AAVAS FINANCIERS LIMITED

Code of Conduct for the Board of Directors and the Senior Management Personnel

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1. Overview

1.1 Preface

This Code of Conduct for the Board of Directors and the Senior Management Personnel (hereinafter referred to as "the Code") has been framed and adopted by Aavas Financiers Limited (hereinafter referred to as "the Company or AFL") in terms of the requirements stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This Code is intended to provide guidance to the Board of Directors and Senior Management Personnel to manage the affairs of the company in an ethical manner and to maintain the operational transparency. The purpose of this code is to recognize and emphasis upon the ethical behaviour and to develop a culture of honesty, transparency and accountability.

This Code of Conduct attempts to set forth the guiding principles on which the Company and its Board and Senior Management shall operate and conduct themselves with multitudinous stakeholders, government and regulatory agencies, media and anyone else with whom it is connected. It recognizes that AFL is a trustee and custodian of public money and in order to fulfil its fiduciary obligations and responsibilities, it has to maintain and continue to enjoy the trust and confidence of its stakeholders and public at large.

1.2 Definitions

In this Code, unless repugnant to the meaning or context thereof, the following expressions, wherever used in this Code, shall have the meaning as defined below:

"Board/Directors" shall mean the Board of Directors of the Company.

"Company" shall mean Aavas Financiers Limited ("AFL")

"Conflict of Interest" means where the interests or benefits of one person or entity conflicts with the interests or benefits of the Company.

"Executive Directors/Whole time Directors" shall mean and include Company's Managing Director and Directors who are in whole time employment of the Company.

"Independent Directors" shall mean an Independent Director as per the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015. (As amended from time to time).

"Non - Executive Directors" shall mean the Directors who are not in whole time employment of the Company.

"Senior Management Personnel" shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.] [w.e.f. 17.1.2023.]

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, or any other applicable law/regulation/rules.

1.3 Applicability

This Code shall be applicable and binding to the Board of Directors and the Senior Management Personnel of the Company.

The Directors and Senior Management Personnel should continue to comply with other applicable / to be applicable policies, rules and procedures of the Company.

2. Principles of the Code

The Board of Directors and the Senior Management Personnel of the Company shall act within the authority conferred upon them, in the best interests of the Company and observe the following:

2.1 Conduct

- The Board of Directors and the Senior Management Personnel shall act honestly, ethically, in good faith and in the best interest of the Company and to fulfil their fiduciary obligations.
- Whilst carrying out the duties, the Board of Directors and the Senior Management Personnel shall ensure that it is executed in terms of the authorisations granted and within the limits prescribed under the relevant policies, codes, guidelines and other directives issued by the Board of Directors or Committee of Directors of the Company, from time to time.
- The Board of Directors and the Senior Management Personnel shall neither receive nor offer or make, directly or indirectly, any illegal payments, bribe, gifts, donations or comparable benefits which are intended to or perceived to obtain business or to

influence their decisions or uncompetitive favours for the conduct of its business except accepting a gift or entertainment if warranted by the accepted ethical customs and practices.

- The Board of Directors and the Senior Management Personnel shall refrain from indulging in any discriminatory practice or behaviour based on race, colour, sex, age, religion, ethnic or national origin, disability or any other unlawful basis. The ethical conduct, performance and skills shall be the qualifying indicatives for an employee's performance.
- The Board of Directors and the Senior Management Personnel shall conduct themselves in a professional, courteous and respectful manner and shall not take any improper advantage of their position.
- The Board of Directors and the Senior Management Personnel shall use the Company's assets, property, proprietary information and intellectual rights for business purposes of the Company or within the ambit of authority granted to them for using and not for any personal benefits or gains.
- The Board of Directors and the Senior Management Personnel shall maintain confidentiality of the information that is entrusted upon them for carrying on their respective responsibilities and duties and shall not use the same for personal benefits or gains.

