



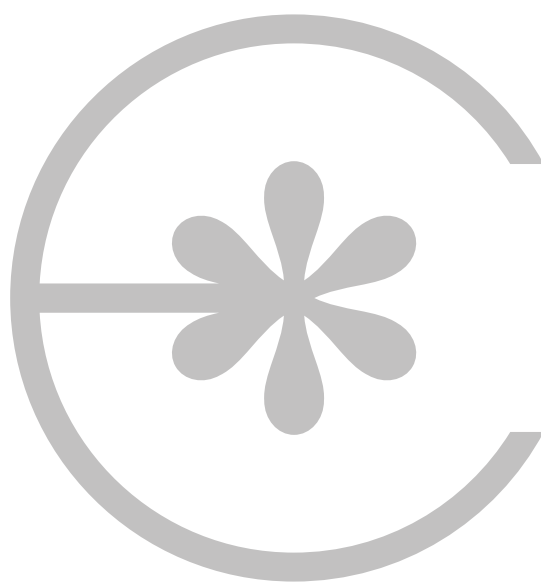
Edelweiss
Ideas create, values protect

FOREX
& RATES

EDELWEISS FOREX & RATES

Professional guidance to
effective currency management





OUR LEADER



- Sajal Gupta, Head - Forex and Rates, Capital Market & Advisory

I welcome you to the Edelweiss family and thank you for placing your trust in our team.

When we started Edelweiss in 1996, we were clear that we wanted to build a quality organization based on the principles of value creation for all stakeholders in a clear and transparent manner. The same values have percolated down to all our businesses including the Forex & Rates team.

Currency management is an important ingredient to the success of any growing company in India. In the global and VUCA world of today, no business is immune to the vagaries of the movement in the currency markets. In this situation, there is a strong need for professional management of currency exposure that can proactively manage any new risk events that might threaten the business. While the need for professional managers has never been more acute, the availability of such a set-up in India continues to be sporadic. It is with this thought in mind that we started our Forex & Rates desk.

Taking it forward from our core values of "Ideas Create, Values Protect", our Forex desk is focused on providing the maximum benefit to our clients, while ensuring that we always err on the side of caution and prudence. This has helped our Forex desk become the go-to avenue for all currency management requirements of companies across the entire spectrum.

Our presence in other complementary businesses including financing to MSMEs has helped us build key insights into customer needs. Catering to these specific needs has helped us create a strong value proposition in the currency management market.

Beyond all of this, the one aspect which truly makes us stand apart is our focus on trust and transparency. Currency management as an industry has needed higher levels of transparency traditionally. We have continuously tried to build this in all our offerings to help clients fully appreciate the value of professional currency management services. With this, not only do we hope to be a foremost provider of forex management services but we also want to transform the world view of an industry which, despite its growth in the last few years, still has a long way to go.

We look forward to a long and synergistic collaboration with you.

Warm Regards,

A handwritten signature in blue ink that reads 'Sajal Gupta'.

Sajal Gupta

Head - Forex and Rates
Capital Market & Advisory

EDELWEISS GROUP: GROWTH THROUGH SYNERGISTIC DIVERSIFICATION

INSURANCE

CREDIT

GLOBAL WEALTH
& ASSET
MANAGEMENT

FINANCIAL
MARKETS



1996-2000

2000-2004

2004-2008

2008-2019



MYTHS & FACTS

MYTHS

Active currency hedging is same as speculation

A hedged position can also lead to a loss. e.g. If I have booked an export forward at ₹70.00 and price moves to ₹71.50 I will incur a loss of ₹1.50

Forward contracts are the only way to hedge forex exposures

Hedging means locking yourself in a forward rate with no participation in the market

Window forwards should be booked if the payment date is not certain

Buyers credit is a cheap and risk free source of funding

Packing Credit in Foreign Currency (PCFC) is always the best way of funding as compared to PCINR

FACTS

If currency hedging is done within a policy framework then it is not speculation

This is just an opportunity loss. In case you wouldn't have booked any forward and the price moves to ₹68.50 then you actually incur a loss of ₹1.50

Other than forward contracts, hedging can also be done through various tools available on government regulated exchanges (NSE, BSE and MCX)

Currency Insurance provides you the comfort of being hedged while giving you the flexibility to participate in a favourable market.

