JSW INVESTMENTS PRIVATE LIMITED

INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS POLICY (“ICAAP”)

Document Control Sheet	
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1. INTRODUCTION

1.1 Background

JSW Investments Private Limited ("Company or JIPL") is a Private Limited Company registered under the provisions of the Companies Act, 1956. The Company is registered with Reserve Bank of India as NBFC - Core Investment Company ("CIC") vide registration no. N-13.02090.

The Reserve Bank of India (RBI) issued its Guidelines for Framework for Scale Based Regulation for Non-Banking Financial Companies[1] under which NBFCs are required to make a thorough internal assessment of the need for capital, commensurate with the risks in their business.

This Internal Capital Adequacy Assessment Process (ICAAP) Policy is formulated in accordance of Middle layer (NBFC-ML) under the SBR framework. Going forward, the Company shall review the process and methodologies and required changes may be incorporated based on learnings of the Company from ICAAP conducted.

1.2 The Need for an ICAAP Policy

The ICAAP Policy is a critical component of the risk management framework for Non-Banking Financial Companies (NBFCs), mandated by the Reserve Bank of India (RBI) under the Master Direction - Reserve Bank of India (Non- Banking Financial Company - Scale Based Regulation) Directions, 2023. The primary objective of the ICAAP Policy is to ensure that the Company maintain sufficient capital to support their operations and absorb potential losses, thereby promoting financial stability and resilience.

The need for an ICAAP Policy arises from several key factors:

- **Regulatory Compliance:** The RBI requires all NBFCs to implement an ICAAP to comply with the RBI Regulation framework. This policy ensures adherence to regulatory expectations, fostering a robust risk management culture within the organization.
- **Risk Management:** An effective ICAAP Policy helps the Company identify, assess, and manage various types of risks, including credit risk, market risk, operational risk, and liquidity risk. By comprehensively evaluating these risks, Company can ensure they hold adequate capital buffers to mitigate potential adverse impacts.
- **Capital Adequacy:** The ICAAP Policy is designed to assess the capital adequacy of a Company in relation to its overall risk profile and business strategy. This process ensures that the Company maintains a sound capital base to support its growth and absorb unexpected losses, thus safeguarding stakeholders' interests.
- **Strategic Planning:** Incorporating ICAAP into the strategic planning process enables Company to align their capital management with long-term business objectives. This alignment supports sustainable growth and helps in making informed decisions about capital allocation, investment opportunities, and risk-taking activities.
- **Market Confidence:** A well-implemented ICAAP Policy enhances the confidence of investors, creditors, and other stakeholders in the Company's ability to manage risks effectively and

[1] *Ref: RBI/2021-22/112 DOR.CRE.REC.No.60/03.10.001/2021-22: Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs* [Reserve Bank of India - Notifications]

maintain financial stability. This confidence is crucial for maintaining access to funding and competitive positioning in the market.

- **Operational Resilience:** By continuously monitoring and assessing capital adequacy, the ICAAP Policy helps the Company prepare for and respond to economic downturns, market volatility, and other external shocks. This proactive approach ensures operational continuity and resilience in challenging environments.
- **Corporate Governance:** The ICAAP Policy promotes sound corporate governance by ensuring that senior management and the Board of Directors are actively involved in the capital adequacy assessment process. This involvement ensures accountability and transparency in risk management and capital planning decisions.

The need for an ICAAP Policy is driven by the imperative to maintain capital adequacy, manage risks effectively, comply with regulatory requirements, and support the strategic and operational resilience of the Company. By establishing a comprehensive ICAAP framework, Company can achieve sustainable growth, protect stakeholders' interests, and enhance their overall financial stability.

2. SCOPE AND OBJECTIVES OF ICAAP

2.1 Scope of ICAAP

The ICAAP Policy is an integral part of the overall risk management framework of Non-Banking Financial Companies (NBFCs). This section outlines the comprehensive scope of the ICAAP Policy, detailing the various dimensions and activities it encompasses to ensure a robust capital adequacy and risk management system. The scope of the ICAAP Policy includes:

1) Risk Identification and Assessment
2) Capital Adequacy Measurement
3) Capital Planning
4) Governance and Oversight
5) Regulatory Compliance

By encompassing these key elements, the ICAAP Policy provides a comprehensive framework for assessing and managing the capital adequacy of the Company. This ensures that the Company is well-equipped to withstand potential risks and continue its operations sustainably and profitably.

