



ANNUAL REPORT 2020-21

MD & CEO'S MESSAGE

Dear Shareholders,

Wishing you good health and safety from Covid-19. Together we witnessed a long period of Covid induced difficulties, which is thankfully past now, but something which also made us stronger and resilient.



We implemented many initiatives to fulfill our vision and mission during these pandemic times. We extended moratorium to all our customers to help them recover from their economic shocks due to the extended lockdowns, all the while not exerting pressure to repay, but to understand how they were recovering and to align and schedule our follow-up strategies for recovery.

Our field forces were in touch constantly with our customers to check their wellbeing and to extend our support - we ran three major surveys with customers to understand their recovery patterns and the help they would need from us. These surveys were very useful later in coming up with appropriate strategies to engage with customers after lockdowns ended.

Since, we had moved our entire IT software infrastructure to the cloud before Covid struck, all the staffs were able to seamlessly work from home. Even our field staff carried their Android tabs with them, which they used to track customer's payments remotely and to engage with them - always keeping accurate and latest data with them. Being a responsible employer, during the unproductive lockdown period, we rewarded our field staff by not reducing their salaries and by continuing to give them incentives every month by computing an average of their previous year's incentive.

We took this opportunity to speed up and launch multiple digital initiatives benefiting our customers. We enabled repayment processing through our website, and through a vast network of third party BBPS partners like Google Pay, Paytm, etc. Customers could even go to a local payment point and pay cash if they don't have smart phones. We also launched a customer friendly android app called 'Smile Customer Sava' for customers to download and view accurate payment schedules and to pay through the app. Easy as it seems, all these came at a lot of hard work and long work hours by our dedicated teams. Needless to say, our customers loved it.

Financially, we made an operating profit but had to post losses in our books. This was due to the large provisioning we had to comply with government and regulatory necessities. Although the central government and RBI floated a TLTRO scheme to provide loan funds to NBFCs like us, almost all of the TLTRO funds were availed by very large entities. Due to banks (our lenders) going extra cautious and risk-averse, we were able to raise only Rs. 208.14 Crore in the year as against Rs. 402.24 Crore in the previous year, resulting in a lower disbursement of just Rs. 334.05 Crore which in turn reduced our AUM from Rs. 606.47 Crore in 2019-20 to Rs. 475.80 Crore in 2020-21.

2021-22 is going to be a very challenging year due to Covid19 which has proved itself to be a large impact event. SMILE has weathered many crises in the past and has come out successfully. With stakeholders support, I am hopeful that FY 2021-22 results may be reasonably healthy in comparison, in spite of the turmoil caused by Covid19. Due to almost four months of moratorium given between April to July 2020, some of the delinquent loans are spilling in to the next financial year, 2021-22. Added to this new lockdowns due to the second wave since Apr'21, is going to impact the financial year 2021-22 adversely. However, in 2021-22, new loan disbursements from lenders to us are likely to be far more than in 2020-21, which could bear positive results for the company.

CSR in SMILE has always been considered important, where considerable time and effort is put in by staff each year including the senior and middle management. In FY 2020-21, we had a budget of INR 52.58 Lakhs towards CSR activities out of which we provided 848 scholarships, trained 80 women in tailoring, and more than 400 people attended the medical camps. This year due to increased digital tools being employed by India's low income group households like our customers, we started supporting a new project named 'Sthree Sankalp Prayaana' by a NGO named 'Prayaana' (www.prayaana.org) to impart knowledge about digital transaction tools and more importantly how to safeguard themselves from digital frauds and attacks. This project is aimed at educating low income group households all over India and shall be distributed through digital means and partner networks. We hope to continue supporting this project for the next many years.

As I conclude, I thank our directors for their guidance, shareholders (you) for your commitment and staff for their unflinching loyalty, proactive attitude and will power to succeed.

Your truly



Murali Srinivas
MD & CEO

OUR VISION

"ECONOMIC EMPOWERMENT OF WOMEN
THROUGH FINANCIAL INCLUSION"

OUR MISSION

"DELIVERING SUSTAINABLE AND RESPONSIBLE
FINANCIAL PRODUCTS AND SERVICES"

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Murali Srinivas P	Managing Director & CEO
Ms. Indrani Bhagwan Singh	Non-Executive Director
Mr. J. Bradley Swanson	Non-Executive Director
Mr. Aleem Remtula	Non-Executive Director
Mr. Suresh K Krishna	Independent Director
Mr. Rajan Samuel	Independent Director
Ms. Aparna Narendra Sharma	Independent Director
Mr. V S Padmanaban	Non-Executive Director

CHIEF FINANCIAL OFFICER

Mr. V T Prabakaran

COMPANY SECRETARY

Mr. R Venkatasubramanian

STATUTORY AUDITORS

M/s Deloitte Haskins & Sells LLP,
Chartered Accountants
ASV N Ramana Tower,
52, Venkatnarayana Road,
T. Nagar, Chennai- 600 017,
Tamilnadu.

REGISTERED & CORPORATE OFFICE

14/25, Chakrapani Street,
West Mambalam, Chennai 600033.

REGIONAL OFFICES

Madurai

5/102-C, V.I.P. Garden,
Opp: Madurai High
Court, Melur Road,
Madurai – 625 107.

Chhattisgarh

E-1, Second Floor,
Commercial Block, Shri
Ram Tower, Vyapar
Vihar, Bilaspur - 495 001.

INVESTOR - PRIVATE EQUITY

DWM Investments (Cyprus) Limited

17-19 Themistokli Dervi,
THE CITY HOUSE,
1066 Nicosia, Cyprus

REGISTRAR AND TRANSFER AGENT

EQUITY SHARES

Cameo Corporate Services Limited

Subramanian Building,
No.1, Club House Road,
Near Spencers Signal on Anna Salai,
Chennai- 600 002, Tamilnadu.

LISTED DEBT SECURITIES

Cameo Corporate Services Limited

Subramanian Building,
No.1, Club House Road,
Near Spencers Signal on Anna Salai,
Chennai, Tamil Nadu 600 002

UNLISTED DEBT SECURITIES

KFin Technologies Private Limited

Selenium Building, Tower-B,
Plot No 31 & 32, Financial District,
Nanakramguda, Serilingampally,
Hyderabad, Rangareddi,
Telangana, India - 500 032.

OUR FUNDERS

TERM LOANS BANKS

Bank of Baroda
 Canara Bank
 Dhanlaxmi Bank
 Fincare Small Finance Bank
 IDFC FIRST Bank
 Indian Bank
 Jana Small Finance Bank
 State Bank of India
 Syndicate Bank
 CSB Bank Ltd.
 DBS Bank India Limited
 (The Lakshmi Vilas Bank Ltd).
 Union Bank of India

NBFCs/ FINANCIAL INSTITUTIONS

Ambit Finvest Private Limited
 Eclear Leasing & Finance Pvt Ltd
 Hiranandani Financial Services Pvt. Ltd.
 Maanaveeya Development & Finance Pvt.
 Ltd.
 Moneywise Financial Services Limited
 MUDRA
 NABARD
 NABFINS Limited
 Nabkisan Finance Limited
 Nabsamruddhi Finance Limited
 Norther Arc Capital
 SIDBI
 Vivriti Capital Pvt Ltd

CASH CREDIT

IDFC FIRST Bank Limited

NON CONVERTIBLE DEBENTURES

IFMR Flmpact Long Term Multi Asset Class Fund
 IFMR Flmpact Medium Term Multi Asset Class
 Fund
 Japan ASEAN Women Empowerment Fund
 MIFA Debt fund SA, SICAV-SIF
 Northern Arc Money Market Alpha Trust
 State Bank of India

DEBENTURE TRUSTEES

Catalyst Trusteeship Limited

(Formerly known as GDA)
 Windsor, 6th Floor, Office No. 604, C.S.T. Road,
 Kalina, Santacruz (East), Mumbai- 400098

IDBI Trusteeship Services Limited

Asian Building, Ground Floor,
 17, R. Kamani Marg, Ballard Estate,
 Mumbai – 400 001.

BOARD COMMITTEES

AUDIT COMMITTEE

Mr. J. Bradley Swanson, Non-Executive Director
 Mr. Rajan Samuel, Independent Director
 Mr. Suresh K Krishna, Independent Director
 Mr. V S Padmanaban, Non-Executive Director
 Ms. Aparna Sharma, Independent Director

SHARE ALLOTMENT & TRANSFER COMMITTEE

Mr. Murali Srinivas P, Managing Director & CEO
 Mr. J. Bradley Swanson, Non-Executive Director
 Mr. V S Padmanaban, Non-Executive Director
 Ms. Aparna Sharma, Independent Director

NOMINATION & REMUNERATION COMMITTEE

Mr. J. Bradley Swanson, Non-Executive Director
 Mr. Rajan Samuel, Independent Director
 Ms. Aparna Sharma, Independent Director

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR COMMITTEE)

Mr. Murali Srinivas P, Managing Director & CEO
 Mr. Rajan Samuel, Independent Director
 Ms. Indrani Bhagwan Singh, Non-Executive Director
 Ms. Aparna Sharma, Independent Director

BORROWING & INVESTMENT COMMITTEE

Mr. Murali Srinivas P, Managing Director & CEO
 Mr. Rajan Samuel, Independent Director
 Mr. Suresh K Krishna, Independent Director
 Ms. Indrani Bhagwan Singh, Non-Executive Director

ASSET LIABILITY MANAGEMENT COMMITTEE

Mr. Murali Srinivas P, Managing Director & CEO
 Mr. Suresh K Krishna, Independent Director
 Mr. V S Padmanaban, Non-Executive Director
 Ms. Indrani Bhagwan Singh, Non-Executive Director
 Mr. Aleem Remtula, Non-Executive Director

GR & STAKEHOLDER RELATIONSHIP COMMITTEE

Mr. Murali Srinivas P, Managing Director & CEO
 Mr. Aleem Remtula, Non-Executive Director
 Ms. Indrani Bhagwan Singh, Non-Executive Director
 Ms. Aparna Sharma, Independent Director

RISK MANAGEMENT COMMITTEE

Mr. Murali Srinivas P, Managing Director & CEO
 Mr. Aleem Remtula, Non-Executive Director
 Mr. Rajan Samuel, Independent Director
 Mr. Suresh K Krishna, Independent Director

IT STEERING COMMITTEE

Mr. Murali Srinivas P, Managing Director & CEO
 Mr. Suresh K Krishna, Independent Director
 Mr. Aleem Remtula, Non-Executive Director

NOTICE

Notice is hereby given that the Twenty Sixth Annual General Meeting of S.M.I.L.E. MICROFINANCE LIMITED will be held on Thursday, the 30th December, 2021, at 5.00 p.m. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Audited Financial Statements of the Company as at March 31, 2021 together with the Reports of the Directors and Auditors thereon;
2. To appoint a Director in place of Mr. Aleem Remtula (holding DIN 02872107), who retires by rotation and being eligible, offers himself for reappointment.
3. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution, with or without modification:

Appointment of Statutory Auditors

a) To fill the casual vacancy:

"RESOLVED THAT pursuant to the provisions of Section 139 (8) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any, (including any statutory modification(s), clarifications, exemptions or re-enactments thereof for the time being in force) and upon recommendation of the Audit Committee & Board of Directors, M/s P.B. Vijayaraghavan & Co, Chartered Accountants, having FRN. 004721S, be and are hereby appointed as Statutory Auditors of the Company, to fill the casual vacancy caused by the resignation of M/S. Deloitte Haskins & Sells LLP, Chartered Accountants, FRN117366W/W-100018.

RESOLVED FURTHER THAT M/s P.B. Vijayaraghavan & Co, Chartered Accountants, having FRN. 004721S, be and are hereby appointed as Statutory Auditors of the Company to hold the office from 08th October 2021, until the conclusion of the ensuing 26th Annual General Meeting of the Company, at such remuneration plus applicable taxes, and out of pocket expenses, as may be mutually agreed with the Board of Directors."

b) For a period of five years:

"RESOLVED THAT pursuant to the provisions of Section 139(8) and other applicable provisions of the Companies Act, 2013 read with rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), and upon recommendation of the Audit Committee and Board of Directors, consent of the members of the Company be and is hereby accorded to appoint M/s P.B. Vijayaraghavan & Co., Chartered Accountants, having FRN.: 004721S, as the Statutory Auditors of the Company to conduct the statutory audit for a period of five years commencing from the conclusion of this 26th Annual General Meeting till the conclusion of 31st Annual General Meeting of the Company at such remuneration and out-of-pocket expenses, as may be mutually agreed with the Board of Directors."

SPECIAL BUSINESS

4. **To consider, and if thought fit, to pass with or without modification the following resolution as ordinary resolution.**

Remuneration to Mr. Murali Srinivas P (DIN: 00554309), Managing Director and CEO of the Company.

"RESOLVED THAT pursuant to the provisions of Section 197 read with Part I and Section I of Part II of Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof), applicable clauses of the

Articles of Association of the Company and approval of the Board of Directors of the Company be and is hereby accorded to pay the remuneration to Mr. Murali Srinivas P [DIN: 00554309], Managing Director and CEO of the Company, on the terms and conditions including remuneration as mentioned below for the FY 2021-22 w.e.f. 1st April 2021, and the variable compensation if any as per the employment contract as decided by the Board of Directors with the recommendations of the Nomination and Remuneration Committee.

Description	Amount in (Rs.) Per month w.e.f. April 01, 2021
Basic Pay	2,22,600
House Rent Allowance	1,11,300
Conveyance Allowance	1,600
Medical Allowance	1,250
Special Allowance	33,850
Educational Allowance	400
Total salary per month	3,71,000.00

- By order of the Board –
For S.M.I.L.E. MICROFINANCE LIMITED
Sd/-
Venkatasubramanian R
Company Secretary

Place: Chennai

Date: 03rd December 2021

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

Item no. 3

The Shareholders of the Company at the 22nd Annual General Meeting held on 20th September, 2017 has approved the appointment of M/S. Deloitte Haskins & Sells LLP, Chartered Accountants, FRN117366W/W-100018 as the Statutory Auditors of the Company for a term of five years till the conclusion of 27th Annual General Meeting.

M/S. Deloitte Haskins & Sells LLP, Chartered Accountants, has tender their resignation as the Statutory Auditors of the Company, expressing their inability due to the recent amendments brought in by Reserve Bank of India which has capped Audit Firms to audit not more than eight NBFCs, resulting in a casual vacancy in the office of the Auditors of the Company w.e.f. 16th September, 2021, as per section 139(8) of the Companies, Act, 2013.

In accordance with aforesaid provisions of the Act, the casual vacancy caused by the resignation of the Statutory Auditors shall be filled by the Board within a period of thirty days and such appointment shall also be approved by the members of the Company within three months of the recommendation of the Board.

Accordingly, based on the recommendation of the Audit Committee and conformation received from M/s P.B. Vijayaraghavan & Co, Chartered Accountants, having FRN. 004721S on their eligibility, the Board recommends to the members for the appointment of said Auditors, as the Statutory Auditors of the Company:

a) to fill the casual vacancy caused by the resignation of M/S. Deloitte Haskins & Sells LLP, Chartered Accountants, FRN117366W/W-100018 and to hold the office of the Statutory Auditors up to the conclusion of this Annual General Meeting:

and

b) for a period of five years, from the conclusion of the 26th Annual General Meeting till the conclusion of 31st Annual General Meeting of the Company to be held in the year 2026.

In regards to appointment of Statutory Auditors referred to in item no. 4 of the Notice, the brief profile of the Auditors is as under:

M/s P.B. Vijayaraghavan & Co, Chartered Accountants, having FRN. 004721S. is a Chennai based leading Chartered Accountants firm established in the year 1950 and spread across 3 states of the country. The firm has nine partners balanced with education, experience and ability. The firm is carrying on its prolonged legacy in adapting to developments in the profession of Chartered Accountancy and with a vision to transform with technology.

None of the Directors / Key Managerial Personnel of the Company / their relatives are in any way concerned or interested, financially or otherwise, in the resolution set out at Item No.3 of the Notice. The Directors recommend the resolution for approval by the members.

Item no. 4

The Board of Directors at their meeting held on 03rd December, 2021 approved the remuneration of Mr. Murali Srinivas P, Managing Director and CEO of the Company to Rs. 3.71 lakh per month (w.e.f. 1st April 2021) for the FY 2021-22 along with exgratia amount plus annual performance incentive if any paid by the Company.

The aggregate of the remuneration as aforesaid is within the maximum limits as laid down under Section 197 and all other applicable provisions, if any, of the Act read with Schedule V to the Act, as amended and as in force from time to time.

No Director, Key Managerial Personnel, or their relatives, except Mr. Murali Srinivas P, to whom the resolution relates, is interested or concerned in the resolution.

The Board of Directors recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the Members.

- By order of the Board –
For S.M.I.L.E. MICROFINANCE LIMITED
Sd/-
Venkatasubramanian R
Company Secretary

Place: Chennai

Date: 03rd December 2021

Notes:

1. In view of the COVID 19 pandemic, the Ministry of Corporate Affairs vide its Circular dated 5th May, 2020 read with Circulars dated 8th April, 2020 and 13th April, 2020 and January 13, 2021 (collectively referred to as 'Circulars'), has introduced certain measures enabling companies to convene their Annual General Meetings (AGM/ Meeting) through Video Conferencing (VC) or Other Audio Visual Means (OAVM) and also send notice of the Meeting and other correspondences related thereto, through electronic mode. In compliance with the said requirements of the MCA Circulars, electronic copy of the Notice along with the Annual Report for the financial year ended 31st March, 2021 consisting of financial statements including Board's Report, Auditors' Report and other documents required to be attached therewith (Collectively referred to as Notice) have been sent only to those members whose e-mail ids are registered with the Company or the Registrar and Share Transfer Agent or the Depository Participant(s) through electronic means and no physical copy of the Notice has been sent by the Company to any member. The Notice of the 26th AGM of the Company inter alia indicating the process and manner of e-voting has also been hosted on the website of the Company www.smileltd.in and on the website of CDSL at www.evotingindia.com.
2. Explanatory statements as required under Section 102 of the Companies Act, 2013 with respect to Item No.3 and 4 specified above are annexed hereto.
3. In view of the MCA Circulars, no proxy shall be appointed by the members. However, corporate members are required to send to the Company/ RTA/ Scrutinizer, a certified copy of the Board Resolution, pursuant to section 113 of the Companies Act 2013, authorizing their representative to attend and vote at the Meeting through VC.
4. The facility for Shareholders to join the AGM in the VC/OAVM mode will be kept open to join 15 minutes before and 15 minutes after the scheduled time of the commencement of the Meeting. The Shareholders can join the AGM by following the procedure mentioned herein below in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 Shareholders on 'first come first serve' basis. This will not include large Shareholders (i.e. Shareholders holding 2% or more), Promoters, Directors, Key Managerial Personnel, the Chairperson(s) of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of 'first come first serve' basis.
5. The attendance of the Shareholders attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
6. The Shareholders, seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before 24th December, 2021, through Email to cosec@smileltd.in. The same will be replied by/on behalf of the Company suitably.
7. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available electronically for inspection by the members during the Annual General Meeting.
8. Members are requested to quote their Registered Folio Number or Demat Account Number & Depository Participant (DP) ID Number on all correspondences with the Company. Members holding shares in dematerialized mode are requested to intimate all changes pertaining to their bank details, mandate, nomination, power of attorney, change of address, etc., to their respective Depository Participant (DP). Members holding shares in physical mode are requested to intimate the same to Registrar & Share Transfer Agents of the Company (RTA) M/s. **Cameo Corporate Services Limited**, "Subramanian Building", No.1, Club House Road, and Chennai-600 002.

9. Pursuant to Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as may be amended from time to time, as amended, and MCA Circulars dated April 8, 2020, April 13, 2020, May 5, 2020, and January,13,2021 the Company is pleased to provide e- voting facility to the members to cast their votes electronically on all resolutions set forth in this Notice.

The Company has engaged the services of Central Depository Services (India) Limited (CDSL) to provide e-voting facility. The Company has appointed Mr. V Esaki, V Esaki & Associates, Practicing Company Secretary [ACS 30353, COP No. 11022] to act as the Scrutinizer, for conducting scrutiny of the votes cast.

Notice convening the 26th Annual General Meeting and the Annual Report 2020-21 is also available on the CDSL's website: www.cdslindia.com.

The e-voting facility is available at the link: www.evotingindia.com.

The e-voting facility will be available during the following voting period:

Commencement of e-voting	End of e-voting
27th December 2021, Monday, at 9:00 A.M.	29th December 2021, Wednesday, at 5:00

During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 03rd December, 2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL thereafter. A person who is not a member of the Company as on cutoff date should treat the Notice for information purpose only.

Only those Shareholders, who will be present at the AGM through VC/OAVM facility and who had not cast their vote by remote e-voting prior to the AGM and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM. In the case of joint holders, the member whose name appears as the first holder in the order of names as per the Register of Members of the Company shall be entitled to vote through remote e-voting or e-voting during the AGM.

The members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.

Shareholders who have already voted prior to the meeting date would not be entitled to vote during the AGM.

THE INTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:

- i. The voting period begins on 27th December 2021, Monday, at 9:00 A.M and ends on 29th December 2021, Wednesday, at 5:00. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 03rd December, 2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- iii. Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

- iv. In terms of **SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020** on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.
- v. Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings **for Individual shareholders holding securities in Demat mode CDSL/NSDL** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<ol style="list-style-type: none"> 1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the

	home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

Login method for e-Voting and joining virtual meetings for Physical shareholders and shareholders other than individual holding in Demat form.

- Log on to the e-voting website: www.evotingindia.com.
- Click on "Shareholders" tab.
- Now Enter your User ID
 - a) For CDSL: 16 digits beneficiary ID,
 - b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c) Members holding shares in Physical Form should enter Folio Number registered with the Company.

(OR)

Alternatively, if you are registered for CDSL's **EASI/EASIEST** e-services, you can log-in at <https://www.cdslindia.com> from **Login - Myeasi** using your login credentials. Once you successfully log-in to CDSL's **EASI/EASIEST** e-services, click on **e-Voting** option and proceed directly to cast your vote electronically.

- (i) Next enter the Image Verification as displayed and click on Login.
- (ii) If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (iii) If you are a first time user kindly follow the steps given below.

	For Physical shareholders and other than individual shareholders holding shares in Demat.
PAN	Enter your 10 digit alpha-numeric PAN issued by the Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> ➤ Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. ➤ In case the sequence number is less than 8 digits enter the applicable number of 0's (zero) before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details or Date of Birth (DOB)	Enter the Dividend Bank details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to log in. <ul style="list-style-type: none"> ➤ If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iii).

- (iv) After entering these details appropriately, click on "SUBMIT" tab.
- (v) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (vii) Click on the EVSN of SMILE Microfinance Limited on which you choose to vote.
- (viii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (ix) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (x) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xiii) If a Demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xiv) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to **Company/RTA email id**.
2. For Demat shareholders -, please provide Demat account details (CDSL-16 digit

beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to **Company/RTA email id.**

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC / OAVM ARE AS UNDER:

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast **7 days prior** to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **7 days prior** to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Company reserves the right to restrict the number of questions and number of speakers, depending upon the availability of time as appropriate for smooth conduct of the AGM.

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.

If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

3. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

(xv) **Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to

cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 - Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; cosec@smileltd.in (designated email address by company) , if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
- (xvi) If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com or contact 022-23058738 and 022-23058542/43

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

General Instructions

1. The remote e-voting shall not be allowed beyond the abovementioned date and time.
2. Once the vote on the resolution is cast by the shareholder, whether partially or otherwise, the shareholder shall not be allowed to change it subsequently or cast the vote again.
3. Any person who have acquired shares and become members of the company after the electronic dispatch of the notice and holding shares as on cut-off date, i.e. 03rd December 2021 and who have updated their PAN with the Company/DP, should follow the instructions as above mentioned in (i) to (xix) to vote through e-voting and those who have not updated their PAN with the Company/DP, can send a mail to cosec@smileltd.in and investor@cameoindia.com to obtain sequence number and they will have to follow the instructions as above mentioned in (i) to (xix) to vote through e-voting.
4. The voting rights of members shall be in proportion to their shares in the paid-up equity share capital of the Company as on cut-off date. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting and e-voting during the AGM.
5. The Scrutinizer shall, immediately after the conclusion of remote e-voting and e-voting during the general meeting, would unblock and count the e-votes cast in the presence of at least two witnesses not in the employment of the Company and make, not later than three days of conclusion of the meeting, a consolidated Scrutinizer’s report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same.
6. The results declared along with the Scrutinizer’s Report shall be placed on the Company’s website www.smileltd.in and on the website of CDSL www.cdslindia.com immediately after the result is declared.
7. Subject to the receipt of requisite number of votes through remote e-voting and voting during the meeting, the Resolutions proposed in the Notice shall be deemed to have been passed on the date of the meeting, i.e., Thursday, 30th December 2021.

To

The Members,

S.M.I.L.E. Microfinance Limited.

Your Directors are pleased to present the twenty sixth Annual Report of your Company together with the Audited Statement of Accounts and the Auditors' Report of your Company for the financial year ended, 31st March 2021.

FINANCIAL SUMMARY

(Rs. in Lakh)

Particulars	2020-21	2019-20
Interest Income	11,615.26	12,841.36
Other Income	42.72	70.46
Total Income	11657.98	12911.82
Less:		
Expenses	12,886.45	10,364.29
Profit before Tax	-1,228.47	1997.53
Less		
Provisions for:		
Income Tax	351.11	770.00
Short provision for tax relating to prior years	-40.41	-1.19
Deferred Tax	-651.25	-15.38
Profit after Tax	-887.92	1244.10
Add:		
Other Comprehensive Income	70.76	-63.88
Total Comprehensive Income for the Year	-817.16	1180.22
Add:		
Balance b/f from previous years	7,163.50	6,168.22
Amount available for Appropriation	6,275.58	7,163.50
Appropriations:		
Statutory Reserve	14.15	248.82
Dividend & Distribution Tax	-	-
Balance carried to Balance Sheet	6283.69	6914.68
Equity Share Capital	1733.96	1733.96
Reserves	11,877.05	12,694.21

FINANCIAL OVERVIEW:

During the year, your company earned a GROSS INCOME of Rs. 116.57 Cr (Previous Year Rs. 129.11 Cr) and PROFIT BEFORE TAX (PBT) of Rs. -12.28 Cr (Previous Year Rs. 19.97 Cr), with expenditures of Rs. 128.86 Cr (Previous Year Rs. 103.64 Cr). The Company incurred a Net Loss of Rs. 8.65 Cr due to higher Loan Loss Provision made. (Previous year PAT Rs. 12.44 Cr). The amount transferred to Statutory Reserve is Rs. 0.14 Cr (Previous year Rs. 2.48 Cr).

