commercial ventures”.
- According to MOF, India “any person who is engaged in the business of issue management either by making arrangements regarding selling, buying or subscribing to the securities as manager; consultant adviser; or one rendering corporate advisory services in relation to such activities in the management” is called merchant banker.


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If you see there are various definitions. So, if you see the merchant banks is basically an organization which provides the underwriting services or which act as the underwriter. They act as an advisor in terms of the risk management services, in terms of mergers and acquisitions; any other commercial ventures pricing of the equity. So, all kind of consulting services always we get from the merchant bankers; merchant bankers in the real terms is nothing, but the investment bankers. So, any kind of services what we get it from the merchant bankers there are in terms of the financing, in terms of the investment

services, in terms of the risk management services, in terms of the valuation services and as well as in terms of the underlying underwriting services.

So, all kind of services we always get from the merchant bankers. So, that is why merchant banking or merchant banker has their unique positions in the financial system. And that is why always we can call them as a consultant, they can be called as advisor, they can be called as the risk manager, they can be called as we can say that underwriters etcetera. So, any definition if you look at every definition comprises all these aspects whenever we discussed about the merchant banking.

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Major services offered by Merchant Bankers

- Project Counseling.
- Management of debt and equity offerings.
- Issue Management.
- Managers, Consultants or Advisers to the Issue.
- Underwriting of Public Issue.
- Portfolio Management.
- Restructuring strategies.
- Off Shore Finance.

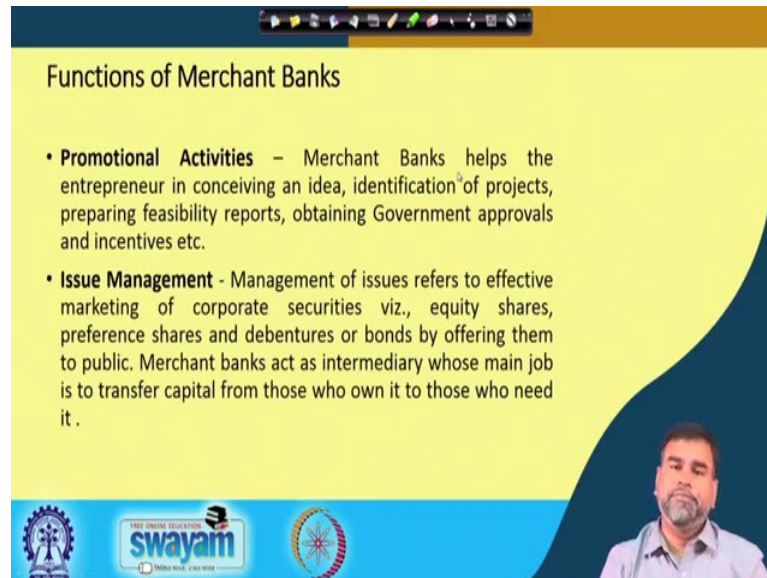
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So, now the question here is that if this is the way the merchant bank works then what kind of services they offer. Already I told you the merchant bankers provide services in terms of the project counselling, in terms of the management of debt and equity offerings, in terms of the equity issue management. They can also provide services in terms of consulting or the advisory services. They provide services in terms of underwriting; they provide services in terms of the portfolio management process.

They also provide services in terms of restructuring strategies; this or they also provide services in terms of valuation, mergers accusation, joint ventures etcetera. And, as well as if anybody wants the offshore financing they want to raise the capital from abroad in that particular context also the merchant banks basically provide this assistance to

provide the services. So, the importance of merchant banking is quite significant in any financial systems across the globe.

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Functions of Merchant Banks

- **Promotional Activities** – Merchant Banks helps the entrepreneur in conceiving an idea, identification of projects, preparing feasibility reports, obtaining Government approvals and incentives etc.
- **Issue Management** - Management of issues refers to effective marketing of corporate securities viz., equity shares, preference shares and debentures or bonds by offering them to public. Merchant banks act as intermediary whose main job is to transfer capital from those who own it to those who need it.

UGC Swayam

So, one by one let us see what kind of things they do. First of all the merchant bankers perform functions as a promotional activities. How they help in the promotional activities? Because, merchant bankers helps the entrepreneur in conceiving the idea, identification of projects, preparing the feasibility of the projects, even the help in obtaining the government approvals, incentives etcetera.

