

USD INR EKI CALL SPREAD

Risk Disclosure Statement

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 1998 FX Definitions, each as published by the International Swap and Derivatives Association, Inc. ISDA (together, 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:	[]
Trade Date:	[]
USD INR Spot Reference:	82.79
Business Day Convention	Modified Following
Business Days for Expiration:	Preceding
Business Days for Fixing:	Mumbai, New York
Business Days for Settlement:	Mumbai, New York
Calculation Agent:	JPMorgan
Governing Law:	English
Documentation:	ISDA
Delta of the Option:	USD [8,908,749]
Premium:	INR [46.87 mio]
Premium Payer:	[Party B]
Premium Payment Date:	[]
Dealer Name:	[]
Client Type:	[Non – Retail]

This proposal (including all indications as to costs, returns and cash flows) is indicative only and although the information set forth above is reflective of the terms as of the specified date, and is based on current assumptions and market conditions under which JPMorgan believes the transaction can be carried out, no assurance can be given by JPMorgan that the transaction could in fact be executed and JPMorgan is not obliged to enter into the transaction. Information herein is believed to be reliable but JPMorgan does not warrant its completeness or accuracy. Opinions and estimates constitute JPMorgan's judgment and are subject to change without notice. Past performance is not indicative of future results. Client is advised to make an independent review and reach its own conclusion and judgment regarding whether this proposal is appropriate and proper for it, and regarding the legal, credit, tax and accounting aspects of this proposal relating to its own particular circumstances. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. JPMorgan or a company or person connected or associated with it may be an underwriter or distributor of, or a market maker or otherwise hold a long or short position as a principal in, a security or financial instrument (or in options, futures, or other derivative instrument related thereto) connected with the transaction described in this proposal. JPMorgan is the marketing name for J.P. Morgan Chase & Co. and its subsidiaries and affiliates worldwide. Client should contact analysts at and execute transactions through a JPMorgan entity in their home jurisdiction unless governing law permits otherwise.

Option 1 Details:

Buyer:	Party B
Seller:	Party A
Currency Option Style:	European
Currency Option Type:	USD Call / INR Put
Call Currency and Call Currency Amount:	USD 50,000,000
Strike Price 1:	82.79
Expiration Date:	29 December 2023
Expiration Time:	3:00 p.m. Tokyo Time
Settlement Date:	2 January 2024

Option 2 Details:

Buyer:	Party A
Seller:	Party B
Currency Option Style:	European
Currency Option Type:	USD Call / INR Put with Knock In
Call Currency and Call Currency Amount:	USD 50,000,000
Strike Price 2:	84.51
Expiration Date:	29 December 2023
Expiration Time:	3:00 p.m. Tokyo Time
Settlement Date:	2 January 2024
KI Barrier	85.51

Other Terms and Conditions:

If, on **Fixing Date**, the **USDINR Fixing Rate** is:

- a) less than **Strike Price 1**, there will be no settlement.
- b) more than or equal to **Strike Price 1** and less than **KI Barrier**, Party B has the right to buy USD 50,000,000 at **Strike Price 1**
- c) more than or equal to **KI Barrier**, Party B has the right to buy USD 50,000,000 at rate which is (**Strike Price 2 – Strike Price 1**) better than the prevailing **USDINR Fixing Rate**

where,

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“**USDINR Fixing Rate**” means the USD INR rate at 3.00PM Tokyo time or thereabouts on the Expiration Date. The rate shall be determined by the Calculation Agent in good faith and in a commercially reasonable manner.

Risk Disclosure:

There are significant risks associated with this transaction including, but not limited to, foreign exchange 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 transaction, the appropriate tools to analyze the transaction, and the suitability of the transaction in each counterparty’s particular circumstances. No counterparty should enter into the transaction described above unless that counterparty understands and has sufficient financial resources to bear the price, foreign exchange, market, liquidity, structure, and other risks associated with the transaction.

Foreign Exchange Risk:

This Transaction is exposed to movements in USDINR spot rate and forward exchange rates as illustrated below.

Volatility Risk:

This transaction is exposed to movements in volatility. If volatility changes from its current position, there is a risk that the mark to market value of the transaction for Party B will be adversely affected.

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.