OPERATIONAL REVIEW

Year ended March 31	2021	2020
Number of Branches	144	137
Number of Members	3,03,876	3,16,765
Number of employees	880	799
Number of States	7	7
Amount Disbursed (₹ In Crore)	334.04	887.68
Portfolio Outstanding (₹ In Crore)	475.80	606.46

FUTURE OUTLOOK:

The prolonged outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets with a significant slowdown in economic activities. Covid Wave-2 has caused further disruptions on businesses just when the country was recovering from the first wave.

The duration and the magnitude of COVID-19, with waves following one after the other in succession are still uncertain, we expect an impact on the company's original growth plans for FY22. The company will continue to assess and monitor the situation and adopt appropriate strategies to safeguard its interests aligning with its customer's interests and staff well-being. We are happy to report that due to strong business continuity plans and with the implementation of IT cloud technologies (fortunately, before the pandemic itself), the company has been able to ensure employee well-being, demonstrate a successful "Work from Home" model, resulting in business continuity seamlessly for our staff and customers. In addition, the company is taking various measures to minimize the financial impact.

During previous crises like Sub-prime in 2008, Andhra MFI crisis in 2010, Demonetisation in 2016, Chennai floods in 2016, etc, the company has proved itself to be very resilient time and again by bouncing back to a collection efficiency up to 99% and above within few months of each of this crises. The company is confident that Covid19 impact would also be managed very efficiently in the same manner, albeit needing more time than previous crises.

Significant new measures and initiatives have been implemented in the past year to ensure Covid19 related losses are minimum. They include introduction of new overdue payments tracking software, strengthening the Delinquency Prevention and Monitoring Department (DPMD) team, implementing state of art data analytics tools to track over-due portfolio and interacting continuously with stressed customers, apart from significantly increasing the field staff count by one-third.

TRANSFER TO RESERVES:

The Company transferred Rs. 0.14 Cr to Statutory Reserves 20% of the Comprehensive Income in accordance with the provisions of Section 45 – IC of Reserve Bank of India Act, 1934.

GRADING AND CREDIT RATING:

Acuite Ratings has assigned ACUITE BBB+ rating to SMILE in September 2020 for Long Term Bank Facilities of Rs. 250 crore. It has re-assigned ACUITE BBB in March 2021.

ICRA Limited has re-assigned [ICRA] BBB- (pronounced ICRA triple B minus) rating to SMILE in December 2020 for Long Term Bank Facilities of Rs. 250 crore.

CARE Ratings has re-assigned CARE BBB- (pronounced CARE triple B minus) rating to SMILE in February 2021 for Long Term Bank Facilities of Rs. 250 crore.

Code of Conduct Assessment (COCA) Grading & Rating:

SMERA has assigned combined COCA Grading and Rating of M2C2 in July 2020

CAPITAL ADEQUACY:

The Capital Adequacy Ratio of the company was 32.28% as of March 31, 2021 as against the minimum capital adequacy requirements of 15% stipulated by RBI.

LOAN OBTAINED AND DISBURSED:

During the Year under review, the Company obtained funds amounting to Rs. 150.00 Cr through Term Loan and Rs. 58.14 Cr through Securitisation and the Company disbursed 1.02 lakh loans (previous year 3.52 lakh loans) amounting to Rs. 334.05 Cr (previous year Rs. 887.68 Cr). Average loan size marginally increased to Rs.32,789 from Rs. 32,721 in the previous year.

ASSETS UNDER MANAGEMENT (AUM):

The total Loan Assets under management of the Company declined to Rs.475.80 Cr (Previous year Rs. 606.47 Cr), a decrease of Rs.130.67 Cr (-22%), due to Covid-19 impact on businesses;

Current Year: Loan Assets under management Rs. 475.80 Cr (Own Book Portfolio Rs. 453.75 Cr + Securitisation Rs. 21.19 Crore + Off Book Portfolio (Direct Assignment) Rs. 0.86 Crore).

Previous Year: Loan Assets under management Rs. 606.47 Cr (Own Book Portfolio Rs. 546.45 Cr + Securitisation Rs. 52.64 Crore + Off Book Portfolio Rs. 7.37 Crore).

SECURITISATION:

During the year, the Company did three securitization deals. In respect of securitized assets the Company had collected the receivables and made payment to the investors to the extent of Rs.104.68.11 Cr.

DIRECT ASSIGNMENTS:

During the year, the Company has not done any direct assignments deals. In respect of direct assignment deals of the Company done in the previous year, the Company had collected the receivables and made payment to the investors to the extent of Rs.6.51 Cr.

ARREARS / PORTFOLIO AT RISK (PAR) / WRITE-OFF:

During the year, there were challenges in collecting the repayment from the borrowers since their livelihood has been seriously impacted on account of Covid-19. However, due to effective follow up and monitoring and the strategies adopted by the Company, the PAR and arrears after write-off remained at Rs. 90.85 Crore representing 19.09% of the portfolio; PAR >30 days amounted to Rs.70.34 Crore representing 14.78% of the Portfolio. The Company has made a provision of Rs. 16.69 Crore, under ECL method considering the impact of macro-economic factors including COVID 19. Provision under R.B.I. prudential norms amount to Rs. 5.98 Crore. Bad Debts written off during the year is Rs 6.29 Crore (Previous year Rs 1.09 Crore).

LOAN SERVICING:

During the year, the Company serviced all its Loans and made Principal repayments of Rs.247.28 Cr to all its funding Banks & Financial Institutions. In respect of securitized assets and direct assignment, the Company had collected the dues from borrowers and made payment to the investors to the extent of Rs.111.19 Cr.

MICROFINANCE SECTOR SCENARIO:

Due to the effect of the Pandemic and lock downs announced locally by various state governments the financial services industry including the microfinance industry has faced turbulent times during the previous year.

The microfinance industry's gross loan portfolio (GLP) grew 8.4 per cent to Rs 2.54 Lakh crore as on March 31, 2021, according to Micro lend report released by Crif High Mark. During the financial year the microfinance industry's loan disbursement grew by a meagre 1% at 1.94 Lakh crores. The top ten states accounted for 83 per cent of the total loan amount outstanding. The top five states in terms of share in loan portfolio are Tamil Nadu, Bihar, West Bengal, Karnataka and Maharashtra.

The Reserve Bank of India has mooted streamlining regulations by replacing the current framework of institution-based regulation to activity-based regulation. This would augur well for microfinance lenders, bringing them on a level-playing field, enhancing delivery of last-mile credit and strengthening consumer protection and resulting in better margins for the Company.

NBFC-MFI industry:

The NBFCs-MFI industry has a microloan portfolio of 77,574 crores at the end of March 21 registering a year-on-year growth of 10.1 per cent. There are 86 NBFC-MFI registered with RBI as on date. The NBFC-MFI has a market share of around 32%

Banks remained the largest lender of microfinance at 42 per cent, followed by NBFC MFIs at 32 per cent of the gross loan portfolio and small finance banks (SFBs) at 19 per cent as of March 31st 2021.

DIVIDEND:

The Company did not consider any dividend payment for the current Financial Year.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND:

The provisions of Section 125(2) of the Companies Act, 2013 do not apply as there is no dividend which has remained unclaimed and unpaid for a period of seven years from the date it became due for payment.

SHARE CAPITAL:

The paid up equity capital as on March 31, 2021 was Rs.17,33,96,390/-. During the year under review, the Company has not issued any equity share and shares with differential voting rights nor granted stock options /sweat equity.

DEBT INSTRUMENTS:

During the year under review, the Company has raised funds of Rs. 40 Crs by way of Listed Debt Securities issued and allotted to State Bank of India (Rs. 25 Crs) and IFMR Fimpact Investment Fund (Rs. 15 Crs) respectively.

FIXED DEPOSITS:

The Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The company has not given any loans or guarantees covered under the provisions of section 186 of the Companies Act, 2013.

The detail of the investments made by company is given in the notes to the financial statements.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has an Internal Control System, commensurating with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is defined in the Internal Audit Manual. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board and to the Managing Director.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company.

Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

(A) Conservation of energy:

The Company has continued to adopt measures to conserve electrical energy by installing Capacitors & Power Factor Meter in its Corporate Office and also by replacing incandescent bulbs and tube lights with CFL/LED lighting. The Company ensures that all Electrical Equipments are being serviced periodically so that the consumption of energy is minimized and that all electrical appliances are religiously switched off when not in use.

(B) Technology absorption:

The Company is using BR.Net application software with effect from 2013. This has enabled the Company to handle increased volume of operations and also service the increasing number of loan beneficiaries efficiently.

(C) Foreign exchange earnings and Outgo:

During this Financial Year, the Company has incurred foreign exchange expenditure.

Expenditure Incurred in Foreign Currency	
Particulars	For the year ended 31st March, 2021 Amount in Lakh
Reimbursement of Travelling Expenses	1.97

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

During the FY 2020-21 1) Ms. Aparna Narendra Sharma, (DIN: 07132341) was appointed as Non-Executive Independent Director w.e.f. 07th December, 2020. Current Board of Directors and Key Managerial Personnel of the Company is given in the below table.

S.No.	Name of the Director/Key Managerial Personnel	Designation
1	Mr. Murali Srinivas P	Managing Director & CEO
2	Mrs. Indrani Bhagwan Singh	Non-Executive Director
3	Mr. J Bradley Swanson	Non-Executive Director
4	Mr. Aleem Remtula	Non-Executive Director
5	Mr. Rajan Samuel	Independent Director
6	Mr. Suresh K Krishna	Independent Director
7	Ms. Aparna Narendra Sharma	Independent Director
8	Mr. V S Padmanaban	Non-Executive Director
9	Mr. V T Prabakaran	Chief Financial Officer
10	Mr. R Venkatasubramanian	Company Secretary & Compliance Officer

DECLARATION OF INDEPENDENT DIRECTORS:

The Independent Directors have submitted their disclosures to the Board that they fulfil all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

As per the provisions of the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019, every individual who has been appointed as an independent director in a company, on the date of commencement of the above rules shall within a period of three months from the date of commencement apply to Indian Institute of Corporate Affairs for inclusion of his name in the data bank for such period till he continues as Independent Director of any Company. Accordingly, the Independent Directors of the Company have enrolled in the database.

As per the above provisions, every independent director shall submit a declaration of compliance of sub-rule (1) and sub-rule (2) to the Board, each time he submits the declaration required under sub-section (7) of section 149 of the Act. Since the Ministry of Corporate Affairs, vide Companies (Appointment and Qualification of Directors) Second Amendment Rules, 2020, has now extended the period of Five months to seven months for registering with Indian Institute of Corporate Affairs, the declaration could not be obtained.

Further, the time available for passing online proficiency self-assessment test is one year from the date of inclusion of the name of the Directors in the data bank. The Board of Directors is not in position to provide an opinion with regard to the proficiency of the Independent Directors as ascertained from the online proficiency self-assessment test conducted by the institute which is required under Rule 8(5)(iia) of the Companies (Accounts) Rules, 2014.

MEETINGS:

During the year 26 Board Meetings were convened and held, the details of which are given in the Corporate Governance Report. During the lockdown period and after business resumed, the board met almost every week to assess the changing conditions and to advise the management. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

AUDIT COMMITTEE:**Composition as at 31st March 2021**

Mr. Suresh K Krishna, Independent Director (Chairman of the Committee)
 Mr. Rajan Samuel, Independent Director
 Ms. Aparna Sharma, Independent Director
 Mr. J Bradly Swanson, Non-Executive Director
 Mr. V S Padmanaban, Non-Executive Director

The Audit Committee met five (5) times during the Financial Year 2020-21. The details of which are given in the Corporate Governance Report.

DIRECTORS RETIRING BY ROTATION:

To comply with the provisions of Section 152 of the Companies Act, 2013 ('CA 2013') Mrs. Indrani Bhagwan Singh, Director shall retire by rotation at the ensuing AGM and being eligible, offered for reappointment.

PARTICULARS OF DIRECTORS, EMPLOYEES & REMUNERATION:

The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are forming part of this report as an **Annexure A**.

The information required under 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as **Annexure B**.

DIRECTORS' RESPONSIBILITY STATEMENT:

In pursuance of section 134 (5) of the Companies Act, 2013, the Directors hereby confirm that:

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;

(b) 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 and loss of the company for that period;

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis; and

(e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

NOMINATION & REMUNERATION POLICY:

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration.

EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS:

There were no events occurred internally subsequent to the date of financial statements. However, Covid 2nd Wave is in progress since April, 2021 resulting in lock downs and disruptions in business and predictions of Wave3 may further affect the current year business.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

There are no material changes and commitments affecting the financial position of the Company, which occurred between the end of the financial year of the Company i.e. March 31, 2021 and the date of the Directors' Report.

RELATED PARTY TRANSACTIONS:

During the financial year there were no related party transactions made by the company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the company at large. Form AOC-2 is attached as "**Annexure C**" to Directors' Report.

DETAILS OF SUBSIDIARY, ASSOCIATE AND JOINT VENTURE OF THE COMPANY:

The Company doesn't have any subsidiary, associate and joint venture.

AUDITORS' REPORT:

The observation made in the Auditors' Report read together with relevant notes thereon are self-explanatory and hence, do not call for any further comments under Section 134 of the Companies Act, 2013.

AUDITORS:**I. Statutory Auditors:**

The Statutory Auditors of the Company, M/s Deloitte Haskins & Sells LLP, Chartered Accountants (Firm registration number: 117366W/W-100018), were appointed in the Annual General Meeting of the Company held on September 20, 2017 as Statutory Auditors of the Company to hold office for a term of five years until the conclusion of the Annual General Meeting to be held in 2022.

II. Secretarial Auditor:

Mr. CS Esaki, Practising Company Secretary (ACS No. 30353 and Certificate of Practice No. 11022) was appointed as the Secretarial Auditor of the Company to conduct Secretarial Audit of the Company for the Financial Year 2020-21 as required under Section 204 of the Companies Act, 2013 and the Rules made there under. The Secretarial Audit Report for FY 2020-21 is attached as "Annexure D" to Directors' Report.

The responses of your Directors on the observations made by the Secretarial Auditor are as follows:-

Observation:

The Company has complied with the terms and conditions set forth by the lending bank / financial institutions at the time of availing any facility and also during the currency of the facility, except in some cases where the breaches have occurred due to the impact of Covid-19 on businesses. In such cases, the lenders have confirmed that they have not invoked penal provisions considering the impact of the pandemic.

Response:

SMILE has always been prompt in servicing debt obligations and in complying with the lender covenants. Covid-19 has impacted the economy and businesses and caused liquidity challenges to the borrowers. Consequently, the collection efficiency decreased resulting in breach of covenants in respect of some lenders. Since the covenants are only on account of the impact of Covid-19, lenders have taken lenient view of the breaches and have not invoked penalty provisions. It is expected that normalcy will be restored in the current Financial Year.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY OPERATIONS IN FUTURE:

There are no significant material orders passed by the Regulators, Courts or Tribunals which would impact the going concern status of the Company and its future operations.

INTERNAL FINANCIAL CONTROLS:

In pursuant to the Section 134(5) (e) of the Companies Act, 2013, the Board has properly laid down its internal financial controls and has ensured that the controls are not only adequate but are also operating effectively. The Company is following an effective internal control system commensurate with its size and operations. In addition to this the work process is designed in such a way that process of internal check is ensured at all levels.

It also ensures the adoption of all policies & procedures for orderly and efficient conduct of its business, including adherence to the Company's Policy, the safeguarding of its assets, prevention and detection of fraud & error, the accuracy & completeness of the accounting records and the timely preparation of reliable financial information.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, audit of internal financial controls and the reviews performed by management, the risk management and audit committee of the board, the board is of the opinion that the Company's internal financial controls were adequate and effective during the FY 2020-21.

VIGIL MECHANISM:

The Company has a vigil mechanism in the form of Risk Management Committee and Whistle Blower Policy to deal with instance of fraud and mismanagement, if any.

Strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern.

RISK MANAGEMENT:

The Board of Directors of the Company has formed a board risk management committee to frame, implement, and monitor the risk management plan for the Company. The committee is responsible

for reviewing the risk management plan, ensuring its effectiveness and verifying adherence to various risk parameters. The Company's Risk Management strategy is based on clear understanding of various risks, disciplined risk assessment and continuous monitoring. The Risk Management Committee reviews various risks with which the organization is exposed including Credit Risk, Interest Rate Risk, Liquidity Risk and Operational Risk.

ANNUAL PERFORMANCE EVALUATION OF THE BOARD:

A formal evaluation of the performance of the Board, the Chairman and the individual Directors was carried out by the Company led by the Nomination & Remuneration Committee. The evaluation was done using individual questionnaires. As part of the evaluation process, the performance evaluation of Board as a whole was done by the Directors of the Board. The performance evaluation of the Non-Independent directors was done by every other Director. The performance evaluation of the Independent Directors was done by the Board excluding the Director being evaluated. The Directors expressed satisfaction with the evaluation process.

INFORMATION REQUIRED UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013:

The Company has a policy against sexual harassment and a formal process for dealing with complaints of harassment or discrimination. The Company seeks to ensure that all such complaints are resolved within defined timelines. The Company has not received any complaint during the period. The Annual returns for the same is also been submitted.

EXTRACT OF ANNUAL RETURN:

Pursuant to Section 134 (3)(a) and Section 92 (3) of the CA 2013, read with Rule 12 of the Companies(Management and Administration) Rules, 2014, an extract of the Annual Return as at March 31, 2021 in form MGT 9 has been annexed as Annexure - D to the Directors' Report.

CORPORATE GOVERNANCE:

The Company's philosophy of Corporate Governance is aimed at assisting the management of the Company in the efficient conduct of its business and meeting its obligations to stakeholders, guided by a strong emphasis on transparency, accountability and integrity.

CORPORATE SOCIAL RESPONSIBILITY (CSR):

In compliance with Section 135 of the CA 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the Company has established the Corporate Social Responsibility Committee (CSR Committee) in 2014 and the composition and function thereof are mentioned in the Corporate Governance Report. The Board adopted the CSR Policy, formulated and recommended by the CSR Committee.

Annual Report on Corporate Social Responsibility (CSR) Activities:

<p>1. A brief outline of the company's CSR policy As a responsible and socially committed organization, SMILE strives to improve the social welfare and the quality of life of the communities in which it operates. SMILE commits itself that it will not discriminate beneficiaries of CSR based on membership, gender, caste or creed. SMILE works for and strives to:</p> <ul style="list-style-type: none"> ✓ Support the health, education and community welfare activities. ✓ Protect the environment by adopting "Go Green" culture in work place. ✓ Provide suitable facilities to people with special needs and facilitate their requirements ✓ Partner with community development authorities to promote, support and participate in community development initiatives 	<p>2. Composition Mr. P Murali Srinivas, Managing Director & CEO Mr. Rajan Samuel, Independent Director Mrs. Indrani Bhagwan Singh, Non- Executive Director Mr. VS Padmanaban, Non- Executive Director</p> <p>3. Average net profit of the Company for the last 3 financial years Rs. 26.29 Crore</p> <p>4. Prescribed CSR Expenditure (2% of the amount as in above) allocated Rs. 52.58 lakh</p> <p>5. Details of CSR Spent during the financial year Rs. 52.66 lakh was spent towards various schemes of CSR as Prescribed under Section 135 of the Act. The prescribed CSR expenditure required to be spend in Fiscal 2020 as per the Act was 49.28 lakh under Section 198 of the Act.</p> <p>A. Total amount to be spent for the financial year: Rs. 52.58 lakh</p> <p>B. Actual amount spent: Rs. 52.66 Lakh</p> <p>C. Amount unspent, if any: Nil</p>
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D. Manner in which the amount spent during the financial year is detailed below:							(Amounts in Rs.)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity Identified.	Sector in which the Project is covered	Projects or Programs (1)Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or Programs Subheads: (1)Direct expenditure on projects or Programs. (2) Overheads:	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency *
1	Promoting primary and secondary education in Rural and Socially/ Economically Backward communities	Promoting education	Tamilnadu, Chennai & Madurai	9,54,000	9,35,245	9,35,245	Direct
2	Health Camps & Hygiene	Promoting health care including preventive health care	Tamilnadu, Chennai & Madurai	7,00,000	7,00,000	7,00,000	Direct
3	Vocational Guidance & Training Centre	Employment enhancing vocational skills	Tamilnadu, Chennai & Madurai	2,50,000	2,24,828	2,24,828	Direct
4	Digital Literacy Programs	Awareness programs & Skill Development	Whole of India	20,00,000	20,00,000	20,00,000	Through Implementing Agency – “Prayaana.org”
5	Conducting a research on Household Finance for common benefit.	Education; Eradication of poverty	Whole of India	3,00,000	3,00,000	3,00,000	Through Implementing Agency – “Dvara Research Foundation”
6	Contribution to Tamilnadu State Disaster Management Authority towards Covid relief.	Promoting social and economic welfare or uplift of the public		10,00,000	10,50,000	10,50,000	Direct
7	Relief Measures For Natural Calamities	Relief for People affected by Fire, Flood, Earthquakes, etc	Tamilnadu, Chennai & Madurai	54,000	55,953	55,953	Direct

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board's report:

Not Applicable

7. A responsibility statement of the CSR committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the company:

The CSR committee confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and Policy of the company.

ACKNOWLEDGEMENTS:

The Board of Directors wishes to place on record its sincere thanks for the wholehearted support extended by the Company's Lenders and Bankers, Statutory Authorities, the Reserve Bank of India and all external agencies. The Board also wishes to record its sincere appreciation for the commitment of its employees at all levels in successfully tackling the challenges faced by the Company during this Year and for their continued efforts to achieve the Company's goals.

By order of the Board

For S.M.I.L.E. MICROFINANCE LIMITED

Sd/-

P MURALI SRINIVAS

MANAGING DIRECTOR & CEO

Sd/-

SURESH K KRISHNA

INDEPENDENT DIRECTOR

Annexure- A

DISCLOSURE IN DIRECTORS' REPORT PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL), RULES, 2014

1. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year.

Name of the Director	Designation	Ratio to median remuneration
Mr. Murali Srinivas P	Managing Director & CEO	36.5
Mr. Rajan Samuel	Independent Director	Nil
Mr. Suresh K Krishna	Independent Director	Nil
Ms. Aparna Sharma	Independent Director	Nil
Mrs. Indrani Bhagwan Singh	Non-Executive Director	Nil
Mr. V S Padmanaban	Non-Executive Director	Nil

- The median remuneration of employees of the Company was Rs.15,000/-
- Independent Directors were not paid any remuneration except the sitting fees for attending the Board Meeting and Committee Meeting

The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year; **NIL**

Annexure- B

DISCLOSURE IN DIRECTORS' REPORT PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(2) AND (3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL), RULES, 2014

Top 10 Employees in terms of remuneration drawn during the Year.

Employee Name	Designation	Remuneration (in Rs.)		Nature of employment, whether contractual or otherwise	Qualifications and experience of the employee	Date of commencement of employment	the age of the employee	the last employment held by such employee before joining the company	percentage of equity shares held by the employee in the company
		Earnings	Perquisites						
MuraliSrinivas P	Managing Director & Chief Executive Officer	4452000	2126002	Permanent	B.Sc (Physics), M.A (PS)	15-Nov-18	52	CEO, Habitat for Humanity	Nil
Prabakaran VT	Chief Financial Officer	3017640	254861	Permanent	B.Com, CAIIB	1-Nov-07	65	VP – Finance, Farwood Industries Ltd.	Nil
Rajaraman K	Head - Internal Audit	2044560	172677	Permanent	B.Com, LLB, FCA	24-Oct-12	59	Concurrent auditor in an MNC bank	Nil
Parthasarathy G	Head - Accounts	2044560	172677	Permanent	B.Com, C.A, ICWA	12-Dec-13	56	VP – F&A Corporate, Everonn Education Limited.	Nil
Balaji N	Head – Human Resource & Admin	1930080	163009	Permanent	B.Sc, M.A (PA), MBA (HR)	23-May-16	43	Senior Manager, AGS Health Pvt. Limited	Nil
Ajitha K	Head – Learning and Development	1920000	88209	Permanent	B.Sc (Maths)	12-Sep-19	48	VP (Head- Learning & Development), Dvara KGFS Financial Services Pvt Ltd	Nil
Sivakumar S	Head – Information Technology	1680000	141888	Permanent	M.C.A	1-Jul-07	49	Coordinator – Software Interface, Mahasemam Trust	Nil
Sathyanarayanan V	Regional Head	1622040	136993	Permanent	B.A, CAIIB	27-Nov-06	68	Chief Manager, ICICI Bank	Nil
Venkatasubramanian R	Company Secretary & Compliance Officer	1500000	126685	Permanent	B.Com, ACS	16-Mar-15	33	Company Secretary, Laurus Edutech Private Limited	Nil
Somasundaram SKV	Deputy General Manager - Operations	1320000	111483	Permanent	B.Sc, B.L	22-Oct-03	49	Own Business	Nil

(i) the number of permanent employees on the rolls of company;

Total Employee as on Mar'21 is 880

Annexure- C

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis. NIL

2. Details of contracts or arrangements or transactions at Arm's length basis:

Sl. no	Name (s) of the Related Party	Designation	Nature of Arrangements	Transaction value as at 31 st March, 2020 (In Rs.)
1	P Murali Srinivas	Managing Director & CEO	Remuneration	44,52,000
			Exgratia & Incentive	3,76,002
			Variable Pay	17,50,000
2	Indrani Bhagwan Singh	Non-Executive Director	Sitting Fees	2,00,000
3	V S Padmanaban	Non-Executive Director	Sitting Fees	2,00,000
4	Rajan Samuel	Independent Director	Sitting Fees	5,50,000
5	Suresh K Krishna	Independent Director	Sitting Fees	5,75,000
6	Aparna Narendra Sharma	Independent Director w.e.f. 07 th December, 2020	Sitting Fees	1,00,000
7	V T Prabakaran	Chief Financial Officer	Remuneration	30,17,640
			Exgratia & Incentive	2,54,861
8	R Venkatasubramanian	Company Secretary & Compliance Officer	Remuneration	15,00,000
			Exgratia & Incentive	1,26,685

Annexure- D

Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31/03/2021

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]*

To,
The Members,
S.M.I.L.E. MICROFINANCE LIMITED
Chennai – 600 033

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions limited to the debt instrument and the adherence to good corporate practices made by M/s. S.M.I.L.E. MICROFINANCE LIMITED, [CIN: U67190TN1995PLC030604] (hereinafter called the company), Secretarial Audit was conducted in a manner that provided a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the M/s. S.M.I.L.E. MICROFINANCE LIMITED, books, papers, minute books, forms and returns filed and other records maintained by the company electronically, and also the information provided by its Company Secretary, its officers, agents and authorized representatives during the conduct of Secretarial Audit, and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31/03/2021 complied with the statutory provisions listed hereunder and also that the Company has Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the Registers, Books, Papers, and Minute Books, forms and Returns filed and other records maintained by M/s. S.M.I.L.E. MICROFINANCE LIMITED, for the financial year ended on 31/03/2021 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under to the extent applicable;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under; *(Provisions of these regulations are not applicable to the company).*
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under; *(Provisions of these regulations are not applicable to the company).*
4. The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder for compliance in respect of Foreign Direct Investment.
5. 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.
 - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.
 - (d) The SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Company has complied with the above Provisions wherever applicable.