2.2 Compliance

The Board of Directors and the Senior Management Personnel shall:

- ensure compliance of various legal/regulatory/internal codes/policies requirements as applicable to the Company and endeavour that before any directions are given or decisions taken, relevant legal/regulatory/internal codes/policies requirements are taken into account by them.
- report concerns about unethical behaviour, actual or suspected instances of fraud, misconduct or irregularity or failure of internal control system, likely to impact the business interest of the Company or any other information that may be perceived to be violating any legal/regulatory requirements as per the Vigil Mechanism cum Whistle-blower Policy of the Company.
- comply with all laws, rules, and regulations governing trading in the shares of the Company and the Company's Code of Conduct for Prohibition of Insider Trading in dealing with the securities of the Company which, inter-alia, prohibits buying or selling of the Company's securities on the basis of any unpublished price sensitive information and prohibits disclosure of such information to any other person (including relatives) where such information may be used by such person for his or her personal benefit or gain.
- not enter into any transaction falling under the definition of related party transactions as per the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as detailed in the Related Party

Transaction Policy of the Company until prior approval of the Board or Audit Committee thereof is obtained.

2.3 Conflict of Interests

- The Board of Directors and the Senior Management Personnel shall not enter into any transaction which is or may likely to have a conflict with the interest of the Company and shall not engage any of its relative(s), or any other person or entity, for the purposes of circumventing the personal interest involved.
- The Board of Directors and the Senior Management Personnel shall not take up any position or engagement that may be prejudicial to the interest of the Company.
- The Executive Director(s) and the Senior Management Personnel shall not take up any outside employment.

3. Duties and Responsibilities of the Directors of the Company

The Companies Act, 2013 significantly specifies certain duties and responsibilities of the Directors of the Company. While the list of duties as per the provisions of the Companies Act, 2013 has been enumerated below, it should however, by no means be considered to be exhaustive:

- The Directors shall devote sufficient time and attention to professional obligations for informed and balanced decision-making.
- The Directors shall act in accordance with the articles of association of the company and in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.
- The Directors shall have a clear understanding of the aims and objectives, capabilities and capacity and various policies of the Company.
- The Directors shall exercise their duties with due and reasonable care, skill and diligence.
- The Directors shall be required to intimate the change in the directorships held within thirty days of such change.
- The Directors shall bring an independent judgement to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standard of conduct and an objective view in the evaluation of the performance of the Board and the Management.
- The Directors shall ensure that the integrity of financial information and that financial controls and the systems of risk management are robust and defensible.
- The Directors shall seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice.
- The Directors shall strive to attend and participate constructively & actively, in all

general meetings, meetings of the Board and its committees of which they are Chairman or member.

- The Directors shall not assign his office of director (excluding Alternative Director) of the company to another person.
- The Directors shall ensure that adequate deliberations are held before approving related party transactions and shall assure themselves that the same are in the best interest of the company.
- Members of board of directors and key managerial personnel shall disclose to the board of directors whether they, directly, indirectly, or on behalf of third parties, have a material interest in any transaction or matter directly affecting the listed entity.

The board of directors and senior management shall conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture of good decision-making.

4. Code for Independent Directors specifying their Duties

A guide to professional conduct for Independent Directors is separately specified under the Companies Act, 2013, in Schedule IV – "Code for Independent Directors", which lays down the guidelines of professional conduct for Independent Directors, their role & duties, along with appointment / reappointment process, evaluation mechanism and requirement for separate meetings of Independent Directors, which is appended as **Annexure I** to this Code.

5. Compliance Officer and Senior Management

The Company Secretary shall act as a Compliance Officer and shall monitor compliances with the Chairman and Whole Time Director of the Company.

The Compliance officer shall at least on half-yearly basis shall place an updated list of senior management of the Company before the Board of Directors of Company.

6. Affirmation of Compliance with the Code

All the Board Members and the Senior Management Personnel shall affirm compliance with this Code within 30 days from the close of every financial year in the format as Annexed to this Code as **Annexure-II** and shall report the same to the Compliance Officer of the Company.

