ASSET LIABILITY MANAGEMENT POLICY

OF

INDOSTAR CAPITAL FINANCE LIMITED

Summary of Version History

Policy approved by	Board of Directors
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ASSET LIABILITY MANAGEMENT POLICY

1. Introduction

The Asset Liability Management (ALM) policy describes the framework in accordance with Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 dated 1st September 2016 and as amended from time to time and also based on Internal policies of the Company.

IndoStar Capital Finance Limited ('the Company') has built a comprehensive ALM framework for measuring, monitoring and managing the liquidity risk and interest rate risk arising from the on-balance sheet and off- balance sheet items of the Company. The central theme of the ALM framework is the management of the Company's entire balance sheet along with probable off-balance sheet exposures on a continuous basis with a view to ensure a proper balance between funds mobilization and their deployment with respect to their maturity profiles, nature of instrument and yield as well as risk exposure so as to improve profitability, ensure adequacy of liquidity, and thereby ensuring long term viability of the Company.

ALM Policy – The Objectives:

The ALM Policy serves the objectives of:

1) Liquidity Management:
   a) Ensuring availability of adequate liquidity at all times with a view to keep cash flow/maturity mis-matches of the company within the board approved permissible levels;
   b) Putting in place a system to ensure that any and all immediate or urgent demand for financial resources are met through liquid and near liquid resources;
   c) Implementing a 'Liquidity Contingency Plan' to take care of any liquidity stress situation; and
   d) Appropriate deployment of surplus liquidity with respect to risk & reward

2) Management of Interest Rate Risk:
   a) Reviewing Interest Rates Scenario and taking informed decisions;
   b) Implementing a suitable framework for Pricing of assets and Deposits;
   c) Frequently reviewing of various portfolios to arrive at desired product mix/composition;
   d) Maximizing of Spreads across product/segment; and
   e) Mitigating interest rate risk and containing the same within the board approved permissible levels.

1.1 Maintenance, Review and Approval of the Policy

The Treasury shall be responsible to own, maintain and update this policy by engaging with relevant business and functional units. It shall have the policy reviewed by the Chief Financial Officer (CFO) prior to tabling the same at the Asset Liability Management Committee (ALCO). The policy shall be subsequently put up for approval to the Board of Directors.

This policy shall be reviewed by the ALCO on an annual basis. If any change to this policy is intermittently approved, consequent upon any change in regulatory guidelines, market conditions, etc., then such changes shall be deemed to be part of the policy once approved by the ALCO of the Company and the Board.

2. ALM Governance Structure/ Framework

2.1 ALM organization and responsibility

Successful implementation of risk management process and policy would require strong commitment on the part of the senior management in the company, to integrate basic operations and strategic decision making with risk management.

2.1.1 Board of Directors

The overall responsibility for deciding the ALM policy of the company and setting up prudential limits for managing liquidity, interest rate and other risks, remain with the Board of Directors. The Board shall decide the strategy, policies and procedures of the company to manage risk in accordance with the approved risk tolerance policies and limits set by the Regulator. The Board shall make sure that the risk tolerance and management shall be clearly understood at all levels of management.

The Board of Directors will oversee the implementation of the ALM policy and the Board shall review its functioning periodically.

2.1.2 Asset Liability Management Committee (ALCO)

The Asset - Liability Committee (ALCO) consisting of following members will be responsible for ensuring adherence to the policy as approved by the Board in accordance with the regulatory policies as well as for deciding the business strategy of the company (on both the assets and liabilities sides) in line with the approved risk management objectives.

- Chief Executive Officer (CEO)
- Chief Financial Officer (CFO)
- Company Secretary/ Head-Compliance
- Chief Risk Officer (CRO)
- Head - Treasury
- Head - Retail Sales

Depending on the agenda under consideration, any other senior functionary/ies can be called as invitee by the convener in the ALCO meetings from time to time. The CEO has the power to nominate any senior management of the company as member of ALCO.

The CEO shall be the Chairperson of the Committee and Company Secretary shall act as the secretary of the Committee. The quorum for the meeting of the Committee should have at least four members from the aforementioned members with a mandatory attendance by the CEO, CFO and CRO or any of their delegated authority in case they are absent.

The ALCO shall assume the following responsibilities:

i. Responsible for overall balance sheet planning from risk return perspective including the strategic management of interest rate risk and liquidity risks. Business and risk management strategy of the company will ensure that the company always operates within the limits / parameters set by the Board. Business issues that the ALCO would consider, inter alia, will include product pricing for both borrowings and advances, desired maturity profile, strategy with respect to retention and repricing, ALM (viz, structural liquidity, dynamic liquidity, interest rate sensitivity) gaps, and mix of incremental assets and liabilities,

ii. In addition to monitoring the risk levels of the company, the ALCO will also review the results of and progress in implementation of the decisions made in the previous meetings.

iii. The ALCO would also articulate the current interest rate view of the company which will be the base of the Company's decisions for future business strategy. For instance, in respect of the funding policy, ALCO responsibility would be to decide on source and mix of liabilities or composition of assets.

iv. Develop a view on future direction of rate of interest movement and decide on funding mixes between fixed vs floating rate funds, etc.

v. The ALCO shall in line with this policy and other applicable board approved policies of the organization, including the Investment Policy, and Business/Strategic Plan shall have the authority;

- To review and revise the lending rates for various class of Loan Assets – both existing and incremental;
- To review and revise the reference rate on Loan Assets – (floating rate of interest);
- To review the asset mix and decide the planned asset mix;
- To review the borrowing mix and decide the planned mix;
- To review and decide on the future investment plan.

vi. In line with its responsibility for formulating, implementing and monitoring the organization's asset/liability management program, the ALCO shall meet at least once in a calendar quarter (or more frequently depending on the economic and interest rate conditions).