We 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 SEBI (Listing Agreements) entered into by the Company with BSE LIMITED, limited to Debt instruments.

Further the compliance of applicable financial laws like Direct & Indirect Tax laws, has not been reviewed in our Audit since the same have been subject to review by Statutory Auditor and other designated professionals, we are of the opinion that the Company has complied with the following laws applicable specifically to the Company:

1. Reserve Bank of India, 1934 and Master Direction – Microfinance Institutions (Reserve Bank) Directions, 2016 as applicable to the Company;
2. The Payment of Gratuity Act, 1972.

On account of pandemic "COVID 2019" and nationwide lockdown imposed by governments, the audit process has been modified, wherein documents /records etc have been verified electronically, and have relied on the representations received from the Company for its accuracy and authenticity.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations/ non - compliances:

The Company has complied with the terms and conditions set forth by the lending bank / financial institutions at the time of availing any facility and also during the currency of the facility, except in some cases where the breaches have occurred due to the impact of Covid-19 on businesses. In such cases, the lenders have confirmed that they have not invoked penal provisions considering the impact of the pandemic.

We further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors except appointment adequate 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.
- Notice is being given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda are sent 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. Meetings held through video conference meetings are duly recorded.
- All the decisions in the board meetings were carried through by majority while there were no dissenting member's views and hence not captured and recorded as part of the minutes.

We further report that there are 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.

We further report that during the audit period there were no specific events/ actions in pursuance of the above referred laws, rules, regulation, guidelines, etc, having a major bearing on the Company's affairs.

This report is to be read with the letter of even date which is annexed as Annexure A and forms an integral part of this Report.

Yours Faithfully

For V.Esaki & Associates

Company Secretaries

Annexure 'A'

To,
The Members,
S.M.I.L.E. MICROFINANCE LIMITED
Chennai – 600 033

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 the Secretarial Audit.
2. We have followed the audit practices and processes 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 processes and practices followed on reasonable basis in 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 management. Our examination was limited to the verification of procedures on test basis.
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.

Yours Faithfully

For V Esaki & Associates
Company Secretaries

Sd/-

(V Esaki)

Proprietor / Membership No: 30353

UDIN: **A030353c000535935**

Place: Chennai

Date: 29/06/2021

Annexure- E

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended 31.03.2021

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1)
of the Company (Management & Administration) Rules, 2014

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U67190TN1995PLC030604
2.	Registration Date	21/03/1995
3.	Name of the Company	S.M.I.L.E. MICROFINANCE LIMITED
4.	Category/Sub-category of the Company	Company Limited by Shares/ Indian Non –Government Company
5.	Address of the Registered office & contact details	14/25, Chakrapani Street, West Mambalam, Chennai- 600033
6.	Whether listed company	Yes (Debt Listed)
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Cameo Corporate Services Limited Subramanian Building, No.1, Club House Road, Near Spencers Signal on Anna Salai, Chennai, Tamil Nadu- 600 002

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)

S. No.	Name and Description of main products /	NIC Code of the Product/service	% to total turnover of the
1.	Financial services – Lending	Section K – Group 649 – Other Financial Service activities, except insurance and pension funding activities	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S. No.	Name and Address of the Company	CIN/GLN	Holding /Subsidiary/	% of Shares Held	Applicable Section
1.	DWM Investments (Cyprus) Limited	-NA-	Holding Company	66.64%	Section 2 (46) of

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

A) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2020]				No. of Shares held at the end of the year [As on 31-March-2021]				Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(I) Indian									
a) Individual/ HUF	2702499	517498	3219997	18.57%	2702499	517498	3219997	18.57%	Nil
Total shareholding of Promoter (A)	2702499	517498	3219997	18.57%	2702499	517498	3219997	18.57%	Nil
B. Public Shareholding									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	Nil	2565003	2565003	14.79%	41900	2495003	2536903	14.63%	-0.16
Indian Corporate Bodies	Nil	Nil	Nil	Nil	28100	Nil	28100	0.16	0.16
Overseas Corporate Bodies	11554639	Nil	11554639	66.64%	11554639	Nil	11554639	66.64%	Nil

Total Public Shareholding (B)	11554639	2565003	14119642	81.43%	11624639	2495003	14119642	81.43%	Nil
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	14257138	3082501	17339639	100.00%	14327138	3012501	17339639	100.00%	Nil

B) Shareholding of Promoter:

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	RAMESH.S	49998	0.28	Nil	49998	0.28	Nil	Nil
2.	GURUSHANKAR.S	2702499	15.59	Nil	2702499	15.59	Nil	Nil
3.	BUVANESWARI.N	110000	0.63	Nil	110000	0.63	Nil	Nil
4.	DR.MRS.BRATHIBA	150000	0.87	Nil	150000	0.87	Nil	Nil
5.	DR.N.SETHURAMAN & S.RAMESH	100000	0.58	Nil	100000	0.58	Nil	Nil
6.	DR.N.SETHURAMAN & DR.S .PRATHIBHA	80000	0.46	Nil	80000	0.46	Nil	Nil
7.	RAMESH.S & DR. SETHURAMAN. N	27500	0.16	Nil	27500	0.16	Nil	Nil
Total		3219997	18.57	Nil	3219997	18.57	Nil	Nil

C) Change in Promoters' Shareholding (please specify, if there is no change):

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
-No change in Promoters shareholding during the FY 2020-21					

D) Shareholding Pattern of top ten Shareholders:**(Other than Directors, Promoters and Holders of GDRs and ADRs):**

S.No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	DWM Investments (Cyprus) Ltd.,	11554639	66.64	11554639	66.64
2.	3 A Financial Services Limited	0	0.00	18800	0.11
3.	SRINIVASAN.N	50000	0.29	50000	0.29
4.	PANDURANGAN. K	47500	0.27	47500	0.27
5.	KOTHAI.S	10000	0.06	10000	0.06
6.	DR.THIRUMALAI.P	10000	0.06	10000	0.06
7.	MANOJ KUMAR.R	10000	0.06	10000	0.06
8.	RAJAN A G	10000	0.06	10000	0.06
9.	AJEXKUMAR A	10000	0.06	10000	0.06
10.	NIMESH SUDHIR KAMPANI	10000	0.06	10000	0.06

E) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	Nil	Nil	Nil	Nil

Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	Nil	Nil	Nil	Nil
At the end of the year	Nil	Nil	Nil	Nil

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	412,22,13,775	40,00,00,000	-	452,22,13,775
ii) Interest due but not paid				
iii) Interest accrued but not due	4,25,06,624	1,69,864	-	4,26,76,488
Total (i+ii+iii)	4,16,47,20,399	40,01,69,864	-	4,54,48,90,263
Change in Indebtedness during the financial year				
* Addition	150,19,56,321	0	-	150,19,56,321
* Reduction	252,25,11,475	1,69,864	-	252,26,81,339
Net Change	(102,05,55,154)	(1,69,864)	-	(1,02,07,25,018)
Indebtedness at the end of the financial year				
i) Principal Amount	314,41,65,245	40,00,00,000	-	354,41,65,245
ii) Interest due but not paid				
iii) Interest accrued but not due	2,66,65,394	1,69,864	-	2,68,35,258
Total (i+ii+iii)	317,08,30,639	40,01,69,864	-	357,10,00,503

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount in Rs.
		Mr. Murali Srinivas P, Managing Director & CEO	
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	44,52,000	44,52,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil
2.	Stock Option		Nil
3.	Sweat Equity		Nil
4.	Commission - as % of profit - others, specify...		Nil
5.	Others Exgratia Variable Pay	3,76,002 17,50,000	21,26,002
	Total (A)	65,78,002	65,78,002
	Ceiling as per the Act	Within the prescribed limits of the Companies Act.	

B. Remuneration to other Directors:

In Rupees

S.N	Particulars of Remuneration	Name of Directors					Total Amount
		Mr. Rajan Samuel	Mr. Suresh K Krishna	Ms. Aparna Sharma	Mrs. Indrani Bhagwan Singh	Mr. V S Padmanaban	
1.	Independent Directors						
	Fee for attending board & committee meetings	6,25,000	6,50,000	1,00,000	Nil	Nil	13,75,000
	Commission	Nil	Nil	Nil	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil
	Total (1)	6,25,000	6,50,000	1,00,000	Nil	Nil	13,75,000
2.	Other Non-Executive Directors						
	Fee for attending board committee meetings	Nil	Nil	Nil	2,00,000	2,00,000	4,00,000
	Commission	Nil	Nil	Nil	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil
	Total (2)	Nil	Nil	Nil	2,00,000	2,00,000	4,00,000
	Total Directors Remuneration = Total (1+2)	6,25,000	6,50,000	1,00,000	2,00,000	2,00,000	17,75,000
	Overall ceiling as per the Act (sitting fees not to exceed Rs.1,00,000/- per meeting)	The Company is paying only sitting fees to Non-Executive Independent Directors which is below the ceiling of Rs. 1,00,000/- per meeting as prescribed under the Companies Act, 2013.					

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD: In Rupees

SN	Particulars of Remuneration	Key Managerial Personnel		Total
		Chief Financial Officer	Company Secretary	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	30,17,640	15,00,000	45,17,640
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission	Nil	Nil	Nil
	- as % of profit	Nil	Nil	Nil
	Others, specify...	Nil	Nil	Nil
5.	Others, Exgratia & Incentive	2,54,861	1,26,685	3,81,546
	Total	32,72,501	16,26,685	48,99,186

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the year ended March 31, 2021

REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS

Industry structure and developments:

The coronavirus pandemic has disrupted operations in every sector across the globe. From the unprecedented transformation of organizational functioning to a total or complete shutdown of many businesses, the repercussions have been harsh. The microfinance sector, which had experienced a huge negative impact on asset quality following demonetization in 2016, is one of the most affected sectors in the economy once again.

According to Investment Information and Credit Rating Agency of India (ICRA), COVID-19 will strain the liquidity and asset quality profiles of microfinance institutions (MFI), and also impact their ability to pay interest on borrowings.

Microfinance sector has shown resilience in the past by surviving various natural calamities, AP crisis more so recent Assam crisis, demonetization etc., and has emerged victorious. Though the effect of covid is going to be of a bigger magnitude, we are confident that the industry would bounce back and resume its path to glory.

Opportunities and Threats:

Microfinance industry has a huge potential in the country with a population of ~130 crore. At pan-India level, micro credit reaches to not more than 20% of the total deserving households through a variety of channels, including Banks, SFBs and MFIs. Given the extent of financial exclusion, MFIs have more opportunity to tap.

The threats of industry include high level of competition. With small finance banks focusing mainly on this segment and commercial banks showing active interest in micro lending, the competition has become intense. These entities have access to lower cost of funding vis-à-vis pure microfinance companies.

The overcrowding in the sector may increase the over indebtedness of the borrowers in the long run and increase the delinquency levels.

Covid-19 outbreak has caused serious disruptions to the businesses all over the Country and the Indian economy. The sector's growth was hampered during FY 2020-21. Due to Covid-19, most companies have advanced their digital transformation plans which will benefit customers and other stakeholders in a big way. Digital Transformation initiatives also have the potential to change our business models to keep up with changing customer expectations, which companies like SMILE are fully set to be in the forefront of this fundamental change.

The sector started bouncing back post prolonged lock down restrictions and moratorium. Collection efficiency has been improving. However, Covid 2nd Wave and the predictions on 3rd Wave have raised concern again.

Fund rise in the current scenario will be a challenge as lenders will take a cautious approach in taking exposure.

Product-wise performance:

SMILE provides microfinance services to the low-income households and individuals to improve their quality of life. SMILE constantly endeavors to deliver quality services to its clients by maintaining highest levels of transparency and integrity.

SMILE replicates JLG methodology where women are asked to form into groups of their choice. These groups meet at a place and time convenient to them. The group members undertake the responsibility of approving, disbursing, utilization and repaying the loans. SMILE facilitates capacity building, management of group dynamics, loan utilization and monitors credit discipline of the groups through its FDOs.

In FY 2020-21, SMILE offered 1,01,876 loans to its members under the following financial products that can be used for a variety of activities that generate income for their families. SMILE offers different loan products in different quantum/tenures to its members to meet their working capital requirements.

Loan products	Loan size/Tenure/Purpose
IGP Loan- Income generation program loan	Minimum Rs.15000/- to Max Rs.50000/- Tenure: Minimum 25 fortnights to 52 fortnights and 12 Months to 26 Months Purpose: Income generation loan for livelihood.
AIGP Loan- Additional IGP loan.	Rs.5000/- , Rs.10000/- Tenure: Minimum 25 fortnights to 52 fortnights and 12 Months to 26 Months Purpose: Additional credit line/top-up to meet working capital requirements.

In FY-2020-21, SMILE granted loans to members in different loan products as follows:

Table 1:

PARTICULARS	IGP Loans						AIGP Loans		TOTAL
	15000	20000	25000	30000	40000	50000	5000	10000	
<i>Loan Size</i>									
<i>No. of loans granted</i>	603	4,121	2,515	43,066	18,505	20,602	162	12,302	1,01,876
<i>Amount disbursed (In Crs)</i>	0.081	12.302	0.9045	8.242	6.2875	129.198	74.02	103.01	334.05

In FY-2019-20, SMILE has piloted the two new loan products for its client segments,

- 1) Education loan – loan under JLG to the client's children who are pursuing their school educations.
- 2) Loan for family functions under NON-JLG – NON IGP product segment a short term loan to the clients to meet their expenses for the functions like House warming, Ear boring, Wedding (son / daughter), Puberty function.

Table 2: (FY 2020-21)

Loan products	Loan size/Tenure/Purpose	No. of loans issued during piloted period	Amount of loan
Education loan under JLG	Minimum Rs.10000/- to Max Rs.30000/- Tenure: Minimum 25 fortnights and 12 Months	0	0
Loan for Family functions	Maximum of Rs.50,000/- Tenure: Bullet Payment (<=20 Days)	124	59,30,000

* The Loan Portfolio shown in Table 1 includes the loans issued in the above products.

Risks and concerns:

The primary risk in the company includes the following.

1. The country is facing the second wave of Covid 19 and Tamil Nadu is one of the states which are affected severely by the pandemic. Though country wide lock downs are not announced, the respective states are imposing mini lockdowns, which is affecting the collections to a large extent. The members and the staff are getting affected by the infection, which could have an effect in future recoveries.
2. The company is facing liquidity challenges like all mid/small sized MFI's with the funds predominantly flowing to larger MFI, due to risk aversion of banks and other lending institutions.
3. The margins for all mid/small sized MFI's are considerably reduced due to higher cost of funds vis-à-vis the cap on lending rates. The same trend is likely to continue in the coming year.

4. Geographical concentration- The Company has been predominantly operating in Tamil Nadu. Though the operations have been expanded to other states like Chhattisgarh, Jharkhand, Madhya Pradesh and Karnataka more than 90% of the portfolio is concentrated in Tamil Nadu. The share of other states in the total business is planned to be increased in the coming months.

Internal audit and controls:

S.M.I.L.E has a robust internal audit system since its inception. The department is headed by a Chartered accountant and consists of an experienced team of 50 senior managers and audit executives. Each region of the company is headed by senior manager, who reports to the Audit head.

Every branch of the company gets audited once in a quarter with 100% of the centres (point of collection) being personally audited by the team. The company has a very effective Audit committee which meets once in a quarter and reviews the report of the team and suggests for improvements in process and systems proactively.

Due to stringent lockdowns announced by the Government, the branches were closed for major part of the year. The branches could not be audited on quarterly basis as in previous years however all the branches were audited once during the financial year. The audit team was used effectively for carrying out surveys with members and to assist the operations in collections.

Risk Management:

The company has an effective Risk management department currently headed by the Head of Audit. Periodical operational, financial, strategic risk assessments are carried out and deviations to existing process are highlighted to the top management and the board periodically.

The company is also in the process of revamping the risk management department with more analytical tools to measure the internal, external risks and the portfolio risks.

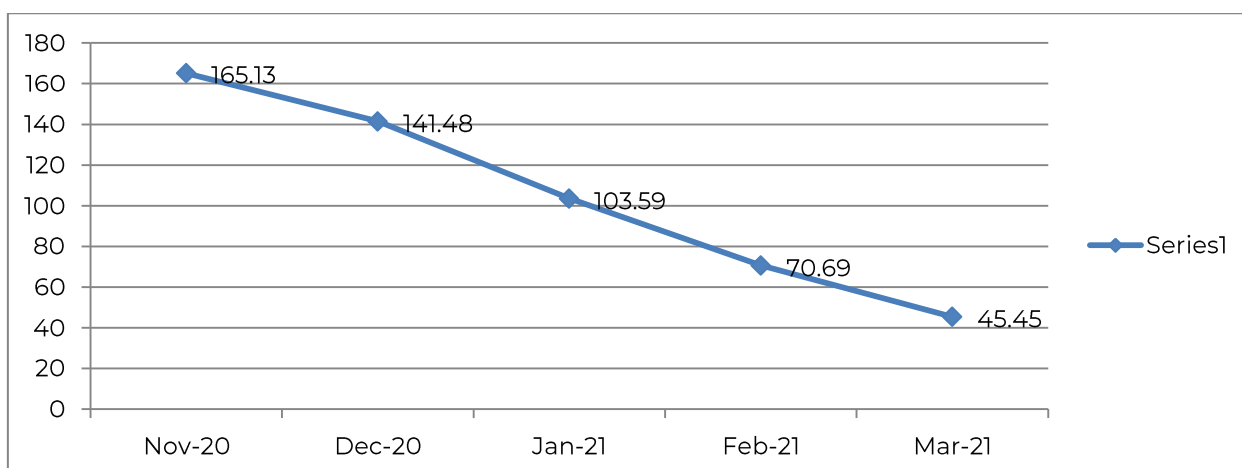
Discussion on financial performance with respect to operational performance:

SMILE is engaged in empowerment of poor women by providing micro credit for Income Generation Programs both in rural and urban areas. As at March 2021, SMILE has presence across 7 States, viz., Tamil Nadu, Puducherry, Kerala, Chhattisgarh, Jharkhand, Madhya Pradesh and Karnataka extending credit to ~ 3 lakh poor families and with a portfolio outstanding of INR 476 Cr, managed through a network of 144 branches and a team of ~880 employees.

SMILE's collection efficiency used to be >99% and NPA level <0.5% over the past 15 years. The asset quality used to be exceptionally good. However, the Covid-19 pandemic has caused disruptions in the economy. The livelihood of the borrowers in MFI sector has been affected. There was complete lock down starting from last week of March, 2020 which extended till May 2020. Thereafter, relaxations have been permitted in stages by both Central Government and State Government. Moratorium has been granted by SMILE to all its borrowers till May 31st and it was extended till 31st August, 2020.

Post relaxations permitted from June 2020, the borrowers were back in business gradually but had liquidity challenges due to lock down. They needed working capital support to revive their businesses, generate income and to repay the loans. In unprecedented pandemic situation, the loans have been moving to NPA category due to movement of DPD buckets, though the borrowers have clearly demonstrated their attitude to repay the loans by starting the loan repayments post moratorium.

Overdue accounts likely to become potential NPA as at 31st March, 2021 was at its peak level Rs.165 Cr in Nov, 2020. It got reduced month on month as shown below as a result of effective strategies adopted and repayments made by JLG women borrowers.



Strategies adopted to reduce NPA:

- a) More feet on the ground: About 200 FDOs have been recruited and posted to branches to effectively follow up with overdue borrowers, to educate them on the advantages of setting right their repayment record and to follow up on P2P date;
- b) Staff have been deputed from Internal Audit Department, other Departments in Head Office and Regional Office to branches to follow up with overdue borrowers;
- c) The Delinquency Prevention and Monitoring Department (DPMD) has been strengthened with more staff to closely follow up with the branches for recovery of overdue accounts;
- d) Planning & Monitoring Department (PMD) has been playing a key role in evolving appropriate strategies and providing necessary guidance and support to the field and this has resulted in substantial reduction of likely NPA of March, 2021.
- e) New software for delinquency management was introduced.
- f) New Data analytics tools were developed and implemented to help branches understand overdue trends and collections
- g) New digital modes for collections were introduced to help customers pay their dues. These included

The borrowers of SMILE have proven track record of repayment prior to Covid-19. The vintage of the borrowers is high and majority of them are in the 3rd cycle and above. They are facing liquidity challenges due to impact of Covid-19 on businesses. Taking in to account the past credit history and repayment being made by these borrowers, the Management feels the money is recoverable by providing working capital support and allowing them time.

It is also worth mentioning that -

- 1) Of the pre-Covid (March 2020) portfolio of Rs.606 Cr, the borrowers have repaid Rs.415 Cr (68%) during the post moratorium period of 7 months from September 2020 to March 2021;
- 2) SMILE has disbursed Rs.334 Cr post Covid-1 in FY 2020-2021; the repayment rate in respect of such borrowers provided with working capital support to revive the business stood at 99.94% as at March, 2021; Microfinance sector is the one to bounce back quickly after any calamity, since the borrowers need only a small working capital support to re-start the business, generate income and repay the loans;
- 3) Based on insights from Covid related customer surveys, an 'Additional Income Generating loan - COVID-19' loan was launched to help clients who required support to restart their businesses after lockdown. With the support of SMILE their business got revived and their repayment efficiency jumped back to pre-covid levels of about 99.77%.

SMILE has not done any restructuring and hence SMILE's PAR/NPA position reflects true picture as on 31st March, 2021 as per movement of DPD buckets.

Material developments in Human Resources / Industrial Relations front, including number of people employed:

Microfinance sector faces major challenges in acquiring resources with the right skills, aptitude and also on retention of the employee. The department has set up a scalable recruitment and human resource management process, which enables to attract and retain high performing employees. The department work is to ensure the organization remains competitive in its human resources management policies and practices by actively seeking and developing best practices, methods and approaches.

SMILE Microfinance is an equal employment opportunity company and is committed to creating a healthy working environment that enables employees to work without fear of prejudice, gender bias and sexual harassment. The Company also believes that all employees of the Company have the right to be treated with dignity. Sexual harassment at the workplace or other than workplace if involving employees is a grave offence and is, therefore, punishable.

The Company recruits fully qualified staff with high integrity, as the main commodity of our business is 'MONEY' handled on daily basis.

A well-knit recruitment policy decides the right sourcing and selection of right candidates for the Organization. The able work force is the strength of the Organization.

For all new joiners, SMILE provides a combination of Field & Online course which supports the new staff through practical training and learning happens through an employee-friendly platform which enables them to understand the industry, organization, their roles and responsibilities, products and processes and career growth. The training methodology includes self-learning videos, quizzes & assessments. Every new staff is certified on completion of the course and then posted as Field Development Officers.

To provide employees lateral growth and also to retain the talent, SMILE adopts IJPs through which internal talents are identified and elevated to next level. Based on the position, they have to undergo assessment and multiple levels of interview based on the position they apply for.

As on March 2021, SMILEs total staff headcount was 880 and 144 branches being operated across Tamilnadu, Kerala, Pondicherry, Chhattisgarh, Jharkhand and Madhya Pradesh and Karnataka. During the FY 2020-21, SMILE has opened 9 new branches across Chhattisgarh, Jharkhand and Madhya Pradesh, and Staff Strength increased from 799 to 880.

Information Technology:

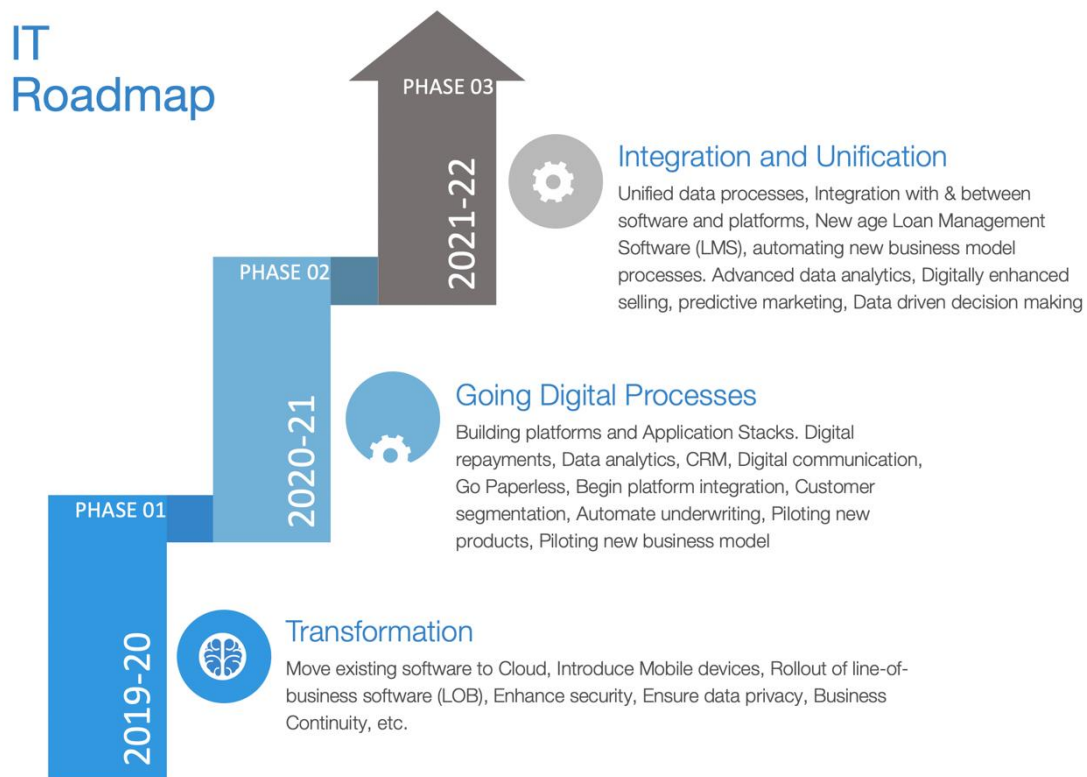
IT team committed to operate and maintain a well governed structured and process-oriented IT function which aligned with our company's business objective and supports continuous improvement according to the changes in the Business Processes and Regulatory Requirements.

IT is a backbone of our company. All IT related compliances are being followed and audited at regular intervals to ensure integrity of the systems, software, data security, program security, etc. Significant investments are being made to develop the IT infrastructure and software. In parallel, multiple new software systems are being evaluated or being built to develop our capabilities. The company luckily switched to IT cloud technologies before Covid itself, which enabled smooth and seamless transition to 'work-from home' mode by the staff.

Important Roles of IT:

- ✓ Effective portfolio tracking
- ✓ Data Security
- ✓ 100 % on Cloud
- ✓ Going Digital
- ✓ IT Statuary Requirements
- ✓ Regulatory Compliance
- ✓ Improved Operational Efficiency
- ✓ Quality Service to Customers

The company charted a new path to enable and grow SMILE in to an industry leading digital microfinance company. Following graphic depicts the three year roadmap, with almost all deliverables being executed as per plan.



