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Zerodha Asset Management Private Limited

Intraday Borrowing Policy

Policy Version Matrix	
Policy Owner	Operations Department
Policy Administrator	Operations and Compliance Department
Policy Adherence by	Operations Department
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Reviewed and recommended by	The Board of Directors of Zerodha Asset Management Private Limited and Zerodha Trustee Private Limited.
Propriety	This document is the sole property of Zerodha Asset Management Private Limited ("ZAMC"). Any use or duplication of this document without permission is strictly prohibited and illegal.
Periodic Review	The Policy will be reviewed as needed/ required by the Board of Directors of Zerodha Asset Management Private Limited and Zerodha Trustee Private Limited.

1. Purpose

This Policy sets out the framework, conditions, and governance for availing intraday borrowing facilities by schemes of Zerodha Mutual Fund, in line with SEBI Circular No. HO/(92)2026-IMD-POD-2/I/16006/2026 dated July 10, 2026 ("the Circular"), which supersedes clause 5.9.1 of the SEBI Master Circular for Mutual Funds dated March 20, 2026 and SEBI Circular No. HO/(92)2026-IMD-POD-2/I/7885/2026 dated March 25, 2026 on the same subject.

2. Background and Regulatory Basis

- SEBI, vide Gazette Notification No. CG-MH-E-07072026-274229 dated July 3, 2026, amended the SEBI (Mutual Funds) Regulations, 2026 to permit intraday borrowings by mutual funds to address liquidity mismatches arising from differences in market settlement timings.
- The Circular, issued under Section 11(1) of the SEBI Act, 1992 read with Regulation 42(2) and Regulation 84 of the SEBI (Mutual Funds) Regulations, 2026, prescribes the conditions under which such intraday borrowing may be availed.
- **This Circular shall come into effect from September 1, 2026.**

3. Applicability

This Policy applies to all schemes of Zerodha Mutual Fund in connection with intraday borrowing.

4. Permitted Purposes for Intraday Borrowing

Consistent with clause 2.1 of the Circular, intraday borrowing may be availed by a scheme including but not limited to:

- All unitholder pay-outs, including redemptions, IDCW (Income Distribution cum Capital Withdrawal) pay-outs, and interest payments;
- Pay-in obligations with respect to investments made by the scheme;
- Mark-to-market (MTM) obligations and foreign exchange settlements; and
- Repayment of existing borrowings.

5. Quantum and Sourcing Limits

Per clause 2.2 of the Circular, the quantum of intraday borrowing availed by a scheme shall be limited to the following sources of receivables:

- Guaranteed receivables, such as inflows from the Reserve Bank of India (RBI), Clearing Corporations, and subscription inflows received in scheme bank accounts;
- Non-guaranteed receivables sighted during the day, such as inflows from maturity proceeds and/or secondary market settlement of NCDs, CPs, CDs, and OTC swaps, expected to be received by the scheme by end of day; and
- Additional intraday borrowing, over and above the above two sources, availed solely to meet redemption and other pay-outs to unitholders as specified under Regulation 42(1) of the SEBI (Mutual Funds) Regulations, 2026.

6. Repayment and Conversion to Overnight Borrowing

- All intraday borrowings shall be repaid by the end of the same business day.
- The AMC is responsible for ensuring that any intraday borrowing converted to overnight borrowing remains within applicable regulatory limits and is available only for purposes permitted under Regulation 42(1) of the SEBI (Mutual Funds) Regulations, 2026.

7. Cost and Loss Allocation

- In line with para 11.10 of the SEBI Master Circular for Mutual Funds, the cost of intraday borrowing, if any, shall be borne by the AMC and shall not be charged to the scheme or unitholders.
- Any loss or cost incurred on account of an unforeseen event or delay in receiving funds from receivables referred to in Section 5 above shall also be borne by the AMC.

8. Governance and Approval

- This Policy requires approval of the Board of the AMC and the Board of Trustees of the Mutual Fund prior to adoption, per clause 2.4 of the Circular.
- Once approved, this Policy shall be published on the website of the AMC.
- Each intraday borrowing shall be availed only for a permitted purpose under Section 4 and against the receivables set out in Section 5 and within the approved intraday limits as may be applicable from time to time. The AMC to ensure that:

  (a) the intraday borrowing is being availed for a permitted purpose under this Policy;

  (b) the expected source of repayment has been identified;

  (c) the intraday borrowing is expected to be extinguished by the end of the same Business Day; and

  (d) the intraday borrowing complies with the SEBI (Mutual Funds) Regulations, 2026, the applicable SEBI circulars and this Policy.

9. Monitoring Mechanism

- On each Business Day on which an intraday borrowing is availed, the Operations department shall monitor the borrowing, track its repayment by the end of the Business Day and maintain an end-of-day record of the borrowing, and its settlement
- Any instance of an intraday borrowing not being repaid by the end of the Business Day, being utilised for a purpose outside Section 4, or being converted into an overnight borrowing otherwise than in accordance with Regulation 42 of the SEBI (Mutual Funds) Regulations, 2026 shall immediately be escalated to the Chief Executive Officer, Risk, Compliance and Legal Departments, together with the corrective actions taken or proposed to be taken. Such escalation shall happen on a near real time basis, i.e as and when the Operations Department determines that the intraday borrowing might be converted into a Borrowing.

10. Record-Keeping

Per clause 2.5 of the Circular, the AMC shall maintain scheme-wise records detailing:

- The underlying liquidity mismatch necessitating the intraday borrowing; and

- The expected source of repayment for each instance of intraday borrowing.

Such records shall be retained in a manner and for a period consistent with the AMC's applicable record retention policy and SEBI recordkeeping requirements.

11. Compliance with the Code of Conduct and Pool Account Norms

In availing intraday borrowing, the AMC shall ensure compliance with clauses (6) and (7) of the Fourth Schedule to the SEBI (Mutual Funds) Regulations, 2026 namely, avoiding conflicts of interest in managing the affairs of the schemes and keeping the interest of all unitholders paramount, and ensuring that the assets, liabilities, bank accounts, and securities accounts of each scheme remain segregated and ring-fenced from those of other schemes of the mutual fund and with para 17.7 of the Master Circular relating to the usage of pool accounts by mutual funds.

12. Review

This Policy shall be reviewed from time to time, or upon any amendment to the SEBI (Mutual Funds) Regulations, 2026, the Master Circular for Mutual Funds, or any successor circular on this subject.

13. Exception Management

Any exception to this Policy shall be reviewed by the CEO for necessary action and reported to the Trustees in accordance with the AMC’s reporting framework.