2.1.3 ALM Support Group

The ALM support group consisting of operating staff from:-
- Treasury
- Accounts and Finance
- Risk Management

The team will be responsible for analyzing, monitoring and reporting the risk profiles to the ALCO.

The roles and responsibilities of the ALM support group will be as follows:

a) To own, maintain and update the ALM policy

b) To review the ALM Policy with the Chief Financial Officer (CFO) prior to tabling the same at the Asset Liability Management Committee (ALCO). The policy shall be subsequently put up for approval to the Board of Directors.

c) To help ALCO in pricing of Assets and review of cost of borrowings/liabilities and to place before Board of Directors, the decisions of ALCO in this regard

d) Developing a stress testing framework and conducting stress testing exercise by creating various stress scenarios for Liquidity Risk and Interest Rate Risk management.

e) Any other analytic report as and when required by ALCO members or regulators or Board of Director

3. Liquidity Risk Management

Liquidity risk is the risk of having insufficient cash or collateral to meet financial obligations as they become due. The common sources of liquidity risk inter alia include unanticipated & premature withdrawals of bank lines, inability to substitute maturing sources of funds/borrowings, commitments to provide credit or liquidity support or the need to pledge additional collateral.

Measuring and managing liquidity needs are vital for effective operation of Non-Banking Financial Companies (NBFCs). Liquidity Management shall be done with due consideration to Funding risk, Time Risk and Call Risk. Besides, the needs of fresh disbursement shall also be given due consideration.

Liquidity risk for the Company mainly manifests on account of the following:

i. **Funding Liquidity Risk:** the risk that the company will not be able to meet efficiently the expected and unexpected current and future cash flows and collateral needs without affecting either its daily operations or its financial condition.

ii. **Market Liquidity Risk:** the risk that the company cannot easily offset or eliminate a position at the prevailing market scenario because of illiquidity due to inadequate market depth or market disruption.

The company shall adopt the framework of 'Short Term Dynamic Liquidity Analysis' for short term, and 'Structural Liquidity Analysis' for long term, in line with applicable regulatory guidelines.

Short Term Dynamic Liquidity Analysis shall be undertaken on a dynamic basis over a time horizon spanning from 1 day to 6 months on the basis of business projections and other commitments estimated for planning purpose and the same shall be reported to RBI on quarterly basis within timeline stipulated by RBI.

While the primary projection of business growth in this analysis will be furnished by the respective operating units, the company shall also carry out back testing at quarterly intervals for judging the level of accuracy of the projections made in short term dynamic liquidity analysis by comparing the same with the actual performances.

3.1 Liquidity Risk Measurement

Liquidity Management on day-to-day basis is to be guided by the following inputs:

1. Estimated liquidity gaps in Structural Liquidity Analysis / Statement (SLS);
2. Projected Liquidity Gaps in Short Term Dynamic Liquidity Analysis;
3. Projected short-term funds flow analysis of Treasury;
4. Daily funds flow analysis of Treasury.

3.1.1 Structural Liquidity Statement

The Statement of Structural Liquidity is to be prepared by placing all cash inflows and outflows in the respective maturity ladder according to the expected timing of cash flows on either contractual or behavioral basis (as appropriate). A maturing liability will be a cash outflow while a maturing asset will be a cash inflow. While determining the likely cash inflows/ outflows, certain bucketing assumptions have been made as per the asset-liability profiles

The format of the Statement of Structural Liquidity is enclosed in **Annexure – III**

Bucketing and Bucketing Assumption

For measuring the liquidity needs and managing net funding requirements, the use of a maturity ladder and calculation of cumulative surplus or deficit of funds at selected maturity dates is adopted as a standard tool. The Maturity Profile is used for measuring the future cash flow position in different time buckets. As stipulated by the regulator, the respective time buckets shall be distributed as under:

i. 1 day to 7 days
ii. 8 day to 14 days
iii. 15 days to 30/31 days (One month)
iv. Over one month and up to 2 months
v. Over two months and up to 3 months
vi. Over 3 months and up to 6 months
vii. Over 6 months and up to 1 year
viii. Over 1 year and up to 3 years
ix. Over 3 years and up to 5 years
x. Over 5 year

The bucketing of cash flows will be guided by regulatory guidelines and the approved ALM policy.

Computation of Gaps

The gap or mismatch risk is measured by calculating gaps over different time intervals as on a given date/reporting date. Gaps are computed separately for each time bucket and cumulatively across all the time buckets both in numerical and in percentage terms. Any gap/s in excess of the approved limits will be reported to ALCO along with the reasons for such breach/deviation and the action plan to bring it within the approved limits.

