

# CORPORATE GOVERNANCE

2021-2022



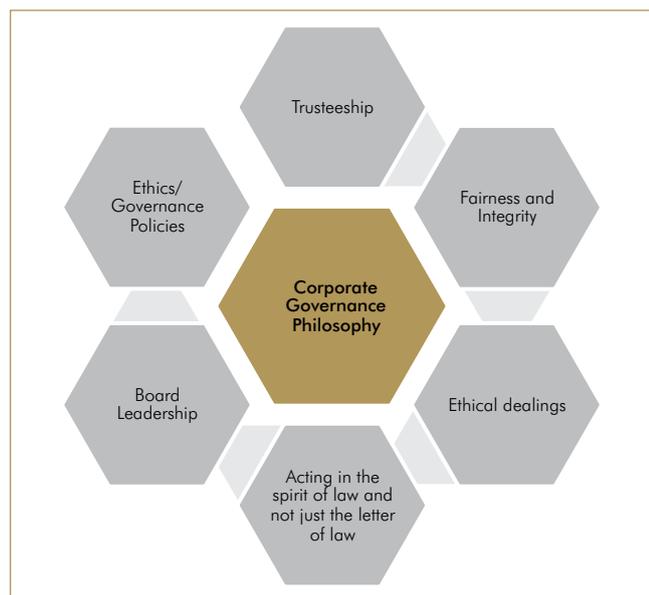
## Annexure-2

## CORPORATE GOVERNANCE REPORT

### COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Aavas Financiers Limited (referred as "Aavas" or "Company") is committed towards achieving the highest standards of Corporate Governance right from its establishment by staying true to its core values of Customer first, transparency, fairness in action, accountability, integrity and equity in all its engagements. The Company continually work towards managing, monitoring and overseeing various corporate systems in such a manner that the Company's reliability and reputation are not put at stake. Your Company's Corporate Governance framework ensures that it makes timely and appropriate disclosures and shares factual and accurate information to its stakeholders so as to make an informed decision.

The Company is in compliance with Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (hereinafter "RBI Master Directions") and the applicable SEBI LODR Regulations.



### GOVERNANCE STRUCTURE AND DEFINED ROLES AND RESPONSIBILITIES

Company's governance structure comprised of Board of Directors, Committees of Board and the Management.

Corporate Governance at Aavas encompasses the structure, practices and processes adopted in every sphere of the Company's operations to provide long term value to its stakeholders through ethical behavior in doing business. Your Company transforms these core values into business policies and practices with the aim of sustainable growth for all its stakeholders. For us, Corporate Governance is a reflection of principles entrenched in our values. Your Company believes that adopting and adhering to the best standards of Corporate Governance encourages the Company to build a trustworthy, moral as well as ethical environment in the Company. The Company duly acknowledges its fiduciary role and responsibility towards all of its stakeholders including shareholders that strives hard to meet their expectations.

### ETHICS/GOVERNANCE POLICIES

Being a responsible organization, your Company effectively discharges its obligations towards its stakeholders and controls the people associated with it through established standards and codes of conduct. The Company has adopted Code of Conduct for the Board Members and Senior Management, the Board process, Code of Conduct for Prevention of Insider Trading in Company's Securities, Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information which strengthens the Corporate Governance Philosophy. The Company has in place Vigil Mechanism/ Whistle Blower Policy, Internal Guidelines on Corporate Governance, Prevention of Sexual Harassment Policy and Policy on Know Your Customer ("KYC") Norms and Anti Money Laundering ("AML") Measures.

### BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

As stipulated under the SEBI LODR Regulations, the Business Responsibility and Sustainability Report describing the initiatives taken by the Company from an environmental, social and governance perspective forms part of this Annual Report.

## BOARD OF DIRECTORS (“Board”)

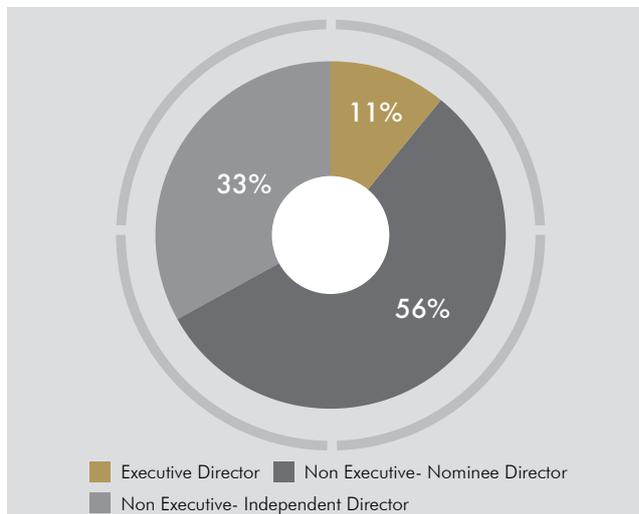
The Board plays a crucial role in overseeing how the management serves the short and long-term interests of stakeholders. This belief is reflected in Aavas governance practices, under which the Company strives to maintain an effective, informed and independent Board. The Board represents the interest of the Company’s stakeholders, oversees and directs the Company’s overall business and affairs, reviews corporate performance, authorizes and monitors strategic investments, has an oversight on regulatory compliances and corporate governance matters and provides the management with guidance and strategic direction. The Board, along with its various Committees, provides leadership and guidance to the Company’s management and directs, supervises and ensures functioning of the Company in the best interest of all the stakeholders.

The Directors attend and actively participate in Board Meetings and Meetings of the Committees in which they are Members. The responsibilities of the Board include various matters such as providing overall direction, reviewing quarterly/annual results, ensuring ethical behaviour and compliance of laws and regulations, reviewing policies and its alignment with the recent developments and amendments, developing corporate culture and bringing such an enabling environment which creates value through sustainable business growth etc.

### Size and Composition of Board

Your Company’s Board is constituted of highly experienced professionals from diverse backgrounds which consists of values of collaborative spirit, unrelenting dedication, expert thinking and a primary role of trusteeship to protect and enhance stakeholders’ value through strategic supervision. The Board provides direction and exercises appropriate controls.

The Company’s Board has an appropriate mix of Independent and Non-Independent Directors as well as Non-Executive and



Executive Directors. The Board comprises of 9 Directors of whom 3 are Independent Directors (including the Chairperson and 2 Women Independent Directors), 5 are Non- Executive Nominee Directors and the Managing Director & CEO. The Chairperson of the Company is a Non-Executive Independent Director and not related to the Managing Director & CEO of the Company.

The Company has furnished to National Housing Bank (“NHB”) a quarterly statement on change of Directors and a certificate from the Managing Director and CEO that fit and proper criteria in selection of the Directors has been followed.

The Composition of the Board is in conformity with the provisions of the Companies Act, 2013 (hereinafter referred as “Act”) and regulatory requirements including the SEBI LODR Regulations and is in accordance with the highest standards of Corporate Governance.

The Composition of the Board of the Company as on March 31, 2022 is given below-

Name of Director	Designation and Category	DIN	No. & (%) of Equity shares Held *	Number of other Directorships **	No of Committees***		Qualification/Experience
					As Member	As Chairperson	
Mr. Sandeep Tandon****	Chairperson-Independent Director (Non- Executive)	00054553	-	11	2	1	Bachelor's and Master's in Electrical Engineering (More than 21 Years)
Mr. Sushil Kumar Agarwal	Managing Director & CEO (Executive)	03154532	27,46,438 (3.48%)	1	1	-	C.A. and C.S. (More than 21 Years)
Mrs. Kalpana Iyer#	Director (Independent - Non- Executive)	01874130	7,608 (0.01%)	3	1	1	C.A. (More than 26 Years)
Mrs. Soumya Rajan	Director (Independent - Non- Executive)	03579199	-	8	1	1	PG in Mathematics (More than 24 Years)
Mr. Ramachandra Kasargod Kamath##	Nominee Director (Non- Executive)	01715073	68,497 (0.09%)	7	3	-	B.COM. (More than 31 Years)
Mr. Vivek Vig###	Nominee Director (Non- Executive)	01117418	4,49,257 (0.57%)	6	1	-	PG IIM (Bangalore) (More than 31 Years)
Mr. Nishant Sharma##	Promoter Nominee Director (Non- Executive)	03117012	-	7	-	-	Engineer and MBA (More than 17 Years)
Mr. Manas Tandon###	Promoter Nominee Director (Non- Executive)	05254602	-	5	-	1	Engineer and MBA (More than 21 Years)
Mr. Kartikeya Dhruv Kaji##	Promoter Nominee Director (Non- Executive)	07641723	-	5	5	-	MBA (More than 6 Years)

\*No Convertible instruments/ securities were issued to Non-Executive Directors as on March 31, 2022.

\*\*Number of Other Directorships includes Directorships held in the Company itself, Public Limited Companies, Private Limited Companies, Section 8 Companies, but excludes foreign Companies and High value debt listed entity.

\*\*\*For the purpose of considering the Committee Memberships and Chairmanships for a Director, the Audit Committee and the Stakeholders' Relationship Committee of Public Limited Companies alone have been considered.

\*\*\*\* Mr. Sandeep Tandon was appointed as the Chairperson on the Board of the Company w.e.f. August 10, 2021.

# The Members of the Company at 1<sup>st</sup> AGM held on August 10, 2021 had approved the re-appointment of Mrs. Kalpana Iyer as an Independent Director of the Company not liable to retire by rotation, to hold office for a term of 5 consecutive years effective from June 23, 2021 till June 22, 2026.

##Mr. Nishant Sharma, Mr. Ramachandra Kasargod Kamath and Mr. Kartikeya Dhruv Kaji are appointed on behalf of Lake District Holdings Limited and Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF.

###Mr. Manas Tandon and Mr. Vivek Vig are appointed on behalf of Partners Group ESCL Limited and Partners Group Private Equity Master Fund LLC.



Matrix setting out the skills/ expertise/ competence of the Board	1	2	3	4	5	6	7	8	9
<b>2 Industry Experience</b>									
Financial Services sector in India and potentially also Overseas	-	√	√	√	√	√	√	√	√
Housing Finance sector in India	-	√	-	-	√	√	√	√	√
Governance: Board Role/CEO/Senior Management*	√	√	√	√	√	√	√	√	√
Government relations (Policies and Processes)	-	√	-	-	√	√	-	-	-
<b>3 Personal Attributes</b>									
Active Contributor to the Board/ Committees	√	√	√	√	√	√	√	√	√
Innovative thinker/ Visionary	√	√	√	√	√	√	√	√	√
Philanthropic	-	√	√	√	-	√	√	-	-
Mentor	√	√	-	-	√	√	√	√	-

The Board is satisfied that the current composition reflects an appropriate mix of knowledge, skills, relevant experience, expertise, diversity and independence.

**Directorship of Directors in other Listed entities as on March 31, 2022 are as follows:**

Name of Director	DIN	Name of the Listed entity	Category (Executive or Non-Executive)
Mr. Sandeep Tandon	00054553	-	-
Mr. Sushil Kumar Agarwal	03154532	-	-
Mrs. Kalpana Iyer	01874130	-	-
Mrs. Soumya Rajan	03579199	-	-
Mr. Ramachandra Kasargod Kamath	01715073	Spandana Sphoorty Financial Limited	Non- Executive (Nominee Director)
		Centrum Capital Limited	Non- Executive Director
Mr. Vivek Vig	01117418	-	-
Mr. Nishant Sharma	03117012	-	-
Mr. Manas Tandon	05254602	-	-
Mr. Kartikeya Dhruv Kaji	07641723	Spandana Sphoorty Financial Limited	Non- Executive (Nominee Director)

None of Directors hold directorship in more than 10 public companies and do not serve as a Director in more than 7 listed companies, across all their directorships held, including that in the Company. Further, none of the Directors of the Company is a Member of more than 10 Committees or Chairperson of more than 5 Committees across all the public companies in which he/she is a Director. None of the Directors are inter-se related to each other.

There are no material significant related party transactions made by the Company with its Promoters, Directors, Key Managerial Personnel or other designated persons and their relatives which may have a potential conflict with the interest of the Company at large.

**Board Meetings**

The Meetings of the Board of Directors and Committees of the Board are pre- scheduled and a tentative annual calendar of the Board and Committee Meetings is circulated to all the Directors well in advance, to enable them to plan their schedule and to facilitate active participation in the Meetings. In the event of any special and urgent business need, the Board's approval is taken by passing resolutions by circulation, in accordance with all the applicable laws, which are noted and confirmed in the succeeding Board Meeting.

The Notice and Agenda of the Board and Committee Meetings are circulated well in advance and in accordance with the applicable laws to enable the Board to discharge its responsibilities effectively and take informed decisions. With the unanimous consent of the Board, all information which is in the nature of Unpublished Price Sensitive Information (UPS), is

circulated to the Board and its Committees at a shorter notice before the commencement of the respective Meetings. The Company Secretary prepares the agenda for the Meetings in consultation with the Managing Director & CEO. All statutory and other significant matters, including the minimum information as required to be placed before board in terms of Schedule II- Part-A of SEBI LODR Regulations and Secretarial Standards under the Act were placed before the Board.

The participation in the Board and Committee Meetings is facilitated through video conferencing, to encourage effective and active involvement in the Board deliberations by Directors located in other locations and in view of the precautionary measures taken for COVID-19.

The Board meets at least once in a quarter to inter-alia review the Company's quarterly performance and Financial Results, assess business strategies and their implementation and also discuss policy, compliances and other matters. The Meetings are conducted in compliance with the regulatory requirements including those prescribed under the Act. Additional Meetings of Board were held during the Financial Year under review.

The Board met 6 times during the Financial Year 2021-22 on April 29, 2021, July 13, 2021, July 29, 2021, Oct. 28, 2021, Dec. 08, 2021 and Feb. 03, 2022. All the Meetings were held in a manner that not more than 120 days lapsed between two consecutive Meetings. The required quorum was present at all the above Meetings. The details of the Directors along with their attendance at Board Meetings (during the Financial Year 2021-22) and Annual General Meeting ("AGM") held on Tuesday, Aug. 10, 2021 are as given below:

Name of Directors	Designation & Category	No. of Meetings entitled to attend	No. of Meetings Present	% of attendance	Attendance at the last AGM held on August 10, 2021
Mr. Sandeep Tandon	Chairperson Non-Executive Independent Director	6	6	100%	Yes
Mr. Sushil Kumar Agarwal	Managing Director & CEO Executive	6	6	100%	Yes
Mrs. Kalpana Iyer	Non-Executive Independent Director	6	6	100%	Yes
Mrs. Soumya Rajan	Non- Executive Independent Director	6	5*	83.33%	Yes
Mr. Ramachandra Kasargod Kamath	Non- Executive Nominee Director	6	6	100%	Yes
Mr. Vivek Vig	Non- Executive Nominee Director	6	6	100%	Yes
Mr. Nishant Sharma	Non- Executive Promoter Nominee Director	6	6	100%	Yes
Mr. Manas Tandon	Non- Executive Promoter Nominee Director	6	6	100%	Yes
Mr. Kartikeya Dhruv Kaji	Non- Executive Promoter Nominee Director	6	5**	83.33%	Yes

\*Mrs. Soumya Rajan was granted leave of absence from the Board Meeting held on Feb. 03, 2022

\*\* Mr. Kartikeya Dhruv Kaji was granted leave of absence from the Board Meeting held on Oct. 28, 2021

### Independent Directors

Independent Director acts as a guide, coach, and mentor to the Company. The role of an Independent Director includes improving corporate credibility and governance standards and helping in managing risk. They provide independent oversight in the Company. Independent Directors play an important role in deliberations at the Board Meetings and bring to the Company their wide experience in the fields of finance, housing, accountancy, law and public policy. This wide knowledge of both, their field of expertise and boardroom practices help foster varied, unbiased, independent and experienced perspectives. The Company benefits immensely from their inputs in achieving its strategic direction.

All the Committees which require Independent Directors in the composition have Independent Directors as specified in terms of the SEBI LODR Regulations, the Act and the RBI Master Directions. These Committees function within the defined terms of reference in accordance with the Act, the SEBI LODR Regulations, RBI Master Directions and as approved by the Board, from time to time.

The Independent Directors have confirmed that they satisfy the criteria prescribed for an Independent Director as stipulated in Regulation 16(1)(b) & 25 of the SEBI LODR Regulations and have also submitted the declaration of independence stating that they meet the criteria as provided under Section 149(6) of the Act as amended. All Independent Directors of the Company have been appointed as per the provisions of the Act and SEBI LODR Regulations. They have also confirmed compliance with the provisions of Rule 6 of Companies (Appointment and Qualification of Directors) Rules, 2014 relating to the inclusion of their name in the databank of Independent Directors maintained by Indian Institute of Corporate Affairs (IICA). The terms and conditions of appointment of Independent Directors are available on the Company's website at <https://www.aavas.in/terms-and-conditions>.

In the opinion of the Board, the Independent Directors fulfill the conditions as specified in Schedule V of the SEBI LODR Regulations and are independent of the management. None of the Independent Directors has resigned before the expiry of their respective tenures during the Financial Year 2021-22.