The company has deployed various IT tools and services in the year, to develop its in house capabilities and services to customers. The company considers data security and network security very central and critical and has launched various plans to further strengthen its IT infrastructure.

More information of our IT partnerships can be viewed on <https://www.smileltd.in/pages.php?pg=25>

Initiatives undertaken during and after Covid-19 Lockdowns

Customer Surveys

During the moratorium period – Apr-20 to Aug-20, in order to keep in touch with our customers, field officers were deployed to conduct surveys by calling customers and to understand the impact of the COVID-19 and the lockdown measures taken by the government,

Conducted three rounds of Surveys from 1st April 2020 to 15 May 2021. The surveys were conducted to understand

- Health and economic status of the Customers, explaining about moratorium.
- the impact of the lockdown – how they managed themselves in the lockdown period
- Segmenting customers by Covid impact to determine who needed support (quantum of loans)

Survey Insights:

- 68.50% said they were stressed
- About 5% of the customers and their family members got infected by COVID-19
- 79% of customers said their household income was severely affected due to lockdown
- 84.38% of Customers have no savings to tide over the lockdown crisis
- 70% customers do not have smart phones
- 27.9% of customers who have smart phones were aware of digital transactions

- 77% of customers said that the Moratorium is really helpful
- 56.21% of customers said that they need financial assistance from the company after lockdown
- 94.82% of customers said that - they know about moratorium and the interest they need to pay
- 23.25% of customers are willing / able to pay their dues during the moratorium period
- Out of above 23.25% - 7.49% customers said they can pay digitally and 23.56% said they can pay digitally if they are taught how to pay digitally.

Communication

SMS to customers:

- SMS on Moratorium and extension of Moratorium were sent to customers when RBI announces the same.
- SMS on resuming collection are sent to customers after August 2021.

During our customer surveys, we got the feedback from the customers that they request for SMS from the company about the payment reminders. Soon after the survey we enabled SMS to customers – the payment reminder, payment acknowledgement, OD reminders

Impact: It increased the transparency and trust about the company and its actions, of the measures taken during the pandemic and reminded customers about their repayments and to plan their income vs expenditure.

Automated Voice calls – OD reminder:

In association with Awaazde, automated pre-recorded voice call messages to Overdue reminders sent to customers in the frequency of once in 14 days. It also included a feature for capturing responses from the customers.

Impact:

- Helps to alert the customers on the OD and its impact,
- Enabled the client to plan on their payment in advance.
- Increased transparency
- Helped to sanitise the Mobile no of the customers – based on hit / no hit on Air.
- Helped to receive response from customers if the Overdue data is wrong – which in turn helps to reduce frauds in field and resolve the client's grievance if any.

Relief Loan Support:

Based on insights from Covid related customer surveys, an 'Additional Income Generating loan - COVID-19' loan was launched to help clients who required support to restart their businesses after lockdown. With the support of SMILE their business got revived and their repayment efficiency jumped back to pre-covid levels of about 99.77%.

Digital payment infrastructure:

During phase 1 lockdown, the company launched a digital payment gateway through BillDesk enabling our customers to pay through a link from the company website. Customers were able to pay their dues using Net Banking, Debit cards, Rupay Cards, and UPI.

In addition to the Payment gateway, loan repayment thru BBPS (Bharat Bill payment system) was enabled. Customers can pay through services like GooglePay, Paytm, Phonepe and many other such providers. The BBPS services infrastructure also enables payment through POS (point of service) kiosks across of the country.

In addition, an android based company application was launched, named 'Customer Seva' application.

Impact:

- Helped customers who are willing to pay their dues during moratorium through digital means. Some customers used this feature to opt out of moratorium in order to save payment of moratorium interest on the O/s.
- Customers loan details are integrated with BBPS providers, enabling accurate payment demand to be seen by customers before paying, removing all ambiguity related to moratorium changes in their loan cards.

Data analytics – Data driven Business:

Post Moratorium – the Branch and FDOs got overwhelmed with overdue loan customers/accounts. As a part of overdue accounts management strategy – the Branch and FDOs were provided with customers level data facilitating them to plan and track to monitor the overdue customers.

Impact:

- Helped the field officers and Line managers to plan their visits to the stressed centers. Individual customers in advance.
- Helped HR to recruit the FDOs required for the Branch based on stress in advance, resulting in proactively recruiting based on Data analytics rather than the request and response basis.
- Data insights on Client's portfolio with payment behaviour analysis helped branches to plan loan disbursements based on risk mapping, which resulted in reduction of NPA as well as building a quality portfolio.

Developing – Automated underwriting tool and Financial health report:

The company launched a project in association with Kaleidofin, a data analytics fintech, to develop a state-of-art automated underwriting tool and the financial health reports with the help of customers demographic and transaction data.

Deliverables:

- Underwriting will help to reduce the loan processing TAT to couple of hours.
- From the survey we found that nearly 80% of the customers have no savings – from the help of customers cash flow analysis – the financial health report helps to assess the financial position of client's Household and suggest them to save, invest, take risk cover (life / medical etc)

OD Management Application:

Implemented OD analytics software which helps to capture the reasons for the OD, Promise to pay date, follow up leads – which is integrated with our LMS.

Impact:

- Helped to understand the reason for the overdues, in turn assisting the field officers and line managers to understand the criticality of the overdue customers.
- Created leads to FDOs on the promise to pay date - helping the Field officers to follow customers on scheduled date and time.
- Helps DPMD department to analyse the criticality of the overdue customers basis the reasons of overdue and advise on the strategy to reduce the overdue.

Customer Seva Application:

Launched an android based customer self-help application named 'Customer Seva' application – helping customers to track their loan transactions, statement of accounts, contact details of branch staffs, GPS navigation to branch location in vernacular.

Impact:

Before customer seva – the client needs to come to Branch or contact Toll free for such info – now it is handy and helps the client to view all their loans details in a click of a button using their registered mobile number.

In phase 2 (FY21-22) : The application is now being enhanced with digital payment facility where the client can pay their payment online using UPI, Net banking, Debit cards.

Digital Literacy Platform:

As a part of CSR, SMILE is in association with Prayanaa, to create impact in the lives of women and their families by taking them through a journey of financial literacy training (including digital literacy), thereby helping them to plan and achieve their lifecycle linked financial goals. A microsite with the related content is in development which will be in the web for the general public (especially for the women) who aspire to achieve their dreams.

Deliverables:

- Build a dynamic digital platform on financial literacy that enables low-income group women to access online in order to understand the world of formal financial services
- Facilitate women to think deeply and differently and take better financial decisions for their family
- We found that 68% of the customers are stressed and bored during the lockdown period, engaging the customers through digital platform which will enable them to reduce their stress level.

Education AID Loan:

We found that nearly about 70% of customers did not possess smart phones, we all aware that now due to this pandemic the school education are carried out thru online classes. In order to support our customers we have framed a loan product called – “Education Aid Loan” – loan to customers to purchase Mobile Devices or Laptops for their children education purposes.

Deliverables: We are ready to launch these loans in this FY 21-21 – to provide uninterrupted education to the children of the customers by the way of education loan and as education aid loan.

LearnX Learning Platform:

Due to a large volume of overdue customers per branch, the management decided to increase the staff in every branch to handle this extra work load. However classroom training was a challenge due to lack in time. In order to deal with seamless initial training and developmental training to staff, a learning platform was launched in partnership with LearnX. Staff including new joiners are given permission to download a company LearnX app to their Tabs through which they learn classroom modules.

Impact

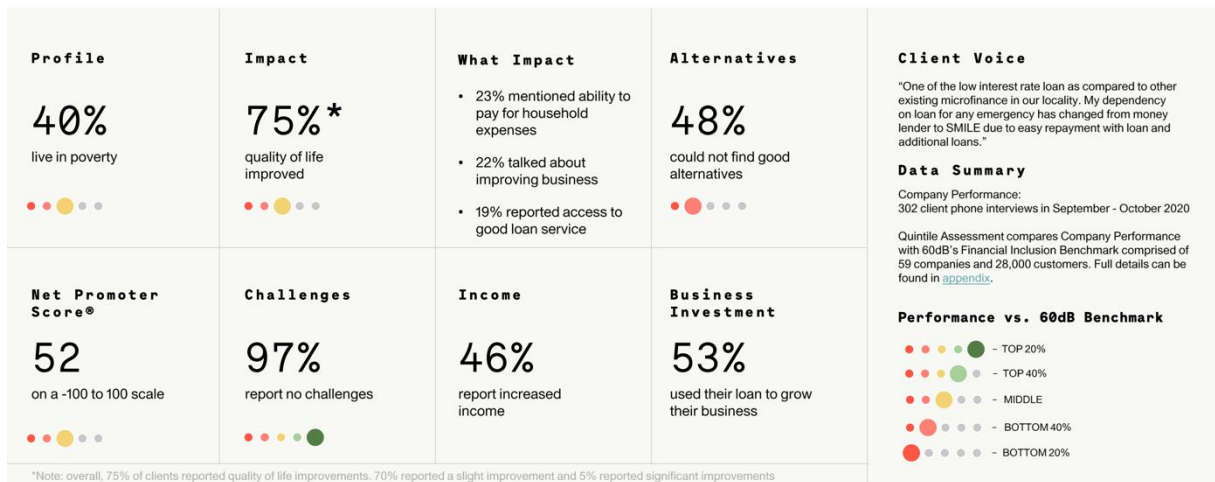
- It has proved to be very successful, with appreciation flowing in from branches regarding its simplicity and time saved.
- The company saved money by withholding extensive classroom trainings and related travel and hotel accommodation costs.
- Learning & Development department is able to plan, design and launch training programs on the fly.
- The platform also enables feedback on the fly, making it easy for content to modify quickly.

60_Decibel Impact Report

A detailed Impact survey was conducted by 60-Decibels, a renowned international company focusing on Impact measurement, with the funding support of Blue Orchard. The company ranked exceedingly well over other microfinance companies all over the world. Here is a snapshot of the results. A full detailed report is available on https://www.smileltd.in/upload/public_notice/Final%2013%20page%20decibels.pdf

S.M.I.L.E. Microfinance Performance Snapshot

S.M.I.L.E. Microfinance performs particularly well at providing clients a seamless experience.



By order of the Board
For S.M.I.L.E. MICROFINANCE LIMITED
Sd/-
P MURALI SRINIVAS
MANAGING DIRECTOR & CEO

REPORT ON CORPORATE GOVERNANCE:

Corporate Governance is the commitment of an organization to follow Ethics, Fair Practices and Transparency in all its dealings with its various stakeholders such as Customers, Employees, Investors, Government and the Society at large. Sound Corporate Governance is the result of external marketplace commitment and legislation plus a healthy Board Culture which directs the policies and philosophy of the Organization. Your Company is committed to good Corporate Governance in all its activities and processes.

COMPANY PHILOSOPHY:

S.M.I.L.E. MICROFINANCE LIMITED's philosophy on Corporate Governance envisages adherence to the highest levels of Transparency, Accountability and fairness in all areas of its operations and in all interactions with its stakeholders. The Board shall work to ensure the success and continuity of the Company's business through the appointment of Qualified Management and through on-going monitoring to assure that the Company's activities are conducted in a Responsible, Ethical and Transparent manner.

BOARD of DIRECTORS:

In terms of Corporate Governance philosophy, all statutory and other significant material information are placed before the Board of Directors to enable it to discharge its responsibility of strategic supervision of the Company as trustees of the Shareholders.

The Current Board of Directors of the Company:

S.no	Name of the Directors	Designation
1	Mr. P. Murali Srinivas	Managing Director and CEO
2	Mrs. Indrani Bhagwan Singh	Non-Executive Director
3	Mr. Bradley Swanson	Non- Executive Director
4	Mr. Aleem Remtula	Non- Executive Director
5	Mr. V.S. Padmanaban	Non- Executive Director
6	Mr. Suresh K Krishna	Independent Director
7	Mr. Rajan Samuel	Independent Director
8	Ms. Aparna Sharma	Independent Director (w.e.f. 07 th December, 2020)

During the Financial Year ended 31st March 2021, twenty six (26) Board Meetings were conducted on the following dates viz., 10th April 2020, 14th April 2020, 20th April 2020, 28th April 2020, 05th May 2020, 13th May 2020, 19th May 2020, 26th May 2020, 02nd June 2020, 09th June 2020, 15th June 2020, 23rd June 2020, 30th June 2020, 07th July 2020, 13th July 2020, 28th July 2020, 14th August 2020 (2 meetings), 28th August 2020, 11th September 2020, 21st September 2020, 05th October 2020, 12th November 2020, 16th December 2020, 19th February 2021, 30th March 2021 and not more than 120 days elapsed between any two Board Meetings.

Particulars of the Directors' attendance of Board /Committee Meetings and particulars of their other company directorships are given below:-

NAME	Nature of Directorship	Attendance		Other
		Board	Committee	Directorships
Mr. Murali Srinivas P	Managing Director & CEO	26	20	Nil
Mrs. Indrani Bhagwan Singh	Non-Executive Director	21	3	Nil
Mr. J Bradly Swanson	Non- Executive Director	21	11	Nil
Mr. Aleem Remtula	Non- Executive Director	21	6	1
Mr. Rajan Samuel	Independent Director	25	22	1
Mr. Suresh K Krishna	Independent Director	23	26	10
Ms. Aparna Sharma	Independent Director	3	1	1
Mr. V.S. Padmanaban	Non- Executive Director	25	5	2

COMMITTEES OF BOARD:

The Board has currently nine (9) Committees, namely, Audit Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee, Borrowing & Investment Committee, Asset Liability Management Committee, Share Allotment & Transfer Committee, Grievance Redressal & Stakeholder Relationship Committee, Risk Management Committee and IT

Steering Committee. The Board is responsible for constituting, assigning and co-opting the members of these Committees. The Board fixes the terms of references of the Committees and also delegates powers to the Committees from time to time. The Minutes of the meetings of the Committees are circulated to the Board for its information and confirmation.

AUDIT COMMITTEE:

Composition:

Mr. Suresh K Krishna, Independent Director (Chairman of the Committee)
 Mr. Rajan Samuel, Independent Director
 Ms. Aparna Narendra Sharma, Independent Director
 Mr. J. Bradley Swanson, Non-Executive Director
 Mr. V S Padmanaban, Non-Executive Director

Meetings:

The Audit Committee met five (5) times during the Financial Year 2020-21 viz., on 09th June 2020, 30th June 2020, 12th November 2020, 18th February 2021 and 30th March 2021.

Terms of Reference:

The Role of the Committee, among others will include:

1. Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditor and the audit fees and also appointment of External Auditors for Branch Auditing.
3. Reviewing with the management, the quarterly and annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement, in the Board's report in terms of section 134 (5) of the Companies Act, 2013;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with accounting and other legal requirements relating to financial statements;
 - f. Disclosure of any 'related party transactions';
 - g. Qualifications in the Draft Audit Report
4. Reviewing with the management, performance of Internal Auditors and adequacy of the internal control systems.
5. Reviewing the adequacy of internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
6. Discussion with Internal Auditors about significant findings and follow up there on.
7. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
8. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

The Committee shall review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of 'related party transactions' (as defined by the Audit Committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
4. Internal Audit reports relating to internal controls of the Company;

BORROWING & INVESTMENT COMMITTEE:

Composition:

Mr. Murali Srinivas P, Managing Director & CEO (Chairman of the Committee)
 Mrs. Indrani Bhagwan Singh, Non-Executive Director
 Mr. Suresh K Krishna, Independent Director
 Mr. Rajan Samuel, Independent Director

Meetings:

The Committee met twelve (12) times during the Financial Year 2020-21 viz., 13th July 2020, 04th September 2020, 24th September 2020, 27th October 2020, 30th October 2020, 30th November 2020, 29th December 2020, 05th February 2021, 26th February 2021, 04th March 2021, 17th March 2021 and 22nd March 2021.

Terms of Reference:

The role of Borrowing & Investment Committee is to approve borrowings from sources like Banks, Financial Institutions, Corporate on such terms and conditions as to repayment, interest rate as it thinks fit and to review proposals for fresh issue of securities, or debt and approve the same.

ASSET LIABILITY MANAGEMENT COMMITTEE (ALCO):

Asset Liability Management Committee (ALCO) was constituted by the Company as per the guidelines issued by RBI which are applicable to systemically important NBFCs.

Composition:

Mr. Suresh K Krishna, Independent Director (Chairman of the Committee)
 Mr. Murali Srinivas P, Managing Director & CEO
 Mr. Aleem Remtula, Non-Executive Director
 Mrs. Indrani Bhagwan Singh, Non-Executive Director
 Mr. V S Padmanaban, Non-Executive Director

Meetings:

The Committee met two (2) times during the Financial Year 2020-21 viz., on 11th November 2020 and 18th February 2021

Terms of Reference:

1. Liquidity Risk Management
2. Management of Market (Interest Rate) Risk
3. Funding and Capital Planning
4. Pricing, Profit planning and Growth projections
5. Credit and Portfolio Risk Management
6. Setting credit norms for lending products of the company
7. Operational and Process Risk Management
8. Laying down guidelines on KYC norms
9. To approve and revise the actual interest rates to be charged from customers for different products from time to time applying the interest rate model.
10. Business Plans; analysis of Member base; Drop outs; Death Benefits to Members / their Spouses; representations in MFI Associations like MFIN, Sa-Dhan.
11. Revision in Business Plans, Risk Categorisation of Accounts, Compliances as per RBI Guidelines in respect of Interest Rates, Margins etc.,
12. Analysing NPAs, suggestions for controlling NPAs, New Business Initiatives proposed by the Company, etc.

SHARE ALLOTMENT & TRANSFER COMMITTEE:

Share Allotment & Transfer Committee was constituted as per the guidelines of the Companies Act.

Composition:

Mr. J Bradley Swanson, Non-Executive Director (Chairman of the Committee)
 Mr. V S Padmanaban, Non-Executive Director
 Mr. Murali Srinivas P, Managing Director & CEO
 Ms. Aparna Narendra Sharma, Independent Director

Meetings:

The Committee has not met during the Financial Year 2020-21

Terms of Reference:

The Committee shall consider all the share transfers, share transmissions and allotment of shares as and when the need arises and the Committee shall prepare a consolidated statement of all share transfers/transmissions effected and allotment(s) of shares made and present the same to the Board for its noting.

NOMINATION & REMUNERATION COMMITTEE:

Nomination & Remuneration Committee was constituted as per the Companies Act, 2013 and guidelines issued by RBI for systemically important NBFCs.

Composition: Mr. Rajan Samuel, Independent Director (Chairman of the Committee)
Ms. Aparna Narendra Sharma, Independent Director
Mr. J. Bradley Swanson, Non-Executive Director

Meetings:

The Committee met four (4) times during the Financial Year 2020-21 viz., on 30th October 2020, 11th November 2020, 30th November 2020, and 18th February 2021.

Terms of Reference:

The terms of reference of the Nomination Committee includes:

The primary role of the Committee is fixing and revising the remuneration payable to the Managing Director and Whole-time Director(s) of the Company from time to time and to recommend to the Board the same for its approval.

The Committee shall analyse the necessity of appointment of Directors to the Board whether Executive / Non-Executive / Independent, proposed candidates' ability in contributing to the good of the Company, their value addition etc., and recommending to the Board the right person for appointment to the position of Director in the Board, to the Board and also to determine the Salary, Bonus, Incentive and other Perquisites payable to the Key / Senior Management Personnel of the Company and recommend the same to the Board for its approval.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

Corporate Social Responsibility Committee was constituted as provided by Section 135 of the Companies Act, 2013

The outline and composition of the Committee which are more particularly given in annual report on CSR activities

Composition:

Mr. Rajan Samuel, Independent Director (Chairman of the Committee)
Mr. Murali Srinivas P, Managing Director & CEO Mrs. Indrani Bhagwan Singh, Non- Executive Director
Mr. V S Padmanaban, Non-Executive Director

Meetings:

The Committee met two (2) times during the Financial Year 2020-21 viz., on 05th October 2020, 18th February 2021.

Terms of Reference:

The terms of reference of the Corporate Social Responsibility Committee includes:

1. Design, implement and Review of CSR Policy periodically.
2. Comply Statutory Requirement and CSR practices
3. Budget and allocate funds for CSR initiatives and review the spends periodically
4. Ensure CSR activities reach the Public and who are in need of basic amenities for their livelihood / relief from natural calamities.

RISK MANAGEMENT COMMITTEE:

Risk Management Committee has overall responsibility for establishing a strategic approach to risk management across the organisation, ensuring that the approach is pro-active. The Committee is also responsible for the overall co-ordination of risk management activity.

Composition:

Mr. Aleem Remtula, Non-Executive Director (Chairman of the Committee)
Mr. Murali Srinivas P, Managing Director & CEO
Mr. Rajan Samuel, Independent Director
Mr. Suresh K Krishna, Independent Director

Meetings:

The Committee met two (2) times during the Financial Year 2020-21 viz., on 11th November 2020 and 19th February 2021.

Terms of Reference:

The terms of reference of the Risk Management Committee includes:

1. To assist the Board in the execution of its risk management accountabilities, the Committee shall be charged with the following general responsibilities:
2. To assist the Board in setting risk strategy policies in liason with management and in the discharge of its duties relating to corporate accountability and associated risk in terms of management assurance and reporting;
3. To review and assess the quality, integrity and effectiveness of the risk management systems and ensure that the risk policies and strategies are effectively managed;
4. To review and assess the nature, role, responsibility and authority of the risk management function within the Company and outline the scope of risk management work;
5. To ensure that the Company has implemented an effective on-going process to identify risk, to measure its potential impact against a broad set of assumptions and then to activate what is necessary to pro-actively manage these risks, and to decide the Company appetite or tolerance for risk;
6. To ensure that a systematic, documented assessment of the processes and outcomes surrounding key risks is undertaken at least annually for the purpose of making its public statement on risk management including internal control;
7. To oversee formal reviews of activities associated with the effectiveness of risk management and internal control processes. A comprehensive system of control should be established to ensure that risks are mitigated and that the Company's objectives are attained;
8. To review processes and procedures to ensure the effectiveness of internal systems of control so that decision-making capability and accuracy of reporting and financial results are always maintained at an optimal level;
9. To monitor external developments relating to the practice of corporate accountability and the reporting of specifically associated risk, including emerging and prospective impacts;
10. To provide an independent and objective oversight and view of the information presented by management on corporate accountability and specifically associated risk, also taking account of reports by the Audit Committee to the Board on all categories of identified risks facing Company.
11. To review the risk bearing capacity of Company in light of its reserves, insurance coverage or other such financial structures

IT STEERING COMMITTEE:

To provide strategic advice, guidance and direction to the Board of Directors on technology initiatives. To explore and make recommendations regarding technology tools and resources that would benefit the Company.

Composition:

Mr. Suresh K Krishna, Independent Director (Chairman of the Committee)
 Mr. Murali Srinivas P, Managing Director & CEO
 Mr. Aleem Remtula, Non-Executive Director
 Mr. S. Sivakumar, Head-Information Technology
 Mr. Karthikeya Prabhu, Head-PMD

Meetings:

The Committee met one (1) time during the Financial Year 2020-21 viz., on 17th February 2021.

Terms of Reference:

The terms of reference of the IT Steering Committee includes:

1. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
2. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
3. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;

4. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
5. Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls.
6. Provide IT insights to board and act as subject matter expert.
7. Monitor strategic IT plans.
8. Monitor enterprise resource availability to support IT initiatives.
9. Understand, Communicate, Mitigate IT risk.

GRIEVANCE REDRESSAL & STAKEHOLDER RELATIONSHIP COMMITTEE:

Composition:

Mrs. Indrani Bhagwan Singh, Non-Executive Director (Chairman of the Committee)

Mr. Murali Srinivas P, Managing Director & CEO

Mr. Aleem Remtula, Non-Executive Director

Ms. Aparna Narendra Sharma, Independent Director

Meetings:

The Committee met one (1) time during the Financial Year 2020-21 viz., on 18th February 2021.

Terms of References:

1. Grievance Redressal & Stakeholder Relationship Committee should take utmost care in solving the grievances of the stakeholder of the company.
2. The Committee shall not act prejudicial to the interest of the stakeholder.
3. The Committee shall be governed by the same rules regarding meetings as are applicable to the Board.

DEBENTURE HOLDER DETAILS:

Name of Debenture Holder	Address	Number of Non-Convertible Debentures
IFMR FImpact Long Term Multi Asset Class Fund	10th Floor Phase-I IITM Research Park, Kanagam Village, Taramani, Chennai, 600113	388
IFMR FImpact Long Term Credit Fund	10th Floor Phase-I IITM Research Park, Kanagam Village, Taramani, Chennai, 600113	12
Japan ASEAN Women Empowerment Fund	Jeevan Seva Extension Building, Ground Floor, S V Road, Santacruz (W), Mumbai - 400 054	258
Microfinance Initiative for Asia (MIFA) Debt Fund SA, SICAV-SIF	Citibank N.A Securities & Funds Services, FIFC-11th Floor, C-54 & C-55 G Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051	387
State Bank of India	Securities Services Branch, 2nd Floor SBI Main Branch Building, Near Horizon Circle, Fort, Mumbai -400001	250
Northern Arc Money Market Alpha Trust	Kotak Infiniti Bldg N. 21 2nd FLR zone I custody Servs Infinity Park GEN A.K.Vaidya Marg Malade Mumbai 400097	150

DEBENTURE TRUSTEES DETAILS:

Debenture Trustee	Registered Office Address
Catalyst Trusteeship Limited (Formerly known as GDA)	Office No. 83 – 87, 8th floor, 'Mittal Tower', 'B' Wing, Nariman Point, Mumbai – 400021
IDBI Trusteeship Services Limited	Asian Bldg., Ground Floor, 17, R.Kamani Marg, Ballard Estate, MUMBAI-400001
Vistra ITCL (India) Limited	IL & FS Financial Centre, Plot No C22, G Block, Bandra Kurla Complex, Bandra East, Mumbai- 400051

GENERAL SHAREHOLDER INFORMATION:

Financial year: 1st April to 31st March: Shareholding pattern as on 31st March 2021

Category	# of Shares	Percentage
Promoter & Promoter Group	3219997	18.57%
Other Members	2565003	14.79%
Foreign Shareholding:		
DWM Investments (Cyprus) Limited	11554639	66.64%
Total	17339639	100.00%

CODE OF CONDUCT:

The Company has formulated and adopted a Code of Conduct for the Board of Directors. The Code of Conduct is derived from three interlinked fundamental principles, viz. good Corporate Governance, good corporate citizenship and exemplary personal conduct.

