Foreign Exchange Management Policy

I. Statement of Purpose

The purpose of this Policy is to establish parameters for Apeejay Surrendra Park Hotels Limited governing the management of foreign currency exposures. Apeejay Surrendra Park Hotels Limited is exposed to fluctuations in foreign currency rates in normal course of its business. A portion of our revenue, expense and capital activities is transacted in foreign currencies. The objective of currency management is to minimize, to the extent possible, any adverse effect on Apeejay Surrendra Park Hotels Limited's earnings or fair values of assets and liabilities, without exposing Apeejay Surrendra Park Hotels Limited to any material risks associated with transactions, which could be regarded as speculative.

Foreign currency risk management covers the identification of currency exposures, risk measurement and the actions employed to mitigate such risks. Currency risk mitigation entails utilizing various hedging instruments to protect against volatility of earnings or cash flows associated with changes in foreign exchange rates.

II. Scope

This Policy applies to Apeejay Surrendra Park Hotels Limited (hereinafter referred to as "the Company").

III. Policy Guidelines

1. The Company uses derivative instruments, primarily forward contracts, to hedge foreign currency exposures. Other hedging instruments such as options and swaps, will be used only in special circumstances as described in Section VII A, Policy Exceptions. The maturity of a forward contract should be no longer than one year or as allowed under RBI regulations, whichever is shorter.

2. The Company shall hedge its known exposures if it is determined that changes in foreign exchange rates are to have a material adverse impact on earnings or fair values of assets and liabilities.

3. The Company does not use derivative contracts for speculative purposes.

4. The Company will hedge exposure of recognized foreign currency denominated assets or liabilities, or previously unrecognized firm commitment.

5. The Company will establish procedures for measuring and predicting the Company's entire foreign exchange exposure on a periodic basis. The results will be reported to management so that they are aware of the potential exposure and may choose to take steps to limit these exposures.

6. The Foreign Exchange Policy will be generally implemented, reviewed and monitored by the Forex Management Committee [FMC] that shall consist of the MD, Chief Financial Officer and the Head Forex Management.

7. The Company will only enter into derivative contracts with banks and financial intuitions.

8. The Company may use derivative instruments such as option including cost reduction structures like call spread, put spread or any other cost reduction structures, swaps, interest rate cap or collar, forward rate agreement (FRA) and interest rate swaps etc to hedge exchange rate risks & interest rate risks with respect to trade transactions and loans / borrowings as may be allowed by the regulatory and other appropriate authority.

9. The Company can hedge the underlying exposure by forward contract of different currency i.e. the currency of hedge can be different from the currency of underlying

IV. Treasury Structure, Responsibility and Authority

The Corporate Forex Treasury [CFT] will be responsible for the execution of all foreign exchange transactions for the Company.

This Policy recognizes that the Corporate Forex Treasury is not a profit center. Corporate Forex Treasury will:

1. Execute transactions in accordance with this foreign exchange Policy.
2. Monitor results of all hedging activity.
3. Report results of foreign exchange activity to the members of the committee at least monthly, based on gain/loss thresholds.
4. Provide mark to market (MTM) information to the members of the committee quarterly and the accounting function within ten days of the business month end.
5. Provide information on realized gains and losses to the members of the committee and the accounting function within ten days of the business month end.
6. Send all trade confirmations directly to the concerned bank or financial institution.
7. Provide all contracts-related information to the accounting function within seven days of the business month-end.

The Director and Dealing officer shall have the authority to enter into foreign exchange contracts in the Company name and on its behalf within the guidelines set forth by the Board of Directors or Forex Management Committee. A signed dealing mandate or resolution, as the case may be, will be sent to concerned banks or financial institutions.

A. Responsibility of the Board of Directors

The Board of Directors has the following responsibilities with respect to the management of the Company's foreign exchange exposure:

- Approval of the Company's foreign exchange Policy.
- Review of quarterly report on foreign exchange exposure with respect of the objectives of the Company.
- Authorisation to Company Officials along with respective limits for forex transactions.

B. Responsibility of the Forex Management Committee [FMC]

The Forex Management Committee has the following responsibilities with respect to the management of the Company's foreign exchange exposure:

- Review and approval of the Company's foreign exchange Policy
- Review of the Foreign Exchange Report per month to determine whether the foreign exchange activity adheres to the established foreign exchange Policy, and whether the performance of the hedging strategies are reasonable given the objectives of the Company and the current economic and financial environment.
- Finalisation of Forex management strategies.
- Delegating Forex Management functions.

C. Responsibility of the Chief Financial Officer

The chief financial officer has the following responsibilities with respect to the management of the Company's foreign exchange exposure:

- Approval of all relationships with banks and other financial institutions for the purpose of conducting foreign exchange business.
- Review each foreign exchange position and monthly reports for foreign exchange compliance and performance.
- Approval in advance of all foreign exchange transactions that are not consistent with the guidelines prescribed in this Policy. He must notify the Board of Directors / Forex Management Committee of such transactions.
- The Director Finance will implement control systems and procedures that provide for an appropriate level of segregation of duties related to the conducting and accounting for foreign exchange activity.

