HERO FINCORP LIMITED

Public Disclosure on Liquidity Risk

Public Disclosure on Liquidity Risk pursuant to RBI circular dated 4th November 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies for the quarter ended 30th June 2023

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

Sr No.	Number of Significant Counterparties	Amount (Rs. crore)*	% of Total deposits	% of Total Liabilities#
1	22	27,485.74	Not Applicable	75.84%

Note:

- Total Liabilities has been computed as sum of all liabilities (Balance Sheet figure) less Equity and Reserves/Surplus.
- Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated 4th November, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.
- * Amount owed to significant counterparties are *IGAAP* Values.
- # It includes compulsorily convertible preference shares (CCPS) of INR 2000 Crore *(non-cash and non-payable)* issued during the quarter ended June 30, 2022 and were earlier considered as a part of the Share Capital as per Section 43 of the Companies Act, 2013. Same was reassessed and classified as a financial liability as per INDAS 32 'Financial Instruments Presentation' during the quarter ended March'23. However, it continues to be a Tier-I Capital for the company as per RBI Regulations.

(ii) Top 20 large deposits (amount in Rs. crore and % of total deposits):

Amount in Rs. Crore	Not Applicable
% of total deposits	Not Applicable

(iii) Top 10 borrowings (amount in Rs. crore and % of total borrowings):

Amount in Rs. Crore*	21,072.02
% of total borrowings	60.52%

Note:

- Top 10 borrowing counterparty has been considered.
- *Amount of Top 10 Borrowings are as per *IGAAP* Values.

(iv) Funding Concentration based on significant instrument/product

S. No.	Name of the instrument/product	Amount (Rs. crore)	% of Total Liabilities
1	Bank Borrowings	21,823.24	60.21%
2	NCD	2,829.91	7.81%
3	Tier II NCD	892.16	2.46%
4	Compulsorily Convertible Preference Shares (CCPS)#	2,386.38	6.58%
5	Commercial Paper	2,912.15	8.03%
6	ECB	3,973.00	10.96%
	Total	**34,816.84**	**96.06%**

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Note:

- Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated 4th November, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.
- # Company issued CCPS of INR 2000 Crore *(non-cash and non-payable)* during the quarter ended June 30, 2022 and were considered as a part of the Share Capital as per Section 43 of the Companies Act, 2013. Same was reassessed and classified as a financial liability as per INDAS 32 'Financial Instruments Presentation' during the quarter ended March'23. However, it continues to be a Tier-I Capital for the company.

(v) Stock Ratio

S. No.	Particulars	Total Public Funds	Total Liabilities	Total Assets
A	Commercial papers as a % of	8.36%	8.03%	7.00%
B	Non-convertible debentures (original maturity of less than one year) as a % of	NA	NA	NA
C	Other short-term liabilities as a % of	35.12%	33.73%	29.39%

Note:

- Other Short-term Liabilities is computed as current maturities of long-term debt, short-term bank borrowings including outstanding CC/WCDL and other short-term liabilities has been considered, but excludes commercial paper and Non-convertible debentures (original maturity of less than one year).
- Public funds are as defined in Master Direction - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016.

(vi) Institutional set-up for liquidity risk management:

The Board through the Asset-Liability Management Committee (ALCO) shall have the overall responsibility for management of liquidity risk. The ALCO shall decide the strategy, policies and procedures to manage liquidity risk in accordance with the liquidity risk tolerance/limits decided from time to time.

The ALCO committee is responsible for framing, implementing and monitoring the Liquidity Risk Management Framework including the ALM framework. It is also responsible for ensuring adherence to the various limits set by the regulator, Board and Board Sub Committee.

General Note:

- All the nos. are based as per un-audited IND-AS Balance Sheet except mentioned otherwise.