

# Investment Banking: Meaning, IPO Process, Roles, and Examples

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Investment banking helps companies grow by raising funds, advising on large deals, and handling public share issues like IPOs. It is the expert arm of the banking world that supports big decisions and financial transactions. Investment banking acts as a financial partner to businesses that need funding, expansion, or mergers. It brings together those who need money with those who want to invest. This field is powerful, fast-moving, and very important for the growth of any economy. Whether it is a company going public, merging with another, or raising money for a new project, investment banks make it possible.

## What is Investment Banking?

Investment banking is a banking service that helps big [companies](#), governments, and startups get money from investors. It does not work like your everyday bank. You cannot open a savings account in an investment bank. Instead, it works on big business deals, helping companies plan, raise money, and grow.

These banks connect businesses and investors. They guide companies in [financial planning](#) and help reduce risks. Their advice supports many business goals—from growing into new markets to becoming a [public company](#).

## How Investment Banking Works

- **Raises money for companies:** Investment banks help firms get funds by selling shares to the public or private investors. This money is used for new projects, expansion, or debt repayment.
- **Manages IPOs and share sales:** When companies want to go public, investment banks plan the process, handle paperwork, and make sure everything goes smoothly with regulators like SEBI.
- **Connects businesses with investors:** Investment banks introduce businesses to investors who are willing to put money into them. They match the right investors with the right companies.
- **Offers advice on financial decisions:** These banks provide expert advice on buying other companies, entering new markets, or changing how a business is funded.
- **Reduces financial risks:** Investment banks also help manage risks by studying the market and creating strong financial strategies for clients.

### Investment Banking



A type of banking that organizes large, complex financial transactions such as mergers or initial public offer (IPO) underwriting.

## What Do Investment Banks Do?

Investment banks offer a range of services that help companies handle money smartly. They are known for solving financial problems and turning them into business opportunities. Whether it is raising money or buying another company, they manage the full process.

They support their clients by taking care of the details—like documents, pricing, and meetings—so the company can focus on business growth. These services are useful for all types of businesses.

### Main Services Offered by Investment Banks

- **Capital Raising:** Investment banks help companies raise funds in two main ways—by issuing shares ([equity financing](#)) or borrowing money through bonds ([debt financing](#)). They decide the best method based on the company's needs and risk level.
- **Mergers and Acquisitions (M&A):** When a company wants to buy another company or merge with it, investment banks manage the full deal. They find the target, study its value, and make sure the deal benefits their client.
- **Underwriting of Securities:** In IPOs and bond issues, investment banks underwrite the shares. This means they buy all the new shares from the company and then sell them to the public. This gives the company money right away.
- **Equity and Market Research:** Investment banks have research teams that study industries, companies, and trends. They provide reports that help clients and investors make informed decisions.
- **Financial and Strategic Advisory:** They offer smart advice to companies on complex financial plans. This can include changing how the company is funded, entering new markets, or handling tough times.

## Examples of Investment Banking in Real Life

Many big news stories and business deals have investment banks working behind the scenes. They help raise money, advise during sales, and manage financial changes. These examples show how useful they are in real life.

From IPOs to takeovers, [investment banks](#) make big changes easier and smarter for their clients. They also help companies become stronger in their industries.

### Popular Investment Banking Cases

- **Facebook IPO (2012):** Morgan Stanley was the lead bank when Facebook went public. They helped the company raise \$16 billion and managed the full IPO process, including pricing and promoting the shares.
- **Tata Motors Buys JLR:** In 2008, Tata Motors bought Jaguar Land Rover. JPMorgan and Citigroup worked on this deal. They advised Tata, studied the value of JLR, and helped with funding.
- **LIC IPO (2022):** Life Insurance Corporation of India launched the biggest IPO in the country. SBI Capital and Goldman Sachs were among the banks that guided the process, from SEBI filings to pricing.
- **Zomato IPO (2021):** Zomato became one of the first Indian tech companies to go public. Investment banks like Kotak and Morgan Stanley managed the IPO and helped raise over ₹9,000 crore.
- **Air India Sale:** In 2021, the Indian government sold Air India to the Tata Group. Investment banks advised the government on pricing and handled the full sale process.

