The Challenge

Corporate treasury has evolved into a truly strategic function and as a chief financial officer or a corporate treasurer, you may face some unique challenges. From being a manager of liquidity and financial risk, corporate treasury has evolved into a strategic business partner. Further, a complex regulatory environment and other external business challenges may blur the vision of achieving treasury objectives.

Deloitte’s Global Treasury Advisory Services practice combines the competencies of risk management, regulation, technology, operations, and performance management to help organizations address these challenges in an integrated, targeted, and cost-effective manner.

Integrated Financial Risk Market Offerings

Deloitte has developed a specific assessment methodology for financial risk management which has been tested from every activity sector in consultancy processes, quantitative tools and models development, treasury management, and market financial risks.

Financial Risk Advisory: Our Financial Risk Advisory practice comprises services specifically tailored to support financial institutions in managing risks, while discovering new opportunities to create value. We provide end-to-end services spanning multiple domains, providing services for treasury management, risk and capital management, quantitative modeling, and technology services.

Global Treasury Advisory Services: Our Global Treasury Advisory Services practice provides customized solutions for clients to achieve their strategic objectives. We provide services in multiple domains including financial risk management, financial supply chain management, operations and technology and accounting, valuation, and assurance.

Assurance and Regulatory Services: Deloitte’s assurance and regulatory services adopts a unique approach to compliance risk management focused on embedding a sustainable competency within existing business processes and functions to assess the management of evolving compliance risk profiles. It provides comfort to the board and senior management with respect to operational effectiveness of the policies and procedures and regulatory compliance.

Key challenges that clients discuss with us

- Aligning financial risk management and business objectives
- Optimizing the financial supply chain and control over working capital
- Addressing business surpluses and their impact on return on equity
- Stronger regulatory and accounting compliance for the treasury function
- Leveraging technology for decision making and operations
- Managing operational risk
- Governance and performance management
- Managing cash flow risk and P/L volatility
- Financial Risk Management
- Currency risk management
- Decision support and quantitative advisory
- Commodity price risk management
- Commodity trading advisory
- Treasury Operations and Technology
- Treasury shared services
- System implementation and enhancement
- Government and operational processes
- Hand-holding and competence building
- Financial Supply Chain and Liquidity Management
- Global treasury integration and monitoring
- Investment and retirement fund advisory
- Liquidity management solutions
- Credit and liquidity risk mgmt.

Global Treasury Advisory Services

Financial Risk Management

- Currency risk management
- Decision support and quantitative advisory
- Commodity price risk management
- Commodity trading advisory

Accounting, Valuation, and Performance Management

- Transactional and regulatory compliance audits
- Treasury review services
- Hedge accounting and effectiveness testing
- Valuation of financial instruments and model validation

Global Treasury Advisory Services – Deriving value through excellence in corporate treasury management 1
Our financial risk management specialists provide corporate treasuries with clear guidance and support around commodity trading and price risk management, currency and interest rate risk management, decision support, and quantitative analysis.
Currency Risk Management

Developing currency risk management strategy
- Development of alternate risk management strategies for mitigating currency risk including:
  - Natural hedging
  - Managing physical exposures
  - Using financial derivative instruments

Designing the currency risk management policy
- Development and design of currency risk management policy:
  - Definition of risks
  - Risk mitigation strategies
  - Governance framework
  - Roles of responsibilities
  - Compliances
  - Development of operational enablers such as standard operating procedures and MIS framework

Evaluation of hedging instruments
- Evaluation of hedging instruments and derivative structures in order to mitigate currency risk for clients
- Profit and Loss off-set between exposures and hedging instruments
- Accounting treatment

Industry Benchmarking
- Industry-wise benchmarking of currency risk management providing a comparative analysis and improvements in the function
- Newer ways of managing risks and leading practices

Commodity Price Risk Management

Commodity price risk management strategy
- Development of alternate risk management strategies for mitigating risk from volatility in commodity prices including:
  - Re-structuring of physical exposures/physical contracts, effective use of financial derivative instruments for risk mitigation, assistance making a business case for obtaining regulatory approvals, etc.

