

AAVAS FINANCIERS LIMITED



Code of Conduct - Prohibition of Insider Trading

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1. INTRODUCTION

Insider Trading is trading in the securities by any insider while in possession of any unpublished price sensitive information, in breach of a fiduciary duty or other relationship of a trust and confidence, to gain personal benefit out of such dealing.

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as "the Regulations") as amended from time to time replaced the Securities and Exchange Board of India ("SEBI") (Prohibition of Insider Trading) Regulations, 1992 w.e.f. 15th May, 2015. Regulation 9 of the SEBI (Prohibition of Insider Trading) Regulations, 2015 requires the following:

In accordance with the Regulation 9(1) of the regulations, the board of directors of every listed Company shall ensure that the chief executive officer or managing director shall formulate a code of conduct with their approval to regulate, monitor and report trading by its designated persons and immediate relatives of designated persons towards achieving compliance with these regulations, adopting the minimum standards set out in Schedule B to these regulations, without diluting the provisions of these regulations in any manner.

Every listed company, formulating a code of conduct shall identify and designate a compliance officer to administer the code of conduct and other requirements under these regulations.

In Compliance with the said requirements, the Company has introduced a code for prohibition of Insider Trading (hereinafter referred to as the "Code").

This Code came into force on June 08, 2018 and amended thereafter.

2. OBJECTIVE

Aavas Financiers Limited (hereinafter referred to as “the Company”) is a public limited Company whose Securities are listed on Stock Exchanges of India (i.e. BSE/NSE) and subject to the rules and regulation issued by SEBI, the company endeavors to preserve the confidentiality and prevent the misuse of un-published price sensitive information. The Company is committed to transparency and fairness in dealing with all stakeholders and in ensuring adherence to all the applicable laws and regulations. Every Director, Officer, Designated Employee and connected person of the Company has a duty to safeguard the confidentiality of all such information which he/ she obtained in the course of performance of official duties. Directors, Officers, Designated Employees and Connected persons of the Company should not use their position to gain personal benefit. To achieve these objectives, the Company hereby notifies this Code of Conduct.

3. DEFINITIONS

- a) **"Act"** means the Securities and Exchange Board of India Act, 1992 (15 of 1992) as amended from time to time.
- b) **"Calendar Quarter"** means a period of 3 consecutive calendar months, ending with the last day of March, June, September or December.
- c) **"Code"** means the Code of Conduct for Prohibition of Insider Trading, as notified hereunder, including any amendments/ modifications made from time to time.
- d) **"Company"** means Aavas Financiers Limited.
- e) **"Compliance Officer"** means the Company Secretary of the Company or any other senior level employee who shall be directed by the Board of Directors of the Company to act as such and designated as the compliance officer of the Company for Compliance of Code and Regulations.
- f) **"Connected Person"** means the persons so defined in the Regulation 2(d)(i) of Regulations, 2015.
- g) **"Deemed to be Connected Person"** means the persons so defined in the Regulation 2(d)(ii) of Regulations, 2015.
- h) **"Designated Persons"** shall include
 1. Promoters, Directors and Key Managerial Personnel of the Company;
 2. Employees upto two levels below Chief Executive Officer of such of the company.
 3. All employees of the Company designated as Vice- President and above i.e. grade SM3 and above;;
 4. All employees of the Accounts, Finance & Treasury, Compliance, Secretarial, Budget & Finance, Audit and Investor Relations Departments which are in the grade of MM1 and above;;
 5. Support staff of the Company belonging to IT Department as determined by the Compliance officer from time to time.
 6. Any other employee as may be determined and informed by the Compliance Officer of the company from time to time.
 7. Trusts/Hindu Undivided Family ("HUF") Association of Persons ("AOP") which are directly or indirectly controlled by, or where the beneficiary is, a DP (or their immediate relative).
- i) **"Employee(s)"** mean employee(s) of the Company or Subsidiary Company of the Company, whether working in India or abroad.
- j) **"Financial Literate"** shall mean a person who has the ability to read and understand basic financial statements i.e. balance sheet, profit and loss account, and statement of cash flows;
- k) **"Generally available information"** means information that is accessible to the public on a non-discriminatory basis and shall not include unverified event or information reported in print or electronic media.
- l) **"Immediate relative"** means a spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependent financially on such person, or consults such person in taking decisions relating to trading in securities.

- m) **"Insider"** means the person so defined in the Regulation 2(g) of Regulations including Designated persons and their immediate relatives.
- n) **"Key Managerial Personnel"**, in relation to the Company, means:
- (i) the Chief Executive Officer or the Managing Director or the Manager;
 - (ii) the Company Secretary;
 - (iii) the Whole-Time Director;
 - (iv) the Chief Financial Officer;
 - (v) the Chief Risk Officer
 - (vi) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
 - (vii) such other officer as may be prescribed
- o) **"legitimate purpose"** shall include sharing of unpublished price sensitive information in the ordinary course of business by an insider with partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants, provided that such sharing has not been carried out to evade or circumvent the prohibitions of these regulations, as may be decided by the Compliance officer of the Company in consultation with the Chief Financial Officer and Whole Time Director, which shall be in the best interest of the Company.
- p) **"Officer of the Company"** includes any director, manager or key managerial personnel or any person in accordance with whose directions or instructions the Board of Directors or any one or more of the directors is or are accustomed to act.
- q) **"Promoter"** shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof;
- r) **"Promoter group"** shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof;
- s) **"Regulations"** shall mean the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and any amendments thereto.
- t) **"Relative"** shall mean in relation to deemed to be connected person, as defined in the Regulation 2(hc) of Regulations, 2015. **"Securities"** shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or any modification thereof
- u) **"Takeover regulations"** means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto.
- v) **"Trading"** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly.
- w) **"Trading day"** means a day on which the recognized stock exchanges are open for trading.
- x) **"Unpublished price sensitive information"** means any information, relating to a

