KHUSHBU AUTO FINANCE LIMITED

ASSET LIABILITY MANAGEMENT POLICY
(ALM Policy)

1. Introduction

Khushbu Auto Finance Limited (KAFL) is a Non-Banking Finance Company registered with Reserve Bank of India (RBI) engaged mainly in the business of financing of vehicles. KAFL's funding consists of almost similar maturity patterns and rates of interest. Though there are less chances, but maturity mismatches may occur which has an impact on the liquidity and profitability of the company. It is therefore necessary that KAFL constantly monitor and manage its asset and liability in such a manner that asset liability mismatches remain within reasonable limits.

In the normal course of doing business, NBFCs are exposed to credit and market risks in view of the Asset-Liability transformation. With liberalisation in Indian financial markets over the last few years and growing integration of domestic markets with external markets and entry of MNCs for meeting the credit needs of not only the corporates but also the retail segments, the risks associated with NBFCs' operations have become complex and large, requiring strategic management. NBFCs are now operating in a fairly deregulated environment and are required to cost of fund required for running the business and advances on a dynamic basis.

2. ALM Policy

Intense competition for business involving both the asset and liabilities has bought pressure on NBFCs to maintain a good balance among spreads, profitability and long term viability. Imprudent liquidity management can put NBFC earnings and reputation at great risk. This pressure call for structured and comprehensive measures and not just ad hoc action. The management of NBFCs have to base their business decisions on dynamic and integrated management system and process driven by corporate strategy. NBFCs are exposed to several measure risk in the course of their business- credit risk, interest rate risk, equity/ commodity price risk, liquidity price risk, liquidity risk, operational risk. It is therefore important that NBFCs introduce effective management system that addresses the issues relating to interest rate and liquidity risk.

NBFCs need to address these risks in structured manner by upgrading their risk management and adopting more comprehensive Asset Liability Management (ALM) practices that has been done hereto. ALM among other functions, is also concerned with risk management and provides comprehensive and dynamic framework for measuring, monitoring and managing liquidity and interest rate. It involves assessment of various types of risks and altering the asset-liability portfolio in a dynamic way in order to manage risks.

Having understood the significance of sound ALM practices KAFL proposed to lay down broad guidelines in respect of interest rate and liquidity risks management systems in company, which forms part of the Asset-Liability Management (ALM) function. The initial focus of the ALM function would be to enforce the risk management discipline i.e. managing business after assessing the risks involved. The objective of good risk management systems should be that these systems will evolve into a strategic tool for KAFL's management.

3. The ALM process rests on three pillars:

i) ALM Information Systems
=> Management Information Systems
=> Information availability, accuracy, adequacy and expediency

ii) ALM Organization
=> Structure and responsibilities
=> Level of top management involvement

iii) ALM Process
=> Risk parameters
=> Risk identification
=> Risk measurement
=> Risk management
=> Risk policies and tolerance levels.

i) ALM information Systems

ALM has to be supported by a management philosophy which clearly specifies the risk policies and tolerance limits. This framework needs to be built on sound methodology with necessary information system as back up. Thus, information is the key to the ALM process.

There are various methods prevalent world-wide for measuring risks. These range from the simple Gap Statement to extremely sophisticate and data intensive Risk Adjusted Profitability Measurement methods.

However, through the central element for the entire ALM exercise is the availability of adequate and accurate information with expedience; and the systems existing. Adequate measures are to be taken to collect accurate data in a timely manner through full scale computerization

ii) ALM Organisation

(a) Successful implementation of the risk management process would require strong commitment on the part of the senior management in the company, to integrate basic operations and strategic decision making with risk management. The Board of Directors lead Whole-time Director/ Executive Director will have overall responsibility for management of risks and should decide the risk management policy of the NBFC and set limits for liquidity, interest rate and equity price risks.

