

**CD EQUIFINANCE PRIVATE LIMITED
RELATED PARTY TRANSACTION POLICY**

Details	Date
Reviewed, Adopted and Implemented on	January 16, 2026
Approved by Board Meeting Dated	January 16, 2026
Next Review on	FY 2026-27

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I. INTRODUCTION

CD Equifinance Private Limited is aimed at ensuring proper governance practices and mitigating risks associated with related party transactions. Related Party Transaction Policy for CD Equifinance Private Limited (NBFC) that has Group Companies providing various services will need to address specific issues concerning the relationship between the Company and its Group companies and promoters group particularly around financial transactions, services, and compliance with regulatory frameworks. This policy aims to ensure transparency, fairness, and proper governance in dealings with the group company providing brokerage services.

Here's an overview of the key points related to the RBI's guidelines:

II. DEFINITIONS

Related Parties: The RBI defines related parties as those entities or individuals who are in a position to control or significantly influence the management or policies of the company. This includes directors, key managerial personnel (KMP), and their family members, as well as entities in which the company or the individuals involved hold a significant stake.

Group Companies: Any company that is part of the same corporate group or conglomerate that owns or controls the NBFC.

III. PURPOSE

During the course of its business, the Company may enter into transactions with various entities. Some of the transactions are qualify to be 'Related Party Transactions' as per the Act, RBI Act and Regulations made thereunder, SEBI Act and Regulations made thereunder, Indian Accounting Standards on Related Party Disclosures (IND AS 24), as notified by the Companies (Indian Accounting Standards) Rules, 2015 and amendment thereto. Such transactions are required to be disclosed in the annual reports or such other reports of the Company, as prescribed therein.

This policy shall be applied in:

- a. Identifying related party transactions;
- b. Ascertaining whether the transactions entered with the related parties are in 'ordinary course of business' and at 'arm's length basis';
- c. Obtaining requisite approvals in relation to any Related Party Transaction(s);
- d. Determining the disclosures / compliances to be adhered in relation to the Related Party Transaction(s).

IV. IDENTIFICATIONS OF RELATED PARTIES

- a. The Company must identify its Group Companies and other related parties, ensuring all relationships are disclosed and properly documented.
- b. Regular updates must be made to the list of related parties to ensure compliance with regulations and to prevent inadvertent violations.

V. TYPES OF RELATED PARTY TRANSACTIONS

- a. Brokerage Transactions: These include services provided by the Group Companies to the Company for securities trading activities.
- b. Fees & Commissions: Any brokerage fees, commission arrangements, or charges paid by the Company to the Group Companies for brokerage services.
- c. Financial Transactions: Transactions like loans, investments, reimbursement of expenses, remuneration and professional fees or any kind of financial support provided by the Company to the Group Companies.
- d. Rent Payments: Payments made by the Company to the Group Companies for leasing office spaces, equipment and other facilities. The terms of such rental agreements are at arm's length.
- e. Donations: Any donations made by the Company to the group Companies for such as charitable purpose.
- f. Payment of Dividend: Any dividend distributed by the Company to the Group Companies.

VI. APPROVAL PROCESS FOR RELATED PARTY TRANSACTIONS

- a. Audit Committee: Audit Committee shall monitor all the transactions entered with the related party and company's internal control. The committee should ensure that all related party transactions comply with applicable laws, regulations, and internal policies.
- b. Board Approval: Any transactions not explicitly listed as exceptions and exceeding the established threshold ((e.g., ₹1 crore) require the approval of the board.

VII. ARM'S LENGTH PRINCIPLE

Arm's Length Transactions: All related party transactions, including those with the Group Companies providing various services must be conducted on terms that are similar to those which would apply to an unrelated third party. The price and terms of the services should be consistent with prevailing market conditions, ensuring that the group company does not offer preferential terms to the Company that could compromise the objectivity of the services.

VIII. BOARD OF DIRECTOR'S ROLE

- a. The board must ensure that related party transactions do not have a detrimental effect on the financial position of the Company.
- b. The board should regularly monitor such transactions and assess the risks associated with them.

IX. CONFLICT OF INTEREST

Any potential conflicts of interest arising due to the relationship between the Company and the Group Companies (e.g., if management has interests in both entities) must be identified and appropriately managed. Directors and key personnel must disclose any conflicts of interest and abstain from decision-making where they have a personal interest.

X. COMPLIANCE WITH REGULATORY REQUIREMENTS

- a. RBI and SEBI Guidelines: Ensure compliance with the RBI guidelines for NBFCs and SEBI regulations as the company is engaged in securities trading. These may include specific requirements on pricing, approval processes, and disclosure obligations.
- b. Companies Act, 2013: Ensure that related party transactions are compliant with Section 188 of the Companies Act, 2013, which regulates contracts or arrangements with related parties.
- c. Ind AS 24: The policy should ensure that all related party transactions, including with the Group Companies offering various services, comply with the relevant standards set out under Ind AS 24 (Related Party Disclosures).

XI. CONCLUSION

The Related Party Policy ensures that the Company maintains transparency, fairness, and compliance with regulatory guidelines in all its dealings with the Group Companies providing various services. It minimizes the risk of conflicts of interest, ensures that transactions are conducted on an arm's length basis, and provides clear procedures for approval and disclosure of such transactions.