

Arka Fincap Limited
Public Disclosure on Liquidity Risk

Background:

Disclosure on liquidity risk for Arka Fincap Limited (“Arka Fincap” / “the Company”) as at December 31, 2024 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 (₹ Lakhs)	% of Total Deposits	% of Total Liabilities
1.	30	4,24,915.53	NA	80.95%

- 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.
- excluding EIR adjustments as per Ind AS
- As per definition, above data includes the funding from significant counterparties only. In addition to above, there have been other borrowing in forms of Term Loan, Non-Convertible Debentures (“NCD”) and Commercial Papers (“CP”) and Pass-Through Certificates (“PTC”):

Nature of Facility	Amount (₹ Lakhs)
Term Loan	27,531.51
NCD	42,586.08
CP	2,000.00
PTC	-
Total	72,117.59

- 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 (₹ Lakhs)	% of Total Borrowings
2,51,179.39	50.54%

Note: Total Borrowing has been computed as Gross Total Debt; excluding EIR adjustments as per Ind AS

Arka Fincap Limited

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

Sr. No.	Name of the product	Amount (₹ Lakhs)	% of Total Liabilities
1	Commercial Papers	25,000.00	4.76%
2	NCDs	76,523.92	14.58%
3	Term Loans	3,02,123.34	57.56%
4	Cash Credit ("CC")	NIL	NIL
5	Working Capital Demand Loan ("WCDL")	NIL	NIL
6	PTCs	21,268.27	4.05%
	Total	4,24,915.53	

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 have been considered, as reflected in Financials.
- excluding EIR adjustments as per Ind AS

(v) **Stock Ratios:**

Sr. No.	Particulars	as a % of Total Public Funds	as a % of Total Liabilities	as a % of Total Assets
1	Commercial Papers	5.25%	4.97%	4.01%
2	Non-Convertible Debentures (original maturity of less than one year)	NIL	NIL	NIL
3	Other Short-Term Liabilities	5.59%	5.28%	4.27%

Note: **Other short-term liabilities include short-term borrowing less than 12 months excluding commercial paper, trade payables, short-term financial and non-financial liabilities

- Total Liabilities has been computed as Total Assets less Equity share capital less Reserve & Surplus.
- Total Liabilities have been considered, as reflected in Financials.
- Public Funds is calculated as per financials

(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.