

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 Sept, 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	4	70	NA	7.63
2	5	615	NA	67.02
3	2	86.87	NA	9.47
Total	11	771.87	NA	84.12

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

(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
Total		751.87	115.07

(iv) Funding concentration based on significant instrument/product

Sr. No	Number of Instrument/product	Amount (Rupees in crores)	% of Total Liabilities
1	Commercial Papers	615.00	67.02
2	TIER II Bonds	100.00	10.90
3	Bank Lines (INR+FOREX)	86.10	9.38
Total		801.10	87.30



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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	74.57	46.03
	Commercial paper as a % of Total Assets	52.27	33.79
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	12.20	42.28
	Other Short-term liabilities as a % of Total Assets	8.55	31.04

(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.

- 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.