Limits Setting and Monitoring

RBI in its guidelines has fixed the limit of net cumulative negative mismatches in the maturity buckets of 1-7 days, 8-14 days, and 15-30 days only. There will be mismatches depending on cash inflows and outflows within each bucket but the mismatches up to one year would be relevant since these provide early warning signals of impending liquidity problems and hence the focus shall be on the short-term mismatches, viz. 1-30 days. 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. However, the Company shall also monitor the cumulative mismatches (running total) across all other time buckets up to 1 year by establishing internal prudential limits which is as under: -

The following Regulatory limits and internal limits are specified for monitoring the limits for Statement of Structural Liquidity and reporting to the regulators and the ALCO

Time Buckets	Net Cumulative Mismatches as a % of Cumulative Outflows	Cumulative Mismatches as a % of Cumulative Outflows
	Stipulated Regulatory Limits	**Stipulated Internal Limits**
1 – 7 Days Bucket	(10%)	(10%)
8 – 14 Days Bucket	(10%)	(10%)
15 – 30/31 Days Bucket	(20%)	(10%)
Over 1 Month to 2 Month Bucket	NA	(15%)
Over 2 Months to 3 Months Bucket	NA	(15%)
Over 3 Months to 6 Months Bucket	NA	(15%)
Over 6 Months to 1-year Bucket	NA	(15%)
Over 1 year and up to 3-years Bucket	NA	(25%)
Over 3 years and up to 5-years Bucket	NA	(30%)
Over 5 year	NA	(30%)

a) The internal limits, as above, shall be reviewed at annual interval and approval for revised limits, if any, shall be obtained from the ALCO and Board.

b) Effective liquidity management is a function of the time available for management of mis-matches. When liquidity mis-matches arise in the longer time horizon of say over 1 year, it is recognized that ALCO would be in a position to implement steps to remove such mis-matches more effectively and without incurring much cost.

c) However, mis-matches, more specifically negative mis-matches, in shorter time horizon of say less than 1 year, may have adverse impact on profitability. If negative mis-matches beyond the tolerance limits arise in even shorter time horizons say up to 3 months, it is recognized that the Company would be required to initiate immediate steps to address the situation. Therefore, ALCO will pay particular attention to negative mis-matches in shorter time horizons.

d) The company will report to ALCO, the Funding Plan to cover the negative gaps in excess of the prescribed cumulative tolerance limits. In case of net cumulative negative mismatches, the company will show as to how it proposes to finance the gap to bring the mismatch within the prescribed limits. The gap can be financed from Wholesale market borrowings, Bank borrowings, Securitization, ICD, etc.

3.1.2 Dynamic Liquidity Report (DLR)

While Structural Liquidity Report describes the liquidity position based on the existing contractual commitments based on the Balance Sheet as on the reporting date, the Company also assess its short-term liquidity mismatches taking projections from various business units and also considering the seasonal trends if any. In order to enable monitoring of the short-term liquidity on a dynamic basis over a time horizon spanning from 1 day to 6 months, the Company shall estimate short-term liquidity profiles based on business projections and other commitments considered for planning purposes.

The dynamic liquidity reports are prepared on a quarterly basis and it is for a period up to six months as per the regulatory requirement.

The format of the Statement of Short Term Dynamic Liquidity is enclosed in **Annexure – III**

3.1.3 Liquidity Risk measurement – Stock Approach

In addition to monitoring the structural liquidity report, the Company will also adopt a “stock” approach to liquidity risk measurement and monitor certain critical ratios by placing internal defined limits as approved by the board. The list of critical ratios is as follows:

Sr. No.	Stock Ratio	Internal Limits
1	Commercial Papers to Total Assets	10%
2	Commercial Papers to Total Liability	10%
3	Commercial Papers to Public Funds	10%
4	Non-Convertible Debentures (NCDs) (original maturity of less than one year) to Total Assets	2%
5	Non-Convertible Debentures (NCDs) (original maturity of less than one year) to Total Liabilities	2%
6	Non-Convertible Debentures (NCDs) (original maturity of less than one year) to Public Funds	2%
7	Short-Term Liability (residual maturity of less than 1 year) to Total Liabilities	30%
8	Other Short Term Liability (excluding CPs and NCDs with original maturity of less than one year) to Public Funds	15%
9	Other Short Term Liability(excluding CPs and NCDs with original maturity of less than one year) to Total Liabilities	15%
10	Other Short Term Liability(excluding CPs and NCDs with original maturity of less than one year) to Total Assets	15%

11	Short Term Liability (with original maturity of up to but less than one year) to Long Term Assets	20%
12	Long Term Assets to Total Assets	70%
13	Top 10 borrowings to Total Liabilities	60%
14	Significant counterparties (number) not exceeding	25
15	Significant counterparties to Total Liabilities	65%

Monitoring Funding Concentration based on significant instrument/product

Sr. No.	Name of the instrument/product	% of Total Liabilities *
1	Secured Non-Convertible Debentures	
2	Commercial Papers	
3	Bank Facilities (Long Term + Short Term)	
4	External Commercial Borrowings	
5	Subordinated Tier-II Non-Convertible Debentures	
Total Borrowings		
Total Liabilities		

* None of the funding product should be greater than 80% except Commercial Paper which should not be more than 10% of Total Liabilities.

A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the Company's total liabilities

A "significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the Company's total liabilities. These ratios can be monitored on quarterly basis and presented in the next ALCO for noting and discussion.

The Monitoring of Funding Concentration based on significant instrument / product is also mentioned in the Contingency Funding Plan under Early Warning Quantitative Indicators and will be regulated by the Contingency Funding Plan Policy.

