



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



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

24th
ANNUAL REPORT
2018-19

MD & CEO's Message:

Dear Shareholders,

It gives me immense pleasure to present this annual report for the year 2018-19. I am elated to share that we have posted overall positive figures compared to the previous financial year.

We closed 2018-19 with a PAT of INR 26 Crores, an impressive growth of 35.18%. Our outstanding portfolio increased from INR 473.84 Crores to INR 514.99 Crores. The Number of branches increased from 100 to 105. Delinquency was well under control at just 0.57% which is probably the best in the MFI industry. Having crossed INR 500 Crore mark under total assets, SMILE has entered the big league as a Systemically Important NBFC as classified by the RBI. 2018-19 FY's focus was on productivity. SMILE generated an impressive profit growth with almost the same customer base, highlighting improvements in productivity.

Cash is our raw material and banks/NBFCs are our lenders. I am happy to report all our lenders are very much satisfied doing business with us and have explicitly conveyed it on many occasions. As on date we have relationship with 29 Banks / Financial Institutions.

The rating of our company serves as a benchmark for us and helps us understand our challenges. I am happy to note that we continue to enjoy the rating of BBB.

Our staff is our most important and valuable asset. We have continued to successfully appreciate and nurture staff talent in this year also. Almost all our senior and middle managers continue to serve this year. I am happy to note that as much as 60% of total staff continues to be with us for more than 5 years. This is a commendable achievement in today's world where high staff attrition is common.

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. Over the years we have been supporting certain themed interventions including (a) Scholarships to 10th, 11th and 12th standard students, (b) Vocational training in tailoring, (c) Disaster relief. In FY 2018-19, we had a budget of INR 26.16 Lakhs towards CSR activities out of which we provided 579 scholarships, trained 75 women in tailoring, and helped 1839 individuals through relief measures.

During Dec'18 cyclone 'Gaja' played havoc mainly in Nagapattinam district along with some damage in Karaikkal and Pudukottai districts in Tamil Nadu. Our staff quickly got in to relief activities which included distribution of food, blankets, new utensils for cooking, etc, which won the Company great appreciation from the public.

During the next financial year 2019-20, we have plans to commence business operations in a few North Indian States along with expansion in to South Indian States. We plan to implement various digital initiatives including automating field processes and departments, empowering field staff with Tabs, and to expand the strength of senior and middle managers so as to get SMILE ready for big growth in the coming years. Representation of women in senior and middle management is low today, which we will be addressing in this coming year. Our customers and their needs are important to us. We plan to launch a couple of new products to further strengthen our commitment to our customers. To successfully implement growth strategies, we plan to hire suitable resources and to accommodate more resources, we have moved to a spacious corporate office.

As I conclude, I thank our directors for their guidance, shareholders (you) for your commitment and staff for their unflinching loyalty, proactive attitude and high productivity.

I am confident that FY 2019-20, will bring better financial, operational and social results with your continued support.

Let's make SMILE great again.

Yours truly,



Murali Srinivas
MD & CEO

MD & CEO இன் செய்தி:

அன்புள்ள பங்குதாரர்களுக்கு,

2018—19 ஆம் ஆண்டிற்கான ஆண்டு அறிக்கையை தங்களுக்கு அளிப்பதில் நான் மிகுந்த மகிழ்ச்சியடைகிறேன். முந்தைய நிதியாண்டுடன் ஒப்பிடும்போது நாம் அனைத்து விதத்திலும் சிறப்பாக முன்னேற்றம் அடைந்துள்ளோம் என்பதை மகிழ்ச்சியுடன் தெரிவித்துக்கொள்கிறேன்.

தங்கள் நிறுவனம் கடந்த ஆண்டில் ரூ . 26 கோடி நிகர வருவாயை ஈட்டியுள்ளது. இது முந்தைய ஆண்டைவிட 35.18% அதிகரித்துள்ளது. கடன் தொகை நிலுவை ரூ. 474.84 கோடியிலிருந்து ரூ. 514.99 கோடியாக அதிகரித்துள்ளது. நமது கிளைகளின் எண்ணிக்கை 100 இல் இருந்து 105 ஆக அதிகரித்துள்ளது. தவணை கடந்த நிலுவைத்தொகை வெறும் 0.57% அளவில் மட்டுமே உள்ளது இது மைக்ரோபைனான்ஸ் துறையில் மிகச் சிறந்ததாகும். தங்கள் நிறுவனத்தின் மொத்தசொத்து மதிப்பு ரூ. 500 கோடி என்ற இலக்கை எட்டியதின் காரணமாக ரிசர்வ் வங்கியால் வகைப்படுத்தப்பட்ட " அமைப்பு ரீதியாக முக்கியத்துவம் வாய்ந்த NBFC" (Systemically Important NBFC)—என்ற நிலையை அடைந்துள்ளது. கடந்த நிதியாண்டில் நமது நோக்கம் "மேம்பட்ட திறன்" என்பதாகும். நிலையான வாடிக்கையாளர் தளத்துடன் குறிப்பிடத்தக்க வருவாயை கடந்த ஆண்டு உங்கள் நிறுவனம் ஈட்டியுள்ளது என்பதே இதற்கு சான்றாகும்.

பணம் தான் நமது நிறுவனத்தின் மூலப்பொருள். இதனை வங்கிகள் / NBFC நிறுவனங்கள் மூலம் கடனாக பெறுகிறோம். நமக்கு கடன் வழங்கும் அனைத்து நிறுவனங்களும் நமக்கு கடன் வழங்குவதில் மிகவும் திருப்தியுடன் உள்ளன என்பதை பல சந்தர்ப்பங்களில் வெளிப்படையாக தெரிவித்துள்ளன என்பதை மகிழ்ச்சியுடன் தெரிவித்துக்கொள்கிறேன். தற்சமயம் 29 வங்கிகள் / நிதி நிறுவனங்கள் நமக்கு கடன் வழங்கியுள்ளன.

நமது நிறுவனத்தின் கடன் மதிப்பீடு நமக்கு ஒரு அளவுகோலாக பயன்படுகிறது மற்றும் நமது சவால்களைப் புரிந்துகொள்ள உதவுகிறது. நிறுவனத்தின் கடன் மதிப்பீடு தொடர்ந்து 'BBB' ஆக இருந்து வருகிறது என்பதை மகிழ்ச்சியுடன் தெரிவித்துக்கொள்கிறேன்.

நமது நிறுவனத்தின் ஊழியர்கள் நமக்கு மிக முக்கியமான மற்றும் மதிப்புமிக்க சொத்தாகும். இந்த ஆண்டிலும் ஊழியர்களின் திறமைகளை வெற்றிகரமாக பாராட்டி வளர்த்து வருகிறோம். நமது நிறுவனத்தில் மூத்த மற்றும் இடைநிலை மேலாளர்கள் இந்த ஆண்டும் தொடர்ந்து பணிபுரிந்து வருகிறார்கள். 60% ஊழியர்கள் நமது நிறுவனத்தில் 5 ஆண்டுகளுக்கும் மேலாக தொடர்ந்து பணிபுரிவதில் நான் மகிழ்ச்சியடைகிறேன். இன்றைய நிலையில் பெரும்பான்மையான ஊழியர்கள் பணி விலகிச்செல்வது சாதாரணமாக இருக்கும்போது இது பாராட்டத்தக்க சாதனையாகும்.

நமது நிறுவனத்தில் சமூக பொறுப்புணர்வு எப்போதுமே முக்கியமானதாகக் கருதப்படுகிறது. அதற்காக மூத்த மற்றும் இடைநிலை நிர்வாகிகளால் ஒவ்வொரு ஆண்டும் கணிசமான நேரமும் உழைப்பும் செலவழிக்கப்படுகிறது. நமது நிறுவனம் பல ஆண்டுகளாக (அ) 10 வது, 11வது மற்றும் 12 ஆம் வகுப்பு மாணவர்களுக்கு உதவித்தொகை, (ஆ) தையல் துறையில் தொழில் பயிற்சி மற்றும் (இ) பேரிடர் நிவாரணம் உள்ளிட்ட சில முக்கிய தேவைகளுக்காக உதவிபுரிந்து வருகிறது. 2018—19 நிதியாண்டில், சி.எஸ்.ஆர் நடவடிக்கைகளுக்கு ரூ. 26.16 லட்சம் பட்ஜெட் ஒதுக்கப்பட்டு அதில் 579 மாணவ மாணவிகளுக்கு கல்வி உதவித்தொகை, 75 பெண்களுக்கு தையல் பயிற்சி, 1839 நபர்களுக்கு பேரிடர் நிவாரண உதவி வழங்கப்பட்டது.

2018 டிசம்பர் 'கஜா'குறாவனியின் போது தமிழ்நாட்டில் முக்கியமாக நாகப்பட்டினம் மாவட்டத்தில் பேரழிவையும், காரைக்கால் மற்றும் புதுக்கோட்டை மாவட்டங்களில் சில சேதங்களையும் ஏற்படுத்தியது. நமது ஊழியர்கள் விரைவாக நிவாரண நடவடிக்கைகளில் ஈடுபட்டு, உணவு விநியோகம், போர்வைகள், சமையலுக்கான புதிய பாத்திரங்கள் போன்றவற்றை வழங்கி உதவிசெய்தனர். அது பொதுமக்களிடமிருந்து பெரும் பாராட்டைப் பெற்றது.

2019—20 நிதியாண்டில், தென்னிந்திய மாநிலங்களில் கிளைகள் விரிவாக்கம் செய்வதுடன் ஒரு சில வட இந்திய மாநிலங்களிலும் வணிக நடவடிக்கைகளைத் தொடங்க திட்டமிட்டுள்ளது. வரும் ஆண்டுகளில் பெரிய அளவில் வளர்ச்சியை அடைவதற்கு நமது நிறுவனத்தை தயார்படுத்தும் நோக்கத்துடன் கள செயல்முறைகள் மற்றும் துறைகளை தானியங்குபடுத்துதல், கள ஊழியர்கள் திறனை மேம்படுத்த 'டேப்' கருவி வழங்குதல் உள்ளிட்ட பல்வேறு டிஜிட்டல் முன்முயற்சிகளையும் மற்றும் மூத்த மற்றும் இடைநிலை மேலாளர்களின் எண்ணிக்கையை விரிவுபடுத்தவும் திட்டமிட்டுள்ளோம். மூத்த மற்றும் இடைநிலை நிர்வாகத்தில் தற்போது குறைவாக உள்ள பெண்களின் எண்ணிக்கையை அதிகரிக்கவும் திட்டமிட்டுள்ளோம். நமது வாடிக்கையாளர்களும் அவர்களின் தேவைகளும் நமக்கு முக்கியம். வாடிக்கையாளர்களுக்கான உறுதிப்பாட்டை மேலும் வலுப்படுத்த இரண்டு புதிய கடன் திட்டங்களை தொடங்க திட்டமிட்டுள்ளோம். வளர்ச்சி உத்திகளை வெற்றிகரமாக செயல்படுத்தவும் அதற்கு தேவையான மனித வளங்களை பணியிலமர்த்தவும், விசாலமான கட்டிடத்திற்கு கார்ப்பரேட் அலுவலகத்தை மாற்றியுள்ளோம்.

இறுதியாக, நமது இயக்குநர்களின் வழிகாட்டுதலுக்கும், பங்குதாரர்களாகிய உங்கள் அர்ப்பணிப்புக்கும், ஊழியர்களின் விசுவாசம், செயல்திறன் மிக்க அணுகுமுறை மற்றும் அதிக செயல் திறன் ஆகியவற்றிற்கு நன்றி கூறுகிறேன்.

உங்கள் தொடர்ச்சியான ஆதரவுடன் 2019—20 நிதியாண்டு சிறந்த நிதி, செயல்பாட்டு மற்றும் சமூக முடிவுகளை அளிக்கும் என்று நான் நம்புகிறேன்.

மீண்டும் நமது நிறுவனத்தை சிறந்ததாக்குவோம்.

உங்கள் உண்மையுள்ள,


முரளி ஸ்ரீனிவாஸ்
MD & CEO



OUR VISION

"ECONOMIC EMPOWERMENT OF WOMEN
THROUGH FINANCIAL INCLUSION"

OUR MISSION

"DELIVERING SUSTAINABLE AND RESPONSIBLE
FINANCIAL PRODUCTS AND SERVICES"

CONTENTS

Corporate Information	5
Our Funders	6
Board Committees	7
Notice	8
Directors' Report	10
Report on Management Discussion and Analysis	26
Report on Corporate Governance	29
Independent Auditors' Report	36
Balance Sheet	43
Statement of Profit & Loss Account	44
Cash Flow Statement	45
Accounting Policies	46
Notes to Accounts	50
Proxy form and Attendance slip	74



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Murali Srinivas P	Manging Director & CEO
Mrs. 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

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 OFFICE

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

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

Karvy Computershare Private Limited

7th floor, 701 Hallmark Business Plaza,
Sant Dnyaneshwar Mark,
Off Bandra Kurla Complex,
Bandra East, Mumbai - 400 051

OUR FUNDERS

TERM LOANS

BANKS

Axis Bank Ltd
Bank of Baroda
Bank of India
Canara Bank
Dhanlaxmi Bank
IDBI Bank Ltd
IDFC FIRST Bank
Indian Bank
Karnataka Bank Ltd
Oriental Bank of Commerce
State Bank of India
Syndicate Bank
The Catholic Syrian Bank Ltd
The Lakshmi Vilas Bank Ltd
The South Indian Bank Ltd
Union Bank of India

NBFCs/ FINANCIAL INSTITUTIONS

Hero FinCorp Limited
Hinduja Leyland Finance Limited
Maanaveeya Development & Finance Pvt. Ltd
Nabkisan Finance Limited
Nabsamruddhi Finance Limited
Nabard Financial Services Limited
Norther Arc Capital
MUDRA
SIDBI

CASH CREDIT

State Bank of India

NON CONVERTIBLE DEBENTURES

IFMR FImpact Long Term Multi Asset Class Fund
IFMR FImpact Medium Term Multi Asset Class Fund
IFMR Capital Finance Private Limited
Hinduja Leyland Finance Limited
Japan ASEAN Women Empowerment Fund
MIFA Debt fund SA, SICAV-SIF

DEBENTURE TRUSTEES

Catalyst Trusteeship Limited

(Formerly known as GDA)

GDA House, Plot No. 85, Bhusari Colony (Right),
Paud Road, Pune- 411038, Maharashtra.

Vistra ITCL (India) Limited

IL & FS Financial Centre,
Plot No C22, G Block, Bandra Kurla Complex,
Bandra East, Mumbai-400051, Maharashtra.

IDBI Trusteeship Services Limited

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

BOARD COMMITTEES

AUDIT COMMITTEE

Mr. Aleem Remtula, Non Executive Director
Mr. Rajan Samuel, Independent Director
Mr. Suresh K Krishna, Independent Director

SHARE ALLOTMENT & TRANSFER COMMITTEE

Mrs. Indrani Bhagwan Singh, Non Executive Director
Mr. J. Bradley Swanson, Non Executive Director
Mr. Aleem Remtula, Non Executive Director

NOMINATION & REMUNERATION COMMITTEE

Mrs. Indrani Bhagwan Singh, Non Executive Director
Mr. Aleem Remtula, Non Executive Director
Mr. Rajan Samuel, Independent Director
Mr. Suresh K Krishna, Independent Director

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR COMMITTEE)

Mrs. Indrani Bhagwan Singh, Non Executive Director
Mr. Rajan Samuel, Independent Director
Mr. Suresh K Krishna, Independent Director

BORROWING & INVESTMENT COMMITTEE

Mrs. 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

CREDIT & NON-PERFORMING ASSETS REVIEW COMMITTEE

Mrs. 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

ASSET LIABILITY MANAGEMENT & RISK MANAGEMENT COMMITTEE

Mrs. Indrani Bhagwan Singh, Non Executive Director
Mr. J. Bradley Swanson, Non Executive Director
Mr. Aleem Remtula, Non Executive Director
Mr. Rajan Samuel, Independent Director
Mr. Suresh K Krishna, Independent Director

STAKEHOLDER RELATIONSHIP COMMITTEE

Mrs. Indrani Bhagwan Singh, Non Executive Director
Mr. Aleem Remtula, Non Executive Director

RISK MANAGEMENT COMMITTEE

Mrs. Indrani Bhagwan Singh, Non Executive Director
Mr. Aleem Remtula, Non Executive Director
Mr. Rajan Samuel, Independent Director
Mr. Suresh K Krishna, Independent Director

IT STEERING COMMITTEE

Mr. Suresh K Krishna, Independent Director
Mr. S. Sivakumar, Head-Information Technology
Mr. K. Rajaraman, Head –Internal Audit

NOTICE

Notice is hereby given that the Twenty Fourth Annual General Meeting of S.M.I.L.E. MICROFINANCE LIMITED will be held on Thursday, the 26th September, 2019, at 11:30 a.m. at Hotel Gokulam Park - Gayathri Hall - 4th Floor, No. 67, 1st Avenue, Ashok Nagar, Chennai -600083 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Audited Financial Statement of the Company as at March 31, 2019 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.