2.2 ICAAP – Objectives

The Objectives of ICAAP are:

- To assess and maintain sufficient capital to cover all material risks faced by the Company, beyond the minimum regulatory capital requirements.
- To integrate capital planning with the Company 's overall risk management framework.
- To promote accountability and transparency in the decision-making process related to capital management and risk mitigation.
- To align capital adequacy assessment with the Company’s strategic objectives and business plans.
- To enable the Company to understand Capital requirements under different economic scenarios and stress scenarios.

- To strengthen the Company's position to respond to increasing focus on Capital and Risk management by the Regulators, Investors, Creditors, Rating agencies, Analysts and other stakeholders.
- To comply with the requirements set forth by the Reserve Bank of India under the Scale Based Regulation framework.

2.3 ICAAP – The Principle of Proportionality

The degree of sophistication adopted in the ICAAP with regard to risk measurement and management shall commensurate with the nature, scope, scale and the degree of complexity in the Company's business operations. The nature of complexity can be classified as:

- Simple
- Moderately Complex
- Complex

The Company believes that its operations are "Simple", The Regulatory requirement for a NBFC that classifies itself as simple are that it:

a) Identifies and considers its largest losses over the last 3 to 5 years and whether those losses are likely to recur
b) Prepares a short list of the most significant risks to which it is exposed
c) Considers how it would act, and the amount of capital that would be absorbed in the event that each of the risks identified were to materialize.
d) Considers how it's capital requirement might alter under the scenarios in (c) and in line with its business plans for the next 3 to 5 years; and
e) Documents the ranges of capital required in the scenarios identified above and form an overall view on the amount and quality of capital which that Company shall hold, ensuring that its senior management is involved in arriving at that view.

The Company shall review its nature of complexity under the principle of proportionality on an annual basis.

3. ICAAP FRAMEWORK AND PROCESS

3.1 ICAAP Framework

The ICAAP policy requires the Company to internally assess its capital requirements on an annual basis under an ICAAP framework as on 31st March of every year or as at any other date/s that the RBI may prescribe from time to time.

The ICAAP shall address all materials risks including but not limited to credit, market and operational risks and assess the capital requirements in such a manner that adequate capital is available to meet the minimum capital requirements set and cover additional risks. Such an assessment shall be evaluated against the prospective plans for future asset growth also in terms of available headroom in capital adequacy.

The Company shall use the ICAAP to evaluate its future capital needs and prepare annual plans to raise additional capital, after factoring in the expected plough backs from profit for the year/s, within the then applicable regulatory guidelines. Raising additional capital shall be through any of the available and permissible capital instruments. The choice of a specific route or instrument to raise capital shall be determined by the Company, based on the cost of such capital instruments and then prevailing market appetite/conditions.

3.2 ICAAP Process

The ICAAP is a process that consists of the following:

- ICAAP policy approved by the Board gives direction of risk measurement and capital management in the Company.
- The implementation of the ICAAP centers around the risk measurement, capital management and business applications as put forth by the Board of Directors.
- The development and integration of appropriate systems to support risk measurement, capital management and to generate management information.

The steps in the ICAAP Process are detailed below:

1. **Risk Identification**: The Company takes appropriate steps and flags off any material risks that emerge as part of its business. These risks shall be included in the steps mentioned below.
2. **Risk Measurement and Monitoring**: After the identification of material risks, the Company puts techniques in place to measure or quantify these risks and continuously monitor them.
3. **Risk Aggregation**: The entire gamut of risks that are identified and quantified are aggregated by summing up the estimated total capital required.
4. **Capital Planning**: Future capital planning is conducted based on the results and the relevant risks that are identified.
5. **Capital Allocation, Business Decision Making**: This step relates to the role that the ICAAP process above-enumerated plays in the management of capital adequacy levels. It helps refine strategic initiatives based on the risks identified.

3.3 The Review and Approval of the ICAAP Policy

The ICAAP Policy shall be approved by the Board of Directors of the Company. The Policy shall be reviewed by the Board at least on an annual basis. Shorter frequencies of review shall be associated with specific events or material changes which warrant a review.

Company's Secretariat shall be the custodian of the Policy and be responsible for periodic review and modification with the approval of Board of Directors keeping abreast of changes in regulations/ modified instructions issued by Reserve Bank of India/ Government of India/ other competent authorities from time to time.

4. GOVERNANCE STRUCTURE

4.1 Board of Directors

The Board of Directors has the overall responsibility for design, oversight and implementation of the ICAAP.

Key responsibilities:

- Review and approval of ICAAP policy.

