HEDGE ACCOUNTING SOLUTIONS

ENSURE STABILITY IN YOUR P&L

HEDGENIUS

Managing market volatility is crucial for businesses operating in Global Financial Markets. Our Hedge Accounting Solutions ensure your financial statements reflect the economic reality, minimizing profit and loss (P/L) volatility.

Why is Hedge Accounting Important

Hedge accounting is crucial for businesses dealing with financial risks like fluctuating interest rates, foreign exchange rates, and commodity prices.
By applying hedge accounting, companies can align the accounting treatment of hedging instruments with the corresponding underlying transactions.
This reduces profit and loss (P/L) volatility that would otherwise result from fair value adjustments on derivative instruments, which can distort financial performance.

Key benefits include:

- Reduced P/L Volatility: Hedge accounting minimizes sudden swings in reported earnings by deferring unrealized gains and losses to the balance sheet.
- Regulatory Compliance: It ensures that businesses comply with accounting standards such as IndAS and IFRS, offering a clear view of a company's financial health.
- Improved Financial Planning: It allows businesses to manage risks more effectively, providing greater certainty over future cash flows, which is especially important for long-term contracts like interest rate swaps or forward contracts.

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Our Expertise

- Over 165+ satisfied clients across 10+ countries.
- Led by a team who come with decades of experience in Treasury in major Financial Institutions.
- Deep quantitative expertise to evaluate complex risks such as basis and correlation risks.

Our Success Stories

- Improved profitability and reduced financial volatility for large corporations, banks, and medium-sized enterprises.
- Successfully implemented hedge accounting strategies that complied with IndAS standards while maximizing operational efficiency.

Our Hedge Accounting Solutions

As the **quarter-end approaches**, it's critical to ensure your financial statements accurately reflect your hedge positions while minimizing P&L volatility. At QuantArt, we provide tailored **Hedge Accounting and Derivative Valuation Solutions.** Our services are designed to ensure precise measurement, recognition, and disclosure of your hedging instruments, optimizing hedge effectiveness and reducing accounting mismatches to maintain the integrity of your financial reporting.

End-to-End Risk Management:

Comprehensive strategies covering foreign exchange, interest rates, and commodities. Our Solutions are tailored to your companies unique financial exposures.

Regulatory Compliance:

Fully aligned with IndAS, IFRS, and other accounting standards to smoothen P/L volatility.

Hedge Effectiveness Testing:

We ensure that hedge relationships are effective both prospectively and retrospectively. The prospective test ensures that the hedge is expected to be effective at the start of the hedge relationship, while retrospective testing (usually done quarterly) ensures that the hedge has been effective in practice. The MTM movements of the hedge instrument are compared with the hypothetical derivative representing the underlying exposure. **Mark to Market (MTM) Evaluation** involves assessing the fair value of derivatives used in hedging and comparing their movements against the underlying exposure. The derivatives (such as forwards, swaps, or options) are valued based on current market data, including interest rates, exchange rates, and other relevant factors. We incorporate credit valuation adjustments (CVA) and debit valuation adjustments (DVA) to reflect counterparty risk, ensuring accurate MTM.

Leadership Team

Samir Lodha

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