

Workshop on **Forex Hedging & Export Finance**

Date:

26th February 2009

Venue:

Brickwork Ratings Facility

Bangalore



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Workshop on **Forex Hedging & Export Finance**

Forex Hedging

Foreign Exchange Hedging is a way for a company to minimize or eliminate foreign exchange risk. Two common hedges are forwards and options. A Forward contract will lock in an exchange rate at which the transaction will occur in the future. An option sets an insurance floor for the company's losses due to hedging. Options limit downside risk, yet provide unlimited upside potential. The company has right but no obligation to exercise options. The company would exercise only if the option is in the money.

Introduction to Forex Hedging

Discussion on types of Foreign Exchange Exposures such as Translation, Transaction & Operating Exposures, Futures & Options; Effect of Change in Exchange Rates, Tail the hedge concept, Hedging Non-Dollar Receivables.

Derivatives

Simple futures were invented in India almost 400 years ago. The present day derivatives are extremely complex. Options, Interest Rate Swaps, Currency Swaps, Interest Rate Collars, Credit Default Swaps and Mortgage Backed Securities are the various derivative products. The notional value of all the derivatives runs into trillions of dollars.

Foreign Exchange Risk Management

Since liberalization number of export oriented units in Information Technology, Biotechnology, other knowledge related sectors, BPO, KPO as well as traditional sectors like gems, jewelry, textiles, auto components etc have come up. These companies have their revenues denominated in a foreign currency often dollar. Their expenses are often in rupees. The units lose money if the dollar weakens. The foreign exchange management is to minimize losses due to currency fluctuations.

Export Finance

It is the financing that an exporting business requires to help them run their business. It can also mean "foreign buyer financing", or simply "buyer financing", or even "buyer credit". Other synonyms often used are "vendor financing" or "supplier financing".

Trade Control

The present trade control regulations are valid upto 2009. The Ministry of Industry & commerce will place trade control policy valid for another 5 years.

Rupee Finance & Export Bill Discounting

Exporters have got option of availing both pre-shipment and post-shipment finance in either Rupee or in FC. FC, PC & FDB various types; Export L/c, orders, DA, DP terms, Rupee & Forex and export finance; Fund based / Non-fund based limits; Concessions available for exporters, EEFC, Foreign Currency PC & Export Bill Finance; Bill discounting, negotiation; ECGC & coverage available for both export and import; Forfeiting and factoring are additional facilities for exporters; ECGC & EXIM Bank and their Role in helping Exporters.

Faculty Profile

Vivek Kulkarni, Managing Director, Brickwork Ratings
Vivek is also the Visiting Professor in Finance at the Indian Institute of Science, Bangalore.

Vivek has over 25 years of experience in Business and Government. As the IT & BT Secretary, he was instrumental in building world-class IT & Biotech institutes and events in Karnataka. Prior to this, he was the Finance Secretary (Resources) of Karnataka. He was Division Chief SEBI, a regulator of capital markets, and Head of Advisory Services in CRISIL - a rating agency now taken over by S&P, where he developed the first risk assessment model for Indian mutual funds. Vivek is also a Director as well as Chairman of the Technology Committee on the Board of the Bombay Stock Exchange, the oldest

exchange in India. Vivek is the Chairman and CEO of Brickwork India, a knowledge process outsourcing company in Bangalore.

He was an adjunct faculty in finance with the Indian Institute of Management, Bangalore. Vivek has taught MBA and executive MBA programs both in India and abroad. His research interests are in risk management in commercial banks, investment banks and corporates. He has published in Financial Analysts Journal of the CFA Institute, Economic & Political Weekly as well as prominent finance newspapers. Vivek is an expert in derivatives and risk management. Vivek is a gold medalist in Bachelor of Engineering from Karnataka University and also an MBA in Finance & Information Systems from the Wharton School, University of Pennsylvania.

Mr. K C Holla, Vice-President, Brickwork Ratings

Graduated from Bhandarkar's College, Coondapur, in 1970; Completed CAIIB while working for a Public Sector Bank; Attained the Cadre of Assistant General Manager; Completed 36 years of successful tenure in the banking sector; worked for one year in a leading private sector bank. Sharing knowledge and training people are hobbies. Forex, General Banking & Factoring are his areas of interest and passion.

About Brickwork Ratings

Brickwork Ratings is a SEBI licensed credit rating agency in India, based in Bangalore, which is committed to spread of financial literacy (www.financial-literacy.in) in India. Brickwork was formulated with the specific objective of providing strong research-based information for Indian investors to make the most appropriate investment decisions. Brickwork uses most relevant information, both on-balance and off-balance sheet assets and liabilities, management quality, as well as the latest financial technology to decide on ratings. Brickwork Ratings focuses on the Indian investment scene and is completely in tune with the Indian business, sociopolitical- economic developments, market psychology and Indian investor risk profile.

Programme

Session 1

9:00am - 10:30am

Forex Hedging & Derivatives

- Foreign Exchange Exposures
- Forwards, Futures & Options
- Effect of Change in Exchange Rates
- Tail the hedge
- Hedging Non-Dollar Receivables

Tea Break

10:30am - 11:00am

Session 2

11:00am - 12:30pm

Foreign Exchange Risk Management

- Currency Fluctuations
- Transaction, translation and operating exposures
- Hedging principles

Lunch

12:30pm - 1:30pm

Session 3

1:30pm - 3:00pm

Trade Controls

- Foreign Trade Control
- Role of DGFT
- Role of ICC
- FEMA Guidelines for Exports
- Role of RBI & Customs

Tea Break

3:00pm - 3:30pm

Session 4

3:30pm 5:00pm

Rupee Finance for Export Bill Discounting

- Packing Credit
- Post shipment
- FDB /FBE
- ECGC coverage and Claims

Venue:

Brickwork Ratings, 55, 1st Main, 3rd Phase,
JP Nagar (Opp. Mini Forest) Bangalore - 560 078

Fees: The workshop fees are Rs. 4500/- for one day. Snacks and lunch will be provided at the venue.

You can register by sending an email to **conference@brickworkratings.com** with your name, designation, company name, address, phone number and email address.

Cheque/DD for Rs. 4500/- should be in favor of **Brickwork Ratings India Pvt. Ltd.** payable at Bangalore.

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