



ABANS FINANCE PRIVATE LIMITED

Borrowing Policy

Index

Sr No	Particulars
I.	Introduction
II.	Scope and Objective of this Policy
III.	Regulatory Framework
IV	Borrowing Policy
V	Policy Review and Amendment

I. Introduction

The purpose of this policy is to establish guidelines for managing the borrowing activities of Abans Finance Pvt Ltd (AFPL), ensuring compliance with Reserve Bank of India (RBI) regulations and Indian Accounting Standards (IND AS).

II. Scope and Objective of this Policy

This policy applies to all borrowing activities undertaken by AFPL, including:

- Market-linked debentures
- Triparty Repo (TREPS) market for Government securities
- Bank borrowings
- Non-convertible debentures (NCDs)

III. Regulatory Framework

This policy is framed in accordance with:

- RBI Master Directions and Guidelines applicable to NBFCs
- Indian Accounting Standards (IND AS)
- Other applicable laws and regulations

IV. Borrowing Policy

4.1 Objectives

- **Liquidity Management:** Ensure adequate liquidity to meet operational and funding requirements.
- **Cost Efficiency:** Minimize the cost of borrowings while managing risks effectively.
- **Compliance:** Adhere to regulatory requirements and internal risk management policies.

4.2 Types of Borrowings

4.2.1 Market-Linked Debentures

Nature: Debt instruments with returns linked to market indices or other benchmarks.

- **Approval Process:** Issuance of market-linked debentures must be approved by the Board of Directors or a designated committee.
- **Documentation:** Maintain detailed documentation, including the terms of the debentures, approval records, and issuance details.
- **Compliance:** Ensure compliance with RBI guidelines on debenture issuance and disclosure requirements.

4.2.2 TREPS Market for Government Securities

Nature: Short-term borrowing through Triparty Repo (TREPS) transactions using Government securities as collateral.

- **Approval Process:** All TREPS transactions must be approved by the Treasury Department and monitored by the Risk Management Committee.
- **Documentation:** Maintain comprehensive records of all TREPS transactions, including collateral details, transaction dates, and maturity dates.
- **Risk Management:** Monitor the market value of collateral and maintain adequate margin to mitigate counterparty risk.

4.2.3 Bank Borrowings

Nature: Borrowings from scheduled commercial banks.

- **Approval Process:** All bank borrowings must be approved by the Credit Committee or the Board of Directors.
- **Documentation:** Maintain detailed documentation, including loan agreements, sanction letters, and repayment schedules.
- **Compliance:** Ensure compliance with RBI guidelines on bank borrowings and reporting requirements.

4.2.4 Non-Convertible Debentures (NCDs)

Nature: Debt instruments that cannot be converted into equity shares of the issuing company.

- **Approval Process:** Issuance of NCDs must be approved by the Board of Directors or a designated committee.
- **Documentation:** Maintain comprehensive records, including the terms of the NCDs, approval records, and issuance details.
- **Compliance:** Ensure compliance with RBI guidelines on NCD issuance, listing requirements, and disclosure norms.

4.3 Risk Management

- **Credit Risk:** Assess the creditworthiness of counterparties and monitor their financial health regularly.
- **Interest Rate Risk:** Manage interest rate risk by diversifying borrowing sources and tenors, and by using hedging instruments where necessary.
- **Liquidity Risk:** Maintain adequate liquidity buffers and monitor cash flow projections to ensure timely repayment of borrowings.
- **Market Risk:** Regularly review and adjust the borrowing portfolio to manage exposure to market fluctuations and changes in interest rates.

4.4 Covenants and Compliance

- **Debt Covenants:** Adhere to all covenants stipulated in borrowing agreements, including financial covenants, reporting requirements, and restrictive covenants.



- **Regulatory Compliance:** Ensure compliance with all applicable RBI regulations and IND AS requirements related to borrowings.
- **Internal Controls:** Implement robust internal controls to monitor compliance with borrowing agreements and regulatory requirements.

4.5 Reporting and Disclosure

- **Internal Reporting:** Provide regular reports on borrowing activities, including outstanding borrowings, interest costs, and repayment schedules, to the Board of Directors and relevant committees.
- **External Reporting:** Disclose borrowing details in financial statements and regulatory filings in accordance with IND AS and RBI guidelines.
- **Audit and Review:** Conduct regular internal and external audits of borrowing activities to ensure compliance and identify areas for improvement.

5. Policy Review and Amendment

This policy shall be reviewed annually and amended as necessary to comply with changes in regulatory requirements, business practices, and risk management strategies.