

SMITI HOLDING & TRADING COMPANY PRIVATE LIMITED

LIQUIDITY RISK MANAGEMENT FRAMEWORK

August 2022



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Date:	Date:	Date:

Policy Review

Review Date	Prepared by	Reviewed by	Authorised by

This Framework is to be reviewed on an annual basis. The next review is due on 31st August 2023.



Background

The Reserve Bank of India ["RBI"] has, under the Reserve Bank of India Act, 1934 ["RBI Act"], issued the Core Investment Companies (Reserve Bank) Directions, 2016 ["the CIC Directions"]. The Directions have prescribed various requirements relating to liquidity risk management of a Systemically Important Non-Deposit Taking Core Investment Company ["CIC-ND-SI"], in order to regulate the liquidity of funds in a prudent manner.

The Company, being a CIC registered U/s 45-IA of the RBI Act as a CIC-ND-SI, is engaged in investment and financing activities within the Companies in the Group.

The Framework is applicable to the following companies:

- a) All non-deposit taking NBFCs with asset size of Rs.100 Crore and above
- b) Systemically important Core Investment Companies**
- c) All deposit taking NBFCs irrespective of their asset size

In terms of the Framework, the Company is required to adopt a liquidity risk management framework which ensures that it maintains:

- a) Sufficient liquidity
- b) Cushion of unencumbered high-quality liquid assets to withstand a range of stress events
- c) Involving the loss or impairment of both unsecured and secured funding sources

The liquidity risk management framework spells out:

- a) Prudential limits
- b) Funding strategies
- c) Entity-level liquidity risk tolerance
- d) System for measuring, assessing and reporting/ reviewing liquidity
- e) Framework for stress testing/ liquidity planning under alternative scenarios
- f) Formal contingent funding plan, nature and frequency of management reporting
- g) Periodical review of assumptions used in liquidity projection



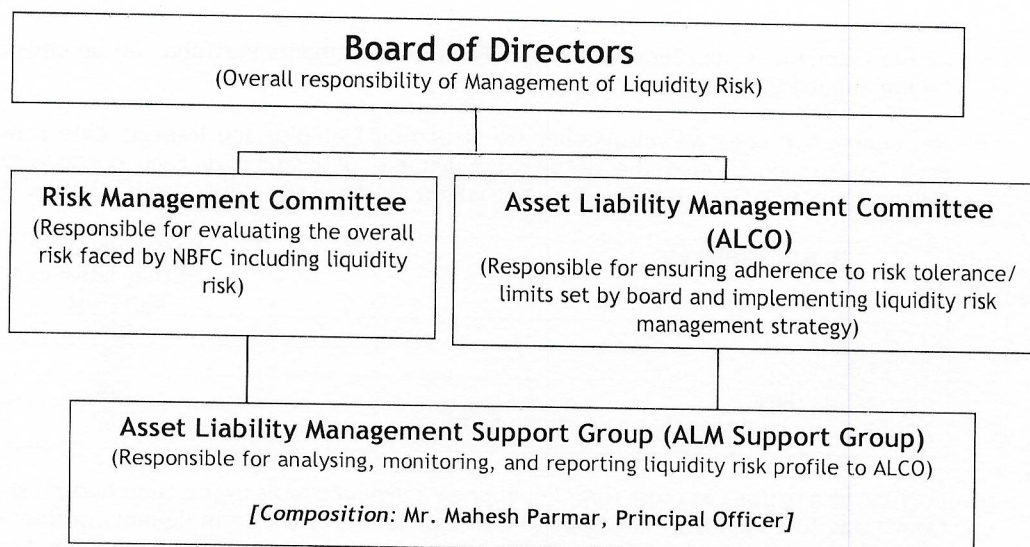
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1. Governance of Liquidity Risk Management

The reporting line for Governance of Liquidity Risk Management is stated below:



The Company will have appropriate internal controls, systems and procedures to ensure adherence to liquidity risk management policies and procedure and ensure that an independent party regularly reviews and evaluates the various components of the liquidity risk management process.

