



**IITL GROUP**

**Industrial Investment Trust Limited**

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**POLICY ON CONTINGENCY FUNDING PLAN (CFP)**

Version	Date of Board Approval
V.1	13.03.2026
Recommended By	CEO – NBFC Operations
Approved By	Board of Directors (BOD)

Recommended By: \_\_\_\_\_

*[Signature]*  
13/3/2026

Approved By: \_\_\_\_\_

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13/03/2026

## Table of Contents

1. Introduction .....	3
2. Definitions .....	3
3. Purpose .....	4
4. Objectives .....	4
5. Early Warning Indicators (EWIs) .....	5
6. Details of Available / Potential Funding Sources .....	5
6.1 Internal Sources .....	5
6.2 External Sources .....	5
6.3 Severe / Last-Resort Sources .....	6
7. Escalation and Prioritisation Procedures .....	6
7.1 Stress Level Framework .....	6
7.2 Funding Activation Sequence .....	7
7.3 Approval Authority .....	7
8. Lead Time for Accessing Funds .....	7
9. Available Amount from Funding Sources .....	8
9.1 Internal Sources .....	8
9.2 External Sources .....	8
10. Governance and Reporting .....	8
10.1 Role of the Board .....	8
10.2 Role of the Chairman & Managing Director / Senior Management .....	8
10.3 Role of the Finance Function .....	9
10.4 Internal Reporting Matrix .....	9
10.5 External Communication .....	9
11. Liquidity Stress Testing .....	9
11.1 Frequency .....	9
11.2 Scenarios .....	9
11.3 Process .....	10
12. Policy Review and Amendment .....	10
13. Adoption .....	10



## 1. Introduction

**Industrial Investment Trust Limited** ("Company" / "IITL") is registered as a non-deposit taking Non-Banking Finance Company ("NBFC") with the Reserve Bank of India ("RBI"), vide Certificate of Registration number B-13.01368 dated August 10, 1933. IITL is classified as a Base Layer NBFC (NBFC-BL) under the RBI (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025 ("SBR Directions, 2025").

The RBI (Non-Banking Financial Companies – Asset Liability Management) Directions, 2025 ("ALM Directions, 2025") require NBFCs with total assets of ₹100 crore and above to formulate a Contingency Funding Plan (CFP) as a mandatory obligation. For NBFCs below this threshold, the ALM Directions encourage adoption of these guidelines on a voluntary basis as sound risk management practice.

In keeping with the spirit of sound liquidity risk governance and as a matter of good practice, IITL has formulated this CFP. This policy contains details of available and potential contingency funding sources, estimated amounts drawable from each source, escalation and prioritisation procedures, and the lead time needed to access additional funds from each source — consistent with the framework envisaged under Para 29 of the ALM Directions, 2025.

## 2. Definitions

For the purpose of this Policy, unless the context otherwise requires:

- 2.1 "Contingency Funding Plan (CFP)"** means a documented, Board-approved framework that identifies potential liquidity stress events and prescribes governance actions, funding alternatives, communication protocols, and recovery measures.
- 2.2 "Funding Stress Event"** means any actual or potential event that materially impairs the Company's ability to meet its funding obligations as they fall due.
- 2.3 "Liquidity Risk"** means the risk that the Company will be unable to meet its financial obligations as they become due without adversely affecting the Company's financial condition.
- 2.4 "High Quality Liquid Assets (HQLA)"** means unencumbered assets that can be readily converted into cash with little or no loss of value, including government securities, treasury bills, and liquid/overnight mutual fund units.
- 2.5 "Public Funds"** shall have the meaning assigned under Para 6(18) of the SBR Directions, 2025, which includes funds raised directly or indirectly through bank finance, inter-corporate deposits, commercial papers, debentures, and all funds received from outside sources (excluding instruments compulsorily convertible into equity within five years).
- 2.6 "Early Warning Indicator (EWI)"** means a qualitative or quantitative measure that signals potential deterioration in the Company's liquidity position, enabling timely preventive action.
- 2.7 "Stress Level"** means a defined tier of liquidity stress (Level 1, Level 2, or Level 3) based on the breach of Early Warning Indicator thresholds, each requiring a specific management response.

