

Notes to Accounts – Disclosure of LCR

As per RBI guidelines no DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 Dated November 04, 2019, NBFCs assets with more than Rs. 5000 cr, required to maintain Liquidity Coverage Ratio (LCR) as mentioned therein.

As on 31st October 2022, our Company has crossed Rs 5000 Cr assets mark and adopted to start complying with the monitoring and tracking of Liquidity Coverage Ratio (LCR) as part of Liquidity Risk Management framework from 25th November 2022 onwards as per RBI guidelines.

The objective of this policy is to create an institutional mechanism to compute, review and monitor periodically all the elements of the liquidity, develop suitable Liquidity Risk Management Framework, identify potential risks, take suitable decisions and mitigate such risks.

As per RBI guidelines to ensure strong liquidity, NBFCs shall maintain an adequate level of unencumbered High Quality Liquid Assets (HQLA) that can be converted into cash to meet its liquidity needs for a 30-day calendar time horizon under a significantly severe liquidity stress scenario.

The Company follows the criteria laid down by RBI for calculation of Liquidity coverage Ratio (LCR) which is represented by the ratio "Stock of HQLA" divided by "Total Net Cash Outflows over the next 30 calendar days". 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). 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 = Stressed Outflows - Min (stressed inflows; 75% of stressed outflows).

Company for purpose of computing cash outflows, have considered:

1. Secured wholesale funding i.e., all the contractual debt repayments,
2. Liquidity needs (e.g., collateral calls) related to financing transactions, derivatives and other contracts where 'downgrade triggers' up to and including a 3-notch downgrade,
3. Currently undrawn committed credit and liquidity facilities,
4. Any other contractual outflows not captured elsewhere in the template i.e., operational expenditure

Cash Inflows comprises of:

1. All other assets i.e., expected receipt from all performing loans,
2. Lines of credit – Credit or liquidity facilities or other contingent funding facilities that the NBFC holds at other institutions for its own purpose (Facilities which are sanctioned but not yet disbursed)
3. Other contractual cash inflows (Includes fixed deposits and mutual funds)

HQLA is considered as per RBI guidelines.

The Company exceeds the regulatory requirement of LCR which mandated maintaining 100% of expected net cash outflows for next 30 days in a stressed scenario in high quality liquid assets (HQLA) by December 2022; which is been increased to 100% by December 2024 in a phased manner.

During quarter ended September 25, the Company maintained a LCR of 174.00%, well in excess of the RBI's stipulated norm of 100%.

Appendix I - as on Quarter ended 30 September 25
(Average for the period from 01-July-25 to 30-September-25)

(Rs. in Crores)

S.No	LCR Disclosure Template	Total Unweighted Value (average)	Total Weighted Value (average)
	High Quality Liquid Assets		
1	HQLA	182	182
	Total HQLA	182	182
	Cash Outflows		
2	Deposits (for deposit taking companies)	-	-
3	Unsecured wholesale funding	-	-
4	Secured wholesale funding	266	306
5	Additional requirements, of which	68	79
(i)	<i>Outflows related to derivative exposures and other collateral requirements</i>	-	-
(ii)	<i>Outflows related to loss of funding on debt products</i>		-
(iii)	<i>Credit and liquidity facilities</i>	68	79
6	Other contractual funding obligations	30	34
7	Other contingent funding obligations	-	-
8	TOTAL CASH OUTFLOWS	364	418
	Cash Inflows		
9	Secured lending		-
10	Inflows from fully performing exposures	189	142
11	Other cash inflows	489	367
12	TOTAL CASH INFLOWS	678	508
			Total Adjusted Value
13	TOTAL HQLA		182
14	TOTAL NET CASH OUTFLOWS		105
15	LIQUIDITY COVERAGE RATIO (%)		174.00%

¹Unweighted values must be calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

²Weighted values must be calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.