(b) The Asset-Liability Committee (ALCO) consisting of following members should be responsible for ensuring adherence to the limits set by the Board as well as for deciding the business strategy of the company (on the assets and liabilities sides) in line with the company's budget and decided risk management objectives.

1. Ms. Anita N Chandra, Director & CFO	Chairperson
2. Mr. Chetankumar V Patel, Director	Member
3. Mr. Chetan Parmar, Manager	Member
4. Mr. Rishi Chandra, Manager	Member

(c) The ALM Support Groups consisting of operating staff should be responsible for analysing, monitoring and reporting the risk profiles to the ALCO. The staff should also prepare forecasts (simulations) showing the effects of various possible changes in market conditions related to the balance sheet and recommend the action needed to adhere to Company's internal limits.

(d) The ALCO is a decision making unit responsible for balance sheet planning from risk return perspective including the strategic management of interest rate and liquidity risks. The business and risk management strategy of the company will ensure that the company operates within the limits /parameters set by the Board. The business issues that an ALCO would consider, inter alia, will include product pricing for both deposits and advances, desired maturity profile and mix of the incremental assets and liabilities, prevailing interest rates offered by other peer NBFCs for the similar services/product, etc. In addition to monitoring the risk levels of the company, the ALCO should review the results of and progress in implementation of the decisions made in the previous meetings. The ALCO would also articulate the current interest rate view of the company and base its decisions for future business strategy on this view, In respect of the funding policy, for instance, its responsibility would be to decide on source and mix of liabilities or sale of assets. Towards this end, it will have to develop n view on future direction of interest rate movements and decide on funding mixes.

(e) Board of Directors Meetings and Review

The Board of Directors, in their board meetings, will oversee the implementation of the system and review its functioning periodically.

(f) Meeting of ALCO

The ALCO meetings will be held as and when required but not less than twice in a financial with a gap of not more than 180 days. However, if the need be for a meeting at a short notice, the ALCO shall meet at a shorter notice. Apart from the members, CFO and the persons involved in fund raising activities can also be a part of the meeting but would not form part of quorum.

iii) ALM Process:

The scope of ALM function can be described as follows:

- Liquidity risk management
- Management of market risks
- Funding and capital planning
- Profit planning and growth projection
- Forecasting and analyzing 'What if scenario' and preparation of contingency plans

The guidelines given in this note mainly address Liquidity and Interest Rate risks.

4. Liquidity Risk Management

i) Measuring and managing liquidity needs are vital for effective operation of company. The importance of liquidity transcends individual institutions, as liquidity shortfall in one institution can have repercussions on

KHUSHBU AUTO FINANCE RAJKOT

the entire system. ALCO should measure not only the liquidity positions of company on an ongoing basis but also examine how liquidity requirements are likely to evolve under different assumptions. Experience shows that assets commonly considered as liquid like Government securities and other money market instruments, could also become illiquid when the market and players are unidirectional. Therefore, liquidity has to be tracked through maturity or cash flow mismatches. For measuring and managing net funding requirements, the use of a maturity ladder and calculation of cumulative surplus or deficit of funds at selected maturity dates is adopted as a standard tool. The format of the Statement of Structural Liquidity as prescribed by Reserve Bank of India (RBI) may be used for this purpose.

ii) The Maturity Profile based on Annexure A attached could be used for measuring the future cash flows of company in different time buckets. The time buckets, may be distributed as under:

a) 0 days to 7 days
b) 8 days to 14 days
c) 15 days to 30/31 days
d) Over one month and upto 2 months
e) Over two months and upto 3 months
f) Over 3 months and upto 6 months
g) Over 6 months and upto 1 year
h) Over 1 year and upto 3 years
i) Over 3 years and upto 5 years
j) Over 5 years

iii) As KAFL does not hold public deposits, all the investment securities would fall in the category of 'non-mandatory securities'. All non-mandatory securities may be kept in buckets of future time frame for the purpose of determining their cash flows based on maturity of such security and intention of holding such security till the time of such maturity.