2. Monitoring

A. Assets Liability Mismatches and Interest Rate Risk (*Structural Liquidity & Interest Rate Sensitivity Statements*)

- i. The Company needs to track Liquidity through maturity or cash flow mismatches.
- ii. It is required to prepare the Statement of Structural Liquidity and Interest Rate Sensitivity Statement.
- iii. The Statement of Structural Liquidity and Interest Rate Sensitivity Statement will be prepared by placing all cash inflows and outflows in the maturity ladder according to the expected timing of cash flows. The assets and liabilities (*including Off-Balance Sheet items and Contingent Liabilities*) need to be classified in the following time buckets as per Annexure_I & II:
 - 1 day to 7 days
 - 8 days to 14 days
 - 15 days to 30/31 days (one month)
 - Over one month and up to 2 months
 - Over two months and up to 3 months
 - Over 3 months and up to 6 months
 - Over 6 months and up to 1 year
 - Over 1 year and up to 3 years
 - Over 3 years and up to 5 years
 - Over 5 years
 - Non-sensitive (only for Interest Rate Sensitivity Statement)



- iv. As the Company is non-Deposit taking NBFC, the Investments Portfolio will be classified as “Nonmandatory” securities.
- v. Net cumulative negative mismatches for Structural Liquidity and Interest Rate Sensitivity shall not exceed beyond the defined percentages of cumulative cash outflows for the following maturity buckets. The Company will at all times also adhere to the limits.

Maturity Buckets	Maximum Limit (% of cumulative cash outflows)
1 - 7 days	10%
8 - 14 days	10%
15 - 30/ 31 days	20%
For maturity buckets after 1 month up to 1 year	25%

- vi. In order to monitor the short-term liquidity on a dynamic basis over a time horizon spanning from 1 day to 6 months, the Company shall estimate its short-term liquidity profiles on the basis of business projections and other commitments for planning purposes as per Annexure III. The Asset Liability Management (ALM) Committee shall on quarterly basis review and monitor the various prudential limits as specified in this Framework.
- vii. The Gap Reports in respect of interest rate risk will be generated by grouping rate sensitive liabilities, assets and off-balance sheet positions into time buckets according to residual maturity or next re-pricing period, whichever is earlier.

B. Funding strategies

- The Company shall aim to follow the strategy of diversified way of mobilizing the funds which will be subject to market conditions and reasonableness of costs.
- Depending on market conditions, the Company would strive that it is not over reliant on a single source of borrowing.
- The Company will segregate its assets class into long terms and short term and will try and match borrowing pattern accordingly
- It will endeavor to maintain an on-going presence in its chosen markets and also maintain strong relationships with fund providers to promote effective diversification of funding sources.

The diversification strategy of the Company in case of borrowings will be as under:

- To maintain liquidity aggregating to 0.33% of the total borrowings.
- Single lender's exposure limit is set at 40% of the total borrowings. This limit is not applicable in case the borrowings are up to 25% of the adjusted net worth.
- The Company's borrowings are primarily & substantially to be from Non-Banking Financial Companies that offer Loan Against Securities (LAS) at Loan to Value of a maximum of 50%.
- As an option the Company can issue Debt Securities to raise the funds.
- The Company may provide higher security for raising funds by way of debt securities as may be required by the various organised institutions such as Fund Houses, Mutual Fund Companies, Asset Management Companies, Insurance Companies etc.
- For availing loans, the Company provides shares including Asian Paints Limited, companies in the Group, as collateral. Such shares are highly liquid, marketable and listed on multiple stock exchanges.
- At any given point in time, the Company ensures that total investments that are held encumbered does not exceed 50% of its total investments. Such mechanism provides a substantial margin of safety.

Any deviation from the above is required to be noted by the Board.



C. Liquidity Costs, Benefits and Risks in the Internal Pricing

The Company will develop a process to quantify liquidity costs and benefits so that the same will be incorporated in the internal product pricing, performance measurement and new product approval process for all material business lines, products and activities.

D. Liquidity Risk Measurement

Stock Approach

The Company shall follow a "stock" approach and the below ratios shall be monitored on regular basis. The threshold limits approved by the Board of the Company are listed below. Any breach in the limits shall be noted / ratified by ALCO along with the reasons for the same.

Ratio	Max Limits (%)	As per last audited accounts
Short-term liability to Long-term assets	25%	21.45%
Short-term liability to Total assets	30%	20.92%
Short-term liability to Total liabilities	Nil	Nil
Commercial Papers to Total Assets	Nil	Nil
Non-Convertible Debentures to Total Assets	20%	Nil
Unencumbered Contingency Funding Line to Total Liabilities	300%	274%
Long-term assets to Total assets	150%	97.56%
Non-convertible debentures (original maturity of less than one year) to Total assets	25%	Nil

Note:

- Short term assets and short-term liabilities shall mean Current Assets and Current Liabilities respectively as per the Balance Sheet
- Long term assets shall mean Noncurrent assets as per the Balance Sheet
- In case funds are raised through Commercial papers, limit will be defined for the following ratios:
 - Commercial papers to Total liabilities
 - Commercial papers to Total assets

Risk Tolerance Limit

The Board of Directors define overall risk tolerance limits, which may be same as / more stringent to the regulatory limits prescribed, and also consider impact of such risk tolerance limits on the financial and other parameters that may materially impact the Company's operations in the long run.

