ADVENTZ SECURITIES ENTERPRISES LIMITED
ASSET LIABILITY MANAGEMENT (ALM) POLICY

(Reviewed and updated pursuant to the Company's classification as a Middle Layer NBFC)

1. BACKGROUND AND APPLICABILITY

The Company is a Non-Banking Financial Company – Investment and Credit Company (NBFC-ICC), registered with the Reserve Bank of India ("RBI"), engaged mainly in lending and investment activities. The Company is a non-deposit taking Company and does not have any public deposits or bonds outstanding. The Company's lending is restricted to body corporates.

Pursuant to the classification of the Company's parent as a Middle Layer NBFC under the Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025, the Company also stands classified as a Middle Layer NBFC.

This Policy has accordingly been reviewed and updated in line with the Reserve Bank of India (Non-Banking Financial Companies – Asset Liability Management) Directions, 2025 (RBI/DoR/2025-26/355 dated November 28, 2025) ("the ALM Directions, 2025"), which repeal and replace all earlier RBI guidance on Asset Liability Management applicable to NBFCs.

Given the size, nature, and simplicity of the Company's operations, this Policy sets out a proportionate framework for compliance, without additional layers of process that the Company's scale of operations does not warrant. The Board expand this Policy as the Company's business grows in scale or complexity.

Note on Chapter II (Liquidity Risk Management) applicability

Chapter II of the ALM Directions, 2025 (covering maturity profiling, mismatch limits, stress testing and contingency funding plans) does not apply to an NBFC with asset size below ₹100 crore as per its last audited Balance Sheet. As the Company's Total Assets as per its audited Balance Sheet as at 31st March, 2026 above the ₹100 crore threshold, Chapter II is mandatorily applicable to the Company, and the framework in Section 4 below has accordingly been put in place.

Note on Chapter III (Liquidity Coverage Ratio) applicability

Chapter III of the ALM Directions, 2025 (Liquidity Coverage Ratio) does not apply to non-deposit taking NBFCs with asset size below ₹5,000 crore. As the Company is non-deposit taking and its Total Assets are well below this threshold, the LCR framework is not applicable to the Company at present. This shall be revisited if the Company's asset size approaches the threshold.

2. OBJECTIVE

The objective of this Policy is to put in place a proportionate Asset Liability Management system for measuring, monitoring, and managing liquidity risk and interest rate risk arising from the Company's lending, Liabilities, and investment activities, in compliance with the ALM Directions, 2025.

3. GOVERNANCE OF LIQUIDITY RISK MANAGEMENT

The organizational framework for liquidity risk management will be as under:

3.1 Board of Directors

The Board will have the overall responsibility of managing liquidity risk. The Board will decide strategies, policies and procedures of the Company to manage liquidity risk in accordance with the Policy.

3.2 Risk Management Committee ("RMC")

The RMC as constituted by the Board shall be responsible for evaluating the overall risks faced by the Company including liquidity risk.

3.3 Asset Liability Management Committee ("ALCO")

The ALCO constituted by the Board shall be responsible for ensuring adherence to the risk tolerance/limits set by the Board as well as implementing the liquidity risk management strategy of the Company.

Composition of ALCO: The Manager shall be heading the committee. The Board of Directors may decide on the composition of ALCO and change it as and when needed.

Meetings of ALCO: The meetings of ALCO shall be convened by Company Secretary or any designated person. The ALCO shall meet at such intervals as its Chairman may require, and in any case at least once every half year, or more frequently if warranted by the Company's business. A quorum of any two members shall be required for a valid meeting, and decisions shall be taken by majority of members present.

4. LIQUIDITY RISK MANAGEMENT

As Chapter II of the ALM Directions, 2025 is mandatorily applicable to the Company, the Company shall monitor its liquidity position through a maturity ladder, prepared on the Statement of Structural Liquidity (SLS) format prescribed by RBI, by placing expected cash inflows (including receivables from the ICD and other loans given to body corporates) and cash outflows (including repayment of Liabilities) into the following time buckets:

- 1 day to 7 days
- 8 days to 14 days
- 15 days to 30/31 days (one month)
- Over 1 month and up to 2 months
- Over 2 months and up to 3 months
- Over 3 months and up to 6 months
- Over 6 months and up to 1 year
- Over 1 year and up to 3 years
- Over 3 years and up to 5 years
- Over 5 years

The Company shall keep cumulative negative mismatches, if any, within 10% of cumulative cash outflows in the 1–7 days bucket, 10% in the 8–14 days bucket, and 20% in the 15–30/31 days bucket, in line with RBI's prescribed tolerance limits.

This Statement of Structural Liquidity shall be placed before the ALCO / Board on a half-yearly basis at minimum, or more frequently if the Company undertakes any material new borrowing, lending, or investment transaction.

Currency Risk

The Company does not have any foreign currency assets or liabilities and is not exposed to currency risk. Should the Company acquire any foreign assets or liabilities in the future, prior approval from RBI shall be obtained where required, and appropriate risk management measures shall be put in place before undertaking such exposure.

Interest Rate Risk

Given that the Company's lending (including the ICD given) are limited in volume, the Company shall use the Traditional Gap Approach to assess interest rate risk, by placing rate-sensitive assets and liabilities in the time buckets prescribed by RBI and monitoring the resultant gap. As the Company's business grows in scale, the ALCO may adopt more advanced measures (such as Duration Gap Analysis) as may be considered appropriate.