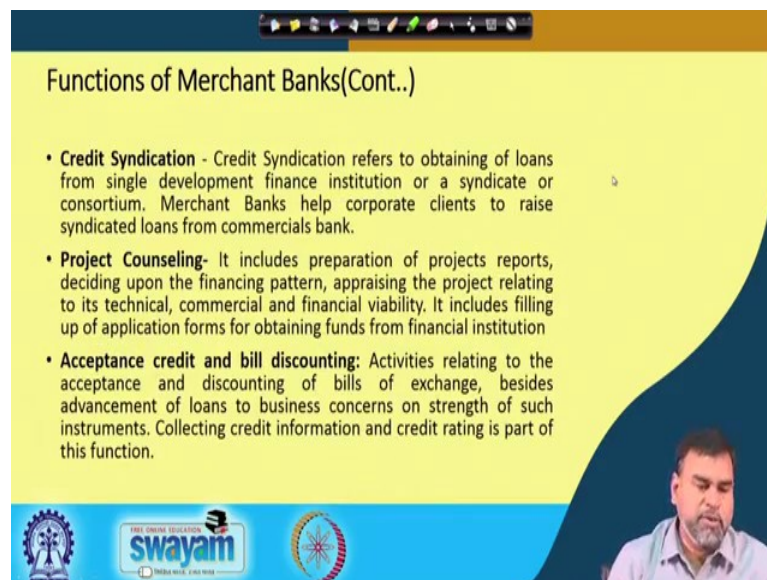
All kind of reports whatever way the projects should be money should be invested, in which projects should be invested, in whatever way the project should be carried out all kind of activities promotional activities.

They always carry out which this company whenever company needs them or company basically tries to take the help from the merchant bankers. Issue management: issue management in the sense the management of issues refers to effective marketing of the corporate securities. For example, somebody whenever you go for IPOs how the pricing of IPO is done, how the price of the corporate bonds will be done, how it will go to the public. How the public will know about and what kind of marketing or what kind of steps should be followed or should be take in where the public will be interested for this kind of investment in IPOs or the bonds which are issued by the company.

So, for every cases the merchant bank basically acts as an intermediary and what is the main job. The main job is to transfer the capital from those who own it and to those who need it. They help in that process, they cannot transfer it, but they help in that process that how particular equity can be issue to the public.

How the money can be raised from the public either it is through the equity issuance or the debt issuance and whatever it may be. So, they always help in the issue management process in terms of all types of financial capitals which are available in the system; that is basically one thing they provide. Then the next is basically what they provide many services.

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Functions of Merchant Banks(Cont..)

- **Credit Syndication** - Credit Syndication refers to obtaining of loans from single development finance institution or a syndicate or consortium. Merchant Banks help corporate clients to raise syndicated loans from commercial bank.
- **Project Counseling**- It includes preparation of projects reports, deciding upon the financing pattern, appraising the project relating to its technical, commercial and financial viability. It includes filling up of application forms for obtaining funds from financial institution
- **Acceptance credit and bill discounting:** Activities relating to the acceptance and discounting of bills of exchange, besides advancement of loans to business concerns on strength of such instruments. Collecting credit information and credit rating is part of this function.

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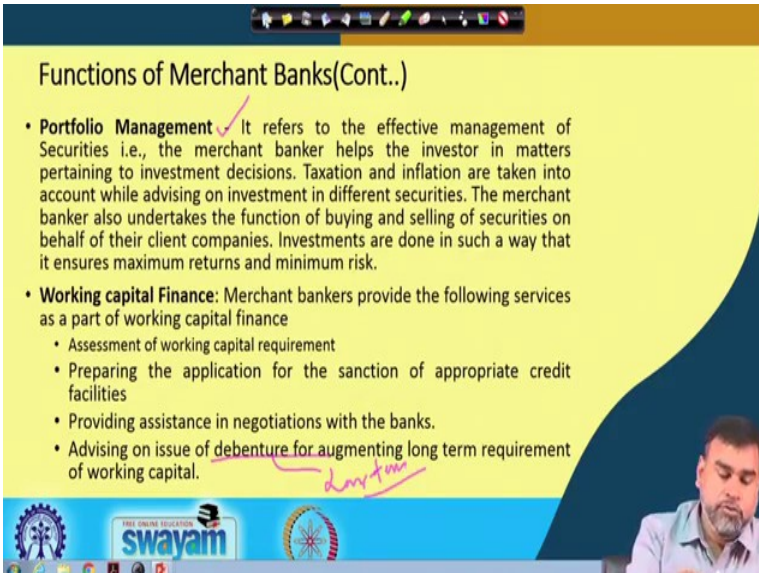
What is the next service? They also act as this credit syndication. What do you mean by the credit syndication? Credit syndication basically refers to obtaining of the loans from single development financial institutions or a syndicate or a consortium. Merchant banks basically help the corporate clients to raise the syndicated loans from the commercial banks. Because of their reputation, because of their guarantee, because of their kind of market secure they help always the companies to get the loan. Or, get the kind of debt or from the different kind of financial institutions including banks.

They do the project counselling, all kind of preparation of the project reports, deciding the financing pattern, appraising the project related technical commercial and financial viability. All kinds of services basically the help to the company whenever the company

needs they also provide the service in terms of the acceptance of credit and credit and bill discounting. What are those activities? The activities basically relates to the acceptance and discounting of bills of exchange, besides the advancement of the loans to business concerns on strength of such instruments. The information collect the information in terms of the credit, they also help in the rating process.