- The Company will ensure that the net cumulative negative mismatches in the Statement of Structural Liquidity in the maturity buckets 1-7 days, 8-14 days and 15-30 days shall not exceed 10%, 10% and 20% of the cumulative cash outflows in the respective time buckets.
- The Company will ensure that the net cumulative negative mismatches in the Statement of Structural Liquidity across all time buckets up to 1 year shall not exceed 25%.
- liquidity/ undrawn cash and bank lines/ overnight Mutual Fund equal to 100% of the net liability payments for the coming month to be maintained to meet the regular expenses for managing the operations of the Company (Staff salaries; Office expenses including Rent, Telephone, Electricity, etc.; Interest charges on loans)
- At least 50% of the total advances/ investment/ assets to be kept unencumbered at all times, which would allow flexibility to Company to draw additional funds in case of stress, increase in security cover, replacement of NPAs, etc.



E. Collateral Position Management

The Company ensures that total investments that are held encumbered does not exceed 50% of its total investments. Such mechanism provides a substantial margin of safety.

F. Stress Testing and liquidity planning under alternative scenarios

The minimum prudential requirement is derived such that the Company could survive an extremely stressed scenario without market access for 12 months and without withdrawing any principal resources from members.

The management conducts stress testing based on Company's stress test methodology to identify potential liquidity strain and to ensure that current exposures remain in accordance with the established liquidity risk tolerance. The testing is done on a frequency as deemed fit by the management, but at least once in a quarter.

Given the limited operations of the Company in terms of complexity, the Stress Testing may be limited to assessing impact on liquidity position from:

- (i) Changes in Interest Rates,
- (ii) Unfavorable Loan to Value Ratio and
- (iii) Reduction in market value of collaterals.
- (iv) Delayed realization of unlisted investments (#)
- (v) Reduction in value of realization on unlisted investments (#)

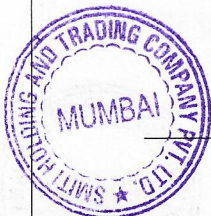
Further, a combination of above stress scenarios may be tested to consider the impact on liquidity position.

The testing shall consider impacts as under:

Parameter	Change %
Interest Rates	+/- 0.5%
	+/- 1.0%
	+/- 2.0%
	+/- 2.5%
Loan to Value Ratio offering	48%
	45%
	42%
Collateral Value reduction	2%
	5%
	10%
	25%
Delayed realization of unlisted investments	10%
	20%
	30%
Reduction in value of realization of unlisted investments	10%
	20%
	30%

The stress test outcomes are used to adjust its liquidity management strategies, policies, and positions and to develop effective contingency plans by the ALCO / Board.

(#) As per current scenario, the value of unlisted investment to total investment is very less and thus late or delayed realization may not materially create liquidity strain for the Company. However, once the market value of unlisted securities crosses beyond 10 % of total investment value, it can create liquidity strain. Hence these scenarios may be started applying once the above benchmark is crossed.



G. Contingency Funding Plan

- a) The Company's contingency funding plan (CFP) for responding to severe disruptions which might affect its ability to fund some or all of its activities in a timely manner and at a reasonable cost should cover:
 - details of available/ potential contingency funding sources and the amount/ estimated amount which can be drawn from these sources
 - clear escalation/ prioritisation procedures detailing when and how each of the actions can and should be activated
- b) the lead time needed to tap additional funds from each of the contingency sources. In order to meet immediate contingencies, the Company shall maintain INR 20 Crores worth of Cash Credit / Overdraft limit.
- c) The Company can utilise its listed highly liquid assets in the encumbrance to liquidate partially OR to meet the immediate and higher value (Requirement more than overdraft) contingencies. Such liquidation of Assets shall be done with the approval of the Board of Directors and within the limit as approved by the shareholders.
- d) The Company will maintain liquidity aggregating to 10% of the total borrowing as part of the Contingency Funding Plan. The Company shall identify early- warning indicators and event triggers to facilitate prompt responses to liquidity stress, if any. (*Refer the factors stated in Stress Testing and liquidity planning under alternative scenarios*) As an early-warning indicators, the company sets 60% as margin of safety and mibor (interest rate) of 8 %.
- e) The Company will diversify the borrowing plan across multiple funding sources, including no reliance on one lending entity.
- f) The Company will periodically test the covenants related to the borrowing facilities and collateral and review the availability of all the funding sources.

