

KIRAN VYAPAR LIMITED

Investment in Listed Equity	13,718.05	-	-	-	-	-	-	-	1,375.64	15,093.69
Investment in Mutual Fund	4,241.62	-	-	201.87	-	-	-	-	-	4,443.49
Investment in Others	4,174.71	-	-	-	-	-	-	-	33,848.80	38,023.51
Investment in Venture Capital Fund	-	-	-	-	-	-	-	-	30,433.17	30,433.17
										-
Advances Through Regular Payment Schedule	8.50	-	324.75	575.00	4,866.34	3,832.50	3,082.51	-	-	12,689.59
Advances Through Bullet Payment	3,589.00	-	-	-	3,589.00	-	-	-	0.10	7,178.10
										-
Other Assets	386.12	-	-	-	-	13.45	-	-	329.99	729.56
										-
Total Assets	26,333.01	-	324.75	776.87	8,455.34	3,845.95	3,082.51	-	65,987.70	1,08,806.12
Loans from Related Parties (including ICDs)	11,823.97	-	-	-	-	-	-	-	-	11,823.97
Other Liabilities	1,078.79	-	442.02	-	-	-	-	-	95,461.34	96,982.15
Total Liability	12,902.76	-	442.02	-	-	-	-	-	95,461.34	1,08,806.12
Gap	13,430.25	-	117.28	776.87	8,455.34	3,845.95	3,082.51	-	29,473.64	-
Cumulative Gap	13,430.25	13,430.25	13,312.98	14,089.85	22,545.18	26,391.13	29,473.64	29,473.64	-	

Assumptions :-

1. The stress scenario is expected to last three months
2. Advances Through Regular Payment Schedule:- 50% of Repayment scheduled to receive within 3 months delayed and received in 3 to 6 Months bucket
3. Advances Through Bullet Payment:- 50% of Repayment scheduled to receive within 3 months delayed and received in 3 to 6 Months bucket

Since, there is no cumulative mismatch of liability over assets, there is no stress on liquidity	Impact of stress on liquidity	
	Loss on delayed receivable	-
	Loss on sale of assets, if any	-
	Total cost	-

Remarks :-The Company maintains a well-diversified portfolio of investments in shares and securities which are saleable at any given point of time. A dedicated team of market experts are monitoring the markets on a continuous basis, which advises the management for timely purchase or sale of securities. The Company is currently having a mix of both short-term and long-term investments. The management ensures to manage it's cash flows and asset liability patterns to ensure that the financial obligations are satisfied in timely manner.

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Stress test – 2 : Interest rate risk – earnings perspective

The following illustrations indicate a few methods of application of stress tests to assess the impact of interest rate risk from the earnings perspective.

Interest Rate Risk Stress Test										(in Lacs)
The following illustrations indicate a few methods of application of stress tests to assess the impact of interest rate risk from the earnings perspective.										
Time buckets	1-7 days	8-14 days	15-30/31 days	> 1 to 3 Months	> 3 to 6 Months	> 6 mths to 1 year	> 1 to 3 yrs	> 3 to 5 yrs	> 5 yrs	TOTAL
Rate sensitive assets (RSA) – Value	7,195.00	-	649.49	1,150.00	3,958.09	3,832.50	3,082.51	-	0.10	19,867.69
Rate sensitive liabilities (RSL) – Value	11,823.97	-	-	-	-	-	-	-	-	11,823.97
Gap (RSA-RSL)	(4,628.97)	-	649.49	1,150.00	3,958.09	3,832.50	3,082.51	-	0.10	8,043.72
Annual Profit (Provisional Total Comprehensive Income for the period ended 31st March of Financial Year 2023-24)									=	4058.86
Scenario A : When interest rates increase by 1% across all time buckets both for assets and liabilities										
Time buckets	1-7 days	8-14 days	15-30/31 days	> 1 to 3 Months	> 3 to 6 Months	> 6 mths to 1 year	> 1 to 3 yrs	> 3 to 5 yrs	> 5 yrs	TOTAL
Rate sensitive assets (RSA) – Value	7,195.00	-	649.49	1,150.00	3,958.09	3,832.50	3,082.51	-	0.10	19,867.69
Rate sensitive liabilities (RSL) – Value	11,823.97	-	-	-	-	-	-	-	-	11,823.97
Gap (RSA-RSL)	(4,628.97)	-	649.49	1,150.00	3,958.09	3,832.50	3,082.51	-	0.10	8,043.72
Interest On RSA	71.95	-	6.49	11.50	39.58	38.33	30.83	-	0.00	198.68
Interest On RSL	(118.24)	-	-	-	-	-	-	-	-	(118.24)
Impact on NII	46.29	-	6.49	11.50	39.58	38.33	30.83	-	0.00	80.44
Impact on profit										1.98%
Scenario B : When interest rates decrease by 1% across all time buckets both for assets and liabilities										
Time buckets	1-7 days	8-14 days	15-30/31 days	> 1 to 3 Months	> 3 to 6 Months	> 6 mths to 1 year	> 1 to 3 yrs	> 3 to 5 yrs	> 5 yrs	TOTAL
Rate sensitive assets (RSA) – Value	7,195.00	-	649.49	1,150.00	3,958.09	3,832.50	3,082.51	-	0.10	19,867.69
Rate sensitive liabilities (RSL) – Value	11,823.97	-	-	-	-	-	-	-	-	11,823.97
Gap (RSA-RSL)	(4,628.97)	-	649.49	1,150.00	3,958.09	3,832.50	3,082.51	-	0.10	8,043.72
Interest On RSA	(71.95)	-	(6.49)	(11.50)	(39.58)	(38.33)	(30.83)	-	(0.00)	(198.68)
Interest On RSL	118.24	-	-	-	-	-	-	-	-	118.24
Impact on NII	46.29	-	(6.49)	(11.50)	(39.58)	(38.33)	(30.83)	-	(0.00)	(80.44)
Impact on profit										-1.98%

