



## AAVAS FINANCIERS LIMITED

CIN: L65922RJ2011PLC034297

**Registered and Corporate Office:** 201-202, 2<sup>nd</sup> Floor, South End Square,  
Mansarovar Industrial Area, Jaipur 302 020, Rajasthan, India

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### POSTAL BALLOT NOTICE

**(Pursuant to Section 110 of the Companies Act, 2013 read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014)**

Dear Member(s),

Notice is hereby given to the Members of Aavas Financiers Limited ("Company") pursuant to the provisions of Section 108, 110 and other applicable provisions of the Companies Act, 2013 ("Act") read together with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014 ("the Rules"), Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR"), Secretarial Standards on General Meeting issued by the Institute of Company Secretaries of India ("Secretarial Standard - 2") (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 20/2020 dated May 5, 2020 and General Circular No. 09/2023 dated September 25, 2023 and other relevant circulars issued by Ministry of Corporate Affairs, Government of India (the "MCA Circulars") and/ or any other applicable law, rules or regulations for the time being in force to transact the items of Special Businesses, as set out in this Postal Ballot Notice pertaining to seek approval of the Members through voting only by electronic means.

The Statement, pursuant to the provisions of Section 102(1) and other applicable provisions of the Act read with the Rules, setting out all material facts relating to the resolutions mentioned in this Postal Ballot Notice is also attached.

#### **SPECIAL BUSINESSES:**

##### **ITEM NO.:- 1**

##### **TO APPROVE THE 'AAVAS FINANCIERS LIMITED - PERFORMANCE STOCK OPTION PLAN- 2023' ('PSOP-2023').**

To consider and if thought fit, to pass, the following resolution as **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the rules made thereunder, applicable regulations of Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB & SE Regulations"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, if any), as per the provisions of Memorandum of Association and Articles of Association of the Company, and subject to such other approvals, permissions and sanctions as may be necessary, and any other Regulations/Guidelines/Circulars/Notifications prescribed by the Securities and Exchange Board of India, the Reserve Bank of India, the National Housing Bank or any relevant authority, from time to time, to the extent applicable and subject to such conditions and modifications as may be prescribed while granting such approvals, permissions and sanctions, the approval of the Members of the Company be and is hereby accorded to formulate and implement 'Aavas Financiers Limited - Performance Stock Option Plan- 2023' ("PSOP-2023"), the salient features of which are detailed in the Explanatory Statement to this Notice, and the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include the Nomination & Remuneration Committee ("NRC") of the Board, which the Board has constituted to exercise its power including the power conferred by this resolution), be and is hereby authorized to create, offer, grant, issue and allot to the benefit of such person(s), who are eligible

employees of the Company (present or future) (as defined in the PSOP-2023) and as may be identified by the Board, from time to time, in one or more tranches, not exceeding 3,50,000 (Three lakh fifty thousand) options exercisable into not more than 3,50,000 equity shares of face value of Rs. 10/- (Rupees Ten only) each fully paid up, under the PSOP-2023 ranking *pari-passu* with the existing equity shares of the Company on such terms and conditions as may be decided by the Board under PSOP-2023 in accordance with applicable laws.

**RESOLVED FURTHER THAT** up to 3,50,000 (Three lakh fifty thousand) options shall be granted, in one or more tranches over a period of 3 (three) years as may be determined by the Board, which shall entitle the option holder one fully paid-up equity share of face value of Rs.10/- of the Company against each option exercised and accordingly, up to 3,50,000 equity shares of face value of Rs.10/- each shall be allotted to the eligible Employees under the PSOP-2023.

