

CODE OF CONDUCT FOR DIRECTORS, KEY MANAGERIAL PERSONNELS AND SENIOR MANAGEMENT PERSONS

Version 1.0

Proposed by:

- Tripti Pandey
Company Secretary

Recommended By:

- Sanjay Sharma
MD
- Krishan Gopal
CFO

Approved by:

- Board of Directors on
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Version Control

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The Code of Conduct for Directors, Key Managerial Personnels (KMPs) and & Senior Management Persons (“herein after referred as Code”) has been made and implemented in line with the requirements of Securities and Exchange Board of India, (Listing Obligations and Disclosure Requirements) Regulations, 2015 and good Corporate governance practice.

Aye Finance Private Limited (“hereinafter referred as AFPL or the Company”) is committed to maintain the highest standards of legal & ethical conduct. This Code reflects the principles of behaviour that support this commitment. Compliance, ethics and fair dealing finds highest place in the business Model of the Company. The Board of Directors is responsible for setting the standards of conduct contained in the Code and for updating these standards as appropriate in accordance with the Statutory requirements as well as industry norms. Each Director, KMP and Senior Management team member has to read and understand this Code and its application to the performance of his or her responsibilities. Each Director, KMP and Senior Management team member is accountable for adherence to this Code.

The Board of Directors, KMPs and the Senior Management team members of the Company undertake to abide by following Code of Conduct adopted by the Board and affirm compliance with this Code.

1. **Definitions**

- (i) **Board or Board of Directors or Directors** shall mean and include all the Directors on the Board of Directors of the Company for the time being whether Executive or non-Executive or whether the Director is independent or non-Independent.
- (ii) **Key Managerial Personnels (KMPs)** shall mean the persons defined under Section 2(51) of Companies Act, 2013
- (iii) **Senior Management Persons** shall mean all Officers (other than Directors) of the Company 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 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.
- (iv) **Company or AFPL** shall mean Aye Finance Private Limited.

2. **Applicability**

This Code is applicable to all Directors, KMPs and Senior Management Persons. The Code may be modified, changed, altered **or amended from time to time by the Board of Directors of the Company.**

3. **Compliance with the Code**

Every Director, KMP and Senior Management Persons has to affirm the compliance with the Code on annual basis, which shall form the basis for the certification by Managing Director (MD) and Chief Financial Officer (CFO) in the Annual Reports of the Company.

4. **Compliance Officer**

The Company has designated the Company Secretary (CS) as its Compliance Officer to administer this Code. Directors, at their discretion, may make any report or complaint provided for in this Code to the KMP and Senior Management Persons may make any such report or complaint to the Compliance Officer, who will refer complaints submitted, as appropriate, to the Managing Director.

5. **Compliance with applicable laws**

In the discharge of their duties and responsibilities, Directors, KMPs and Senior Management Persons must comply with all applicable laws, Rules and Regulations. This would include applicable RBI Guidelines,

Prevention of Money Laundering Act, Anti Money Laundering Guidelines, Securities laws, Insider Trading laws and the Company's insider trading compliance policies.

6. **Gender friendly environment**

As a good corporate citizen, the Company is committed to a gender friendly workplace. It seeks to enhance equal opportunities for men and women, prevent/stop/redress sexual harassment at the workplace and institute good employment practices.

The Company maintains an open door for reportees; encourages employees to report any harassment concerns and is responsive to employee complaints about harassment or other unwelcome or offensive conduct. A committee has been constituted as required under the Sexual Harassment Act 2013 & policy in pursuance of the same named 'POSH' to enquire into complaints and to recommend appropriate action, wherever required.

The Company demands, demonstrates and promotes professional behaviour and respectful treatment of all employees.

7. **Social Responsibility**

Directors, KMPs and Senior Management Persons, while taking all decisions relating to the activities of the Company, shall respect the necessity of protecting the environment consistently with the need of sustainable development.

8. **Cost Consciousness**

Directors, KMPs and Senior Management Persons shall:

- a) exercise their responsibilities with cost consciousness within the organization and shall promote the same.
- b) shall not use any facility of the Company for their personal use except when such facility has been provided for personal use as per Company policy or any specific permission in this regard.

9. **Corporate Opportunity**

Directors, KMPs and Senior Management Persons shall not –

- a) compete with the Company; or
- b) take for themselves personally any business opportunities that belong to the Company or are discovered using corporate property, information or position; or
- c) use corporate property, information or position for personal gain.

10. **Fair Dealing**

In accordance with the assigned functional responsibilities, each Director, KMPs and Senior Management Persons should deal fairly with the Company's customers, suppliers, competitors, officers, and employees. None should take unfair advantage of anyone through abuse of authority, manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair practice. Inappropriate use of proprietary information, misusing trade secret information or inducing such disclosures by past or present employees is prohibited.

11. **Protection and proper use of Company's assets**

All the Directors, KMPs and Senior Management Persons should perform their duties in a manner that protects the Company's assets and ensures their efficient use. All Company's assets should be used for its legitimate business purposes.

12. **Data Privacy**

All the Directors, KMPs and Senior Management Persons should perform their duties in a manner that protects the Company's assets and ensures their efficient use. All Company's assets should be used for its

legitimate business purposes.

