

IIFL Finance Limited
Public Disclosure on Liquidity Risk
As on September 30, 2020

Background :

RBI has issued final guidelines on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies on November 04, 2019 vide circular RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 . As per the said guidelines, NBFC are required to publicly disclose the below information related to liquidity risk on a quarterly basis. Accordingly, the disclosure on liquidity risk as at 30 Jun 20 is as under:

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

Sr. No	No. of significant counterparties	Amount (Rs. In Crores)	% of Total Deposits	% of Total Liabilities
1	16	6,877	NA	44.88%

Note : Total Liabilities has been computed as Total Liabilities less Equity share capital less Other Equity

(ii) Top 20 large deposits (amount in Rs crore and % of total deposits) – Not Applicable

(iii) Top 10 borrowings

Amount (Rs. In crore)	% of Total Borrowings
5,535	39.42%

(iv) Funding Concentration based on significant instrument / product

Sr. No.	Name of the Product	Amt in Millions	% of Total Liabilities
1	Non Convertible Debentures	70,400	45.94%
2	Term Loans	32,770	21.38%
3	Securitisation	19,304	12.60%
3	Commercial Paper	9,906	6.46%
4	Cash Credit / Overdraft Facilities	8,033	5.24%

(v) Stock Ratios

Sr. No.	Stock Ratio	%
1	Commercial papers as a % of total liabilities	6.46%
2	Commercial papers as a % of total assets	5.22%
3	Non-convertible debentures (original maturity of less than one year) as a % of total liabilities	Nil
4	Non-convertible debentures (original maturity of less than one year) as a % of total assets	Nil
5	Other short-term liabilities as a % of total liabilities	48.88%
6	Other short-term liabilities as a % of total assets	39.45%

(vi) Institutional set-up for Liquidity Risk Management

The Board of Directors of the Company has an overall responsibility and oversight for the management of all the risks, including liquidity risk, to which the Company is exposed to in the course of conducting its business.

The Board approves the governance structure, policies, strategy and the risk limits for the management of liquidity risk.

The Board of Directors approves the constitution of the Risk Management Committee (RMC) for the effective supervision, evaluation, monitoring and review of various aspects and types of risks, including liquidity risk, faced by the Company.

Further, the Board of Directors also approves constitution of Asset Liability Committee (ALCO), which functions as the strategic decision-making body for the asset-liability management of the Company from risk return perspective and within the risk appetite and guard-rails approved by the Board.

The main objective of ALCO is to assist the Board and RMC in effective discharge of the responsibilities of asset-liability management, market risk management, liquidity and interest rate risk management and also to ensure adherence to risk tolerance/limits set up by the Board.

ALCO provides guidance and directions in terms of interest rate, liquidity, funding sources, and investment of surplus funds. ALCO meetings are held once in a month or more frequently as warranted from time to time.