



Journal Report on: Webinar on: Foreign Exchange Risk Management in International Trade

Organized by: National Centre for Export Promotion (NCEP), IIF

Facilitated by: CR Forex Advisors

Date: 29th January 2026 from 3:00 pm | **Platform:** Zoom

Introduction

The Institute of Indian Foundrymen (IIF) – National Centre for Export Promotion (NCEP) successfully organised a highly insightful webinar on “**Foreign Exchange Risk Management in International Trade**” on 29th January 2026. The session was facilitated by **Mr. Amit Pabari, Founder & CEO, CR Forex Advisors**, a seasoned expert in treasury advisory and forex risk management. The welcome address was given by **Ms. Anima Pandey, Director NCEP – IIF** in the presence of **Mr. Ravi Sehgal, Past President and Mentor of IIF NCEP**.

The webinar witnessed enthusiastic participation from exporters, finance heads, treasurers, foundry entrepreneurs, and industry professionals seeking clarity on managing currency risk and optimizing banking costs in international trade.

Objective of the Webinar

The session aimed to:

- Help exporters identify hidden cost leakages in forex and trade finance transactions.
- Provide clarity on optimizing banking relationships and funding structures.
- Equip participants with practical strategies for managing currency exposure.
- Offer a forward-looking market outlook for 2026.

Key Takeaways from the Session

1. Hidden Leaks in Trade Finance

Mr. Pabari emphasized that the biggest financial risks are often not dramatic events but **small, unnoticed leakages** in banking and forex transactions.

Referring to practical case studies (as detailed in the technical note shared during the session

IIF 2026- Costing (2) he highlighted how:

- Even a margin of **18 paisa per USD** on annual forex turnover of USD 10 million can result in losses of ₹14–15 lakh annually.
- Small conversion differences across multiple transactions accumulate into significant yearly financial impact.

2. FX Conversion – Fix the Margin Before the Rate

Participants were educated on the differences in forex rate execution:

- Branch-level booking
- Online platform
- Direct treasury desk execution

The webinar stressed that **treasury desk routing typically provides better negotiation power** on margins.

A critical recommendation was:

Fix the interbank margin upfront (e.g., 3–5 paisa) to ensure transparency and auditability, rather than comparing unreliable online rates.

Mr. Pabari also explained that transaction volume often plays a greater role in negotiating margins than credit rating.

3. Interest Cost Verification – Don't Assume, Audit

A major discussion point was interest rate verification.

Real-life examples demonstrated how:

- RBI policy rate cuts were not passed on by banks, leading to excess interest payments of ₹8–9 lakh.
- Incorrect FD interest credits resulted in reversals of nearly ₹14 lakh after review.

The session strongly recommended **quarterly interest verification** and structured monitoring of sanction terms.

4. Cash Credit vs Export Finance – Strategic Funding Choices

The speaker provided a detailed comparison between:

- Cash Credit (8.5%–10%)
- Pre-shipment Credit in INR (PC INR)
- Pre-shipment Credit in Foreign Currency (PCFC)

With the reinstatement of **RBI interest subvention**, PC INR has become highly competitive for limits up to ₹18–20 crore.

The comparison tables shared during the session

IIF 2026- Costing (2) demonstrated how:

- PC INR effective cost could go as low as **1.90%**
- PCFC cost could be significantly higher after factoring SOFR and spreads.

The key learning:

Funding decisions must align with treasury discipline and hedging policy — not habit.

5. Post-Shipment Funding – Compare Before You Decide

Many exporters default to foreign bill discounting to square off PCFC. However, the session illustrated that:

- INR Bill Discounting (with subvention and forward premium benefits) often offers better effective cost.
- Decisions made on instinct rather than numbers may result in avoidable financial losses.

6. Other Silent Charges

The webinar also covered often-ignored cost components such as:

- Processing fees
- Commitment charges
- Prepayment penalties
- Facility and audit charges

Individually small, collectively substantial — these require periodic benchmarking and negotiation.

7. The Role of Treasury Audit

CR Forex Advisors shared insights from conducting **1,000+ treasury audits** across industries (

IIF 2026- Costing (2)

A treasury audit:

- Identifies excess debits
- Benchmarks margins
- Ensures alignment with sanction terms
- Strengthens internal cost discipline

The cumulative savings reported have run into crores for several businesses.

Market Outlook for 2026

The session concluded with a macroeconomic perspective on:

- Global interest rate cycles
- Inflation trends
- Crude and metal price volatility
- Currency outlook and its impact on INR

Participants were advised to adopt a structured hedging policy aligned with pricing models and contractual terms.

Participant Engagement

The interactive Q&A session saw active engagement from members across the foundry and export ecosystem. Queries revolved around:

- Hedging ratios and forward booking strategies
- Volume-based margin negotiations
- Subvention eligibility
- Structuring treasury policies for SMEs

Conclusion

The webinar delivered powerful insights into the often-overlooked dimensions of trade finance. The overarching message was clear:

Profitability in international trade is not only about higher sales, but about disciplined treasury management and plugging financial leakages.

IIF-NCEP continues to bring relevant, high-impact knowledge sessions to empower its members in navigating global trade challenges with confidence and clarity.