company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following: –

- (i) financial results;
- (ii) dividends;
- (iii) change in capital structure;
- (iv) mergers, de-mergers, acquisitions, delisting, disposals and expansion of business, award or termination of order/contracts not in the normal course of business and such other transactions;
- (v) changes in key managerial personnel other than due to superannuation or end of term, and resignation of a Statutory Auditor or Secretarial Auditor;
- (vi) change in rating(s), other than ESG rating(s);
- (vii) fund raising proposed to be undertaken;
- (viii) agreements, by whatever name called, which may impact the management or control of the company;
- (ix) fraud or defaults by the company, its promoter, director, key managerial personnel, or subsidiary or arrest of key managerial personnel, promoter or director of the company, whether occurred within India or abroad;
- (x) resolution plan/ restructuring or one-time settlement in relation to loans/borrowings from banks/financial institutions;
- (xi) admission of winding-up petition filed by any party /creditors and admission of application by the Tribunal filed by the corporate applicant or financial creditors for initiation of corporate insolvency resolution process against the company as a corporate debtor, approval of resolution plan or rejection thereof under the Insolvency and Bankruptcy Code, 2016;
- (xii) initiation of forensic audit, by whatever name called, by the company or any other entity for detecting mis-statement in financials, misappropriation/ siphoning or diversion of funds and receipt of final forensic audit report;
- (xiii) action(s) initiated or orders passed within India or abroad, by any regulatory, statutory, enforcement authority or judicial body against the company or its directors, key managerial personnel, promoter or subsidiary, in relation to the company;
- (xiv) outcome of any litigation(s) or dispute(s) which may have an impact on the company;
- (xv) giving of guarantees or indemnity or becoming a surety, by whatever named called, for any third party, by the company not in the normal course of business;
- (xvi) granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.

y) **“Working Day”** shall mean the working day when the regular trading is permitted on the concerned stock exchange where the securities of the company are listed.

Words and phrases used in the Code and not defined hereinabove shall have the same meaning as defined under the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Depositories Act, 1996 (22 of 1996) or the Companies Act, 2013 (18 of 2013) and rules and regulations made there under shall have the meanings respectively assigned to them in those legislation.

4. Compliance Officer

4.1. The Compliance Officer shall report to the board of directors of the Company and in particular, shall provide reports to the Chairman of the Audit Committee, if any, or to the Chairman of the board of directors at least once in a year.

4.2. The Compliance Officer shall be responsible for setting forth the policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the board of directors of the Company.

4.3. In the performance of his/her duties, the Compliance Officer shall have access to all information and documents relating to the Securities of the Company.

5. Preservation of Unpublished Price Sensitive Information

5.1 All information shall be handled within the Company on a need-to-know basis and no unpublished price sensitive information shall be communicated to any person except in furtherance of the legitimate purposes, performance of duties or discharge of legal obligations.

Designated Persons of the Company and their immediate relatives shall be governed by this code of conduct governing dealing in securities of the Company.

Unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction which entails:

- an obligation to make an open offer under the takeover regulations where the Board of Directors of the Company is of informed opinion that the sharing of such information is in the best interests of the Company; or
- not attracting the obligation to make an open offer under the takeover regulations but where the Board of Directors of the Company is of informed opinion that the sharing of such information is in the best interests of the Company and the information that constitute unpublished price sensitive information is disseminated to be made generally available at least two trading days prior to the proposed transaction being effected in such form as the Board of Directors may determine to be adequate and fair to cover all relevant and material facts.

However, the Compliance Officer shall require the parties to execute agreements to contract confidentiality and non-disclosure obligations on the part of such parties and such parties shall keep information so received confidential, except for the limited purpose and shall not otherwise trade in securities of the Company when in possession of unpublished price sensitive information.

Need to know basis - Price Sensitive Information of the Company is to be handled on a "need to know" basis i.e. should be disclosed only to those within the Company who need the information to discharge their duty and whose possession of such information will not give rise to a conflict of interest or apprehension of misuse of the information. All non-public information directly received by any employee should immediately be reported to the head of the department.

Limited access to confidential information - All manual files containing confidential information shall be kept secure. All Computer files must have adequate security.

6. Maintenance of Structured Digital Database

Company shall maintain structured digital database containing the nature of unpublished price sensitive information and the names of such persons or entities as the case may be with whom information is shared and name of such person who have shared such information under this regulation along with the Permanent Account Number or any other

identifier authorized by law where Permanent Account Number is not available. Such databases shall not be outsourced and be maintained internally with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.

Provided that entry of information, not emanating from within the organisation, in structured digital database may be done not later than 2 calendar days from the receipt of such information.

Company shall also ensure that the structured digital database is preserved for a period of not less than eight years after completion of the relevant transactions and in the event of receipt of any information from the Board regarding any investigation or enforcement proceedings, the relevant information in the structured digital database shall be preserved till the completion of such proceedings.