SPECIAL BUSINESS

3. To consider, and if thought fit, to pass with or without modification the following resolution as **ORDINARY RESOLUTION.**

Revision in the remuneration of 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 recommendation of the Nomination and Remuneration Committee, approval of the Company be and is hereby accorded for revision in the remuneration of 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 2019-20 w.e.f. 1st April 2019, exgratia amount if any paid by the Company for the FY 2019-20 plus annual performance incentive for the year 2018-19 of Rs. 7,50,000/-:

Description	Amount in (Rs.) Per month w.e.f. April 01, 2019
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

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

The Board of Directors at their meeting held on 30th May, 2019 revised 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 2019) for the FY 2019-20 with an increase of 6% from the current salary along with exgratia amount if any paid by the Company for the FY 2019-20 plus annual performance incentive of for the year 2018-19 of Rs. 7,50,000/- on the basis of recommendation of Nomination & Remuneration Committee.

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 recommends passing of the resolution as set out under Item No. 3 as an ordinary resolution.

- By order of the Board –

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

Sd/-

Venkatasubramanian R

Company Secretary

Place: Chennai

Date: 16th August, 2019

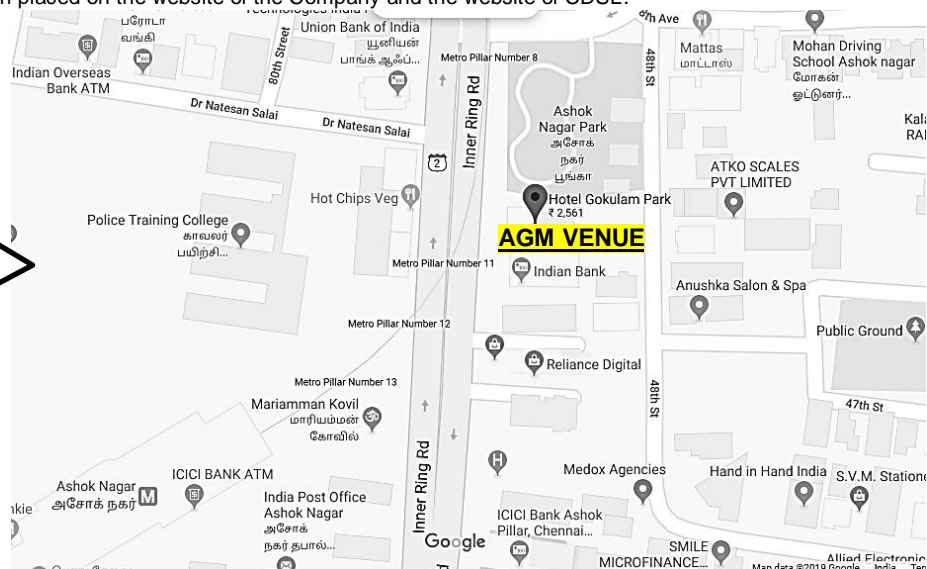
NOTES:

1. Pursuant to Section 102 of the Companies Act, 2013, the Explanatory Statement setting out material facts, related particulars and reasons for the proposed Special Business are appended herein.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the company. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the company. Member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder. Proxies in order to be effective must be deposited at the registered office of the company, duly completed and signed not less than 48 (forty eight) hours before the annual general meeting. Proxies submitted on behalf of the Companies, Societies etc., must be supported by an appropriate resolution/authority, as applicable.
3. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company has also extended e-voting facility as an alternate for its Members to enable them to cast their votes electronically on the proposed resolution in this notice. The e-voting shall be open from 22nd September, 2019 9:00 a.m. IST to 25th September, 2019 till 5:00 p.m. IST. The Members will not be able to cast their vote electronically beyond the date and time mentioned above and the e-voting system shall be disabled for voting thereafter.
4. Necessary arrangements have been made by the Company with CDSL to facilitate e-voting.

INSTRUCTIONS FOR E-VOTING ARE AS UNDER:

- (i) Open your web browser during the voting period and log on to the e-voting website www.evotingindia.com.
 - (ii) Now click on "Shareholders" to cast your votes
 - (iii) Now, select the Electronic Voting Sequence Number – "EVSN" along with "S.M.I.L.E MICROFINANCE LIMITED" from the dropdown menu and click on "SUBMIT"
 - (iv) Now, fill up the following details in the appropriate boxes:
 - (v) For Members holding shares in Physical Form:- Folio Number registered with the Company is your user id.
 - (vi) Details with respect to EVSN, User ID, Password, PAN (dummy PAN generated by CDSL) is provided in the Proxy / Attendance form annexed to this notice.
 - (vii) After entering these details appropriately, click on "SUBMIT" tab.
 - (viii) Members holding shares in Physical form will then reach directly to the voting screen.
 - (ix) You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending communication(s) regarding CDSL e-voting system in future. The same may be used in case the Member forgets the password and the same needs to be reset.
 - (x) For Members holding shares in physical form, the password and default number can be used only for e-voting on the resolutions contained in this Notice.
 - (xi) On the voting page, you will see Resolution Description and against the same the option 'YES/NO' for voting. Enter the number of shares (which represents number of votes) under YES/NO or alternatively you may partially enter any number in YES and partially in NO, but the total number in YES and NO taken together should not exceed your total shareholding.
 - (xii) Click on the Resolution File Link if you wish to view the entire Notice.
 - (xiii) 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.
 - (xiv) Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
 - (xv) The e-voting period commences on 22nd September, 2019 9:00 a.m. IST to 25th September, 2019 till 5:00 p.m. IST. In case you have any queries or issues regarding e-voting, please contact helpdesk.evoting@cdslindia.com
 - (xvi) The Company has appointed Mr. V Esaki of M/s. Esaki & Associates, Practicing Company Secretary as the Scrutinizer for conducting the e-voting process in fair and transparent manner. His email id is esakics@gmail.com.
- A copy of this notice has been placed on the website of the Company and the website of CDSL.

**LAND MARK FOR
THE AGM VENUE:
NEAR ASHOK NAGAR**



DIRECTORS' REPORT

To
The Members,
S.M.I.L.E. Microfinance Limited.

Your Directors are pleased to present the twenty fourth 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 2019.

FINANCIAL SUMMARY

(Rs. in Lakh)

Particulars	2018-19	2017-18
Interest Income	11429.35	9962.04
Other Income	267.85	199.57
Total Income	11697.21	10161.61
Less		
Expenses	8260.36	7708.60
Profit before Tax	3436.84	2453.01
Less		
Provisions for:		
Income Tax	1030.00	970.00
Short provision for tax relating to prior years	-178.03	2.07
Deferred Tax	-12.36	-202.57
Profit after Tax	2597.23	1683.51
Add:		
Balance b/f from previous years	4343.35	2996.54
Amount available for Appropriation	6503.24	4680.05
Appropriations:		
Statutory Reserve	519.44	336.70
Dividend & Distribution Tax		
Balance carried to Balance Sheet	6421.13	4343.35
Equity Share Capital	1733.96	1733.96
Reserves	11784.91	9187.69
CRAR (Capital to Risk-weighted Asset Ratio)	28.24%	23.29%

Financial Overview:

During the year, your company earned a GROSS INCOME of Rs116.97 Cr (Previous Year Rs. 101.62 Cr) and PROFIT BEFORE TAX (PBT) of Rs. 34.36 Cr (Previous Year Rs. 24.53 Cr), with expenditures of Rs. 82.60 Cr (Previous Year Rs. 77.09 Cr). The Company earned a PROFIT AFTER TAX (PAT) of Rs 25.97 Cr (Previous year Rs. 16.84 Cr). The amount transferred to Statutory Reserve is Rs. 5.19 Cr (Previous year Rs. 3.37 Cr).

Operational review:

Year ended March 31	2019	2018
Number of Branches	105	100
Number of Members	3,05,256	2,97,476
Number of employees	580	559
Number of States	3	3
Amount Disbursed (₹ In Crore)	757.65	706.15
Portfolio Outstanding (₹ In Crore)	515.00	473.84

TRANSFER TO RESERVES

The Company transferred Rs.5.19 Cr to Statutory Reserves - 20% of the Profit after Tax in accordance with the provisions of Section 45 – IC of Reserve Bank of India Act, 1934.

GRADING AND CREDIT RATING

ICRA Limited has assigned BBB rating to SMILE in August 2018 for its Long Term Bank Facilities of Rs. 250 crore.

CARE Ratings has assigned BBB rating to SMILE in August 2018 for its proposed Long Term Bank Facilities of Rs. 250 crore. ICRA has assigned the MFI grade of M2 in March 2019.

CAPITAL ADEQUACY

The Capital Adequacy Ratio of the company was 28.24% as of March 31, 2019 as against the minimum capital adequacy requirements of 15% intimated by RBI.

LOAN OBTAINED AND DISBURSED

During the Year under review, the Company obtained funds amounting to Rs. 147.00 Cr through Term Loan and Rs. 111.25 Cr through Securitisation and the Company disbursed 3.09 lakh loans (previous year 3.35 lakh loans) amounting to Rs. 757.65 Cr (previous year Rs. 706.15 Cr). Average loan size increased to Rs. 30,746 from Rs. 27,258 in the previous year.

ASSETS UNDER MANAGEMENT (AUM)

The total Loan Assets under management of the Company increased to Rs. 515.00 Cr (Previous year Rs. 473.84 Cr), an increase of Rs.41.16 Cr (9%);

Current Year: Loan Assets under management Rs. 515.00 Cr (On Book Portfolio Rs. 445.25 Cr + Managed Portfolio Rs. 69.75 Crore).

Previous Year: Loan Assets under management Rs. 473.84 Cr (On Book Portfolio Rs. 471.47 Cr + Managed Portfolio Rs. 2.37 Crore).

SECURITISATION

During the year, the Company did five securitization deals. In respect of securitized assets the Company had been prompt in collecting the receivables and making the payment to the investors to the extent of Rs.43.88 Cr.

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

Due to effective field operations and adherence to group lending (JLG) practices of the Company, the PAR and arrears after write-off remained at low levels at year end with PAR at Rs. 2.96 Crore representing 0.57% of the portfolio. PAR >30 days amounted to Rs.2.17 Crore representing 0.42% of the Portfolio. The Company has NPA provision of Rs. 1.08 Crore and Standard Asset provision of Rs.4.17 Crore.

Bad Debts written off during the year is Rs 0.56 Crore (Previous year Rs 0.48 Crore).

LOAN SERVICING

During the year, the Company serviced all its Loans promptly and made Principal repayments of Rs.182.95 Cr to all its funding Banks & Financial Institutions. In respect of securitized assets the Company had been prompt in collecting the receivables and making the payment to the investors to the extent of Rs.43.88 Cr.

MICROFINANCE SECTOR SCENARIO

The microfinance loan book of Indian lenders, including Microfinance institutions, stands at Rs.1,57,477 crores registering a year on year growth of 43 per cent. NBFC-MFIs account for 38 per cent of total micro-credit universe and banks contribute 33 per cent, Small Finance Banks 18 per cent share, balance being contributed by non-profit MFI's and other entities.

NBFC-MFI industry

The NBFCs-MFI industry has a microloan portfolio of 60,631 crores at at the end of December 2018 registering a year on year growth of 43.9 per cent.

NBFC-MFIs, which hold the largest share in the micro-credit space, have shed off the impact of last year's liquidity crunch. They are focusing on steady growth in loan portfolios and number of clients, going ahead.

The total number of microfinance accounts have risen 24.3 per cent with 89.1 million active loan accounts in Q3 FY 2018-19.

DIVIDEND

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

SHARE CAPITAL

The paid up equity capital as on March 31, 2019 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.

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, commensurate 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 & to the Chairman & 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 lighting. We ensure that all Electrical Equipments are being serviced periodically so that the consumption of energy is minimized. We religiously switch off all electrical appliances 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 31 March 2019 Amount In Rs.
Reimbursement of Travelling Expenses	1,57,082

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the FY 2018-19 1) Mr. Suresh K Krishna, was appointed as Independent Director w.e.f. 14th November, 2018. 2) Mr. Murali Srinivas P, resigned from the office of Independent Director w.e.f. 14th November, 2018 and was appointed as Chief Executive Officer and Managing Director w.e.f. 15th November, 2018 and 15th February, 2019 respectively. 3) Mrs. Indrani Bhagwan Singh, resigned from the office of Chairman and Managing Director w.e.f. 31st December, 2018 and continued as Non Executive Director w.e.f. 01st January, 2019.

The Current Board of Directors and Key Managerial Personnel of the Company:

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 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	Mr V T Prabakaran	Chief Financial Officer
8	Mr R Venkatasubramanian	Company Secretary & Compliance Officer

MEETINGS

During the year 8 Board Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

AUDIT COMMITTEE

Composition

Mr. Aleem Remtula, Non Executive Director
Mr. Rajan Samuel, Independent Director
Mr. Suresh K Krishna, Independent Director

Meetings

The Audit Committee met four (4) times during the Financial Year 2018-19. 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') Mr. Aleem Remtulla, Director shall retire by rotation at the ensuing AGM and being eligible, offered for reappointment.

PARTICULARS OF 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;
- (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 subsequent to the date of financial statements.

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, 2019 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, Practicing 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 2018-19 as required under Section 204 of the Companies Act, 2013 and the Rules made there under. The Secretarial Audit Report for FY 2018-19 is attached as "Annexure D" to Directors' Report.

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 2018-19.

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 BY 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 complaints during the period under review.

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, 2019 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 Mrs. Indrani Bhagwan Singh, Non Executive Director Mr. Rajan Samuel, Independent Director Mr. Suresh K Krishna, Independent Director</p>	<p>3. Average net profit of the Company for the last 3 financial years Rs. 14.21 Cr</p> <p>4. Prescribed CSR Expenditure (2% of the amount as in above) allocated Rs. 28.41 lakh</p> <p>5. Details of CSR Spent during the financial year</p> <table border="1"> <thead> <tr> <th>Activity</th><th>Amount Spent in Rs.</th></tr> </thead> <tbody> <tr> <td>Livelihood relief. (Flood, Fire, Eviction)</td><td>7,05,325</td></tr> <tr> <td>Vocational Guidance & Training Centre</td><td>94,555</td></tr> <tr> <td>Health Camps & Hygiene</td><td>NIL</td></tr> <tr> <td>Awareness programs & Skill Development</td><td>5,000</td></tr> <tr> <td>Scholarship to school toppers</td><td>18,11,938</td></tr> <tr> <td>TOTAL</td><td>26,16,818</td></tr> </tbody> </table> <p>a. Total amount to be spent for the financial year: Rs. 28.41 lakh</p> <p>b. Amount unspent, if any: Rs. 2.25 lakh</p>	Activity	Amount Spent in Rs.	Livelihood relief. (Flood, Fire, Eviction)	7,05,325	Vocational Guidance & Training Centre	94,555	Health Camps & Hygiene	NIL	Awareness programs & Skill Development	5,000	Scholarship to school toppers	18,11,938	TOTAL	26,16,818
Activity	Amount Spent in Rs.														
Livelihood relief. (Flood, Fire, Eviction)	7,05,325														
Vocational Guidance & Training Centre	94,555														
Health Camps & Hygiene	NIL														
Awareness programs & Skill Development	5,000														
Scholarship to school toppers	18,11,938														
TOTAL	26,16,818														

C. Manner in which the amount spent during the financial year is detailed below:							
(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 (in Rs.)	Amount spent on the projects or Programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads: (in Rs.)	Cumulative expenditure upto to the reporting period (in Rs.)	Amount spent: Direct or through implementing agency *
1	Livelihood relief. (Flood, Fire, Eviction)	Eradicating Extreme hunger and Poverty Sanitation and health care	Tamilnadu, Chennai & Madurai	3,50,000	7,05,325	7,05,325	Direct
2	Vocational Guidance & Training Centre	Employment enhancing vocational skills	Tamilnadu, Chennai & Madurai	2,00,000	94,555	94,555	Direct
3	Health Camps & Hygiene	Promoting health care including preventive health care	Tamilnadu, Chennai & Madurai	2,01,607	NIL	NIL	NIL
4	Awareness programs & Skill Development	Promoting gender equality and empowering women	Tamilnadu, Chennai & Madurai	1,40,000	5,000	5,000	Direct
5	Scholarship to school toppers	Promoting education	Tamilnadu, Chennai & Madurai	19,50,000	18,11,938	18,11,938	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:

The Company will ensure spending on CSR as per section 135(5) of the Companies Act, 2013. It may be noted that the Company spent a sum of Rs. 26,16,818/- towards CSR during the Financial Year ended 31/03/2019 and the

Company has an unspent amount of Rs. 2,24,789/- against the budgeted amount of Rs. 28,41,607/-. The Company could not spend more due to constraints in getting /locating /identifying good and proper projects to spend the amount properly and also because of the election code of conduct announced by the Government the during the close of the financial year. We will explore various new initiatives in the current financial year and endeavour to spend on CSR activities as it is for the social cause.

