



ENABLING HOLISTIC DIGNIFIED LIVING

CORPORATE GOVERNANCE POLICY
[Version: 1.0]

Version History			
Version	Amendments	Date	Meeting in which adopted
1.0	First release		Board Meeting

1. **Vision and Mission**

To develop products, mobilize capital and deploy technology, efficiently and innovatively, to deliver extremely reliable high touch customer service.

To become the leading Microfinance products and services provider in India.

2. **Company's Philosophy on Corporate Governance:**

Light Microfinance Private Limited ("The Company") is a Non-Deposit taking Systematically Important Non-Banking Financial Institution categorized as a Micro Finance Institution registered with Reserve Bank of India.

The Company recognizes its role as a corporate citizen and endeavors to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, government and others. The Company's activities are carried out in accordance with good corporate practices and the Company is constantly striving to better them and adopt the best practices.

Corporate Governance for the Company is the 'way of the life' in the Company and there exists evidence enough through the policies, and procedures laid down by the Company, about its commitment to the same. The Company ensures good governance through the implementation of effective policies and procedures, which is mandated and regularly reviewed by the Board or the committees of the members of the Board.

3. **RBI Guidelines on Corporate Governance**

In order to enable NBFCs to adopt best practices and greater transparency in their operations, RBI has, issued guidelines on Corporate Governance. In pursuance of the NBFC - Corporate Governance (Reserve Bank) Directions, 2015 issued vide circular dated June 03, 2015, the Company has framed the following internal Guidelines on Corporate Governance. The Company also complies with the existing Reserve Bank Governance Guidelines for NBFCs (MFI), as last summarized by RBI in its Master Circular dated July 01, 2015.

The need for adoption of good corporate governance practices continues to engage the regulator and Stakeholder attention. In this connection and in continuation to its earlier circulars, RBI has made further Amendments to the corporate governance guidelines by its circular dated July 01, 2015.

Light Microfinance is a Non-Banking Finance Company registered with the Reserve Bank of India. Light Microfinance provides micro and meso finance products and services with gender and poverty-focused programs, targeting rural and peri-urban areas, with a specific focus on poor women. The company operates in Gujarat, Rajasthan and Madhya Pradesh and is one of the fastest growing microfinance companies in India today.

The company is driven by a high-caliber, passionate and professional team with a grand vision of becoming the leading microfinance products and services company in India while maintaining a clear focus on execution.

4. Applicability of the NBFC - Corporate Governance Directions to Light Microfinance Private Limited

Light Microfinance has been following the highest level of corporate governance from its early days. The NBFC - Corporate Governance Directions issued by the RBI shall apply to the Company being a Non-Deposit taking Systematically Important Non-Banking Finance Company having an Assets size exceeding Rs. 500 crore, as per its last audited balance sheet.

5. Corporate Governance Policy of Light Microfinance Private Limited:

A. Board of Directors

The Board is conscientious to exercise their business observations to act in what they reasonably believe to be in the best interests of the Company and its shareholders.

Directors are expected to attend and actively participate in Board Meetings and Meetings of Committees on which they serve and to spend the time needed and meet as frequently as necessary to discharge their responsibilities.

In doing so, it must act honestly, in good faith, and in the best interests of the Company.

B. Committees of the Company

In order to enable the Company to adopt best practices and greater transparency in their operations and guide the Company in critical matters, the Board will review and constitute/ reconstitute the following committees at regular intervals:

- a. Audit Committee
- b. Nomination and Remuneration Committee
- c. Risk Management Committee
- d. Asset Liability Management Committee
- e. Share allotment committee
- f. Share Transfer Committee
- g. Executive management Committee
- h. Corporate Social Responsibility Committee
- i. Internal Complaints Committee
- j. Internal Investigation Committee

The meetings of the above committees will be conducted in accordance with the Companies Act, 2013 or as per the Board approved Policies. The minutes of the Committee meetings the observations/ recommendations will be put up to the board for information.

C. Board Composition

The Company's Board shall have an optimum combination of Executive, Non-Executive and Independent Directors as permitted by Companies Act, 2013.

6. Fit and Proper Criteria:

1. The Company confirms that:

- a. A policy is put in place with the approval of the Board of Directors for ascertaining the fit and proper criteria of the directors at the time of appointment, and on a continuing basis. The policy on the fit and proper criteria shall be on the lines of the Guidelines contained in Annex 1;
- b. It has obtained a declaration and undertaking from the directors giving additional information on the directors. The declaration and undertaking shall be on the lines of the format given in Annex 1;
- c. It has furnished to the Reserve Bank a quarterly statement on change of directors, and a certificate from the Managing Director of the NBFC that fit and proper criteria in selection of the directors has been followed. The statement must reach the Regional Office of the Reserve Bank within 15 days of the close of the respective quarter. The statement submitted by NBFCs for the quarter ending March 31, should be certified by the auditors.

