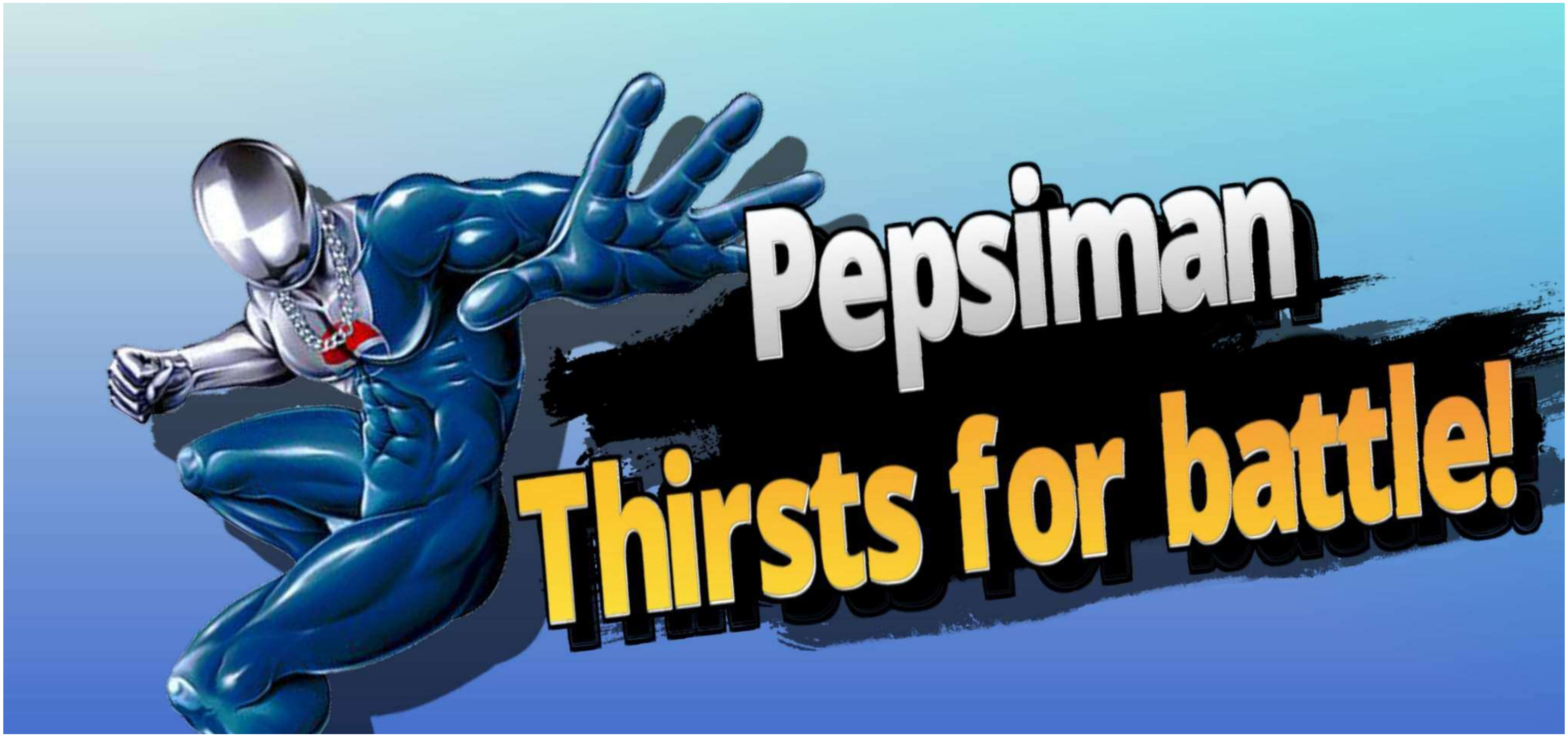
Investment Decisions: Forex Management, Offshore banking, ADR, GDR & EU Bonds

MMS SEM III 2022-23

Date: 22nd Dec 2022

Case Study: Pepsi Goes International

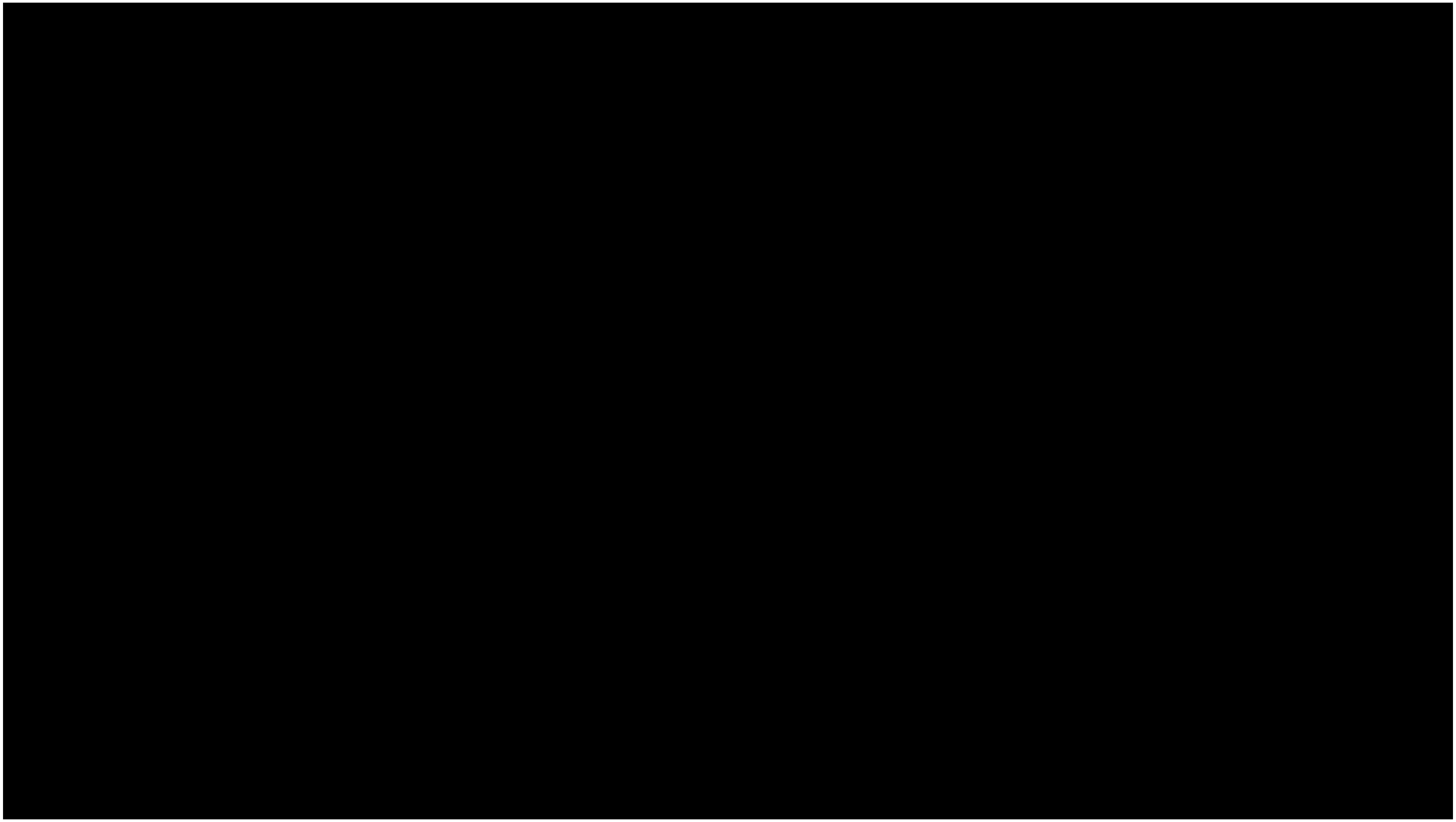


Pepsi Goes International – Its Global Marketing Plans

In the 1940's itself PepsiCo started branching out into the international arena. At first it was into Latin America, the Middle East and the Philippines. Here too Coke had the early bird advantage. Yet the product soon gained popularity. With the Arab countries boycotting Coke, Pepsi enjoyed a monopoly for many years in the Middle East. In the 1950's Pepsi went to Europe and this included Russia, with whom there existed a Cold War by USA.