All other terms not defined herein shall have the meaning assigned under the RBI Act, 1934 and applicable RBI Directions.

### 3. Purpose

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This CFP provides a framework for IITL to evaluate increasingly severe liquidity stress situations and monitor the availability of funding across these scenarios. The plan incorporates hypothetical events that could rapidly affect liquidity and outlines actions to be taken, together with a reporting and communications programme in the event of a liquidity crisis.

The result of stress assessments or the Company's Early Warning Indicators may signal a level of illiquidity that prompts execution of this CFP. Management's response to any stressed liquidity condition will be guided by the calculated liquidity position over the relevant time horizon, regardless of the individual event that caused the stress. When triggered, management will activate this CFP at the stress level deemed appropriate.

IITL recognises that funding availability may deteriorate in proportion to the Company's financial condition and perceived credit quality. Liquidity sources may also come under stress due to conditions external to the Company, such as economic crises or market disruptions.

### 4. Objectives

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The objectives of this CFP are to:

1. Outline strategies to manage a range of liquidity stress situations.
2. Establish clear lines of responsibility and a governance framework.
3. Provide a plan appropriate to the nature, scale, and complexity of IITL's operations.
4. Provide a framework with sufficient flexibility to respond quickly across varied stress scenarios.
5. Determine available sources of contingency funding and estimate the amount drawable from each.
6. Provide clear escalation and prioritisation procedures, setting out when and how each action can and must be activated.
7. Determine the lead time needed to access additional funds from each source.

This CFP enables management to:

**a. Identify Stress Events.** Unexpected situations or business conditions that may create liquidity pressures, arising from internal causes (credit quality deterioration, operational disruption) or external causes (market stress, regulatory changes, macroeconomic shocks).

**b. Monitor Early Warning Indicators.** Quantitative and qualitative signals that indicate negative trends in the Company's internal or external environment and trigger a management response.

**c. Define Stress Levels.** Graduated tiers of stress severity (Level 1, Level 2, Level 3) that trigger different management actions and contingency funding strategies.

**d. Identify Alternative Funding Sources.** Maintaining ongoing communication with fund providers and regularly assessing fundraising options to ensure effectiveness in both short-term and longer-term scenarios.

**e. Define Funding Strategies.** Outlining available backup facilities under different stress scenarios, the circumstances under which they may be used, and the anticipated sequence of activation.

**f. Outline the Stress Assessment Process.** Specifying the qualitative and quantitative tools used to measure, monitor, and control the Company's liquidity position on a periodic basis.

## 5. Early Warning Indicators (EWIs)

Early Warning Indicators act as advance signals for potential liquidity stress. The management shall monitor the following EWIs on a monthly basis (or more frequently as circumstances warrant). Any breach of a trigger threshold shall be escalated as set out in Section 7.

No.	Early Warning Indicator	Monitoring Frequency	Responsible	Trigger Threshold
1	Decline in collection efficiency on loan portfolio	Monthly	Finance / Loans & Operations	Drop $\geq 5\%$ month-on-month or $\geq 10\%$ year-on-year
2	Increase in Gross NPA ratio	Monthly	Finance / Credit	NPA increases by $\geq 1\%$ in a quarter, or exceeds Board-approved limit
3	Decline in liquidity buffer (cash + liquid mutual funds + HQLA)	Monthly	Finance	Buffer falls below $2\times$ average monthly cash outflow
4	Adverse macroeconomic / market event (economic crisis, pandemic, geopolitical shock)	Ongoing / as events occur	Senior Management	Significant adverse market event or RBI advisory
5	Reduction or withdrawal of a credit facility by any lender	As events occur	Finance	Any lender reduces or withdraws a sanctioned facility limit

## 6. Details of Available / Potential Funding Sources

### 6.1 Internal Sources

**a. Liquidity Buffer:** IITL shall maintain a readily available pool of cash and highly liquid securities (e.g., liquid / overnight mutual funds, government securities, treasury bills) to meet short-term obligations. The target minimum liquidity buffer shall be equivalent to at least 3 months of average monthly cash outflows, reviewed and reaffirmed annually.

**b. Deferral of Non-Essential Expenditure:** Non-essential and discretionary expenses (e.g., travel, non-critical capital expenditure) shall be identified and can be temporarily deferred during a liquidity stress event. The Finance function shall maintain an updated schedule of deferrable expenses, reviewed annually.

