

Allied Digital Services Limited Foreign Currency Fluctuation Risk Management Policy

Purpose

The purpose of this policy is to establish guidelines and procedures for managing foreign currency fluctuation risks in accordance with the requirements of Ind AS (Indian Accounting Standards). This policy aims to ensure that our company effectively manages its exposure to foreign exchange rate movements, minimizes potential losses, and maintains accurate financial reporting.

Scope

This policy applies to all foreign currency transactions and monetary items held by company

Definitions

- a. **Foreign Currency Fluctuation Risk:** The potential impact of changes in foreign exchange rates on the financial statements and cash flows of the company.
- b. **Monetary Items:** Assets and liabilities that are either fixed or determinable in monetary units.

Policy Guidelines

- a. **Identification of Foreign Currency Exposure:** The company shall identify and assess its foreign currency exposure arising from transactions denominated in foreign currencies and monetary items held in foreign currencies.
- b. **Currency Risk Management Objectives:** The objectives of currency risk management shall include minimizing the impact of foreign currency fluctuations on the company's financial results and cash flows, as well as complying with relevant accounting standards.
- c. **Risk Mitigation Strategies:**
 - i. **Natural Hedging:** The company shall consider natural hedging by matching foreign currency assets and liabilities to reduce the net exposure.
 - ii. **Forward Contracts:** The company may enter into forward contracts to hedge its future foreign currency transactions, ensuring the conversion rate is fixed after doing cost-benefit analysis.

Registered Office: Allied Digital Services Limited, Premises No. 13A, 13th Floor, Earnest House,
Back Bay Reclamation, NCPA Road, Block III, Nariman Point, Mumbai - 400 021.

B: +91 22 6681 6400 | F: +91 22 2282 2030 | www.allieddigital.net | CIN - L72200MH1995PLC085488

iii. **Other Hedging Instruments:** The company may use other appropriate financial instruments to hedge foreign currency risks, subject to regulatory and accounting guidelines.

d. **Risk Monitoring and Reporting:** The company shall establish a robust process for monitoring and reporting foreign currency exposures, including regular analysis of currency risk positions, assessment of hedging effectiveness, and reporting to senior management and the Board.

e. **Accounting Treatment:** The company shall adhere to the accounting principles outlined in Ind AS, ensuring proper recognition, measurement, and disclosure of foreign currency transactions, monetary items, and hedging instruments.

f. **Documentation:** Adequate documentation shall be maintained for all foreign currency transactions, risk management strategies, hedging instruments used, and the rationale behind the risk management decisions.

Roles and Responsibilities

a. **Board of Directors:** The Board is responsible for approving and overseeing the implementation of this policy, ensuring compliance with Ind AS requirements, and reviewing the effectiveness of the currency risk management framework.

b. **Management:** Management is responsible for implementing and executing the currency risk management policy, identifying exposures, assessing risks, developing risk mitigation strategies, and monitoring the effectiveness of hedging activities.

c. **Internal Audit:** Internal Audit shall periodically review the effectiveness of the currency risk management policy implementation, including compliance with this policy, the accuracy of exposure identification, and the adequacy of risk mitigation strategies.

d. **Statutory Audit:** The statutory auditor shall review the company's compliance with accounting standards and assess the effectiveness of the company's hedging activities and related financial reporting.

Policy Review

This policy shall be reviewed periodically to ensure its continued relevance and effectiveness, considering any changes in Ind AS requirements or changes in the company's business operations.

Policy Communication and Training

This policy shall be communicated to all relevant employees within the organization, particularly those involved in foreign currency transactions and risk management. Need based training programs shall be conducted to ensure understanding and compliance with the policy guidelines.

Policy Approval

This policy has been approved by the Board of Directors and shall be effective as of July 31, 2023

Company is committed to effectively managing foreign currency fluctuation risks in line with Ind AS requirements, protecting the company's financial position, and maintaining accurate financial reporting.