FAIR PRACTICES CODE:

The Company has formulated a Fair Practices Code pursuant to the RBI guidelines issued in this regard to lay down procedures and practices in dealing with the business transactions, namely, applications for loans and their processing, loan appraisal and terms/conditions, disbursement of loans including changes in terms and conditions and handling of customer grievances. The Code came into effect on 17th March, 2007. The Code was amended by the Board of Directors at their meetings as and when required in order to comply with the changes provided by the Reserve Bank of India through periodical Circulars/Guidelines.

DISCLOSURES:

The particulars of transactions between the Company and its related parties, as defined in Indian Accounting Standard (Ind-AS) 24, are set out in the financial statements.

Address for Correspondence

R Venkatasubramanian
Company Secretary
14/25, Chakrapani Street, West Mambalam
Chennai 600033

- By order of the Board
For S.M.I.L.E. MICROFINANCE LIMITED
Sd/-
P. MURALI SRINIVAS
MANAGING DIRECTOR & CEO

MD & CEO / CFO Certificate**The Board of Directors****S.M.I.L.E. MICROFINANCE LIMITED**

This is to certify that

- We have reviewed financial statements and the cash flow statement for the Financial Year ended 31st March 2021 and that to the best of our knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements together present a true and fair view of the Company's affairs and are in compliance with the Indian accounting standards (Ind-AS), applicable laws and regulations.
- There are, to the best of our knowledge and belief, no transactions entered into by the Company during the Financial Year which are fraudulent or illegal.
- We accept responsibility for establishing and maintaining internal controls for financial reporting.

Sd/-

P. MURALI SRINIVAS
Managing Director & CEO

Place: London
Date: 29 June 2021

Sd/-

V.T. PRABAKARAN
Chief Financial Officer

Place: Chennai
Date: 29 June 2021

INDEPENDENT AUDITOR'S REPORT

To The Members of S.M.I.L.E MICROFINANCE LIMITED Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of S.M.I.L.E MICROFINANCE LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility 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 (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us.

Emphasis of Matter

We draw attention to Note 50 of the financial statements, in which the Company describes that the potential impact of the COVID-19 pandemic on the Company's financial performance and financial position are dependent on future developments, which are uncertain. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

Key Audit Matter	Auditor's Response
<p>Provision for Expected Credit Loss (ECL) on loans</p> <p>The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company has considered the age of the receivables, current and anticipated future economic conditions which could impact the credit quality of the Company's loans and</p>	<p>Principal audit procedures performed:</p> <p>Our audit procedures related to the provision for ECL on loans included the following, among others:</p> <p>We tested the design and operating effectiveness of controls over the (1) development of the methodology for ECL, including consideration of the current and estimated future economic conditions (2) completeness and accuracy of information used in the estimation of probability of default and (3) computation of ECL.</p> <p>In addition to above :</p> <p>We performed an overall assessment of the ECL provision levels at each stage including management's assessment on COVID-19</p>

<p>advances to estimate the probability of default in the future.</p> <p>The Company has also exercised its judgement in determination of management overlay at various asset stages considering the possible effects of the current uncertain economic environment including that arising out of the COVID-19 Pandemic.</p> <p>We identified provision for expected credit loss on loans as a key audit matter because the Company exercises significant judgment in calculating the expected credit losses.</p> <p>Refer Note 6 to the audited financial statements.</p>	<p>impact to determine if they were reasonable considering the macroeconomic environment and the Company's loan portfolio, risk profile and credit risk management practices;</p> <p>We examined Board Policy approving methodologies for computation of ECL that address policies, procedures and controls for assessing and measuring credit risk on all lending exposures, commensurate with the size and complexity specific to the Company.</p> <p>Obtained an understanding of the basis and methodology adopted by management to determine the probability of defaults for various stages/homogeneous segments and performed test checks;</p> <p>Assessed the data used in the computation of expected credit loss (including the data integrity of information extracted from the Company's IT systems);</p> <p>Tested the arithmetical accuracy of the computation of provision for ECL on loans.</p>
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Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' report, but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 statement 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.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the 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 issue an auditor's report that includes our opinion. 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.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company and its branches to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the financial statements of which we are the independent auditors.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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 including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
 - d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e. On the basis of the written representations received from the directors as on 31 March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,
 - In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - h. 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, as amended 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.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants
(Firm's Registration No. 117366 W/W-100018)

Sd/-

Ananthi Amarnath

(Partner)

(Membership No. 209252)

(UDIN: 21209252AAAAGQ8609)

Place: Chennai

Date: 29 June 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph f under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 S.M.I.L.E. MICROFINANCE LIMITED ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS 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. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 judgement, 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, to the best of our information and according to the explanations given to us 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 criteria for internal financial control over financial reporting 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 **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366 W/W-100018)
Sd/-
Ananthi Amarnath
(Partner)
(Membership No. 209252)
(UDIN: 21209252AAAAGQ8609)

Place: Chennai
Date: 29 June 2021

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment / fixed assets.
- (b) The property, plant and equipment / fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the property, plant and equipment / fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable properties of freehold land and building. In respect of immovable properties of buildings that have been taken on lease and disclosed as Right of Use assets in the financial statements, the lease agreements are in the name of the Company.
- ii. The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.
- iii. 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.
- iv. The Company has not granted any loans, made investments or provided guarantees and hence reporting under Clause (iv) of the Order is not applicable.
- v. According to the information and explanations given to us, the Company has not accepted any deposit during the year. There were no unclaimed deposits outstanding at any time during the year and hence reporting under clause (v) of the Order is not applicable.
- vi. Having regard to the nature of the Company's business, reporting under clause (vi) of the Order relating to maintenance of cost records is not applicable.
- vii. According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Services Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax which have not been deposited as on March 31, 2021 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs.)*	Amount Unpaid (Rs.)
Income Tax Act, 1961	Income Tax	Deputy Commissioner of Income Tax	Assessment year 2011-12	2,90,830	2,90,830
Income Tax Act, 1961	Income Tax	Assistant Commissioner of Income Tax	Assessment year 2017-18	1,30,50,323	1,20,50,323

*excludes interest and penalty.

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and financial institutions or dues to debenture holders.

- ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, in respect of term loans, the Company has applied the money for the purposes for which they were raised, other than temporary deployment pending application of proceeds.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year, though there have been a few cases of irregularities amounting to Rs.0.23 lakhs (Refer Note 45 of the Financial Statements) which have been detected and appropriately dealt with by the Management.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. During the year the Company has not made any preferential allotment or private placement of shares fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
- xvi. The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants
(Firm's Registration No. 117366 W/W-100018)

Sd/-

Ananthi Amarnath

(Partner)

(Membership No. 209252)

(UDIN: 21209252AAAAGQ8609)

Place: Chennai

Date: 29 June 2021

	Particulars	Note No.	As at	As at
			31 March 2021	31 March 2020
			Amount Rs. in lakhs	Amount Rs. in lakhs
I	ASSETS			
1	Financial assets			
	(a) Cash and cash equivalents	4	3,428.23	3,825.16
	(b) Bank Balances other than cash and cash equivalents	5	4,956.50	4,621.89
	(c) Loans	6	43,659.68	59,002.59
	(d) Loans given to staff - at amortised cost	6(a)	11.79	37.32
	(e) Other Financial assets	7	187.17	232.34
2	Non-financial Assets			
	(a) Current tax assets (net)	8	80.30	75.82
	(b) Deferred tax assets (net)	9	1,014.99	387.54
	(c) Property, Plant and Equipment	10(a)	111.25	155.23
	(d) Intangible assets	10(b)	38.07	27.55
	(e) Right of Use	10(C)	37.20	65.06
	(f) Other non financial assets	11	121.41	103.59
	Total Assets		53,646.59	68,534.09
II	LIABILITIES AND EQUITY			
1	Financial Liabilities			
	(a) Trade Payables	12		
	(i) total outstanding dues of micro enterprises and small enterprises		2.97	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		127.16	141.99
	(b) Debt Securities	13	11,037.09	12,701.62
	(c) Borrowings (other than debt securities)	14	27,703.78	39,464.39
	(d) Lease Liability	15	43.20	68.97
	(e) Other Financial liabilities	16	447.83	812.28
2	Non-financial Liabilities			
	(a) Provisions	17	423.07	574.88
	(b) Other non-financial liabilities	18	250.48	341.79
3	Equity			
	(a) Equity share capital	19	1,733.96	1,733.96
	(b) Other equity	20	11,877.05	12,694.21
	Total Liabilities and Equity		53,646.59	68,534.09

See accompanying notes forming part of the financial statements

In terms of our report of even date attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants
FRN No.117366 W/W-100018

Sd/-
Ananthi Amarnath

Partner

Place : Chennai
Date : 29 June 2021

For and on behalf of the Board of Directors of
S.M.I.L.E. Microfinance Limited

Sd/-
P. Murali Srinivas
CEO and Managing
Director

DIN - 00554309

Place : London

Sd/-
V.T. Prabakaran
Chief Financial Officer

Place : Chennai

Date : 29 June 2021

Sd/-
Suresh K Krishna
Director

DIN - 01217401

Place : Bengaluru

Sd/-
R. Venkatasubramanian
Company Secretary

Place : Chennai

Date : 29 June 2021

Particulars		Note No.	For the Year ended	For the Year ended
			31 March 2021	31 March 2020
			Amount Rs. in lakhs	Amount Rs. in lakhs
I	Revenue from operations			
	Interest income	21	11,506.71	12,393.88
	Net Gain on derecognition of Financial Instruments under amortised cost category	22	7.08	179.25
	Commission Income	23	81.36	132.62
	Other operating income	24	20.11	135.61
	Total (I)		11,615.26	12,841.36
II	Other Income	25	42.72	70.46
III	Total Income (I + II)		11,657.98	12,911.82
IV	Expenses			
	Finance cost	26	5,873.98	6,146.59
	Impairment of financial instruments	27	3,144.95	337.98
	Employee benefit expenses	28	2,666.13	2,492.88
	Depreciation, amortization and impairment	10	118.00	87.00
	Other expenses	29	1,083.39	1,299.84
	Total Expenses (IV)		12,886.45	10,364.29
V	(Loss)/Profit before Exceptional Items and tax (III - IV)		(1,228.47)	2,547.53
VI	Exceptional item	30	-	550.00
VII	(Loss) / Profit before tax (V- VI)		(1,228.47)	1,997.53
VIII	Tax Expense:	9		
	(1) Current tax		351.11	770.00
	(2) (Excess) provision for tax relating to prior years		(40.41)	(1.19)
	(3) Deferred tax		(651.25)	(15.38)
IX	(Loss) / Profit for the year (VII- VIII)		(887.92)	1,244.10
X	Other Comprehensive Income	20		
A	(i) Items that will not be classified to profit or loss:			
	Re-measurement gains and (losses) on defined benefit obligations (net)		94.56	(85.36)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	9.1	(23.80)	21.48
	Other Comprehensive Income / (Loss)		70.76	(63.88)
XI	Total Comprehensive (Loss)/Income for the year (IX+X)		(817.16)	1,180.22
XII	Earnings per equity share	32		
	- Basic (Rs.)		-5.12	7.17
	- Diluted (Rs.)		-5.12	7.17

See accompanying notes forming part of the financial statements

In terms of our report of even date attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

FRN No.117366 W/W-100018

Sd/-

Ananthi Amarnath

Partner

Place : Chennai

Date : 29 June 2021

For and on behalf of the Board of Directors of

S.M.I.L.E. Microfinance Limited

Sd/-

P. Murali Srinivas

CEO and Managing

Director

DIN - 00554309

Place : London

Sd/-

V.T. Prabakaran

Chief Financial Officer

Place : Chennai

Date : 29 June 2021

Sd/-

Suresh K Krishna

Director

DIN - 01217401

Place : Bengaluru

Sd/-

R. Venkatasubramanian

Company Secretary

Place : Chennai

Date : 29 June 2021

1. Equity Share capital

Amount Rs. In lakhs		
Balance at the beginning of the reporting year	Changes in equity share capital during the year	Balance at the end of the reporting year
1,733.96	-	1,733.96

2. Other Equity

Particulars	Reserves and Surplus				Total
	Statutory Reserve	Securities Premium	Retained Earnings	Other Comprehensive Income	
Balance as at 1 April 2019	1,623.59	3,740.20	6,168.22	(18.02)	11,513.99
Total Comprehensive Income for the year	-	-	1,244.10	(63.88)	1,180.22
Others- Transfer to Statutory Reserve	248.82	-	(248.82)	-	-
Balance as at 31 March 2020	1,872.41	3,740.20	7,163.50	(81.90)	12,694.21
Total Comprehensive Loss for the year	-	-	(887.92)	70.76	(817.16)
Others- Transfer to Statutory Reserve	-	-	-	-	-
Balance as at 31 March 2021	1,872.41	3,740.20	6,275.58	(11.14)	11,877.05

See accompanying notes forming part of the financial statements

In terms of our report of even date attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants
FRN No.117366 W/W-100018

Sd/-
Ananthi Amarnath

Partner

Place : Chennai
Date : 29 June 2021

For and on behalf of the Board of Directors of
S.M.I.L.E. Microfinance Limited

Sd/-
P. Murali Srinivas
CEO and Managing
Director

DIN - 00554309
Place : London

Sd/-
V.T. Prabakaran
Chief Financial Officer
Place : Chennai
Date : 29 June 2021

Sd/-
Suresh K Krishna
Director

DIN - 01217401
Place : Bengaluru

Sd/-
R. Venkatasubramanian
Company Secretary
Place : Chennai
Date : 29 June 2021

Particulars	For the Year Ended 31 March 2021	For the Year Ended 31 March 2020
	Amount Rs. in lakhs	Amount Rs. in lakhs
A. Cash flow from Operating Activities (Loss) / Profit After Tax	(887.92)	1,244.10
Adjustments for:		
Depreciation/ Amortisation	118.00	87.00
Tax Expenses	(340.55)	753.43
Provision for Receivables under Financing Activity (Net)	3,144.95	337.98
Loss on Sale of Property, Plant & Equipment (Net)	-	2.73
Finance Cost	5,873.98	6,146.59
Interest on Deposits	(398.08)	(337.50)
Operating Profit before Working Capital Changes	7,510.38	8,234.33
Changes in Working Capital:		
Adjustments for (increase) / decrease in operating assets:		
Receivables under Financing Activity	12,197.96	(8,758.13)
Loans given to staff	25.53	(14.39)
Other financial assets	45.17	(36.62)
Other non financial assets	(17.82)	(70.67)
Adjustments for increase / (decrease) in Operating Liabilities:		
Other Payables	(11.86)	26.28
Liability for Lease	(25.77)	68.97
Other financial Liabilities	(261.89)	695.45
Other non financial Liabilities	(91.31)	236.95
Other Provisions	(151.81)	245.40
Cash Flow Generated from Operations	19,218.58	627.57
Operational cash flows from Interest:		
Interest Income on Deposits	398.06	337.50
Interest paid on borrowings	(5,859.53)	(5,846.83)
Net cash flow generated from / (used in) operations	13,757.11	(4,881.76)
Net Income Tax Paid	(315.18)	(770.41)
Net Cash flows generated from / (used in) Operating Activities	13,441.93	(5,652.17)
B. Cash flow from Investing Activities		
Bank Balance other than cash and cash equivalents (placed)/matured	(334.61)	1,077.16
Proceeds from Sale of Property, plant & equipment	0.48	3.39
Capital Expenditure on Property, plant & equipment (including Capital Advances)	(65.14)	(251.09)
Net Cash Flow (used in) / generated from Investing Activities	(399.27)	829.46
C. Cash flow from Financing Activities		
Proceeds from Long-Term Borrowings-Term Loans	11,015.22	22,318.00
Repayment of Long-Term Borrowings-Term Loans	(18,375.04)	(16,661.26)
Proceeds from Long-Term Borrowings-Debentures	4,000.00	-
Repayment of Long-Term Borrowings-Debentures	(5,596.00)	(500.00)
Proceeds from securitisation borrowings	5,813.64	13,908.71
Repayment of securitisation borrowings	(9,397.21)	(15,673.06)
(Repayment)/Proceeds of Short-Term Borrowings - Cash Credit (net)	(824.67)	(181.33)
Other Interest and charges paid	(75.53)	(173.93)
Net Cash Flow (used in) / generated from Financing Activities	(13,439.59)	3,037.13

Net (decrease) in Cash and cash equivalents (A+B+C)	(396.93)	(1,785.58)
Cash and cash equivalents at the beginning of the year	3,825.16	5,610.74
Cash and Cash Equivalents at the end of the year	3,428.23	3,825.16
<u>Reconciliation of Cash and cash equivalents with the Balance Sheet:</u>		
Cash and cash equivalents as per balance sheet (Refer note 4):	3,428.23	3,825.16
Cash and cash equivalents as per Ind AS 7 Statement of Cash flows	3,428.23	3,825.16
See accompanying notes forming part of the financial statements		
In terms of our report of even date attached For Deloitte Haskins & Sells LLP Chartered Accountants FRN No.117366 W/W-100018 Sd/- Ananthi Amarnath Partner Place : Chennai Date : 29 June 2021	For and on behalf of the Board of Directors of S.M.I.L.E. Microfinance Limited Sd/- P. Murali Srinivas CEO and Managing Director DIN - 00554309 Place : London Sd/- V.T. Prabakaran Chief Financial Officer Place : Chennai Date : 29 June 2021	
	Sd/- Suresh K Krishna Director DIN - 01217401 Place : Bengaluru Sd/- R. Venkatasubramanian Company Secretary Place : Chennai Date : 29 June 2021	

1. CORPORATE INFORMATION

S.M.I.L.E. Microfinance Limited ("the Company") was incorporated on 21 March 1995. The Company is a Non-Banking Finance Company - Micro Finance Institution (NBFC-MFI). The Company had obtained registration under the Non-Banking Financial Company - Micro Finance Institution (Reserve Bank) Directions, 2011 vide Reserve Bank of India ("RBI") letter dated 29 May 2015.

The Company is engaged in providing microfinance services to women from poor segments of urban and rural Tamil Nadu. The Company generally provides small value collateral free loans upto Rs. 50,000 for a tenor of one to two years with fortnightly / monthly repayment. The Company broadly follows the Grameen model with suitable adaptations using the Joint Liability Groups (JLG) framework, where each member of the group guarantees the loan repayment of the other members of the group. All transactions are conducted in the group meetings organised every fortnight / monthly near the habitats of the members.

During December 2017, the Company qualified as a Systemically Important Non Deposit taking NBFC (NBFC-MFI-ND-SI).

2. SIGNIFICANT ACCOUNTING POLICIES:

2.1 Statement of Compliance

The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under section 133 of the Companies Act 2013 (the act) and other relevant provisions of the Act.

The financial statements were authorised for issue by the Company's Board of Directors on June 29, 2021.

Amendments to Ind AS 116 - Covid-19 Related Rent Concessions:

The amendments provide practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to Ind AS 116. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying Ind AS 116 if the change were not a lease modification.

There were no rent concessions availed by the Company and therefore this amendment did not have any impact on the financial statements.

Amendments to Ind AS 1 and Ind AS 8 - Definition of "material"

The Company has adopted the amendments to Ind AS 1 and Ind AS 8 for the first time in the current year. The amendments make the definition of material in Ind AS 1 easier to understand and are not intended to alter the underlying concept of materiality in Ind ASs. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in Ind AS 8 has been replaced by a reference to the definition of material in Ind AS 1. In addition, the MCA amended other Standards that contain the definition of 'material' or refer to the term 'material' to ensure consistency.

The adoption of the amendments has not had any material impact on the disclosures or on the amounts reported in these financial statements.

2.2 Basis of Preparation and Presentation of Financial Statements

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and / or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Use of Estimates

The preparation of the company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Company's accounting policies, management has made judgements, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2.4 Revenue Recognition

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

(a) The Company calculates interest income by applying effective interest rate method to Gross carrying amount of financial assets other than credit impaired assets. When a financial asset becomes credit impaired and is therefore regarded as Stage 3, the Company calculates interest income by applying effective interest rate method to net amortised cost of the Financial Assets. If the Financial Asset cures and is no longer credit impaired, the Company reverts to calculating interest income on gross basis.

(b) Loan processing fee is recognized over the life of the loan on a proportionate basis. Loan processing fee of derecognised loan portfolio is recognised upfront.

(c) Interest Income on securitized loans are considered at par with own loans and is also recognised under the Effective Interest Rate method. In case of Direct Assignment, company recognize the income upfront on the basis of fair value by discounting the entire interest strip (excess interest spread) of assigned portfolio.

(d) Interest income on deposits is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

(e) Dividend income from investments (other than equity shares) is recognized on actual realizations, as stipulated by RBI.

(f) All other income is recognized on an accrual basis, when there is reasonable certainty in the ultimate realization / collection.

2.5 Leases

The Company's lease asset classes primarily consist of leases for land and buildings. The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after April 1, 2019.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term.

In the comparative period, leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments and receipts under operating leases are recognised as an expense and income respectively, on a straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

2.6 Employee Benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity and compensated absences.

Retirement Benefit Costs and Termination Benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in the Statement of profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees upto the reporting date.

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

2.7 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

2.8 Cash and Cash Equivalents (for purposes of Cash Flow Statement)

Cash and cash equivalent in the balance sheet comprise demand deposits with bank and Cash on hand, short-term deposits with an original maturity of three months or less including lien marked deposits with Banks and others with respect to loans availed by company. These balances are subject to an insignificant risk of changes in value.

Bank Balances include term deposits held with an original maturity more than 3 months and includes lien marked deposits with Banks and others with respect to loans availed by company/assets securitised.

2.9 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) after extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.10 Property, Plant and Equipment

Furniture and Fixtures, Leasehold Improvements, Office Equipment, Vehicles, Computers and Others are stated at cost less accumulated depreciation and accumulated impairment losses. Costs comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from tax authorities), any attributable expenditure on making the assets ready for intended use.

Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives , using the Written Down Value method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Estimated useful lives of the assets are as follows:

Particulars	Years
Furniture and Fixtures including AC and Electrical fittings	10
Leasehold Improvements	6
Office Equipment	5
Vehicles	8
Computers and others	6

Depreciable amount for assets is the cost of an asset, less its estimated residual value. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and expected residual value at the end of its life. Depreciation on tangible fixed assets has been provided on the Written Down Value Method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Depreciation is accelerated on fixed assets, based on their condition, usability etc., as per the estimates of the Management, where necessary. Depreciation methods, useful lives and residual values are reviewed periodically including at each financial year end.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.11 Intangible Assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on Written Down Value method basis over the estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on prospective basis.

Software is depreciated over the license period or 6 years, whichever is lower.

An Intangible assets is derecognised on disposal or when no future economic benefits are expected from use of disposal. Gains or losses arising from derecognition of an intangible assets measured as the difference between the net disposal proceeds and the carrying amount of the asset as recognised in profit or loss when the asset is derecognised.

2.12 Impairment to Tangible and Intangible Assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.13 Provisions and Contingencies

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent Liability and Assets:

Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past

events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

2.14 Financial Instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provision of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs are directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial Assets

Initial Recognition

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in four categories:

Debt instruments at amortised cost.

Debt instruments at fair value through other comprehensive income (FVTOCI).

Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL).

Equity instruments measured at fair value through other comprehensive income (FVTOCI).

Financial assets measured at amortised cost

A 'debt instrument' is measured at amortised cost if both the following conditions are met:

- a) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets at fair value through profit or loss

A financial asset (other than those stated as amortized cost) is subsequently fair valued through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Dividend income from these financial assets is included in other income.

De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received or receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Financial Liabilities

Initial Measurement

Financial liabilities are classified and measured at amortized cost. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent Measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

Impairment of financial assets

The Company recognises Impairment allowance for expected credit losses (ECL) on Financial Assets held at amortized cost. The Company also computes the provision for non-performing assets (NPA) as per IRAC norms of RBI. The higher of the two is recorded in the books.

ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive (i.e., all cash shortfalls).

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months from the reporting date.

The company assesses at each reporting date whether a financial asset (or a group of financial assets) such as loans and advances and security deposits held at amortised cost are tested for impairment based on evidence or information that is available without undue cost or effort. Lifetime Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

The company applies a three-stage approach to measuring expected credit losses (ECLs) for Loan Receivables. No ECL is recognised on equity investments.

Measurement of ECLs

Expected Credit Loss is computed as follows = $\text{Gross EAD} * \text{PD} * \text{LGD}$

The Exposure at Default ("EAD") is an estimate of the exposure (gross carrying amount), at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments.

The Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

The Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the Exposure at Default.

To calculate the ECL, the Company assesses the possible default events of EAD at various Stages. The company has broadly followed the following approach to compute ECL.

The EAD is categorised based on respective Past Due status as given below:

Stage 1: 12-months ECL

All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The company has assessed that all standard advances and advances upto 30 days default would fall under this category.

For these assets, 12-month ECL are recognized and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance).

Stage 2: Lifetime ECL – not credit impaired.

Financial instruments that have had a significant increase in credit risk since initial recognition are classified under this stage. 30 Days Past Due upto 90 Days is considered as significant increase in credit risk and classified under this category. For these assets, lifetime ECL are recognized, but interest revenue is still calculated on the gross carrying amount of the asset.

Stage 3: Lifetime ECL – credit impaired.

All exposures greater than 90 Days Past due assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised. Interest revenue is recognized on actual realization in line with prudential norms.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial assets credit risk has increased significantly since initial recognition, by considering the change in the risk of defaults occurring over the remaining life of the financial assets.

Where there is significant change in macro- economic conditions warranting reassessment of credit risk and perceived likelihood of increased probability of loan defaults, company shall make such additional credit loss provisions in addition to ECL provisions as deemed fit by Audit committee.

The measurement of ECL reflects:

- a) An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes
- b) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events and current conditions.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the company determines that the borrower does not have the financial ability to repay the amounts subject to the write-off.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL in respect of Financial assets measured at fair value through Profit and Loss are presented as a deduction from the gross carrying amount of the assets in the statement of financial position.

2.15 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.16 Goods & Services Tax Input Credit

Goods & Services Tax Input Credit is accounted for in the books in the period when the underlying Goods and services received are accounted and when there is reasonable certainty in availing / utilizing the same.

2.17 Insurance claims

Insurance claims recoverable are accrued for on the basis of claims admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection. Claims pending settlement for more than a year are provided for.