iv) Alternatively, the company may also follow the concept of Trading Book which is as follows:

a) The composition and volume are clearly defined;
b) Maximum maturity/duration of the portfolio is restricted;
c) The holding period not to exceed 90 days;
d) Cut-loss limit prescribed;
e) Defeasance periods (product-wise) i.e. time taken to liquidate the position on the basis of Liquidity in the secondary market is prescribed;

v) When company proposes to maintain such 'Trading Books' and complying with the above standards one may show the trading securities under "I day to 30/3 1 days (One month)", over one month and up to 2 months" and "Over two months and up to 3 months" buckets on the basis of the defeasance periods. The Board/ALCO of the company should approve the volume, composition, holding/defeasance period, cut loss, etc. or the 'Trading Book'. The remaining investments should also be classified as short term and long term investments as required under Prudential norms:

Khushbu Auto Finance Ltd. RAJKOT

a) The policy note recorded by the company on treatment of the investment portfolio for the purpose of ALM and approved by their Board/ALCO should be forwarded to the Regional Office of the Department of Non-Banking Supervision of RBI under whose jurisdiction the registered office of the company is located.

b) Within each time bucket, there could be mismatches depending on cash inflows and outflows. While the mismatches up to one year would be relevant since these provide early warning signals of impending liquidity problems. the main focus should be on the short-term mismatches viz.. 1-30/31 days. Company, however, is expected to monitor its cumulative mismatches (running total) across all time buckets by establishing internal prudential limits with the approval of the ALCO. The mismatches (negative gap) during 1- 30/31 days in normal course may not exceed 15% of the cash outflows in this time bucket.

c) The Statement of Structural Liquidity shall be prepared by placing all cash inflows and outflows in the maturity ladder according to the expected timing of cash flows. A maturing liability will be a cash outflow while a maturing asset will be a cash inflow. While determining the likely cash inflows & outflows, company have to make a number of assumptions according to their asset - liability profiles. While determining the tolerance levels, the company may take into account all relevant factors based on their asset-liability base, nature of business, future strategy etc.

d) In order to enable the company to monitor their short-term liquidity on a dynamic basis over a time horizon spanning from 1 day to 6 months, company will estimate their short-term liquidity profiles on the basis of business projections and other commitments for planning purposes. An indicative format ALM -1issued by RBI for estimating Short-term Dynamic Liquidity will be used for the said purpose.

5. Currency Risk

The company does not have any currency risk as of now as there are no transactions entered by the company which will involve currency risk. However, in future, if such transactions are entered into, the company will take appropriate steps to modify this policy and incorporate measures to check currency risk.

6. Interest Rate Risk (IRR)

i) IRR management and reporting helps identify potential risks to earnings and capital resulting from adverse fluctuations in market interest rates. It also identifies asset/funding balance and repricing mismatches. Proper identification of potential risks and mismatches assists management in devising asset/liability strategies to minimize these potential risks.

ii) The Gap or Mismatch risk can be measured by calculating Gaps over different time intervals as at a given date. Gap analysis measures mismatches between rate sensitive liabilities and rate sensitive assets (including off-balance sheet positions). An asset or liability is normally classified as rate sensitive if:

a) Within the time interval under consideration, there is a cash flow;
b) The interest rate resets/re-prices contractually during the interval;

RAJKOT

c) Dependent on RBI changes in the interest rates/Bank Rate;
d) It is contractually pre-payable or withdrawal before the stated maturities.

iii) The Gap Report should be generated by grouping rate sensitive liabilities (NIL in KAFL's case), assets and off-balance sheet positions into time buckets according to residual maturity or next repricing period, whichever is earlier. The difficult task in Gap analysis is determining rate sensitivity. All investments, advances, deposits, borrowings, purchased funds, etc. that mature/reprice within a specified timeframe are interest rate sensitive. Similarly, any principal repayment of loan is also rate sensitive if KAFL expects to receive it within the time horizon. This includes final principal payment and interim installments. Certain assets and liabilities to receive/pay rates that vary with a reference rate. These assets and liabilities are re-priced at pre-determined intervals and are rate sensitive at the time of re-pricing. While the interest rates on term deposits are fixed during their currency, the tranches of advances portfolio are basically floating. The interest rates on advances received could be re-priced any number of occasions, corresponding to the changes in PLR.