Designing the commodity price risk management policy
- Developing and designing of the commodity price risk management policy including governance definition of risks, drafting of risk mitigation strategies, governance framework, roles of responsibilities within the function and compliances
- Development of operational enablers such standard operating procedures and MIS framework

Decision Support and Quantitative Analysis

Pricing tools for hedging transactions
- Development of pricing tools using commodity and currency benchmarks like cost-sheets and parity-sheets for decision making
- Build-up of cost based computation templates that can be used for lowering input costs

Value at risk and cash flow at risk based models
- Development of Value at Risk (VaR) and cash flow at risk based models to support business decision making
- Evaluation of maximum possible loss from open exposures based on statistical tools
- Designing of a value at risk based hedging program giving guidance to decision makers

Transaction specific assistance
- Evaluate the transaction from a risk management perspective to verify the effectiveness of the derivative structure in off-setting the risk on account of the underlying exposure
- Review of transaction from a regulatory and compliance perspective

Commodity Trading Advisory

Evolution of pricing mechanism and benchmark linked pricing
- Pricing mechanism for procurement of inputs from suppliers and outputs sold to customers
- Utilization of commodity benchmarks to strengthen visibility and reduce risk
- Alternatives on dealing with mismatches in pricing of inputs and outputs in physical market
- Alternate methods for pricing to internal business units
- Hedging options to manage risk

Development of commodity trading and supply chain management strategy
- Development of sourcing organization and process
- Assistance to evaluate the pricing-in and pricing-out cycle including production time, inventory levels, and inventory holding time
- Supply portfolio management and restructuring of supplier relationships
- Development of a raw material sourcing strategy
- Assistance in visibility and analysis of factors triggering raw material sourcing decision

Development of operational enablers such as standard operating procedures and MIS framework

Assistance in setting up global commodity trading centres
- Re-structuring sourcing organization and setting up of global trading operations
- Re-engineering strategy and process for financial risk management and financial supply management
- Regulatory compliance
- Re-organize AR and AP as per re-invoicing arrangement with trading centre
- Development of checklists and process flows for flow of activities and documents

Global Treasury Advisory Services – Deriving value through excellence in corporate treasury management
Accounting, Valuation, and Performance Management Services

Our accounting, valuation, and Performance Management Services professionals help companies with regards to hedge accounting and effectiveness testing, valuation of financial instruments, and model validation. We also offer management assurance on internally implemented policies as well as regulatory compliances for the treasury function.

### Service Offerings

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<th>Hedge Accounting and Effectiveness Testing</th>
<th>Valuation of Financial Instruments and Model Validation</th>
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<td>• Review of treasury strategy and operations</td>
<td>• Internal audit and transaction audit of the treasury function</td>
<td>• Development and review of hedge accounting framework and documentation under FAS-133, IAS-39, IFRS-9, and AS-30</td>
<td>• Development and validation of valuation models for derivatives and financial instruments</td>
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<td>• Evaluation of performance of the risk management and hedging strategy</td>
<td>• Review of compliance with FEMA guidelines, RBI guidelines and internal policies</td>
<td>• Development and validation of hedge effectiveness testing framework</td>
<td>• Testing valuation model compliance with FAS157/ IFRS13</td>
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<td>• Benchmark treasury operations with industry and global practices</td>
<td>• Thematic reviews based on emerging market risks</td>
<td>• Development and validation of models for CVA adjustment</td>
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<td>• Benchmarking treasury performance</td>
<td>• Review of payment processing operations</td>
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</table>
Treasury Review Services

- Review of treasury strategy and operations
  - Review of the treasury strategy
  - Operational review of the treasury function covering the financial risk management and financial supply chain management space
  - Special thematic reviews and management assurance

- Benchmarking of treasury operations
  - Industry-wise benchmarking of treasury operations providing a comparative analysis and highlighting improvements for the function
  - Benchmarking of treasury performance
  - Alternative ways of managing financial risks and documenting leading practices

- Evaluation of performance of risk management
  - Evaluation of performance of the risk management strategies and hedging strategy
  - Verifying profit and loss off-set based on the hedging program and risk management strategy

- Review of the treasury strategy
- Operational review of the treasury function covering the financial risk management and financial supply chain management space
- Special thematic reviews and management assurance

- Evaluation of performance of the risk management strategies
- Verifying profit and loss off-set based on the hedging program and risk management strategy

- Industry-wise benchmarking of treasury operations providing a comparative analysis and highlighting improvements for the function
- Benchmarking of treasury performance
- Alternative ways of managing financial risks and documenting leading practices

Hedge Accounting Framework and Effectiveness Testing

- Development of hedge accounting strategies
- Preparation of required hedge documentation
- Review of hedge accounting framework and documentation

- Development of hedge effectiveness testing framework
- Validation of hedge effectiveness testing framework
- Evaluation of effectiveness of hedging transactions
- Assistance in operationalizing hedge effectiveness testing framework

Global Treasury Advisory Services – Deriving value through excellence in corporate treasury management

Transactional and Regulatory Compliance Audit

- Internal audit of the treasury function
  - Internal audit of the treasury function
  - Transactional audit of the treasury function
  - Concurrent/ periodic audit of the treasury function

- Compliance and regulatory audits
  - Review of compliances to internally laid down policies and procedures
  - Review of compliances to relevant RBI guidelines and FEMA guidelines and other applicable regulations