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Company's accounting policies which is described in Note 3, the Management of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

- (i) Useful lives of Property, plant and equipment (Refer Note 2.10)
- (ii) Assets and obligations relating to employee benefits (Refer Note 2.6)
- (iii) Valuation and measurement of income taxes and deferred taxes (Refer Note 2.7)
- (iv) Impairment of financial assets based on Expected Credit Loss model (Refer Note 2.14)

4 Cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020
	Amount Rs. in lakhs	Amount Rs. in lakhs
(a) Cash on hand	3.54	5.79
(b) Balances with Banks		
- In Current Accounts	3,424.69	3,319.37
- In Deposit Accounts - Free of Lien (original maturity less than 3 months)	-	500.00
Total	3,428.23	3,825.16

5 Bank Balances other than Cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020
	Amount Rs. in lakhs	Amount Rs. in lakhs
Balances with Banks		
- In Deposit Accounts - Free of Lien (original maturity more than 3 months)	447.82	38.39
- In Current Accounts- Earmarked Unpaid Dividend	8.52	8.34
- In Deposit Accounts - Under Lien (Refer Note 5.1 below)	4,500.16	4,575.16
Total	4,956.50	4,621.89

5.1 Bank Balances other than Cash and cash equivalents

Deposit accounts under lien comprise of:

Deposits amounting to Rs.3,536.71 lakhs (As at 31 March 2020: Rs.2,994.52 lakhs) have been placed with certain banks for obtaining term loans.

Deposits amounting to Rs.696.79 lakhs (As at 31 March 2020: Rs.1,327.17 lakhs) placed as credit enhancement (cash collateral) towards securitization transactions.

Accrued interest of Rs.266.67 (As at 31 March 2020: Rs.253.47) lakhs is added to the amount shown against deposit accounts under lien.

6 Loans (at amortised cost (Refer Notes below))

Particulars	As at 31 March 2021	As at 31 March 2020
	Amount Rs. in lakhs	Amount Rs. in lakhs
(i) Unsecured and considered good, unless otherwise stated		
Loans	47,049.83	59,876.96
Less : Impairment loss allowance	3,390.15	874.37
Total	43,659.68	59,002.59

6(a) Particulars	As at 31 March 2021	As at 31 March 2020
	Amount Rs. in lakhs	Amount Rs. in lakhs
(ii) Loan to Staff	11.79	37.32
Total	11.79	37.32

6.1 Particulars	As at 31 March 2021	As at 31 March 2020
	Amount Rs. in lakhs	Amount Rs. in lakhs
The Loan Receivables reflected above excludes microfinance loans assigned to a third party on securitization in accordance with RBI Guidelines which qualify for derecognition as per Ind AS 109.	80.12	737.01

6.2 Disclosure requirements as per RBI circular dated March 13, 2020 having reference number RBI/2019-20/170, DOR (NBFC).CC.PD.No.109/22.10.106/ 2019-20 as per para 2 of Prudential Floor of ECL

(a) As at 31 March 2021

(Amount Rs. in Lakhs)

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances (provisions) as required under Ind AS 109	Net Carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(A)	(B)	(C)	(D)	E = (C-D)	(F)	G = (D-F)
Performing assets						
Standard	Stage 1	40,402.97	460.52	39,942.45	-	460.52
	Stage 2	2,314.36	149.80	2,164.56	-	149.80
Non Performing Assets (NPA)	Stage 3	4,476.49	2,779.82	1,696.67	1,727.62	1,052.20
Total		47,193.82	3,390.14	43,803.68	1,727.62	1,662.52

(b) As at 31 March 2020

(Amount Rs. in Lakhs)

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances (provisions) as required under Ind AS 109	Net Carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(A)	(B)	(C)	(D)	E = (C-D)	(F)	G = (D-F)
Performing assets						
Standard	Stage 1	59,700.66	736.56	58,964.10	543.90	192.66
	Stage 2	38.16	4.28	33.88	4.20	0.08
Non Performing Assets (NPA)	Stage 3	133.53	133.53	-	114.87	18.66
Total		59,872.35	874.37	58,997.98	662.97	211.40

6.3 The Stage wise break of Loans reflected above (Refer Note 6) is given below :

(A) As at 31 March 2021

(Amount Rs. In lakhs)

Loan Receivables	Stage 1: 0-30 days	Stage 2: 31-90 days	Stage 3: >90 days	Total
i. Loans considered as Qualifying Assets	39,895.92	2,254.92	4,395.19	46,546.03
ii. Loans considered as Non Qualifying Assets	507.05	59.44	81.30	647.79
Gross Carrying Amount of Loans	40,402.97	2,314.36	4,476.49	47,193.82
Less : Impairment loss allowance	460.52	149.80	2,779.82	3,390.14
Net Loans	39,942.45	2,164.56	1,696.67	43,803.68

(B) As at 31 March 2020

(Amount Rs. In lakhs)

Loan Receivables	Stage 1: 0-30 days	Stage 2: 31-90 days	Stage 3: >90 days	Total
i. Loans considered as Qualifying Assets	58,180.34	37.77	132.80	58,350.91
ii. Loans considered as Non Qualifying Assets	1,520.31	0.40	0.73	1,521.44
Gross Carrying Amount of Loans	59,700.65	38.17	133.53	59,872.35
Less : Impairment loss allowance	736.56	4.28	133.53	874.37
Net Loans	58,964.09	33.89	-	58,997.98

6.4 Reconciliation of impairment allowance on Loans

Particulars	Amount Rs. in Lakhs
Impairment allowance as at 1 April 2019	645.54
Add: Impairment allowance provided in statement of Profit & Loss	337.98
Less: Impairment allowance Utilised for writing off Loss assets	109.14
Impairment allowance as at 31 March 2020	874.38
Add: Impairment allowance provided in statement of Profit & Loss	3,144.95
Less: Impairment allowance Utilised for writing off Loss assets	629.18
Impairment allowance as at 31 March 2021	3,390.15

6.5 As per RBI guidelines on Securitisation DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 updated on April 16, 2019 the details of securitisation are given below:

Particulars	31 March 2021 Numbers/Amount (Rs. In lakhs)	31 March 2020 Numbers/Amount (Rs. In lakhs)
(i) No. of SPVs sponsored by the NBFC for securitisation transactions		
a. Through Direct assignment	2	2
b. Through PTC	4	5
Total	6	7
(ii) Total amount of securitised assets as per books of the SPVs Sponsored (Amount Rs.in Lakhs)		
a. Through Direct assignment	80.12	737.01
b. Through Pass through Certificates	3,084.58	15,561.94
Total	3,164.70	16,298.95
(iii) Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance sheet		
a) Off-balance sheet exposures		
- First loss	-	-
- Others	-	-
b) On-balance sheet exposures		
- First loss		
a. Direct Assignment	-	-
b. Pass through Certificates	-	-
- Others (Minimum Retention requirement("MRR"))	-	-
(iv) Amount of exposures to securitisation transactions Other than MRR		
a) Off-balance sheet exposures		
i) Exposure to own securitizations		
- First loss	-	-
a. Direct Assignment	-	-
b. Pass through Certificates	-	-
- Others	-	-
ii) Exposure to third party securitisations		
- First loss	-	-
- Others	-	-
b) On-balance sheet exposures		
i) Exposure to own securitisations		
- First loss	696.79	1,327.17
- Others	-	-
ii) Exposure to third party securitisations		
- First loss	-	-
- Others	-	-

6.6 Details of Financial Assets sold to Securitisation Company		
(Amount Rs in lakhs)		
Particulars	For the Year ended 31 March 2021	For the Year ended 31 March 2020
Total number of loan assets securitized during the year	48,168	121,711
a. Through Direct assignment (no. of accounts)	-	26,544.00
b. Through PTC (no. of accounts)	48,168	95,167.00
Book value of loan assets securitized during the year	6,161.93	20,002.84
a. Through Direct assignment	-	4,440.90
b. Through PTC	6,161.93	15,561.94
Sale consideration received during the year	5,813.64	17,905.52
a. Through Direct assignment	-	3,996.81
b. Through PTC	5,813.64	13,908.71
MFI Loans Subordinated as Credit Enhancement on Assets De-recognised	348.29	2,097.32
a. Through Direct assignment	-	444.09
b. Through PTC	348.29	1,653.23
Gain / (loss) on the securitization transaction recognised in P&L	-	-
a. Through Direct assignment	-	-
b. Through PTC	-	-
Gain / (loss) on the securitization transactions deferred	-	-
a. Through Direct assignment	-	-
b. Through PTC	-	-
Quantum of Credit Enhancement provided on the transactions in the form of deposits	-	-
a. Through Direct assignment	-	-
b. Through PTC	696.79	1,327.17
Quantum of Credit Enhancement as at year end	696.79	1,327.17
a. Through Direct assignment	-	-
b. Through PTC	696.79	1,327.17
Interest spread Re-recognised in the Statement of Profit and Loss during the Year	7.08	179.25
a. Through Direct assignment	7.08	179.25
b. Through PTC	-	-

6.7 An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans is as follows:

Particulars	As at 31 March 2021				As at 31 March 2020			
	Stage 1: 0-30 days	Stage 2: 31-90 days	Stage 3: >90 days	Total	Stage 1: 0-30 days	Stage 2: 31-90 days	Stage 3: >90 days	Total
Gross carrying amount as at 1 April	59,700.66	38.16	133.53	59,872.35	51,258.92	85.85	132.09	51,476.86
New assets originated or purchased	33,404.50	-	-	33,404.50	88,715.08	33.16	20.16	88,768.40
Assets derecognised or repaid (excluding write offs)	(47,652.18)	(3.78)	(5.00)	(47,660.96)	(80,074.54)	(112.90)	(23.85)	(80,211.29)
Interest on moratorium period included in principal amount of loans	1,577.93	-	-	1,577.93	-	-	-	-
Transfers to Stage 1	-	(4,023.15)	-	(4,023.15)	-	-	-	-
Transfers to Stage 2	(2,281.33)	6,305.15	(0.66)	4,023.16	(65.93)	32.77	-	(33.16)
Transfers to Stage 3	(4,346.61)	(2.02)	4,977.67	629.04	(122.49)	-	102.33	(20.16)
Amounts written off	-	-	(629.05)	(629.05)	(10.38)	(0.72)	(97.20)	(108.30)
Gross carrying amount as at 31 March	40,402.97	2,314.36	4,476.49	47,193.82	59,700.66	38.16	133.53	59,872.35
Reconciliation of ECL balance is given below:								
Particulars	As at 31 March 2021				As at 31 March 2020			
	Stage 1: 0-30 days	Stage 2: 31-90 days	Stage 3: >90 days	Total	Stage 1: 0-30 days	Stage 2: 31-90 days	Stage 3: >90 days	Total
ECL allowance as at 1 April	736.56	4.28	133.53	874.37	512.59	0.86	132.09	645.54
New assets originated or purchased	324.76	-	-	324.76	1,829.23	1.86	20.16	1,851.25
Assets derecognised or repaid (excluding write offs)	(543.23)	(0.24)	(3.11)	(546.58)	(1,601.49)	(0.25)	(23.85)	(1,625.59)
Interest on moratorium period included in principal amount of loans	17.99	-	-	17.99	-	-	-	-
Transfers to Stage 1	-	(260.30)	-	(260.30)	-	-	-	-
Transfers to Stage 2	(26.01)	406.19	(0.41)	379.78	-	1.81	-	1.81
Transfers to Stage 3	(49.55)	(0.13)	3,278.85	3,229.17	(1.32)	-	102.33	101.01
Amounts written off	-	-	(629.05)	(629.05)	(2.45)	(0.00)	(97.20)	(99.65)
ECL allowance as at 31 March	460.52	149.80	2,779.82	3,390.13	736.56	4.28	133.53	874.37

7 Other financial assets (At amortised cost)		
Particulars	As at 31 March 2021	As at 31 March 2020
	Amount Rs. in lakhs	Amount Rs. in lakhs
(a) Security deposits	107.11	102.54
(b) Insurance Commission Receivable	34.70	45.25
(c) Direct Assignment Incentive Receivable	-	23.92
(d) Retained Interest on Asset Assigned	0.95	54.63
(e) Interest Spread Receivable on Securitisation	44.41	6.00
Total	187.17	232.34
8 Current Tax Assets (Net)		
Particulars	As at 31 March 2021	As at 31 March 2020
	Amount Rs. in lakhs	Amount Rs. in lakhs
Advance Income Tax (Net of provision for tax Rs.351.11 lakhs (31 March 2020: Rs.770 lakhs))	80.30	75.82
Total	80.30	75.82
9 Deferred Tax Assets (Net)		
Particulars	As at 31 March 2021	As at 31 March 2020
	Amount Rs. in lakhs	Amount Rs. in lakhs
Deferred Tax Assets (Net) (Refer Note 9.1)	1,014.99	387.54
Total	1,014.99	387.54
9.1 Current Tax and Deferred Tax		
(i) Income Tax Expense		
Particulars	As at 31 March 2021	As at 31 March 2020
	Amount Rs. in lakhs	Amount Rs. in lakhs
(a) Current tax in respect of current year	351.11	768.81
(b) Deferred tax relating to origination and reversal of temporary differences	(651.25)	(15.38)
Total Tax Expense recognised in statement of profit and loss in respect of current year	(300.14)	753.43
(ii) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:		
Particulars	For the Year ended 31 March 2021	For the Year ended 31 March 2020
	Amount Rs. in lakhs	Amount Rs. in lakhs
Profit Before tax from Operations	(1,228.47)	1,997.53
Income Tax using the Company's domestic Tax rate #	(309.18)	502.74
Effect of permanent differences	9.04	150.83
Effect in deferred tax asset due to changes in tax rates in current year		99.86
Income Tax recognised in the Statement of Profit & Loss	(300.14)	753.43
# The tax rate used for reconciliations above comprises Corporate tax rate of 22% and applicable surcharge and cess, payable by corporate entities in India on taxable profits under the India Law.		
(iii) Income Tax on Other Comprehensive Income		
Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
	Amount Rs. in lakhs	Amount Rs. in lakhs
Deferred Tax		
Re-measurement of defined benefit obligation	(23.80)	21.48
Total	(23.80)	21.48

(iii) Following is the analysis of the deferred tax asset/(liabilities) presented in the Balance sheet.				
(Amount Rs. in Lakhs)				
For the Year Ended 31 March 2021				
Particulars	Opening Balance	Charge/(Credit) recognised in		Closing Balance
		Recognised in profit and Loss	Recognised in OCI	
Tax effect of items constituting deferred tax assets/deferred Tax liability :				
Property, Plant and Equipment	(0.47)	(21.56)	-	21.09
Provision for Employee Benefits	154.32	(14.79)	(23.80)	145.31
Provision for Loan Receivables	154.53	(623.73)	-	778.26
Effective Interest Rate on Borrowings	150.35	42.27	-	108.08
Present Value Discounting of Processing Fee Income	(57.44)	(19.94)	-	(37.51)
Present Value Discounting of Interest spread on Direct Assignment of receivables	(13.75)	(13.51)	-	(0.24)
Total	387.54	(651.25)	(23.80)	1,014.99
(Amount Rs. in Lakhs)				
For the Year Ended 31 March 2020				
Particulars	Opening Balance	Charge/(Credit) recognised in		Closing Balance
		Recognised in profit and Loss	Recognised in OCI	
Tax effect of items constituting deferred tax assets/deferred Tax liability :				
Property, Plant and Equipment	18.14	18.61	-	(0.47)
Provision for Employee Benefits	95.94	(36.90)	21.48	154.32
Provision for Loan Receivables	158.62	4.09	-	154.53
Effective Interest Rate on Borrowings	(71.54)	(221.89)	-	150.35
Present Value Discounting of Processing Fee Income	149.52	206.96	-	(57.44)
Present Value Discounting of Interest spread on Direct Assignment of receivables	-	13.75	-	(13.75)
Total	350.68	(15.38)	21.48	387.54
<p>The company elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by Taxation Laws (Amendment) Ordinance 2019, Accordingly the Company has recognized Provision for Income Tax for the year ended 31 March 2020 and recognized its Deferred Tax Assets and Liabilities based on the rates prescribed in the aforesaid section. The impact of this change has been recognized in the Statement of Profit and Loss for the year ended 31 March 2020.</p>				

10 A. Current Year period ended (1 April 2020 to 31 March 2021) (Amount in Rs. in lakhs)											
S.No.	Description	Gross Block			Accumulated Depreciation and Amortisation				Net Block		
		Balance as at 1 April 2020	Additions	Disposals	Balance as at 31 March 2021	Balance as at 1 April 2020	For the year	Eliminated on Disposal of Assets	Balance as at 31 March 2021	Balance as at 31 March 2021	Balance as at 01 April 2020
10(a)	Property, plant and equipment										
1	Leasehold Improvements	11.66	3.32	-	14.98	3.66	2.93	-	6.59	8.39	8.00
2	Computer Equipments	134.90	23.35	5.70	152.55	50.18	52.78	5.37	97.59	54.96	84.72
3	Furniture and Fixtures	23.15	0.51	0.08	23.58	8.43	3.91	0.08	12.26	11.32	14.72
4	Office Equipments	18.45	1.71	2.13	18.03	2.52	6.71	2.02	7.21	10.82	15.93
5	Vehicles	35.84	-	0.21	35.63	14.43	6.69	0.17	20.95	14.68	21.41
6	Server and Net working	13.83	4.96	-	18.79	3.38	4.33	-	7.71	11.08	10.45
		237.83	33.85	8.12	263.56	82.60	77.35	7.64	152.31	111.25	155.23
10(b)	Intangible assets										
1	Computer - Soft wares	37.23	23.23	-	60.46	9.68	12.71	-	22.39	38.07	27.55
10(C)	Right of Use- Lease hold Building	83.65	0.06	-	83.71	18.59	27.92	-	46.51	37.20	65.06
		120.88	23.29	-	144.17	28.27	40.63	-	68.90	75.27	92.61
	Grand Total	358.71	57.14	8.12	407.73	110.87	117.98	7.64	221.21	186.52	247.84
B. Previous year (1 April 2019 to 31 March 2020) (Amount Rs. in Lakhs)											
S.No.	Description	Gross Block			Accumulated Depreciation and Amortisation				Net Block		
		Balance as at 01 April 2019	Additions	Disposals	Balance as at 31 March 2020	Balance as at 01 April 2019	For the year	Eliminated on Disposal of Assets	Balance as at 31 March 2020	Balance as at 31 March 2020	Balance as at 1 April 2019
10(a)	Property, plant and equipment										
1	Leasehold Improvements	6.68	5.30	0.32	11.66	1.46	2.20	-	3.66	8.00	5.22
2	Computer Equipments	36.77	98.22	0.09	134.90	8.80	41.42	0.04	50.18	84.72	27.97
3	Furniture and Fixtures	25.30	6.74	8.89	23.15	6.56	5.11	3.24	8.43	14.72	18.74
4	Office Equipments	2.25	16.24	0.04	18.45	0.35	2.17	-	2.52	15.93	1.90
5	Vehicles	26.31	9.62	0.09	35.84	7.58	6.88	0.03	14.43	21.41	18.73
6	Server and Net working	-	13.83	-	13.83	-	3.38	-	3.38	10.45	-
		97.31	149.95	9.43	237.83	24.75	61.16	3.31	82.60	155.23	72.56
10(b)	Intangible assets										
1	Computer - Soft wares	16.65	20.58	-	37.23	2.43	7.25	-	9.68	27.55	14.22
10(C)	Right of Use- Lease hold Building	-	83.65	-	83.65	-	18.59	-	18.59	65.06	-
		16.65	104.23	-	120.88	2.43	25.84	-	28.27	92.61	14.22
	Grand Total	113.96	254.18	9.43	358.71	27.18	87.00	3.31	110.87	247.84	86.78

11 Other non financial assets						
Particulars		As at 31 March 2021		As at 31 March 2020		
		Amount Rs. in lakhs		Amount Rs. in lakhs		
(a) Deferred Lease rental		3.68		6.61		
(b) Balance with Government authorities						
(i) Goods and Service Tax Input Tax Credit		4.66		1.31		
(ii) Amounts paid under Protest-Income Tax Demand		10.00		10.00		
(c) Prepaid expenses		23.15		28.67		
(d) Advance to Suppliers		8.79		57.00		
(e) Insurance premium receivable from Customer		71.13		-		
Total		121.41		103.59		
12 Trade Payables						
Particulars		As at 31 March 2021		As at 31 March 2020		
		Amount Rs. in lakhs		Amount Rs. in lakhs		
(a) Total outstanding dues of micro enterprises and small enterprises (Refer Note 38)		2.97		-		
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		127.16		141.99		
Total		130.13		141.99		
13 Debt securities (At Amortised Cost)						
Particulars		As at 31 March 2021		As at 31 March 2020		
		Amount Rs. in lakhs		Amount Rs. in lakhs		
Redeemable Non-convertible Debentures						
- Secured		7,039.98		8,716.94		
- Unsecured		3,997.11		3,984.68		
Total		11,037.09		12,701.62		
(i) Debt securities in India		11,037.09		12,701.62		
(ii) Debt securities outside India		-		-		
Total		11,037.09		12,701.62		
13.1 Details of Debentures - Secured and Unsecured, Redeemable Non-convertible Debentures (NCD's)- Redeemable at par						
The NCDs are secured by charge on specific loans of the Company.						
No. of Debentures	Face value	Interest Rate	Due date of redemption	No. of instalments as at 31 March 2021	As at 31 March 2021	As at 31 March 2020
200	10	13.00%	Maturity Date: December 18, 2020	-	-	2,000.00
258	10	12.96%	Maturity Date: September 15, 2021	1	838.50	2,580.00
387	10	12.96%	Maturity Date: October 05, 2021	1	2,515.50	3,870.00
200	10	15.50%	Maturity Date: July 07, 2022	1	2,000.00	2,000.00
188	10	15.50%	Maturity Date: August 22, 2022	1	1,880.00	1,880.00
12	10	15.50%	Maturity Date: August 22, 2022	1	120.00	120.00
250	10	11.50%	Maturity Date: February 14, 2022	3	2,500.00	-
150	10	14.50%	Maturity Date: December 20, 2021	6	1,000.00	-
Total					10,854.00	12,450.00
13.2 The Company has not defaulted in the repayment of dues to debenture holders as on 31 March 2021.						

14 Borrowings (other than debt securities) (At Amortised Cost)		
Particulars	As at 31 March 2021	As at 31 March 2020
	Amount Rs. in lakhs	Amount Rs. in lakhs
(a) Secured		
- Term Loan from Banks	7,694.20	13,184.90
- Term Loan from NBFCs	16,861.00	18,720.84
- Cash credit	-	824.67
(b) Borrowings under securitisation arrangement	3,148.58	6,733.98
Total	27,703.78	39,464.39
Borrowings in India	27,703.78	39,464.39
Borrowings outside India	-	-
Total	27,703.78	39,464.39

14.1 The Company has not defaulted in the repayment of dues to Banks and NBFC's as on 31 March 2021.

14.2 Security on Term Loans from Banks and Others

All loans are secured by hypothecation of Micro Finance Loans. Further, the Company has provided a specific lien on deposits with Banks (Refer (a) below) and also have deposits with other NBFCs for Term Loans (Refer (b) below)

Particulars	As at 31 March 2021	As at 31 March 2020
	Amount Rs. in lakhs	Amount Rs. in lakhs
(a) Deposits with Banks & Others	4,627.50	2,494.52
(b) Deposits with NBFCs	50.00	500.00
Total	4,677.50	2,994.52

14.3 Details of Terms of Repayment- Term Loans from Banks and Others

(a) As at 31 March 2021

Particulars	As at 31 March 2021	Number of Remaining Instalments	Maturity	
	Amount Rs. in lakhs		< 1 Year	> 1 Year
Base Rate+Spread (Range from 10.90% to 14.50%)	10,017.86	2 to 39	7,817.47	2,200.39
Fixed (Range from 6.43% to 14.90%)	14,569.79	2 to 24	11,057.43	3,512.36
Total	24,587.65		18,874.90	5,712.75

(b) As at 31 March 2020

Particulars	As at 31 March 2020	Number of Remaining Instalments	Maturity	
	Amount Rs. in lakhs		< 1 Year	> 1 Year
Base Rate+Spread (Range from 10.90% to 14.25%)	15,558.01	2 to 39	7,587.76	7,970.25
Fixed (Range from 6.43% to 14.00%)	16,389.46	2 to 24	8,108.99	8,280.47
Total	31,947.47		15,696.75	16,250.72

14.4 Details of Cash Credit from Bank - Secured

(a) The cash credit facility is secured by hypothecation of Microfinance Loans

(b) The details of interest rate and repayment terms are as follows:

(Amount Rs. in lakhs)

Repayment Terms	Interest Rate	As at 31 March 2021	As at 31 March 2020
Repayable on Demand	11.60%	-	824.67

15 Liability for Lease

Particulars	As at 31 March 2021	As at 31 March 2020
	Amount Rs. in lakhs	Amount Rs. in lakhs
(a) Liability for Lease (Refer Note 33)	43.20	68.97

16 Other financial liabilities				
Particulars	As at 31 March 2021		As at 31 March 2020	
	Amount Rs. in lakhs		Amount Rs. in lakhs	
(a) Unclaimed Dividends	8.52		8.34	
(b) Remittances payable on assignment not due	48.25		256.21	
(c) Non Solicitation fee payable-Mahasemam Trust	375.00		525.00	
(d) Insurance Proceeds payable to borrowers	14.50		14.56	
(e) Payable for Purchase of Capital Asset	0.17		8.17	
(f) Excess interest collected refundable to borrowers	1.39		-	
Total	447.83		812.28	
17 Provisions				
Particulars	As at 31 March 2021		As at 31 March 2020	
	Amount Rs. in lakhs		Amount Rs. in lakhs	
(a) Gratuity Payable (Refer Note 34)	100.33		249.43	
(b) Provision for Compensated Absences (Refer Note 34)	322.74		325.45	
Total	423.07		574.88	
18 Other non financial liabilities				
Particulars	As at 31 March 2021		As at 31 March 2020	
	Amount Rs. in lakhs		Amount Rs. in lakhs	
(a) Statutory dues payable	62.96		86.08	
(b) Others	187.52		255.71	
Total	250.48		341.79	
19 Equity Share Capital				
Particulars	As at 31 March 2021		As at 31 March 2020	
	Number of shares	Amount Rs. In lakhs	Number of shares	Amount Rs. In lakhs
(a) Authorised Equity shares of Rs.10/- each	20,000,000	2,000.00	20,000,000	2,000.00
TOTAL	20,000,000	2,000	20,000,000	2,000
(b) Issued, Subscribed and Fully Paid Up Equity shares of Rs.10/- each	17,339,639	1,733.96	17,339,639	1,733.96
TOTAL	17,339,639	1,733.96	17,339,639	1,733.96
Notes:				
(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:				
Equity Shares	As at 31 March 2021		As at 31 March 2020	
	Number of shares	Amount Rs. In lakhs	Number of shares	Amount Rs. In lakhs
At the beginning of the year	17,339,639	1,733.96	17,339,639	1,733.96
Issued during the year	-	-	-	-
Outstanding at the end of the year	17,339,639	1,734	17,339,639	1,734
(ii) Details of shares held by the holding company:				
Class of shares / Name of shareholder	As at 31 March 2021		As at 31 March 2020	
	No. of shares held	% holding in the class of shares	No. of shares held	% holding in the class of shares
Equity Shares of Rs. 10 each DWM Investments (Cyprus) Limited	11,554,639	66.64%	11,554,639	66.64%

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March 2021		As at 31 March 2020	
	No. of shares held	% holding in the class of shares	No. of shares held	% holding in the class of shares
Equity Shares of Rs. 10 each				
DWM Investments (Cyprus) Limited	11,554,639	66.64%	11,554,639	66.64%
Dr. S. Gurushankar	2,702,499	15.59%	2,702,499	15.59%

(iv) The Company has only one class of equity shares having a par value of Rs.10. Each holder is entitled to one vote per equity share. Dividends are paid in Indian Rupees.

