

# INR INTEREST RATE SWAP

Indicative Terms

*The following term sheet is subject to the terms of the final Confirmation and the ISDA Master Agreement. Capitalized terms used and not otherwise defined herein shall have the meanings given to them in the 2006 ISDA Definitions, as published by the International Swap and Derivatives Association, Inc. (the "ISDA Definitions") or as defined in the Confirmation. In the event of any inconsistency between the ISDA Definitions and this term sheet or the Confirmation, the terms as defined in the Confirmation shall govern.*

## General Terms

**Party A:** JPMorgan Chase Bank, N.A., Mumbai Branch ("JPMorgan")

**Party B:** [ ] ("Counterparty")

**Trade Date:** 01 April 2022

**Effective Date:** 04 April 2022

**Termination Date:** 30 March 2024

**Mandatory Early Termination** **Applicable**

**Mandatory Early Termination Date:** 29 August 2022

**Notional Amount:** INR 4,000,000,000

**Business Day Convention:** Modified Following

**Business Days:** Mumbai

**Calculation Agent:** JPMorgan (Unless otherwise specified in ISDA Master Agreement)

**Governing Law:** English

**Documentation:** ISDA

## Dealer

**Client Type:**

## Interest Exchange

### Party A payments

**Party A pays (in INR):** **5.135% p.a.** on the Notional Amount

**Party A Payment Dates:** Semi-Annually on 30th September, 30th March of each year commencing on 30th September 2022 up to and including the Termination Date, subject to adjustment in accordance with the Business Day Convention.

**Party A Day Count:** **A/365F**

### Party B payments

**Party B pays (in INR):** **INR-FBIL1-MIBOR-OIS-COMPOUND** p.a. on the Notional Amount

Where,

“**INR-FBIL1-MIBOR-OIS-COMPOUND**” means that the rate calculated in accordance with the formula set forth below in this subparagraph, will be the rate of return of a daily compound interest investment (it being understood that the reference rate for the calculation of interest is the daily overnight Mumbai Inter-Bank Outright Rate as described below). For the purposes of this Rate Option and any Payment Dates, the definition of Business Day and Mumbai Banking Day will not include Saturday, even if commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) on such Saturday.

“**INR-FBIL1-MIBOR-OIS-COMPOUND**” will be calculated as follows, and the resulting percentage will be rounded, if necessary, in accordance with method set forth in Section 8.1(a), but to the nearest one ten-thousandth of a percentage point (0.0001%):

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{R_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

**"where:**

“**do**”, for any Calculation Period, is the number of Mumbai Banking Days in the relevant Calculation Period;

“**i**” is a series of whole numbers from one to do, each representing the relevant Mumbai Banking Days in chronological order from, and including, the first Mumbai Banking Day in the relevant Calculation Period;

“**ni**” is one, except where the Mumbai Banking Day is the day immediately preceding a day which is not a Mumbai Banking Day, in which case, it is the number of calendar days from, and including, that Mumbai Banking Day to, but excluding, the next Mumbai Banking Day;

“**d**” is the number of calendar days in the relevant Calculation Period; and

“**Ri**”, for any Mumbai Banking Day “i” in the relevant Calculation Period, is a reference rate equal to the daily overnight Mumbai Inter-Bank Outright Rate (“MIBOR”), as published by the Financial Benchmarks India Pvt. Ltd.(FBIL) as of 10:45 a.m., India Standard Time on that Mumbai Banking Day on its website at <http://www.fbil.org.in> or any successor page as of the time such successor page publishes such rate.

If such rate does not appear on FBIL’s website as of 10:45 a.m., India Standard Time, or on any successor page as of the time such successor page publishes such rate on the relevant Mumbai Banking Day, the rate for that relevant Mumbai Banking Day will be determined by the Calculation Agent in good faith and in a commercially reasonable manner.