- Special thematic reviews of the treasury function
  - Review of treasury function based on authorized upon procedures and agreed upon scope of work
  - Risk based review of the treasury function
  - Review based on emerging market risks

Valuation of Financial Instruments and Model Validation

- Development of valuation models for derivatives and financial instruments
- Development of models for CVA adjustment
- Valuation of assets and liabilities for financial reporting
- Provisioning and impairment analysis

- Testing valuation model compliance with FAS 157 and IFRS 13
- Validation of models for CVA adjustment
Financial Supply Chain and Liquidity Management

Deloitte’s subject matter experts in financial supply chain management and liquidity management provide solutions to our clients towards monitoring and integration of global treasuries, cash and liquidity management and investment operations.

Service Offerings

**Global Treasury Integration and Monitoring**
- Conceptualizing, designing and implementing global treasury centers
- Assistance in setting up trading hubs for financial risk and liquidity management
- Assistance in setting up re-invoicing centers
- Designing exposure management and monitoring framework for global treasury operations

**Credit and Liquidity Risk Management**
- Designing liquidity and credit risk management policies
- Advisory assistance in review of ISDA master agreement
- Liquidity risk management indicators and models
- Debt servicing and cash flow framework

**Liquidity Management Solutions**
- Developing global and multi-entity cash pooling structure
- Designing cash pooling arrangements
- Advisory assistance in setting up and managing global banking relationships

**Investment and Retiral Fund Advisory**
- Designing investment management strategy and policy
- Development of optimization models for investments management
- Review and development of retiral fund management framework
- Review of compliances with retiral fund guidelines
Global Treasury Integration and Monitoring

- Development of treasury integration models
- Location and taxation strategy
- Operations management framework for global treasury

- Development of functional integration model for the global treasury function
- Development of geographic integration model for the global treasury function
- Change management and transition to a global and functional integrated treasury function
- Development of key considerations included as part of the location strategy
- Analysis of tax costs and regulatory implications
- Assistance in incorporation of entity for the global treasury
- Review of potential tax and other incentives
- Assistance in compliance with transfer pricing regulations
- Development of tax and regulatory compliance strategy
- Development of strategy for the global treasury function
- Documentation and review of policy and procedures for the global treasury function
- Assistance in putting in place decision support tools
- Assistance for designing business and system solutions and their implementation to automate processes within the global treasury framework

Credit and Liquidity Risk Management

- Designing credit risk management policies
- Developing liquidity risk management policies and procedures
- Review of ISDA master agreements and Credit Support Annex terms
- Development of liquidity risk management indicators and models
- Review and development of debt servicing and cash flow framework

- Designing credit risk management policies
- Developing liquidity risk management policies and procedures
- Review of ISDA master agreements and Credit Support Annex terms
- Development of liquidity risk management indicators and models
- Review and development of debt servicing and cash flow framework

Liquidity Management Solutions

- Designing global and multi-entity cash pooling structures covering regulatory and taxation aspects
- Designing cash pooling arrangements
- Advisory assistance in setting up and managing global banking relationships

- Designing global and multi-entity cash pooling structures covering regulatory and taxation aspects
- Designing cash pooling arrangements
- Advisory assistance in setting up and managing global banking relationships

Investment and Retiral Fund Advisory

- Investment management strategy and policy
- Optimization models for investment management

- Design and develop investment management strategy
- Documentation of investment management policy providing guidelines to the function
- Development of Investment portfolio optimization model based on risk-return liquidity principles

- Review of compliances to retiral funds guidelines from Ministry of Labour and Pension Fund Regulatory and Development Authority
- Review of retiral funds operations

- Designing global and multi-entity cash pooling structures covering regulatory and taxation aspects
- Designing cash pooling arrangements
- Advisory assistance in setting up and managing global banking relationships

Treasury Operations and Technology

Our operations and technology team help clients in mitigating operational risk and leveraging technology to support superior treasury management. Our services include support throughout the system selection and implementation cycle for our clients.

