

SEYAD SHARIAT FINANCE LIMITED

Public Disclosure on Liquidity Risk as on 30.09.2023 pursuant to RBI circular dated 4<sup>th</sup> November 2019 on Liquidity Risk Management Framework for Non Banking Financial Companies and Core Investment Companies

i) Funding concentration based on significant counterparty (both deposits and borrowings)

| Sl.No. | Number of Significant counter parties | Amount Rs.in Cr | % of Total Deposits * | % of Total Liabilities |
|--------|---------------------------------------|-----------------|-----------------------|------------------------|
| -      | -                                     | -               | -                     | -                      |

ii) Top 20 large deposits

|                     |        |
|---------------------|--------|
| Amount (Rs.in Cr)   | 7.68   |
| % of Total Deposits | 30.64% |

iii) Top 10 Borrowings

|                       |   |
|-----------------------|---|
| Amount (Rs.in Cr)     | - |
| % of Total Borrowings | - |

iv) Funding Concentration based on significant instrument/product

| Sl.No. | Name of the Instrument/Product | Amount Rs.in Cr | % of Total Liabilities |
|--------|--------------------------------|-----------------|------------------------|
| 1      | Public Deposits                | 25.06           | 32.73                  |

v) Stock Ratios

| Sl.No.         | Name of the Instrument/Product | As a % of Total Public Funds | As a % of Total Liabilities | As a % of Total Assets |
|----------------|--------------------------------|------------------------------|-----------------------------|------------------------|
| Not Applicable |                                |                              |                             |                        |

vi) Institutional set-up for liquidity risk management

Board has set up the Asset Liability Management committee (ALCO) and Risk Management Committee to manage various risks of the company. ALCO meets on a regular basis and is responsible for ensuring adherence to the risk tolerance/limits set by the board including the Liquidity Risk of the company. The performance of the ALCO is reviewed by Audit Committee/Board.

The company has formulated a policy on Liquidity Risk Management Frame Work. Accordingly , the company

Performs stress testing on a quarterly basis which enables the Company to estimate the liquidity requirements as well as adequacy and cost of the liquidity buffer under stressed conditions.

Has also formulated a contingency funding plan as a part of the outcome of stress testing results.

Monitors liquidity risk based on 'stock' approach to liquidity by way of pre-defined internal limits for various critical ratios pertaining to liquidity risk.

The company has diversified source of funding to ensure that there is no significant source, the withdrawal of which could trigger liquidity problems.

The company monitors cumulative mismatches across all time buckets by establishing internal prudential limits. The company maintains adequate liquidity buffer of readily marketable assets, to protect itself against any liquidity risk at the same time is mindful of the cost associated with it.

Notes:

1. As per the circular issued by RBI on Liquidity Risk Management Framework for Non Banking Financial Companies and Core Investment Companies dated 4<sup>th</sup> Nov 2019, "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the total liabilities and "Significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the total liabilities.

2. Total Liabilities represent "Total Liabilities and Equity" as per Balance sheet less Equity

3. Public funds are as defined in Master Direction- Non Banking Financial Company - Systematically Important Non-Deposit taking company and Deposit taking company (Reserve Bank) Directions, 2016.

4. Other Short term liabilities represent all short-term borrowings other than CPs.

#### **Disclosure on Liquidity Coverage Ratio (LCR):**

As part of the Liquidity Risk Management Framework for NBFCs, RBI has mandated maintenance of Liquidity Coverage Ratio (LCR) effective 1s Dec 2020. The Company is required to maintain adequate unencumbered High Quality Liquid Asset (HQLA) to meet its liquidity needs for a 30 calendar day time horizon under significantly severe liquidity stress scenario. The objective of the LCR is to promote the short-term resilience of the liquidity risk profile. Presently, the Company is mandated to maintain minimum HQLA of 60% of the LCR, progressively reaching up to the required level of 100% by December 1, 2024.

The LCR is calculated by dividing the company' stock of HQLA by its total net cash outflows over a 30-day stress period. "High Quality Liquid Assets (HQLA)" means liquid asset that can be readily sold or immediately converted into cash at little or no loss of value or used as collateral to obtain funds in a range of stress scenarios. Total Net cash outflows is defined as total expected cash inflows in the specified stress scenario for the subsequent 30 calendar days. The main drivers of LCR are adequate HQLAs and lower net cash outflow.

Major source of borrowings for the company are Public Deposits. Details of funding concentration form Significant counter party are given above under public disclosure.

The average LCR for the quarter ended 30<sup>th</sup> September 2023 is 215.49% which is well above the regulatory requirement of 60%.

## LCR COMPUTATION

Rs. In Crores

| Particulars   | 30.09.2023                       |                                |
|---|----------------------------------|--------------------------------|
|   | Total Unweighted Value (average) | Total Weighted Value (average) |
| <b>High Quality Liquid Asset (HQLA)</b>   |                                  |                                |
| Cash on hand  | 0.0                              | 0.0                            |
| Demand deposits in scheduled commercial banks   | 5.52                             | 5.52                           |
| Unencumbered approved securities held as per the provisions of section 45 IB of RBI Act | 2.92                             | 2.34                           |
| Assets in the stock of liquid assets  | 1.66                             | 0.83                           |
| <b>TOTAL HQLA</b>   | <b>10.11</b>                     | <b>8.69</b>                    |
|   |                                  |                                |
| Cash Outflows   |                                  |                                |
| Deposits (for deposit taking companies)   | 0.65                             | 0.75                           |
| Unsecured wholesale funding   | 0.00                             | 0.00                           |
| Secured wholesale funding   | 5.00                             | 5.75                           |
| Additional requirements, of which   | 0.00                             | 0.00                           |
| Outflows related to derivative exposures and other collateral requirements              | 0.00                             | 0.00                           |
| Outflows related to loss of funding on debt products                                    | 0.00                             | 0.00                           |
| Credit and liquidity facilities   | 0.00                             | 0.00                           |
| Other contractual funding obligations   | 0.09                             | 0.10                           |
| <b>TOTAL CASH OUTFLOWS</b>  | <b>5.74</b>                      | <b>6.60</b>                    |
|   |                                  |                                |
| Cash Inflows  |                                  |                                |
| Secured lending   | 0.00                             | 0.00                           |
| Inflows from fully performing exposures   | 0.00                             | 0.00                           |
| Other cash inflows  | 3.42                             | 2.57                           |
| <b>TOTAL CASH INFLOWS</b>   | <b>3.42</b>                      | <b>2.57</b>                    |
|   |                                  |                                |
| TOTAL HQLA  |                                  | 8.69                           |
| TOTAL NET CASH OUTFLOWS   |                                  | 4.03                           |
| LIQUIDITY COVERAGE RATIO (%)  |                                  | <b>215.49</b>                  |

