

Independent Auditor's Review Report on the Unaudited Financial Results of the Company pursuant to regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, as amended

To
**The Board of Directors of
Light Microfinance Private Limited.**

1. We have reviewed the accompanying statement of Unaudited Financial Results of the Light Microfinance Private Limited (‘the Company’) for the quarter and nine month ended December 31, 2023 (‘the Statement’).
2. This Statement, which is the responsibility of the Company’s Management and approved by the Company’s Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 “Interim Financial Reporting” (Ind AS 34) prescribed under Section 133 of the Companies Act, 2013 (‘the Act’) as amended, read with and relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. Our responsibility is to issue a report on this Statement based on our review.
3. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard (‘Ind AS’) prescribed under Section 133 of the Act read with relevant rules issued thereunder and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of the Regulation 52 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, assets classification, provisioning and other related matters.

3rd Floor, Mistry Bhavan, Dinshaw Vachha Road, Churchgate, Mumbai 400 020, India. Tel: +91 22 6623 0600

501-502, Narain Chambers, M.G. Road, Vile Parle (E), Mumbai 400 057, India. Tel: +91 22 6250 7600

Website: www.cnkindia.com

5. Emphasis of Matters

We draw attention to the note no.6 wherein Company has disclosed accounting treatment followed on derecognition of loans in its entirety upon assignment. However, our conclusion is not modified in respect of this matter.

For C N K & Associates LLP

Chartered Accountants

Firm Registration No. 101961W/W-100036

Hiren Shah

Partner

Membership No. 100052

UDIN: 24100052BKFAGA3623

Place: Mumbai

Date: February 13, 2024

LIGHT MICRO FINANCE PVT LTD

CIN- U67120DL1994PTC216764

Statement of unaudited financial results for the quarter and nine months ended December 31,2023

(Amount In lakhs)

| Sr no. | Particulars | Quarter ended | | | Nine months ended | | Year ended |
|--------|---|----------------------------------|-----------------------------------|----------------------------------|----------------------------------|----------------------------------|-----------------------------|
| | | December 31, 2023 (Unaudited) | September 30, 2023 (Unaudited) | December 31, 2022 (Unaudited) | December 31, 2023 (Unaudited) | December 31, 2022 (Unaudited) | March 31, 2023 (Audited) |
| | Revenue from operations | | | | | | |
| (a) | Interest income | 11,659.30 | 10,881.53 | 6,970.74 | 32,067.90 | 16,330.79 | 24,346.42 |
| (b) | Other operating income | 1,790.90 | 1,683.57 | 1,423.74 | 5,215.96 | 3,881.21 | 4,238.48 |
| I | Total revenue from operation | 13,450.20 | 12,565.10 | 8,394.48 | 37,283.86 | 20,212.00 | 28,584.90 |
| II | Other income | 157.03 | 227.01 | 78.24 | 547.41 | 144.29 | 514.06 |
| III | Total Income (I+II) | 13,607.23 | 12,792.11 | 8,472.73 | 37,831.27 | 20,356.30 | 29,098.96 |
| | Expenses | | | | | | |
| (a) | Finance cost | 5,358.66 | 5,293.43 | 2,963.35 | 15,172.97 | 8,080.07 | 11,626.08 |
| (b) | Impairment/(Reversal) of Impairment on Financial Instruments | 1,325.31 | 1,017.74 | 686.18 | 2,883.13 | (1,752.55) | (2,073.24) |
| (c) | Net loss on derecognition of financial instruments under amortised cost category | - | - | - | - | 3,908.56 | 5,173.01 |
| (d) | Employee Benefit Expense | 3,091.91 | 2,864.10 | 2,031.67 | 8,675.70 | 5,294.95 | 7,875.73 |
| (e) | Depreciation & Amortization Expenses | 270.12 | 189.34 | 48.61 | 614.52 | 292.06 | 390.43 |
| (f) | Other Expenses | 1,207.70 | 1,105.34 | 380.08 | 3,211.01 | 1,776.33 | 2,862.11 |
| IV | Total Expenses (IV) | 11,253.69 | 10,469.96 | 6,109.88 | 30,557.33 | 17,599.42 | 25,854.12 |
| V | Profit/(loss) before tax (III-IV) | 2,353.54 | 2,322.15 | 2,362.85 | 7,273.95 | 2,756.87 | 3,244.84 |
| | Tax Expenses | | | | | | |
| | Current Tax | 831.67 | 878.94 | (177.52) | 2,502.70 | 206.43 | 271.44 |
| | Deferred Tax Charge / (Credit) | (337.62) | (390.75) | 787.51 | (911.12) | 505.69 | 338.83 |
| | Excess/(Short)Provisions of earlier year | - | 36.18 | (51.86) | 36.18 | (51.86) | (51.86) |
| VI | Total tax expense (VI) | 494.05 | 524.37 | 558.12 | 1,627.75 | 660.26 | 558.41 |
| VII | Net profit/(loss) after tax (V-VI) | 1,859.50 | 1,797.78 | 1,804.73 | 5,646.18 | 2,096.61 | 2,686.43 |
| VIII | Other Comprehensive income/(loss) | | | | | | |
| (a) | (1) Items that will not be reclassified to profit and loss | (12.75) | (15.14) | (4.92) | (34.16) | (14.77) | (25.07) |
| | (2) Income tax relating to items that will not be reclassified to profit and loss | 3.21 | 3.81 | (1.24) | 8.60 | (3.72) | 6.31 |
| | Subtotal (a) | (9.54) | (11.33) | (6.16) | (25.57) | (18.48) | (18.76) |
| (b) | (1) Items that will be reclassified to profit and loss-Fair value income/(loss)on derrivative financial instruments | (69.68) | 200.35 | - | (66.12) | - | - |
| | (2) Income tax relating to items that will be reclassified to profit and loss | 17.54 | (50.42) | - | 16.64 | - | - |
| | Subtotal (b) | (52.14) | 149.93 | - | (49.48) | - | - |
| | Other Comprehensive income/(loss) (a+b) | (61.69) | 138.59 | (6.16) | (75.04) | (18.48) | (18.76) |
| IX | Total comprehensive income (comprising profit and other comprehensive income/ (loss)) | 1,797.81 | 1,936.38 | 1,798.57 | 5,571.14 | 2,078.13 | 2,667.67 |
| X | Paid up equity share capital (face value of Rs. 10 per equity share) | 10,779.68 | 10,779.68 | 10,779.68 | 10,779.68 | 10,779.68 | 10,779.68 |
| XI | Other equity as per balance sheet of previous accounting year | | | | | | |
| XII | Earning per share (EPS) (face value of Rs. 10 per equity share) | | | | | | |
| | Basic EPS * | 7.42 | 7.18 | 7.20 | 22.54 | 8.37 | 10.72 |
| | Diluted EPS * | 2.48 | 2.38 | 2.37 | 7.45 | 2.75 | 3.53 |

