Shriram City Union Finance Limited
For the period ended June 30, 2021

Liquidity Risk Disclosure

Public Disclosure on Liquidity Risk for the period ended June 30, 2021 pursuant to RBI circular dated 4 November 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies

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

Sr. No.	Number of Significant Counterparties	Amount (Rs. in Lacs)*	% of Total deposits	% of Total liabilities
1	15	14,45,785.10	247.59%	54.26%

*Includes securitisation liabilities exposure

(ii) Top 20 large deposits (amount in Rs. in lacs and % of total deposits)

Particulars	As at June 30, 2021
Total amount of top 20 large deposits	13,697.24
Percentage of amount of top 20 large deposits to total deposits	2.35%

(iii) Top 10 borrowings (amount in Rs. in lacs and % of total borrowings)

Particulars	As at June 30, 2021
Total amount of top 10 borrowings *	12,34,275.42
Percentage of amount of top 10 borrowings to total borrowings	47.13%

*Includes securitisation liabilities exposure

(iv) Funding Concentration based on significant instrument/product

Sr. No.	Name of the instrument/product	Amount (Rs. in Lacs)	% of Total liabilities
1	Public issue of Redeemable non-convertible debentures	41,180.81	1.55%
2	Privately placed Redeemable non-convertible debentures	3,74,133.48	14.04%
3	Term Loan from banks	7,97,672.38	29.94%
4	Term Loan from financial institution/ NBFC	2,44,282.23	9.17%
5	Loans repayable on demand from banks (Cash credit from banks & Working Capital Loan)	1,99,328.22	7.48%
6	Other loans - Securitisation liabilities	3,78,218.95	14.19%
7	Public deposits	5,83,936.31	21.92%

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(v) Stock Ratios:

	Particulars	as a % of Total public funds	as a % of Total liabilities	as a % of Total assets
(a)	Commercial papers	-	-	-
(b)	Non-convertible debentures (original maturity of less than one year)	-	-	-
(c)	Other short-term liabilities*	9.19%	9.03%	6.88%

*includes cash credit, working capital demand loans and other short term loans with original maturity of less than one year

(vi) Institutional set-up for liquidity risk management

The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles.

The Board has constituted the Audit and Risk Management Committee (ARMC) which is responsible for monitoring the overall risk process within the Company.

The (ARMC) is responsible for managing risk decisions and monitoring risk levels. The meetings of ARMC are held at quarterly interval.

The Risk owners are responsible for monitoring compliance with risk principles, policies and limits across the Company. Each department has its Risk owner who is responsible for the control of risks, including monitoring the actual risk of exposures against authorised limits and the assessment of risks.

The Company's Treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Company.

The Board of Directors also approves constitution of Asset Liability Committee (ALCO), reviews or monitors Asset Liability Management (ALM) mismatch. ALCO conducts periodic reviews relating to the liquidity position and stress test assuming various what if scenarios. The ALCO is responsible for ensuring adherence to the limits/ targets set by the Board as well as for deciding the business strategy of the Company in line with the Company's budget and decided risk management objectives. The ALCO does balance sheet planning from risk-return perspective including strategic management of interest rate and liquidity risks. The ALCO also evaluates the Borrowing Plan of subsequent quarters on the basis of previous borrowings of the company. The meetings of ALCO are held at quarterly intervals. The ALM Support Groups consisting of operating staff are responsible for analysing, monitoring and reporting the risk profiles to the ALCO. ALCO support group meets every fortnight.

In assessing the company's liquidity position, consideration is given to: (1) present and anticipated asset quality (2) present and future earnings capacity (3) historical funding requirements (4) current liquidity position (5) anticipated future funding needs, and (6) sources of funds. The Company maintains a portfolio of marketable assets that are assumed to be easily liquidated and undrawn cash credit limits which can be used in the event of an unforeseen interruption in cash flow. The Company also enters into securitisation deals (direct assignment as well as pass through certificates) of its loan portfolio, the funding from which can be accessed to meet liquidity needs. In accordance with the Company's policy, the liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Company. Net liquid assets consist of cash, short–term bank deposits and investments in mutual fund available for immediate sale, less issued securities and borrowings due to mature within the next month. Borrowings from banks and financial institutions, issue of debentures and bonds and acceptance of public deposits are considered as important sources of funds to finance lending to customers. They are monitored using the advances to borrowings ratio, which compares loans and advances to customers as a percentage of secured and unsecured borrowings.

The liquidity buffer, SLR- FD investments & SLR-Public NCD investment was Rs.4,43,946.96 Lacs, Rs. 1,03,422.73 Lacs and Rs. 598.07 Lacs respectively.