**c. Accelerated Collection Efforts:** Strategies to expedite loan repayments and receivables collection, including early payment incentives, stricter collection follow-up, and leveraging technology-driven collection processes.

**d. Liquidation of Unencumbered Securities / HQLA:** IITL shall maintain a register of unencumbered liquid investment securities that can be sold or pledged in secondary markets to generate cash. Defeasance periods shall be factored into availability estimates.

**e. Sale / Disposal of Surplus Fixed Assets:** Where the Company holds surplus fixed assets, these may be liquidated under severe stress conditions. A register of potentially saleable fixed assets shall be maintained. Lead time for realisation is estimated at 1–6 months depending on asset type.

### 6.2 External Sources

**a. Credit Facilities from Banks / Financial Institutions:** IITL may access or approach for working capital, term loan, or overdraft facilities from banks and financial institutions. The Finance function shall maintain banking relationships to execute the credit limits, and get sanction from banks or financial

institutions. All borrowings shall comply with applicable provisions of the RBI Act, 1934, Companies Act, 2013, and relevant RBI Directions.

**b. Issue of Equity / Preference Shares:** The Company may raise fresh share capital (equity or preference shares) subject to the provisions of the Companies Act, 2013, SEBI Regulations (as applicable), and shareholder approvals. This source is suitable for medium-to-long-term funding needs and requires adequate lead time for regulatory and shareholder processes.

**c. Inter-Corporate Borrowings (ICDs):** IITL may borrow from other companies within the framework permitted under the Companies Act, 2013. ICDs are particularly suited to short-term liquidity needs and shall be transacted on arm's length terms, in compliance with applicable regulations.

### 6.3 Severe / Last-Resort Sources

**a. Distressed Asset Funds / Sale of Loan Portfolio:** As a last resort under Level 3 stress, portions of the loan portfolio may be offered for sale to asset reconstruction companies (ARCs) or strategic investors, subject to regulatory approvals. Lead times are extended (typically 2–3 months).

**b. Factoring / Assignment of Receivables:** Eligible receivables may be assigned or factored to raise short-term liquidity, subject to applicable regulations. Lead times typically range from a few days to 2 weeks.

## 7. Escalation and Prioritisation Procedures

The following procedures govern the activation and prioritisation of contingency funding sources based on the severity of the liquidity stress.

### 7.1 Stress Level Framework

Level	Description	Trigger Criteria	Management Response
Level 1 Elevated Watch	Early signs of liquidity pressure; operations not yet affected	<ul style="list-style-type: none"> <li>1–2 EWIs breached at threshold</li> <li>Liquidity buffer between 2× and 3× average monthly outflow</li> </ul>	<ul style="list-style-type: none"> <li>Finance Head reviews liquidity position weekly</li> <li>Board/Chairman &amp; MD informed at next scheduled meeting</li> <li>Activate internal sources (defer expenses, accelerate collections)</li> <li>Assess bank credit line availability</li> </ul>
Level 2 Moderate Stress	Significant liquidity pressure; some payment obligations at risk	<ul style="list-style-type: none"> <li>3+ EWIs breached, or 1–2 breached significantly</li> <li>Liquidity buffer between 1× and 2× average monthly outflow</li> </ul>	<ul style="list-style-type: none"> <li>Chairman &amp; MD informed immediately; Board within 5 business days</li> <li>Activate external credit lines (banks / FIs)</li> <li>Liquidate HQLA / unencumbered securities</li> <li>Accelerate all collection efforts</li> <li>Consider ICD borrowings</li> </ul>
Level 3 Severe Crisis	Severe liquidity crisis; inability or imminent risk of inability to meet obligations	<ul style="list-style-type: none"> <li>Liquidity buffer below 1× average monthly outflow</li> <li>Inability or risk of inability to meet obligations within 30 days</li> </ul>	<ul style="list-style-type: none"> <li>Board meeting convened immediately</li> <li>RBI supervisory office informed promptly</li> <li>All available funding sources activated</li> <li>Chair takes direct control of all cash management</li> <li>Last-resort sources (ARC, asset sale) explored</li> </ul>

