

LIGHT MICROFINANCE PRIVATE LIMITED



ANNUAL REPORT 2020-21



Dear Fellow Shareholders,

We hope all of you and your near and dear ones are safe and healthy in these unprecedented and challenging times. This year has thrown surprises for which few were prepared. Leave aside companies, some entire economies and industries have experienced continued stress and have been set back by multiple years. It is with great pleasure, then, that we inform you that we have grown by 30% in these times and come out with industry leading asset quality. The operations have been further strengthened as have the partner relations.

We expanded operations into Haryana to grow from 119 branches in FY20 to 132 in FY21. The Asset Under Management grew by 30% from Rs 476 Cr to Rs 623 Cr while borrower base increased from 187,502 to 217,875. Through careful planning and execution, PAT increased more than three-fold from Rs. 4.02 Cr to Rs. 12.73 Cr. Capital Adequacy Ratio was maintained at comfortable levels and was at 19.27% by close of the year, well above the stipulated minimum RBI requirements of 15%. team strength increased from 1055 in FY20 to 1227 in FY21. In addition, we are very happy that despite severe credit crunch in the market, we have increased our lender base to 41 lenders, including 16 banks and key new lenders such as SIDBI, Mudra, HDFC and Incofin. The cost of funds has been reduced by more than 2% over the last two financial years and we continue to strive to minimize the same. The most interesting aspect of our performance is the asset quality, which stands right at the top of the industry. As of 31st Mar 2021, PAR 90 (90 days overdue) was at 0.85% compared to 10.57% of the industry.

Light Microfinance was set up with a solid foundation of values and a large vision. We had begun our journey with a mission to offer the financially excluded sections of India with cost-effective, timely, humane, and technology-driven efficient products and services with world class standards. We have always kept our customers and employees central to every decision and that is exactly how we overcame the challenges created by the Covid-19 pan-

demic and delivered industry transcending performance. This is due only to the passionate, committed, talented, driven, and innovative team that you have invested in and who knows how to work as a team to convert adversity into opportunity and to translate our long-term vision and mission into daily execution on the ground. This is a team we are proud of. This is our team.

It gives us great pleasure to say that on the strength of its Management team, Governance structure, operations, and potential for future growth, we signed on three global, high quality private equity investors last year. Rs. 25 Cr was received as first tranche in FY20 while balance investment of Rs 48 Cr was under process for regulatory approval. Though the process was delayed due to covid-19 situation, the investors remained completely committed. The process finally closed in Jul'21. This is a seminal moment in the growth path of Light Microfinance because this is the first round of equity financing that the Company has raised from institutional private equity investors. They bring world class experience and expertise in microfinance and financial inclusion, with particular focus on social impact that is completely copacetic with the mission, values and the soul of Light Microfinance. We are proud to have them as our partners in this exciting and impactful journey and look forward to working closely with them in the coming years.

The ongoing Covid-19 pandemic in the world and particularly in India has hit the global economy very hard. The type, speed and scale of impact has been unprecedented in the last 100 years. India's GDP contracted by 7.3% in FY21 as per Government data. While the economy is expected to grow by 8.8-9% as per CARE Ratings, the crisis is not yet over with a severe second wave hitting India in Apr-Jun 2021 and expectation of a third wave in Sep-Nov 2021 is being put out. The Governments, Central and State, along with RBI moved in tandem to create adequate medical and financial support for the economy but recovery is yet to complete. We expect the situation to continue easing over the next 6-9 months as vaccination drive picks up (nearly 41 Cr vaccine doses have been administered as of Jul'21) and companies and people become more adept at managing operations and liquidity in light of restrictions.

We are fully seized of the situation and are thoroughly prepared to deal with it on every front – people, operations as well as finance. We responded within days of the lockdown announcement and enabled its entire digital platform infrastructure for our committed teams to work from home with full functionality without compromising on cyber security. Work from home requires handling a new set of challenges, including information security, a reconfigured infrastructure and vulnerability to phishing attacks. Cyber security and Business Continuity were both top priorities. Light runs processes that are largely system driven, thus all changes to the controls and processes were strictly implemented and monitored and were found to be operating effectively. It is thanks largely to the investments that the Company has made in technology over the years that it was able to respond to the new lockdown situation with agility. While the field operations were severely affected because of strict lockdowns at every level, the head office continued to work and the management

swung into action to put some new processes and HR practices in place, including training, new social-distancing protocols for health and safety and establishing communications with our customers to ensure their well-being. This investment in the people gave excellent results as an energized and newly trained team swung into action as soon as the lockdown started opening.

Even as the operations of the Company were under strict control and monitoring, our company has always had its Asset-Liability Management on top of the radar. The static liquidity assessment and dynamic liquidity assessment was done daily to ensure that the Company was always comfortable with respect to its liquidity and financial obligations. The second wave, while severe in its human toll, presented lesser challenge operationally as we had anticipated the same and, in fact, had in advance moved to Work from Home. It was, however, a difficult period mentally for all as many of our employees as they or their near and dear ones got infected. 132 of our employees and 47 family members got infected. We lost 2 employees and 4 family members of our employees to Covid-19. Up to 5% of our borrowers also experienced incidences of infection in their families. Despite the challenges, the team came out prepared – ample liquidity in hand and in pipeline and on the back of solid asset quality – and successfully continued disbursements while ensuring collections remained stable. The customers and employees are once again shining and enabling us to recover much faster and better than industry. You have invested in a world class team with a can-do attitude.

In all of this, we are truly grateful to all our stakeholders for supporting, helping, advising and guiding the Company in this exhilarating journey – our esteemed lenders, our investors, our directors, our advisors, our partners, our employees and above all our customers. We can never thank each and every one of them enough. It is our stakeholders who will prepare and propel the Company to its next stage of growth.

We continue to believe in the microfinance sector and the potential it holds for growth. Large sections of India are still financially excluded and in dire need of intervention providing large untapped headroom for growth. With its world class team, its various top-notch stakeholders, its continuing investments in technology and innovations and a large values driven vision, Light is strongly positioned to be the leader in the industry in the coming years. In conclusion, we want to thank all our stakeholders for reposing faith in the Company, to all our customers for their trust in us and to our invaluable team at Light Microfinance for their hard work, passion and commitment to building a technology-driven, customer-first, execution-oriented and values-driven company.

Deepak Amin
Managing Director

Rakesh Kumar
Chief Executive Officer

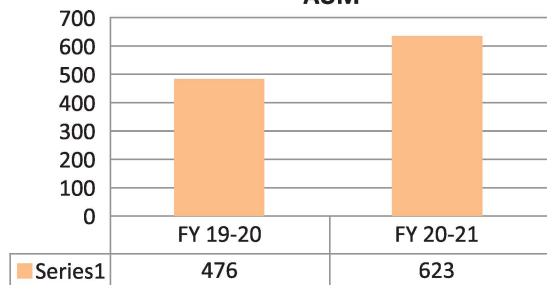
Aviral Saini
Chief Financial Officer



“Sonalben's husband is a factory worker and his income was not enough to run the household. So, she decided to start her own business of vegetable vending and obtained a loan from Light Microfinance. She now sells vegetables and contributes to the family income that helps provide a better life to her children.”

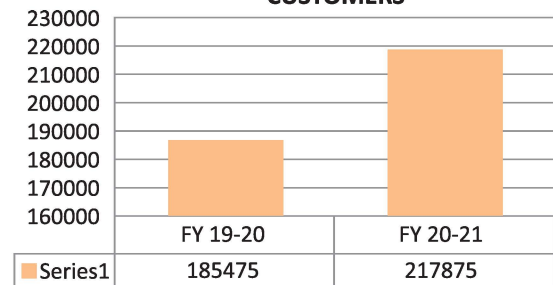
BUSINESS HIGHLIGHTS

AUM



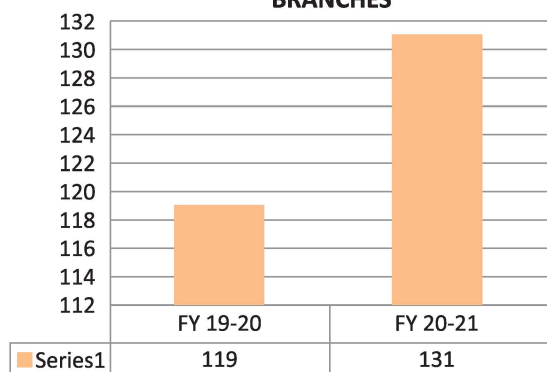
Growth : 31%

CUSTOMERS

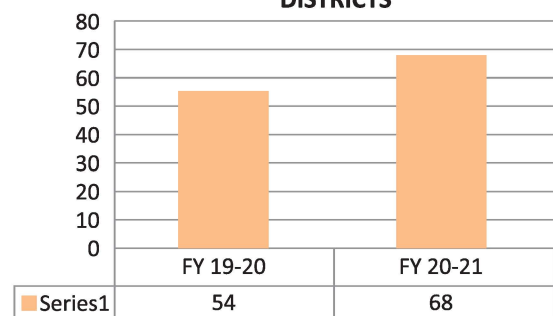


Growth : 17%

BRANCHES

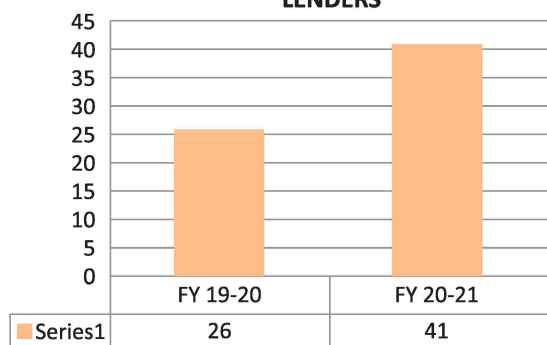


DISTRICTS



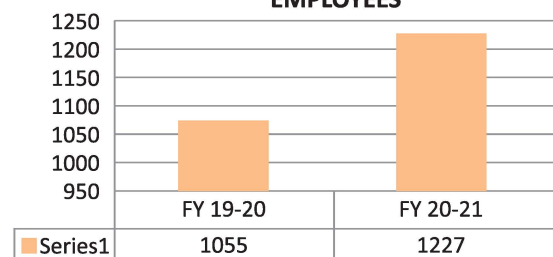
Growth : 14 New Districts added

LENDERS



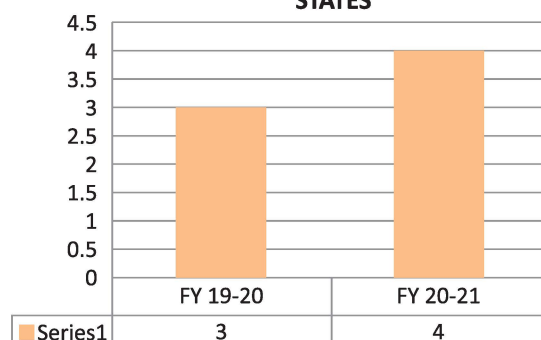
Growth : 15 New lenders added in Finance Bucket

EMPLOYEES



Growth : 16%

STATES



Growth : Hariyana added in Business Domain

SUSTAINABLE DEVELOPMENT GROWTH (SDG)

Sustainable Development Goal

5 GENDER EQUALITY



100% Women Borrowers Empowering more than 220k rural women through economic

3 GOOD HEALTH AND WELL-BEING



Hospi- Cash Product. Providing health insurance to all the women borrowers and spouses to enable healthier life.

1 NO POVERTY




35% Avg. Increase in Income Providing last mile access to reliable and scalable capital.

10 REDUCED INEQUALITIES



Cerise Score : Consumer Protection: 94% Non-discriminatory delivery of service imbining social cohesion.

8 DECENT WORK AND ECONOMIC GROWTH

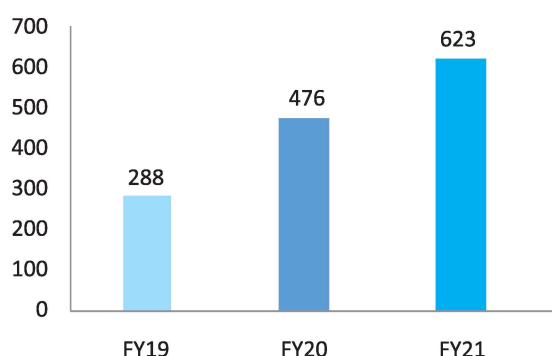


97% Customer Retention Rate Enabling micro-entrepreneurship and better standard of living at Bottom of Pyramid

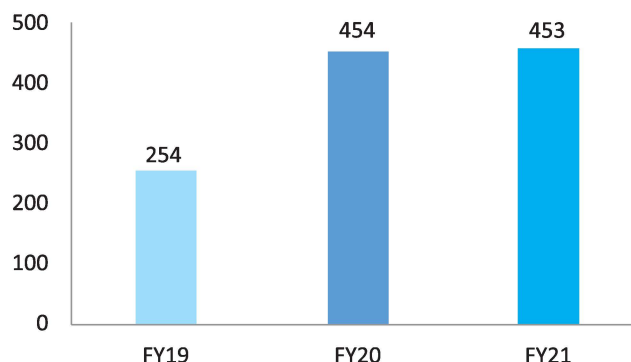
PERFORMANCE METRICS

OPERATIONAL METRICS

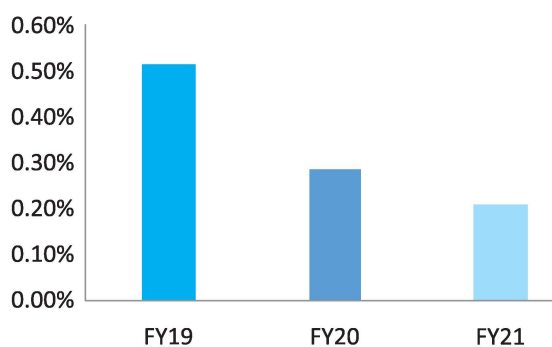
AUM (Cr)



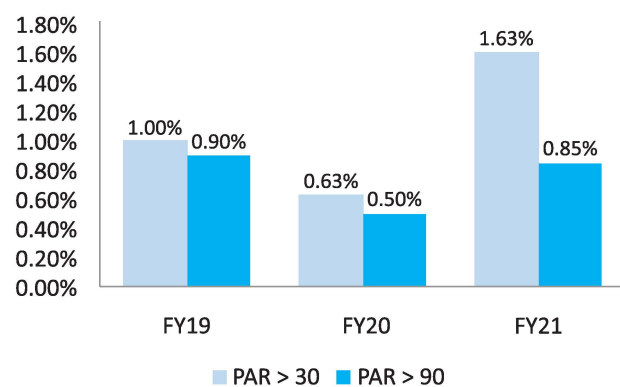
DISBURSEMENT (Rs. Cr.)



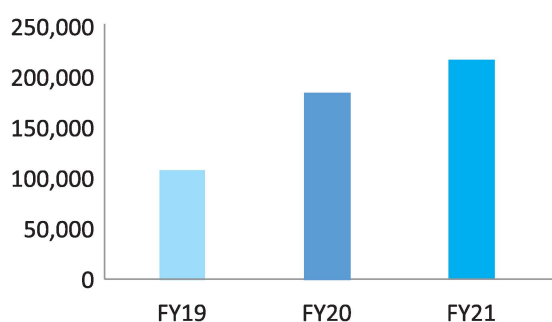
GNPA (%)



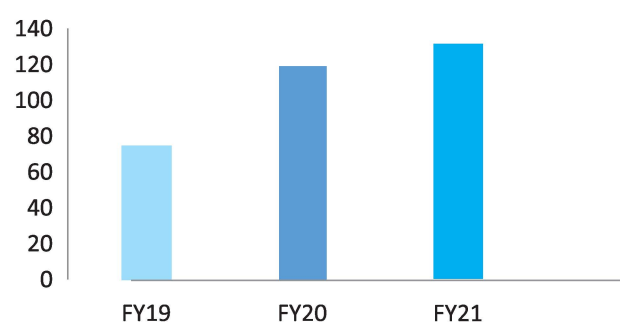
PAR TREND



CUSTOMERS

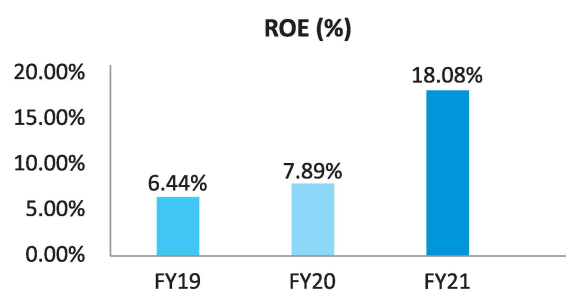
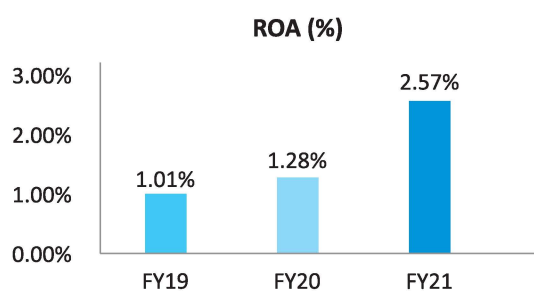
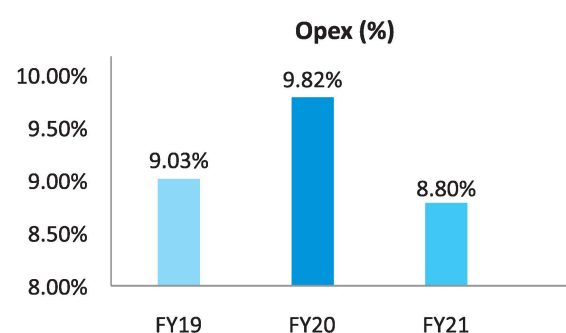
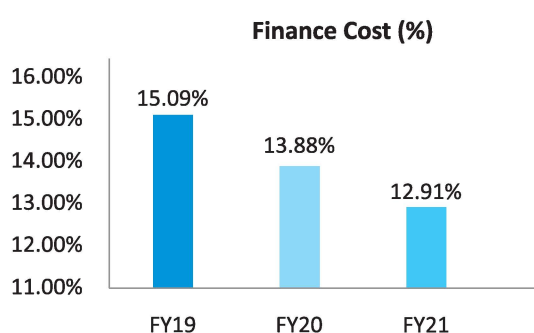
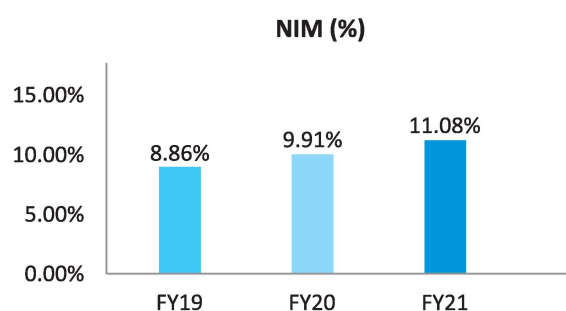
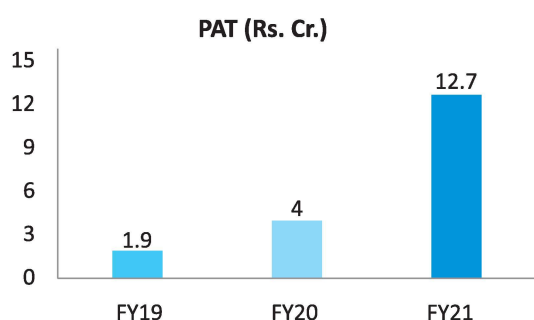
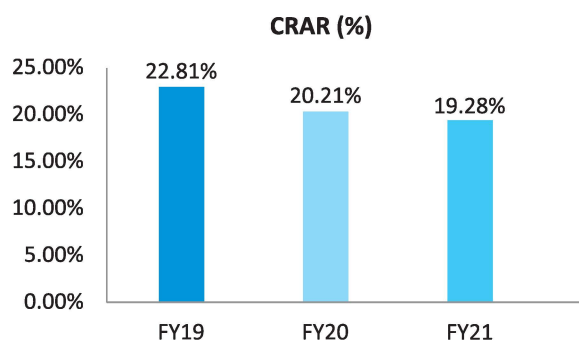
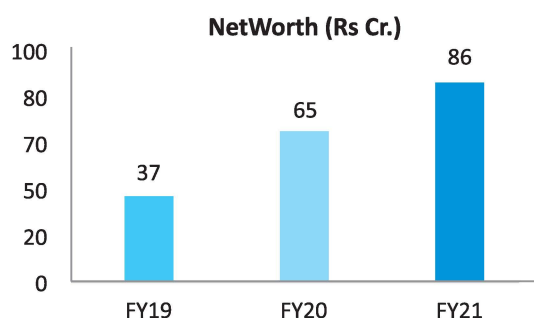


BRANCHES



PERFORMANCE METRICS

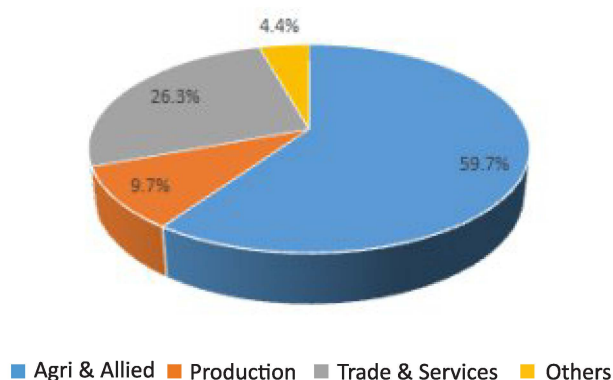
FINANCIAL METRICS



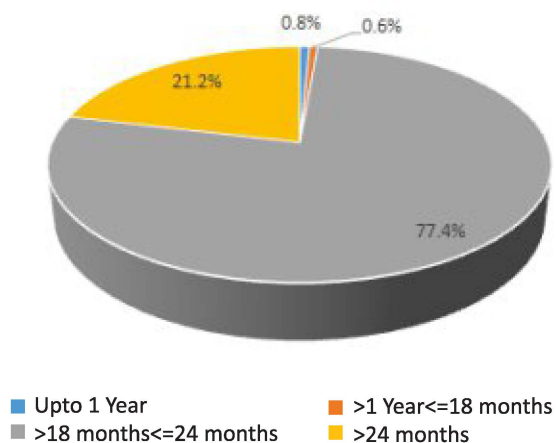
BUSINESS REVIEW DATA

PORTFOLIO DATA

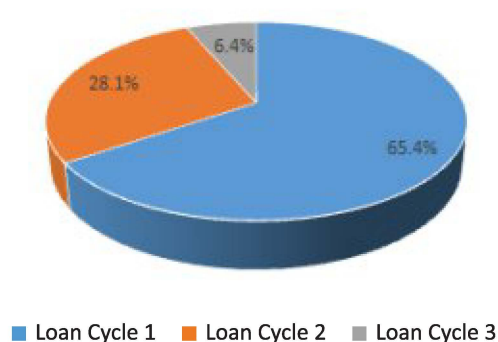
Portfolio - End use Breakup (% Share)



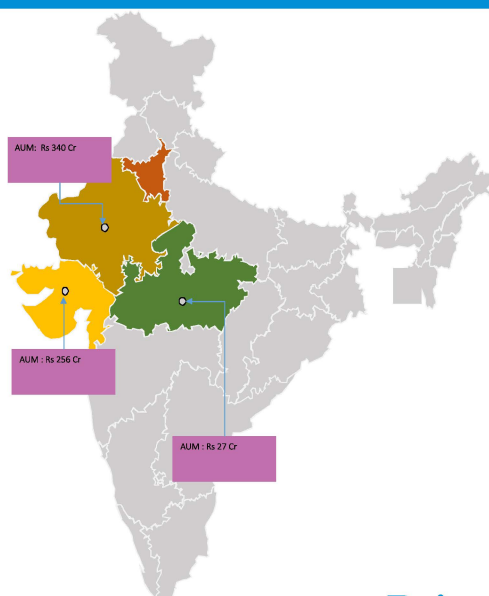
Portfolio - Tenure wise Breakup (%Share)



Portfolio - Cyclewise (in %Share)



OPERATIONAL FOOTPRINT



Rajasthan



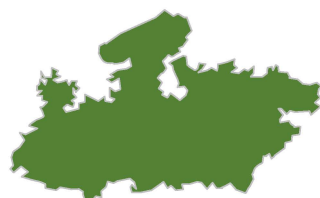
| Branches | | Loan Outstanding | | Disbursement | |
|----------|------|------------------|------|--------------|------|
| 0 | | 39.34% | | 1.36% | |
| FY20 | FY21 | FY20 | FY21 | FY20 | FY21 |
| 63 | 63 | 244 | 340 | 244 | 247 |

Gujarat



| Branches | | Loan Outstanding | | Disbursement | |
|----------|------|------------------|------|--------------|------|
| -9 | | 22.49% | | -1.75% | |
| FY20 | FY21 | FY20 | FY21 | FY20 | FY21 |
| 51 | 42 | 209 | 256 | 190 | 187 |

Madhya Pradesh



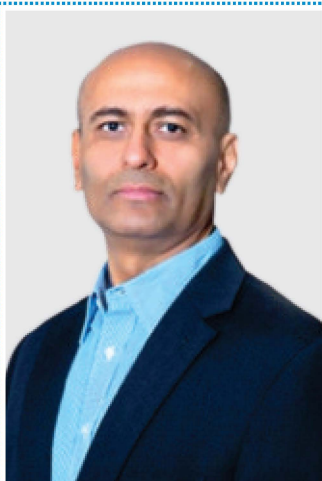
| Branches | | Loan Outstanding | | Disbursement | |
|----------|------|------------------|------|--------------|------|
| 8 | | 42.11% | | -4.78% | |
| FY20 | FY21 | FY20 | FY21 | FY20 | FY21 |
| 5 | 13 | 19 | 27 | 20 | 19 |

Haryana



| Branches | | Loan Outstanding | | Disbursement | |
|----------|------|------------------|------|--------------|------|
| 13 | | NA | | NA | |
| FY20 | FY21 | FY20 | FY21 | FY20 | FY21 |
| 0 | 13 | 0 | 0 | 0 | 0 |

BOARD OF DIRECTORS



Deepak Amin
Managing Director



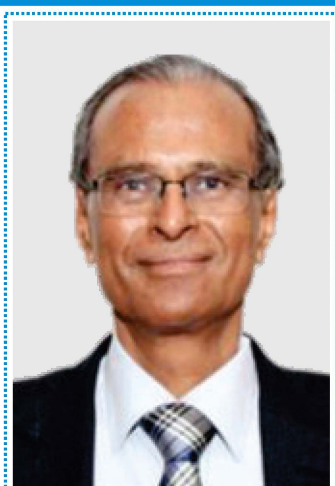
Rakesh Kumar
CEO & Executive Director



Aviral Saini
CFO & Executive Director



Anuj Kumar
Independent Director



Mukesh M. Shah
Independent Director



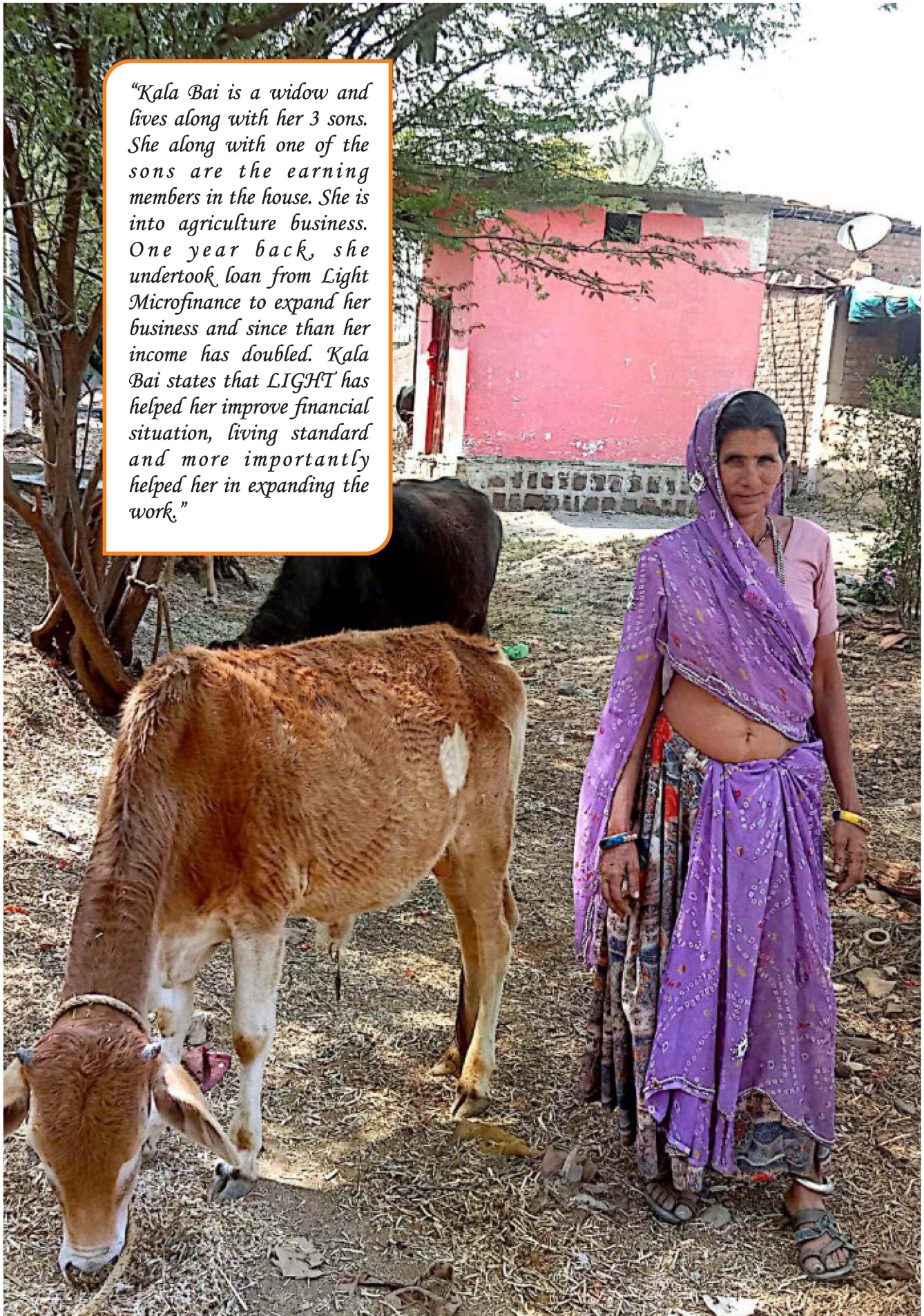
Chandan Sinha
Independent Director

MANAGEMENT TEAM

Light Microfinance has assiduously built a world class management team together with top-notch governance through a board that is comprised of world class directors with a breadth of experience and knowledge that is difficult to find from a private equity and banking professional and leading Chartered Accountant to a former RBI executive and private equity investors. All together bring a breadth of experience spanning from banking, regulations, compliance, governance, investment, equity, risk management, technology, innovation, operations, and microfinance.

| Sr. no. | Name | Designation | Department |
|---------|-----------------|--|------------------------|
| 1 | Satish Dhupdale | Chief Digital Officer | Information technology |
| 2 | Nehal Shah | Senior. Vice President | Operation |
| 3 | Amit Sugandhi | Vice President | Information technology |
| 4 | Nisarg Shah | Vice President | Accounts |
| 5 | Anuja Kochhar | Assistant Vice President | HR & Admin |
| 6 | Jayesh Dave | Assistant Vice President | Credit |
| 7 | Ankur Singhal | Assistant Vice President | Finance |
| 8 | Madhavi Gajjar | Company Secretary and compliance officer | Compliance |

"Kala Bai is a widow and lives along with her 3 sons. She along with one of the sons are the earning members in the house. She is into agriculture business. One year back, she undertook loan from Light Microfinance to expand her business and since then her income has doubled. Kala Bai states that LIGHT has helped her improve financial situation, living standard and more importantly helped her in expanding the work."