H. Currency Risk

In case of liabilities or assets in Foreign Currency, the ALM support group to devise hedging strategy (like foreign exchange forward Covers/ Currency Options) and present to the ALCO for mitigating risks arising from foreign exchange fluctuations.

I. Intra Group Transfers

- a) The Group liquidity management processes and funding programmes will be reviewed on an annual basis.
- b) For the subsidiaries, the Company needs to take into account lending, investment and other activities to ensure that adequate liquidity is maintained at the head and each constituent entity within the Group.
- c) Processes and programmes should fully incorporate real and potential constraints, including legal and regulatory restrictions, on the transfer of funds among these entities and between these entities and the principal.

3. Public Disclosure

The Company shall publicly disclose information (Annexure IV) on a Quarterly basis on the official website of the Company and in the annual financial statement as notes to account which enables market participants to make an informed judgment about the soundness of its liquidity risk management framework and liquidity position.



4. Management Information System (MIS)

The MIS required to be prepared, its objective and frequency are stated below:

#	MIS	Objective	Frequency	Responsibility	Reporting time	Reporting to
1	Statement of Structural Liquidity as per Maturity Profile <u>(Annexure V)</u>	<ul style="list-style-type: none"> To identify the Assets Liability Mismatches across various time frames 	Quarterly/Half Yearly	ALCO Support Group	30 days from end of the period	ALCO
2	Interest Rate Sensitivity Statement <u>(Annexure V)</u>	<ul style="list-style-type: none"> To identify the Interest Rate Risk across various time frames 	Quarterly/Half Yearly	ALCO Support Group	30 days from end of the period	ALCO
3	Statement of Short-Term Dynamic Liquidity <u>(Annexure III)</u>	<ul style="list-style-type: none"> To estimate short-term liquidity profiles on the basis of business projections and other commitments for planning purposes 	Quarterly	ALCO Support Group	30 days from end of the period	ALCO
4	Concentration of Funding	<ul style="list-style-type: none"> To identify those significant sources of funding, withdrawal of which could trigger liquidity problems To encourage diversification of funding sources and monitoring of each of the significant counterparty, significant product, instrument and significant currency 	Quarterly/Half Yearly	ALCO Support Group	30 days from end of the period	ALCO
5	Available Unencumbered Assets	<ul style="list-style-type: none"> To capture the details of the amount, type and location of available unencumbered assets that could serve as 	Quarterly/Half Yearly	ALCO Support Group	30 days from end of the period	ALCO



#	MIS	Objective	Frequency	Responsibility	Reporting time	Reporting to
		collateral for secured borrowing in secondary markets				
6	Market-related Monitoring Tools	<ul style="list-style-type: none"> To monitor high frequency market data that can serve as early warning indicators in monitoring potential liquidity difficulties at the NBFCs coupon at which long-term and short-term debts are raised by them. breach/penalty in respect of regulatory liquidity requirements, if any 	Quarterly	ALCO Support Group	30 days from end of the period	ALCO
7	Prudential Limits	<ul style="list-style-type: none"> To ensure adherence to the limits 	Quarterly	ALCO Support Group	30 days from end of the period	ALCO
8	Liquidity Risk Measurement - Stock Approach	<ul style="list-style-type: none"> To ensure adherence to the limits 	Quarterly	ALCO Support Group	30 days from end of the period	ALCO
9	Stress Testing and liquidity planning under alternative scenarios	<ul style="list-style-type: none"> To identify the impact of the changes in the market 	Quarterly/Half Yearly/ Event Trigger	ALCO Support Group	30 days from end of the period	ALCO
10	Undrawn Bank/ lines facilities	<ul style="list-style-type: none"> To identify the fund available to meet contingency requirement 	Quarterly	ALCO Support Group	30 days from end of the period	ALCO
11	Projected Cash flow (annual as well as of 10 years)	<ul style="list-style-type: none"> To assess cash flow and ROI and liquidity requirement of the group 	Annually	ALCO Support Group	30 days from end of the period	ALCO



