Product Disclosure Statement for Cross Currency Swap

Purpose

The primary intent of this product disclosure statement (the "**Product Disclosure Statement**") is to document the key features and risks of this specific over-the-counter ("**OTC**") derivative ("**OTC Derivative**") product offered by Goldman Sachs (India) Capital Markets Private Limited ("**Market Maker**") to assist you, as a user, to understand the features of this OTC Derivative and to assess if this OTC Derivative meets your requirements, and to assist you in comparing this OTC Derivative with various other available derivative products.

You, as user, are advised to read and understand this Product Disclosure Statement and all other disclosure documents in relation to this OTC Derivative in full before taking a decision to undertake transactions in this OTC Derivative (each, a "**Transaction**").

Description

'Currency swap' means an OTC derivative which commits two counterparties to exchange streams of interest payments and/or principal amounts in different currencies on specified dates over the duration of the swap at a pre-agreed exchange rate.

Features

A Cross Currency Swap (CCS/FCS) is an FX-linked OTC derivative that enables users to hedge future foreign currency cash flows against adverse movements in exchange rates and interest rates.

The user exchanges principal and interest payments (fixed or floating) in one currency for principal and interest in another, at pre-agreed dates over the tenor of the swap. By doing so, the user can convert foreign currency liabilities or assets into another currency while locking in interest rates.

Types of Cross Currency Swap Contracts

(i) Fixed vs Floating Swap – One leg pays a fixed interest rate while the other leg pays a floating interest rate. Commonly used to convert a floating-rate liability into a fixed-rate liability in another currency.

(ii) Floating vs Floating Swap – Both legs pay floating interest rates. Used to hedge basis risk between different floating-rate benchmarks across currencies.

(iii) Fixed vs Fixed Swap – Both legs pay fixed interest rates in different currencies. Commonly used to convert a fixed-rate liability or asset in one currency into a fixed-rate liability or asset in another currency, providing certainty of interest costs and cash flows over the tenor of the swap.

(iv) Currency Pair Swaps –

INR / FCY: Convert INR liability/asset into foreign currency.

FCY / INR: Convert foreign currency liability/asset into INR.

FCY / FCY: Convert one foreign currency exposure into another.

The key parameters that affect the valuation of this contact are -

a) Spot Fx Rate
b) Overnight FCY rate curve
c) Overnight SOFR rate curve
d) Modified MIFOR curve
e) USD/INR Fx swap
f) FCY/USD cross currency basis curve
g) Tenor of the swap

Benefits

This product allows borrowers to raise funds in one currency and convert the resulting exposure into another currency through pre-agreed exchange and interest rate terms. It enables the borrower to manage exchange rate risk and interest rate risk associated with foreign currency borrowings by providing greater certainty over future principal and interest cash flows over the tenor of the transaction.

Risks

There are significant risks associated with the Transaction 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 Transaction, and utilize the appropriate tools to analyze the Transaction and the suitability of the Transaction depending on their particular circumstances.

a) Liquidity Risk: There is no public market for the Transaction and, therefore, it may be difficult or impossible to liquidate an existing position on favorable terms.

b) Counterparty Credit Risk: Because Goldman Sachs may be obligated to make substantial payments to you as a condition of the Transaction, you must evaluate the credit risk of doing business with Goldman Sachs or its affiliates.

c) Market risk: the risk of loss due to adverse changes in the market value (the price) of an instrument or portfolio of instruments or Product or the Transaction, as applicable. Such exposure occurs with respect to derivative instruments when changes occur in market factors such as underlying interest rates, exchange rates, equity prices, and commodity prices or in the volatility of these factors.

d) Operational risk: the risk of loss occurring as a result of inadequate systems and control, deficiencies in information systems, human error, or management failure. Derivatives activities can pose challenging operational risk issue because of the complexity of certain products and transactions (including the Transaction) and their continual evolution.

e) Legal risk: the risk of loss arising from contracts which are not legally enforceable (e.g. if a party does not have the power or authority to enter into a particular type of derivatives transaction) or documented correctly.

f) Regulatory risk: the risk of loss arising from failure to comply with regulatory or legal requirements.