* The EPS and Diluted EPS for the quarters and nine months ended are not annualised.

Statement of unaudited financial results for the quarter and nine months ended December 31, 2023

Notes:

1. The above results for the quarter and nine month ended December 31,2023 have been reviewed by the Audit Committee and approved by the Board of Directors in its meeting held on February 13, 2024.
2. The above financial results have been prepared in accordance with the requirement of Regulation 52 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended.
3. Information as required by Regulation 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is enclosed as Annexure I.
4. The unaudited financial Results of the Company for the quarter and nine month ended December 31, 2023 have been subjected to limited review by the statutory auditors.
5. The Company operates in a single business segment i.e. lending to members, having similar risks and returns for the purpose of Ind AS 108 on 'operating segments'. The Company operates in a single geographical segment i.e. Domestic.
6. On derecognition of loans in its entirety upon assignment, as Ind AS 109 'Financial Instruments', the Company is required to recognise the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including new asset obtained less any new liability assumed) as gain immediately in the statement of profit or loss.

The Company is of the view that the accounting treatment prescribed in Ind AS 109 increases the income at the time of assignment and leads to reporting higher earnings per share, potentially higher dividend pay-out and improved capital adequacy ratio. Therefore, based on the prudence concept, the Company has prepared the financial statements exercising their judgement under para 19 of Ind AS 1 'Presentation of financial statements' and has departed from the above mentioned requirement of Ind AS 109.

As per the current practice, such gains are recognised as 'unearned income on assigned loans' under the head 'other non-financial liabilities' as is amortised in the statement of profit and loss over the period of the underlying residual tenure of the assigned loan portfolio while related assets and liabilities are recorded at the fair value as per Ind AS requirement.

7. Disclosures pursuant to RBI Notification - RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 - Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 – dated September 24, 2021

A) Details of loans not in default transferred through assignment during the nine months ended December 31, 2023:

| Particulars | Amount in Lakhs | |
|---|---|--|
| | For the nine months ended December 31, 2023 | |
| Aggregate principal outstanding of loans transferred (Rs. In Lakhs) | 45,550.85 | |
| Weighted average maturity (in months) | 18.53 | |
| Weighted average holding period (in months) | 7.03 | |
| Average retention of beneficial economic interest (MRR) (%) | 10% (For 9 transactions) | |
| Average coverage of tangible security (%) | NA | |
| Rating wise distribution of loans transferred | Nil | |

B) The Company has not acquired any loans through assignment.

C) The Company has not transferred any non-performing assets (NPAs).

D) The Company has not acquired any stressed loan.

