



Treasury Dynamics

CA Deepak Mundra

Treasury Dynamics

- **A Typical Treasury...**
- **Profit Centre vs Cost Centre**
- **Value Add Avenues**



A Typical Treasury...

A Typical Treasury...

- **Resource Raising**
- **Investment**
- **Cash Flow**
- **Liquidity Management**
- **Ratings**
- **FX Risk Management**
- **Capital Allocation**
- **Balance sheet management**
- **Documentation**
- **Risk Management**

Resource Raising

- **Fund Based**
 - Secured, Unsecured
 - Institutional, Retail
 - Bank Borrowing, DCM
 - Consortium, Multiple
 - Rupee, FC
 - Long Term, Short Term
 - Structured, Vanilla
 - B2B, Business
- **Non Fund Base**

Investment

- **Investment policy**
 - Risk Appetite
 - Defined Universe (Debt MFs, Gsec, Corporate Bond, FDs , Equity & Products)
 - Authorisation matrix including exceptions
 - MIS & Reporting frequency
- **Time horizon**
- **Liquidity**
- **Tax Efficiency**

Cash Flow

- **System to capture all line items, Inflows & Outflows**
- **Efficient Balance Monitoring System**
 - Pooling of funds across banks /CMS
 - Zero Idle balance
 - Minimum Cash Credit Utilisation
- **Daily Bank Reco**
- **Intraday lines**
- **Stand alone and Group Cashflow**

Liquidity Management

- **Liquidity Management Policy**
- **Periodic Liquidity Review**
- **Cash flow planning at Macro level**
- **Liquidity Cushion**

Rating

- **Incidental for borrowing**
- **Regular interaction across all levels**
- **Pro-active to borrowing calendar**
- **Impact on Interest Cost**
- **Technical Gateway**
- **Rating types**
 - LT/ST
 - LT for ST
 - Securitization with credit enhancement
 - SO ratings
- **Withdrawal of Ratings**

Foreign Exchange Risk

- **You are not in the business of Forex**
 - Trade Flows
 - FC Liabilities
- **FX Hedging policy is must to have**
 - RBI Requirement as well
 - Min. Hedging Requirement, Risk Appetite
 - Stop loss limit for Open Exposure
 - Triggers of Hedging
 - Instrument for Hedging
 - MIS & Reporting right up to Board Level

Capital Allocation

- **Capital Allocation framework – A must**
- **Sync with Cash flow**
- **Payback period**
- **ROE**
- **Gearing**
- **Transfer pricing**

Documentation

- **Bank Borrowing – Consortium, Multiple**
- **NCD – Private Placement, Public Issuance**
- **Adjudication**
- **Tracking of Financial Covenants**

Balance Sheet Management

- **Borrowing Headroom**
- **ALM**
- **IRS**
- **Diversification of Borrowing**

Risk Management

- **Risk Management Framework**
- **Operational Risk**
 - Define processes
 - Maker/Checker/Authoriser
- **Define other risk**
 - Interest Rate Risk
 - Credit Risk
 - Liquidity Risk
- **Exception Reporting Mechanism**



Profit vs Cost Centre

Profit vs Cost Centre

- **Top Management Tendency**
- **D-Facto Treasury is Whatever.....**
- **Endeavour**
- **Define performance parameters**
- **Personal Exposure**



Value Add Avenues

Value Add Avenues

- **Borrowing Mix**
- **Spread Management**
- **Rating Improvement**
- **And Few More...**

Borrowing Mix

- **Pro-active review mechanism**
- **Fixed, Floating**
- **Swift transmission, slow transmission**
- **Carved out money market borrowing**
- **Security cover efficiency**
 - MPBF management

Spread Management

- **Credit Spreads**

- Set the Appropriate Benchmark
- Keep eye for peer's spreads
- Rightfully pursue with all lenders

- **Behave like AAA**

- Over borrow, liquidity cushion, Negotiate
- Liquidity Cushion parking, Be a friend in Need

- **Liquidity Spreads**

- Tap the Market Makers
- Investable surplus

Rating Improvement

- **Have Self evaluation process in place**
- **Improve on GAPS, if any**
- **Regular interactions and Presentation to RAs**
- **Keep Chasing...**

And few more...

- **Automation & MIS**

- Qualitative time to be spent on Analysis & R.C.A. rather than Making a statement
- Reduces Person specific dependency

- **Team Discussion**

- Periodic brainstorming in team meetings
 - Bottom up Approach
- Interaction with Investor Relation Team

- **Treasury Research**

And few more...

- **Relationship & Bonding**

PRECIOUS TIME



Thank You

Deepak.Mundra@edelweissfin.com



@deepakmundraa



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