## 7.2 Funding Activation Sequence

Funding sources shall be activated in the following priority order, subject to stress level:

1. Internal Sources First: Liquidity buffer drawdown, deferral of non-essential expenditure, accelerated collections.
2. HQLA / Securities Liquidation: Sale or pledge of unencumbered liquid investment securities.
3. Existing External Credit Lines: Drawdown from pre-sanctioned bank / FI facilities.
4. Additional Borrowings / ICDs: New inter-corporate borrowings or fresh credit lines.
5. Fixed Asset Sales and Equity Issuance: Longer-lead-time sources requiring Board and regulatory approval.
6. Last-Resort Sources: ARC / portfolio sale, receivables factoring.

## 7.3 Approval Authority

Action	Approval Required From	Timeframe
Drawdown from liquidity buffer (within approved limit)	Finance Head / CFO	Immediate
Activation of existing external credit lines (within sanctioned limit)	Chairman & Managing Director	Within 24 hours
New credit facility or drawdown beyond sanctioned limit	Board or designated Committee	Within 48–72 hours
Equity issuance / fixed asset sale	Board of Directors	Per applicable regulatory timelines
Last-resort sources (ARC, portfolio sale)	Board of Directors	Per applicable regulatory timelines

## 8. Lead Time for Accessing Funds

No.	Funding Source	Estimated Lead Time	Notes
1	Liquidity Buffer (cash / liquid mutual fund units)	Immediate (T+0 to T+1)	Subject to market hours for mutual fund redemption
2	Deferral of Non-Essential Expenditure	1–3 business days	Dependent on expense approval cycle
3	Accelerated Collections	3–7 business days	Depends on borrower responsiveness
4	Unencumbered Securities (HQLA)	T+1 to T+3	Listed securities; unlisted may take longer
5	Bank / FI Credit Facilities (pre-sanctioned)	1–2 business days	Subject to pre-agreed terms and documentation
6	Inter-Corporate Deposits (ICDs)	2–7 business days	Subject to counterparty approval and documentation
7	Sale / Disposal of Surplus Fixed Assets	1–6 months	Depends on asset type, market demand, and legal process
8	Fresh Equity / Preference Share Issuance	1–3 months	Subject to regulatory and shareholder approvals
9	Distressed Asset Funds / ARC Sale	2–3 months	Negotiation, due diligence, and regulatory filings
10	Factoring / Receivables Assignment	3–7 business days	Depends on factor and quality of receivables

## 9. Available Amount from Funding Sources

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While precise amounts depend on prevailing market and business conditions, the Finance function is authorised to estimate and maintain a record of the size of each funding source. These estimates shall be reviewed at minimum annually and presented to the Board as part of the annual CFP review. The following framework applies:

### 9.1 Internal Sources

**a. Liquidity Buffer:** Target minimum equivalent to 3 months of average monthly cash outflows. Actual amount to be reported to the Board / management annually (or more frequently under stress).

**b. Deferral of Non-Essential Expenditure:** Finance function to maintain a schedule of deferrable expense categories. Estimated savings achievable over a 3-month deferral period to be quantified annually.

**c. HQLA / Unencumbered Securities:** Market value of unencumbered liquid securities (net of applicable haircuts) to be recorded and updated monthly by the Finance function.

### 9.2 External Sources

**a. Bank / FI Credit Facilities:** Finance function to maintain a register of all sanctioned credit facilities showing limit, utilised amount, and undrawn balance. This register constitutes the primary measure of available external contingency funding and shall be reviewed at every Board / management meeting.

**b. Inter-Corporate Borrowings:** Estimated borrowing capacity from other companies / group entities to be assessed and updated annually by the Finance function based on existing relationships.

**c. Equity Issuance:** Board to assess the authorised but unissued share capital and prevailing market conditions annually. Indicative amount available to be estimated as part of the CFP review.

**d. Other Borrowings:** Estimated borrowing capacity from the market (NCDs, CPs, etc.) to be assessed based on current creditworthiness, using an approved methodology or ratio of unencumbered net worth / total assets.

## 10. Governance and Reporting

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### 10.1 Role of the Board

1. Approve this CFP and any material amendments.
2. Approve EWI thresholds and stress level trigger criteria.
3. Review liquidity status and CFP reports at Board meetings (at minimum annually under normal conditions).
4. Be immediately informed upon breach of Level 2 or Level 3 stress triggers.
5. Exercise approval authority for funding actions per Section 7.3.

