

Disclosure on Liquidity Risk for the Quarter ended December 31, 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
24 nos.	23,420.47	NA	79%

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
16,119.42	57%

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)	13,925.98	47%
2	Collateralized Debt Obligation (CDO)	1,559.84	5%
3	Commercial Paper	4,805.42	16%
4	Inter-Corporate Deposits	1,125.00	4%
5	Working Capital Demand Loan	1,850.00	6%
6	Non-Convertible Debentures	3,246.74	11%
7	Subordinated Debt	1,578.84	5%

5. Stock Ratios:

Srl No	Particulars	Total Public Funds	Total Liabilities	Total Assets
1	Commercial Paper, as a %age of	16%	16%	14%
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	35%	37%	31%

6. Institutional set-up for liquidity risk management

Tata Motors Finance Limited (TMFL) 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. TMFL 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.

Liquidity Coverage Ratio - Disclosure Q3 FY22

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 TMFL 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 TMFL 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, TMFL has been maintaining Investment in Government Securities, callable fixed deposits and balance in current account with banks which has resulted in a high level of HQLA. TMFL 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 Investment in Government Securities, Balance in current accounts with the Banks and bank deposits TMFL 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 TMFL's stock of HQLA by its total net cash outflows over a 30-day stress period.

RBI has mandated a minimum LCR of 60% from December 1, 2021 and TMFL's LCR stood at 135% for the quarter ended December 31, 2021

Liquidity Coverage Ratio

Rs crs

No.	Particulars	Q3 FY 22	
		Total Unweighted Value (average)	Total Weighted Value (average)
	<u>High Quality Liquid Assets (HQLA)</u>		
(i)	Fixed Deposits (unencumbered)	864	864
(ii)	Investment in Government Securities	93	93
(iii)	Cash & Bank Balance	109	109
1	Total HQLA	1,066	1,066
	<u>Cash Outflow</u>		
2	Deposits (for deposit taking companies)	-	-
3	Unsecured wholesale funding	694	798
4	Secured wholesale funding	1,223	1,407
5	<u>Additional requirements, of which</u>		
(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	741	853
7	Other contingent funding obligations	78	90
8	Total Cash Outflow	2,737	3,147
	<u>Cash Inflow</u>		
9	Secured lending	-	-
10	Inflows from fully performing exposures	727	545
11	Other cash inflows	4,354	3,265
12	Total Cash Inflow	5,081	3,810
			Total Adjusted Value
13	Total HQLA		1,066
14	Total Net Cash Outflow		787
15	LIQUIDITY COVERAGE RATIO (%)		135%