The Gaps may be identified in the following time buckets:

a) 1-7 days
b) 8-14 days
c) 15-30/31 days (One month)
d) Over one month to 2 months
e) Over two months to 3 months
f) Over 3 months to 6 months
g) Over 6 months to 1 year
h) Over 1 year to 3 years
i) Over 3 years to 5 years
j) Over 5 years

iv) The various items of rate sensitive assets and liabilities and off-balance sheet items may be classified as explained in Annexure B and the Reporting Format for interest rate sensitive assets and liabilities is given on https://xbrl.rbi.org.in/orfsxbrl/.

v) The Gap is the difference between Rate Sensitive Assets (RSA) and Rate Sensitive Liabilities (RSL) for each time bucket. The positive Gap indicates that it has more RSAs than RSLs whereas the negative Gap indicates that it has more RSLs than RLAs. The Gap reports indicate whether KAFL is in a position to benefit from rising interest rates by having a positive Gap (RSA > RSL) or whether it is in a position to benefit from declining interest rates by a negative Gap (RSL > RSA). The Gap can, therefore, be used as a measure of interest rate sensitivity.

vi) The Company shall set prudential limits on individual gaps with the approval of the Board Committees. The prudential limits shall have a relationship with the total assets, earning assets or Equity. The Company may work out Earnings at Risk (EaR) or Net Interest Margin (NIM) based on their views on interest rate movements and fix a prudent level with the approval of the Board Committees. For working out EaR or NIM any of the current models may be used.

KHUSHBU AUTO FINANCE RAJKOT

7. General

i) The classification of various components of assets and liabilities into different time buckets for preparation of Gap reports (Liquidity and Interest Rate Sensitivity) is the benchmark. KAFL when better equipped to reasonably estimate the behavioral pattern of various components of assets and liabilities on the basis of past data / empirical studies will classify them in the appropriate time buckets, subject to approval from the ALCO / Board.

ii) The present framework does not capture the impact of premature closure of deposits and prepayment of loans and advances on the liquidity and interest rate risks profile. KAFL, therefore, should evolve suitable mechanism, supported by empirical studies and behavioral analysis to estimate the future behavior of assets, liabilities, and off-balance sheet items to changes in market variables and estimate the probabilities of options. Detailed clauses pertaining to premature exit or prepayment would be clearly stated in the loan agreement.

8. ALM Reporting

i) Comprehensive reporting is designed to monitor key risks and their controls as per the NBFC regulations as enacted from time to time by RBI. Decisions relating to any corrective action are made as and when they seem necessary.

ii) The monthly/ quarterly/ yearly reports as filed with RBI will be provided to ALCO showing compliance with established guidelines outlined in this policy and in accordance with guidelines established by RBI.

iii) Exceptions to guidelines outlined in this policy will be reported to ALCO no later than the next regularly scheduled meeting after a policy exception is identified.

9. Policy Review and Approval

The policy governing financial risk management activities and guidelines described herein shall be submitted to the ALCO of KAFL at least annually for review and approval.

10. Internal Controls

Effective internal controls are an integral part of managing financial risk. Pursuant to the guidelines set forth in this policy, adequate controls must be established to ensure proper management of financial risks and to provide safeguards against mismanagement of KAFL funds and capital resources.