Provided that the Reserve Bank of India, if it deems fit and in public interest, reserves the right to examine the fit and proper criteria of directors of any non-banking financial company irrespective of the asset size of such non-banking financial company.

7. Disclosure and Transparency:

With a view to follow the disclosure and transparency policy, the following information will be put up by the Company to the Board of Directors at regular intervals or as prescribed by the Board:

- a. Progress made in putting in place a progressive risk management system, comprising risk management policy and strategy followed.
- b. Conformity with corporate governance standards viz. in composition of various committees, their role and functions, periodicity of meetings and compliance with coverage and review functions.
This information will be presented to the Board of Directors on annual basis or as the need arises.
- c. The Company shall also make necessary disclosure as specified in para 5(2) of RBI directions **RBI/2015-16/12 DNBR (PD) CC.No.053/03.10.119/2015-16 dated July 01,2015**, in its Annual Financial Statements with effect from March, 2015.

8. Rotation of Partners of the Statutory Auditors Audit Firm

The Company will stipulate rotation of partners of audit firms appointed for auditing the company. Accordingly, the partner/s of the Statutory Auditors conducting audit shall be

rotated every three years, so that same partner does not conduct audit of the company for more than three years.

The Company shall incorporate appropriate terms in the letter of appointment of the firm of auditors and ensure its compliance.

9. Publication of Corporate Governance Guidelines on the Website of the Company:

The Corporate Governance Guidelines of Light Microfinance Private Limited shall be published on the website (lightmicrofinance.com) of the Company.

10. Amendments to the Policy

The Board may, subject to applicable laws, amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, as it may deem necessary. The Board may also establish further rules and procedures, from time to time, to give effect to this Policy

ANNEX-1: 'Fit and Proper' Criteria for directors of NBFCs

Name of NBFC: _____

Declaration and Undertaking by Director (with enclosures as appropriate as on _____)

I. Personal details of director

- a. Full Name:
- b. Date of Birth:
- c. Educational Qualifications:
- d. Relevant Background and Experience:
- e. Permanent Address:
- f. Present Address:
- g. E-mail Address/ Telephone Number:
- h. PAN:
- i. Relevant Knowledge and Experience:
- j. Any other information relevant to Directorship of the NBFC:

II. Relevant Relationships of director

- a. List of Relatives if any who are connected with the NBFC
- b. List of entities if any in which he/she is considered as being interested
- c. List of entities in which he/she is considered as holding substantial interest within the meaning of NBFC Prudential Norms Directions, 2007
- d. Name of NBFC in which he/she is or has been a member of the board (giving details of period during which such office was held)
- e. Name of NBFC in which he/she is or has been a member of the board (giving details of period during which such office was held)
- f. Cases, if any, where the director or entities listed in II (b) and (c) above are in default or have been in default in the past in respect of credit facilities obtained from the NBFC or any other NBFC / bank.

III. Records of professional achievements

- a. Relevant professional achievements

IV. Proceedings, if any, against the director

- a. If the director is a member of a professional association/body, details of disciplinary action, if any, pending or commenced or resulting in conviction in the past against him/her or whether he/she has been banned from entry into any profession/ occupation at any time.

- b. Details of prosecution, if any, pending or commenced or resulting in conviction in the past against the director and/or against any of the entities listed in II (b) and (c) above for violation of economic laws and regulations
- c. Details of criminal prosecution, if any, pending or commenced or resulting in conviction in the last five years against the director
- d. Whether the director attracts any of the disqualifications envisaged under Section 274 of the Companies Act 1956 and corresponding provisions of New Companies Act, 2013?
- e. Has the director or any of the entities at II (b) and (c) above been subject to any investigation at the instance of Government department or agency?
- f. Has the director at any time been found guilty of violation of rules/regulations/ legislative requirements by customs/ excise /income tax/foreign exchange /other revenue authorities, if so give particulars
- g. Whether the director has at any time come to the adverse notice of a regulator such as SEBI, IRDA, MCA.

(Though it shall not be necessary for a candidate to mention in the column about orders and findings made by the regulators which have been later on reversed/set aside in toto, it would be necessary to make a mention of the same, in case the reversal/setting aside is on technical reasons like limitation or lack of jurisdiction, etc and not on merit, If the order of the regulator is temporarily stayed and the appellate/ court proceedings are pending, the same also should be mentioned.)

V. Any other explanation/ information in regard to items I to III and other information considered relevant for judging fit and proper

Undertaking:

I confirm that the above information is to the best of my knowledge and belief true and complete. I undertake to keep the NBFC fully informed, as soon as possible, of all events which take place subsequent to my appointment which are relevant to the information provided above.

I also undertake to execute the deed of covenant required to be executed by all directors of the NBFC.

Place: Ahmedabad
Date:

(Name)