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.

DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

<p>The Board of Directors M/s S.M.I.L.E. Microfinance Limited Dear Sir,</p> <p>I undertake to comply with the conditions laid down in section 149 and Schedule IV of the Companies Act, 2013 in relation to conditions of independence and in particular:</p> <p>(a) I declare that upto the date of this certificate, apart from receiving director's remuneration/sitting fees, I did not have any material pecuniary relationship or transactions with the Company, its promoter, its directors, senior management or its holding Company, its subsidiary and associates as named in the Annexure thereto which may affect my independence as director on the Board of the Company. I further declare that I will not enter into any such relationship/transactions. However, if and when I intend to enter into such relationships/transactions, whether material or non-material I shall keep prior approval of the Board. I agree that I shall cease to be an independent director from the date of entering into such relationship/transaction.</p> <p>(b) I declare that I am not related to promoters or persons occupying management positions at the Board level or at one level below the board and also have not been executive of the Company in the immediately preceding three financial years.</p> <p>(c) I was not a partner or an executive during the preceding three years, of any of the following:</p> <p>(i) the statutory audit firm or the internal audit firm that is associated with the Company and</p> <p>(ii) the legal firm(s) and consulting firm(s) that have a material association with the company</p> <p>(d) I have not been a material suppliers, service provider or customer or lessor or lessee of the company, which may affect independence of the director, and was not a substantial shareholder of the Company i.e., owning two percent or more of the block of voting shares.</p> <p style="text-align: right;">Thanking You.</p> <p style="text-align: right;">Yours Faithfully, Rajan Samuel (Independent Director)</p> <p>Date: 30th May, 2019 Place: Chennai</p>	<p>The Board of Directors M/s S.M.I.L.E. Microfinance Limited Dear Sir,</p> <p>I undertake to comply with the conditions laid down in section 149 and Schedule IV of the Companies Act, 2013 in relation to conditions of independence and in particular:</p> <p>(a) I declare that upto the date of this certificate, apart from receiving director's remuneration/sitting fees, I did not have any material pecuniary relationship or transactions with the Company, its promoter, its directors, senior management or its holding Company, its subsidiary and associates as named in the Annexure thereto which may affect my independence as director on the Board of the Company. I further declare that I will not enter into any such relationship/transactions. However, if and when I intend to enter into such relationships/transactions, whether material or non-material I shall keep prior approval of the Board. I agree that I shall cease to be an independent director from the date of entering into such relationship/transaction.</p> <p>(b) I declare that I am not related to promoters or persons occupying management positions at the Board level or at one level below the board and also have not been executive of the Company in the immediately preceding three financial years.</p> <p>(c) I was not a partner or an executive during the preceding three years, of any of the following:</p> <p>(i) the statutory audit firm or the internal audit firm that is associated with the Company and</p> <p>(ii) the legal firm(s) and consulting firm(s) that have a material association with the company</p> <p>(d) I have not been a material suppliers, service provider or customer or lessor or lessee of the company, which may affect independence of the director, and was not a substantial shareholder of the Company i.e., owning two percent or more of the block of voting shares.</p> <p style="text-align: right;">Thanking You.</p> <p style="text-align: right;">Yours Faithfully, Suresh K Krishna (Independent Director)</p> <p>Date: 30th May, 2019 Place: Chennai</p>
--	--

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

Place: Chennai
Date: 30th May, 2019

Sd/-
MURALI SRINIVAS P
CEO & MANAGING 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 (2)	30.04
Mrs Indrani Bhagwan Singh	Chairman & Managing Director(1)	28.2
Mr Rajan Samuel	Independent Director	Nil
Mr Suresh K Krishna	Independent Director	Nil

(1) Resigned as Chairman & Managing Director w.e.f. 31st December 2018.

(2) Appointed as CEO w.e.f. 15th November 2018 and appointed as Managing Director w.e.f. 15th February, 2019.

- The median remuneration of employees of the Company was Rs.11650
- Independent Directors were not paid any remuneration except the sitting fees for attending the Board Meeting and Committee Meeting

2. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

Name of the Director / KMP	Designation	% increase in remuneration
Mr Murali Srinivas P	Managing Director & CEO	N/A
Mr Prabakaran.V.T	Chief Financial Officer	12.0
Mr Venkatasubramanian.R	Company Secretary	12.0

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						
Indrani Bhagwan Singh (1)	Chairman & Managing Director (1)	3018426	1190547	Permanent	B.A (Economics)	27-Aug-14	65	Chief Manager, Syndicate Bank	Nil
Murali Srinivas P (2)	Managing Director & Chief Executive Officer (2)	1524194	0	Permanent	B.Sc (Physics), M.A (PS)	15-Nov-18	50	CEO, Habitat for Humanity	Nil
Prabakaran.V.T	Chief Financial Officer	2587200	408100	Permanent	B.Com, CAIIB	1-Nov-07	63	VP – Finance, Farwood Industries Ltd.	Nil
Parthasarathy.G	Head - Accounts	1718400	271060	Permanent	B.Com, C.A, ICWA	12-Dec-13	55	VP – F&A Corporate, Everonn Education Limited.	Nil
Balaji.N	Head – Human Resource & Admin	1616160	254933	Permanent	B.Sc, M.A (PA), MBA (HR)	23-May-16	40	Senior Manager, AGS Health Pvt. Limited	Nil
Rajaraman.K	Head - Internal Audit	1592640	251220	Permanent	B.Com, LLB, FCA	24-Oct-12	56	Concurrent auditor in an MNC bank	Nil
Sathiyarayanan.V	Regional Head	1341120	211550	Permanent	B.A, CAIIB	27-Nov-06	66	Chief Manager, ICICI Bank	Nil
Venkatasubramanian.R	Company Secretary & Compliance Officer	1209600	190800	Permanent	B.Com, ACS	16-Mar-15	31	Company Secretary, Laurus Edutech Private Limited	Nil
Sivakumar.S	Head – Information Technology	1108800	174900	Permanent	M.C.A	1-Jul-07	46	Coordinator – Software Interface, Mahasamam Trust	Nil
Muppakkarai.P	Deputy General Manager- Internal Audit	1026000	161840	Permanent	M.Com, M.Ed, M.L.I.Sc.(C.A)	2-Mar-01	50	Manager – Internal Audit, Meenakshi Mission Hospital & Research Center	Nil

(1) Resigned as Chairman & Managing Director w.e.f. 31st December 2018.

(2) Appointed as CEO w.e.f. 15th November 2018 and appointed as Managing Director w.e.f. 15th February, 2019.

- (i) **the number of permanent employees on the rolls of company;**
Total Employee as on Mar'19 is 580

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 arms 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	Nature of Arrangements	Transaction value (in Rs.)
1.	Indrani Bhagwan Singh, Chairman & Managing Director (till 31st Dec, 2018) Non Executive Director w.e.f. 01st Jan, 2019)	Remuneration	3,018,426
		Exgratia & Incentive	621,460
		Sitting Fees	125,000
2.	P Murali Srinivas, Independent Director (till 14th Nov, 2018) Chief Executive Officer w.e.f 15th Nov, 2018 Managing Director w.e.f. 15th Feb, 2019	Sitting Fees	355,000
		Remuneration	999,194
		Remuneration	525,000
3.	Rajan Samuel, Independent Director	Sitting Fees	395,000
4.	Suresh K Krishna, Independent Director	Sitting Fees	275,000
5.	V T Prabakaran, Chief Financial Officer	Remuneration	2,587,200
		Exgratia & Incentive	408,100
6.	R Venkatasubramanian, Company Secretary & Compliance Officer	Remuneration	1,209,600
		Exgratia & Incentive	190,800

Annexure D

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31/03/2019

[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 – 600 083

I 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 my opinion thereon.

Based on my 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 and also the information provided by its Company Secretary, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31/03/2019 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:

I have examined the Records, Registers Books, papers, 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 31/03/2019 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under; The Company has complied with the Procedure as laid under the Companies Act 2013, and has filed most of the forms, returns within due dates, *except there were delay in filing certain forms.*
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. Foreign Exchange Management Act, 1999 and RBI Master directions and the rules and regulations made there under. During the course of Audit it was revealed that the filing of forms under the RBI were made in due compliance. *except there were delay in filing certain forms.*
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) 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.
6. As informed to me the following other Laws specifically applicable to the Company as under
 - (a) Payment of Wages Act, 1936
 - (b) The Minimum Wages Act, 1948
 - (c) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
 - (d) Employees' State Insurance Act, 1948
 - (e) Equal Remuneration Act, 1976
 - (f) Shop & Establishment Act, 1948
 - (g) The Payment of Bonus Act, 1965
 - (h) The Payment of Gratuity Act, 1972
 - (i) The Contract Labour (Regulation and Abolition) Act, 1970
 - (j) The Maternity Benefit Act, 1961
 - (k) The Child Labour Prohibition and Regulation Act, 1986
 - (l) The Employee Compensation Act, 1923
 - (m) Income Tax Act 1961.
 - (n) THE CENTRAL GOODS AND SERVICES TAX ACT, 2017.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE LIMITED, limited to the Debt listing.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observation.

- i. *The Company has received a Demand Notice from Service Tax Department. However company has replied to the same and made an appeal against such Demand.*
- ii. *Company has unspent CSR Expenditure to the Extent of Rs. 2,24,789/-, against its budget outlay, which the Management is aware and made adequate explanation for the Same.*
- iii. *During the Course of Our Audit it was revealed that Company in its Submission made to RBI regarding Fraud Report Submission, there was a event reported regarding Cash Mishandling at one of its Branch.*

I further report that:

There were changes made in the Constitution of Board during the period under review, and the Compliances under Companies Act on Appointment, Cessation, Change in Designation were made in Compliance with the Companies Act 2013.

Notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were 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, meeting held through video conference meetings are duly recorded.

Decision is carried through while the dissenting members' views are captured and recorded as part of the Minutes.

I 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.

I 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.

Place: Chennai
Date: 29/05/2019

Signature: S/d
Name: V. Esaki
C P No : 11022

Annexure 'A'

To,
The Members,
S.M.I.L.E. MICROFINANCE LIMITED
Chennai – 600 083

My 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. My responsibility is to express an opinion on these secretarial records based on the Secretarial Audit.
2. I 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. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, I 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. My 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.

Place : Chennai
Date : 29/05/2019

Signature:
Name: V. Esaki
C P No : 11022

Annexure E

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended 31.03.2019

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	'The Galaxy' No.30, 48th Street, 9th Avenue, Ashok Nagar, Chennai-600083
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 / services	NIC Code of the Product/service	% to total turnover of the company
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/ Associate	% of Shares Held	Applicable Section
1	-NA-	-NA-	-NA-	-NA-	-NA-

IV. VI. 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-2018]				No. of Shares held at the end of the year[As on 31-March-2019]				Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	Nil	3219997	3219997	18.57%	2702499	517498	3219997	18.57%	Nil
Total shareholding of Promoter (A)	Nil	3219997	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%	Nil	2565003	2565003	14.79%	Nil
Overseas Corporate Bodies	Nil	11554639	11554639	66.64%	11554639	NIL	11554639	66.64%	Nil
Total Public Shareholding (B)	Nil	14119642	14119642	81.43%	11554639	2565003	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)	Nil	17339639	17339639	100.00%	14257138	3082501	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	0.29	Nil	49998	0.29	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	18.58	Nil	3219997	18.58	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 2018-19					

D) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	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) Limited	11554639	66.64	11554639	66.64
2	SRINIVASAN.N	50000	0.29	50000	0.29
3	PANDURANGAN. K	47500	0.27	47500	0.27
4	ESAKKIMUTHU.S	20000	0.12	20000	0.12
5	PANNIR SELVAM.G	20000	0.12	20000	0.12
6	BACKIYATHAI.M	15000	0.09	15000	0.09
7	MAHESWARI.M	15000	0.09	15000	0.09
8	KOTHAI.S	10000	0.06	10000	0.06
9	DR.THIRUMALAI.P	10000	0.06	10000	0.06
10	MANOJ KUMAR.R	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	398,41,76,945	40,00,00,000		438,41,76,945
ii) Interest due but not paid				
iii) Interest accrued but not due	3,08,02,889			3,08,02,889
Total (i+ii+iii)	401,49,79,834	40,00,00,000		441,49,79,834
Change in Indebtedness during the financial year				
* Addition	51,10,68,662	-		51,10,68,662
* Reduction	86,83,14,001	-		86,83,14,001
Net Change	(35,72,45,339)	-		(35,72,45,339)
Indebtedness at the end of the financial year				
i) Principal Amount	362,46,72,609	40,00,00,000		402,46,72,609
ii) Interest due but not paid				
iii) Interest accrued but not due	3,30,61,886	-		3,30,61,886
Total (i+ii+iii)	365,77,34,495	40,00,00,000		405,77,34,495

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/WTM/ Manager		Total Amount in Rs.
		Mrs. Indrani Bhagwan Singh (Chairman & Managing Director) till 31 st December, 2018 Non Executive Director W.e.f. 01 st Jan, 2019	Mr. Murali Srinivas P, CEO (w.e.f. 15 th Nov, 2018) and Managing Director (w.e.f. 15 th Feb 2019)	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	30,18,426	15,24,194	45,42,620
	(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 - as % of profit - others, specify...	Nil	Nil	Nil
5	Others Exgratia & Incentive Sitting Fee	621,460 125,000	- 355,000	11,01,460
	Total (A)	37,64,886	18,79,194	56,44,080
	Ceiling as per the Act	Within the prescribed limits of the Companies Act.		

B. Remuneration to other Directors

In Rupees

S.No	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. Murali Srinivas	Mr. Rajan Samuel	Mr. Suresh K Krishna	Mrs. Indrani Bhagwan Singh	
1	Independent Directors					
	Fee for attending board & committee meetings	3,55,000	3,95,000	2,75,000	1,25,000	11,50,000
	Commission	Nil	Nil	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (1)	3,55,000	3,95,000	2,75,000	1,25,000	11,50,000
2	Other Non-Executive Directors					
	Fee for attending board committee meetings	Nil	Nil			Nil
	Commission	Nil	Nil			Nil
	Others, please specify	Nil	Nil			Nil
	Total (2)	Nil	Nil			Nil
	Total (B)=(1+2)	Nil	Nil			Nil
	Total Managerial Remuneration	3,55,000	3,95,000	2,75,000	1,25,000	11,50,000
	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 Rs1,00,000/- per meeting as prescribed under the Companies Act, 2013				

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

Amount in Rs.

SN	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	Chief Financial Officer	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	12,09,600	25,87,200	37,96,800
	(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	Nil	
3	Sweat Equity	Nil	Nil	
4	Commission	Nil	Nil	
	- as % of profit	Nil	Nil	
	others, specify...	Nil	Nil	
5	Others, please specify	1,90,800	4,08,100	5,98,900
	Total	14,00,400	29,95,300	43,95,700

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the year ended March 31, 2019

REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS

Industry structure and developments

The last two decades has seen the microfinance industry grow by leaps and bounds around the world and India is no exception. The number of non-banking finance companies providing microcredit products has gone up significantly. It is estimated by Sa-Dhan, a self-regulatory organization that the total number of microfinance clients in India touched the figure of 30 million in 2018. The industry has rapidly recovered from the ill effects of demonetisation and is back on growth trajectory.

Over the last few years, with rapid changes in technology, microfinance has been evolving, and MFIs are expanding their services in innovative ways. A case in point is the delivery of microfinance products using mobile phones. MFIs are leveraging this dramatic penetration of mobile technology and mobile payments to improve delivery of microfinance services and products to their clients.

For instance, the offering of individual microcredit products is increasingly replacing the traditional group-lending model. Business models are more and more technology enabled. The now generally accepted principle that credit alone cannot eradicate financial exclusion has led MFIs to rely on integrated product and service propositions. The wide mobile phone reach in developing countries has allowed MFIs and their partners (mobile operators, retail stores, credit card companies, etc.) to develop integrated mobile banking platforms for the delivery of a broad range of products and services.

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.

The liquidity crisis in NBFC sector poses a challenge in fund raise.

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 2018-19, SMILE offered 3,09,431 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. Purpose: Income generation loan for livelihood.
AIGP Loan- Additional IGP loan.	Rs.5000/- Tenure: Minimum 25 fortnights to 52 fortnights Purpose: Additional credit line/top-up to meet working capital requirements.