- Ensure that the ICAAP is integrated with the Company's strategic planning processes, ensuring alignment between capital planning, risk management, and business objectives.
- Ensure that the Company maintains adequate capital levels to cover all identified risks, beyond the minimum regulatory requirements.
- Establish a robust governance framework for the ICAAP process, ensuring clear roles and responsibilities at all levels of the organization.
- Regularly monitor the implementation and effectiveness of the ICAAP Policy through comprehensive reports from senior management and independent reviews.
- Ensure compliance with all applicable regulatory requirements related to capital adequacy and risk management as prescribed by the Reserve Bank of India.
- Delegate suitable powers to the RMCB for operational oversight of the ICAAP document and policy.
- Approve the capital plan, detailing the Company's capital needs, its anticipated capital utilization, its desired level of capital, limits related to capital erosion and a general contingency plan for dealing with divergences and unexpected events

4.2 Risk Management Committee of the Board (RMCB)

The Risk Management Committee of the Board is accountable for entity-wide risk oversight. RMCB will act as the Steering committee for ICAAP.

Key Responsibilities:

- The RMCB shall oversee the matters relating to execution of the policy and provides guidance to the Board and other committees in the matter of implementation of ICAAP.
- The RMCB will further delegate work to appropriate authorities to the ALCO for conducting ICAAP.

The committee shall be responsible for reviewing the ICAAP document and ensure implementation of policy through various subcommittees.

4.3 Audit Committee of the Board

The ICAAP shall be subject to regular and independent review through an internal or external audit process to ensure that the ICAAP is comprehensive and proportionate to the nature, scope, scale and level of complexity of the Company's activities. In internal or external review of the ICAAP beyond an internal audit shall be done by the Bank as per RBI guidelines. After the audit conclusion, key findings from the internal or external audit of the ICAAP shall be presented to the Audit Committee of the Board.

Key Responsibilities

- To review the audit findings with respect to ICAAP policy compliance
- To review the issues related to non-compliance of ICAAP in the Company as per RBI guidelines and Company's internal policy and procedures

4.4 Asset Liability Committee (ALCO)

The Asset Liability Committee (ALCO) shall monitor and supervise the matters relating to Market risk and Asset Liability Mismatch for the ICAAP Policy. The roles and responsibilities of the ALCO shall be adopted for ICAAP purpose also. There shall be a functional owner for the committee, who is responsible for ICAAP related conduct.

5. RISK IDENTIFICATION

5.1 Risk identification

The important aspect of Risk Management Process is the informed understanding of the inherent risks, present and potential, in the operating environment and as such the Company considers Risk Identification as the essential part of risk management.

Risk identification is to recognize all potential risks that could impact the Company 's financial health and capital adequacy. This process ensures that no significant risk is overlooked and that adequate capital is allocated to cover these risks.

By systematically identifying and assessing all material risks, the ICAAP Policy ensures that the Company is well-equipped to manage its capital adequacy and maintain financial stability.

5.2 Consolidation of Material Risks

For the purpose of consolidation of material risks, all the outputs of the various risk identification methodology are reviewed by the respective stakeholder. These risks are aggregated, capturing the key risk mitigating controls and other details about the particular risk.

5.3 Frequency of Risk Assessment

The material risk assessment consolidation will be done annually. Shorter frequencies of risk assessment shall be associated with specific events or material changes which warrant an immediate assessment of risks.

5.4 Risk Measurement

The Company shall follow extant guidelines of RBI in this regard. The Risk Measurement of various risks for the purpose of ICAAP are detailed in *"Risk Measurement & Monitoring"* section.

5.5 Internal Controls

Risk management processes should be frequently monitored and tested by independent control areas and internal, as well as external, auditors. The aim is to ensure that the information on which decisions are based is accurate so that processes fully reflect management policies and that regular reporting, including the reporting of limit breaches and other exception-based reporting, is undertaken effectively. The risk management function of Company must be independent of the business lines in order to ensure an adequate separation of duties and to avoid conflicts of interest.

6. RISK MEASUREMENT AND MONITORING

6.1 Type of Risks

Risk management processes should be frequently monitored and tested by independent control areas and internal, as well as external, auditors. The aim is to ensure that the information on which decisions are based is accurate so that processes fully reflect management policies and that regular reporting, including the reporting of limit breaches and other exception-based reporting, is undertaken effectively. The risk management function of Company must be independent of the business lines in order to ensure an adequate separation of duties and to avoid conflicts of interest.

