

ALHAGREP INVESTMENT MANAGEMENT PVT LTD

INTRADAY BORROWING POLICY FOR MUTUAL FUND

Version 1

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1. Background

SEBI, vide Circular No. HO/(92)2026-IMD-POD-2/I/16006/2026 dated July 10, 2026, has permitted Mutual Funds to avail intraday borrowings to address liquidity mismatches arising from differences in the timing of inflows and outflows.

The circular permits intraday borrowings for specified purposes and requires the AMC and Trustees to have an approved policy covering, inter alia, the approval process and monitoring mechanism. The policy is required to be made available on the AMC's website.

This Policy sets out the framework to be followed by AlphaGrep Mutual Fund ("Mutual Fund") and AlphaGrep Investment Management Pvt. Ltd. ("AMC") for availing and monitoring intraday borrowing facilities.

2. Objective

The objective of this Policy is to:

1. Provide a framework for availing intraday borrowing facilities.
2. Address temporary intraday liquidity mismatches between scheme inflows and outflows.
3. Ensure that borrowings are used only for permitted purposes.
4. Establish appropriate approval, monitoring and reporting mechanisms.
5. Ensure that all intraday borrowings are repaid within the same business day, wherever applicable.
6. Ensure that any borrowing converted into overnight borrowing remains within the regulatory framework.
7. Protect the interests of unitholders and prevent any inappropriate use of borrowing facilities.

3. Regulatory Framework

This Policy shall be read with:

- SEBI (Mutual Funds) Regulations, 2026;
- SEBI Circular No. HO/(92)2026-IMD-POD-2/I/16006/2026 dated July 10, 2026;
- SEBI Master Circular for Mutual Funds, as amended from time to time;
- Applicable circulars, guidelines and directions issued by SEBI;
- Applicable directions issued by RBI, CCIL and Clearing Corporations, wherever relevant; and

- Other applicable statutory and regulatory requirements.

In case of any inconsistency between this Policy and applicable regulatory requirements, the regulatory requirements shall prevail.

4. Scope

This Policy shall apply to:

- All schemes of AlphaGrep Mutual Fund that avail intraday borrowing;
- AMC's Investment Management, Operations, Banking and Fund Accounting functions;
- Custodian and banks providing relevant settlement and banking services;
- Any other service provider involved in execution, settlement or monitoring of the facility.

5. Permitted Purposes

Intraday borrowing may be availed for the following purposes:

5.1 Unitholder payouts

- Redemption payouts;
- IDCW payouts;
- Interest payments; and
- Other permitted unitholder payouts.

5.2 Investment-related pay-in

Intraday borrowing may be utilised for pay-in obligations relating to investments made by the scheme.

This may include temporary liquidity mismatches arising due to differences between investment settlement/pay-in obligations and expected scheme receipts.

5.3 MTM and foreign exchange obligations

Intraday borrowing may be utilised for:

- Mark-to-Market (MTM) obligations; and
- Foreign exchange settlement obligations.

5.4 Repayment of existing borrowings

Intraday borrowing may also be utilised for repayment of existing borrowings, subject to applicable regulatory requirements.

These permitted purposes are specifically recognised under the July 10, 2026 SEBI circular.

6. Quantum of Intraday Borrowing

The quantum of intraday borrowing shall be determined based on the eligible receivables and the purpose for which the facility is being utilised.

6.1 Guaranteed receivables

The following may be considered:

- Receivables from the Reserve Bank of India;
- Receivables from Clearing Corporations;
- Subscription inflows received in the scheme bank account; and
- Other eligible guaranteed receivables.

6.2 Non-guaranteed receivables

Receivables sighted during the day and expected to be received by the scheme by end of the day may also be considered, including:

- Maturity proceeds;
- Secondary-market settlement proceeds;
- NCD maturity/settlement proceeds;
- CP maturity/settlement proceeds;
- CD maturity/settlement proceeds;
- OTC swap receivables; and
- Other eligible receivables.

The AMC shall undertake reasonable verification of such receivables before considering them for determining the borrowing requirement.

6.3 Additional borrowing for unitholder payouts

Intraday borrowing in addition to the receivables referred to above may be availed solely for meeting redemption and other permitted unitholder payouts under Regulation 42(1) of the SEBI (Mutual Funds) Regulations, 2026

7. Scheme-wise Borrowing Assessment

Before availing the facility, the AMC shall assess:

1. Scheme-wise available cash balance;
2. Expected inflows during the day;
3. Expected outflows during the day;
4. Settlement obligations;
5. Redemption/IDCW obligations;
6. Investment pay-in obligations;
7. MTM requirements;
8. Forex settlement requirements;
9. Existing borrowing, if any;
10. Expected timing of eligible receivables; and
11. Expected time by which the intraday borrowing can be repaid.

The borrowing shall be restricted to the minimum amount required to bridge the identified liquidity mismatch.

