



Financial Engineering. Simplified.



Success Stories

## How we helped a corporate quantify its liability risk?

A leading Indian corporate with exposure to currency, interest rate and commodity price changes was looking at a solution which can predict risk in future earnings and cashflows. The emphasis was to predict average and worst case earnings scenarios which can thereby help the corporate in building an effective hedge strategy.



### Challenges

- ▶ A corporate wide portfolio approach had to be adopted
- ▶ Correlation between interest rates, F/X and commodity prices had to be factored into the model
- ▶ The tool had to be generic and flexible to capture different facets of a balance sheet



### Our Solution

- ▶ A generic tool which can optimize the risk return profile over the short and long term
- ▶ Portfolio could be optimized based on various metrics chosen by the user
- ▶ Could evaluate sensitivity of the prediction to different market scenarios



### Benefits

- ▶ Corporate can now evaluate the risk impact of a given market factor
- ▶ Corporate can devise an effective hedging strategies which can achieve specific long term objectives