In FY-2018-19, SMILE granted loans to members in different loan products as follows:

PARTICULARS	IGP Loans						AIGP Loans
Loan Size	<u>15000</u>	<u>20000</u>	<u>25000</u>	<u>30000</u>	<u>40000</u>	<u>50000</u>	<u>5000</u>
No. of loans granted	0	24,499	53,832	1,34,657	28,571	4,863	63,009
Amount disbursed (In Crs)	0	49.00	134.58	403.97	114.28	24.32	31.50

Risks and concerns

The primary risk in the company includes the following.

1. Geographical concentration- The Company has been predominantly operating in Tamil Nadu. Though the State has a high demand for microcredit loans and good credit culture, there is urgent need to reduce the concentration risk. Recognizing the need, the management has plans to spread their operations to Chhattisgarh, Odisha and other States in the future.
2. The company is offering only single product line and with increasing competition, product lines need to be expanded further.
3. Going forward there could be a need for capital infusion in the near future to maintain capital adequacy ratio stipulated by the Reserve Bank of India.
4. Technology up gradation with adoption of digital technology for cashless collection and disbursements could be the need of the hour.

Internal audit and controls

SMILE has a robust internal audit system since its inception. The department is headed by a Chartered Accountant with an experienced team of 35 audit executives. Each branch of the company gets audited once in a quarter and with 100% of the centers (points of collection) being personally audited by the team semi-annually.

The company is also in the process of introducing technology to internal audit functions and developing appropriate line of business software for conducting the audits.

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.

Apart from the above, inbuilt internal controls are set up in each and every area of operations with maker and checker concepts introduced at all points.

Risk Management:

The company has an effective Risk management department 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.

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 2019, SMILE has presence across 28 districts of Tamil Nadu, Puducherry & Kerala, with ~ 3 lakh poor families and with a portfolio outstanding of INR 515 Cr, managed through a network of 105 branches and a team of ~550 employees. The portfolio quality continues to remain excellent, evidenced in a repayment rate of >99% on-time and a Portfolio at risk (principal balance of loans overdue) remaining at very low level. The Company registered all-round growth in FY 2018-19 under all key parameters like disbursement (Rs.757 Cr), AUM Rs.515 Cr. PAT increased from Rs.17 Cr to Rs.26 Cr.

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.

To all newly recruited Staff, SMILE provides an extensive class room Training for 4 days. In addition all FDOs have to undergo 2 weeks of "On the Job Training" in the field. There will be reviews in between and final assessment at the end of training. On successful completion of training, they would be 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 2019, SMILEs total staff headcount is 580 and 105 branches being operated across Tamilnadu, Kerala and Pondicherry. During the FY 2018-19, SMILE has opened 5 new branches in Tamilnadu and Staff Strength increased from 559 to 580. We have also plans to expand our business in other States during the FY 2019-20.

Information Technology

SMILEs core MIS Software Name: Bankers Realm.Net (BR.Net). It is a loan management software used to track client's individual portfolios.

SMILE and Craft Silicon have entered in to a License agreement for Craft Silicon's Core Microfinance Software called Bankers Realm.Net (BR.Net) Software as a Service (SaaS) in the year 2012.

Technology Intervention: IT is a backbone of the SMILE. Most of the business processes have been implemented (automated process) in the Software which reduced the service Turn Around Time from days to hours; improves operations efficiency.

Bankers Realm. Net, popularly known as BR.Net is a high end web enabled Core Banking solution integrated with full suite of Financial accounting and Mobile transactions at Field level. Open Delivery concept of BR.Net allows seamless interface to third party channels like Credit Bureau, Core Banking, Aadhaar based eKYC, eSign, Dedupe engines etc. BR.Net is designed to process large volume of transactions with ease.

Advantages of BR.Net

- Fast transaction posting
- Easy processing of services, thus improving customer service efficiency
- Batch processing of all group transactions, saves data entry time
- Capability to handle large volumes of transactions
- Secure Customer data, accessible only to authorized person
- Anywhere easy accessibility
- Maker- checker support for all modules, helping in reducing errors
- Multi OS / Multi browser support
- Low TCO, support Linux OS at client side.
- BR.Net is offered under the SaaS model with guaranteed 99.9% uptime and Disaster recovery.

MIS Reports:

- ✓ Facilitating a continuous monitoring of clients, disbursements, cash management, field officers and operating expenses.
- ✓ Branch-wise reports are readily available in BR.NET Software
- ✓ MIS team Consolidating MIS reports based on BR.NET on daily basis.
- ✓ No BACKLOG in generating day-to-day MIS. (If there is any valid exception then the BACKLOG would be one working day)
- ✓ Business managers at all levels of an organization, from Field Development Officers to executives, functional heads rely on reports generated from these systems to help them evaluate their business' daily activities or problems that arise, make decisions, and track progress.

By order of the Board
For S.M.I.L.E. MICROFINANCE LIMITED
Sd/-
MURALI SRINIVAS P
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	CEO (w.e.f.15-11-2018) & Managing Director (w.e.f.15-02-2019) Independent Director (upto 14-11-2018)
2	Mrs. Indrani Bhagwan Singh	Non-Executive Director (w.e.f.01-01-2019)
3	Mr. Bradley Swanson	Non- Executive Director
4	Mr Aleem Remtula	Non- Executive Director
5	Mr. Suresh K Krishna	Independent Director (w.e.f.14-11-2018)
6	Mr. Rajan Samuel	Independent Director

During the Financial Year ended 31st March 2019, Eight (8) Board Meetings were conducted on the following dates viz., 12th April 2018, 17th May 2018, 29th May 2018, 05th July 2018, 19th September 2018, 14th November 2018, 13th February 2019, 25th March 2019 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 Directorships
		Board	Committee	
Mr. P. Murali Srinivas	CEO (w.e.f.15-11-2018) & Managing Director (w.e.f.15-02-2019)	7	18	1
	Independent (upto 14-11-2018)			
Mrs. Indrani Bhagwan Singh	Non-Executive Director (w.e.f.01-01-2019)	6	19	Nil
Mr. Bradly Swanson	Non- Executive Director	2	4	Nil
Mr. Aleem Remtula	Non- Executive Director	6	14	2
Mr. Suresh K Krishna	Independent Director (w.e.f.14-11-2018)	1	10	8
Mr. Rajan Samuel	Independent Director	4	17	1

COMMITTEES OF BOARD

The Board has currently Ten Committees, namely, Asset Liability Management & Risk Management Committee (ALCO); Audit Committee; Borrowing & Investment Committee; Credit & Non-Performing Assets Review Committee; Nomination & Remuneration Committee; Share Allotment & Transfer Committee, Corporate Social Responsibility Committee, Risk Management Committee, IT Steering Committee and Stakeholder Relationship 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. Aleem Remtula, Non-Executive Director
Mr. Rajan Samuel, Independent Director
Mr. Suresh K Krishna, Independent Director

Meetings

The Audit Committee met four (4) times during the Financial Year 2018-19 viz., on 17th May 2018, 18th September 2018, 14th November 2018 and 12th February 2019

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

Mrs. 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

Meetings

The Committee met Eight (8) times during the Financial Year 2018-19 viz., 30th April 2018, 12th June 2018, 25th July 2018, 20th August 2018, 27th December, 2018, 28th January 2019, 26th February 2019 and 25th March 2019.

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 for availment.

CREDIT & NON-PERFORMING ASSETS REVIEW COMMITTEE
Composition

Mrs. 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

The Committee met three (3) times during the Financial Year 2018-19 viz., on 16th May 2018, 18th September 2018 and 12th February 2019.

Terms of Reference

The Committee has been authorized to review and submit its recommendations to the Board in the following matters:

1. Business Plans; analysis of Member base; Drop outs; Death Benefits to Members / their Spouses; representations in MFI Associations like MFIN, Sa-Dhan.
2. Revision in Business Plans, Risk Categorisation of Accounts, Compliances as per RBI Guidelines in respect of Interest Rates, Margins etc.,
3. Analysing NPAs, suggestions for controlling NPAs, New Business Initiatives proposed by the Company, etc.

ASSET LIABILITY MANAGEMENT & RISK MANAGEMENT COMMITTEE (ALCO)

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

Composition

Mrs. Indrani Bhagwan Singh, Non- Executive Director
 Mr. J. Bradley Swanson, Non-Executive Director
 Mr. Aleem Remtula, Non-Executive Director
 Mr. Rajan Samuel, Independent Director
 Mr. Suresh K Krishna, Independent Director

The Committee met three (3) times during the Financial Year 2018-19 viz., on 16th May 2018, 18th September 2018 and 12th February 2019.

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.

SHARE ALLOTMENT & TRANSFER COMMITTEE

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

Composition

Mrs. Indrani Bhagwan Singh, Non- Executive Director
 Mr. J. Bradley Swanson, Non-Executive Director
 Mr. Aleem Remtula, Non-Executive Director

The Committee has not held any meeting during the Financial Year 2018-19

Share Allotment & Transfer Committee:

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

Mrs. Indrani Bhagwan Singh, Non- Executive Director
 Mr. Aleem Remtula, Non-Executive Director
 Mr. Rajan Samuel, Independent Director
 Mr. Suresh K Krishna, Independent Director

The Committee met Five (5) times during the Financial Year 2018-19 viz., on 12th April 2018, 17th May 2018, 31st October 2018, 09th January 2019 and 13th February 2019.

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

Mrs. Indrani Bhagwan Singh, Non- Executive Director
 Mr. Rajan Samuel, Independent Director
 Mr. Suresh K Krishna, Independent Director

The Committee met three (3) times during the Financial Year 2018-19 viz., on 16th May 2018, 19th September 2018 and 12th February 2019.

Terms of Reference

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

- Design, implement and Review of CSR Policy periodically.

- Comply Statutory Requirement and CSR practices
- Budget and allocate funds for CSR initiatives and review the spends periodically
- 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

Mrs. Indrani Bhagwan Singh, Non- Executive Director
Mr. Aleem Remtula, Non-Executive Director
Mr. Rajan Samuel, Independent Director
Mr. Suresh K Krishna, Independent Director

The Committee met Two (2) times during the Financial Year 2018-19 viz., on 18th September 2018 and 12th February 2019

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 ongoing 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
Mr. S. Sivakumar, Head-Information Technology
Mr. K. Rajaraman, Head –Internal Audit

The Committee met Two (2) times during the Financial Year 2018-19 viz., on 18th September 2018 and 12th February 2019

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 (may also be coordinated with a Risk or Compliance Committee)

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 Medium Term Multi Asset Class Fund	10th Floor Phase-I IITM Research Park, Kanagam Village, Taramani, Chennai, 600113	12
Hinduja Leyland Finance Limited	No 27 A Developed Industrial Estate, South Phase, Guindy, Chennai, 600032	150
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
IFMR Capital Finance Limited	IFMR Capital Finance Private Limited, No 1 X Floor Kanagam Village, IIT Research Park Taramani, Chennai Tamil Nadu, 600113	200

DEBENTURE TRUSTEES DETAILS

Debenture Trustee	Registered Office Address
Catalyst Trusteeship Limited (Formerly known as GDA)	Office No. 83 – 87, 8 th floor, 'Mittal Tower', 'B' Wing, Nariman Point, Mumbai – 400021
Vistra ITCL (India) Limited	IL & FS Financial Centre, Plot No C22, G Block, Bandra Kurla Complex, Bandra East, Mumbai- 400051
IDBI Trusteeship Services Limited	Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai – 400 001.

GENERAL SHAREHOLDER INFORMATION

Financial year: 1st April to 31st March: Shareholding pattern as on 31st March 2019

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 Accounting Standard 18, 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 2019 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 existing accounting standards, 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/-

Sd/-

P. MURALI SRINIVAS
Managing Director & CEO

V.T. Prabakaran
Chief Financial Officer

Place: Chennai

Date: 30th May 2019

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 March 31, 2019, and the Statement of Profit and Loss and the Cash Flow Statement 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 Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit and its cash flows 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 is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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. We have determined that there are no key audit matters to communicate in our report.

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 and cash flows of the Company in accordance with the Accounting Standards 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.

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.

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 and the Cash Flow Statement 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 Accounting Standards specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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,

h) 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.

i) 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:

j) The Company has disclosed the impact of pending litigations on its financial position in its financial statements;

k) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

l) There were no amounts which were 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/-
Geetha Suryanarayanan
(Partner)
(Membership No. 29519)

Place: Chennai
Date: May 30, 2019

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(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, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 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, 2019, 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/-

Geetha Suryanarayanan

(Partner)

(Membership No. 29519)

Place: Chennai

Date: May 30, 2019

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 or leasehold land and building and hence reporting under clause (i)(c) of the Order is not applicable.

(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 / activities, 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.

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, 2019 for a period of more than six months from the date they became payable.

(b) Details of dues of Income-tax and Service Tax, which have not been deposited as on March 31, 2019 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 2014-15	3,21,510	2,73,284
Service Tax	Service Tax	Assistant Commissioner of CGST & Central Excise	Period 2009-10 to 2013-14	48,25,949	43,43,354

*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, other than irregularities amounting to Rs.91,08,440 (Refer Note 40 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/-
Geetha Suryanarayanan
(Partner)
(Membership No. 29519)

Place: Chennai
Date: May 30, 2019

Balance Sheet as at 31st March 2019			
Particulars	Note No.	As at 31 March 2019 Amount in Rs.	As at 31 March 2018 Amount in Rs.
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	173,396,390	173,396,390
Reserves and Surplus	4	1,178,491,464	918,768,509
		1,351,887,854	1,092,164,899
Non-Current Liabilities			
Long-Term Borrowings	5	2,383,555,069	2,556,748,719
Long-Term Provisions	6	25,988,262	14,770,750
		2,409,543,331	2,571,519,469
Current Liabilities			
Short-Term Borrowings	7	100,599,537	93,575,695
Current Maturities of Long-Term Borrowings	8	1,540,518,003	1,733,852,531
Trade Payables			
(i) Total Outstanding dues of micro enterprises and small enterprises	9.1	12,925	-
(ii) Total Outstanding dues of creditors other than micro enterprises and small enterprises	9.2	11,552,615	10,592,561
Other Current Liabilities	10	210,028,965	86,787,688
Short-Term Provisions	11	48,463,429	54,438,871
		1,911,175,474	1,979,247,346
TOTAL		5,672,606,659	5,642,931,714
ASSETS			
Non-Current Assets			
Property, plant & equipment			
- Tangible Assets	12.1	7,254,257	6,110,959
- Intangible Assets	12.2	1,421,559	603,425
Deferred Tax Assets	13	8,675,816	6,714,384
Long-Term Receivables Under Financing Activities	14	23,769,815	22,533,460
Long-Term Loans and Advances	15	361,232,440	380,246,300
Other Non-Current Assets	16	27,421,701	10,000,000
		162,316,737	213,186,981
		583,416,509	632,681,125
Current Assets			
Short-Term Receivables Under Financing Activities	17	4,088,914,899	4,332,572,005
Cash and Bank Balances	18	916,754,555	630,842,792
Short-Term Loans and Advances	19	23,152,638	10,999,299
Other Current Assets	20	60,368,058	35,836,493
		5,089,190,150	5,010,250,589
TOTAL		5,672,606,659	5,642,931,714
See accompanying notes forming part of the Financial Statements			
In terms of our report attached For Deloitte Haskins & Sells LLP Chartered Accountants Sd/- Geetha Suryanarayanan Partner Place: Chennai Date : May 30, 2019		For and on behalf of the Board of Directors Sd/- P. Murali Srinivas CEO & Managing Director DIN: 00554309 Sd/- V.T. Prabakaran Chief Financial Officer PAN: AKOPP2826M Place: Chennai Date : May 30, 2019	
		Sd/- Indrani Bhagwan Singh Director DIN: 02973901 Sd/- R. Venkatasubramanian Company Secretary PAN: AJGPV8188H	

Statement of Profit and Loss for the year ended 31st March, 2019			
Particulars	Note No.	For the Year Ended 31 March 2019 Amount in Rs.	For the Year Ended 31 March 2018 Amount in Rs.
REVENUE			
Revenue from Operations	21	1,142,934,925	996,704,195
Other Income	22	26,785,694	19,457,135
		1,169,720,619	1,016,161,330
EXPENSES			
Finance costs	23	522,410,718	479,086,415
Provisions and Write Offs	24	11,051,636	13,076,589
Employee benefits expense	25	199,041,604	192,053,775
Depreciation and amortisation expense	12	2,719,608	2,554,669
Other expenses	26	90,813,047	84,088,656
		826,036,613	770,860,104
Profit Before Tax		343,684,006	245,301,226
Tax Expense			
Current Tax		103,000,000	97,000,000
(Excess) / Short provision for tax relating to prior years		(17,802,594)	206,942
Deferred Tax	13	(1,236,355)	(20,256,780)
Net Tax Expense		83,961,051	76,950,162
Profit After Tax		259,722,955	168,351,064
Earnings Per Equity Share. Face Value - Rs.10 each	32		
- Basic- in Rs.		14.98	9.71
- Diluted- in Rs.		14.98	9.71
See accompanying notes forming part of the Financial Statements			
For and on behalf of the Board of Directors			
In terms of our report attached For Deloitte Haskins & Sells LLP Chartered Accountants			
Sd/- Geetha Suryanarayanan Partner Place: Chennai Date : May 30, 2019	Sd/- P. Murali Srinivas CEO & Managing Director DIN: 00554309 Sd/- V.T Prabakaran Chief Financial Officer PAN: AKOPP2826M Place: Chennai Date : May 30, 2019	Sd/- Indrani Bhagwan Singh Director DIN: 02973901 Sd/- R. Venkatasubramanian Company Secretary PAN: AJGPV8188H	

