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CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION

1. CODE OBJECTIVE

Light Microfinance Private Limited ("Light or **Company**") has listed its Non-Convertible Debentures on the Stock Exchange. In accordance with Regulation 8(1) read with Schedule A of the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("**Regulations**"),.as amended time to time, the Company has framed this Code of practices and procedures for fair disclosure of Unpublished Price Sensitive Information ("**Code**") to outline the Company's approach towards fair disclosure of Unpublished Price Sensitive Information.

2. APPLICABILITY

The Code shall be applicable to Designated Persons and immediate relatives of designated persons, Connected Persons and other Insiders as described in the Code or as may be specified by the Board of Directors in consultation with the Compliance Officer

3. DEFINITIONS

(a) Unpublished Price Sensitive Information ("**UPSI**") means any information, relating to a Company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following:

- (i) Financial Results;
- (ii) Dividends;
- (iii) Change in Capital Structure;
- (iv) Mergers, De-Mergers, Acquisitions, Delisting, Disposals and Expansion of Business and such other transactions;
- (v) Changes in Key Managerial Personal.

(b) “Generally Available Information" means information that is accessible to the public on a non-discriminatory basis.;

The Words and expression used but not defined herein shall have the meanings as assigned under SEBI (Prohibition of Insider Trading) Regulations, 2015.

(c) “Connected Persons” means-

(i) Directors of the Company;

(ii) Key Managerial Personnel of the Company;

(iii) Any person who is or has during the six months prior to the concerned act been associated with the Company, in any capacity, directly or indirectly, including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the Company or holds any position including a professional or business relationship, whether temporary or permanent, that allows such a person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.

(iv) Without prejudice to the generality of the foregoing, the persons falling within the following categories shall be deemed to be connected persons unless the contrary is established –

(a) a relative of connected persons specified in clause (i); or

(b) a holding company or associate company or subsidiary company; or

(c) an intermediary as specified in section 12 of the Act or an employee or director thereof; or

(d) an investment company, trustee company, asset management company or an employee or director thereof; or

(e) an official of a stock exchange or of clearing house or corporation; or

(f) a member of the board of directors or an employee, of a public financial institution as defined in section 2 (72) of the Companies Act, 2013; or

(g) an official or an employee of a self-regulatory organization recognised or authorized by the Board; or

(h) a firm or its partner or its employee in which a connected person specified in sub-clause (i) of clause 4.3 is also a partner; or

(i) a concern, firm, trust, Hindu undivided family, or association of persons wherein a director or his relative, has more than ten percent of the holding or interest; or

(d) “Contra Trade” means a trade or transaction which involves buying or selling any number of shares of the Company and within 6 months trading or transacting an opposite transaction involving sell or buy following the earlier transaction.

(e) "Designated Person"- The Managing Director or Chief Financial Officer of the Company in consultation with the Compliance Officer shall specify the Designated Persons, from time to time, to be covered by the Insider Trading Code on the basis of their role and function in the organisation and the access that such role and function would provide to UPSI in addition to seniority and professional designation and shall include:

(a) Promoters and members of Promoter group
(b) Board of Directors and Key Managerial Personnel (KMPs)
(c) Employees of material subsidiaries
(d) Employees upto two levels below the Managing Director;
(e) Any support employees in Finance, Corporate Strategy, IT, Accounts and Compliance who have access to UPSI and as identified by the Compliance Officer in consultation with the Heads of respective department.
(f) Any other category of persons, as required to be identified as such under the applicable laws or otherwise identified by the Compliance Officer.

(f) "Immediate relative" means any of the following who is either dependent financially on such person, or consults such person in taking decisions relating to trading in securities–

(a) Spouse
(b) Father
(c) Mother
(d) Brother
(e) Sister
(f) Son (including step-son)
(g) Daughter (including step-daughter)

(g) "Insider" means any person who is:
(a) Connected Person
(b) In possession of or having access to unpublished price sensitive information;

(h) "Trading" means and includes, subscribing, redeeming, switching, buying, selling, dealing, or agreeing to subscribe, redeem, switch, buy, sell, deal in any securities, and "trade" shall be construed accordingly.

4. CHIEF INVESTOR RELATIONS OFFICER

The Company Secretary shall be Chief Investor Relations Officer to deal with dissemination of information and disclosure of UPSI in a fair and unbiased manner.

Functions of the Chief Investor Relations Officer shall be:

- Dealing with universal dissemination and disclosure of UPSI.
- Determination of questions as to whether any particular information amounts to UPSI in consultation with the Managing Director.
- Determination of response, if any, of the Company to any market rumour in accordance with this Code.
- Providing advice to any Insider as to any particular information may be treated as UPSI.