The assessment of materiality of risks shall be a crucial part of the drawing down of the list of risks. In order to ensure, relevance of the risk assessment process along with the ICAAP, it shall be pertinent that only material risks faced by the Company be considered. During its day-to-day operations the Company may face numerous types of risk, however, the majority of these may not be significant enough to impact the capital adequacy position of the Company by any noticeable extent. Accordingly, the list of risks should consider only material risks.

As the Company is registered NBFC – Core Investment Company which do not undertake its borrowing, lending, investment activities outside the group, its exposure to credit risk is very low. However, Risk weights prescribed by RBI and as applicable for the Company, pertaining to the various Balance sheet items with regard to Credit risk shall be considered for capital computation by the Company.

The indicative list of risk which are identified material of its current ICAAP process are as below:

Risk Factor	Short Definition
Credit Risk	Credit risk is defined as "the possibility that a borrower or counterparty will fail to meet its obligations in accordance with agreed terms."
Market Risk	Market risk is defined as "the risk that the value of 'on' or 'off' balance sheet positions will be adversely affected by movements in equity and market interest rate, currency exchange rates, and commodity prices.
Operational Risk	Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.
Liquidity Risk	Liquidity risk refer to the Company's inability to obtain funds at reasonable rates for meeting Cash Flow obligations.
Strategic Risk/Business Risk	The risk that arise when a business strategy fails to deliver the expected outcomes, affecting the entity's development and growth. The risk may be due to a technological change, an evolving competitive landscape, or changes in customer demands.
Reputation Risk	Reputation risk is any sort of threat or danger that can damage the good standing of entity's business and negatively impact the entity's reputation with customers and overall business success. These risks are typically unexpected and can occur with little to no warning.
Cyber Security Risk	Cyber risk commonly refers to the risk of financial loss, disruption or reputational damage to an organization resulting from the failure of its IT systems. These episodes include malicious cyber incidents (cyberattacks) where the threat actor intends to do harm (e.g. ransomware attacks, hacking incidents or data theft by employees).
Legal Risk	Legal risk is the potential loss that a Company or individual could face as the result of a legal issue. It is the result of non-compliance with laws, rules and regulations of the Govt. and other statutory bodies that control businesses. Legal risks can cause both monetary and non-monetary losses to a business.
Compliance Risk	Compliance risk is the risk of impairment to the Organization's business model, reputation and financial condition resulting from failure to meet laws and

	regulations, internal standards and policies and the expectations of key stakeholders such as customers, employees and society as a whole.
Residual Risk	Residual risk is the amount of risk or danger associated with an action or event remaining after natural or inherent risks have been reduced by risk controls.

6.2 Policy on Maintaining Minimum Capital

The Capital Ratio of a CIC shall at no point of time be less than 30% of its aggregate risk weighted assets on balance sheet and risk adjusted value of off-balance sheet items as on the date of the last audited balance sheet as at the end of the financial year.

The degrees of credit risk expressed as percentage weights have been assigned to balance sheet assets and degrees of credit risk exposure attached to off-balance sheet items have been expressed as percentage of credit conversion factor. RBI norms for calculation of risk weighted assets of On-Balance Sheet items and risk adjusted value of off-balance sheet items are detailed in **Annexure 1.**

Leverage Ratio:

The outside liabilities of a CIC shall at no point of time exceed 2.5 times its Adjusted Net Worth as on the date of the last audited balance sheet as at the end of the financial year.

6.3 Remedial Actions

The Company shall assess the Capital Ratio as per ICAAP Policy at half yearly intervals. The floor level Capital Ratio shall be prescribed at 40%, which gives a margin of safety of 10% above the RBI prescribed minimum of 30%.

The Company shall resort to necessary corrective measures, in case the Capital Ratio is about to reach the floor level of 40%.

7. RISK AGGREGATION

The Company's overall capital requirement is thus the summation of the capital required for each of the individual material risks identified. The Company shall also take into consideration the benefits of diversification of their risk in this assessment going forward.

Implementation and reporting of the aggregated capital at risk shall be conducted by the ALCO and RMCB.

The Risk assessment shall be made on a half yearly basis and the same shall be reported to the Risk Management Committee of Board, on a half yearly basis.

