

Arka Fincap Limited
Public Disclosure on Liquidity Risk

Background:

Disclosure on liquidity risk for Arka Fincap Limited (“Arka Fincap” / “the Company”) as at June 30, 2025 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	4,39,349.81	NA	78.82%

- 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.
- Funding numbers exclude EIR adjustments as per Ind AS
- 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
2,62,853.01	49.41%

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

(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	4.49%
2	NCDs	1,23,020.00	22.07%
3	Term Loans	3,66,181.66	65.70%
4	Cash Credit (“CC”)	-	-
5	Working Capital Demand Loan (“WC DL”)	-	-
6	PTCs	17,732.13	3.18%
	Total	5,31,933.79	95.43%

Arka Fincap Limited

Registered Address: 2504, One Lodha Place, S.B. Marg, Lower Parel, Mumbai – 400013

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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.
- Significant product numbers are 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	4.63%	4.38%	3.57%
2	Non-Convertible Debentures (original maturity of less than one year)	NIL	NIL	NIL
3	Other Short-Term Liabilities	3.92%	3.71%	3.02%

Note: **Other short-term liabilities include trade payables, short-term provisions, 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 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.

Liquidity Coverage Ratio Disclosure for Q1 FY 2025 – 2026

Qualitative disclosure RBI vide circular dated November 4, 2019 has made it mandatory for NBFCs to implement Liquidity Coverage Ratio (LCR) with effect from December 1, 2020. Accordingly, the Board and ALCO has approved the Liquidity risk management policy including LCR policy. The overall Liquidity risk management of AFL is under the guidance of the ALCO and within the overall framework of the Board approved policies. The mandated regulatory threshold as per the transition plan is embedded into the policy to ensure maintenance of adequate liquidity buffers. LCR computations are reported to ALCO and the Board for oversight and periodical review. The LCR is calculated by dividing a ARKA's stock of HQLA by its total stressed net cash outflows over next 30-day period.

RBI has mandated a minimum LCR of 100% from 1st December 2024 and AFL 's LCR stood at 327% for the quarter ended June 30, 2025.

No	Particulars	Total Unweighted Value (average)	Total Weighted Value (average)
	High Quality Liquid Assets (HQLA)		
(i)	Investment in Govt Securities	6,699	6,699
(ii)	Cash and Bank Balances	35,097	35,097
1	Total HQLA	41,796	41,796
	CASH OUTFLOWS		
2	Deposits (for deposit taking companies)	-	-
3	Unsecured wholesale funding	1,667	1,917
4	Secured wholesale funding	15,538	17,868
5	Additional requirements, of which	-	-
(i)	Outflows related to derivative exposures and other collateral requirements	-	-
(ii)	Outflows related to loss of funding on debt products	-	-
(iii)	Credit and liquidity facilities	-	-
6	Other contractual funding obligations	25,501	29,327
7	Other contingent funding obligations	1,741	2,002
8	TOTAL CASH OUTFLOWS	44,447	51,114
	CASH INFLOWS		
9	Secured Lending	-	-
10	Inflows from fully performing exposures	27,530	20,647
11	Other cash inflows	35,505	26,629
12	TOTAL CASH INFLOWS	63,035	47,276
			Total Adjusted Value
13	TOTAL HQLA		41,796
14	TOTAL NET CASH OUTFLOWS		12,779
15	LIQUIDITY COVERAGE RATIO (%)		327%