

Frisk



FRISK

Powerful & user-friendly forex exposure management tool designed for corporates. It facilitates management of forex exposures arising out of international trade & servicing of liabilities in foreign currencies.

BACKGROUND

Currency Markets:

Currency markets are undoubtedly the most liquid and the most volatile amongst the financial markets of the world. Working round the clock, these markets on one hand provide convenience and on the other, become a potential source of risk.

The risks arising out of frequent and large price changes become even more significant for corporates when they operate in increasingly competitive global markets and have to live with currency rate sensitive cash flows.

Currency Risk:

Due to frequent changes in exchange rates in currency markets, the exchange rate sensitive cash flows would be equally volatile. This impact on the expected cash flows is commonly referred to as the currency risk. It does not matter whether such cash flows are on account of exports, imports or financials.

Managing the risk:

It is an appreciated fact that risks do not vanish by ignoring them. Trying to fully eliminate risks can also be a dangerous strategy as one may end up in taking the most irrational of all risks - the risk of doing nothing. Being comprehensively informed about the potential sources of risks, therefore, is very important.

Currency exposures are generally classified into Transaction, Translation & Economic exposures. In its generic version, FRISK would handle the Transaction exposures only. Translation & Economic exposures can be tracked as well through a customized solution.

Awareness of the exposures alone is not sufficient and one must also have a risk management policy in place, which must be followed regularly & consistently. At the same time performance evaluation is also equally important.

Corporates must be conscious of the fact that looking at forex exposure management as a revenue generating activity is a riskier approach since in financial world there is no reward without a risk. Such activities warrant special treatment.

Our objective

Frisk has been developed to assist the corporates in maintaining comprehensive information about the exchange rate sensitive 'exposures'. The information thus created & continuously up-dated is used for several objectives such as:

- Managing risk with a structure of limits
- Almost real-time portfolio evaluation
- Performance evaluation
- Ensuring stop-loss & take-profit levels
- What-if simulations
- Ensuring compliance with exchange controls etc.

Frisk as facilitator

The corporate user would be conducting forex transactions within the framework of the policy guidelines & objectives approved by their respective senior management.

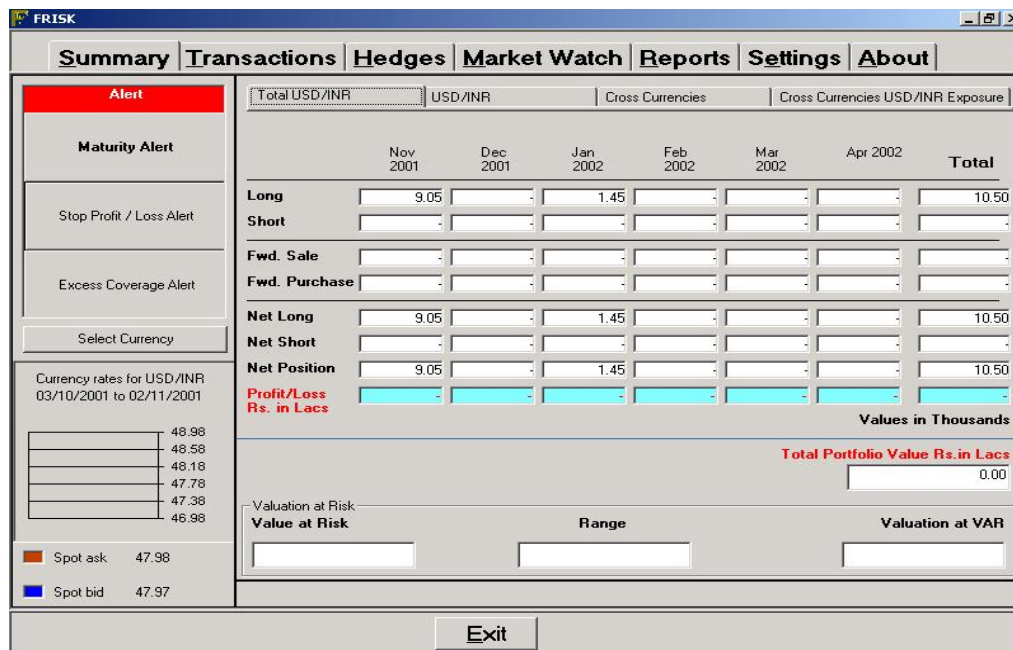
FRISK would facilitate an efficient & objective implementation of corporate policy on foreign exchange risk management. In addition it would provide independent evaluation & compliance reports which will add to the comfort level of the senior management.