7. Institutional Mechanism for Prevention of Insider Trading

- The company shall put in place adequate and effective system of internal controls to ensure compliance with the requirements given in these regulations to prevent insider trading.
- The internal controls shall include the following:
 - a. all employees who have access to unpublished price sensitive information are identified as designated person;
 - b. all the unpublished price sensitive information shall be identified and its confidentiality shall be maintained as per the requirements of these regulations
 - c. adequate restrictions shall be placed on communication or procurement of unpublished price sensitive information as required by these regulations
 - d. lists of all employees and other persons with whom unpublished price sensitive information is shared shall be maintained and confidentiality agreements shall be signed or notice shall be served to all such employees and persons;
 - e. all other relevant requirements specified under these regulations shall be complied with;
 - f. periodic process review to evaluate effectiveness of such internal controls.
- The Audit Committee of the company shall review compliance with the provisions of these regulations at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.

8. Prevention of Misuse of "Unpublished Price Sensitive Information"

8.1. No insider shall, except exerciser of Employee Stock Options (ESOPs) under the ESOP Scheme of the Company,

- Trade in Securities of the Company either on their own behalf or on behalf of any other person when in possession of any unpublished price sensitive information; or
- Trade in Securities of the Company when trading window is closed; or

- Communicate, provide or allow access to any unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

[Explanation –When a person who has traded in securities has been in possession of unpublished price sensitive information, his trades would be presumed to have been motivated by the knowledge and awareness of such information in his possession.]

8.2. Trading Plan:

An insider shall be entitled to formulate a trading plan and present it to the compliance officer for approval and public disclosure pursuant to which trades may be carried out on his behalf in accordance with such plan.

8.3. Trading Plan shall:

- (i) not entail commencement of trading on behalf of the insider earlier than one hundred and twenty days (120 days) from the public disclosure of the plan;
- (ii) not entail overlap of any period for which another trading plan is already in existence;
- (iii) set out following parameters for each trade to be executed:
 - a) either the value of trade to be effected or the number of securities to be traded
 - b) nature of the trade;
 - c) either specific date or time period not exceeding five consecutive trading days;
 - d) price limit, that is an upper price limit for a buy trade and a lower price limit for a sell trade, subject to the range as specified below:

A. for a buy trade: the upper price limit shall be between the closing price on the day before submission of the trading plan and upto twenty per cent higher than such closing price;

B. for a sell trade: the lower price limit shall be between the closing price on the day before submission of the trading plan and upto twenty per cent lower than such closing price.

Explanation:

- The parameters mentioned in above clauses (a), (b) and (c) shall be mandatorily mentioned for each trade, the parameter in clause (d) shall be optional.
- The price limit in sub-clause (d) shall be rounded off to the nearest numeral.
- Insider may make adjustments, with the approval of the compliance officer, in the number of securities and price limit in the event of corporate actions related to bonus issue and stock split occurring after the approval of trading plan and the same shall be notified on the stock exchanges on which securities are listed.

- (iv) not entail trading in securities for market abuse.

8.4. The Compliance Officer shall consider the Trading Plan made as above and shall approve or reject it within two trading days of receipt of such plan. However, while approving, the Compliance Officer shall be entitled to take expressed undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of

the plan as per provisions of the Regulations. Further, the Compliance Officer may present his trading plan in terms of this code to Chief Executive Officer of the Company for approval.

Provided that pre-clearance of trades shall not be required for a trade executed as per an approved trading plan.

Provided further that trading window norms shall not be applicable for trades carried out in accordance with an approved trading plan.

8.5. The Trading Plan once approved shall be irrevocable and the Insider shall mandatorily have to implement the plan, without being entitled to either execute any trade in the securities outside the scope of the trading plan or to deviate from it except due to permanent incapacity or bankruptcy or operation of law.

However, the implementation of the trading plan shall not be commenced, if at the time of formulation of the plan, the Insider is in possession of any unpublished price sensitive information and the said information has not become generally available at the time of the commencement of implementation.

Further, if the insider has set a price limit for a trade under sub-clause (iv) of clause (v) of sub-regulation 2 of Securities And Exchange Board Of India (Prohibition Of Insider Trading) Regulations, 2015, the insider shall execute the trade only if the execution price of the security is within such limit. If price of the security is outside the price limit set by the insider, the trade shall not be executed.

8.6. The compliance officer shall approve or reject the trading plan within two trading days of receipt of the trading plan and notify the approved plan to the stock exchanges on which the securities are listed, on the day of approval.

8.7. In case of non-implementation (full/partial) of trading plan due to either reasons enumerated in clause 8.5 above or failure of execution of trade due to inadequate liquidity in the scrip, the following procedure shall be adopted:

(i) The insider shall intimate non-implementation (full/partial) of trading plan to the compliance officer within two trading days of end of tenure of the trading plan with reasons thereof and supporting documents, if any.

(ii) Upon receipt of information from the insider, the compliance officer, shall place such information along with his recommendation to accept or reject the submissions of the insider, before the Audit Committee in the immediate next meeting. The Audit Committee shall decide whether such non-implementation (full/partial) was bona fide or not.

(iii) The decision of the Audit Committee shall be notified by the compliance officer on the same day to the stock exchanges on which the securities are listed.

(iv) In case the Audit Committee does not accept the submissions made by the insider, then the compliance officer shall take action as per the Code of Conduct.

9. Trading Window

9.1. The trading window shall be, inter alia, closed 7 days prior to and during the time the unpublished price sensitive information is published. Further in case of declaration of financial results for the quarter/ year, the trading window will be closed from the 1st day after the end of each quarter/ year for which results are required to be announced by the company till 48 hours after the declaration of such financial results. Further, the trading window for above purposes may be closed for such other period also, as may be decided by Compliance officer of the Company which is subject to compliance of Regulations.