13. Conflict of interest

A “conflict of interest” may exist whenever the interests of a Director, KMP or Senior Management Persons conflict in any way (or even appear to conflict) with the interests of the Company. While the Directors, KMPs and Senior Management Persons are free to make personal investments in accordance with the Company’s Code of Insider Trading, they must not have any interests that adversely influence the performance of their responsibilities. A conflict situation can arise when a person takes actions or has interests that may make it difficult for him to perform his Company responsibilities objectively. Conflicts of interest also may arise when a Director, KMP and Senior Management Persons, or a member of his or her family, receives improper personal benefits as a result of his or her relation with any business entity whether received from that entity or a third party. It is the Company’s policy to prohibit such conflicts, which at many times may not be clear-cut.

14. Gifts and gratuities

The purpose of business entertainment and gifts in a commercial setting is to create good will and sound working relationships, not to gain unfair advantage with suppliers and customers. No gift or other favors should ever be offered, given, provided or accepted by any Director, KMP and Senior Management Persons, or close relative of Director, KMP and Senior Management Persons unless:

- a. it is not a cash gift
- b. it is consistent with customary business practices
- c. it cannot be construed as a bribe or payoff and
- d. it does not violate any laws or regulations.

This policy does not bar acceptance of courtesies or invitations which are customary and proper under the circumstances and in keeping with good business ethics so long as no obligation is involved in such acceptance. Any gifts should not be accepted and shall be returned immediately and be reported to Managing Director. If immediate return is not practical, they should be given to the Head, Human Resources or Managing Director for charitable use or such other use as the Company believes appropriate in its sole discretion. Common sense and moderation should prevail in business entertainment engaged in on behalf of the Company. Director and Senior Management Persons should provide, or accept, business entertainment to or from anyone doing business with the Company only if the entertainment is infrequent, modest and intended to serve legitimate business goals.

15. Health, safety and environment

The Company strives to provide each employee with a safe and healthy work environment. Each employee has a responsibility for maintaining a safe and healthy workplace for all employees by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions.

Violence and threatening behavior are not permitted. Employees should report to work in a condition to perform their duties, free from the influence of illegal drugs or alcohol. The use of illegal drugs or alcohol in the workplace is absolutely prohibited.

16. Code For Independent Directors

(As per Schedule IV of Companies Act 2013)

This Code is a guide to professional conduct of all Independent Directors. It is felt that adherence to these standards by Independent Directors, and fulfillment of their responsibilities, accordingly, will promote

confidence of the investment community, the minority shareholders and regulators in the institution of Independent Directors.

(A.) 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 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.

(B.) Role and functions:

Independent Directors shall:

1. help in bringing an independent judgment to bear on the deliberations of the Board, specially on issues of strategy, performance, risk management, resources, key appointments and conduct;
2. bring an objective view in the evaluation of the performance of board and management;
3. scrutinise the performance of management in meeting the agreed goals and objectives and monitor performance reporting system;
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 all stakeholders;
7. determine appropriate levels of remuneration of executive directors and Key Managerial Personnel;
8. advise in the appointment of Key Managerial Personnel/senior management, and where necessary, recommend removal of executive directors, Key Managerial Personnel;
9. moderate/arbitrate in situations of conflict between management and shareholders' interest in the interest of the Company as a whole.

(C.) Duties:

Independent Directors shall:

- a. undertake appropriate induction advice and regularly update their skills, knowledge and familiarity with the company;
- b. seek appropriate clarification or amplification of information and where necessary take appropriate professional advice and opinion of outside experts;
- c. strive to attend all meetings of the Board of Directors and Board committees of which he/she is a member;
- d. participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- e. strive to attend the annual/special general meetings of the company;
- f. ensure that his/her concerns about the running of the company or a proposed action are addressed by the Board. If not resolved, the concerns be recorded in the minutes of the Board meeting;
- g. keep themselves well informed about the company and the external environment in which it operates;
- h. ensure not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board
- i. ensure that adequate deliberations are held before approval of related party transactions in the interest of the company;
- j. ensure that the company has a functional vigilance mechanism and that the interests of persons who use such mechanism are not prejudicially affected;
- k. report concerns about unethical behavior, actual or suspected fraud, or violation of the company's code of conduct or ethics policy;
- l. assist in protecting the legitimate interests of the company, shareholders and its employees;
- m. 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.

(D.) Manner of appointment:

- a. The appointment of Independent Directors shall be in accordance to the Nomination and Remuneration Policy (as amended from time to time) as approved by the Board of Directors.
- b. The terms and conditions of appointment of Independent Directors shall be open for inspection at the registered office of the company during normal business hours.
- c. The terms and conditions of appointment of Independent Directors shall also be posted on the company's website.

(E.) Re-appointment:

The re-appointment of Independent Directors shall be in accordance to the Nomination and Remuneration Policy (as amended from time to time) as approved by the Board of Directors.