COVID-19 RESPONSE

The COVID-19 pandemic has unleashed a global health emergency that has led to an economic crisis of historic magnitude. India, as a nation, has stood firmly to manage the unprecedented challenge caused by COVID-19 infections, with both government and non-governmental support augmenting preventive and therapeutic health-care facilities, diagnostic and research facilities, and tracking services, to minimize the loss of human life. While India managed to contain the virus in the first wave in early 2020 through various interventions including a nationwide lockdown, the economy was expected to contract by 8% in 2020-21. The second wave is now sweeping through the country – the shortage of essential medical supplies such as oxygen, hospital beds, and vaccines has reached a critical level. To help the country through the ongoing second wave of the pandemic, banks and other financial institutions are working quickly to redeploy funds from existing projects and accelerate disbursements to help the government procure much-needed medical equipment, supplies, and emergency support.

During the 1st wave and now the 2nd wave, we maintained the calmness of mind, identified, and prioritized the list of activities and put them into action with effective monitoring. We had put in place technology led Business Continuity plan before the lockdown was imposed. We had clear imperatives a) Employee Safety & Outreach b) Customer Safety & Outreach c) Liquidity Preservation d) Compliance and everything else.

a) Employee Safety & Outreach:

The primary focus was to ensure people feel secure, both health-wise and financially. As a first step, all employees were brought on call to explain necessary preventive measures to be undertaken considering Covid-19 pandemic. Secondly, they were assured of their jobs and salaries. With these two key concerns out of the way, people came into the right frame of mind to deliver on organizational imperatives. They were then trained to work from home and engaged by their managers to ensure they understand priorities. Work Update calls, Daily work status were tracked to ensure smooth functioning and achievement of objectives. Employees were engaged regularly through virtual townhalls and motivational videos. All the employees were extended support from the management, given handholding in Work from Home environment where the tasks were prioritized, and approached with empathy. Upon opening of lockdown, branch infrastructures were kept sanitized, and all necessary protocols were followed.

b) Customer Safety & Outreach:

Customer safety was of utmost importance as 90% of our customers are rural and were, initially, largely unaware, or ignorant of the pandemic. Getting the employees in the right frame of mind quickly allowed us to reach out to all our customers and explain key precautions necessary for them. Further, we explained to customers beforehand how the moratorium announced by RBI would function. Continuous connect with the customers was

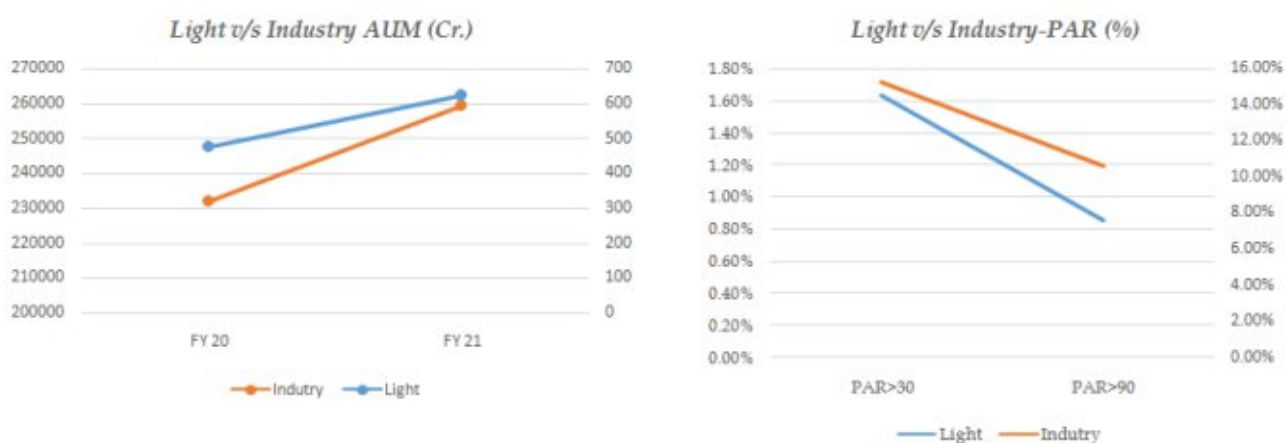
maintained through IVR, audio messages, tele-calls, SMS and other media tools. This outreach was appreciated significantly by our customers and was reflected in how they repaid in Unlock.

Video capture of customer meetings mandated as additional controls to ensure right collection through right treatment of clients and enable safety of employees as well.

c) Liquidity:

Financial services, specifically, NBFCs are conduits of money and sufficient liquidity always is key to survival. We follow a very prudent ALM policy in maintaining a buffer, however, the pandemic presented stress never experienced before. Sanctions were quickly drawn down as indication of lockdown started coming in enabling us to start with over Rs 30 Cr in liquidity. All vendor agreements were renegotiated to control expenses by almost 25%. With RBI circular on moratorium, the Finance team reached out to all lenders to avail moratorium. Our strong relationships came very handy in this situation. Liquidity assessment was done on daily basis till situation came under control in Jul'20. We start paying full EMIs to all our lenders in Jul'20 which was greatly appreciated by all.

With this approach, Light deftly managed the situation to outshine the industry trend by achieving an AUM growth of 31% as against the industry's growth of 11.9%. It also managed to keep the Portfolio at Risk at 2.6% significantly lower than industry at 19.5%.





"Seema Soni lives with her husband, mother-in-law and 2 daughters. She along with her husband and 1 daughter are the earning member sin the house. She is into Saree Selling Business. She took loan from Light Microfinance 6 months back and since then have been able to increase business size significantly. Seema Soni states that the Loan Officer from Light briefed about the terms & conditions of the loan very well and they have been collecting the installment on time."

DIRECTOR'S REPORT

To
The Members,
LIGHT MICROFINANCE PRIVATE LIMITED

Your Board of Directors (the "Board") takes pleasure in presenting the 27th Directors Report of the Company along with the Audited Financial Statements for the year ended March 31, 2021.

❖ BUSINESS OVERVIEW:

Financial Year 2020-21 saw an increase in the profitability as compared to the previous year. Light has experienced significant milestones as it continues to grow over the years and at this stage Light is poised to move into diverse areas. Company will continue to expand its business in existing territories and expand into new areas in the coming years to take advantage of growth and business opportunities.

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❖ FINANCIAL HIGHLIGHTS:

(All figures in INR)

| Particulars | F.Y. 2020-21 | F.Y. 2019-20 |
|---|----------------|--------------|
| Revenue from Operations | 1,12,25,78,619 | 73,92,81,611 |
| Other Income | 2,72,37,438 | 2,92,19,326 |
| Profit/loss before Depreciation, Finance Costs, Exceptional items and Tax Expense | 65,85,49,515 | 39,49,96,834 |
| Less: Depreciation/ Amortisation/ Impairment | 98,54,813 | 74,38,437 |
| Profit/loss before Finance Costs, Exceptional items and Tax Expense | 64,86,94,702 | 38,75,58,397 |
| Less: Finance Costs | 48,92,77,454 | 33,63,87,168 |
| Profit/loss before Exceptional items and Tax Expense | 15,94,17,248 | 5,11,71,229 |
| Add/(less): Exceptional items | - | - |
| Profit/loss before Tax Expense | 15,94,17,247 | 5,11,71,229 |
| Less: Tax Expense (Current & Deferred) | 3,21,28,753 | 1,09,60,249 |
| Profit/loss for the year (1) | 12,72,88,495 | 4,02,10,980 |
| Total Comprehensive Income/loss (2) | - | - |
| Total (1+2) | 12,72,88,495 | 4,02,10,980 |
| Balance of profit/loss for earlier years | - | - |
| Less: Transfer to Debenture Redemption Reserve | - | - |
| Less: Transfer to Reserves | - | - |
| Less: Dividend paid on Equity Shares | - | - |
| Less: Dividend paid on Preference Shares | - | - |
| Less: Dividend Distribution Tax | - | - |
| Balance carried forward | 12,72,88,495 | 4,02,10,980 |
| Earning per share: | | |
| 1. Basic | 1. 5.08 | 1. 1.61 |
| 2. Diluted EPS | 2. 3.78 | 2. 1.20 |

| Particulars | March 31, 2021 | December 31, 2020 | March 31, 2020 |
|--------------------------------|----------------|-------------------|----------------|
| Shareholders' Fund | 86,03,93,569 | 543,805,964 | 371,615,583 |
| Non-current Liabilities | 2,27,94,18,612 | 1,728,355,313 | 894.438.815 |
| Current Liabilities | 2,77,80,10,535 | 1,458,366,433 | 1.042,654,668 |
| Non-Current Assets | 2,35,10,47,922 | 1,464,241,803 | 860.591.429 |
| Current Assets | 3,56,67,74,812 | 2,266,285,907 | 1,448,117,639 |
| Income | 1,14,98,16,057 | 516,643,166 | 438,032,266 |
| Expense | 99,03,98,810 | 496,407,107 | 413,674,481 |

❖ RESULTS OF OPERATIONS:

➤ Revenue:

During the year under review, the turnover of the Company has been increased by Rs. 38,13,15,120 an increase of 49.62% as compared to previous financial year. Your Company posted a turnover of Rs. 1,14,98,16,057/- in the year ended on March 31, 2021, as compared to Rs. 76,85,00,937/- in the previous year.

➤ Profit:

During the year under review, profit of the Company has been increased by Rs. 8,70,77,515 an increase of 216.55% as compared to previous financial year. Your Company's profit after tax for the year ended on March 31, 2021 was recorded at Rs. 12,72,88,495/- as compared to Rs. 4,02,10,980/- in the previous year.

➤ Other Financial Highlights:

Other income was at Rs. 2,72,37,438 as against Rs. 2,92,19,326 in the previous year, primarily on account of interest income.

Finance Cost was at Rs. 48,92,77,454 as against Rs. 33,63,87,168 in the previous year, primarily on account of the higher loan balances and other finance costs.

Depreciation and amortisation were higher by Rs. 24,16,376 as compared to previous year. The actual cost was at Rs. 98,54,813 as compared to Rs. 74,38,437 in the previous year.

Basic Earnings Per Share (EPS) for the year ended March 31, 2021 was at Rs. 5.08 as against Rs. 1.61 in previous year. Diluted Earnings Per Share (EPS) for the year ended March 31, 2021 was at Rs. 3.78 as against Rs. 1.20 in previous year.

The Board of Directors of the Company is confident that the Management of the company is capable of taking the company forward in the coming financial year.

❖ COMPANY AFFAIRS:

Your Company proudly announces that during the year under review the Company has crossed the asset size of Rs. 500 crore and as per RBI Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, following mandatory committees are constituted by the company:

| Sr. no. | Name of Committee |
|---------|---------------------------------------|
| 1 | Audit Committee |
| 2 | Nomination and Remuneration committee |
| 3 | Risk Management Committee |
| 4 | IT strategy Committee |
| 5 | Asset liability committee |
| 6 | Internal investigation committee |

❖ OPERATIONAL PERFORMANCE FOR THE FISCAL YEAR 2020-21 IS SUMMARIZED IN THE FOLLOWING TABLE:

| Particulars | 2020-21 | 2019-20 |
|---------------------------------------|----------------|---------------|
| No. of Branches | 135 | 119 |
| Number of Members | 225363 | 105792 |
| Number of Employees | 1222 | 1055 |
| Number of States | 4 | 3 |
| Amount disbursed (Rs. in crores) | Rs. 453.04 cr. | Rs. 454.33 Cr |
| Portfolio Outstanding (Rs. in crores) | Rs. 623.00 cr. | Rs. 475.83 Cr |

❖ CHANGES IN SHARE CAPITAL:

▪ Authorised Share Capital:

During the year, the Authorised share capital was increased as mentioned below:

| Board Meeting/Circular Resolution Date | AGM/EGM Date | Old authorised capital | Increase in Authorised Share Capital | | New Authorised Capital |
|--|----------------------|------------------------|--------------------------------------|-------------|------------------------|
| | | | Equity | Preference | |
| Board Meeting dated 11.11.2020 | EGM dated 21.12.2020 | 79,50,00,000 | - | 1,00,00,000 | 89,50,00,000 |
| Board meeting dated 20.05.2021 | EGM dated 15.06.2021 | 89,50,00,000 | 2,00,00,000 | 4,50,00,000 | 154,50,00,000 |

▪ Paid-up Share Capital

The changes in the paid-up share capital during the year are shown as unders:

| Meeting date | Increase in Paid-up Share Capital | | Total issued share Capital as on March 31, 2021 |
|--|-----------------------------------|---------------|---|
| | Equity | Preference | |
| Share Allotment Committee meeting dated 30.09.2020 for allotment of Non-Convertible Redeemable Preference Shares | - | 1,00,00,000 | 43,31,58,000 |
| Share Allotment Committee meeting dated 26.06.2021 for allotment of Compulsorily Convertible Preference Shares Series A1 | - | 90,22,209 | 44,21,80,209 |
| Board meeting dated 30.06.2021 for redemption of Non-Convertible Redeemable Preference Shares | - | (1,00,00,000) | 43,21,80,209 |

❖ DIVIDEND AND RESERVES:

In view of the fact that your Company is a rapidly growing company and constantly in need of capital to fuel its growth, your Directors recommended against giving any dividend for the financial year 2020-21.

The Company has transferred Rs. 2,54,57,699/- to the reserves during the Financial Year ended March 31, 2021, in accordance with the provisions of Section 45-IC of the Reserve Bank of India Act, 1934.

The Board of Director approved declaration of interim dividend of Rs. 89,75,342/- in the board meeting dated 30th June 2021 issued to WAAO Partners LLP- Non-Convertible Redeemable Preference Shareholder.

As per RBI circular RBI/2021-22/59 DOR.ACC.REC.No.23/21.02.067/2021-22 dated June 24, 2021, we hereby provide following information regarding dividend declared during the financial year

| Accounting period * | Net profit for the accounting period [in INR.] | Rate of dividend (in %) | Amount of dividend [in INR.] | Dividend Pay-out ratio (per cent) |
|---------------------|--|-------------------------|------------------------------|-----------------------------------|
| Oct-20 to May-21 | 6,99,12,507.8474095 | 12% p.a. | 89,75,342/- | 12.84% |

❖ DETAILS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

The Company does not have any Subsidiary, Joint Venture or Associate Company during the year under review.

❖ PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS IN SECURITIES:

During the year under consideration, the Company has not granted any Loans, guarantees or has made any investment which requires disclosures under Section 186 of Companies Act, 2013.

❖ DECLARATION OF INDEPENDENT DIRECTORS:

The Company has received necessary declarations from each independent director under Section 149 (7) of the Companies Act, 2013 that they meet the criteria of independence laid down in Section 149 (6) of the Companies Act, 2013.

❖ DETAILS OF KEY MANAGEMENT PERSONNEL:

During the year under review, following changes occurred in the Management;

▪ **Appointment of Mr. Mukesh Shah as an Additional Independent Director**

Mr. Mukesh Shah was appointed as Additional Independent Director of the Company vide circular resolution passed by the Company on 31st July, 2020. Necessary filing for the same with Ministry of corporate affairs was done by the company on 05th August, 2020.

▪ **Regularization of Mr. Mukesh Shah as Independent Director**

Mr. Mukesh Shah was regularized in the Annual General Meeting of the Company Held on 28th September 2020 as "Independent Director" of the Company pursuant to the provisions of Section 161 of Companies Act, 2013. Necessary filing for the same with Ministry of corporate affairs was done by the company on 07th October, 2020.

■ Appointment of Key Managerial Personnel (KMP) of the Company

The following has been appointed Key Managerial Personnel (KMP) of the Company vide resolution dated 04th September 2020:

- (a) Mr. Rakesh Kumar (Chief Executive Officer)
- (b) Mr. Aviral Saini (Chief Finance Officer)

Necessary filing for the same with Ministry of corporate affairs was done by the company on 29th September 2020.

■ Re-appointment of Mr. Anuj Kumar as Independent Director

Mr. Anuj Kumar was re-appointed as “Independent Director” of the Company on the expiry of his first term of 5 years via Ordinary Resolution dated 21st December 2020 for the second term of 5 years. Necessary filing for the same with Ministry of corporate affairs was done by the company on 09th January 2021.

■ Appointment of Mr. Chandan Sinha as an Additional Independent Director

Mr. Chandan Sinha was appointed as Additional Independent Director of the Company vide circular resolution passed by the Company on 20th May 2021. Necessary filing for the same with Ministry of corporate affairs was done by the company on 27th May 2021.

In accordance with Section 203 of the Companies Act, 2013, the Company has following Key Management Personnel as on date of the Board Report.

| <u>SR. NO.</u> | <u>NAME</u> | <u>DESIGNATION</u> |
|----------------|--------------------|--|
| 1 | Mr. Deepak Amin | Managing Director |
| 2 | Mr. Rakesh Kumar | Chief Executive Officer |
| 3 | Mr. Aviral Saini | Chief Financial Officer |
| 4 | Ms. Madhavi Gajjar | Company Secretary and Compliance Officer |

❖ PERFORMANCE EVALUATION:

The Board of Directors have carried out an annual performance evaluation of Board, Board Committees and Individual Directors pursuant to the provisions of Schedule VI of Companies Act, 2013.

- The performance of the Board was evaluated by the board, after seeking inputs from all the directors, on the basis of the criteria such as the board composition and structure, effectiveness of board processes, information and functioning etc.
- The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.
- The Board of Directors carried out the evaluation on the basis of different criteria i.e. participation of Directors at Board/Committee meetings, managing relationship, knowledge and skill, ethics and contribution, composition and quality of Board, Board meeting and its procedures, Board strategy and risk management, composition and duties of Committees.

❖ CHANGE IN NATURE OF BUSINESS, IF ANY:

Your Company continues to operate as a microfinance business and during the year under review, there was no change in nature of the business of the Company.

❖ EXTRACT OF ANNUAL RETURN:

Pursuant to the provisions of Section 134(3)(a) of the Companies Act, 2013, Extract of the Annual Return for the financial year ended March 31, 2021 made under the provisions of Section 92(3) of the Act is attached as “**Annexure A**” attached herewith and which forms part of this Report and annual return uploaded on the Company’s Website can be assessed at <https://www.lightmicrofinance.com/>

❖ NUMBER OF MEETINGS OF THE BOARD:

Regular meetings of the Board are held at least once in a quarter, inter-alia, to review the routine and special business of the Company. The Board meetings are generally held at the corporate office of the Company.

During the year under review, Board of Directors of the Company met 4 (Four) times. The names of the members of the Board, their attendance at the Board Meetings are as under:

| Sr. No | Day and Date of BM | Rakesh Kumar | Aviral Saini | Anuj Kumar | Deepak Amin | Mukesh Shah |
|--------|-----------------------|--------------|--------------|------------|-------------|-------------|
| 1 | Tuesday, 30.06.2020 | ✓ | ✓ | ✓ | ✓ | -* |
| 2 | Friday, 04.09.2020 | ✓ | ✓ | ✓ | ✓ | ✓ |
| 3 | Wednesday, 11.11.2020 | ✓ | ✓ | ✓ | ✓ | ✓ |
| 4 | Thursday, 18.02.2021 | ✓ | ✓ | ✓ | ✓ | ✓ |

* Mr. Mukesh Shah has been appointed as Additional Independent Director w.e.f. 30th July 2020. Therefore, he was not present in the Board meeting held on 30th June 2020.

❖ NUMBER OF MEETINGS OF THE AUDIT COMMITTEE:

During the year under review, Members of the Audit Committee of the Company met 4 (Four) times. The names of the members of the Committee, their attendance at the Audit Committee Meetings are as under:

| Sr. No | Day and Date of Meeting | Rakesh Kumar | Aviral Saini | Anuj Kumar | Deepak Amin | Mukesh Shah |
|--------|-------------------------|--------------|--------------|------------|-------------|-------------|
| 1 | Tuesday, 30.06.2020 | ✓ | ✓ | ✓ | ✓ | -* |
| 2 | Friday, 04.09.2020 | ✓ | ✓ | ✓ | ✓ | ✓ |
| 3 | Wednesday, 11.11.2020 | ✓ | ✓ | ✓ | ✓ | ✓ |
| 4 | Thursday, 18.02.2021 | ✓ | ✓ | ✓ | ✓ | ✓ |

* Mr. Mukesh Shah has been appointed as Additional Independent Director w.e.f. 30th July 2020. Therefore, he was not present in the Audit Committee meeting held on 30th June 2020.

❖ NUMBER OF MEETINGS OF THE NOMINATION AND REMUNERATION COMMITTEE (NRC):

During the year under review, Members of the Nomination and Remuneration Committee (NRC) of the Company met 01 (one) times. The names of the members of the Committee, their attendance at the Nomination and Remuneration Committee Meetings are as under:

| Sr. No | Day and Date of Meeting | Rakesh Kumar | Aviral Saini | Anuj Kumar | Deepak Amin | Mukesh Shah |
|--------|-------------------------|--------------|--------------|------------|-------------|-------------|
| 1 | Thursday, 18.02.2021 | - | - | ✓ | - | ✓ |

❖ NUMBER OF MEETINGS OF THE RISK MANAGEMENT COMMITTEE (RMC):

During the year under review, Members of the Risk Management Committee (RMC) of the Company met 04 (Four) times. The names of the members of the Committee, their attendance at the Risk Management Committee Meetings is as under:

| Sr. No | Day and Date of Meeting | Rakesh Kumar | Aviral Saini | Anuj Kumar | Deepak Amin |
|--------|-------------------------|--------------|--------------|------------|-------------|
| 1 | Tuesday, 30.06.2020 | ✓ | ✓ | ✓ | ✓ |
| 2 | Friday, 04.09.2020 | ✓ | ✓ | ✓ | ✓ |
| 3 | Wednesday, 11.11.2020 | ✓ | ✓ | ✓ | ✓ |
| 4 | Thursday, 18.02.2021 | ✓ | ✓ | ✓ | ✓ |

❖ NUMBER OF MEETINGS OF THE SECURITIES ALLOTMENT COMMITTEE (SAC):

During the year under review, Members of the Share Allotment Committee (SAC) of the Company met 05 (Five) times. The names of the members of the Committee, their attendance at the Share Allotment Committee Meetings is as under:

| Sr. No | Day and Date of Meeting | Rakesh Kumar | Aviral Saini | Deepak Amin |
|--------|-------------------------|--------------|--------------|-------------|
| 1 | Tuesday, 11.08.2020 | ✓ | ✓ | ✓ |
| 2 | Monday, 24.08.2020 | ✓ | ✓ | ✓ |
| 3 | Wednesday, 30.09.2020 | ✓ | ✓ | - |
| 4 | Monday, 12.10.2020 | ✓ | ✓ | - |
| 5 | Tuesday, 31.03.2021 | ✓ | ✓ | - |

❖ NUMBER OF MEETINGS OF THE SHARES TRANSFER COMMITTEE (STC):

No share transfers were registered during the financial year – 2020-21.

❖ NUMBER OF MEETINGS OF THE INTERNAL COMPLAINTS COMMITTEE (ICC):

During the year under review, Members of the Internal Complaints Committee (ICC) of the Company met 03 (Three) times. The names of the members of the Committee, their attendance at the Internal Complaints Committee Meetings is as under:

| Sr. No | Day and Date of Meeting | Ms. Anuja Kochhar -HR Head [Presiding officer] | Ms. Madhavi Gajjar- Company Secretary | Ms. Vrunda Rawal- Senior Compliance Executive | Dr. Rajeshwari Narendran [External Member] | Gujarat State Head | Rajasthan State Head | Madhya Pradesh State Head |
|--------|-------------------------|--|--|--|---|--------------------|----------------------|---------------------------|
| 1 | Monday, 17.08.2020 | ✓ | ✓ | ✓ | ✓ | - | - | - |
| 2 | Friday, 16.10.2020 | ✓ | ✓ | ✓ | - | - | - | - |
| 3 | Thursday, 21.01.2021 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

❖ NUMBER OF MEETINGS OF THE CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSRC):

During the year under review, Members of the Corporate Social Responsibility Committee (CSRC) of the Company met 01 (One) time. The names of the members of the Committee, their attendance at the Corporate Social Responsibility Committee Meetings is as under:

| Sr. No | Day and Date of Meeting | Rakesh Kumar | Aviral Saini | Deepak Amin | Mukesh Shah |
|--------|-------------------------|--------------|--------------|-------------|-------------|
| 1 | Thursday, 18.02.2021 | ✓ | ✓ | ✓ | ✓ |

❖ NUMBER OF MEETINGS OF THE ASSET LIABILITY COMMITTEE (ALCO):

During the year under review, Members of the Asset Liability Committee (ALCO) of the Company met 04 (Four) times. The names of the members of the Committee, their attendance at the Asset Liability Committee Meetings is as under:

| Sr. No | Day and Date of Meeting | Rakesh Kumar [CEO] | Aviral Saini [CFO] | Deepak Amin [MD] | Madhavi Gajjar [CS] |
|--------|-------------------------|-----------------------|-----------------------|---------------------|------------------------|
| 1 | Tuesday, 30.06.2020 | ✓ | ✓ | ✓ | - |
| 2 | Wednesday, 30.09.2020 | ✓ | ✓ | - | - |
| 3 | Wednesday, 30.12.2020 | ✓ | ✓ | - | - |
| 4 | Wednesday, 31.03.2021 | ✓ | ✓ | - | - |

❖ NUMBER OF MEETINGS OF THE EXTRA-ORDINARY GENERAL MEETING [EGM]S:

During the year under review, Members of the Extra-Ordinary General Meeting (EGM) of the Company met 02 (Two) times:

| Sr. No | Day and Date of EGM |
|--------|---------------------|
| 1 | Monday, 13.07.2020 |
| 2 | Monday, 21.12.2020 |

❖ PARTICULARS OF CONTRACT AND ARRANGMENT WITH RELATED PARTIES:

During the year ended 31st March 2021, the Company has not entered into any related party transactions under Section 188 of the Companies Act, 2013. Thus, disclosure in Form AOC-2 is not required. However, the disclosures of transactions with related party for the financial year, as per Accounting Standard – 18 Related Party Disclosures is given in Note. No 21 (H) to the Balance Sheet as on March 31st, 2021.

