

Public disclosure on liquidity risk for the quarter ended 31st December 2023

Funding Concentration based on significant counterparty:

Number of significant counterparties	Amount (INR Cr.)	% of Total deposits	% of Total liabilities
27	7,194.80	NA	84.91%

Top 10 borrowings:

S. No	Lenders	Amount (INR Cr.)	% of total borrowing
1	Lender 1	994.09	12.47%
2	Lender 2	552.25	6.93%
3	Lender 3	502.18	6.30%
4	Lender 4	460.00	5.77%
5	Lender 5	437.76	5.49%
6	Lender 6	410.85	5.16%
7	Lender 7	344.28	4.32%
8	Lender 8	315.86	3.96%
9	Lender 9	274.58	3.45%
10	Lender 10	260.96	3.27%

Funding Concentration based on significant instrument/product (as of 31-December-2023)

S. No	Name of the instrument/product	Amount (INR Cr.)	% of Total liabilities
1	Term loan from banks	5,110.58	60.31%
2	Term loan from others	253.08	2.99%
3	Non-Convertible Debentures	838.46	9.90%
4	ECB	818.67	9.66%
5	Commercial Paper	230.00	2.71%
6	WCDL	591.52	6.98%
7	Cash Credit Account	21.53	0.25%
8	OD against FD	105.02	1.24%
	Total	7,968.86	94.04%

Stock ratios:

Particulars	Ratio
Commercial paper as a % of total liabilities	3.13%
Commercial paper as a % of total assets	2.50%
Commercial paper as a % of total public funds	3.99%
Non-convertible debentures (original maturity of less than one year) as a % of total public funds	0.00
Non-convertible debentures (original maturity of less than one year) as a % of total liabilities	0.00
Non-convertible debentures (original maturity of less than one year) as a % of total assets	0.00
Other short-term liabilities, as a % of total liabilities	55.54%
Other short-term liabilities, as a % of total total assets	44.32%
Other short-term liabilities, as a % of total public funds	70.87%

Northern Arc Capital Limited

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Liquidity Coverage Ratio:

(Based on Provisional data amount in Crs)

LCR Disclosure		Total Unweighted Value (average)	Total Weighted Value (average)	Weights
High Quality Liquid Assets				
1	Total High Quality Liquid Assets (HQLA)	164	164	
Cash Deposits				
2	Deposits (for deposit taking companies)	-	-	115%
3	Unsecured wholesale funding	18	20	115%
4	Secured wholesale funding	416	479	115%
5	Additional requirements, of which			
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	115%
(ii)	Outflows related to loss of funding on debt products	-	-	115%
(iii)	Credit and liquidity facilities	-	-	115%
6	Other contractual funding obligations	-	-	115%
7	Other contingent funding obligations	102	117	115%
8	TOTAL CASH OUTFLOWS	536	616	
Cash Inflows				
9	Secured lending	1,076	807	75%
10	Inflows from fully performing exposures	-	-	75%
11	Other cash inflows	76	57	75%
12	TOTAL CASH INFLOWS	1,151	863	
			Total Adjusted Value	
13	TOTAL HQLA to be maintained 85%		131	
14	TOTAL NET CASH OUTFLOWS		154	
15	LIQUIDITY COVERAGE RATIO (%)		106%	

i) Unweighted values calculated as outstanding balances maturing within one month (for inflows and outflows).

ii) Weighted values calculated after the application of respective haircuts (for HQLA) and stress factors on inflow (75%) and outflow (115%).

iii) Components of HQLA : Cash on hand and Demand deposits with Scheduled Commercial Banks and Government Securities and Treasury bill.

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Institutional framework for Liquidity Risk Management at Northern Arc Capital Limited

The broad guidelines for management of Liquidity Risks for Northern Arc are set out in the Asset Liability Management (ALM) Policy. The ALM Policy is implemented in a structured manner across three levels:

- a) Board of directors – has the ultimate responsibility for implementation of the ALM policy by setting overall limits for liquidity, interest rate, ALM related procedures and processes
- b) Finance Committee – Board level Committee that reviews the framework for management of interest rate and liquidity risks and recommends the same to the Board. The Finance Committee, while recommending the policy/ changes in the policy for approval shall take into account of the asset-liability relationships, risk tolerance, long-term risk and return requirements, liquidity requirements, and solvency position of Northern Arc’s business.
- c) ALCO – executive Committee responsible for ensuring adherence to the limits set up the Board in line with the company’s risk objectives and ALM policy

ALCO at Northern Arc Capital comprises of Chief Executive Officer (Chairperson of the Committee), Chief Financial Officer, Chief Operating Officer, Chief Risk Officer, Chief Accounts and Audit Officer, and the CEO of Northern Arc Investments. In addition, the Chief Technology Officer, who is responsible for computerisation/automation of ALM shall also be an invitee to ALCO. The ALCO is a decision-making Committee responsible for strategic management of interest and liquidity risks. The ALCO would articulate the interest rate view of the Company and decide on the source and mix of liabilities viz. fixed vs. floating rate liabilities, domestic vs. foreign funding, market making, capital market funding or sale of assets. ALCO also measures the liquidity position of the company on an ongoing basis and examines the liquidity position under different scenarios.

ALCO is supported by ALCO desk to carry out its responsibilities. The ALCO Desk consists of operating staff, with authority delegated by the ALCO. The ALCO desk prepares forecasts and scenarios showing the effects of various possible changes in market conditions related to the balance sheet and recommends the action needed to adhere to internal limits under the ALCO Policy and limits laid down by RBI Guidelines. At Northern Arc Capital, treasury team functions as the ALCO desk and is responsible for formulating and executing the strategies approved by ALCO.

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