**Risk analysis and management**

In simple terms, risk is the possibility of something bad happening. Risk involves uncertainty about the effects/implications of an activity with respect to something that humans value (such as health, well-being, wealth, property or the environment), often focusing on negative, undesirable consequences.

Risk management is the process of identifying, assessing and controlling financial, legal, strategic and security risks of an organization's capital and earnings.

Our project is principally concerned with how to manage, automate, perfect indices and ratios across organisations that will help identify risk and optimise wealth/income.

Business risk is a process problem, the importance of risk management, identification of risk ratios and its drivers is a key factor every investor must strive to grasp.

Business risk management can make or break an investor. By anticipating risk and creating strategies to help reduce them, investors can maximize their potential for success. It’s essential for those investing to understand the current landscape and address any existing or developing risks that may prevent future progress of a company. To successfully manage risk, investors should remain proactive and aware of industry trends or changes that could impact on their day-to-day operations. Some risk extends to existential and places the company on a position of non-zero chance, which means the company may go to zero or out of existence.

Some of the intricate risk variables and ratios reviewed in this project are:

**Debt to capital ratio:** This ratio refers to how much of a company’s assets are financed with debt. A high ratio means a risker investment because the business might not be able to make enough money to repay its debts.

**Debt to Equity ratio**: shows how much of a company is owned by creditors compared with how much shareholder equity is held by the company. The optimal debt-to-equity ratio will tend to vary widely by industry, but the general consensus is that it should not be above a level of 2.0. Tesla Debt to Equity Ratio is 0.0693 for sept 30, 2023 which means it is on a good with regards to this index.

**Interest coverage ratio**: This ratio is a measure of a company’s ability to honor its debt payment. An interest coverage ratio of at least two (2) is generally considered the minimum acceptable amount for a company that has solid, consistent revenues.

These indices will be considered both company and industry wise to determine below-average, average and outstanding performances. These ratios will be discussed, analysed and reviewed in the most proficient manner, during our presentation.