

Arka Fincap Limited

Public Disclosure on Liquidity Risk

Background:

Disclosure on liquidity risk for Arka Fincap Limited (“Arka Fincap” / “the Company”) as at September 30, 2023 in terms of the Liquidity Risk Management Framework issued by the Reserve Bank of India (“RBI”):

(i) Funding Concentration based on significant counterparty

Sr. No.	No. of Significant Counterparties	Amount (₹ crore)	% of Total Deposits	% of Total Liabilities
1.	23	2,614.98	-	77.57%

- A “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 and 10% for other non-deposit taking NBFCs.
- As per definition, above data includes the funding from significant counterparties only. In addition to above, there have been other borrowing in forms of Bank Loan, Non-Convertible Debentures (“NCD”) and Commercial Papers (“CP”):

Nature of Facility	Amount (₹ crore)
Bank Loan	258.41
NCD	172.00
CP	80.00
Total	510.41

- Total Liabilities has been computed as Total Assets less Equity share capital less Reserve & Surplus.

(ii) Top 20 large deposits (amount in ₹ crore and % of total deposits): N.A., since Arka Fincap is a Systemically Important Non-Deposit taking Non-Banking Financial Company registered with Reserve Bank of India, and does not accept public deposits.

(iii) Top 10 borrowings

Amount (₹ crore)	% of Total Borrowings
1658.35	53.06%

Note: Total Borrowing has been computed as Gross Total Debt

(iv) Funding Concentration based on significant instrument / product

Sr. No.	Name of the product	Amount (₹ crore)	% of Total Liabilities
1	Commercial Papers	50.00	1.48%
2	Privately Placed NCD	645.07	19.14%
3	Term Loan	1,919.91	56.95%
4	Cash Credit (“CC”)	-	-
5	Working Capital Demand Loan (“WCDL”)	-	-

Sr. No.	Name of the product	Amount (₹ crore)	% of Total Liabilities
	Total	2,614.98	77.57%

Note:

- A "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 and 10% for other non-deposit taking NBFCs.
- Total Liabilities has been computed as Total Assets less Equity share capital less Reserve & Surplus.
- Total Liabilities [Borrowings] have been considered, as reflected in Financials.

(v) **Stock Ratios:**

Sr. No.	Stock Ratio	%
1	Commercial papers as a % of public funds	4.13%
2	Commercial papers as a % of total liabilities	3.79%
3	Commercial papers as a % of total assets	2.83%
4	Non-convertible debentures (original maturity of less than one year) as a % of total public funds	NA
5	Non-convertible debentures (original maturity of less than one year) as a % of total liabilities	NA
6	Non-convertible debentures (original maturity of less than one year) as a % of total assets	NA
7	Other short-term liabilities as a % of public funds	6.63%
8	Other short-term liabilities as a % of total liabilities	6.06%
9	Other short-term liabilities as a % of total assets	4.53%

Note:

- Commercial Paper for stock ratio is the Net outstanding (as per the books of accounts)
- Other Short-term Liabilities has been computed as Total Short-term Liabilities less Commercial paper less Non-convertible debentures (Original maturity of less than one year)
- Short-term liabilities include CC, WCDL & term loan payable in next 12 months
- For point no.2 above, total liabilities does not include Net worth

(vi) Institutional set-up for Liquidity Risk Management:

The Board of Directors of the Company has an overall responsibility and oversight for the management of all the risks, including liquidity risk, to which the Company is exposed to in the course of conducting its business. The Board has approved the governance structure, policies, strategy and the risk limits for the management of liquidity risk.

The Board of Directors has constituted the Asset Liability Committee (ALCO) inter-alia to manage liquidity risks faced by the Company. Further, the Board of Directors has constituted the Risk Management Committee for the effective supervision, evaluation, monitoring and review of various aspects and types of risks, including liquidity risk. The Company has adopted and put in place an Enterprise Risk Management Policy and Risk Appetite Framework to monitor, report and manage risks across all business verticals and support functions. Further, the RMC monitors various parameters of liquidity risk against prescribed risk appetite.

The Company's liquidity and funding approach is documented through its various plans and policies including the Liquidity Risk Management Framework and Treasury Deployment policy, which ensures that funding is available to meet all market related stress situations.

The Company's liquidity management set up is assessed periodically to align same with regulatory changes, the economic landscape or business needs.