Though there were initial difficulties, getting into Russia was a major breakthrough which the company exploited. The company posted pictures of the then leaders of the United States and Russia sipping the drink. Its arch rival, Coca Cola, was able to enter the Russian markets only after more than 25 years after Pepsi's entry.

Link: https://youtu.be/ExciAiG96Ow



Pepsi Goes International – Its Global Marketing Plans

In many of the countries that Pepsi ventured into comparative advertising was prohibited and in many countries it was not an accepted concept. For example, Pepsi tried its "Pepsi challenge" promotional gimmick in Japan. However, the country and its people were not aware of comparative advertising and as such the campaign did more harm than good.

Hence in Japan they had to break their tradition of running with the global campaign and come up with a campaign that the Japanese would identify with and was more Japanese.

The "Pepsiman" was a superhero like figure that was devised by a Japanese person for the Japanese market. The commercial was an instant hit and helped improve Pepsi's share in the Japanese market by as much as 14%. From Japan Pepsi learned a valuable lesson – the same ad will not have the same effect everywhere. When it comes to cross national advertising, there is always the inherent risk of alienating the people.

In general terms, a currency is a money in any form used as a medium of exchange, especially in coins and banknote forms. Money can be defined as any legal tender issued by the government and accepted as a payment for goods or services offered, taxes, and debt repayment. Thus, a currency is a monetary unit used by the buyer to obtain goods or services from a seller. Most countries have their currencies. Thus, a country may not use its currency in another country unless it is converted to the local currency at an exchange rate. However, two or more countries can use one currency. For instance, Nineteen EU member states use a common currency known as the euro (€).

Currency Classification

Currencies can be classified into three monetary systems; representative, commodity, and fiat money.

- Representative money is money printed on paper representing the value of an item or commodity. For instance, a gold certificate representing the value of gold one has.
- Commodity money is money in the form of other items such as gold or silver, which can be used in buying other goods.
- Fiat money is a currency issued by the government and not pegged on any commodity (Gold or Silver)
- Another form of currency gaining popularity is virtual currency, a digital, unregulated currency issued and controlled by the developer. Examples include Litecoin and Bitcoin.

Number of Currencies in the World

Out of the 193 countries, there are about 182 official currencies in the world

Popular Currencies

Almost every country has a unique currency, although some countries share common currencies. Currently, about 180 currencies are used across the globe and recognized by the United Nations. However, not all the currencies have equal strength or value; some are stronger and trade frequently in the foreign exchange markets. The Kuwaiti dinar is the world's strongest and highest valued currency. It is also the world's most valuable currency, with its strength and value attributed to Kuwait's oil resources.

The US dollar (US$) is the most used and trade currency. It is considered the world's chief reserve currency held by most commercial and central banks globally. Besides the US, 22 other countries use different forms of the dollar currency, including Australia and Canada. The Euro currency (€) is used by 19 of the 27 EU member states, making it one of the currencies used by most countries. Pound sterling (£) is the oldest currency still in use and the UK's official currency. Other powerful currencies include the Japanese Yen (¥) and the Indian Rupee (₹)

Why Countries Need Currencies

Almost every country trades with other countries either within their regions or overseas. Some countries trade more than others. In most cases, barter trade is not practical, so money is used in such circumstances. However, countries have different types of currencies or money with different units of account. Therefore, they cannot buy goods from another country using the local currencies. The most common solution to this problem is currency exchange.

Currency is important to a country because of the exchange rate. Nations use their foreign currency reserves to fix exchange rates to become competitive in the export market, improve investor confidence, and remain liquid during a crisis. Currency reserves are also required to offset external debts and fund diverse sectors of the economy.

What is FOREX?

- Foreign exchange or Forex is the conversion of one country's currency into that of another.
- A country's currency is valued according to factors of supply and demand
- A currency's value can be pegged to another country's currency, such as the U.S. dollar, or even to a basket of currencies

What is Forex Market?

- Is an over the counter market.
- Through it we can convert one country's currency into another.
- Forex markets are quite decentralized.
- Participants like market makers, brokers, corporate and individual customers are physically separated from each other.
- The foreign exchange market refers to the network of individuals, banks and organized financial exchanges that trade global currencies.

History of Forex Market

- The creation of the gold standard monetary system in 1875 marks one of the most important events in the history of the forex market.
- Before the gold standard was implemented, countries would commonly use gold and silver as means of international payment.
- The main issue with using gold and silver for payment is that their value is affected by external supply and demand.

Bretton Woods System

On August 15, 1971, the United States unilaterally terminated convertibility of the dollar to gold. As a result, the dollar became fully 'fiat currency.

Bretton Woods led to the formation of the following:

- A method of fixed exchange rates
- The U.S. dollar replacing the gold standard to become a primary reserve currency.
- The creation of three international agencies to oversee economic activity: the International Monetary Fund (IMF), International Bank for Reconstruction and Development, and the General Agreement on Tariffs and Trade (GATT).

4 Main Uses in International Trade

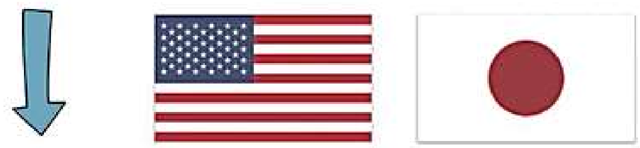
1. Payment received from foreign customer.

2. Payment made for foreign suppliers

3. Investment in foreign countries

4. Currency speculation A very risky business!

A U.S. company with \$10 million
to invest for three months



\$USD ¥JPY

Current Exchange Rate: \$1 = ¥120

Exchange Rate in 3 months: \$1 = ¥100

Now: \$10 million (\$10 million X 120 = ¥1.2 billion)

3 Months Later: \$12 million (¥1.2 billion / 100 = \$12 million)

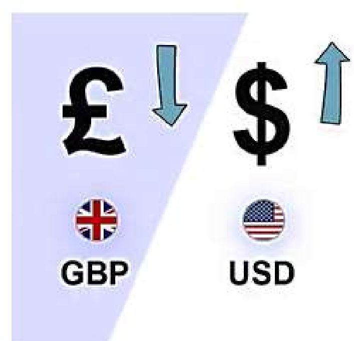
Profit: \$2 million (\$12 million - \$10 million)

Insuring Against Foreign Exchange Risk

(1) Spot Exchange Rates

When two parties agree to exchange currency and execute the deal *immediately*, the transaction is referred to as a spot exchange.

Spot rates change continually



More Demand of $
and Less Supply of $

(2) Forward Exchange Rates

A forward exchange occurs when two parties agree to exchange currency and execute the deal at some specific date in the future.

Exchange rates governing such future transactions are referred to as forward exchange rates.

Forward instruments accounted for almost two thirds of all foreign exchange transaction.

In 30 days, the U.S. company must pay yen to a Japanese supplier when a shipment arrives.