5. Annexures

ANNEXURE I - Maturity Profile - Liquidity

#	Heads of Accounts	Time-bucket category	Applicability for Company
A	Outflows		
1	Capital funds		
A	Equity capital, Nonredeemable or perpetual preference capital, Reserves, Funds and Surplus	In the 'over 5 years' time-bucket.	
B	Preference capital - redeemable/non-perpetual	As per the residual maturity of the shares.	
2	Gifts, grants, donations and benefactions	The 'over 5 years' time-bucket. However, if such gifts, grants, etc. are tied to specific end-use, then these may be slotted in the time-bucket as per purpose/end-use specified.	
3	Notes, Bonds and debentures		
A	Plain vanilla bonds/debentures	As per the residual maturity of the instruments	
B	Bonds/debentures with embedded call/put options (including zero-coupon/deep discount bonds)	As per the residual period for the earliest exercise date for the embedded option.	
C	Fixed rate notes	As per the residual maturity	
4	Deposits:		
A	Public deposits	As per the residual maturity.	
B	Inter Corporate Deposits	These, being institutional/wholesale deposits, shall be slotted as per their residual maturity	
C	Commercial Papers	As per the residual maturity	
5	Borrowings		
A	Term money borrowings	As per the residual maturity	
B	Bank borrowings in the nature of WCDL, CC etc	Over six months and up to one year	
6	Current liabilities and provisions:		
A	Sundry creditors	As per the due date or likely timing of cash outflows. A behavioural analysis could also be made to assess the trend of outflows and the amounts slotted accordingly.	
B	Expenses payable (other than interest)	As per the likely time of cash outflow.	
C	Advance income received, receipts from borrowers pending adjustment	In the 'over 5 years' time-bucket as these do not involve any cash outflow.	
D	Interest payable on bonds/deposits	In respective time buckets as per the due date of payment.	



#	Heads of Accounts	Time-bucket category	Applicability for Company
E	Provisions for NPAs	The amount of provision may be netted out from the gross amount of the NPA portfolio and the net amount of NPAs be shown as an item under inflows in stipulated time- buckets.	
F	Provision for Investments portfolio	The amount may be netted from the gross value of investments portfolio and the net investments be shown as inflow in the prescribed time-slots. In case provisions are not held security-wise, the provision may be shown on "over 5 years" time bucket.	
G	Other provisions	To be bucketed as per the purpose/nature of the underlying transaction.	
B	Inflows		
1	Cash	In 1 to 7-day time-bucket.	
2	Remittance in transit	---do---	
3	Balances with banks (in India only)		
A	Current account	The stipulated minimum balance be shown in 6 months to 1-year bucket. The balance in excess of the minimum balance be shown under Day 1-7 bucket.	
B	Deposit accounts/short term deposits	As per residual maturity.	
4	Investments (net of provisions)		
A	Mandatory investments	As suitable to the NBFC	
B	Non-Mandatory Listed	"1 day to 30/31 days (One month)" "Over one month and up to 2 months" and "Over two months and up to 3 months" buckets depending upon the defeasance period proposed by the NBFCs	
C	Non-Mandatory unlisted securities (e.g. shares, etc.)	"Over 5 years"	
D	Non-mandatory unlisted securities having a fixed term maturity	As per residual maturity	
E	Venture capital units	In the 'over 5 years' time bucket.	
5	In case Trading book is followed Equity shares, convertible preference shares, non-redeemable/perpetual preference shares, shares of subsidiaries/joint ventures and units in open ended mutual funds and other investments.	(I) Shares classified as "current" investments representing trading book of the NBFC may be shown in time buckets of "1 day 7 days, 8 days to 14 days, 15 days to 30 days (One month)" "Over one month and up to 2 months" and "Over two months and up to 3 months" buckets depending	