### 10.2 Role of the Chairman & Managing Director / Senior Management

1. Overall responsibility for day-to-day liquidity monitoring and CFP execution.
2. Inform the Board promptly upon Level 2 or Level 3 stress.
3. Coordinate communication with lenders, investors, and regulators during a stress event.
4. Review liquidity position and EWI status on a monthly basis (or more frequently under stress).

### 10.3 Role of the Finance Function

1. Day-to-day monitoring of liquidity position, EWIs, and credit facility utilisation.
2. Maintaining updated registers of credit limits, HQLA, deferrable expenses, and borrowing capacity.
3. Preparing monthly liquidity reports for management review.
4. Escalating EWI breaches promptly to the Chairman & Managing Director and Board as applicable.
5. Executing funding activation decisions under authority of the Chairman & Managing Director / Board.

### 10.4 Internal Reporting Matrix

Stress Level	Report To	Frequency	Content
Normal	Chairman & MD / Finance Head	Monthly	Liquidity dashboard, EWI status, buffer levels, credit line utilisation
Level 1	Chairman & MD + Board (at next meeting)	Weekly (minimum)	EWI breach details, actions taken, updated liquidity projection
Level 2	Chairman & MD + Board	Daily / as events warrant	Full liquidity position, funding source status, actions taken / proposed
Level 3	Board + RBI (as applicable)	Daily / continuous	Full crisis report, actions underway, regulatory communication status

### 10.5 External Communication

- a. Lenders:** The Chairman & Managing Director shall maintain proactive communication with key lenders during Level 2 or Level 3 stress to manage facility renewals and preserve credit lines.
- b. Regulatory Communication:** In the event of a Level 3 stress, or where a material adverse liquidity event has occurred, the Company shall promptly inform the relevant Regional Office of the RBI Department of Supervision, as appropriate.
- c. Confidentiality:** All CFP-related communications shall be treated as strictly confidential and shall not be disclosed externally except as required by law or regulation, or as approved by the Board.

## 11. Liquidity Stress Testing

The periodic assessment of IITL's liquidity position enables the Company to identify potential liquidity stress and determine funding requirements under different scenarios. Consistent with the spirit of the ALM Directions, 2025, stress testing shall form part of IITL's liquidity risk management on a voluntary best-practice basis.

### 11.1 Frequency

Liquidity stress assessments shall be conducted at minimum on a half-yearly basis. Additional assessments shall be conducted on an ad hoc basis upon occurrence of material market events or changes in the Company's risk profile.

### 11.2 Scenarios

- a. NBFC-Specific Stress:** Sharp deterioration in asset quality (NPA spike), sudden loss of a major lender, significant drop in collections, or operational disruption.

**b. External / Market-Wide Stress:** Systemic credit market disruption, economic downturn, pandemic, geopolitical shock, or general tightening of liquidity in financial markets.

**c. Combined Scenarios:** Simultaneous occurrence of firm-specific and market-wide stress events.

### 11.3 Process

1. Stress assessments shall be conducted by the Finance function and results placed before the Board / Chairman & Managing Director.
2. Material findings shall trigger a review of EWI thresholds, funding strategies, or CFP itself.
3. Assumptions and scenarios shall be reviewed and updated annually.
4. Results shall be documented and retained for internal governance and supervisory review.

## 12. Policy Review and Amendment

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This Policy shall be:

1. Reviewed by the Chairman & Managing Director / Senior Management at minimum once every financial year, and upon any material change in the Company's risk profile, business model, or applicable RBI Directions.
2. Amended only with the approval of the Board of Directors.
3. Kept aligned with changes in applicable RBI Directions and the Company's overall risk management framework.
4. Reviewed on an ad hoc basis following activation of the CFP at Level 2 or above, to incorporate lessons learned.

## 13. Adoption

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This Contingency Funding Plan Policy is recommended by the CEO – NBFC Operations and approved by the Board of Directors at its meeting held on 13.03.2026 and shall come into force with immediate effect.



Recommended By: CEO – NBFC Operations

Approved By: Board of Directors