5. PRINCIPLES OF FAIR DISCLOSURE OF UPSI

(a) The UPSI which will have an impact on price of securities of the Company shall be promptly disclosed to general public.

(b) The UPSI shall not be disseminated selectively but it should be disseminated uniformly and universally.

(c) The UPSI which gets disclosed selectively, inadvertently or otherwise, should be promptly disseminated to make it generally available.

(d) The Company shall give appropriate and fair response to queries on news reports and requests for verification of market rumors by regulatory authorities.

(e) The following practice shall be complied with while meeting with analyst, institutional investors and other investor relations conferences:

  (i) No UPSI shall be shared with them and only information available in public domain shall be shared.

  (ii) Any of the designated company officials shall remain present during meeting with them.

  (iii) Transcripts or records of proceedings of meeting with them shall be placed on website of the Company within 30 days from meeting.

(f) All the UPSI shall be handled on need-to-know basis.

6. MANNER OF DISCLOSURE OF UPSI

Subject to the laws applicable to the Company, the methods of public disclosure of information to ensure uniform distribution shall include either of the following:

- Distributing through Press Releases in newspapers or media including electronic media.
- Filing with the Stock Exchanges.

- Any other method that ensures wide distribution of the news such as webcasts and webinars.
- Uploading the information on the website of the Company.

7. MARKET RUMOUR

The Company shall ordinarily not comment, affirmatively or negatively, in relation to market rumours. In the event that a stock exchange directs the Company to make a definitive statement in response to a market rumour, the CIRO, in consultation with the Managing Director, shall clarify the same to the stock exchanges.

8. TRADING WHEN IN POSSESSION OF UNPUBLISHED PRICE SENSITIVE INFORMATION

No insider shall trade in securities that are listed or proposed to be listed on a stock exchange when in possession of unpublished price sensitive information. When a person who has traded in securities has been in possession of unpublished price sensitive information, his trades would be presumed to have been motivated by the knowledge and awareness of such information in his possession.

Exemptions: Insider may prove his innocence by demonstrating the circumstances including the following: -

(a) The transaction is an off-market inter se transfer between insiders who were in possession of the same unpublished price sensitive information without being in breach of Code of Conduct for Fair Disclosure of UPSI and both the parties had made a conscious and informed trade decision.

Provided that the off-market trades shall be reported by the insiders to the Compliance Officer within two working days. Further, the Company shall notify the particulars of such trades to the stock exchanges within two trading days from receipt of disclosure or from becoming aware of such information.

(b) The transaction was carried out through the block deal window mechanism between persons who were in possession of the unpublished price sensitive information without being in breach of Code of Conduct for Fair Disclosure of UPSI and both parties had made a conscious and informed trade decision.

(c) The transaction in question was carried out pursuant to a statutory or regulatory obligation to carry out a bona fide transaction.

(d) The transaction in question was undertaken pursuant to the exercise of stock options in respect of which the exercise price was pre-determined in compliance with applicable regulations.

(e) in the case of non-individual insiders:

- the individuals who were in possession of such unpublished price sensitive information were different from the individuals taking trading decisions and such decision-making individuals were not in possession of such unpublished price sensitive information when they took the decision to trade; and
- appropriate and adequate arrangements were in place to ensure that these regulations are not violated and no unpublished price sensitive information was communicated by the individuals possessing the information to the individuals taking trading decisions and there is no evidence of such arrangements having been breached;

9. Pre-Clearance of Trades for dealing in securities

(a) Designated Person can deal in securities of the company only when the trading window is open and Designated Person is not in the possession of the unpublished price sensitive information.

(b) If the traded value of securities of the Company is less than or equal to Rs.10,00,000 (Rupees Ten Lakhs) in a calendar quarter no pre-clearance is required. However, if the traded value of securities is likely to be more than Rs.10,00,000 (Rupees Ten Lakhs) in a calendar year quarter than pre-clearance from the Compliance officer is required.

(c) Designated Person has to apply for pre-clearance of trades to Compliance Officer in the Form 1 and has to provide an undertaking to the effect that the applicant for preclearance is not in possession of any unpublished price sensitive information in Form 2.

(d) The Compliance Officer may grant the pre-clearance in Form 3 after –

(a) seeking such information as may be necessary from the applicant;

(b) confirming the accuracy of declaration submitted by applicant that he is not in the possession of unpublished price sensitive information;

(c) confirming that the applicant has not done any prior contra trade within the period of six months;

(d) confirming that the securities for which pre-clearance has been sought is not covered under the restricted list;

The pre-clearance shall be valid for a period of seven trading days and within which trades that have been pre-cleared have to be executed by the designated person, failing which fresh pre-clearance would be needed for the trades to be executed.

