**Shriram Transport Finance Company Limited**
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**Public Disclosure on Liquidity Risk for the quarter ended December 31, 2020 pursuant to RBI circular dated 4 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)**

| Sr. No. | Number of Significant Counterparties | Amount (Rs. in crores)* | % of Total deposits | % of Total liabilities |
|---|---|---|---|---|
| 1 | 19 | 40,750.91 | 284.27% | 41.61% |

*Includes securitisation liabilities exposure

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

**(Rs. in crores)**

| Particulars | As at December 31, 2020 |
|---|---|
| Total amount of top 20 large deposits | 923.35 |
| Percentage of amount of top 20 large deposits to total deposits | 6.44% |

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

**(Rs. in crores)**

| Particulars | As at December 31, 2020 |
|---|---|
| Total amount of top 10 borrowings * | 28,904.82 |
| Percentage of amount of top 10 borrowings to total borrowings | 30.03% |

*Includes securitisation liabilities exposure

**(iv) Funding Concentration based on significant instrument/product**

| Sr. No. | Name of the instrument/product | Amount (Rs. in crores) | % of Total liabilities |
|---|---|---|---|
| 1 | Redeemable non-convertible debentures (secured and unsecured) | 19,309.35 | 19.72% |
| 2 | External commercial bond | 12,353.37 | 12.61% |
| 3 | Senior secured notes | 1,210.49 | 1.24% |
| 4 | Term loan from banks | 12,633.75 | 12.90% |
| 5 | Term loan from financial institutions/corporates | 2,602.02 | 2.66% |
| 6 | External commercial borrowing | 4,107.63 | 4.19% |
| 7 | Loans repayable on demand from banks (Cash credit from banks) | 2,127.85 | 2.17% |
| 8 | Other loans - Securitisation liabilities | 22,883.23 | 23.37% |
| 9 | Public deposits | 13,930.24 | 14.22% |
| 10 | Subordinated debts | 4,696.67 | 4.80% |

**(v) Stock Ratios:**

| | Particulars | as a % of Total public funds | as a % of Total liabilities | as a % of Total assets |
|---|---|---|---|---|
| (a) | Commercial papers | - | - | - |
| (b) | Non-convertible debentures (original maturity of less than one year) | - | - | - |
| (c) | Other short-term liabilities | 6.47% | 6.35% | 5.23% |

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

The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles.

The Board has constituted the Risk Management Committee (RMC) which is responsible for monitoring the overall risk process within the Company.

The (RMC) is responsible for managing risk decisions and monitoring risk levels. The meetings of RMC are held at quarterly interval.

The Risk owners are responsible for monitoring compliance with risk principles, policies and limits across the Company. Each department has its Risk owner who is responsible for the control of risks, including monitoring the actual risk of exposures against authorised limits and the assessment of risks.

The Company’s Treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Company.

The Board of Directors also approves constitution of Asset Liability Committee (ALCO), Asset Liability Management Committee(ALCO) reviews or monitors Asset Liability Management (ALM) mismatch. ALCO conducts periodic reviews relating to the liquidity position and stress test assuming various what if scenarios. The ALCO is responsible for ensuring adherence to the limits set by the Board as well as for deciding the business strategy of the Company in line with the Company's budget and decided risk management objectives. The ALCO is a decision-making unit responsible for balance sheet planning from risk-return perspective including strategic management of interest rate and liquidity risks. The ALCO also evaluates the Borrowing Plan of subsequent quarters on the basis of previous borrowings of the company. The ALCO will be responsible for ensuring the adherence to the target set by the Board of Directors. The meetings of ALCO are held at quarterly intervals. The ALM Support Groups consisting of operating staff are responsible for analysing, monitoring and reporting the risk profiles to the ALCO. ALCO support group meets every fortnight.

In assessing the company's liquidity position, consideration is given to: (1) present and anticipated asset quality (2) present and future earnings capacity (3) historical funding requirements (4) current liquidity position (5) anticipated future funding needs, and (6) sources of funds. The Company maintains a portfolio of marketable assets that are assumed to be easily liquidated and undrawn cash credit limits which can be used in the event of an unforeseen interruption in cash flow. The Company also enters into securitisation deals (direct assignment as well as pass through certificates) of its loan portfolio, the funding from which can be accessed to meet liquidity needs. In accordance with the Company’s policy, the liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Company. Net liquid assets consist of cash, short–term bank deposits and investments in mutual fund available for immediate sale, less issued securities and borrowings due to mature within the next month. Borrowings from banks and financial institutions, issue of debentures and bonds and acceptance of public deposits are considered as important sources of funds to finance lending to customers. They are monitored using the advances to borrowings ratio, which compares loans and advances to customers as a percentage of secured and unsecured borrowings.

The minutes of ALCO meetings are placed before the RMC and the Board of Directors in its next meeting for its ratification.

The liquidity buffer and SLR investments was Rs. 13,429.81 crores and Rs. 1,812.35 crores respectively.

***Notes:***

1) Significant counterparty is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

2) 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 NBFC-NDSI's, NBFC-Ds total liabilities, as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

3) Total Liabilities has been computed as sum of all liabilities (Total of Balance Sheet less Total Equity).

4) Public funds are includes funds raised either directly or indirectly through public deposits, inter-corporate deposits, bank finance and all funds received from outside sources such as funds raised by issue of Commercial Papers, debentures etc. but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 5 years from the date of issue, as defined in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016.

5) The amount stated in this disclosure is based on the unaudited financial statements for the quarter and nine months ended December 31, 2020.