#	Heads of Accounts	Time-bucket category	Applicability for Company
		upon the defeasance period proposed by the NBFCs	
		(ii) Shares classified as "long term" investments may be kept in over "5 years' time" bucket. However, the shares identified for sale in the current year on specific year may be put in that bucket. Similarly shares of the assisted units/companies acquired as part of the initial financing package, may be slotted in the relative time bucket keeping in view the pace of project implementation/time-overrun, etc., and the resultant likely timeframe for divesting such shares.	
6	Advances (performing)		
A	Bill of Exchange and promissory notes discounted and rediscounted	As per the residual usance of the underlying bills.	
B	Term loans (rupee loans only)	The cash inflows on account of the interest and principal of the loan may be slotted in respective time buckets as per the timing of the cash flows as stipulated in the original/revised repayment schedule.	
C	Corporate loans/short term loans	As per the residual maturity	
7	Non-performing loans (May be shown net of the provisions, interest suspense held)		
A	Sub-standard		
i	All over-dues and instalments of principal falling due during the next three years	In the 3 to 5-year time-bucket.	
ii	Entire principal amount due beyond the next three years	In the over 5 years' time-bucket	
B	Doubtful and loss		
i	All instalments of principal falling due during the next five years as also all over-dues	In the over 5-year time-bucket	
ii	Entire principal amount due beyond the next five years	In the over 5-year time-bucket	
8	Assets on lease	Cash flows from the lease transaction may be slotted in respective time buckets as per the timing of the cash flow.	
9	Fixed assets (excluding leased assets)	In the 'over 5 year' time-bucket.	
10	Other assets		

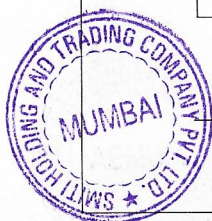


#	Heads of Accounts	Time-bucket category	Applicability for Company
A	Intangible assets and items not representing cash inflows.	In the 'over 5 year' time-bucket.	
B	Other items (such as accrued income, other receivables, staff loans, etc.)	In respective maturity buckets as per the timing of the cashflows.	
C	Contingent liabilities		
A	Letters of credit/guarantees (outflow through devolvment)	Based on the past trend analysis of the devolvment's vis-à-vis the outstanding number of guarantees (net of margins held), the likely devolvment's shall be estimated and this amount could be distributed in various time buckets on judgmental basis. The assets created out of devolvment's may be shown under respective maturity buckets on the basis of probable recovery dates.	
B	Loan commitments pending disbursal (outflow)	In the respective time buckets as per the sanctioned disbursement schedule.	
C	Lines of credit committed to/by other Institutions (outflow/inflow)	As per usance of the bills to be received under the lines of credit.	
Notes: Any event-specific cash flows (e.g., outflow due to wage settlement arrears, capital expenses, income tax refunds, etc.) shall be shown in a time bucket corresponding to timing of such cash flows. <ul style="list-style-type: none"> All overdue liabilities be shown in the 1 to 7 days and 8-14 days' time buckets based on behavioural estimates. Overdue receivables on account of interest and instalments of standard loans / hire purchase assets / leased rentals shall be slotted as below 			
(i)	Overdue for less than one month.	In the 3 to 6-month bucket.	
(ii)	Interest overdue for more than one month but less than seven months (i.e. before the relative amount becomes past due for six months)	In the 6 to 12-month bucket without reckoning the grace period of one month.	
(iii)	Principal instalments overdue for 7 months but less than one year	In 1 to 3-year bucket.	



ANNEXURE II - Interest Rate Sensitivity

#	Heads of accounts	Rate sensitivity of time bucket	Applicability for Company
A	LIABILITIES		
1	Capital, Reserves & Surplus	Non-sensitive	
2	Gifts, grants & benefactions	-do-	
3	Notes, bonds & debentures:		
A	Floating rate	Sensitive; reprice on the roll-over/repricing date, shall be slotted in respective time buckets as per the repricing dates.	
B	Fixed rate (plain vanilla) including zero coupons	Sensitive; reprice on maturity. To be placed in respective time buckets as per the residual maturity of such instruments.	
C	Instruments with embedded options	Sensitive; could reprice on the exercise date of the option particularly in rising interest rate scenario. To be placed in respective time buckets as per the next exercise date.	
4	Deposits		
A	Deposits/Borrowings		
I	Fixed rate	Sensitive; could reprice on maturity or in case of premature withdrawal being permitted, after the lock-in period, if any, stipulated for such withdrawal. To be slotted in respective time buckets as per residual maturity or as per residual lock-in period, as the case may be. The prematurely withdrawable deposits with no lock-in period or past such lock-in period, shall be slotted in the earliest /shortest time bucket.	
li	Floating rate	Sensitive; reprice on the contractual roll-over date. To be slotted in the respective time- buckets as per the next repricing date.	
B	ICDs	Sensitive; reprice on maturity. To be slotted as per the residual maturity in the respective time buckets.	
5	Borrowings:		
A	Term-money borrowing	Sensitive; reprices on maturity. To be placed as per residual maturity in the relative time bucket.	
B	Borrowings from others		
I	Fixed rate	Sensitive; reprice on maturity. To be placed as per residual maturity in the relative time bucket.	
li	Floating rate	Sensitive; reprice on the roll-over/repricing date. To be placed as per residual period to the repricing date in the relative time bucket.	