Window forwards are costly compared to fixed dated forward contracts. All fixed dated contracts can be pre-utilized with an adjustment of premium.

An unhedged buyers credit could land up with an effective cost higher than CC rates

Depending upon the effective rate obtained, using PCFC implies forgoing forward premium, you should ensure the rate of PCFC compensates the same



INTRODUCTION TO EDELWEISS FOREX & RATES

As part of our relentless endeavor of exploring new horizons in the financial services' landscape, "Forex and Rates" has been instituted under Edelweiss Wholesale Capital Markets.

Our commitment is to offer comprehensive treasury solutions driven by extensive research with tailored risk management models. We endeavor to deliver our client with targeted profitability in line with their overall business goals.

World-class execution platform achieved through successful adoption of new technologies assisted by high-speed connectivity offerings act as catalysts to our dominance in exchange markets .

Our team comprising of an eclectic mix of former bankers, research analysts, corporate treasurers and fund managers synergise their rich experience to structure holistic solutions for effective Foreign Exchange Risk Management.



OUR SERVICES



RESEARCH:
PRE-EMPTIVE RESEARCH FOR INFORMED
DECISION MAKING



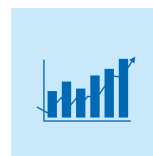
EXECUTION MANAGEMENT:
OUR VIGILANCE FOR A MATCHLESS
PERFORMANCE



COMPREHENSIVE TREASURY SOLUTIONS:
ONE STOP-SOLUTION
FOR ALL YOUR TREASURY NEEDS



INDIA ACCESS:
REDEFINING INVESTMENTS



TRADING OPPORTUNITIES:
INFORMED EXECUTION DRIVEN BY
CUTTING EDGE TECHNOLOGY

OUR CLIENTS

Our wide client-base across corporates, domestic institutions and foreign institutions re-affirms our leadership in the industry.



- | | | | | |
|--------------------------|-------------------------|-------------|----------------------|-----------------|
| Agriculture & Technology | Automobile | Chemical | Commodity -metals | Electronics |
| Finance | FMCG | Fragrance | Hospitality | Jewelry |
| Food Processing | Logistics | Mining | NBFC | Petrochemicals |
| IT | Textile & Leather Goods | Real Estate | Plastics & Packaging | Pharmaceuticals |



FOREX INSURANCE

WHAT IS FOREX INSURANCE?

Forex insurance is a tool for hedging your Forex exposures protecting yourself at the forward rate, but with a chance to participate when the market is in your favour.

WHY INSURANCE?

In a volatile pair like USDINR, more often than not, hedging decisions by SMEs are made on account of panic situations created by temporary market volatility. Where, presently SMEs are locking their exposures using the conventional hedging tool being forwards. In order to safeguard the Forex exposure and monetize the opportunities arising because of market dynamics, we suggest corporate to hedge their Forex exposure using structured exchange-traded forex derivative products.

WHERE CAN I BOOK FOREX INSURANCE?

The best platform for hedging through Forex derivative products is the Exchange. Listed Companies also have the choice of doing the same in banks but exchange offers higher transparency and flexibility as compared to OTC products.



HOW FOREX INSURANCE WORKS?

SITUATION	DILEMMA	COMMON PRACTICE: PLAIN VANILLA FORWARDS		EDELWEISS PRACTICE: ADVANCED EXCHANGE STRUCTURES	
		Cost of Hedging	Benefit	Cost of Hedging	Benefit
IMPORT	Whether to wait for the market to appreciate or lock-in the rate by paying the forward premium?	4.5% p.a	Protection on the upside	2.5% p.a	Protection on the upside and participation on appreciation
EXPORT	Whether to book a forward today and earn premium or wait for the market to depreciate?	4.5% p.a (Benefit)	Protection on the downside	5.25% p.a (Benefit)	Protection on the downside and participation on depreciation