**RESOLVED FURTHER THAT** upon vesting, each option would be exercised for one Equity Share of the face value of Rs. 10/- each fully paid-up on payment of the requisite exercise price to the Company, provided that in case of any Corporate Action including but not limited to right issue, bonus issue, merger/demerger, change in capital structure or the Equity Shares are either sub-divided or consolidated, then the outstanding options or number of equity shares to be allotted under the PSOP-2023 and/or the exercise price and/or such other fair and equitable adjustment, as may be required, in the absolute discretion of the Board and as permitted by applicable regulations shall be suitably adjusted to ensure there is no change in the economic value for the option holder and fair and equitable benefits are passed under PSOP 2023, without affecting any other rights or obligations of the said allottees.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take requisite steps for listing of the equity shares allotted under the PSOP-2023 on the Stock Exchanges where the equity shares of the Company are listed in due compliance with SEBI SBEB & SE Regulations and other applicable laws.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized on behalf of the Company to devise, formulate, modify, change, vary, alter, amend, suspend or terminate the PSOP-2023, subject to compliance with the applicable laws and regulations and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit, for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the Members of the Company and execute all such documents, writings and to give such directions and/or instructions as may be necessary or expedient to give effect to the PSOP-2023 and to do all other things incidental to and ancillary thereof."

#### **ITEM NO.:- 2**

#### **TO APPROVE PAYMENT OF COMMISSION PAYABLE TO NON-EXECUTIVE DIRECTORS OF THE COMPANY.**

To consider and if thought fit, to pass the following resolution as **Ordinary Resolution**:

**"RESOLVED THAT** in continuation to earlier resolution passed on August 01, 2019, pursuant to Section 149, 197, 198, and Schedule IV of Companies Act, 2013 and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Regulation 17(6)(a) and other applicable regulation of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), as per the provisions of Memorandum of Association and Articles of Association of the Company, the consent of the Members of the Company be and is hereby accorded for the payment of profit linked commission to the Non-Executive Directors including Independent Director (Present or Future) for a period of 5 years commencing from April 1, 2024 to March 31, 2029 as the Board of Directors ("Board") may from time to time determine based on performance and guidelines framed by the Board for this purpose, provided that the total commission payable to all the Non-Executive Directors including Independent Directors (present or future) in any financial year shall not exceed 1% of the net profits of the Company for a financial year in terms of Section 197 of the Act and computed in the manner prescribed under Section 198 of the Act.

**RESOLVED FURTHER THAT** the aforesaid Commission to be paid to the Non-Executive Directors shall be in addition to the sitting fees being paid/ payable, if any, for attending the meetings of the Board of Directors of the Company and its Committees thereof, as may be decided by Board from time to time.

**RESOLVED FURTHER THAT** the Board of Directors (including any Committee thereof) and/or the Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things including deciding on the manner of payment of commission and settle all questions or difficulties that may arise with regard to the aforesaid resolution as it may deem fit and to execute any documents, papers etc. as may be necessary or desirable in connection with or incidental to give effect to this resolution.”

**By Order of the Board of Directors  
For Aavas Financiers Limited**

**Date: - September 28, 2023  
Place: - Jaipur**

**Sd/-  
Sharad Pathak  
Company Secretary and Compliance Officer  
(M. No. FCS-9587)**

**Registered and Corporate Office:**  
201-202, 2<sup>nd</sup> Floor, South End Square,  
Mansarovar Industrial Area, Jaipur 302 020, Rajasthan, India  
CIN: L65922RJ2011PLC034297  
Tel: +91 141-4659239  
E-mail: [investorrelations@aavas.in](mailto:investorrelations@aavas.in)|Website: [www.aavas.in](http://www.aavas.in)

## NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 read with Rules related thereto, setting out all material facts and the reason in respect of the items of Special Business as set out in the item of this Postal Ballot Notice is annexed for your consideration.
2. In compliance with the MCA Circulars, this Postal Ballot Notice is being sent only through electronic mode to those Members whose names appear on the Register of Members / Register of Beneficial Owners as on Friday, September 29, 2023 ("Cut-Off Date") received from the Depositories and whose e-mail address is registered with the Company / Registrar and Transfer Agent / Depository Participants / Depositories. Physical copies of the Postal Ballot Notice along with postal ballot forms and pre-paid business reply envelopes are not being sent to Members for this Postal Ballot and no physical ballot forms will be accepted.
3. The Company has engaged the services of National Securities Depository Limited (NSDL) as the agency to provide e-voting facility.
4. The Board of Directors of the Company ("the Board") has appointed Mr. Rupesh Agarwal (Membership No. ACS 16302, COP No. 5673) Practicing Company Secretary and Managing Partner of M/s Chandrasekaran Associates, Company Secretaries failing him Mr. Shashikant Tiwari (Membership No. F11919, COP No. 13050) Practicing Company Secretary and Partner of M/s Chandrasekaran Associates, Company Secretaries as the Scrutinizer ("the Scrutinizer") for conducting the Postal Ballot process in a fair and transparent manner.
5. The period for remote e-voting will start from October 08, 2023 at 09:00 A.M. IST and will end on November 06, 2023 at 05:00 P.M. IST and e-voting shall be disabled by NSDL for voting thereafter. Each Member's voting rights shall be reckoned in proportion to his/her share of the paid up equity share capital of the Company as on cut-off date i.e. September 29, 2023, that will only be considered to avail the facility of e-voting.
6. The Scrutinizer will submit his report to the Chairperson or to any other person of the Company authorized by the Chairperson after scrutinizing the voting through e-voting. The result of the Postal Ballot shall be declared on or before November 08, 2023 (within 2 (two) working days or not later than 3 (three) days, whichever is earlier, from the end of e-voting period) and communicated to the BSE Limited, National Stock Exchange of India Limited ("Stock Exchanges") and Link Intime India Private Limited, Registrar and Share Transfer Agent (RTA) and shall also be displayed on the Company's website at [www.aavas.in](http://www.aavas.in) and on the website of NSDL at [www.voting.nsdl.com](http://www.voting.nsdl.com) on the said date.
7. Resolution passed by the Members through e-voting is deemed to have been passed as if the same have been passed at a General Meeting of the Company. The resolution, if passed by the requisite majority, shall be deemed to have been passed on November 06, 2023 i.e. the last date specified for receipt of votes through e-voting process.
8. All relevant documents referred to in this Postal Ballot Notice and Explanatory Statement setting out material facts are available for inspection electronically up to the date of the last day of e-voting i.e. November 06, 2023. Members seeking inspection may send an e-mail to [investorrelations@aavas.in](mailto:investorrelations@aavas.in) from their registered e-mail address, stating their Name and Folio No./ DP ID- Client ID/ Beneficiary ID.
9. Members holding shares in demat mode, who have not registered their email addresses are requested to register their email addresses with their respective Depository Participants (DP). Further, all the shares of the Company as on the cut-off date i.e. September 29, 2023, are held in demat mode, hence the process for registration of email-id by Members holding shares in physical form is not mentioned in this notice.

10. The Postal Ballot Notice will also be available on the Company's website at [www.aavas.in](http://www.aavas.in) as well as the websites of the stock exchange i.e BSE Limited ([www.bseindia.com](http://www.bseindia.com)), National Stock Exchange of India Limited ([www.nseindia.com](http://www.nseindia.com)) ("Stock Exchanges") and on the website of NSDL at [www.voting.nsdl.com](http://www.voting.nsdl.com), the agency providing the remote e-voting services.
11. Dispatch of the Notice shall be deemed to be completed on October 05, 2023.
12. Members are requested to record their ASSENT (For) or DISSENT (Against) on the resolution(s) set out in the Postal Ballot Notice through remote E-voting, not later than 05:00 P.M. (IST) on November 06, 2023, after which the remote E-voting shall not be allowed by NSDL.
13. Once the vote on a resolution is cast by the Member, he/she shall not be allowed to change it subsequently or cast the vote again.
14. In case of any queries or grievances in relation to the resolutions proposed to be passed by Postal Ballot, Members may write to the Company Secretary and Compliance Officer at the e-mail id [investorrelations@aavas.in](mailto:investorrelations@aavas.in).

**Remote e-voting instructions for shareholder are as under:-**

*The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:*





**Step 1: Access to NSDL e-Voting system**

**A) Login method for e-voting for Individual Shareholders holding securities in demat mode**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email ID in their demat accounts in order to access e-Voting facility.