Import Price from Japan ¥200,000/laptop

Selling Price in the U.S. $2000/laptop

	Current	In 30 Days Without forward contract	In 30 Days With forward contract
Currency Exchange Rate	$1 = ¥120	$1 = ¥95	$1 = ¥110
Cost in USD per Laptop	$1,667 (¥200,000/120)	$2,105 (¥200,000/95)	$1,818 (¥200,000/110)
Net Gain per Laptop	$333 (2,000-1,667)	-$105 (2,000-2,105)	$182 (2,000-1,818)

(3) Currency Swap

The simultaneous purchase and sale of a given amount of foreign exchange for two different value dates.

Apple needs to change $1 million into yen to pay its supplier of laptop screens today.

In 90 days Apple will be paid ¥120 million by the Japanese importer that buys its finished laptops.

Today's spot exchange rate: $1 = ¥120

90-day forward exchange rate: $1 = ¥110

Apple sells $1 million to its bank in return for ¥120 million. Now Apple can pay its Japanese supplier. At the same time, Apple enters into a 90-day forward exchange deal with its bank for converting ¥120 million into dollars.

Therefore, Apple will receive $1.09 million
(¥120 million/110 = $1.09 million)

Currency swap enables Apple to insure itself against foreign exchange risk.

Introducing the Foreign Exchange Market

The foreign exchange market refers to the trading of one currency for another.

It is by far the busiest and most active of the financial markets, with turnover comfortably exceeding that of bonds and equities.

It is also known as:

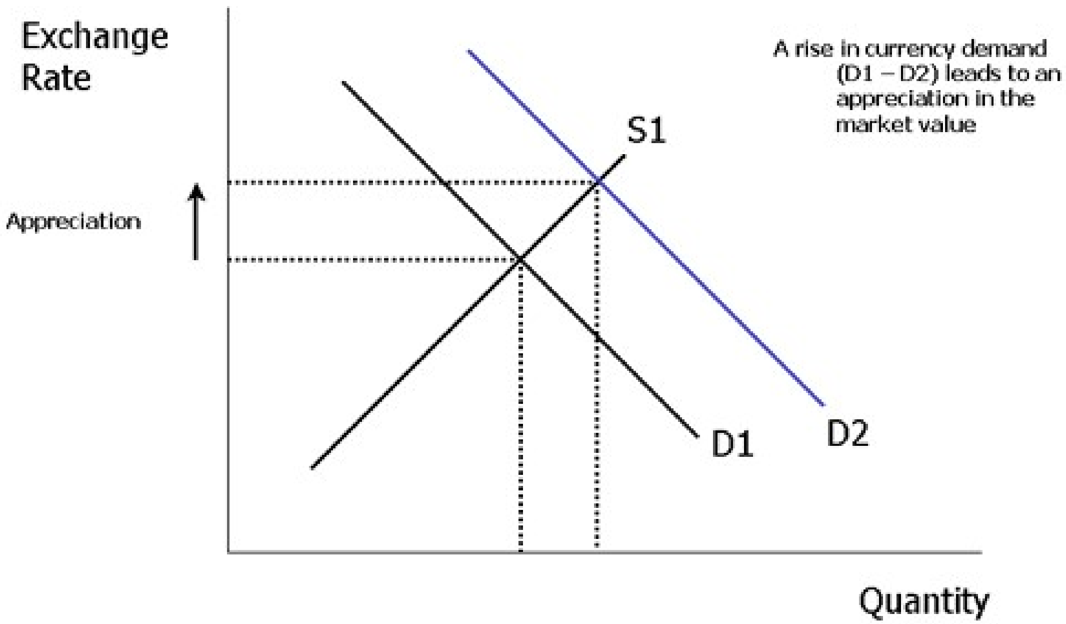
- The forex market
- The FX market

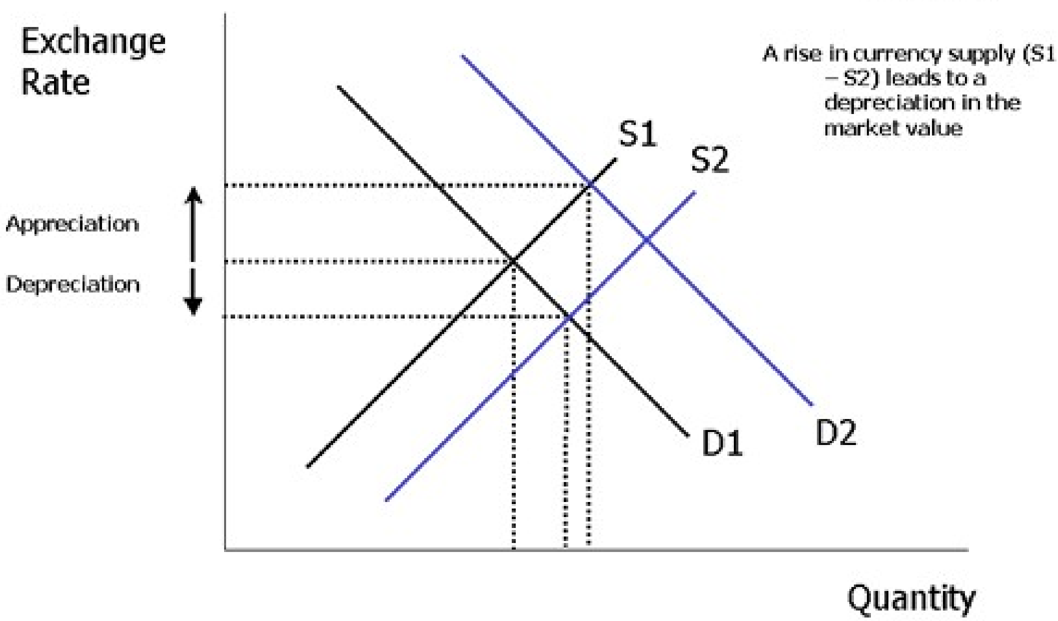
Most currencies are allowed by their central banks to “float” – exchange rates between one currency and another can vary.

The value of one currency versus another will depend on the economic health of the issuer

This creates risks for companies operating internationally

Floating Exchange Rates





Changes in market demand and market supply of a currency cause a change in value.

A rise in the demand for sterling (perhaps caused by a rise in exports or an increase in the speculative demand for sterling) leads to an appreciation in the value of the pound.

Changes in currency supply also have an effect. In the diagram above there is an increase in currency supply (S1-S2) which puts downward pressure on the market value of the exchange rate.

Currency Quotes

Trading of foreign currencies clearly involves selling one currency and buying another, the two currencies involved are described as 'pairs'.