COMPARISON OF ETCD VIS A VIS FORWARDS:

EXCHANGE-TRADED DERIVATIVES

FORWARDS

Contract which confers the right, but not the obligation, to buy or sell an asset on/before a specified date	DEFINITION	Contract to buy/sell an asset at a predetermined price at a specified date in future
High price transparency with real time availability of outright price	TRANSPARENCY	Low Transparency due to information asymmetry since only banks have access
Flexibility to improve hedging cost to a large extent	COST	No such flexibility
<ul style="list-style-type: none"> • Average 3-4% • Standardized across all 3 exchanges 	MARGINS	<ul style="list-style-type: none"> • Ranges from 5-10% • Varies from bank to bank
Bank Booking rate + Option Payoff	EFFECTIVE RATE	Forward rate
All residential Indians & FPIs permitted (except NRIs) up to USD 45 million	PARTICIPANTS	Participation is allowed only with Underlying contracts

TREASURY & FOREX AUDIT

- Audit the treasury processes followed, to understand the current structure and the operations of the company
- Detailed scrutiny of the transactions done in the past as well as live audit of certain transactions
- Evaluation of various fund and non-fund based limits and their relevant spreads



EDELWEISS CURRENCY HEDGE OPTIMIZER (ECHO)

- Forex exposure management application
- Management dashboard with portfolio tracking, Hedge ratio, MTM etc
- Live market rates including forward premia and F&O Data
- Client – RM interaction platform
- Online access to Fx research



ACCESS TO EXCHANGE TRADING

- Access to all exchanges
- Technology like DMA and ALGO
- Expertise in ARB trading
- Trading cum clearing

COMPREHENSIVE TREASURY SOLUTIONS

THE EDELWEISS EDGE



RESEARCH

- Research reports based on fundamental and technical analysis
- Daily trading and hedging strategies
- Event based special report



TREASURY CONSULTING

- Timely and systematic management of your exposures, to avoid risk of Forex volatility and protect your benchmark levels
- Hedging strategies solely based on risk appetite and market dynamics



Forex RISK MANAGEMENT POLICY

- Customised policy clearly defining the hedging tools, risk appetite, MIS structure, basic risk management guidelines, roles and responsibilities along with its monitoring, reporting and evaluation.
- To establish a framework for the policy, we outline the principal business lines where the company is equipped and prepared to take risk



TRADE FINANCE CONSULTING

- Advice on all banking needs
- Advice on funding limits
- Debt syndication



RESEARCH

Research is our core business pillar and we take great pride in our research capability. Our philosophy is to be proactive in anticipating structural shifts in global markets to facilitate first mover advantage to our clients. Our tactical and strategic trade recommendations are guided by our multi-dimensional approach combining fundamental, technical and quant research to give our clients a holistic view of all the major market levers.



Macro Research: Our macro research encompasses in-depth analysis of major global shifts impacting currency markets, thematic ideas and special events including **politics and policy matters**. We also release detailed chart-book of India and **G-4 economies covering macro-fundamentals, monetary and liquidity parameters** coupled with outlook on currency in near term.



Monetary Policy: With Central bankers emerging as the "Only game in the town", it has become imperative to track them closely and separate the news from the noise. We cover policy updates from **India, US, UK, EU and Japan** providing our estimate of policy action as well as anticipated movement in currency.



Technical Research: We extensively provide technical analysis of major currency pairs with dollar and rupee as the base. A whole host of **technical points and data analytics** is juxtaposed to gauge underlying market sentiments. An automated system generated technical bias for 16 global currencies besides the major pairs is also included.




Hedging Structure: We release comprehensive report suggesting our **hedging strategies using derivatives product** as an alternative to traditional forward contracts. While we majorly cover INR exposures, we also devise customized strategies to suit our diversified client's requirements.



Daily Reports & Derivatives Corner: Our daily report is a snapshot of the **previous day's global and domestic developments** as well as expectations for the upcoming day. A comprehensive study using an array of information including open interest, volume and volatility is used to anticipate future movements of short term in nature.