9.2. The Compliance Officer shall intimate the closure of trading window to all the designated persons of the Company, through e-mails, by displaying on notice board of Company, by uploading details of closure of trading window on website of Company and by such other method as the compliance officer deems fit, when he determines that a designated person or class of designated persons can reasonably be expected to have possession of unpublished price sensitive information. Such closure shall be imposed in relation to such securities to which such unpublished price sensitive information relates.

Provided that, for unpublished price sensitive information not emanating from within the Listed Company, trading window may not be closed.

9.3. The Compliance Officer after taking into account various factors including the unpublished price sensitive information in question becoming generally available and being capable of assimilation by the market, shall decide the timing for re-opening of the trading window, however in any event it shall not be earlier than forty-eight hours after the information becomes generally available.

9.4. The Compliance Officer shall insure that PAN of all the Designated Person & their Immediate Relatives has been freezed at security level during Trading Window closure period under Clause 4 of Schedule B read with Regulation 9 of SEBI (Prohibition of Insider Trading) Regulations, 2015.

9.5. When the trading window is closed, the Designated Persons and their immediate relatives shall not trade in the Company's securities in such period.

However, the trading window restrictions mentioned above shall not apply in respect of–

- (a) transactions specified below and in respect of a pledge of shares for a bonafide purpose such as raising of funds, subject to pre-clearance by the compliance officer and compliance with the respective regulations made by the Board:
- (i) the transaction is an off - market inter-se transfer between insiders who were in possession of the same unpublished price sensitive information without being in breach of regulation 3 and both parties had made a conscious and informed trade decision.

Provided that such unpublished price sensitive information was not obtained under sub -regulation (3) of regulation 3 of these regulations.

Provided further that such off-market trades shall be reported by the insiders to the company within two working days. Every company shall notify the particulars of such trades to the stock exchange on which the securities are listed within two trading days from receipt of the disclosure or from becoming aware of such information.

- (ii) the transaction was carried out through the block deal window mechanism between persons who were in possession of the unpublished price sensitive information without being in breach of regulation 3 and both parties had made a conscious and informed trade decision;

Provided that such unpublished price sensitive information was not obtained by either person under sub-regulation (3) of regulation 3 of these regulations.

- (iii) the transaction in question was carried out pursuant to a statutory or regulatory obligation to carry out a bona fide transaction.
- (iv) the transaction in question was undertaken pursuant to the exercise of stock options in respect of which the exercise price was pre-determined in compliance with applicable regulations.
- (v) the trades were pursuant to a trading plan in accordance with Regulation 5 this regulation.

- (b) transactions which are undertaken in accordance with respective regulations made by the Board such as acquisition by conversion of warrants or debentures, subscribing to rights issue, further public issue, preferential allotment or tendering of shares in a buy - back offer, open offer, delisting offer or transactions which are undertaken through such other mechanism as may be specified by the Board from time to time

Other than the period(s) for which the Trading Window is closed as specified hereinabove, the same shall remain open for dealing in the Securities of the Company.

9.6. With respect to approval of financial results, meeting of Audit committee and Board shall be held on the same day so as to avoid leakage of material information.

10. Pre - Clearance of Trade in Securities

All the designated persons covered by the Code who propose to trade in Securities of the Company which are more than Rs. 5 Lacs in value or 1,000 shares in a calendar quarter, whichever is lower, should obtain pre-clearance for the transaction to be entered into by them. However, no designated person shall be entitled to apply for pre-clearance of any proposed trade if such designated person is in possession of unpublished price sensitive information even if the trading window is not closed and hence he shall not be allowed to trade. The pre-dealing procedure shall be hereunder:

- A Designated Person shall make a pre-clearance application to the Compliance Officer in the prescribed format Form 1 or through online secured system facility as may be provided by the Company, along with an undertaking stating that he/she has not contravened the provision of this Code. If Designated Person applies for pre-clearance via prescribed format Form 1, then same should be backed by a email with reason for not opting online secured system facility. Upon receipt of application, the Compliance Officer may approve or reject the same with reason recorded in writing. Prior to approving any trades, the compliance officer shall be entitled to seek declarations to the effect that the applicant for pre-clearance is not in possession of any unpublished price sensitive information. The compliance officer shall also have regard to whether any such declaration is reasonably capable of being rendered inaccurate.
- If any person covered by the Code, obtained any Price Sensitive Information after executing the undertaking but prior to transacting in Securities of the Company, he/she shall inform the Compliance Officer and refrain from dealing in Securities of the Company.
- All the persons covered by the Code shall execute their order within 7 Trading Days of pre clearance of trade. If the transaction is not executed within 7 Days of such clearance, fresh approval of the Compliance Officer is required.
- If the transaction is not executed within 7 Trading Days, Designated person shall also report reason for decision of not undertaking such transaction along with its reason in part B of Form 1 or through online secured system facility as may be provided by the Company.

11. Contra Trade

All Designated Persons shall conduct their dealings in the securities of the Company only in the "Valid Trading Window" period and shall not enter into "Contra Trade" i.e. opposite or reverse transactions, in the securities of the Company during the next six months following the prior transaction.

The Compliance Officer is empowered to grant relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate these regulations. If a contra trade be executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to the Board for credit to the Investor Protection and Education Fund administered by the Board under the Act. In case any employee intends to seek a waiver then such request shall be made in Form -2, annexed to this code or through online secured system facility as may be provided by the Company.

Provided that this shall not be applicable for trades pursuant to exercise of stock options.