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Scenario C : When interest rates increase by 1% for time buckets up to one year and decrease by 1% for time buckets beyond one year both for assets and liabilities

Time buckets	1-7 days	8-14 days	15-30/31 days	> 1 to 3 Months	> 3 to 6 Months	> 6 mths to 1 year	> 1 to 3 yrs	> 3 to 5 yrs	> 5 yrs	TOTAL
Rate sensitive assets (RSA) – Value	7,195.00	-	649.49	1,150.00	3,958.09	3,832.50	3,082.51	-	0.10	19,867.69
Rate sensitive liabilities (RSL) – Value	11,823.97	-	-	-	-	-	-	-	-	11,823.97
Gap (RSA-RSL)	(4,628.97)	-	649.49	1,150.00	3,958.09	3,832.50	3,082.51	-	0.10	8,043.72
Interest On RSA	71.95	-	6.49	11.50	39.58	38.33	(30.83)	-	(0.00)	137.02
Interest On RSL	(118.24)	-	-	-	-	-	-	-	-	(118.24)
Impact on NII	46.29	-	6.49	11.50	39.58	38.33	30.83	-	0.00	18.79
Impact on profit										0.46%

Remarks: Where all assets and liabilities are linked to floating interest rates, any change in the interest rates would normally impact the interest rates pertaining to those assets and liabilities which are due for maturity/ re-pricing within the time horizon over which the stress is envisaged. Interest rate risk is a type of systemic risk that particularly affects fixed rate debt instruments like bonds and debentures. The value of the fixed-rate debt instruments generally decline due to rise in interest rates and vice versa. The rationale is that a bond is a promise of a future stream of payments; an investor will offer less for a bond that pays-out at a rate lower than the rates offered in the current market. A rising interest rate scenario also affects the Company's interest expenditure on borrowed funds. The Company monitors the interest rate scenarios on a regular basis and accordingly takes investments decisions as whether to invest in fixed rate debt instruments, shares and securities at a particular point of time. Further, the Company's borrowings are short-term in nature and carry a fixed rate of interest and the company is in a position to pass on the rise in interest rates to its borrowers.

Stress test– 3 : Credit risk – Impact on capital adequacy

The following two calculation illustrate this impact on capital adequacy arising out of an economic downturn, under two scenarios (a) a uniform level of downgrade for all rating grades; and (b) a different level of downgrade for different rating grades.

Credit Risk Stress Test - on Capital Adequacy						
Example - (Data as per March 2023)						
						Rs.Lacs
		Normal situation		Stress situation		
On Balance items	Risk weight	Exposure	RWA	Extent of down-	Exposure	RWA
				grade (%)		
Cash & Cash equivalent	-	215.01	-	-	215.01	-
Investment in Group Cos (adjusted for CRAR Calculation)	-	10,853.61	-	-	10,853.61	-
Investment in External Cos (adjusted for CRAR Calculation)	100	53,414.20	53,414.20	100	53,414.20	53,414.20
Loans & Advances in Group Cos (adjusted for CRAR Calculation)	-	4,946.49	-	-	4,946.49	-
Loans & Advances in External Cos (adjusted for CRAR Calculation)	100	14,795.46	14,795.46	100	14,795.46	14,795.46
Fixed Assets	100	29.38	29.38	100	29.38	29.38
Advance Tax Paid	-	300.61	-	-	300.61	-
Others	100	399.57	399.57	100	399.57	399.57
(A)		84,954.33	68,638.61		84,954.33	68,638.61