❖ SEXUAL HARASSMENT OF WOMEN AT WORK PLACE:

Your Company is an equal opportunity employer and is committed to ensuring that the work environment at all its locations is conducive to fair, safe and harmonious relations between employees. It strongly believes in upholding the dignity of all its employees, irrespective of their gender or seniority. Discrimination and harassment of any type are strictly prohibited.

The Company has in place an appropriate policy in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, to prevent sexual harassment of its employees.

Your Company is in compliance with the provisions relating to Internal Complaints Committee (ICC) under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company is having Committee named “Internal Complaints Committee” which was created on January 01, 2019. The details of the Committee and their members are as under:

| Members | Designation |
|--------------------------|-----------------------------|
| Mrs. Anuja Kochhar | HR Head |
| Dr. Rajeshwari Narendran | External Member |
| Mrs. Madhavi Gajjar | Company Secretary |
| Mrs. Vrunda Rawal | Senior Compliance Executive |

The designated email id for registering complaints for sexual harassment at workplace is help@lightmicrofinance.com

The Company did not receive any complaints for the F.Y 2020-21.

The Company has also filed Annual Report for the calendar year ending 31st December 2020 as required under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act on 21st January 2021

❖ AUDITORS:

1. Statutory Auditor:

- A. At the Annual General Meeting held on 30th September 2016, M/s Kantilal Patel & Co., Chartered Accountants (Firm Registration No. 104744w), Ahmedabad, were appointed as statutory auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the calendar year 2021.

M/s Kantilal Patel & Co., Chartered Accountants (Firm Registration No. 104744W), Ahmedabad, have completed their first term of 5 years and tenure as envisaged in Section 139 of Companies Act, 2013 and were eligible for re-appointment as Statutory Auditors as per Companies Act 2013.

M/s Kantilal Patel & Co. have conducted statutory audit for the FY 2020-21 and have not reported any fraud as specified under Section 143(12) of the Companies Act, 2013.

The Auditors' Report on the accounts of the Company for the accounting year ended 31st March 2021 is self-explanatory and do not call for further explanations or comments and may be treated as adequate compliance of Section 134 of the Companies Act, 2013.

- B. **M/S CNK and Associates LLP**, appointed as the Statutory Auditors of the Company in the Board meeting held on 19th August, 2021 as per Section 139, 142 and other applicable provisions of the Companies Act, 2013, if any enactment or modification thereof, to hold the office from the conclusion of this 27th Annual General Meeting till the conclusion of 30th Annual General Meeting of the Company, at a remuneration, to be decided by the Board of Directors in consultation with the auditors plus applicable, read with the Companies (Audit & Auditors) Rules, 2014, including any statutory service tax and reimbursement of traveling and out of pocket expenses incurred by them for the purpose of the audit.

2. Secretarial Auditor:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed M/s. Paliwal & Co., Practicing Company Secretary (COP No. 12119), Ahmedabad, to undertake the Secretarial Audit of the Company for the financial year 2020-21. The Secretarial Audit Report for FY 2020-21 is annexed herewith as '*Annexure - B*'.

The Board of Directors has duly reviewed the Secretarial Auditors' Report and the observations and comments, appearing in the report are self-explanatory and do not call for any further explanation/clarification by the Board of Directors as provided under section 134 of the Act.

3. Internal Auditor:

Pursuant to provisions of Section 138 of the Companies Act, 2013 and all other applicable provisions of the Companies Act, 2013 and rules framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Sorab S. Engineer & Co., Chartered Accountants appointed as Internal Auditors of the Company for the F.Y. 2020-21 in the board meeting held on 30th June, 2020. The Internal Auditor is appointed by the Board of Directors of the Company on a yearly basis, based on the recommendation of the Audit Committee. The Internal Auditor reports its findings on the internal audit of the Company to the Audit Committee on a quarterly basis. The scope of internal audit is approved by the Audit Committee.

4. Cost Auditor:

The provision of Cost Audit as per Section 148 is Not Applicable on the Company.

5. Information System Auditor:

The Company had appointed M/S 3Net TechDriver LLP as Information system auditor of the Company for FY 2020-21, as per RBI MASTER DIRECTION – INFORMATION TECHNOLOGY FRAMEWORK FOR THE NBFC SECTOR [MASTER DIRECTION DNBS.PPD.NO.04/66.15.001/2016-17] DATED JUNE 08, 2017, at a remuneration, to be decided by the Board of Directors in consultation with the Auditors plus applicable service tax and reimbursement of traveling and out of pocket expenses incurred by them for the purpose of the audit, in the board meeting held on 20th May 2021.

❖ ENERGY CONSERVATION/TECHNOLOGY ABSORPTION/FOREIGN EXCHANGES EARNING & OUTGO:**(A) ENERGY CONSERVATION:**

- (i) The steps taken or impact on conservation of energy:

The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.

One such step is:

- Replacement of conventional lighting with Light Emitting Diode (LED) lighting:

The Company has installed LED lighting in Branch Offices of the Company during the year under review.

- (ii) The steps taken by the Company for utilizing alternate sources of energy: Nil.

- (iii) The capital investment on energy conservation equipment: Nil.

(B) TECHNOLOGY ABSORPTION:

- (i) The efforts made towards technology absorption: Not Applicable
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable.

- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year): Not Applicable.
- (a) Details of Technology Imported;
- (b) Year of Import;
- (c) Whether the Technology has been fully absorbed;
- (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof.
- (iv) Your Company has not incurred any expenditure on Research and Development during the year under review.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the period under review, the company has made below mentioned foreign expenses and income:

| Particulars | Currency | FY 2020-21 |
|--|---------------|------------|
| Expenditure in Foreign Currency MIS Infrastructure Expenses | US Dollars | 877 |
| | Indian Rupees | 65,969 |
| Expenditure of Processing Fees on NCD | US Dollars | 45,000 |
| | Indian Rupees | 33,15,600 |
| Earning in Foreign Currency | | -- |

❖ CORPORATE SOCIAL RESPONSIBILITY:

Considering the explanation provided in section 135 of the Companies Act 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company had constituted a Corporate Social Responsibility [CSR] Committee. The Board of Directors of the Company have constituted the Corporate Social Responsibility Committee vide board meeting dated 11th November 2020 consisting of the following members:

1. Mr. Deepak Amin, Managing Director
2. Mr. Rakesh Kumar, CEO & Executive Director
3. Mr. Aviral Saini, CFO & Executive Director
4. Mr. Mukesh Shah, Independent Director

The Board of Directors of the Company has approved a CSR Policy based on the recommendation of the CSR Committee. The Company has initiated activities in accordance with the said Policy.

The CSR Policy of the Company is available on the Company's website and can be accessed at link: <https://www.lightmicrofinance.com/compliance.html>

During the year, the Company has spent Rs. 5,37,781 crores on CSR activities. The report on CSR activities is annexed herewith marked as Annexure "C" [Link of CSR report on website]

❖ RISK MANAGEMENT POLICY & FRAMEWORK:

Risk management is embedded in your Company's operating framework. Your Company believes that managing risks helps in maximizing returns. The Company's approach to addressing business risks is comprehensive and includes periodic review of such risks and a framework for mitigating controls and reporting mechanism of such risks.

During the year under review, there is no change in the constitution of Risk Management Committee. Following are the members of the Risk Management Committee throughout the year:

1. Anuj Kumar
2. Deepak Amin
3. Rakesh Kumar
4. Aviral Saini

❖ NOMINATION AND REMUNERATION POLICY:

The Company has, in order to attract, motivate and retain manpower in competitive market and to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013, devised a policy for Nomination and Remuneration of Directors, Key Managerial Personnel and Senior Management. Key points of the Policy are:

A. Policy on Appointment of Directors, Key Managerial Personnel and Senior Management Personnel:

- The policy is formulated to identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP and Senior Management personnel and recommend to the Board for his / her appointment.
- A person should possess adequate qualification, expertise and experience for the position he/ she is considered for appointment.
- In case of appointment of Independent Director, the Committee shall satisfy itself with regard to the independent nature of the Director vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.

B. Policy on remuneration of Director, key managerial personnel and senior management personnel:

The Company's remuneration policy is driven by the success and performance of the Director, KMP and Senior Management Personnel vis-à-vis the Company. The Company's philosophy is to align them and provide adequate compensation with the Objective of the Company so that the compensation is used as a strategic tool that helps it to attract, retain and motivate highly talented individuals who are committed to the core values of the Company.

The Company has displayed Nomination and Remuneration Policy on website of the company [<https://www.lightmicrofinance.com/compliance.html>]

❖ DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

❖ CONSOLIDATED FINANCIAL STATEMENTS:

Company doesn't have any subsidiaries so there is no need to prepare Consolidated Financial Statement for the F. Y. 2020-21.

❖ CORPORATE GOVERNANCE:

The Company believes in the philosophy of conducting the business through fair and ethical means and has set the best of corporate governance practice in its day to day operations, aimed at building trust with all its stakeholders.

As per RBI Master Circular - "Non-Banking Financial Companies - Corporate Governance (Reserve Bank) Directions, 2015 [RBI/2014-15/632 DNBR (PD) CC No.040/03.01.001/2014-15] dated June 03, 2015, the company has constituted following committees:

| Sr. no. | Name of Committee |
|---------|---------------------------------------|
| 1 | Audit Committee |
| 2 | Nomination and remuneration committee |
| 3 | Risk Management Committee |

The Corporate Governance report of the company for FY 2020-21 is enclosed as "Annexure D"

The Company has displayed policy on corporate governance on its website [<https://www.lightmicrofinance.com/compliance.html>]

❖ MANAGEMENT DISCUSSION AND ANALYSIS:

A detailed discussion on the Company's operational and financial performance are given in Management Discussion and Analysis Report which is annexed to this report as Annexure E.

❖ DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Section 134 (3) (c) of the Companies Act, 2013, your Directors confirm that:

- I. In the preparation of the annual accounts, the applicable accounting standards had been followed and no material departures have been made from the same.
- ii. The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that year.
- iii. The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv. The directors had prepared the annual accounts on a going concern basis.
- v. The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

- vi. The directors had developed proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

❖ DEPOSITS:

The Reserve Bank of India in exercise of its powers under The Reserve Bank of India, 193, has granted NBFC-MFI (Registration no. B-14.03244) status to the Company. During the FY 2020-21, the Company has not accepted any public deposits and the Board of Directors has passed the resolution that the Company will not accept or hold any public deposits in FY 2021-22.

The Company has not accepted any deposits from Shareholders and Public falling within the ambit of Section 73 of the Companies Act, 2013 and rules made there under. There were no deposits, which were claimed and remained unpaid by the Company as on 31st March 2021.

❖ DEBENTURES

Company has issued Non-Convertible Debentures through private placement during the year

| Name of NCD holders | No. of NCD | No of Allottees | Date of Board of Directors Approval | Date of Members Approval | Date of Allotment |
|--|------------|-----------------|-------------------------------------|-----------------------------|--------------------------------|
| State Bank of India | 300 | 1 | 30 th June, 2020 | 13 th July, 2020 | 11 th August, 2020 |
| <ul style="list-style-type: none"> ➤ Aviator Global Investment Fund ➤ Northern Arc Capital Ltd | 150 | 2 | 30 th June, 2020 | 13 th July, 2020 | 24 th August, 2020 |
| Aviator Emerging Market Fund | 500 | 1 | 30 th June, 2020 | 13 th July, 2020 | 12 th October, 2020 |
| Northern Arc Capital Ltd | 100 | 1 | 30 th June, 2020 | 13 th July, 2020 | 31 st March, 2021 |

The details debenture trustee for all the above mentioned Non-Convertible debentures issued by the Company during FY 2020-21 is as under:

| | |
|----------------------------------|---|
| Name of Debenture trustee | BEACON TRUSTEESHIP LIMITED |
| Registered office | 4 C & D Siddhivinayak Chambers, Gandhi Nagar, Opp. MIG Club, Bandra (East) Mumbai – 400 051 |
| CIN | U74999MH2015PLC271288 |

❖ COMPLIANCE WITH RBI GUIDELINES:

The Reserve Bank of India (RBI) has granted certificate vide registration No. B-14.03244 dated May 27, 2014, to commence the business of a Non-Banking Micro Financial Institution (NBFC-MFI) without accepting deposits. Your Company is Non-Systemically Important Non-Deposit-Accepting NBFC. Your Company has complied with all applicable regulations of the Reserve Bank of India. As per Non-Banking Finance Companies RBI Directions, 1998, the Directors hereby report that the company did not accept any public deposits during the year and did not have any public deposits outstanding at the end of the year.

❖ FRAUD REPORTING:

No material fraud has been found during the period under review. However, during the year there have been instances of cash embezzlement amounting to Rs. 7,97,284/- , details of the same may be referred to in Note no. 21 (O) of the financial statements.

❖ MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY:

There are no material changes and commitments, affecting the financial position of the Company which has occurred between the end of financial year of the Company and the date of this report.

❖ VIGIL MECHANISM:

The Company has established a vigil mechanism and accordingly framed a Whistle Blower Policy. The policy enables the employees to report to the management instances of unethical behavior, actual or suspected fraud or violation of Company's Code of Conduct. Further the mechanism adopted by the Company encourages the Whistle Blower to report genuine concerns or grievances and provide for adequate safe guards against victimization of the Whistle Blower who avails of such mechanism and also provides for direct access to the Chairman of the Audit Committee, in exceptional cases. The Whistle Blower Policy of the Company is available on the website of the Company at www.lightmicrofinance.com. [<https://www.lightmicrofinance.com/compliance.html>]

❖ SECRETARIAL STANDARDS:

Secretarial Standards for the Board of Directors and General Meetings (SS-1 & SS-2) are applicable to the Company. The Company has complied with the provisions of both Secretarial Standards.

❖ HUMAN RESOURCES & PARTICULARS OF EMPLOYEES:

Your Company treats its "human resources" as one of its most important assets.

Your Company continuously invests in attraction, retention and development of talent. Several programs that provide focused people attention are currently underway. Your Company's thrust is on the promotion of talent internally through job rotation and job enhancement.

There is no employee of the Company covered under Sub-rule 2 of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

❖ INTERNAL FINANCIAL CONTROL:

Your Company has laid down a set of standards, processes and structure which enables it to implement internal financial control across the organization and ensure that the same are adequate and operating effectively. To maintain the objectivity and independence of Internal Audit, the Internal Auditor reports to the Chairman of the Audit Committee of the Board.

The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control systems in the Company and their compliance with the operating systems, accounting procedures and policies of the Company. Based on the report of Internal Auditor, the process owners undertake the corrective action in their respective areas and thereby strengthen the control. Significant audit observation and corrective actions thereon are presented to the Audit Committee of the Board. However, during the year, no significant audit observation was found for this report.

❖ EMPLOYEE STOCK OPTIONS [ESOP]

The Board of Directors had approved “ESOP Plan 2018” in the Board Meeting held on 19th June 2018 and the same was approved by the Members in the Extra-Ordinary Meeting held on 23rd June 2018.

The Company had granted ESOP to Four employees in 2018 at an exercise price of Rs. 10.63/-.

The Board of Director amended the “ESOP Plan 2018” in the Board Meeting held on 20th May 2021 by changing the restriction on maximum number of options that may be granted to each employee to be 10,00,000 in number per eligible employee.

The Board of Directors further approved granted 5,02,000 ESOPs to Thirty-Five employees at an exercise price of Rs. 37.70/--.

The ESOP disclosure pursuant to Rule 12 of Companies (Share Capital and Debentures) Rules, 2014, and the provisions under section 62 of the Companies Act 2013 and rules framed there under are enclosed as “Annexure F”

❖ ACKNOWLEDGEMENTS:

Your directors would like to express their sincere appreciation of the co-operation and assistance received from shareholders, debenture holders, bankers, lenders, regulatory bodies, and other business constituents during the year under review. Your directors also wish to place on record their deep sense of appreciation for the commitment displayed by all the executives, officers and employees, resulting in the successful performance of the Company during the year.

Signing as per Board Resolution passed for and on behalf of the Board of Directors.

The ESOP disclosure pursuant to Rule 12 of Companies (Share Capital and Debentures) Rules, 2014, and the provisions under section 62 of the Companies Act 2013 and rules framed there under are enclosed as “Annexure E”

❖ **ACKNOWLEDGEMENTS:**

Your directors would like to express their sincere appreciation of the co-operation and assistance received from shareholders, debenture holders, bankers, lenders, regulatory bodies, and other business constituents during the year under review. Your directors also wish to place on record their deep sense of appreciation for the commitment displayed by all the executives, officers and employees, resulting in the successful performance of the Company during the year.

Signing as per Board Resolution passed for and on behalf of the Board of Directors.

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF,
LIGHT MICROFINANCE PRIVATE LIMITED**

DEEPAK AMIN
MANAGING DIRECTOR
DIN NO. 01289453

RAKESH KUMAR
CEO & EXECUTIVE DIRECTOR
DIN NO. 03430670

AVIRAL SAINI
CFO & EXECUTIVE DIRECTOR
DIN NO. 03534719

DATE: - _____

PLACE: - AHMEDABAD

ANNEXURE-A

FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN

as on the financial year ended on **31/03/2021**
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | | |
|-----|--|--|
| i | CIN: - | U67120DL1994PTC216764 |
| ii | Registration Date | 20/09/1994 |
| iii | Name of the Company | LIGHT MICROFINANCE PRIVATE LIMITED |
| iv | Category / Sub-Category of the Company | Company limited by shares/Indian Non-Government Company |
| v | Address of the Registered office and contact details | 308 Aggarwal Tower, Plot No.2 Sector - 5, Dwarka New Delhi - 110075 Contact No.: 079-40050059. Email: info@lightmicrofinance.com |
| vi | Whether listed company | NO |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

| SR. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|---|----------------------------------|------------------------------------|
| 1 | Microfinance Loans for income generation activity | 64990 | 100% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

| Sl. No. | NAME AND ADDRESS OF THE COMPANY | CIN/GLN | HOLDING/ SUBSIDIARY/ ASSOCIATE | % of shares Held | Applicable Section |
|---------|---------------------------------|---------|--------------------------------|------------------|--------------------|
| --Nil-- | | | | | |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding:

| Category of Shareholders | No. of Shares held at the beginning of the year | | | No. of Shares held at the end of the year | | | % Change during the year |
|----------------------------|---|--------------------|--------------------|---|----------|--------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total |
| A. Promoters | | | | | | | |
| (1) Indian | | | | | | | |
| a) Individual/ HUF | 0 | 1,28,99,999 | 1,28,99,999 | 38.72% | 0 | 1,28,99,999 | 1,28,99,999 |
| b) Central Govt. | - | - | - | - | - | - | - |
| c) State Govt.(s) | - | - | - | - | - | - | - |
| d) Bodies Corp. | - | - | - | - | - | - | - |
| e) Banks / FI | - | - | - | - | - | - | - |
| f) Any Other... | - | - | - | - | - | - | - |
| Sub-total (A) (1):- | 0 | 1,28,99,999 | 1,28,99,999 | 38.72% | 0 | 1,28,99,999 | 1,28,99,999 |
| | | | | | | | 38.72 % |
| | | | | | | | - |

[illegible]

| | | | | | | | | | |
|--|----------|--------------------|---------------|----------|--------------------|--------------------|---------------|--------------------|---------------|
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | - | - | - | - | - | - | - | - | - |
| ii) Overseas | - | 55,31,935 | 16.60% | - | - | 55,31,935 | 16.60% | 55,31,935 | 16.60% |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh. | - | - | - | - | - | - | - | - | - |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 0 | 66,18,065 | 19.86% | 0 | 66,18,065 | 66,18,065 | 19.86% | 66,18,065 | 19.86% |
| c) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(2):- | 0 | 1,21,50,000 | 36.46% | 0 | 1,21,50,000 | 1,21,50,000 | 36.46% | 1,21,50,000 | 36.46% |
| Total Public Shareholding(B)= (B)(1)+(B)(2) | 0 | 1,21,50,000 | 36.46% | 0 | 1,21,50,000 | 1,21,50,000 | 36.46% | 1,21,50,000 | 36.46% |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 0 | 2,50,49,999 | 100% | 0 | 2,50,49,999 | 2,50,49,999 | 100% | 2,50,49,999 | 100% |

(ii) Shareholding of Promoters:

| Name | Shareholding as at April 01, 2020 | | Date wise Increase/Decrease in Shareholding | | | Cumulative Shareholding during the year | | Shareholding as at March 31, 2021 | |
|-------------|-----------------------------------|-------------|---|---------------|--------|---|-------------|-----------------------------------|-------------|
| | No. of Shares | % of shares | Date | No. of shares | Reason | No. of Shares | % of shares | No. of Shares | % of shares |
| Deepak Amin | 1,28,99,999 | 38.72% | NIL | NIL | NIL | NIL | NIL | 1,28,99,999 | 38.72% |
| | | | NIL | NIL | NIL | NIL | NIL | | |

(iii) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)
[For each of the Top 10 Shareholders]:

| Nb | Shareholding as at April 01, 2020 | | Date wise Increase/Decrease in Shareholding | | | Cumulative Shareholding during the year | | Shareholding as at March 31, 2021 | |
|-----------------------------------|-----------------------------------|-------------|---|---------------|--------|---|-------------|-----------------------------------|-------------|
| | No. of Shares | % of shares | Date | No. of shares | Reason | No. of Shares | % of shares | No. of Shares | % of shares |
| Kaushik Amin | 58,88,065 | 23.51% | NIL | NIL | NIL | NIL | NIL | 58,88,065 | 17.67% |
| VARKNAL Holdings Inc. | 55,31,935 | 22.08% | NIL | NIL | NIL | NIL | NIL | 5,531,935 | 16.60% |
| Geeta Amin | 7,30,000 | 2.91% | NIL | NIL | NIL | NIL | NIL | 7,30,000 | 2.91% |
| Pettelaar Effectenbestedrijf N.V. | 27,55,267 | 8.27% | NIL | NIL | NIL | NIL | NIL | 27,55,267 | 8.27% |

| | | | | | | | | | |
|-----------------------|-----------|-------|-----|-----|-----|-----|-----|-----------|-------|
| NMI Fund IV KS | 27,55,267 | 8.27% | NIL | NIL | NIL | NIL | NIL | 27,55,267 | 8.27% |
| agRIF Cooperatief U.A | 27,55,267 | 8.27% | NIL | NIL | NIL | NIL | NIL | 27,55,267 | 8.27% |

(iv) Shareholding of Directors and Key Managerial Personnel:

| Name | Shareholding as at April 01, 2020 | | Date wise Increase/Decrease in Shareholding | | | Cumulative Shareholding during the year | | Shareholding as at March 31, 2021 | |
|----------------|-----------------------------------|-------------|---|---------------|--------|---|-------------|-----------------------------------|-------------|
| | No. of Shares | % of shares | Date | No. of shares | Reason | No. of Shares | % of shares | No. of Shares | % of shares |
| Rakesh Kumar | - | - | - | - | - | - | - | - | - |
| Aviral Saini | - | - | - | - | - | - | - | - | - |
| Mukesh Shah* | - | - | - | - | - | - | - | - | - |
| Anuj Kumar | - | - | - | - | - | - | - | - | - |
| Madhavi Gajjar | - | - | - | - | - | - | - | - | - |

*Mukesh shah was appointed as Independent Director in the Annual General Meeting of the Company Held on 28.09.2020.

V. INDEBTEDNESS :
Indebtedness of the Company including interest outstanding/accrued but not due for payment

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total |
|--|----------------------------------|---------------------|----------|-----------------------|
| | | | | |
| | | | | |
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 2,981,318,740 | 1,25,00,00,000 | - | 3106318740 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 9859549 | 1857877 | - | 11717426 |
| iv) Short term borrowing | - | - | - | - |
| Total (i+ii+iii) | 2,99,11,78,289 | 12,68,57,877 | - | 3,11,80,36,166 |
| Change in Indebtedness during the financial year | | | | |
| • Addition | | | - | |

| | | | | |
|-------------------------------------|---------------|--------------|---|----------------------|
| • Reduction | | | - | |
| • Reduction in short-term borrowing | 2,92,628 | | - | |
| • Interest due but not paid | - | | - | |
| Net Change | | | - | |
| | | | | |
| Indebtedness at the | | | | |
| end of the financial year | | | | |
| i) Principal Amount | 4,515,540,700 | 2,26,857,877 | - | 47,42,398,577 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 14,152,513 | - | - | |
| iv) Short term borrowing | 1,00,107,398 | - | - | |
| Total (i+ii+iii) | | | | |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

| Name of MD/WTD/Manager : Mr. Deepak Amin [Managing Director] | | | |
|---|--|-------------|--------------|
| Sr. No. | Particulars of Remuneration | Bifurcation | Total Amount |
| 1. | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, | 56,25,000 | 56,25,000 |

| | | | |
|----|---|-----------|-----------|
| | 1961. (b) Value of perquisites u/s 17(2) Income-tax Act, 1961. (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | | |
| 2. | Stock Option | N.A. | N.A. |
| 3. | Sweat Equity | N.A. | N.A. |
| 4. | Commission - as % of profit - others, specify... | N.A. | N.A. |
| 5. | Others, please specify | N.A. | N.A. |
| | Total (A) | 56,25,000 | 56,25,000 |
| | Ceiling as per the Act | N.A. | N.A. |

B. Remuneration to other directors:

(Amounts in Rs.)

| | Particulars of Remuneration | Name of Directors | | | | | Total Amount |
|----|---|--|---|---|---|--|--------------|
| | | Mukesh Shah (Independent Director) | Anuj Kumar (Independent Director) | Rakesh Kumar (Executive Director / CEO) | Aviral Saini (Executive Director / CFO) | Deepak Amin (Managing Directors w.e.f. 15.02.2019) | |
| 1. | Independent Directors • Fee for attending board / committee meetings • Commission • Others, please specify | 145000 | 200000 | 0 | 0 | 0 | 3450000 |

| | | | | | | | |
|-----|--|-------------|-------------|-------------|-------------|-------------|-------------|
| 2. | Total (1) | 145000 | 200000 | 0 | 0 | 0 | 345000 |
| 3. | Other Non-Executive Directors • Fee for attending board / committee meetings • Commission • Salary | - - - | - - - | - - - | - - - | - - - | - - - |
| 4. | Total (2) | 0 | 0 | 0 | 0 | | 0 |
| 5. | Total (B)=(1+2) | 145000 | 200000 | 0 | 0 | | 345000 |
| 6. | Executive Directors Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961. (b) Value of perquisites u/s 17(2) Income-tax Act, 1961. (c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961. | 0 | 0 | 3250012 | 2750016 | 5625000 | 11625028 |
| 7. | Stock Option | 0 | | 0 | 0 | | 0 |
| 8. | Sweat Equity | 0 | | | 0 | | 0 |
| 9. | Commission - as % of profit - others, specify... | 0 | | 0 | 0 | | 0 |
| 10. | Others, please specify | 0 | | 0 | 0 | | 0 |

| | | | | | | | |
|-----|-------------------------------|--------|--------|---------|---------|---------|----------|
| | Total | 0 | 0 | 3250012 | 2750016 | 5625000 | 11625028 |
| 11. | Total Managerial Remuneration | 145000 | 200000 | 3250012 | 2750016 | 5625000 | 11625028 |

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTB:

| S. No. | Particulars of Remuneration | (Amounts in Rs.) | |
|--------|--|---|---------------------|
| | | Madhavi Gajjar (Company Secretary) | Total Amount |
| 1. | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961. (b) Value of perquisites u/s 17(2) Income-tax Act, 1961. (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | 514974 | 514974 |
| 2. | Stock Option | 0 | 0 |
| 3. | Sweat Equity | 0 | 0 |
| 4. | Commission - as % of profit - others, specify... | 0 | 0 |
| 5. | Others, please specify | 0 | 0 |
| | Total | 514974 | 514974 |
| 6. | Total Managerial Remuneration | 514974 | 514974 |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT/ COURT] | Appeal made, if any (give Details) |
|-------------------------------------|------------------------------|-------------------|---|------------------------------|------------------------------------|
| A. COMPANY | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| B. DIRECTORS | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |

On behalf of the Board,
For LIGHT MICROFINANCE PRIVATE LIMITED

DEEPAK AMIN
MANAGING DIRECTOR
DIN: 01289453

RAKESH KUMAR
CEO & EXECUTIVE DIRECTOR
DIN: 03430670

Date: - August 19, 2021
sPlace :- Ahmedabad



Paliwal & Co.
(Formerly Known as
Alpesh Dhandhlya & Associates)
Company Secretaries

Office: 401, Haash Complex, Nagri Hospital-Law Garden Road, Nr. Ellise Bridge Police Line, Ahmedabad-380006
Email Ids. welcome2pcs@gmail.com, alpesh.pcs@gmail.com, Ph. 079 - 48980181, Contact Nos. 8000133307

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
LIGHT MICROFINANCE PRIVATE LIMITED
308 Aggarwal Tower,
Plot No. 2 Sector - 5,
Dwarka, New Delhi-110075, India

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/S. LIGHT MICROFINANCE PRIVATE LIMITED** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **31 March, 2021** ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31 March, 2021** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956('SCRA') and the rules made there under; **(Not Applicable to the Company during the Audit Period)**



Paliwal & Co.
(Formerly Known as
Alpesh Dhandhlya & Associates)
Company Secretaries

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Email Ids. welcome2pcs@gmail.com, alpesh.pcs@gmail.com, Ph. 079 - 48980181, Contact Nos. 8000133307

- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under; **(Not Applicable to the Company during the Audit Period).**
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"): —
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not Applicable to the Company during the Audit Period)**
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **(Not Applicable to the Company during the Audit Period)**
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not applicable to the Company during the Audit Period);**
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the Audit Period)**
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not applicable to the Company during the Audit Period)**
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the Audit Period);** and
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the Audit Period).**



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I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India
- (ii) The Uniform Listing Agreement entered into by the Company with Stock Exchanges pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable regulations /guidelines/circulars as may be issued by SEBI from time to time. **(Not Applicable to the Company during the Audit Period)**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations/qualification: **Nil**

I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:

- (a) Reserve Bank of India Act, 1932

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out with requisite majority as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.



