(a) Trade receivables and financial assets

Trade receivables consists of a large number of customers spread across diverse industries.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable. Under the simplified approach, the Company tracks changes in credit risk. Further, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from initial recognition.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At year end, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount of trade receivable and the amount of the loss is recognised in the statement of profit and loss within other expenses.

Specific allowance for loss has also been provided by the management based on expected recovery on individual customers.

The provision provided in books for trade receivables overdue:

Reconciliation of loss allowance

All amount in Indian Rupees in crores, except as stated otherwise

Particulars	December 31, 2020	December 31, 2019
Balance at the beginning of the period	**196.64**	**-**
Transfer as part of scheme of arrangement	-	200.92
Add: Additional ECL provision / (reversal)	-	(2.98)
Add: Additional provision	47.01	20.67
Less: Utilisation/reversal	34.58	21.97
Balance at the end of the period	**209.07**	**196.64**

Management does not expect any significant loss from non-performance by counterparties on credit granted during the financial year that has not been provided for.

(b) Other than trade receivables and financial assets

Management believes that the parties from which the receivables are due have strong capacity to meet the obligations and risk of default is negligible or nil and accordingly no significant provision for expected credit loss has been recorded.

c) Credit risk from balances with bank and financial institutions is managed by the Company's treasury department in accordance with the Company's policy.

(v) Liquidity Risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company maintains flexibility in funding by maintaining availability under committed credit lines.