D. Responsibility of Head Forex Management Dealing Officer (s)

The Officer has the following responsibilities with respect to the management of the Company's foreign exchange exposure:

- Conduct foreign exchange activity that has been authorized and approved by the Company. This includes buying and selling foreign exchange spot and forward contracts.
- Conduct monthly reviews of foreign exchange positions and enter into new contracts as necessary.
- Preparation of the reports specified in this Foreign Exchange Policy for management review.

V. Reporting

A. Report Contents

The CFT will prepare, and the Chief Financial Officer will review, a Monthly Foreign Exchange Report on accounting exposures that contains the following information:

1. The net transaction exposure of the Company- division wise- by currency.
2. Number of transactions (contracts purchased and sold) made during the month.

3. Summary of the current open foreign exchange contracts.
4. Results of positions that have been closed during the month.
5. Reasons for and amounts of exceptions to the foreign exchange Policy in the portfolio.
6. Status of any foreign exchange positions that might require management attention.
7. The Foreign Exchange Report will contain information for all transactions occurring during the month whether or not they have been fully settled as of the end of the month.
8. The Foreign Exchange Report will contain a management summary that will describe the status of the hedged positions and significant transactions made during the previous month. The management summary should be presented in a manner that will allow the chief financial officer and the top management to determine whether foreign exchange activity during the month has adhered to the Company's foreign exchange Policy.

B. Report Distribution

The monthly Foreign Exchange Report will be distributed to the top management, chief financial officer and Head Forex Management.

VI. Internal Accounting Controls

The Head of Forex Management is responsible in consultation with Chief Financial Officer for recommending all hedging strategies to Forex Management Committee. Only those officials who have been authorized by Board of Directors/ Forex Management Committee shall have the authority to enter foreign exchange contracts. Once hedging strategy is approved, the Dealing Officer(s) is/ are authorized to execute the contracts with an approved bank. The following procedures shall be followed:

1. All transactions will be recorded immediately upon execution on the FX Contract deal book kept by the Dealing officer. The aggregate amount of hedge contracts by currency should not deviate from the approved covering action.
2. Immediately upon execution, the Dealing Officer will send the bank a written contract confirmation listing the pertinent details of the contract: currency, amount, spot and forward rates, value date and purpose of hedge. These contracts shall be cross checked against the FX exposure deal book. These confirmations will be used as the primary means of checking the accuracy of the confirmation issued by the banks.
3. Bank confirmation of foreign exchange transactions will be sent directly to the Dealing Officer. The Dealing officer, or designated person, shall keep a log of incoming confirmations, filed by bank. If the confirmation has not been received within 10 working days after the execution date of the contract, the Dealing Officer will personally contact the bank to verify that the trade is on the bank's records and request a confirmation in writing from the bank.
4. The Dealing officer and head forex management shall compare the bank's record of the transaction with the Company-originated confirmation. If the two records concur, the head of forex management / chief financial officer will sign the bank confirmation and return it to the appropriate bank (keep copies of the signed confirmation for the Dealing Officer's files). If there is a discrepancy, the Dealing officer will personally contact both the bank and the head forex management to determine whose records are in error.

5. At the end of the month, a designated person shall review all incoming and outgoing cash transfers pertaining to foreign exchange. The designated person shall ensure that the appropriate amounts were received / paid on the appropriate dates. Specifically, cash transfers related to FX contracts should be reconciled with the Monthly FX Contract Summary and supported by copies of the confirmations. The same procedure shall be performed at the end of each quarter for the entry supporting unrealized gains / losses on open FX contracts.

VII. Review of Foreign Exchange Management

A. Policy Exceptions

This Policy provides guidelines for the management of the foreign exchange hedging. Under some circumstances, foreign exchange transactions that are appropriate for the Company and entirely within the spirit of this Foreign Exchange Policy as described in the Objectives section may not fall within the prescribed quantitative guidelines contained in this Foreign Exchange Policy. When the Dealing Officer and / or Chief Financial Officer and / or Head Forex Management determines that a foreign exchange transaction is in the best interest of the Company and is consistent with the objectives of this Foreign Exchange Policy, the transaction is permitted even though it is not consistent with the quantitative guidelines, subject to the following controls:

- Whenever a transaction is made that is an exception to the quantitative guidelines, the Director / CFO must approve the transaction in writing prior to execution.
- If the Policy is breached, the CFO must be notified immediately. CFO is then responsible for notifying the Forex Management Committee of the breach of Policy immediately.

B. Policy Review

This Foreign Exchange Policy will be reviewed annually, at a minimum, to ensure that it remains consistent with the overall objectives of the Company and current with financial trends.

- The Foreign Exchange Policy may be reviewed and updated more frequently if conditions dictate.
- Proposed amendments to the Foreign Exchange Policy should be prepared by the Head of Forex Management in consultation with Chief Financial Officer, snd should be reviewed and ratified by the Forex Management Committee.