Trading Call: We maintain call tracker providing profitability of our trading recommendations ensuring transparency and performance measurement. There are 3 types of call trackers: **1) Model Portfolio 2) Only USD INR portfolio 3) Only Cross currency portfolio**. We come up with short-term and positional trading call which is part of our trading portfolios.

Frequency	Report Name	Coverage of Report		
		Macro	Technical	Policy Updates
Daily	Forex & Rates Daily	✓		✓
	Technical Reflection		✓	
Weekly	Forex & Rates Weekly	✓	✓	
	Market Sentiment	✓		✓
Monthly	Trading Calls		✓	
	Currency Chart Book	✓	✓	
Annual	Currency Outlook	✓	✓	
Situational	Hedging Strategy	✓	✓	✓
	Central Bank Updates 	✓	✓	✓



RESEARCH SUPPORT

MARKET PLACE TRADING OPPORTUNITIES



OVERVIEW

Our desk offers differentiated research in currency and interest rate derivatives combining capital markets intelligence, structured derivative products and economic developments to provide a host of trading opportunities and strategies. Currency exchange can greatly benefit an exporter and importer due to choice of cost reduction products available on the exchange which can be tailor made to one's risk management policy.

WHAT'S THE BENEFIT TO EXPORTERS/ IMPORTERS?

- **Yield enhancement for exporters** – Due to prolonged wait, exporters run the risk of losing forward premium as well as the spot level in market anticipation. Various option structures on exchange provide flexibility to exporters to protect the benchmark rate while allowing them to participate in case the spot moves in their favour and protect them in scenarios of adverse movements.
- **Cost reduction for importers** – It is a critical decision for an importer whether to wait or to enter into a forward contract for making their payment. An ideal situation, therefore, for an importer is when they have the liberty to wait for the downward movement in the market while still remaining protected at their benchmark rate. Structures on Exchange provide them with this flexibility while also helping them in reducing their cost significantly

A customised strategy is designed to hedge your exposures on the basis of the following parameters:

1. Risk appetite
2. Payment Cycle and timing of exposure
3. Market scenario
4. Strategy Cost
5. Participation and desired protection

MARKET PLACE EXECUTION MANAGEMENT

OVERVIEW

Edelweiss is first-of-its-kind to get active on currency derivatives segment across all three exchanges. By having access to high-end connectivity solutions like on-demand internet-based terminal & Bloomberg terminal, we closely monitor pending orders, target orders and stop losses which gives us much-needed efficiency to execute complex option strategies.

Depth of our client base spread across various categories, alongside the support of our industry networks enables us to provide liquidity, industry leading insights and analytics across the entire spectrum of derivatives markets. Such counterparty sourcing provides us the flexibility to execute block deals even in illiquid section of market.



SALIENT FEATURES



Quick



Accurate



Simplified



Experienced

PROCESS FLOW



OUR TEAM



CA SAJAL GUPTA, Head

Sajal Gupta has over 18 years of experience in Treasury and Forex Risk Management. He is the founder and leading member of Edelweiss Forex & Rates Institution desk. In the past, he has worked with ICICI Bank, HSBC Bank, CITI Bank and General Electric. Additionally, He holds an executive MBA from IIM Kolkata and is a member of the Indian Institute of Bankers. He is actively involved with various charitable organizations and is fond of nature and photography.



ANKUR JHAVERI, Co-Head

Ankur Jhaveri has over a decade of experience in institutional space as a derivative strategist. He is the founder and leading member of Edelweiss Forex & Rates Institution Desk. Previously he has worked with HSBC Securities and ICICI Securities. He holds an MBA from NLDIMSR, a PGDPR from XIC and is also a member of GARP (Global Association of Risk Professionals). He is an avid traveller and fond of rock music.



ABHILASH KOIKKARA, Head-Consulting and Trading

Abhilash Koikkara has over a decade long experience in proprietary trading and is a subject matter expert in the field of Forex Risk Management. He steers the Trading and Consulting team at our desk. Previously he has worked with Religare as a Derivatives Strategist across asset classes. He has done his Management studies from Mumbai University and is also a charter from CFA institute. He is a sports enthusiast and a foodie.