Base Currency

The **first currency quoted** in a pair

It is always **equal to one unit** of that currency

Price at which a pair is bought and sold is the **exchange rate**

When the exchange rate is being quoted, the name of the each currency is **abbreviated to a three letter reference**

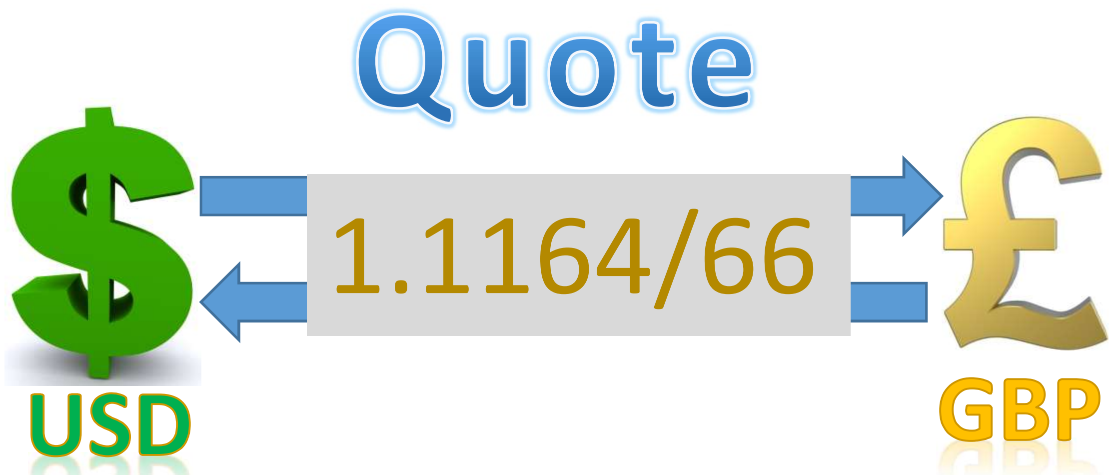
Counter or Quote Currency

The **second currency quoted** in a pair

Most commonly quoted currency pairs:

Currency Quotes

When currency pairs are quoted, the foreign exchange trader will quote a bid and ask price:



When quoting, the base currency is not mentioned as the convention is that the base currency is always 1

In this case:

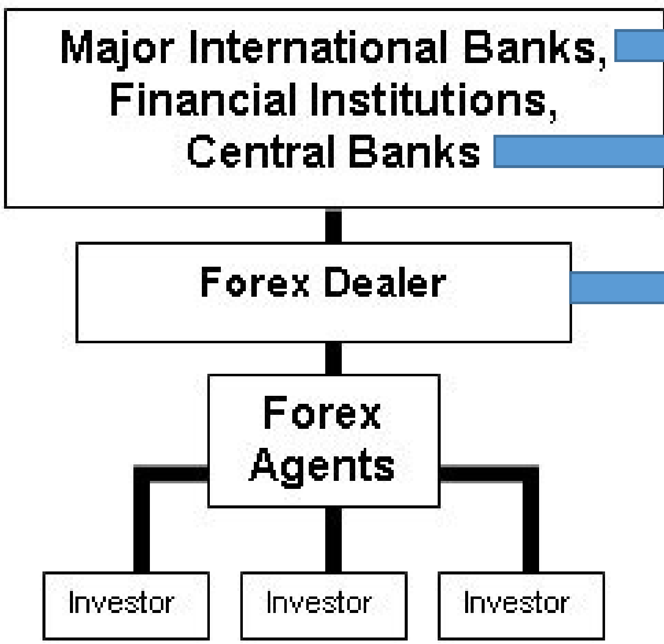
If a client wants to buy £100,000 he will need to pay the higher of the two prices ($1.1166) and deliver $111,660

If a client wants to sell £100,000 he will need to pay the lower of the two prices ($1.1164) and receives $111,640

Currency Trading

The forex market is primarily an over-the-counter (OTC) market, where brokers and dealers negotiate directly with each other.

London has grown to become the world's largest forex market due to it's ideal location between the Asian and American time zones



Continually provide the market with both bid (buy) and ask (sell) prices

Use the market to try to control money supply, inflation and interest rates.

Individual forex traders (i.e. retail investors) are becoming increasingly important in the global forex market.

Types of FX transactions and financial instruments

There are several types of transactions and financial instruments commonly used:

1. Spot transaction

The 'spot rate' is the rate quoted by a bank for the exchange of one currency for another with immediate effect.

Trades are technically 'settled' (currencies actually change hands and arrive in recipients' bank accounts) two business days after the transaction date (T+2).

2. Forward transaction

Money does not actually change hands until some agreed future date.

A buyer and seller agree on an exchange rate for any date in the future, for a fixed sum of money, and the transaction occurs on that date, regardless of what the market rates are then.

The duration of the trade can be a few days, months or years.

As on 17th Dec 2022 (Source: www.xe.com)

Inverse	Amount	Change (24h)
US Dollar	1	
Euro	0.94480	+0.44%
British Pound	0.82315	+0.3%
Japanese Yen	136.73	-0.24%
Canadian Dollar	1.3726	+0.43%
Indian Rupee	82.735	+0.025%
Chinese Yuan Renminbi	6.9731	+0.026%

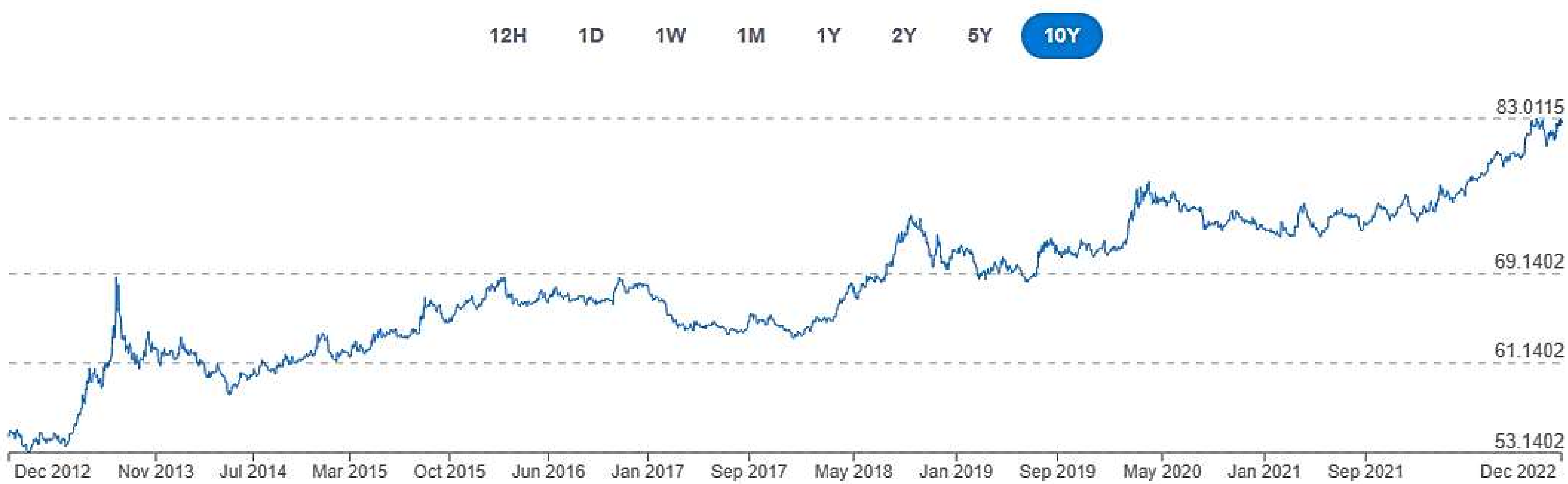

USD to GBP Chart +33.80% (10Y)
US Dollar to British Pound
1 USD = 0.823352 GBP Dec 17, 2022, 13:33 UTC
12H
1D
1W
1M
1Y
2Y
5Y
10Y
0.932256
0.762743
0.672743
0.582743
Dec 2012
Nov 2013
Jul 2014
Mar 2015
Oct 2015
Jun 2016
Jan 2017
Sep 2017
May 2018
Jan 2019
Sep 2019
May 2020
Jan 2021
Sep 2021
Dec 2022


USD to CNY Chart +11.85% (10Y)
US Dollar to Chinese Yuan Renminbi
1 USD = 6.97311 CNY Dec 17, 2022, 13:38 UTC
12H
1D
1W
1M
1Y
2Y
5Y
10Y
7.30636
6.74049
6.39049
6.04049
Dec 2012
Nov 2013
Jul 2014
Mar 2015
Oct 2015
Jun 2016
Jan 2017
Sep 2017
May 2018
Jan 2019
Sep 2019
May 2020
Jan 2021
Sep 2021
Dec 2022

USD to INR Chart +51.65% (10Y)

US Dollar to Indian Rupee

• **1 USD = 82.7347 INR** Dec 17, 2022, 13:47 UTC



1. The Law of One Price

The price of identical goods in different markets should be the same when the price is expressed in terms of the same currency.