**Party B Payment Dates:**

Semi-Annually on 30th September, 30th March of each year commencing on 30th September 2022 up to and including the Termination Date, subject to adjustment in accordance with the Business Day Convention.

**Party B Day Count:**

**A/365F**

**Mandatory Early Termination Clause**

This swap shall be terminated on the Mandatory Early Termination Date at the market value of the swap, as on 1 Business Days prior to the Mandatory Early Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention. On the Mandatory Early Termination Date, the party which is out-of-the-money shall pay to the party which is in-the-money, the Cash Settlement Amount, which shall be an amount in INR equal to the absolute value of the market value of the swap, as determined 1 Business Days prior to the Mandatory Early Termination Date.

Following such Mandatory Early Termination Date, the swap shall terminate and the parties shall have no further obligation to the other, save for any obligations which existed before that date.

## **Risk Disclosure:**

There are significant risks associated with the swap above including, but not limited to, interest rate risk, price risk, liquidity risk, and credit risk. Counterparties should consult their own financial, legal, accounting, and tax advisors about the risk associated with this swap, the appropriate tools to analyze the swap and the suitability of the swap in each investor's particular circumstances. No counterparty should enter into the swap unless that counterparty understands and has sufficient financial resources to bear the price, market, liquidity, structure, and other usual risks associated with the entering into of the swap.

**Interest Rate Risk:** If INR interest rates move from their current positions, the market value of the transaction may be adversely affected from Party B's perspective.

**Fixing Risk:** If INR-FBIL1-MIBOR-OIS-COMPOUND increases, the NET payments made by Party B will increase

**Liquidity Risk:** This transaction is not a readily liquid instrument. There may exist a time when there is a lack of liquidity or low trading volume in the market for the transaction, and this potential illiquidity could significantly decrease the market value of the transaction for Party B.

**Credit Risk:** This transaction carries the counterparty credit risk of Party A

**Ordinary Course of Business:** In the ordinary course of their business, JPMorgan or any of its affiliates or subsidiaries may effect transactions for their own account or for the account of their customers. In conducting such business neither JPMorgan nor any of its affiliates or subsidiaries is obliged to take into account the circumstances of the parties to the transaction or act in a manner which is favorable to them. Such activity may, or may not affect the value of the transaction, but potential investors should be aware that a conflict may arise.

**Potential Conflicts of Interest:** Potential conflicts of interest may exist in the structure and operation of the strategy and the course of the normal business activities of JPMorgan or any of its affiliates or subsidiaries or their respective directors, officers, employees, representatives, delegates or agents of their normal business activities.

## **Underlying Exposure:**

This transaction has been entered to hedge the risk arising out of the Balance Sheet Exposures

Party B hereby confirms that the particulars of the Underlying Exposure provided by it as above are true, accurate and complete in all respects and for all purposes

## **Purpose of the transaction:**

This transaction has been entered to hedge the risk arising out of the Balance Sheet Exposures

**Cash Flow Scenario Analysis:**

The following Cash Flow Scenario Analysis is provided for illustrative and convenience purposes only. The scenario analysis represented here are not comprehensive. It should not be relied on by Party B, and JPMorgan expressly disclaims any responsibility or reliance by Party B. In case of any doubt, Party B should consult with their own professional advisers

The following Cash Flow Scenario analysis assumes various levels of INR-FBIL1-MIBOR-OIS-COMPOUND which, in JPMorgan's view, represents high, medium and low risk scenarios and shows the resultant cash flow receipt / payment by Party B.

A negative number under "Net receipt / payment by Party B [in INR]" means Party B pays that amount in INR in aggregate under that scenario.