12. Process for how and when people are brought 'inside' on sensitive transactions

Object

Purpose of this process is to determine how and when people are brought 'inside' on sensitive transactions and when a person is considered as an insider in relation to any transaction, he should be made aware of the duties and responsibilities attached to the receipt of inside information and the liability that attaches to misuse or unwarranted use of such information.

Process of Action

- A broad categorization of the persons to be treated as insider should be made based on their involvement in any activity relating to unpublished price sensitive information. It should be determined on a case to case basis.
- Compliance Officer should make the concerned person aware of the duties and responsibilities attached to the receipt of inside information and the liability that attaches to misuse or unwarranted use of such information.
- If the parties to sensitive transaction is not designated person but connected with the company then it shall principally require the parties to execute agreements to contract confidentiality and non-disclosure obligations on the part of such parties before sharing of any information.
- If the parties to sensitive transaction is a designated person then should be made aware of the duties and responsibilities attached to the receipt of inside information.

13. Disclosure Requirements

Designated persons shall be required to disclose names and Permanent Account Number or any other identifier authorized by law of the following persons to the company on an annual basis and as and when the information changes:

- a. Immediate relatives
- b. Persons with whom such designated person(s) shares a material financial relationship
- c. Phone, mobile and cell numbers which are used by them

In addition, the names of educational institutions from which designated persons have graduated and names of their past employers shall also be disclosed on a one time basis.

Explanation – The term “material financial relationship” shall mean a relationship in which one person is a recipient of any kind of payment such as by way of a loan or gift from designated person during the immediately preceding twelve months, equivalent to at least 25% of the annual income of such designated person but shall exclude relationships in which the payment is based on arm’s length transactions.]

The above disclosure shall be made in Form 3 or through online secured system facility as may be provided by the Company.

Initial Disclosure:

Every person on appointment as a Key Managerial Personnel or a Director of the Company or upon becoming a Promoter or member of the promoter group shall disclose his holding of securities of the Company and any other person for whom such person takes trading decisions as on the date of appointment or becoming a promoter, to the Company within seven days of such appointment or becoming a Promoter in Form A or through online secured system facility as may be provided by the Company.

14. Protection against retaliation and victimization

The Company shall not tolerate retaliation, in any form, including by way of discharge, termination, demotion, suspension, threats, harassment, directly or indirectly or discrimination against any Employee who reports in good faith any alleged insider trading violations to Securities Exchange Board of India ("the Informant"), in accordance with the Informant mechanism introduced vide SEBI (Prohibition of Insider Trading) (Third Amendment) Regulations, 2019 dated 17 September 2019.

For purpose of this Clause, Employee shall mean any Individual who during employment may become privy to information relating to violation of Insider Trading Laws and files a voluntary information disclosure form under SEBI (Prohibition of Insider Trading) Regulations, 2019 and is a director or contractual or regular employee of the Company and/or its subsidiaries but does not include advocate.

15. General Provision

The Compliance Officer shall maintain records of all the declarations in the appropriate form given by the directors / designated employees for a minimum period of 5 years.

The Compliance Officer shall place before the Managing Director / Chief Executive Officer or a committee specified by the company, on a quarterly basis all the details of the dealing in the securities by the employees / director / officer of the company and the accompanying documents that such persons had executed under the pre-dealing procedure as envisaged in this code.

The Compliance officer of the Company may be contacted at Secretarial@aavas.in for any clarification, approvals and reporting under the code.

16. Penalties

Every Designated Person shall be individually responsible for complying with the provisions of the Code (including to the extent the provisions hereof are applicable to his/her dependents).

Any Designated Person or their immediate relatives who trades in securities or communicates any information for trading in securities, in contravention of this Code may be penalized as per penalty matrix **(separately attached as Annexure 1 to this code)** and appropriate action including wage freeze, suspension, recovery clawback etc. may be taken by the Audit Committee/Board of Directors of the Company. Any amount collected under this clause shall be remitted to the SEBI for credit to the Investor Protection and

Education Fund administered by the SEBI under the Act.

The penalties will be as per the Securities and Exchange Board of India Act, 1992. Further, the Company shall inform the stock exchange(s) where the concerned securities are traded, in such form and manner as may be specified by the SEBI from time to time.

The action by the Company shall not preclude SEBI and other authorities from taking any action in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 2015. In case the SEBI Regulations or any Statutory Provisions are more stringent than those contained in the Code, the SEBI Regulations / Statutory Provisions will prevail.

Date of approval by the Board: **June 08, 2018**

Date of review/amendment by the Board/Audit Committee: **February 05, 2026**

Version: **1.4**

Prohibition of Insider Trading

Initial disclosure

FORM A

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
[Regulation 7 (1) (b) read with Regulation 6(2) – Disclosure on becoming a Key
Managerial Personnel/Director/Promoter/Member of the promoter group]

Name of the company: _____

ISIN of the company: _____

Details of Securities held on appointment of Key Managerial Personnel (KMP) or Director or upon becoming a Promoter or member of the promoter group of a listed company and immediate relatives of such persons and by other such persons as mentioned in Regulation 6(2).

Name, PAN No., CIN/DIN & Address With contact nos.	Category of Person/ KMP /Directors or Promoter or member of the Promoter group /immediate relatives to/others etc.)	Date of appointment of Director /KMP OR Date of becoming Promoter/me mber of the promoter group	Securities held at the time of appointment of KMP/Director or upon becoming Promoter or Member of the promoter group		% of Shareholding
			Type of Security (For e.g. – Shares, Warrants, Convertible Debentures, Rights entitlements, etc.)	No.	
1	2	3	4	5	6

Note: "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Details of Open Interest (OI) in derivatives on the Securities of the company held on appointment of Key Managerial Personnel (KMP) or Director or upon becoming a Promoter or member of the promoter group of a listed company and immediate relatives such persons and by other such person as mentioned in Regulation 6(2).

