Bharat's

Investment Banking

The First Step

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Bharat

A Note from the Author

After a series of rate cuts from the Federal Reserve, cheap money flooded the markets in the early 2000s. Investment banks were managing hot IPO and M&A throughout 2005, 2006 and early 2007. Businesses began spending money again. More companies were going public. More companies were spending money to acquire other companies. Emerging markets like China and India promised vast new banking opportunities. And investment banks were enjoying stronger revenues than they've had in years. Investment banking was the buzzword for campus placements in top B-Schools. Everything appeared to be right. But the credit crunch put a damper in mid-2007, which continued till end of 2008. What happened in 18 months of 2007 & 2008 was something that threatened to end the investment-banking era. 2007-2008 witnessed the period when investment bankers' party came to an end. Huge losses and write-offs to the tune of several billion dollars across the globe owing to the sub prime crisis put the brakes on investment banking industry. 2008 witnessed things going south with investment banks going insolvent, being taken over by their peers, being bailed out by the governments. Quite a few were laid off (*even I was a part of that recession and lost my job with Fidelity along with 30 more colleagues in early 2008*) and most of the lucky survivals received zero increments or zero bonuses that year.

But one has to bounce back from the low moments. The markets did in 2009 and continuing the trend in 2010, and so did I with starting first of my three ventures in 2008. Stock markets are back to levels of 2007. 2010 has made a promising start, with the flow of the deals activity in first 3 months of the year. Q1 March 2010 witnessed the highest first quarter activity since 2000, both in terms of number of deals and capital raised. While M&A activity showed signs of resilience in the year 2009, the overall conditions improved in the fourth quarter of 2009 and the trend continues in 2010 so far.

The recovery of investment banking industry has been as dramatic as its decline. Investment banks, which disappeared from campus recruitments in 2008-2009, are back in game. With number of deals touching new heights, the demand for the nurtured talent is on rise. The need for skilled professionals has always been there and will remain so in the long term. People normally relate investment banking either to investment in markets or some banking activity. However, investment banking is something different. The intention of writing this book is to tell you what exactly investment banking is, how it started, what investment banks do, and then discussing in detail one of the valuation techniques used by investment banks to value a private or public company.

We hope this book will help establish a firm foundation for driving a brighter future in investment banking domain for the aspiring generations of investment banking professionals.

Thank You All!!

A special thanks to all those people, friends, colleagues, professionals who have contributed their time and shared their experiences and insights to help make this book possible. It is always inspirational to find people who are willing to give of themselves, particularly their time – a scarce commodity for most people today – to help make a difference to others.

Tapan Jindal

About the Author

An Investment Banker by profession and a Chartered Accountant by education, Tapan Jindal is a 1st generation entrepreneur having co-founded ARC Financial Services (www.arc-fs.com) and ARC Academia (www.arc-academia.com).

He leads the investment banking practice of ARC Financial Services. He has been designing and teaching investment banking training programmes with ARC Academia, India office of Wall St. Training. He is also the founder of BS-BS Foundation (www.bs-bs.org), an NGO to educate people of their social responsibilities with a goal to bring a change in their traditional mindset.

He has prior experience of working with Fidelity Investments and iGATE Global Solutions. He is also author of 'Auditing & Assurance – An Easy Approach' for CA Intermediary Level of ICAI, India. A regular invite as a guest speaker by the Institute of Chartered Accountants of India and many Ivy League B-Schools in India, Tapan has trained and groomed thousands of finance professionals.

Contact the Author

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Preface

You wish to make big bucks quickly after your education and willing to work on deals that are making the prominent headlines in the financial press. You want to develop innovative ways to grow business and structure the deals that keep oiling the cogs of economy of your country. Perhaps a career in investment banking is for you.

You Want to be an Investment Banker
but don't have any Idea what investment
banking is & what investment banks do?

While all areas of finance are becoming more sophisticated, Investment banking remains a popular career choice among today's very best graduates, MBAs, CAs and CFAs. The competition to secure that all-important first foot in the door is intense. As you move out to start/develop a career in finance, we believe this book, 'Investment Banking – The First Step' to be your first step in your career in investment banking. The aim of this book is to offer the readers real insights into the world of investment banking and to give you the knowledge you need to stand out. Written and edited by investment bankers, it delivers the first level technical expertise and essential skills to jet start your career in investment banking.

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