Whatever way the business should perform, what are the things should be strengthened by that the rating of the companies can grow. In that way also they provide the services that they provide certain kind of advisory services to the companies.

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Functions of Merchant Banks(Cont..)

- **Portfolio Management** ✓ It refers to the effective management of Securities i.e., the merchant banker helps the investor in matters pertaining to investment decisions. Taxation and inflation are taken into account while advising on investment in different securities. The merchant banker also undertakes the function of buying and selling of securities on behalf of their client companies. Investments are done in such a way that it ensures maximum returns and minimum risk.
- **Working capital Finance:** Merchant bankers provide the following services as a part of working capital finance
 - Assessment of working capital requirement
 - Preparing the application for the sanction of appropriate credit facilities
 - Providing assistance in negotiations with the banks.
 - Advising on issue of debenture for augmenting long term requirement of working capital. *Long term*

Then we have major advantage or measures service they provide, the major function of the merchant bankers at the portfolio management. The merchant bankers basically help the investor in matters pertaining to investment decisions, in the taxation. And, also in terms of buying and selling of the securities which are the securities or which are the stocks which are the bonds which other derivatives instruments should be bought, which other things should be sold which are the instrument should be hold on.

So, all kinds of services in terms of the portfolio management they always get it from the merchant banker. The investments basically what did they insure, the investments should be done in such a way that they can maximize the return with a given amount of risk or they can minimize the risk with a given amount of the return. So, either they can maximize the return with a given amount of the risk or they can minimize the risk with a

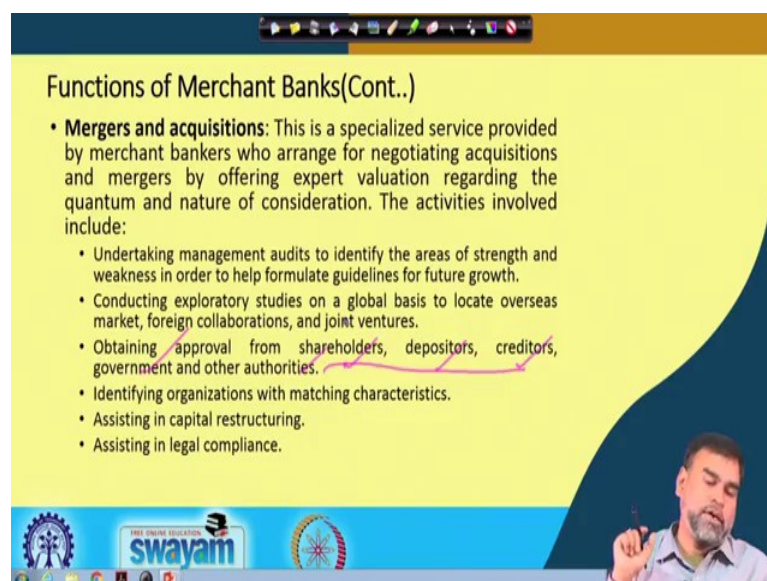
given amount of the return. Either of these two ways basically the portfolio management process, goes on or in this process merchant bankers play a very significant control.

So, that is basically one thing they provide that is why the portfolio management is quite important. Then we have the working capital finance, already you know, what is working capital finance, which fulfil the short term requirements. So, here what are the merchant bankers do? The merchant bankers provide certain services as a part of working capital finance. What they do? First of all the assets how much working capital the company needs over a period of time; assessment of working capital preparing the application for the sanction of appropriate credit facilities for the company.

Who makes the working capital financing into the commercial banks and they provide all kind of assistant in terms of a negotiation with the commercial bank; that how the commercial banks will be ready to provide that working capital requirements of the companies. Advising on issue of debenture for augmenting the long term requirement of working capital; debenture are basically the corporate bonds which are long term. So, how the debenture can be issued which can be an addition to the working capital financing as a long term financial capital. In that process also the merchant bankers help them to get that one or to raise the money from the public.

So, this is the way they basically contribute in terms of the working capital financing for the company.

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Functions of Merchant Banks(Cont..)

- **Mergers and acquisitions:** This is a specialized service provided by merchant bankers who arrange for negotiating acquisitions and mergers by offering expert valuation regarding the quantum and nature of consideration. The activities involved include:
 - Undertaking management audits to identify the areas of strength and weakness in order to help formulate guidelines for future growth.
 - Conducting exploratory studies on a global basis to locate overseas market, foreign collaborations, and joint ventures.
 - Obtaining approval from shareholders, depositors, creditors, government and other authorities.
 - Identifying organizations with matching characteristics.
 - Assisting in capital restructuring.
 - Assisting in legal compliance.