Open Interest of the Future contracts held at the time of appointment of Director/KMP or upon becoming Promoter/ member of the promoter group			Open Interest of the Option Contracts held at the time of appointment of Director/KMP or upon becoming Promoter/member of the promoter group		
Contract Specifications	Number of units (contracts * lot size)	Notional value in Rupee terms	Contract Specifications	Number of units (contracts * lot size)	Notional value in Rupee terms
7	8	9	10	11	12

Note: In case of Options, notional value shall be calculated based on premium plus strike price of options.

Name

Signature:

Designation:

Date:

Place:

FORM B**Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 [Regulation 7 (2) read with Regulation 6(2)] – Continual Disclosure]**

Name of the company: _____

ISIN of the company : _____

Details of change in holding of Securities of Promoter, - Member of the Promoter Group, Designated Person or Director Employee or Director of a listed company and immediate relatives of such persons and other such persons as mentioned in Regulation 6(2):

Name, PAN No., CIN/DIN, & address with contact nos.	Category of Person (Promoters/ member of the promoter group/designated person/ Directors/immediate relatives to/others etc.)	Securities held prior to acquisition/ disposal		Securities acquired/Disposed				Securities held post acquisition/disposal		Date of allotment advice/ acquisition of shares/ disposal of shares, specify		Date of intimation to company	Mode of acquisition/ disposal (on market /public/ rights/ preferential offer / off market/ Inter-se transfer, ESOPs, etc.	Exchange on which the trade was executed
		Type of securities (For e.g. – Shares, Warrants, Convertible Debentures, Rights entitlements etc.)	No. and % of shareholding	Type of security (For e.g. – Shares, Warrants, Convertible Debentures, Rights entitlement, etc.)	No.	Value	Transaction Type (Purchase/ sale/ Pledge/ Revocation/ Invocation/ others- please specify)	Type of securities (For eg. – Shares, warrants, Convertible Debentures, Rights entitlement, etc.)	No. and % of shareholding	From	To			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

Note: "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Details of trading in derivatives on the securities of the company by Promoter, member of the promoter group, designated person or Director of a listed company and immediate relatives of such persons and other such persons as mentioned in Regulation 6(2).

Trading in derivatives (Specify type of contract, Futures or Options etc.)						Exchange on which the trade was executed
Type of Contract	Contract Specifications	Buy		Sell		
		Notional Value	Number of units (contracts * lot size)	Notional value	Number of units (contracts * lot size)	
16	17	18	19	20	21	22

Note: In case of Options, notional value shall be calculated based on Premium plus strike price of options.

Name:

Signature:

Designation:

Date:

Place:

FORM C (Indicative format)

SEBI (Prohibition of Insider Trading) Regulations, 2015

Regulation 7(3) – Transactions by Other connected persons as identified by the company

Details of trading in securities by other connected persons as identified by the company

Name, PAN, CIN/DIN. & Address with contact nos. of other connected persons as identified by the company	Connection with company	Securities held prior to acquisition/disposal		Securities acquired/Disposed				Securities held post acquisition/disposal		Date of allotment advice/ acquisition of shares/ disposal of shares specify		Date of intimation to company	Mode of acquisition/disposal (on market/public/rights/ Preferential offer/ Off market/ Inter-se transfer, ESOPs etc.)	Exchange on which the trade was executed
		Type of security (For eg. – Shares, Warrant, Convertible Debentures, Rights entitlement, etc.)	No. and % of shareholding	Type of securities (For eg. – Shares, Warrants, Convertible Debentures, Rights entitlement, etc.)	No.	Value	Transaction Type (Purchase /Sale/ Pledge/ Revocation/ Invocation/ Others please specify)	Type of security (For eg. – Shares, Warrants, Convertible Debentures, Rights entitlement, etc.)	No. and % of shareholding	From	To			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

Note:

- (i) "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.
- (ii) Value of transaction excludes taxes/brokerage/any other charges.

Details of trading in derivatives on the securities of the company by other connected persons as identified by the company

Trading in derivatives (Specify type of contract, Futures or Options etc)						Exchange on which the trade was executed
Type of Contract	Contract specifications	Buy		Sell		
		Notional Value	Number of units (contracts * lot size)	Notional Value	Number of units (contracts * lot size)	
16	17	18	19	20	21	22

Note : In case of Options, notional value shall be calculated based on premium plus strike price of options.

Name:

Signature:

Date:

Place:

SEBI (Prohibition of Insider Trading) Regulations, 2015

**To,
The Compliance Officer
Aavas Financiers Limited**

SUB: APPLICATION FOR PRE- TRADING APPROVAL IN SECURITIES OF THE COMPANY

Dear Sir,

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Company's Insider Trading code, I seek approval to trade in securities of the Company as per details given below:

1	Name of the applicant	
2	Designation	
3	Number of securities held as on date	
4	The proposal is for: Purchase / Subscription/ Sale/Pledge/unpledged etc. of securities.	
5	Proposed date of trading in securities	
6	Estimated number of securities proposed to be purchased /subscribed /sold/ pledged/unpledged etc.	
7	Current market price (as on date of application)	
8	Whether the proposed transaction will be through stock exchange or off-market trade	

I enclose herewith the Undertaking signed by me and shall continue to comply with the guidelines.

