

INSTRUCTIONS FOR ROUND 1

DISCLAIMER : All the terms and company profiles used in the game do not represent their meaning in the common parlance. The bonds, attributes and various other technical terms used in the game are given to provide a reference to context of the game. Thus, the participants are requested to stick to the event specific definition provided to them, and avoid misinterpreting them with real life financial terminology.

Instructions for Participants – Round 1 (SET 1 – for interpreting bond profiles)

Participants will receive a document containing all the 50 bond profiles and 6 attributes associated to each profile. They will have 25 minutes to evaluate the bonds.

The bonds are duly divided into 5 sectors, i.e.

1. Tech
2. Edu - Tech
3. Pharma
4. Logistics
5. Food and FMCG

The bond attributes will be as follows :

1. **Base Value of Bond** - This is the actual value of the bond.
2. **Market Value of Bond** - This will be the increased value of your bond based on the market conditions.
3. **Yield** - Yield represents the return on your investment, expressed as a percentage. A higher yield means you'll earn more money, but it can also indicate higher risk.
4. **Rating** - Ratings (like AAA, AA, A, etc.) reflect the creditworthiness of the company. Higher ratings suggest a safer investment, while lower ratings may indicate more risk.
5. **Revenue (Net Sales)** - This is the total income the company earns before expenses. Higher gross income usually signals better business performance.
6. **Debt to Equity (D/E) Ratio** - This ratio compares the debt and equity present in the company's capital structure.
7. **Net Profits** - This is the total profit that the company earns after deductions.
8. **Cash Reserve** - This is their retained profit which acts as a reserve in time of contingencies.

RATING	YEILD
AAA - 4	8 - 9 %
AA - 13	9 - 10 %
A - 8	11 - 13 %
BBB - 23	14 - 16 %
BB - 1	16 - 17 %
B - 1	18%
Average price of all 50 bonds.	7.16 crores

Evaluation criteria :

Yield: Higher yields can be attractive, but there exists a risk return trade-off . ie. HIGHER THE YEILD , HIGHER THE RISK .

Rating: Higher Rated bonds generally have lower risks tied to them and thus they may have lower yeilds but more credibility.

AAA being the highest rating and B being the lowest rating.

Revenue (Net Sales): Companies with high revenue have a higher market share in their industry . This indicates that the company is performing exceptionally well . Low Revenue indicates heavy competetion faced by the company .

Net Profit and Cash Reserves: Higher net profits and cash reserves indicate that the company is very efficient and is able to retain a significant share of profits as reserves . Low Net Profits and Cash reserves indicate towards higher cost of production and acquisition keeping the profit margin slim .

D/E Ratio: NOTE - In the purview of our simulation D/ E ratio is simply DEBT / EQUITY
A ratio 0.5 ie. 1:2 indicates that for every 1rupee of debt , the company has 2 rupees of equity.

A lower ratio indicates a company is less reliant on debt, making it less risky. Higher ratios can suggest more risk as as the company owes more compared to what it owns.

Instructions for Participants – Round 1 . (SET 2 – for acquiring loan)

1. All the teams will have to take a loan for acquiring the bonds .They can decide upon the loan amount after evaluating the bond attributes . The Base Value of Bonds fall in the range of 5cr – 10 Cr ; avg. price of profiles being 7.16 crores. However there will be no upper cap for bidding amount / quote price .
2. They have 5 - 10 minutes to apply for loan.
- 3. For acquiring loans the teams will have to fill the google form circulated to them**
4. The actual base value of the bond will not be disclosed until the bonds are allotted to all the teams. Participants must analyze the bond profile based on its attributes and evaluation criteria provided to them and estimate a suitable price for the bond according to their business acumen.
- 5. The team with the highest bid quote for a particular bond will be allotted that particular bond.**
6. The Loans will be given in 5 categories , each category having a different interest rate . Also , each category of loan has a DEBT SCORE tied to it , which will be usefull in further gameplay .

LOAN RANGE	INTEREST RATE
5 CR – 10 CR	15 % per round
10.1 CR – 15 CR	18 % per round
15.1 CR – 20 CR	20 % per round
20.1 CR and above	25 % per round

- 7. A maximum of 90% of the loan amount can be used for bidding on bonds and a minimum of 10 % of the loan amount must be retained in the wallet. Thus , participants must carefully calculate their investment appetite and apply for a loan accordingly.**
8. The first cycle of interest payment will be due at the end of round 1. However the interest will just accrue and will be payable on a later period.

Instructions for Participants – Round 1 . (SET 3 – BUYING BONDS)

1. For acquiring loans the teams will have to fill the loan form circulated to them.
2. They are allowed to create a compulsory preference list of 10 bonds along with 5 additional preferences in order to increase the chances of allotment.
3. Bonds will be allotted on the basis of comparison of quote price and preference chosen by the teams .
4. A maximum of 90% of the loan amount can be used for bidding on bonds and a minimum of 10 % of the loan amount must be retained in the wallet.
5. All the teams are allowed to buy only one bond irrespective of their wallet balance.
6. Participants must keep in mind that they can place a quote on A bond profile only once .
7. In case if any team is not allotted any bond , then a subround of bidding will take place .
8. Actual bond price and debt score will be disclosed after round 1