3.1.4 Liquidity Coverage Ratio (LCR)

The Reserve Bank of India (RBI) in the "Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016" date September 1, 2016 states that "All Non-deposit taking NBFCs with asset size of ₹5,000 crore and above shall maintain a liquidity buffer in terms of LCR which will promote resilience of NBFCs to potential liquidity disruptions by ensuring that they have sufficient High Quality Liquid Asset (HQLA) to survive any acute liquidity stress scenario lasting for 30 days. Guidelines on LCR will be applicable to NBFCs as per the following timeline"

The LCR requirement is binding from December 1, 2020 with the minimum HQLAs to be held being 30% of the LCR, progressively reaching up to the required level of 100% by December 1, 2024, as per the timeline given below:

From	December 01, 2020	December 01, 2021	December 01, 2022	December 01, 2023	December 01, 2024
Minimum LCR	30%	50%	60%	85%	100%

Liquidity Coverage Ratio (LCR) is represented by the following ratio:

$$\frac{\text{Stock of High-Quality Liquid Assets (HQLAs)}}{\text{Total Net Cash Outflows over the next 30 calendar days}}$$

The definition of the High-Quality Liquid Assets and Total Net Cash Outflows as per the RBI guideline is stated below:

High Quality Liquid Assets

Liquid assets comprise of high-quality assets that can be readily sold or used as collateral to obtain funds in a range of stress scenarios. They should be unencumbered. Assets are high quality liquid assets if they can be easily and immediately converted into cash at little or no loss of value. The liquidity of an asset depends on the underlying stress scenario, the volume to be monetized and the timeframe considered. Nevertheless, there are certain assets that are more likely to generate funds without incurring large discounts even in times of stress.

Total Net Cash Outflows

A. Total net cash outflow is defined as the total expected cash outflow minus total expected cash inflow for the subsequent 30 calendar days Considering the unique nature of the balance sheet of the NBFCs, stressed cash flows is computed by assigning a predefined stress percentage to the overall cash inflows and cash outflows.

Total expected cash outflows (stressed outflows) are calculated by multiplying the outstanding balances of various categories or types of liabilities and off-balance sheet commitments by 115% (15% being the rate at which they are expected to run off further or be drawn down in excess). Total expected cash inflows (stressed inflows) are calculated by multiplying the outstanding balances of various categories of contractual receivables by 75% (25% being the rate at which they are expected to under-flow). However, total cash inflows will be subjected to an aggregate cap of 75% of total expected cash outflows. In other words, total net cash outflows over the next 30 days (at the end of each month) = Stressed Outflows -

Min (stressed inflows; 75% of stressed outflows).

B. NBFCs will not be permitted to double count items, i.e., if an asset is included as part of the “stock of HQLA” (i.e., the numerator), the associated cash inflows cannot also be counted as cash inflows (i.e., part of the denominator). Where there is potential that an item could be counted in multiple outflow categories (e.g., committed liquidity facilities granted to cover debt maturing within the 30-calendar day period), an NBFC only has to assume up to the maximum contractual outflow for that product.

3.2 Funding Strategy / Plans

Funding strategy helps to maintain adequate liquidity buffers to mitigate reliance on volatile funding sources during stressed market conditions. Funding strategy will depend on the credit rating of the company, expected tenor of funding requirements, nature of fund (fixed/floating) required and pricing across all sources in the market.

The Company has developed a comprehensive Funding strategy (Refer Funding Strategy document for details) that provides effective diversification in the sources and tenor of funding. Funding Strategy should hold the objective of maintaining an ongoing presence in its chosen funding markets and strong relationships with lenders to promote and maintain effective diversification of funding sources. The Company can regularly gauge its capacity to raise funds from each source. There is no over-reliance on a single source of funding.

4. Interest Rate Risk Management

Interest rate risk is the risk where changes in market interest rates might adversely affect Company's financial condition. Sudden volatility in rates of interest impacts the company's Business model and price offering in the market which in turn can impact growth and profitability.

The operational flexibility in pricing most of the assets and liabilities imply the need for the financial system to hedge the Interest Rate Risk. Interest rate risk is the risk where changes in market interest rates might adversely affects the financial condition.

The immediate impact of changes in interest rates is on earnings (i.e. reported profits) by changing its Net Interest Income (NII). A long-term impact of changing interest rates is on intrinsic value of the firm's Net Worth as the economic value of assets, liabilities and also the off-balance sheet positions of the Company get affected due to variation in market interest rates. The interest rate risk when viewed from these perspectives is known as 'earnings perspective' and 'economic value perspective', respectively. The risk from the earnings perspective can be measured as changes in the Net Interest Income (NII) or Net Interest Margin (NIM).

Key Components of Interest Rate Risk

ALM Framework policy of the company shall cover the following key components of the interest rate risk set out below:

- Repricing Risk – Repricing risk arises when assets and liabilities get re-priced at different time and for different rate of interest on account of either difference of maturity or fixed and floating nature of assets and liabilities and off-balance sheet instruments;
- Interest rate risk of the company capturing the components mentioned above shall be measured both from the earnings and economic value perspective.

4.1 Measurement of Interest Rate Risk

There are many analytical techniques for measurement and management of Interest Rate Risk. To begin with, the Traditional Gap Approach is considered as a suitable method to measure the Interest Rate Risk in the first place.

The company will be using following measures to monitor interest rate risk profile:

- Interest rate sensitivity (IRS) statement using Traditional Gap Approach (TGA)

The company shall compute the potential decrease in earnings under various interest rate tenures/periods as mentioned in this policy.

