How this business used forward contracts to manage their currency exposure

"Working with an emerging market currency is complex but wholly manageable if you choose the right financial provider. Ebury has enabled us to set our exchange rate so we are no longer at the mercy of market volatility."

The business offers Typesetting and Prepress services in Ireland

BUSINESS CHALLENGES

The business has a large team of employees in India. They needed to pay their employees' wages, office utilities and other costs and quickly realised the benefit of transferring these amounts in the local currency, the Indian Rupee (INR).

In total, 95% of their running costs were invoiced in INR however the majority of their revenue was received in either Sterling or Euro.

Volatility in the Indian Rupee is extensive. However, their local bank in Ireland didn't provide insight into market movements or appropriate risk management tools.

As such, the business' cash flow became increasingly hard to control and budget forecasting was difficult as currency fluctuations constantly impacted the rates achieved.

EBURY SOLUTIONS

Ebury took the time to understand the business' requirements and how to best mitigate volatility between their currency pairs.

The business receives regular updates on the macroeconomic factors influencing the path of INR, allowing them insight into long-term trends in the exchange rate.

With assistance from their dedicated finance specialist, the business chose to lock in their exchange rates using forward contracts. The business now has a set exchange rate for 12 months, meaning they have eliminated their currency exposure and achieved a stable rate against which they can budget effectively.

Their forward contracts were executed using market orders, enabling the business to set their rate at the optimum time.