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Email Ids. welcome2pcs@gmail.com, alpesh.pcs@gmail.com, **Ph.** 079 - 48980181, **Contact Nos.** 8000133307

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Date:

Place: Ahmedabad

For, Paliwal & Co.
(Formerly Known as Alpesh Dhandhliya &
Associates)
Company Secretaries

Alpesh Paliwal
Proprietor
COP: 12119
UCN: I2013GJ1046200
Peer Review Registration Number: 508/2017
UDIN: A032500C000709385



Paliwal & Co.
(Formerly Known as
Alpesh Dhandhlya & Associates)
Company Secretaries

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Email Ids. welcome2pcs@gmail.com, alpesh.pcs@gmail.com, Ph. 079 - 48980181, Contact Nos. 8000133307

To,

The Members,

LIGHT MICROFINANCE PRIVATE LIMITED

308 Aggarwal Tower,
Plot No. 2 Sector – 5,
Dwarka, New Delhi-110075, India

Our report of even date is to be read along with this letter:

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedure on test basis.



Paliwal & Co.
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Alpesh Dhandhlya & Associates)
Company Secretaries

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Email Ids. welcome2pcs@gmail.com, alpesh.pcs@gmail.com, Ph. 079 - 48980181, Contact Nos. 8000133307

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Date:

Place: Ahmedabad

For, Paliwal & Co.
(Formerly Known as Alpesh Dhandhlya &
Associates)
Company Secretaries

Alpesh Paliwal
Proprietor
COP: 12119
UCN: I2013GJ1046200
Peer Review Registration Number: 508/2017
UDIN: A032500C000709385

CORPORATE SOCIAL RESPONSIBILITY REPORT

LIGHT MICROFINANCE PRIVATE LIMITED CSR REPORT FOR THE FY 2020-2021

INTRODUCTION:

Light is committed to build a sustainable business with strong social relevance and a commitment to inclusive growth and contribute to the society by supporting causes on various concerns.

In pursuance of our vision, we are dedicated towards fulfilling the social objectives through various CSR activities. We endeavor to positively impact and influence the society for its sustainable development.

Pursuant to provisions of Section 135 of the Companies Act, 2013, the Company has crossed the threshold limit of net profit of Rs. 5 Crores or more in the FY 2019-20, Therefore Company is required to comply with provisions of the aforesaid section 135 of the Companies Act, 2013 in the FY 2020-21.

CSR POLICY:

The Companies Act, 2013 has brought greater emphasis on CSR with rules that provide guidance on minimum CSR spend, focus areas, implementation mechanism and reporting to the shareholders of the company.

The Company's CSR Policy has been designed keeping in view the company's business vision, its CSR vision, and long-term social objectives that the company wants to achieve. LIGHT CSR Policy has been created with the purpose to outline its CSR focus areas, review mechanism, execution process and reporting mechanism.

The Corporate Social Responsibility Policy ("the CSR Policy") has been framed by Light Microfinance Private Limited (the Company) and approved by the Board of Directors in their meeting dated 11th November 2020.

CSR Committee

Pursuant to the provisions of Section 135 of the Companies Act, 2013, every company having

1. Net worth of rupees five hundred crore or more; or
2. Turnover of rupees one thousand crore or more; or
3. Net profit of rupees five crore or more

during the immediately preceding financial year is required to constitute a Corporate Social Responsibility (CSR) Committee of the Board consisting of three or more directors out of which at least one director shall be an independent director.

Considering the explanation provided in section 135 of the Companies Act 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company have constituted the Corporate Social Responsibility Committee vide board meeting dated 11th November 2020 consisting of the following members:

1. Mr. Deepak Amin, Managing Director
2. Mr. Rakesh Kumar, CEO & Executive Director
3. Mr. Aviral Saini, CFO & Executive Director
4. Mr. Mukesh Shah, Independent Director

A Corporate Social Responsibility Committee (“the CSR Committee”) has been constituted by the Board of Directors to oversee the CSR agenda of the Company. Board of Directors shall be empowered to take decision for making or effecting changes in the constitution of the CSR Committee.

Roles and Responsibility of CSR Committee:

Roles and Responsibility of CSR committee is as mentioned Below:

- a. formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company in areas or subject, specified in Schedule VII;
- b. recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- c. monitor the Corporate Social Responsibility Policy of the company from time to time.
- d. Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

CSR Activities:

Pursuant to Schedule VII of the Companies Act, 2013, the Committee has approved the following activities as “CSR Activities” to be undertake under the CSR policy of the Company. The Board of Directors has reviewed the said activities and express its consent to the Committee to pursue the said activities under CSR policy of the Company under section 135 of the Companies Act, 2014, Schedule VII and other applicable rules, regulations, notifications etc., issued/to be issued from time to time.

Approved CSR Activities:

- i. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation, including contribution to the Swacch Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
- ii. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.
- iii. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- iv. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water, including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.
- v. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts.

- vi. Measures for the benefit of armed forces veterans, war widows and their dependents.
- vii. Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports.
- viii. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, and other backward classes, minorities and women.
- ix. (a) Contribution to incubators or research and development projects in the field of science, technology, engineering, and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and
(b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organization (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).]
- x. Rural Development Projects; and
- xi. Slum area development
- xii. Disaster management, including relief, rehabilitation, and reconstruction activities
- xiii. COVID related expenditure as per the clarification of Ministry of Corporate Affairs of the company dated 23.03.2020 and necessary changes made by government as amended from time to time

CSR Expenses:

Pursuant to the provisions of section 135 of the Companies Act, 2013, The Company is required to spend 2% of its average net profits towards CSR activities for the Financial Year 2019-20 in the Financial Year 2020-2021. Light Microfinance Private Limited has achieved the following limit in the immediately preceding Financial Year by crossing the Net Profit requirement of the section 135 of Companies Act 2013. The Company's net profit in FY 2019-20 was Rs. 5,11,71,228 calculated as per the Companies Act, 2013.

In line with provisions of the Companies Act, 2013, the Company is required to spend Rs. 5,37,781/- (Five Lakhs Thirty-Seven Thousand Seven Hundred and Eighty-One Rupees Only) towards its CSR activities as mentioned in its CSR Policy considering the average net profit made during three immediately preceding financial years i.e., FY 2017-18, 2018-19 and 2019-20.

As per section 135 (5), any amount remaining unspent, pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by a company in pursuance of its Corporate Social Responsibility Policy, shall be transferred by the company within a period of thirty days from the end of the financial year to a special account to be opened by the company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the company in pursuance of its obligation towards the Corporate

Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year. budget for CSR activities. The minimum budgeted amount for a financial year shall be 2% of the average net profit of three immediate preceding financial years. The Company may allocate more fund/amount than the amount prescribed under section 135 of the Companies Act, 2013, for the CSR activities for any financial year. The Committee shall calculate the total fund for the CSR activities and recommend to the Board for the approval. The Board shall approve the total fund to be utilized for CSR activity for respective financial year. CSR expenditure shall include all expenditure including contribution to corpus for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee, but does not include any expenditure on an item not in conformity or not in line with activities which fall within the approved CSR activities.

Identification of CSR Project:

The company has identified the project for CSR and accordingly found a group named “Ahmedabad Woman's Action group” “AWAG” which strives to assert the individuality of women by supporting them to get social justice in their struggle to survive and develop as equal human beings. AWAG considers raising awareness as the first step towards empowerment; with income generation as the second. A woman's right to her body, her duty towards keeping it in health and avoiding blind faith are considered equally important. The habit of savings is promoted. Thus, AWAG has a holistic approach towards women's empowerment wherein women's rights are seen as human rights. In view of the global pandemic of Coronavirus, AWAG plans to help communities in Gujarat with relation to their sanitation, hygiene and nutrition needs. Cleaning and disinfecting frequently touched surfaces is very important to control the spread of the virus. Sanitization has becoming utmost important for the individuals, spaces and the objects. Likewise, consuming nutritious food to build immunity to fight Covid infection is equally important. For this, in addition to providing the women with 'Sanitation, Hygiene and Nutrition Kits', awareness related to maintaining hygiene of their surroundings as well as maintaining social distancing and good nutritional intake will also be touched upon.

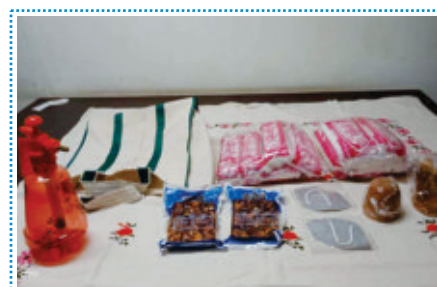
| ITEM | UNIT COST (INR) PER KIT |
|---|-------------------------|
| Sanitizer liquid and pump | 350 |
| Sanitary Pads-10 packets | 300 |
| Mast-2 | 50 |
| Dates-1 Packet | 140 |
| Jaggery-1.5 Packets | 135 |
| Sanitation, Hygiene and Nutrition kit bag-1 | 100 |
| Total | 1075 |

Total fund required for 500 Women=5,37,500/-

Details of CSR spent during the FY 2020-21:

- a) **Total amount to be spent for the FY 2019-20:** Rs. 5,37,781/- (Five Lakhs Thirty-Seven Thousand Seven Hundred and Eighty-One Rupees Only)
- b) **Total amount spent for the FY 2019-20:** Rs. 5,37,781/-
- c) **Amount unspent, if any-** Nil
- d) **Implementation of CSR Activity:**
 - Company has distributed 'Sanitation, Hygiene and Nutrition Kits' to 500 Women belonging to low economic groups from the slum areas of Ahmedabad
 - Each 'Sanitation, Hygiene and Nutrition Kits' will contain the following items:
 1. Sanitizer liquid and Pump
 2. Sanitary Napkins
 3. Masks
 4. Dates
 5. Jaggery

The above items will be placed in a Kit Bag.



Monitoring of CSR programs:

The CSR Committee of LIGHT shall be responsible for day to day management of CSR related activities of the company. The CSR Committee shall periodically report to the CSR committee regarding the financial and programmatic progress of CSR projects.

All projects undertaken by LIGHT shall be monitored on a regular basis.

ANNEXURE D

CORPORATE GOVERNANCE REPORT

A) MISSION:

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

B) VISION:

To become the leading Microfinance products and services provider in India. Light Microfinance aims to become the leading micro and meso finance products and services provider in the world. The company is driven by a high-caliber passionate team effecting innovative and efficient capital mobilization, product development and technology deployment to deliver extremely reliable high touch customer service. Light Microfinance is headquartered in Ahmedabad and has its initial focus on Gujarat with the goal of rapidly expanding to other states in India. Light Microfinance has a gender and poverty focused program, targeting rural and peri-urban areas, with a specific focus on poor women. Light Microfinance is a private limited company registered as a Non-Banking Finance Company (NBFC) with the Reserve Bank of India.

C) BOARD OF DIRECTORS:

| Sr. no. | Name | Designation |
|---------|-------------------|--|
| 1 | Mr. Anuj Kumar | Independent Director |
| 2 | Mr. Mukesh Shah | Independent Director |
| 3 | Mr. Chandan Sinha | Independent Director |
| 4 | Mr. Deepak Amin | Managing Director |
| 5 | Mr. Rakesh Kumar | Chief Executive Officer and Executive Director |
| 6 | Mr. Aviral Saini | Chief Financial Officer and Executive Director |

D) MEETINGS AND ATTENDANCE:

❖ NUMBER OF MEETINGS OF THE BOARD:

Regular meetings of the Board are held at least once in a quarter, inter-alia, to review the routine and special business of the Company. The Board meetings are generally held at the corporate office of the Company.

During the year under review, Board of Directors of the Company met 4 (Four) times. The names of the members of the Board, their attendance at the Board Meetings are as under:

| Sr. No | Day and Date of BM | Rakesh Kumar | Aviral Saini | Anuj Kumar | Deepak Amin | Mukesh Shah |
|--------|-----------------------|--------------|--------------|------------|-------------|-------------|
| 1 | Tuesday, 30.06.2020 | ✓ | ✓ | ✓ | ✓ | -* |
| 2 | Friday, 04.09.2020 | ✓ | ✓ | ✓ | ✓ | ✓ |
| 3 | Wednesday, 11.11.2020 | ✓ | ✓ | ✓ | ✓ | ✓ |
| 4 | Thursday, 18.02.2021 | ✓ | ✓ | ✓ | ✓ | ✓ |

* Mr. Mukesh Shah has been appointed as Additional Independent Director w.e.f. 30th July, 2020. Therefore, he was not present in the Board meeting held on 30.06.2020.

❖ NUMBER OF MEETINGS OF THE AUDIT COMMITTEE:

During the year under review, Members of the Audit Committee of the Company met 4 (Four) times. The names of the members of the Committee, their attendance at the Audit Committee Meetings are as under:

| Sr. No | Day and Date of Meeting | Rakesh Kumar | Aviral Saini | Anuj Kumar | Deepak Amin | Mukesh Shah |
|--------|-------------------------|--------------|--------------|------------|-------------|-------------|
| 1 | Tuesday, 30.06.2020 | ✓ | ✓ | ✓ | ✓ | -* |
| 2 | Friday, 04.09.2020 | ✓ | ✓ | ✓ | ✓ | ✓ |
| 3 | Wednesday, 11.11.2020 | ✓ | ✓ | ✓ | ✓ | ✓ |
| 4 | Thursday, 18.02.2021 | ✓ | ✓ | ✓ | ✓ | ✓ |

* Mr. Mukesh Shah has been appointed as Additional Independent Director w.e.f. 30th July, 2020. Therefore, he was not present in the Audit Committee meeting held on 30.06.2020.

❖ NUMBER OF MEETINGS OF THE NOMINATION AND REMUNERATION COMMITTEE (NRC):

During the year under review, Members of the Nomination and Remuneration Committee (NRC) of the Company met 01 (one) times. The names of the members of the Committee, their attendance at the Nomination and Remuneration Committee Meetings are as under:

| Sr. No | Day and Date of Meeting | Rakesh Kumar | Aviral Saini | Anuj Kumar | Deepak Amin | Mukesh Shah |
|--------|-------------------------|--------------|--------------|------------|-------------|-------------|
| 1 | Thursday, 18.02.2021 | - | - | ✓ | - | ✓ |

❖ NUMBER OF MEETINGS OF THE RISK MANAGEMENT COMMITTEE (RMC):

During the year under review, Members of the Risk Management Committee (RMC) of the Company met 04 (Four) times. The names of the members of the Committee, their attendance at the Risk Management Committee Meetings is as under:

| Sr. No | Day and Date of Meeting | Rakesh Kumar | Aviral Saini | Anuj Kumar | Deepak Amin |
|--------|-------------------------|--------------|--------------|------------|-------------|
| 1 | Tuesday, 30.06.2020 | ✓ | ✓ | ✓ | ✓ |
| 2 | Friday, 04.09.2020 | ✓ | ✓ | ✓ | ✓ |
| 3 | Wednesday, 11.11.2020 | ✓ | ✓ | ✓ | ✓ |
| 4 | Thursday, 18.02.2021 | ✓ | ✓ | ✓ | ✓ |

❖ NUMBER OF MEETINGS OF THE SECURITIES ALLOTMENT COMMITTEE (SAC):

During the year under review, Members of the Share Allotment Committee (SAC) of the Company met 05 (Five) times. The names of the members of the Committee, their attendance at the Share Allotment Committee Meetings is as under:

| Sr. No | Day and Date of Meeting | Rakesh Kumar | Aviral Saini | Deepak Amin |
|--------|-------------------------|--------------|--------------|-------------|
| 1 | Tuesday, 11.08.2020 | ✓ | ✓ | ✓ |
| 2 | Monday, 24.08.2020 | ✓ | ✓ | ✓ |
| 3 | Wednesday, 30.09.2020 | ✓ | ✓ | - |
| 4 | Monday, 12.10.2020 | ✓ | ✓ | - |
| 5 | Tuesday, 31.03.2021 | ✓ | ✓ | - |

❖ NUMBER OF MEETINGS OF THE SHARES TRANSFER COMMITTEE (STC):

No share transfers were registered during the financial year – 2020-21.

❖ **NUMBER OF MEETINGS OF THE INTERNAL COMPLAINTS COMMITTEE (ICC):**

During the year under review, Members of the Internal Complaints Committee (ICC) of the Company met 03 (Three) times. The names of the members of the Committee, their attendance at the Internal Complaints Committee Meetings is as under:

| Sr. No | Day and Date of Meeting | Ms. Anuja Kochhar -HR Head [Presiding officer] | Ms. Madhavi Gajjar- Company Secretary | Ms. Vrunda Rawal- Senior Compliance Executive | Dr. Rajeshwari Narendran [External Member] | Gujarat State Head | Rajasthan State Head | Madhya Pradesh State Head |
|--------|-------------------------|--|---------------------------------------|---|--|--------------------|----------------------|---------------------------|
| 1 | Monday, 17.08.2020 | ✓ | ✓ | ✓ | ✓ | - | - | - |
| 2 | Friday, 16.10.2020 | ✓ | ✓ | ✓ | - | - | - | - |
| 3 | Thursday, 21.01.2021 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

❖ **NUMBER OF MEETINGS OF THE CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSRC):**

During the year under review, Members of the Corporate Social Responsibility Committee (CSRC) of the Company met 01 (One) time. The names of the members of the Committee, their attendance at the Corporate Social Responsibility Committee Meetings is as under:

| Sr. No | Day and Date of Meeting | Rakesh Kumar | Aviral Saini | Deepak Amin | Mukesh Shah |
|--------|-------------------------|--------------|--------------|-------------|-------------|
| 1 | Thursday, 18.02.2021 | ✓ | ✓ | ✓ | ✓ |

❖ NUMBER OF MEETINGS OF THE ASSET LIABILITY COMMITTEE (ALCO):

During the year under review, Members of the Asset Liability Committee (ALCO) of the Company met 04 (Four) times. The names of the members of the Committee, their attendance at the Asset Liability Committee Meetings is as under:

| Sr. No | Day and Date of Meeting | Rakesh Kumar [CEO] | Aviral Saini [CFO] | Deepak Amin [MD] | Madhavi Gajjar [CS] |
|--------|-------------------------|--------------------|--------------------|------------------|---------------------|
| 1 | Tuesday, 30.06.2020 | ✓ | ✓ | ✓ | - |
| 2 | Wednesday, 30.09.2020 | ✓ | ✓ | - | - |
| 3 | Wednesday, 30.12.2020 | ✓ | ✓ | - | - |
| 4 | Wednesday, 31.03.2021 | ✓ | ✓ | - | - |

❖ NUMBER OF MEETINGS OF THE EXTRA-ORDINARY GENERAL MEETING [EGM]S:

During the year under review, Members of the Extra-Ordinary General Meeting (EGM) of the Company met 02 (Two) times:

| Sr. No | Day and Date of EGM |
|--------|---------------------|
| 1 | Monday, 13.07.2020 |
| 2 | Monday, 21.12.2020 |

E) BOARD AGENDA

The notices of Board Meetings are given well in advance to all the Directors. The Board members are provided agendas required out the business to be transacted at the Meeting, with well-structured and comprehensive notes on agenda, to enable them to take informed decisions. Agenda papers are circulated atleast seven days prior to the date of the Meeting. Additional/ supplementary items are taken up with the permission of Chair and requisite consent of the Directors. Where it is not practicable to attach any document to the agenda, the same is circulated in the Meeting/ placed before the Meeting.

F) COMMITTEES OF THE BOARD

As per RBI Master Circular – “Non-Banking Financial Companies- Corporate Governance (Reserve Bank) Directions, 2015 [RBI/2014-15/632 DNBR (PD) CC No.040/03.01.001/2014 15] dated June 03, 2015, the company has constituted following committees:

| Sr. no. | Name of Committee |
|---------|---------------------------------------|
| 1 | Audit Committee |
| 2 | Nomination and remuneration committee |
| 3 | Risk Management Committee |

G) RELATED PARTY TRANSACTIONS

In terms of Section 188(1) of the Companies Act, 2013, all related party transactions entered into by the Company during FY 2020-21 were duly approved by the Audit Committee and the Board of Directors. The transactions with the Related Parties are on arm's length basis and in the ordinary course of business of the Company and do not have any potential conflict with the interests of the Company at large. The policy on dealing with Related Party Transactions is disclosed on the Company' website at <https://www.lightmicrofinance.com/compliance.html>

During the year ended 31st March 2021, the Company has not entered into any related party transactions under Section 188 of the Companies Act, 2013. Thus, disclosure in Form AOC-2 is not required. However, the disclosures of transactions with related party for the financial year, as per Accounting Standard – 18 Related Party Disclosures is given in Note. No 21 (H) to the Balance Sheet as on March 31st, 2021.

H) DEBENTURES

Company has issued Non-Convertible Debentures through private placement during the year

| Sr. No | No. of NCD | No of Allottees | Date of Directors Approval | Date of Board Approval | Date of Members Approval | Date of Allotment |
|--------|------------|-----------------|-------------------------------|-------------------------------|-----------------------------|--------------------------------|
| 1 | 300 | 1 | 12 th August, 2020 | 12 th August, 2020 | 13 th July, 2020 | 11 th August, 2020 |
| 2 | 150 | 2 | 12 th August, 2020 | 12 th August, 2020 | 13 th July, 2020 | 24 th August, 2020 |
| 3 | 500 | 1 | 12 th August, 2020 | 12 th August, 2020 | 13 th July, 2020 | 12 th October, 2020 |
| 4 | 100 | 1 | 12 th August, 2020 | 12 th August, 2020 | 13 th July, 2020 | 31 st March, 2021 |

The details debenture trustee for all the above mentioned Non-Convertible debentures issued by the Company during FY 2020-21 is as under:

| | |
|----------------------------------|---|
| Name of Debenture trustee | BEACON TRUSTEESHIP LIMITED |
| Registered office | 4 C & D Siddhivinayak Chambers, Gandhi Nagar, Opp. MIG Club, Bandra (East) Mumbai – 400 051 |
| CIN | U74999MH2015PLC271288 |

I) REDEMPTION DURING THE FINANCIAL YEAR 2020-21:

During the year company has not redeemed any redeemable preference shares.

J) REGISTRAR AND TRANSFER AGENT:

All activities in relation to electronic transfer facility with respect to Non-Convertible Debentures (NCDs) are maintained by our Registrar & Transfer Agent (RTA) i.e. Link Intime India Private limited having SEBI Registration No. INR0000004058.

Annexure E

Management Discussion and Analysis Report

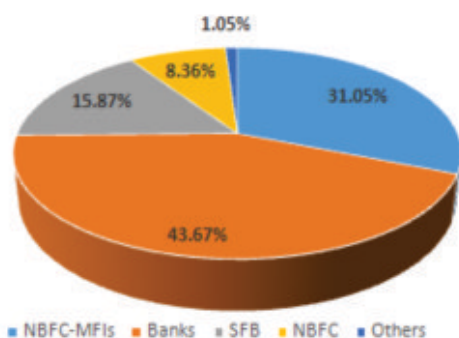
a) Industry structure and developments

The Microfinance Industry comprises NBFC-MFIs, Banks, Small Finance Banks (SFBs), NBFCs and Others (including Non-profit MFIs). Based on MFIN data, Industry's total loan portfolio accounted for Rs. 2,318bn as on March 2020 (Y-o-y growth of 29.26%). The total no. of active loan accounts was 10.54Cr with 5.89 Cr unique borrowers outstanding at the year end. As on Mar '20 the industry consisted of 170 lending institutions – 84 NBFC-MFIs, 12 Banks, 8 SFBs, 45 NBFCs and 21 others.

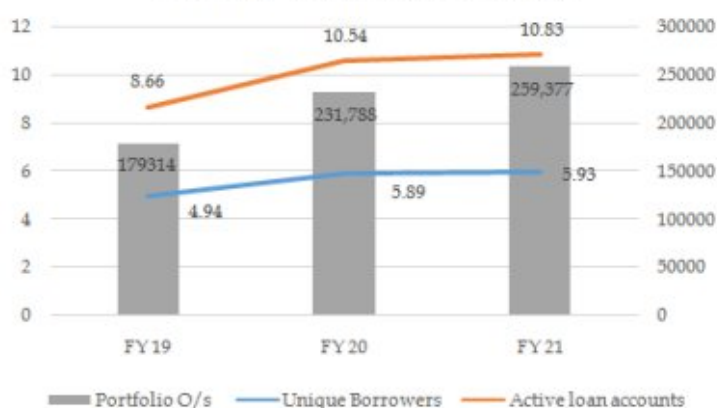
The ending of Financial Year 2020 was marked by the undesirable presence of Covid-19 pandemic which shook the foundations of economies worldwide. The pandemic has disrupted nearly all economic activity while effecting significant loss of lives. Domestic demand and exports sharply plummeted with some few exceptions where high growth was observed. The extent to which localized lockdowns and restrictions were imposed determined the economic recovery. India's fiscal deficit for 2020-21 zoomed to 9.5% of GDP as against 3.5% projected earlier. Microfinance sector was no exception. The significant impact of the pandemic was witnessed in 1st two Quarters of F.Y. 2021, wherein the financial institutions via circulation from RBI were directed to provide 6 months (March 2020-August 2020) moratorium to all the eligible borrowers hampering the cash inflows. People were encouraged to work from home and practicing social distancing was need of the hour. For NBFC-MFIs, it brought a near-halt to the business due to restrictions on mobility, leading to liquidity issues. With a view to increasing liquidity, RBI announced the TLTRO on Tap Scheme worth Rs.1 Trillion in Oct 2020. For further support to borrowers on account of the fallout of Covid19, RBI allowed Restructuring of Advances subject to certain conditions. The pandemic is not over yet, though, and the second wave hit the country very hard. RBI has announced further window for restructuring of loans, thus, impacted. However, significant progress has been made in terms of vaccination, liquidity, and social participation in restricting the pandemic.

