

SBI Global Factors Ltd

Liquidity Risk Management Framework for NBFCs

Disclosure in accordance with RBI Circular No. DIR.NBFC (PD) CC. No. 102/03.10.001/2019-20 dated 4th November 2019 relating Liquidity Risk Management Framework for Non-Banking Financial Companies:

(i) Funding concentration based on significant counterparty (Both deposits and borrowings)

as on 31st March 2020

Sr. No.	Number of Significant Counterparties *	Amount (Rupees in Lakhs)	% of Total deposits	% of Total Liabilities
1	5	11,000	NA	11.99
2	3	42,500	NA	46.32
3	2	31,726	NA	34.57
Total	10	85,226	NA	92.88

as on 31st March 2019

Sr. No.	Number of Significant Counterparties *	Amount (Rupees in Lakhs)	% of Total deposits	% of Total Liabilities
1	5	11,000	NA	11.36
2	2	49,000	NA	50.61
3	2	30,720	NA	31.73
Total	9	90,720	NA	93.70

* Significant counterparties are those counterparties whose outstandings is Rs. 10 crore and above. (Details as per Annexure I)

(ii) Top 20 large deposits (amount in Rupees Lakhs and % of total deposits)

- Since the Company has been categorized as an NBFC NDSI, this is not applicable.

(iii) Top 10 borrowings (amount in Rupees Lakhs and % of total borrowings)

Sr. No.	Particulars of Lenders	March 31, 2020	% of Total Borrowings
1	HDFC Mutual Fund	24,500	27.54
2	State Bank of India (INR) (WCDL)	21,500	24.17
3	SBI London (FOREX)	7,954	8.94
4	TATA Mutual Fund	7,500	8.43
5	Birla Mutual Fund	10,500	11.80
6	CBT EPF-05-F-DM	4,000	4.50
7	CBT EPF-05-E-DM	3,000	3.37
8	State Bank of India (INR) (OD)	2,272	2.55
9	POSTAL LIFE INSURANCE FUND A/C UTI AMC	2,000	2.25
10	CBT EPF-11-E-DM	1,000	1.12
11	WIPRO SYSTEMS PROVIDENT FUND TRUST	1,000	1.12
	Total	85,226	95.82



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

As on 31st March 2020

Sr. No.	Number of Significant Counterparties *	Amount (Rupees in Lakhs)	% of Total deposits	% of Total Liabilities
<u>TIER II Bonds</u>				
1	CBT EPF-05-F-DM	4000	NA	4.36
2	CBT EPF-05-E-DM	3000	NA	3.27
3	POSTAL LIFE INSURANCE FUND A/C UTI AMC	2000	NA	2.18
4	CBT EPF-11-E-DM	1000	NA	1.09
5	WIPRO SYSTEMS PROVIDENT FUND TRUST	1000	NA	1.09
	Total	11000	0	11.99
<u>Commercial Papers</u>				
1	HDFC Mutual Fund	24500	NA	26.70
2	TATA Mutual Fund	7500	NA	8.17
3	Birla Mutual Fund	10500	NA	11.44
	Total	42500	0	46.32
<u>Bank Lines</u>				
1	State Bank of India (INR) (OD)	2272	NA	2.48
2	State Bank of India (INR) (WCDL)	21500	NA	23.43
3	SBI London (FOREX)	7954	NA	8.67
	Total	31726	0	34.57

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

As on 31st March 2019

Sr. No.	Number of Significant Counterparties *	Amount (Rupees in Lakhs)	% of Total deposits	% of Total Liabilities
<u>TIER II Bonds</u>				
1	CBT EPF-05-F-DM	4000	NA	4.13
2	CBT EPF-05-E-DM	3000	NA	3.10
3	POSTAL LIFE INSURANCE FUND A/C UTI AMC	2000	NA	2.07
4	CBT EPF-11-E-DM	1000	NA	1.03
5	WIPRO SYSTEMS PROVIDENT FUND TRUST	1000	NA	1.03
	Total	11000	0	11.36
<u>Commercial Papers</u>				
1	HDFC Mutual Fund	33000	NA	34.08
2	ICICI Prudential Money Market Fund	16000	NA	16.53
	Total	49000	0	50.61
<u>Bank Lines</u>				
1	State Bank of India (INR) (OD)	0	NA	0.00
2	State Bank of India (INR) (WCDL)	24000	NA	24.79
3	SBI London (FOREX)	6720	NA	6.94
	Total	30720	0	31.73

* Significant counterparties are those counterparties whose outstanding is Rs. 10 crore and above.



