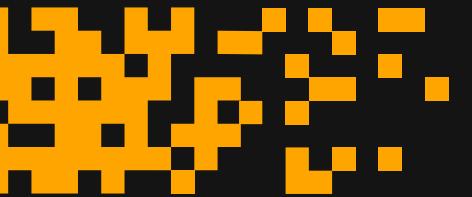


Wintercamp



INVESTMENT BANKING

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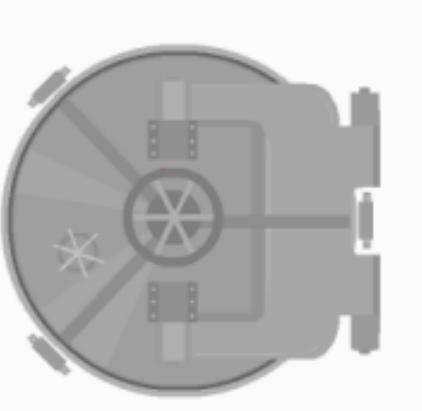
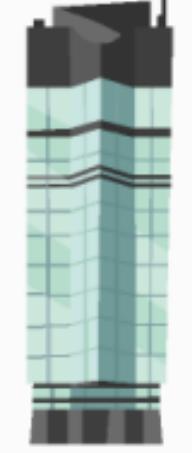
- Akshat Chouksey
- Rachit
- sneh
- sachida

PART-1

**INTRODUCTION TO IB ,
WHAT ARE IB AND
WHAT DO THEY DO?
AND HOW IS IPO RELEASED**



Difference between Investment bank and an Commercial bank?

	Commercial Banking	VS		Investment Banking
		Description		
		Services		
Commercial banking is often referred as “deposit taking, credit giving activity”. Commercial banks’ main business is collecting money from families and corporations and lending them to borrowers		Accepting deposits, Lending money, Issuing bank cheques, Cash management, Treasury management	Investment banks deal with a more complex set of operations: listing of firms on stock exchanges (IPOs), advisory in M&A deals and corporate restructurings, trading, and asset management	
Retail clients, Small Corporate Clients, Medium and Large Corporate Clients		Clients	Capital Markets (IPOs, SEOs, Private Placements), M&A, Restructurings, Trading and Brokerage, Asset Management	HNWI, Medium and Large Corporations, Institutional Investors, Hedge Funds, Private Equity Funds



What is Investment banking?

Investment banking is a type of banking that organizes large, complex financial transactions such as mergers or initial public offering (IPO) underwriting. These banks may raise money for companies in a variety of ways, including underwriting the issuance of new securities for a corporation, municipality, or other institution. They may manage a corporation's IPO. Investment banks also provide advice in mergers, acquisitions, and reorganizations.

Eg : Goldman Sachs, JP morgan etc.



What is Investment banking?

“INVESTMENT BANKERS ARE EXPERTS WHO HAVE THEIR FINGERS ON THE PULSE OF THE CURRENT INVESTMENT CLIMATE”.



What does an IB do?

The world we live in today is dominated by large corporations that possess complex financial structures. As a result, IB has a great deal of work to do.

The major work of IB includes:

- Release of IPO(Initial public offering)
- MnA(merger and acquisition)
- Asset management
- Proper valuation of a firm
- Issuing Equity, debt
- Restructuring





IPO

Essentially, investment banks serve as middlemen between a company and investors when the company wants to issue stock or bonds. The investment bank assists with pricing financial instruments to maximize revenue and with navigating regulatory requirements.

Often, when a company holds its IPO, an investment bank will buy all or much of that company's shares directly from the company. Subsequently, as a proxy for the company launching the IPO, the investment bank will sell the shares on the market. This makes things much easier for the company itself, as it effectively contracts out the IPO to the investment bank.





IPO

The Process for Releasing an IPO is

1.

Selection of Underwriters:

The company looking to go public typically selects one or more investment banks to act as underwriters. Underwriters are responsible for managing the IPO process, pricing the shares, and ensuring the successful sale of the offered shares to investors.

2.

Due Diligence:

Investment banks conduct thorough due diligence on the company's financials, operations, management, and other aspects. This process helps in assessing the company's viability for going public and provides information for the offering prospectus.





IPO

The Process for Releasing an IPO is

3.

Valuation:

Investment banks work with the company to determine the appropriate valuation for its shares. This involves analyzing financial statements, industry comparisons, and market conditions to set an initial offering price.

4.

Registration and Regulator Compliance:

Investment banks assist in preparing the necessary documentation for regulatory approval, including the filing of a registration statement with the securities regulatory authorities. This document, known as the prospectus, provides detailed information about the company and the IPO.





IPO

The Process for Releasing an IPO is

5.

Marketing and Roadshows:

Investment banks play a crucial role in marketing the IPO to potential investors. They organize roadshows where company executives and investment bankers meet with institutional investors to present the investment opportunity and address any questions or concerns.

6.

Price Determination:

Based on investor interest and feedback from the roadshow, the investment bank, in consultation with the company, determines the final offering price for the shares.





IPO

The Process for Releasing an IPO is

7.

Allocation of Shares:

The investment bank is responsible for allocating shares to institutional and retail investors. This process involves balancing demand, ensuring a fair distribution, and avoiding excessive concentration in any particular investor's hands.

8.

Stabilization and Support:

After the IPO, the investment bank may engage in stabilization activities to support the stock price. This can involve buying additional shares on the open market to prevent the stock from falling below the offering price.