MADHAVI ARORA, Economist

Madhavi spearheads our Macro & Forex research with unique knack of analysing global central bank policies, relative Forex valuations and rate curve models. She has over 11 years of rich experience as a macro economist with reputed banks, namely, Kotak Bank and J.P.Morgan. She also played a pivotal role during formulation of the 11th Five-year plan with the Planning Commission and shared space with eminent economists and policymakers. Madhavi holds a Master's degree in Economics from Gokhale Institute of Politics & Economics, Pune and Bachelor's degree in Economics from University of Delhi

TESTIMONIALS



We feel privileged to be associated with Edelweiss, for a long time now. We are very happy and satisfied with them. Their crisp views on the currency leave no room for confusion and provide a lot of clarity regarding the best step ahead. The entire team has constantly supported us through the thick and thins of currency markets. We wish the team great luck and look forward to have continued association with them.

- Mr. Ashok Gajera, MD, Laxmi Diamond Pvt. Ltd.



A truly professional and committed experience. Very pleased with the service and the methods for handling this endeavor. They are prompt and ever-ready to address and solve issues for the client leading to a pleasant & hassle free experience. The domain knowledge, views and execution capability of the team is of very high standards. Thank you for the value adding service till now and hope you continue to serve your clients similarly in future.

- Mr. Vijay Krishna, Investor Relations, Larsen & Toubro



We have been associated with Edelweiss since a long time now & are very pleased with their service. Their proprietary model (Edel Hedge Optimiser Model- EHOM), has significantly reduced our hedging cost. It protects the portfolio from multiple tail risk events while capturing a decent amount of upside. The domain knowledge, views and execution capability of the team is of very high standards. We look forward to developing long term synergies with the team."

- Mr. Govardhan Dhoot, MD, Mangalam Drugs & Organic Ltd.



Advice of Edelweiss has helped the Company to take position on the foreign exchange front. They stand by their commitments resulting into a profitable venture.

- Dr. S.D. Sawant, MD, Centaur Pharmaceuticals



Its been quite a good experience working with Edelweiss and the journey so far has been a good one. Now we feel we are in right hands after experiencing other consultants so for many years. We feel that if we get 70% right on the Forex strategies which Edelweiss Forex team is able to achieve its marvellous job being done.

- Mr. Sanjeev Mittal, Director, Raghunath Agrotech



Edelweiss Forex is a proactive and well-informed team backed by a very Strong Brand in the Finance Industry. They are methodological in their approach, and are focused on specific requirements.

- Mr. Sunil Kedia, Director (Finance), Iball



After availing the services of two other Forex consultants, we decided to empanel Edelweiss as our full-fledged consultant. During our association, Edelweiss has been tactful when it comes to understanding the unique way of Yasho's business practices & customizing hedging strategies in order to align with our dynamic budgeting. Not only have they taken sound decisions during adverse market conditions, but also explained the step- by – step execution of strategies by conducting trainings. We look forward to a long term association with Edelweiss.

- Mr. Parag Jhaveri, Managing Director, YASHO Industries



MEDIA PRESENCE

BTV NEWS OPINIONS POLITICS NATIONAL LIFESTYLE

BSE building in Mumbai.

1ANS | Jan 07 2019

Mumbai: Global cues such as an ease in US-China trade tension and dovish US Fed remarks, along with improving liquidity condition and a strong rupee, led the Indian equity markets to close Monday's trade on a positive note.

Besides, expectations of higher domestic economic growth rate and positive quarterly results buoyed investors' sentiments.

Consequently, the two key indices -- Sensex and Nifty50 -- advanced over 0.40 per cent as positive sentiments continued from Friday following reports of US-China trade talks, which was supported by strong US jobs data and a dovish tone by the US Federal Reserve.

"Asia and Europe advanced as a relatively dovish turn by the Federal Reserve, strong US jobs data and optimism over US-China trade talks," Abhijeet Dey of BNP Paribas Mutual Fund said.

