

CURRENCY HEDGING GEMS AND JEWELLERY INDUSTRY



STEP 1: UNDERSTANDING THE PROBLEM



THE PROBLEM

- The company manufactures jewellery
- They are impacted by the movement of gold prices
- Risks - Not hedged & the gold prices decrease; Hedged & the gold prices increase
- The company did not have a risk mitigation strategy



Risk identification & mapping



Creating a risk management policy



Helped implement the policy

STEP 2 : **INTERVENING & MANAGING THE RISKS**



THE TURNING POINT

- Upon engagement, Almus identifies and maps the entire business operations
- Almus creates a Commodity Risk Management Policy
- Setting up of Treasury & Implementation of Policy
- Risk Dashboards & Management Review Processes in place



STEP 3 : IMPLEMENTATION & RESULTS



IMPLEMENTATION

- Setting up of watertight hedging system with a desired hedge ratio
- Local Hedging for Gold (Currency leg as well)

RESULTS

- Protection from volatility in gold prices
- Connecting hedging operations with EBITDA
- Stability and predictability of cashflows



STEP 3 : **OBTAINING THE DESIRED RESULTS**



RESULTS

- Protection from volatility in gold prices
- Connecting hedging operations with EBITDA
- Implementation of the policy
- Stability and predictability of cashflows