8. CAPITAL PLANNING AND MANAGEMENT

Capital requirements are impacted by any changes in the regulatory requirements, economic environment and the risks arising out of the Company's activities. Capital planning shall serve the purpose of ensuring capital adequacy at times when the Company faces economic headwinds, such as a recessionary scenario. In its capital planning process, the Company shall assess:

- The adequacy of its capital buffers above regulatory minimums
- Its current capital position and requirements based on the Company's risk profile (for all

material risks)

- Its targeted level of capital, commensurate with its risk appetite.
- Changes in the dividend policy, if any, and its subsequent impact on the retention of net profits
- Based on the above analysis, possible sources of capital and management action plans shall be developed to ensure adequate level of capitalization for the Company.
- Company's strategy and business objectives, use in determining the acceptable levels of risk, and measures taken to achieve the desired growth plans.

9. PROCESS FOR ICAAP DOCUMENTATION

While preparing the ICAAP document, various inputs from the respective committees/departments concerned are taken into consideration as per below:

	Activity	Description	Responsibility	Frequency
		Defining Risk Appetite and designing ICAAP		
1	Defining Risk Appetite	Defining risk appetite and setting the risk tolerance levels, risk targets and risk limits.	Board	Annual
2	ICAAP Review and Benchmarking	Review of ICAAP based on comments received post Internal audit/ external review. Benchmarking the ICAAP to the latest regulations and market developments.	RMC	Annual
3	Identification of new material risks	Review of exposure to new material risks in accordance with its business strategy. Inclusion of these risks in the ICAAP if the exposure to such risks becomes material as defined by Board/ RMC	RMC	Annual
		Assessment of Material Risks		
4	Assessment of material risks and computation of capital charge for each of the material risks	• Credit Risk	RMC	Annual
		• Reputation Risk	RMC	
		• Business and strategic Risk	RMC	
		• Liquidity Risk	RMC	
		• Interest rate Risk in banking book	RMC	
		• Information security Risk (IT risk)	RMC	
		• Concentration Risk	RMC	
		• Market Risk	RMC	
		• Operational Risk	RMC	
		• Outsourcing Risk	RMC	
		• Legal and Compliance Risk	RMC	
5	Reporting of risk assessment results	• Reporting the results of material assessment to the Board	RMC	Annual
6	Review of the methodologies used for risk assessment	Review of the methodologies used for assessing each of the material risks Recommending updates to the methodologies based on the outcome of the reviews	RMC	Annual
		Stress Testing		
7		Developing stress testing framework/polices	RMC	Annual

	Activity	Description	Responsibility	Frequency
	Developing stress testing framework	Performing ad hoc review of the stress scenarios based on business and market scenario changes		
8	Conducting Stress Testing using the stress scenarios	Conducting stress testing to assess the impact of stress testing on profitability and capital adequacy of JOFL	RMC	Annual
9	Aggregation of stress testing results	Aggregating stress testing results of each of the material risks using the inter-risk coefficient of correlation	RMC	Annual
10	Reporting of results of stress testing	Reporting the results of stress testing to the Board	RMC	Annual
11	Review of the stress testing methodology	Review of the stress testing methodologies used for each of the material risks Recommending updates to the methodologies based on the outcome of the reviews	RMC	Annual
Capital Requirement				
12	Projection of Business Plan for the next 3 years	The business plan for next 3 years to be forecasted based JOFL's business strategy Projected financial statements for the next 3 years to be prepared basis the business plan	Finance Department	Annual
13	Forecasting of RWAs and capital requirement	Calculation of RWAs and capital requirement based on the projected business plans	RMC	Annual
14	Capital Planning	Assessing all the avenues available for raising capital and the impact of each in terms of cost, feasibility etc. and initiating measures for raising capital The requirements maintaining regulatory ratios as applicable in current RBI guidelines	Finance Department	Annual
Independent Review				
15	Independent review of JOFL's ICAAP	• JOFL's ICAAP i.e., components such as risk assessment methodologies, stress testing methodologies, aggregation of results, reporting of results, and the ICAAP Document etc. to be subject to independent review	Internal audit or any independent agency	Annual