**Scenario 1: INR-FBIL1-MIBOR-OIS-COMPOUND remains unchanged over the tenor of the trade; INR Swap Curve remains unchanged till the Mandatory Termination Date**

Payment Date*	INR-FBIL1-MIBOR-OIS-COMPOUND	Party B to receive [in INR]	Party B to pay [in INR]	Profit / (Loss) to Party B [in INR]
29 August 2022	3.45%	<i>Swap is Terminated and Party B receives from Party A INR 40,896,895 on Mandatory Termination Date. No future settlements are made.</i>		

\*Subject to adjustment in accordance with Business Day Convention

**Scenario 2: INR-FBIL1-MIBOR-OIS-COMPOUND increases over the tenor of the trade; INR Swap Curve is 100bps higher\*\* on the Mandatory Termination Date as compared to that on Trade Date**

Payment Date*	INR-FBIL1-MIBOR-OIS-COMPOUND	Party B to receive [in INR]	Party B to pay [in INR]	Profit / (Loss) to Party B [in INR]
29 August 2022	4.45%	<i>Swap is Terminated and Party B pays to Party A INR 19,354,490 on Mandatory Termination Date. No future settlements are made.</i>		

\*Subject to adjustment in accordance with Business Day Convention

\*\*We have assumed that the shape of the swap curve does not change and the entire curve is parallel shifted as compared to that on the Trade Date

**Scenario 3: INR-FBIL1-MIBOR-OIS-COMPOUND decreases over the tenor of the trade; INR Swap Curve is 100bps lower\*\* on the Mandatory Termination Date as compared to that on Trade Date**

Payment Date*	INR-FBIL1-MIBOR-OIS-COMPOUND	Party B to receive [in INR]	Party B to pay [in INR]	Profit / (Loss) to Party B [in INR]
29 August 2022	2.45%	<i>Swap is Terminated and Party B receives from Party A INR 102,362,244 on Mandatory Termination Date. No future settlements are made.</i>		

\*Subject to adjustment in accordance with Business Day Convention

\*\*We have assumed that the shape of the swap curve does not change and the entire curve is parallel shifted as compared to that on the Trade Date

**Mark to market (MTM) Sensitivity Analysis:**

The following analysis which represents the change in market value of the swap is provided for illustrative and convenience purposes only. It should not be relied on by the Party B, and JPMorgan expressly disclaims any responsibility or reliance by the Party B. In case of any doubt, the Party B should consult with their own professional advisers.

Please note that the below analysis which represents the change in market value of the swap from Party B's perspective is only accurate as of Trade Date. Changes in the market value of the swap, due to parallel shifts in the INR swap curve are tabulated in the analysis below.

This analysis does not take into account other factors and parameters (market, trading, liquidity or otherwise) which may include, but which are not limited to any adjustment for credit charges or model parameters-marks. If such parameters move in extreme fashions, they may cause the market value of the swap to change significantly and may change in a way that adversely impacts Party B.

**Change in market value of the transaction due to parallel shift in INR swap curve**

Parallel shift in INR swap curve [in bps]	Change in market value [in INR]
300	-218,018,605
100	-74,413,704
50	-37,429,943
0	0
-50	37,882,929
-100	76,225,773
-300	234,339,608

**MTM Sensitivity due to parallel shift in INR Swap curve as on Mandatory Termination Date compared to Trade Date**

Parallel shift in INR swap curve [in bps]	Change in market value [in INR]
300	-136,341,965
100	-19,354,490
50	10,621,478
0	40,896,895
-50	71,475,786
-100	102,362,244
-300	229,068,195

A negative number under "Change in market value" denotes a decrease in market value of the transaction to Party B.

## Level of pricing variables and impact of variables on pricing

The following analysis is provided for information and illustrative purposes only. All information provided herein is indicative, non-exhaustive and is based on certain assumptions and current market conditions and is subject to change without notice.

It should not be relied on by Party B, and JPMorgan makes no representation or warranty regarding the accuracy or completeness of the information herein. JPMorgan expressly disclaims any responsibility or reliance by Party B. In case of any doubt, Party B must make an independent assessment of the transaction in light of its own circumstances and determine with its own professional advisers any suitability or appropriateness implications of the transaction.

