

**SREI INFRASTRUCTURE FINANCE LIMITED**  
Notes to the Financial Statements for the year ended 31st March, 2020

d) **Public disclosure on liquidity risk as on 31st March, 2020 as per RBI Circular DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies dated November 4, 2019.**

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

| No. | Number of Significant Counterparties | Amount<br>(₹ in Lakhs) | % of Total<br>deposits | % of Total<br>Liabilities |
|-----|--------------------------------------|------------------------|------------------------|---------------------------|
| 1   | 10                                   | 80,237                 | N.A.                   | 79%                       |

(ii) Top 20 large deposits (Amount: Nil ; and % of total deposits: NA)

(iii) Top 10 borrowings (Amount: ₹ 80,237 lakhs; and % of total borrowings: 99%)

(iv) Funding Concentration based on significant instrument/product

| No. | Name of the instrument/ product                    | Amount<br>(₹ in Lakhs) | % of Total<br>Liabilities |
|-----|--|------------------------|---------------------------|
| 1   | Commercial Paper                                   | 39,263                 | 39%                       |
| 2   | Subordinated Perpetual debentures (Tier I Capital) | 36,075                 | 35%                       |
| 3   | Inter Corporate Deposits                           | 6,088                  | 6%                        |

(v) **Stock Ratios:**

| No. | Particulars  | % of Total<br>Public Funds | % of Total<br>Liabilities | % of Total<br>Assets |
|-----|--|----------------------------|---------------------------|----------------------|
| (a) | Commercial papers  | 48%                        | 39%                       | 10%                  |
| (b) | Non-convertible debentures (original maturity of less than one year) | -                          | -                         | -                    |
| (c) | Other short-term liabilities   | 15%                        | 12%                       | 3%                   |

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

The Company has an Asset Liability Management Committee (ALCO), a management level committee, to handle liquidity risk management. The ALCO meetings are held at periodic intervals. At the apex level, the Risk Committee (RC), a sub-committee of the Board of Directors of the Company, oversees the liquidity risk management.

e) **Risk concentrations**

The principal business of the Company was to provide financing in the form of loans to its clients for various infrastructure and allied purposes. Post the transfer of Lending Business, Interest Earning Business & Lease Business ("Transferred Undertaking") together with associated employees, assets and liabilities of Srei Infrastructure Finance Limited (SIFL) into Srei Equipment Finance Limited (SEFL) as a going concern basis by way of slump exchange w.e.f. from October 1, 2019, the new business of SIFL is largely predicated on Infrastructure Advisory, Financial Solutions Advisory and Fee Based Business.

Credit Risk is the risk of loss that occurs when a borrower or counterparty fails to meet its obligations in accordance with agreed terms, thus resulting in financial loss. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The Company's credit risk policies are approved by the Board from time to time which lays down the credit evaluation and approval process in compliance with regulatory guidelines.

The Company uses the Expected Credit Loss (ECL) Methodology to assess the impairment on funded credit exposures. The application of the model was derived from the combination of the probability of default and loss given default being applied to the exposure at default (EAD) to compute ECL based on historical data on an unsegmented basis due to limitation of count in the past. Owing to transfer of the business, empirical data for the newly constituted business of SIFL was not available and hence ECL for non funded credit exposures is being computed by calculating the difference between the EAD and Net Present Value of the future cash flows and/or expected realisable value of security / collateral. Additionally, the company may also carry out reviews for specifically identified exposures by the management as meriting special focus in calculation of ECL for fulfilling the objective of greater prudence.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

**Analysis of risk concentration**

(₹ in Lakhs)

| Particulars | As at 31st March, 2020 |        |       | As at 31st March, 2019 |        |         |
|-------------|------------------------|--------|-------|------------------------|--------|---------|
|             | Corporate              | Others | Total | Corporate              | Others | Total   |
| Loan Assets | -                      | -      | -     | 886,354                | 67,366 | 953,720 |