KHUSHBU AUTO FINANCE RAJKOT

Annexure A

Maturity Profile - Liquidity

Heads of Accounts	**Time-bucket category**
A. Outflows	
1. Capital funds	
a) Equity capital, Non-redeemable or perpetual preference capital, Reserves, Funds and Surplus	In the 'over 5 years' time-bucket.
b) Preference capital - redeemable/non-perpetual	As per the residual maturity of the shares.
2. Gifts, grants, donations and benefactions	The 'over 5 years' time-bucket. However, if such gifts, grants, etc. are tied to specific end-use, then these may be slotted in the time- bucket as per purpose/end-use specified.
3. Notes, Bonds and debentures	
a) Plain vanilla bonds/debentures	As per the residual maturity of the instruments
b) Bonds/debentures with embedded call/put options (including zero-coupon/deep discount bonds)	As per the residual period for the earliest exercise date for the embedded option.
c) Fixed rate notes	As per the residual maturity
4. Deposits:	
a) Public deposits	As per the residual maturity.
b) Inter Corporate Deposits	These, being institutional/wholesale deposits, shall be slotted as per their residual maturity
c) Commercial Papers	As per the residual maturity
5. Borrowings	
a) Term money borrowings	As per the residual maturity
b) From RBI, Govt. & others	-do-
c) Bank borrowings in the nature of WCDL, CC etc	Over six months and up to one year
6. Current liabilities and provisions:	
a) Sundry creditors	As per the due date or likely timing of cash outflows. A behavioral analysis could also be made to assess the trend of outflows and the amounts slotted accordingly.
b) Expenses payable (other than interest)	As per the likely time of cash outflow.
c) Advance income received, receipts from borrowers pending adjustment	In the 'over 5 years' time-bucket as these do not involve any cash outflow.
d) Interest payable on bonds/deposits	In respective time buckets as per the due date of payment.
e) Provisions for NPAs	The amount of provision may be netted out from the gross amount of the NPA portfolio and the net amount of NPAs be shown as an item under inflows in stipulated time- buckets.
f) Provision for Investments portfolio	The amount may be netted from the gross value of investments portfolio and the net investments be shown as inflow in the prescribed time-slots. In case provisions are not held security-wise, the provision may be shown on "over 5 years" time bucket.
g) Other provisions	To be bucketed as per the purpose/nature of the underlying transaction.
B. Inflows	
1. Cash	In 1 to 7 day time-bucket.
2. Remittance in transit	---do---
3. Balances with banks (in India only)	

KHUSHBU AUTO FINANCE LTD. RAJKOT

KHUSHBU AUTO FINANCE LTD.

Heads of Accounts	Time-bucket category
a) Current account	The stipulated minimum balance be shown in 6 months to 1 year bucket. The balance in excess of the minimum balance be shown under Day 1-7 bucket.
b) Deposit accounts/short term deposits	As per residual maturity.
4. Investments (net of provisions)	
a) Mandatory investments	As suitable to the NBFC
b) Non Mandatory Listed	"1 day to 30/31 days (One month)" Over one month and upto 2 months" and "Over two months and upto 3 months" buckets depending upon the defeasance period proposed by the NBFCs
c) Non Mandatory unlisted securities (e.g. shares, etc.)	"Over 5 years"
d) Non-mandatory unlisted securities having a fixed term maturity	As per residual maturity
e) Venture capital units	In the 'over 5 year' time bucket.
5. In case Trading book is followed	
Equity shares, convertible preference shares, non-redeemable/perpetual preference shares, shares of subsidiaries/joint ventures and units in open ended mutual funds and other investments.	(i) Shares classified as "current" investments representing trading book of the NBFC may be shown in time buckets of "1 day 7 days, 8 days to 14 days , 15 days to 30 days (One month)""Over one month and upto 2 months" and "Over two months and upto 3 months" buckets depending upon the defeasance period proposed by the NBFCs .
	(ii) Shares classified as "long term" investments may be kept in over "5 years' time" bucket. However, the shares of the assisted units/companies acquired as part of the initial financing package, may be slotted in the relative time bucket keeping in view the pace of project implementation/time-overrun, etc., and the resultant likely timeframe for divesting such shares.
6. Advances (performing)	
a) Bill of Exchange and promissory notes discounted and rediscounted	As per the residual usance of the underlying bills.
b) Term loans (rupee loans only)	The cash inflows on account of the interest and principal of the loan may be slotted in respective time buckets as per the timing of the cash flows as stipulated in the original/revised repayment schedule.
c) Corporate loans/short term loans	As per the residual maturity
7. Non-performing loans (May be shown net of the provisions, interest suspense held)	
a) Sub-standard	
i) All over dues and instalments of principal falling due during the next three years	In the 3 to 5 year time-bucket.
ii) Entire principal amount due beyond the next three years	In the over 5 years' time-bucket
b) Doubtful and loss	
i) All instalments of principal falling due during the next five years as also all over dues	In the over 5 year time-bucket
ii) Entire principal amount due beyond the next five years	In the over 5 year time-bucket
8. Assets on lease	Cash flows from the lease transaction may be slotted in respective time buckets as per the timing of the cash flow.
9. Fixed assets (excluding leased assets)	In the 'over 5 year' time-bucket.