### Fit & Proper Criteria

The Company has formulated and adopted a Policy on Fit & Proper Criteria for the Directors as per the provisions of the RBI Master Directions. All the Directors of the Company have confirmed that they satisfy the fit and proper criteria of Directors at the time for their appointment/re-appointment and on a continuing basis as prescribed under the RBI master direction.

### Familiarization Programmes for the Independent Directors

The Familiarization Programme of your Company endeavours to familiarize Independent Directors with the Housing Industry scenario and to keep the Independent Directors in the loop with matters relating to the industry in which Company operates, its business model, the operational and financial performance of the Company, risk matrix, mitigation and management, governing regulations, overall socio economic regime of the industry, information technology including cyber security, and major developments and updates on the Company so as to enable them to take well-informed decisions in a timely manner.

The Familiarization Programme for the new and continuing Independent Directors of the Company ensures valuable participation and inputs which help in bringing forth the best practices into the organization and taking informed decision(s) at the Board Level.

Further, at the time of appointment of an Independent Director, the Company issues a formal letter of appointment outlining his/her role, function, duties and responsibilities.

During the year under review, the Company had provided suitable training to Independent Directors, familiarizing them

with their roles, rights, duties and responsibilities, nature of Industry in which the company operates and business model of the Company. Pursuant to Regulation 46 of the SEBI LODR Regulations, details of such programmes imparted to Independent Directors are available on the Company’s website and can be accessed through the Web-link: <https://www.aavas.in/familiarization-programme>.

### Selection and Appointment of Directors

The selection and appointment of Directors of the Company is carried out in accordance with provisions of the Act and relevant rules made thereunder, Directions and Guidelines issued by RBI, NHB, SEBI LODR Regulations and as per the Policy on Nominations & Remuneration for Directors, Key Managerial Personnel (KMP), Senior Management and other Employees.

### COMMITTEES OF THE BOARD

The Board has constituted sub-committees to focus on specific areas and make informed decisions within the authority delegated to each of the Committees. Each Committee of the Board is guided by its charter, which defines the scope, powers and composition of the Committee. All decisions and recommendations of the Committees were placed before the Board for information or approval.

All decisions and recommendations of the various Committees were accepted by the Board during the Financial Year 2021-22. The composition and functioning of these Board Committees is in compliance with the applicable provisions of the Companies Act, 2013, SEBI LODR Regulations and the Master Directions issued by RBI.



Details of the Committees of the Board, as on March 31, 2022, and other related information are as follows:

Name of Director/ Member	Audit Committee	Nomination & Remuneration Committee	Stakeholders Relationship Committee	Corporate Social Responsibility Committee	Risk Management Committee	Asset Liability Management Committee	IT Strategy Committee	Customer Service & Grievance Redressal Committee	Executive Committee
Mr. Sandeep Tandon	M	M	C	-	-	-	C	-	-
Mr. Sushil Kumar Agarwal	-	-	M	M	M**	C	M	C	C
Mrs. Kalpana Iyer	C	-	-	M	-	-	-	-	-
Mrs. Soumya Rajan	M	C	-	-	M***	-	-	-	-
Mr. Ramachandra Kasargod Kamath	M	-	-	-	M	-	-	-	-
Mr. Vivek Vig	-	-	M	M	-	M	-	-	-
Mr. Nishant Sharma	-	M	-	-	-	M	-	-	M
Mr. Manas Tandon	-	M*	-	-	C	-	-	-	M
Mr. Karrikeya Dhruv Kaji	-	-	M	C	-	-	-	-	-
Mr. Ghanshyam Rawat	-	-	-	-	-	M	-	M	M
Mr. Ashutosh Aitre	-	-	-	-	-	M	-	-	-
Ms. Jijy Oommen	-	-	-	-	-	-	M****	-	-
Mr. Rajeev Sinha	-	-	-	-	-	-	M*****	M	-
Mr. Surendra Sihag	-	-	-	-	-	-	-	M	-
<b>Total</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>5</b>	<b>3</b>	<b>4</b>	<b>4</b>

C: Chairperson M: Member

**Note-**

\*Ceased to be member from January 01, 2022

\*\*Ceased to be member from July 13, 2021

\*\*\*Became member w.e.f. July 13, 2021

\*\*\*\*Became member w.e.f. April 29, 2021

\*\*\*\*\*Ceased to be member from April 29, 2021

## AUDIT COMMITTEE



The Board constituted the Audit Committee in terms of provisions of Section 177 of the Act, Regulation 18 read with Part D of Schedule II of SEBI LODR Regulations, RBI Master Directions and is chaired by an Independent Director.

At present, the Audit Committee comprises of 4 Directors as its Members, out of them 3 are Independent Directors and all of them being Non-Executive Directors. All the Members of the Committee are financially literate and majority of the Members including the Chairperson possess accounting financial management expertise. The Company Secretary of the Company acts as Secretary to the Committee.

The Board has accepted and implemented the recommendations of the Audit Committee, whenever provided by it.

The composition of the Audit Committee and the details of attendance of the Members at the Meetings held during the Financial Year under review are as under:

Name of the Members	Category	Designation	No. of Meetings Attended
Mrs. Kalpana Iyer	Independent Director	Member & Chairperson	4
Mr. Sandeep Tandon	Independent Director	Member	4
Mrs. Soumya Rajan	Independent Director	Member	3*
Mr. Ramachandra Kasargod Kamath	Non- Executive Nominee Director	Member	4

\*Mrs. Soumya Rajan was granted leave of absence from Meeting dated Feb. 03, 2022

### The functions of the Audit Committee:

The Board has formed and approved a charter for the Audit Committee setting out the roles, responsibilities and functioning of the Committee. In adherence to the provisions of the Act, SEBI LODR Regulations and all other applicable regulatory requirements, the terms of reference of the Audit Committee are covered by its charter. Its functioning inter-alia broadly includes the following:

1. To investigate any activity within its terms of reference;
2. To seek information from any Employee;
3. To obtain outside legal or other professional advice; and
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

### The terms of reference of the Audit Committee includes the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the Financial Statements are correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual Financial Statements and Auditor's Report thereon before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of Section 134 of the Act;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the Financial Statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to Financial Statements;
  - f. Disclosure of any related party transactions; and
  - g. Modified opinion(s) in the draft Audit Report.

5. Reviewing, with the management, the quarterly Financial Statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the Monitoring Agency monitoring the utilization of proceeds of public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. Approval of any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing with the management, performance of Statutory and Internal Auditors, adequacy of the Internal Control Systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audits;
14. Discussion with Internal Auditors of any significant findings and follow up thereon;
15. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of Internal Control Systems of a material nature and reporting the matter to the Board;
16. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. Looking into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. Reviewing the functioning of the whistle blower mechanism;
19. Approval of appointment of Chief Financial Officer (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Overseeing the vigil mechanism established by our Company and the Chairperson of Audit Committee shall directly hear grievances of victimization of Employees and Directors, who use vigil mechanism to report genuine concerns;
21. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the Board of our Company or specified / provided under the Act or by the SEBI LODR Regulations or by any other regulatory authority;
22. Reviewing the utilization of loans and/ or advances from/ investment by the holding Company in the subsidiary exceeding ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;
23. To consider and comment on rationale, cost- benefits and impact of schemes involving merger, demerger, amalgamation etc. on the Company and its shareholders.
24. To review management discussion and analysis of financial condition and results of operations;
25. To review management letters / letters of internal control weaknesses issued by the statutory auditors;
26. To review internal audit reports relating to internal control weaknesses; and
27. To review the appointment, removal and terms of remuneration of the chief internal auditor;
28. Statement of deviations in terms of the SEBI LODR Regulations:
  - (a) Quarterly statement of deviation(s) including report of Monitoring Agency, if applicable, submitted to Stock Exchange(s) in terms of Regulation 32 (1) of the SEBI LODR Regulations; and
  - (b) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice in terms of Regulation 32 (7) of the SEBI LODR Regulations.
29. Any other power as may be given under SEBI Regulations or the Act or other regulations.

## NOMINATION AND REMUNERATION COMMITTEE (NRC)



The Board constituted the Nomination and Remuneration Committee in terms of the provisions of Section 178 of the Act, Regulation 19 read with Part D of Schedule II of SEBI LODR Regulations, RBI Master Directions and is chaired by an Independent Director.

At present, the Nomination and Remuneration Committee comprises of 3 Directors as its Members, all of them being Non-Executive Directors and 2/3<sup>rd</sup> being Independent Directors. Mr. Sharad Pathak, Company Secretary and Compliance Officer of the Company acts as Secretary to the Committee.

The Board has accepted and implemented the recommendations of the Nomination and Remuneration Committee, whenever provided by it.

The Board has formed and approved a charter for the Nomination and Remuneration Committee setting out the roles, responsibilities and functioning of the Committee.

The composition of the Committee and details of participation of the Members at the Meetings of the Committee during the year under review are as under:

Name of the Members	Category	Designation	No. of Meetings Attended
Mrs. Soumya Rajan	Independent Director	Member & Chairperson	3
Mr. Sandeep Tandon	Independent Director	Member	2*
Mr. Nishant Sharma	Non- Executive Promoter Nominee Director	Member	3
Mr. Manas Tandon**	Non- Executive Promoter Nominee Director	Member	3

\*Mr. Sandeep Tandon was granted leave of absence from Meeting held on Oct. 27, 2021.

\*\*Ceased to be member w.e.f. Jan. 01, 2022.

### The terms of reference of the Nomination and Remuneration Committee are as follows:

The Nomination and Remuneration Committee is responsible for, among other things, as may be required by the Stock Exchanges from time to time, the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of the Directors, KMP and other Employees;
2. Formulation of criteria for evaluation of performance of Independent Directors and the Board, devising a policy on diversity of Board of Directors, and determining whether to extend or continue the term of appointment of Independent Directors, on the basis of the report of performance evaluation of Independent Directors.

The Nomination and Remuneration Committee, while formulating the above policy, also ensure that -

- i. The level and composition of remuneration be reasonable and sufficient to attract, retain and motivate

Directors of the quality required to run the Company successfully;

- ii. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - iii. Remuneration to Directors, KMP and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
3. Recommend to the Board, all remuneration, in whatever form, payable to senior management;
  4. Devising a policy on Board diversity;
  5. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board for their appointment and removal;
  6. Performing such functions as are required to be performed by the Compensation Committee under the Securities and

Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, including the following:

- (a) Administering the ESOP plans;
  - (b) Determining the eligibility of Employees to participate under the ESOP plans;
  - (c) Granting options to eligible Employees and determining the date of grant;
  - (d) Determining the number of options to be granted to an Employee;
  - (e) Determining the exercise price under the ESOP plans; and
  - (f) Construing and interpreting the ESOP plans and any agreements defining the rights and obligations of the Company and eligible Employees under the ESOP plans, and prescribing, amending and / or rescinding rules and regulations relating to the administration of the ESOP plans.
7. Framing suitable policies and systems to ensure that there is no violation by any Employee of any applicable laws in India or overseas, including:
- (a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, (SEBI PIT Regulations);
  - (b) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003 and
  - (c) Performing such other activities as may be delegated by the Board and/or are statutorily prescribed under any law to be attended by the Nomination and Remuneration Committee.

### Performance Evaluation of Directors

Performance Evaluation of the Board as a whole, as well as that of its Committees, Independent Directors and Non-Independent Directors has carried out in accordance with the relevant provisions of the Act read with relevant rules made thereunder and SEBI LODR Regulations and in compliance of guidance note issued by SEBI under Circular no. SEBI/HO/ CFD/ CMD/ CIR/P/2017/004 dated Jan. 05, 2017.

With the objective of enhancing the effectiveness of the Board, the Nomination and Remuneration Committee has formulated the methodology and criteria to evaluate the performance of the Board and its Committees and each Director.

The evaluation of the performance of the Board is based on the approved criteria such as the Board composition, strategic

planning, role of the Chairperson, independence from the entity, independent views and judgement, knowledge and participation, Non-Executive Directors and other senior management, assessment of the timeliness and quality of the flow of information by the Company to the Board and adherence to compliance and other regulatory issues.

The manner in which formal annual evaluation of the Board, its Committees and individual Directors are conducted includes:

- The Independent Directors, at their separate Meeting review the performance of Non-Independent Directors, the Board as a whole and Chairperson.
- In light of the criteria prescribed for the evaluation, the Board analyses its own performance, that of its Committees and each Director during the year and suggests changes or improvements, if required.
- The performance evaluation of Independent Directors of the Company is carried out by the Board of the Company excluding the Director being evaluated.

To ease the evaluation process and to make it more efficient and productive, Company use Board Evaluation platform – “GOVEVA Board Evaluation”, which is a web based module. The Directors can evaluate related group and provide ranking accordingly at one place in matrix-based form upon which Automated report is generated which maintains complete confidentiality and anonymity.

The Board has expressed its satisfaction with the evaluation process.

### Policy on Nomination & Remuneration for Directors, KMP and Senior Management

The Company has duly formulated Policy on Nomination & Remuneration for Directors, KMP and Senior Management (“Remuneration Policy”) as per the provisions of the Act read with applicable Rules and Regulations under the Act and SEBI LODR Regulations as amended from time to time, which, inter-alia, lays down the approach to diversity of the Board, the criteria for identifying the persons who are qualified to be appointed as Directors and such persons who may be appointed as Senior Management Personnel of the Company and also lays down the criteria for determining the remuneration of the Directors, KMP and the process of their evaluation.

The Remuneration Policy is placed on the website of the Company. The remuneration paid to the Directors is in line with the Remuneration Policy of the Company. The Remuneration Policy can be accessed at the website of the Company at [www.aavas.in/remuneration-policy](http://www.aavas.in/remuneration-policy).

**Remuneration to Directors****Non-Executive Directors:**

Equivalent Consolidated Remuneration is paid to Non- Executive Directors as profit linked commission on quarterly basis for attending the Committee and Board Meetings instead of paying sitting fees and commission separately.

None of the Non-Executive Directors have any pecuniary relationship or transaction with the Company apart from receiving consolidated remuneration. The amount payable to the Non-Executive Directors is approved by the Board and is within the overall limits as approved by the Shareholders of the Company.

Details of the Remuneration paid to each Non- Executive Director during Financial Year 2021-22 is set out in the below table:

(In ₹)	
Name of the Director	Remuneration
Mr. Sandeep Tandon	24,00,000
Mrs. Kalpana Iyer	24,00,000
Mrs. Soumya Rajan	24,00,000
Mr. Ramachandra Kasargod Kamath	24,00,000
Mr. Vivek Vig	24,00,000
Mr. Nishant Sharma*	-
Mr. Manas Tandon*	-
Mr. Kartikeya Dhruv Kaji*	-

\*Mr. Nishant Sharma, Mr. Manas Tandon and Mr. Kartikeya Dhruv Kaji being Promoter Nominee Directors have not received any remuneration/sitting fees from the Company.

Note: The service contracts, notice period and severance fees are not applicable to Non-Executive and/or Independent Director.

**Executive Director:**

Mr. Sushil Kumar Agarwal- Managing Director & CEO of the Company is the only Executive Director in the Company. His remuneration package comprises of salary, perquisites and

other benefits as approved by the Shareholders of the Company. The remuneration paid to him is governed by Employment Agreement executed between him and the Company. Details of the remuneration paid to Mr. Sushil Kumar Agarwal for the year ended March 31, 2022 is as below:

Sr. No.	Particulars of Remuneration	Amount (In ₹ lakh)
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	*₹ 309.64
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	-
	- as % of profit	-
	- others, specify	-
5.	Total	₹ 309.64

\*Remuneration includes part payment of Bonus amounting to ₹ 42.86 Lakh pertaining to FY 2019-20 paid in FY 2021-22 due to partial payment in FY 2019-20 because of COVID-19.

Note: Mr. Sushil Kumar Agarwal is not eligible for any severance fee. Service contract and the notice period are applicable as per the terms of agreement entered between him and the Company.

## STAKEHOLDERS RELATIONSHIP COMMITTEE (SRC)



The Board constituted the Stakeholders Relationship Committee in terms of the provisions of Section 178 of the Act and Regulation 20 read with Part D of the Schedule II of SEBI LODR Regulations and is chaired by an Independent Director.

At present, the Stakeholders Relationship Committee comprises of 4 Directors as its Members with one of them being an Independent Director. Mr. Sharad Pathak, Company Secretary & Compliance Officer of the Company acts as Secretary to the Committee.

The Stakeholders Relationship Committee specifically look into various aspects of interest of Shareholders, debenture holders and other security holders like transfer/transmission of shares, issue of duplicate share certificate(s), non-receipt of dividend, annual report and other related matters.