Cash Flow Statement for the year ended 31st March, 2019		
Particulars	For the Year Ended 31 March 2019 Amount in Rs.	For the Year Ended 31 March 2018 Amount in Rs.
A. Cash Flow from Operating Activities		
Profit Before Tax	343,684,006	245,301,226
<i>Adjustments for:</i>		
Depreciation and Amortisation Expense	2,719,608	2,554,669
Contingent Provision for Standard Receivables under Financing Activities (Net)	(579,799)	4,215,566
Provision for Non-Performing Assets	5,983,019	4,100,349
Finance Costs	522,410,718	479,086,415
Loss Assets Written Off (Net)	5,648,416	4,760,674
Income Tax Refund Receivable written off	-	143,008
(Profit) / Loss on Sale Of Assets	(3,501)	(143,091)
Gain on sale of current investments in Mutual Funds	(14,332,896)	(14,875,474)
Interest Income on Deposits with Banks / Others	(27,468,126)	(19,290,239)
Interest Spread on Securitisation / Assignment of Receivables (Net)	(32,809,831)	(42,000,324)
Operating Profit before Changes in Working Capital	805,251,614	663,852,779
<i>Changes in Working Capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Long-Term Receivables Under Financing Activities	19,013,860	(98,598,900)
Long-Term Loans and Advances	(10,000,000)	-
Short-Term Receivables Under Financing Activities	238,008,690	(1,543,174,142)
Short-Term Loans and Advances	(12,153,339)	246,077
Other Current Assets	(1,909,601)	2,472,886
Inventories	-	240,219
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade Payables	972,979	3,542,521
Other Current Liabilities	120,474,482	(71,959,160)
Short-Term Provisions	341,893	7,232,387
Long-Term Provisions	3,377,721	10,968,287
Cash Flow (used in) / generated from Operations	1,163,378,299	(1,025,177,046)
Direct Taxes Paid (Net)	(96,499,871)	(116,071,116)
Finance Costs paid	(520,151,721)	(433,789,955)
Bilateral Securitisation of assets (net)	23,043,406	36,697,416
Interest received on deposits	17,222,530	13,660,255
Net Cash Flow (used in) / generated from Operations	586,992,643	(1,524,680,446)
B. Cash Flow from Investing Activities		
Capital Expenditure including capital advances	(4,174,428)	(835,797)
Proceeds from Sale of Fixed Assets	4,687	162,045
Bank deposits not considered as Cash and Cash Equivalents (Net)	(189,405,077)	(14,714,526)
Gain on sale of Investments (Net)	14,332,896	14,875,474
Net Cash Flow (used in) Investing Activities	(179,241,922)	(512,804)
C. Cash Flow from Financing Activities		
Proceeds from Long Term Borrowings	1,470,000,000	2,546,037,975
Long-Term Borrowings Repaid	(1,836,528,178)	(1,146,025,584)
Short-Term Borrowings Taken / (Repaid)	7,023,842	45,514,467
Net Cash Flow (used in) / generated from Financing Activities	(359,504,336)	1,445,526,858
Net Decrease in Cash and Cash Equivalents (A)+(B)+(C)	48,246,385	(79,666,392)
Cash and Cash Equivalents at the beginning of the year	512,827,824	592,494,216
Cash and Cash Equivalents at the end of the year	561,074,209	512,827,824
See accompanying notes forming part of the Financial Statements		
In terms of our report attached		
For Deloitte Haskins & Sells LLP		
Chartered Accountants		
Sd/-		
Geetha Suryanarayanan		
Partner		
Place: Chennai		
Date : May 30, 2019		
For and on behalf of the Board of Directors		
Sd/-		
P. Murali Srinivas		
CEO & Managing Director		
DIN: 00554309		
Sd/-		
Indrani Bhagwan Singh		
Director		
DIN: 02973901		
Sd/-		
V.T Prabakaran		
Chief Financial Officer		
PAN: AKOPP2826M		
Place: Chennai		
Date : May 30, 2019		
Sd/-		
R. Venkatasubramanian		
Company Secretary		
PAN: AJGPV8188H		

Notes forming part of the financial statements for the year ended 31st March, 2019

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 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 near the habitats of the members.

During the previous year, the Company issued Non - Convertible Debentures aggregating to Rs 8,450.00 lakhs on Private Placement basis. The Non- Convertible Debentures aggregating to Rs. 6,450.00 lakhs were listed with BSE Limited during October, 2017

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Sec 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 as applicable. The financial statements have been prepared on accrual basis under the historical cost convention except interest on loans which have been classified as non-performing assets and are accounted for on realization basis.

The Company is a Non-Banking Finance Company – Micro Finance Institution (NBFC-MFI).The Company follows the prudential norms for income recognition, asset classification and provisioning as prescribed by the Reserve Bank of India for NBFC-MFIs as indicated in Note 2.19.

2.2 Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known /materialize.

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

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.4 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/ (loss) before 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.

2.5 Depreciation and Amortisation

Depreciable amount for assets is the cost of an asset, less its estimated residual value.

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

In respect of additions and sale of fixed assets, the depreciation is provided on proportionate basis from the date when the asset is put to use and till the date of sale respectively.

Assets individually costing less than Rs.5,000/- each are fully depreciated in the year of capitalization.

Intangible assets are amortised on a WDV basis over their estimated useful life as follows:

Software – 6 years.

2.6 Revenue Recognition

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

- a) Interest on microfinance loans is recognized on accrual basis, as per the contract with the borrowers.

- b) Processing fee is recognized based on its collections, at the time of disbursement of Loans.
- c) Interest on Non-Performing Assets, representing microfinance loans, is recognized only when received.
- d) Profit on sale of loan receivables is recognized on transfer of clear title and is apportioned on time basis/ as per the contract entered in to, during the contract period.
- e) Interest Income on deposits is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- f) All other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realization/collection

2.7 Property, Plant & Equipment (PPE) - Tangible and Intangible

Property, Plant & Equipment (PPE) is carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of PPE comprises its purchase price and any direct and incidental expenses related to acquisition and any directly attributable the asset ready for its intended use. Subsequent expenditure on PPE after its purchase / completion is capitalized only if such expenditure results in an increase in the future benefits from such assets beyond its previously assessed standard of performance.

2.8 Foreign currency transactions and translations

Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement at the balance sheet date

Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Treatment of Exchange differences

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

2.9 Investments

Current Investments are carried at the lower of cost and fair value. Costs of investments include acquisition charges such as brokerage, fees and duties.

2.10 Employee Benefits

Employee benefits include provident fund, gratuity and compensated absences.

Defined contribution plan:

The Company's contribution to provident fund is considered as defined contribution plan and is charged as an expense as they fall due based on the amount of contribution required to be made and when the services are rendered by the employees.

Defined benefit plans:

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in the Statement of Profit and Loss in the period in which they occur. Past Service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

Short-term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include compensated absence which is expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

2.11 Borrowing Costs

Borrowing costs include interest and ancillary costs that the Company incurs in connection with the borrowings. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss at the time of availment of the Loan.

2.12 Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure.

2.13 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

2.14 Earnings per Share

Basic earnings per share is computed by dividing the profit after tax (including the post tax effect of extraordinary items, if any) by the weighted number of equity shares outstanding during the year. Diluted earnings per share is calculated by dividing the profit after tax (including the post tax effect of extraordinary items, if any) 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 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 splits and bonus shares, as appropriate.

2.15 Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable Income tax laws.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

2.16 Impairment of Assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment, if any indication of impairment exists. If the carrying amount of the assets exceeds the estimated recoverable amount, impairment is recognized for such excess amount. The impairment loss is recognized as an expense in the Statement of Profit and Loss.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss.

2.17 Provisions and Contingencies

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the notes to Financial Statements.

2.18 Goods & Services Tax Input Credit

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

2.19 Classification and Provisions of Loan Portfolio

- (a) Loans are classified into 'Performing and Non-Performing' assets in terms of the RBI Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 -(Master Direction- Non DNBR. PD. 008/03.10.119/2016-17 September 01, 2016 (Updated as on May 16, 2019)

Classification of Loans
Asset Classification

Standard Assets

Non-Performing Assets (NPA)

Period of Overdue

Not Overdue or Overdue for less than 90 days

Overdue for 90 days and more

"Overdue" refers to interest and / or principal and / or installment remaining unpaid from the day it became receivable.

- (b) Provisioning Norms for Loans- As Per RBI Master Direction- Non-Banking Financial Company- Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016- (Master Direction- Non DNBR. PD. 008/03.10.119/2016-17 September 01, 2016 (Updated as on May 16, 2019)

The aggregate loan provision to be maintained by NBFC-MFIs at any point of time shall not be less than the higher of the following:

1% of the outstanding loan portfolio (or)

50% of the aggregate loan installments which are overdue for more than 90 days and less than 180 days and

100% of the aggregate loan installments which are overdue for 180 days or more.

2.20 Securitised Assets

Securitised Assets are derecognised in the books of the Company based on the principle of transfer of ownership interest over the assets.

2.21 Operating Cycle

Based on the nature of products/activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of assets and liabilities as current and non-current.

2.22 Insurance claims

Insurance claims 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.

Notes forming part of the Financial statements for the year ended 31st March, 2019

Particulars	As at 31 st March, 2019		As at 31 st March, 2018	
	No. of Shares	Amount (Rs.)	No. of Shares	Amount (Rs.)
3 Share Capital				
(a) Authorised				
Equity shares of Rs. 10 each	20,000,000	200,000,000	20,000,000	200,000,000
(b) Issued, Subscribed and Fully Paid-up				
Equity shares of Rs. 10 each	17,339,639	173,396,390	17,339,639	173,396,390
	17,339,639	173,396,390	17,339,639	173,396,390

3.1 Reconciliation of Shares outstanding at the beginning and at the end of the year:

Particulars	For the year ended 31 st March, 2019		For the year ended 31 st March, 2018	
	No. of Shares	Amount (Rs.)	No. of Shares	Amount (Rs.)
At the beginning of the year	17,339,639	173,396,390	17,339,639	173,396,390
Issued during the year	-	-	-	-
Outstanding at the end of the year	17,339,639	173,396,390	17,339,639	173,396,390

3.2 Details of Shares held by the Holding Company

Particulars	As at 31 st March 2019	As at 31 st March 2018
	No. of Shares	No. of Shares
DWM Investments (Cyprus) Limited	11,554,639	11,554,639

3.3 Details of Shareholders holding more than 5% Shares in the Company

Particulars	As at 31 st March, 2019		As at 31 st March, 2018	
	No. of Shares	% Holding	No. of Shares	% Holding
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%

3.4 Terms/Rights attached to Shares.

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. Dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders at the Annual General Meeting, except in the case of interim dividend.

Notes forming part of the Financial statements for the year ended 31st March, 2019

Particulars	As at 31 March 2019 Amount in Rs.	As at 31 March 2018 Amount in Rs.
4 Reserves and Surplus		
Securities Premium Account	374,019,752	374,019,752
Statutory Reserve (Refer Note 50)		
Opening Balance	110,414,052	76,743,839
Add: Amount transferred during the year from Surplus in the Statement of Profit and Loss	51,944,591	33,670,213
Closing Balance	162,358,643	110,414,052
Surplus in the Statement of Profit and Loss		
Opening Balance	434,334,705	299,653,854
Add: Profit After Tax for the year	259,722,955	168,351,064
Less:		
Appropriations		
- Transfer to Statutory Reserve (Refer Note No 45)	51,944,591	33,670,213
Net Surplus in the Statement of Profit and Loss	642,113,069	434,334,705
	1,178,491,464	918,768,509
Particulars	As at 31 March 2019 Amount in Rs.	As at 31 March 2018 Amount in Rs.
5 Long-Term Borrowings		
Redeemable Non-Convertible Debentures - (Refer Note 5.1)		
Secured	845,000,000	895,000,000
Unsecured	400,000,000	400,000,000
	1,245,000,000	1,295,000,000
Term Loans - Secured		
From Banks (Refer Note 5.2)	547,103,291	1,073,813,203
From Other Parties (Refer Note 5.3)	591,451,778	187,935,516
	2,383,555,069	2,556,748,719

5.1 Details of Debentures issued by the Company							
(a) Repayment terms							
Coupon Rate	Maturity Date	Debenture details		As at 31 March 2019	As at 31 March 2018	Nature of available Options	Date(s) of available Options
		Nos	Face value	Amount (Rs.)	Amount (Rs.)		
A. Secured							
12.26%	Repayable in monthly instalments till 12 October 2018	100	1,000,000	-	29,166,700	Not applicable	Not applicable
11.40%	Repayable in monthly instalments till 7 March, 2019	150	1,000,000	-	75,000,000	Not applicable	Not applicable
12.64%	Repayable in half yearly instalments till 15 March, 2020	150	1,000,000	50,000,000	100,000,000	Not applicable	Not applicable
13.00%	December 18, 2020	200	1,000,000	200,000,000	200,000,000	Not applicable	Not applicable
12.96%	March 15, 2022 (Refer Note (c))	258	1,000,000	258,000,000	258,000,000	Put & Call	At the end of 36 months
12.96%	October 5, 2022 (Refer Note(c))	387	1,000,000	387,000,000	387,000,000	Put & Call	At the end of 36 months
Sub total				895,000,000	1,049,166,700		
	Less : Current Maturities of Long-Term Borrowings (Refer Note 8)			(50,000,000)	(154,166,700)		
Total				845,000,000	895,000,000		
B. Unsecured							
15.50%	August 30, 2022	200	1,000,000	200,000,000	200,000,000	Not applicable	Not applicable
15.50%	September 9, 2022	188	1,000,000	188,000,000	188,000,000	Not applicable	Not applicable
15.50%	September 9, 2022	12	1,000,000	12,000,000	12,000,000	Not applicable	Not applicable
Sub total				400,000,000	400,000,000		
Less : Current Maturities of Long-Term Borrowings (Refer Note 8)				-	-		
Total				400,000,000	400,000,000		
(b) The Secured, Redeemable, Non-Convertible Debentures are secured by hypothecation of specified Receivables under Financing Activities.							
(c) The above Non-Convertible Debentures are listed on BSE Limited (Bombay Stock Exchange). Further, the Company has entered into an agreement with Catalyst Trusteeship Limited to act as Debentures Trustees for the Debentures.							
(d) The Company has not defaulted in the repayment of dues to Debenture holders.							
(e) As per the terms of Trust deed for the NCD's issued by the Company amounting to Rs. 1,29,50,00,000 (Previous Year - Rs. 1,44,91,66,700) , the Company should not declare / pay dividend to the Shareholders without the express consent from the Debenture holders/Trustee in case of dues to Debenture holders/Trustee.							
5.2 Details of Term Loans from Banks - Secured							
(a) The loans are secured by hypothecation of specified Receivables under Financing Activities and Lien on specified Fixed Deposits with Banks (Refer Notes 16 & 18).							
(b) The Company has not defaulted in the repayment of dues to banks.							
(c) As per the terms of agreement entered into by the Company for Borrowings with lenders amounting to Rs.2,62,86,94,329 (Previous Year - Rs.2,84,02,02,786), the Company should not declare dividend to Shareholders for any year except out of profits relating to that year without the express consent from the Banks / Financial Institutions after making all due and necessary provisions and provided further that no default had occurred in any repayment obligations.							