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(V) Stock Ratios:

As per Ind AS			
Sr. No.	Ratios	March 31, 2020	March 31, 2019
a)	Commercial paper as a % of Total Public Funds	NA	NA
	Commercial paper as a % of Total Liabilities	46.03	49.99
	Commercial paper as a % of Total Assets	33.79	37.64
b)	Non-convertible debentures(Original Maturity of less than 1 year) as a % of Total Public Fund, Total Liabilities and Total Assets	NA	NA
c)	Other Short-term liabilities as a % of Total Public Funds	NA	NA
	Other Short-term liabilities as a % of Total Liabilities	42.10	34.44
	Other Short-term liabilities as a % of Total Assets	30.90	25.93
Figures for arriving at the ratios given in above table are as follows:			
(Rupees in Lakhs)			
Particulars	March 31, 2020	March 31, 2019	
Total Assets	125006.63	128588.06	
Total Liabilities	91761.82	96819.78	
Total Public Funds	0.00	0.00	
Commercial Paper	42233.92	48395.40	
Non-convertible debentures(Original Maturity of less than 1 year)	0.00	0.00	
Other Short-Term Liabilities	38631.57	33345.96	



(VI) Institutional set-up of liquidity risk management

I. Introduction

Liquidity Risk is the Probability of loss arising from a situation where

- (1) The cash and / or cash equivalent is not adequate to meet the obligations to the lenders and other counter parties.
- (2) Sale of liquid assets will yield less than their fair value, or
- (3) Liquid assets cannot be sold at the desired time due to lack of buyers.

II. Identification

Events that may lead to disturbance in cash flow position in our Company:

- a) Delays in repayment of loans by the debtors / clients.
- b) Inability to raise money from the overnight market.

III. Treatment / Handling of Liquidity Risk

Majority of the Company's assets are of short-term nature (Average 90 days) and are funded through combination of Commercial Papers (CPs), Owned funds and banks' lines of credit. As the Banks' lines of credit are normally for a period of one year (renewable after one year) but are costly as compared to other sources of funds, the assets are funded mainly through CPs.

In case of a tight liquidity position, wherein Company is unable to raise money through CPs at reasonable rates, the Company may fund its assets through Banks' lines of credit.

Further, to mitigate the liquidity risk, Company has a policy that the total of:

- a) Undrawn, committed rupee facilities;

SBIGFL has backup lines of Credit from Banks to meet 100% of the other short term/volatile resources and mitigate liquidity risks at any point of time. As on March 31, 2020, Our CP borrowing was Rs. 425 cr and unutilized Rupee Bank lines from SBI were Rs. 212.24 cr (Working Capital Loan plus Cash Credit limit) and unutilized line of Rs. 150.00 cr from HDFC Bank. (Total Rupee Lines of Credit aggregate Rs 600 cr as on March 31, 2020 from SBI Rs 450 crs, HDFC Bank Rs 150 cr). To cater to export factoring clients, SBIGFL also has foreign currency line of credit USD 30 million (INR 227 Cr) out of which unutilized limit was USD 19.49 million (INR 147.46 cr.) as on March 31, 2020.

- b) Investments in liquid instruments, should always exceed aggregate of short term dated loans with no surety of rollover, and CP's falling due within the next one week and

- c) A Contingency Funding Plan (CFP) has also been approved by ECB & the Board for inclusion in the Asset Liability Management Policy, which is being reviewed annually.