KHUSHBU AUTO FINANCE RAJKOT

Heads of Accounts	Time-bucket category
10. Other assets	
a) Intangible assets and items not representing cash inflows.	In the 'over 5 year' time-bucket.
b) Other items (such as accrued income, other receivables, staff loans, etc.)	In respective maturity buckets as per the timing of the cashflows.
C. Contingent liabilities	
1. Letters of credit/guarantees (outflow through devolvement)	Based on the past trend analysis of the devolvements vis-à-vis the outstanding amount of guarantees (net of margins held), the likely devolvements shall be estimated and this amount could be distributed in various time buckets on judgmental basis. The assets created out of devolvements may be shown under respective maturity buckets on the basis of probable recovery dates.
2. Loan commitments pending disbursal (outflow)	In the respective time buckets as per the sanctioned disbursement schedule.
3. Lines of credit committed to/by other Institutions (outflow/inflow)	As per usance of the bills to be received under the lines of credit.

Note:

Any event-specific cash flows (e.g. outflow due to wage settlement arrears, capital expenses, income tax refunds, etc.) shall be shown in a time bucket corresponding to timing of such cash flows.

a. All overdue liabilities be shown in the 1 to 7 days and 8-14 days time buckets based on behavioral estimates
b. Overdue receivables on account of interest and instalments of standard loans / hire purchase assets / leased rentals shall be slotted as below:

(i)	Overdue for less than one month.	In the 3 to 6 month bucket.
(ii)	Interest overdue for more than one month but less than seven months (i.e. before the relative amount becomes past due for six months)	In the 6 to 12 month bucket without reckoning the grace period of one month.
(iii)	Principal instalments overdue for 7 months but less than one year	In 1 to 3 year bucket.

KHUSHBU AUTO FINANCE
RAJKOT

KHUSHBU AUTO FINANCE LTD.

