Gove Finance Limited

Public Disclosure on Liquidity Risk for the quarter ended 30th September 2021 pursuant to RBI circular dated 4th 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)

SI.No	Number of Significant counter Parties	Amount (Rs.in Cr.)	% of Total Deposit	% of Total Liabilities
1	Nil	-	-	-

(ii) Top 20 Large Deposits

Amount – 12.33 Cr.

% of Total Deposit – 51.12%

(iii) Top 10 Borrowings

Amount – 2.07 Cr.

% of Total Borrowings – 8.52%

(iv) Funding Concentration based on significant instrument / product

SI.No	Name of the Instrument/product	Amount (Rs.in Cr.)	% of Total Liabilities
1	Non-Convertible Debentures	-	-
2	Term loan	-	-
3	Public Deposits	-	-
4	Commercial paper	-	-
5	Other Bank borrowings	-	-

(v) Stock Ratios:

SI.No	Name of the Instrument / Product	As a % of Total Public Funds	As a % of Total Liabilities	As a % of Total Assets
1	Commercial Paper	-	-	-
2	Non-Convertible Debentures (Original Maturity <1 Year	-	-	-
3	Other Short-term Liabilities	-	-	-

(vi) Institutional setup for Liquidity Risk management

Board has setup 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 Framework. 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.

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 04th Nov 2019,"Significant counterparty" is defined as a single counter party or group of connected or affiliated counter parties 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 - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

<u>Disclosure on Liquidity Coverage Ratio (LCR)-Q2-F.Y.21-22</u>.

As part of the Liquidity Risk Management Framework for NBFCs, RBI has mandated maintenance of Liquidity Coverage Ratio (LCR) effective 1st December, 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 a significantly severe liquidity stress scenario. The objective of the LCR is to promote the short-term resilience of the liquidity risk profile. The LCR requirement shall be binding for the Company from December 1, 2020 with the minimum HQLAs to be held being 50% of the LCR, progressively reaching up to the required level of 100% by December 1, 2024. The LCR is calculated by dividing the company's stock of HQLA by its total net cash outflows over a 30-day stress period. "High Quality Liquid Assets (HQLA)" means liquid assets 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 outflows minus 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 and deposits received from related parties. The average LCR for the quarter ended 30th September 2021 is 1094%, which-is well above the regulatory requirement of 50%.

Liquidity Coverage Ratio (LCR):

(Amount in Crores)

Particulars	**July-September 2021**	
	Average Un weighted Value	**Average Weighted Value**
****Total High Quality Liquid Assets (HQLA)**		**35.56**
<u>Cash outflows</u>		
Deposits	1.06	1.22
Secured Borrowings	0.01	0.01
Other contractual funding obligations	3.00	3.45
	-	-
Total Cash Outflows	**4.07**	**4.68**
	-	-
<u>Cash inflow</u>	-	-
Inflows from Fully performing Exposures	1.35	1.01
Deposit	0.02	0.01
Other Cash inflows	0.54	0.40
	-	-
Total Cash inflows	**1.91**	**1.43**
Total HQLA		35.56
Total Net Cash Outflows		3.25
Liquidity Coverage Ratio (LCR)		**1094%**

**** Components of HQLA**

Particulars	Amount in Cr.
Cash	0.03
Balance with Banks	10.00
Government Securities	2.67
Liquid Mutual funds	22.86
Total HQLA	**35.56**