

# USDINR FORWARD

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 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

<b>Party A:</b>	JPMorgan Chase Bank, N.A., Mumbai Branch ("JPMorgan")
<b>Party B:</b>	[ ]
<b>Trade Date:</b>	[ ]
<b>Value Date:</b>	03 Jan 2025
<b>USD Notional Amount:</b>	1,000,000.00
<b>INR Notional Amount:</b>	86,320,000.00
<b>USD INR Spot Rate:</b>	82.77
<b>USD INR Forward Rate:</b>	86.32
<b>Business Day Convention:</b>	Modified Following
<b>Business Days:</b>	New York, Mumbai
<b>Calculation Agent:</b>	JPMorgan (unless stated otherwise in ISDA)
<b>Governing Law:</b>	English
<b>Documentation:</b>	ISDA
<b>Client Type</b>	Non-Retail

## Other Terms and Conditions

<b>Final Exchange</b>	On Value Date
	<b>Party B shall pay</b> an amount in <b>USD</b> equal to the USD Notional Amount to Party A
	<b>Party A shall pay</b> an amount in <b>INR</b> equal to the INR Notional Amount to Party B

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## **Risk Disclosure:**

There are significant risks associated with the transaction above including, but not limited to, exchange rate risk, 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 transaction, the appropriate tools to analyze the transaction and the suitability of the transaction in each investor's particular circumstances. No counterparty should enter into the transaction 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 transaction.

**USD INR Exchange Rate Risk:** Party B faces the risk of making higher net payments in USD terms if INR depreciates against USD.

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

**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 underlying exposure ("Underlying Exposure") details of which are as follows

USD exports 1,000,000.00 maturing on or after **03 January 2025**

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:**

The purpose of the transaction is to hedge the USD receivables of Party B. The transaction transforms it into a INR receivables at the maturity of the transaction.

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**Cash Flow Scenario Analysis:**

The following Scenario Analysis is not comprehensive

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 rates which, in JPMorgan’s view, represents high, medium and low risk scenarios and shows the resultant profit/loss to Party B.

USDINR spot rate	Gain/ Loss in INR
76.00	10,320,000.00
78.00	8,320,000.00
80.00	6,320,000.00
82.00	4,320,000.00
84.00	2,320,000.00
86.32(ATMF level)	0.00
88.00	-1,680,000.00
90.00	-3,680,000.00
92.00	-5,680,000.00

**\*\*A negative number in indicates a net loss to Party B compared to the prevailing market**

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

The following analysis which represents the change in market value of the transaction 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 transaction from Party B’s perspective is only accurate as of Trade Date. Changes in the market value of the transaction, due to shift in USDINR Forward premia and shift in USDINR spot rate 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 INR or USD Interest Rate Forwards, credit charges or model parameters-marks. If such parameters move in extreme fashions, they may cause the MTM of the transaction to change significantly and may change in a way that adversely impacts Party B.

**Change in market value of the transaction due to change in the USDINR spot rate (assuming USD INR Forward Premia remain same)**

USDINR Spot rate	MTM Impact (INR)
76.00	5,924,289.68
78.00	4,178,911.62

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80.00	2,429,391.20
82.00	676,018.66
84.00	-1,080,942.24
86.32(ATMF level)	-3,123,195.71
88.00	-4,604,688.00
90.00	-6,371,053.20
92.00	-8,140,161.84

A negative number in change in market value in the above tables denotes a decrease of market value of the transaction to Party B.

**Change in market value of the transaction due to change in the USDINR Forward Premia (assuming USD INR Spot rate remain same)**

USDINR Fwd Premia (in INR per USD)	MTM Impact (INR)
-1.00	888,579.82
-0.50	441,701.28
0.00	0.00
0.50	-436,613.41
1.00	-868,227.50

A negative number in change in market value in the above tables denotes a decrease of 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.

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

INR Forward Premia: 2.00 year: 3.55,

The primary market variables used for determining the mark-to-market value 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. The primary market variables used for determining the mark-to-market value of the transaction as of Trade Date are listed below along with

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their directional impact on the mark-to-market value. JPMorgan accepts no responsibility or liability whatsoever to any person in respect of the information herein.

Pricing Variable	Directional Impact
USDINR Spot rate	If USDINR spot rate moves down, MTM for Party B will get favourably impacted. If USDINR spot rate moves up, MTM for Party B will get adversely impacted.
USD INR Forward Premia	MTM for Party B will be favourably impacted by a downward shift in USD INR forward premia MTM for Party B will be adversely impacted by an upward shift in USD INR forward premia

### 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

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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.

(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**

\_\_\_\_\_  
[Name] [Title]

[Date]

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