20 Other Equity

Particulars	As at 31 March 2021	As at 31 March 2020
	Amount Rs. In lakhs	Amount Rs. In lakhs
(a) Securities Premium Account	3,740.20	3,740.20
(b) Statutory Reserve	1,872.41	1,872.41
(c) Surplus in Statement of Profit and Loss	6,275.58	7,163.50
(d) Other Comprehensive Income (OCI)	(11.14)	(81.90)
Total	11,877.05	12,694.21

Particulars	As at 31 March 2021	As at 31 March 2020
	Amount Rs. In lakhs	Amount Rs. In lakhs
(a) Securities Premium Account		
Opening balance	3,740.20	3,740.20
Add: Premium on shares issued during the year	-	-
Less: Utilised during the year	-	-
Closing Balance	3,740.20	3,740.20
(b) Statutory Reserve		
Opening balance	1,872.41	1,623.59
Add: Additions during the year	-	248.82
Less: Utilised / transferred during the year	-	-
Closing Balance	1,872.41	1,872.41
(c) Surplus in Statement of Profit and Loss		
Opening Balance	7,163.50	6,168.22
Add: (Loss)/ Profit for the year	(887.92)	1,244.10
Less: Transfer to Statutory Reserve	-	248.82
Closing Balance	6,275.58	7,163.50
(d) Other Comprehensive Income (OCI)		
Opening Balance	(81.90)	(18.02)
Add: Profit / (Loss) for the Year	70.76	(63.88)
Less: Transfer to Statutory Reserve	-	-
Closing Balance	(11.14)	(81.90)
TOTAL (a+b+c+d)	11,877.05	12,694.21

21 Interest Income

Particulars	As at 31 March 2021	As at 31 March 2020
	Amount Rs. In lakhs	Amount Rs. In lakhs
(a) Interest on Microfinance Loans	11,108.65	12,056.38
(b) Interest on deposits with Banks and Financial Institutions	398.06	337.50
	11,506.71	12,393.88

22 Net Gain on de-recognition of Financial Instruments under amortised cost category

Particulars	As at 31 March 2021	As at 31 March 2020
	Amount Rs. In lakhs	Amount Rs. In lakhs
Net Gain on de-recognition of Financial Instruments under amortised cost category	7.08	179.25
	7.08	179.25

23 Commission Income		
Particulars	As at 31 March 2021	As at 31 March 2020
	Amount Rs. In lakhs	Amount Rs. In lakhs
Insurance commission	81.36	132.62
Total	81.36	132.62
24 Other Operating Income		
Particulars	As at 31 March 2021	As at 31 March 2020
	Amount Rs. In lakhs	Amount Rs. In lakhs
(a) Loss Assets recovered	1.61	4.48
(b) Gain on sale of current investments in Mutual Funds	18.50	131.13
Total	20.11	135.61
25 Other Income		
Particulars	As at 31 March 2021	As at 31 March 2020
	Amount Rs. In lakhs	Amount Rs. In lakhs
(a) Profit on Sale of Property, Plant & Equipment	0.03	-
(b) Interest on Staff Loan	4.84	7.63
(c) Servicer Fee	1.00	11.00
(d) Incentive on Direct Assignment	-	49.15
(e) Miscellaneous income	22.69	2.68
(f) Income From IT Refund interest AY 2018-19	14.16	-
Total	42.72	70.46
26 Finance Cost		
Particulars	As at 31 March 2021	As at 31 March 2020
	Amount Rs. In lakhs	Amount Rs. In lakhs
(a) Interest on Borrowings		
- Term Loans from Banks	1,369.93	1,614.39
- Term Loans from NBFCs	2,170.27	1,554.15
- Cash Credit	60.62	46.32
(b) Interest on Debt Securities		
- Debentures	1,799.58	1,848.18
- Borrowings under securitisation arrangement	398.05	909.62
(c) Other Borrowing Costs		
- Processing Fees & Others	37.18	145.23
- Bank Charges	38.35	28.70
Total	5,873.98	6,146.59
27 Impairment of financial instruments		
Particulars	As at 31 March 2021	As at 31 March 2020
	Amount Rs. In lakhs	Amount Rs. In lakhs
Loans (Also refer Note 6.4)	3,144.95	337.98
Total	3,144.95	337.98
28 Employee Benefit Expenses		
Particulars	As at 31 March 2021	As at 31 March 2020
	Amount Rs. In lakhs	Amount Rs. In lakhs
(a) Salaries and Wages	2,424.56	2,301.46
(b) Contributions to Provident and Other Funds (Refer Note 34)	154.57	143.08
(c) Staff Welfare Expenses	87.00	48.34
Total	2,666.13	2,492.88

29 Other expenses		
Particulars	As at 31 March 2021	As at 31 March 2020
	Amount Rs. In lakhs	Amount Rs. In lakhs
(a) Electricity	26.32	31.90
(b) Rent including Lease Rentals (Refer Note 33)	181.98	169.53
(c) Repairs and Maintenance - Building	25.46	35.02
(d) Repairs and Maintenance - Others	22.93	124.47
(e) Insurance	50.74	37.50
(f) Rates and Taxes	45.98	120.11
(g) Communication Expenses	49.53	43.80
(h) Travel and Conveyance	221.84	257.92
(i) Loss on sale of Property, Plant & equipment	-	2.73
(j) Printing and Stationery	28.60	49.16
(k) Directors' Sitting Fees	17.75	19.00
(l) Subscription Fees	2.30	1.82
(m) Corporate Social Responsibility (Refer Note 47)	53.06	49.29
(n) Legal and Professional Fees	148.08	142.92
(o) Software Costs	135.39	109.72
(p) Security Charges	4.18	4.30
(q) Customer welfare Expenses	1.62	1.77
(r) Meeting and Seminar Expenses	7.94	21.05
(s) Filing Fees	0.69	0.96
(t) Vehicle Maintenance	9.42	14.15
(u) Payments to Statutory Auditors' (net of input tax credit)		
- Statutory Audit	19.25	33.00
- Tax Audit	2.20	2.00
- Other Services (Limited Review and Certification)	21.05	7.75
(v) Miscellaneous Expenses	7.08	19.97
Total	1,083.39	1,299.84
30 Exceptional Item		
	As at 31 March 2021	As at 31 March 2020
	Amount Rs. In lakhs	Amount Rs. In lakhs
Non Solicitation Payment (Refer note 49)	-	550.00
Total	-	550.00
31 Segment Reporting		
<p>The Company is engaged in extending micro credit advances to poor women, who are otherwise unable to access finance from the mainstream banking channels. Based on the "management approach" as defined in Ind-AS 108 - Operating Segments, the Chief Operating Decision Marker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by the overall business segment, i.e. Microfinance Loans. As the allocation of resources and profitability of the business is evaluated by the CODM on an overall basis, with evaluation into individual categories to understand the reasons for variations, no separate segments have been identified. Accordingly no additional disclosure has been made for the segmental revenue, segmental results and the segmental assets & liabilities.</p>		

32 Earnings per share

Basic and Diluted earnings per share :

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

Particulars	For the Year Ended 31 March 2021	For the Year Ended 31 March 2020
(a) Net Profit attributable to Equity Shareholders - Rs. in lakhs (Basic and Diluted)	(887.92)	1,244.10
(b) Weighted average number of equity shares in calculating basic Earnings Per Share (Nos.)	17,339,639	17,339,639
(c) Earnings per share - Basic and Diluted - Rs.	(5.12)	7.17

33 Leases**(A) Break-up of Current and Non-Current Liabilities**

The Following is the break-up of Current and Non Current Liabilities as at March 31, 2021

Particulars	As at March 31, 2021	As at March 31, 2020
Current Lease Liabilities	31.33	25.76
Non-Current Lease Liabilities	11.87	43.20

(B) Movement in Lease Liabilities

The following is the movement in lease liabilities for the year ended March 31, 2021

Particulars	As at March 31, 2021	As at March 31, 2020
Balance as on 1st April	68.96	83.64
Additions	-	-
Finance Cost accrued during the period	7.69	6.92
Deletions	-	-
Payment of Lease Liabilities	33.45	21.60
Total	43.20	68.96

(C) Details of Income/Expense recognized in the statement of Profit and Loss :

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation expense on right-of-use assets	27.92	18.59
Interest expense on lease liabilities	7.69	6.92
Lease expense on Low Value Assets / Short term assets	181.98	169.53

(D) The table below provides details regarding the contractual maturities of lease liabilities As at March 31, 2021 on undiscounted basis

Particulars	As at 31 March 2021	As at 31 March 2020
Less Than one year	35.20	33.52
One to Five Years	11.92	47.12
More Than Five Years	-	-

34 Employee benefits**34.1 Defined Contribution Plan**

(a) The Company makes Provident and Pension Fund contributions, which is a defined contribution plan, for qualifying employees. Additionally, the Company also provides, for covered employees, health insurance through the Employee State Insurance scheme. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

(b) Expenses Recognised:			(Amount Rs. In lakhs)	
Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020		
Contributions to provident and pension funds	123.76	112.28		
Contributions to Employee State Insurance	30.82	30.81		
Total	154.57	143.09		

34.2 Compensated Absences

			(Amount Rs. In lakhs)	
Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020		
Included under "Salaries & Wages" (Refer Note 28)	(2.71)	106.25		

			(Amount Rs. In lakhs)	
Particulars	As at 31 March 2021	As at 31 March 2020		
(b) Net liability recognised in the Balance Sheet	322.74	325.45		
Current portion of the above	123.15	116.91		
Non - current portion of the above	199.59	208.54		

The Key Assumptions used in the computation of provision for compensated absences are as given below:

Particulars	As at 31 March 2021	As at 31 March 2020
Discount Rate (% p.a)	6.20%	6.40%
Future Salary Increase (% p.a)	8.00%	10.00%
Attrition rate:		
Upto grade of Branch Managers	16.00%	16.00%
Above grade of Branch Managers	8.00%	8.00%

34.3 Defined Benefit Plans:

The Company operates a gratuity plan covering qualifying employees. The benefit payable is calculated as per the Payment of Gratuity Act, 1972 and the benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India.

In respect of the plan, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at 31 March 2021 by M/s KP Actuaries and Consultants, Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost and paid service cost, were measured using the projected unit cost credit method.

(a) Amount recognised in the statement of profit & loss in respect of the defined benefit plan are as follows :

			(Amount Rs. In lakhs)	
Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020		
Amounts recognised in statement of Profit & Loss in respect of these defined benefit plans are as follows:				
Service Cost				
- Current Service Cost	52.19	46.03		
- Past Service Cost	-	-		
- Net interest expense	15.95	8.07		
Components of defined benefit costs recognised in statement of profit or loss (A)	68.14	54.10		
Actuarial (gain)/loss on Plan Obligations	91.82	(84.50)		

Difference between Actual Return and Interest Income on Plan Assets- (gain)/loss	2.74	(0.68)
Components of defined benefit costs recognised in other comprehensive income (B)	(94.56)	85.18
Total	(26.42)	139.28

(i) The current service cost and interest expense for the year are included in the Note 28 - Employee Benefit Expenses in the statement of profit & loss.

(ii) The re-measurement of the net defined benefit liability is included in other comprehensive income.

(b) The amount included in the balance sheet arising from the entity's obligation in respect of defined benefit plan is as follows :

(Amount Rs. In lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
I. Net Asset/(Liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	454.03	477.45
Fair value of plan assets	353.70	228.02
Net Asset/(Liability) recognised in the Balance Sheet	(100.33)	(249.43)
Current portion of the above	-	-
Non current portion of the above	(100.33)	(249.43)

(c) Movement in the present value of the defined benefit obligation are as follows :

(Amount Rs. In lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Change in the obligation during the year ended		
Present value of defined benefit obligation at the beginning of the year	477.45	332.68
Expenses Recognised in Profit and Loss Account		
- Current Service Cost	52.19	46.03
- Past Service Cost	-	-
- Interest Expense (Income)	30.53	24.34
Remeasurement gains / (losses)		
- Effect of Changes in demographic Assumptions	3.09	0.18
- Effect of Changes in Financial Assumptions	(60.95)	31.49
- Effect of Experience Adjustments	(33.96)	53.01
Benefit payments	(14.33)	(10.28)
Present value of defined benefit obligation at the end of the year	454.03	477.45

(d) Movement in fair value of plan assets are as follows:

(Amount Rs. In lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Change in fair value of assets during the year		
Fair value of plan assets at the beginning of the year	228.02	222.40
Expenses Recognised in Profit and Loss Account		
- Expected return on plan assets	14.58	16.27
Re-measurement gains / (losses)		
- Actuarial gains/(loss) arising from changes in financial assumptions	2.74	(0.68)
Contributions by employer (including benefit payments recoverable)	122.69	0.31
Benefit payments	(14.33)	(10.28)
Fair value of plan assets at the end of the year	353.70	228.02

(e) The fair value of plan assets for India at the end of the reporting year for each category are as follows :

Particulars	(Amount Rs. In lakhs)	
	As at 31 March 2021	As at 31 March 2020
Investment Funds with Insurance Company - Life Insurance Corporation of India	353.70	228.02

(i) The plan assets comprise insurer managed funds. None of the assets carry a quoted market price in active market or represent the entity's own transferable financial instruments or property occupied by the entity.

(f) The principal assumptions used for the purpose of actuarial valuation were as follows :

Investment Risk:

The present value of defined benefit plan liability is calculated using a discount rate which is determined by reference to the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Interest Risk:

A decrease in the yield of Indian government securities will increase the plan liability.

Longevity Risk:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary Risk:

The present value of the defined benefit plan liability is calculated by reference to the future salaries. In particular, there is a risk for the Company that any adverse salary growth can result in an increase in cost of providing these benefits to employees in future.

The principal assumptions used for the purpose of actuarial valuation were as follows :

Particulars	As at 31 March 2021	As at 31 March 2020
Discount rate	6.20%	6.40%
Expected rate of salary increase	8.00%	10.00%
Withdrawal Rate		
Upto grade of Branch Managers	16.00%	16.00%
Above grade of Branch Managers	8.00%	8.00%
Mortality	100% of IALM 2012-14	100% of IALM 2012-14

1. The discount rate is based on the prevailing market yields of Indian Government securities as at balance sheet date for the estimated term of the obligation.

2. The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

3. In order to protect the capital and optimize returns within acceptable risk parameters, the plan assets are maintained with an insurer managed fund (maintained by the Life Insurance Corporation ("LIC")) and is well diversified.

Sensitivity Analysis

The benefit obligation results of a such a scheme are particularly sensitive to discount rate, longevity risk, salary growth and employee attrition, if the plan provision do provide for such increases on commencement of pension.

The following table summarizes the impact in financial terms on the reported defined benefit obligation at the end of the reporting period arising on account of changes in these four key parameters:

(Amount Rs. In lakhs)

Impact on the Defined benefit Obligation	As at 31 March 2021	As at 31 March 2020
(a) Discount Rate		
- Increase by 1%	422.37	442.54
- Decrease by 1%	490.26	517.52

(b) Salary Growth Rate			
- Increase by 1%	488.84	514.32	
- Decrease by 1%	422.64	443.78	
(c) Withdrawal Rate			
- Increase by 50%	436.55	445.22	
- Decrease by 50%	485.38	539.12	
(d) Mortality Rate			
- Increase by 10%	453.91	477.25	
- Decrease by 10%	454.13	477.65	

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore in presenting the above sensitivity analysis the present value of defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There is no change in the methods and assumptions used in preparing the sensitivity analysis from the prior years.

(h) Effect of Plan on Entity's Future Cash Flows

(i) Maturity profile of defined benefit obligation:

Expected cash flows over the next (valued on undiscounted basis):	Amount in Rs. In lakhs
Within 1 year	72.74
2 to 5 years	171.66
6 to 10 years	177.19
More than 10 years	374.48

(i) Experience Adjustments *

(Amount Rs. In lakhs)

Experience Adjustments	For the year ended 31 March 2021	For the year ended 31 March 2020
Defined Benefit Obligation	454.03	477.45
Fair value of plan assets	353.70	228.02
Surplus/(Deficit)	(100.33)	(249.43)
Experience adjustment on plan liabilities [(Gain)/Loss]	91.82	(84.50)
Experience adjustment on plan assets [Gain/(Loss)]	2.74	(0.68)

* Experience adjustments related to prior years have been disclosed based on the information to the extent available.

35 Related Party Transactions

35.1 Names of Related Parties and Nature of Relationship

Description of Relationship	As at 31 March 2021	As at 31 March 2020
Holding Company	DWM Investments (Cyprus) Limited	DWM Investments (Cyprus) Limited
Key Managerial Personnel of the Company	Mr. Murali Srinivas Managing Director and CEO	Mr. Murali Srinivas Managing Director and CEO
	Mr. R Venkatasubramanian Company Secretary	Mr. R Venkatasubramanian Company Secretary
	Mr. Prabakaran Thangavelu Chief Financial Officer	Mr. Prabakaran Thangavelu Chief Financial Officer

Directors	Mr. Suresh Kodihalli Krishna	Mr. Suresh Kodihalli Krishna	
	Mr. Rajan Samuel	Mr. Rajan Samuel	
	Mr. Aleem Remtula	Mr. Aleem Remtula	
	Mr. Bradley Swanson	Mr. Bradley Swanson	
	Mrs. Indrani Bhagwan Singh	Mrs. Indrani Bhagwan Singh	
	Mr. V S Padmanaban	Mr. V S Padmanaban	
	Ms. Aparna Sharma	---	
Note: Related party relationships are as identified by the Management and relied upon by auditors			
35.2 Transactions with the Related Parties		(Amount Rs. In lakhs)	
Transaction	Related Party	For the Year Ended 31 March 2021	For the Year Ended 31 March 2020
Remuneration to Key Managerial Personnel	Mr. Murali Srinivas Managing Director and CEO	65.78	66.35
	Mr. Prabakaran Thangavelu Chief Financial Officer	32.72	35.27
	Mr. R Venkatasubramanian Company Secretary	16.27	17.47
Sitting Fees	Mr. Suresh Kodihalli Krishna	5.75	8.75
	Mr. Rajan Samuel	5.50	7.75
	Mrs. Indrani Bhagwan Singh	2.00	1.75
	Mr. V S Padmanaban	2.00	0.75
Employee Loan given	Mrs. Aparana Narendra Sharma	1.00	-
	Mr. Murali Srinivas	-	11.00
Employee Loan repaid	Mr. R Venkatasubramanian Company Secretary	-	3.00
	Mr. Murali Srinivas	6.60	4.40
Interest Received on employee Loan	Mr. R Venkatasubramanian Company Secretary	0.60	2.40
	Mr. Murali Srinivas Managing Director and CEO	0.66	0.44
Reimbursement of Travelling Expenses	Mr. R Venkatasubramanian Company Secretary	0.06	0.24
	DWM Investments (Cyprus) Limited	1.97	-
Transaction	Related Party	As at 31 March 2021 Amount Rs. In lakhs	As at 31 March 2020 Amount Rs. In lakhs
Balance as at Year End			
Employee Loan Receivable	Mr. Murali Srinivas Managing Director and CEO	-	6.60
	Mr. R Venkatasubramanian Company Secretary	-	0.60
Note:			
(a) The Company accounts for costs incurred by / on behalf of the Related Parties based on the actual invoices / debit notes raised and accruals.			
(b) The above compensation to key management personnel excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.			

36 Financial Instruments**36.1 Capital Management**

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure. For the purpose of the Company's capital management, capital includes equity share Capital and Other Equity. Debt includes term loans from banks, NBFC and debentures net of Cash and bank balances. The Company monitors capital on the basis of the following gearing ratio. There is no change in the overall capital risk management strategy of the Company compared to last year.

Gearing Ratio :**(Amount in Rs. in lakhs)**

Particulars	As at 31 March 2021	As at 31 March 2020
Borrowings	38,740.87	52,166.01
Cash and Bank Balance	(8,384.73)	(8,447.05)
Net Debt (A)	30,356.14	43,718.96
Total Equity (B)	13,611.01	14,428.17
Net Debt to equity ratio (A/B)	2.23	3.03

36.2 Categories of Financial Instruments

The carrying value of the financial instruments by categories as on 31 March 2021 and 31 March 2020 is as follows:

(Amount in Rs. In lakhs)

Particulars	Carrying Value		Fair Value	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
(a) Financial Assets : Measured at amortised cost				
- Loans	43,659.68	59,002.59	43,659.68	59,002.59
- Cash and Bank balance	8,384.73	8,447.05	8,384.73	8,447.05
- Other financial assets	187.17	232.34	187.17	232.34
- Loan given to staff	11.79	37.32	11.79	37.32
	52,243.37	67,719.30	52,243.37	67,719.30
(b) Financial Liabilities : Measured at amortised cost				
- Borrowings	38,740.87	52,166.01	38,740.87	52,166.01
- Other payables	127.16	141.99	127.16	141.99
- Other financial liabilities	447.83	812.28	447.83	812.28
	39,315.86	53,120.28	39,315.86	53,120.28

The management assessed that fair value of Loans other receivables, cash and cash equivalents, other financial assets, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The amortized costs of the Company's interest-bearing borrowings are determined by using the Effective Interest method. The own non-performance risk as at 31 March 2021 was assessed to be insignificant.

There were no items of financial assets or financial liabilities which were valued at fair value as of 31 March 2021 and 31 March 2020.

37 Financial Risk Management Framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company manages financial risk relating to the operations through internal risk reports which analyse exposure by degree and magnitude of risk. These risks include market risk (including interest rate risk and other price risk), credit risk and liquidity risk. Compliance with policies and exposure limits is reviewed by the management on a continuous basis.

37.1 Liquidity Risk Management :

Liquidity risk refers to the risk that the Company cannot meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation. The Company maintains adequate reserves and banking facilities, and continuously monitors the forecast and actual cash flows by matching maturing profiles of financial assets and financial liabilities in accordance with the approved risk management policy of the Company periodically. The Company believes that the working capital (including banking limits not utilised) and its cash and cash equivalent are sufficient to meet its short and medium term requirements.

Liquidity and Interest Risk Tables :

Refer Note 41.6 which details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The contractual maturity is based on the earliest date on which the Company may be required to pay.

37.2 Market Risk

Market Risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity, and other market changes. The Company is exposed to two types of market risk as follows:

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

We are subject to interest rate risk, principally because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately.

The Company has Board Approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

Price Risk

The Company's exposure to price risk is not material and it is primarily on account of investment of temporary treasury surpluses in the highly liquid debt funds for very short durations. The Company has a board approved policy of investing its surplus funds in highly rated debt mutual funds and other instruments having insignificant price risk, not being equity funds/ risk bearing instruments.

37.3 Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

The Management considers that the carrying amount of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

37.4 Offsetting of financial assets and financial liabilities

The Company has not offset financial assets and financial liabilities.

38 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Based on and to the extent of information received by the Company from the suppliers during the year regarding their status under the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act), the relevant particulars for the years ended 31 March 2021 and 31 March 2020 are furnished below:

Particulars	For the Year Ended 31 March 2021 Amount Rs. In lakhs	For the Year Ended 31 March 2020 Amount Rs. In lakhs
Principal amount remaining unpaid to any supplier as at the end of the accounting year.	2.97	-
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year.	-	-
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
The amount of interest due and payable for the year.	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid.	-	-

Note:

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

39 Commitments and Contingencies

Particulars	As at 31 March 2021 Amount Rs. In lakhs	As at 31 March 2020 Amount Rs. In lakhs
A. Contingent Liabilities:		
Income Tax (Refer Note (a) below)	133.41	133.41
Labour Case (Refer Note (b) below)	10.00	-
B. Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for:	-	-

40 (a) Income Tax:

(i) While completing the Income Tax assessment for the Assessment Year 2011-12, the department vide order dated 31 December 2013, demanded an amount of Rs. 2,90,830/- on account of mismatches between TDS credit claimed in return and credit granted in the assessment. The Company has filed a rectification u/s 154 of the Income Tax Act, 1961 to rectify the same. There has been no further progress in this matter.

(ii) While completing the Income Tax assessment for the Assessment Year 2017-18, the department via order dated 31 December 2019, demanded an amount of Rs. 1,30,50,323 assessing the Specified Bank Notes deposited in excess of cash balance on 08 November 2016 as unexplained cash credit u/s 68 of the Income Tax Act, 1961. The Company believes that the claim is untenable and hence, has filed a writ petition with the Madras High Court against the said order. The high court has granted an interim stay on the said petition as on 03 February 2020; The company has paid an amount of Rs.10,00,000/- under protest.

(b) Labour Case:

The company had terminated an employee Mr. Sivakumar.K on 8th May 2015. He has filed a case in the Labour Court. The company has calculated the back wages to be paid in case of an unfavorable decision.

Disclosure Pursuant to Reserve Bank of India Master Direction DNBR. PD. 008/03.10.119/2016-17 updated 16 April 2019.

40.1 Customer Complaints *

(a)	No. of complaints pending as on 1 April 2020	-
(b)	No. of complaints received during the year	1,969
(c)	No. of complaints redressed during the year	1,946
(d)	No. of complaints pending as on 31 March 2021	23

* As disclosed by the Management and relied upon by the Auditors.

40.2 Details of Registration with Financial Regulators

S.No	Regulator	Registration No.
1	Ministry of Company Affairs	U67190TN1995PLC030604
2	Reserve Bank of India	B-07.00537

40.3 Ratings assigned by Credit Rating Agencies

Particulars	As at 31 March 2021 (Refer Note below)	As at 31 March 2020
Long Term Bank Facilities	[ICRA] BBB-	[ICRA] BBB
Long term Non-Convertible Debentures	CARE BBB-; Negative CARE BBB-; Negative CARE BBB-; Negative	CARE BBB; stable CARE BBB; stable CARE BBB; stable
MFI Grading	M2	M2

Note: The credit rating agencies have subsequently reaffirmed the rating of the instruments after due consideration of the latest developments; Accordingly, the outlook of the instruments has been revised to 'negative' from 'stable'.

40.4 Concentration of Advances, Exposures and NPA's

Particulars	As at 31 March 2021	As at 31 March 2020
Total Advances and Exposures to twenty largest borrowers	Refer Note below	Refer Note below
Total Exposure to top four NPA accounts	Refer Note below	Refer Note below
Percentage of Advances and Exposures to twenty largest borrowers to Total Advances of the NBFC	Refer Note below	Refer Note below

The Company operates in the business of microfinance providing collateral free loans for fixed amounts ranging from Rs. 5,000 to Rs. 50,000 to women engaged in various income generating activities. As at 31 March 2021, the Company has provided loans to more than 41 lakhs women and hence, the disclosure relating to concentration to advances, exposures and NPA's are not applicable to the Company.

