

CD EQUIFINANCE PRIVATE LIMITED
CONTINGENCY FUNDING POLICY

Details	Date
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1. Scope

1.1. Applicability

This Contingency Funding Policy (the “CFP” policy) applies to CD Equifinance Pvt Ltd (the “Company”).

1.2. Effective Date

This Policy is effective from the date of changes duly approved or renewed by Board of Directors.

2. Background

2.1. Purpose and Overview

This CFP describes the practices to be used by the Company to prepare for, and be operationally ready to manage through, a liquidity stress event. It provides a framework for monitoring and managing unanticipated liquidity stress events, which may be market driven and/or Company specific. These liquidity events may include, but are not limited to, the scenarios described in the Company’s Liquidity Policy.

3. Roles and Responsibilities

The roles and responsibilities for the purposes of this CFP are described in Appendix 1.

4. Monitoring, Escalation and Reporting

As part of its daily activities, the Company monitors the health of the funding market to ensure adequate access to liquidity. One of the ways it does this is by monitoring early warning indicators, which are categories of observable market and company-specific data, events and circumstances that management has determined could indicate potential future stress on the Company’s liquidity position.

A Trigger Event is different than an early warning indicator. A Trigger Event is a specified quantitative or qualitative threshold within a category of early warning indicator which management has determined requires the attention of the Company’s Liquidity Management Team (“LMT”) and possible further escalation due to the likelihood of it introducing risk to the Company’s liquidity profile.

4.1. Green – Business as usual

No Trigger Events have occurred. There is continuous monitoring of early warning indicators.

4.2. Yellow - Convene Management for Discussion

In the event of a Trigger Breach, the Company’s Liquidity Management Team (“LMT”) will convene to evaluate the scope, severity and nature of risk posed by the Trigger Event. If further escalation is warranted, then the same will be done to the Company’s Senior Management Team (“SMT”) for discussion on the Trigger Event and likely impact to the Company.

All Trigger Events will be reported to ALCO in its quarterly meeting and Board of Directors through ALCO minutes.

Refer Appendix I for LMT & SMT roles and responsibilities.
Refer Appendix II for composition of LMT & SMT.

4.3. Red – Activating the CFP

If, based on the discussion referenced in section 4.2 above, the SMT determines that the Trigger Event is severe enough and decides to activate the CFP. If the CFP is activated, notice will be given immediately to the ALCO/Company's Board of Directors. Once the CFP is activated, the Company's liquidity status is considered "red".

4.4. CFP Status reporting

Once the CFP is activated, the Company's LMT will up-date the ALCO & Company's Board of Directors on the status of the CFP as appropriate.

5. TRIGGER EVENT ACTION PLANS

- 5.1.** If the CFP is reported to the ALCO / Board, they shall decide on courses of action to manage and mitigate the risk of a liquidity shortfall in consultation with the Board of Directors. This would entail pro-active market communication, managing cash outflows, modifying business origination, and drawing on sources of liquidity, as appropriate.
- 5.2.** If the CFP is activated, the Company's LMT will enact the CFP Communication Plan. The CFP Communication Plan details the modes of communication (e.g. conference calls, emails) with both internal and external parties. The list of internal and external parties includes internal constituencies, regulators, central banks, liquidity providers and others as may be appropriate.

6. Authority

The Company's Board of Directors has approved this, Policy. The Treasury Team has overall responsibility for the maintenance of the Policy. Day-to-day responsibility for interpreting and monitoring the execution of the Policy will be the responsibility of the Treasury Team.

7. Policy Oversight and Review

The company's ALCO shall review this policy annually and get it approved by the Board of Directors for any material changes to the Policy and its appendices. The Board of Directors will review and approve this policy annually.

Appendix I – Roles and Responsibilities

a. Board of Directors

The responsibilities of the Board of Directors are as follows,

- a. Approving the Company's CFP as and when required.

b. ALCO

The responsibilities of the ALCO are as follows:

- a. Reviewing and approving the CFP as and when required.
- b. Reviewing liquidity risk reports that describe the nature of the liquidity risks of the Company, during normal business environments and more frequently during times of liquidity stress.
- c. The ALCO has also delegated certain authorities to oversee the Company's liquidity risk and the CFP to the SMT & LMT as described in point 3 & 4 below.

c. Senior Management Team (SMT)

The responsibilities of the SMT are as follows:

- a. Reviewing the Trigger Breach Report with LMT in the event of a trigger breach if escalated.
- b. Determining the severity of the breach, remedial measures being taken by either market or Company and deciding on the need of activating CFP plan.

d. Liquidity Management Team (LMT)

The responsibilities of the LMT are as follows:

- a. Management of the CFP with updates and changes as necessary, and submitting revisions to SMT, ALCO and Board of Directors for review .
- b. Calculating individual measures on an ongoing basis as part of the regular liquidity management framework on a weekly basis and ensuring communication of results to appropriate senior management.
- c. Reviewing composite early warning signals and qualitative measures.
- d. Reviewing the Trigger Breach Report within the event of a trigger breach.
- e. Convening Meeting in case of a Trigger Breach.
- f. Documenting the results of discussions when triggers are tripped, preparing the Trigger Breach Report and reporting as necessary.
- g. Convening the SMT and activating the action plans, if warranted.
- h. Notifying the SMT, ALCO and Board of Directors as and when required.
- i. Refreshing the Contingent Funding sources and updating the Communication Plan as necessary and ensuring on-going general contingent funding plan operational readiness.

Appendix II – Liquidity Management Team Members

The LMT shall be comprised of the following officials:

Designation
Chief Financial Officer
Treasury Head
Treasury Members

The SMT (Senior Management Team) shall be comprised of the following officials:

Designation
CEO
CRO
LMT Team

Appendix III – CFP Trigger Levels

a. **Market Measures**

S. No.	CFP Trigger	Trigger Level
1	Systemic concerns on Solvency issues	Subjective
2	Global/National level economic crisis	Lockdown of the economy

b. **Company specific Measures**

S. No.	CFP Trigger	Trigger Level
1	Overexposure in high beta stocks or sector	Material Breach from investment policy
2	Invocation of corporate guarantee	Due to breach by borrower