7. Publication of the Code

This Code and any amendments thereto shall be published / posted on the website of the

Company i.e. www.aavas.in. Further, the Copy of Code of Conduct shall be handed over to the newly appointed member of Board of Director or senior management of the Company for their reference purpose.

8. Amendment to the Code

The provisions of this Code can be amended or modified by the Board of Directors from time to time and all such amendments/modifications shall take effect from the date stated therein.

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Date of approval by the Board: June 08, 2018

Approved/Reviewed by Board: April 25, 2024

Version: 0.3

Annexure I

CODE FOR INDEPENDENT DIRECTORS

(As per Schedule IV of Companies Act, 2013)

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

I. Guidelines of professional conduct:

An independent director shall:

(1) Uphold ethical standards of integrity and probity;

(2) Act objectively and constructively while exercising his duties;

(3) Exercise his responsibilities in a *bona fide* manner in the interest of the company;

(4) Devote sufficient time and attention to his professional obligations for informed and balanced decision making;

(5) Not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;

(6) Not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;

(7) Refrain from any action that would lead to loss of his independence;

(8) Where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;

(9) Assist the company in implementing the best corporate governance practices.

II. Role and functions:

The independent directors shall:

(1) Help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;

(2) Bring an objective view in the evaluation of the performance of board and management;

(3) Scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;

(4) Satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;

(5) Safeguard the interests of all stakeholders, particularly the minority shareholders;

(6) Balance the conflicting interest of the stakeholders;

(7) Determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;

(8) Moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

III. Duties:

The independent directors shall—

(1) Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;

(2) Seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;

(3) Strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;

(4) Participate constructively and actively in the committees of the Board in which they are chairpersons or members;

(5) Strive to attend the general meetings of the company;

(6) Where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;

(7) Keep themselves well informed about the company and the external environment in which it operates;

(8) Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;

(9) Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;

(10) Ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;

(11) Report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;

(12) Act within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;

(13) Not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

IV. Manner of appointment:

(1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.

(2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.

(3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.

(4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out :

(a) the term of appointment;

(b) the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;

(c) the fiduciary duties that come with such an appointment along with accompanying liabilities;

(d) provision for Directors and Officers (D and O) insurance, if any;

(e) the Code of Business Ethics that the company expects its directors and employees to follow;

(f) the list of actions that a director should not do while functioning as such in the company; and

(g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.

(5) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.

The terms and conditions of appointment of independent directors shall also be posted on the company's website.

V. Re-appointment:

The re-appointment of independent director shall be on the basis of report of performance evaluation.

VI. Resignation or Removal:

(1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.

(2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within three months from the date of such resignation or removal, as the case may be.

(3) Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

VII. Separate Meetings:

(1) The independent directors of the company shall hold at least one meeting in a financial year, without the attendance of non-independent directors and members of management;

(2) All the independent directors of the company shall strive to be present at such meeting;

(3) The meeting shall:

(a) Review the performance of non-independent directors and the Board as a whole;

(b) Review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;

(c) Assess 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 their duties.

VIII. Evaluation mechanism:

(1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

(2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

Annexure II

ANNUAL DECLARATION

To,
The Compliance Officer
AAVAS FINANCIERS LIMITED.
201-202, 2nd Floor, Southend Square,
Mansarovar Industrial Area, Jaipur-302020 (Rajasthan)

Dear Sir/Madam,

I,_____do hereby acknowledge and confirm that during the financial year, to the best of my knowledge and belief, I have not violated any of the provisions of Code of conduct applicable for Board of Directors and Senior Management or any of the policies of the Company or legal/regulatory requirements, as may be applicable to my responsibility.

Signature

Name : _____

Designation : _____

Place :

Date :

1. Kindly sign and return this declaration on or before April 30, 20__
2. This declaration shall be valid for the Financial Year 20__