(d) The details of interest rate, tenor, repayment terms of the Term Loans from Banks are as follows:

S.N o.	Tenor (in Months)	Interest Rate (%)	Repayment Terms	Rate of Interest Fixed /Floating	Loan Amount as at 31 st March, 2019 Rs.	Loan Amount as at 31 st March, 2018 Rs.
1	24	12.60%	Quarterly	Floating	-	50,000,000
2	33	13.50%	Quarterly	Floating	-	9,511,800
3	39	11.90%	Monthly	Floating	137,865,405	95,448,000
4	24	12.50%	Quarterly	Floating	-	25,000,000
5	36	12.20%	Monthly	Floating	100,000,000	-
6	36	11.85%	Quarterly	Floating	99,999,998	166,666,666
7	24	11.45%	Monthly	Floating	26,190,000	50,000,000
8	24	11.45%	Monthly	Floating	26,190,000	50,000,000
9	24	11.45%	Monthly	Floating	52,400,000	100,000,000
10	36	10.00%	Quarterly	Floating	8,333,311	25,000,004
11	36	11.60%	Monthly	Floating	11,883,124	84,848,467
12	30	11.40%	Monthly	Floating	126,595,438	200,000,000
13	39	13.25%	Quarterly	Floating	23,424,436	57,500,000
14	36	13.55%	Monthly	Floating	-	33,333,334
15	39	12.90%	Monthly	Floating	83,333,334	-
16	39	12.90%	Monthly	Floating	50,000,000	-
17	24	12.65%	Quarterly	Floating	-	28,571,429
18	24	12.65%	Quarterly	Floating	-	28,571,429
19	36	11.90%	Quarterly	Floating	5,000,000	25,000,000
20	36	12.15%	Monthly	Floating	-	6,287,760
21	36	11.50%	Quarterly	Floating	141,679,366	83,341,091
22	42	12.65%	Quarterly	Floating	-	50,000,000
23	42	11.75%	Quarterly	Floating	20,833,338	37,500,002
24	24	11.65%	Quarterly	Floating	114,285,716	200,000,000
25	36	11.30%	Monthly	Floating	100,005,000	150,000,000
26	36	12.40%	Monthly	Floating	34,000,000	70,000,000
27	36	12.50%	Monthly	Floating	21,919,427	39,990,352
28	42	11.40%	Quarterly	Floating	149,916,894	200,000,000
29	24	12.50%	Monthly	Floating	-	50,000,000
30	36	12.50%	Monthly	Floating	45,454,546	81,818,182
31	36	12.95%	Quarterly	Floating	-	19,215,097
32	27	11.15%	Quarterly	Floating	125,000,000	200,000,000
33	60	10.75%	Monthly	Fixed	-	144,132
34	60	10.75%	Monthly	Fixed	-	144,132
35	60	10.75%	Monthly	Fixed	-	144,132
36	60	11.75%	Monthly	Fixed	-	40,609
37	60	11.75%	Monthly	Fixed	-	40,609
38	60	11.50%	Monthly	Fixed	-	88,072
39	60	11.50%	Monthly	Fixed	-	88,072
40	60	9.85%	Monthly	Fixed	378,743	542,006
Total					1,504,688,076	2,218,835,377
Less: Current Maturities of Long-Term Borrowings (Refer Note 8)					(957,584,785)	(1,145,022,174)
Long Term Borrowings from Banks					547,103,291	1,073,813,203
Notes:						
(i) Interest rates are on floating / fixed rate basis and is payable on monthly basis. The interest rates disclosed above represents the rate of interest as at 31 st March, 2019. The repayment of principal portion is on monthly, quarterly and / or bullet basis.						

5.3 Details of Term Loans from Other Parties - Secured

- (a) The loans are secured by hypothecation of specified Receivables under Financing Activities and Lien on specified Inter-Corporate Deposits (Refer Notes 15, 16, 18 & 19).
(b) The Company has not defaulted in the repayment of dues relating to Term Loans from other parties.
(c) The details of interest rate, tenor, repayment terms of the Term Loans from other parties are as follows:

S.N o.	Tenor (in Months)	Interest Rate (%)	Repayment Terms	Rate of Interest Fixed /Floating	Loan Amount as at 31 March 2019 (Rs.)	Loan Amount as at 31 March 2018 (Rs.)
1	9	15.00%	Monthly	Fixed	-	41,013,233
2	30	13.75%	Monthly	Fixed	220,000,000	-
3	42	15.00%	Quarterly	Fixed	80,000,000	160,000,000
4	36	14.00%	Monthly	Fixed	1,834,278	22,005,792
5	24	10.95%	Monthly	Fixed	15,625,000	78,125,000
6	24	14.50%	Monthly	Fixed	291,670,000	64,996,000
7	36	16.00%	Quarterly	Fixed	-	32,000,000
8	26	13.50%	Quarterly	Fixed	37,451,658	87,500,000
9	36	14.00%	Quarterly	Fixed	145,763,150	24,957,112
10	36	13.50%	Quarterly	Fixed	24,907,577	41,587,036
11	36	14.50%	Quarterly	Fixed	-	11,115,000
12	36	13.00%	Monthly	Fixed	19,800,000	59,300,000
13	36	13.00%	Monthly	Fixed	193,333,333	-
14	36	6.85%	Monthly	Fixed	94,000,000	-
					1,124,384,996	622,599,173
Less : Current Maturities of Long-Term Borrowings (Refer Note 8)					(532,933,218)	(434,663,657)
Long Term Borrowings from Other Parties					591,451,778	187,935,516

Notes:

- (i) Interest rates are on both fixed / floating rate basis and is payable on monthly and half yearly basis. The interest rates disclosed above represents the rate of interest as at 31 March 2019. The repayment of principal portion is on monthly and half yearly basis.

Particulars		As at 31 March 2019 Amount in Rs.	As at 31 March 2018 Amount in Rs.
6 Long-Term Provisions Provision - Employee Benefits Provision for Compensated Absences (Refer Note 28.3) Provision - Others (Refer Note 36) Provision for Non-Performing Assets Contingent Provision for Standard Receivables under Financing Activities		14,346,008	10,968,287
		8,111,040	13,800
		3,531,214	3,788,663
		25,988,262	14,770,750
Particulars		As at 31 March 2019 Amount in Rs.	As at 31 March 2018 Amount in Rs.
7 Short-Term Borrowings Cash Credit from Bank - Secured		100,599,537	93,575,695
		100,599,537	93,575,695

7.1 Details of cash credit from Bank - Secured

- (a) The cash credit facility is secured by hypothecation of specified Receivables under Financing Activities.
(b) The Company has not defaulted in the repayment of dues to Bank.
(c) The details of interest rate, tenor, repayment terms of the Short-Term Borrowings are as follows:

S.N o.	Tenor	Interest Rate	Repayment Terms	As at 31 March 2019 Amount in Rs.	As at 31 March 2018 Amount in Rs.
1	NA	11.60%	Repayable on demand	100,599,537	93,575,695
				100,599,537	93,575,695

Particulars	As at 31 March 2019 Amount in Rs.	As at 31 March 2018 Amount in Rs.
8 Current Maturities of Long-Term Borrowings		
Redeemable Non-Convertible Debentures (Refer Note 5.1)	50,000,000	154,166,700
Term Loans - Secured		
From Banks - (Refer Note 5.2)	957,584,785	1,145,022,174
From Other Parties - (Refer Note 5.3)	532,933,218	434,663,657
	1,540,518,003	1,733,852,531
9 Trade Payables		
Trade Payables (Refer Note 33)		
9.1 Dues of micro enterprises and small enterprise	12,925	-
9.2 Dues of Creditors other than micro enterprises and small enterprise	11,552,615	10,592,561
	11,565,540	10,592,561
Note: In the considered view of the Management and as relied upon by the Auditors, there are no dues to micro enterprises and small enterprises other than those disclosed above.		
Particulars	As at 31 March 2019 Amount in Rs.	As at 31 March 2018 Amount in Rs.
10 Other Current Liabilities		
Gratuity (Net) (Refer Note 28.2)	11,027,852	9,249,784
Interest accrued but not due on borrowings	33,061,886	30,802,889
Statutory dues	6,787,067	11,402,742
Amount payable to Special Purpose Vehicles for assets de-recognised	152,617,676	11,216,372
Unclaimed Dividend	867,641	874,641
Insurance proceeds payable to members	1,462,194	1,464,516
Payable for Purchase of Capital Asset	507,798	-
Others*	3,696,851	21,776,744
	210,028,965	86,787,688
*includes insurance premium collected from members to be remitted to Insurance Company- Rs. NIL (Previous Year: Rs. 1,79,85,476)		
Particulars	As at 31 March 2019 Amount in Rs.	As at 31 March 2018 Amount in Rs.
11 Short-Term Provisions		
Provision - Employee Benefits		
Provision for Compensated Absences (Refer Note 28.3)	7,574,280	7,232,387
Provision - Others (Refer Note 36)		
Provision for Non- Performing Assets	2,719,649	4,833,870
Contingent Provision for Standard Receivables under Financing Activities	38,169,500	38,491,850
Provision for Taxation [net of Advance Tax and TDS]	-	3,880,764
	48,463,429	54,438,871

12 Property, plant and equipment										
Current year 2018-19										
										Amount in Rs.
	Particulars	Gross Block			Accumulated Depreciation and Amortisation				Net Block	
		Balance as at 01 April 2018	Additions	Disposals	Balance as at 31 Mar 2019	Balance as at 01 April 2018	For the year	Eliminated on Disposal of Assets	Balance as at 31 Mar 2019	Balance as at 31 Mar 2019
12.1	Tangible Assets - Owned									
	Leasehold Improvements	2,925,212	200,972	23,725	3,102,459	2,457,701	146,290	22,539	2,581,452	467,511
	Computer Equipments	15,006,259	2,282,724	-	17,288,983	13,612,703	879,958	-	14,492,661	1,393,556
	Furniture and Fixtures	8,200,625	109,419	-	8,310,044	5,779,544	656,102	-	6,435,646	2,421,081
	Office Equipments	2,460,561	54,664	-	2,515,225	2,290,073	35,422	-	2,325,495	170,488
	Vehicles	7,146,191	972,931	-	8,119,122	5,487,868	758,454	-	6,246,322	1,658,323
	Sub-Total	35,738,848	3,620,710	23,725	39,335,833	29,627,889	2,476,226	22,539	32,081,576	6,110,959
12.2	Intangible Assets - Acquired									
	Computer Software	8,864,289	1,061,516	-	9,925,805	8,260,864	243,382	-	8,504,246	603,425
	Sub-Total	8,864,289	1,061,516	-	9,925,805	8,260,864	243,382	-	8,504,246	603,425
	Grand Total	44,603,137	4,682,226	23,725	49,261,638	37,888,753	2,719,608	22,539	40,585,822	6,714,384
12 Property, plant and equipment										
Previous year 2017-18										
										Amount in Rs.
	Particulars	Gross Block			Accumulated Depreciation and Amortisation				Net Block	
		Balance as at 01 April 2017	Additions	Disposals	Balance as at 31 March 2018	Balance as at 01 April 2017	For the year	Eliminated on Disposal of Assets	Balance as at 31 March 2018	Balance as at 31 March 2017
	Tangible Assets- Owned									
	Leasehold Improvements	2,925,212	-	-	2,925,212	2,289,651	168,050	-	2,457,701	635,561
	Computer Equipments	14,311,706	694,553	-	15,006,259	13,328,502	284,201	-	13,612,703	983,204
	Furniture and Fixtures	8,087,881	112,744	-	8,200,625	4,934,415	845,129	-	5,779,544	3,153,466
	Office Equipments	2,456,561	28,500	24,500	2,460,561	2,234,318	72,944	17,189	2,290,073	222,243
	Vehicles	7,834,661	-	688,470	7,146,191	5,363,120	801,575	676,827	5,487,868	2,471,541
	Sub-Total	35,616,021	835,797	712,970	35,738,848	28,150,006	2,171,899	694,016	29,627,889	7,466,015
	Intangible Assets - Acquired									
	Computer Software	8,864,289	-	-	8,864,289	7,878,094	382,770	-	8,260,864	986,195
	Sub-Total	8,864,289	-	-	8,864,289	7,878,094	382,770	-	8,260,864	986,195
	Grand Total	44,480,310	835,797	712,970	44,603,137	36,028,100	2,554,669	694,016	37,888,753	8,452,210

13 Deferred Tax Assets			
Current Year 2018-19:			
Particulars	As at 01 April 2018 Amount in Rs.	Credit / (Charged) Amount in Rs.	As at 31 March 2019 Amount in Rs.
Deferred Tax Assets			
Difference between depreciation as per Books of Account and Income Tax Act, 1961	2,010,182	(195,734)	1,814,448
Contingent Provision for Receivables under Financing Activities	12,529,705	(168,837)	12,360,868
Provision for Employee Benefits	7,993,573	1,600,926	9,594,499
Deferred Tax Assets	22,533,460	1,236,355	23,769,815
Previous Year 2017-18:			
Particulars	As at 01 April 2018 Amount in Rs.	Credit / (Charged) Amount in Rs.	As at 31 March 2019 Amount in Rs.
Deferred Tax Assets			
Difference between depreciation as per Books of Account and Income Tax Act, 1961	2,276,680	(266,498)	2,010,182
Contingent Provision for Receivables under Financing Activities	-	12,529,705*	12,529,705
Provision for Employee Benefits	-	7,993,573	7,993,573
Deferred Tax Assets	2,276,680	20,256,780	22,533,460
* Includes Rs. 1,34,32,150 relating to prior years.			
Particulars	As at 31 March 2019 Amount in Rs.	As at 31 March 2018 Amount in Rs.	
14 Long-Term Receivables Under Financing Activities			
(Represents Installments Due after one year from the reporting date)			
Micro Finance Loans - Unsecured	361,232,440	380,246,300	
	361,232,440	380,246,300	
Note:			
Of the above:			
- Considered Good (Standard Assets)	353,114,300	380,232,500	
- Others (Non-Performing Assets under Financing Activities as per Company's Provisioning Norms)	8,118,140	13,800	
15 Long-Term Loans and Advances			
(Considered Good & Recoverable)			
Deposits - on lien against borrowings (Refer Note 5.3)	20,000,000	10,000,000	
- Unsecured, Considered Good			
Balances with Government Authorities	7,421,701	-	
- Income Tax Refund Receivable			
	27,421,701	10,000,000	
16 Other Non-Current Assets			
Interest Accrued But Not Due			
- on Deposits with Banks / Others	9,572,443	12,182,386	
Bank Deposits under Lien having Maturity after 12 months (Refer Note Below)	152,744,294	201,004,595	
	162,316,737	213,186,981	
Note:			
Bank Deposits under Lien			
- Cash Collateral for Term Loans	152,744,294	201,004,595	

Particulars	As at 31-Mar-19 Amount in Rs.	As at 31-Mar-18 Amount in Rs.
17 Short-Term Receivables Under Financing Activities		
Micro Finance Loans- Unsecured	3,980,053,663	4,294,170,458
- Installments due within one year from the reporting date		
Micro Finance Loans Subordinated as Credit Enhancements for Assets De-Recognized - Unsecured	101,295,336	33,395,622
Installments overdue on Micro Finance Loans - Unsecured:		
- More than six months from the date they were due for Payment	1,577,053	1,518,886
- Others	5,988,847	3,487,039
	4,088,914,899	4,332,572,005
Note:		
Of the above:		
- Considered Good (Standard Assets)	4,083,823,855	4,327,738,135
- Others (Non- Performing Assets under Financing Activities as per Company's Provisioning Norms) (Refer Note 11 for Provision for Sub-Standard and Doubtful Receivables under Financing Activities)	5,091,044	4,833,870
18 Cash and Bank Balances		
18.1 Cash & Cash Equivalents		
Cash on hand	557,854	487,411
Balances with Banks		
- In Current Accounts	460,516,355	511,160,413
- In Deposit Accounts (original maturity less than 3 months)	100,000,000	1,180,000
	561,074,209	512,827,824
18.2 Other Bank Balances		
- In Current Accounts- Earmarked (Refer Note (a))	867,641	874,641
- In Deposits Accounts - Free of Lien	102,844,711	1,990,374
- In Deposits Accounts - Under Lien (Refer Note(b))	251,967,994	115,149,953
	355,680,346	118,014,968
	916,754,555	630,842,792
Notes:		
(a) Balance with current accounts- Earmarked		
-Unpaid Dividend	867,641	874,641
(b) Deposit Accounts under lien		
-Cash Collateral for Assets De-recognized	74,258,690	10,275,576
-Cash Collateral for Term Loans	177,709,304	104,874,377
19 Short Term Loans and Advances		
-Unsecured, Considered Good		
Loans and Advances to Employees	2,293,010	1,853,279
Security Deposits	7,567,510	7,121,110
Supplier and other advances	946,466	961,890
Prepaid Expenses	1,816,843	1,063,020
Balances with Government Authorities		
- Service Tax - Amount paid under protest	482,595	-
- GST Input Tax Credit	46,214	-
Deposits - on lien against borrowings (Refer Note 5.3)		
- Unsecured, Considered Good	10,000,000	-
	23,152,638	10,999,299
20 Other Current Assets		
Interest Accrued But Not Due		
- on Receivables under Financing Activities	26,456,681	24,797,767
- on Deposits with Banks / Others	21,907,410	9,051,871
Interest Spread Receivable on Securitisation	9,766,425	-
Insurance Commission Receivable	2,237,542	1,986,855
	60,368,058	35,836,493