#	Heads of accounts	Rate sensitivity of time bucket	Applicability for Company
6	Current liabilities & provisions a. Sundry creditors b. Expenses payable c. Swap adjustment a/c. d. Advance income received/receipts from borrowers pending adjustment e. Interest payable on bonds/deposits f. Provisions	Non-Sensitive	
7	Repos/ bills rediscounted/forex swaps (Sell / Buy)	Sensitive; reprices on maturity. To be placed as per the residual maturity in respective buckets.	
B	ASSETS:		
1	Cash	Non-sensitive.	
2	Remittance in transit	Non-sensitive.	
3	Balances with banks in India		
A	In current a/c.	Non-sensitive.	
B	In deposit accounts, Money at call and short notice and other placements	Sensitive; reprices on maturity. To be placed as per residual maturity in respective time-buckets.	
4	Investments		
A	Fixed income securities (e.g. govt. securities, zero coupon bonds, bonds, debentures, cumulative, non-cumulative, redeemable preference shares, etc.)	Sensitive on maturity. To be slotted as per residual maturity. However, the bonds/debentures valued by applying NPA norms due to non-servicing of interest, shall be shown, net of provisions made, in: i. 3-5-year bucket - if sub-std. norms applied. ii. Over 5-year bucket - if doubtful norms applied.	
B	Floating rate securities	Sensitive; reprice on the next repricing date. To be slotted as per residual time to the repricing date.	
C	Equity shares, convertible preference shares, shares of subsidiaries/ joint ventures, venture capital units.	Non-sensitive.	
5	Advances (performing)		
A	Bills of exchange, promissory notes discounted & rediscounted	Sensitive on maturity. To be slotted as per the residual usance of the underlying bills.	
B	Term loans/corporate loans / Short Term Loans (rupee loans only)		
i	Fixed Rate	Sensitive on cash flow/ maturity.	
ii	Floating Rate	Sensitive only when PLR or risk premium is changed by the NBFCs. The amount of term loans shall be slotted in time buckets which correspond to the time taken by	



#	Heads of accounts	Rate sensitivity of time bucket	Applicability for Company
		NBFCs to effect changes in their PLR in response to market interest rates.	
6	Non-performing loans: (net of provisions, interest suspense and claims received from ECGC) a. Sub-standard b. Doubtful and loss	Sensitive. Bucketing as per Maturity Profile	
7	Assets on lease	The cash flows on lease assets are sensitive to changes in interest rates. The leased asset cash flows be slotted in the time-buckets as per timing of the cash flows.	
8	Fixed assets (excluding assets on lease)	Non-sensitive.	
9	Other assets		
A	Intangible assets and items not representing cash flows.	Non-sensitive.	
B	Other items (e.g., accrued income, other receivables, staff loans, etc.)	Non-sensitive.	
10	Reverse Repos/Swaps (Buy /Sell) and Bills rediscounted (DUPN)	Sensitive on maturity. To be slotted as per residual maturity.	
11	Other (interest rate) product		
A	Interest rate swaps	Sensitive; to be slotted as per residual maturity in respective time buckets.	
B	Other Derivatives	To be classified suitably as per the residual maturity in respective time buckets	



ANNEXURE III - Statement of Short-Term Dynamic Liquidity

#	Item	1 - 7 days	8 - 14 days	15 - 30/31 days	Over 1 Month and up to 2 months	Over 2 Months to 3 months	Over 3 Months up to 6 months
A	Outflows						
1	Increase in loans & Advances						
2	Net increase in investments						
	i) Govt./ approved securities						
	ii) Bonds/ debentures/ shares						
	iii) Others						
3	Net decrease in ICDs						
4	Net decrease in borrowings from various sources/ net increase in market lending						
5	Outflow on account of off-balance sheet items						
6	Other outflows						
	TOTAL OUTFLOWS (A)						
B	Inflows						
1	Net cash position						
2	Net increase in ICDs						
3	Interest inflow on investments						
4	Interest inflow on performing Advances						
5	Net increase in borrowings from various sources						
6	Inflow on account of off-balance sheet items						
7	Other inflows						
	TOTAL INFLOWS (B)						
C	Mismatch (B - A)						
D	Cumulative mismatch						
E	C as percentage to Total Outflows						



