

JBF INDUSTRIES LTD
DRAFT HEDGING POLICY

The Company has framed hedging policy to reduce the risk in foreign exchange rate fluctuation as follows.

- ✓ Exports will be hedged using PCFC and USD Bill discounting which are knocked off against actual exports. ECBs will be kept under watch and will be hedged when the forward premium softens and the analysis justifies hedging.
- ✓ Hedging will be done on a regular basis based on market dynamics and in a disciplined manner.
- ✓ The exposures will be monitored twice a day and market dynamics are tracked on 24*7 basis.
- ✓ Hedge ratio of the company varies from 20% to 100% with significant and quick increase in hedge ratio before and during adverse movements in USD/INR.
- ✓ The strategy aims to achieve a net effective hedge cost of 3.00% p.a. So far the company achieved a much lower cost but in long term an average of 3.00% can be considered as prudent to assume.
- ✓ The strategy is designed to achieve multiple objectives of low volatility in P&L, avoidance of forex loss, lowered hedging cost, meeting RBI compliance, ensuring disciplined hedging.