This is the major service what they provide in the practical sense that is your mergers and acquisitions. This is a specialized service they provide, who basically arrange for negotiating the acquisitions and mergers by offering the expert valuation regarding the quantum and nature of the considerations which includes many things.

One is undertaking management audits to identify the areas of strengths and weakness, in order to help or formulate the guidelines for the future growth. Conducting the different studies on a global basis to locate the overseas opportunities where the joint ventures, mergers, collaborations all these things can be carried out with that particular company.

If there is any issue arises in terms of the conflict between managers and shareholders then they always help the managers for the approval from the shareholders or depositors or creditors or government or any authorities if at all it is required because, whenever the company is acquired by another company or any company acquiring another company all the stakeholders consent always taken. So, convincing or approval from the stakeholder is a very big issue whenever we think about the mergers and acquisitions. So, all these process basically taken care of by the different stakeholders: shareholders, depositors, creditors, government authorities all are basically the stakeholders of the company.

So, whenever any merger or acquisition takes place all the approval from the every stakeholders are required. So, those for getting those kind of approvals the merchant banks or merchant bankers play very significant role. Identify the organizations with matching character which particular organizations will be occurred, what is the growth potential and how whether it is profitable for the company or not, how much money should be paid, what is the valuation.

So, all kind of thing basically always done by the merchant bankers; all these services basically are provided by the merchant bankers. How the capitals will be restructured after the acquisitions that also that kind of services the merchant bankers provide, then they also advise in terms of the legal compliances.

Because, any acquisition and all these things if it is a cross border acquisition then their legal aspect and home countries legal aspect all these things will be considered. And, all these considerations are taken care by the merchant bankers which are operating on behalf of the companies for this acquisition process. So, these are the different services

which basically merchant banker provide in terms of the mergers and acquisitions. Then let us see that, what are the other things this merchant bankers do.

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Functions Of Merchant Banks(Cont..)

- **Leasing and Finance** – Many merchant bankers provide leasing and finance facilities. Some of them even maintain venture capital funds to assist the entrepreneurs. They also help companies in raising finance by way of public deposits.
- **Servicing Issues** – Merchant Bankers helps in servicing the shareholders and debenture holders in distributing dividends, debenture interest.
- **Other Specialized Services** – Merchant Banks also provide corporate advisory services on issues like mergers and amalgamations, tax matters, recruitment of executives and cost and management audit etc.

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They also provide leasing and financing facilities; some of them maintain the venture capital forms to assist the entrepreneurs also because, they are highly diversified and they also help the companies and raising finance by way of the public deposits. They also provide services in terms of distributing the dividends or the interest for the debentures because, anybody has invested in the corporate bonds the interest will be paid periodically. So, for the payment of the interest for the distribution of the dividends so, all kind of services basically they are ready to provide which comes under servicing the issues. So, there they also help in the tax matters, recruitment of the executives and cost management of the audit.

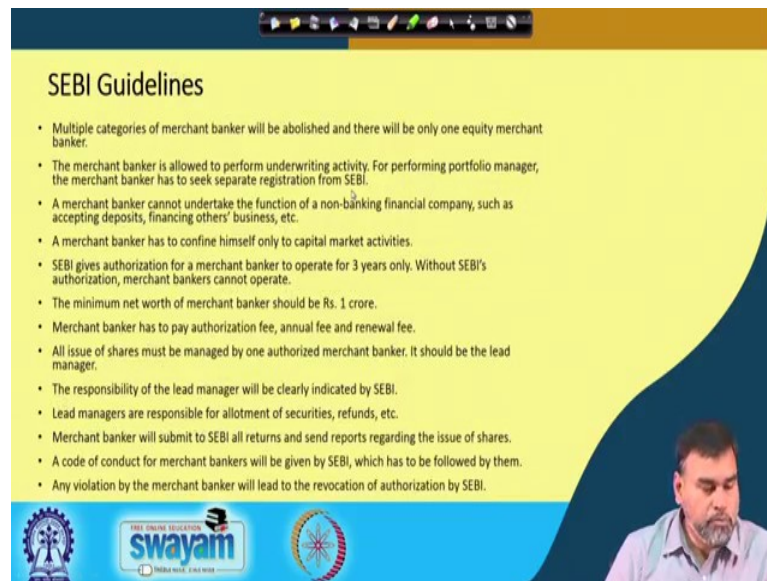
All kind of services if you find the workers, the consultant or the advisor to the company and provide all kind of services in terms of risk management, in terms of investment, in terms of legal issues, in terms of merger acquisition issues etcetera. If you observe over all the merchant bankers really contributing significantly for the development of the business of that corporations.

Whenever you talk about the different activities or different kind of business related activities what these companies always face. Either in terms of writing the project or finding the growth potential or the projects were enough growth potential is available.

Or, in terms of the mergers acquisitions whatever it may be all kinds of services always we receive from the merchant bank.

So, that is why merchant banking services is quite important or the role of merchant bankers are quite important for the development of the financial system as a whole.