The company shall set appropriate internal limits under TGA for interest rate risk based on its risk bearing and risk management capacity, with prior approval of the Board and ALCO.

4.1.1 IRS Statement (Gap Report)

The Company shall develop an IRS report for measuring interest rate risk by grouping various items of RSA, RSL and off balance-sheet items into different time bucket according to the residual maturity or next repricing date, whichever is earlier. RSA and RSL which do not have a fixed maturity or have embedded optionality shall be bucketed based on behavioral studies performed on company's internal data on regular basis.

RSA are any loans or investments that can be repriced either up or down in interest rate within a given time frame. The following represent some examples of assets that would be considered rate sensitive:

- Securities purchased under agreement to resell.
- All loans maturing within a given time frame.
- All securities maturing within a given time frame.
- Principal payments on all securities that are to be received.
- Principal payments on all loans that are to be received (including the impact of expected prepayments
- All loans with floating interest rates, and when the floating rate can change.
- All securities with floating interest rates, and when the floating rate can change.
- Special attention shall be paid to any assets having embedded options (calls, prepayments, Repricing, etc.)

RSL are interest paying liabilities that can be re-priced either up or down in interest rates within a given time frame. The following represent some examples of RSL:

- Securities sold under agreement to repurchase.
- Inter Corporate Deposits, Commercial Paper, Debentures or other liabilities that are maturing within next 1 year.
- Other liabilities such as debentures, term loans and other floating rate loans that can be re- priced.

The impact of changes in interest rates on NII can be summarized in matrix form as under:

IR Scenario	RSA > RSL	RSA = RSL	RSA < RSL
Scenario of Rising Interest rates	NII will increase	No Impact	NII will decrease
Scenario where Interest rates remain same	No Impact	No Impact	No Impact
Scenario of Falling Interest rates	NII will decrease	No Impact	NII will increase

In changing interest rate scenarios, given the current mix of RSA and RSL, the ALCO should attempt to restructure the balance sheet in such a manner to minimize the impact of changing interest rate on NII or economic value.

The Gap or Mismatch risk can be measured by calculating Gaps over different time intervals as at a given date. Gap analysis measures mismatches between rate sensitive liabilities and rate sensitive assets an asset or liability is normally classified as rate sensitive if:

a) within the time interval under consideration, there is a cash flow;

b) the interest rate resets/reprices contractually during the interval;

c) dependent on regulatory changes in the interest rates;

d) it is contractually pre-payable or withdrawal before the stated maturities.

Bucketing and Bucketing Assumptions

The Gap Report is generated by grouping rate sensitive liabilities and assets into time buckets according to residual maturity or next repricing period, whichever is earlier. All investments, advances, deposits, borrowings etc. that mature/reprice within a specified timeframe are interest rate sensitive. Similarly, any principal repayment of loan asset is also rate sensitive if it is expected to be received within the time horizon. This includes final principal payment and interim instalments. There are certain assets and liabilities that receive or make payments based on a benchmark i.e. reference rate. These assets and liabilities are repriced at pre-determined intervals and are rate sensitive at the time of repricing. While the interest rates on Bank borrowings and certain NCDs are floating during their currency, the tranches of advance portfolio are basically fixed in CV Financing business. The interest rates on certain other types of loans and advances could be repriced any number of occasions, corresponding to the changes in Prime Lending Rate (PLR).

The Gaps may be identified in the following time buckets:

i) 1-7 days

ii) 8-14 days

iii) 15-30/31 days (One month)

iv) Over one month to 2 months

v) Over two months to 3 months

vi) Over 3 months to 6 months

vii) Over 6 months to 1 year

viii) Over 1 year to 3 years

ix) Over 3 years to 5 years

x) Over 5 years

xi) Non-sensitive

The various items of rate sensitive assets and liabilities and off-balance sheet items shall be classified as per RBI's NBFC format which is provided in Annexure III- formats

The format of the Statement of Interest Rate Sensitivity is enclosed in **Annexure – III Computation of Gaps**

The Gap is the difference between Rate Sensitive Assets (RSA) and Rate Sensitive Liabilities (RSL) for each time bucket. The positive Gap indicates that it has more RSAs than RSLs whereas the negative Gap indicates that it has more RSLs than RLAs. The Gap reports indicate whether the institution is able to benefit from rising interest rates by having a positive Gap (RSA > RSL) or whether it is in a position to benefit from declining interest rates by a negative Gap (RSL > RSA). The Gap can, therefore, be used as a measure of interest rate sensitivity

The Company's gap and interest rate exposure is monitored and reviewed on a quarterly basis. Gap reports will be used to measure risk to net interest income arising from the re-pricing of assets and liabilities over time. The company will focus on net re-pricing imbalances (RSA-RSL) in the 90, 180, and 365-day cumulative time buckets, while measuring the risk based upon the size of the re-pricing balances, how long the re-pricing imbalances remain open and potential movements in interest rates. The outcome of the GAP report is limited by the following unforeseeable events which are difficult to predict: -

- Interest rates on assets and liabilities do not always move in the same magnitude or velocity
- Significant risk may be hidden in re-pricing time frames of the GAP report
- Option features of many deposit instruments and loans are not readily determinable
- Exposures arising from new business generally are not captured
- Re-price able investments/funds may roll off at rates significantly different from current rates

The cumulative limits for Statement of Interest Rate Sensitivity shall not exceed 50% of outflows:

5. Stress Testing Framework

Stress testing forms an integral part of the overall governance and liquidity risk management culture. The financial institution will conduct stress tests on an annual basis and based on specific events for a variety of short-term and protracted housing finance specific and market-wide stress scenarios (individually and in combination with the market). In creating liquidity stress scenarios, the nature of the business, activities and vulnerabilities should be taken into consideration so that the scenarios incorporate the major funding and market liquidity risks to which the Company is exposed to.