Asymmetric Payoff Risk:

This transaction is constructed by means of a combination of foreign exchange and/ or interest rate options (both vanilla and exotic). The potential downside resulting from the transaction could be significantly higher than the potential upside. Party B should be aware of and recognize the asymmetric nature of what it may receive and/or what it may pay before entering into this transaction.

Credit Risk:

The transaction carries the 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 underlying exposure (“Underlying Exposure”) details of which are as follows

USD 50,000,000 Imports maturing on or after 2 January 2024

Purpose of the Transaction:

Party B has confirmed that this transaction has been carried out at Party B’s request and it is entering into this Transaction for the purpose of hedging its Underlying USD Exposure. Under this transaction:

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- If USDINR spot rate at expiry is below 82.79, Party B can buy USD Notional at market rate
- If USDINR spot rate at Expiration Date is between 82.79 and 85.51, Party B has the right to buy USD Notional Amount at 82.79
- If USDINR spot rate at Expiration Date is above 85.51, Party B can buy USD Notional Amount at a rate which is 1.72 better than prevailing market rate

Scenario Analysis

The following Scenario Analysis is provided for illustrative and convenience purposes only. 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 Scenario analysis assumes various levels of USDINR spot rate which, in JPMorgan's view, represents low, medium and high risk scenarios on the relevant expiration dates and shows the resultant cash flow gain/loss to Party B. The scenario analysis represented here are not comprehensive.

In JP Morgan's view, the expected rate the Party B will realize on its underlying exposure if they leave the position unhedged will be the expected Forward Rate on the Trade Date

A negative number in Gain/ Loss denotes a LOSS to Party B.

USD Notional	USDINR spot rate at Expiration Date	Gain/ Loss in INR (without taking into account premium)	Gain/ Loss in INR on underlying exposure	Loss Limiting Condition Met?
50,000,000	80.00	0.00	225,500,000.00	Yes
50,000,000	81.00	0.00	175,500,000.00	Yes
50,000,000	82.00	0.00	125,500,000.00	Yes
50,000,000	83.00	10,500,000.00	75,500,000.00	Yes
50,000,000	84.51(ATMF)	86,000,000.00	0.00	Yes
50,000,000	85.00	110,500,000.00	-24,499,999.99	Yes
50,000,000	86.00	86,000,000.00	-74,499,999.99	Yes
50,000,000	87.00	86,000,000.00	-124,499,999.99	Yes

Mark-to-Market (MTM) Sensitivity Analysis

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Please note that the below MTM Analysis is only accurate as of Trade Date. Changes in the MTM due to shifts in USDINR spot rate are tabulated in the MTM analysis.

This MTM Analysis does not take into account other factors and parameters (market, trading, liquidity or otherwise) or model parameters-marks. If such parameters move in extreme fashions, they may cause the MTM to change significantly and may change in a way that adversely impacts Party B.

A negative number in Gain/ Loss denotes a LOSS to Party B.

USDINR Spot rate	MTM Impact (INR)
80.00	-20,494,433.86
81.00	-13,561,494.86
82.00	-5,979,293.86
83.00	1,544,911.14
84.51	11,221,010.53
85.00	13,789,081.14
86.00	18,552,073.14
87.00	22,729,592.14

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 price of the transaction is as follows:

USDINR FX volatility:

Strike	Vol
82.79	5.422%
84.51	5.478%

USDINR forward points: 1.72

Periodicity of valuation statement from JPMorgan

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

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(“**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.

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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.

Party B represents, warrants and undertakes to JP Morgan that:-

1. it has familiarized itself and fully understood the above terms and conditions and accepts the risks of entering into this Transaction;
2. it has obtained all necessary approvals and consents (external or otherwise) it requires to enter into this Transaction (or any part thereof);
3. it is entering into this Transaction for the purpose of hedging or risk management, and not for speculation;
4. if it is using this Transaction as a hedge for a similar transaction that it has with another counterparty, then there is a risk that the counterparty may suffer significant losses under that transaction. Therefore, Party B represents and undertakes that it has fully explained such risks to its counterparty and has provided them with suitable scenario analysis setting out all of the risks in respect of that Transaction.

ACCEPTED and AGREED

for and on behalf of
[Party B](#)

[Name] [Title]
[Date]

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