

**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:

(These details are pertaining to quarter ended June, 2020.)

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

Sr. No.	Number of Significant Counterparties *	Amount (Rupees in crores)	% of Total deposits	% of Total Liabilities
1	5	110	NA	16.24
2	3	380	NA	56.09
3	1	123.38	NA	18.21
<b>Total</b>	<b>9</b>	<b>613.38</b>	<b>NA</b>	<b>90.54</b>

\* 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 crore 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 crore and % of total borrowings)

Sr. No.	Particulars of Lenders	Amount (Rupees in crores)	% of Total Borrowings
1	Birla Mutual Fund	160.00	24.49
2	SBI London (FOREX)	123.38	18.88
3	Tata Mutual Fund	120.00	18.37
4	ICICI Pru Mutual Fund	100.00	15.31
5	CBT EPF-05-F-DM	40.00	6.12
6	CBT EPF-05-E-DM	30.00	4.59
7	POSTAL LIFE INSURANCE FUND A/C UTI AMC	20.00	3.06
8	CBT EPF-11-E-DM	10.00	1.53
9	WIPRO SYSTEMS PROVIDENT FUND TRUST	10.00	1.53
10	RURAL POSTAL LIFE INSURANCE FUND A/C UTI AMC	5.00	0.77
11	NALCO EMPLOYEES PROVIDENT FUND TRUST	5.00	0.77
12	ALCATEL LUCENT STAFF PROVIDENT FUND TRUST	5.00	0.77
13	POSTAL LIFE INSURANCE FUND A/C SBIFMPL	5.00	0.77
	<b>Total</b>	<b>633.38</b>	<b>96.94</b>

(iv) Funding concentration based on significant instrument/product

Sr. No	Number of Instrument/product	Amount (Rupees in crores)	% of Total Liabilities
1	TIER II Bonds	150.00	22.14
2	Commercial Papers	380.00	56.09
3	Bank Lines	123.38	18.21
	<b>Total</b>	<b>653.38</b>	<b>96.44</b>



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**Annexure - I**

Data as on June 30, 2020

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

Sr. No.	Number of Significant Counterparties *	Amount (Rs. crores)	% of Total deposits	% of Total Liabilities
<b><u>TIER II Bonds</u></b>				
1	CBT EPF-05-F-DM	40	NA	5.90
2	CBT EPF-05-E-DM	30	NA	4.43
3	POSTAL LIFE INSURANCE FUND A/C UTI AMC	20	NA	2.95
4	CBT EPF-11-E-DM	10	NA	1.48
5	WIPRO SYSTEMS PROVIDENT FUND TRUST	10	NA	1.48
	<b>Total</b>	<b>110</b>	<b>0</b>	<b>16.24</b>
<b><u>Commercial Papers</u></b>				
1	Tata Mutual Fund	120	NA	17.71
2	Birla Mutual Fund	160	NA	23.62
3	ICICI Pru Mutual Fund	100	NA	14.76
	<b>Total</b>	<b>380</b>	<b>0</b>	<b>56.09</b>
<b><u>Bank Lines</u></b>				
1	SBI London (FOREX)	123.38	NA	18.21
	<b>Total</b>	<b>123.38</b>	<b>0</b>	<b>18.21</b>

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



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**(V) Stock Ratios:**

Sr. No.	Ratios	Mar'20 (%)	Jun'20 (%)
a)	Commercial paper as a % of Total Public Funds	NA	NA
	Commercial paper as a % of Total Liabilities	46.03	55.73
	Commercial paper as a % of Total Assets	33.79	36.98
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	42.28	28.51
	Other Short-term liabilities as a % of Total Assets	31.04	18.92
<b>Figures for arriving at the ratios given in above table are as follows:</b>			
<b>(Rupees in Crores)</b>			
Particulars	Mar'20	Jun'20	
Total Assets	1250.07	1021.13	
Total Liabilities	917.62	677.51	
Total Public Funds	0.00	0.00	
Commercial Paper	422.34	377.58	
Non-convertible debentures(Original Maturity of less than 1 year)	0.00	0.00	
Other Short-Term Liabilities	388.00	193.16	



## **(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 June 30, 2020, our CP borrowing was Rs. 380 cr and unutilized Rupee Bank lines from SBI were Rs. 450 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 June 30, 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 226.52 Cr) out of which unutilized limit was USD 13.66 million (INR 103.13 cr.) as on June 30, 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.