Particulars	As at 31-Mar-19 Amount in Rs.	As at 31-Mar-18 Amount in Rs.
21 Revenue from Operations		
Interest Income from Loans	1,006,044,081	864,171,171
Processing and Other Fees	75,765,400	70,614,050
Interest spread on Securitisation / Assignment of Receivables	32,809,831	42,000,324
Other Operating Revenues		
- Interest Income on Fixed Deposits with Banks / Others	27,468,126	19,290,239
- Loss Assets Recovered	247,487	128,411
- Servicer Fee on Securitisation	600,000	500,000
	1,142,934,925	996,704,195
22 Other Income		
Profit on Sale of PPE (net)	3,501	143,091
Gain on sale of current investments in Mutual Funds	14,332,896	14,875,474
Micro Insurance Agency Commission	11,854,485	3,380,720
Interest Income on Loans to Employees	444,402	508,725
Miscellaneous Income	150,410	549,125
Total	26,785,694	19,457,135
23 Finance Costs		
Interest on Loans	310,718,075	285,538,782
Interest on Debentures	193,346,009	150,408,934
Documentation Charges	122,820	595,851
Loan Processing Fees and Other Borrowing Costs	18,223,814	42,542,848
	522,410,718	479,086,415
24 Provisions and Write Offs		
Contingent Provision for Standard Receivables Under Financing Activities	(579,799)	4,215,566
Provision for NPA	5,983,019	4,100,349
Loss Assets Written Off	5,648,416	4,760,674
	11,051,636	13,076,589
25 Employee Benefits Expense		
Salaries (Refer Note 25.1)	175,114,412	170,592,226
Contribution to Provident Fund and other funds	12,452,969	10,640,862
Staff Welfare Expenses	11,474,223	10,820,687
	199,041,604	192,053,775
25.1: Employee benefit expenses for the year ended 31 March 2018 includes Rs. 2,49,53,471 relating to prior years.		
26 Other Expenses		
Rent (Refer Note 31)	14,768,891	13,545,649
Electricity Charges	2,607,669	2,504,850
Rates and Taxes	4,561,634	4,632,809
Insurance	2,033,882	1,688,065
Software & Other Maintenance Expenses	8,355,106	7,829,904
Repairs and Maintenance - Building	838,123	646,457
Repairs and Maintenance - Others	9,610,302	8,254,489
Travelling and Conveyance	17,488,315	14,145,780
Communication Expenses - (Telephone and Postage)	3,266,789	3,251,941
Printing and Stationery	3,853,585	3,929,312
Legal and Professional Charges	10,226,860	12,461,350
Corporate Social Responsibility (Refer Note 44)	2,616,817	1,262,758
Auditors' Remuneration		
- Statutory Audit	2,380,000	1,755,000
- Tax Audit	200,000	180,000
- Certification	180,000	140,000
Bank Charges	342,200	297,146
Customer Welfare Expenses	484,102	97,539
Membership Fees	135,900	130,000
Vehicle Running and Maintenance expenses	2,263,845	2,221,829

Filing Fees Sitting Fees Security Expenses Meeting and Seminar Expenses Miscellaneous Expenses		53,901 1,150,000 1,019,803 681,358 1,693,965	68,679 577,500 1,016,343 479,992 2,971,264
		90,813,047	84,088,656
27 Assignment / Securitisation			
27.1 Securitization of Assets:			
As per the RBI Guidelines on Securitization of Standard Assets issued on 06 February 2006, the details of Assets De-recognised by way of securitisation is as under:			
	Particulars	For the Year Ended 31 March 2019 Number / Rs.	For the Year Ended 31 March 2018 Number / Rs.
	Total Number of Loan Assets Securitized during the Year	81,418	21,640
	Book Value of Loans Assets Securitized during the Year	1,213,836,200	223,493,778
	Micro Finance Loans Subordinated as Credit Enhancements for Assets De-Recognised	101,295,336	33,395,622
	Sale Consideration Received during the Year	1,112,540,864	223,493,778
	Total Gain on account of Securitisation to be amortised over the life of the Receivables	-	-
	Quantum of Credit Enhancement provided during the Year in the form of Deposits / Corporate Guarantee	74,258,690	10,275,576
	Interest spread Recognised in the Statement of Profit and Loss during the period (including amortization of Unamortised Income) (Refer Note 21)	32,809,831	42,000,324
27.2 Disclosures pursuant to R.B.I. Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 -(Master Direction- Non DNBR. PD. 008/03.10.119/2016-17 September 01, 2016 (Updated as on May 16, 2019))			
S.No.	Particulars	For the Year Ended 31 March 2019 Number / Rs.	For the Year Ended 31 March 2018 Number / Rs.
1	No. of Special Purpose Vehicle's (SPV's) sponsored by the NBFC for securitisation transactions (Nos.)	5	1
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	887,378,000	59,488,000
3	Total amount of exposures retained by the NBFC to comply with Minimum Retention Ratio (MRR) as on the date of balance sheet		
	a) Off-balance sheet exposures		
	- First loss	-	-
	- Others (Corporate Gurantee)	-	-
	b) On-balance sheet exposures		
	- First loss (Cash Collateral)	74,258,690	10,275,576
	- First loss (Micro Finance Loans)	101,295,336	33,395,622
	- Others (Investment in Pass through Certificates)	-	-
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	Exposure to own securitisations		
	- First loss	-	-
	- Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	- First loss	-	-
	- Others (Receivables from SPV's for Assets De-recognised)	-	32,587,000
	ii) Exposure to third party securitisations		
	- First loss	-	-
	- Others	-	-

28 Employee Benefits

28.1 Defined Contribution Plans

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll cost to fund the benefits. The Company recognised Rs. 87,67,491 (Previous Year: Rs.78,84,308) for Provident Fund contributions and Rs.36,85,478 (Previous Year: Rs. 27,56,554) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

28.2 Defined Benefit Plans

The Company has a funded gratuity scheme for its employees and the Gratuity liability has been made based on the actuarial valuation done as at the year end. The details of actuarial valuation as provided by the Independent Actuary is as follows:

Particulars	For the Year Ended 31 March 2019 Amount in Rs.	For the Year Ended 31 March 2018 Amount in Rs.
Change in defined benefit obligations during the Year		
Present value of Defined Benefit Obligation at beginning of the Year	26,448,452	23,046,994
Current Service Cost	3,257,748	2,657,165
Past Service Cost	-	136,732
Interest cost	1,979,583	1,543,407
Benefits Paid	(943,530)	(1,357,558)
Actuarial (Gains)	2,526,038	421,712
Present value of Defined Benefit Obligation at End of the Year	33,268,291	26,448,452
Change in Fair Value of Assets during the Year		
Plan Assets at Beginning of the Year	17,198,668	13,498,743
Expected Return on Plan Assets	1,306,170	1,128,795
Actual Company Contributions	4,714,180	4,065,211
Benefits Paid Out of the Assets	(943,530)	(1,357,558)
Actuarial Gain / (Loss)	(35,049)	(136,523)
Plan Assets at End of the Year	22,240,439	17,198,668
Liability Recognised in the Balance Sheet		
Present Value of Defined Benefit Obligation	33,268,291	26,448,452
Fair Value of Plan Assets	22,240,439	17,198,668
Net Liability Recognised in the Balance Sheet	11,027,852	9,249,784
Cost of Defined Benefit Plan for the Year		
Current Service Cost	3,257,748	2,657,165
Past Service Cost	-	136,732
Interest Cost	1,979,583	1,543,407
Expected Return on Plan Assets	(1,306,170)	(1,128,795)
Net Actuarial Gains	2,561,087	558,235
Net Cost Recognized in the Statement of Profit and Loss	6,492,248	3,766,744
Return on Plan Assets	-	-
Assumptions		
Discount Rate (Refer Note (b))	7.30%	7.49%
Interest Rate (Rate of Return on Assets)	7.30%	7.60%
Future Salary Increase (Refer Note (a))	10.00%	10.00%
Mortality Table	Indian Assured Lives (2006 -08)	Indian Assured Lives (2006 -08)
Attrition rate (Refer Note (a)):		
Upto grade of Branch Managers	16.00%	16.00%
Above grade of Branch Managers	8.00%	8.00%

Notes:

- The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors. Further, the Management revisits the assumptions such as attrition rate, salary escalation etc., taking into account, the business conditions, various external/internal factors affecting the Company.
- Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.
- The entire plan assets are managed by the Life Insurance Corporation of India (LIC). The details with respect to the composition of investments in the fair value of Plan Assets have not been disclosed in the absence of the necessary information.
- Estimated amount of contribution to the funds during the year ending 31 March 2019 as estimated by the management is Rs.1,42,69,367.

28.3 Compensated Absences

The key assumptions used in the computation of provision for long term compensated absences as per the Actuarial Valuation done by an Independent Actuary are as given below:

Particulars	For the Year Ended 31 March 2019	For the Year Ended 31 March 2018
Assumptions:		
Discount Rate	7.30%	7.49%
Future Salary Increase	10.00%	10.00%
Attrition rate:		
Upto grade of Branch Managers	16.00%	16.00%
Above grade of Branch Managers	8.00%	8.00%

29. Segment Reporting

The Company is primarily engaged in the business of Micro Finance in India. All the activities of the Company revolve around the main business. As such there are no separate business and geographic reportable segments as per AS-17 "Segment Reporting".

30. Related Party Transactions

30.1 Names of Related Parties and Nature of Relationship

Description of Relationship	As at 31 March 2019	As at 31 March 2018
Holding Company	DWM Investments (Cyprus) Limited	DWM Investments (Cyprus) Limited
Key Management Personnel	Mrs. Indrani Bhagwan Singh- Chairman and Managing Director (Upto 31 December, 2018)	Mrs. Indrani Bhagwan Singh- Chairman and Managing Director
Key Management Personnel	Mr.Murali Srinivas - CEO (with effect from 15 November 2018)	-
Key Management Personnel	Mr.Murali Srinivas - Managing Director and CEO (with effect from 15 February, 2019)	-

Note: Related party relationships are as identified by the Management and relied upon by Auditors.

30.2 Transactions with the Related Parties

Transaction	Related Party	For the Year Ended 31 March 2019 Amount in Rs.	For the Year Ended 31 March 2018 Amount in Rs.
Expenses			
Remuneration	Mrs. Indrani Bhagwan Singh	3,639,886	3,810,820
Remuneration	Mr. Murali Srinivas - Managing Director and CEO	525,000	-
Remuneration	Mr. Murali Srinivas - CEO	999,194	-

31 Operating Leases

The Company has entered into operating lease arrangements for office premises. The leases are cancellable and are for a period of less than 1 year.

Particulars	As at 31 March 2019 Amount in Rs.	As at 31 March 2018 Amount in Rs.
Lease payments recognised in the statement of Profit and Loss	14,768,891	13,545,649

32 Earnings per Share

Particulars	For the Year Ended 31 March 2019	For the Year Ended 31 March 2018
Profit after Tax - Rs.	259,722,955	168,351,064
Weighted Average Number of Equity Shares (Nos.)	17,339,639	17,339,639
Earnings Per Share		
- Basic - in Rs.	14.98	9.71
- Diluted - in Rs.	14.98	9.71
Face Value Per Share - in Rs.	10.00	10.00

33 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 year ended 31 March 2019 and 31 March 2018 are furnished below:

Particulars	For the Year Ended 31 March 2019	For the Year Ended 31 March 2018
Principal amount remaining unpaid to any supplier as at the end of the accounting year.	12,925.00	-
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. This has been relied upon by the auditors.

34 Commitments and Contingencies

Particulars	As at 31 March 2019 Amount in Rs.	As at 31 March 2018 Amount in Rs.
Contingent Liabilities:		
Motor Accidents claims (Refer Note (a) below)	-	2,500,000
Service Tax (Refer Note (b) below)	4,825,949	4,825,949
Income Tax (Refer Note (c) below)	612,340	612,340
Commitments:		
-Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	-	-

(a) Motor Accidents Claim:

Former employee of the Company was involved in a two-wheeler accident which caused the death of two people. At the time of accident, the transfer of the ownership of the vehicle involved in the accident from the Company to the staff was not registered with the concerned Regional Transport Office. Two cases, claiming compensation of Rs.15,00,000/- and Rs.10,00,000/- respectively were filed against the Company by the dependents and the legal heirs of the deceased before the Motor Accidents Claims Tribunal (District Judge), Tirunelveli. During the current year, the cases were settled at a compensation of Rs.7,50,000/-

(b) Service Tax:

During the year, an order dated 23 February, 2018 has been passed by the Assistant Commissioner of CGST and Central Excise directing the Company to pay:

(i) Rs.42,27,620/- excluding penalty and interest, stating that the service fee charged by the Company as collection agent on assigned / securitised assets is not representative of actual consideration for the services rendered for the period from 2009 to 2014 under Banking and Financial Services.

(ii) Rs.5,98,329/- excluding penalty and interest, stating that the consultancy services received is taxable under reverse Charge under Management or Business Consultant's Service and Banking and Other Financial Services received from Non- Resident Service Provider.

The Company had filed an appeal before the Commissioner of Central Excise, Customs & Service Tax (Appeals) on 03

May 2018, claiming for deletion of the total demand of Rs.48,25,949/- and the penalty and interest thereon on the assumed taxable value. This appeal was rejected on 29 June 2018. Further to this the Company has filed an appeal with the Customs, Excise and Service Tax Appellate Tribunal on 15 October 2018.

(c) 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 2014-15, the department via order dated 30 December 2016, demanded an amount of Rs.3,21,510/- disallowing the claim of rent advance written off as bad debts. The Company believes that the claim is untenable and hence, has filed an appeal with Commissioner of Income Tax (Appeals) 02 February, 2017 against the said order. This appeal was rejected on 14 February 2019. The company is in the process of filing revised appeal.

Based on professional advice, the Company believes that the cases will be decided in its favor and hence no provision is required. Further, outflows, if any, arising out of these claims would depend on the outcome of the decision of the appellate authorities and the Company's rights to future appeals. No reimbursements are expected.

(d) The above does not include show cause notices.

35. Loan Portfolio and Provision for Standard and Non-Performing Assets

(a) Current Year:

Asset Classification	Loan Outstanding as at 31 March 2019 (Gross) Amount in Rs.	Provision as at 31 March 2019 Amount in Rs.	Loan Outstanding as at 31 March 2019 (Net) Amount in Rs.
Receivables under Financing Activities			
Standard Assets	4,436,938,155	41,700,714	4,395,237,441
Non-Performing Assets	13,209,184	10,830,689	2,378,495
Total	4,450,147,339	52,531,403	4,397,615,936

(b) Previous Year:

Asset Classification	Loan Outstanding as at 31 March 2018 (Gross) Amount in Rs.	Provision as at 31 March 2018 Amount in Rs.	Loan Outstanding as at 31 March 2018 (Net) Amount in Rs.
Receivables under Financing Activities			
Standard Assets	4,707,970,635	42,280,513	4,665,690,122
Non- Performing Assets	4,847,670	4,847,670	-
Total	4,712,818,305	47,128,183	4,665,690,122

36 Changes in Provisions (Refer Note 6 & 11)

(a) Current Year

Particulars	As at 1 April 2018	Provision for the Year	Utilization / Reversal	As at 31 Mar 2019
Contingent Provision for Standard Assets under Financing Activities	42,280,513	-	579,799	41,700,714
Provision for Non-Performing Assets	4,847,670	5,983,019	-	10,830,689
Total	47,128,183	5,983,019	579,799	52,531,403

(b) Previous Year

Particulars	As at 1 April 2017	Provision for the Year	Utilization / Reversal	As at 31 Mar 2018
Contingent Provision for Standard Assets under Financing Activities	38,064,947	4,215,566	-	42,280,513
Provision for Non-Performing Assets	747,321	4,100,349	-	4,847,670
Total	38,812,268	8,315,915	-	47,128,183

37. Disclosure Pursuant to Reserve Bank of India Notification DNBR (PD) CC No. 002/03.10.001/2014-15 dt. 10 November, 2014

A. Customer Complaints

S.No	Particulars	For the Year Ended 31 March 2019 Number	For the Year Ended 31 March 2018 Number
(a)	No. of complaints pending at the beginning of the year	NIL	NIL
(b)	No. of complaints received during the year	121	112