(F.) Resignation or Removal:

- a. Resignation or removal of an Independent Director shall be as provided in sections 168 and 169 of the Companies Act.
- b. An Independent Director who resigns, or is removed, from the Board shall be replaced by a new Independent Director within a period of one hundred and eighty days from the date of such resignation/removal.
- c. Where the company fulfils the requirement of Independent Directors in its Board without having to fill the vacancy created by such resignation/removal, the requirement of replacement by a new Independent Director shall not apply.

(G.) Separate Meetings:

- a. Independent Directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and other members of management;
- b. All Independent Directors of the company shall strive to be present at such meeting;
- c. The meeting shall:
 - i. review the performance of non-independent directors and the Board as a whole;
 - ii. review the performance of the Chairperson of the company after taking into account the views of the executive directors and non- executive directors;
 - iii. assess the quality, quantity and timings of the flow of information between the company management and the Board so that the Board and its members can perform their role effectively.

(H.) Evaluation Mechanism:

- a. The performance evaluation of Independent Directors shall be done by the entire Board of Directors (excluding the Director being evaluated).
- b. On the basis of the performance evaluation, the Board will decide whether to extend or continue the term of appointment of the Independent Director.

17. Duties of Director:

The Director(s) of the Company:

- shall act in accordance with the articles of the company, subject to the provisions of the Companies Act, 2013 as amended from time to time;
- shall act 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;
- shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment;
- shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company;
- shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company;
- shall not assign his office and any assignment so made shall be void;

18. Confidentiality

All Directors, KMPs and Senior Management Persons must maintain the confidentiality of confidential information entrusted to them by the Company. The Directors, KMPs and Senior Management Persons shall not disclose such information to any third party, except when the Company authorizes disclosure or when such disclosure is needed under any legal requirements. The term “confidential information” includes, but is not limited to, non-public information that might be of use to competitors of the Company, or harmful to the Company or its customers if disclosed in any manner. Whenever required, Directors, KMPs and Senior

Management Persons should consult the Managing Director in advance if they believe they have a legal obligation to disclose confidential information.

19. Reporting by illegal or unethical behavior

Directors are requested to promptly contact the Managing Director and KMPs and Senior Management Persons should contact either Managing Director or Compliance Officer if it is believed that he or she has observed illegal or unethical behaviour by any employee, officer, or Director, or by anyone purporting to be acting on the Company's behalf and, the reporting person has any doubt about the best course of action in a particular situation.

20. Obligations with respect to employees including senior management, key managerial personnel, directors and promoters

- a. A director shall not be a member in more than ten committees or act as chairperson of more than five committees across all listed entities in which he /she is a director which shall be determined as follows:
 - the limit of the committees on which a director may serve in all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies, 'high value debt listed entities' and companies under Section 8 of the Companies Act, 2013 shall be excluded
 - for the purpose of determination of limit, chairpersonship and membership of the audit committee and the Stakeholders' Relationship Committee alone shall be considered.
- b. Every director shall inform the listed entity about the committee positions he or she occupies in other listed entities and notify changes as and when they take place.
- c. Senior management including KMPs **shall make disclosures** to the board of directors (at the time transaction and on Annual basis) relating to **all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the listed entity at large**. Explanation.- For the purpose of this sub-regulation, conflict of interest relates to dealing in the shares of listed entity, commercial dealings with bodies, which have shareholding of management and their relatives etc.
- d. No employee including key managerial personnel or director or promoter of a listed entity shall enter into any agreement for himself/herself or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of such listed entity, unless **prior approval for the same has been obtained from the Board of Directors as well as public shareholders by way of an ordinary resolution:**

Provided that such agreement, if any, whether subsisting or expired, entered during the preceding three years from the date of coming into force of this sub-regulation, shall be disclosed to the stock exchanges for public dissemination:

Provided further that subsisting agreement, if any, as on the date of coming into force of this sub-regulation shall be placed for approval before the Board of Directors in the forthcoming Board meeting:

Provided further that if the Board of Directors approve such agreement, the same shall be placed before the public shareholders for approval by way of an ordinary resolution in the forthcoming general meeting:

Provided further that all interested persons involved in the transaction covered under the agreement shall abstain from voting in the general meeting

21. Compliance with the Code of Conduct

Compliance with the Code of Conduct is an obligation. The Directors, KMPs and Senior Management Persons are to ensure to comply with the Code of Conduct and that the Code is communicated to and understood and observed by all concerned in the Company.

The Directors, KMPs and the Senior Management Persons shall affirm compliance with the Code, on an annual basis. The Annual Report of the Company shall contain a declaration to this effect signed by the Managing Director of the Company.

The Board expects all concerned to bring to its attention, or to that of Senior Management, any breach or suspected breach of the Code through the office of the Company Secretary. The Vigil Mechanism/ Whistle Blower Policy of the Company, wherever applicable, may be invoked.

The compliance with the Code of Conduct is subject to the review by the Board and complemented by the Audit Committee of the Board. Any modification/s, amendment/s, or review of the Code shall be done by the Board.

22. Amendment/ Modification

This Code may be amended, modified, or waived by the Board, subject to the disclosure and other provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any rules made in connection therewith.

23. Review

The Board of Directors of the Company shall review and amend the code on annual basis. This Code shall be hosted on website of the Company.