The composition of the Committee and details of participation of the Members at the Meetings of the Committee during the year are as under:

Name of the Members	Category	Designation	No. of Meetings Attended
Mr. Sandeep Tandon	Independent Director	Member & Chairperson	4
Mr. Sushil Kumar Agarwal	Managing Director & CEO	Member	4
Mr. Vivek Vig	Non- Executive Nominee Director	Member	4
Mr. Kartikeya Dhruv Kaji	Non- Executive Promoter Nominee Director	Member	3*

\*Mr. Kartikeya Dhruv Kaji was granted leave of absence from the Meeting held on Oct. 28, 2021.

### The terms of reference of the Stakeholders Relationship Committee are as follows:

1. Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of Annual Report, non-receipt of declared dividends, issue of new/duplicate certificates, General Meetings etc.
2. Review of measures taken for effective exercise of voting rights by Shareholders.
3. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed

dividends and ensuring timely receipt of dividend warrants/ Annual Reports/statutory notices by the Shareholders of the Company.

### Details of Investor Complaints

All shares and debentures of the Company are in dematerialized form. Link Intime India Private Limited has been appointed and acting as the Registrar and Share Transfer Agent of the Company for carrying out shares and debentures transfer and other ancillary work related thereto. Link Intime India Private Limited has appropriate systems to ensure that requisite service is provided to investors of the Company in accordance with the applicable corporate and securities laws and within the adopted service standards.

During the period under review, no complaints were received by the Registrar and Share Transfer Agent:-

S. No.	Complaints	Number of Complaints received during the period	Number of Complaints disposed off during the period	Number of Complaints remained unresolved
1	Non-Receipt of Dividend/Interest/Redemption Warrant	-	-	-
2	Non-Receipt of Annual Report	-	-	-
3	Non-receipt of Refund/Credit of Shares-IPO	-	-	-
4	SEBI-SCORES	-	-	-
	<b>Total</b>	-	-	-

During the period under review, no complaints were received by the Company from the Debenture Holders and Shareholders.

## CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE



The Board constituted the Corporate Social Responsibility Committee in terms of the provisions of Section 135 of the Act and is chaired by a Non-Executive Director.

At present, the Corporate Social Responsibility Committee comprises of 4 Directors as its Members including one of them being Independent Director. Mr. Sharad Pathak, Company Secretary & Compliance Officer of the Company acts as Secretary to the Committee.

The composition of the Committee and details of participation of the Members at the Meetings of the Committee during the year are as under:

Name of the Members	Category	Designation	No. of Meetings Attended
Mr. Kartikeya Dhruv Kaji	Non- Executive Promoter Nominee Director	Member & Chairperson	2
Mrs. Kalpana Iyer	Independent Director	Member	2
Mr. Sushil Kumar Agarwal	Managing Director & CEO	Member	2
Mr. Vivek Vig	Non- Executive Nominee Director	Member	2

### The terms of reference of the Corporate Social Responsibility Committee are as follows:

- To formulate and recommend to the Board, CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII.
- To recommend the amount of expenditure to be incurred on the CSR activities to be undertaken.
- To monitor the CSR Policy of the Company from time to time.

## RISK MANAGEMENT COMMITTEE (RMC)



The Board constituted the Risk Management Committee in terms of the provisions of Regulation 21 of SEBI LODR Regulations and is chaired by a Non-Executive Director to identify the risks that can create an impact on the Company and to take appropriate measures to mitigate such risks for assisting the Board to establish a risk culture and risk governance framework in the organization.

At present, the Risk Management Committee comprises of 3 Directors as its Members including one Independent Director. Mr. Sharad Pathak, Company Secretary & Compliance Officer of the Company acts as Secretary to the Committee.

The composition of the Committee and details of participation of the Members at the Meetings of the Committee during the year are as under:

Name of the Members	Category	Designation	No. of Meetings Attended
Mr. Manas Tandon	Non- Executive Promoter Nominee Director	Member & Chairperson	4
Mr. Ramachandra Kasargod Kamath	Non- Executive Nominee Director	Member	4
Mrs. Soumya Rajan*	Independent Director	Member	3
Mr. Sushil Kumar Agarwal**	Managing Director & CEO	Member	1

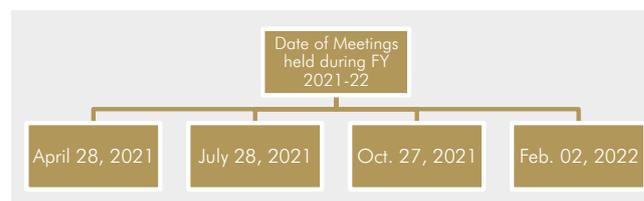
\*Appointed as a Member w.e.f. July 13, 2021

\*\* Ceased to be Member w.e.f. July 13, 2021

**The terms of reference of the Risk Management Committee inter-alia include the following:**

1. Formulating a detailed Risk Management Policy which shall include
  - a) Framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - b) Measures for risk mitigation including systems and processes for internal control of identified risks
  - c) Business continuity plan
2. Reviewing and approving various credit proposals in terms of credit and risk management policies approved by the Board;
3. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
4. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
5. Establishing policies, practices and other control mechanism to manage risks;
6. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
7. Reviewing and monitoring the effectiveness and application of credit risk management policies, related standards and procedures and to control the environment with respect to credit decisions;
8. To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;
9. Reporting results of risk and credit monitoring to the Board;

**ASSET LIABILITY MANAGEMENT COMMITTEE (ALCO)**



The Board constituted the Asset Liability Management Committee as per the guidelines issued by the NHB. At present, the Committee comprises of 5 Members. The Committee is responsible for keeping a watch on the asset liability gaps, if any. ALCO lays down policies and quantitative limits relating to assets and liabilities, based on the assessment of the various risks involved in managing them.

The composition of the Committee and details of participation of the Members at the Meetings of the Committee during the year are as under:

Name of the Members	Category	Designation	No. of Meetings Attended
Mr. Sushil Kumar Agarwal	Managing Director & CEO	Member & Chairperson	4
Mr. Ghanshyam Rawat	Chief Financial Officer	Member	4
Mr. Nishant Sharma	Non- Executive Promoter Nominee Director	Member	4
Mr. Ashutosh Atre	Chief Risk Officer	Member	4
Mr. Vivek Vig	Non- Executive Nominee Director	Member	4

**The scope of the ALCO is:**

1. Liquidity risk management,
2. Management of market risks and
3. Funding and capital resource planning to review the effectiveness of the Asset Liability Management control.

## IT STRATEGY COMMITTEE



The Board constituted the IT Strategy Committee in accordance with the NHB/ND/DRS/Policy Circular No.90/2017-18 dated June 15, 2018. The Committee comprises of 3 Members. Mr. Sharad Pathak, Company Secretary and Compliance Officer of the Company acts as the Secretary to the Committee. The Committee follows the guidelines prescribed in RBI Master Directions.

The composition of the Committee and details of participation of the Members at the Meetings of the Committee during the year are as under:

Name of the Members	Category	Designation	No. of Meetings Attended
Mr. Sandeep Tandon	Independent Director	Member & Chairperson	4
Mr. Sushil Kumar Agarwal	Managing Director & CEO	Member	4
Mr. Rajeev Sinha	Executive- VP Operations	Member*	1
Ms. Jijy Oommen	Chief Technology Officer	Member**	3

\*Cessation w.e.f 29.04.2021

\*\*Became Member w.e.f. 29.04.2021

The terms of reference of the IT Strategy Committee inter-alia include the following:

1. Providing input to other Board Committees and Senior Management;
2. Carrying out review and amending the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT Governance;
3. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
4. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
5. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
6. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources and
7. Ensuring proper balance of IT investments for sustaining HFC's growth and becoming aware about exposure towards IT risks and controls.

## EXECUTIVE COMMITTEE

The Board constituted the Executive Committee consisting of 4 Members i.e. Mr. Sushil Kumar Agarwal (Member & Chairperson), Mr. Nishant Sharma (Member), Mr. Manas Tandon (Member) and Mr. Ghanshyam Rawat (Member). The Committee approves loans, borrowings, and investments within the limits as specified by the Board, from time to time. Besides, the Committee reviews the conduct of business and operations, considers new products and parameters and suggests business reorientation.

The functions of the Executive Committee are:

- Approving loans, borrowings, and investments within limits specified by the Board;
- Reviewing the conduct of business and operations, considering new products and parameters and suggesting business reorientation.

During the period under review total 42 Executive Committee Meetings were held on dated April 08, 2021, April 26, 2021, May 12, 2021, June 02, 2021, June 07, 2021, June 26, 2021, July 19, 2021, July 23, 2021, July 27, 2021, July 30, 2021, Aug. 08, 2021, Aug. 17, 2021, Aug. 31, 2021, Sept. 01, 2021, Sept. 07, 2021, Sept. 14, 2021, Sept. 23, 2021, Sept. 27, 2021, Sept. 28, 2021, Oct. 06, 2021, Oct. 22, 2021, Nov. 02, 2021, Nov. 03, 2021, Nov. 10, 2021, Nov. 20, 2021, Nov. 27, 2021, Dec. 08, 2021, Dec. 17, 2021, Dec. 20, 2021, Dec. 28, 2021, Dec. 29, 2021, Jan. 13, 2022, Feb. 01, 2022, Feb. 07, 2022, Feb. 09, 2022, Feb. 15, 2022, Feb. 24, 2022, Feb. 28, 2022, Mar. 07, 2022, Mar. 19, 2022, Mar. 22, 2022 and Mar. 29, 2022.

## CUSTOMER SERVICE & GRIEVANCE REDRESSAL (CS&GR) COMMITTEE



The Board constituted the CS&GR Committee mainly for protecting the interest of Customers of the Company. It ensures constant evaluation of the feedback on quality of Customer Services & Redressal provided to the customers, considering unresolved complaints/grievance referred to it by Functional Heads.

The Committee comprises of 4 Members. The required quorum was present at all the above Meetings. Mr. Sharad Pathak, Company Secretary and Compliance Officer of the Company acts as the Secretary to the Committee.

The Composition of the Committee and details of participation of the Members at the Meetings of the Committee during the year were as under:

Name of the Members	Category	Designation	No. of Meetings Attended
Mr. Sushil Kumar Agarwal	Managing Director & CEO	Member & Chairperson	4
Mr. Ghanshyam Rawat	Chief Financial Officer	Member	4
Mr. Rajeev Sinha	Executive- VP Operations	Member	4
Mr. Surendra Kumar Sihag*	Executive VP- Collections	Member	3

\*Leave of absence was granted to Mr. Surendra Kumar Sihag during the Meeting held on Jan. 11, 2022.

### Meeting of Independent Directors

Pursuant to Regulation 25 of SEBI (LODR) Regulations, 2015 the Independent Directors shall hold at least 1 (one) Meeting in a Financial Year without the presence of Non-Independent Directors and members of the management to consider the following:

- Review of performance of Non-Independent Directors.
- Review of performance of Board as a whole.
- Review of Performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors excluding the chairperson being evaluated.
- Review of the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

The Meeting of the Independent Directors for the above purpose was held on Nov. 01, 2021 and all the Independent Directors were present in the said Meeting.

### Employee Stock Option Scheme

The disclosure as required under Regulation 14 of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, has been mentioned in the Director's Report.

**Loans and advances in the nature of loans to firms/ Companies in which Directors are Interested:** Nil

## POLICIES AND CODES

In terms of the RBI Master Directions, circulars / regulations / guidelines issued by SEBI including SEBI LODR Regulations, provisions of the Act, various other laws applicable to the Company and as a part of good corporate governance and also to ensure strong internal controls, the Board has adopted several codes / policies / guidelines and has also reviewed the same from time to time, which among others include the following:

### a. Internal Guidelines on Corporate Governance

Your Company has duly formulated Internal Guidelines on Corporate Governance in accordance with the RBI Master Directions, which inter-alia, defines the legal, contractual and social responsibilities of the Company towards its various Stakeholders and lays down the Corporate Governance practices of the Company.

The said Policy is available on the website of the Company at <https://www.aavas.in/internal-guidelines-on-corporate-governance>.

### b. Policy on Know Your Customer ("KYC") Norms and Anti Money Laundering ("AML") Measures ("KYC & AML Policy")

In terms of the circular(s) and direction(s) on KYC norms and AML measures issued by the RBI, the Prevention of Money Laundering Act, 2002 and Rules made thereunder, the Board adopted a 'KYC & AML Policy' which inter-alia incorporates

your Company's approach towards KYC norms, AML measures and combating of financing of terrorism ("CFT") related issues.

The KYC & AML Policy provides a comprehensive and dynamic framework and measures to be taken in regard to KYC, AML and CFT. The primary objective of the Policy is to prevent the Company from being used, intentionally or unintentionally, by criminal elements for money laundering or terrorist financing activities.

**c. Policy on Materiality of related party transactions and on dealing with related party transactions**

Pursuant to Regulation 23 of SEBI LODR Regulations the Board has formulated policy on materiality of related party transactions and on dealing with related party transactions.

All transactions entered into with Related Parties during the Financial Year were in the ordinary course of business and on arm's length pricing basis and do not attract the provisions of Section 188 of the Act.

There were no materially significant transactions with related parties during the Financial Year which conflicted with the interest of the Company. Suitable disclosures as required by the applicable Accounting Standards have been made in the notes to the Financial Statements. The details of the transactions with related parties, if any, are placed before the Audit Committee from time to time. The Policy on Materiality of related party transactions and on dealing with related party transactions is available on the website of the Company at <https://www.aavas.in/policy-on-transactions-with-related-parties>.

Further, the Company has submitted the disclosures of related party transactions to the Stock Exchanges within 30 days of publication of financial results for the half year ended September 30, 2021 on a consolidated basis and within 15 days of publication of financial results for the half year ended March 31, 2022.

Further as per the RBI Master Directions, Policy on Materiality of related party transactions and on dealing with related party transactions is also made part of this Annual Report as 'Annexure-10' to Directors' Report.

**d. Code of Conduct for the Board and the Senior Management Personnel**

In terms of the SEBI LODR Regulations and as an initiative towards setting out a good Corporate Governance structure within the organization, the Board adopted a comprehensive 'Code of Conduct for the Board and the Senior Management Personnel' which is applicable to all the Directors, including

Non-Executive and Independent Directors and Senior Management Personnel of the Company to the extent of their role and responsibilities in the Company. The Code intends to provide guidance to the Directors and Senior Management Personnel to conduct their business affairs ethically and in full compliance with applicable laws, rules and regulations.

In accordance with Part D of Schedule V of the SEBI LODR Regulations, declaration from Managing Director & CEO of the Company has been received confirming that all the Directors and the Senior Management Personnel of the Company have complied to the Code of Conduct for the Financial Year ended March 31, 2022 attached as "Annexure A" with this Report. The said code is hosted on the website of the Company and can be accessed at web link: <https://www.aavas.in/code-of-conduct>.

**e. Policy for Determining Material Subsidiaries**

In terms of the provisions of the SEBI LODR Regulations, the Board adopted a 'Policy for Determining Material Subsidiaries' which inter-alia sets out parameters for identifying a subsidiary as a "Material Subsidiary". The Policy for Determining Material Subsidiary is available on the website of the Company at <https://www.aavas.in/policy-for-determining-material-subsidiaries>. The Company however does not have any Material Subsidiary as at March 31, 2022.

Further, during the period under review there were no significant transactions and arrangements entered into by the subsidiary.

**f. Information Technology related Policies**

RBI Master Directions have prescribed Information Technology Framework applicable on your Company with a view to enhance the safety, security, efficiency in processes relating to use of Information Technology framework within the Company. The Board in compliance with the same, adopted various policies pertaining to Information Technology (IT) risk management, resource management and performance management which inter-alia include the 'IT Governance Policy', 'IT Management Policy', 'IT Infrastructure Management Policy', 'IT Operations Policy' and 'Information Systems (IS) Audit Policy'.

**g. Policy on "Valuation of Properties and Empanelment of Valuers"**

In terms of the RBI Master Directions your Company is required to frame a system /procedure /policy on valuation of properties and appointment of valuers.

In reference to the above, the Board adopted the Policy on Valuation of Properties and Empanelment of Valuers.

#### **h. Whistle Blower Policy / Vigil Mechanism**

Your Company believes in conducting its affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. The Company is committed towards developing a culture where it is safe for all the Directors and Employees to raise concerns about any wrongful conduct. The Board has, in compliance with the provisions of the Act and SEBI LODR Regulations, approved the Vigil Mechanism/Whistle Blower Policy of the Company which provides a framework to promote responsible and secure whistle blowing. It protects the Directors / Employees wishing to raise a concern about serious irregularities within the Company. It provides for a Vigil Mechanism to channelize reporting of such instances/ complaints / grievances to ensure proper governance. The Audit Committee oversees the Vigil Mechanism. No personnel have been denied access to the Chairperson of the Audit Committee. The Policy is placed on the website of the Company and can be accessed at [www.aavas.in/vigil-mechanism-policy](http://www.aavas.in/vigil-mechanism-policy).