Cost & Fees

Transactions are concluded at an all-inclusive price based on prevailing market conditions, incorporating the applicable spot/forward rate, bid-offer spread, interest rate differential, and other relevant cost components. Pricing may include adjustments for factors such as liquidity, tenor, credit risk, capital costs, and transaction handling. Statutory levies, duties, or taxes, if any, shall be recovered separately, as applicable from time to time.

Illustration

1. Spot reference: 82

2. Tenor: 1 year

3. Notional: USD 1 Million, INR 82 Million

4. Index: USD 6 Month LIBOR

5. Counterparty receives: USD 6 M LIBOR + 1% in USD semi annually and receives USD 1 Million at maturity

6. Counterparty pays: 8% in INR semi annually and pays INR 82 Million at maturity

Illustration of possible scenarios

<u>(a) USD 6M LIBOR fixing above 7% and/or Spot above 82</u>

For example, if USD 6M LIBOR fixes at 8.00% and the prevailing USD/INR spot is 85.00, then the contract holder receives: USD 6M LIBOR + 1% or 9% on outstanding USD notional for 6 months. The same may be used, to settle against the underlying exposure.

Contract holder pays: INR 8% on outstanding INR notional.

In addition, at settlement, the principal amounts of USD 1 Million and INR 82 Million will be exchanged.

<u>(b) USD 6 M LIBOR fixing below 7% and/or Spot below 82</u>

For example, if USD 6M LIBOR fixes at 5.00% and prevailing USD/INR spot is 80.00, then the contract holder receives: USD 6M LIBOR + 1% or 6% on outstanding USD notional for 6 months. The same may be used to settle against the underlying exposure.

Contract holder pays: INR 8% on outstanding INR notional.

In addition, at settlement, the principal amounts of USD 1 Million and INR 82 Million will be exchanged.

Pay off profile

1. Currency pair: USD/INR

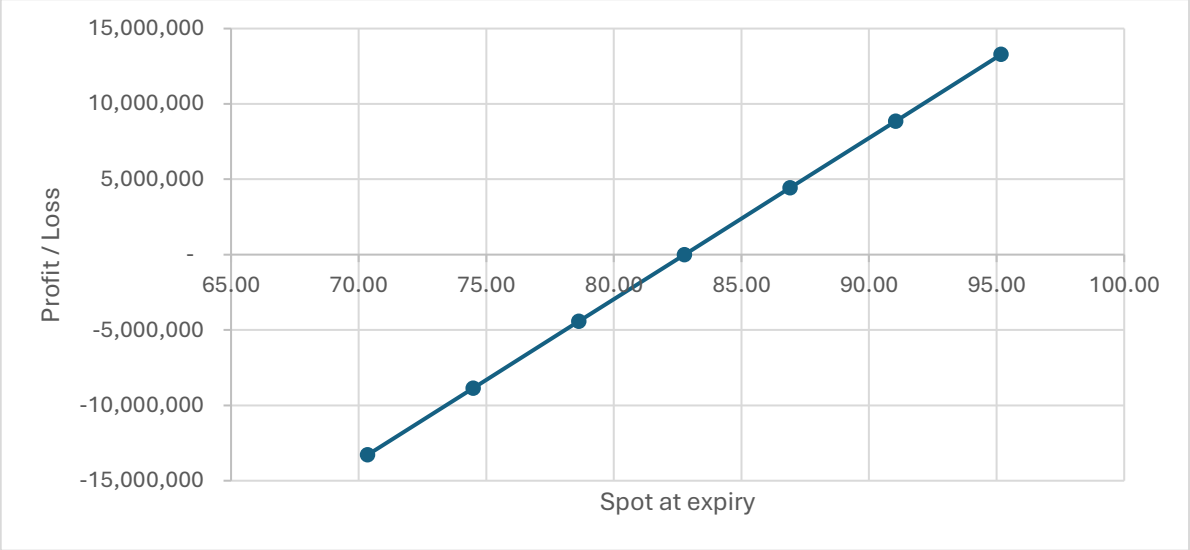
2. Notional value: USD 1 million

3. Spot reference: INR 82

4. Counterparty receives: 7% in USD semi-annually and receives USD 1 Million at maturity

5. Counterparty pays: 8% in INR semi-annually and pays INR 82 Million at maturity

Spot at expiry	**Client pays under the swap**	**Client receives under the swap**	**Profit/ Loss**
70.35	8,85,60,000	7,52,76,000	13284000
74.49	8,85,60,000	7,97,04,000	8856000
78.63	8,85,60,000	8,41,32,000	4428000
82.77	8,85,60,000	8,85,60,000	0
86.90	8,85,60,000	9,29,88,000	-4428000
91.04	8,85,60,000	9,74,16,000	-8856000
95.18	8,85,60,000	10,18,44,000	-13284000



