Tata Motors Finance Solutions Limited

Disclosure on Liquidity Risk for the Quarter ended September 30, 2021

(Disclosure on liquidity risk under RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies)

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

No. of Significant Counterparties	Amount (Rs crs)	%age to Total Deposits	%age to Total Liabilities
18 nos.	6,487.39	NA	94%

2. **Top 20 large deposits (amount in Rs crores and % of total deposits):** Not Applicable

3. **Top 10 borrowings (amount in Rs crores and % of total borrowings)**

Amount (Rs crs)	%age to Total Borrowings
4,761.18	72%

4. **Funding Concentration based on significant instrument/product**

Srl No	Name of the Instrument/product	Amount (Rs crs)	% of Total Liabilities
1	Term Loans (including External Commercial Borrowings)	3,810.37	55%
2	Working Capital Demand Loan	520.00	8%
3	Inter-Corporate Deposits	300.00	4%
4	Commercial Paper	810.68	12%
5	Non-Convertible Debentures	1,184.50	17%

5. **Stock Ratios:**

Srl No	Particulars	Total Public Funds	Total Liabilities	Total Assets
1	Commercial Paper, as a %age of	12%	12%	10%
2	Non-Convertible Debentures (original maturity of less than one year), as a %age of	Nil	Nil	Nil
3	Other Short Term Liabilities, as a %age of	39%	37%	31%

6. **Institutional set-up for liquidity risk management**

Tata Motors Finance Solutions Limited (TMFSL) has an Asset Liability Supervisory Committee (ALCO), a Board level Sub-committee to oversee liquidity risk management. ALCO consists of Non-Executive Director, Independent Directors, Chief Executive Officer and Group Chief Financial Officer. The ALCO meetings are held every quarter. TMFSL has a Risk Management Committee (RMC), a sub-committee of the Board, which oversees overall risks to which the Company is exposed including liquidity risk management (LRM). ALCO's views on liquidity and asset liability management are presented to RMC for its independent review on a regular basis. The ALCO and RMC also updates the Board at regular intervals.

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Liquidity Coverage Ratio - Disclosure Q2FY22

Qualitative disclosure

RBI vide circular dated November 4, 2019 has made it mandatory for NBFCs to implement Liquidity Coverage Ratio (LCR) with effect from December 1, 2020. Accordingly, the Board and ALCO has approved the Liquidity risk management policy including LCR policy. The overall Liquidity risk management of TMFSL is under the guidance of the ALCO and within the overall framework of the Board approved policies. The mandated regulatory threshold as per the transition plan is embedded into the policy to ensure maintenance of adequate liquidity buffers. LCR computations are reported to ALCO and the Board for oversight and periodical review. LCR seeks to ensure that TMFSL has an adequate stock of unencumbered High-Quality Liquid Assets (HQLA) that can be converted into cash promptly and immediately to meet its liquidity needs under a 30-day calendar liquidity stress scenario. As a strategy, TMFSL has been maintaining callable fixed deposits and balance in current account with banks which has resulted in a high level of HQLA. TMFSL follows the criteria laid down by the RBI for month-end calculation of High-Quality Liquid Assets (HQLA), gross outflows and inflows within the next 30-day period. HQLA predominantly comprises bank deposits and cash and bank balance. TMFSL is funded through Commercial papers, term loans from banks, long term bonds, and foreign currency borrowings. All significant outflows and inflows determined in accordance with RBI guidelines are included in the prescribed LCR computation. The Company assesses the impact on short term liquidity gaps dynamically under various scenarios covering business projections under normal as well as varying market conditions. Periodical reports are placed before the Company's ALCO for perusal and review. The LCR is calculated by dividing a TMFSLs` stock of HQLA by its total stressed net cash outflows over next 30-day period.

RBI has mandated a minimum LCR of 30% from December 1, 2020 and TMFSL's LCR stood at 370% for the quarter ended September 30, 2021.

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Liquidity Coverage Ratio

Rs crs

		Q2 FY 22	
No.	**Particulars**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**
	High Quality Liquid Assets (HQLA)		
(i)	Fixed Deposits (unencumbered)	347	347
(ii)	Cash & Bank Balance	32	32
1	**Total HQLA**	**379**	**379**
	Cash Outflow		
2	Deposits (for deposit taking companies)	-	-
3	Unsecured wholesale funding	46	53
4	Secured wholesale funding	215	247
5	Additional requirements, of which		
(i)	Outflows related to derivative exposures and other collateral requirements	0.48	0.55
(ii)	Outflows related to loss of funding on debt products	-	-
(iii)	Credit and liquidity facilities	-	-
6	Other contractual funding obligations	75	86
7	Other contingent funding obligations	19	22
8	**Total Cash Outflow**	**356**	**410**
	Cash Inflow		
9	Secured lending	-	-
10	Inflows from fully performing exposures	289	217
11	Other cash inflows	2,247	1,685
12	**Total Cash Inflow**	**2,536**	**1,902**
			Total Adjusted Value
13	**Total HQLA**		379
14	**Total Net Cash Outflow**		102
15	**LIQUIDITY COVERAGE RATIO (%)**		**370%**