JAY USHIN LIMITED

FOREIGN EXCHANGE RISK MANAGEMENT POLICY

1. PREAMBLE

1.1 Company's business activities inter-alia include import of materials , components, Capital Equipment's like Machineries for auto components production etc. which are linked to international prices and major international currencies. As a result the Company is exposed to exchange rate fluctuations on its imports and exports. In foreign currency, the company avails long term borrowings in the form of ECB and Foreign Currency term loan (FCTL), while the short term borrowings consist of PCFC, Buyers Credit and Letter of Credit etc. The impact of Forex fluctuations on the Company's profitability and finances is to be considered to mitigate the risk.

1.2 It is therefore, important that the Company manages and mitigates its risk and accordingly develop a Currency Risk Management Policy Document which will provide the necessary guiding parameters.

2. OBJECTIVES

2.1 To make certain that the Foreign Exchange Risks are effectively identified, assessed, monitored and managed by the Company in consistent with the overall objectives of the Company and in compliance with the legal requirements and regulations of Reserve Bank of India.

2.2 To minimize the impact of Forex rate variations on INR value of the committed receipts and payments in foreign currencies while minimizing the cost of such protection and also considering interest arbitrage on Forex and INR exposure.

2.3 To ensure, FC funding, where availed, has differential of at least 5% as against cost of Rupee funding of a comparable nature, at the time of availing.

2.4 Enable personnel to understand the extent of forex risk faced by the Company and the manner in which it is being managed.

3. JUL's Forex Details:

JUL's Forex transactions are as follows:

3.1 The company is in the import of various raw materials, which is being carried out by means of Foreign Letter of Credit as well as Buyers credit.

3.2 The company is also exporting its products, thereby earning foreign exchange.

3.3 One of the largest customers of JUL compensates for the exchange fluctuation. The variation in import price of material for manufacturing components, if any, thus on an average gets nullified.

4. Present Practices and Policy of the Company:

Present Forex Management Practices at JUL are as under -

4.1 The company takes a long term view on Currency with a time horizon of 3 to 5 years and decides whether to go for hedging. This is reviewed periodically.

4.2 Interest arbitrage factor is also kept in mind.

4.3 Company as a policy does not go for derivatives and options, be it plain vanilla or other complex derivatives.

4.4 Hedging done, if any, is purely on risk mitigation principles and not on profit making principle.

4.5 The decisions regarding Foreign Exchange transactions shall be made in the Corporate Office only.

4.6 Foreign Currency Transactions shall be recorded in accordance with the guidelines laid down in Accounting Standards.

4.7 To the extent possible, Exports receivables are matched with import payables/Loan/other payments falling within the bucket of ~ 3 days as a natural hedge.

5. REPORTING & REVIEW

The details of foreign currency exposure shall be submitted to the Board every quarter.

Periodical Audit of the Foreign Exchange Transactions and Hedging carried out if any, would be done by the internal auditors of the Company and reported to the Management.

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