Assumptions:

* *Free competition in the markets*
* *Absence of trade restrictions*
* *Price flexibility*

£1 = $2

$80 New York

~~£40~~ £30 London

Make a profit of $20 on each jacket by purchasing it for £30 ($60) in London and selling it for $80 in New York

2. Purchasing Power Parity (PPP)

The PPP theory states that given relatively efficient markets, the price of a "basket of goods", should be roughly equivalent in each country.

$200 ¥20,000

$P_{\$}$ The U.S. dollar price of a basket of particular goods

$P_{¥}$ The price of the same basket of goods in Japanese yen

$$E_{\$/¥} = P_{\$}/P_{¥} = \begin{array}{l} \$200/¥20{,}000 \\ \$0.01/¥ \end{array}$$

"Big Mac Index"

The same recipe in about 120 countries

5 Dollar

20 Yuan

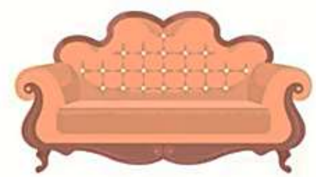
PPP Theory suggest: 1 U.S. Dollar = 4 Chinese Yuan

3. Money Supply and Price Inflation

Inflation occurs when the quantity of money in circulation rises faster than the stock of goods and services.

Beginning	\$200	¥20,000	\$1 = ¥100
End	\$200	¥22,000	\$1 = ¥110

Japanese yen has depreciated by 10 percent against the U.S. dollar.



4. Interest Rates and Exchange Rates

If inflation is expected to be high, interest rates also will be high, because investors want compensation for the decline in the value of their money.

Irvin Fisher
American Economist

Fisher Effect

15% i: normminal interest rate

=

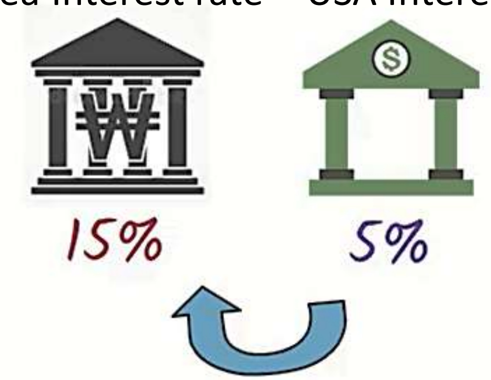
5% r: real interest rate

\+

10% I: expected rate of inflation

Arbitrage

Korea Interest rate   USA Interest rate



International Fisher Effect (IFE)

For any two countries, the spot exchange rate should change in an equal amount but in the opposite direction to the difference in nominal interest rates between the two countries.

$i_{\$}$ 15%

$i_{₩}$ 5%

$i_{\$}$ nominal interest rates in the United States

$i_{₩}$ nominal interest rates in Korea

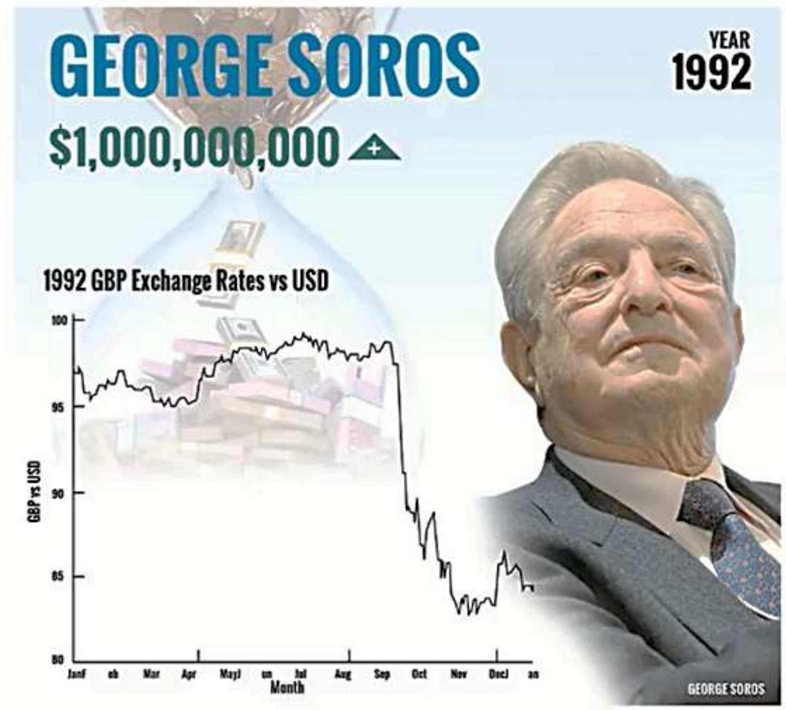
The value of the dollar to depreciate by 10 percent against the Korean won.

5. The Impact of Investor Psychology

Expectations have a tendency to become self-fulfilling prophecies.

The Bandwagon Effect

Hard to predict!



The pound declined in value not so much because of any major shift in macroeconomic fundamentals, but because investors followed a bet placed by a major speculator, George Soros.

Summary

The Law of One Price

Purchasing Power Parity

International Fisher Effect

Moderately good predictors of long-run changes in exchange rates.

Poor predictors of short-run changes in exchange rates.

The Impact of Psychological Factors

Investor Expectations

Bandwagon Effects

The movement of the international exchange market is very complicated to predict because it is influenced by so many different factors.

Investment Decisions: Offshore Banking

MMS SEM III 2022-23

Date: 22nd Dec 2022

Offshore Banking

‘Offshore' simply refers to any (business) activity that takes place outside an entity's home base. It's likely you have moved your personal finances or business offshore for more favorable conditions.

Offshore banking is common for companies and high-net-worth individuals (HNWIs).

You may also choose to bank and hold investments in a specific country offshore if you travel there frequently.

Offshore locations are generally island nations, where entities set up corporations, investments, and deposits.

Specific locations that have become popular for offshore business activity are island nations like the Cayman Islands, Bermuda, the Channel Islands, and the Bahamas.

Other centers in landlocked countries, including Switzerland, Ireland, and Belize, also qualify as popular offshore financial centers (OFCs).

The level of regulatory standards and transparency differs widely among OFCs.

8 Benefits Of Offshore Bank Accounts

1. Tax benefits
2. Asset Protection
3. Convenience
4. Security
5. Privacy
6. Higher interest rates
7. Currency
8. Investment

1. Tax benefits

As a matter of concern, taxation optimization is the top priority of most companies going offshore. High tax burden makes people hesitate to open a bank account in their home country.

By contrast, opening an offshore bank account in tax havens offers a favorable tax regime – either a lower tax rate or even no tax rate at all.
In this way, you can keep your money out of reach from the tax authority of your resident country, protecting it from exorbitant tax rates.

2. Asset protection

Holding money out of the home country is an effective way for your asset protection. You probably know about many scenarios of ex-pats who were suddenly blocked from taking money out of their accounts.

In many countries, the banking system has fairly feeble and unsound protection to account holders' wealth and assets. This, consequently, can pose serious threats to businesses themselves.

Fortunately, an offshore bank account can make you feel secure as your asset is safe, especially when your foreign account is opened in such a highly transparent and regulated jurisdiction with a strong privacy law such as Swiss offshore banks.