Despite such challenges, according to MFIN data, microfinance industry portfolio grew 11.9% to Rs 2,594bn as of Mar '21. The active loan accounts outstanding were 10.83 Cr with industry catering to 5.93 Crore borrowers. Banking segment has the highest market share of 43.7% while NBFC-MFIs are the 2nd largest contributor with 31.1% market share. SFBs hold 15.9% and NBFCs/Others contribute 9.4%. As on Mar '21 the industry consisted of 188 lending institutions – 85 NBFC-MFIs, 13 Banks, 8 SFBs, 53 NBFCs and 29 others.

Industry Classification FY 21-
(%Share in AUM)



Industry - Outreach Trend (Cr.)



b) Opportunities, Threats and Strategies

Opportunities:

Large Demand Supply Gap:

While the microfinance industry has been growing steadily at a fast pace over past several years, the demand for credit in the underserved segment or microfinance customers is still huge, estimated at Rs 8-10 Lakh Cr. Hence, growth prospects remain high for microfinance products and expansion can come through both, addition of new customers across existing and new rural areas, and introduction of new products.

Non-Financial Products & Services:

The credit products are primarily targeted towards Income generation activities. However, customers require other lesser explored areas of education, health, consumption etc. Non - credit products such as saving schemes, insurance, investments will be evaluated going forward, as they aid in sustainable growth of the customer and customer base and create loyalty.

According to the statistics, almost 32% population in rural India & 67% population in urban India are active internet users. Smartphone penetration in rural India has risen to almost 25%. In 2020, the transaction volume share in India stood at 15.6 per cent and 22.9 per cent for instant payments. We have tied up with a leading phone brand to provide the phone and financing to our customers while investing in technology infrastructure to enrich their journey with Light.

New Regulations:

RBI in Jun'21 floated a consultation paper to identify new guidelines for the microfinance industry. The proposed guidelines will bring sweeping changes to the way industry was operating currently, where NBFC-MFIs were bridled with very restrictive rules while the rest operated through the arbitrage created due to their constitution of being a Bank, SFB or NBFC. The new guidelines will not only level the playing field by requiring common credit assessment methodology (cash flow

assessment) but also free up pricing, expand NIMs, thus, enabling expansion into more remote and greenfield locations and also investments in technology to enable such expansion.

Threats:

Covid-19:

Covid-19 pandemic is not over yet. A devastating second wave disrupted businesses again and brought upon terrible loss of lives. A third wave is being predicted. This uncertainty on both health and economic fronts is the biggest challenge soon as it stretches already depleted resources of everyone involved. Accordingly, rural household incomes, which were impacted more in the second wave may be impacted again in the third wave increasing the stress on collections and portfolio.

Competition:

NBFC-MFIs have been operating under very strict regulations compared to other players in the space, namely, Banks, SFBs and NBFCs. Till the new guidelines come in and level the playing field, risk of high indebtedness due to overlending remains high.

Socio-political:

Microfinance customers are a politically sensitive segment and as witnessed in Assam, they continue to remain so. Such situation will be constantly monitored to ensure impact is minimized on our portfolio.

Strategies:

Portfolio quality is central to all decisions at Light while equally ensuring best interests of employees and customers. We are constantly innovating to improve our delivery and control through right technology and financial tools. During this year, strong controls on collection were established through video monitoring, telecalling and collection analytics. Disbursements were streamlined through technology and digitization of documents. Liquidity was ensured through government schemes and established relationships while a healthy balance of off book play was deployed. This resulted in an AUM growth of 31% vis-à-vis industry growth of 19% while Portfolio at Risk at 90+ days overdue was contained at 0.85% compared to 10%+ for industry.

Going forward, we are investing significantly in separate Training Team to ensure all employees remain better aligned with company imperatives. Big investments are underway in technology to streamline all functions, including Operations, HR, Training, Credit, Accounts and Compliance while an integrated analytics platform is being developed to bring much better and precise inputs for future decision making. At the same time, newer and more relevant products, like smartphone financing, are being evaluated for our customers.

c) Outlook

The future still holds multiple challenges despite significant strides made in containing the impact of pandemic through economic interventions to boost liquidity and medical

interventions like vaccines. If the pandemic were to prolong, or if the monsoon is below normal, rural incomes will be impacted, and recovery will be slow leading to drop in collection efficiency. According to the reports issued by various credit rating agencies Collection Efficiency is estimated to drop by 10 to 15% in coming 2-3 Months leading to an increase in Credit Cost to 5 to 10% in FY22. Fresh disbursements are likely to be significantly curtailed during coming 2-3 months. For smaller MFIs, 90 DPD figures are expected to be in the range of 4.5-5% as of coming Quarter. To sum up, agencies and experts reiterate Stable [Outlook](#) for large and group-owned MFIs having diverse customer base ,while the small and mid-sized MFIs will have to strive to keep their position in the industry for the rest for FY22.

However, with our focus on portfolio quality, customer centricity, employee engagement and technology the future holds a lot of promise for Light. With new guidelines coming in and easing of pricing pressures, we will be able to expedite our technology enabled streamlining and scaling to become the most preferred financial services provider to more of the financially underserved segments of society.

d) **Risks and concerns.**

Sound risk management is critical to our success, and we have assiduously created a culture of acknowledging, assessing and mitigating risk. We have a separate Risk Management Committee on our Board for overseeing the process of identification, evaluation, prioritization, and mitigation of risks through appropriate frameworks.

- ☞ We manage our liquidity very carefully through regular assessment of product-wise, tenor-wise, and instrument-wise Asset/ Liability data. Alongside, liquidity status is monitored using static and dynamic tools at weekly, fortnightly, monthly, and quarterly periods to ensure right planning of fund raise, to deploy excess liquidity profitably and to maintain sufficient buffer of 6 months of operational expenses.
- ☞ Major business is concentrated in Gujarat and Rajasthan; currently, and accordingly we will be expanding into other states to reduce state level exposures to 20-25% of total portfolio over the next 4 years. accordingly, we have expanded into Haryana and more parts of Madhya Pradesh. The goal is to achieve a balanced concentration in both its loan portfolio and borrowings.
- ☞ Microfinance being collateral free, requires enhanced credit risk management arises. We have been at the forefront of redefining credit risk management in microfinance by establishing a separate and independent credit vertical with singular focus on portfolio quality. This year, we added another stringent condition of not lending to anyone with a single day delay in payment in her history. The outcome is 0.85% Portfolio At Risk (90 days overdue) compared to 10.67% for industry.
- ☞ Robust control systems and processes have been set up to ensure operational integrity is maintained at all times. Analytics driven collection monitoring and

on field credit team monitoring, minimizes risk of leakage. The entire system is enabled through right technology interventions. This has ensured timely identification of the very few fraud incidents over last year and recovery in full for the same.

- ☞ Measuring information technology risk, securing integrity of data, and protecting the servers from unauthorized attacks remains a challenge for many organizations. To mitigate those risks our company has integrated IT risks and controls with the overall assessment of financial reporting risks. These controls are designed to reduce IT risks to an acceptable level. Along with data security measures such as firewall, antivirus, the main database of light is whitelisted which prevents it to get accessed from outside the perimeter of company. The replication of database is created, which will help us if in any case the main database is crashed, or any problem arises. Periodic reviews and technological upgradation have become an inevitable part of our company.

e) Internal control systems and their adequacy.

Strong internal controls are pre-requisite for unhindered quality growth. To ensure this, an Audit Committee comprising highly qualified and accomplished professionals in their field. Well-documented policies, effective procedures and authorization guidelines that assist in accomplishing objectives by establishing a systematic, disciplined and risk-based approach to evaluate and contribute to the improvement of the organization's governance, risk management and control process. Regular Risk based internal audits are conducted across the head office and the branches in present states based on the portfolio, disbursement, PAR, collection efficiency, attrition, and frequency. Surprise audit at branches also plays a role in the early detection and prevention of fraud. Reports of these audits are reviewed at regular intervals to ensure any red flags in their operations.

f) Discussion on financial performance with respect to operational performance.

In the period of Mar '20, India was hit by the outbreak of Covid-19 pandemic, putting human lives, businesses and economy at stake. Light, like any other organization, was apprehensive about how the business will navigate the financial and operational challenges brought about by the pandemic while rapidly addressing the needs of their employees, customers, and other stakeholders without compromising the health and safety of all involved. Through successful planning, teamwork, coordination, and implementation of the policies, we came out less affected and posted strong performance.

Light grew its AUM beyond Rs 500 Cr by the end of Sep '20 and Rs 623 Cr by Mar '21, a remarkable Y-o-Y growth of 31% (AUM on Mar '20 was Rs 4.76 Cr) in comparison with the industry which showed Y-o-Y growth of 11%. Disbursement in FY21 were Rs 453 Cr. PAT stood at 12.7Cr in Mar '21 increasing by more than 3x compared to Rs 4Cr in Mar '20. Our company managed to maintain PAR >30 at 1.63% & PAR >90 at 0.85% as on Mar 21 (way below Industry's average PAR >30 at 15.21% & PAR >90 at 10.57%;

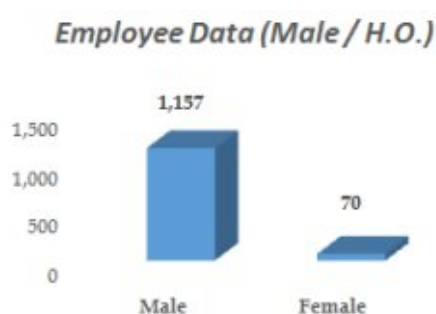
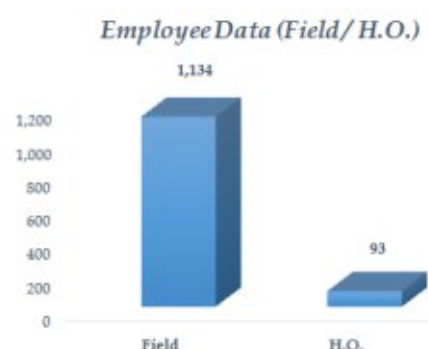
Source: Equifax) with a striking Collection Efficiency of 97%. Strict credit norms for customer selection and underwriting played major role in keeping Portfolio at Risk (PAR) and NPA in check. Light raised funds worth Rs. 411 Cr, majority of it coming from Banks.

On the operational front, Light ventured into new geography by opening 13 branches in state of Haryana along with adding branches the existing states. The branch count as of Mar '21 stood at 131. Light's customer base also escalated from 1.85L to 2.17L.

g) Material developments in Human Resources / Industrial Relations front, including number of people employed.

The whole world entered an unprecedented phase when COVID-19 hit us in the beginning of 2020-21. The two events of continuous lockdown and announcement of moratorium by RBI over term loans has impacted operations and collections respectively in the microfinance industry. In that troublesome period, HR supported and upheld Light's goals by fostering a positive and engaging work environment while identifying and responding to the changing needs of our diverse community. Light sensed the problems beforehand and had made adequate arrangements with the technology and infrastructure support for employees to Work from Home (WFH). During the lockdown, HR Team clearly communicated with the employees on regular basis, informed them about the organization current situation, and ensured full support from the Management.

Our HR Team comprises some of the most qualified, experienced and promising personnel.



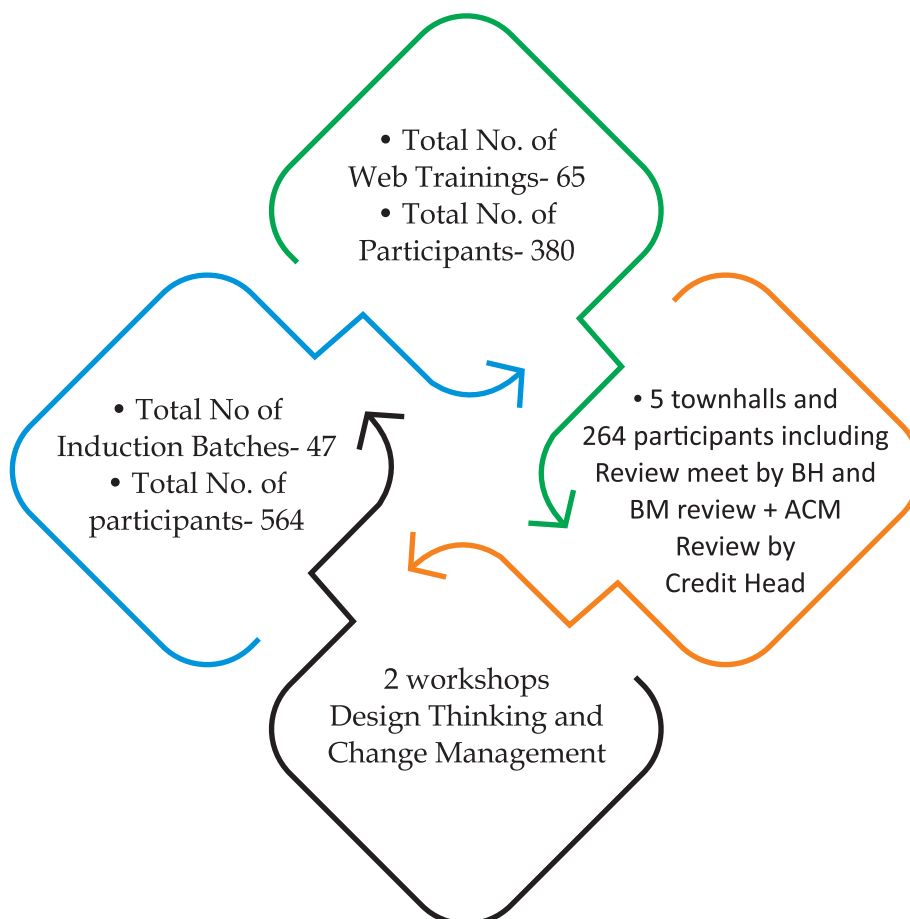
The major roles and responsibilities carried out by the HR team:

- Arranging for WFH for all employees by providing them laptops and access to Company data in coordination with IT Team. Geography based attendance was also launched.
- Covid controller were appointed who took care of all the sanitization related work including installation of sanitization tunnel, automatic hand sanitizer, sanitization of office premises (handles, of all doors washrooms etc.) etc.
- Despite low business initially, our company also managed to maintain its employee retention during this tough time by timely and full payment of salary and even conducted annual appraisal to award salary increments to all employees. There were no layoffs during such unprecedented times. Currently, Light employ over 1,400 people, including 938 Loan Officers.
- Employee Engagement programs were also conducted to boost the morale of the employees and infuse new zeal into them.

Employees Statistics -Year wise comparison is given below: -

| Employee Strength | F.Y. 2020 | F.Y. 2021 | Growth |
|----------------------|-----------|-----------|--------|
| No. of Employees | 1055 | 1277 | 16.30% |
| No. of Loan Officers | 749 | 616 | 21.60% |

A Training and Development Team was established with the mandate to plan batch wise induction and refresher training to all employees. Apart from that it also organizes special programs for middle management of business credit and other verticals. The following are some highlights conducted: -



ANNEXURE F

ESOP DISCLOSURE PURSUANT TO RULE 12 OF COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES, 2014, AND THE PROVISIONS UNDER SECTION 62 OF THE COMPANIES ACT 2013 AND RULES FRAMED THERE UNDER

| Particulars | Details |
|---|--|
| ESOP pool | 1840000 |
| ESOP granted | <ul style="list-style-type: none"> ➤ 9,84,400 ➤ 5,02,000 |
| ESOP vested | NIL |
| ESOP Exercised | NIL |
| The total no. of shares arising as a result of exercise of option | NIL |
| Options lapsed | NIL |
| The exercise price | <ul style="list-style-type: none"> ➤ For ESOP granted in 2018= Rs. 10.63/- ➤ For ESOP granted in 2021= Rs. 37.70/- |
| Variation of terms of options | The Board of Director amended the “ESOP Plan 2018” in the Board Meeting held on 20 th May 2021 by changing the restriction on maximum number of options that may be granted to each employee to be 10,00,000 in number per eligible employee. |
| Money realized by exercise of options | NIL |
| Total number of options in force | 14,90,400 |

| Employee wise details of options granted during the year to: | |
|---|--|
| Key managerial personnel | 1. Mr. Rakesh Kumar 2. Mr. Aviral Saini |
| Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year [5% of ESOP 502000 granted in 2021] | 2 employees Mr. Nehal Shah= 50000 ESOP Mr. Satish Dhupdale= 30000 ESOP |
| Identified employees who were granted option. during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant | In 2018: 1. Mr. Rakesh Kumar 2. Mr. Aviral Saini |

INDEPENDENT AUDITOR'S REPORT

To the Members of Light Micro Finance Private Limited

Report on the Audit of Financial Statements

We have audited the accompanying financial statements of Light Micro Finance Private Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Emphasis of Matter

As more fully described in Note 21 (P) to the annual financial results, the extent to which the COVID-19 pandemic will have impact on the Company's financial performance is dependant on future developments, which are highly uncertain.

Our opinion is not modified in respect of above matter.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibility for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on these financial statements based on our audit. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. on the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
 - f. with respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Company, refer to our separate report in "Annexure B"; and

- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 21(G) to the financial statements;
 - ii. the Company did not have any long-term contracts, including derivative contracts for which there were any material foreseeable losses;
 - iii. the Company is not required to transfer any amount to Investor Education & Protection Fund.

For KANTILAL PATEL & CO.,
CHARTERED ACCOUNTANTS
Firm Reg. No.: 104744W

Place: Ahmedabad
Date: May 20, 2021

Jinal A Patel
Partner
Membership No.: 153599
UDIN NO. : 21153599AAAAEO4650

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended March 31, 2021, we report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 (b) The fixed assets were physically verified during the year by Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company there is no freehold Land and buildings or leasehold land as at the balance sheet date.
- ii. The Company is a Non-Banking Finance Company, which does the business of loan finance. Accordingly, it does not require holding inventories. Thus, Paragraph 3(ii) of the Order is not applicable to the company.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with provision of section 185 and 186 of the Act in respect to the loans and investments made.
- v. The company has not accepted deposits from public during the year and does not have any unclaimed deposits as at March 31, 2019 and therefore, the provisions of clause 3(v) of the order are not applicable to the company.
- vi. The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act 2013.
- vii. a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees state insurance, income-tax, goods & service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, goods & service tax, cess and other material statutory dues were in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute
- viii. In our opinion and according to information and explanation given to us, the company has not defaulted in the repayment of loans or borrowings to any bank or financial institution during the year. The company does not have any loans & borrowings payable to government and has not issued any debentures.

- ix. According to the information and explanations given to us, the company did not raise any money by way of initial public offer or further public offer (including debt instruments), further money raised by way of term loans have been applied by the Company during the year for the purpose of which they were raised.
- x. No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit except for few instances of misappropriation of cash collected from customers and other forms of embezzlement of cash by the employees involving amounts aggregating Rs.12.66 lakhs. The Company has terminated the services of such employees and also initiated legal action against such employees. The Company has recovered Rs.6.37 lakhs from some employees.
- xi. As Section 197 is not applicable to the Private Limited Company for providing Managerial Remuneration. Accordingly, paragraph 3(xi) of the Order is not applicable.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. During the year, the Company has made private placement of preference shares and fully convertible debentures. In our opinion, the Company has complied with the requirement of Section 42 of the Act and the Rules framed thereunder. Further, in our opinion, the amounts so raised have been used for the purposes for which the funds were raised.
- xv. Based on the examination of the records and according to the information and explanations given by the management, during the year, the Company has not entered into non-cash transactions with directors or persons connected with him as referred to in the Section 192 of the Companies Act, 2013.
- xvi. The Company is registered under section 45-IA of the Reserve Bank of India Act 1934.

For KANTILAL PATEL & CO.,
CHARTERED ACCOUNTANTS
Firm Reg. No.: 104744W

Place: Ahmedabad
Date: May 20, 2021

Jinal A Patel
Partner
Membership No.: 153599
UDIN NO. : 21153599AAAAEO4650

Annexure - B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Light Micro Finance Private Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For KANTILAL PATEL & CO.,
CHARTERED ACCOUNTANTS
Firm Reg. No.: 104744W

Jinal A Patel
Partner

Membership No.: 153599

Place: Ahmedabad
Date: May 20, 2021

| LIGHT MICROFINANCE PVT LTD | | | |
|---|-------|---|-----------------------|
| CIN- U67120DL1994PTC216764 | | | |
| Balance Sheet as at March 31, 2021 | | | |
| (Amounts in Rupees unless otherwise stated) | | | |
| | Notes | March 31, 2021 | March 31, 2020 |
| Equity and Liabilities | | | |
| Shareholders' Funds: | | | |
| Share Capital | 2 | 43,31,58,000 | 33,31,58,000 |
| Reserves & Surplus | 3 | 42,72,35,589 | 31,41,25,205 |
| | | 86,03,93,589 | 64,72,83,205 |
| Non-current Liabilities | | | |
| Long Term Borrowings | 4 | 2,27,94,18,612 | 1,62,28,40,802 |
| | | 2,27,94,18,612 | 1,62,28,40,802 |
| Current Liabilities | | | |
| Short Term Borrowings | 5 | 10,01,07,398 | 10,04,00,026 |
| Trade Payables | 6 | - | - |
| (i) Total outstanding dues of creditors Micro enterprises and small enterprises | | - | - |
| (ii) Total outstanding dues of creditors other than Micro enterprises and small enterprises | | 1,39,32,775 | 1,18,25,020 |
| Short Term Provisions | 7 | 7,55,42,853 | 3,27,20,312 |
| Other Current Liabilities | 8 | 2,58,84,27,509 | 1,57,80,06,576 |
| | | 2,77,80,10,535 | 1,72,29,51,935 |
| TOTAL | | 5,91,78,22,735 | 3,99,30,75,943 |
| ASSETS | | | |
| NON CURRENT ASSETS | | | |
| Property, Plant & Equipment's | | | |
| Tangible Assets | 9 | 1,72,70,317 | 1,37,39,027 |
| Intangible assets | 9 | 53,67,989 | 64,20,760 |
| Long Term Loans and Advances | 10 | 2,17,85,03,957 | 1,20,71,55,685 |
| Deferred Tax Asset | 11 | 1,75,67,442 | 87,10,699 |
| Other Non-Current Assets | 12 | 13,23,38,217 | 12,33,10,658 |
| | | 2,35,10,47,922 | 1,35,93,36,829 |
| CURRENT ASSETS | | | |
| Cash and Bank Balances | 13 | 29,31,71,089 | 32,30,52,248 |
| Trade Receivables | 14 | 2,71,99,866 | 1,66,32,785 |
| Short Term Loans & Advances | 10 | 2,79,52,98,550 | 1,88,68,17,904 |
| Other Current Assets | 12 | 45,11,05,307 | 40,72,36,177 |
| | | 3,56,67,74,812 | 2,63,37,39,114 |
| TOTAL | | 5,91,78,22,735 | 3,99,30,75,943 |
| As per our attached report of even date | | | |
| For Kantilal Patel & Co. Chartered Accountants FRN No. 104744W | | For Light Microfinance Pvt Ltd | |
| Jinal A. Patel Partner Membership No. : 153599 | | Decpak Amin Managing Director (DIN- 01289453) | |
| | | Rakesh Kumar Executive Director (DIN-03430670) | |
| | | Aviral Saini Executive Director (DIN-03534719) | |
| Place: Ahmedabad Date: | | Madhavi Gajjar Company Secretary (M.No. A54522) | |

| LIGHT MICRO FINANCE PVT LTD | | | |
|---|---------|---|---------------------|
| CIN- U67120DL1994PTC216764 | | | |
| Statement of Profit & Loss for the Year ended March 31, 2021 | | | |
| (Amounts in Rupees unless otherwise stated) | | | |
| | Notes | March 31, 2021 | March 31, 2020 |
| Income | | | |
| Revenue from Operations | 15 | 1,12,25,78,619 | 73,92,81,611 |
| Other Income | 16 | 2,72,37,438 | 2,92,19,326 |
| Total Revenue (I) | | 1,14,98,16,057 | 76,85,00,937 |
| Expenses | | | |
| Employee Benefit Expense | 17 | 31,54,52,923 | 23,13,00,229 |
| Finance Costs | 18 | 48,92,77,454 | 33,63,87,168 |
| Depreciation & Amortization Expenses | 9 | 98,54,813 | 74,38,437 |
| Other Expenses | 19 | 12,88,82,441 | 12,60,23,449 |
| Provisions and write offs | 20 | 4,69,31,178 | 1,61,80,425 |
| Total Expenses (II) | | 99,03,98,810 | 71,73,29,708 |
| Profit Before Tax (III) = (I) - (II) | | 15,94,17,247 | 5,11,71,229 |
| Tax Expenses | | | |
| Current Tax | | 4,09,31,341 | 1,28,79,798 |
| Deferred Tax (Asset)/Liability | | (88,56,743) | (24,69,522) |
| Expense/(Short)Provisions of earlier year | | 54,155 | 5,49,973 |
| | | 3,21,28,753 | 1,09,60,249 |
| Profit After Tax | | 12,72,88,495 | 4,02,10,980 |
| Earnings Per Share (of Rs. 10/- each): | | | |
| Basic | 21 | 5.08 | 1.61 |
| Diluted EPS | 21 | 3.78 | 1.20 |
| Notes Forming Part of the Financial Statements | 1 to 21 | | |
| As per our attached report of even date | | | |
| For Kantilal Patel & Co. Chartered Accountants FRN No. 104744W Jinal A. Patel Partner Membership No. : 153599 Place: Ahmedabad Date: | | For Light Microfinance Pvt Ltd Deepak Amin Managing Director (DIN- 01289453) Rakesh Kumar Executive Director (DIN-03430670) Aviral Saini Executive Director (DIN-03534719) Madhavi Gajjar Company Secretary (M.No. A54522) | |

| LIGHT MICRO FINANCE PVT LTD | | |
|---|-----------------------|-------------------------|
| CIN- U67120DL1994PTC216764 | | |
| Cash flow Statement for the year ended March 31, 2021 | | |
| (Amounts in Rupees unless otherwise stated) | | |
| | March 31, 2021 | March 31, 2020 |
| Cash flow from Operating Activities | | |
| Profit Before tax | 15,94,17,247 | 5,11,71,228 |
| Depreciation and amortization | 98,54,813 | 74,38,437 |
| Prior Period Tax Adjustment | (54,155) | (5,49,973) |
| Profit on sale of Assets | (633) | (3,306) |
| Operating Profit before Working Capital Changes | 16,92,17,272 | 5,80,56,386 |
| Movements in Working Capital: | | |
| Increase/(Decrease) in current liabilities | 1,04,26,94,600 | 52,77,76,481 |
| Increase/(Decrease) in trade payables | 21,07,755 | 4,26,290 |
| Decrease/(Increase) in trade receivables | (1,05,67,081) | 50,61,013 |
| Decrease/(Increase) in loans and advances | (1,87,98,28,918) | (1,37,90,26,503) |
| Decrease/(Increase) in other current assets | (4,38,69,130) | (25,69,91,587) |
| Decrease/(Increase) in other non current asset | (90,27,559) | (3,07,16,366) |
| Cash Generated/(Used in) Operations: | (72,92,73,061) | (1,07,54,14,287) |
| Direct Taxes Paid (net of refunds) | 3,03,80,569 | 1,15,92,825 |
| Net Cash Flow from/(used in) Operating Activities (A) | (75,96,53,630) | (1,08,70,07,112) |
| Cash flow from Investing Activities | | |
| Purchase of property, plant and equipment | (1,06,35,370) | (1,24,94,978) |
| Purchase of intangible asset | (17,00,729) | (50,33,128) |
| Sale of property, plant and equipment | 1,500 | 10,000 |
| Decrease/(Increase) in Investment in Mutual Fund (Net) | - | 1,91,06,623 |
| Net Cash Flow from/(used in) Investing Activities (B) | (1,23,34,599) | 15,88,517 |
| Cash flow from Financing Activities | | |
| Long term Borrowings (Net) | 65,65,77,810 | 82,88,02,012 |
| Loan Repayable at demand (Net) | (2,92,628) | 5,04,07,496 |
| Proceeds from issuance of equity share capital | 10,00,00,000 | 8,26,58,010 |
| Security Premium | (1,41,78,111) | 15,27,98,631 |
| Net Cash Flow from/(used in) financing Activities (C) | 74,21,07,071 | 1,11,46,66,149 |
| Net Increase/(decrease) in cash and cash equivalents | (2,98,81,158) | 2,92,47,555 |
| Cash and Cash equivalents at the beginning of the year | 32,30,52,248 | 29,38,04,693 |
| Cash and Cash equivalents at the end of the year | 29,31,71,089 | 32,30,52,248 |
| Note: 1. Cash Flow Statement is prepared as per "Indirect Method" as per Accounting standard - 3 issued by the Companies Accounting Standard Rules, 2006. 2. Figures in brackets represents outflow. 3. Previous year figures have been restated wherever necessary to make them comparable with current year figures. | | |
| As per our attached report of even date <div> <div> For Kantilal Patel & Co. Chartered Accountants FRN No. 104744W Jinal A. Patel Partner Membership No. : 153599 </div> <div> For Light Microfinance Pvt Ltd Deepak Amin Managing Director (DIN- 01289453) Rakesh Kumar Executive Director (DIN-03430670) Aviral Saini Executive Director (DIN-03534719) Madhavi Gajjar Company Secretary (M.No. A54522) </div> </div> | | |
| Place: Ahmedabad Date: | | |

NOTE 1: NOTES FORMING PART OF THE FINANCIAL STATEMENTS**NOTE: SIGNIFICANT ACCOUNTING POLICIES****a. Corporate Information**

Light Microfinance Private Limited ("the Company") is a Private Limited Company domiciled in India and incorporated under the provisions of the Companies Act, 2013. The Company was registered as a Non-Banking Financial Company ("NBFC") with the Reserve Bank of India ("RBI") and has got classified as a Non-Banking Financial Company – Micro Finance Institution ("NBFC-MFI") with effect from May 27, 2014.