Stress Testing Framework – Liquidity Risk

An effective stress testing framework provides a comprehensive, integrated and forward-looking set of activities to assist in the identification and measurement of its material risk and vulnerabilities. The framework consists of below key parameters:

a) Identify key risk factors and drivers affecting assets and liabilities.

b) Design scenarios (extreme yet plausible) which align with assets and liabilities.

c) Test the resilience of funding sources and alternatives under distinct and systemic disruptive events.

Stress Shocks

Institution Specific scenarios

An institution-specific crisis scenario covers situations that could arise from the Company experiencing either real or perceived problems which will affect public confidence in the Company and its firm-wide or group-wide operations. These scenarios include rumors about the institutions, rating downgrade, etc. The time horizon for conducting stress testing will be 3 months considering the need to mobilize adequate resources

The scenario under institution specific stress condition may be:

a) Outflow because premature termination of the borrowings which have a clause of termination because of breach of financial covenants, change in management/promoter etc.

b) No new borrowings

c) Forced sale of marketable securities at discounted prices.

d) Increased delinquencies

e) Rating downgrade

Market Specific Scenarios

A market crisis scenario is one where the liquidity in one or more markets is affected. It is also the risk that a financial institution will incur losses because it is unable to conduct market transactions or is forced to conduct transactions at far more unfavorable prices than under normal conditions. The Crisis in the market can sustain for a month or more, hence, the survival horizon is kept for 3 months

The scenario will be executed with the stress factors that market illiquidity spills over into strained funding of liquidity of the Company i.e. there is tightening of market liquidity. The scenarios under market specific stress conditions will be:

a) Tightening or drying up of market liquidity

b) Counterparty defaults

c) Industry specific exigency/adverse event

d) Downgrade in country rating

e) Call money rates continuously rise accounting for 300 basis points increase (or more) within 30 days

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Combined Scenarios

A combined stress scenario is a situation where market conditions are severely stressed and certain Company specific scenarios have arisen adversely affecting the financial position of the firm

Combined scenario may reflect a set of very adverse circumstances that could plausibly happen to the NBFC in terms of liquidity impact.

The scenario under combined condition is:

Combination of institution specific and market specific condition: Stress tests which bears the characteristics of both an institution-specific crisis and a market crisis.

The Company can analyse and compute the stress test on more scenarios, as and when required as per the regulatory changes and market conditions.

Stress Testing – Interest Rate Risk

The stress testing framework incorporates the EaR for evaluating the impact of stress scenarios relating to Interest Rate Risk (IRR). RSA and RSL are first slotted into various time buckets. For each time bucket, IRR gaps are computed by taking the difference between the rate sensitive assets and liabilities. Stress tests are conducted by applying various interest rate shocks to IRR gaps up to 1-year horizon. The impact of these shocks on the Net Interest Income (NII) is seen.

Stress Scenarios such as parallel shift in yield curve (with same shocks on assets and liabilities as well as different shocks on assets and liabilities) and non-parallel shift such as steepening, and inversion would be applied to assess the impact on sensitivity to NII up to 1 year.

The Company should run the stress testing scenarios at least on an annual basis and can analyse and compute the stress test on more scenarios as and when required as per the regulatory changes and/or market conditions.

6. Contingency Funding Plan

The Company has developed a comprehensive Contingency Funding Plan (CFP) (Refer Contingency Funding Plan for details) for responding to severe disruptions which might affect the Company's ability to fund some or all of its activities in a timely manner and at a reasonable cost. The plan sets out the strategies for addressing liquidity shortfalls in emergency and unexpected situations. The plan will further help the Company in strengthening its preparedness to recover from any potential liquidity stress events.

7. ALM Information System

a. The ALM Desk shall work in close co-ordination with Information Technology (IT) department and other departments to develop requisite MIS and collect, collate and analyze all relevant information for Asset Liability Management reporting framework
b. The ALM Desk shall maintain a data base of MIS in relation to maturity patterns, interest rate sensitivity and balance sheet ratios.
c. Recognizing the fact that automation and technology will play an increasing role in ensuring accuracy of data, the ALM Desk shall also closely co-ordinate with IT Department to ensure coverage of vital functions.

d. The central element for the entire ALM exercise is the availability of adequate and accurate information in a timely manner. The company shall have sophisticated software system or processes to collect accurate data from business units with respect to assets and liabilities.
e. The technological framework shall cover the extraction of ALM data and collation process to make them faster, accurate and reliable. The company shall establish necessary technology infrastructure to improve the accuracy, reliability and timeliness of the data, pertaining to ALM process as it leads to timely compilation of ALM statements.

8. Public Disclosure

The Company will publicly disclose information (as given below) on a quarterly basis on its official website and in the annual financial statement as notes to account that enables market participants to make an informed judgment about the soundness of its liquidity risk management framework and liquidity position.