3. Convenience

Offshore bank accounts are strongly associated with convenient services. If you are not based in a single country but need to move around for business purposes, then an offshore bank account will be a good choice.

The reason for this is that offshore bank accounts are easily accessible from anywhere in the world. It provides account holders around-the-clock access regardless of you are living in any place or at any time zone.

Also, many reputable banks from sophisticated financial offshore hubs, Belize for example, do allow account holders to register their accounts remotely – no need to live near a branch of the bank.
Furthermore, offshore bank accounts ensure sufficient service utilities for account users as they can find in any local or international banks in their home country, such as customized services, 24/7 internet banking, debit/credit cards, ATMs networks, and many more.

4. Security

The level of security is a pull factor for many offshore account holders. Countries with uncertain and unfavorable economic climates, as well as frequent risks such as seizures, high inflation, bankruptcy, or any other financial risks, can lead to insecurity for your bank account.

Unlike accounts that you have opened in your home country, an offshore bank account, especially in a reputable and efficiently operated jurisdiction, will offer a high level of safety where your money can be well-protected against such cases.

5. Privacy

Another benefit of offshore bank account is the privacy laws. In general, many offshore banking jurisdictions have enacted serval laws of strict corporate and banking confidentiality.

These highly put emphasis on anonymity for account holders, allowing accounts' information to be kept safe and undisclosed.

Note that any behaviors violating the laws will be deemed criminal offenses and can lead to serious consequences of penalty, or even imprisonment unless there are enforcements from the relevant authority.

6. Higher interest rates

Generally, keeping money in offshore banks can offer higher interest rates on savings than that in your home country.

7. Currency diversification

What makes “going offshore” accounts become distinct? Well, currency diversification should be one of the highlights.

Offshore banking enables you to have a diverse currency portfolio in your offshore accounts. In other words, you can own different currencies in your accounts, as well as make transactions in multi-currencies.

As such, your account cannot easily be influenced by currency fluctuations which can often be seen in your home country.

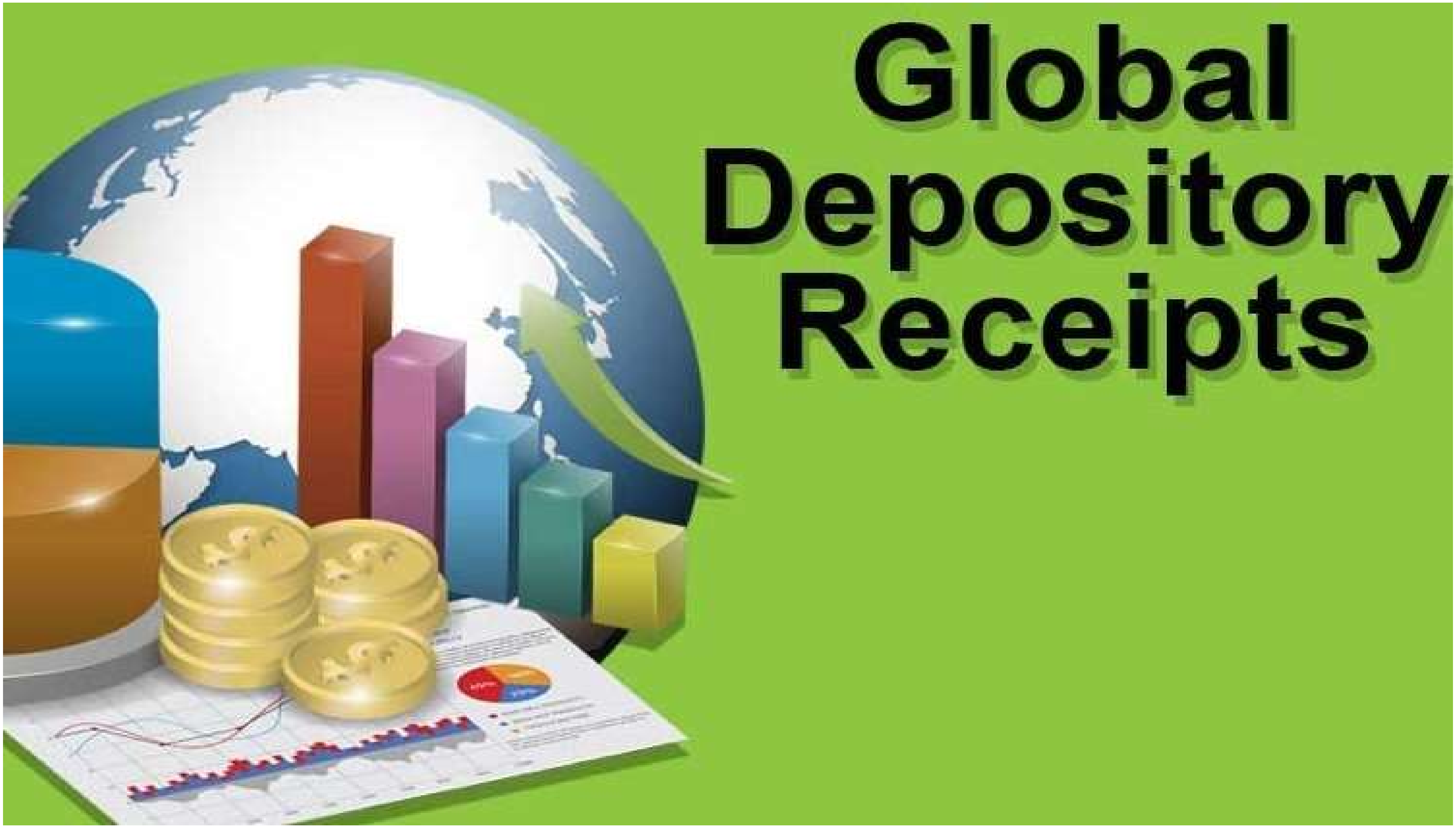
8. Investment opportunities

A plus for offshore banking is that offshore financial centers have less government intervention. It means that account holders are able to access a wide variety of investment and funds opportunities.

Generally, you may find that several regulations do restrict the foreign investment possibilities of their residents.

By its flexibility, offshore accounts offer entrepreneurs and investors unlimited choices to reach international markets.

Investment Decisions: GDR, ADR & EU Bonds



MMS SEM III 2022-23

Date: 22nd Dec 2022

International fund raisings

- Equity issuance through GDRs & ADRs.
- Debt issuance in the Eurobond markets.

Depository Receipts (DR)

A Depository Receipt (DR) is a type of negotiable (transferable) financial security that is traded on a local stock exchange but represents a security, usually in the form of equity, that is issued by a foreign publicly listed company.

The DR, which is a physical certificate, allows investors to hold shares in equity of other countries.