#### **i. Policy for Determination of Materiality of Events and Information**

In terms of the provisions of the SEBI LODR Regulations, the Board adopted a 'Policy for Determination of Materiality of Events and Information', which inter-alia sets out guidelines for determining materiality of events / information for the purpose of disclosure to the Stock Exchanges and identifies specific officers of the Company who shall be authorized to determine materiality of an event / information and for making disclosures to the Stock Exchanges. The Policy is placed on the website of the Company and can be accessed at <https://www.aavas.in/policy-for-determination-of-materiality-of-events-and-information-for-disclosure-to-the-stock-exchange>.

#### **j. CSR Policy**

In terms of the provision of Section 135 of the Act, the Board adopted a 'CSR Policy' which helps in furtherance of your Company's objective to create value in the society and community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and community, in fulfilment of its role as a socially responsible corporate citizen.

The CSR Policy encompasses the philosophy of Company for delineating its responsibility as a corporate citizen and as a part of its initiatives the Company has undertaken various projects in the area of skill / rural area development, women

empowerment, environment protection and healthcare/ medical facility etc. inter-alia indicates the CSR activities that can be undertaken by the Company and defines the roles and responsibilities of the Board and CSR Committee in implementing and monitoring CSR projects identified and supported by the Company. The CSR Policy is available on the website of the Company at <https://www.aavas.in/csr-policy>.

#### **k. Code of Conduct for Prohibition of Insider Trading and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information**

In compliance with the SEBI PIT Regulations, as amended from time to time, the Company has formulated a Code of Conduct- Prevention of Insider Trading in the shares of the Company, which inter- alia, prohibits trading in shares of the Company by insiders while in possession of unpublished price sensitive information in relation to the Company and in order to ensure uniform dissemination of unpublished price sensitive information. The Board adopted a 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information' which is available on the website of the Company and can be accessed at <https://www.aavas.in/code-of-practices-and-procedures-for-fair-disclosure-of-upsi>.

#### **l. Code for Independent Directors**

In terms of the provisions of Section 149 and Schedule IV of the Act, the Company has adopted a code for Independent Directors in order to ensure fulfilment of responsibilities of Independent Directors of the Company in a professional manner.

The Code for Independent Directors aims to promote confidence of the investment community, particularly minority Shareholders, regulators and other Stakeholders in the institution of Independent Directors and sets out the guidelines of professional conduct of Independent Directors, their roles, functions and duties, the process of performance evaluation etc.

#### **m. Prevention of Sexual Harassment Policy, and information required to be disclosed under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company is committed to providing a work environment that ensures that every Employee is treated with equal dignity and respect. The Company has implemented a robust framework on prevention of sexual harassment, which is in line with the Sexual Harassment of Women at Workplace

(Prevention, Prohibition and Redressal) Act, 2013.

The Company educates Employees regarding Sexual Harassment Policy through posters and regular mailers and also conducts online trainings which form a part of the induction process.

Pursuant to the said Act, the details of the total reported and closed cases pertaining to incidents under the above framework/ law are as follows:-

Number of cases reported during the year	Nil
Number of cases closed during the year	Nil
Numbers of cases open as on March 31, 2022	Nil

#### n. Dividend Distribution Policy:

The Company has in place Dividend Distribution Policy, duly approved by the Board of Directors. The same is available on the website of the Company and can be accessed at <https://www.aavas.in/dividend-distribution-policy>.

## GENERAL SHAREHOLDERS INFORMATION

This section inter- alia provides information pertaining of the Company, its Shareholding Pattern, means of dissemination of information, service standards, share price movements and such other information, in terms of point no. C (9) of Schedule V to the SEBI LODR Regulations relating to Corporate Governance.

### I. Corporate Information:

1.	Incorporation Date	February 23, 2011
2.	Registered Office Address	201-202, 2 <sup>nd</sup> Floor, South End Square, Mansarover Industrial Area, Jaipur-302020 (Rajasthan)
3.	Corporate Identification Number (CIN)	L65922RJ2011PLC034297
4.	Date, time and venue of the Annual General Meeting (AGM)	Thursday, July 21, 2022 at 3.30 P.M, Indian Standard Time (IST) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") Facility.
5.	Financial Year	April 01, 2021 to March 31, 2022
6.	Record Date	NA
7.	Date of Book closure	No Book Closure has been recommended by Board
8.	Dividend Payment date	No Dividend has been proposed for the period under review
9.	Listing on Stock Exchanges	The equity shares of the Company are listed on National Stock Exchange of India Ltd. (NSE) and BSE Limited (BSE) on October 08, 2018. Non-Convertible Debentures (NCDs) issued by the Company are listed on the Wholesale Debt Market (WDM) segment of the BSE. Social Masala Bonds issued by the Company is listed on NSE IFSC Limited. The addresses of NSE, BSE and NSE IFSC Limited are given below: <b>NSE:</b> Exchange Plaza, C-1, Block G, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051. <b>BSE:</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. <b>NSE IFSC Limited:</b> Unit No. 1201, Brigade International Financial Centre, 12 <sup>th</sup> Floor Building No. 14-A Block No. 14, Road-1C Zone 1, GIFT SEZ, Gandhinagar – 382355
10.	Payment of listing fees	The Company has paid the annual listing fees for the relevant periods to NSE and BSE

11.	Stock Code	BSE: Scrip Code – 541988 NSE: Scrip Symbol – AAVAS
12.	ISIN of Equity Shares	INE216P01012
13.	Suspension of Company's Securities	Company's securities are never suspended from trading since its listing.
14.	Registrar & Share Transfer Agents	Link Intime India Private Limited C-101, 1 <sup>st</sup> floor, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai 400083 Maharashtra, India Tel: +91 22 4918 6200, FAX: +91 22 49186195 Website: www.linkintime.co.in Email ID: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>
15.	Plant Location	Since the Company is in the business of housing finance, the disclosure with regard to plant location is not applicable.
16.	<b>Address for Correspondence</b> Correspondence relating to grievances in relation to non-receipt of Annual Report, dividend and share certificates sent for transfer etc. including any requests/ intimation for change in address, issue of duplicate share certificates, change in nomination shall be sent to :	<b>Link Intime India Private Limited</b> C-101, 1 <sup>st</sup> floor, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai 400083 Maharashtra, India Tel: +91 22 4918 6200, FAX: +91 22 49186195 Website: www.linkintime.co.in Email ID: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>  <b>Company Secretary &amp; Compliance Officer</b> Aavas Financiers Limited Registered Office: 201-202, 2 <sup>nd</sup> Floor, South End Square, Mansarover Industrial Area, Jaipur-302020 (Rajasthan) Tel: +91 14 1661 8800 Fax: +91 14 1661 8861 Email: <a href="mailto:investorrelations@aavas.in">investorrelations@aavas.in</a>
17.	Outstanding Global Depository Receipts / American Depository Receipts / Warrants and Convertible Bonds, conversion date and likely impact on equity	Not applicable since the Company has not issued any Global Depository Receipts or American Depository Receipts or Warrants or Convertible bonds.
18.	Commodity Price Risks / Foreign Exchange Risk and Hedging Activities	This is not applicable since the Company does not have any derivatives or liabilities denominated in foreign currency.
19.	Dematerialization of Shares and Liquidity	All shares of the Company are held in Dematerialized form. The entire Promoter's holdings are in demat form and the same is in line with the directions issued by SEBI.
20.	Share Transfer System	The Company's shares are traded under compulsory dematerialized mode and freely tradable. The Board has delegated the power to attend all the formalities relating to transfer of securities to the Registrar and Share Transfer Agent of the Company. An update on the same is placed before the Stakeholders' Relationship Committee on quarterly basis. Yearly certificate of compliance with the share/debt transfer formalities as required under Regulation 40(9) and 61(4) of the SEBI LODR Regulations is obtained from the Company Secretary in Practice and a copy of the certificate is filed with the Stock Exchanges within the prescribed time.

**II. Stock Market Price Data :-**

The reported high and low closing prices and volume of equity shares of the Company traded on NSE and BSE during the period under review (i.e. from April 01, 2021 to March 31, 2022) are set out in the following table:

Month	NSE			BSE		
	High Price (₹)	Low Price (₹)	Volume (No.)	High Price (₹)	Low Price (₹)	Volume (No.)
April 2021	2,519.00	2,124.15	22,90,053	2,579.70	2,123.70	48,789
May 2021	2,422.25	2,160.00	13,83,854	2,412.20	2,177.50	1,45,148
June 2021	2,760.40	2,256.00	20,41,410	2,757.25	2,251.50	2,24,884
July 2021	3,074.35	2,510.00	15,89,819	3,068.30	2,512.50	1,87,958
August 2021	2,799.90	2,301.55	55,86,960	2,725.00	2,302.20	93,39,413
September 2021	2,649.00	2,373.00	18,85,444	2,648.95	2,375.00	1,10,589
October 2021	2,928.80	2,543.05	14,51,309	2,940.00	2,536.00	89,693
November 2021	2,920.00	2,601.00	11,95,679	2,915.30	2,573.80	58,296
December 2021	2,835.00	2,261.55	13,75,867	2,827.70	2,263.25	2,87,270
January 2022	3,016.00	2,325.30	20,31,957	3,015.00	2,601.20	80,538
February 2022	3,340.00	2,750.00	38,21,464	3,336.95	2,726.75	82,898
March 2022	2,886.00	2,114.15	33,36,286	2,884.15	2,115.00	1,38,853

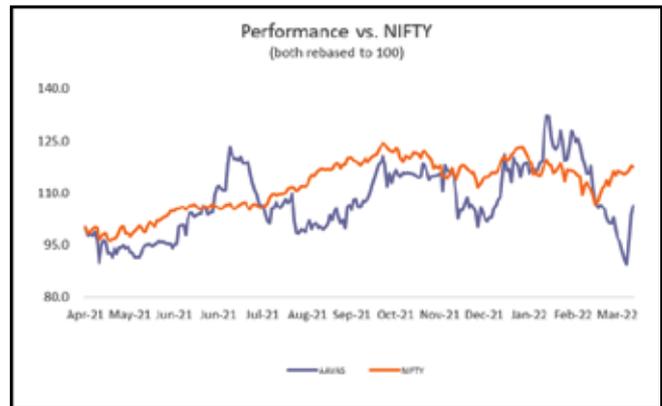
[Source: This information is compiled from the data available on the websites of NSE and BSE]

**III. Share Price performance in comparison to broad based indices - BSE Sensex and NSE Nifty Share Price Movement (BSE and NSE):**

**BSE Sensex Share Price Movement**



**NSE Nifty Share Price Movement**



#### IV. Credit Rating of the Company

The Company's financial discipline and prudence is reflected in the strong credit ratings ascribed by rating agencies. India's renowned Credit Rating Agencies have assigned ratings to the Company, the details of the same are mentioned below:-

Nature of Debt Instrument	Rating Agency	Term	Credit Ratings
Non-Convertible Debentures	CARE	Long Term	AA-/ Positive
	ICRA	Long Term	AA-/ Positive
Bank Loans	CARE	Long Term	AA-/ Positive
	ICRA	Long Term	AA-/ Positive
Subordinated Debt	CARE	Long Term	AA-/ Positive
Commercial Paper	CARE	Short Term	A1 +
	ICRA	Short Term	A1 +
	India Ratings	Short Term	A1 +

#### V. General Meetings/Postal Ballot:

##### a. Details of past three Annual General Meetings held by the Company:

Meeting	Day/Date/Time	Location	Details of Special Resolution passed
11 <sup>th</sup> AGM, 2020-2021	Tuesday, August 10, 2021 3:30 P.M.(IST)	201-202, 2 <sup>nd</sup> Floor, South End Square, Mansarover Industrial Area, Jaipur-302020 (Raj) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") Facility	<ul style="list-style-type: none"> <li>➤ To reappoint Mrs. Kalpana Iyer (DIN:01874130) as an Independent Director of the Company.</li> <li>➤ To approve increase in the borrowing powers in excess of Paid-up Share Capital, Free Reserves and Securities Premium of the Company under Section 180(1)(c) of the Companies Act, 2013.</li> <li>➤ To approve creation of charges on assets of the Company under Section 180(1)(a) of the Companies Act, 2013 to secure borrowings made/to be made under section 180(1)(c) of the Companies Act, 2013.</li> <li>➤ To approve issuance of Non-Convertible Debentures, in one or more tranches /issuances on Private Placement Basis.</li> <li>➤ To approve "Equity Stock Option Plan For Employees 2021" ("ESOP-2021") of Aavas Financiers Limited</li> </ul>
10 <sup>th</sup> AGM, 2019-2020	Wednesday, July 22, 2020, 3:30 P.M.(IST)	201-202, 2 <sup>nd</sup> Floor, South End Square, Mansarover Industrial Area, Jaipur-302020 (Raj) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") Facility	<ul style="list-style-type: none"> <li>➤ To approve increase in the borrowing powers in excess of Paid-up Share Capital, Free Reserves and Securities Premium of the Company under Section 180(1)(c) of the Companies Act, 2013.</li> <li>➤ To approve creation of charge on assets of the Company under section 180(1)(a) of the Companies Act, 2013 to secure borrowings made/ to be made under section 180(1)(c) of the Companies Act, 2013.</li> <li>➤ To approve issuance of Non-Convertible Debentures, in one or more tranches /issuances on Private Placement Basis.</li> <li>➤ To approve "Equity Stock Option Plan for Employees 2020" ("ESOP-2020") of Aavas Financiers Limited.</li> </ul>

Meeting	Day/Date/Time	Location	Details of Special Resolution passed
09 <sup>th</sup> AGM, 2018-2019	Thursday, August 01, 2019, at 3:30 P.M.(IST)	Clarks Brij Convention Centre (CBCC), Hotel Clarks Amer, Jawahar Lal Nehru Marg, Near Jaipur Airport, Jaipur-302018 (Raj)	<ul style="list-style-type: none"> <li>➤ To approve alteration in Articles of Association of the Company.</li> <li>➤ To approve increase in the borrowing powers in excess of Paid-up Share Capital , Free Reserve and Securities Premium of the Company under section 180(1)(c) of the Companies Act, 2013.</li> <li>➤ To approve creation of charges on assets of the Company under section 180(1)(a) of the Companies Act, 2013 to secure borrowings made/to be made under section 180(1) (c) of the Companies Act, 2013.To approve issuance of Non-Convertible Debentures, in one or more tranches / issuances on Private Placement Basis.</li> <li>➤ To approve “Equity Stock Option Plan for Employees 2019” (“ESOP-2019”) of Aavas Financiers Limited.</li> </ul>

**b. No Extra Ordinary General Meeting was held by the Company during the Financial Year 2021-22.**

**c. Details of Business transacted through Postal Ballot during the Financial Year 2021-22:**

Pursuant to Section 108 and Section 110 and other applicable provisions of the Act as amended read together with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), (the “Rules”), Regulation 44 of the SEBI LODR Regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Secretarial Standards issued by the Institute of Company Secretaries of India on General Meeting (“SS-2”) and the MCA Circulars the Company passed the following resolution through postal ballot conducted during Financial Year 2021-22 as per the details below:

The voting pattern of votes casted in favor/against the resolutions passed by Postal Ballot on Dec. 02, 2021 is as under:

Description of the Resolution	Type of the Resolution	Number of votes polled	Votes cast in favor		Votes cast against	
			No of votes	%	No of votes	%
Appointment of M/s. Walker Chandio & Co LLP as the Statutory Auditors of the Company and to fix their remuneration	Ordinary	6,96,08,172	6,96,08,089	99.99	83	0.0001

\*Mr. Rupesh Agarwal (Membership No. ACS 16302) practicing Company Secretary and Managing Partner of Chandrasekaran Associates, Company Secretaries failing him Mr. Shashikant Tiwari (Membership No. ACS 28994) Practicing Company Secretary and Partner of Chandrasekaran Associates, Company Secretaries were appointed as the Scrutinizer for conducting the postal ballot/ e-voting process in accordance with applicable law, in a fair and transparent manner.

### Procedure for Postal Ballot

In compliance with Sections 108,110 and other applicable provisions of the Companies Act, 2013, read with rules issued thereunder, MCA general Circulars and Regulation 44 of the SEBI LODR Regulations, the Company provides the facility to the Members to exercise their votes electronically and vote on the resolutions through the e-voting service facility arranged by NSDL as per the instructions provided in the Postal Ballot notice.

- The notices containing the proposed resolution and explanatory statement are sent to all those Members whose e-mail addresses are registered with the Company/depositories as on Cut-off date. Your Company also publishes a notice in the newspapers declaring the details of completion of dispatch and other requirements under the act and rules framed thereunder.
- The Scrutinizer submits his report to the Chairperson/ authorized person of the Company after the completion of scrutiny and the consolidated results of the voting are then announced by the Chairperson or any other person of the Company authorized by chairperson

of the Company. The results are displayed on the website of the Company ([www.aavas.in](http://www.aavas.in)), besides being communicated to the Stock exchanges.

- Under the e-voting facility, the members are provided an electronic platform to participate and vote on the resolutions.

### d. Details of special resolution proposed to be conducted through postal ballot

No Special Resolution is proposed to be passed through postal ballot under the provisions of the act, on or before the ensuing Annual General Meeting.