- Login method for Individual Shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"><li>1. Existing <b>IDeAS</b> user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the “<b>Beneficial Owner</b>” icon under “<b>Login</b>” which is available under ‘<b>IDeAS</b>’ section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “<b>Access to e-Voting</b>” under e-Voting services and you will be able to see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li><li>2. If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “<b>Register Online for IDeAS Portal</b>” or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li><li>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “<b>Login</b>” which is available under ‘<b>Shareholder/Member</b>’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li><li>4. Shareholders/Members can also download NSDL Mobile App “<b>NSDL Speede</b>” facility by scanning the QR code mentioned below for seamless voting experience.</li></ol>

	<p><b>NSDL Mobile App is available on</b></p> <p>  App Store            Google Play         </p> <div style="display: flex; justify-content: space-around; align-items: center;">   </div>
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login icon &amp; New System Myeasi Tab and then user your existing my easi username &amp; password.</li> <li>2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.</li> <li>3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login &amp; New System Myeasi Tab and then click on registration option.</li> <li>4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their depository participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at : 022 - 4886 7000 and 022 - 2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33

**B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
- A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.  
*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*
- Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

- Password details for shareholders other than Individual shareholders are given below:
  - If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.



- c) How to retrieve your 'initial password'?
  - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The pdf file contains your 'User ID' and your 'initial password'.
  - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email IDs are not registered.**
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - a) Click on "**Forgot User Details/Password?**"(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) **Physical User Reset Password?** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

## **Step 2: Cast your vote electronically on NSDL e-Voting system.**

### **How to cast your vote electronically on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
2. Select "EVEN" of Company for which you wish to cast your vote during the remote e-Voting period.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

### **General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [rupesh@cacsindia.com](mailto:rupesh@cacsindia.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "**Upload Board Resolution / Authority Letter**" displayed under "**e-Voting**" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "[Forgot User Details/Password?](#)" or "[Physical User Reset Password?](#)" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or contact to Ms. Prajakta Pawle, Officer or Ms. Pallavi Mhatre, Manager, National Securities Depository Ltd., Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, at the designated e-mail IDs: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [PrajaktaP@nsdl.com](mailto:PrajaktaP@nsdl.com) or [pallavid@nsdl.com](mailto:pallavid@nsdl.com) or at telephone nos.: +91-22-24994360 or +91-22-48867000 who will also address the grievances connected with the voting by electronic means. Members may also write to the Company Secretary at the Company's e-mail address [investorrelations@aavas.in](mailto:investorrelations@aavas.in).

### **Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [investorrelations@aavas.in](mailto:investorrelations@aavas.in).
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [investorrelations@aavas.in](mailto:investorrelations@aavas.in). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting for Individual shareholders holding securities in demat mode.
3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

## **EXPLANATORY STATEMENT PURSUANT TO THE SECTION 102 OF THE COMPANIES ACT, 2013**

Pursuant to Section 102 of the Act, the following explanatory statement sets out all material facts relating to the Special Businesses mentioned in the accompanying Notice:

### **ITEM NO. 1**

The Company believes that equity based compensation schemes/plans are an effective tool to reward the talent working with the Company for delivering long-term sustainable performance and creation of stakeholder value. In order to motivate the employees of the Company, to align their interests with the long-term growth and financial success of the Company, to retain and reward the best available talent, the Company has been granting stock options.

With a view to drive long term performance, retain talent and attract new talent, the Company intends to formulate and implement 'Aavas Financiers Limited - Performance Stock Option Plan- 2023' ("PSOP-2023") as a key component in its reward structure to the eligible employees of the Company (present or future) for their performance and to motivate them to contribute to the growth and profitability of the Company. The Company view Performance Stock Options as a means that would enable the employees to get a share in the value they create for the Company in future.

Based on the recommendations of the Nomination and Remuneration Committee ("NRC") and the Board of Directors ("Board") of the Company at their meetings held on September 28, 2023 a proposal for adoption of the 'Aavas Financiers Limited - Performance Stock Option Plan- 2023' is being placed before the Members of the Company for approval by way of Special Resolution in terms of Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (SEBI SBEB & SE Regulations).

The options grant under the PSOP-2023 shall be made in one or more tranches as may be determined by the Board (which term shall be deemed to include the Committee i.e NRC) over a period of 3 (three) years from the date of approval of this resolution.

Particulars of disclosures as required under Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 and SEBI SBEB & SE Regulations and circulars issued by SEBI are given below:

#### **a) Brief description of the Scheme:**

The Company proposes to introduce PSOP-2023 with a view to strengthen the link between Company's performance and compensation by giving a share in the value they create for the Company in future. The PSOP-2023 contemplates grant of stock options, at the face value but subject to achievement of performance condition(s) and such other criteria as may be determined by the Board from time to time.