It is intended that FRISK be used as a Financial Tool rather than an Accounting one.

Frisk special

- User Friendly and Easy to operate
- Portfolio Approach to the exposures
- Valuation of Portfolio based on mark to market. The rates used for mark to market could be taken from the feeds of information vendors such as Reuters or Bloomberg. However, those who are not subscribers of such services, we shall provide a facility whereby updated currency & money rates available on our internet site can be downloaded by the user by logging on to our site or through email
- Alert messages to the user in case of stop-loss/take-profit condition reached
- Currency Calculator to make decision making more effective
- Specific and in detail information for decision making at the click of mouse

- Standard Reports and facility to customize report based on the business requirement
- Reports on daily basis to Management on Email about the Portfolio statement
- Simulation Facility (What-if analysis)
- User defined controls where group administrator can define and redefine the view/write access to the group members



Summary screen to display the portfolio value calculated using the latest available prices. For convenience of the user, the portfolio is displayed as a matrix with maturities on one hand and type of the exposure i.e. Long, Short, Forward Sales & Forward Purchases, net positions and valuation on the other. Further break-up is available at the click of the mouse showing natural exposures in USD against the home currency. Non-USD exposures are treated as combination of USD/non-USD risk and USD/home currency risk. Both these are available separately to enable the user take more decisions more rationally & objectively.

Alert messages are provided to initiate action from the User to handle the scenarios like Maturing shipments & exposures, Take Profit and Stop loss levels being triggered, complying with exchange control provisions etc.

The currency graph and price will be displayed based on the selection of Currency by the user.

FRISK

Summary Transactions Hedges Market Watch Reports Settings About

FRisk

Serial Number : T00008 Type : Export Date : 09/11/2001 ..

Amount : USD 10000 Term Condition : CIF

Bank : ICICI Bank Ltd

Expected Shipment Dates : Credit Period : 30 Maturity Dates :

Earliest : 10/01/2002 .. Days Earliest : 09/02/2002

Last : 25/01/2002 .. Last : 24/02/2002

L/C Number : LC2433 Customer : Schrodinger Engg. (I) Ltd.

Goods : Description : Description of the goods transacted Qty : 100

Budgeted Rate : 48.82 Rs. Equivalent : 488200 Spot Rate : USD/INR 47.97

Wash Rate : 48.82 Premium % : 7.02 High : 47.97 Low : 47.97

Notes :

Select Currency

Currency rates for USD/INR
10/10/2001 to 09/11/2001

	48.98
	48.58
	48.18
	47.78
	47.38
	46.98

Spot ask 47.98

Spot bid 47.97

Submit Cancel

Exit

Transaction Screen enables the user to enter the data on exposures. Transactions types provided by FRISK are: Exports, Imports and Foreign currency loan related transactions such as proposed drawals, repayments, interest payments etc. due within next 12 months. Exposures can be committed or forecast (based on reasonable assumptions about future business activities) and FRISK recognizes them as such allowing the user a high degree of flexibility. For the purpose of portfolio construction and valuation, only committed exposures are considered. The forward rate for the appropriate maturity of the exposure prevailing at the time of recognition of exposure is taken as the benchmark rate for portfolio valuation – the logic being that the user has a chance to hedge the exposure at this rate. If he chooses not to do so, it must be in the hope of getting a better rate eventually. FRISK calculates the benchmark rate and also tracks the best and the worst rate possible during the life of the exposure.