Benefits & Risks of Depositary Receipts

Benefits to the Company:

- Benefits Cost of capital much lower
- Broaden investor base
- Presence in International Markets
- No dilution of control as no voting rights

Risks to the Company:

- Prices may drop sharply after issue
- Damage to issuers reputation
- Impact on future issues
- Flow back – investors will sell the shares back in the home stock market of the issuing firm

Benefits to the Investors:

- Benefits Portfolio diversification
- Easy & Cost effective way to buy shares of foreign company
- Tap foreign equity markets

Risks to the Investors:

- Exchange risk
- All risks borne by equity holder

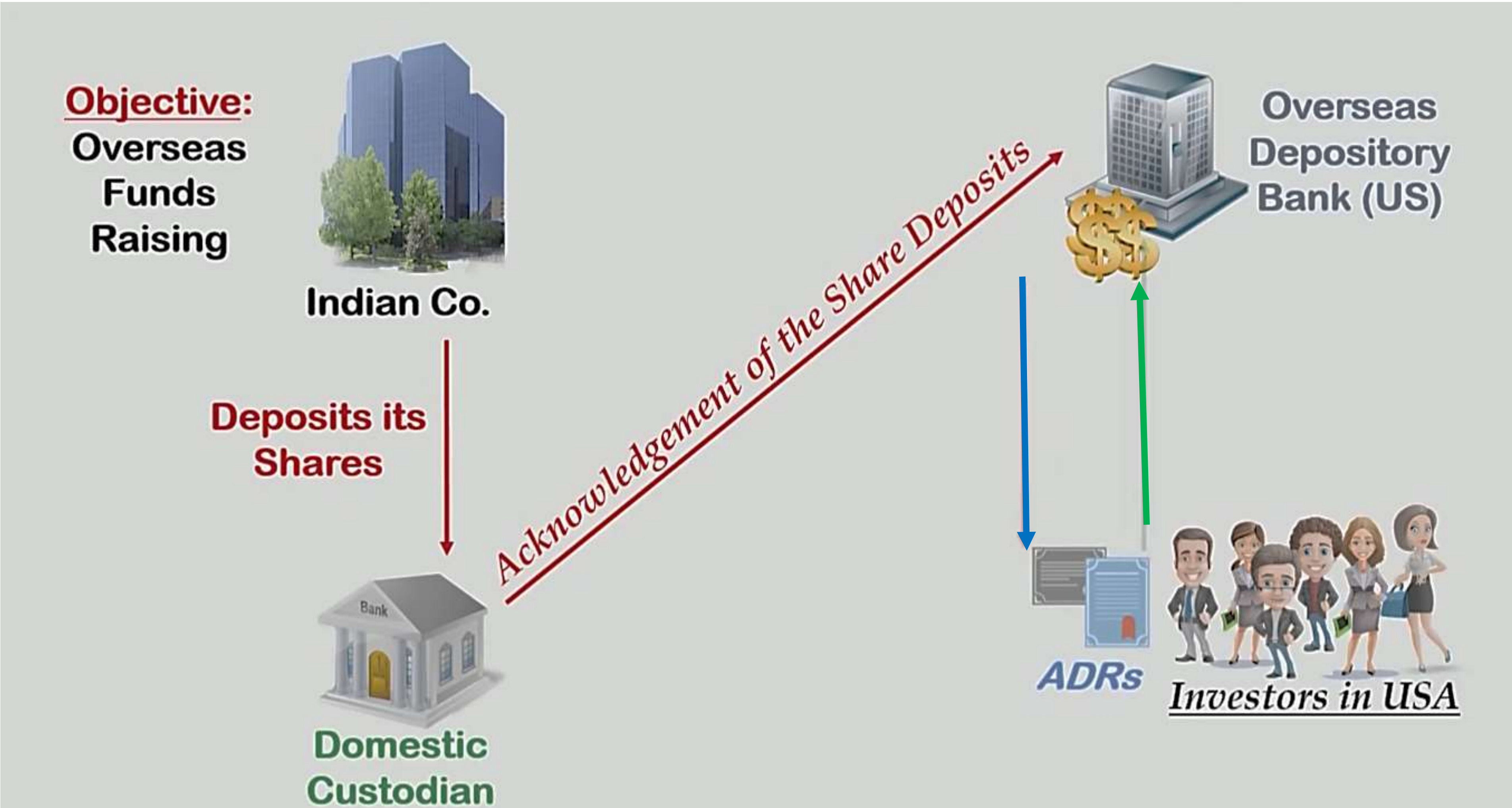
American Depository Receipts (ADR)

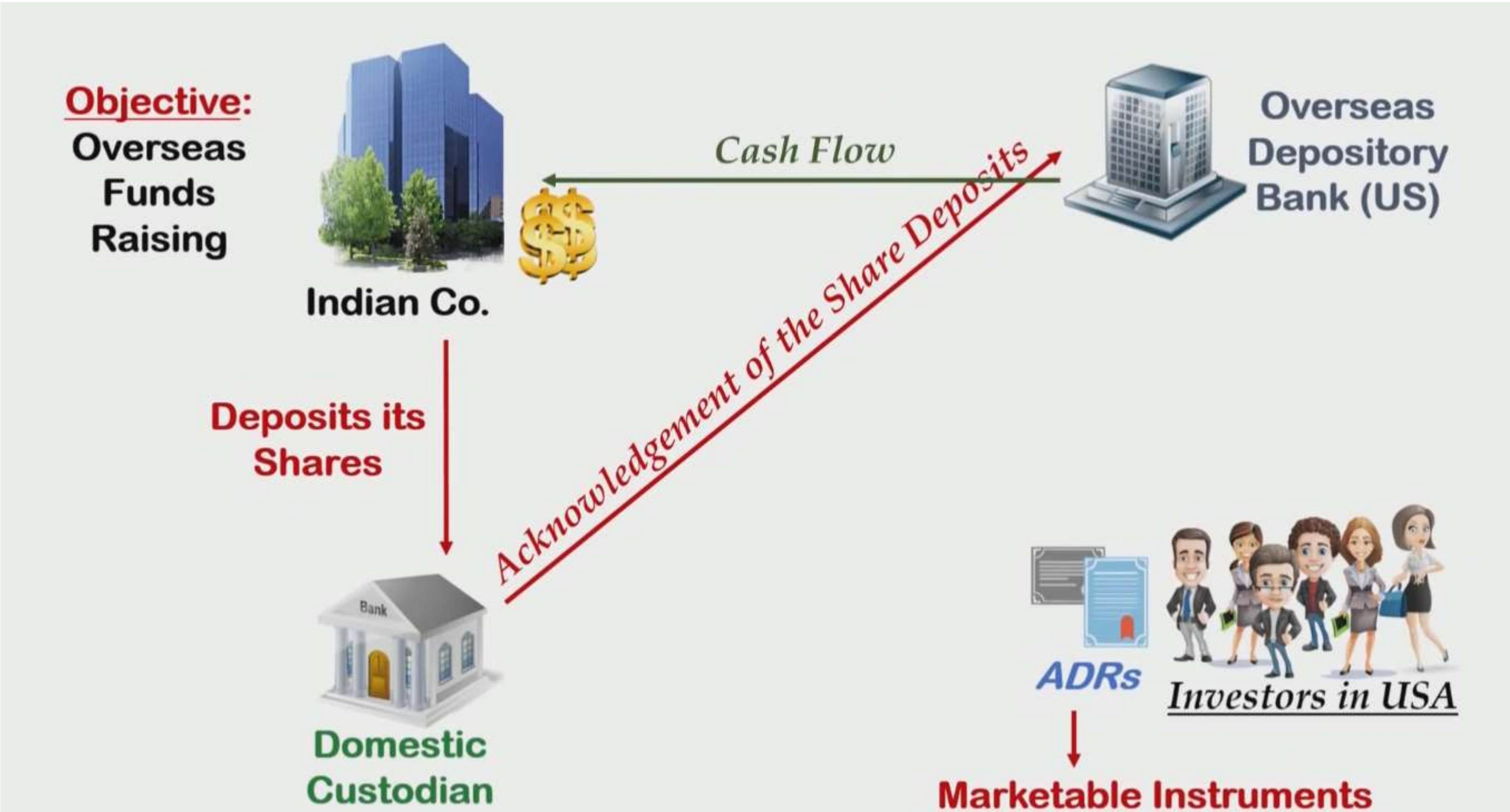
- ADR represents ownership in the shares of a non-U.S. company that trades in U.S. financial markets.