Every grant of PSOP-2023 shall be followed by vesting. After vesting, the eligible employees earn a right but not an obligation to exercise the vested stock options within the predefined exercise period. The Company shall issue shares upon exercise of vested stock options subject to payment of exercise price and satisfaction of consequential tax obligations.

The NRC of the Company shall act as Compensation Committee for the supervision of scheme and shall administer the scheme under the guidance of the Board. All questions of interpretation of the scheme shall be determined by NRC as per the terms of the scheme.

#### **b) Total number of options to be offered and granted:**

The total number of options to be granted shall not exceed 3,50,000 (Three lakh fifty thousand) Options to the eligible employees in one or more tranches, as may be determined by the Board over a period of 3 (three) years from the date of approval of this resolution. Each option when exercised shall be converted into one fully paid up equity share of the Company.

In case of any Corporate Action including but not limited to right issue, bonus issue, merger/demerger, change in capital structure or the Equity Shares are either sub-divided or consolidated, then the outstanding options or number of equity shares to be allotted under the PSOP-2023 and/or the exercise price and/or such other fair and equitable adjustment, as may be required, in the absolute discretion of the Board (which term shall be deemed to include the Nomination and Remuneration Committee of the Board) and as permitted by applicable regulations shall be suitably adjusted to ensure there is no change

in the economic value for the option holder and fair and equitable benefits are passed under PSOP 2023, without affecting any other rights or obligations of the said allottees.

**c) Identification of classes of Employees entitled to participate in the Scheme:**

Following classes of Employees are entitled to participate in PSOP-2023:

- (i) an employee as designated by the Company, who is exclusively working in India or outside India
- (ii) a director of the Company, whether a whole-time director or not, including a non- executive director who is not a promoter or member of the promoter group, but at all times excluding an independent director of the Company; or
- (iii) an employee as defined in sub-clauses (i) or (ii), of a group company including Subsidiary or its Associate company, in India or outside India, or of a Holding company of the Company but does not include—
  - (a) an employee who is a promoter or a person belonging to the promoter group; or
  - (b) a director who, either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten per cent of the outstanding equity shares of the Company;

The eligible employees to whom the Options would be granted and their eligibility criteria would be determined by the NRC.

**d) Requirements of vesting and period of vesting:**

The options granted to eligible employee shall vest within the vesting period in the manner as set forth in the Letter of Grant. The minimum vesting period shall be 1 year from the date of grant. The maximum vesting period under the Plan should not exceed 5 years from the date of grant. The vesting under PSOP-2023 is linked to Company's performance.

The Vesting will be based on the following performance targets/ parameters namely:

- i. Profitability- Profit After Tax;
- ii. Asset Quality-Gross Non-Performing Assets; and
- iii. Other parameters, if any, as the Committee may determine

Options shall Vest based on the Company's overall performance of the above targets/parameters calculated for each metric separately and shall be subject to below performance-vesting relationship:

Type of performance	Actual performance (% of target)	Vesting of Options (% of Eligible to Vest Options)
Below Threshold	<80%	0%
Threshold	80%	80%
Target or above	100% or more	100%
Between Threshold and Target	Straight line interpolation between 80% to 100% performance. For example, at 86% performance, vesting to be 86% of Eligible Options.	

The Committee may update above performance-vesting relationship which will be intimated to the grantee from time to time.

**e) Maximum period (subject to regulation 18(1) of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021)) within which the Options shall be vested:**

All the options granted on any date shall vest not later than 5 years from the date of grant of options subject to conditions, if any, mentioned in the Letter of Grant.

**f) Exercise price:**

The exercise price of grant shall be the Face Value of the Equity Share of the Company i.e Rs. 10/- per Equity Share.

**g) Exercise period and the process of exercise:**

The Exercise Period shall be 4 (Four) year from the date of respective vesting of options. The employee can exercise options at any time after the vesting date either in full or in tranches by making payment of exercise price and applicable taxes and by execution of such documents as may be prescribed by the NRC, from time to time.