The market level of primary market variables used in determining the market value of the transaction is as follows:

INR swap curve: 2 year: 5.135%

The primary market variables used for determining the market value of the transaction along with their directional impact are listed below for information purposes only and is subject to change. Each directional impact assumes that the variable under consideration moves from its current position while all other variables are kept constant. The directional impact may no longer hold if more than one variable is allowed to move from their current positions. Each directional impact is only accurate as of Trade Date and is subject to change in future. The primary market variables used for determining the market value of the transaction as of Trade Date are listed below along with their directional impact on the market value. JPMorgan accepts no responsibility or liability whatsoever to any person in respect of the information herein.

<b>Pricing Variable</b>	<b>Directional Impact</b>
INR swap curve	Market value of the transaction for Party B will be favorably impacted by an downward parallel shift in the INR swap curve Market value of the transaction for Party B will be adversely impacted by a upward parallel shift in the INR swap curve

## Periodicity of Valuation Statement from Party A

Valuation statements in relation to all Transactions executed between the parties will be made available to the Counterparty on the "Optimize" application present on JPMorgan's online platform, J.P.Morgan Markets ("Optimize Platform"). The Counterparty will be able to view and download such valuation statements for any period at any point of time from the Optimize Platform. To the extent the Counterparty wishes to receive valuation statements via email or any other mode of communication, it should reach out to its representative at JPMorgan and make a request in writing for such alternate process to be set-up for purposes of sharing valuation statements with the Counterparty. JPMorgan shall consider Counterparty's request and if reasonable and operationally practicable, JPMorgan may agree to share the valuation statements, within such mutually agreed periodicity, with the Counterparty via email or any alternative mode of communication.

## Representations:

Each party represents to the other party on the date on which it enters into this transaction that (absent a written agreement between the parties in respect of this transaction that expressly imposes affirmative obligations to the contrary):

- (i) It is acting for its own account, and it has made its own independent decisions to enter into this transaction and as to whether this transaction is appropriate or proper for it based upon its own judgment and upon advice from such tax, accounting, regulatory, legal and financial advisers as it has deemed necessary, and not upon any view expressed by the other. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into this transaction; it being understood that information and explanations related to the terms and conditions of this transaction shall not be considered investment advice or a recommendation to enter into this transaction. No communication (written or oral) received from the other party shall be deemed to be an assurance or guarantee as to the expected results of this transaction;
- (ii) It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of this transaction. It is also capable of assuming, and assumes, the risks of this transaction;
- (iii) The other party is not acting as a fiduciary for, or an adviser to it in respect of this transaction.
- (iv) This transaction is subject at all times, to the applicable laws, including but not limited to the Reserve Bank of India ("RBI") and the Foreign Exchange Management Act, 1999, rules, regulations and guidelines issued thereunder, as may be amended from time to time (collectively, the "Regulations") and does not contravene any of the said Regulations.

With respect to this transaction, Party B represents and confirms to JPMorgan as follows:

1. It has the power to enter into this transaction and to deliver any document relating to this transaction and to perform its obligations under this transaction and has taken all necessary action to authorize such execution, delivery and performance.
2. All necessary governmental and other consents that are required to have been obtained by it with respect to this transaction (or any part thereof) have been obtained and are in full force and effect and all conditions of any such consents have been (and shall continue to be) complied with.
3. Its entry into and performance of its obligations under this transaction does not and will not result in a breach or violation of any applicable law or regulation.
4. That it is entering into this transaction solely for the purpose of hedging its underlying exposure ("Underlying Exposure") and not for purposes of speculation, and the size and tenure of this transaction is not in excess of Party B's Underlying Exposure.
5. This transaction has been booked against the said Underlying Exposure and the Underlying Documents in respect of the said Underlying Exposure have been/ will be provided to JPMorgan by Party B.
6. It has familiarized itself and fully understood the above terms and conditions and accepts the risks of entering into this transaction.

ACCEPTED and AGREED

For and on behalf of  
Party B

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[Name] [Title]  
[Date]