1. 1.Given the potential types and characteristics of Interest rate risk, it is important that the Company maintain an appropriate process and set of measurement tools to enable it to identify and quantify its primary source of interest rate risk. The Company also recognizes that effective management of interest rate risk includes understanding when potential changes in interest rate will flow through the earnings statement. Accordingly, the Company will manage its position so that it monitors its short term and long-term interest rate risk exposure.
2. Specific strategies for managing both short term and long-term components of interest rate risk are one of the focal points of the ALM meeting agenda. At each meeting the ALCO will review the Company overall position and related source of risk and develops a plan. The general types of strategies which ALM will consider typically include - loan pricing; use of alternative funding sources.
3. In assessing the appropriateness of any strategy, ALM will assess the expected results of actions with the desired effect of either lengthening or shortening the overall interest rate sensitivity of the Company’s assets and liabilities. Exposure limits will be stated in terms of maximum potential reductions in net interest income resulting from changes in interest rates over the next 12 and 36-month periods.
4. As an extension to the discussion of Interest Rate Risk to Earnings above, Price Risk is the risk that changes in prevailing interest rates will adversely affect values of assets, liabilities, and capital, at different times, or in different amounts. Price Risk is the Balance Sheet valuation effect due to changes in Interest Rates and other market factors both internal and external to the Company. The Board shall approve prudential limits on interest rate gaps, with reference to the Company's Total Assets.

Stock-based Liquidity Ratios

The ALCO shall monitor, on best effort basis on a half-yearly basis, the ratio of short-term liabilities to Total Assets, short-term liabilities to long-term assets, short-term liabilities to total liabilities, and long-term assets to Total Assets.

Prudential Limits for measurement of IRR

Net Interest Income (NII) is the difference between total interest income and total interest expense. With a focus on maintaining consistent NII, the Company will endeavor to maintain the following prudential limits:

Considering all time buckets cumulatively up to one-year horizon, 100 basis point upward or downward interest rate movement should not negatively impact NII by greater than 10%.

To assess the 10% limit, gap in each bucket is assessed basis the risk sensitive assets (RSA) and risk sensitive liabilities (RSL). Upward movement by 100bps in Interest rate cost is assumed and basis the residual days in the year in each bucket, impact to be assessed on the projected NII of the year.

The Treasury function will monitor the above limits and present status of the same to the ALCO periodically. In case of any breach in the prudential limits, reasons for breach of the limits will be presented to the ALCO. The ALCO may review/ note the status along with reasons thereof and provide its guidance/ advice, for any corrective, if any, as deemed fit by it.

5. STRESS TESTING

As part of prudent risk management practices, stress testing plays a significant part in assessing the risk during stressed scenarios. Stress testing will form an integral part of the overall liquidity risk management framework of the Company. Stress testing to be conducted minimum once in a year. The Company will use the following scenarios for Stress Testing:

5.1 Stress testing for Liquidity Risk-

Liquidity risk stress testing will be done based on the following scenarios which can get triggered in the adverse situation (even though probability of occurrence is quite low):

Liquidity Deficit after adjusting the maturity of borrowings to optionality clause.

Liquidity position with considering stressed position on recovery wherein the collection efficiency goes down to 90%, 85% and 80% for consecutive 3 months

6.2 Stress Testing for Interest Rate Risk-

Impact on the Net Interest Income (NII) shall be the parameter to conduct stress testing. NII Shock due to parallel/ upward/downward shift of yield curve as under to be tested:

Interest Rate movement up to 250 bps to be considered Baseline.

Interest Rate movement up to 300 bps to be considered Medium.

Interest Rate movement up to 400 bps to be considered Severe.

In case the stress scenario of 250bps yields the negative impact of more than 20% on NII, the same needs to be discussed in ALCO and deliberated for further action.

5. CONTINGENCY FUNDING

Given the Company's low-leverage balance sheet, a detailed Contingency Funding Plan is not considered necessary at present. In the event of any unexpected liquidity requirement, the Company may rely on group/promoter support and recovery of its outstanding loans and ICD.

This position shall be reviewed by the Board if the Company's borrowings or balance sheet grow materially in scale or complexity.

6. REGULATORY REPORTING

The Company shall submit the following returns to RBI, in accordance with the Reserve Bank of India (Filing of Supervisory Returns) Directions, 2024:

- Short Term Dynamic Liquidity (STDL) return – quarterly
- Structural Liquidity and Interest Rate Sensitivity return – monthly

The finance function shall be responsible for preparation of these returns, and the ALCO / Board shall review the same as part of its periodic oversight.

7. INTERNAL CONTROLS

The Company shall ensure appropriate internal controls, systems and procedures to adhere with regulatory and internal policy requirements. It will be ensured that an independent internal audit, periodically, reviews and evaluates various components of the Company’s liquidity risk management framework.

8. AMENDMENT / MODIFICATIONS

8.1 Revision

The Chief Finance Officer shall review the policy annually and shall recommend all necessary changes to the Board for consideration and adoption.

This policy is intended to be flexible to deal with rapidly changing conditions; therefore, this policy can be amended by the unanimous vote of the members of the ALCO. Any and all modifications of this policy are to be reported to the Board of Directors at its next regularly scheduled meeting.

8.2 Adoption

This Asset Liability Management Policy (ALM Policy) and any changes made during the annual reviews shall be adopted by resolution of the Board of Directors. This Policy was originally adopted by the Company on 11th August, 2023, and has been reviewed and updated by the Board on 25.05.2026 to reflect the Company's classification as a Middle Layer NBFC, the ALM Directions, 2025, and the Company's audited Balance Sheet as at 31st March, 2026.

This Policy shall be reviewed by the Board at least once every two years, or earlier if warranted by changes in the Company's business, scale of operations, or RBI guidelines.