### VI. Due Dates for Transfer of Unclaimed Dividend to Investor Education and Protection Fund (IEPF)

In terms of Section 125 of the Act, dividend lying unclaimed and unpaid for a period of seven years from the date of transfer to unpaid and unclaimed account is required to be transferred to the IEPF. Since the Company has not declared any dividend since inception, there is no dividend which is unclaimed pertaining to previous years and Financial Year under review and hence, there is no requirement of transferring the same to the IEPF for the year under the review.

### VII. Distribution of Shareholding as at March 31, 2022

Distribution of Shareholding based on Nominal Value (₹) as on March 31, 2022:

Sr. No.	Category (Nominal Value of Shares)	No. of Holders	% of Holders	No. of Shares
1	1 to 5000	50,456	97.46	19,42,294
2	5001 to 10000	612	1.18	4,26,479
3	10001 to 20000	254	0.49	3,53,547
4	20001 to 30000	86	0.17	2,08,146
5	30001 to 40000	55	0.11	1,87,663
6	40001 to 50000	29	0.06	1,30,206
7	50001 to 100000	65	0.13	4,64,661
8	100001 to above	212	0.41	7,52,23,455
	<b>Total</b>	<b>51,769</b>	<b>100.00</b>	<b>7,89,36,451</b>

### VIII. Shareholding details as on March 31, 2022

The Shareholding Pattern of the Company, as on March 31, 2022 is as follows:-

Sr. No.	Category	No. of Holders	No. of Equity Shares	Holding in Equity Share capital (%)
1	Foreign Promoter Company	3	3,09,46,062	39.20
2	Foreign Portfolio Investors (Corporate) and FII	181	3,15,06,070	39.91
3	Public	48,408	77,92,661	9.87
4	Mutual Funds	39	35,19,123	4.46
5	Insurance Companies	25	30,32,607	3.84
6	Alternate Investment Funds	14	12,46,008	1.58
7	Other Bodies Corporate	724	5,87,420	0.74
8	Non Resident Indians	971	1,01,948	0.13
9	Non Resident (Non Repatriable)	531	91,757	0.12
10	Clearing Members	121	54,038	0.07
11	Hindu Undivided Family	742	54,986	0.07
12	Non Nationalized Banks	1	3,383	0.00
13	Trusts	9	388	0.00
	<b>Total</b>	<b>51,769</b>	<b>7,89,36,451</b>	<b>100.00</b>

### IX. Means of Communication

Your Company focuses on prompt, continuous and efficient communication to all its stakeholders. The Company has provided adequate and timely information to its member's inter-alia through the following means:

- i. **Financial Results:** The quarterly, half yearly and annual financial results of the Company are published in the leading newspapers viz Business Standard, Financial Express (English) and Business Remedies (Hindi) and are also posted on the Company's Website(www.aavas.in)
- ii. **Website:** In compliance with Regulation 46 of the SEBI LODR Regulations, the Company has maintained a separate section i.e. 'Investor Relations' on the Company's website providing all the announcements made by the Company, annual reports, result and policies of the Company.
- iii. **Investors/ Analyst Meets:** The Company conducts Calls/Meetings with investors immediately after declaration of financial results to brief them on the performance of the Company. The Company also conducts one on one call and Meeting with investors.
- iv. **Presentations to institutional investors/ analysts:** Detailed presentations are made to institutional investors and financial analysts on the Company's quarterly, half-yearly as well as annual financial results and sent to the Stock Exchanges. These presentations, video recordings

and transcript of Meetings are available on the website of the Company

- v. **Annual Report:** The Annual Report containing, inter alia, Audited Standalone and Consolidated Financial Statement, Board's Report, Auditors' Report and other important information is circulated to the members and others entitled thereto through applicable modes. The Management Discussion and Analysis Report forms part of the Annual Report. The Annual Report is also available in downloadable form on the website of the Company.
- vi. **NEAPS and NSE Digital Exchange:** NEAPS and NSE Digital Exchange are web based applications designed by NSE for corporates. All periodical and other compliance filings are filed electronically filed on these portals.
- vii. **BSE Listing Centre (Listing Centre):** Listing Centre is a web-based application designed by BSE for corporates. All periodical and other compliance filings are filed electronically on the Listing Centre.
- viii. **SEBI Complaints Redressal System (SCORES):** A centralized web-based complaints redressal system which serves as a centralized database of all complaints received, enables uploading of Action Taken Reports by the Company and online viewing by the investors of actions taken on the complaint and its current status.

## X. OTHER DISCLOSURES

### i. Secretarial Audit for Financial Year 2021-22

M/s. Chandrasekaran Associates, Practicing Company Secretaries (Firm Registration No: P1988DE002500) were appointed as Secretarial Auditors to conduct Secretarial Audit of the Company for the Financial Year ended March 31, 2022 as per the provisions of the Act who have carried out an independent assessment of the compliance of SEBI LODR Regulations as a part of Secretarial Audit. The Secretarial Audit Report forms part of the Annual Report as "Annexure- 4" to the Directors' Report.

### ii. Consolidated (Holding and its Subsidiary) total fees paid to Statutory Auditors and all entities in the network firm/network entity of which the statutory auditor is a part

Total fees for all services paid by the Company and its subsidiary, on a consolidated basis, to the Statutory Auditors of the Company and other firms in the network entity of which the Statutory Auditors are a part, as included in the Consolidated Financial Statements of the Company for the year ended March 31, 2022 are as follows:

Particulars	Amount (₹ in lakh)
Fees for audit and related services paid firms and to entities of the network of which the Statutory Auditor is a part	108.04
Other fees paid to & Affiliate firms and to entities of the network of which the Statutory Auditor is a part	9.00
<b>Total</b>	<b>117.04</b>

### iii. Certification from Practicing Company Secretary (PCS)

A certificate from a Company Secretary in practice has been received stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by SEBI/MCA or any such statutory authority. The same forms part of the Annual Report as "Annexure-1" to the Directors' Report.

### iv. Accounting Standards

The Company has followed Indian Accounting Standards (Ind AS) issued by the MCA in the preparation of its Financial Statements.

### v. Certificate from Practicing Company Secretary on Corporate Governance

As required under the SEBI LODR Regulations, certificate issued by M/s. Chandrasekaran Associates, Practicing Company Secretaries certifying that the Company has complied with the conditions of Corporate Governance as stipulated by SEBI LODR Regulations is attached to the Corporate Governance Report. The said certificate forms part of the Annual Report as "Annexure- 3" to the Directors' Report.

### vi. Details of non-compliance by the Company, penalties, and restrictions imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three Financial Years

There are no non-compliances or penalties, strictures imposed on the Company by the Stock Exchanges where securities of the Company are listed or SEBI or any statutory authority, on any matter related to capital markets, during the last three Financial Years.

### vii. Details of Non- Compliance of the Requirements of Corporate Governance

There has been no instance of non-compliance of any requirement of the Corporate Governance.

### viii. Directors and Officers (D&O) Liability Insurance

As per the provisions of the Act and in compliance with Regulation 25(10) of the SEBI LODR Regulations, the Company has taken a D&O Liability Insurance policy on behalf of all Directors including Independent Directors and KMP of the Company for indemnifying them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the Company.

### ix. CEO/ CFO certification

The CEO & Managing Director and the Chief Financial Officer (CFO) of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the SEBI LODR Regulations, copy of which is attached to this Report.

### x. Compliance with Mandatory Requirements and adoption of the Non-Mandatory Requirements of Corporate Governance:

The Company has complied with all mandatory requirements of Regulation 34 of the SEBI LODR Regulations. The Company has adopted the following discretionary requirements of the Listing Regulations.

- a. **Audit Qualification:** There is no Audit qualification on the Company's financial statements during the year under review. Further, the Company is in the regime of unmodified opinions on financial statements.
- b. **Reporting of Internal Auditor:** The Internal Auditor of the Company, co-sourced with professional firms of Chartered Accountants, reports directly to the Audit Committee.

**xi. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)**

During the period under review, the Company has not raised funds through preferential allotment or qualified institutions placement.

The Company is in the regime of unqualified Financial Statements by the Auditors and the Internal Auditors directly report to the Audit Committee of the Company.

**xii. Compliance with the Mandatory Requirements as Specified in Regulations 17 to 27 and Clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 of the SEBI LODR Regulations**

The Board periodically reviews the compliance of all applicable laws. The Company has complied with all mandatory requirements of the Code of Corporate Governance as stipulated under Regulations 17 to 27

and clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraphs C, D and E of Schedule V of the SEBI LODR Regulations. It has obtained a certificate affirming the compliances from M/s Chandrasekaran Associates, Company Secretaries and the same is attached to the Board's Report.

**xiii. Disclosure with respect to Demat suspense account/ unclaimed suspense account**

The Company does not have any of its securities lying in demat/ unclaimed suspense account arising out of public/bonus/ right issues as at March 31, 2022. Hence, the particulars relating to aggregate number of Shareholders and the outstanding securities in suspense account and other related matters does not arise.

For and on behalf of the Board  
**AAVAS FINANCIERS LIMITED**

**Sushil Kumar Agarwal**  
*Managing Director & CEO*  
(DIN: 03154532)

Date: May 05, 2022  
Place: Jaipur

**Manas Tandon**  
*Promoter Nominee Director*  
(DIN: 05254602)

Date: May 05, 2022  
Place: Zug, Switzerland

## CEO AND CFO CERTIFICATION

To,  
The Board of Directors  
**Aavas Financiers Limited**

We, Sushil Kumar Agarwal, Managing Director and CEO and Ghanshyam Rawat, Chief Financial Officer of Aavas Financiers Limited {"the Company"} certify that:

- a. We have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2022 and that to the best of our knowledge and belief:
  - i) These results do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) These results together present a true and fair view of the Company affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. To the best of our knowledge and belief, no transactions entered into by the Company during the financial year ended March 31, 2022, which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. We accept responsibility for establishing and maintaining Internal Controls for financial reporting and that we have evaluated the effectiveness of Internal Control Systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such Internal

Controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

- d. (i) there has not been any significant changes in Internal Control over financial reporting during the period under reference;
- (ii) there has not been any significant changes in accounting policies during the period under reference requiring disclosure in the notes to the Financial Statements; and
- (iii) we are not aware of any instances of significant fraud with involvement therein of the Management or an Employee having a significant role in the Company's Internal Control System over financial reporting.

For **Aavas Financiers Limited**

**Sushil Kumar Agarwal**  
Managing Director & CEO  
Din: 03154532

**Ghanshyam Rawat**  
Chief Financial Officer

Date: May 05, 2022  
Place: Jaipur

## Annexure A

### Declaration on Compliance with the Company's Code of Conduct for Board and Senior Management Personnel

I, hereby declare that all the Board Members and Senior Managerial Personnel of the Company have affirmed compliance with the Code of Conduct for Board and Senior Management Personnel for the Financial Year 2021-22.

For and on behalf of the Board  
**AAVAS FINANCIERS LIMITED**

**Sushil Kumar Agarwal**  
Managing Director & CEO  
(DIN: 03154532)

Date: May 05, 2022  
Place: Jaipur

**Annexure-3**

**CERTIFICATE ON COMPLIANCE  
WITH THE CONDITIONS OF CORPORATE GOVERNANCE  
UNDER LISTING REGULATIONS, 2015**

To,  
The Members  
**Aavas Financiers Limited**  
201-202, 2<sup>nd</sup> Floor, South End Square Mansarovar Industrial Area,  
Jaipur – 302020 Rajasthan

We have examined all relevant records of Aavas Financiers Limited (“the Company”) for the purpose of certifying of all the conditions of the Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the Financial Year ended March 31, 2022. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof.

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our examination of the records produced explanations and information furnished, we certify that the Company has complied with the conditions of the Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**For Chandrasekaran Associates**

*Company Secretaries*  
FRN: P1988DE002500  
Peer Review Certificate No.: 1428/2021

**Dr. S. Chandrasekaran**

*Senior Partner*  
Membership No. FCS 1644  
Certificate of Practice No. 715  
UDIN: F001644D000263521  
Date: May 05, 2022

## Annexure-4

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022**

To,

The Members

**Aavas Financiers Limited**

201-202, 2<sup>nd</sup> Floor, South End Square Mansarover Industrial Area,  
 Jaipur – 302020 Rajasthan

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by Aavas Financiers Limited (hereinafter called **"the Company"**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2022 (**'Audit Period'**) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2022 (**"Period under review"**) according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 76 of SEBI (Depositories and Participants) Regulations, 2018;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign

Direct Investment, Overseas Direct Investment and External Commercial Borrowings to the extent applicable;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 to the extent applicable;
  - (d) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 prior to its repealment to the extent applicable;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulation, 2008 prior to its repealment to the extent applicable;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (Not applicable to the Company during the Audit Period);
  - (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; (Not applicable to the Company during the Audit Period)

(vi) The following other laws are specifically applicable to the Company for which the Management has confirmed that the Company has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively:

- (a) National Housing Bank (NHB) Act, 1987;
- (b) Housing Finance Companies (NHB) Directions, 2010;
- (c) Guidelines on 'Know Your Customer' and Anti-Money Laundering Measures;
- (d) Information Technology Framework for HFCs ("Guidelines")
- (e) Housing Finance Companies issuance of Non-Convertible Debentures on private placement basis (NHB) Directions, 2014;
- (f) Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016;
- (g) Housing Finance Companies – Auditor's Report (National Housing Bank) Directions, 2016;
- (h) Housing Finance Companies – Approval of Acquisition or transfer of Control (National Housing Bank) Directions, 2016;
- (i) Guidelines on Fair Practices Code for HFCs;
- (j) Non-Banking Financial Company –Housing Finance Company (Reserve Bank) Directions, 2021 dated February 17, 2021 read with Review of regulatory framework for Housing Finance Companies (HFCs) dated October 22, 2020 issued by Reserve Bank of India; and
- (k) Guidelines and Regulations issued by Insurance Regulatory and Development Authority to the extent applicable.

We have also examined compliance with the applicable clauses/Regulations of the following:

- i) Secretarial Standards issued by The Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs;
- ii) Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

#### **We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance except in cases where meetings were convened at a shorter notice. The Company has complied with the provisions of Act for convening meeting at the shorter notice. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, following major events have happened in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.:

- a. The Company has obtained the approval of shareholders in its Annual General Meeting held on August 10, 2021 for "Equity Stock Option Plan For Employees 2021" ("ESOP-2021"), to create, grant, offer, issue and allot, to eligible employees, options exercisable into not more than 3,00,000 (Three lakh) Equity Shares of ₹ 10/- each of the Company.
- b. The Nomination and Remuneration Committee of the Company has allotted 4,31,900 equity shares at a face value of ₹ 10/- each on exercise of Stock Options under Equity Stock Option Plan for Employee 2016 & Equity Stock Option Plan for Directors 2016.  
Considering the above said allotment of Equity shares, issued and paid up capital of the Company stands increased to 78,936,451 Equity Shares of ₹ 10/- each.
- c. The Company has obtained the approval of shareholders in its Annual General Meeting held on August 10, 2021 for issuance of Non – Convertible Debentures in one or more tranches on Private Placement basis for an amount not exceeding 4,000 crore (Rupees Four thousand crore only).

- d. The Company has obtained the approval of shareholders in its Annual General Meeting held on August 10, 2021 under section 180 (1)(c) and 180 (1)(a) of the Companies Act, 2013 to borrow money in excess of its aggregate of paid up share capital, free reserve and securities premium of the Company, but not exceeding ₹ 14,000 Crore (Rupees Fourteen Thousand Crore only) and to the creation of mortgage and/or charge on assets of the Company to secure the aforesaid borrowing.
- e. The Company has allotted 990 rated, listed, senior, secured, redeemable Non-Convertible Debentures (“NCDs”) at a face value of ₹ 10,00,000 each aggregating to ₹ 99,00,00,000 (Rupees Ninety Nine Crore only) on private placement basis.
- f. The Company has allotted, 1,000 rated, listed, senior, secured, redeemable, Non-Convertible Debentures (“NCDs”) at a face value of ₹ 10,00,000 each aggregating to ₹ 1,00,00,00,000 (Rupees One Hundred Crore only) on private placement basis.
- g. The Company has allotted, 360 senior, listed, unsecured Rupee Denominated Bonds (“RDBs” or “Notes”) having a face value of ₹ 1,00,00,000 each aggregating to ₹ 3,60,00,00,000 (Three Hundred Sixty Crore only) on private placement basis under the External Commercial Borrowing Route.
- h. The Company has redeemed the following Non-Convertible Debentures of the following debenture holders:
- i. Central Bank of India, 1,500 debentures aggregating of ₹ 150 Crores;
  - ii. Max Life Insurance Company Limited, 100 debentures aggregating to ₹ 10 Crores;
  - iii. ICICI Prudential Mutual Fund, 1,000 debentures aggregating to ₹ 100 Crores.