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SEBI Guidelines

- Multiple categories of merchant banker will be abolished and there will be only one equity merchant banker.
- The merchant banker is allowed to perform underwriting activity. For performing portfolio manager, the merchant banker has to seek separate registration from SEBI.
- A merchant banker cannot undertake the function of a non-banking financial company, such as accepting deposits, financing others' business, etc.
- A merchant banker has to confine himself only to capital market activities.
- SEBI gives authorization for a merchant banker to operate for 3 years only. Without SEBI's authorization, merchant bankers cannot operate.
- The minimum net worth of merchant banker should be Rs. 1 crore.
- Merchant banker has to pay authorization fee, annual fee and renewal fee.
- All issue of shares must be managed by one authorized merchant banker. It should be the lead manager.
- The responsibility of the lead manager will be clearly indicated by SEBI.
- Lead managers are responsible for allotment of securities, refunds, etc.
- Merchant banker will submit to SEBI all returns and send reports regarding the issue of shares.
- A code of conduct for merchant bankers will be given by SEBI, which has to be followed by them.
- Any violation by the merchant banker will lead to the revocation of authorization by SEBI.

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There are some SEBI guidelines with respect to the merchant banking in India. So, if you see the guidelines what did the SEBI said; there will be one equity merchant banker the existing multiple merchant bankers will not be there; multiple categories of merchant bankers, it may be abolished in the future. The merchant banker is allowed to perform the underwriting activity. Already we know that we are talking about India. For performing portfolio manager the merchant banker has to seek the separate registration from SEBI. If they want to work as a portfolio manager for the company then the separate approval from the SEBI is required.

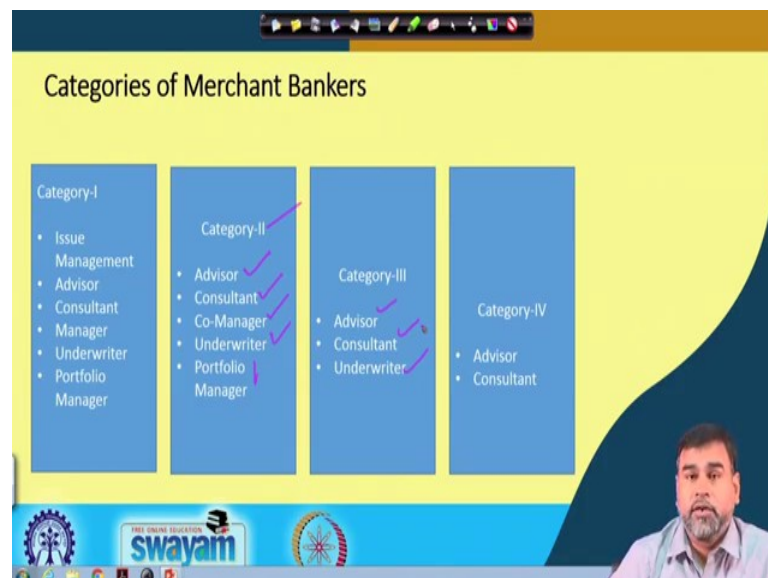
The merchant banker cannot undertake the function of a non-banking financial company such as accepting the deposits, financing others business etcetera; they cannot do that. The merchant banker has to confine themselves or himself only the capital market activities either it is the long term bond market or equity market. Or, they should not go for to another market which is related to real sector and other things. SEBI basically gives the authorization for a merchant banker to operate for 3 years only. And, without SEBI's authorization merchant bankers cannot operate in India; after 3 years again they

have to renew it. And the minimum net worth of merchant bankers should be 1 crore rupees.

Merchant banker has to pay the authorization fee, annual fee and renewal fee regularly. All issues of shares must be managed by one authorized merchant banker; it should be the lead manager of the company multiple merchant bankers should not be there. The responsibility of the lead manager will be clearly indicated by the SEBI, the lead managers are responsible for allotment of the securities, refunds etcetera. The merchant bankers has to submit the SEBI all returns and send the reports regarding the issue of the shares whenever the company is going for IPO and other things.

A code of conduct for merchant bankers always given by SEBI which has to be followed regularly by them. Any violation of the merchant of the code of conduct will lead to the revocation of the authorization by the SEBI for the operation of that merchant bank in India. So, these are the some of the guidelines. There are many guidelines what the SEBI has given for operation of the merchant bank some of the summary view about the guidelines for the operation of or the business of merchant banking in the Indian capital market.