FRISK

Summary Transactions Hedges Market Watch Reports Settings About

Alert

Maturity Alert

Stop Profit / Loss Alert

Excess Coverage Alert

Select Currency

Currency rates for USD/INR
10/10/2001 to 09/11/2001

48.98
48.58
48.18
47.78
47.38
46.98

Spot ask 47.98

Spot bid 47.97

Serial Number : H00003 Type : Fwd Sale Date : 09/11/2001

Amount : USD 1000 Bank : ICICI Bank Ltd

Earliest Maturity Date : 11/11/2001 Last Maturity Date : 11/11/2001

Link Transactions : Contract Rate : 48

USD Exposures

Serial No	Date	Currency	Transaction Amt	Maturity Date	Covered Amt	Uncovered Amt	Amount	
<input checked="" type="checkbox"/>	T00003	07/11/2001	USD	50000	14/04/2002	0	50000	10
<input type="checkbox"/>	T00004	07/11/2001	USD	60000	28/11/2002	0	60000	
<input type="checkbox"/>	T00007	08/11/2001	USD	14000	17/01/2002	0	14000	

Non USD Exposures

Serial No	Date	Currency	Transaction Amt	Maturity Date	Covered Amt	Uncovered Amt
T00007	08/11/2001	GBP	10000	17/01/2002	0	10000

Contract Ref No : CRF764 Spot Rate : USD/INR 47.98

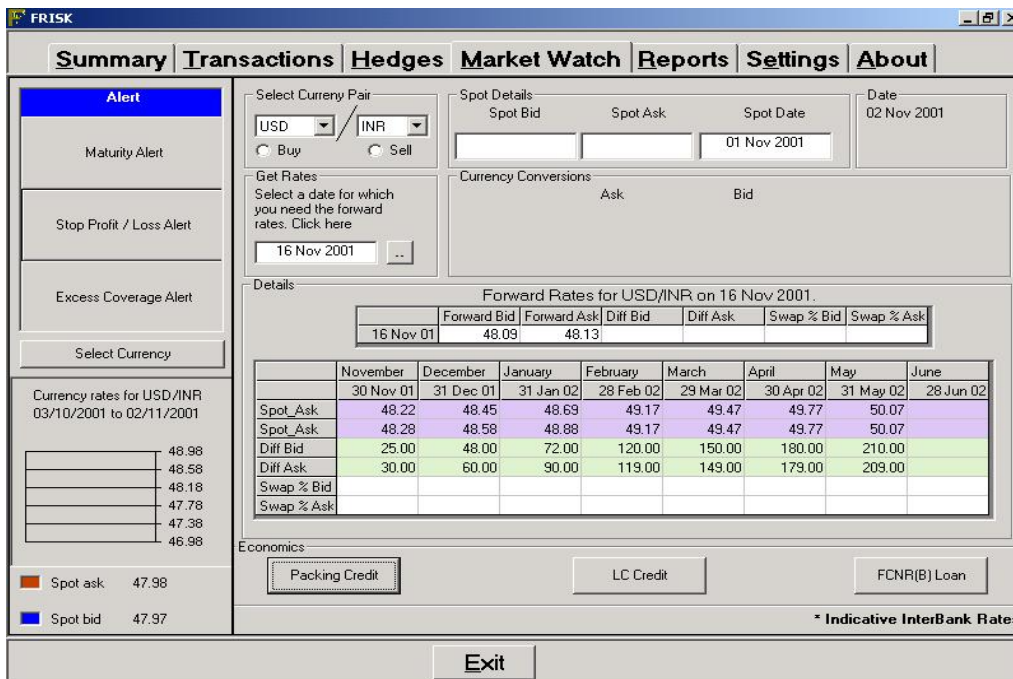
Premium % : 7.61

Notes :

Print Email Submit Cancel

Exit

Exposures can be selectively hedged to have a desired risk profile for the portfolio. External hedging instruments fall into three broad groups – foreign exchange forward contracts, currency options and synthetic structured combinations. FRISK in its generic form handles foreign exchange forwards. Currency options can be included as a customized solution since the treatment given to options differs widely amongst corporates. FRISK also provides for linking of hedges to transactions on a many-to-many basis and would also take care of any applicable exchange control or management control guidelines in this regard. Having entered the details of the hedge, the user can print the contract and send confirmation to the counter-party bank by e-mail or through a letter. The Reserve Bank of India has recently allowed corporates to book forward contracts based on their track record. FRISK handles such forward contracts giving the user an added flexibility.