Terms & Conditions

a) Terms of the Transaction: To understand clearly the terms and conditions of the Transaction you may enter into, you should carefully review the underlying master agreements, including any related schedules, credit support documents, addenda and exhibits, as well as relevant term sheets, confirmations and applicable disclosure statements. You should not enter into the Transaction unless you understand the terms of the Transaction you are entering into as well as the nature and extent of your risk exposure. You should also be satisfied that the Transaction is appropriate for you in light of your circumstances and financial condition. You

may be requested to post margin or collateral to support the Transaction at levels consistent with the internal policies of The Goldman Sachs Group, Inc. ("**Goldman Sachs**").

b) Transfer Restrictions: The Transaction entered into with one or more affiliates of Goldman Sachs cannot be assigned or otherwise transferred without its prior written consent and, therefore, it may be impossible for you to transfer the Transaction to a third party.

a) Conflict of Interests: Goldman Sachs may from time to time be an active participant on both sides of the market for the underlying securities, commodities, futures, options or any other derivative or instrument identical or related to those mentioned herein in the context of the Transaction (together, "**the Product**"). Goldman Sachs at any time may have long or short positions in, or buy and sell Products (on a principal basis or otherwise) identical or related to those mentioned herein. Goldman Sachs hedging and trading activities may affect the value of the Products.

b) Pricing and Valuation: The price of the Transaction is individually negotiated between Goldman Sachs and each counterparty and Goldman Sachs does not represent or warrant that the prices for which it offers the Transaction are the best prices available, possibly making it difficult for you to establish what is a fair price for the Transaction. The value or quoted price of the Product or Transaction, as applicable, at any time, however, will reflect many factors and cannot be predicted. If Goldman Sachs makes a market in the offered Product or Transaction, as applicable,, the price quoted by Goldman Sachs would reflect any changes in market conditions and other relevant factors, and the quoted price (and the value of the Product or Transaction, as applicable, that Goldman Sachs will use for account statements or otherwise) could be higher or lower than the original price, and may be higher or lower than the value of the Product or Transaction, as applicable, as determined by reference to pricing models used by Goldman Sachs. If at any time a third party dealer quotes a price to purchase the Product or enter into the Transaction, as applicable, or otherwise values the Product or Transaction, as applicable, that price may be significantly different (higher or lower) than any price quoted by Goldman Sachs. Furthermore, if you unwind the Transaction, you may be charged a commission for secondary market transactions in applicable circumstances, or the price will likely reflect a dealer discount. Goldman Sachs may conduct market making activities in the Product or in connection with the Transaction, as applicable. To the extent Goldman Sachs makes a market, any price quoted for the Transaction may differ significantly from (i) their value determined by reference to Goldman Sachs pricing models and (ii) any price quoted by a third party. The market price of the Transaction may be influenced by many unpredictable factors, including economic conditions, the creditworthiness of Goldman Sachs, the value of any underliers, and certain actions taken by Goldman Sachs.

c) Market Making, Investing and Lending: Goldman Sachs engages in market making, investing and lending businesses for its own account and the accounts of its affiliates in the same or similar instruments underlying the Transaction (including such trading as Goldman Sachs deems appropriate in its sole discretion to hedge its market risk in the Transaction whether between Goldman Sachs and you or with third parties) and such trading may affect the value of the Transaction.

d) Early Termination Payments: The provisions of the Transaction may allow for early termination and, in such cases, either you or Goldman Sachs may be required to make a potentially

significant termination payment depending upon whether the Transaction is in-the-money to Goldman Sachs or you at the time of termination.

e) Indexes: Goldman Sachs does not warrant, and takes no responsibility for, the structure, method of computation or publication of any currency exchange rates, interest rates, indexes of such rates, or credit, equity or other indexes, unless Goldman Sachs specifically advises you otherwise.

f) Hedging of risk arising from a barrier option or similar product may impact whether or not the relevant barrier is breached and the value of the Product or Transaction, as applicable. Contact your Goldman Sachs sales representative for further information.