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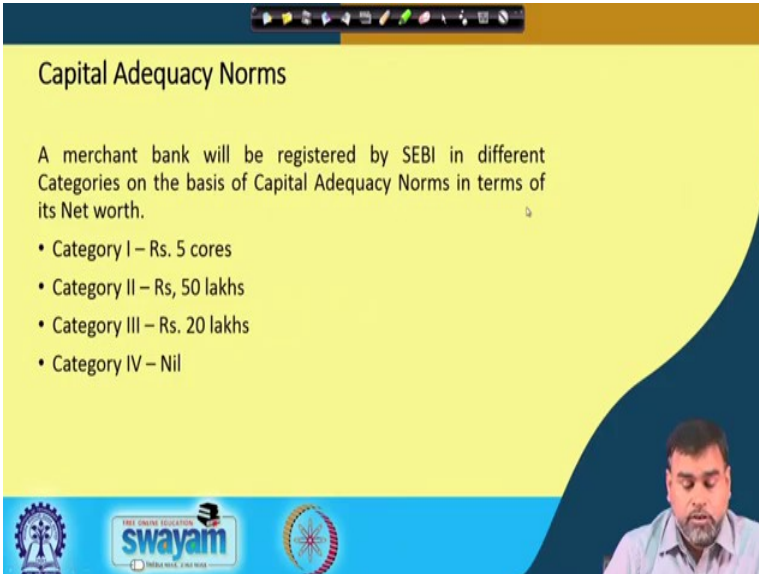


So, if you see the different categories of the merchant bankers which are existing we can categorize them into 4 on the basis of the different services what they provide. If there are category I merchant banker they provide services in terms of issue management,

advisory services, consulting services, they can work as a portfolio manager, and they can work as an underwriter etcetera. But, if you go for the category II, what basically we have seen. They can work as an advisor, they can work as consultant, they can work a joint-manager, they can work as underwriter, they can work as portfolio manager; was issue management they cannot do.

Category III they can work as adviser, consultant, underwriter but, the issue management operations they can do. And finally, the category IV they can only play the advisory role or the consulting role and the other roles basically they cannot play. So, on the basis of the services what they provide or types of services what they provide the merchant bankers have been categorized into 4 categories in India. So, what are the other differences in terms of the 4 categories if you see.

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Capital Adequacy Norms

A merchant bank will be registered by SEBI in different Categories on the basis of Capital Adequacy Norms in terms of its Net worth.

- Category I – Rs. 5 cores
- Category II – Rs. 50 lakhs
- Category III – Rs. 20 lakhs
- Category IV – Nil

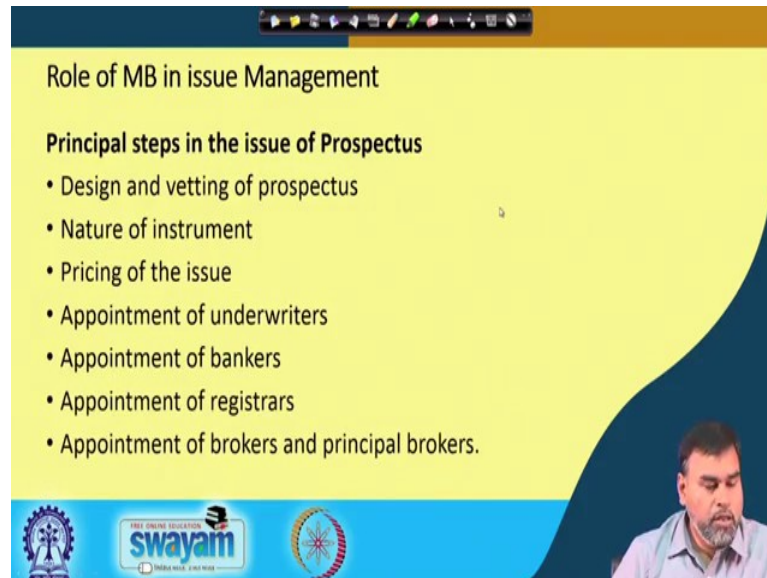
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So, they are categorized on the basis of their capital adequacy norms in terms of its net worth. Category I minimum net worth should be 5 cores, category II the minimum net worth should be 50 lakhs, category III the minimum net worth should be 20 lakhs.

But, whenever they are in the last category only the advisory services of the consulting services; no net worth is required. Basically in terms of net worth if they do not have, what do they have the financial expertise to provide this kind of services they can do it is not mandatory. So, in this context in terms of their capital adequacy and the net worth

the categories are defined. And, on that basis their services are also defined that is what basically the categorization of the merchant bankers in Indian context.

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Role of MB in issue Management

Principal steps in the issue of Prospectus

- Design and vetting of prospectus
- Nature of instrument
- Pricing of the issue
- Appointment of underwriters
- Appointment of bankers
- Appointment of registrars
- Appointment of brokers and principal brokers.

The slide includes logos for 'swayam' (Free Online Education) and 'MHRD' (Ministry of Human Resource Development) at the bottom. A small video inset of a man is visible in the bottom right corner of the slide.