#### For Chandrasekaran Associates

Company Secretaries

FRN: P1988DE002500

Peer Review Certificate No.: 1428/2021

#### Dr. S. Chandrasekaran

Senior Partner

Membership No. FCS 1644

Certificate of Practice No. 715

UDIN: F001644D000238672

Date: 29.04.2022

**Note:** This report is to be read with our letter of even date which is annexed as **Annexure-A** to this Report and forms an integral part of this report.

## ANNEXURE-A

To,  
The Members  
**Aavas Financiers Limited**  
201-202, 2<sup>nd</sup> Floor, South End Square Mansarovar Industrial Area,  
Jaipur – 302020 Rajasthan

Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

### **For Chandrasekaran Associates**

Company Secretaries  
FRN: P1988DE002500  
Peer Review Certificate No.: 1428/2021

### **Dr. S. Chandrasekaran**

Senior Partner  
Membership No. FCS 1644  
Certificate of Practice No. 715  
UDIN: F001644D000238672  
Date: 29.04.2022

- (i) *Due to restricted movement amid COVID-19 pandemic, we conducted the secretarial audit by examining the Secretarial Records including Minutes, Documents, Registers and other records etc., and some of them received by way of electronic mode from the Company and could not be verified from the original records. The management has confirmed that the records submitted to us are the true and correct.*
- (ii) *This Report is limited to the Statutory Compliances on laws / regulations / guidelines listed in our report which have been complied by the Company up to the date of this Report pertaining to financial year ended March 31, 2022.*

## Annexure-5

**DIVIDEND DISTRIBUTION POLICY****I. PREAMBLE**

Pursuant to the provisions of Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016, ["Listing Regulations"] vide circular no. SEBI/LAD-NRO/GN/2016-17/008 dated 8<sup>th</sup> July, 2016; the Board of Directors of the Company at its meeting held on June 08, 2018 have approved and adopted the Dividend Distribution Policy ["Policy"] of the Company.

**II. OBJECTIVE**

This Policy aims to ensure that the Company makes rationale decision with regard to the amount to be distributed to the equity shareholders as dividend after retaining sufficient funds for the Company's growth, to meet its long-term objective and other purposes.

This Policy lays down various parameters which shall be considered by the Board of Directors of the Company before recommendation/ declaration of Dividend to its shareholders.

**III. DEFINITIONS**

- a. "Act" means the Companies Act, 2013 and rules made thereunder [including any amendments or re-enactments thereof]
- b. "Applicable laws" shall mean to include Act and rules made thereunder, [including any amendments or re-enactments thereof], Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, [including any amendments or re-enactments thereof], Rules/guidelines/notifications/circulars issued by Reserve Bank of India (RBI)/National Housing Bank (NHB) and any other regulation, rules, acts, guidelines as may be applicable to the distribution of dividend.
- c. RBI Master Directions means Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021.
- d. "Board" or "Board of Directors" shall mean Board of Directors of the Company, as constituted from time to time.
- e. "Company" shall mean Aavas Financiers Limited.

- f. "Dividend" includes any interim dividend; which is in conformity with Section 2(35) of the Companies Act, 2013 read with Companies (Declaration and Payment of Dividend) Rules, 2014.
- g. "Financial year" shall mean the period starting from 1<sup>st</sup> day of April and ending on the 31<sup>st</sup> day of March every year.
- h. "Free reserves" shall mean the free reserves as defined under Section 2 (43) of the Act.

**IV. PARAMETERS GOVERNING THE DISTRIBUTION OF DIVIDEND****1. Factors for recommendation/declaration of Dividend.****a. Internal factors (Financial Parameters)**

The Board shall consider the below mentioned financial parameters for the purpose of recommendation/declaration of dividend:

- i. Current year's net operating profit
- ii. Capital expenditure and working capital requirements
- iii. Financial commitments w.r.t. the outstanding borrowings and interest thereon.
- iv. Supervisory findings of the NHB on divergence in classification and provisioning for Non-Performing Assets (NPAs).
- v. Qualifications in the Auditors' Report to the financial statements; and
- vi. Long term growth plans of the Company.
- vii. Financial requirement for business expansion and/or diversification, acquisition. etc. of new businesses.
- viii. Provisioning for financial implications arising out of unforeseen events and/or contingencies.
- ix. Past dividend trend
- x. Cost of borrowings
- xi. Other Corporate Action options (For ex. Bonus issue, Buy back of shares)
- xii. Any other factor as deemed fit by the Board

**b. External Factors**

The Board shall also consider the below mentioned external factors at the time of taking a decision w.r.t recommendation/declaration of dividend:

- i. Applicable laws and Regulations including taxation laws
- ii. Economic conditions
- iii. Prevalent market practices of dividend payment in similar industry

The Board shall ensure that the total dividend proposed for the Financial Year does not exceed the ceilings specified in this Policy.

**c. Minimum prudential requirements prescribed by the RBI**

The Company shall comply with the following minimum prudential requirements to be eligible to declare dividend:

Sr. No.	Parameter	Requirement
1	Capital Adequacy	The Company have met the applicable regulatory capital requirement as defined under Paragraph 6 of RBI Master Directions for each of the last three financial years including the financial year for which the dividend is proposed.
2	Net NPA	The net NPA ratio is less than 6 per cent in each of the last three years, including as at the close of the financial year for which dividend is proposed to be declared.
3	Other criteria	<ol style="list-style-type: none"> <li>i. The Company is complied with the provisions of Section 29 C of The National Housing Bank Act, 1987.</li> <li>ii. The Company is complied with the prevailing regulations/guidelines issued by the Reserve Bank</li> <li>iii. The NHB has not placed any explicit restrictions on declaration of dividend.</li> </ol>

**d. Quantum of Dividend Payable**

The Company eligible to declare dividend as per paragraph (c) above, may pay dividend, subject to the following:

- a. The Dividend Payout Ratio is the ratio between the amount of the dividend payable in a year and the net profit as per the audited financial statements for the Financial Year for which the dividend is proposed.
- b. Proposed dividend shall include both dividend on equity shares and compulsorily convertible preference shares eligible for inclusion in Tier 1 Capital.
- c. In case the net profit for the relevant period includes any exceptional and/or extra-ordinary profits/ income or the financial statements are qualified (including 'emphasis of matter') by the statutory auditor that indicates an overstatement of net profit, the same shall be reduced from net profits while determining the Dividend Payout Ratio.
- d. The Maximum dividend payout ratios for the Company to declare dividend is 50%.

**2. Circumstances under which the shareholders of the Company may or may not expect dividend.**

The decision to recommend/declare the dividend by the Board of Directors shall primarily depend on the factors listed out at point no. 1 above. The decision seeks to balance the dual objectives of appropriately rewarding shareholders through dividends and retaining profits in order to maintain a healthy capital adequacy ratio to support future growth. However, the Shareholders of the Company may not expect dividend in the below mentioned circumstances:

- i. In the event of a growth opportunity where the Company may be required to allocate a significant amount of capital.
- ii. In the event of higher working capital requirement for business operations or otherwise.
- iii. In the event of inadequacy of cash flow available for distribution.
- iv. In the event of inadequacy or absence of profits.

- v. Under any other circumstances as may be specified by the Companies Act, 2013 or any other applicable regulatory provisions or as may be specified under any contractual obligation entered into with the lenders

### 3. Manner of utilization of Retained Earnings.

The Board of Directors of the Company may recommend/declare dividend out of the profits of the Company or out of the profits for any previous Financial Year or years or out of free reserves available for distribution of dividend, as per the regulatory provisions after consideration of the factors as stated at point no. 1 above. The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run.

### 4. Manner of Declaration and Payment of Dividend.

#### 4.1 Process for approval of Payment of Final Dividend:

Board to recommend quantum of final dividend payable to Shareholders in its meeting in line with applicable laws and rules prescribed thereof, based on the profits arrived at as per the audited financial statements and post Shareholders approval for Dividend in the Annual General Meeting, the same shall be paid to the eligible shareholders within stipulated timelines as per applicable laws.

#### 4.2 Process for approval of Payment of Interim Dividend:

Board may declare Interim Dividend, one or more times in a financial year, at its complete discretion in line with applicable laws and rules prescribed thereof, out of the surplus in the profit and loss account or out of profits of the financial year for which such interim dividend is sought to be declared or out of profits generated in the financial year till the quarter preceding the date of declaration of the interim dividend.

The Board shall consider the financial results of the Company for the period for which Interim Dividend is to be declared and shall be satisfied that the financial position of the Company justifies and supports the declaration of such Dividend.

The financial results shall take into account the following-

- a) Depreciation for the full year;
- b) Tax on profits of the Company including deferred tax for full year;
- c) Other anticipated losses for the Financial Year;
- d) Dividend that would be required to be paid at the fixed rate on preference shares;
- e) The Losses incurred, if any, during the current financial year up to the end of the quarter, immediately preceding the date of declaration of Interim Dividend;

The declaration of interim dividend is subject to the compliance of condition mentioned in Clause IV-Parameters governing the distribution of dividend.

### 5. Other factors to be considered with regard to various classes of shares.

Since the Company has only one class of equity shareholders, the dividend declared will be distributed equally among all the equity shareholders, based on their shareholding on the record date.

## V. GENERAL

- i. Pursuant to the provisions of Section 123 of the Act, Articles of Association of the Company and this Policy, the Board of Directors shall recommend the final dividend, which shall be declared by the Shareholders of the Company at the Annual General Meeting. The Board may also, from time to time, declare interim dividend which shall be subject to confirmation by the Shareholders at the Annual General Meeting.
- ii. The Company shall ensure compliance with the Applicable laws w.r.t. payment of dividend to the shareholders. It shall ensure that the amount of the dividend, including interim dividend, is deposited by the Company in a Scheduled bank in a separate account within five days from the date of declaration of such dividend.
- iii. Due regard shall be given to the restrictions/covenants contained in any agreement entered into with the lenders of the Company or any other financial covenant as may be specified under any other arrangement/agreement, if any, before recommending or distributing dividend to the shareholders.

## **VI. REPORTING SYSTEM**

The Company on declaring dividend shall report details of dividend declared during the financial year as per the format prescribed in Annexure. The report shall be furnished within a fortnight after declaration of dividend to the Department of Supervision of NHB.

## **VII. DISCLOSURES**

The Company shall make appropriate disclosures in compliance with the provisions of the Listing Regulations, in particular the disclosures required to be made in the annual report and on the website ([www.aavas.in](http://www.aavas.in)) of the Company.

In case, the Company proposes to declare dividend on the basis of the parameters in addition to those as specified in this Policy and/or proposes to change any of the parameters, the Company shall disclose such changes

along with the rationale in the annual report and on its website.

## **VIII. REVIEW AND UPDATES**

This policy will be reviewed periodically as and when required and annually by the Board of the company, further the Board of Directors shall have the right to modify, amend or change any or all clauses of this Policy in accordance with the provisions of the Applicable laws/ Acts /Regulations or otherwise.

In case of any amendment(s), clarification(s), circular(s) etc. issued under any Applicable laws/ Regulations, which is not consistent with any of the provisions of this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall be deemed to be amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

## Annexure-6

**FORM AOC-1**

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statements of Subsidiaries or Associate Companies or Joint Ventures**

**Part A:- Subsidiaries**

(₹ in lakh)

Sr. No.	Particulars	Details
1.	Name of the subsidiary	Aavas Finserv Limited
2.	The date since when subsidiary was acquired	Aavas Finserv Limited was not acquired, it was incorporated as wholly owned subsidiary of the Company on November 30, 2017.
3.	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	Not Applicable
4.	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Not Applicable
5.	Share capital	1,500.00
6.	Reserves and surplus	(221.31)
7.	Total assets	1,644.45
8.	Total Liabilities	365.76
9.	Investments	Nil
10.	Turnover	26.23
11.	Profit before taxation	(216.80)
12.	Provision for taxation	Nil
13.	Profit after taxation	(161.86)
14.	Proposed Dividend	Nil
15.	Extent of shareholding (in percentage)	100%

**Notes:-**

- Names of subsidiaries which are yet to commence operations: - Aavas Finserv Limited
- Names of subsidiaries which have been liquidated or sold during the year: - NIL

**Part B:- Associates and Joint Ventures**

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Since the Company does not have any Associate Company or Joint venture, the disclosure under this section is not applicable.

For and on behalf of the Board of Directors

**AAVAS FINANCIERS LIMITED**

**Sushil Kumar Agarwal**  
Managing Director & CEO  
(DIN: 03154532)

**Manas Tandon**  
Non-Executive Promoter  
Nominee Director  
(DIN: 05254602)

**Ghanshyam Rawat**  
Chief Financial Officer

**Sharad Pathak**  
Company Secretary and  
Compliance Officer

Date: May 05, 2022  
Place: Jaipur

Date: May 05, 2022  
Place: Zug, Switzerland

Date: May 05, 2022  
Place: Jaipur

Date: May 05, 2022  
Place: Jaipur

## FORM AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub section(1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

### Details of contracts or arrangements or transactions not at arm's length basis:

There were no contracts or arrangement or transactions entered into during the financial year ended March 31, 2022, which were not at arm's length basis.

### Details of contracts or arrangements or transactions at arm's length basis:

Sr. No.	Name of related party and Nature of Relationship	Nature of Contract/ Arrangement/ Transactions	Duration of the Contract/ Arrangement/ Transactions	Salient terms of the Contract or Arrangement or Transactions including the value, if any	Date(s) of Approval by the Board	Amount received/ paid as advance, if any
1	Aavas Finserv Limited, Wholly Owned Subsidiary	Infrastructure Sharing Agreement	Ongoing	<p>1. Agreement Date: April 01, 2019</p> <p>2. The office space of the Holding Company shall be used by the Subsidiary Company and the Holding Company in a combined/joint manner for the purpose of carrying on respective business activities.</p> <p>3. While carrying out the business activities at the Office Space the Subsidiary Company can use the office facilities including furniture's, fixtures, air conditioner, computers, telephone, fax, office equipment etc. ("Facilities") along with the Holding Company.</p> <p>4. Both the Holding and Subsidiary Company shall carry out their own individual finance activities during the term hereof and shall also carry out all the compliance activities as required to be done as per the applicable law/ statute.</p> <p><b>SHARING OF EXPENSES &amp; METHOD OF PAYMENT</b></p> <p>The Holding Company will recover the actual cost incurred and the cost recovered is on arm's length basis and are similar to the cost recovered from other parties for the same services if any.</p> <p>Methology for sharing of Infrastructure cost between both the companies is given as under.</p> <p>i Sharing of cost at Branches: All branch related cost of any particular branch which is shared by the holding Company with its subsidiary or vice versa shall be shared based on the No. of Employees of each Company operating from the particular Branch.</p> <p>ii Sharing of other Infrastructure Cost: Other Infrastructure cost incurred by either Company on behalf of the other shall be debited to the other Company at actuals subject to Goods and Service Tax wherever applicable.</p> <p>iii Re-imbusement of Statutory Payment: Any Statutory payment made by either Company on behalf of the other Company shall be reimbursed as per actuals.</p> <p>5. Subject to its obligation to share expenses as defined above, each party of this Agreement shall own the accounts receivable generated by it and shall be entitled to all related collections. Each party shall be responsible for billing and collecting its own accounts receivable.</p> <p>6. Both the parties shall endeavor to identify and incur their own specified capital and revenue expenditure to the extent possible. All the types of specific expenditure shall be incurred, paid and borne by respective parties.</p>	May 03, 2019	Nil

For and on behalf of the Board of Directors  
**AAVAS FINANCIERS LIMITED**

**Sushil Kumar Agarwal**  
 Managing Director & CEO  
 (DIN: 03154532)  
 Date: May 05, 2022  
 Place: Jaipur

**Manas Tandon**  
 Promoter Nominee Director  
 (DIN: 05254602)  
 Date: May 05, 2022  
 Place: Zug, Switzerland

## Annexure-8

## PARTICULAR OF EMPLOYEES

## Information under Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

The statement of disclosure of Remuneration under sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Sr. No.	Requirements	Disclosure
1.	Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2021-22.	<p><b>Executive Directors</b></p> <p>Mr. Sushil Kumar Agarwal : 133.50 X</p> <p><b>Non- Executive Directors</b></p> <p>Mr. Sandeep Tandon : 12.02 X</p> <p>Mrs. Kalpana Iyer : 12.02 X</p> <p>Mrs. Soumya Rajan : 12.02 X</p> <p>Mr. Ramachandra Kasargod Kamath : 12.02 X</p> <p>Mr. Vivek Vig : 12.02 X</p> <p><b>Note:-</b></p> <p>Mr. Manas Tandon, Mr. Nishant Sharma and Mr. Kartikeya Dhruv Kaji, Promoter Nominee Directors of the Company, have not taken any remuneration during the Financial Year 2021-22.</p>
2.	The percentage increase/ (decrease) in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary, if any, in the Financial Year.	<p><b>Directors</b></p> <p>Mr. Sushil Kumar Agarwal (Managing Director &amp; CEO): 33.68%</p> <p>Mr. Sandeep Tandon (Independent Director) : 0.00%</p> <p>Mrs. Kalpana Iyer (Independent Director) : 0.00%</p> <p>Mrs. Soumya Rajan (Independent Director) : 0.00%</p> <p>Mr. Ramachandra Kasargod Kamath (Nominee Director): 0.00%</p> <p>Mr. Vivek Vig (Nominee Director): 0.00%</p> <p><b>Key Managerial Personnel's (KMP's) Other than Directors</b></p> <p>Mr. Ghanshyam Rawat (Chief Financial Officer): 29.39%</p> <p>Mr. Sharad Pathak (Company Secretary): 32.09%</p>
3.	The percentage increase/ (decrease) in the Median Remuneration of Employees in the Financial Year	15.29%
4.	No. of Permanent Employees on the Rolls of the Company	5,222 (as on March 31, 2022)
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	<p>The average percentage increase in the remuneration of all employees (other than KMP's) for the FY 2021-22 stood at 15.84% whereas the average percentage increase in the remuneration of KMP's was at 31.87%.</p> <p>Further there was no exceptional circumstance which warranted an increase in managerial remuneration which was not justified by the overall performance of the Company.</p>
6.	Affirmation that the remuneration is as per the remuneration policy of the Company	Yes, it is affirmed that the remuneration is as per the Remuneration Policy of the Company.