Thanking you,

Yours sincerely,

Name:

Signature:

Place:

Date:

Undertaking to be accompanied with the application for pre- clearance

To,

The Compliance Officer,

Aavas Financiers Limited

I, _____, _____ of the Company residing at _____, am desirous of trading in _____ securities of the Company as mentioned in my application dated _____ for pre-clearance of the transaction.

I further declare that I am not in possession of any unpublished price sensitive information up to the time of signing this Undertaking.

In the event that I have access to or receive any unpublished price sensitive information after the signing of this undertaking but before executing the transaction for which approval is sought, I shall inform the Compliance Officer of the same and shall completely refrain from trading in the securities of the Company until such information becomes public.

I declare that I have not contravened the provisions of the Rules as notified by the Company from time to time.

in the event of this transaction being in violation of the Rules or the applicable laws, (a) I will, unconditionally, release, hold harmless and indemnify to the fullest extent, the Company and its directors and officers, (the 'indemnified persons') for all losses, damages, fines, expenses, suffered by the indemnified persons, (b) I will compensate the indemnified persons for all expenses incurred in any investigation, defense, crisis management or public relations activity in relation to this transaction and (c) I authorize the Company to recover from me, the profits arising from this transaction and remit the same to the SEBI for credit of the Investor Protection and Education Fund administered by the SEBI.

I undertake to submit the necessary report within two trading days of execution of the transaction and if the transaction is not undertaken then to report reason for not undertaken such transaction. If approval is granted, I shall execute the trade within seven trading days of the receipt of approval failing which I shall seek pre-clearance afresh.

I declare that I have made full and true disclosure in the matter.

Signature:

Name:

Date:

Reason for not undertaking the transaction as per pre- clearance approval.

To,
The Compliance Officer,
Aavas Financiers Limited

I, [Name], [Designation] of the Company residing at [Address] declare that I have not undertaken the transaction as per my pre-clearance dated _____ due to the following reason:-

Signature

Name:

Date:

FORM 2

SEBI (Prohibition of Insider Trading) Regulations, 2015

To,
The Company Secretary & Compliance Officer
Aavas Financiers Limited

Address:

Sub.: Request for Waiver:

Dear Sir,

I have Buy/Sell/Pledge/Unpledge ____ Securities of the Company on _____ and due to the below mentioned reason, I wish to Buy/Sell/Pledge/Unpledge the Securities before the end of 6 months from the date of Buy/Sell/Pledge/Unpledge. Please grant me waiver with respect to the holding of Securities for minimum period of 6 months.

Reason for waiver:

Thanking you,

Signature:

Name:

Designation & Department:

Date:

FORM 3**Aavas Financiers Limited****Declaration of list of Immediate Relatives and Material Financial Relationship as per SEBI (Prohibition of Insider Trading) Regulations, 2015**

Name of the Designated Person: _____

Employee Code: _____

[*]Highest Education, Name of Educational Institution: _____

[*]Name of Past Employer: _____

Designation: _____

I declare that following is / are my immediate relatives¹/ Material Financial Relationship² for the purpose of declarations under **SEBI (Prohibition of Insider Trading) Regulations, 2015**.

Name of the Immediate relative/ Material Financial Relationship and Phone Number	Relationship with the Designated Employee	Income Tax PAN of the immediate relative

I further declare that none of my immediate relatives/Material Financial Relationship except as mentioned above are dependent upon me or consult me for taking their investing decision in the shares of the Company (i.e. Aavas Financiers Ltd).

I hereby also confirm that the above disclosure is true and correct and is in accordance with the previous disclosures given to the Company, if any. In case of any change/s in the list of immediate relatives/ Material Financial Relationship, I will inform the same to the Company immediately.

Place:**Date:**

(Signature)

Note: Declaration of immediate relatives would not be required to be given if they are financially independent from the Designated Person (employee / director) or they do not take any advice from the Designated Person (employee/ director) for sale or purchase of shares of the Company.

* Highest Education, Name of Educational Institution and Name of past employer need to be provided only if not provided earlier.

1 **"Immediate relative"** means a spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependent financially on such person, or consults such person in taking decisions relating to trading in securities.

2 **“Material Financial Relationship”** The term “material financial relationship” shall mean a relationship in which one person is a recipient of any kind of payment such as by way of a loan or gift from designated person during the immediately preceding twelve months, equivalent to at least 25% of the annual income of such designated person such payer’s annual income but shall exclude relationships in which the payment is based on arm’s length transactions.]

Annexure 1:

Penalty Matrix

S. No.	Type / Duration of Violation	Violations	Type of Transaction	1 st Instance	2 nd Instance	Subsequent Instance
I.	Procedural Non-Compliances* / Violations not involving any trading	Non submission of Annual Disclosures by Designated Persons as required under the PIT code	NA	A warning letter will be issued, specifying a timeline for compliance with the submission of the Annual Disclosure.	Failure to adhere to the warning letter issued in first instance, stricter actions will be taken and will be communicated as and when necessary.	
		SHARING OF UPSI FOR OTHER THAN LEGITIMATE PURPOSE		Any actions, including penalties, as determined by the Board and Audit Committee		
II.	During the period when Trading Window is open	1.Trading without obtaining pre-clearance	Purchase of Shares	Warning letter	Warning letter + Penalty of 5% of the Transaction value	Warning letter + Penalty of 10% of the Transaction value+ other supervisory actions as deemed appropriate
		2. Trading beyond the number of shares for which the pre-clearance obtained**	Sale of Shares	Warning letter + Disgorgement of entire profit (if any) or penalty of Rs. 15,000 whichever is higher (irrespective of profit or loss)	Warning letter + Disgorgement of entire profit (if any) + Penalty of Rs. 30,000 (irrespective of profit or loss)	Warning letter + Disgorgement of entire profit (if any) + Penalty of Rs. 60,000 (irrespective of profit or loss occurred through trade) + other supervisory actions as deemed appropriate
		Pledge cases without obtaining pre-clearance	Creation and/ or revocation of pledge	Warning letter + Penalty of Rs. 5,000	Warning letter + Penalty of Rs. 10,000	Warning letter + Penalty of Rs. 15,000 +other supervisory actions as deemed appropriate
		Contra Trade	Purchase & Sale or vice-versa	Warning letter + Disgorgement of entire profit (if any) or penalty of Rs. 15,000 whichever is higher (irrespective of profit or loss)	Warning letter + Disgorgement of entire profit (if any) + Penalty of Rs. 30,000 (irrespective of profit or loss)	Warning letter + Disgorgement of entire profit (if any) + Penalty of Rs. 60000 (irrespective of profit or loss)+ other supervisory actions as

						deemed appropriate
III.	During Closure of Trading window period, as decided by Compliance officer from time to time	Trading/Dealing in any number of shares	Purchase of Shares	Warning letter + Penalty of 5% of the Transaction value	Warning letter + Penalty of 10% of the Transaction value	Warning letter + Penalty of 20% of the Transaction value + other supervisory actions as deemed appropriate
			Sale of Shares	Warning letter + Disgorgement of entire profit (if any) + penalty of Rs. 50,000 (irrespective of profit or loss)	Warning letter + Disgorgement of entire profit (if any) + Penalty of Rs. 1,00,000 (irrespective of profit or loss)	Warning letter + Disgorgement of entire profit (if any) + Penalty of Rs. 2,00,000 (irrespective of profit or loss) + other supervisory actions as deemed appropriate
		Pledge cases without obtaining pre-clearance/waiver	Creation and/or revocation of pledge	Warning letter + Penalty of Rs. 10,000	Warning letter + Penalty of Rs. 20,000	Warning letter + Penalty of Rs. 40,000 + other supervisory actions as deemed appropriate
		Contra Trade	Purchase & Sale or vice-versa	Warning letter + Disgorgement of entire profit (if any) + penalty of Rs. 50,000 (irrespective of profit or loss)	Warning letter + Disgorgement of entire profit (if any) + Penalty of Rs. 1,00,000 (irrespective of profit or loss) (irrespective of profit or loss)	Warning letter + Disgorgement of entire profit (if any) + Penalty of Rs. 2,00,000 (irrespective of profit or loss) + other supervisory actions as deemed appropriate

Notes:

1.	This code shall be effective from April 01, 2026 to all Designated Persons ("DP") and their Immediate Relatives and will exclude all previous violations under the Code, and any fresh instances of violation will be dealt with under this Matrix.
2.	The penalty provisions shall be applicable irrespective of trade value and in cases where a contravention is falling into more than one violation, then the higher of the penalty of the contravention will be levied.
3.	Any disciplinary action by company shall not preclude SEBI from taking any action in case of violation of the SEBI (PIT) Regulations and all the actions taken by Company shall be informed to exchange in prescribed format and any amount collected under this matrix shall be remitted to the SEBI for credit to the Investor Protection and Education Fund (IPEF) administered by the SEBI.

4.	The Compliance Officer has the right to ask for any documents w.r.t to trades done in the company shares. Burden of proving that the trade is not motivated or done while in possession of UPSI shall be on the Designated Person and it will be the obligations of DP to ensure the trade done by him/her is not a contra trade.
5.	An opportunity of being heard will be given to the violator for submitting his/her clarification on the alleged violation and the Audit Committee/Compliance Officer may seek the independent report from any professional on the calculation of penalty.
6.	In case the Designated employee who violated the Company's code of conduct and has not deposited the penalty amount then the Company retains all the rights to take necessary supervisory actions as required.
7.	Audit Committee may waive off the monetary penalty on any violation by recording the reasons in writing. Non- adherence of trading plan, as approved by the Company, will be reviewed and the Audit Committee in consultation with Compliance officer shall have the power to impose/waive the monetary penalties or additional disciplinary actions.
8.	The acquisition cost for purpose of quantifying the profit earned due to trade in contravention of the Company's code of conduct, will be the cost of last acquisition made (either through ESOP or market buy).
9.	In case of any doubt or dispute with regard to the interpretation or applicability or otherwise of the provisions of the Code, the compliance officer may refer the matter to Audit Committee. In exceptional cases of violation not defined herein, the audit committee may decide the appropriate action to be taken and may also seek external professional guidance or refer the matter to the suitable authority accordingly.
10.	<p>*"Procedural Non-Compliances" means but not limited to: Non- Reporting of completion of transaction after pre- clearance, Mis-reporting/Non-reporting of information required under the Code, Non-submission of forms and disclosures as required under the Code etc.</p> <p>Additionally, for all the instances of non-compliance, concerned designated person shall have to undergo training/knowledge session on Insider Trading again and provide an affirmation to comply with the obligations under Monitoring of Insider Trading Code going forward.</p>
11.	<p>Contra Trade done with the approval will not attract penalty.</p> <p>**In cases where trade exceeds the number of shares for which pre-clearance was obtained, penalty will be levied on the excess traded value.</p>