Service Offerings

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<th>Treasury Shared Services</th>
<th>System Implementation and Enhancement</th>
<th>Governance and Operational Processes</th>
<th>Handholding and Competence Building</th>
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<tr>
<td>• Design and implementation of the model</td>
<td>• Designing governance framework for the treasury function</td>
<td>• Designing reporting frameworks to support treasury risk and performance management</td>
<td>• Hand-holding, oversight and implementation assistance</td>
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<tr>
<td>• Evaluation of operational procedures for shared service migration, cost benefit assessment</td>
<td>• Assistance in selection and implementation of systems</td>
<td>• Development of processes and standard operating procedures</td>
<td>• Training programs to support enhancement of competence</td>
</tr>
<tr>
<td>• Support roll-outs and stabilization of treasury shared services operations</td>
<td>• SAP treasury custom solutions</td>
<td>• Designing reporting frameworks to support treasury risk and performance management</td>
<td>• Outsourced/co-sourced middle office operations and performance reviews</td>
</tr>
<tr>
<td>• SLAs and performance metrics</td>
<td>• Development of risk models and tools</td>
<td>• Bespoke system developments</td>
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</table>
Treasury Shared Services

- System Implementation and Enhancement
  - Assistance in roll-out and standardization of treasury shared services
    - Hand-holding support during roll-out of treasury shared services operations
    - Assistance in standardization of processes for smooth roll-out of treasury shared services
    - Assistance in control and oversight of the treasury shared services operations
    - Trainings and workshops for knowledge transfer and competence building
  - Auditing of treasury shared services
    - Review and audit of treasury shared services function whether internal to the company or outsourced to third parties
    - Compliance to parameters agreed upon in Service Level agreements
    - Performance evaluation of the treasury shared services function

- Governance and Operational Processes
  - Governance framework
    - Designing governance framework for the treasury function
    - Developing governance framework for commodity trading and price risk management operations
    - Developing details delegation of authority within the function mapping to personnel levels and bandings
  - Operational processes
    - Developing detailed standard operating procedures for the front office, middle office and back office operations within treasury and risk management functions highlighting roles and responsibilities and data flows as per laid down policies
    - Developing checklists and job cards personnel within the function
    - Review and enhancement of existing procedures of the function
  - Reporting framework
    - Developing MIS reporting framework to support management reporting and decision making within the treasury and risk management functions
    - Designing risk and performance parameters and their monitoring
    - Developing of management dashboards

- System Implementation and Enhancement
  - Assistance in roll-out and standardization of treasury shared services
  - Auditing of treasury shared services
  - Governance and Operational Processes
  - Reporting framework

- Hand-holding and Competence Building
  - Hand-holding and competence building
    - Hand-holding, oversight, and implementation assistance for operationalizing risk management framework
    - Assistance in pilot implementation of policy, processes, and reporting framework designed for monitoring and decision support
    - Assistance for treasury automation in the form of co-sourced project management office, assistance in User Acceptance Testing and End-User trainings
  - Training programs
    - Documenting detailed standard operating procedures for the front office, middle office and back office operations within treasury and risk management functions highlighting roles and responsibilities and data flows as per laid down policies
    - Developing checklists and job cards personnel within the function
    - Reviewing and enhancing existing procedures of the function
  - Outsourced/ Co-sourced operations model
    - Developing MIS reporting framework to support management reporting and decision making within the treasury and risk management functions
    - Designing risk and performance parameters and their monitoring
    - Developing of management dashboards
With a globally connected network in more than 150+ countries, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges.

Deloitte commands the strongest risk advisory and service presence in India among the Big 4 with 2,600+ risk advisory professionals on ground. Our Risk service offerings include Government, Risk and Regulatory, Control Transformation and Assurance, Cyber Risk, Risk Analytics, Internal Financial Controls and Finance Transformation.

Deloitte delivered value by ...

Identifying Issues that affect your Business
Working together to derive Solutions
Achieving a result-driven Impact

Deloitte named a global leader in Business Intelligence based on capabilities by Forrester

Source: Forrester Research, Inc. (2012)
Eminence and Credentials

Our Eminence and Thoughtware draws upon our research and experience, and that of co-authors in academia and business, to advance the conversation on topics of interest to executives and government leaders. These insights can spark new ideas or provide readers with guidance on evolving market and regulatory trends.

Deloitte ranked #1 globally in Financial Services Consulting by Kennedy

Deloitte named a leader in Global Risk Management Consulting Services by Gartner

Deloitte named a global leader, ranked #1, in Risk Consulting in Financial Services by Kennedy

Deloitte named a global leader in Business Consulting Services for Governance, Risk, and Compliance by IDC MarketScape

Our Eminence in the Marketplace

Alerts – Provide the latest updates on what’s happening in various industries and finance environment

CFO Program – Supported by eminence, surveys and research that differentiates Deloitte as the pre-eminent advisory to the CFO community in India

India Thoughtware – Showcases some of the research of the India practice

Debt expense forecast for budget planning in SAP Treasury & Commodity Risk Management – Effective treasury strategies and financial risk management for today’s economic climate

Deloitte’s ‘2015 India Corporate Treasury Survey’ provides views and industry insights from corporate treasurers and CFOs

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A white paper representing a case study involving and SAP custom development for SAP Treasury

A thought paper on effective strategies for treasury and commodity risk management

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