- ADRs carry prices in US dollars, pay dividends in US dollars, and can be traded like the shares of US-based companies.

- ADR is issued by a U.S. depository bank and can represent a fraction of a share, a single share, or multiple shares of the foreign stock

- The price of an ADR often tracks the price of the foreign stock in its home market


Objective:
Overseas
Funds
Raising
Indian Co.
Deposits its
Shares
Domestic
Custodian
Acknowledgement of the Share Deposits
Overseas
Depository
Bank (US)
ADRs
Investors in USA



Objective:
Overseas
Funds
Raising
Indian Co.
Cash Flow
Overseas
Depository
Bank (US)
Acknowledgement of the Share Deposits
Deposits its
Shares
Bank
Domestic
Custodian
ADRs
Investors in USA
Marketable Instruments

Raising funds by an Indian Company through ADR

1. *Deposit of the securities of an Indian company with a custodian bank (agent of the depositary) in India.*
2. *The custodian bank makes acknowledgement of deposits to the depository in the US.*
3. *The depository in the US then issues the ADRs to the investors in the US.*
4. *The US$ receipts in the hands of the depository are passed on to the Indian Company issuing shares.*

American Depository Receipt (ADR)

- *A certificate (receipt) that represents shares of a foreign company, owned and issued by a U.S. Bank (Depositary).*
- *Issued in accordance with the provisions stipulated by the Securities and Exchange Commission of USA.*
- *The foreign shares are held in custody overseas, but the certificates traded on one of the three major U.S. equity markets (the NYSE, AMEX or NASDAQ).*
- *ADRs are denominated in US$ and funds in the hands of the share issuing company are also in US$.*

Features of ADRs (In context of Indian Company)

1. *ADRs are US$ denominated and are traded in the same way as are the securities of US companies.*
2. *The ADR holder is entitled to the same rights and advantages as owners of the shares in India.*
3. *ADR represents ownership in shares of Indian Company that is traded in US Stock Exchanges.*
4. *ADRs pay dividends in US$ and can be traded like shares of US based companies.*
5. *The value of ADR fluctuates based on the price movements of the underlying shares.*

Example on ADR Issue:

RIL in India requires raising of \$ 1,00,000 through ADR

Exchange Rate is \$ 1 = ₹70

1 share of RIL is currently priced as ₹1,400

Equivalent value of 1 share of RIL in US\$ will be:

$\frac{₹1,400}{₹70} = \$\,20$ *If 5 shares of RIL underlie each ADR,*

Worth of each ADR of RIL = \$ 20 X 5 Shares = \$ 100

For raising \$ 1,00,000, Number of ADRs to be issued:

$\frac{\$\,1,00,000}{\$\,100} = 1,000$ *ADRs*

ADR Vs GDR:

- *ADR and GDR are commonly used by the Indian companies to raise funds from the foreign capital market.*
- *The principal difference between ADR and GDR is in the market in which they are issued and the exchange in which they are listed.*
- *While ADR is traded on US stock exchanges, GDR is traded on European stock exchanges.*
- *While ADR is issued by a US bank, GDR is issued by the international depository bank, representing foreign company's stock trading globally.*
- *Through ADR issue, funds can be raised in US stock market, Through GDR issue, funds can be raised in any country's stock market except USA*

Indian Companies using ADR/GDR

Company	ADR	GDR
Bajaj Auto	No	Yes
Dr. Reddys	Yes	Yes
HDFC Bank	Yes	Yes
Hindalco	No	Yes
ICICI Bank	Yes	Yes
Infosys Technologies	Yes	Yes
ITC	No	Yes
L & T	No	Yes
MTNL	Yes	Yes
Tata Motors	Yes	No
SBI	No	Yes
Wipro	Yes	Yes

Eurobond

The name Eurobond denotes that the bond is raised in an international market outside of the U.S. and can be done in any currency.

The bond would be listed in the Luxembourg or London Stock Exchanges.

The bond could be raised either under a Medium Term Note (MTN) program or a single issuance of an FRN. (Floating/fixed rate note).

Eurobond - Advantages

Diversify the funding base to different markets.

New depositors and different profile of depositors. (pension funds, insurance companies, banks etc)

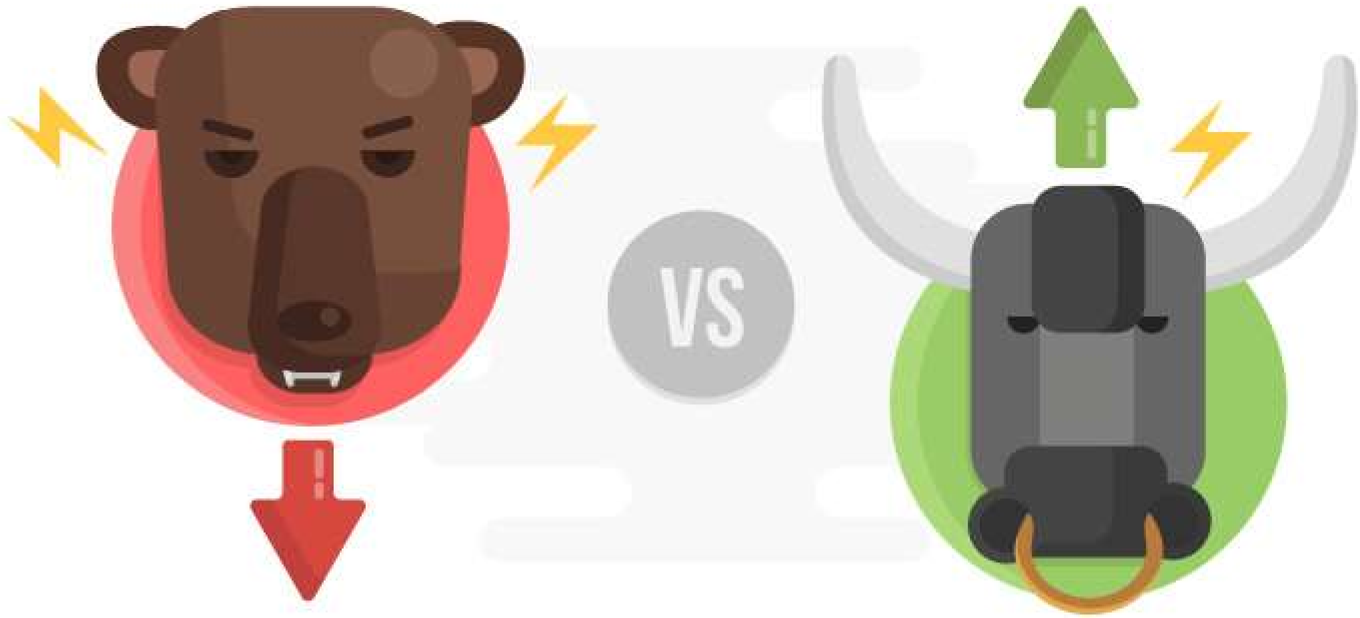
To tap the huge liquidity available in the foreign markets.

Helps the profile of the issuer as an international player.

Eurobond issue – How to do it?

- Engage an investment bank as the lead manager.
- Since this is a debt issue a rating agency (Moodys', Standard & Poors, Fitch) would need to rate the bond.
- Lead Manager prepares the offering circular.
- Typically the lead manager would also do a credit research report for the investors.
- Lead Manager prepares the company for the road show and the road show is completed.
- During the road show the lead manager does the book building for the bond.
- Based on the book building the price is fixed and the issue is done at the price fixed.
- The company gets the funds and the bonds are listed.

Bulls versus Bears



While Bulls are known for throwing an opponent in the air, Bears tend to smash them down to the ground.