In the event of Separation, options will be exercised as defined in the PSOP-2023 in accordance with SEBI SBEB & SE Regulations.

All unexercised options that lapse, shall be brought back/ revert to the PSOP 2023 pool and may be granted at the discretion of the Committee to any other Eligible Employee.

The detailed terms and conditions of Exercise period is mentioned in the PSOP-2023.

**h) The appraisal process for determining the eligibility of the Employees for the Scheme:**

The appraisal process for determining the eligibility of the Employee will be determined by the NRC from time to time and will be based on criteria such as the grade of Employee, length of service, performance record, merit of the Employee, future potential contribution by the Employee and/or by any such criteria that may be determined by the Committee from time to time.

**i) Maximum number of options to be offered per Employee and in aggregate under the Scheme:**

Maximum number of options to be granted to an Eligible Employee will be determined by the NRC on a case to case basis and shall not exceed 1% (one) of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant of option.

**j) Maximum quantum of benefits to be provided per Employee under the Scheme:**

The maximum quantum of benefits underlying the options issued to an employee shall be equal to the difference between the option exercise price and the market price of the shares on the exercise date.

**k) Whether the Scheme is to be implemented and administered directly by the Company or through a trust:**

The PSOP-2023 is to be implemented and administered directly by the Company, through Nomination and Remuneration Committee.

**l) Whether the Scheme involves new issue of shares by the Company or secondary acquisition by the trust or both:**

The PSOP-2023 involves only new issue of shares by the Company.

**m) The amount of loan to be provided for implementation of the Scheme(s) by the Company to the Trust, its tenure, utilization, repayment terms, etc.:**

Not Applicable as PSOP-2023 is proposed to be implemented directly by the Company.

**n) Maximum percentage of secondary acquisition that can be made by the Trust for the purpose of the Scheme:**

Not Applicable as PSOP-2023 involves only new issue of shares by the Company.

**o) A statement to the effect that the Company shall conform to the accounting policies specified in regulation 15 of SEBI Regulations:**

The Company shall comply with the disclosures and accounting policies prescribed in SEBI (SBEB & SE) Regulations, 2021, Reserve Bank of India and any other authorities as applicable, from time to time.

**p) The method which the company shall use to value its options:**

The Company shall use the fair value method for valuation of the Options as prescribed under the Indian Accounting Standards and/or any relevant Accounting Standards/Guidance Note, as may be prescribed by the Institute of Chartered Accountants of India, from time to time or any other regulations, as applicable and notified by appropriate authorities from time to time.

**q) Period of lock-in:**

Options granted shall be personal to the Option Grantee and shall not be transferable to any person. The Shares issued upon Exercise of Options shall be freely transferable and shall not be subject to any lock-in period restriction after such Exercise.

Provided that the transferability of the Equity Shares shall be subject to the restriction for such period in terms of the SEBI (Prohibition of Insider Trading), Regulations, 2015, as amended from time to time or for such other period as may be stipulated from time to time in terms of Company's Code of Conduct for Prevention of Insider Trading.

**r) Terms & conditions for buyback, if any, of specified securities covered under SEBI regulations:**

The Board/NRC in accordance with Applicable Laws may determine the procedure for buy-back of specified securities (as defined under Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018), if to be undertaken at any time by the Company, and the applicable terms and conditions, including:

- i. permissible sources of financing for buy-back;
- ii. Any minimum financial thresholds to be maintained by the Company as per its last financial statements; and
- iii. Limits upon quantum of specified securities that the Company may buy-back in a financial year.

**s) Listing:**

Equity Shares allotted pursuant to the exercise of the PSOP-2023 shall be listed on BSE Limited and National Stock Exchange of India Limited.

**t) Applicability of Malus and Clawback:**

Options granted to Key Managerial Personnel and Senior Management Personnel under the Scheme are always subject to Malus and Clawback as may be exercised by the Company in the circumstances specified in the guidelines issued by the Reserve Bank of India and Policy on Nominations & Remuneration for Directors, Key Managerial Executives, Senior Management Personnel of the Company.