The Company is engaged primarily in providing microfinance services to its members for undertaking productive activities in urban/semi-urban/rural areas of India who are organized, *inter alia* as Joint Liability Groups ("JLGs"). The company has its operation spread across 3 states.

b. Basis of Preparation

The financial statements of the Company are prepared in accordance with generally accepted accounting policies in India ("Indian GAAP") under the historical cost convention on the accrual basis. The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the RBI as applicable to NBFC-MFIs. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

c. Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcome requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

d. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current Investment are valued at the lower

of cost and fair value. Changes in the carrying amount of current investments are recognised in the Statement of Profit and Loss. Long-term Investments are valued at cost, less any provision for diminution, other than temporary, in the value of such investments; decline, if any, is charged to the Statement of Profit and Loss. Cost comprises cost of acquisition and related expenses such as brokerage and stamp duties.

e. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- i. Interest income on loans, assigned or otherwise, is recognized on accrual basis, considering the directions issued by the Reserve Bank of India from time to time in terms of the Non-Banking Financial Companies – Micro finance Institutions (NBFC - MFIs) Directions, 2011. Loans are classified into 'Performing and Non-Performing' assets in terms of the said Directions. Loans in respect of which interest/principal have remained overdue for a period of 90 days or more are considered as Non-Performing Assets.
- ii. Interest income on deposits with banks is recognised on a time proportion accrual basis taking into account the amount outstanding and the rate applicable.
- iii. Profit/premium arising at the time of securitization of loan portfolio is amortized over the life of the underlying loan portfolio.
- iv. Revenues from loan documentation charges are recognized as upfront income.
- v. All other income is recognized on an accrual basis.

f. Property Plant & Equipment

Tangible Assets

All tangible are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price and directly attributable cost of bringing the asset to its working condition for its intended use.

Intangible Assets

Computer Software costs are capitalised and amortised over the useful life of five years.

Depreciation on tangible fixed assets is provided on the written down value method using the rates arrived at based on the useful life of assets prescribed under Schedule II of the Companies Act, 2013.

g. Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication on impairment based on internal/external factors. An impairment loss is recognized whenever the carrying amount of assets exceeds its recoverable amount. After impairment depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

During the year there was no impairment of assets of the company.

h. Borrowing Costs

Interest Costs are charged to the Statement of Profit and Loss Account on accrual basis. Prepaid Loan Processing Fees and Syndication charges represent ancillary costs incurred in connection with the arrangement of borrowings and is amortized on straight line basis over the tenure of the respective borrowings. Unamortized borrowing cost, if any, is fully expensed off as and when the related borrowing is prepaid/cancelled.

i. Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rates prevailing at the time the transactions are effected.

j. Retirement and Other Employee Benefits

Contributions to the Regional Provident Fund Commissioner to secure retiral benefits in respect of Employees' Provident Fund, based on the statutory provisions as per the Employee Provident Fund Scheme, are charged to revenue.

The Company accounts for its liability for funded gratuity based on actuarial valuation.

k. Taxes

Income Tax comprises the current tax provision and the net change in the deferred tax or liability during the year. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of Income Tax Act, 1961 and other applicable tax laws.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences. Deferred tax assets are recognized for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets are reviewed at each balance sheet date for their realizability.

l. Earnings Per Share

The company reports basic and diluted earnings per share ("EPS") in accordance with Accounting Standard – 20 on Earnings per Share. Basic EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares, Compulsory Convertible Preference Share and Employee Stock Option Plan (ESOP) outstanding during the year.

m. Lease

Corporate Office and Branch office premises are obtained under operating lease. They are on cancellable term for the period of 11 months & other for 2 years & 11 months. Currently, there are no sub leases.

Lease payment during the year is charged to Statement of Profit & Loss:

| Particulars | 2020-21 | 2019-20 |
|---|-------------|-------------|
| Operating Lease expenses recognized in the statement of profit and loss | 2,66,61,027 | 2,54,68,188 |

n. Provisions

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined on the basis of the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

o. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

p. Classification of Loan Portfolio

| Asset Classification | Criteria |
|-------------------------|--|
| Standard Assets | The asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business |
| Non – Performing Assets | An asset for which, interest/principal payment has remained overdue for a period of 90 days or more. |

q. Segment Information

The company operates in a single reportable segment, i.e. financing, which has similar risks and returns for the purpose of AS 17 on “Segment Reporting” specified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. The Company operates in a single geographical segment, i.e., domestic.

LIGHT MICROFINANCE PVT LTD
Notes to financial statements for the year ended March 31, 2021

(Amounts in Rupees unless otherwise stated)

| | March 31, 2021 | March 31, 2020 |
|---|---------------------|---------------------|
| 2. Share Capital | | |
| Authorised Share Capital | | |
| Equity Share | | |
| 5,25,00,000 (Mar 31, 2020 5,25,00,000) Equity Shares of Rs 10 each | 52,50,00,000 | 52,50,00,000 |
| Compulsory Convertible Preference Share | | |
| 3,70,00,000 (Mar 31, 2020 2,70,00,000) Preference Share of Rs 10 each | 37,00,00,000 | 27,00,00,000 |
| Total Authorised Share Capital | 89,50,00,000 | 79,50,00,000 |
| Issued, Subscribed and Fully Paid-up Share Capital | | |
| Equity Share | | |
| 2,50,49,999 (Mar 31, 2020: 2,50,49,999) Equity Shares of Rs 10 each | 25,04,99,990 | 25,04,99,990 |
| Compulsory Convertible Preference Share | | |
| 82,65,801 (Mar 31, 2020 82,65,801) Compulsory Convertible Preference Shares of Rs 10 each bearing coupon dividend rate of 0.001% | 8,26,58,010 | 8,26,58,010 |
| Redeemable Preference Share | | |
| 1,00,00,000 (Mar 31, 2020 NIL) Redeemable Preference Shares of Rs 10 each (issued in Sep 2020) bearing coupon dividend rate of 12.00% | 10,00,00,000 | - |
| Total Paid up Share Capital | 43,31,58,000 | 33,31,58,000 |
| Total Issued, Subscribed and Fully Paid-up Share Capital | | |
| (a) Reconciliation of the number of Equity shares and amount outstanding at the beginning and at the end of the reporting Period | | |
| | March 31, 2021 | March 31, 2020 |
| | No. of Shares | No. of Shares |
| | Rs | Rs |
| At the beginning of the Period | 2,50,49,999 | 2,50,49,999 |
| Issued During the Period | - | - |
| Outstanding at the end of the Period | 2,50,49,999 | 2,50,49,999 |
| | 25,04,99,990 | 25,04,99,990 |

| (a) (i) Reconciliation of the number of Compulsory Convertible Preference shares and amount outstanding at the beginning and at the end of the reporting Period | | | | | |
|--|-----------------------|-----------------------------------|-----------------------|-----------------------------------|-----------------------------------|
| | March 31, 2021 | | March 31, 2020 | | |
| | No. of Shares | Rs | No. of Shares | Rs | Rs |
| At the beginning of the Period | 82,65,801 | 8,26,58,010 | - | - | - |
| Issued During the Period | - | - | 82,65,801 | 8,26,58,010 | 8,26,58,010 |
| Outstanding at the end of the Period | 82,65,801 | 8,26,58,010 | 82,65,801 | 8,26,58,010 | 8,26,58,010 |
| (a) (ii) Reconciliation of the number of Redeemable Preference shares and amount outstanding at the beginning and at the end of the reporting Period | | | | | |
| | March 31, 2021 | | March 31, 2020 | | |
| | No. of Shares | Rs | No. of Shares | Rs | Rs |
| At the beginning of the Period | - | - | - | - | - |
| Issued During the Period | 1,00,00,000 | 10,00,00,000 | - | - | - |
| Outstanding at the end of the Period | 1,00,00,000 | 10,00,00,000 | - | - | - |
| (b) Details of Shareholders holding more than 5% shares: | | | | | |
| Class of shares / Name of shareholder | March 31, 2021 | | March 31, 2020 | | |
| | Number of shares held | % holding in that class of shares | Number of shares held | % holding in that class of shares | % holding in that class of shares |
| Equity shares of Rs.10 each fully paid | | | | | |
| Deepak I. Amin | 1,28,99,998 | 51.50% | 1,28,99,998 | 51.50% | 51.50% |
| Kaushik I. Amin | 58,88,065 | 23.51% | 58,88,065 | 23.51% | 23.51% |
| VARAK NAL Holdings Inc. | 5,531,935 | 22.08% | 55,31,935 | 22.08% | 22.08% |
| Compulsory Convertible preference shares of Rs.10 each fully paid | | | | | |
| NMI Fund IV KS | 27,55,267 | 33.33% | 27,55,267 | 33.33% | 33.33% |
| Pettelaar Effectenbewaardijf N.V. | 27,55,267 | 33.33% | 27,55,267 | 33.33% | 33.33% |
| Agrif Cooperatief UA | 27,55,267 | 33.33% | 27,55,267 | 33.33% | 33.33% |
| Redeemable preference shares of Rs.10 each fully paid | | | | | |
| WAAO PARTNERS LLP | 1,00,00,000 | 100.00% | - | - | 0.00% |
| (c) The Company has issued only one class of shares referred to as Equity Shares having a par value of Rs 10/-. All Equity Shares carry one vote per share without restrictions and are entitled to Dividend as and when declared. All shares rank equally with regard to the Company's residual assets. | | | | | |
| (d) The Company has issued 82,65,801 (Eighty-Two Lakh Sixty-Five Thousand Eight Hundred and One Only) Compulsorily Convertible Preference Shares (CCPS) of Rs.30.85/- each Including Premium of Rs.20.85/- each and Face value of Rs.10/- each aggregating up to Rs. 25,49,99,961/- (Rupees Twenty-Five Crore Forty-Nine lakh Ninety Nine Thousand Nine Hundred Sixty One Only) on Private Placement Basis during the previous year bearing coupon dividend rate of 0.001% | | | | | |
| (e) The Company has issued 1,00,00,000 (One Crore Only) Redeemable Preference Shares (RPS) of Rs.10/- (at par) Rs. 10,00,00,000/- (Rupees Ten Crore Only) on Private Placement Basis during the year bearing coupon dividend rate of 12.00% | | | | | |

LIGHT MICROFINANCE PVT LTD**Notes to financial statements for the year ended March 31, 2021***(Amounts in Rupees unless otherwise stated)*

| | March 31, 2021 | March 31, 2020 |
|--|-----------------------|-----------------------|
| 3. Reserves and Surplus | | |
| Statutory Reserve | | |
| Balance as per the last financial statements | 1,84,51,047 | 1,04,08,851 |
| Add: Amount Transferred from balance in the statement of profit and loss | 2,54,57,699 | 80,42,196 |
| Closing Balance | 4,39,08,746 | 1,84,51,047 |
| Security Premium | | |
| Balance as per the last financial statements | 5,60,06,171 | 7,55,49,489 |
| Add: Security Premium received | | |
| Less: Security Premium utilized under section 52 of The Companies Act, 2013 | 1,41,78,111 | 1,95,43,318 |
| Closing Balance | 4,18,28,060 | 5,60,06,171 |
| Security Premium On Preference share | | |
| Balance as per the last financial statements | 17,23,41,951 | - |
| Add: Security Premium received | | 17,23,41,951 |
| Less: Security Premium utilized | - | - |
| Closing Balance | 17,23,41,951 | 17,23,41,951 |
| Profit & Loss Account | | |
| Balance as per the last financial statements | 6,73,26,036 | 3,51,57,253 |
| Add: Profit for the year | 12,72,88,495 | 4,02,10,980 |
| Less: Transfer to Statutory Reserves | (2,54,57,699) | (80,42,196) |
| Closing Balance | 16,91,56,832 | 6,73,26,036 |
| Total Reserves and Surplus | 42,72,35,589 | 31,41,25,205 |
| 4. Long-term Borrowings | | |
| Term Loans | | |
| Indian Rupee Loan from Banks (Secured) | 2,04,55,63,841 | 1,42,71,97,990 |
| Indian Rupee Loan from Banks (Unsecured) | 12,68,57,877 | 12,68,57,877 |
| Indian Rupee Loan from NBFCs (Secured) | 1,73,18,43,525 | 1,19,69,20,750 |
| Non Convertible Debentures | | |
| 3572 No's, 13.95% (Sept 18,2019: 3572) Non Convertible Debentures of Rs 100,000/- redeemable in 4 Instalments by September, 2022 (Secured) | 23,81,33,334 | 35,72,00,000 |
| 300 No's, 11% (Aug 11,2020: 300) Non Convertible Debentures of Rs 10,00,000/- redeemable in 1 Instalment by April, 2023 (Secured) | 30,00,00,000 | - |
| 150 No's, 12.40% (Aug 24,2020: 150) Non Convertible Debentures of Rs 10,00,000/- redeemable in 3 Instalments by September, 2022 (Secured) | 15,00,00,000 | - |
| 500 No's, 14.20% (Oct 12,2020: 500) Non Convertible Debentures of Rs 100,000/- redeemable in 2 Instalments by October, 2023 (Secured) | 5,00,00,000 | - |
| 100 No's, 16% (Mar 31,2021: 100) Non Convertible Debentures of Rs 10,00,000/- redeemable in 1 Instalment by June, 2026 (Unsecured) | 10,00,00,000 | - |
| Total Borrowings | 4,74,23,98,577 | 3,10,81,76,617 |
| Less: Current Maturities of Long Term Borrowings | (2,46,29,79,965) | (1,48,53,35,815) |
| Total Long term Borrowings | 2,27,94,18,612 | 1,62,28,40,802 |
| The above amount includes | | |
| Secured Borrowings | 4,61,55,40,700 | 2,98,13,18,740 |
| Unsecured Borrowings | 12,68,57,877 | 12,68,57,877 |
| | 4,74,23,98,577 | 3,10,81,76,617 |
| Amount disclosed under the head "Other Current Liabilities" (Note 7) | (2,46,29,79,965) | (1,48,53,35,815) |
| Total | 2,27,94,18,612 | 1,62,28,40,802 |

| LIGHT MICROFINANCE PVT LTD | | |
|---|-----------------------|-----------------------|
| Notes to financial statements for the year ended March 31, 2021 | | |
| 5. Short Term Borrowings | Current | |
| | March 31, 2021 | March 31, 2020 |
| Cash Credit from Bank (Secured by hypothecation of book debts) | 10,01,07,398 | 10,04,00,026 |
| TOTAL | 10,01,07,398 | 10,04,00,026 |
| 6. Trade Payables | Current | |
| | March 31, 2021 | March 31, 2020 |
| Trade Payables | | |
| (i) Total outstanding dues of creditors Micro enterprises and small enterprises | - | - |
| (ii) Total outstanding dues of creditors other than Micro enterprises and small enterprises | 1,39,32,775 | 1,18,25,020 |
| TOTAL | 1,39,32,775 | 1,18,25,020 |
| 7. Provisions | Current | |
| | March 31, 2021 | March 31, 2020 |
| Provision against Portfolio Loans (refer Note 20) | 6,48,40,931 | 3,14,33,339 |
| Provision for taxation | 1,04,73,101 | 12,86,973 |
| Provision Against Fraud accrued during the year | 2,28,820 | - |
| TOTAL | 7,55,42,853 | 3,27,20,312 |
| 8. Other Current Liabilities | Current | |
| | March 31, 2021 | March 31, 2020 |
| Employee Benefits Payable | 2,54,20,709 | 1,18,27,221 |
| Other Liabilities: | | |
| Current Maturities of Long Term Borrowings | 2,46,29,79,965 | 1,48,53,35,815 |
| Interest Accrued But Not Due on Borrowings | 1,41,52,513 | 98,59,549 |
| Statutory Dues Payable | 1,05,30,834 | 39,43,174 |
| Other Payable | 7,53,43,488 | 6,70,40,817 |
| TOTAL | 2,58,84,27,509 | 1,57,80,06,576 |

Details of terms of redemption / repayment and Security provided in respect of long - term borrowing

| Particulars | | Amount Current | Amount Non Current | Terms of Redemption / Repayment | Security |
|------------------------------|--------------------------|----------------|--------------------|--|--|
| Term loans from banks | | | | | |
| Bandhan Bank | Term loan From Bank-I | 3,18,18,181 | - | Repayable in 24 monthly installment from 30/08/2019 Rate of Interest : Fixed Maturity Period : 2 Years No Of installment due : 07 Months & 1 Days | Secured by hypothecation of book debts created out of the loan availed |
| Bandhan Bank | Term loan From Bank-II | 2,27,27,272 | - | Repayable in 24 monthly installment from 29/06/2019 Rate of Interest : Fixed Maturity Period : 2 Years No Of installment due : 05 Months & 1 Days | Secured by hypothecation of book debts created out of the loan availed |
| Bandhan Bank | Term loan From Bank-III | 7,61,90,480 | 12,38,09,520 | Repayable in 24 monthly installment from 19/03/2021 Rate of Interest : Fixed Maturity Period : 2 Years No Of installment due : 23 Months & 14 Days | Secured by hypothecation of book debts created out of the loan availed |
| Bank of Maharashtra | Term loan From Bank-IV | 1,69,53,690 | 1,61,71,438 | Repayable in 36 monthly installment from 19/11/2019 Rate of Interest : Fixed Maturity Period : 3 Years No Of installment due : 22 Months & 1 days | Secured by hypothecation of book debts created out of the loan availed |
| Canara Bank | Term loan From Bank-V | 1,81,79,895 | 2,27,27,264 | Repayable in 24 monthly installment from 30/06/2020 Rate of Interest : Fixed Maturity Period : 2 Years No Of installment due : 26 Months & 30 Days | Secured by hypothecation of book debts created out of the loan availed |
| ESAF SFB | Term loan From Bank-VI | 78,50,276 | - | Repayable in 24 monthly installment from 31/08/2019 Rate of Interest : Floating Maturity Period : 2 Years No Of installment due : 06 Months & 28 Days | Secured by hypothecation of book debts created out of the loan availed |
| ESAF SFB | Term loan From Bank-VII | 44,89,242 | - | Repayable in 24 monthly installment from 29/06/2019 Rate of Interest : Floating Maturity Period : 2 Years No Of installment due : 4 Months & 29 Days | Secured by hypothecation of book debts created out of the loan availed |
| ESAF SFB | Term loan From Bank-VIII | 3,42,85,716 | 5,99,99,998 | Repayable in 36 monthly installment from 31/12/2020 Rate of Interest : Fixed Maturity Period : 3 Years No Of installment due : 33 Months | Secured by hypothecation of book debts created out of the loan availed |
| HDFC Bank | Term loan From Bank-IX | 8,00,00,000 | - | Repayable in 15 monthly installment from 31/12/2020 Rate of Interest : Fixed Maturity Period : 1.25 Years No Of installment due : 12 Months | Secured by hypothecation of book debts created out of the loan availed |
| Honda City HDFC Car Loan | Term loan From Bank-X | 2,08,018 | 3,70,042 | Repayable in 60 monthly installment from 28/09/2018 Rate of Interest : Fixed Maturity Period : 5 Years No Of installment due : 42 Months & 5 Days | Secured by hypothecation of book debts created out of the loan availed |
| ICICI Term Loan | Term loan From Bank-XI | 1,36,36,363 | - | Repayable in 24 monthly installment from 22/03/2019 Rate of Interest : Floating Maturity Period : 2 Years No Of installment due : 02 Months & 10 days | Secured by hypothecation of book debts created out of the loan availed |

Details of terms of redemption / repayment and Security provided in respect of long - term borrowing

| Particulars | Amount Current | Amount Non Current | Terms of Redemption / Repayment | Security |
|-------------------------|----------------|--------------------|---|--|
| ICI Bank | 5,45,45,455 | 4,09,09,091 | Repayable in 24 monthly installment from 15/12/2020 Rate of Interest : Fixed Maturity Period : 2 Years No Of Installment due : 20 Months & 9 Days | Secured by hypothecation of book debts created out of the loan availed |
| ICI Bank | 3,81,81,818 | 2,86,36,364 | Repayable in 24 monthly installment from 31/12/2020 Rate of Interest : Fixed Maturity Period : 2 Years No Of Installment due : 20 Months & 9 Days | Secured by hypothecation of book debts created out of the loan availed |
| IDFC First Limited | 80,01,712 | 14,37,50,000 | Repayable in 72 monthly installment from 20/02/2018 Rate of Interest : Fixed Maturity Period : 6 Years No Of Installment due : 34 Months & 1 Day | Secured by hypothecation of book debts created out of the loan availed |
| IDFC First Limited | 9,34,247 | 8,00,00,000 | Repayable in 72 monthly installment from 08/02/2018 Rate of Interest : Fixed Maturity Period : 6 Years No Of Installment due : 34 Months & 1 Day | Secured by hypothecation of book debts created out of the loan availed |
| IDFC First Limited | - | - | Repayable in 72 monthly installment from 21/05/2018 Rate of Interest : Fixed Maturity Period : 6 Years No Of Installment due : 37 Months | Secured by hypothecation of book debts created out of the loan availed |
| IDFC First Limited | 6,28,57,140 | 5,71,42,860 | Repayable in 24 monthly installment from 05/02/2021 Rate of Interest : Fixed Maturity Period : 2 Years No Of Installment due : 22 Months | Secured by hypothecation of book debts created out of the loan availed |
| IDFC Bank | 1,71,42,857 | 1,28,57,143 | Repayable in 24 monthly installment from 30/12/2020 Rate of Interest : Fixed Maturity Period : 2 Years No Of Installment due : 20 Months & 29 Days | Secured by hypothecation of book debts created out of the loan availed |
| Indian Bank | 3,71,13,205 | 3,63,63,616 | Repayable in 36 monthly installment from 20/03/2020 Rate of Interest : Floating Maturity Period : 3 Years No Of Installment due : 24 month(s) | Secured by hypothecation of book debts created out of the loan availed |
| Indian Oversease Bank | 1,66,66,059 | 3,33,33,333 | Repayable in 36 monthly installment from 26/02/2021 Rate of Interest : Fixed Maturity Period : 3 Years No Of Installment due : 34 Months | Secured by hypothecation of book debts created out of the loan availed |
| Jana Small Finance Bank | 4,93,09,748 | 3,20,11,322 | Repayable in 24 monthly installment from 30/09/2020 Rate of Interest : Fixed Maturity Period : 2 Years No Of Installment due : 18 Months | Secured by hypothecation of book debts created out of the loan availed |

Details of terms of redemption / repayment and Security provided in respect of long - term borrowing

| Particulars | Amount Current | Amount Non Current | Terms of Redemption / Repayment | Security |
|-----------------------------------|-----------------------|---------------------|--|---|
| Jana Small Finance Bank | 4,38,87,732 | 3,27,19,083 | Repayable in 24 monthly installment from 31/10/2020 Rate of Interest : Fixed Maturity Period : 2 Years No Of Installment due : 19 Months & 1 days | Secured by hypothecation of book debts created out of the loan availed |
| Oriental Bank of Commerce | 6,60,44,684 | 5,45,45,455 | Repayable in 36 monthly installment from 31/12/2019 Rate of Interest : Floating Maturity Period : 3 Years No Of Installment due : 24 month(s) | Secured by hypothecation of book debts created out of the loan availed |
| SBI Term Loan | 4,41,51,957 | - | Repayable in 36 monthly installment from 31/07/2018 Rate of Interest : Fixed Maturity Period : 3 Years No Of Installment due : 07 Months & 1 Days | Secured by hypothecation of book debts created out of the loan availed |
| SBI TL | 16,66,36,260 | 12,74,00,000 | Repayable in 36 monthly installment from 30/09/2019 Rate of Interest : Floating Maturity Period : 3 Years No Of Installment due : 20 Months | Secured by hypothecation of book debts created out of the loan availed |
| SIDBI | 3,75,00,000 | - | Repayable in 9 monthly installment from 17/7/2020 Rate of Interest : Fixed Maturity Period : 0.75 Years No Of Installment due : 10 days | Secured by hypothecation of book debts created out of the loan availed |
| Union Bank of India | 3,80,71,878 | 2,12,12,121 | Repayable in 24 monthly installment from 17/08/2019 Rate of Interest : Floating Maturity Period : 2 Years No Of Installment due : 18 month(s) and 30 day(s) | Secured by hypothecation of book debts created out of the loan availed |
| United Bank of India | 1,98,87,974 | 1,85,00,000 | Repayable in 36 monthly installment from 13/03/2020 Rate of Interest : Floating Maturity Period : 3 Years No Of Installment due : 24 Months | Secured by hypothecation of book debts created out of the loan availed |
| Yes Bank | 5,00,00,000 | 4,58,33,333 | Repayable in 24 monthly installment from 15/02/2021 Rate of Interest : Fixed Maturity Period : 2 Years No Of Installment due : 22 Months & 15 Days | Secured by hypothecation of book debts created out of the loan availed |
| TOTAL TERM LOANS FROM BANK | 1,05,72,71,858 | 98,82,91,983 | | |
| Term loans from Others | | | | |
| Agile | 98,60,788 | 64,18,786 | Repayable in 24 monthly installment from 7/10/2020 Rate of Interest : Fixed Maturity Period : 2 Years No Of Installment due : 18 month(s) & 9 days | Secured by hypothecation of book debts created out of the loan availed |
| Arohan | 3,17,11,260 | - | Repayable in 18 monthly installment from 28/08/2020 Rate of Interest : Fixed Maturity Period : 1.5 Years No Of Installment due : 9 months & 20 Days | Secured by hypothecation of book debts created out of the loan availed |

