Mahindra Rural Housing Finance Limited

Public Disclosure on Liquidity Coverage ratio (LCR) for the quarter ended September 30, 2022 pursuant to RBI Master direction Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

LCR Disclosure Template (Appendix I) **(Rs. in Crore)**

S. No.	Particulars	Total Un-Weighted Value (Average)*	Total Weighted Value (Average)#
High Quality Liquid Assets			
1	Total High Quality Liquid Assets (HQLA)	80	80
Cash Outflows			
2	Deposits (for deposit taking companies)	-	-
3	Unsecured wholesale funding	-	-
4	Secured wholesale funding	245	282
5	Additional requirements, of which		
(i)	*Outflows related to derivative exposures and other collateral requirements*	-	-
(ii)	*Outflows related to loss of funding on debt products*	-	-
(iii)	*Credit and liquidity facilities*	-	-
6	Other contractual funding obligations	141	162
7	Other contingent funding obligations	281	323
8	**TOTAL CASH OUTFLOWS**	**668**	**768**
Cash Inflows			
9	Secured lending	-	-
10	Inflows from fully performing exposures (Secured)	232	174
11	Other cash inflows	1,041	781
12	**TOTAL CASH INFLOWS**	**1,273**	**955**
13	**TOTAL HQLA**		**80**
14	**TOTAL NET CASH OUTFLOWS**		**192**
15	**LIQUIDITY COVERAGE RATIO (%)**		**42%**

*Unweighted values calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).
Weighted values calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.

Notes:
1) The average weighted are calculated taking simple average based on daily observation for the September quarter. The weightage factor applied to compute weighted average value.

2) Prior to introduction of LCR framework, the company used to maintain a substantial share of its liquidity in form of fixed deposits with banks and investment in debt mutual funds. Post the introduction of LCR framework, the Company has consciously worked towards increasing its investment in High Quality Liquid Assets (HQLA) as per the RBI guidelines in order to meet the LCR requirement.

3) Components of High Quality Liquid Assets (HQLA)

Particulars	Total Un-Weighted Value (Average)
Assets to be included as HQLA:	
- Government Securities	80.00
- Cash Balance	0.29
Total	**80.29**

Qualitative information:

The Company has implemented the guidelines on Liquidity Risk Management Framework prescribed by the Reserve Bank of India requiring maintenance of Liquidity Coverage Ratio (LCR), which aim to ensure that an NBFC maintains an adequate level of unencumbered HQLAs that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.

LCR = Stock of High-Quality Liquid Assets (HQLAs)/Total Net Cash Outflows over the next 30 calendar days

HQLAs comprise of Cash & Investment in Central and State Government Securities.

Total net cash outflows are arrived after taking into consideration total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days. As prescribed by RBI, total net cash outflows over the next 30 days = Stressed Outflows - [Min (stressed inflows; 75% of stressed outflows)]. Total expected cash outflows (stressed outflows) are calculated by multiplying the outstanding balances of various categories or types of liabilities and offbalance sheet commitments by 115% (15% being the rate at which they are expected to run off further or be drawn down). Total expected cash inflows (stressed inflows) are calculated by multiplying the outstanding balances of various categories of contractual receivables by 75% (25% being the rate at which they are expected to under-flow).

The Liquidity Risk Management framework of the Company is governed by its Liquidity Risk Management Policy and Procedures approved by the Board. The Asset Liability Committee of the Board (ALCO) and Asset Liability Management Committee (ALMCO) oversee the implementation of liquidity risk management strategy of the Company and ensure adherence to the risk tolerance/limits set by the Board.

The Company maintains a robust funding profile with no undue concentration of funding sources. In order to ensure a diversified borrowing mix, concentration of borrowing through various sources is monitored. Further, the Company has prudential limits on investments in different instruments to maintain a healthy investment profile. The above is periodically monitored by ALMCO and reviewed by ALCO.