Annexure B

Interest Rate Sensitivity

Heads of accounts	Rate sensitivity of time bucket
LIABILITIES	
1. Capital, Reserves & Surplus	Non-sensitive
2. Gifts, grants & benefactions	-do-
3. Notes, bonds & debentures :	
a) Floating rate	Sensitive; reprice on the roll- over/repricing date, shall be slotted in respective time buckets as per the repricing dates.
b) Fixed rate (plain vanilla) including zero coupons	Sensitive; reprice on maturity. To be placed in respective time buckets as per the residual maturity of such instruments.
c) Instruments with embedded options	Sensitive; could reprice on the exercise date of the option particularly in rising interest rate scenario. To be placed in respective time buckets as per the next exercise date.
4. Deposits	
a) Deposits/Borrowings	
i) Fixed rate	Sensitive; could reprice on maturity or in case of premature withdrawal being permitted, after the lock-in period, if any, stipulated for such withdrawal. To be slotted in respective time buckets as per residual maturity or as per residual lock-in period, as the case may be. The prematurely withdrawable deposits with no lock- in period or past such lock-in period, shall be slotted in the earliest /shortest time bucket.
ii) Floating rate	Sensitive; reprice on the contractual roll-over date. To be slotted in the respective time- buckets as per the next repricing date.
b) ICDs	Sensitive; reprice on maturity. To be slotted as per the residual maturity in the respective time buckets.
5. Borrowings:	
a) Term-money borrowing	Sensitive; reprices on maturity. To be placed as per residual maturity in the relative time bucket.
b) Borrowings from others	
i) Fixed rate	Sensitive; reprice on maturity. To be placed as per residual maturity in the relative time bucket.
ii) Floating rate	Sensitive; reprice on the roll-over/ repricing date. To be placed as per residual period to the repricing date in the relative time bucket.
6. Current liabilities & provisions	
a. Sundry creditors b. Expenses payable c. Swap adjustment a/c. d. Advance income received/receipts from borrowers pending adjustment e. Interest payable on bonds/deposits f. Provisions	Non-sensitive
7. Repos/ bills rediscounted/forex swaps (Sell / Buy)	Sensitive; reprices on maturity. To be placed as per the residual maturity in respective buckets.
ASSETS:	
1. Cash	Non-sensitive.
2. Remittance in transit	Non-sensitive.
3. Balances with banks in India	
a) In current a/c.	Non-sensitive.

KHUSHBU AUTO FINANCE LTD. RAJKOT

Heads of accounts	Rate sensitivity of time bucket
b) In deposit accounts, Money at call and short notice and other placements	Sensitive; reprices on maturity. To be placed as per residual maturity in respective time-buckets.
4. Investments	
a) Fixed income securities (e.g. govt. securities, zero coupon bonds, bonds, debentures, cumulative, non-cumulative, redeemable preference shares, etc.)	Sensitive on maturity. To be slotted as per residual maturity. However, the bonds/debentures valued by applying NPA norms due to non-servicing of interest, shall be shown, net of provisions made, in: i) 3-5 year bucket - if sub-std. norms applied. ii) Over 5 year bucket - if doubtful norms applied.
b) Floating rate securities	Sensitive; reprice on the next repricing date. To be slotted as per residual time to the repricing date.
c) Equity shares, convertible preference shares, shares of subsidiaries/joint ventures, venture capital units.	Non-sensitive.
5. Advances (performing)	
a) Bills of exchange, promissory notes discounted & rediscounted	Sensitive on maturity. To be slotted as per the residual usance of the underlying bills.
b) Term loans/corporate loans / Short Term Loans (rupee loans only)	
i) Fixed Rate	Sensitive on cash flow/ maturity.
ii) Floating Rate	Sensitive only when PLR or risk premium is changed by the NBFCs. The amount of term loans shall be slotted in time buckets which correspond to the time taken by NBFCs to effect changes in their PLR in response to market interest rates.
6. Non-performing loans: (net of provisions, interest suspense and claims received from ECGC)	
a. Sub-standard) b. Doubtful and loss)	To be slotted as indicated at item B.7 of Annexure A.
7. Assets on lease	The cash flows on lease assets are sensitive to changes in interest rates. The leased asset cash flows be slotted in the time-buckets as per timing of the cash flows.
8. Fixed assets (excluding assets on lease)	Non-sensitive.
9. Other assets	
a) Intangible assets and items not representing cash flows.	Non-sensitive.
b) Other items (e.g. accrued income, other receivables, staff loans, etc.)	Non-sensitive.
10. Reverse Repos/Swaps (Buy /Sell) and Bills rediscounted (DUPN)	Sensitive on maturity. To be slotted as per residual maturity.
11. Other (interest rate) products	
a) Interest rate swaps	Sensitive; to be slotted as per residual maturity in respective time buckets.
b) Other Derivatives	To be classified suitably as per the residual maturity in respective time buckets