8. Disclosures pursuant to RBI Notification - RBI/DOR/2021-22/85 DOR.STR.REC.53/21.04.177/2021-22 - Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021 – dated September 24, 2021.

| Sr. No | Particulars | Amount in Lakhs | |
|--------|---|-------------------------|----------------------|
| | | As at December 31, 2023 | As at March 31, 2023 |
| 1 | No of SPVs sponsored by the NBFC for securitization transactions | 1 | 1 |
| 2 | Total amount of securitized assets as per books of the SPVs sponsored by the NBFC | 47.18 | 1,100.51 |
| 3 | Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet | | |
| | a) Off Balance-sheet Exposures | | |
| | <input checked="" type="checkbox"/> First Loss | | |
| | <input checked="" type="checkbox"/> Others | | |
| | b) On Balance-sheet Exposures | | |
| | <input checked="" type="checkbox"/> First Loss – Cash Collateral | - | 175.00 |

| | | | |
|---|---|---|--------|
| | <input checked="" type="checkbox"/> Others- Over Collateral | - | 437.51 |
| 4 | Amount of exposures to securitization transactions other than MRR | | |
| | a) Off-balance sheet exposures | | |
| | i) Exposures to own securities | | |
| | <input checked="" type="checkbox"/> First Loss | | |
| | <input checked="" type="checkbox"/> Loss | | |
| | ii) Exposures to third party securitizations | | |
| | <input checked="" type="checkbox"/> First Loss | | |
| | <input checked="" type="checkbox"/> Others | | |
| | b) On-balance sheet exposures | | |
| | i) Exposures to own securities | | |
| | <input checked="" type="checkbox"/> First Loss | | |
| | <input checked="" type="checkbox"/> Loss | | |
| | ii) Exposures to third party securitizations | | |
| | <input checked="" type="checkbox"/> First Loss | | |
| | <input checked="" type="checkbox"/> Others | | |

9. Information as required by Regulation 54 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015: Security cover available as on December 31, 2023 in case of Secured non-convertible debentures issued by the Company is 1.10 times. The secured non-convertible debentures issued by the Company are fully secured by creation and maintenance of Exclusive charge on loans of the Company, to the extent as stated in the respective Information Memorandum.

10. During the quarter ended December 31,2023, the Company has issued 3,000 unsecured non-convertible debenture (Tier II capital) of a face value of Rs.1 lakh each aggregating Rs.3,000 Lakh.

11. Previous year / periods figures have been regrouped / rearranged, wherever considered necessary, to conform with current periods classification.

For and on behalf of the Board of Directors of Light Microfinance Private Limited

Deepak Amin

Managing Director

(DIN- 01289453)

Place: Ahmedabad

Date: 13th February, 2024

Annexure - I

Additional Information as required under Regulation 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (amended) , for the nine months ended December 31, 2023

| Sr No. | Particulars | Ratio |
|---------------|--|----------------|
| 1 | Debt-equity ratio (no of times)* | 4.37 |
| 2 | Debt service coverage ratio # | Not applicable |
| 3 | Interest service coverage ratio # | Not applicable |
| 4 | Outstanding reedamble preference shares (quantity) | Nil |
| 5 | Outstanding reedamble preference shares (Rs. In lakhs) | Nil |
| 6 | Capital redemption reserve (Rs. In lakhs) | Nil |
| 7 | Debenture redemption reserve (Rs. In lakhs) | Nil |
| 8 | Net worth (Rs. In lakhs) ** | 37,538.06 |
| 9 | Net profit after tax (Rs. In lakhs) | 5,646.18 |
| 10 | Earning per share : Basic | 22.54 |
| | Diluted | 7.45 |
| 11 | Current Ratio (no. of times)# | Not applicable |
| 12 | Long term debt to working capital (no. of times)# | Not applicable |
| 13 | Bad debts to Accounts receivable ratio # | Not applicable |
| 14 | Current liability ratio (no. of times) # | Not applicable |
| 15 | Total debts to total assets \$ | 0.77 |
| 16 | Debtors turnover # | Not applicable |
| 17 | Inventory turnover # | Not applicable |
| 18 | Operating margin (%) # | Not applicable |
| 19 | Net profit margin(%) ## | 15.14% |
| 20 | Sector specific equivalent ratio, as applicable | |
| | a) Net Interest Margin (%) (annualised) | 14.12% |
| | b) GNPA (%) | 1.89% |
| | c) NNPA (%) | 0.46% |
| | d) Provision Coverage Ratio (NPA) @ | 76.51% |
| | e) CRAR @@ | 22.67% |

- * Debt-equity ratio = (Debt securities + Borrowings (Other than debt securities) + Subordinated liabilities)/ Networkth.
- ** Networkth is calculated as defined in section 2(57) of Companies Act 2013.
- # The Company is registered under the Reserve Bank of india Act, 1934 as Non-Banking Financial Company as a Microfinance institution, hence these ratios are not applicable.
- \$ Total debts to total assets = (Debt securities + Borrowing (other than debt securities) + Subordinated liabilities)/ Total assets.
- ## Net profit margin = Net profit after tax/ Total income.
- @ Provision Coverage = Total impairment loss allowance for Stage III / Gross Stage III loans EAD
- @@ Capital Ratio = Adjusted Networkth / Risk Weighted Assets, calculated as per applicable RBI guidelines