(e) Designated Person shall inform the Compliance Officer in Form 4 of execution of trade for which pre-clearance was sought within 2 trading days from the execution of trade.

(f) In case the Designated Person decides not to execute the trade after securing pre-clearance, he/she shall inform the Compliance Officer of such decision along with reasons thereof immediately in Form 4.

(g) Prohibition on Contra Trade within six months: A Designated Person who is permitted to trade (buy or sell) shall not execute a contra trade (sell or buy) any number of securities for the next six months following the prior transaction unless permission in this regard has been obtained from Compliance Officer in Form 5.This restriction is not applicable for trades carried out in accordance with the approved trading plan.

10. Disclosures of Trading by Insiders

(a) **Initial Disclosures**
Every person on appointment as a Director or Key Managerial Personnel of the Company or upon becoming a Promoter or member of the Promoter group shall disclose their as well as their immediate relatives' holding of securities of the Company as on the date of appointment, to the Company within seven days of such appointment.

(b) **Continual Disclosures**
-Company: The immediate relative of every Promoter /member of the Promoter group / Director /Designated person of the Company shall disclose to the Company the number of such securities acquired or disposed of within two trading days of such transaction if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of Rs.10,00,000 (Rupees Ten Lakhs).

- **To Stock Exchanges:** Compliance Officer shall notify the particulars of such trading to the stock exchange on which the securities are listed within two trading days of receipt of the disclosure from the insider in Form 8 or from becoming aware of such information.

Note: The disclosure of the incremental transactions after any aforesaid disclosure shall be made when the transactions effected after the prior disclosure cross the threshold limit of Rs.10,00,000 (Rupees Ten Lakhs).

11. **POLICY FOR DETERMINING LEGITIMATE PURPOSE**"Legitimate purpose" shall include sharing of UPSI in the ordinary course of business or for the purpose of discharging legal obligation or performance of duties on a need-to-know basis. The term "legitimate purposes" shall be construed in accordance with the following principles:

- Sharing of UPSI with Company's Collaborators, Lenders including Prospective Lenders, Customers, Suppliers, Merchant Bankers, Legal Advisors, Auditors, Credit Rating Agencies, Insolvency Professionals, Practising Company Secretaries, Registered valuers or other Advisors, Service Providers or Consultants, provided that such sharing has not been carried out with a view to evade or circumvent the prohibitions of the Regulations.
- Sharing of UPSI with a court of law or any governmental authority or a regulatory body on the basis of any order issued by them.
- Sharing of UPSI for any other purpose as may be prescribed under Regulations formulated by SEBI or the Companies Act, 2013 and Rules thereunder or any other law for the time being in force, as may be amended from time to time.

Whether sharing of UPSI for a particular instance tantamount to 'legitimate purpose' would entirely depend on the specific facts and circumstances of each case. Primarily, the following factors should be considered while sharing the UPSI:

(i) Whether sharing of such UPSI is in the ordinary course of business of the Company;
(ii) Whether sharing of such UPSI is in interest of the Company or in furtherance of a genuine commercial purpose; and
(iii) Whether the nature of UPSI being shared is commensurate with the purpose for which access is sought to be provided to the recipient.

Any person in receipt of UPSI pursuant to a legitimate purpose shall be considered as an insider for the purpose of the Regulations and due notice shall be given to such person which would inter-alia include the following:

- The information shared is in the nature of UPSI, confidentiality of such UPSI must be maintained, and such UPSI must not be disclosed by the recipient in any manner except in compliance with the Regulations.
- The recipient must not trade in the securities of the Company while in possession of UPSI.

Additionally, Structured Digital Database of recipients of UPSI shall be maintained by the Company in compliance with requirements of the Prohibition of Insider Trading Regulations.

12. AMENDMENT IN THE CODE

Any amendment to this code shall be approved by the Board of Directors of the Company. In the event that any provision of this Code conflicts with any law, rule or regulation that is in force for the time being, the said law, rule or regulation that is in force for the time being shall take precedence over the conflicting provision of the Code. However, such conflict between the provisions of the Code and any law, rule or regulation that is in force for the time being shall in no way affect or impair the validity, legality and enforceability of the remaining provisions of the Code

Note: Any person who requires the format as prescribed in the policy may request it from the Compliance Officer, as and when required.