Public disclosure on liquidity risk

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

Sr. No.	**Number of Significant Counterparties**	**Amount (₹ crore)**	**% of Total deposits**	**% of Total Liabilities**

- Top 20 large deposits (amount in ₹ crore and % of total deposits)
- Top 10 borrowings (amount in ₹ crore and % of total liabilities)
- Funding Concentration based on significant instrument/product

Sr. No.	**Name of the instrument/product**	**Amount (₹ crore)**	**% of Total Liabilities**

- 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
- Institutional set-up for liquidity risk management

9. Other factors considered in ALM Policy

9.1. Currency Risk

The risk that relates to the gain/losses that arises due to fluctuations in the exchange rates of the rupee vis a vis other currencies. All assets and liabilities that are denominated in foreign exchange are exposed to foreign exchange risk. Transaction in foreign exchange will involve sale of foreign currency and the purchase of another currency at a given exchange rate. The exchange rate keeps changing depending on the value of the currency, which is influenced by various factors which include demand and supply, balance of payment, trade deficit, government borrowings, inflation, interest rates, political stability etc. The detailed strategy on management of currency risk is explained in the Market Risk Management Policy.

9.2. Liquidity Risk Monitoring Tools

The Company shall have liquidity risk monitoring tools/metrics in order to capture strains in liquidity position, if any. Such monitoring tools shall cover a) concentration of funding by counterparty/ instrument/ currency, b) availability of unencumbered assets that can be used as collateral for raising funds; and, c) certain early warning market-based indicators, such as gearing ratio, coupon on debts raised, breaches and regulatory penalties for breaches in regulatory liquidity requirements, breach of financial/non-financial covenants.

9.3. Off-balance Sheet Exposures and Contingent Liabilities

The process of identifying, measuring, monitoring and controlling liquidity risk should include a robust framework for comprehensively projecting cash flows arising from assets, liabilities and also the off-balance sheet items over an appropriate set of time horizons. The management of liquidity risks relating to certain off-balance sheet exposures on account of special purpose vehicles, financial derivatives and guarantees and commitments may be given particular importance due to the difficulties that the Company have in assessing the related liquidity risks that could materialize in times of stress.

9.4. Collateral Position Management

The Company actively manage its collateral positions (and surplus funds) differentiating between encumbered and unencumbered assets. Further, there should be sufficient collateral to meet expected and unexpected borrowing needs and potential increases in margin requirements over different timeframes

9.5. Internal Controls

The Company will get its liquidity risk management process reviewed by independent party at least once in every two years.

Annexure I – Structural Liquidity Statement

A. OUTFLOWS

Heads of Account	Time bucket category
1. Capital funds	
a) Equity capital, Non-redeemable 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) Term deposits from public	As per the residual maturity.
b) Inter Corporate Deposits	These, being institutional/wholesale deposits, should be slotted as per their residual maturity
c) Certificates of Deposit	As per the residual maturity.
5. Borrowings	
a) Term money borrowings	As per the residual maturity
b) From RBI, Govt. & others	-do-
c)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 behavioral 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) 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 behavioral 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.
	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

Heads of Account	Time bucket category
1. Cash	In 1 to 30 /31 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 in 1 to 30 day time 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 upto 2 months" and "Over two months and upto 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 year' 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 to 30 days (One month)""Over one month and upto 2 months" and "Over two months and upto 3 months" buckets depending 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 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 overdues 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 overdues	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	
	(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 devolvement)	Based on the past trend analysis of the devolvement's vis-à-vis the outstanding amount of guarantees (net of margins held), the likely devolvement's should be estimated and this amount could be distributed in various time buckets on judgmental basis. The assets created out of devolvement'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.

<u>Note:</u>

Any event-specific cash flows (e.g. outflow due to wage settlement arrears, capital expenses, income tax refunds, etc.) should be shown in a time bucket corresponding to timing of such cash flows.

a. All overdue liabilities be shown in the 1 to 30/31 days time bucket.
b. Overdue receivables on account of interest and instalments of standard loans / hire purchase assets / leased rentals should 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.

D. Financing of gaps:

The negative gap (i.e. where outflows exceed inflows) in the 1 to 30/31 days time-bucket should not exceed the prudential limit of 15 % of outflows of each time-bucket and the cumulative gap upto the one year period should not exceed 15% of the cumulative cash outflows upto one year period. In case these limits are exceeded, the measures proposed for bringing the gaps within the limit, should be shown by a footnote in the relative statement.

Annexure II – Interest Rate Sensitivity under TGA

A: LIABILITIES

Heads of accounts	Rate sensitivity of time bucket
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, should 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, should be slotted in the earliest /shortest time bucket.
ii) 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.
ii) 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.
6. Current liabilities & provisions	
Sundry creditors Expenses payable Swap adjustment a/c. Advance income received/receipts from borrowers pending adjustment Interest payable on bonds/deposits 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

Head of accounts	Rate sensitivity of time bucket
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, should be shown, net of provisions made, in: 3-5 year bucket - if sub-std. norms applied. 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 should be slotted in time buckets which correspond to the time taken by 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)	
Sub-standard) Doubtful and loss)	To be slotted as indicated at item B.7 of Appendix I.
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) products	
a) Interest rate swaps	Sensitive; to be slotted as per residual maturity in respective time buckets.
b) Other derivatives	To be classified suitably as and when introduced.