Details of terms of redemption / repayment and Security provided in respect of long - term borrowing

| Particulars | Amount Current | Amount Non Current | Terms of Redemption / Repayment | Security |
|-----------------------------|----------------|--------------------|---|--|
| Arohan | 2,55,31,508 | 2,44,68,492 | Repayable in 24 monthly installment from 02/03/2021 Rate of Interest : Fixed Maturity Period : 2 Years No Of Installment due : 22 month(s) and 20 day(s) | Secured by hypothecation of book debts created out of the loan availed |
| Electronica | 1,24,67,605 | 69,40,935 | Repayable in 25 monthly installment from 05/08/2020 Rate of Interest : Fixed Maturity Period : 2.08 Years No Of Installment due : 17 month(s) and 5 day(s) | Secured by hypothecation of book debts created out of the loan availed |
| Electronica | 1,11,56,550 | 1,38,43,450 | Repayable in 24 monthly installment from 26/03/2021 Rate of Interest : Fixed Maturity Period : 2 Years No Of Installment due : 23 month(s) and 17 day(s) | Secured by hypothecation of book debts created out of the loan availed |
| Hero TL | 1,50,19,003 | - | Repayable in 24 monthly installment from 01/10/2019 Rate of Interest : Fixed Maturity Period : 2 Years No Of Installment due : 8 month(s) and 2 day(s) | Secured by hypothecation of book debts created out of the loan availed |
| Hinduja Leyland and Finance | 7,33,09,590 | - | Repayable in 24 monthly installment from 31/12/2019 Rate of Interest : Fixed Maturity Period : 2 Years No Of Installment due : 10 Months & 25 Days | Secured by hypothecation of book debts created out of the loan availed |
| Hinduja PU | 2,28,26,530 | - | Repayable in 24 monthly installment from 04/07/2019 Rate of Interest : Fixed Maturity Period : 2 Years No Of Installment due : 5 Months | Secured by hypothecation of book debts created out of the loan availed |
| Hinduja Leyland Finance | 7,04,35,178 | 7,95,64,822 | Repayable in 18 monthly installment from 04/03/2021 Rate of Interest : Fixed Maturity Period : 1.5 Years No Of Installment due : 23 month(s) and 3 day(s) | Secured by hypothecation of book debts created out of the loan availed |
| Hiranandani | 96,66,188 | - | Repayable in 18 monthly installment from 28/11/2019 Rate of Interest : Fixed Maturity Period : 1.5Years No Of Installment due : 05 Months & 4 Days | Secured by hypothecation of book debts created out of the loan availed |
| InCred Finance | 3,88,86,219 | 96,50,693 | Repayable in 24 monthly installment from 27/02/2020 Rate of Interest : Fixed Maturity Period : 2 Years No Of Installment due : 14 month(s) and 10 day(s) | Secured by hypothecation of book debts created out of the loan availed |
| Kissandhan Agri Financial | 2,32,62,933 | 2,67,37,067 | Repayable in 24 monthly installment from 23/09/2021 Rate of Interest : Fixed Maturity Period : 2 Years No Of Installment due : 23 month(s) and 21 day(s) | Secured by hypothecation of book debts created out of the loan availed |
| Manappuram Finance Ltd | 1,14,85,541 | - | Repayable in 36 monthly installment from 17/10/2018 Rate of Interest : Fixed Maturity Period : 3 Years No Of Installment due : 07 Months | Secured by hypothecation of book debts created out of the loan availed |

Details of terms of redemption / repayment and Security provided in respect of long - term borrowing

| Particulars | | Amount Current | Amount Non Current | Terms of Redemption / Repayment | Security |
|-----------------------------|---------------------------|----------------|--------------------|--|---|
| MAS Financial Services Ltd. | Term Loan From NBFC-XIV | 1,24,65,690 | - | Repayable in 24 monthly installment from 16/09/2019 Rate of Interest : Fixed Maturity Period : 2 Years No Of Installment due : 06 Months & 19 Days | Secured by hypothecation of book debts created out of the loan availed |
| MAS Financial Services Ltd. | Term Loan From NBFC-XV | 1,24,65,690 | - | Repayable in 24 monthly installment from 16/09/2019 Rate of Interest : Fixed Maturity Period : 2 Years No Of Installment due : 06 Months & 19 Days | Secured by hypothecation of book debts created out of the loan availed |
| MAS Financial Services Ltd. | Term Loan From NBFC-XVI | 3,23,750 | - | Repayable in 24 monthly installment from 17/09/2018 Rate of Interest : Fixed Maturity Period : 2 Years No Of Installment due : 5 Months & 17 Days | Secured by hypothecation of book debts created out of the loan availed |
| MAS Financial Services Ltd. | Term Loan From NBFC-XVII | 78,15,505 | - | Repayable in 24 monthly installment from 02/07/2019 Rate of Interest : Fixed Maturity Period : 2 Years No Of Installment due : 03 Months & 22 Days | Secured by hypothecation of book debts created out of the loan availed |
| MAS Financial Services Ltd. | Term Loan From NBFC-XVIII | 78,15,505 | - | Repayable in 24 monthly installment from 02/07/2019 Rate of Interest : Fixed Maturity Period : 2 Years No Of Installment due : 03 Months & 22 Days | Secured by hypothecation of book debts created out of the loan availed |
| Moneywise | Term Loan From NBFC-XIX | 2,46,22,932 | 1,61,52,661 | Repayable in 24 monthly installment from 15/09/2020 Rate of Interest : Fixed Maturity Period : 2 Years No Of Installment due : 18 month(s) and 4 day(s) | Secured by hypothecation of book debts created out of the loan availed |
| Mudra | Term Loan From NBFC-XX | 4,31,76,023 | 3,56,50,000 | Repayable in 30 monthly installment from 10/7/2020 Rate of Interest : Fixed Maturity Period : 2.5 Years No Of Installment due : 21 month(s) & 10 days | Secured by hypothecation of book debts created out of the loan availed |
| NABFINS Limited | Term Loan From NBFC-XXI | 52,48,056 | - | Repayable in 24 monthly installment from 23/11/2018 Rate of Interest : Fixed Maturity Period : 2 Years No Of Installment due : 7 Months & 23 Days | Secured by hypothecation of book debts created out of the loan availed |
| NABFINS Limited | Term Loan From NBFC-XXII | 4,19,81,989 | 2,09,90,943 | Repayable in 24 monthly installment from 19/03/2020 Rate of Interest : Fixed Maturity Period : 2 Years No Of Installment due : 17 Months & 15 Days | Secured by hypothecation of book debts created out of the loan availed |
| NABARD FINANCIAL SERVICES | Term Loan From NBFC-XXIII | 17,62,41,781 | 7,50,00,000 | Repayable in 18 monthly installment from 04/03/2021 Rate of Interest : Fixed Maturity Period : 1.5 Years No Of Installment due : 15 Months | Secured by hypothecation of book debts created out of the loan availed |
| Nabkisan Finance Limited | Term Loan From NBFC-XXIV | 3,85,39,773 | 5,62,50,000 | Repayable in 51 monthly installment from 07/02/2019 Rate of Interest : Fixed Maturity Period : 4.25 Years No Of Installment due : 28 Months & 1 Days | Secured by hypothecation of book debts created out of the loan availed |

Details of terms of redemption / repayment and Security provided in respect of long - term borrowing

| Particulars | Amount Current | Amount Non Current | Terms of Redemption / Repayment | Security |
|-----------------------------------|----------------|--------------------|---|---|
| Nabkisan | 3,74,86,309 | 8,75,00,000 | Repayable in 36 monthly installment from 31/10/2020 Rate of Interest : Fixed Maturity Period : 3 Years No Of Installment due : 30 month(s) | Secured by hypothecation of book debts created out of the loan availed |
| Nabsamruddhi Finance Limited | 3,33,18,531 | 83,33,333.00 | Repayable in 36 monthly installment from 07/03/2019 Rate of Interest : Fixed Maturity Period : 3 Years No Of Installment due : 14 Months | Secured by hypothecation of book debts created out of the loan availed |
| Nabsamruddhi Finance Limited | 4,99,95,949 | 1,25,00,000.00 | Repayable in 24 monthly installment from 19/03/2020 Rate of Interest : Fixed Maturity Period : 2 Years No Of Installment due : 14 Months | Secured by hypothecation of book debts created out of the loan availed |
| Olko | 5,00,04,000 | 41,59,000 | Repayable in 24 monthly installment from 18/02/2020 Rate of Interest : Fixed Maturity Period : 2 Years No Of Installment due : 12 Months & 18 Days | Secured by hypothecation of book debts created out of the loan availed |
| Olko | 7,50,00,000 | 5,62,50,000 | Repayable in 24 monthly installment from 31/12/2020 Rate of Interest : Fixed Maturity Period : 2 Years No Of Installment due : 21 Months | Secured by hypothecation of book debts created out of the loan availed |
| Profectus Capital Private Limited | 70,17,818 | - | Repayable in 18 monthly installment from 27/08/2019 Rate of Interest : Fixed Maturity Period : 1.5 Years No Of Installment due : 3 Months & 14 Days | Secured by hypothecation of book debts created out of the loan availed |
| Shine Star Build Cap | 5,11,42,852 | - | Repayable in 12 monthly installment from 27/11/2020 Rate of Interest : Fixed Maturity Period : 1 Years No Of Installment due : 7 month(s) & 26 Days | Secured by hypothecation of book debts created out of the loan availed |
| Vivriti Capital | 2,56,22,639 | 1,10,20,151 | Repayable in 24 monthly installment from 21/08/2020 Rate of Interest : Fixed Maturity Period : 2 Years No Of Installment due : 16 month(s) & 21 Days | Secured by hypothecation of book debts created out of the loan availed |
| Vivriti Capital | 2,45,56,432 | 1,63,70,996 | Repayable in 24 monthly installment from 1/10/2020 Rate of Interest : Fixed Maturity Period : 2 Years No Of Installment due : 18 month(s) | Secured by hypothecation of book debts created out of the loan availed |
| Vivriti Capital | 3,64,20,920 | 2,75,08,153 | Repayable in 24 monthly installment from 10/11/2020 Rate of Interest : Fixed Maturity Period : 2 Years No Of Installment due : 19 month(s) & 10 days | Secured by hypothecation of book debts created out of the loan availed |
| Western Capital | 1,96,53,006 | - | Repayable in 18 monthly installment from 25/02/2020 Rate of Interest : Fixed Maturity Period : 1.5 Years No Of Installment due : 07 Months & 1 Day | Secured by hypothecation of book debts created out of the loan availed |

Details of terms of redemption / repayment and Security provided in respect of long - term borrowing

| Particulars | | Amount Current | Amount Non Current | Terms of Redemption / Repayment | Security |
|------------------------------------|---------------------------|-----------------------|---------------------|--|--|
| IDFC First Limited | Term Loan From NBFC-XXXVI | 18,57,877 | 12,50,00,000 | Repayable in 84 monthly installment from 15/01/2016 Rate of Interest : Fixed Maturity Period : 7 Years No Of installment due : 21 month(s) and 1 day(s) | Unsecured |
| | | | | | |
| TOTAL TERM LOAN FROM OTHERS | | 1,13,83,91,919 | 72,03,09,483 | | |
| | | | | | |
| NON CONVERTIBLE DEBENTURE | | | | | |
| | | | | | |
| Aviator (SIMA Fund) | NCD-I | - | 5,00,00,000 | Repayable in 36 monthly installment from 12/10/2020 Rate of Interest : Fixed Maturity Period : 3 Years No Of installment due : 30 Months & 11 Days | Secured by hypothecation of book debts created out of the loan availed |
| | | | | | |
| NACL (NCD Tier II) Sub Debt | NCD-II | - | 10,00,00,000 | Repayable in 63 monthly installment from 31/03/2021 Rate of Interest : Fixed Maturity Period : 5.25 Years No Of installment due : 62 Months & 30 Days | |
| | | | | | |
| SBI NCD | NCD-III | - | 30,00,00,000 | Repayable in 36 monthly installment from 11/08/2020 Rate of Interest : Fixed Maturity Period : 3 Years No Of installment due : 24 Months & 21 Days | Secured by hypothecation of book debts created out of the loan availed |
| | | | | | |
| SIMA_Aviator | NCD-IV | 5,95,33,334 | 5,95,33,334 | Repayable in 36 monthly installment from 19/09/2019 Rate of Interest : Fixed Maturity Period : 3 Years No Of installment due : 17 Months & 30 Days | Secured by hypothecation of book debts created out of the loan availed |
| | | | | | |
| SIMA_Aviator | NCD-V | 2,50,00,000 | 5,00,00,000 | Repayable in 36 monthly installment from 21/08/2020 Rate of Interest : Fixed Maturity Period : 3 Years No Of installment due : 17 Months & 30 Days | Secured by hypothecation of book debts created out of the loan availed |
| | | | | | |
| SIMAL_NACL | NCD-VI | 5,95,33,334 | 5,95,33,334 | Repayable in 36 monthly installment from 17/09/2019 Rate of Interest : Fixed Maturity Period : 3 Years No Of installment due : 17 Months & 30 Days | Secured by hypothecation of book debts created out of the loan availed |
| | | | | | |
| SIMAL_NACL | NCD-VII | 2,50,00,000 | 5,00,00,000 | Repayable in 36 monthly installment from 24/08/2020 Rate of Interest : Fixed Maturity Period : 3 Years No Of installment due : 17 Months & 30 Days | Secured by hypothecation of book debts created out of the loan availed |
| | | | | | |
| TOTAL NCD | | 16,90,66,667 | 66,90,66,667 | | |

LIGHT MICRO FINANCE PVT LTD
9. Fixed Assets for the year 2020-21

| Particulars | Gross block (At Cost) | | | Accumulated Depreciation | | | Net Block | |
|-------------------------------------|--------------------------|--------------------|---------------|--------------------------|---------------------------|---------------|--------------------------|--------------------------|
| | Balance as at 01.04.2020 | Additions | Deletions | Balance as at 01.04.2020 | Depreciation for the Year | Deletions | Balance as at 31.03.2021 | Balance as at 31.03.2020 |
| Tangibles Assets | | | | | | | | |
| Block - I : Motor Car & Vehicle | 11,54,050 | - | - | 4,84,830 | 2,08,997 | - | 6,93,827 | 6,69,220 |
| Block - II : Furniture & Fittings | 75,94,422 | 41,55,295 | - | 34,73,682 | 12,08,707 | - | 46,84,289 | 41,20,740 |
| Block - III : Computer & System | 1,50,55,158 | 48,58,490 | - | 86,82,225 | 43,36,063 | - | 1,30,18,288 | 63,72,932 |
| Block - IV : Office Equipments | 49,92,119 | 8,30,317 | 21,300 | 28,78,311 | 11,52,469 | 20,433 | 40,10,347 | 21,13,808 |
| Block - V : Electrical Installation | 6,58,528 | 7,91,267 | - | 1,96,200 | 1,95,077 | - | 3,91,277 | 4,62,328 |
| Total | 2,94,54,276 | 1,06,35,370 | 21,300 | 1,57,15,249 | 71,01,313 | 20,433 | 2,27,98,029 | 1,37,39,027 |
| Intangibles Assets | | | | | | | | |
| Block - I : Softwares | 1,19,98,578 | 17,00,729 | - | 55,77,818 | 27,53,500 | - | 83,31,318 | 64,20,760 |
| Total | 1,19,98,578 | 17,00,729 | - | 55,77,818 | 27,53,500 | - | 83,31,318 | 64,20,760 |
| Grand Total | 4,14,52,854 | 1,23,36,099 | 21,300 | 2,12,93,067 | 98,54,813 | 20,433 | 3,11,29,347 | 2,01,59,787 |

LIGHT MICROFINANCE PVT LTD

Notes to financial statements for the year ended March 31, 2021

(Amounts in Rupees unless otherwise stated)

| 10. Loans and Advances | Non- Current | | Current | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | March 31, 2021 | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| A. Portfolio Loans | | | | |
| Joint Liability Group Loans | 2,17,85,03,957 | 1,20,71,55,685 | 2,76,23,13,244 | 1,84,99,39,291 |
| Joint Liability Group Loans placed as collateral towards securitization transaction | - | - | 3,29,85,306 | 3,68,78,613 |
| TOTAL | 2,17,85,03,957 | 1,20,71,55,685 | 2,79,52,98,550 | 1,88,68,17,904 |
| Note: Fixed Deposits are placed to avail term loans from Banks, Non Banking Financial Companies. | | | | |
| 11. Deferred Tax Assets | | | March 31, 2021 | March 31, 2020 |
| Fixed Assets : Impact of difference between tax depreciation & depreciation/amortization charged for the financial reporting | | | 11,81,965 | 6,95,404 |
| Impact of Preliminary Expenses | | | 65,014 | 1,03,524 |
| Provision against Portfolio Loans | | | 1,63,20,462 | 79,11,771 |
| TOTAL | | | 1,75,67,442 | 87,10,699 |
| 12. Other Assets | Non- Current | | Current | |
| | March 31, 2021 | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| A. Margin Money Deposits with original maturity of more than twelve months | 9,07,22,828 | 5,01,04,170 | 18,08,66,141 | 17,52,98,049 |
| B. Interest Accrued but not due on DA/ BC & Securitization transactions | - | - | 80,72,427 | 1,13,80,152 |
| C. Interest Accrued but not due on portfolio loans | - | - | 5,07,33,762 | 5,03,73,598 |
| D. Interest Accrued but not due on deposits placed with banks & NBFC | - | - | 1,20,63,342 | 1,01,85,546 |
| E. Security Deposits | 2,24,10,034 | 5,17,84,420 | 4,13,61,639 | 6,80,34,322 |
| F. Advance tax & TDS receivable (net of provisions) | 2,13,359 | 41,54,682 | - | - |
| G. Prepaid Expenses | 1,36,57,515 | 1,66,23,633 | 2,55,67,991 | 3,05,35,367 |
| H. Loan/advances to Staff | - | - | 2,633 | 1,16,927 |
| I. Other Receivables | 53,34,482 | 6,43,753 | 13,01,06,128 | 6,13,12,210 |
| J. Other Advances | - | - | 23,31,245 | - |
| TOTAL | 13,23,38,217 | 12,33,10,658 | 45,11,05,307 | 40,72,36,171 |
| 13. Cash and Bank Balances | | | March 31, 2021 | March 31, 2020 |
| Balances with Banks | | | | |
| On Current accounts | | | 29,01,44,315 | 32,11,78,828 |
| Cash on Hand | | | 30,26,774 | 18,73,420 |
| TOTAL | | | 29,31,71,089 | 32,30,52,248 |
| 14. Trade Receivables | | | March 31, 2021 | March 31, 2020 |
| Outstanding for a period less than six months from the date they are due for payment | | | | |
| Unsecured, considered good | | | 1,45,84,945 | 31,43,832 |
| Outstanding for a period more than six months from the date they are due for payment | | | 49,98,269 | 74,07,677 |
| Dues from Other Trade Receivable | | | 76,16,652 | 46,36,350 |
| Dues from BC Partners | | | - | 14,44,926 |
| TOTAL | | | 2,71,99,866 | 1,66,32,785 |

LIGHT MICRO FINANCE PVT LTD

Notes to financial statements for the year ended March 31, 2021

(Amounts in Rupees unless otherwise stated)

| 15. Revenue from Operations | March 31, 2021 | March 31, 2020 |
|---|-----------------------|-----------------------|
| Interest Income on Portfolio Loans | 87,91,17,442 | 50,76,24,560 |
| Other Operating Revenue | | |
| Income on Securitization Transactions | 2,77,44,858 | 2,71,49,857 |
| Interest on Direct Assignment Transaction | 5,22,68,162 | 7,40,09,936 |
| Loan Processing Fees | 4,51,60,066 | 4,52,92,138 |
| Business Correspondence Income | 10,28,53,710 | 7,26,27,592 |
| Other Fee Income | 1,54,34,381 | 1,25,77,529 |
| Total | 1,12,25,78,619 | 73,92,81,611 |
| 16. Other Income | March 31, 2021 | March 31, 2020 |
| Interest on Margin Money Deposit* | 2,50,37,872 | 1,42,65,555 |
| Profit on redemption on Mutual Funds | 13,56,735 | 1,00,23,010 |
| Profit on Sale of Asset | 633 | 3,306 |
| Miscellaneous Income | 8,42,198 | 49,27,455 |
| Total | 2,72,37,438 | 2,92,19,326 |
| *Represents Interest on Margin Money Deposits placed to avail term loans from Banks, Non Banking Financial Companies and on deposits placed as cash collateral in connection with securitization. | | |

LIGHT MICRO FINANCE PVT LTD

Notes to financial statements for the year ended March 31, 2021

(Amounts in Rupees unless otherwise stated)

| 17. Employee Benefit Expenses | March 31, 2021 | March 31, 2020 |
|--------------------------------------|-----------------------|-----------------------|
| Salaries and Bonus/Incentives | 28,69,23,100 | 20,83,13,473 |
| Contribution to PF, ESIC, Gratuity | 2,08,26,665 | 1,69,21,566 |
| Staff Welfare Expenses | 77,03,158 | 60,65,190 |
| Total | 31,54,52,923 | 23,13,00,229 |
| 18. Finance Costs | March 31, 2021 | March 31, 2020 |
| Interest | | |
| On Term Loans from Banks | 20,90,57,561 | 13,52,89,929 |
| On Cash Credit | 40,35,383 | 20,90,175 |
| On Term Loans from NBFCs | 17,47,64,566 | 14,91,61,554 |
| On Non Convertible Debentures | 7,66,10,601 | 2,65,57,599 |
| On Car Loan | 61,494 | 77,820 |
| Other Finance Costs | 2,44,05,917 | 1,84,54,466 |
| Bank Charges | 2,97,707 | 47,28,089 |
| Other Charges | 44,225 | 27,536 |
| Total | 48,92,77,454 | 33,63,87,168 |

| LIGHT MICRO FINANCE PVT LTD Notes to financial statements for the year ended March 31, 2021 <i>(Amounts in Rupees unless otherwise stated)</i> | | |
|--|-----------------------|-----------------------|
| 19. Other Expenses | March 31, 2021 | March 31, 2020 |
| Advertisement Expenses | - | 55,220 |
| Communication Expenses | 48,42,043 | 33,62,119 |
| Conveyance Expenses | 3,65,47,567 | 2,74,22,821 |
| CSR Expenses | 5,37,781 | - |
| Electricity Expenses | 21,96,164 | 18,34,996 |
| Insurance Expenses | 3,71,881 | 8,87,649 |
| Legal Expenses | 7,90,947 | 7,62,811 |
| Postage & Courier | 14,95,507 | 16,36,313 |
| Professional Fees | 2,97,69,598 | 2,35,86,474 |
| Rent Expenses | 2,66,61,027 | 2,54,68,188 |
| Repairs & Maintenance Expenses | 16,73,955 | 20,91,476 |
| Rates and Taxes | 90,19,946 | 1,14,13,243 |
| Stationery and Printing Expenses | 24,25,645 | 39,98,418 |
| Travelling Expenses | 1,87,694 | 22,18,493 |
| Payment to Auditors (as per note below) | 13,87,330 | 11,31,000 |
| Director Sitting Fees | 3,45,000 | 5,65,000 |
| Membership Reversal Expenses* | - | 1,14,49,733 |
| Miscellaneous Expenses | 1,06,30,357 | 81,39,495 |
| TOTAL | 12,88,82,441 | 12,60,23,449 |
| * Membership fees has been refunded to clients as per letter received from RBI Dt. 10-04-2019 | | |
| Breakup of Payments to Auditors | | |
| Payment to Auditors: | March 31, 2021 | March 31, 2020 |
| Statutory & Tax Audit Fee | 7,50,000 | 7,50,000 |
| Taxation, Certification & Other matters | 6,37,330 | 3,81,000 |
| TOTAL | 13,87,330 | 11,31,000 |
| 20. Provisions and write off | | |
| | March 31, 2021 | March 31, 2020 |
| Provision Against Portfolio Loans | 3,34,07,595 | 1,11,59,591 |
| Portfolio Loans Written Off | 1,32,94,763 | 50,20,833 |
| Provision Against Fraud occurred during the year | 2,28,820 | - |
| Total | 4,69,31,178 | 1,61,80,424 |

NOTE 21: NOTES ON ACCOUNTS

A. The Company is regulated by the Reserve Bank of India (RBI). The RBI periodically issues/amends directions, regulations, guidelines (Collectively Regulatory Framework) covering various aspects of the operation of the Company including those relating to accounting for certain types of transactions. The Regulatory Framework contains specific instructions that need to be followed by the company in preparing its financial statements. The financial statements for the current and previous period may need to undergo changes in measurement and/or presentation upon receipt of clarifications on the Regulatory Framework or changes thereto.

B. Provision on Loan Portfolio

(Amount in Rupees)

| For the Year Ended | 31-Mar-21 | | 31-Mar-20 | |
|-------------------------|----------------|--------------|----------------|--------------|
| Standard Assets | 4,98,27,81,806 | 6,48,40,931* | 3,09,09,29,126 | 3,14,33,339* |
| Non - Performing Assets | 1,29,35,160 | | 1,35,95,972 | |

*i) The provision determined is subject to the provision prescribed in the NBFC-MFI Directions. These Directions require the total provision to be higher of (a) 1% of the outstanding loan portfolio or (b) 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more that is amounting to Rs.4,99,57,170/- (Previous year Rs. 3,10,45,280/-).

ii) The Company has made the provision of Rs. 1,28,12,437/- (Previous Year Rs.3,88,059/-) as per the COVID Framework mentioned in RBI circular no RBI/2020-21/16 DOR.NO.BP.BC/3/21.04.048/2020-21 dated August 6, 2020.

iii) The company has also made the provision for off book transaction, as per the agreement with the counter parties for Rs. 20,71,324/- (Previous Year NIL)

Excess Provision, if any, of earlier years has not been written back.

**All overdue loans, where in the opinion of the management any amount is not recoverable, are written off.

The above provision may be adjusted against actual provisioning requirements for slippages from the accounts reckoned for such provisions. The residual provisions at

the end of the financial year can be written back or adjusted against the provision required for all other accounts.

The above provisions shall not be reckoned for arriving at net NPA till they are adjusted against the actual provisioning requirements as stated in above para. Till such adjustments, these provisions shall not be netted from gross advances but shown separately in the balance sheet (Para 5-8 of 17-04-2020).

C. There are no dues to Micro, Small and Medium Enterprise as on Mar 31, 2020. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

D. Earnings per Share

(Amount in Rupees)

| | 2020-21 | 2019-20 |
|--------------------------------------|--------------|-------------|
| (a) Profit / (Loss) After Tax | 12,72,88,495 | 4,02,10,980 |
| (b) Basic of Shares (No.) | 2,50,49,999 | 2,50,49,999 |
| (c) Weighted Average of Shares (No.) | 3,37,16,265 | 3,35,23,744 |
| (d) Basic Earnings per Share (a/b) | 5.08 | 1.61 |
| (e) Diluted Earnings per Share (a/b) | 3.78 | 1.20 |

E. Foreign Currency Transactions:

| Particulars | Currency | 2020-21 | 2019-20 |
|---|---------------|-----------|---------|
| Expenditure in Foreign Currency (for MIS Infrastructure Expenses) | US Dollars | 877 | 1,348 |
| | Indian Rupees | 65,969 | 95,685 |
| Expenditure of Processing Fees on NCD | US Dollars | 45,000 | - |
| | Indian Rupees | 33,15,600 | - |
| Earnings in Foreign Currency | - | - | - |

F. (i) Disclosure related to securitization:

During the year the Company had sold loans through securitization transactions. The information on securitization/direct assignment transactions undertaken by the Company as an originator are shown below:

(Amount in Rupees)

| Particulars | 2020-21 | 2019-20 |
|--|--------------|--------------|
| Total number of loans securitized | 10,547 | 4,465 |
| Total book value of loans securitized | 32,98,53,064 | 11,76,32,047 |
| Sale consideration received for loans securitized | 29,68,67,758 | 10,58,68,842 |
| Income recognized in the statement of profit and loss* | 2,77,44,858 | 2,71,49,857 |
| Cash collateral | 1,65,00,000 | 82,34,243 |
| Over collateral | 3,29,85,306 | 1,17,63,205 |

*Includes income recognised from previous year's securitisation transaction.