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Liquidity Risk Disclosure

***Notes:**

1) Significant counterparty is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

2) Significant instrument/product is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities, as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

3) Total Liabilities has been computed as sum of all liabilities (Total of Balance Sheet less Total Equity).

4) Public funds includes funds raised either directly or indirectly through public deposits, inter-corporate deposits, bank finance and all funds received from outside sources such as funds raised by issue of Commercial Papers, debentures etc. but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 5 years from the date of issue, as defined in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016.

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Liquidity Coverage Ratio Disclosure

Disclosure as per the circular no RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019 issued by Reserve Bank of India on " Liquidity Coverage ratio (LCR) "

Rs. in lacs

Sr. No	Particulars	As at June 30, 2021		As at March 31, 2021	
		Total Unweighted Value (average)*	Total weighted Value (average)#	Total Unweighted Value (average)*	Total weighted Value (average)#
High Quality Liquid Assets					
1	Total High Quality Liquid Assets (HQLA)	4,31,462.65	4,11,773.87	4,19,389.93	4,00,965.68
Cash Outflows					
2	Deposits (for deposit taking companies)	12,502.45	14,377.81	10,803.11	12,423.58
3	Unsecured wholesale funding	-	-	-	-
4	Secured wholesale funding	1,01,138.79	1,16,309.61	1,11,367.46	1,28,072.58
5	Additional requirements, of which	-	-	-	-
	(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-
	(ii) Outflows related to loss of funding on debt products	-	-	-	-
	(iii) Credit and liquidity facilities	-	-	-	-
6	Other contractual funding obligations	21,496.43	24,720.89	26,221.41	30,154.63
7	Other contingent funding obligations	4,217.74	4,850.40	3,664.00	4,213.60
8	**TOTAL CASH OUTFLOWS**	**1,39,355.41**	**1,60,258.72**	**1,52,055.98**	**1,74,864.38**
Cash Inflows					
9	Secured lending	-	-	-	-
10	Inflows from fully performing exposures	1,97,863.36	1,48,397.52	1,86,668.34	1,40,001.25
11	Other cash inflows	342.58	256.94	300.13	225.10
12	**TOTAL CASH INFLOWS**	**1,98,205.94**	**1,48,654.46**	**1,86,968.47**	**1,40,226.35**

	Particulars	Total Adjusted value As at June 30, 2021	Total Adjusted value As at March 31, 2021
13	**TOTAL HQLA**	4,11,773.87	4,00,965.68
14	**TOTAL NET CASH OUTFLOWS**	40,064.68	43,716.10
15	**LIQUIDITY COVERAGE RATIO (%)**	1027.77%	917.20%

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

Weighted values calculated after the application of respective haircuts (for HQLA) and stress factors on inflows and outflows.

Qualitative disclosure around Liquidity Coverage Ratio (LCR)

The Reserve Bank of India has prescribed Guidelines on Maintenance of Liquidity Coverage Ratio (LCR). All non-deposit taking NBFCs with asset size of Rs.10,000 crore and above, and all deposit taking NBFCs irrespective of their asset size, is required to maintain a liquidity buffer in terms of LCR which will promote resilience of NBFCs to potential liquidity disruptions by ensuring that they have sufficient High Quality Liquid Asset (HQLA) to survive any acute liquidity stress scenario lasting for 30 days. The stock of HQLA to be maintained by the NBFCs shall be minimum of 100% of total net cash outflows over the next 30 calendar days.

The LCR requirement was applicable from December 1, 2020 with the minimum HQLAs to be held being 50% of the LCR, progressively reaching a level upto 60%. 70%, 85% and 100% by December 1, 2021, December 1, 2022, December 1, 2023, December 1, 2024 respectively.

Liquidity Coverage Ratio (LCR) ratio comprises of high quality liquid assets (HQLAs) as numerator and net cash outflows in 30 days as denominator.

The average LCR is computed at as simple averages of monthly observations over the previous quarter (ie. average of three months ie. April 2021, May 2021 and June 2021 for the quarter ended June 30, 2021 and average of three months ie. January 2021, February 2021 and March 2021 for the quarter ended March 31, 2021)

The Company, as at June 30, 2021, had maintained average HQLA (after haircut) of Rs. 4,11,773.87 lacs against Rs. 4,00,965.68 lacs for the quarter ended March 31, 2021. HQLA primarily includes cash on hand, bank balances in current account and demand deposits with Schedule Commercial Banks, Treasury Bills and Government securities (such unencumbered approved securities held as per the provisions of section 45 IB of RBI Act, is reckoned as HQLA only to the extent of 80% of the required holding).

The Company has implemented the LCR framework and has maintained LCR well above the regulatory threshold. The average LCR for the quarter ended June 30, 2021 was 1027.77% which is above the regulatory requirement of 50%. For the quarter ended March 31, 2021 average LCR was stood at 917.20%
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