Annexure III – Formats

This section defines the format of Statement of Structural Liquidity, Statement of Interest rate sensitivity and Dynamic Liquidity

Statement of Structural Liquidity

Outflows	1 - 7 days	8 - 14 days	15 – 30/31 days	Over 1 Month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
1. Capital a) Equity and perpetual preference shares											
b) Non-perpetual preference shares											
2. Reserves & surplus											
3. Gifts, grants, donations & benefactions											
4. Notes, bonds & debentures a) Plain vanilla bonds/debenture											
b)Bonds/debentures with embedded options											
c) Fixed rate notes											
5. Deposits a) Term deposits from public											
b) ICDs											
6.Borrowings a) Term money borrowings											
b) From RBI, Govt & others											
7. Current Liabilities & provisions: a) Sundry creditors											
b) Expenses payable											

c) Advance income received										
d) Interest payable on bonds/ deposits										
e) Provisions (other than for NPAs)										
8. Contingent Liabilities										
a) Letters of credit/guarantees										
b) Loan commitments pending disbursal (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)										
A. TOTAL OUTFLOWS (A)										
B. INFLOWS	1 - 7 days	8 - 14 days	15 – 30/31 days	Over 1 Month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
1. Cash											
2. Remittance in transit											
3. Balances with Banks a)Current Account											
b)Deposit /short- term deposits											
c) Money at call & short notice											
4. Investments (net of provisions) (under various categories as enumerated in Appendix I)											
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. Non-performing loans (net of provisions and ECGC claims received) (under various categories enumerated in Appendix I)												
7. Inflows from assets on lease												
8. fixed assets (excluding assets on lease)												
9. Other assets : a) Intangible assets & other non-cash flow items b) Interest and other income receivable												
c) 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												
B. TOTAL INFLOWS (B)												
C. Mismatch (B - A)												
D. Cumulative mismatch												
E. C as percentage Of												

A											

Statement of Interest Rate Sensitivity

LIABILITIES	1 day to 7 days	8 days to 14 days	15 days - 30/31 days (One month)	Over one month to 2 months	Over two months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Non-Sensitive	Total
1. Capital a) Equity and perpetual preference shares												
b) Non-perpetual preference shares												
2. Reserves & surplus												
3. Gifts, grants, donations & benefactions												
4. Notes, bonds & debentures a) Plain vanilla bonds/deben- tures												
b) Bonds/debe- ntures with embedded options												
c) Fixed rate notes												
5. Deposits a) Term deposits from public												
b) ICDs												
c) CDs												
6.Borrowings a) Term money borrowings												
b) From RBI,Govt, & others												
7. Current Liabilities & provisions: a) Sundry creditors												
b) Expenses payable												

c) Advance income received												
d) Interest payable on bonds/deposits												
e) Provisions (other than for NPAs)												
8. Contingent Liabilities												
a) Letters of credit/guarantees												
b) Loan commitments pending disbursal (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												
TOTAL LIABILITIES												
ASSETS	1 day to 7 days	8 days to 14 days	15 days - 30/31 days (One month)	Over one month to 2 months	Over two months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Non-Sensitive	Total
1. Cash												
2. Remittance in transit												
3. Balances with banks a)Current account												
b)Deposit /short-term deposits												

c) Money at call & short notice													
4. Investments (net of provisions) (under various categories as enumerated in Appendix I)													
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. Non-performing loans (net of provisions and ECGC claims received) (under various categories enumerated Appendix I)													
7. Inflows from assets on lease													
8. fixed assets (excluding assets on lease)													
9. Other assets : a) Intangible assets & other non-cash flow items													
b) Interest and													

other income receivable													
c) 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													
B. TOTAL INFLOWS (B)													
C. Mismatch (B - A)													
D. Cumulative mismatch													
E. C as percentage Of A													

Statement of Dynamic Liquidity

STATEMENT OF SHORT TERM DYNAMIC LIQUIDITY				
For the Quarter end				
Details	Amount (in Rs. Crore)			
A. OUTFLOWS	1-14 days	15-28 days	29 days to 3 months	3-6 months
1.Increase in loans and advances				

STATEMENT OF SHORT TERM DYNAMIC LIQUIDITY				
For the Quarter end				
Details	Amount (in Rs. Crore)			
2. Net increase in investments				
i. Government/approved securities				
ii. Bonds/debentures/shares				
iii. Others				
3. Net decrease in public deposits, ICDs				
4. Net decrease in borrowing from various sources/net increase in market lending				
5. Outflow on account of off-balance sheet items				
6. Other outflows				
a) Opex/Capex				
b) Intt on FDs/Bonds				
c) Advance Tax				
d) Securitisation				
TOTAL OUTFLOWS (A)				
B. INFLOWS				
1. Net cash position				
2. Net increase in deposits, ICDs				
3. Interest inflow on investments				

4. Interest inflow on performing advances				
5. Net increase in borrowing from various sources				
6. Inflow on account of off-balance sheet items				
7. Other inflows				
a) Collections/ Run-off				
b)				
c)				
d)				
TOTAL INFLOWS (B)				

STATEMENT OF SHORT TERM DYNAMIC LIQUIDITY				
For the Quarter end				
Details	**Amount (in Rs. Crore)**			
C. Mismatch (B-A)				
D. Cumulative mismatch				
E. C as percentage to total outflows				

Annexure IV – RBI Circular Referenced

Sr. No.	Circular Reference No.	Description
1	RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17	Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016