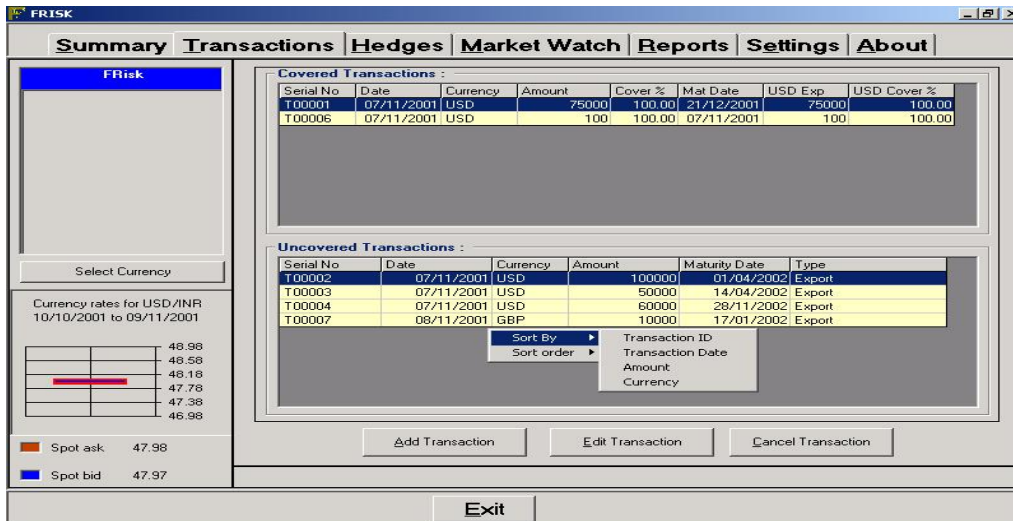


Recognizing the need of the user to have an objective basis for negotiating an exchange rate with his/her bank, the currency calculator provides expected bid/ask rates for the desired forward date for any currency pair lending transparency to the whole process. Currency calculator also provides comparative evaluation of various financing alternatives for exports, imports and foreign currency borrowings using available market parameters and user input data.



A highly efficient and user friendly report module enables the user get any information about the portfolio – both in a printed or file format. Reports

would be available in excel format to facilitate any further analysis the user may like to do. The module contains pre-designed reports with a powerful user interface allowing the user to arrange the data in a desired manner. The useful End-of-the-day and Beginning-of-the-day routines generate control & MIS reports. To enhance the utility of the module, user designed reports can also be constructed.



The listing of the transactions and hedges to provide a macro view at a glance is available on the Transaction & Hedges screens. The unique and user-friendly screen design enables the user navigate effortlessly from any screen to any screen adding convenience of operations and saving valuable time.

System Requirements

- **Minimum Hardware Requirements**
 - Pentium 100 MHz,
 - 16 MB RAM,
 - 20 MB of Free Disk Space
- **Minimum Software Requirements**
 - Windows 9x/2k/NT/XP Operating System.
 - Microsoft Office Components - Microsoft Excel
 - Office 97 required
- **Required changes to the system**
 - The date format of the system should be changed to “dd/mm/yyyy”.

EBSolute Technologies Pvt. Ltd.

EBSolute Technologies is a software services company focused on providing state-of-the-art software solutions and products to its clients. EBSolute offers a complete range of services for building mobile as well as desktop based e-business solutions for enterprises using the latest technologies. EBSolute also builds products in special domains in collaboration with domain experts that provide high value to our clients in that domain. FRISK is one such example. Another product being developed works on mobile platforms and addresses the needs of corporations with mobile workforce. EBSolute has a very strong technical team and its core team has a strong track record of developing the highest quality software for major international clients.

For more information, please visit our web site: www.ebsolutech.com.

VBT Forex & Investment Services

VBT Forex & Investment Services is a proprietary firm of Mr. Vishwas Takale providing advisory services in the areas of forex risk & treasury management. The firm also conducts on-site training programs in these areas for corporates & banks. Mr. Takale is a M.Sc. in Physics and has more than 25 years experience in treasury related activities both in India & abroad. He has also worked on a World Bank funded project in West Africa. He is a visiting faculty at B-schools in Pune such as Symbiosis Center for Management & HRD, Symbiosis Institute of Foreign Trade and also at apex training institutes for the banking & insurance industry viz. National Institute of Bank Management & National Insurance Academy.