## What is the Role of Investment Bankers?

Investment bankers are financial experts. They make sure business deals go smoothly. They plan strategies, speak with clients, and manage the work behind large financial actions. Their job is high-pressure but also high-paying.

They use market knowledge, data analysis, and planning to support clients. They help make smart choices that lead to business growth or funding.

### Day-to-Day Tasks of Investment Bankers

- **Talk to clients to understand their needs:** They begin by learning what the client wants—whether it is to raise funds, sell a business, or go public.
- **Create pitch books and financial models:** They prepare presentations and detailed financial reports to explain plans to investors or company leaders.
- **Study companies and markets deeply:** They research industries and similar businesses to guide the client's decisions and prepare for meetings.
- **Work on deal documentation and legal papers:** They manage everything from SEBI forms to shareholder agreements and investor presentations.
- **Help in pricing and selling shares or assets:** They use financial models to set the right share price or asset value to attract investors and complete deals.

## IPOs in Investment Banking

IPO stands for Initial Public Offering. It is when a private company sells its shares to the public for the first time. This gives the company money to grow and become well-known in the market. Investment banks make this process smooth and successful.

They handle the paperwork, legal steps, pricing, and investor meetings. IPOs need months of planning, and investment banks are there from start to finish.

### IPO Process: Step-by-Step

- **Company picks an investment bank:** The business chooses one or more banks to lead the IPO. These banks become their advisors and underwriters.
- **Detailed company study:** The banks do full due diligence. They study finances, operations, and risks to build reports for investors and SEBI.
- **Prepare and file the Draft Red Herring Prospectus (DRHP):** This file contains details about the company, which is sent to SEBI for approval.
- **Set the price band and number of shares:** The bank uses market data to decide how many shares to sell and at what price.
- **Roadshow and investor meetings:** The company's leaders meet investors across cities to explain why their business is a good buy.

- **Open the IPO and list the shares:** The IPO opens for public bidding. After allotment, the shares are listed on a stock exchange like NSE or BSE.

## Career in Investment Banking for Indian Students

Investment banking is one of the highest-paying jobs in India. It offers growth, respect, and global exposure. Many commerce and finance students dream of joining this field. But it needs sharp thinking, fast learning, and strong work ethics.

You must understand numbers, markets, and client needs. If you enjoy finance and solving problems, investment banking could be your ideal job.

### How to Start an Investment Banking Career

- **Get the right degree:** Start with [B.Com](#), BBA, or economics. Then do an [MBA in finance](#) or certifications like [CFA](#) or [CA](#).
- **Learn financial modeling and Excel:** These skills help you study company finances, make reports, and build plans for clients.
- **Do internships at banks:** Internships at ICICI, Axis, or global banks help you learn real-world work and build your resume.
- **Build a strong LinkedIn profile:** Stay active, post content, and connect with people working in banks and finance.
- **Stay updated with finance news:** Read ET Markets, Bloomberg, and watch business shows to learn the latest updates and industry trends.

## Investment Banking FAQs

### 1. What is investment banking in simple words?

It helps businesses raise money, go public, or buy other companies. It gives advice and handles large financial deals.

### 2. How do investment banks help in an IPO?

They plan, promote, price, and manage the full IPO process, from SEBI filings to share sale.

### 3. Can B.Com students get into investment banking?

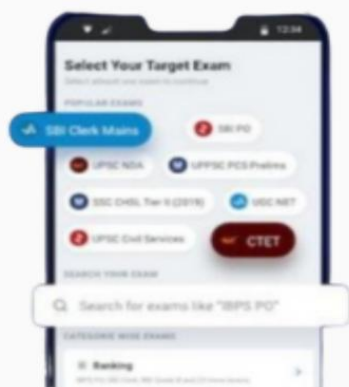
Yes. With the right courses, certifications, and internships, B.Com students can work in this field.

### 4. What is the salary for investment bankers in India?

Freshers earn ₹10–20 lakhs yearly. With 5–10 years of experience, it can rise to ₹40–60 lakhs.

### 5. Is investment banking stressful?

Yes, it involves long hours and pressure. But it also offers good pay, travel, and job satisfaction.



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