(ii) Disclosure related to Direct Assignment:

(Amount in Rupees)

| Particulars | 2020-21 | 2019-20 |
|--|--------------|--------------|
| Total number of loans Direct Assignments | 16,693 | 22,914 |
| Total book value of loans securitized/assigned | 41,18,33,231 | 64,84,00,385 |
| Sale consideration received for loans securitized/assigned | 37,06,49,908 | 58,35,60,346 |
| Income recognized in the statement of profit and loss* | 5,22,68,162 | 7,40,09,936 |
| Cash collateral | - | - |

*Includes income recognised from previous year's Direct Assignment transaction

Disclosure as per RBI circular DNBR.PD.007/03.10.119/2016-17 dated September 01, 2016:

(Information in respect of transactions in operation as at reporting date)

(Amount in Rupees)

| Sr. No | Particulars | As at | As at |
|--------|--|-----------------------------|-----------------------------|
| | | 31 st March 2021 | 31 st March 2020 |
| 1 | No of SPVs sponsored by the NBFC for securitization transactions | 1 | 2 |

| | | | |
|---|---|--------------|--------------|
| 2 | Total amount of securitized assets as per books of the SPVs sponsored by the NBFC | 21,36,93,572 | 10,00,99,325 |
| 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 type="checkbox"/> First Loss | - | - |
| | <input type="checkbox"/> Others | - | - |
| | b) On Balance-sheet Exposures | | |
| | <input type="checkbox"/> First Loss – Cash Collateral | 1,65,00,000 | 2,12,98,364 |
| | <input type="checkbox"/> Others- Over Collateral | 3,29,85,306 | 2,56,98,267 |
| 4 | Amount of exposures to securitization transactions other than MRR | | |
| | a) Off-balance sheet exposures | | |
| | i) Exposures to own securities | | |
| | <input type="checkbox"/> First Loss | - | - |
| | <input type="checkbox"/> Loss | - | - |
| | ii) Exposures to third party securitizations | | |
| | <input type="checkbox"/> First Loss | - | - |
| | <input type="checkbox"/> Others | - | - |
| | b) On-balance sheet exposures | | |
| | i) Exposures to own securities | | |
| | <input type="checkbox"/> First Loss | - | - |
| | <input type="checkbox"/> Loss | - | - |
| | ii) Exposures to third party securitizations | | |
| | <input type="checkbox"/> First Loss | - | - |
| | <input type="checkbox"/> Others | - | - |

G. Contingent Liabilities not provided for:

(Amount in Rupees)

| Particulars | March 31, 2021 | March 31, 2020 |
|---|----------------|----------------|
| Performance Security provided by the Company pursuant to business correspondent/ service provider agreement | 29,54,26,573 | 56,99,43,307 |
| Cash collateral given and outstanding for the assigned Loans | 4,93,33,028 | 11,28,01,385 |
| | | |
| Claims against the Company not acknowledged as debt: | | |
| - Tax matter in dispute under appeal | - | 1,48,090 |

H. Related Party Disclosures:

- i. Names of the related parties with whom transactions have been entered.

| Sr. No. | Name | Relationship |
|---------|--------------------|--|
| 1. | Mr. Deepak Amin | Managing Director |
| 2. | Mr. Rakesh Kumar | Key Managerial Person |
| 3. | Mr. Aviral Saini | Key Managerial Person |
| 4. | Ms. Madhavi Gajjar | Key Managerial Person (w.e.f. 12 August 2019) |

(Amount in Rupees)

| Transactions during the year | 2020-21 | 2019-20 |
|--|-----------|-----------|
| Salary & Incentives – Mr. Deepak Amin | 56,25,000 | 37,50,000 |
| Salary & Incentives – Mr. Rakesh Kumar | 32,50,012 | 61,50,000 |
| Salary & Incentives – Mr. Aviral Saini | 27,50,016 | 48,80,008 |
| Salary & Incentives – Ms. Madhavi Gajjar | 5,14,974 | 3,48,206 |

I. Additional disclosures required by the RBI**A. (i) Details of Average interest paid on borrowing and charged on loans given to Joint Liability Group:**

| Particulars | Rate of Interest (In %) |
|--|-------------------------|
| Average Interest rate on Loans given to Joint Liability Groups | 22.30% |
| Average Interest rate on borrowings | 12.64% |
| Net Interest Margin | 9.66% |

| B) | Capital to Risk Assets Ratio (CRAR) | | |
|---------|---|---------|---------|
| Sr. No. | Particulars | 2020-21 | 2019-20 |
| (i) | CRAR (%) | 19.28 | 20.21 |
| (ii) | CRAR Tier I Capital (%) | 13.72 | 18.01 |
| (iii) | CRAR Tier II Capital (%) | 5.56 | 2.20 |
| (iv) | Amount of subordinated debt raised as Tier-II capital (%) | 35.51 | - |
| (v) | Amount raised by issue of perpetual debt instruments | - | - |

J. AS-15 Employee Benefits:

As per Accounting Standard 15 on "Employee Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are furnished below:

a. Short term Employee Benefits

Short term employee benefits payable within twelve months of rendering the service including bonus and ESIC employer contribution at the Balance Sheet date are recognised as an expense as per the Company's scheme base on expected obligations on undiscounted basis.

b. Long term Employee Benefits

Post-retirement benefits comprising of employees Provident Fund and Gratuity Fund are accounted for as follows:

- 1. Provident Fund:** This is a defined contribution plan and contributions paid to the Regional Provident Fund Commissioner, Gujarat, are charged to revenue during the period. The Company has no further obligations for future provident fund benefits other than regular contributions.
- 2. Gratuity:** The liability for Gratuity to employees as on the Balance Sheet date is determined based on actuarial valuations and based on demand from the Life Insurance Corporation of India. The contribution paid thereof is charged in the books of accounts. The contribution paid towards Gratuity is managed by the Life Insurance Corporation of India.

The Company has excessively paid Rs.6,98,271/- during FY 20-21. Therefore, no provision has been created as on Mar 31, 2021.

Disclosures envisaged in Accounting Standard(AS) 15- Employee benefits as given below:

(i) Defined Benefit Plan :

The Company has defined benefit Gratuity plan. Every employee who has completed five years or more of service is eligible for a gratuity on separation at 15 days basic salary (last drawn salary) for each completed year of service.

Consequent to the adoption of AS 15 'Employee Benefits' specified under section 133 of the Companies Act, 2013 read with rule 7 of Companies (Accounts) Rules, 2014 the following disclosures have been made as required by the standard:

Expenses Recognized in the Statement of Profit or Loss:

| Particulars | March 31,2021 | March 31,2020 |
|---|-------------------|-----------------|
| Current Service Cost | 15,12,964 | 26,09,887 |
| Net Interest Cost | (13,821) | (64,769) |
| Actuarial (Gains)/Losses | (19,32,131) | (19,77,897) |
| Past Service Cost - Non-Vested Benefit Recognized During the Period | - | - |
| Past Service Cost - Vested Benefit Recognized During the Period | - | - |
| (Expected Contributions by the Employees) | - | - |
| (Gains)/Losses on Curtailments And Settlements | - | - |
| Net Effect of Changes in Foreign Exchange Rates | - | - |
| Change in Asset Ceiling | - | - |
| Expenses Recognized in the Statement of Profit or Loss | (4,32,988) | 5,67,221 |

Change in the Present Value of Projected Benefit Obligation

| Particulars | March 31,2021 | March 31,2020 |
|--|---------------|---------------|
| Present Value of Benefit Obligation at the Beginning of the Period | 49,51,635 | 42,05,052 |

| | | |
|--|------------------|------------------|
| Interest Cost | 2,57,980 | 3,27,153 |
| Current Service Cost | 15,12,964 | 26,09,887 |
| Past Service Cost - Non-Vested Benefit Incurred During the Period | - | - |
| Past Service Cost - Vested Benefit Incurred During the Period | - | - |
| Liability Transferred In/ Acquisitions | - | - |
| (Liability Transferred Out/ Divestments) | - | - |
| (Gains)/ Losses on Curtailment | - | - |
| (Liabilities Extinguished on Settlement) | - | - |
| (Benefit Paid Directly by the Employer) | - | - |
| (Benefit Paid from the Fund) | - | - |
| The Effect of Changes in Foreign Exchange Rates | - | - |
| Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions | (29,54,622) | (31,99,392) |
| Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions | (23,349) | 13,66,942 |
| Actuarial (Gains)/Losses on Obligations - Due to Experience | 9,15,212 | (3,58,007) |
| Present Value of Benefit Obligation at the End of the Period | 44,97,759 | 49,51,635 |

Change in Plan Assets

| Particulars | As at March 31,2021 | As at March 31,2020 |
|--|------------------------|------------------------|
| Fair Value of Plan Assets at the Beginning of the Period | 52,16,918 | 50,37,556 |
| Expected Return on Plan Assets | 2,71,801 | 3,91,922 |
| Contributions by the Employer | - | - |
| Expected Contributions by the Employees | - | - |

| | | |
|---|------------|------------|
| Assets Transferred In/ Acquisitions | | |
| (Assets Transferred Out/ Divestments) | | |
| (Benefit Paid from the Fund) | (1,62,601) | |
| (Assets Distributed on Settlements) | | |
| (Expenses and Tax for managing the Benefit Obligations- paid from the fund) | | |
| Effects of Asset Ceiling | | |
| The Effect Of Changes In Foreign Exchange Rates | | |
| Actuarial Gains/ (Losses) on Plan Assets - Due to Experience | (1,30,628) | (2,12,560) |
| Fair Value of Plan Assets at the End of the Period | 51,96,030 | 52,16,918 |

Amount Recognized in the Balance Sheet

| Particulars | As at March 31,2021 | As at March 31,2020 |
|--|------------------------|------------------------|
| (Present Value of Benefit Obligation at the end of the Period) | (44,97,759) | (49,51,635) |
| Fair Value of Plan Assets at the end of the Period | 51,96,030 | 52,16,918 |
| Funded Status (Surplus/ (Deficit)) | 6,98,271 | 2,65,283 |
| Unrecognized Past Service Cost at the end of the Period | - | - |
| Net (Liability)/Asset Recognized in the Balance Sheet | 6,98,271 | 2,65,283 |

The Principal assumption used in determining gratuity obligation for the company's are shown below

| Particulars | 2020-21 | 2019-20 |
|-------------------------|---------|---------|
| Rate of Discounting | 5.21% | 5.21% |
| Rate of Salary Increase | 10.00% | 10.00% |

| | | |
|----------------------------------|--|--|
| Attrition Rate | For service 4 years and below 40.00% p.a. For service 5 years and above 20.00% p.a. | For service 4 years and below 40.00% p.a. For service 5 years and above 20.00% p.a. |
| Mortality Rate During Employment | Indian Assured Lives Mortality (2006-08) | Indian Assured Lives Mortality (2006-08) |

(ii) Defined Contribution Plan

Contribution to Provident Fund and ESIC are included in note 17 "Employee benefits expense" includes Rs. 2,18,09,973/- (P.Y Rs.1,63,54,345/-) being expenses debited under defined contribution plan.

K. Employee Stock Option Plan

Pursuant to a resolution passed by the members holding Equity shares vide Annual General Meeting held on June 23, 2018, the Company has approved "LMF Employee Stock Option Plan 2018".

During the year ended March 31, 2021, the following stock option grants were in operation:

| Sr No | Particulars | |
|-------|---|-------------|
| 1 | Date of Grant | 23/06/2018 |
| 2 | No. of options granted | 9,84,400 |
| 3 | No of employees to whom such options were granted | 4 |
| 4 | Method of Settlement | Equity/Cash |
| 5 | Graded Vesting period: | |
| | at the end of year 1 | 20% |
| | at the end of year 2 | 20% |
| | at the end of year 3 | 20% |
| | at the end of year 4 | 20% |
| | at the end of year 5 | 20% |
| | Subject to any other terms as stipulated in the LMF Employee Stock Option Plan 2018 | |

| | | |
|-----------|--|-------|
| 6 | Exercise Period | |
| | The Vested Options with an Option Grantee may be exercised only upon or in connection with happening of a Liquidity Event as per the LMF Employee Stock Option Plan 2018 | |
| 7 | Vesting conditions | |
| | Options granted under ESOP 2018 shall vest within the minimum period of one (1) year and maximum period of five (5) years from the date of Grant of such Options subject to continued employment with the Company and such other conditions specified under LMF Employee Stock Option Plan 2018. | |
| 8 | Average remaining contractual life (Years) | 3.25 |
| 9 | Average exercise price per option (₹) | 10.63 |
| 10 | Average intrinsic value of option (₹) | 10.63 |

| Particulars | Year ended on March 31, 2021 | Year ended on March 31, 2020 |
|--|-------------------------------------|-------------------------------------|
| LMF Employee Stock Option Plan 2018 | | |
| Employee Stock Option outstanding at beginning of the year | 9,84,400 | 9,84,400 |
| Granted during the year | - | - |
| Forfeited during the year | - | - |
| Exercised during the year | - | - |
| Expired during the year | - | - |
| Outstanding during the year | 9,84,400 | 9,84,400 |
| Exercisable at the end of the year | - | - |

- L. The Code on Social Security, 2020 ('Code') has been notified in the Official Gazette of India on September 29, 2020, which could impact the contributions of the Company towards certain employment benefits. The effective date from which changes are applicable is yet to be notified and the rules are yet to be framed. Impact, if any, of the change will be assessed and accounted in the period of notification of the relevant provisions.

M. Schedule to the Balance Sheet of a Non-Banking Financial Company for the Year ended 31st March 2021

(as required in terms of Paragraph 13 of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007)

(Amount in Rupees)

| Particulars | | | |
|---------------------------|---|-----------------|------------------------|
| Liabilities side : | | | |
| 1 | Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid: | Amount standing | Amount out- overdue |
| | (a) Debentures | | |
| | Secured | 84,51,09,970 | - |
| | Unsecured | - | - |
| | (other than falling within the meaning of public deposits) | | |
| | (b) Deferred Credits | - | - |
| | (c) Term Loans | 3,91,20,06,733 | - |
| | (d) Inter-corporate loans and borrowing | - | - |
| | (e) Commercial Paper | - | - |
| | (f) Public Deposits | - | - |
| | (g) Other Loans (specify nature) | - | - |
| | | | |
| 2 | Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid): | | |
| | | | |
| | (a) In the form of Unsecured debentures | - | - |
| | (b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security | - | - |
| | (c) Other public deposits | - | - |
| | | | |
| Assets side: | | | |
| 3 | Break-up of Loans and Advances including bills receivables [other than those included in (4) below]: | | |
| | | | |
| | (a) Secured | - | - |

| | | | |
|---|--|----------------|---|
| | (b) Unsecured | 5,06,24,50,728 | - |
| 4 | Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities | | |
| | | | |
| | (i) Lease assets including lease rentals under sundry debtors : | | |
| | | | |
| | (a) Financial lease | - | - |
| | (b) Operating lease | - | - |
| | (ii) Stock on hire including hire charges under sundry debtors: | | |
| | | | |
| | (a) Assets on hire | - | - |
| | (b) Repossessed Assets | - | - |
| | (iii) Hypothecation loans counting towards EL/HP activities | | |
| | | | |
| | (a) Loans where assets have been repossessed | - | - |
| | (b) Loans other than (a) above | - | - |
| 5 | <u>Break-up of Investments :</u> | | |
| | <u>Current Investments :</u> | | |
| | 1. <u>Quoted :</u> | | |
| | (i) Shares : (a) Equity | - | - |
| | (b) Preference | - | - |
| | (ii) Debentures and Bonds | - | - |
| | (iii) Units of mutual funds | - | - |
| | (iv) Government Securities | - | - |
| | (v) Others (please specify) | - | - |
| | | | |
| | 2. <u>Unquoted :</u> | | |
| | | | |
| | (i) Shares : (a) Equity | - | - |
| | (b) Preference | - | - |
| | (ii) Debentures and Bonds | - | - |
| | (iii) Units of mutual funds | - | - |
| | (iv) Government Securities | - | - |

| | | | |
|-----------------------------|----------------|--------------|---|
| (v) Others (Please specify) | Fixed Deposits | 33,13,67,822 | - |
| | | | |

| Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances: | | | |
|--|--------------------------|-----------|-------|
| Category | Amount net of provisions | | |
| | Secured | Unsecured | Total |
| 1. Related Parties | | | |
| 6 (a) Subsidiaries | - | - | - |
| (b) Companies in the same Group | - | - | - |
| (c) Other related parties | - | - | - |
| 2. Other than related parties | | | |
| Total | - | - | - |

| Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): | | |
|--|--|---|
| Category | Market Value / Break up or fair value or NAV | |
| | Book Value (Net of Provisions) | |
| 1. Related Parties | | |
| 7 (a) Subsidiaries | - | - |
| (b) Companies in the same group | - | - |
| (c) Other related parties | - | - |
| 2. Other than related parties | - | - |
| Total | - | - |

(8) Other information

| | Particulars | As at March 31,2021 | As at March 31,2020 |
|-------|---|---------------------|---------------------|
| (i) | Gross Non-Performing Assets | | |
| | (a) Related parties | - | - |
| | (b) Other than related parties | 1,29,35,160 | 1,35,95,972 |
| (ii) | Net Non-Performing Assets | | |
| | (a) Related parties | - | - |
| | (b) Other than related parties | - | - |
| (iii) | Assets acquired in satisfaction of debt | - | - |

N. Disclosure of Complaints

| | Particulars | 2020-21 | 2019-20 |
|-----|--|---------|---------|
| (a) | No. of complaints pending at the beginning of the year | - | - |
| (b) | No. of complaints received during the year | 85 | 107 |
| (c) | No. of complaints redressed during the year | 85 | 107 |
| (d) | No. of complaints pending at the end of the year | - | - |

O. Disclosure of Frauds recorded during the year to RBI vide DNBS PD.CC NO. 256/03.10.042/2012-13 dated March 02, 2012

| Nature of fraud (cash embezzlement) | 2020-21 | 2019-20 |
|-------------------------------------|----------|-----------|
| Number of cases | 27 | 3 |
| Amount of fraud | 7,97,284 | 12,66,308 |
| Recovery | 5,68,464 | 6,29,100 |
| Amount written off / Provision made | 2,28,820 | 6,37,208 |

P. The provisions of Section 135 of the Companies Act, 2013 relating to Corporate Social Responsibility is applicable to the Company and necessary expenses has been made as mentioned below:

| Particulars | 2020-21 | 2019-20 |
|---|----------|---------|
| a) Gross Amount required to be spent by the Company during the year | 5,37,781 | - |
| b) Amount Spent during the year | | |
| i) Construction / Acquisition of any asset | - | - |
| ii) On purposes other than (i) above | 5,37,781 | - |

Q. Note on COVID-19 impact on the business

Consequent to the outbreak of the Covid-19 pandemic, the Indian government announced a lockdown in March 2020. Subsequently national lockdown was lifted by the government, regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases. The impact of COVID-19 may lead to a rise in the number of borrowers defaults and consequently an increase in corresponding provisions. The extent to which COVID-19 pandemic including the current "Second wave" that has significantly increased the number of cases in India, will continue to impact the company's performance will depend upon ongoing as well as future developments, which are highly uncertain, including among other things, any new information concerning severity of COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by us.

The Company has assessed the potential impact of COVID-19 on the carrying value of its assets based on relevant internal and external factors/information available, upto the date of approval of these financial statement. In order to cover the impact of COVID-19, the Company is carrying a total provision of Rs.648.40 lakhs (including COVID provision) on March 31, 2021. (For the year ended March 31, 2020 total provision of Rs 314.33 lakhs (including COVID provision)).

- R. The Honourable Supreme Court of India (Hon'ble SC) in a public interest litigation (Gajendra Sharma Vs. Union of India & Anr), vide an interim order dated September 03, 2020 ("Interim Order), had directed banks and NBFCs that accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders. The interim order got vacated on March 23, 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial Manufacturers Association (Reqd) vs. Union of India & others. Further to this judgements in accordance with the instructions in Paragraph 5 of the RBI circular no. RBI/2020-21/17 DOR.STR.REC.4/21.04.048/2021-22 dated April 07, 2021 issued, the Company has continued with the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms for the year ended 31 March 2021.
- S. Pursuant to the above judgement and RBI circular dated April 07, 2021, RBI had instructed all lending institutions to refund/adjust "interest on interest" to all borrowers irrespective of whether moratorium had been fully or partially availed or not availed. Pursuant to these instructions, the Company has estimated the said amount as Rs. 44.49 lakhs and recognised a change in its Profit and Loss account for the year ended March 31, 2021, on the basis of methodology for calculation of the amount of such 'interest on interest' finalised by the Indian Bank Association (IBA) in consultation with other participants/bodies.
- T. The Government of India, Ministry of Finance, vide its notifications dated October 23, 2020 announced a scheme for COVID-19. Relief for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts ("the scheme"), as per the eligibility criteria and other aspects specified therein and irrespective of whether moratorium as per RBI regulatory package was availed or not. The Company has implemented the scheme and credited the accounts of a remitted amounts to the eligible borrowers as per the scheme, amounting to Rs.80.59 lakhs. The Company has filed its claim for the ex-gratia with State Bank of India as per the scheme and has received money for the same.

U. Accounting notes Disclosures

Disclosures as required under RBI Notification No: RBI/ 2019-20/220 DOR No BP.BC.63/21.04.048/2019-20 dated April 17 2020 on COVID-19 Regulatory Package- Asset Classification and Provisioning.

(Amount in Rs.)

| Particulars | 31 March 2021 |
|--|---------------|
| i) Respective amounts in SMA/Overdue Categories where the moratorium/ deferment was extended* | 29,09,227 |
| ii) Respective amount where asset classification benefits is extended. | - |
| iii) Provision made during quarter four for FY 2020 and Quarter one FY 2021 in terms of paragraphs (as on June 30, 2020). | 3,88,085 |
| iv) Provision adjusted during the respective accounting periods against slippages. | - |
| v) Residual provisions at the end of the financial year written back or adjusted against the provisions required for all other accounts. | 3,88,085 |

*Outstanding as on March 31, 2021 on account of all cases where moratorium benefit is extended by the Company up to August 31, 2020.

V. During the year ended March 31, 2021, the Company has invoked resolution plans to relieve COVID-19 pandemic related stress to eligible borrowers. The resolution plans are based on the parameters laid down in the resolution policy approved by the Board of Directors of the Company and in accordance with the guidelines issued by the RBI on August 06, 2020. The staging of accounts and provisioning for the eligible accounts where the resolution plans are invoked and implemented is in accordance with the Board Approved Policy in this regard.

Disclosure as per the format prescribed as per the notification no. RBI/2020-21/16 DOR.NO.BP.BC/3/21.04.048/2020-21 for the year ended March 31, 2021

| Type of Borrower | (A) Number of accounts where resolution plan has been implemented under this window | (B) exposure to accounts mentioned at (A) before implementation of the plan | (C) Of (B), aggregate amount of debt that was converted into other securities | (D) Additional funding sanctioned, if any, including between invocation of the plan and implementation | (E) Increase in provisions on account of the implementation of the resolution plan |
|-------------------|---|---|---|--|--|
| Personal Loans | - | - | - | - | - |
| Corporate Persons | - | - | - | - | - |
| - of which, MSMEs | - | - | - | - | - |
| Others | 3970 | 10,54,54,172 | - | - | 1,28,12,437 |

Disclosure as per the format prescribed as per the notification no. RBI/2020-21/17 DOR.NO.BP.BC/4/21.04.048/2020-21 on "Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances" having exposure less than or equal to Rs. 25 crores for the year ended March 31, 2021:

| No. of Accounts Restructured | Amount |
|------------------------------|--------------|
| 3970 | 10,54,54,172 |

W. Previous year figures have been re-grouped/re-classified wherever necessary to correspond with the current year classification/disclosure.

As per our attached report of even date

For Light Microfinance Pvt Ltd

For Kantilal Patel & Co.
Chartered Accountants

Deepak Amin
Managing Director
(DIN- 01289453)

Jinal A. Patel
Partner
Membership No. : 153599

Rakesh Kumar
Executive Director
(DIN-03430670)

Aviral Saini
Executive Director
(DIN-03534719)

Place: Ahmedabad
Date:

Madhavi Gajjar
Company Secretary
(M.No. A54522)

LIGHT MICROFINANCE PRIVATE LIMITED
Reg office: 308 Aggarwal Tower, Plot No. 2 Sector - 5, Dwarka New Delhi - 110075
Corporate Office : 310-Pinnacle Business park, Corporate Road, Prahladnagar,
Ahmedabad-380015
Website : www.lightmicrofinance.com Email : info@lightmicrofinance.com
CIN : U67120DL1994PTC216764

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY SEVENTH ANNUAL GENERAL MEETING (AGM) OF THE MEMBERS OF LIGHT MICROFINANCE PRIVATE LIMITED will be held on Thursday, September 23, 2021 at 11.30 am. IST through Video Conferencing ("VC")/ Other Audio-Visual Means ("OVAM") at to transact the following business:

❖ **ORDINARY BUSINESS:**

- ITEM NO.1 TO CONSIDER AND ADOPT THE AUDITED FINANCIAL STATEMENT OF THE COMPANY FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021, AND THE REPORTS OF THE BOARD OF DIRECTORS AND AUDITORS THEREON**

To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2021, and the reports of the Board of Directors and Auditors thereon.

"RESOLVED THAT the audited financial statement of the Company for the financial year ended March 31, 2021, and the reports of the Board of Directors and Auditors thereon, as circulated to the members, be and are hereby considered and adopted."

- ITEM NO.2 APPOINTMENT OF STATUTORY AUDITORS OF THE COMPANY**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Sections 139, 142 of the Companies Act, 2013 ("Act") and other applicable provisions, if any, of the said Act and Companies (Audit and Auditors) Rules, 2014 made thereunder and other applicable rules, if any, under the said Act (including any statutory modification(s) or re-enactment thereof for the time being in force) M/s. **M/s. CNK and Associates LLP**, Chartered Accountants (Registration No. 101961 W/W-100036), be and is hereby appointed as the Statutory Auditors of the Company commencing from the conclusion of this Annual General Meeting till the conclusion of 30th Annual General Meeting at a remuneration to be fixed by the Audit Committee and/or Board of Directors of the Company, in addition to the re-imbursement of applicable taxes and actual out of pocket and travelling expenses incurred in connection with the audit and billed progressively."

❖ **SPECIAL BUSINESS:**

ITEM NO.3 APPOINTMENT OF MR. CHANDAN SINHA AS AN INDEPENDENT DIRECTOR.

To consider and if thought fit, to pass the following resolution as an ordinary resolution:

“RESOLVED THAT Mr. Chandan Sinha (DIN: 06921244), who was appointed as an additional and independent director, pursuant to Sections 149, 150, 152 and 161 and other relevant provisions of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Articles of Association of the Company, consent of the shareholders of the Company be and is hereby accorded to appoint Mr. Chandan Sinha (DIN: 06921244), as an independent director of the Company, not liable to retire by rotation, for a period up to Five years.”

“Resolved Further That Shri Rakesh Kumar and Shri Aviral Saini, Executive Directors of the Company be and are hereby authorized severally to sign on behalf of the Company, necessary documents/forms to be filed with the concerned Registrar of Companies, concerning the aforesaid appointment of Shri Chandan Sinha on the Board of the Company”

**By Order of the Board of Directors
LIGHT MICROFINANCE PRIVATE LIMITED**

**Date: August 19, 2021
Place: Ahmedabad**

**DEEPAK AMIN
Managing Director
DIN: 01289453**

❖ NOTES:

1. Considering the present Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated 13th January 2021, permitted convening the Annual General Meeting ("AGM" / "Meeting") through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), without the physical presence of the members at a common venue. In accordance with the MCA Circulars, provisions of the Companies Act, 2013 ("the Act"), the AGM of the Company is being held through VC / OAVM.
2. An explanatory statement pursuant to section 102 of the Companies Act 2013 in respect of the business at item No. 2 above is annexed hereto. Generally, a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. Since this AGM is being held through VC / OAVM pursuant to the MCA Circulars, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed hereto.
3. Since the AGM will be held through VC/OAVM, the route map of the venue of the Meeting is not annexed hereto
4. Electronic copy of the Notice of the 27th Annual General Meeting of the Company is being sent to all the members whose email IDs are registered with the Company for receipt of documents in electronic mode under the Green Initiative of Ministry of Corporate Affairs and for others physical copies of the Notice of the 27th Annual General Meeting of the Company is being sent in the permitted mode.
5. Members may also note that the Notice of the 27th Annual General Meeting, and the Annual Report for 2021-21 will also be available on the Company's website www.lightmicrofinance.com in for their download till the date of Annual General Meeting. The physical copies of the aforesaid documents will also be available at the Company's Corporate Office at Ahmedabad for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: compliance@lightmicrofinance.com
6. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Corporate Office of the Company during normal business hours (9:00 am to 5:00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

By Order of the Board of Directors
LIGHT MICROFINANCE PRIVATE LIMITED

Date: August 19, 2021
Place: Ahmedabad

DEEPAK AMIN
Managing Director
DIN: 01289453

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

ITEM NO. 3:

Mr. Chandan Sinha, who has been appointed as an Additional Director of the Company pursuant to Sections 149, 150, 152 and 161 and other relevant provisions of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Articles of Association of the Company, approval of the Board, with effect from 20th May, 2021, holding office upto the date of this Annual General Meeting and is eligible for appointment as an Independent Director.

Mr. Chandan Sinha is not disqualified from being appointed as Director in terms of Section 164 of Companies Act, 2013 and has given his consent to act as Director.

Accordingly, the Board recommends the resolution in relation to appointment of Mr. Chandan Sinha as Independent Director, for the approval by the shareholders of the Company.

Except Mr. Chandan Sinha, none of the Directors of the Company or key managerial personnel or their relatives is, in any way, concerned or interested in the resolutions.

The Board recommends the Special Resolution set out at item No. 3 of the Notice for approval by the shareholders.

**By Order of the Board of Directors
LIGHT MICROFINANCE PRIVATE LIMITED**

**Date: August 19, 2021
Place: Ahmedabad**

**DEEPAK AMIN
Managing Director
DIN: 01289453**