Then if you see already we have said that this merchant bankers play a very significant role in the issue management, like your issuance of equity into the market from the market and pricing of the initial public offerings. So, because of that the company has to make a prospectus. The prospectus should contain all kind of information about the company and through that they have to create demand about that particular product in the market.

There is a process what we call it a book building process that will explain or will discuss more on the equity market part. But, here I just wanted to give you some idea that whenever the prospectus is prepared the merchant banker on behalf of the company basically prepared that prospectus. And, they are basically all kinds of details the merchant bankers would have certain obligations, they have certain kind of duties what they have to do whenever they prepare this prospectus before this issuance.

And, whenever the particular company goes to public has generate the money from the public, has generated the equity from the public. First of all they have to make the prospectus, what kind of instrument it is, what kind of the price band they have to be reported. They have to appoint the underwriters either they themselves worker the underwriter or somebody else can be the underwriter. Who is the syndicate bankers that

is appointed by the merchant banker or the particular merchant banker who works on behalf of that particular company. They also appoint the resisters who keeps the records everything about this process the IPO process. And finally, the appointment of the brokers also is done by the merchant banker.

So, these are the things done by before this issuance and whenever the company is going to the public for issue in the equity. This is what basically the steps what are the merchant banker always follow or has to follow whenever they want to raise the equity from the market.

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Pre-Issue Obligation of MB

- Entering into an agreement with the body corporate
- Appointment of Compliance Officer
- Appointment of all other Intermediaries & coordinating with them
- Preparation of Offer Document of Letter of Offer or Prospectus and filing them with Registrar, Stock Exchange & SEBI
- Due Diligence Report
- Inter-Se Allocation of Responsibilities
- Pricing, Coordinating with the Stock Exchange for Book Building process including software, bidding terminals and book building
- Collection of application forms from bankers and statement of amount received
- Redresser of Investor Grievances
- **Post Issue Monitoring** - It includes screening of applications, deciding allotment procedure, mailing of allotment letters, share certificates and refund orders

Book Runner Lead Manager (SEBI)

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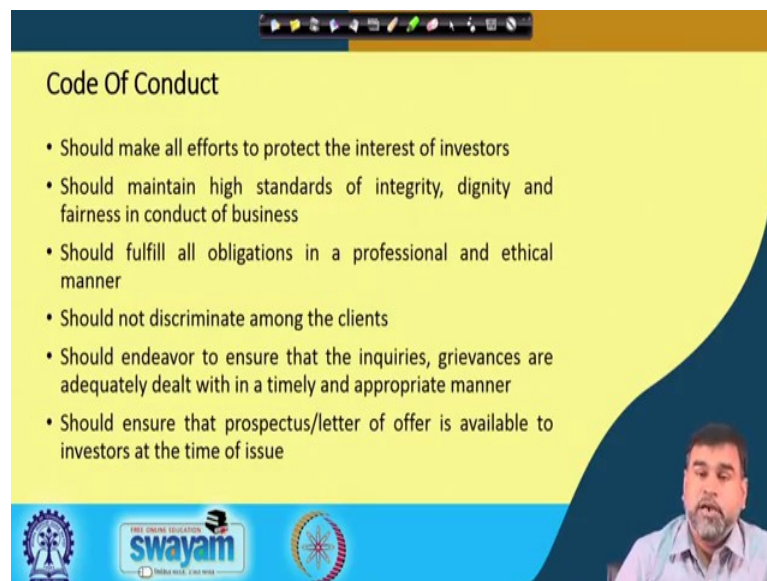
Then after this issuance they have also certain obligations. What are those obligations? They have to appoint a compliance officer, they have to appoint this other intermediaries, preparation of offer documents or prospectors and filling them with the register stock exchange and SEBI. Due diligence report, they have to prepare; allocation are the responsibilities of the different stakeholders that has to be done by them. Pricing coordinating with the stock exchanges for book building process including software, bidding terminals everything.

Collection of application from the bankers and statement of amount received. If is there any investor grievances in that process, if there any complain or anything that also has to be addressed by them. And, once this bidding and everything will take place their job is basically monitoring the post issue which is screening the applications, deciding the

allotment procedure, mailing of the allotment letter, providing the share certificates and refund orders. If somebody will not be allotted to the IPO then the money also has to be refunded them. And, that refunding process also will be taken over by or will be taken care by the merchant bankers.

So, the merchant banker has the primary role for both post and pre-issuance of the equity in the market; mostly they are basically called as the book runner lead manager. In this process they are called the Book Runner Lead Manager; in short we call them BR LM. And, whenever any company goes for IPO their first job is they appoint somebody who will act as the BRLM. Then this BRLM will provide all kind of necessary services for the pricing of IPO and all those things which are related to the pricing of the IPO or the issuance of the IPO; that is what basically the obligations the merchant bankers have.