ANNEXURE IV - Public disclosure on liquidity risk

- i. Funding Concentration based on significant counterparty (both deposits and borrowings)

Number of Significant Counterparties	Amount (Rs. in Crore)	% of Total deposits	% of Total Liabilities

- ii. Top 20 large deposits (amount in Rs. in Crore and % of total deposits)

- iii. Top 10 borrowings (amount in Rs. Crore and % of total borrowings)

- iv. Funding Concentration based on significant instrument/product

Name of the Instrument/Product	Amount (Rs. in Crore)	% of Total Liabilities

- v. Stock Ratios:

- Commercial papers as a % of total public funds, total liabilities and total assets
- Non-convertible debentures (original maturity of less than one year) as a % of total public funds, total liabilities and total assets
- Other short-term liabilities, if any as a % of total public funds, total liabilities and total assets

- vi. Institutional set-up for liquidity risk management



ANNEXURE V - Statement of Structural Liquidity/ Interest Rate Sensitivity

#	Item	Residual Maturity										
		1 - 7 days	8 - 14 days	15 - 30/31 days	Over 1 Month and up to 2 months	Over 2 Months to 3 months	Over 3 Months up to 6 months	Over 6 Months up to 1 yr.	Over 1 yr. up to 3 yr.	Over 3 yr. up to 5 yr.	Over 5 yr.	Total
A	Outflows											
1	Capital											
	a) Equity and perpetual preference shares											
	b) Non-perpetual preference shares											
2	Reserves & surplus											
3	Grants, donations & benefactions											
4	Bonds & debentures / (unsecured portion to be indicated separately) / Others											
	a) Plain vanilla bonds/debentures											
	b) Bonds/debentures with embedded options											
	c) Others											
5	ICDs											
6	Borrowings											
	a) Short Term borrowings											
	i) CP - banks											
	ii) CP - Other											
	iii) Others											
	b) Long Term borrowings											
	i) banks											
	ii) FIs											
	iii) Others											
7	Current Liabilities & provisions											
	a) Sundry creditors											
	b) Expenses payable (Other than interest)											
	c) Advance income recd. (receipts from borrowers pending adjustments)											
	d) Interest payable on bonds/ deposits											
	e) Provisions (other than for NPAs)											
8	Contingent Liabilities											
	a) Letters of credit/guarantees											
	b) Loan commitments pending disbursement (outflows)											
	c) Lines of credit committed to other institutions (outflows)											
	d) Outflows on account of forward exchange contracts, rupee/dollar swap & bills rediscounted											
9	Others (specify)											



Liquidity Risk Management Framework

#	Item	Residual Maturity										Total
		1 - 7 days	8 - 14 days	15 - 30/31 days	Over 1 Month and up to 2 months	Over 2 Months to 3 months	Over 3 Months up to 6 months	Over 6 Months up to 1 yr.	Over 1 yr. up to 3 yr.	Over 3 yr. up to 5 yr.	Over 5 yr.	
	TOTAL OUTFLOWS											
B	Cumulative Outflows											
C	Inflows											
1	Cash											
2	Remittance in transit											
3	Balances with banks											
	a) Current account											
	b) Deposit /short-term deposits											
4	Investments (net of provisions)											
5	Advances (performing)											
	a) Bills of exchange and promissory notes discounted & rediscounted											
	b) Term loans (only rupee loans)											
	c) Corporate loans/short term loans											
6	6. Nonperforming loans (net of provisions and ECGC claims received)											
	a) Sub-standard loans											
	b) Doubtful and loss loans											
7	Inflows from assets on lease											
8	Fixed assets (excluding assets on lease)											
9	Other assets:											
	i) Intangible assets & other non-cash flow items											
	ii) Interest and other income receivable											
	iii) Others											
10	Lines of credit committed by other institutions (inflows)											
11	Bills rediscounted (inflow)											
12	Inflows on account of forward exchange contracts, dollar/rupee swaps (sell/buy)											
13	Others											
	TOTAL INFLOWS											
D	Mismatch (C - A)											
E	Mismatch as % to outflows (D as % to A)											
F	Cumulative Mismatch											
G	Cumulative Mismatch as % to Cumulative Outflows (F as % to B)											