40.5 Details of non-performing financial assets purchased / sold

There have been no Nonperforming assets purchased or sold by the Company as at 31 March 2021 and 31 March 2020.

40.6 Sector-wise NPAs as on 31 March 2021

Sl. No	Sector	Percentage of NPAs to Total Advances in that sector as on 31 March 2021	Percentage of NPAs to Total Advances in that sector as on 31 March 2020
1	Agriculture & allied activities	7.81%	0.13%
2	MSME	6.63%	0.04%
3	Corporate borrowers	0.00%	0.00%
4	Services	10.82%	0.05%
5	Unsecured personal loans	0.00%	0.00%
6	Transport	3.39%	0.00%
7	Other loans	12.32%	0.00%

40.7 Provisions and Contingencies			
Particulars		For the Year Ended 31 March 2021 Amount Rs. in Lakhs	For the Year Ended 31 March 2020 Amount Rs. in Lakhs
Impairment Loss Allowance		2,515.77	228.84
Provision for Income Tax (excluding deferred tax)		351.11	770.00
40.8 Movement of NPAs			
Sl. No	Particulars	As at 31 March 2021 Amount Rs. in lakhs	As at 31 March 2020 Amount Rs. in lakhs
(i)	Net NPAs to Net Advances (%)	3.60%	0.00%
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	133.53	132.09
	(b) Net Additions/(deletions) during the year	4,342.96	1.44
	(c) Closing balance	4,476.49	133.53
(iii)	Movement of Net NPAs		
	(a) Opening balance	-	-
	(b) Net Additions/(deletions) during the year	1,696.67	-
	(c) Closing balance	1,696.67	-
(iv)	Movement of provisions for receivables under financing activities		
	(a) Opening balance	874.37	645.54
	(b) Provisions made during the year	3,144.95	337.98
	(c) Write-off / write-back of excess provisions	(629.18)	(109.15)
	(d) Closing balance	3,390.14	874.37
40.9	During the year there are no instances of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeding the sanctioned limit or outstanding or entire outstanding whichever is higher.		
40.10	During the year company has not given any advances with intangible collateral such as charge over the rights, licenses, authority etc.		
40.11	Registration Obtained from Other Financial Sector Regulators		
	During the year the company has not obtained any registrations from other financial regulators.		
40.12	Penalties Imposed by RBI and Other Regulators		
	No penalties imposed by RBI or Other Regulators.		
40.13	Investments		
Particulars		As at 31 March 2021 Amount Rs.in Lakhs	As at 31 March 2020 Amount Rs.in Lakhs
Value of Investments			
(i)	Gross Value of Investments		
	(a) In India	-	-
	(b) Outside India,	-	-
(ii)	Provisions for Depreciation	-	-
	(a) In India	-	-
	(b) Outside India,	-	-
(iii)	Net Value of Investments	-	-
	(a) In India	-	-
	(b) Outside India.	-	-
Movement of provisions held towards depreciation on investments			
(i)	Opening balance	-	-
(ii)	Add : Provisions made during the year	-	-
(iii)	Less : Write-off / write-back of excess	-	-
(iv)	Closing balance	-	-
40.14	Derivatives:		
	The Company has no transactions / exposure in derivatives for all years presented.		

41 Disclosure Pursuant to Reserve Bank of India Master Direction DNBR. PD. 008/03.10.119/2016-17 (updated 16th April, 2019)			
Capital Adequacy Ratio			
	Particulars	As at 31 March 2021 Amount Rs. in Lakhs	As at 31 March 2020 Amount Rs. in Lakhs
	Tier I Capital	12,282.35	13,517.92
	Tier II Capital	360.90	337.82
	Total Capital	12,643.25	13,855.74
	Total Risk Assets	45,797.46	58,611.27
	Capital Ratios		
	Tier I Capital as a percentage of Total Risk Assets (%)	26.82%	23.06%
	Tier II Capital as a percentage of Total Risk Assets (%)	0.79%	0.58%
	Total Capital (%)	27.61%	23.64%
41.1 Exposure to Real Estate Sector			
	Category	As at 31 March 2021 Amount Rs. in Lakhs	As at 31 March 2020 Amount Rs. in Lakhs
	a) Direct Exposure		
	(i) Residential Mortgages		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	-	-
	(ii) Commercial Real Estate -		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits	-	-
	(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
	a. Residential	-	-
	b. Commercial Real Estate	-	-
	Total Exposure to Real Estate Sector	-	-
41.2 Exposure to Capital Market			
	The Company does not have any exposure to Capital market as at 31 March 2021 and 31 March 2020.		
41.3 Draw Down from Reserves			
	No Drawdown from Reserves has been noted in the financial years ended 31 March 2021 and 31 March 2020.		
41.4 Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)			
	There are no overseas assets of the Company as there are no Joint Ventures and subsidiaries abroad.		
41.5 Off-balance Sheet SPVs sponsored			
	There have been no off- balance sheet SPVs sponsored by the Company during the financial years ended 31 March 2021 and 31 March 2020.		

41.6 Asset Liability Management

(a) Maturity Pattern of certain items of Assets and Liabilities as at 31 March 2021:

(Amount Rs. in Lakhs)

Particulars	1 day to 30 – 31 days (One Month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from Banks & NBFCs	1,127.72	1,114.43	1,931.45	3,885.97	10,815.33	5,712.75	-	-	24,587.65
Market Borrowings	1,257.75	-	350.00	1,188.50	4,057.75	4,000.00	-	-	10,854.00
Assets									
Advances (Micro Finance Loans)	8,880.37	4,743.13	4,514.50	10,415.77	11,732.18	6,907.87	-	-	47,193.82

(b) Maturity Pattern of certain items of Assets and Liabilities as at 31 March 2020:

(Amount Rs. in Lakhs)

Particulars	1 day to 30 – 31 days (One Month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from Banks & NBFCs	353.25	187.53	1,650.55	4,830.70	8,674.72	16,000.72	250.00	-	31,947.47
Market Borrowings	-	-	-	-	2,000.00	10,450.00	-	-	12,450.00
Assets									
Advances (Micro Finance Loans)	-	-	7,273.40	19,812.18	24,595.39	8,191.38	-	-	59,872.35
Investments	-	-	-	-	-	-	-	-	-

42 Disclosure Pursuant to paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding Companies Prudential Norms (Reserve Bank) Directions, 2016):

(Amount Rs.in Lakhs)

S. No.	Particulars	As at 31 March 2021		As at 31 March 2020	
		Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
	<u>Liabilities:</u>				
1	<i>Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:</i>				
(a)	Debentures (Refer Note Below)				
	- Secured	7,039.98	-	8,720.15	-
	- Unsecured	3,997.11	-	4,001.70	-
	(other than falling within the meaning of public deposits)				
(b)	Term Loans (Refer Note Below)	24,555.20	-	32,102.38	-
(c)	Inter-Corporate Loans and Borrowings	-	-	-	-
(d)	Commercial Paper	-	-	-	-
(e)	Finance Lease obligations	-	-	-	-
(f)	Cash Credits	-	-	824.67	-

Note: Includes Interest Accrued but Not Due on Debentures amounting to Rs.200.18 Lakhs (As at 31 March 2020: Rs.271.85 Lakhs) and Term Loans amounting to Rs. 68.18 Lakhs (As at 31 March 2020: Rs.154.91 Lakhs)

(Amount Rs.in Lakhs)

S. No.	Particulars	Amount Outstanding as at 31 March 2021	Amount Outstanding as at 31 March 2020
	<u>Assets:</u>		
2	<i>Break-up of Loans and Advances including Bills Receivables [other than those included in (3) below] :</i>		
(a)	Secured	-	-
(b)	Unsecured	47,479.25	60,474.35
3	<i>Break up of Leased Assets and Stock on Hire and Other Assets counting towards AFC activities</i>		
(i)	Lease Assets including Lease Rentals Accrued and Due:		
	(a) Financial Lease	-	-
	(b) Operating Lease	-	-
(ii)	Stock on Hire including Hire Charges under Sundry Debtors:		
	(a) Assets on Hire	-	-
	(b) Repossessed Assets	-	-
(iii)	Other Loans counting towards AFC Activities		
	(a) Loans where Assets have been Repossessed	-	-
	(b) Loans other than (a) above	-	-

(Amount Rs.in Lakhs)

S. No	Particulars	Amount Outstanding as at 31 March 2021	Amount Outstanding as at 31 March 2020
4	<i>Break-up of Investments Current Investments</i>		
I	<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)	-	-
II	Unquoted:		
(i)	Shares: (a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities	-	-
(v)	Others (please specify)	-	-
	Long Term Investments		
I	Quoted:		
(i)	Shares: (a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities	-	-
(v)	Others (please specify)	-	-
II	Unquoted:		
(i)	Shares: (a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities	-	-
(v)	Investment in Pass Through Certificates	-	-

(Amount Rs. in Lakhs)

Borrower Group-wise Classification of Assets Financed as in (2) and (3) above					
5	Category	As at 31 March 2021 (Net of Provisions)		As at 31 March 2020 (Net of Provisions)	
		Secured	Unsecured	Secured	Unsecured
1	Related Parties				
	(a) Subsidiaries	-	-	-	-
	(b) Companies in the same Group	-	-	-	-
	(c) Other Related Parties	-	-	-	-
2	Other than Related Parties	-	44,089.10	-	59,599.98
	Total	-	44,089.10	-	59,599.98

(Amount Rs. in Lakhs)

6	Investor Group-wise Classification of all Investments (Current and Long Term) in Shares and Securities (both Quoted and Unquoted):	Market Value / Break up Value or Fair Value or Net Asset Value (Company's Share) as on 31 March 2021	Book Value as on 31 March 2021	Market Value / Break up Value or Fair Value or Net Asset Value (Company's Share) as on 31 March 2020	Book Value as on 31 March 2020
	Category				
1	Related Parties				
	(a) Subsidiaries	-	-	-	-
	(b) Companies in the Same Group	-	-	-	-
	(c) Other Related Parties	-	-	-	-
2	Other than Related Parties (Refer Note Below)	-	-	-	-
	Total	-	-	-	-

7	Other Information	As at 31 March 2021		As at 31 March 2020	
		Amount Rs. In Lakhs		Amount Rs. In Lakhs	
		Related Parties	Other than Related Parties	Related Parties	Other than Related Parties
(i)	Gross Non-Performing Assets	-	4,476.49	-	133.53
(ii)	Net Non-Performing Assets	-	1,696.67	-	-
(iii)	Assets Acquired in Satisfaction of Debt	-	-	-	-

43 Loan Portfolio and Provision for Standard and Non Performing Assets

(a) Current Year

Asset Classification	Loan Outstanding as at 31 March 2021 (Gross) Amount Rs. in Lakhs	Provision as at 31 March 2021 Amount Rs. in Lakhs	Loan Outstanding as at 31 March 2021 (Net) Amount Rs. in Lakhs
Receivables under Financing Activities (including securitised assets)			
Standard Assets	42,717.33	610.33	42,107.00
Non - Performing Assets	4,476.49	2,779.82	1,696.67
Total	47,193.82	3,390.15	43,803.67

(b) Previous Year

Asset Classification	Loan Outstanding as at 31 March 2020 (Gross) Amount Rs. in Lakhs	Provision as at 31 March 2020 Amount Rs. in Lakhs	Loan Outstanding as at 31 March 2020 (Net) Amount Rs. in Lakhs
Receivables under Financing Activities (including securitised assets)			
Standard Assets	59,738.82	740.84	58,997.98
Non - Performing Assets	133.53	133.53	-
Total	59,872.35	874.37	58,997.98

44 Changes in Provisions

(a) Current Year Amount Rs. in Lakhs

Particulars	As at 1 April 2021	Provision for the Year	Utilization / Reversal	As at 31 March 2021
Loans	874.38	3,144.95	(629.18)	3,390.15
Total	874.38	3,144.95	(629.18)	3,390.15

(b) Previous Year Amount Rs. in Lakhs

Particulars	As at 1 April 2020	Provision for the Year	Utilization/ Reversal	As at 31 March 2020
Loans	645.54	337.98	(109.14)	874.38
Total	645.54	337.98	(109.14)	874.38

45 Disclosures of Fraud

(a) Current Year

Category	More than Rs. 1 lakh		Less than Rs. 1 lakh	
	Number of Instances	Amount Rs. in Lakhs	Number of Instances	Amount Rs. in Lakhs
Embezzlement of Cash				
- By Employees	Nil	Nil	5	0.23
- By Others				
Total	-	-	5	0.23

b) Previous Year 2019-20

Category	More than Rs. 1 lakh		Less than Rs. 1 lakh	
	Number of Instances	Amount Rs. in Lakhs	Number of Instances	Amount Rs. in Lakhs
Embezzlement of Cash				
- By Employees	Nil	Nil	5	0.24
- By Others				
Total	-	-	5.00	0.24

Note:

The above summary is prepared based on the information available with the Company and relied upon by the Auditors.

45.1 Disclosure as required under Reserve Bank of India Master Direction DNBR. PD. 008/03.10.119/2016-17 (updated 16th April, 2019)

Net Interest Margin during the Year:

Particulars	For the Year ended 31 March 2021	For the Year ended 31 March 2020
Average Interest (a)	19.64%	23.50%
Average effective cost for borrowing Interest (b)	13.48%	13.50%
Net Interest Margin (a-b)	6.16%	10.00%

The Average interest represents the effective rate at which loans have been disbursed to the customers for the year ended 31 March 2021 and 31 March 2020.

The Average interest cost of borrowings of the Company for the years ended 31 March 2021 and 31 March 2020 has been computed based on the monthly borrowing cost (including interest, upfront processing fee paid and other charges) divided by the average monthly balances of outstanding borrowings.

46 Disclosures of Transactions Pursuant to Regulation 34(3) of SEBI (LODR) Regulations, 2015:

S. No	Loans and Advances in the nature of Loans	As at 31 March 2021 Amount Rs. in Lakhs		As at 31 March 2020 Amount Rs. in Lakhs	
		Amount Outstanding	Maximum Amount Outstanding during the year	Amount Outstanding	Maximum Amount Outstanding during the year
(a)	From Holding Company:				
	- From Holding Company during the Current Year	-	-	-	-
(b)	To Fellow Subsidiaries				
	- No Fellow Subsidiaries during the Current Year	-	-	-	-
(c)	To Associates				
	- No Associate during the Current Year	-	-	-	-
(d)	Where there is				
	- No Repayment Schedule	-	-	-	-
	- Repayment Schedule beyond seven years	-	-	-	-
	- No Interest	-	-	-	-
	- Interest below the rate as specified in section 186 of the Companies Act, 2013	-	-	-	-
(e)	To Firms / Companies in which directors are interested (Other than (a) and (b) above)	-	-	-	-
(f)	Investments by the Loanee in the Shares of Parent Company and Subsidiary Company	-	-	-	-

47 Corporate Social Responsibility (CSR)

As per Section 135 of the Companies Act 2013, the company is required to spend Rs. 52.58 lakhs (Previous year: Rs. 48.65 lakhs) (2% of the average net profits of the Company made during the three immediately preceding financial years) towards CSR activities for the financial year 2020-21. Break up for the same is as follows:

- i) Gross Amount required to be spent during the financial year 2020-21 - Rs. 52.58 lakhs (Previous year- Rs. 48.65 lakhs)
- ii) Amount spend towards CSR Activities as per Company's CSR Policy : Rs. 52.66 lakhs (Previous year- Rs. 49.29 lakhs)
- iii) Unspent amount as on March 31, 2021: Nil (Previous Year- NIL)

48 Statutory Reserve

As per Section 45-IC of the Reserve Bank of India Act, 1934, the Company is required to create a reserve fund at a rate of 20% of the net profit after tax of the Company every year. Considering the Profit after tax on OCI for the year ended 31 March 2021: Rs. 14.15 Lakhs is transferred to the statutory reserve as required under Section 45-IC of Reserve Bank of India (RBI) Act, 1934.

49 The Company entered in to a non-solicitation agreement dated 20th March, 2020 with Mahasemam Trust, an entity from which the Company acquired the employee pool and client base, in order to restrict Mahasemam Trust from poaching the employees and to mitigate the consequential risk of losing the clients and business. On the basis of valuation from a SEBI approved valuer, the consideration agreed in the agreement is Rs.550 lakhs, of which Rs. 25 lakhs was paid in the previous financial year on signing the agreement. The balance shall be paid in tranches on achieving milestones as per the agreement. The amount was disclosed under 'Exceptional Items' in the financial statements for the year ended 31 March 2020.

50 The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. Reserve Bank of India (RBI) issued guidelines relating to COVID-19 Regulatory Package dated 27 March 2020 and 17 April 2020 and in accordance therewith, the Company granted a moratorium period on the payment of all principal instalments and/ or interest, as applicable, falling due from 24 March 2020 and 31 May 2020 to all eligible borrowers. Subsequently, RBI has announced an additional moratorium for a period of 3 months from 1 June 2020 to 31 August 2020 and the Company granted the option to avail the moratorium to its members.

Further, the Company has, based on current available information and based on the policy approved by the board, determined the provision for impairment of financial assets. Given the uncertainty over the potential macro-economic impact, the Company's management has considered internal and external information including credit reports and economic forecasts upto the date of approval of these financial statement.

The Company is actively monitoring the impact of the global health pandemic on its financial condition, liquidity, operations, borrowers and industry. The Company has used the principles of prudence in applying judgments, estimates and assumptions based in assessing the recoverability of assets such as receivables, loans, investments, financial assets and other assets. Based on current indicators of future economic conditions, the Company expects to recover the carrying amounts of its assets.

51(i) Expenditure incurred in Foreign Currency

Particulars	For the year ended 31 March 2021 Amount in Rs.	For the year ended 31 March 2020 Amount in Rs.
Reimbursement of Travelling Expenses	196,841	181,257

(ii) The Company did not have any unhedged Foreign currency exposure as at 31 March 2021 and 31 March 2020 and the Company did not have any derivatives.

52 Previous Year Figures

Previous year's figures have been regrouped / reclassified, wherever necessary, to correspond with the current year's classification / disclosure.

53 The Board of Directors of the Company has reviewed the realisable value of all the financial assets and has confirmed that the value of such assets in the ordinary course of business will not be less than the value at which these are recognized in the financial statements. In addition, the Board has also confirmed the carrying value of the non-financial assets in the financial statements. The Board, duly taking into account all the relevant disclosures made, has approved these financial statements in its meeting held on 29 June 2021.

In terms of our report of even date attached

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

FRN No.117366 W/W-100018

Sd/-

Ananthi Amarnath

Partner

Place : Chennai

Date : 29 June 2021

For and on behalf of the Board of Directors of
S.M.I.L.E. Microfinance Limited

Sd/-

P. Murali Srinivas

CEO and Managing

Director

DIN - 00554309

Place : London

Sd/-

V.T. Prabakaran

Chief Financial Officer

Place : Chennai

Date : 29 June 2021

Sd/-

Suresh K Krishna

Director

DIN - 01217401

Place : Bengaluru

Sd/-

R.Venkatasubramanian

Company Secretary

Place : Chennai

Date : 29 June 2021

FAIR PRACTICES CODE

The Company shall abide by this **"FAIR PRACTICES CODE"** as applicable to the business of providing microfinance services to its WOMEN members. In order to enhance value and relevance to the Borrowers, this CODE would be subjected to review from time to time. Suggestions for improvement are expected from all quarters.

1. LOAN APPLICATION – PROCESSING

- Application forms for loans will include terms & conditions of the loan and the documents required to be submitted.

Applicant who has completed Group Recognition Test and submitted KYC documents to the satisfaction of the Company will be eligible to submit application for loan.

Receipt of completed application forms will be duly acknowledged.

All loan applications will be disposed off within a period of 4 weeks (or such extended time as mutually agreed upon) from the date of receipt of duly completed loan applications i.e. with all the requisite information and related documents.

Loan sanction letters incorporating all terms of sanction will be issued to members as & when sanctioned.

2. LOAN APPRAISAL AND TERMS/ CONDITIONS

- In accordance with Company's prescribed assessment procedures, each loan application will be appraised based on Company's guidelines viz. purpose, attendance at centre meetings, past repayment record, current income and repayment capacity

The sanction of loan along with the terms and conditions thereof is conveyed to the Applicant in writing.

3. DISBURSEMENT OF LOAN

- Disbursement of loans sanctioned shall be made only on compliance of terms and conditions including execution of loan documents governing such sanction.

Any change in the terms and conditions, including disbursement schedule, interest rate and processing charges, will be notified to the Borrower.

Changes in interest rates/processing charges will be effected prospectively only.

Company shall intimate the terms & conditions and interest rate to the borrower in the form of a pass book sheet.

Company shall frame internal principles and procedures to determine and adopt interest rates

and other charges and ensure that they are not excessive.

4. POST DISBURSEMENT

- A decision to recall/accelerate payment or performance shall be as per loan agreement entered into with the Borrower.

In the course of recovery, Company would not resort to harassment and avoid any conduct suggestive of any threat or violence.

Company shall conduct itself decently when its Authorized Persons visit the Borrower's place in case of need to recover dues and such calls will generally be between 0700 hours and 1800 hours, and shall also avoid visiting at odd hours/inappropriate/calamitous occasions.

A repayment holiday equivalent to the frequency of repayment (Weekly / Fortnightly / Monthly) from the date of disbursement will be permitted and the collection will start from the subsequent centre meetings.

5. GRIEVANCES – REDRESSAL

- In case of any complaint/grievance from the Applicants/Borrowers, Company's Officials will respond to redress it within 4 weeks and in case of dissatisfaction, they can take it to higher level for redress.

Contact details of Company officials are prominently displayed at offices for the benefit of loan applicants / Borrowers.

Company officials from Corporate Office and Controlling offices will make regular visits to interact with Centre/Group Leaders and loan Applicants/Borrowers to attend to complaints / grievances and ensure redressal.

6. ASSURANCE

- The company would refrain from interference in the affairs of the Borrower except for what is provided in the terms and conditions of loan sanction documents (unless new information, not earlier disclosed by the Borrower, has come to the notice of the Company as 'lender').

The Company will not discriminate between the loan applicants on the basis of gender, caste or religion

The Company is taking care to prevent inappropriate staff behaviour & also ensure timely grievance redressal.

The Company will always adhere to the Principle of being transparent and fair lending practices.

UNCLAIMED DIVIDEND**Dear Shareholders,**

As per the applicable provisions of the Companies Act, all unpaid / unclaimed dividends are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government after completion of seven years. Further, the Rules mandate that the shares on which dividend has not been paid or claimed for seven consecutive years or more be transferred to the IEPF.

Details of unclaimed dividends and their corresponding shares that may be liable to be transferred to the IEPF:

Year	Type of dividend	Dividend per share	Date of declaration	Due date for transfer to IEPF	Unclaimed amount as on March 31, 2021
2015-16	Interim Dividend	₹. 0.35	01 st August 2015	08 th September, 2022	852342.05

Full details of such unpaid / unclaimed dividends are regularly updated on the website of the Ministry of Corporate Affairs as well as the website of the Company (www.smileltd.in)

In case you have any unclaimed/ unpaid dividend in respect of the financial year mentioned above, please write to us / our Registrar and Share Transfer Agent at the following address for claiming the amount.

Company Secretary & Compliance Officer

R Venkatasubramanian
S.M.I.L.E. Microfinance Limited,
14/25, Chakrapani Street,
West Mambalam, Chennai 600033

Registrar and Transfer Agent

Cameo Corporate Services Limited
Subramanian Building,
No.1, Club House Road,
Near Spencers Signal on Anna Salai,
Chennai- 600 002.

பொருள்: பெறப்படாத ஈவுத்தொகை (இலாப பங்குத்தொகை)**அன்புடைய பங்குதாரர்களுக்கு,**

நிறுவனங்கள் சட்டம் மற்றும் பொருந்தக்கூடிய விதிகளின்படி, கொடுக்கப்படாத / பங்குதாரர்களால் பெற்றுக்கொள்ளப்படாத அனைத்து ஈவுத்தொகைகளும் (Dividend) மற்றும் அவற்றின் தொடர்புடைய பங்குகளும் ஏழு ஆண்டுகள் (7 years) நிறைவடைந்த பின்னர் மத்திய அரசால் நிறுவப்பட்ட முதலீட்டாளர் கல்வி மற்றும் பாதுகாப்பு நிதிக்கு (ஐ.இ.பி.எஃப்.) மாற்றப்பட வேண்டும்.

பங்குதாரர்களால் பெற்றுக்கொள்ளப்படாத ஈவுத்தொகை (Dividend) மற்றும் அவற்றின் தொடர்புடைய பங்குகளை IEPF க்கு மாற்றப்படும் தேதி மற்றும் விவரங்கள்:

ஆண்டு	ஈவுத்தொகை யின் வகை	ஒரு பங்குக்கு ஈவுத்தொகை	அறிவித்த தேதி	IEPF க்கு மாற்றப்படும் தேதி	மார்ச் 31, 2021 வரை பெற்றுக்கொள்ளப்படாத ஈவுத்தொகை
2015-16	இடைக்கால ஈவுத்தொகை	₹. 0.35	01 ஆகஸ்ட் 2015	08 செப்டம்பர் 2022	852342.05

அத்தகைய கொடுக்கப்படாத / பங்குதாரர்களால் பெற்றுக்கொள்ளப்படாத ஈவுத்தொகைகளின் (Dividend) முழு விவரங்களும் பெருநிறுவன விவகார அமைச்சகத்தின் வலைத்தளத்திலும், நிறுவனத்தின் வலைத்தளத்திலும் (www.smileltd.in) தொடர்ந்து புதுப்பிக்கப்படுகின்றன.

மேலே குறிப்பிட்டுள்ள நிதியாண்டிற்கான பெற்றுக்கொள்ளப்படாத ஈவுத்தொகை (Dividend) இருந்தால், தயவுசெய்து எங்களுக்கு / எங்கள் 'பதிவாளர் மற்றும் பங்கு பரிமாற்ற முகவருக்கு' (Registrar & Transfer Agent) பின்வரும் முகவரிக்கு தெரிவிக்கவும்.

நிர்வாக செயலாளர்
வெங்கடசுப்ரமணியன் ர
எஸ்.எம்.ஐ.எல்.இ. மைக்ரோபினன்ஸ் லிமிடெட்,
14/25 சக்கரபாணி தெரு, மேற்கு மாம்பலம்,
சென்னை- 600033 தமிழ்நாடு.

பதிவாளர் மற்றும் பங்கு பரிமாற்ற முகவர்
கேமியோ கார்ப்பரேட் சர்வீசஸ் லிமிடெட்,
சுப்பிரமணியன் பிளிட்ங், எண் 1,
கிளப் ஹவுஸ் சாலை, அண்ணா சாலை,
சென்னை- 600002 தமிழ்நாடு.