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Code Of Conduct

- Should make all efforts to protect the interest of investors
- Should maintain high standards of integrity, dignity and fairness in conduct of business
- Should fulfill all obligations in a professional and ethical manner
- Should not discriminate among the clients
- Should endeavor to ensure that the inquiries, grievances are adequately dealt with in a timely and appropriate manner
- Should ensure that prospectus/letter of offer is available to investors at the time of issue

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Just now we are talking about the code of conduct, SEBI has made it mandatory. What are those codes of conduct what SEBI has made for the merchant banker? The merchant bankers should make all efforts to protect the interest of the investors, they should not always act only on the behalf of the companies.

Should maintain high standards of integrity, dignity and fairness of conduct of the business, should fulfil all obligations in a professional and ethical way. Should not discriminate among the clients, should endeavour to ensure that the enquiries grievances

are adequately dealt with in a timely and appropriate manner; whenever any kind of issuance is carried out.

Should ensure that the prospectus or letter of offer is available to investor at the time of issue; to the information about the company or everything that is not job of the company it the job of the BRLM or the merchant banker. They have to provide all kind of information and the basic job because; once the BRLM is appointed that information goes to SEBI.

SEBI approval of the SEBI is required for that issuance who is the BRLM, let company A has appointed somebody as the BRLM or the any investment bank which can act as a BRLM. Then that information has to send to the SEBI and SEBI approves that. And now, say we has the idea that who got the information who is the merchant banker for them and whether this merchant banker is following all kinds of requirements or not; that is basically under the SEBI's regulation. That is why this kind of code of conduct has to be followed by the merchant bankers.

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Leading Merchant Bankers in India

- Public sector: SBI Capital Markets, Punjab National bank, IFCI Financial Services.
- Private sector: ICICI Securities, Axis Bank, Bajaj Capital, Tata Capital Markets, Yes Bank, Kotak Mahindra Capital Company, Reliance Securities
- Key Foreign Players: Goldman Sachs (India) Securities Pvt. Ltd, Morgan Stanley India Company Pvt. Ltd., Barclays Securities (India) Pvt. Ltd., Bank Of America, Citigroup Global Markets India Pvt. Ltd., DSP Merrill Lynch Ltd.

UGC swayam India Skills

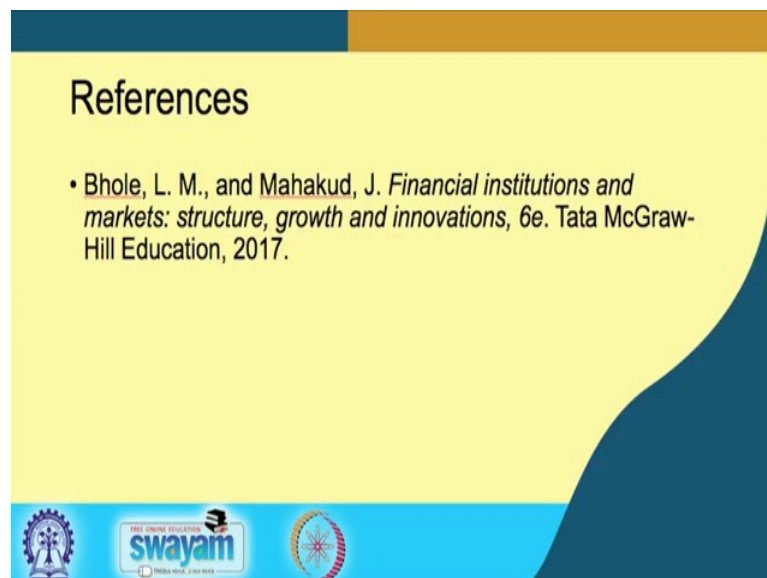
Then what are those leading merchant bankers in India, if you see we have a SBI Capital Market, Punjab National bank also has a merchant banking division, IFCI financial services in terms of the public sector. In terms of the private sector we have ICICI securities, Axis bank, Bajaj capital, Tata capital market, Yes bank, Kotak Mahindra, Reliance securities all can be act as a merchant bankers.

But, if you see the key foreign players always people have more faith on them because, the size is quite large. And, they are the big names which exist in the market they are Goldman Sachs India securities private limited, Morgan Stanley India company private limited, Barclay securities India private limited, Bank of America, Citigroup global markets India private limited and DSP Merrill Lynch.

So, these are the major players. So, you might have observed that whenever any company in India is going for IPO either of these any of the merchant bankers will always act as the book runner trade manager for them; whose responsibility is to look after all the pre and post issue obligations for the pricing of this ones. So, this is the way the merchant banker plays a very significant role in the Indian financial system; for in terms of the financing, in terms of consulting, in terms of other services into risk management values and etcetera.

So, that is why the significance of the merchant banker is quite large in this context. So, there are some other organizations or other entities which also provide the services which are they consider as the non-banking financial companies. So, we will be discussing like your credit rating agencies and all that will be discussing in the next class.

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Please go through these particular references for this particular session.

Thank you.