8. Approval Process

The following approval mechanism shall be followed:

8.1 Routine requirement

For routine intraday borrowing, the designated authorised official(s) of the AMC Operations function may initiate the borrowing request based on the approved operational process.

8.2 Pre-borrowing confirmation

Before drawdown, the concerned function shall confirm:

- Purpose of borrowing;
- Scheme to which borrowing relates;
- Amount required;
- Eligible receivable/source of repayment;
- Expected receipt time;
- Expected repayment time;
- Existing outstanding borrowing;
- Availability of borrowing limit/facility with the lender; and
- Compliance with this Policy.

8.3 Escalation

Any borrowing that:

- exceeds the internally approved threshold;
- is not supported by an identified source of repayment;
- is likely to remain outstanding beyond the business day; or
- arises due to an exceptional/unforeseen event,

shall be escalated to the CEO/CIO or other designated senior officials, as applicable.

9. Same-Day Repayment

The AMC shall be responsible for ensuring that intraday borrowings are repaid by the end of the day.

The Operations team shall monitor the facility throughout the day and ensure that the borrowing is squared off as soon as the identified receivable is received.

If an intraday borrowing is converted into an overnight borrowing, the AMC shall ensure that:

- the borrowing is within the applicable regulatory limits;
- the borrowing is for a permitted purpose under Regulation 42(1); and
- the conversion is appropriately approved, recorded and reported.

10. Cost of Intraday Borrowing

In line with para 11.10 of the Master Circular, cost of intraday borrowing, if any, shall be borne by the AMC. With regard to the cost of borrowings in terms of Regulation 42(1), it has been decided that for a given scheme, the same shall be adjusted against the portfolio yield (i.e. Yield to Maturity (YTM) of the fund as on previous day) of the scheme and borrowing costs in excess of portfolio yield, if any, shall be borne by the AMC

Further, any loss or cost incurred, on account of any unforeseen event or delay in receiving the funds from receivables as mentioned above in Clause No.5 shall also be borne by the AMC.

11. Scheme-wise Record Keeping

The AMC shall maintain scheme-wise records for every intraday borrowing transaction.

12. Monitoring Mechanism

The Operations team shall monitor:

- Amount borrowed;
- Scheme-wise utilisation;
- Purpose of borrowing;
- Eligible receivable;
- Expected repayment;
- Actual repayment;
- Outstanding borrowing at various times during the day;
- Any delay in receipt of receivables;
- Any overnight conversion;
- Cost incurred by AMC; and
- Repeated utilisation of the facility.

A daily intraday borrowing report shall be prepared and reported to Risk / Compliance team for all instances of utilisation.

13. Roles and Responsibilities

13.1 Investment Team

- Identify investment-related liquidity requirements.
- Provide details of expected investment pay-ins.
- Provide details of MTM/derivative obligations wherever applicable.
- Coordinate with Operations.

13.2 Banking Operations

- Assess scheme-level liquidity.
- Coordinate with lending bank.
- Arrange drawdown and repayment.
- Monitor bank balances and receivables.

- Ensure timely repayment.
- Maintain borrowing records.

13.3 Fund Operations

- Validate scheme-wise requirement.
- Monitor settlement obligations.
- Coordinate with Custodian, Fund Accountant and RTA, wherever relevant.
- Ensure appropriate accounting and reconciliation.

13.4 Fund Accounting

- Record the transaction appropriately.
- Reconcile borrowing and repayment.
- Ensure appropriate accounting of any applicable charges borne by AMC.
- Report exceptions to Operations/AMC management.

13.5 Risk/Compliance

- Monitor compliance with the Policy and regulatory requirements.
- Review exceptions and breaches.
- Report material deviations to senior management/Trustees, as applicable.

13.6 CIO/Head of Operations

- Approve borrowing within delegated authority.
- Monitor overall utilisation.
- Review exceptional cases.
- Ensure adequate internal controls.

14. Reporting to Trustees

The AMC shall provide appropriate information to the Trustees regarding utilisation of the intraday borrowing facility.

The reporting may include:

- Number of instances;
- Scheme-wise borrowing;
- Peak utilisation;
- Average utilisation;
- Purpose;
- Same-day repayment status;
- Overnight conversion, if any;
- Exceptions;
- Cost borne by AMC; and
- Material incidents/defaults.

Material exceptions shall be reported to the Trustees on an immediate basis, wherever warranted.

15. Policy Disclosure

This Policy, once approved by the Board of Directors of the AMC and Board of Trustees, shall be made available on the AMC's website, as required by SEBI.

Any material amendment to this Policy shall be placed before the appropriate approving authority.

16. Review of Policy

The Policy shall be reviewed:

- At least annually;
- Whenever there is a material change in the regulatory framework;
- Whenever there is a material change in the borrowing arrangement; or
- Whenever considered necessary by the AMC/Trustees.