	(c)	No. of complaints redressed during the year	112	112
	(d)	No. of complaints pending at the end of the year	9	NIL
B. Details of Registration with Financial Regulators				
	S.No	Regulator	Registration No.	Registration No.
	1	Ministry of Company Affairs	U67190TN1995PLC030604	U67190TN1995PLC030604
	2	Reserve Bank of India	B-07.00537	B-07.00537
Penalties levied by the above Regulators - Nil				
C. Ratings assigned by Credit Rating Agencies				
	Particulars		As at 31 March 2019	As at 31 March 2018
	Commercial paper		NA	NA
	Working Capital Facility (Cash Credit/WCDL)		NA	NA
	Long-Term bank facilities		[ICRA]BBB	[ICRA]BBB-
	Long-Term Non-Convertible Debentures		CARE BBB; stable CARE BBB; stable CARE BBB; stable	CARE BBB; stable CARE BBB; stable CARE BBB; stable
	MFI Grading		M2	M2
	Subordinated Debt		NA	NA
	Perpetual Debt		NA	NA
D. Concentration of Advances, Exposures and NPA's				
	Particulars		For the Year Ended 31 March 2019 Number / Rs.	For the Year Ended 31 March 2018 Number / Rs.
	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.5000 to Rs.50000 to women engaged in various income generating activities. As at 31 March 2019, the Company has provided loans to more than 2.4 Lakhs women and hence, the disclosure relating to concentration to advances, exposures and NPA's are not applicable to the Company.				
E. Sector-wise NPAs as on March 31, 2019				
	Sl.No	Sector	Percentage of NPAs to Total Advances in that sector as on 31 March 2019	Percentage of NPAs to Total Advances in that sector as on 31 March 2018
	1	Agriculture & allied activities	0.80%	0.10%
	2	Education	0.23%	0.04%
	3	Manufacturing	0.00%	0.14%
	4	Services	0.14%	0.13%
	5	Small Business	0.18%	0.17%
	6	Trade	0.15%	0.16%
	7	Transport	0.00%	0.16%
	8	Other loans	0.13%	0.39%
F. Movement of NPAs				
	Sl.No	Particulars	For the Year Ended 31 March 2019 Amount in Rs.	For the Year Ended 31 March 2018 Amount in Rs.
	(i)	Net NPAs to Net Advances (%)	-	-
	(ii)	Movement of NPAs (Gross)		
		(a) Opening balance	4,847,670	747,321
		(b) Net Additions/(Reductions)	8,361,514	4,100,349
		(c) Closing balance (Refer Note 35)	13,209,184	4,847,670
	(iii)	Movement of NPAs (Net)		
		(a) Opening balance	-	-

	(b) Net Additions/(Reductions)	2,378,495	-
	(c) Closing balance (Refer Note 35)	2,378,495	-
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	4,847,670	747,321
	(b) Net Additions/(Reductions)	5,983,019	4,100,349
	(c) Closing balance (Refer Note 36)	10,830,689	4,847,670
(v)	Movement of Contingent Provision against Standard Assets		
	(a) Opening balance	42,280,513	38,064,947
	(b) Provisions made during the year	-	4,215,566
	(c) Write-off / write-back of excess provisions	(579,799)	-
	(d) Closing balance (Refer Note 36)	41,700,714	42,280,513

G. Provisions & Contingencies (shown under the head Expenditure in Profit and Loss)			
	Particulars	For the year ended 31 March 2019 Amount in Rs.	For the year ended 31 March 2018 Amount in Rs.
	Provision for Non-Performing Assets	5,983,019	4,100,349
	Provision for Standard Receivables under Financing Activities	(579,799)	4,215,566
	Provision for Income Tax (excl. Deferred Tax)	103,000,000	97,000,000

H.	Penalties imposed by RBI and other regulators: NIL (Previous year : NIL)		
38	Disclosure Pursuant to Reserve Bank of India Notification DNBS.200/CGM (PK) – 2008 dated 1 August 2008		
38.1	Capital Adequacy Ratio		
	Particulars	As at 31 March 2019	As at 31 March 2018
	Tier I Capital	1,252,841,098	1,066,001,068
	Tier II Capital	-	40,497,952
	Total Capital	1,252,841,098	1,106,499,020
	Total Risk Assets	4,436,421,111	4,750,192,091
	Capital Ratios		
	Tier I Capital as a percentage of Total Risk Assets (%)	28.24%	22.44%
	Tier II Capital as a percentage of Total Risk Assets (%)	0.00%	0.85%
	Total Capital (%)	28.24%	23.29%
38.2	Exposure to Real Estate Sector		
	The Company does not have any direct or indirect exposure to the real estate sector as at 31 March 2019 and as at 31 March 2018.		
38.3	Exposure to Capital Market		
	The Company does not have any exposure to Capital market as at 31 March 2019 and 31 March 2018.		

38.4 Asset Liability Management

(a) Maturity Pattern of certain items of Assets and Liabilities as at 31 March 2019:

(Amount in Rs.)

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 to 7 years	Over 7 years to 10 years	Over 10 years	Total
Liabilities											
Borrowings from Banks	171,848,892	45,186,476	143,291,339	247,148,709	450,708,906	542,936,628	4,166,663	-			1,605,287,613
Borrowings from Other Parties	32,509,195	43,059,411	74,455,608	140,441,990	242,467,014	591,451,778	-	-			1,124,384,996
Market Borrowings	-	-	-	25,000,000	25,000,000	200,000,000	1,045,000,000	-			1,295,000,000
Total	204,358,087	88,245,887	217,746,947	412,590,699	718,175,920	1,334,388,406	1,049,166,663	-	-	-	4,024,672,609
Assets											
Advances (Micro Finance Loans)	514,403,565	527,907,475	412,529,500	1,171,505,955	1,462,568,404	361,232,440	-	-	-	-	4,450,147,339
Investments	-	-	-	-	-	-	-	-	-	-	-
Total	514,403,565	527,907,475	412,529,500	1,171,505,955	1,462,568,404	361,232,440	-	-	-	-	4,450,147,339

(b) Maturity Pattern of certain items of Assets and Liabilities as at 31 March 2018:

(Amount in Rs.)

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 to 7 years	Over 7 years to 10 years	Over 10 years	Total
Liabilities											
Borrowings from Banks	72,009,016	43,760,299	116,480,371	308,220,964	604,551,524	1,073,813,203					2,218,835,377
Borrowings from Other Parties	37,850,510	48,347,709	28,314,116	115,292,588	204,858,734	187,935,516					622,599,173
Market Borrowings	10,416,600	10,416,650	10,416,750	56,250,000	66,666,700	450,000,000	845,000,000				1,449,166,700
Total	120,276,126	102,524,658	155,211,237	479,763,552	876,076,958	1,711,748,719	845,000,000	-	-	-	4,290,601,250
Assets											
Advances (Micro Finance Loans)	499,428,798	549,777,500	466,568,477	1,271,026,030	1,545,771,200	380,246,300	-	-	-	-	4,712,818,305
Investments	-	-	-	-	-	-	-	-	-	-	-
Total	499,428,798	549,777,500	466,568,477	1,271,026,030	1,545,771,200	380,246,300	-	-	-	-	4,712,818,305

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

	Particulars	As at 31 March 2019		As at 31 March 2018	
		Amount Outstanding in Rs.	Amount Overdue in Rs.	Amount Outstanding in Rs.	Amount Overdue in Rs.
1	<u>Liabilities:</u> <i>Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:</i>				
(a)	Debentures (Refer Note Below)				
	- Secured	922,041,589	-	1,076,942,754	-
	- Unsecured	400,169,864	-	400,000,000	-
	(other than falling within the meaning of public deposits)				
(b)	Term Loans (Refer Note Below)	2,634,923,505	-	2,844,461,385	-
(c)	Inter-Corporate Loans and Borrowings	-	-	-	-
(d)	Commercial Paper	-	-	-	-
(e)	Cash Credits	100,599,537	-	93,575,695	-

Note: Includes Interest Accrued but Not Due on Debentures amounting to Rs. 2,72,11,453 (Previous Year Rs.2,77,76,054) and Term Loans amounting to Rs. 58,50,433 (Previous Year Rs. 30,26,835), totaling to Rs.3,30,61,886 (Previous Year Rs. 3,08,02,889) as at 31 March 2019. (Refer Note 10)

	Particulars	Amount Outstanding as at 31 March 2019 Amount in Rs.	Amount Outstanding as at 31 March 2018 Amount in Rs.
2	<u>Assets:</u> <i>Break-up of Loans and Advances including Bills Receivables [other than those included in (3) below] :</i>		
(a)	Secured		
(b)	Unsecured (Refer Note Below)	4,476,604,020	4,737,616,072
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	-	-
(iii)	Other Loans counting towards AFC Activities		
	(a) Loans where Assets have been Repossessed	-	-
	(b) Loans other than (a) above	-	-

Note: The above includes interest Accrued but Not Due amounting to Rs.2,64,56,681 (Previous Year: Rs.2,47,97,767) on Loans to Borrowers and excludes Other Loans and Advances which are not in the nature of Lending. (Refer Note 20)

4	<i>Break-up of Investments</i>		
	<i>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	<u>Unquoted:</u>		
(i)	Shares: (a) equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities	-	-
(v)	Others (please specify)	-	-

I	Long Term Investments 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	-	-	-	-
5	Borrower Group-wise Classification of Assets Financed as in (2) and (3) above				
	Category	As at 31 March 2019 Amount Rs. (Net of Provisions)		As at 31 March 2018 Amount Rs. (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	-	4,424,072,617	-	4,690,487,889
	Total				
6	Investor Group-wise Classification of all Investments (Current and Long Term) in Shares and Securities (both Quoted and Unquoted) : Category	Market Value / Break-up Value or Fair Value or Net Asset Value (Company's Share) as on 31 March 2019	Book Value as on 31 March 2019	Market Value / Break-up Value or Fair Value or Net Asset Value (Company's Share) as on 31 March 2018	Book Value as on 31 March 2018
1	Related Parties	NIL	NIL	NIL	NIL
(a)	Subsidiaries	NIL	NIL	NIL	NIL
(b)	Companies in the Same Group	NIL	NIL	NIL	NIL
(c)	Other Related Parties	NIL	NIL	NIL	NIL
2	Other than Related Parties (Refer Note Below)	NIL	NIL	NIL	NIL
	Total	-	-	-	-
7	Other Information	As at 31 March 2019 Amount in Rs.		As at 31 March 2018 Amount in Rs.	
		Related Parties	Other than Related Parties	Related Parties	Other than Related Parties
(i)	Gross Non-Performing Assets	-	13,209,184	-	4,847,670
(ii)	Net Non-Performing Assets (Refer Note 35)	-	2,378,495	-	-
(iii)	Assets Acquired in Satisfaction of Debt	-	-	-	-
40	Disclosures of Fraud Pursuant to Reserve Bank of India Notification DNBS.PD.CC. No. 256 /03.10.042 / 2011-12 dated 2 March 2012:				
	(a) Current Year				
	Category	More than Rs. 1 lakh		Less than Rs. 1 lakh	
		Number of Instances	Amount in Rs.	Number of Instances	Amount in Rs.
	Embezzlement of cash by employees	4	1,055,000	Nil	Nil
	Fake loans granted	1	8,053,440	-	-
		5	9,108,440	-	-
Note: The above has been provided for by the Company.					

(b) Previous Year				
Category	More than Rs. 1 lakh		Less than Rs. 1 lakh	
	Number of Instances	Amount in Rs.	Number of Instances	Amount in Rs.
	Embezzlement of cash by employees	1	172,891	1
	1	172,891	1	8,474
Note: The above has been fully recovered by the Company.				
41 Net Interest Margin during the Year:				
Particulars	For the Year ended 31 March 2019		For the Year ended 31 March 2018	
Average Interest (a)	23.56%		23.98%	
Average effective cost for borrowing Interest (b)	13.16%		14.75%	
Net Interest Margin (a-b)	10.40%		9.23%	
The average interest represents the effective rate at which loans have been disbursed to the customers for the year ended 31 March 2019 and 31 March 2018.				
The Average interest cost of borrowings of the Company for the year ended 31 March 2019 and 31 March 2018 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.				
42 Disclosures of Transactions Pursuant to clause 28 of the Debt Listing Agreement with BSE Limited				
Loans and Advances in the nature of Loans	As at 31 March 2019 Rs.		As at 31 March 2018 Rs.	
	Amount Outstanding	Maximum Amount Outstanding during the year	Amount Outstanding	Maximum Amount Outstanding during the year
(a) From Holding Company:	-	-	-	-
(b) To Fellow Subsidiaries	-	-	-	-
(c) To Associates	-	-	-	-
(d) Where there is				
- No Repayment Schedule	-	-	-	-
- Repayment Schedule beyond seven years	-	-	-	-
- No Interest	-	-	-	-
- Interest below the rate as specified in section 372A of the Companies Act	-	-	-	-
(e) To Firms / Companies in which directors are interested (Other the (a) and (b) above)	-	-	-	-
(f) Investments by the Loanee in the Shares of Parent Company and Subsidiary Company	-	-	-	-
43 Expenditure incurred in Foreign Currency				
(i)	For the year ended 31 March 2019 Amount in Rs.		For the year ended 31 March 2018 Amount in Rs.	
Particulars				
Reimbursement of Travelling Expenses	157,082		367,897	
(ii) The Company did not have any unhedged Foreign currency exposure as at 31 March 2019 and 31 March 2018 and the Company did not have any derivatives.				
44 CSR Activities				
As per Section 135 of the Companies Act 2013, the company is required to spend Rs. 28,41,194 (2% of the average net profits of the Company made during the three immediately preceding financial years) towards CSR activities for the financial year 2018-19. Break up for the same is as follows:				
i) Gross Amount required to be spent during the financial year 2018-19 - Rs. 28,41,194				
ii) Amount spend towards CSR Activities as per Company's CSR Policy : Rs. 26,16,817				
iii) Unspent amount as on March 31, 2019 – Rs. 2,24,377				

45 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 the rate of 20% of the net profit after tax of the Company every year. Accordingly, the Company has transferred an amount of Rs.5,19,44,591 (Previous Year – Rs.3,36,70,213), out of the net profit after tax for the years ended 31 March 2019 and 31 March 2018 to Statutory Reserve.

46 The Board of Directors have reviewed the realisable value of all the assets of the Company (other than Property, plant and equipment) 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 recognised in the financial statements.

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

Per our Report of event date
For Deloitte Haskins & Sells LLP
Chartered Accountants

Sd/-
Geetha Suryanarayanan
Partner

Place: Chennai
Date : May 30, 2019

For and on behalf of the **Board of Directors**

Sd/-
P. Murali Srinivas
CEO & Managing Director
DIN: 00554309

Sd/-
V.T Prabakaran
Chief Financial Officer
PAN: AKOPP2826M

Sd/-
Indrani Bhagwan Singh
Director
DIN: 02973901

Sd/-
R. Venkatasubramanian
Company Secretary
PAN: AJGPV8188H

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, 2019
2015-16	Interim Dividend	₹. 0.35	01 st August 2015	08 th September, 2022	₹. 8,67,640.55

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 பொருத்தக்கூடிய 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	IEPFக்கு மாற்றப்படும் தேதி	மார்ச் 31, 2019 வரை பெற்றுக்கொள்ளப்படாத ஈவுத்தொகை
2015—16	இடைக்கால ஈவுத்தொகை	₹. 0.35	01 ஆகஸ்ட் 2015	08 செப்டம்பர் 2022	₹. 8,67,640.55

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. மைக்ரோபினைஸ் லிமிடெட்,
14/25 சக்கரபாணி தெரு, மேற்கு மாம்பலம்,
சென்னை— 600033 தமிழ்நாடு.

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

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

Registered Office: 14/25, Chakrapani Street, West Mambalam, Chennai, Tamilnadu- 600 033.

CIN: U67190TN1995PLC030604

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Annual General Meeting on Sep 26, 2019

Name of the member (s):

Registered address:

E-mail Id:

Folio No:

I/We, being the member holding shares of the above named company, hereby appoint

Name: Address: E-mail Id: Signature:_____	or failin g him	Name: Address: E-mail Id: Signature:_____
--	-----------------------	--

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual general meeting of the company, to be held on the 26th day of September 2019 at 11:30 a.m. at Hotel Gokulam Park - Gayathri Hall - 4th Floor No. 67, 1st Avenue, Ashok Nagar, Chennai -600083 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No

1.

2.

3.

Affix Rupee
1/- Revenue
Stamp

Signed this day of2019

Signature of the Shareholder:

Signature of the Proxy:

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



S.M.I.L.E. MICROFINANCE LIMITED
Registered Office: 14/25, Chakrapani Street, West Mambalam,
Chennai, Tamilnadu- 600 033.

ATTENDANCE SLIP

Annual General Meeting on Sep 26, 2019

Registered Folio No.: _____

No. of Shares held:

Please (✓) in the box - ☐ Member ☐ Proxy

I hereby record my presence at the Annual General Meeting of the Company to be held at **Hotel Gokulam Park - Gayathri Hall- 4th Floor No. 67, 1st Avenue, Ashok Nagar, Chennai -600083 at 11.30 a.m. on Sep 26, 2019.**

Full name of Member :

Signature

Full name of Proxy :

Signature

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Your entry to the Meeting will be regulated by this attendance slip.