As the PSOP-2023 would require issue of further Equity Shares, in terms of Section 62(1)(b) and rules made thereunder and all other applicable provisions, if any, of the Companies Act, 2013 as amended and the SEBI (SBEB & SE) Regulations 2021, approval of the Members of the Company is required by way of passing a Special Resolution.

A draft copy of the PSOP-2023 is available for inspection as per details mentioned in note no. 8 to the accompanying Postal Ballot Notice.

None of the Directors and Key Managerial Personnel of the Company or their relatives are in any way (or may be deemed to be) concerned or interested financially or otherwise, in the resolution set out at Item No. 1 of the Postal Ballot Notice except to the extent of the stock options which may be granted them under PSOP-2023 and to the extent of their Shareholding in the Company.

The Board of Directors of the Company recommends the passing of the resolution set out at Item No. 1 for approval of Members by way of an Special Resolution.

**ITEM NO. 2**

The Members of the Company in the 9<sup>th</sup> Annual General Meeting held on August 01, 2019 had approved the commission payable to Non-Executive Directors including Independent Directors not exceeding 1% of the net profits of the Company in any Financial Year computed in the manner provided in Sections 197 and 198 of the Companies Act, 2013 ("**The Act**") for a period of 5 (five) years commencing from April 01, 2019. The validity of the said resolution passed by the Members is set to expire on March 31, 2024.

Further, pursuant to Section 197 and 198 of the Act and Regulation 17(6)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("**SEBI (LODR) Regulations, 2015**") the payment of any fees or compensation to Non-Executive Directors require approval of Members in General Meeting.

The Non-Executive Directors are distinguished individuals of eminence who bring a wealth of expertise and extensive experience to the Board and play a critical role in imparting value to the Board processes by bringing an independent judgement in the areas of strategy, performance, resource management, financial reporting, the overall standard of Company's conduct etc. Furthermore, in compliance with the Act and SEBI (LODR) Regulations, 2015, the role, responsibilities and legal obligations of Board Members have significantly expanded, necessitating them to not only exercise high degree of skill and expertise, but also demands a substantial time commitment for the orderly management of various aspects of the Company's affairs.

In view of the above, it is imperative that the Non-Executive Directors receive appropriate commission commensurate with their time and dedicated efforts. The quantum of commission payable per annum as a whole to the Non-Executive Directors and individually to each Director would be determined and approved by the Nomination and Remuneration Committee ("NRC") and the Board of Directors ("Board"). Such commission would, inter alia, depend on performance and guidelines framed by the Board for this purpose, provided that the commission paid to such Directors in any Financial Year shall not exceed 1% of the net profits of the Company in terms of Section 197 of the Act, and computed in the manner referred to in Section 198 of the Act.

Based on the recommendations of the NRC and the Board of the Company in their respective meetings held on September 28, 2023, the proposal for fixing of commission payable to Non-Executive Directors including Independent Directors of the Company for a period of 5 (five) years commencing from April 01, 2024 to March 31, 2029 not exceeding 1% of the net profits of the Company calculated in accordance with the provisions of the Act to be paid and distributed amongst the Non-Executive Directors (Present or Future) including Independent Directors of the Company is being placed before the Members for their approval in terms of SEBI (LODR) Regulations, 2015.

The payment of such commission shall be in addition to the sitting fees for attending Board/ Committee meetings and reimbursement of expenses for attending the meetings of the Board, Committee and/ or other meetings, if any. The commission shall be paid in such amounts or proportion and in such manner, as the Board may from time to time determine, based on performance of the Company and performance evaluation of each such Director.

Except, the Non-Executive Directors including Independent Directors to the extent of the remuneration payable to them individually and/ or their shareholding, if any including their relatives, none of the other Director and/ or KMPs or their relatives are concerned or interested, financially or otherwise, in the resolution set out at the Item No. 2 of this Postal ballot Notice.

The Board of Directors of the Company recommends the passing of the resolution set out at Item No. 2 for approval of Members by way of an Ordinary Resolution.

**By Order of the Board of Directors  
For Aavas Financiers Limited**

**Date: - September 28, 2023**  
**Place: - Jaipur**

**Sd/-  
Sharad Pathak  
Company Secretary and Compliance Officer  
(M. No. FCS-9587)**

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