The US-China trade talks scheduled from Monday assumes special significance. [Madhavi Arora](#) of Edelweiss Securities, said: "The stakes are high as both sides face a resumption of tariffs in March if they don't strike a deal."

RBI CONTINUES SLUMP

USD-INR
73.7125
▲ +0.3713 0.51%

SAJAL GUPTA
Head - Forex & Rates
Edelweiss Securities

₹ AT RECORD LOW USD-INR 73.7125 +0.51% 10 YEAR YIELD 8.1953 +1.02%

Bloomberg Quint

the quint

"Asia and Europe advanced as a relatively dovish turn by the Federal Reserve, strong US jobs data and optimism over US-China trade talks," Abhijeet Dey of BNP Paribas Mutual Fund said.

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REUTERS World Business Markets TV

The rapid fall in the rupee, Asia's worst performing currency after losing nearly 12 percent this year, prompted exporters to postpone dollar sales expecting further falls, while demand rose from importers and firms looking to hedge.

Both factors have contributed to the currency's fall in the last few days, traders said.

"The key difference between India and other Asians is the pace of fall in the currency and shallow intervention," said [Sajal Gupta](#), head of rates and forex at Edelweiss Securities.

RUPEE HITS FRESH RECORD LOW TRADING HOUR

DOLLAR-RUPEE
72.7800 ▲ 0.09 [0.12%]

SAJAL GUPTA
Edelweiss Securities

NIFTY 50 11299.80
SENSEX 31492.95

TBEV 218.00 ▲ 2.00

'Taming inflation a key'

"Rupee has taken a beating as the RBI reiterated that inflation management remains its sole policy objective and policy action will not be premised on anchoring the currency," said **Madhavi Arora**, economist, FX and rates, Edelweiss Securities. "The RBI subtly suggested that FX markets are fluid and should let rupee find its fair equilibrium," she said.

THE TIMES OF INDIA BUSINESS

"From policy perspective, we expect headline and core CPI inflation to average 4.5 per cent and 5.7 per cent respectively in FY19 — lower than RBI's estimates. However, the currency concerns seem to have taken precedence in policy rate decision. A rate action by RBI in October is not entirely ruled out, amid increasing imported inflation pressures due to sharp moves in the rupee and crude oil," said **Madhavi Arora**, economist at Edelweiss Securities.

Outlook

THE NEWS SCROLL

44 SEPTEMBER 2018 Last Updated at 10:18 PM | SOURCE: IANS

Rupee falls to fresh low of 71.58 per US dollar (Roundup)



Mumbai, Sep 4 High crude oil prices and negative global cues pulled the Indian rupee to a new record low of 71.58 per US dollar on Tuesday.

It opened at 71.24 per US dollar surpassing the previous low of 71.21 per greenback, at which it had closed on Monday.

The Indian rupee closed at 71.58 per US dollar -- the lowest ever mark -- against the greenback at the Inter-Bank Foreign Exchange Market.

"Surge in oil prices, weakness in EM currencies, sell-off in local equity and debt pushed the rupee lower. Over the near term, we expect a range of 71 to 72.20 on spot," Anandya Banerjee, Deputy Vice President for Currency and Interest Rates with Kotak Securities, told.

According to Edelweiss Securities' Head of Forex and Rates **Sajal Gupta**, "USD-INR market is overheated now... This may lead to some shallow corrections but trend firmly remains upwards."

"Markets are looking at signals from RBI... in case 72 is breached and no major interventions happen... 71.50 is the next technical level that can be seen sooner than expected."



HOME LATEST MARKETS EARNINGS BUY OR SELL MONEY CORPORATES ECONOMY

Know

Sensex Falls Over 190

Points, Nifty Near

10,900: 10 Things To

Know

"The rupee is witnessing extreme volatility these days, which is detrimental to local businesses," said Edelweiss Securities' Head of Forex and Rates **Sajal Gupta**.

"Expect the rupee to be under pressure this week and move towards 71 or 72 on the back of extreme weakness seen in the US and global equity markets."



Edelweiss
Ideas create, values protect

FOREX
& RATES



INTERNATIONAL OFFICES



US



UK



SINGAPORE



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