**Notes:-**

- Calculations of remuneration have been made on comparable and annualized basis.
- The remuneration of KMP's was taken from the Audited Financial Statements for the Financial Year 2021-22.
- Remuneration comprises of salary (fixed and variable), allowances, perquisites/ taxable value of perquisites but doesn't include perquisite value of ESOPs exercised.

For and on behalf of the Board of Directors  
AAVAS FINANCIERS LIMITED

**Sushil Kumar Agarwal**  
Managing Director & CEO  
(DIN: 03154532)  
Date: May 05, 2022  
Place: Jaipur

**Manas Tandon**  
Promoter Nominee Director  
(DIN: 05254602)  
Date: May 05, 2022  
Place: Zug, Switzerland

**DISCLOSURES OF EMPLOYEES PURSUANT TO SUB RULE 2 & 3 OF RULE 5 OF COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

Sr. No.	Employee Name	Designation	Nature of Employment	Qualification	Age (in years)	Total Experience	Previous Employer	Date of Joining	* Remuneration received (₹ In lakh)	Percentage of equity shares held (in %)	Whether any such employee is a relative of any director (if yes please provide)
1	Mr. Sushil Kumar Agarwal	Managing Director and CEO	Contractual	Chartered Accountant and Company Secretary	45	21 years	ICICI Bank Limited	23-Feb-11	309.64	3.48	No
2	Mr. Ghanshyam Rawat	Chief Financial Officer	Permanent	Chartered Accountant	54	26 years	First Blue Home Finance Limited	01-Jun-14	215.83	1.08	No
3	Mr. Sunku Ram Naresh	Chief Business Officer	Permanent	Bachelor of science and Master of Business Administration - both from Sri Krishnadevaraya University	49	26 years	Bajaj Finance Limited	02-Jun-15	171.85	0.39	No
4	Mr. Surendra Kumar Sihag	Ex. Vice President – Collection	Permanent	Bachelor of arts and LLB degree - both from University of Rajasthan and Master of Business Administration from the Periyar University	49	20 years	Bajaj Finance Limited	02-Jan-17	105.07	0.05	No
5	Mr. Ashutosh Atre	Chief Risk Officer	Permanent	Diploma in finance from SVKM's NMIMS University and diploma in mechanical engineering from Madhya Pradesh Board of Technical Education, Bhopal	52	32 years	Equitas Housing Finance Private Limited	14-May-14	104.61	0.13	No
6	Mrs. Jijy Oommen	Chief Technology Officer	Permanent	Computer science graduate with M.Tech from Birla Institute of Technology & Science, Pilani, and MBA from SMU and PMP from Project Management Institute –US.	44	24 years	Kinara Capital	12-Apr-21	80.04	0.00	No

Sr. No.	Employee Name	Designation	Nature of Employment	Qualification	Age (in years)	Total Experience	Previous Employer	Date of Joining	* Remuneration received (₹ In lakh)	Percentage of equity shares held (in %)	Whether any such employee is a relative of any director (if yes please provide)
7	Mr. Ripudaman Bhandral	Chief Credit Officer	Permanent	Masters in Finance & Control from Punjabi University, Patiala.	48	26 years	Indiabulls Housing Finance Limited	01-Jun-21	76.01	0.00	No
8	Mr. Rajeev Sinha	Ex. Vice President-Operations	Permanent	B.Sc. and Certified in Management of Customer Relationship from IIM Ahmedabad (EE)	46	22 Years	Indiabulls Housing Finance Limited	4-May-16	73.56	0.02	No
9	Mr. Mukesh Agarwal	Sr. Vice President-Accounts	Permanent	Chartered Accountant	46	23 years	D1 Williamson Magor Bio Fuel Ltd	17-Oct-12	69.62	0.02	No
10	Mr. Anand Gupta	Vice President – Collection	Permanent	Master Program in Business Management	47	24 Years	HDFC Bank Ltd	29-May-21	62.16	0.00	No

\*Remuneration includes part payment of Bonus pertaining to FY 2019-20 paid to eligible employees in FY 2021-22 .

**Notes:**

1. Remuneration comprises of salary (fixed and variable), allowances, perquisites/ taxable value of perquisites but does not include perquisite value of ESOPs exercised.
2. No employee of the company was employed for part of the year and was in receipt of remuneration, at a rate which, in the aggregate, was not less than ₹ 8.50 lakh per month.
3. No employee of the Company, employed throughout the financial year 2021-22 or part thereof, was in receipt of remuneration, at a rate which, in the aggregate, is in excess of that drawn by the Managing Director and CEO and holds by himself or along with his spouse and dependent children, more than two percent of the Equity Shares of the Company. However, as on March 31, 2022, Mr. Sushil Kumar Agarwal, Managing Director & CEO holds 3.48% of the shares in the Company and the Company has also made the required disclosures in this regard to the respective stock exchanges.

For and on behalf of the Board of Directors

**AAVAS FINANCIERS LIMITED**

**Sushil Kumar Agarwal**  
Managing Director & CEO  
(DIN: 03154532)

Date: May 05, 2022

Place: Jaipur

**Manas Tandon**

Promoter Nominee Director  
(DIN: 05254602)

Date: May 05, 2022

Place: Zug, Switzerland

## Annexure-9

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

### 1. A BRIEF OUTLINE ON CSR POLICY OF THE COMPANY.

Corporate Social Responsibility (CSR) has been an intrinsic part of Aavas's philosophy. Being a socially responsible business organization, Company continue to push the bar higher through CSR activities. The Company believe that it is our moral responsibility to give back to the community, which in so many ways has contributed to our success and helped to our business grow.

The CSR policy of the Company relates to the activities to be undertaken by the Company, which is in accordance with the provisions of Corporate Social Responsibility under Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Schedule VII of the Companies Act, 2013 ("the Act").

All CSR interventions are conceived and implemented through a focused approach towards target beneficiaries for generating maximum impact. The CSR initiatives of the Company are carried out either in partnership with credible implementing agencies or directly by project management teams or through its foundation.

The Company has established 'Aavas Foundation' ("The Foundation") to take forward the Company's CSR Vision and implement social programmes in a far more collaborative and participative way.

The Company is committed towards making a positive impact in sectors such as Rural & Community Development, Promoting Education, Healthcare, Eradicating hunger etc. Efforts and initiatives have been taken related to conservation, protection and amelioration of environment from over exploitation of resources.

### 2. COMPOSITION OF CSR COMMITTEE:

Sr. No.	Name of Director	Designation/ Nature of Directorship	Number of Meetings of CSR Committee held during the year	Number of Meetings of CSR Committee attended during the year
1.	Mr. Kartikeya Dhruv Kaji	Chairperson (Non-Executive Promoter Nominee Director)	2	2
2.	Mrs. Kalpana Iyer	Member (Independent Director)	2	2
3.	Mr. Vivek Vig	Member (Non-Executive Nominee Director)	2	2
4.	Mr. Sushil Kumar Agarwal	Member (Managing Director & CEO)	2	2

### 3. PROVIDE THE WEB-LINK WHERE COMPOSITION OF CSR COMMITTEE, CSR POLICY AND CSR PROJECTS APPROVED BY THE BOARD ARE DISCLOSED ON THE WEBSITE OF THE COMPANY.

The composition of CSR Committee is available at Our Team <https://www.aavas.in/meet-my-team>

The CSR Policy of the Company is available at <https://www.aavas.in/csr-policy>

### 4. PROVIDE THE DETAILS OF IMPACT ASSESSMENT OF CSR PROJECTS CARRIED OUT IN PURSUANCE OF SUB-RULE (3) OF RULE 8 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014 IF APPLICABLE (ATTACH THE REPORT).

Not Applicable

5. DETAILS OF THE AMOUNT AVAILABLE FOR SET OFF IN PURSUANCE OF SUB-RULE (3) OF RULE 7 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014 AND AMOUNT REQUIRED FOR SET OFF FOR THE FINANCIAL YEAR, IF ANY.

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1.	2020-21	NA	NA

6. AVERAGE NET PROFIT OF THE COMPANY AS PER SECTION 135(5).

₹ 30,064.26 lakh

7. (a) TWO PERCENT OF AVERAGE NET PROFIT OF THE COMPANY AS PER SECTION 135(5).

₹ 601.29 lakh

(b) SURPLUS ARISING OUT OF THE CSR PROJECTS OR PROGRAMMES OR ACTIVITIES OF THE PREVIOUS FINANCIAL YEARS.

NA

(c) AMOUNT REQUIRED TO BE SET OFF FOR THE FINANCIAL YEAR, IF ANY.

NA

(d) TOTAL CSR OBLIGATION FOR THE FINANCIAL YEAR (7a + 7b - 7c)

₹ 601.29 lakh

8. (a) CSR AMOUNT SPENT OR UNSPENT FOR THE FINANCIAL YEAR:

Total Amount Spent for the Financial Year (in lakh)	Amount Unspent (in Lakh)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
552.86	48.43	29-04-2022	NA	NA	NA

**(b) DETAILS OF CSR AMOUNT SPENT AGAINST ONGOING PROJECTS FOR THE FINANCIAL YEAR:**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)		
Sr. No. of the Project	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project	Project duration	Amount allocated for the project (In lakh)	Amount spent in the current financial Year (In lakh)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (In lakh)	Mode of Implementation Direct (Yes/No)	Mode of Implementation- Through Implementing Agency		
			State	District						Name		
										Registration number		
1	Project Vishwakarma	Reducing inequalities faced by socially and economically backward groups	Yes	Rajasthan	Jaipur, Sikar, Alwar, Bhilwara, Udaipur	3 years	15.00	03.00	0.00	No	Aavas Foundation	CSR00004365
2	Gram Siddhi	Skill Development, Women Empowerment, Rural Development	Yes	Rajasthan, Gujarat	Jaipur, Sikar, Ahmedabad	3 years	15.00	06.00	0.00	No	Aavas Foundation	CSR00004365
	<b>Total</b>						<b>30.00</b>	<b>09.00</b>	<b>0.00</b>			

**(c) DETAILS OF CSR AMOUNT SPENT AGAINST OTHER THAN ONGOING PROJECTS FOR THE FINANCIAL YEAR:**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project	Amount spent for the project (In lakh)	Mode of Implementation Direct (Yes/No)	Mode of Implementation- Through Implementing Agency	
			State	District			Name	
							Registration number	
1	Green Housing and Solar system installation	Environment conservation and Ecological balance	Yes	Rajasthan	Jaipur	No	Aavas Foundation	CSR00004365
2	Community infrastructure development	Rural Development & Community Development	Yes	Rajasthan, Jammu & Kashmir	Jaipur, Sikar, Jammu	No	Aavas Foundation	CSR00004365
3	Healthcare & Wellness	Fight against COVID19	Yes	Rajasthan	All Districts	No	Aavas Foundation	CSR00004365
4	Aavas Van	Environment conservation and Ecological balance	Yes	Rajasthan	Jaipur	No	Aavas Foundation	CSR00004365
5	Aavas Anna Daan	Eradicating hunger	Yes	Rajasthan	Jaipur	No	Parmarth Avam Aadyatmik samiti	CSR00010301
6	Cyber security awareness	Promoting Education	Yes	Rajasthan	All Districts	No	Aavas Foundation	CSR00004365
7	Education & Holistic development	Promoting Education	Yes	Rajasthan	Jaipur	No	Prerna Human & Rural Development	CSR00012147
8	Education & Holistic development	Promoting Education	Yes	Rajasthan	Jaipur	No	Prerna Human & Rural Development	CSR00012147

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (In lakh)	Mode of Implementation Direct (Yes/No)	Mode of Implementing Agency Name	CSR Registration number
				State	District				
9	Healthcare & Wellness	Fight against COVID19	No	India	India	21	No	PM Cares Fund	N/A
10	Education & Holastic development	Promoting Education	Yes	Rajasthan	Jaipur, Sikar	18	No	Aavas Foundation	CSR00004365
11	Education & Holastic development	Promoting Education	Yes	Rajasthan	Jaipur	13	No	Round Table India Trust	CSR000000895
12	Healthcare & Wellness	Promoting Healthcare	No	Karnataka	Bangalore	10.5	No	Sri Saiya sai Health & Education Trust	CSR00001048
13	Plantation	Environment conservation and Ecological balance	Yes	Rajasthan	Jaipur	10.07	No	Shri Krishna Balram Seva Trust	CSR000005438
14	Healthcare & Wellness	Fight against COVID19	No	Rajasthan	Jaipur	10	No	Aavas Foundation	CSR00004365
15	Healthcare & Wellness	Promoting Healthcare	No	Uttarakhand	Uttarkashi	10	No	Swami Sivanand Seva Samiti	CSR000026116
16	Healthcare & Wellness	Fight against COVID19	No	Andhra Pradesh	Hyderabad	7.8	No	Rural Development Trust	CSR000003740
17	Education & Holastic development	Promoting Education	Yes	Rajasthan	Ajmer	7.5	No	HECARDS	CSR00024208
18	Education & Holastic development	Promoting Education	Yes	Rajasthan	Jaipur	5	No	Abhiyan Bharat Foundation	CSR00017482
19	Education & Holastic development	Promoting Education	Yes	Rajasthan	Jaipur	5	No	Arsha Vidya Tirth	CSR00010071
20	Education & Holastic development	Promoting Education	Yes	Rajasthan	Jaipur	5	No	Hare Krishna Movement	CSR000002414
21	Education & Holastic development	Promoting Education	Yes	Rajasthan	Jaipur	5	No	Faith Sansthan	CSR00018667
22	Education & Holastic development	Promoting Education	Yes	Rajasthan	Jaipur	4.4	No	Hope & Beyond	CSR00017295
23	Community infrastructure development	Rural Development & Community Development	Yes	Rajasthan	Jaipur	4.34	Yes	Water Coolers	N/A
24	Rural Development & Community Development	Rural Development	Yes	Rajasthan	Tonk	3.068	No	Hare Krishna Community	CSR00010537
25	Aavas Anna Daan	Eradicating hunger	Yes	Rajasthan	Jaipur	2	Yes	4 <sup>th</sup> Wall Studio	N/A
26	Healthcare & Wellness	Fight against COVID19	No	Rajasthan	Udaipur	1.51	No	Taj Public service welfare trust	CSR000000540
27	Healthcare & Wellness	Promoting Healthcare	Yes	Rajasthan	Jaipur	0.805	Yes	Mr. Mangal Singh	N/A
	Total					534.70			

(d) **AMOUNT SPENT IN ADMINISTRATIVE OVERHEADS**

₹ 19.42 lakh

(e) **AMOUNT SPENT ON IMPACT ASSESSMENT, IF APPLICABLE**

Not Applicable

(f) **TOTAL AMOUNT SPENT FOR THE FINANCIAL YEAR (8b+8c+8d+8e)**

₹ 552.86\* lakh \*(exclusive of ₹ 10.27 lakh remained unspent lying with an IA)

(g) **EXCESS AMOUNT FOR SET OFF, IF ANY:**

Sr. No.	Particulars	Amount ( In lakh)
(i)	Two percent of average net profit of the Company as per Section 135(5)	601.29
(ii)	Total amount spent for the Financial Year	552.86
(iii)	Excess amount spent for the financial year [(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set of in succeeding financial year [(iii)-(iv)]	-

9. (a) **DETAILS OF UNSPENT CSR AMOUNT FOR THE PRECEDING THREE FINANCIAL YEARS:**

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in Succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1.	2018-19	-	-	-	-	-	-
2.	2019-20	-	-	-	-	-	-
3.	2020-21	-	-	-	-	-	-

(b) **DETAILS OF CSR AMOUNT SPENT IN THE FINANCIAL YEAR FOR ONGOING PROJECTS OF THE PRECEDING FINANCIAL YEAR(S):**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sr. No.	Project ID	Name of the project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in lakh)	Amount spent on the project in the reporting Financial Year (in lakh)	Cumulative amount spent at the end of reporting Financial Year (in lakh)	Status of the project Completed/ Ongoing
1	AFPVS	Project Vishwakarma	2019-20	3 Years	170.00	03.00	82.13	Ongoing
2	AFGS	Gram Siddhi	2020-21	3 Years	270.00	06.00	136.00	Ongoing
	<b>Total</b>				<b>440.00</b>	<b>09.00</b>	<b>218.13</b>	

**10. IN CASE OF CREATION OR ACQUISITION OF CAPITAL ASSET, FURNISH THE DETAILS RELATING TO THE ASSET SO CREATED OR ACQUIRED THROUGH CSR SPENT IN THE FINANCIAL YEAR (ASSET-WISE DETAILS).**

**(a) DATE OF CREATION OR ACQUISITION OF THE CAPITAL ASSET(S)**

Not Applicable

**(b) AMOUNT OF CSR SPENT FOR CREATION OR ACQUISITION OF CAPITAL ASSET**

Not Applicable

**(c) DETAILS OF THE ENTITY OR PUBLIC AUTHORITY OR BENEFICIARY UNDER WHOSE NAME SUCH CAPITAL ASSET IS REGISTERED, THEIR ADDRESS ETC.**

Not Applicable

**(d) PROVIDE DETAILS OF THE CAPITAL ASSET(S) CREATED OR ACQUIRED (INCLUDING COMPLETE ADDRESS AND LOCATION OF THE CAPITAL ASSET)**

Not Applicable

**11. SPECIFY THE REASON(S), IF THE COMPANY HAS FAILED TO SPEND TWO PER CENT OF THE AVERAGE NET PROFIT AS PER SECTION 135(5).**

The Company was actively working in its CSR projects in the field of community development, health, education & others. Due to unfortunate onslaught of second and third wave of Covid-19 during the financial year 2021-22, in which the movement was restricted and business operations were impacted because of restrictions imposed by government and local authorities, the Company's ongoing field projects like Vishwakarma, Gram Siddhi were delayed. Hence, the unspent amount of ₹ 48.43 lakh has been transferred to unspent CSR a/c and the same will be spent in the financial year 2022-23 on ongoing CSR projects of the Company in accordance with its CSR policy.