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Off Balance items						
Partly Paid up shares-Commitment due in Venture Capital Fund	100	5,823.18	5,823.18	100	5,823.18	5,823.18
Other Contingent Liability-Income Tax	50	2,149.02	1,074.51	100	2,149.02	2,149.02
(B)		7,972.20	6,897.69		7,972.20	7,972.20
Total Risk Weighted Asset (A+B)			65,866.99			66,941.50
Tier I-Capital Fund (Net Owned Fund)			50,574.57			50,574.57
Tier II-Capital Fund			125.74			125.74
Total-Capital Fund			50,700.31			50,700.31
CRAR			76.97%			75.74%

Stress test – 4 : Credit risk

Credit Risk Stress Test - on Profitability

Example A: The regulatory provisioning requirement under a stress situation is assumed as 1% for all Standard; 25% for Sub-standard and 100% for all Doubtful categories.

		Normal situation		Stress situation		Rs. in Lacs
Asset Classification	Exposure	Rate of Provisioning (%)	Provision	Revised rate of provisioning (%)	Provision	
Standard Assets	19,936.41	0.40	79.75	1.00	199.36	
Sub-Standard Assets	-	10.00	-	25.00	-	
Doubtful & Loss Assets	68.24	100.00	68.24	100.00	68.24	
Total	20,004.65		147.99		267.60	
Details		Normal situation		Stress situation		
Annual Profit (Provisional Total Comprehensive Income for the period ended 31st Decemeber of Financial Year 2022-23)			4,058.86			
Additional Provisions					119.62	
Revised Annual Profit under Stress Situation					3,939.24	
Impact on profits (%)					-2.95%	
ROA			20.29%		19.69%	
Total-Capital Fund		55,604.70		55,485.08		
RWA		74,778.93		74,659.31		
CRAR		74.36		74.32		

Example B: The downgrade from Standard to NPA (sub standard) is assumed to be 10% and the provisioning requirements under stress situation are assumed as 25% for Sub-Standard Assets & other as per example A above:

		Normal situation		Stress situation		Rs. in Lacs
Asset Classification	Exposure	Rate of Provisioning (%)	Provision	Exposure	Revised rate of provisioning (%)	Provision

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Standard Assets	19,936.41	0.40	79.75	17,942.77	1.00	179.43
Sub-Standard Assets	-	10.00	-	1,993.64	25.00	498.41
Doubtful & Loss Assets	68.24	100.00	68.24	68.24	100.00	68.24
Total	20,004.65		147.99	20,004.65		746.08
Details		Normal situation		Stress situation		
Annual Profit (Provisional Total Comprehensive Income for the period ended 31st Decemeber of Financial Year 2022-23)			4,058.86			
Additional Provisions					598.09	
Revised Annual Profit under Stress Situation					3,460.77	
Impact on profits (%)					-14.74%	
ROA			20.29%		17.30%	
Total-Capital Fund	55,604.70			55,006.61		
RWA	74,778.93			74,180.84		
CRAR	74.36			74.15		

Stress test – 5 : Equity Price Risk Stress Test

Equity Price Risk Stress Test	(in Lacs)	
Price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. It arises from financial assets such as investments in equity instruments, bonds, mutual funds etc. The Company is exposed to price risk arising mainly from investments carried at fair value through FVTPL or FVOCI which are valued using quoted prices in active markets (level 1 investments). A sensitivity analysis demonstrating the impact of change in market prices of these instruments from the prices existing as at the reporting date is given below:-		
Particulars	Carrying value as at 31st March 2023	
Investments carried at FVTPL or FVOCI valued using quoted prices in active market (i.e Quoted Equity & MF)	19,537.18	
Analysis on total comprehensive income upon fluctuation of market prices	Impact on total comprehensive income	
Increase by 10%	1,953.72	
Decrease by 10%	(1,953.72)	
Details	Normal situation	Stress situation
Annual Profit (Provisional Total Comprehensive Income for the period ended 31st March of Financial Year 2023-24)	4,058.86	
Impact of negative fluctuation of market prices		1,953.72
Revised Annual Profit under Stress Situation		2,105.14
Impact on profits (%)		-48.13%
Total-Capital Fund		
RWA	55,604.70	53,650.98
CRAR	74,778.93	72,825.21

Outcome: The Company has checked the level of stress and its related impact on various potential risk parameters i.e. **1. Liquidity Risk 2. Interest Rate – Earning Perspective Risk 3. Credit Risk – Impact on Capital Adequacy 4. Credit Risk – Impact on Profitability and 5. Equity Price Risk.** The defined stress testing framework has been applied to achieve the dual role of being a diagnostic tool for the Company’s financials and understanding of its potential risk under different stress tests and its impact on the profitability and capital adequacy. As shown in the results, the Company is fairly placed to overcome the anticipated stress, with no impact on business continuity and solvency.