ANNEXURE – 1

On balance sheet assets			
Degrees of credit risk expressed as percentage weights have been assigned to balance sheet assets. Hence, the value of each asset / item requires to be multiplied by the relevant risk weights to arrive at risk adjusted value of assets. The aggregate shall be taken into account for reckoning the capital ratio. The risk weighted assets shall be calculated as the weighted aggregate of funded items as detailed hereunder:			
Weighted risk assets - On-Balance Sheet items			**Percentage weight**
(i)		Cash and bank balances including fixed deposits and certificates of deposits with banks	0
(ii)		Investments	
	a)	Approved securities [Except at (c) below]	0
	b)	Bonds of public sector banks	20
	c)	Fixed deposits/certificates of deposits/bonds of public financial institutions	100
	d)	Shares of all companies and debentures / bonds/commercial papers of all companies and units of all mutual funds	100
(iii)		Current assets	
	a)	Stock on hire (net book value)	100
	b)	Intercorporate loans/deposits	100
	c)	Loans and advances fully secured against deposits held	0
	d)	Loans to staff	0
	e)	Other secured loans and advances considered good [Except at (vi) below]	100
	f)	Bills purchased/discounted	100
	g)	Others (To be specified)	100
(iv)		Fixed Assets (net of depreciation)	
	a)	Assets leased out (net book value)	100
	b)	Premises	100
	c)	Furniture & Fixtures	100
(v)		Other assets	
	a)	Income tax deducted at source (net of provision)	0
	b)	Advance tax paid (net of provision)	0
	c)	Interest due on Government securities	0
	d)	Others (to be specified)	100
(vi)		Domestic Sovereign	
	a)	fund based claims on the Central Government	0
	b)	Direct loan / credit / overdraft exposure and investment in State Government securities	0
	c)	Central Government guaranteed claims	0
	d)	State Government guaranteed claims, which have not remained in default / which are in default for a period not more than 90 days	20

	e)	State Government guaranteed claims, which have remained in default for a period of more than 90 days	100
Notes:			
(i)	Netting shall be done only in respect of assets where provisions for depreciation or for bad and doubtful debts have been made.		
(ii)	Assets which have been deducted from owned funds to arrive at net owned funds shall have a weight of 'zero'.		
(iii)	While calculating the aggregate of funded exposure of a borrower for the purpose of assignment of risk weight, such CICs shall net off the amount of cash margin/caution money/security deposits (against which right to set-off is available) held as collateral against the advances out of the total outstanding exposure of the borrower.		
(iv)	The counterparty credit risk, arising out of exposure of CICs to CCIL on account of securities financing transactions (CBLOs) shall carry a risk weight of zero, as it is presumed that the CCP's exposures to their counterparties are fully collateralised on a daily basis, thereby providing protection for the CCP's credit risk exposures. The deposits / collaterals kept by CICs with CCIL shall attract a risk weight of 20%.		

Off-balance sheet items		
Degrees of credit risk exposure attached to off-balance sheet items have been expressed as percentage of credit conversion factor. Hence, the face value of each item requires to be first multiplied by the relevant conversion factor to arrive at risk adjusted value of off-balance sheet item. The aggregate shall be taken into account for reckoning the minimum capital ratio. This shall have to be again multiplied by the risk weight of 100. The risk adjusted value of the off-balance sheet items shall be calculated as per the credit conversion factors of non-funded items as detailed hereunder: -		
Nature of item		**Credit conversion factor Percentage**
i)	Financial & other guarantees	100
ii)	Share/debenture underwriting obligations	50
iii)	Partly-paid shares/debentures	100
iv)	Bills discounted/rediscounted	100
v)	Lease contracts entered into but yet to be executed	100
vi)	Sale and repurchase agreement and asset sales with recourse, where the credit risk remains with the NBFC	100
vii)	Forward asset purchases, forward deposits and partly paid shares and securities, which represent commitments with certain draw down	100
viii)	Lending of NBFC securities or posting of securities as collateral by the NBFC, including instances where these arise out of repo style transactions	100
ix)	Other commitments (e.g., formal standby facilities and credit lines) with an original maturity of	
	up to one year	20
	over one year	50
x)	Similar commitments that are unconditionally cancellable at any time by the NBFC without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	0

xi)	Take-out Finance in the books of taking-over institution	
	(a) Unconditional take-out finance	100
	(b) Conditional take-out finance	50
Note: As the counter party exposure will determine the risk weight, it will be 100% in respect of all borrowers or zero % if covered by Government guarantee.		
xii)	Commitment to provide liquidity facility for securitization of standard asset transactions	100
xiii)	Second loss credit enhancement for securitization of standard asset transactions provided by the third party	100
xiv)	Other contingent liabilities (To be specified)	50
Notes:		
1.	Cash margins/deposits shall be deducted before applying the conversion factor.	
2.	Where the non-market related off-balance sheet item is an undrawn or partially undrawn fund-based facility, the amount of undrawn commitment to be included in calculating the off- balance sheet non-market related credit exposures is the maximum unused portion of the commitment that could be drawn during the remaining period to maturity. Any drawn portion of a commitment forms a part of NBFC's on-balance sheet credit exposure.	