For and on behalf of the Board of Directors

**AAVAS FINANCIERS LIMITED**

**Sushil Kumar Agarwal**  
Managing Director & CEO  
(DIN: 03154532)

**Kartikeya Dhruv Kaji**  
Promoter Nominee Director and  
Chairperson of CSR Committee  
(DIN: 07641723)

**Manas Tandon**  
Promoter Nominee Director  
(DIN: 05254602)

Date: May 05, 2022  
Place: Jaipur

Date: May 05, 2022  
Place: Mumbai

Date: May 05, 2022  
Place: Zug, Switzerland

## Annexure-10

# POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS

### 1. Objective of Policy

The Board of Directors ("the Board") of Aavas Financiers Limited (hereinafter referred to 'the Company' or 'AFL'), in pursuance of Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulations) and other applicable provisions, as amended from time to time, has adopted Related Party Transaction Policy ("this policy") to regulate the transactions between the Company and its Related Parties. The Board of Directors (the "Board") further recognizes that transaction with related party(s) could raise conflicts of interest and therefore has adopted this Related Party Transaction Policy (this "Policy") to be followed in connection with all related party transactions involving the Company. All Transactions with Related Party shall be subject to review and approval in accordance with the procedures set forth below, inter-alia, the provisions of applicable laws.

### 2. Definitions

Unless the term(s) otherwise defined, the following terms shall have the following meaning assigned to them wherever appearing in the policy:

- i) **"Applicable Laws"** includes (a) the Companies Act, 2013 ('the Act') and rules made thereunder; (b) the SEBI LODR Regulations (c) Accounting Standards (d) National Housing Bank (NHB) Act, 1987, Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 issued by Reserve Bank of India (RBI) and Notifications issued by RBI/NHB from time to time and (e) any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.
- ii) **"Arm's length transaction"** shall mean transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. (Explanation to Section 188(1) of Act)
- iii) **"Audit Committee"** means the committee of Board of Directors of the Company constituted in accordance with the provisions of Companies Act, 2013 and Rules made thereunder and SEBI LODR.

#### iv) "Control"

- a) ownership, directly or indirectly, of more than one half of voting power of an enterprise, or
- b) control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise, or
- c) a substantial interest in voting power and the power to direct, by statute or agreement, the financial and/or operating policies of the enterprise.

#### v) "Key Managerial Personnel" or ("KMP") shall have the meaning as defined in the Act.

#### vi) "Material Modification" shall mean a 10% or more increase in the original value/ consideration of any Related Party Transaction which was approved by the Audit Committee/Shareholders of the Company, as the case may be.

#### vii) **Material Related Party Transaction** means a transaction with a related party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

Notwithstanding anything contained above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed Five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company."

#### viii) **Omnibus approval**

In case of certain frequent/ repetitive/ regular transactions with Related Parties which are in the ordinary course of business of the Company and on Arm's length basis, the Independent Directors of the Audit Committee

may grant an omnibus approval for such Related Party Transactions proposed to be entered into by Company / AFL, subject to the following conditions, namely -

- (a) the audit committee shall, after obtaining approval of Board, lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the entity and such approval shall be applicable in respect of transactions which are repetitive in nature;
- (b) the audit committee shall satisfy itself regarding the need and justification for such omnibus approval and that such approval is in the interest of the entity;
- (c) the omnibus approval shall specify:
  - (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,
  - (ii) the indicative base price / current contracted price and the formula for variation in the price if any; and
  - (iii) such other conditions as the audit committee may deem fit: Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.
  - (iv) such other conditions as may be specified by the law from time to time.
- (d) Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.
- (e) Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of one financial year.
- (f) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

Where the need for proposed Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding ₹ 1 crore per transaction;

In case of transaction, other than transactions referred to in section 188, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board;

In case any transaction involving any amount not exceeding one crore rupees is entered into by a director or officer of the company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorised by any other director, the director concerned shall indemnify the company against any loss incurred by it.

**ix) "Related Party"**

In relation to the Company, means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:

**"Provided that:**

- a) any person or entity forming a part of promoter or promoter group of the Company or
- b) Any person or any entity holding equity shares of
  - (i) 20% or more or
  - (ii) 10% or more (with effect from April 01, 2023) in the Company either directly or on beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year Shall be deemed to be a related party."

**x) "Related Party Transaction" (hereinafter referred as "RPTs")**

As per SEBI (LODR), "related party transaction" means a transaction involving a transfer of resources, services or obligations between:

- (i) Company or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- (ii) Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, (with effect from April 1, 2023);

regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract:

**Exemptions: ("Transactions not to be considered as Related Party Transactions"):**

Provided that the following shall not be a related party transaction:

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
  - (i) payment of dividend;
  - (ii) subdivision or consolidation of securities;
  - (iii) issuance of securities by way of a rights issue or a bonus issue; and
  - (iv) buy-back of securities.
- (c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:

As per the Act, related party transaction will include following specific transactions:

- i) sale, purchase or supply of any goods or materials;
- ii) selling or otherwise disposing of, or buying, property of any kind;
- iii) leasing of property of any kind;
- iv) availing or rendering of any services;
- v) appointment of any agent for purchase or sale of goods, materials, services or property;
- vi) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- vii) Underwriting the subscription of any securities or derivatives thereof, of the company.

**xi) Relative**

In terms of Section 2(77) of the Act read with the rules prescribed therein.

**xii) "Transaction"** with a related party shall be construed to include single transaction or a group of transactions in a contract.

**xiii) "Undertaking"** shall mean an undertaking in which the investment of the company exceeds twenty per cent of its net worth as per the audited balance sheet of the preceding financial year or an undertaking which generates twenty per cent. of the total income of the company during the previous financial year

### 3. Procedures

#### 3.1 Audit Committee

3.1.1 Each of AFL directors and KMPs are instructed to inform the Company Secretary or Management of the Company of any potential Related Party transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. All such transactions will be analysed by the Audit Committee in consultation with management to determine whether the transaction or relationship does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

3.1.2 All related party transactions and subsequent material modifications shall require approval of those members of the Audit Committee who are Independent Directors irrespective of the RPT being in ordinary course of business or arm length basis.

3.1.3 Prior approval of the Audit Committee shall not be required for a Related Party Transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of the SEBI LODR, 2015 are applicable to such listed subsidiary. For such Related Party Transactions, the prior approval of the audit committee of the listed subsidiary shall suffice.

3.1.4 The Audit Committee shall review the status of long term (more than one year) or recurring Related Party Transactions on an annual basis.

3.1.5 To review a Related Party Transaction, the Audit Committee shall be provided with the following information:

- a) Type, material terms and particulars of the proposed transaction;
- b) Name of the Related Party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);

- c) Tenure of the proposed transaction (particular tenure shall be specified);
- d) Value of the proposed transaction;
- e) The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a Related Party Transaction involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- f) If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary:
- (i) details of the source of funds in connection with the proposed transaction;
  - (ii) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments:
    - nature of indebtedness;
    - cost of funds; and
    - tenure;
  - (iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
  - (iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the Related Party Transaction.
- g) Justification as to why the Related Party Transaction is in the interest of the Company;
- h) A copy of the valuation or other external party report on which the management has been relied upon for the transaction(s);
- i) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed Related Party Transaction on a voluntary basis;
- j) Any other information that may be relevant.
- 3.1.6 The Related Party Transactions which are not in the ordinary course of business and/or not at arm's length will be reviewed by the Audit Committee and then recommended to the Board of Directors for its approval or recommending to the shareholders' of company for their approval.
- 3.1.7 If a Related Party Transaction is ongoing, the Committee may establish guidelines for the Company's management to follow in its ongoing dealings with the Related Party. Thereafter, the Committee shall periodically review and assess ongoing relationships with the Related Party.
- 3.1.8 The Committee may also disapprove of a previously entered Related Party Transaction and may require that management of the Company take all reasonable efforts to terminate, unwind, cancel or annul the Related Party Transaction.
- 3.1.9 A Related Party Transaction entered into without pre-approval of the Committee shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as the transaction is brought to the Committee as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.
- 3.1.10 The Committee may decide to get advice, certification, study report, transfer pricing report, rely upon certification issued as per the requirement of other laws etc. from a professional (includes statutory / internal Auditors) or technical person including price discovery process, to review transactions with Related Party.
- 3.1.11 Any member of the Committee who has an interest in the transaction under discussion will abstain from voting on the approval of the Related Party Transaction. However, the Chairperson of the Committee may allow participation of such member in some or all of the Committee's discussions of the Related Party Transaction.
- 3.1.12 The Audit Committee may review any previously approved or ratified Related Party Transaction that is continuing and determine based on then-existing facts and circumstances, including the Company's existing contractual or other obligations, if it is in the best interests of the Company to continue, modify or terminate the transaction.
- 3.1.13 A related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the audit committee of the company, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds:
- (i) 10% of the annual consolidated turnover, as per the last audited financial statements of the company;
  - (ii) 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary (with effect from April 01, 2023)
- Provided that the aforesaid approval shall not be required if Regulation 23 and Regulation 15 (2) of SEBI LODR are applicable on the subsidiary of the Company.

### 3.2 Board of Directors

3.2.1 Approval of the Board shall not be required for the RPTs to be entered into in ordinary course of business and at arm's length basis.

3.2.2 All related parties with whom the company intends to enter into transaction as recommended by Audit Committee and which are other than in ordinary course of business or arm length basis, will require prior approval of the Board of Directors.

3.2.3 The Board of Directors shall review and recommend all transactions in terms of section 188(1) requiring shareholders' prior approval.

3.2.4 Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

3.2.5 Following minimum information would be placed before the Board for enabling the Board to consider and approve the Related Party Transaction:

- The Name of the Related Party and nature of relationship;
- The nature, duration and particulars of the contract or arrangement;
- The material terms of the contract or arrangement including the value, if any;

Any advance paid or received for the contract or arrangement, if any;

- The manner of determining the pricing and other commercial terms, both included as part of the contract and not considered as part of the contract;
- Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- Any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.

### 4. Approval of Shareholders

4.1 The contracts or agreements with any Related Party which are not in the ordinary course of business and not at arm's length in respect of transactions specified in section 188(1) of the Companies Act, 2013, will require prior approval of the shareholders by a resolution.

4.2 For the purposes of first proviso to sub-section (1) of Section 188 of Act, except with the prior approval of the

company by a resolution, a company shall not enter into a transaction or transactions, where the transaction or transactions to be entered into,-

4.2.1 as contracts or arrangements with respect to clauses (a) to (e) of sub-Section (1) of section 188 of Act, with criteria as mention below-

i) sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to ten percent or more of the turnover/Revenue of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188 of Act.

ai) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten percent or more of net worth of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188 of Act.

bi) leasing of property any kind amounting to ten percent of turnover or more of the net worth of company or ten per cent or more of turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (c) of sub-section (1) of section 188 of Act;

iv) availing or rendering of any services, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company or rupees fifty crore, whichever is lower as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188 of Act.

4.2.2 is for appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and a half lakh rupees as mentioned in clause (f) of sub-section (1) of Section 188 of Act.

4.2.3 is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one percent of the net worth as as mentioned in clause (g) of sub-section (1) of Section 188 of Act.

4.3 All material related party transactions and subsequent material modifications will require prior shareholders' approval and no related party shall vote to approve such resolution in terms of applicable laws as on date of such approval.

Provided that the aforesaid prior approval of shareholders will not be required if the provisions of Regulation 23 and Regulation 15 (2) of the SEBI LODR Regulations are applicable on the listed subsidiary.

4.4 The explanatory statement to be annexed to the notice of general meeting in this regards shall contain following particulars, inter-alia:

- i. name of the related party;
- ii. name of the director or key managerial personnel who is related, if any;
- iii. nature of relationship;
- iv. nature, material terms, monetary value and particulars of the contract or arrangement;
- v. any other information relevant or important for the members to take a decision on the proposed resolution.
- vi. A summary of the information provided by the management of the Company to the Audit Committee, as is required under this Policy;
- vii. Justification for why the proposed transaction is in the interest of the Company;
- viii. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary:
- ix. details of the source of funds in connection with the proposed transaction;
- x. where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments:
  - nature of indebtedness;
  - cost of funds; and
  - tenure;
- xi. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
- xii. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the Related Party Transaction
- xiii. A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- xiv. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed Related Party Transaction, on a voluntary basis;

xv. Any other information that may be relevant

In such a case as mentioned above, any member of the Company who is a Related Party, shall not vote on resolution passed for approving such Related Party Transaction whether such entity is a Related Party to the particular transaction or not.

This requirement for shareholders' approval shall not apply in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code, 2016, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

## 5. Disclosure

Each director who is, directly or indirectly, concerned or interested in any way in any transaction with the Related Party shall disclose all material information and the nature of his interest in the transaction to the Committee or Board of Directors.

## 6. Reporting

Particulars of RPTs shall be disclosed in such manner as may be prescribed under the applicable laws and/or the Act (including rules made thereunder), from time to time

This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report of the Company.

## 7. Review of Policy

The Board may periodically review this Policy and may recommend amendments to this Policy as it deems appropriate.

## 8. Administrative Measures

Audit Committee / Board shall institute appropriate administrative measures to provide that all Related Party Transactions are not in violation of, and are reviewed in accordance with, these Policies and Procedures.

The Audit Committee / Board as applicable, shall evaluate such transaction and may decide such action as it may consider appropriate including ratification, revision or termination of the Related Party Transaction.

In connection with such evaluation and review of the Related Party Transaction, the Audit Committee / Board as applicable, shall have the authority to modify or waive any procedural requirements of this Policy.

## 9. Interpretation

In any circumstance where the terms of these Policies and Procedures differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over these policies and procedures until such time as these Policies and Procedures are changed to confirm to the law, rule, regulation or standard.

## 10. Dissemination of Information

AFL shall upload this Policy on its website i.e www.aavas.in AFL shall also make relevant disclosures in its Annual Report and maintain such registers as required under the provisions of the Companies Act, 2013, Rules made thereunder.

## 11. Implementation

The policy will be implemented by the management of the Company from the date it is approved by the Board. All Related Party Transaction entered prior to the date of approval of this Policy and Procedures shall be subject to review by the Audit Committee.

## 12. Exclusion of Policy

This policy shall not be applicable to following related party transactions:

- a. Transactions entered into with Related Parties in ordinary course of business and on arm's length basis;
- b. Transactions entered into between Holding Company and Wholly Owned Subsidiary Company whose

accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

- c. transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- d. The issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
- e. The following corporate actions by the Company which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
  - a. payment of dividend;
  - b. subdivision or consolidation of securities;
  - c. issuance of securities by way of a rights issue or a bonus issue; and
  - d. buy-back of securities.
- f. Transactions entered into between (a) the Company and its wholly owned subsidiary, and (b) two wholly owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval