

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

NOTICE OF TWENTY-NINTH (29TH) ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE TWENTY-NINTH (29TH) ANNUAL GENERAL MEETING OF THE MEMBERS OF S.M.I.L.E. MICROFINANCE LIMITED ("THE COMPANY") WILL BE HELD ON FRIDAY, AUGUST 16, 2024, AT 04:30 P.M. IST AT REGISTERED OFFICE OF THE COMPANY AT 8TH FLOOR NO 2, SOUTH TOWER KRM PLAZA, HARRINGTON ROAD, CHETPET, CHENNAI, EGMORE NUNGAMBAKKAM, TAMIL NADU- 600031 INDIA (DEEMED VENUE), THROUGH VIDEO CONFERENCING ("VC")/OTHER AUDIO-VISUAL MEANS (OAVM) TO TRANSACT THE FOLLOWING BUSINESS: -

ORDINARY BUSINESS:

1. **To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year Ended 31st March 2024, along with the schedules and notes to accounts annexed thereto and together with the reports of directors and auditors thereon:**

"RESOLVED THAT Audited Financial Statements including Balance sheet, statement of Profit & Loss and Cash Flow Statement for the financial Year ended 31st March 2024, along with schedules and Notes to the Accounts annexed thereto forming an integral part of the accounts and any explanatory notes annexed thereto together with the reports of the Board of Directors and Auditors report thereon, be and are hereby received, considered and adopted."

2. **To re-appoint Mr. J Bradley Swanson (DIN: 02872123), as a director, who retires by rotation and being eligible offers himself for re-appointment:**

"RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Mr. J Bradley Swanson (DIN: 02872123) who retires by rotation and being eligible offers himself for reappointment be and is hereby re-appointed as a Director of the Company, who is liable to retire by rotation."

SPECIAL BUSINESS:

3. **To fix remuneration of Mr. V. T. Prabakaran, Chief Financial Officer and Managing Director of the Company:**

*To consider and if thought fit to pass with or without modification(s), the following resolution as a **Special Resolution***

"RESOLVED THAT pursuant to the provisions of the Sections 197, 198 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act) including any amendment(s), statutory modification(s) or re-enactment(s) thereof for the time being in force, consent of the Members be and is hereby accorded for payment of Rs. 2,89,190/- per month (Rupees Two Lakhs Eighty-Nine Thousand One Hundred and Ninety only) as remuneration to Mr. V.T. Prabakaran (PAN: AKOPP2826M), Chief Financial Officer and Managing Director of the Company during the said period for his role in successfully executing the company's plans.

RESOLVED FURTHER THAT any of the Directors of the Company be and is hereby severally authorized to do all such acts, deeds, matters and things, for the purpose of giving effect to this resolution."

4. **To consider and approve the Voluntary Winding Up of the Company:**

*To consider and if thought fit to pass with or without modification(s), the following resolution as a **Special Resolution***

"RESOLVED THAT pursuant to Section 59 and other applicable provisions of the Insolvency Bankruptcy Code, 2016 ('Code') read with applicable provisions of the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process Regulations, 2017 ('Voluntary Liquidation Regulations') (including any statutory modification or re-enactment thereof for the time being in force), and the provisions of the Companies Act 2013, as may be applicable, the consent of the members be and hereby accorded for:

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- A. *In terms of Section 59(5) of the Code read with Regulation 3 of the Voluntary Liquidation Regulations, liquidation proceedings shall be deemed to have commenced from the date of passing of the resolution by the members in the general meeting (herein referred to as "**Liquidation Commencement Date**").*
- B. *In terms of Regulation 4 of the Voluntary Liquidation Regulations and as per this resolution of the Company, from the Liquidation Commencement the Company shall cease to carry on its business except as far as required for the beneficial winding up of its business. However, the Company shall continue to exist until it is dissolved under Section 59(8) of the Code."*

5. **To consider and approve the Appointment of Liquidator:**

*To consider and if thought fit to pass with or without modification(s), the following resolution as a **Special Resolution***

"RESOLVED THAT the consent of the members of the Company be and are hereby accorded to appoint Mr. Anil Khicha, Insolvency Professional, holding registration no. IBBI/IPA-001/IP- P00422/2017-18/ 10745, as a Liquidator of the Company in terms of Section 59(3)(c)(ii) of the Code and Regulation 6 of the Voluntary Liquidation Regulations, who has also given his consent to act as the liquidator of the company for the purpose of the undertaking voluntary liquidation of the Company.

RESOLVED FURTHER THAT *the Liquidator's appointment letter including remuneration details were placed before the Board and initialled by the chairman of the meeting for the purposes of identification be and is hereby approved, subject to the clarification that the definition of liquidation period ending and reference of budget.*

RESOLVED FURTHER THAT *pursuant to Section 35 and Section 37 of the Code which applies to liquidation proceedings with such modifications as may be necessary in terms of Section 59(3) and other applicable provisions of the Code, read with Voluntary Liquidation Regulations and other applicable provisions, if any, the Liquidator shall, inter-alia, exercise the following powers:*

- a. *To ensure that all the resolutions relating to the voluntary liquidation of the Company passed by the Board of Directors in its meeting are complied with, in substance and spirit, including but not limited to making a public announcement in newspapers for appointment of the liquidator, verification of stakeholders ' claims.*
- b. *To institute or defend suits, prosecution or other legal proceedings, civil or criminal in the name of and on behalf of the Company;*
- c. *To carry on the business of the Company so far as may be necessary for the benefit of the liquidation of the Company;*
- d. *To appoint any professional /service provider to assist him in the discharge of his duties and also fix the remuneration of such professional;*
- e. *To appoint such other professional or to continue with the appointment of the existing statutory auditor of the Company as may be required till the dissolution of the Company;*
- f. *To discharge all powers, functions, and duties as required under Section 35 of the Code read with the Voluntary Liquidation Regulations or any other applicable provisions;*
- g. *To make further adequate provisions for any liability arising out of pending litigations of the company, inter-alia including opening and maintaining a separate bank account and distributing the surplus to the shareholders of the Company;*
- h. *The Liquidator will change the name of the existing bank accounts to "S.M.I.L.E. Microfinance Limited- In voluntary liquidation" or such other name as may be appropriate, and the below-mentioned existing bank accounts of the Company, will continue to be operated, for receiving income and all receipts due to the Company and for making payments as far as required for the beneficial winding up of its business. The Liquidator may allow the continuation of the existing authorized signatories of the respective bank accounts, for operating the existing bank*

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accounts or change to such other persons as the Liquidator / appropriate body may deem fit and mandate the banks from time to time;

Sr. No	Bank Account	Bank Name
1.	Current A/c No.10046421137	IDFC First Bank Ltd
2.	FD A/c No. 10185793355	IDFC First Bank Ltd
3.	FD A/c No. 10177239861	IDFC First Bank Ltd
4.	Current A/c No. 89230200000034	Bank of Baroda
5.	Dividend Payment A/c No. 001105025444	ICICI Bank
6.	Dividend Payment A/c No. 000905036197	ICICI Bank

- i. The Liquidator will, do all such things as may be necessary in the interest of the stakeholders including but not limited to obtaining any consultation from the Board of Directors of the Company and to dissolve the Company at the earliest opportunity notwithstanding the pending proceedings or assessments before statutory authorities and pending litigations against the Company."

By Order of the Board
S.M.I.L.E. Microfinance Limited



Vee Thangavelu Prabakaran
Managing Director & CFO
DIN: 10106320
Address: Villa 154, 1st Floor VGN Platina,
Thirverkadu Road, Ayappakk am
Poonamallee, Tamil Nadu- 600077, India

Date: July 25, 2024
Place: Chennai, India

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Explanatory Statement pursuant to section 102 of the Companies Act, 2013, and Secretarial Standard 2 issued by the Institute of Company Secretaries of India (ICSI):

ITEM NO. 3:

To fix remuneration of Mr. V. T. Prabakaran, Chief Financial Officer and Managing Director of the Company

The following explanatory statement sets out all material facts relating to the special business mentioned in item number: 3 accompanying the notice and shall be taken as forming part of the notice.

The Board of Directors have approved the remuneration of Mr. V T Prabakaran (PAN: AKOPP2826M), Chief Financial Officer (CFO) and Managing Director (MD) of the Company.

{Remuneration of Rs. 2,89,190 per month}

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

None of the Director, Key Managerial Personnel, or their relatives, are interested or concerned in the resolution except Mr. V T Prabakaran, CFO & MD of the Company.

The Board of Directors recommends the approval of members by way of a Special Resolution for the agenda set out at No. 3 of the Notice.

ITEM NO. 4:

To consider and approve the Voluntary Winding Up of the Company:

The following explanatory statement sets out all material facts relating to the special business mentioned in item number: 4 accompanying the notice and shall be taken as forming part of the notice.

This is to inform that the company was formerly registered as Non- Banking Financial Company (“NBC”) with the Reserve Bank of India (“RBI”) and engaged in the business of the offering loans under the joint liability group model, to women from low-income households, vide the Business Transfer Agreement dated February 22, 2022, the Company sold its entire microfinance business as a going concern, on a "slump sale" basis as defined in Section 2(42C) read with Explanation 1 to Section 2(19AA) of the Income Tax Act, 1961, to Northern Arc Capital Limited.

Thereafter, the Company has not carried on any business. Further, the Company does not intend to initiate any new business operations. Consequently, the Company applied to the RBI for voluntary surrender of NBFC-MFI Certificate of Registration bearing No. B-07.00537 and obtained the cancellation order dated January 05, 2024. Post the cessation of business activities and the absence of any future business prospectus, the Board of Directors, after due consideration of the applicable legal provisions, resolved to voluntarily liquidate the Company under Section 59 of the Insolvency and Bankruptcy Code, 2016 (“Code”).

In the meeting of board of directors held on July 24, 2024, passed unanimously the proposal for voluntary liquidation of the company. Further, the Board of Directors has made a full enquiry into the affairs of the Company including any liability arising out of pending litigations and has formed an opinion that the Company has no debts. For, any claims arising out of the pending litigations or statutory authorities are contingent in nature. The Company has made sufficient provision to meet the obligations arising on account of pending proceedings or assessments before statutory authorities, and pending litigations and legal costs with respect to counsels handling the pending matters in respect of the Company, and the Company has made sufficient provisions for the preservation of its records after its dissolution, in compliance with Regulation 3(1)(a) of the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017.

Pursuant to the provisions of the Code and Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017 (“**Voluntary Liquidation Regulations**”) the approval of the shareholders by a Special

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Resolution is requisite. Therefore, the said resolution is proposed to be passed at a meeting of the Company's Shareholders to be held on Friday, August 16, 2024.

None of the Directors or Key Managerial Personnel of the Company or their respective relatives is, in any way, concerned or interested, financially or otherwise, in the proposed resolution, save and except to the extent of their direct or indirect shareholding in the Company.

The Board of Directors recommends the approval of members by way of a Special Resolution for the agenda set out at Item No. 4 of the Notice.

ITEM NO. 5:

To consider and approve the Appointment of Liquidator:

The following explanatory statement sets out all material facts relating to the special business mentioned in item number: 5 accompanying the notice and shall be taken as forming part of the notice.

This is to inform that company has **voluntarily** surrender the NBFC-MFI Certificate and **received** the cancellation order dated January 05, 2024. Thereafter, for the purpose of voluntary liquidation of the Company, as per the applicable provisions of the Insolvency and Bankruptcy Code, 2016 and Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017 (**'Voluntary Liquidation Regulations'**) framed thereunder, the Board proposes the appointment of Mr. Anil Khicha, an Insolvency Professional holding registration number IBBI/IPA-001/IP-P00233/2017-2018/10462 as the Liquidator.

Also, Mr. Anil Khicha being eligible has expressed his consent to be appointed as the Liquidator of Company vide a letter.

Further, pursuant to the provisions of the Code and Voluntary Liquidation Regulations read with relevant provisions of the Companies Act, 2013, the appointment of Liquidator necessitates the approval of the shareholders by a Special Resolution. Hence, the said resolution is proposed to be passed as a Special Resolution.

None of the Directors or Key Managerial Personnel of the Company, nor their respective relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolution, save and except to the extent of their shareholding in the Company.

The Board of Directors recommends the approval of members by way of a Special Resolution for the agenda set out at Item No. 5 of the Notice.

By Order of the Board
S.M.I.L.E. Microfinance Limited



Vee Thangavelu Prabakaran
Managing Director & CFO
DIN: 10106320
Address: Villa 154, 1st Floor VGN Platina,
Thirverkadu Road, Ayappakk am
Poonamallee, Tamil Nadu- 600077, India

Date: July 25, 2024

Place: Chennai, India

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NOTES:

1. Pursuant to the Ministry of Corporate Affairs' General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 20/2020 dated May 5, 2020, General Circular No.02/2021 dated January 13, 2021, General Circular No. 10/2022 dated December 28, 2022, and General Circular No. 09/2023 dated September 25, 2023 (collectively referred to as 'Circulars'), Companies are allowed to hold AGM through VC/ OAVM. has introduced certain measures enabling companies to convene their Annual General Meetings (AGM/ Meeting) through Video Conferencing (VC) or Other Audio-Visual Means (OAVM) and also send notice of the Meeting and other correspondences related thereto.
2. In compliance with the said requirements of the MCA Circulars, electronic copy of the Notice along with other documents required to be attached therewith (Collectively referred to as Notice) have been sent only to those members whose e-mail ids are registered with the Company or the Registrar and Share Transfer Agent or the Depository Participant(s) through electronic means and no physical copy of the Notice has been sent by the Company to any member. The Notice of the 29th AGM of the Company inter alia indicating the process and manner of e-voting has also been hosted on the website of the Company www.sfltd.in and on the website of CDSL at www.evotingindia.com.
3. Explanatory statements as required under Section 102 of the Companies Act, 2013 with respect to Item No. 3, 4 and 5 specified above are annexed hereto.
4. 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. However, corporate members are required to send to the Company/ RTA/ Scrutinizer, a certified copy of the Board Resolution, pursuant to section 113 of the Companies Act 2013, authorizing their representative to attend and vote at the Meeting through VC.
5. The facility for Shareholders to join the AGM in the VC/OAVM mode will be kept open to join 15 minutes before and 15 minutes after the scheduled time of the commencement of the Meeting. The Shareholders can join the AGM by following the procedure mentioned herein below in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 Shareholders on 'first come first serve' basis. This will not include large Shareholders (i.e., Shareholders holding 2% or more), Promoters, Directors, Key Managerial Personnel, the Chairperson(s) of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of 'first come first serve' basis.
6. The attendance of the Shareholders attending the AGM through both in Physical and VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
7. The Shareholders, seeking any information with regard to any matter to be placed at the AGM, are requested to write to the Company on or before August 10, 2024 through email to so@sfltd.in or cfo@sfltd.in. The same will be replied by/on behalf of the Company suitably.
8. The Register of Members, Directors, Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available electronically for inspection by the members during the Annual General Meeting.
9. Members are requested to quote their Registered Folio Number or Demat Account Number & Depository Participant (DP) ID Number on all correspondences with the Company. Members holding shares in dematerialized mode are requested to intimate all changes pertaining to their bank details, mandate,

Regd. Off: 8th Floor (Ward No. 825), KRM Plaza, South Tower, No. 2, Harrington Road,
Chetpet, Chennai- 600 031, Tamil Nadu

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nomination, power of attorney, change of address, etc., to their respective Depository Participant (DP). Members holding shares in physical mode are requested to intimate the same to Registrar & Share Transfer Agents of the Company (RTA) M/s. Cameo Corporate Services Limited, "Subramanian Building", No.1, Club House Road, and Chennai-600 002.

10. Pursuant to Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as may be amended from time to time, as amended, and MCA Circulars dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021, December 28, 2022 and September 25, 2023 the Company is pleased to provide e- voting facility to the members to cast their votes electronically on all resolutions set forth in this Notice.

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

Notice convening the 29th Annual General Meeting is also available on the CDSL's website: www.cdslindia.com.

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

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

Commencement of e-voting	End of e-voting
August 13, 2024, Tuesday, at 09:00 A.M. (IST)	August 15, 2024, Thursday, at 05:00 P.M. (IST)

During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date on Friday, August 09, 2024 may cast their vote electronically. The e-voting module shall be disabled by CDSL thereafter. A person who is not a member of the Company as on cut-off date should treat the Notice for information purpose only.

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

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

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

- Step 1** : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.
- Step 2** : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.
- (i) The voting period begins on Tuesday, August 13, 2024 at 09:00 A.M. (IST) and ends on Thursday, August 15, 2024 at 05:00 P.M. (IST) During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) on Friday, August 09, 2024 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

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

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

Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- (iv) Login method for e-Voting and joining virtual meetings **for Individual shareholders holding securities in Demat mode CDSL/NSDL** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL Depository	<ol style="list-style-type: none">1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login to Easi / Easiest are requested to visit cdsl website www.cdslindia.com and click on login icon & New System Myeasi Tab.2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.3) If the user is not registered for Easi/Easiest, option to register is available at cdsl website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option.4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with NSDL Depository	<ol style="list-style-type: none">1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsd.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. Once the

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

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

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

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at : 022 - 4886 7000 and 022 - 2499 7000

Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- (v) Login method for e-Voting and joining virtual meetings for **Physical shareholders and shareholders other than individual holding in Demat form.**
- 1) The shareholders should log on to the e-voting website www.evotingindia.com.
 - 2) Click on “Shareholders” module.
 - 3) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
 - 4) Next enter the Image Verification as displayed and Click on Login.

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- 5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- 6) If you are a first-time user, follow the steps given below:

	For Physical shareholders and other than individual shareholders holding shares in Demat.
PAN	Enter your 10-digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none">• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none">• If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xii) 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.
- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.
- (xvii) **Additional Facility for Non - Individual Shareholders and Custodians -For Remote Voting only.**
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
 - It is Mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

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

- Alternatively Non Individual shareholders are required mandatory to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; so@sfltd.in or cfo@sfltd.in (designated email address by company) , if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least **07 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **07 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to **Company/RTA email id**.
2. For Demat shareholders -, Please update your email id & mobile no. with your respective **Depository Participant (DP)**
3. For Individual Demat shareholders - Please update your email id & mobile no. with your respective **Depository Participant (DP)** which is mandatory while e-Voting & joining virtual meetings through Depository.

General Instructions

1. The remote e-voting shall not be allowed beyond the abovementioned date and time.

Regd. Off: 8th Floor (Ward No. 825), KRM Plaza, South Tower, No. 2, Harrington Road,
Chetpet, Chennai- 600 031, Tamil Nadu

Email Id:- so@sfltd.in; cfo@sfltd.in; Phone: +919940068494

CIN: U67190TN1995PLC030604

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

2. Once the vote on the resolution is cast by the shareholder, whether partially or otherwise, the shareholder shall not be allowed to change it subsequently or cast the vote again.
3. Any person who have acquired shares and become members of the company after the electronic dispatch of the notice and holding shares as on cut-off date, i.e. Friday, August 09, 2024 and who have updated their PAN with the Company/DP, should follow the instructions as above mentioned in (i) to (xix) to vote through e-voting and those who have not updated their PAN with the Company/DP, can send a mail to compliance@sfltd.in and investor@cameoindia.com to obtain sequence number and they will have to follow the instructions as above mentioned in (i) to (xix) to vote through e-voting.
4. The voting rights of members shall be in proportion to their shares in the paid-up equity share capital of the Company as on cut-off date. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting and evoting during the AGM. The Scrutinizer shall, immediately after the conclusion of remote e-voting and e-voting during the general meeting, would unblock and count the e-votes cast in the presence of at least two witnesses not in the employment of the Company and make, not later than three days of conclusion of the meeting, a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same.
5. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.sfltd.in and on the website of CDSL www.cdslindia.com immediately after the result is declared.
6. Subject to the receipt of requisite number of votes through remote e-voting and voting during the meeting, the Resolutions proposed in the Notice shall be deemed to have been passed on the date of the meeting, i.e., Friday, August 16, 2024.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call toll free no. 1800 22 55 33.

DIRECTORS' REPORT

To

The Members,
S.M.I.L.E. Microfinance Limited.
8th Floor No. 2, South Tower, KRM Plaza,
Harrington Road, Chetpet, Chennai,
Tamil Nadu, India, 600031

Your directors are pleased to present the Twenty Ninth (29th) Annual Report of your Company together with the Audited Statement of Accounts and the Auditors' Report of your Company for the financial year ended, March 31, 2024.

FINANCIAL SUMMARY:

(Rs. in Lakh)

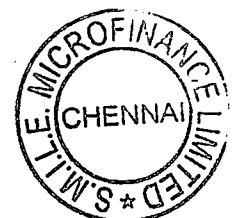
Particulars	2023-24	2022-23
Interest Income	675.67	1,931.42
Other Income	2.95	0.72
Total Income	678.62	1,932.13
Less:		
Expenses	364.15	1,097.94
Profit before Tax	314.47	834.19
Less		
Provisions for:		
Income Tax		---
Tax relating to prior years		25.00
Deferred Tax	-9.68	1,383.52
Profit after Tax	304.79	-574.59
Total Comprehensive Income for the Year	304.79	-574.59
Add:		
Balance b/f from previous years	3561.41	4,136.03
Transfer from Statutory Reserve	1872.41	-
Amount available for Appropriation	5738.63	3,561.41
Appropriations:		
Statutory Reserve		---
Dividend & Distribution Tax	5496.67	---
Balance carried to Balance Sheet	304.79	-574.59
Equity Share Capital	1733.96	1,733.96
Reserves	4013.47	9,205.33

FINANCIAL OVERVIEW:

During the year, your company earned a GROSS INCOME of Rs. 6.76 Cr (Previous Year Rs. 19.32 Cr) and PROFIT BEFORE TAX (PBT) of Rs. 3.14 Cr (Previous Year Rs. 8.34 Cr), with expenditures of Rs.3.64 Cr (Previous Year Rs. 10.98 Cr).

OPERATIONAL REVIEW:

Year ended March 31	2024 @	2023@
Number of Branches	NIL	NIL
Number of Members	NIL	NIL
Number of employees	2	2
Number of States	NIL	NIL
Amount Disbursed (₹ In Crore)	NIL	NIL
Portfolio Outstanding (₹ In Crore)	NIL	NIL



@ The Company has sold the microfinance business undertaking through a slump sale transaction to Northern Arc Capital Ltd and has discontinued the business. The sale was completed on April 12, 2022. The company had on March 15, 2023 submitted application to the RBI for cancellation of the NBFC-MFI Certificate of Registration and received the cancellation order from the RBI on January 05, 2024.

AMOUNT, IF ANY, WHICH THE BOARD PROPOSES TO CARRY TO ANY RESERVES:

It is proposed to carry forward the balance of Rs. 304.79 Lakhs being profit of the current year to the reserves and surplus account.

DIVIDEND:

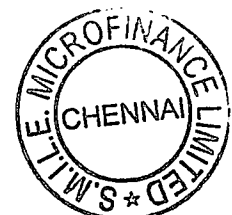
From the accumulated profits, the Company declared an Interim Dividend of Rs.31.70 per share (317%) for the current Financial Year 2023-24. The total Interim Dividend paid is Rs.54.96 Cr and the requisite filing with the ROC and IEPF authority has been done as per the applicable provisions.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND:

- There was unclaimed dividend of Rs.8.52 lakh (kept in earmarked account with ICICI Bank) out of dividend declared for FY 2014-15 which was due for transfer to Investor Education and Protection Fund (IEPF). The Company could not complete the transfer within the mandatory timeline on account of a "status quo" order from the Madras High Court / Supreme Court. The Court has passed judgement order in favour of the Company and subsequently the Company has transferred the unclaimed dividend to IEPF account on September 08, 2023.
- We have further made transfer of Rs 8.24 Lakh which was due for transfer to Investor Education and Protection Fund (IEPF) for which IEPF reporting is also made.
- Additionally, out of the above unclaimed/ unpaid dividend, an amount of dividend of Rs. 28,000 on Folio No. 00011230 which was not transferred to the fund, as the shares in respect to this dividend are disputed and the court of Metropolitan Magistrate Saidapet Chennai passed an order dated December 17, 2019. Hence, the same was reported to IEPF authority.
- The Company has declared an interim dividend during the financial year 2023-24 dated January 29, 2024, and there was an unpaid/ unclaimed dividend amounting to Rs. 0.57 Lakh. This is on account of order of Metropolitan Magistrate Saidapet, Chennai. The Board decided and had reported to IEPF authority for such dividend amount in the current Financial Year.

MAJOR EVENTS OCCURRED DURING THE YEAR:

- a) **State of the Company's affairs:** The Company was primarily engaged in the microfinance business undertaking, thereafter, the Company has sold its business through a slump sale transaction to Northern Arc Capital Ltd and has discontinued the business and submitted application to the Reserve Bank of India (RBI) for voluntary surrender of the NBFC-MFI Certificate of Registration and received the cancellation order from the RBI on January 05, 2024.
- l) **Structural changes in the business:** Pursuant to the receipt of cancellation order from the RBI on NBFC license on January 05, 2024, the company is no longer NBFC.
- h) **Any other material event having an impact on the affairs of the company:** There are no such material events that may impact the affairs of the Company during the period under review. However, as per the terms to the Business Transfer Agreement (BTA) dated February 22, 2022, executed between S.M.I.L.E. Microfinance Limited and Northern Arc Capital Limited, the Company requires and hence, intends to change its object and name of the Company. And the same is under process.



- l) **Change in nature of business:** The Company no longer exists in carrying the microfinance business activity, had applied for voluntary surrender of NBFC-MFI License and received the cancellation order from the RBI on January 05, 2024.
- j) **Material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report:** No such changes have taken place during the year.
- k) **Details of revision of financial statement or the report:** No such revision has taken place during the year.
- l) **Compounding of offence for delay in calling Annual General Meeting ("AGM") within the timeline prescribed by the Companies Act, 2013:** As per Section 96 of the Companies Act, 2013, the company is required to hold its AGM within 6 months from the end of the Financial Year i.e., on or before September 30, 2022. However, Company has applied for the extension and extension was granted to hold the AGM before December 30, 2022. However, the Company held its AGM for Financial Year 2021-22 on May 09, 2023, with the delay of 220 days. The reason of delay of calling AGM was "Status Quo Order" passed by the Hon'ble Division Bench of the High Court Madras, vide CMP No. 7981 of 2022 in OSA No. 101 of 2014 dated August 28, 2022, against the company. And the Board was of opinion not to conduct any meeting or transaction until the Status Quo Order was lifted.

Accordingly, the Company has filed the compounding application dated August 01, 2023, to Regional Director, Southern Region, Chennai under section 441 of the Companies Act, 2013, for delay in conducting the AGM within the granted extended date.

The Hon'ble Regional Director has compounded the contravention of aforesaid provision and has passed the Compounding Order dated January 24, 2024. Hence, the said application was disposed off, after making the requisite payment of an amount as specified in the order.

SHARE CAPITAL:

- There is no change in the authorized capital of the company during the year under review. The authorized capital for the year ending March 31, 2024, was Rs. 20,00,00,000/-.
- The paid-up equity capital as on March 31, 2024, 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.

DETAILS OF 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.

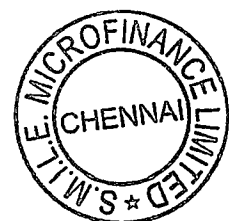
INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has an Internal Control System, commensurate with the size post sale of microfinance business undertaking.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

(A) Conservation of energy:

The Company has continued to adopt measures to conserve electrical energy. The Company ensures that all Electrical Equipment are being serviced periodically so that the consumption of energy is minimized and that all electrical appliances are religiously switched off when not in use.



(B) Technology absorption:

The Company has exited business subsequent to sale of microfinance business to another NBFC, which was concluded on April 12, 2022. Hence, the Company is not using any software.

(C) Foreign exchange earnings and Outgo:

During this Financial Year, the Company has not incurred foreign exchange expenditure.

Expenditure Incurred in Foreign Currency	
Particulars	For the year ended March 31, 2024 Amount Rs. in Lakh
Reimbursement of Travelling Expenses	1.89

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

During the FY 2023-24, 1) Mr. V T Prabakaran, (DIN: 10106320), has been appointed as the Additional Director w.e.f. 10-Apr-2023 and re-designated as the Managing Director & CFO of the Company w.e.f. 09-May-2023. The Current Board of Directors and Key Managerial Personnel of the Company is given in the below table:

Sr. No.	Name of Director	Designation
1.	Mr. Aleem Remtula (DIN: 02872107)	Non-Executive Director
2.	Mr. J Bradley Swanson (DIN: 02872123)	Non-Executive Director
3.	Mr. Venkatachalam Sundaram Padmanaban (DIN: 08539226)	Nominee Director
4.	Mr. Vee Thangavelu Prabakaran (DIN: 10106320)	Managing Director
5.	Mr. Vee Thangavelu Prabakaran (PAN: AKOPP2826M)	CFO

DECLARATION OF INDEPENDENT DIRECTORS:

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

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

The Company sold the microfinance business undertaking on 12th April, 2022 and decided to exit the business. Since the Company has discontinued its business activities, the independent directors of the Company resigned on September 30, 2022.

The Company is continuing to make best efforts to recruit independent directors by publishing vacancies in Company website, but in light of the present status of the Company and limited activities, the role remains unfilled.

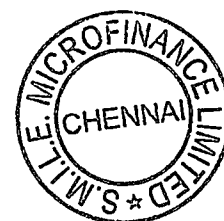
COMPLIANCE WITH KMP REQUIREMENTS:

Consequent to the resignation of Mr R Venkatasubramanian (PAN No. AJGPV8188H), Company Secretary of the Company on March 31, 2022, the position remains vacant and yet to be filled. The Company has outsourced the secretarial functions to a Consulting Firm, viz., Intertrust Corporate Services India Private Limited. The Company also has on its payroll an Assistant Company Secretary.

The Company is making best efforts to recruit Company Secretary by publishing vacancies on Company website.

MEETINGS:

During the year 6 Board Meetings were convened and held. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.



COMMITTEES UNDER THE COMPANIES ACT:

The Company had sold the Microfinance business on 12th April, 2022 and exited business. It has also surrendered the NBFC-MFI Certificate of Registration and received the cancellation order dated January 05, 2024 from the RBI.

Hence, there is no Committee.

DIRECTORS RETIRING BY ROTATION:

To comply with the provisions of Section 152 of the Companies Act, 2013 ('CA 2013') Mr. J Bradley Swanson (DIN: 02872123), Director shall retire by rotation at the ensuing AGM and being eligible, offered for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

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

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

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

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

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

EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS:

- a) In terms of the Business Transfer Agreement (BTA) dated February 22, 2022, between the Company and Northern Arc Capital Limited, the Company shall change its name and remove any references of word "S.M.I.L.E" from its Company name within 45 business days post cancellation of CoR.
- b) Company has obtained approval for new name from the Ministry of Corporate Affairs vide letter dated May 13, 2024 and is proceeding with necessary steps for changing the name of the Company.
- c) The company is further under the process of alteration of its MOA (name and object change) and AOA as it is no longer carrying the microfinance business.
- d) The Board has passed resolution dated December 19, 2023, indicating that the Board will undertake necessary steps leading to the voluntary winding up of the Company within 30 days post cancellation of CoR. The Company has also received the cancellation order dated January 05, 2024 from the RBI. The Company has initiated steps for voluntary winding up of the Company i.e., appointed PSS Legal, as a liquidation advisor and initiated the necessary steps.

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.

All transactions/ contracts/ arrangements entered by the Company with related party/(ies) as defined under the provisions of Section 2 (76) of the Companies Act, 2013, during the financial year under review were in ordinary course of business and on an arm's length basis.

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

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



AUDITORS:**I. Statutory Auditors:**

The Statutory Auditors of the Company, M/s P.B. Vijayaraghavan & Co., Chartered Accountants (Firm registration number: 004721S), were appointed in the Annual General Meeting of the Company held on December 30, 2021, 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 2026.

FRAUDS REPORTED BY AUDITORS:

There were no incidences of reporting of frauds by Statutory Auditors of the Company under Section 143(12) of the Act read with Companies (Accounts) Rules, 2014.

AUDITORS' REPORT:

There is no qualification, reservation or adverse remark or disclaimer in the Auditors Report. The Report read with the relevant notes to accounts is self – explanatory. Further mentioned below is the explanation for emphasis of matter.

EXPLANATION FOR THE STATUTORY AUDITORS' OBSERVATIONS UNDER EMPHASIS OF MATTER:**Point No. 1:**

We invite attention to Note 37 and 38, wherein the company has not appointed a whole-time company secretary as per section 203 as mandated by Companies Act, 2013. The company has also not appointed any Independent Director which is a non-compliance with section 177, 173 and relevant sections of the Companies Act, 2013.

Board's Reply:

The Company sold the microfinance business undertaking on 12th April, 2022 and decided to exit the business. Since the Company has discontinued its business activities, the independent directors of the Company resigned on September 30, 2022.

The Company is continuing to make best efforts to recruit independent directors by publishing vacancies in Company website, but in light of the present status of the Company and limited activities, the role remains unfilled.

Consequent to the resignation of Mr R Venkatasubramanian (PAN No. AJGPV8188H), Company Secretary of the Company on March 31, 2022, the position remains vacant. The Company has outsourced the secretarial functions to a Consulting Firm, viz., Intertrust Corporate Services India Pvt Ltd. The Company also has on its payroll an Assistant Company Secretary.

The Company has made efforts to recruit Company Secretary and Independent Directors by publishing vacancies in Company website. However, the candidates are not showing interest since the Company is not pursuing any business.

Point No.2:

We invite attention to Note no. 39, wherein the Board resolution dated December 19, 2023, indicating that the Board will undertake necessary steps leading to the Voluntary winding up of the Company within 30 days post cancellation of CoR. The Company has also received the cancellation order dated January 05, 2024 from the RBI. The Company is in the process to voluntarily wind up.

Board's Reply:

The Company has appointed M/s. PSS Legal as Liquidation Advisors and is taking steps to appoint the Liquidator for voluntary winding up of the Company.

Point No.3: We invite attention to Note no. 40, wherein as per the Business Transfer Agreement (BTA) dated February 22, 2022, between S.M.I.L.E. Microfinance Limited and Northern Arc Capital Limited, the Company shall



change its name and remove any references of word "S.M.I.L.E." from its Company name within 45 business days post cancellation of CoR. The Company has obtained new name approval and is in the process of effecting the name change.

Board's Reply:

Company has obtained approval for new name from the Ministry of Corporate Affairs vide letter dated May 13, 2024, and is proceeding with necessary steps for changing the name of the Company.

Point No.4:

The company has received a GST demand of Rs.31,57,640 raised vide the assessment order for the FY 2017-18 out of which the Company has discharged Rs.14,81,505 by adjusting with the available ITC and the interest and penalty demand of Rs.16,76,136 was paid on 27.03.2024. The company has availed input tax credit for exempt supplies and paid GST Demand through ITC which as per management is in compliance of Section 49 of CGST Act-2017.

Board's Reply:

CBIT&C has clarified that any amount towards output tax payable, as a consequence of any proceeding instituted under the provisions of GST Laws, can be paid by utilization of the amount available in the Electronic Credit Ledger of a registered person. Hence, the Company has discharged the GST dues of Rs.14,81,505 by adjusting with the Input Tax Credit available. The interest and penalty demand of Rs.16,76,136 was paid on March 27, 2024.

II. Secretarial Auditor:

Since the Company has no business transactions, the Secretarial Audit Report for FY 2023-24 is not applicable to the Company as per Section 204 of the Companies Act, 2013 and the Rules made thereunder.

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

- a) The Company has sold the microfinance business undertaking through a slump sale transaction to Northern Arc Capital Ltd and exited business. The sale was completed on April 12, 2022. The company has on March 15, 2023 submitted application to the RBI for cancellation of the NBFC-MFI Certificate of Registration and received the cancellation order dated January 05, 2024 from the RBI.

INTERNAL FINANCIAL CONTROLS:

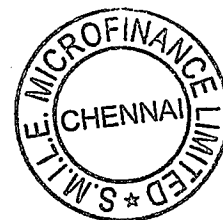
In pursuant to the Section 134(5) (e) of the Companies Act, 2013, the Board has properly laid down its internal financial controls and has ensured that the controls are not only adequate but are also operating effectively. The Company is following an effective internal control system commensurate with 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 functioning of the Company, 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 and the reviews performed by management, the board is of the opinion that the Company's internal financial controls were adequate and effective during the FY 2023-24.

VIGIL MECHANISM:

The Company has a vigil mechanism 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 Company's Risk Management strategy is based on clear understanding of various risks, disciplined risk assessment and continuous monitoring.

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

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

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, 2024 has been updated in form MGT 7 and uploaded in the website of the Company:- www.sfltd.in

REMUNERATION OF DIRECTORS AND EMPLOYEES RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014:

None of the employee of your company, who was employed throughout the financial year and was in receipt of remuneration in aggregate of Rupees One Crore and Two Lakh or more or if employed for the part of the financial year was in receipt of remuneration of Rupees Eight Lakh and Fifty Thousand per month.

BOARD EVALUATION:

The Company is public company but doesn't meet the applicability threshold limit of paid-up share capital Rs. 25 Crore or more. Therefore, this clause is not applicable.

COMPLIANCE WITH SECRETARIAL STANDARDS:

During the period under review, the Company follows the Secretarial Standards with respect to the General Meetings and Meetings of the Board of Directors, to the extent possible, issued by the Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs, in terms of Section 118(10) of the Act.

THE DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE-TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF:

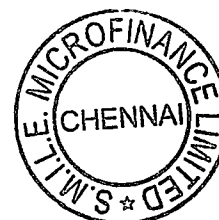
No such instance of one-time settlement has been done by the Company with the banks or financial institutions during the financial year under review.

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):

The Company is not required to constitute a Corporate Social Responsibility committee as it does not fall within the purview of Section 135 (1) of Companies Act, 2013, and hence it is not required to formulate a policy on CSR.



ACKNOWLEDGEMENTS:

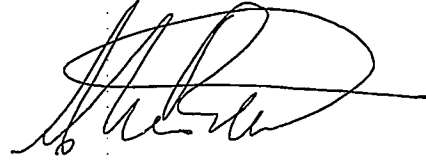
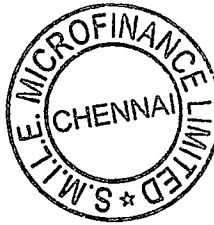
The Board of Directors wishes to place on record its sincere thanks for the wholehearted support extended by the Company's Lenders and Bankers, Statutory Authorities, the Reserve Bank of India, Bankers and all external agencies. The Board also wishes to record its sincere appreciation for the commitment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

By and order of the Board of Director of
S.M.I.L.E. MICROFINANCE LIMITED



V T Prabakaran
Managing Director & CFO
DIN: 10106320

Place: Chennai
Date: 03-Jun-2024



Aleem Remtula
Director
DIN: 02872107

Place: New York, USA
Date: 03-Jun-2024

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 through on-going monitoring 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 Board of Directors of the Company as on March 31, 2024:

S.no	Name of the Directors	Designation
1.	Mr. V T Prabakaran	Managing Director & CFO (appointed w.e.f. 10-Apr-2023)
2	Mr. Bradley Swanson	Non- Executive Director
3	Mr. Aleem Remtula	Non- Executive Director
4	Mr. V.S. Padmanaban	Non- Executive Director

During the Financial Year ended March 31 2024, Six (6) Board Meetings were conducted on the following dates viz., on 10th April 2023, 24th May 2023, 25th July 2023, 21st November 2023, 07th December 2023, 29th January 2024 and not more than 120 days have been elapsed between the two Board Meetings.

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

NAME	Nature of Directorship	Attendance	Other
		Board	Directorships
Mr. V T Prabakaran (appointed w.e.f. 10-Apr-2023)	Managing Director & CFO	6	Nil
Mr. J Bradly Swanson	Non- Executive Director	4	Nil
Mr. Aleem Remtula	Non- Executive Director	6	1
Mr. V.S. Padmanaban	Non- Executive Director	6	2

COMMITTEES OF BOARD:

The Company has sold the Microfinance business on April 12, 2022, and exited business. It has also voluntarily surrendered the NBFC-MFI Certificate of Registration and received the cancellation order dated January 05, 2024, from the RBI.

Since the Company exited business, the Independent Directors of the Company resigned. Consequently, all the Board's Committees are not operational.

DEBENTURE HOLDER DETAILS:

Name of Debenture Holder	Address	Number of Non-Convertible Debentures
NIL	NIL	NIL



DEBENTURE TRUSTEES DETAILS:

Debenture Trustee	Registered Office Address
NIL	NIL

GENERAL SHAREHOLDER INFORMATION:

Financial year: April 01 to March 31: Shareholding pattern as on March 31 2024

Category	# of Shares	Percentage
Promoter & Promoter Group	30,22,997	17.44%
Other Members	406,740	2.34%
IEPF Authority - 2017 (15-16)	23,55,263	13.58%
Foreign Shareholding:		
DWM Investments (Cyprus) Limited	1,15,54,639	66.64%
Total =	1,73,39,639	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.

DISCLOSURES:

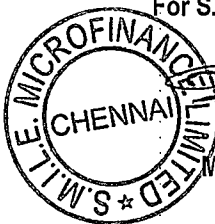
The particulars of transactions between the Company and its related parties, as defined in Indian Accounting Standard (Ind-AS) 24, are set out in the financial statements.

Address for Correspondence
8th Floor (Ward No.825),
KRM Plaza, South Tower,
No.2, Harrington Road,
Chetpet, Chennai- 600031

- By order of the Board-
For S.M.I.L.E. MICROFINANCE LIMITED



V T PRABAKARAN
MANAGING DIRECTOR & CFO
DIN: 10106320



CERTIFICATE

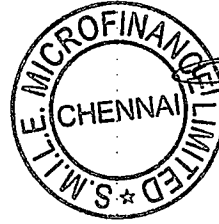
**The Board of Directors
S.M.I.L.E. MICROFINANCE LIMITED**

This is to certify that:

- We have reviewed the financial statements and the cash flow statement for the Financial Year ended March 31 2024 and that to the best of our knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements together present a true and fair view of the Company's affairs and are in compliance with the Indian accounting standards (Ind-AS), applicable laws and regulations.

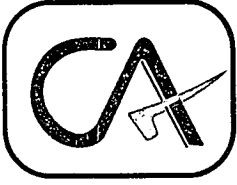
- There are, to the best of our knowledge and belief, no transactions entered into by the Company during the Financial Year which are fraudulent or illegal.

- We accept responsibility for establishing and maintaining internal controls for financial reporting.



V.T. PRABAKARAN
Managing Director & CFO
DIN: 10106320

Place: Chennai
Date: 03-Jun-2024



P.B. Vijayaraghavan & Co.,
Chartered Accountants

Head Office

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Mobile : 098401 88734

e-mail : audit@pbvho.co.in

INDEPENDENT AUDITOR'S REPORT

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

Opinion

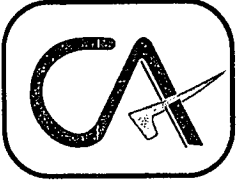
We have audited the accompanying Ind AS financial statements of S.M.I.L.E MICROFINANCE LIMITED ("the Company"), which comprise the Balance Sheet as at 31 March 2024, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS Financial statements, including 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 Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024, and its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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





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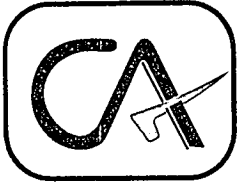
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Emphasis of Matter

1. We invite attention to Note 37 and 38, wherein the company has not appointed a whole-time company secretary as per section 203 as mandated by Companies Act, 2013. The company has also not appointed any Independent Director which is a non-compliance with section 177, 173 and relevant sections of the Companies Act, 2013.
2. We invite attention to Note no. 39, wherein the Board resolution dated December 19, 2023 indicating that the Board will undertake necessary steps leading to the Voluntary winding up of the Company within 30 days post cancellation of CoR. The Company has also received the cancellation order dated 5th January, 2024 from the RBI. The Company is in the process to voluntarily wind up.
3. We invite attention to Note no. 40, wherein as per the Business Transfer Agreement (BTA) dated 3rd January, 2022 between S.M.I.L.E Microfinance Limited and Northern Arc Capital Limited, the Company shall change its name and remove any references of word "S.M.I.L.E" from its Company name within 45 business days post cancellation of CoR. The Company has obtained new name approval and is in the process of effecting the name change.
4. The company has received a GST demand of Rs.31,57,640 raised vide the assessment order for the FY 2017-18 out of which the Company has discharged Rs.14,81,505 by adjusting with the available ITC and the interest and penalty demand of Rs.16,76,136 was paid on 27.03.2024. The company has availed input tax credit for exempt supplies and paid GST Demand through ITC which as per management is in compliance of Section 49 of CGST Act-2017.

Our opinion is not modified with respect to above matters.





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Information Other than the Financial Statements and Auditor's Report Thereon

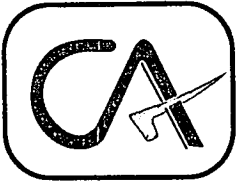
- The Company's management and Board of Directors are responsible for the preparation of other information. The other information comprises the Management Discussion and analysis, Director's Report including annexures to Director's Report, Business Responsibility Report, Corporate Governance, Shareholder's information included in the annual report of the company, 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 or conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 on 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 and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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





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12th April, 2022 and has also voluntarily surrendered the NBFC-MFI Certificate of Registration and received the cancellation order from the RBI on 5th January, 2024.

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

Auditor's Responsibilities 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, 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 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





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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.

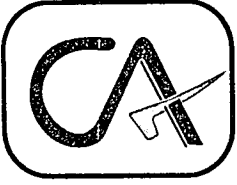
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure A**, a statement on the matters specified in the paragraph 3 and 4 of the order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules;
 - (e) On the basis of the written representations received from the directors as on 31 March 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164 (2) of the Act.





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(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 B". 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 Reporting 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:

a. The Company has disclosed the impact of pending litigations in Note no. 42 of financial statements, which would impact its financial statements.

b. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

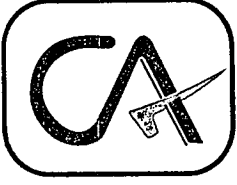
c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

d. i) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(ii) The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate beneficiaries; and

(iii) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement;





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(e) The Company has declared an interim dividend of Rs. 54.96 Cr during the year and has complied with the provisions of section 123 of the Companies Act, 2013.

(f) The Company has used such accounting software for maintaining its books of accounts which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all transactions recorded in the software and the audit trail feature has not been tampered with and the audit trail has been preserved by the company as per the statutory requirements for record retention.

(h) With respect to the matter to be included in the Auditors' Reporting accordance with the requirements of section 197(16) of the Act, as amended,

• In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its Directors during the year is in accordance with the provisions of section 197 of the Act

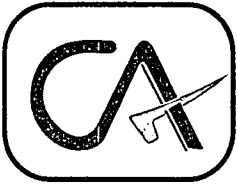
Place: Bengaluru
Date: 03-06-2024

For P.B. Vijayaraghavan & Co.
Chartered Accountants
FRN: 0004721S


P.B. Santhanakrishnan
Partner

Membership No: 020309
UDIN: 24020309BKEBCV4869





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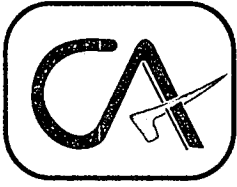
"ANNEXURE - A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of S.M.I.L.E MICRO FINANCE LIMITED of even date)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Property, Plant and Equipment have been physically verified during the year by the management in accordance with programme of physical verification, which in our opinion, provides for physical verification of all Property, Plant and Equipment at a reasonable interval having regard to size of the Company and nature of Property, Plant and Equipment. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable properties of freehold land and building. In respect of immovable properties of buildings that have been taken on lease and disclosed as Right of Use assets in the financial statements, the lease agreements are in the name of the Company.
- (d) The company has not revalued its Property, Plant and Equipment or intangible assets or both during the year. Hence Paragraph 3(i)(d) of the Order is not applicable.
- (e) According to the Information provided to us there are no case proceeding against the company for holding any benami under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (ii) (a) The Company does not have any inventory and hence reporting under clause 3(ii)(a) of the Order is not applicable.
- (b) The Company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of hypothecation of book debts. Therefore, reporting under Paragraph 3(ii)(b) is not applicable





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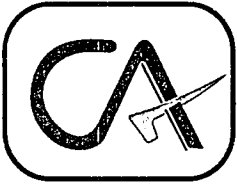
e-mail : audit@pbvho.co.in

- (iii) The company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year.
- (iv) The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under section 185 and 186. Accordingly, paragraph 3 (iv) of the Order is not applicable.
- (v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.
- (vi) Having regard to the nature of the Company's business, reporting under clause (vi) of the Order relating to maintenance of cost records is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) Details of dues of Income-tax which have not been deposited as on March 31, 2024 on account of disputes are given below:

Name of the Statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1,30,50,323	Assessment Year 2017-18	Assistant Commissioner of Income Tax

- (viii) In our opinion and according to the information and explanations given to us, the Company has not surrendered or disclosed any unrecorded transactions as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961)
- (ix) In our opinion and according to the information and explanations given to us, this clause is not applicable as the Company has not raised any loans or advances during the year.
- (x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) hence reporting under the clause (x)(a) is not applicable.





P.B. Vijayaraghavan & Co.,
Chartered Accountants

Head Office

14, (Old No. 27) Cathedral Garden Road,
Nungambakkam, Chennai - 600 034.

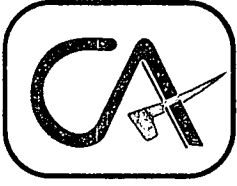
Tel : +91-44-2826 3918 / 3490

Mobile : 098401 88734

e-mail : audit@pbvho.co.in

- (b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year hence reporting under the clause (x)(b) is not applicable.
- (xi) (a) 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.
(b) Since there has been no fraud reported during the year this clause is not applicable
(c) There have not been any whistle blower complaints lodged during the year
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Thus, paragraph 3(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 Section 188 of the Companies Act, 2013, where applicable, except for the matters mentioned in Emphasis of matters paragraph 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) (a) In our opinion and according to the information and explanations given to us, the Company does not have an internal audit system
(b) As the company has not appointed the Internal Auditor, we were unable to comment on this clause. The Company has exited business since 12th April, 2022 and has also voluntarily surrendered the Certificate of Registration and received the cancellation order dated 5th January from the RBI.
- (xv) According to the information and explanations given to us, in our opinion during the year the company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the company.
- (xvi) (a) In our Opinion, the Company is not required to be registered under section-IA of the Reserve Bank of India Act, 1934. Hence, reporting under the clause (xvi)(a), (b) and (c) of the Order is not applicable.
(b) The Company is not a Core Investment Company as defined in the regulations made by the Reserve Bank of India. The Company does not have any Core Investment





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Company as part of the group.

- (c) The Company has not incurred cash loss in the current and in the immediately preceding financial year.
- (d) There has been no resignation of the statutory auditors during the year and accordingly this clause is not applicable.
- (e) In our opinion since the Company has sold its assets and liabilities as per the Business Transfer Agreement with Northern Arc Capital Ltd as on 12th April 2022 there is no material uncertainty as to the Company's ability to meet the liabilities existing at the date of balance sheet.
- (f) According to the information and explanation given to us, the Company does not have any unspent amount to be transferred to the Fund specified in Schedule VII to the Companies Act, hence reporting under the clause (xx) is not applicable.
- (g) Since the Company does not have any subsidiary, Joint ventures reporting under the Clause (xxi) is not applicable

For P.B. Vijayaraghavan & Co.
Chartered Accountants
FRN: 0004721S

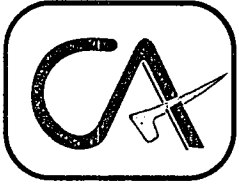
Place: Bengaluru
Date: 03-06-2024


P.B. Santhanakrishnan
Partner

Membership No: 020309

UDIN: 24020309BKEBCV4869





P.B. Vijayaraghavan & Co.,
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“ANNEXURE – B” TO THE INDEPENDENT AUDITORS’ REPORT

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

We have audited the internal financial controls over financial reporting of S.M.I.L.E Microfinance Limited (“the Company”) as of 31 March 2024 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

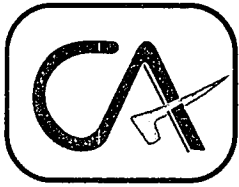
The Company’s Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial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

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”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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





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exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

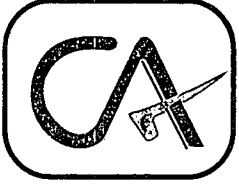
Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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.





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Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For P.B. Vijayaraghavan & Co.
Chartered Accountants
FRN: 0004721S

P.B. Santhanakrishnan
Partner

Membership No: 020309

UDIN: 24020309BKEBCV4869



Place: Bengaluru
Date: 03-06-2024

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

CIN: U67190TN1995PLC030604

Regd Office: No. 8th Floor (Ward No.825), KRM Plaza, South Tower, No.2, Harrington Road, Chetpet, Chennai - 600031

Statement of Financial Results for the year ended 31st March 2024

Particulars	Note No.	As at 31st March 2024	As at 31st March 2023
		Amount Rs. in lakhs	Amount Rs. in lakhs
I ASSETS			
1 Non-current assets			
(a) Property, Plant and Equipment	9(a)	-	4.25
(b) Capital work-in-progress			
(c) Investment Property			
(d) Goodwill			
(e) Other Intangible assets	9(b)	-	0.24
(f) Intangible assets under development			
(g) Biological Assets other than bearer plants			
(h) Financial Assets			
(i) Investments			
(ii) Trade receivables			
(iii) Loans			
(iv) Others (to be specified)	10	40.54	12.24
(i) Deferred tax assets (net)		-	-
(f) Other non-current assets			
2 Current assets			
(a) Financial Assets			
(i) Investments			
(ii) Trade receivables			
(iii) Cash and cash equivalents	4	28.05	235.51
(iv) Bank balances other than (iii) above	5	5,477.50	10,625.57
(v) Others (to be specified)	6	5.62	18.71
(c) Current Tax Assets (Net)	7	291.56	229.63
(d) Other current assets			
Total Assets		5,843.28	11,126.15
II LIABILITIES AND EQUITY			
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	15	1,733.96	1,733.96
(b) Other Equity	16	4,013.47	9,205.33
Liabilities			
1 Non-current liabilities			
(i) Financial Liabilities			
(i) Borrowings			
(ii) Trade Payables:			
(A) total outstanding dues of micro enterprises and small enterprises; and			
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.			
(iii) Other non-financial liabilities	14	16.38	44.67
(b) Provisions			
(c) Deferred tax liabilities (Net)	8	9.75	0.07
(d) Other non-current liabilities			
2 Current liabilities			
(a) Financial Liabilities			
(i) Borrowings			
(ii) Trade payables:			
(A) total outstanding dues of micro enterprises and small enterprises; and	11	-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		34.96	14.30
(iii) Other financial liabilities (other than those specified in item (c))	12	0.57	8.52
(b) Other current liabilities			
(c) Provisions	13	34.20	119.30
(d) Current Tax liabilities (Net)			
		5,843.28	11,126.15

See accompanying notes forming part of the financial statements

In terms of our report of even date attached

For P.B. Vijayaraghavan & Co.

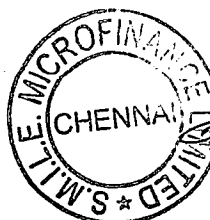
Chartered Accountants

Firm Reg. No.: 004721S

P.B. Santhanakrishnan
Partner
M.No.020309



Place : Bengaluru
Date : 03-Jun-2024



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

V.T. Prabakaran
Managing Director & CFO
DIN: 10106320

Place: Chennai
Date: 03-Jun-2024

Aleem Remtula
Director
DIN: 02872107

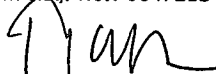
Place: New York, USA
Date: 03-Jun-2024

S.M.I.L.E. Microfinance Limited
Statement of Profit and Loss for the year ended 31st March 2024

Particulars	Note No.	For the Year ended 31st March 2024	For the Year ended 31st March 2023
		Amount Rs. in lakhs	Amount Rs. in lakhs
I Revenue from operations			
Interest income	17	675.67	447.74
Other operating income	18	-	0.88
Profit on Sale of Business		-	1,482.80
Total (I)		675.67	1,931.42
II Other Income	19	2.95	0.71
III Total Income (I + II)		678.62	1,932.13
IV Expenses			
Finance cost	20	0.02	170.26
Impairment of financial instruments	21	-	(39.67)
Employee benefit expenses	22	67.88	199.94
Depreciation, amortization and impairment	9	2.19	3.77
Other expenses	23	294.05	763.64
Total Expenses (IV)		364.15	1,097.94
V (Loss) / Profit before Exceptional Items and tax (III - IV)		314.47	834.19
VI Exceptional item	#REF!		
VII (Loss) / Profit before tax (V- VI)		314.47	834.19
VIII Tax Expense:	8		
(1) Current tax			25
(2) (Excess)/Expense (Provision) for tax relating to prior years			
(3) Deferred tax		9.68	1,383.52
IX (Loss) / Profit for the year (VII- VIII)		304.79	(574.59)
X Other Comprehensive Income			
A			
(i) Items that will not be classified to profit or loss: Remeasurement gains and (losses) on defined benefit obligations (net)			-
(ii) Income tax relating to items that will not be reclassified to profit or loss			-
Other Comprehensive Income / (Loss)		-	-
Total Comprehensive (Loss) / Income for the year (IX + X)		304.79	(574.59)
XII Earnings per equity share	27		
- Basic (Rs.)		1.76	(3.31)
- Diluted (Rs.)		1.76	(3.31)

See accompanying notes forming part of the financial statements

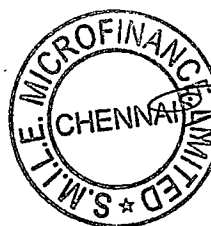
In terms of our report of even date attached
For **P.B. Vijayaraghavan & Co.**
Chartered Accountants
Firm Reg. No.: 004721S



P.B. Santhanakrishnan
Partner
M.No.020309



Place: Bengaluru
Date: 03-Jun-2024

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




V.T. Prabakaran
Managing Director & CFO
DIN: 10106320


Aleem Remtula
Director
DIN: 02872107

Place : Chennai
Date : 03-Jun-2024

Place: New York, USA
Date : 03-Jun-2024

S.M.I.L.E. MICROFINANCE LIMITED
CIN: U67190TN1995PLC030604

Read Office: No. 8th Floor (Ward No.825), KRM Plaza, South Tower, No.2, Harrington Road, Chetpet, Chennai - 600031
Statement of Audited Cash Flows for the year ended 31st March 2024

Particulars	For the Year Ended 31 March 2024	For the Year Ended 31 March 2023
	Amount (Rs. in lakhs)	Amount (Rs. in lakhs)
A Cash flow from Operating Activities		
(Loss) / Profit After Tax	304.79	(574.59)
Adjustments for:		
Depreciation/ Amortisation	2.19	3.77
Tax Expenses	9.68	1,408.78
Provision for Receivables under Financing Activity (Net)	-	(39.67)
Finance Cost	0.02	170.26
Interest on Deposits	(675.67)	(329.74)
Operating Profit before Working Capital Changes	(358.98)	638.81
Changes in Working Capital:		
Adjustments for (increase) / decrease in operating assets:		
Receivables under Financing Activity	-	24,899.66
Loans given to staff	-	11.37
Other financial assets	13.09	88.54
Other non financial assets	(39.60)	142.94
Adjustments for increase / (decrease) in Operating Liabilities:		
Other Payables	(20.66)	(32.67)
Liability for Lease	-	(11.87)
Other financial Liabilities	(7.96)	(289.50)
Other non financial Liabilities	(28.29)	(104.91)
Other Provisions	(85.10)	(387.58)
Cash Flow Generated from Operations	(527.51)	24,954.80
Operational cash flows from Interest:		
Interest Income on Deposits	675.67	329.74
Interest paid on borrowings	-	(99.32)
Net cash flow generated from / (used in) operations	148.16	25,185.22
Net Income Tax Paid	(9.75)	56.04
Net Cash flows generated from / (used in) Operating Activities	138.42	25,241.26
B. Cash flow from Investing Activities		
Bank Balance other than cash and cash equivalents (placed)/matured	5148.07	(8,831.15)
Proceeds from Sale of Property, plant & equipment	2.74	118.68
Capital Expenditure on Property, plant & equipment (including Capital Advances)	-	-
Net Cash Flow (used in)/generated from Investing Activities	5,150.82	(8,712.47)
C. Cash flow from Financing Activities		
Proceeds from of Long-Term Borrowings-Term Loans	-	-
Repayment from of Long-Term Borrowings-Term Loans	-	-
Proceeds of Long-Term Borrowings-Debentures	-	(3,999.85)
Repayment of Long-Term Borrowings-Debentures	-	(14,043.25)
Proceeds from Securitisation Borrowings	-	-
Repayment of Securitisation Borrowings	-	-
(Repayment)/Proceeds of Short-Term Borrowings - Cash Credit (net)	(0.02)	(70.93)
Other Interest and charges paid	-	-
Dividend Paid	-5,496.67	-
Net Cash Flow (used in)/generated from Financing Activities	(5,496.69)	(18,114.03)
Net (decrease) in Cash and cash equivalents (A+B+C)	-207.46	(1,585.24)
Cash and cash equivalents at the beginning of the year	235.51	1,820.01
Cash and Cash Equivalents at the end of the year	28.05	234.77
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per balance sheet	28.05	235.51
Less: Balances that does not meet the definition of Cash & Cash Equivalents as per Ind AS 7 Statement of Cash flows: Bank Overdraft	-	-
Cash and cash equivalents as per Ind AS 7 Statement of Cash flows	28.05	235.51

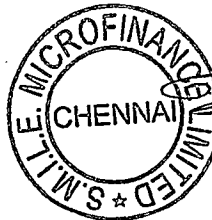
In terms of our report of even date attached
For P.B. Vijayaraghavan & Co.
Chartered Accountants
Firm Reg. No.: 004721S

P.B. Santhanakrishnan
P.B. Santhanakrishnan
Partner
M.No.020309



Place: Bengaluru
Date: 03-Jun-2024

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



V.T. Prabakaran
V.T. Prabakaran
Managing Director & CFO
DIN : 10106320

Place : Chennai
Date : 03-Jun-2024

Aleem Remtula
Aleem Remtula
Director
DIN: 02872107

Place : New York, USA
Date : 03-Jun-2024

S.M.I.L.E Microfinance Limited
Statement of changes in Equity for the year ended 31st March 2024

A. Equity Share capital

1) Current reporting period

Amount Rs. In lakhs				
Balance at the beginning of the reporting year	Changes in equity share capital due to prior year	Restated balance at the beginning of the current reporting year	Changes in equity share capital during the year	Balance at the end of the reporting year
1,733.96	-	1,733.96	-	1,733.96

2) previous reporting period

Amount Rs. In lakhs				
Balance at the beginning of the reporting year	Changes in equity share capital due to prior year	Restated balance at the beginning of the current reporting year	Changes in equity share capital during the year	Balance at the end of the reporting year
1,733.96	-	1,733.96	-	1,733.96

B. Other Equity

1) Current reporting period

Particulars	Amount Rs. In lakhs											Total		
	Share application money pending allotment	Equity component of Compound financial instruments	Capital reserve	Securities Premium	Statutory Reserve	Retained Earnings	Debt instrument s through other comprehensive income	Equity Instrument s through other Comprehensive Income	Effective portion of Cash flow hedges	Revaluation on surplus	Exchange difference as on translating the financial statements of foreign operation		other Items of Comprehensive Income	Money received against share warrants
Balance at the Beginning of the current reporting period	-	-	-	3,740.20	1,872.41	3,561.43	-	-	-	-	-	31.32	-	9,205.36
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	3,740.20	1,872.41	3,561.43	-	-	-	-	-	31.32	-	9,205.36
Total Comprehensive Income for the current year	-	-	-	-	-	304.79	-	-	-	-	-	-	-	-
Utilised for payment of Dividends	-	-	-	-	(1,872.41)	(3,624.26)	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	31.32	-	-	-	-	-	(31.32)	-	-
Securities Premium on equity shares issued during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Any other change (To be specified)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of the current reporting period	-	-	-	3,740.20	-	273.20	-	-	-	-	-	-	-	4,013.40

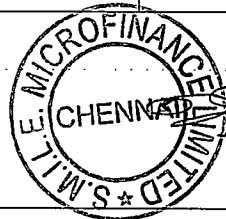
2) previous reporting period

Particulars	Amount Rs. In lakhs											Total		
	Share application money pending allotment	Equity component of Compound financial instruments	Capital reserve	Securities Premium	Statutory Reserve	Retained Earnings	Debt instrument s through other comprehensive income	Equity Instrument s through other Comprehensive Income	Effective portion of Cash flow hedges	Revaluation on surplus	Exchange difference as on translating the financial statements of foreign operation		other Items of Comprehensive Income	Money received against share warrants
Balance at the Beginning of the current reporting period	-	-	-	3,740.20	1,872.41	4,136.02	-	-	-	-	-	31.32	-	9,770.95
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	3,740.20	1,872.41	4,136.02	-	-	-	-	-	31.32	-	9,770.95
Total Comprehensive Income for the current year	-	-	-	-	-	(574.59)	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Securities Premium on equity shares issued during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Any other change (To be specified)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of the current reporting period	-	-	-	3,740.20	1,872.41	3,561.43	-	-	-	-	-	31.32	-	9,205.36

In terms of our report of even date attached
For P.B. Vijayaraghavan & Co.
Chartered Accountants
Firm Reg. No. - 0047215

P. B. Sankaranarayanan
Partner
M.No.020309

Place: Bengaluru
Date : 03-Jun-2024



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

V.T. Prabhakaran
Managing Director & CFO
DIN : 10106320

Place : Chennai
Date : 03-Jun-2024

Aleem Remtula
Director
DIN : 02872107

Place : New York, USA
Date : 03-Jun-2024

Notes forming part of the Financial Statements for the year ended 31st March 2024

1 CORPORATE INFORMATION

S.M.I.L.E. Microfinance Limited ("the Company") was incorporated on 21 March 1995. The Company was 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.

During December 2017, the Company qualified as a Systemically Important Non Deposit taking NBFC (NBFC-MFI-ND-SI). The Company sold the microfinance business undertaking through a slump sale transaction to Northern Arc Capital Ltd., and the sale was completed on 12th April, 2022. The Company voluntarily surrendered the NBFC-MFI Certificate of Registration and received the cancellation order from the RBI on 5th January, 2024.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

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

The financial statements were authorised for issue by the Company's Board of Directors on 03rd June 2024

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

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

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

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

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

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

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

2.2 Basis of Preparation and Presentation of Financial Statements

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

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

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

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

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

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



Notes forming part of the Financial Statements for the year ended 31st March 2024

2.3 Use of Estimates

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

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

2.4 Revenue Recognition

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

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

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

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

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

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

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

2.5 Leases

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

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

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

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

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

2.6 Employee Benefits

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

Retirement Benefit Costs and Termination Benefits

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

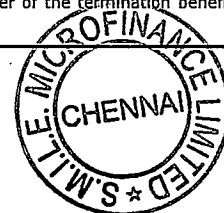
For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to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

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

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

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

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



Notes forming part of the Financial Statements for the year ended 31st March 2024

Short-term and other long-term employee benefits

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

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

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

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

2.7 Taxation

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

i) Current tax

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

ii) Deferred tax

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

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

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

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

Current and deferred tax for the year

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

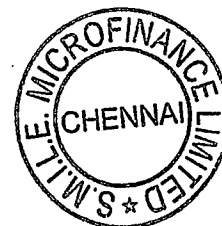
2.8 Cash and Cash Equivalents (for purposes of Cash Flow Statement)

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

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

2.9 Cash Flow Statement

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



Notes forming part of the Financial Statements for the year ended 31st March 2024

2.10 Property, Plant and Equipment

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

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

Estimated useful lives of the assets are as follows:

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

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

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

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

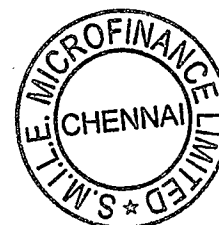
2.11 Intangible Assets

Intangible assets acquired separately

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

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

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



2.12 Impairment to Tangible and Intangible Assets

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

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

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

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

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

2.13 Provisions and Contingencies

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

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

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

Contingent Liability and Assets :

Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

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

2.14 Financial Instruments

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

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

Financial Assets

Initial Recognition

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

Subsequent measurement

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

Debt instruments at amortised cost

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

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

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

Financial assets measured at amortised cost

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

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



Notes forming part of the Financial Statements for the year ended 31st March 2024

Financial assets at fair value through profit or loss

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

Derecognition of financial assets

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

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

Financial liabilities

Initial Measurement

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

Subsequent Measurement

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

Impairment of financial assets

The Company recognises Impairment allowance for expected credit losses (ECL) on Financial Assets held at amortized cost. The Company also computes the provision for non-performing assets (NPA) as per IRAC norms of RBI. The higher of the two is recorded in the books. ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive (i.e., all cash shortfalls).

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

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

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

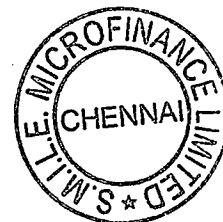
Measurement of ECLs

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

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

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

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



Notes forming part of the Financial Statements for the year ended 31st March 2024

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

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

Stage 1: 12-months ECL

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

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

Stage 2: Lifetime ECL – not credit Impaired

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

Stage 3: Lifetime ECL – credit impaired

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

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

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

The measurement of ECL reflects:

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

Write-off

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

Presentation of allowance for ECL in the statement of financial position

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

2.15 Earnings per Share

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

2.16 Goods & Services Tax Input Credit

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

2.17 Insurance claims

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

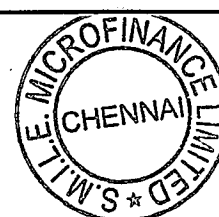
3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

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

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



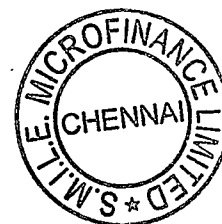
S.M.I.L.E. Microfinance Limited
Notes forming part of the Financial Statements for the year ended 31st March 2024

4 Cash and cash equivalents

Particulars	As at	As at
	31st March 2024	31st March 2023
	Amount Rs. in lakhs	Amount Rs. in lakhs
(a) Cash on hand	0.08	0.03
(b) Balances with Banks - In Current Accounts	27.96	235.48
Total	28.05	235.51

5 Bank Balances other than Cash and cash equivalents

Particulars	As at	As at
	31st March 2024	31st March 2023
	Amount Rs. in lakhs	Amount Rs. in lakhs
Balances with Banks		
- In Deposit Accounts - Free of Lien (original maturity more than 3 months)	5,476.94	10617.05
- In Current Accounts- Earmarked Unpaid Dividend	0.57	8.52
Total	5,477.50	10,625.57



S.M.I.L.E. Microfinance Limited
Notes forming part of the Financial Statements for the year ended 31st March 2024

6 Other financial assets (At amortised cost)

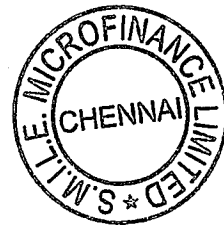
Particulars	As at 31st March 2024	As at 31st March 2023
	Amount Rs. in lakhs	Amount Rs. in lakhs
(a) Security deposits	0.13	4.50
(b) Accrued Interest	5.50	14.21
Total	5.62	18.71

7 Current Tax Assets (Net)

Particulars	As at 31st March 2024	As at 31st March 2023
	Amount Rs. in lakhs	Amount Rs. in lakhs
Advance Income Tax (Net of provision)	291.56	229.63
Total	291.56	229.63

8 Deferred Tax Liabilities/Asset (Net)

Particulars	As at 31st March 2024	As at 31st March 2023
	Amount Rs. in lakhs	Amount Rs. in lakhs
Deferred Tax Liabilities/Asset (Net) (Refer Note 9.1)	9.75	0.07
Total	9.75	0.07



S.M.I.L.E Microfinance Limited
Notes forming part of the Financial Statements for the year ended 31 March 2024

A. Current Year period ended (1 April 2023 to 31 March 2024)

(Amount in Lakh)

S.No.	Description	Gross Block			Accumulated Depreciation and Amortisation					Net Block		
		Balance as at 1 April 2023	Additions	Disposals	Balance as at 31st March 24	Balance as at 1 April 2023	For the year	Eliminated on Disposal of Assets	Depreciation Adjustments	Balance as at 31st March 24	Balance as at 31st March 24	Balance as at 1st April 23
9(a)	Property, plant and equipment											
1	Computer Equipments	2.75	-	-	2.75	0.82	1.93	-	-	2.75	-	1.93
2	Furniture and Fixtures	0.31	-	0.31	-	0.03	-	0.03	-	-	-	0.28
3	Office Equipments	2.47	-	2.44	0.03	0.43	0.03	0.42	-	0.03	0.00	2.04
		5.52	-	2.74	2.78	1.28	1.95	0.45	-	2.78	0.00	4.25
9(b)	Intangible assets											
-	Computer - Softwares	0.28	-	-	0.28	0.04	0.24	-	-	0.28	0.00	0.24
	Right of Use- Lease hold Building	-	-	-	-	-	-	-	-	-	-	-
		0.28	-	-	0.28	0.04	0.24	-	-	0.28	0.00	0.24
	Grand Total	5.81	-	2.74	3.06	1.32	2.19	0.45	-	3.06	0.00	4.49

B. Previous Year (1 April 2022 to 31 March 2023)

(Amount in Lakh)

S.No.	Description	Gross Block			Accumulated Depreciation and Amortisation					Net Block		
		Balance as at 1 April 2022	Additions	Disposals	Balance as at 31st March 23	Balance as at 1 April 2022	For the year	Eliminated on Disposal of Assets	Depreciation Adjustments	Balance as at 31st March 23	Balance as at 31st March 23	Balance as at 1st April 22
(a)	Investment Property											
1	Land	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-
(b)	Property, plant and equipment											
1	Leasehold Improvements	14.98	-	14.98	-	8.70	-	8.70	-	-	-	6.28
2	Computer Equipments	189.52	2.75	189.52	2.75	0.79	1.61	1.58	-	0.82	1.93	188.73
3	Furniture and Fixtures	23.58	0.31	23.58	0.31	0.03	0.10	0.10	-	0.03	0.28	23.55
4	Office Equipments	20.37	2.47	20.37	2.47	0.46	0.58	0.62	-	0.43	2.04	19.91
5	Vehicles	35.34	-	35.34	-	24.78	0.08	24.86	-	-	-	10.56
6	Server and Networking	18.79	-	18.79	-	12.06	0.09	12.15	-	-	-	6.73
		302.58	5.52	302.58	5.52	46.82	2.46	48.00	-	1.28	4.25	255.76
(c)	Intangible assets											
	Computer - Softwares	66.78	0.28	66.78	0.28	0.04	0.38	0.38	-	0.04	0.24	66.74
	Right of Use- Lease hold Building	83.71	-	83.71	-	74.41	0.93	75.34	-	-	-	9.30
		150.49	0.28	150.49	0.28	74.45	1.31	75.72	-	0.04	0.24	76.04
	Grand Total	453.07	5.81	453.07	5.81	121.27	3.77	123.72	-	1.32	4.49	331.80

Note: Effective 1 April 2019, the Company has adopted Ind AS 116. "Leases", and applied to its Lease Contracts existing as on 1 April 2019 using the modified retrospective approach. As on transition date, there are no lease asset which satisfies the qualifying criteria under Ind AS 116; During the year ended 31 March 2020, the Company recognised right-of-use assets and equivalent lease liability amounting to Rs. 83.65 lakhs for a lease entered during the year. The carrying value of Right of Use ("ROU") and equivalent Lease Liability as at 31 March 2020 is Rs.65.06 Lakhs and Rs. 68.97 Lakhs respectively.



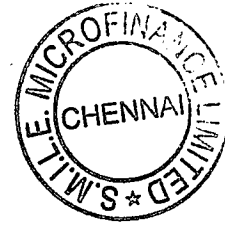
S.M.I.L.E Microfinance Limited
Notes forming part of the Financial Statements for the year ended 31 March 2024

10 Other non financial assets

Particulars	As at 31st March 2024	As at 31st March 2023
	Amount Rs. in lakhs	Amount Rs. in lakhs
(a) Balance with Government authorities		
(i) Goods and Service Tax Input Tax Credit	28.04	-
(iii) Amounts paid under Protest-Income Tax Demand	10.00	10.00
(b) Prepaid expenses	2.50	2.24
Total	40.54	12.24

11 Trade Payables

Particulars	As at 31st March 2024	As at 31st March 2023
	Amount Rs. in lakhs	Amount Rs. in lakhs
(a) Total outstanding dues of micro enterprises and small enterprises (Refer Note 38)	-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	34.96	14.30
Total	34.96	14.30



S.M.I.L.E Microfinance Limited
Notes forming part of the Financial Statements for the year ended 31 March 2024

12 Other financial liabilities

Particulars	As at 31st March 24	As at 31st March 2023
	Amount Rs. in lakhs	Amount Rs. in lakhs
(a) Unclaimed Dividends	0.57	8.52
Total	0.57	8.52

13 Provisions

Particulars	As at 31st March 24	As at 31st March 2023
	Amount Rs. in lakhs	Amount Rs. in lakhs
(a) Gratuity Payable (Refer Note 34)	-	-
(b) Provision for Compensated Absences (Refer Note 34)	-	-
(c) TDS dues (Refer Note 46)	8.30	8.30
(d) Provision for Insurance Amount Receivable	-	-
(e) Provision for Slumpsale incentive	25.50	111.00
(f) Provision for Gratuity	0.40	-
Total	34.20	119.30

14 Other non financial liabilities

Particulars	As at 31st March 24	As at 31st March 2023
	Amount Rs. in lakhs	Amount Rs. in lakhs
(a) Statutory dues payable	8.47	34.71
(b) Others	7.92	7.92
Total	16.38	44.67



15 Equity Share Capital

Particulars	As at 31st March 2024		As at 31st March 2023	
	Number of shares	Amount Rs. In lakhs	Number of shares	Amount Rs. In lakhs
(a) Authorised Equity shares of Rs.10/- each	2,00,00,000	2,000.00	2,00,00,000	2,000.00
TOTAL	2,00,00,000	2,000	2,00,00,000	2,000
(b) Issued , Subscribed and Fully Paid Up Equity shares of Rs.10/- each	1,73,39,639	1,733.96	1,73,39,639	1,733.96
TOTAL	1,73,39,639	1,733.96	1,73,39,639	1,733.96

Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

Equity Shares	As at 31st March 2024		As at 31st March 2023	
	Number of shares	Amount Rs. In lakhs	Number of shares	Amount Rs. In lakhs
At the beginning of the year	1,73,39,639	1,733.96	1,73,39,639	1,733.96
Issued during the year	-	-	-	-
Outstanding at the end of the year	1,73,39,639	1,734	1,73,39,639	1,734

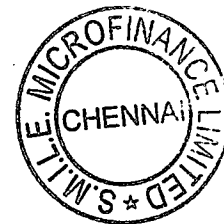
(ii) Details of shares held by the holding company:

Class of shares / Name of shareholder	As at 31st March 2024		As at 31st March 2023	
	Number of shares	Amount Rs. In lakhs	Number of shares	Amount Rs. In lakhs
Equity Shares of Rs. 10 each DWM Investments (Cyprus) Limited	1,15,54,639	66.64%	1,15,54,639	66.64%

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

Class of shares / Name of shareholder	As at 31st March 2024		As at 31st March 2023	
	Number of shares	Amount Rs. In lakhs	Number of shares	Amount Rs. In lakhs
Equity Shares of Rs. 10 each DWM Investments (Cyprus) Limited	1,15,54,639	66.64%	1,15,54,639	66.64%
Dr. S. Gurushankar	27,02,499	15.59%	27,02,499	15.59%

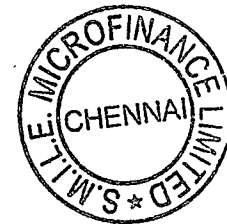
(iv) The Company has only one class of equity shares having a par value of Rs.10. Each holder is entitled to one vote per equity share. Dividends are paid in Indian Rupees.



16 Other Equity

Particulars	As at 31st March 2024	As at 31st March 2023
	Amount Rs. In lakhs	Amount Rs. In lakhs
(a) Securities Premium Account	3,740.20	3,740.20
(b) Statutory Reserve	-	1,872.40
(c) Surplus in Statement of Profit and Loss	241.95	3,561.41
(d) Other Comprehensive Income (OCI)	31.32	31.32
Total	4,013.47	9,205.33

Particulars	As at 31st March 2024	As at 31st March 2023
	Amount Rs. In lakhs	Amount Rs. In lakhs
(a) Securities Premium Account		
Opening balance	3740.20	3,740.20
Add : Premium on shares issued during the year		
Less : Utilised during the year		
Closing Balance	3,740.20	3,740.20
(b) Statutory Reserve		
Opening balance	1,872.40	1,872.40
Add: Additions during the year	-	
Less: Utilised / transferred during the year	1,872.40	
Closing Balance	-	1,872.40
(c) Surplus in Statement of Profit and Loss		
Opening Balance	3,561.41	4,136.03
Add:(Loss)/ Profit for the year	304.79	(574.62)
Add:Transfer from Statutory Reserve	1,872.41	
Less: Interim Dividend Paid	5,496.67	
Closing Balance	241.95	3,561.41
(d) Other Comprehensive Income (OCI)		
Opening Balance	31.32	31.32
Add: Profit / (Loss) for the Year		
Less:Transfer to Statutory Reserve		
Closing Balance	31.32	31.32
TOTAL (a+b+c+d)	4,013.47	9,205.33



S.M.I.L.E Microfinance Limited
Notes forming part of the Financial Statements for the year ended 31 March 2024

17 Interest Income

Particulars	As at 31st March 2024	As at 31st March 2023
	Amount Rs. In lakhs	Amount Rs. In lakhs
(a) Interest on Microfinance Loans	-	118.00
(b) Interest on deposits with Banks and Financial Institutions	675.67	329.74
	675.67	447.74

18 Other Operating Income

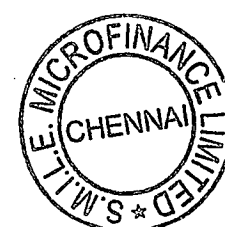
Particulars	As at 31st March 2024	As at 31st March 2023
	Amount Rs. In lakhs	Amount Rs. In lakhs
(a) Loss Assets recovered	-	0.88
Total	-	0.88

19 Other Income

Particulars	As at 31st March 2024	As at 31st March 2023
	Amount Rs. In lakhs	Amount Rs. In lakhs
(a) Miscellaneous income	1.59	0.71
(b) Income From IT Refund Interest	1.36	-
Total	2.95	0.71

20 Finance Cost

Particulars	As at 31st March 2024	As at 31st March 2023
	Amount Rs. In lakhs	Amount Rs. In lakhs
(a) Interest on Borrowings		
- Term Loans from Banks	-	62.58
- Term Loans from NBFCs	-	16.20
(b) Interest on Debt Securities		
- Debentures	-	20.54
(c) Other Borrowing Costs		
- Processing Fees & Others	-	0.69
- Bank Charges	0.02	70.25
	0.02	170.26



S.M.I.L.E Microfinance Limited
Notes forming part of the Financial Statements for the year ended 31 March 2024

21 Impairment of financial instruments

Particulars	As at 31st March 2024	As at 31st March 2023
	Amount Rs. In lakhs	Amount Rs. In lakhs
Loans	-	(39.67)
Total	-	(39.67)
Less : Exceptional Item		
Total	-	(39.67)

22 Employee Benefit Expenses

Particulars	As at 31st March 2024	As at 31st March 2023
	Amount Rs. In lakhs	Amount Rs. In lakhs
(a) Salaries and Wages	67.26	188.41
(b) Contributions to Provident and Other Funds	0.51	8.76
(c) Staff Welfare Expenses	0.12	2.77
Total	67.88	199.94

23 Other expenses

	As at 31st March 2024	As at 31st March 2023
	Amount Rs. In lakhs	Amount Rs. In lakhs
(a) Electricity	0.12	2.99
(b) Rent including Lease Rentals	2.93	9.80
(c) Repairs and Maintenance - Building	-	0.40
(d) Repairs and Maintenance - Others	0.38	0.59
(e) Insurance	2.95	3.23
(f) Rates and Taxes	14.82	89.17
(g) Communication Expenses	0.48	2.36
(h) Travel and Conveyance	5.94	21.13
(i) Loss on sale of Property, Plant & equipment	1.32	-
(j) Printing and Stationery	0.35	0.97
(k) Directors' Sitting Fees	1.50	1.50
(l) Legal and Professional Fees	230.63	448.45
(m) Software Costs	0.48	1.17
(n) Filing Fees	0.62	0.22
(o) Bad Debts written off	-	15.62
(p) Vehicle Maintenance	-	0.58
(q) Payments to Statutory Auditors' (net of input tax credit)		
- Statutory Audit	5.50	5.50
- Tax Audit	2.00	1.00
- Other Services (Limited Review and Certification)	2.50	2.00
(r) Slump sale incentive	-	111.00
(s) Postage & Courier	0.29	-
(t) Advertising Expenses	2.99	-
(u) Miscellaneous Expenses	0.10	45.94
(v) Penalty & Interest	17.17	-
(w) Storage Expenses	0.98	-
Total	294.04	763.63



S.M.I.L.E. Microfinance Limited
Notes forming part of the Financial Statements for the year ended 31 March 2024

24 Employee benefits
(For the year ended 31 March 2024: The Company has sold the microfinance undertaking on 12th April, 2022 on account of which there were only 2 employees on the payroll of the residual SMILE entity as on 31st March 2024 EOD. Hence, actuarial valuation not obtained)

24.1 Defined Contribution Plan

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

(b) Expenses Recognised

(Amount Rs. In lakhs)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Contributions to provident and pension funds	0.86	4.88
Contributions to Employee State Insurance	-	1.39
Total	0.86	6.27

24.2 Defined Benefit Plans:

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

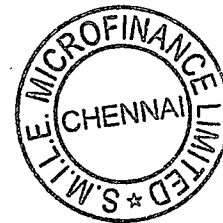
In respect of the plan, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at 31 March 2021 by M/s KP Actuaries and Consultants, Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation,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

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

(Amount Rs. In lakhs)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Amounts recognised in statement of Profit & Loss in respect of these defined benefit plans are as follows:		
Service Cost		
- Current Service Cost	NA	NA
- Past Service Cost	NA	NA
- Net Interest expense		
Components of defined benefit costs recognised in statement of profit or loss (A)	-	-
Actuarial (gain)/loss on Plan Obligations	NA	NA
Difference between Actual Return and Interest Income on Plan Assets- (gain)/loss		
Components of defined benefit costs recognised in other comprehensive income (B)	NA	NA
Total	NA	NA

- (i) The current service cost and interest expense for the year are included in the Note 28 - Employee Benefit Expenses in the statement of profit & loss.
(ii) The remeasurement of the net defined benefit liability is included in other comprehensive income.



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

Particulars	(Amount Rs. In lakhs)	
	As at 31 March 2024	As at 31 March 2023
I. Net Asset/(Liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	NA	NA
Fair value of plan assets	NA	NA
Net Asset/(Liability) recognised in the Balance Sheet	NA	NA
Current portion of the above	NA	NA
Non current portion of the above	NA	NA

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

Particulars	(Amount Rs. In lakhs)	
	For the year ended 31 March 2024	For the year ended 31 March 2023
Change in the obligation during the year ended		
Present value of defined benefit obligation at the beginning of the year	NA	NA
Expenses Recognised in Profit and Loss Account		
- Current Service Cost	NA	NA
- Past Service Cost		
- Interest Expense (Income)	NA	NA
Remeasurement gains / (losses)		
- Effect of Changes in demographic Assumptions	NA	NA
- Effect of Changes in Financial Assumptions	NA	NA
- Effect of Experience Adjustments	NA	NA
Benefit payments	NA	NA
Present value of defined benefit obligation at the end of the year	NA	NA

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

Particulars	(Amount Rs. In lakhs)	
	For the year ended 31 March 2024	For the year ended 31 March 2023
Change in fair value of assets during the year		
Fair value of plan assets at the beginning of the year	NA	NA
Expenses Recognised in Profit and Loss Account		
- Expected return on plan assets	NA	NA
Remeasurement gains / (losses)		
- Actuarial gains/(loss) arising from changes in financial assumptions		
Contributions by employer (including benefit payments recoverable)		
Benefit payments	NA	NA
Fair value of plan assets at the end of the year	NA	NA

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

Particulars	(Amount Rs. In lakhs)	
	As at 31 March 2024	As at 31 March 2023
Investment Funds with Insurance Company		
- Life Insurance Corporation of India	17.96	19.19

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

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

Investment Risk:

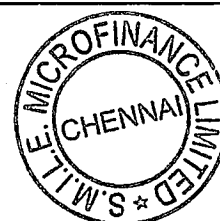
The present value of defined benefit plan liability is calculated using a discount rate which is determined by reference to the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Interest Risk:

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

Longevity Risk

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



Salary Risk:

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

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

Particulars	As at 31 March 2024	As at 31 March 2023
Discount rate	NA	NA
Expected rate of salary increase	NA	NA
Withdrawal Rate		
Upto grade of Branch Managers	NA	NA
Above grade of Branch Managers	NA	NA
Upto 30 years	NA	NA
31 to 44 years	NA	NA
45 years and above	NA	NA
Mortality	NA	NA

- The discount rate is based on the prevailing market yields of Indian Government securities as at balance sheet date for the estimated term of the obligation.
- The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.
- In order to protect the capital and optimize returns within acceptable risk parameters, the plan assets are maintained with an insurer managed fund (maintained by the Life Insurance Corporation ("LIC")) and is well diversified.

(g) Sensitivity Analysis

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

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

(Amount Rs. In lakhs)

Impact on the Defined benefit Obligation	As at 31 March 2024	As at 31 March 2023
(a) Discount Rate		
- Increase by 1%	NA	NA
- Decrease by 1%	NA	NA
(b) Salary Growth Rate		
- Increase by 1%	NA	NA
- Decrease by 1%	NA	NA
(c) Withdrawal Rate		
- Increase by 50%	NA	NA
- Decrease by 50%	NA	NA
(d) Mortality Rate		
- Increase by 10%	NA	NA
- Decrease by 10%	NA	NA

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

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

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

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

(i) Maturity profile of defined benefit obligation:

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

(i) Experience Adjustments *

(Amount Rs. In lakhs)

Experience Adjustments	For the year ended 31 March 2024	For the year ended 31 March 2023
Defined Benefit Obligation	NA	NA
Fair value of plan assets	NA	NA
Surplus/(Deficit)	NA	NA
Experience adjustment on plan liabilities [(Gain)/Loss]	NA	NA
Experience adjustment on plan assets [Gain/(Loss)]	-	-

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



S.M.I.L.E. Microfinance Limited
Notes forming part of the Financial Statements for the year ended 31 March 2024

25 Related Party Transactions

25.1 Names of Related Parties and Nature of Relationship

Description of Relationship	As at 31 March 2024	As at 31 March 2023
Holding Company	DWM Investments (Cyprus) Limited	DWM Investments (Cyprus) Limited
Key Managerial Personnel of the Company	Mr. Prabakaran Thangavelu Managing Director & Chief Financial Officer	Mr. Murali Srinivas Managing Director (Resigned w.e.f. 31st March, 2023 EOD)
		Mr. Prabakaran Thangavelu Managing Director & Chief Financial Officer.
Other Directors	Mr. Aleem Remtula	Mr. Aleem Remtula
	Mr. Bradley Swanson	Mr. Bradley Swanson
	Mr. V S Padmanaban	Mr. V S Padmanaban

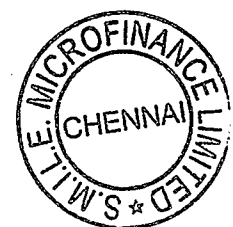
Note: Related party relationships are as identified by the Management and relied upon by auditors

25.2 Transactions with the Related Parties

Transaction	Related Party	For the Year Ended 31 March 2024	For the Year Ended 31 March 2023
Remuneration to Key Managerial Personnel	Mr. Murali Srinivas Managing Director (Resigned w.e.f. 31st March 2023 EOD)	-	48.23
	Mr. Prabakaran Thangavelu Chief Financial Officer (Till 08.05.2023) Managing Director & CFO (w.e.f 09.05.2023)	52.59	37.59
Sitting Fees	Mr. Rajan Samuel (Resigned w.e.f. 30th September 2022 EOD)	-	0.50
	Mr. V S Padmanaban	1.50	0.50
	Mrs. Aparana Narendra Sharma (Resigned w.e.f. 12th September 2022 EOD)	-	0.50

Note:

- (a) The Company accounts for costs incurred by / on behalf of the Related Parties based on the actual invoices / debit notes raised and
(b) The above compensation to key management personnel excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.



S.M.I.L.E Microfinance Limited
Notes forming part of the Financial Statements for the year ended 31 March 2024

26 Segment Reporting

The Company is engaged in extending micro credit advances to poor women, who are otherwise unable to access finance from the mainstream banking channels. Based on the "management approach" as defined in Ind-AS 108 - Operating Segments, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by the overall business segment, i.e. Microfinance Loans. As the allocation of resources and profitability of the business is evaluated by the CODM on an overall basis, with evaluation into individual categories to understand the reasons for variations, no separate segments have been identified. Accordingly no additional disclosure has been made for the segmental revenue, segmental results and the segmental assets & liabilities.

27 Earnings per share

Basic and Diluted earnings per share :

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

Particulars	For the Year Ended 31 March 2024	For the Year Ended 31 March 2023
(a) Net Profit attributable to Equity Shareholders - Rs. in lakhs (Basic and Diluted)	304.79	(574.59)
(b) Weighted average number of equity shares in calculating basic Earnings Per Share (Nos.)	1,73,39,639	1,73,39,639
(c) Earnings per share - Basic and Diluted - Rs.	1.76	(3.31)

28 Leases

(A) Break-up of Current and Non-Current Liabilities

The Following is the break-up of Current and NonCurrent Liabilities as at March 31, 2023

Particulars	As at March 31, 2024	As at March 31, 2023
Current Lease Liabilities	-	-
Non-Current Lease Liabilities	-	-

(B) Movement in Lease Liabilities

The following is the movement in lease liabilities for the year ended March 31, 2023

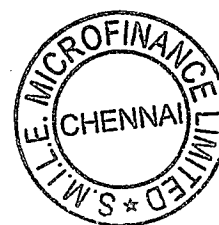
Particulars	As at March 31, 2024	As at March 31, 2023
Balance as on 1st April	-	11.87
Additions	-	-
Finance Cost accrued during the period	-	-
Deletions	-	11.87
Payment of Lease Liabilities	-	-
Total	-	-

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

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Depreciation expense on right-of-use assets	-	0.93
Interest expense on lease liabilities	-	0.23
Lease expense on Low Value Assets / Short term assets	2.93	9.80

(D) The table below provides details regarding the contractual maturities of lease liabilities As at March 31, 2023 on undiscounted basis

Particulars	As at March 31, 2024	As at 31 March 2023
Less Than one year	-	-
One to Five Years	-	-
More Than Five Years	-	-



29 Corporate Social Responsibility (CSR)

As per Section 135 of the Companies Act 2013, the company is not required to spend any amount as the company has incurred loss in the previous year

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

Based on and to the extent of information received by the Company from the suppliers during the year regarding their status under the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act), the relevant particulars for the years ended 31 March 2023 and 31 March 2022 are furnished below:

Particulars	For the Year Ended 31 March 2024 Amount in Rs. In lakhs	For the Year Ended 31 March 2023 Amount in Rs. In lakhs
Principal amount remaining unpaid to any supplier as at the end of the accounting year.	-	-
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.	-	-

Trade Payables aging schedule

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-
(ii) Others	34.96	-	-	-	34.96
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

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.

31 Commitments and Contingencies

Particulars	As at 31 March 2024 Amount in Rs. In lakhs	As at 31 March 2023 Amount in Rs. In lakhs
A. Contingent Liabilities:		
Income Tax (Refer Note (a) below)	134.07	134.07
B. Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for:	-	-

(a) Income Tax:

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



Notes to Accounts:

32. Disclosures as per Notification dated 24th March 2021

Pursuant to the notification dated 24th March 2021 the following disclosures are being made.

- 1) The Company has filed stock statements in all cases duly verified by CA and other applicable returns and statements as required by the lenders wherever applicable.
- 2) The Company has filed/satisfied the charges with ROC within the Stipulated timelines wherever applicable
- 3) All other disclosure not applicable.

33. (i) Expenditure incurred in Foreign Currency

Particulars	For the year ended 31 March 2024 Rs. In lakh	For the year ended 31 March 2023 Rs. In lakh
Reimbursement of Travelling Expenses	1.89	-

(ii) The Company did not have any unhedged foreign currency exposure as at 31 March 2024 and 31 March 2023 and the Company did not have any derivatives.

34. Cessation of business: Post slump sale of "microfinance business" of the Company which concluded on 12th April, 2022, the Company has not engaged in any business and the only source of income is interest on fixed deposit and other miscellaneous income.

35. The Company had submitted application to the RBI for voluntary surrender of NBFC-MFI Certificate of Registration bearing No. B-07.00537 and received the cancellation order dated 5th January, 2024. The Company has prepared the Current Year's financials in accordance with Schedule 3 Division II.

36. Pursuant to section 124 of the Companies Act, 2013, the company had not transferred the unpaid or unclaimed dividend amount of INR 8,24,342/- which remained unpaid for a period of 7 years. The company had not complied with the above provision, as a case had been filed against the Company against which a "Status Quo" order of the High Court of Madras and the Supreme Court prevented timely compliance. However, after receipt of the favorable order from the Hon'ble High Court of Madras, the Company had transferred INR 8,24,342/- to the unpaid or unclaimed dividend amount to IEPF on 8th September 2023.

37. The Company has not yet appointed a whole-time company secretary. As on 31.03.2024, the company has not appointed any Independent Director which is a non-compliance as per section 149(4) of the Companies Act, 2013. However, the Company has taken steps to appoint Company Secretary and Independent Director by way of posting vacancy in website.

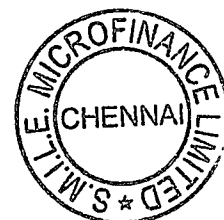
38. The Company is in non-compliance with section 177 and other relevant sections of Companies Act, 2013, as the company has not appointed minimum number of Independent Directors for Audit Committee. The Company has sold the microfinance business on 12th April, 2022 and since then has not pursued any business activity. The Company has also voluntarily surrendered the NBFC-MFI Certificate of Registration (CoR) and received the cancellation order dated 5th January, 2024 from the RBI.

39. The Board Resolution dated December 19,2023 indicates that the Board will undertake necessary steps leading to the voluntary winding up of the Company within thirty days post cancellation of CoR. The Company has also received the cancellation order dated 5th January, 2024 from the RBI. The company is in the process to voluntarily wind up.

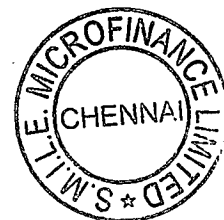
40. As per the Business Transfer Agreement (BTA) dated February 22, 2022 between S.M.I.L.E Microfinance Limited and Northern Arc Capital Limited,

- The Company shall change its name and remove any references of word "S.M.I.L.E." from its Company name within 45 business days post cancellation of CoR. Company has obtained new name approval and is in the process of effecting the name change.

41. During the financial year, Interim Dividend of Rs.54.96 Cr has been declared by the Company.

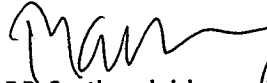


42. The Company has chosen not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value asset. Currently, the company has only one short-term lease, which is recognized as an expense over the lease term.
43. The company has not made accounting treatment and disclosure for employee benefits as required by Ind AS 19. The Company has not obtained Actuarial valuation as the liability relates only to two employees on payroll, which is not significant as at 31st March 2024.
44. **Litigations:**
- (a) Civil suit C.S. 143 of 2012 filed by Dr. Rajam Sethuraman & 2 others before the Madras High Court. The suit as it stands today has been held to be not maintainable as against the first defendant Trust in as much as the leave under Clause 12 of the Letters Patent was not obtained. There is no specific monetary claim quantified against the Company as the suit prays for (i) rendition of accounts for the Trust's properties by the defendant trustees; (ii) removal of the defendant trustees from the trusteeship of the Trust; and (iii) an inventory to be prepared for movable and immovable properties of the Trust; and (iv) settling a scheme for the proper administration of the Trust.
- (b) Civil suit OS No. 7 of 2016 filed by M/s Fathi Software Pvt Ltd before Madurai District Court. During the pendency of the suit, as Fathi Software Private Limited had been struck off by the Registrar of Companies and ceased to exist as a legal entity, the Company filed a memo before the District Court seeking dismissal of the suit. The said memo was rejected and the Company filed C.R.P. (MD) No. 176 of 2023 before the Madurai bench of the Madras High Court against the dismissal. The said C.R.P. was dismissed on 16.06.2023. Thereafter, the Company filed S.L.P. (C) No. 19640-19641 of 2023 challenging the dismissal of the C.R.P. before the Supreme Court of India, which S.L.P. was dismissed on 22.09.2023. The case is pending before the Madurai District Court. There is no specific monetary claim quantified against the Company as the suit only prays for rendition of accounts.
- (c) Writ Petitions W.P. (MD) No.2078 of 2020 and WMP (MD) No.1742 of 2020 filed by the Company before the Madras High Court. For the Assessment Year 2017-18, there is an Income Tax demand of Rs.1,30,50,323/-, relating to demonetized currency notes deposited in to bank accounts (being loan collections from borrowers). An amount of Rs.10 lakh deposited by the Company as per the Court orders against which a stay had been granted by the Court. Arguments have been heard by the Court and judgment has been reserved.
- (d) Special Leave Petition S.L.P. (CRL.) No. 2538-2542 of 2023 (S.L.P.) filed by ex-employees of the Company before the Supreme Court of India. The instant SLP has been filed by ex-employees of the Company against FIR No. 73 of 2021, registered by an ex-employee of the Company, who was dismissed for failing to adhere to a transfer order. The S.L.P. is pending before the Supreme Court and the proceedings in FIR No. 73 of 2021 are pending before the Magistrate Court, Saidapet, Chennai. The ex - employee / complainant has filed a fresh private complaint under section 200 of the Code of Criminal Procedure, 1973 in which the Magistrate Court, Saidapet has taken cognizance and issued summons to the Company's ex-employees. The Company is not an accused or party to any criminal proceedings initiated by the ex-employee / complainant or the petition before the Supreme Court.
- (e) MCOP No. 568 of 2022 filed before the Motor Accident Claims Tribunal, Tindivanam. The petition has been filed under section 166(1) of the Motor Vehicles Act, 1988 for compensation for the amount of Rs.50,00,000/- . The petition stems from an accident with a car owned by the Company. At the time of the accident, the Company had purchased insurance with adequate cover. The petition is pending before the Tribunal for filing of affidavit of evidence and further proceedings.
45. The company has received a GST demand of Rs.31,57,640 raised vide the assessment order for the FY 2017-18 out of which the Company has discharged Rs.14,81,505 by adjusting with the available ITC and the interest and penalty demand of Rs.16,76,136 was paid on 27.03.2024. The company has availed input tax credit for exempt supplies and paid GST Demand through ITC which as per management is in compliance of Section 49 of CGST Act-2017.



46. TDS dues have been paid as per TRACES Portal in the month of May 2024, though reconciliation is in process and the Company is confident of submitting the necessary details.
47. Previous year's figures have been regrouped/ reclassified wherever necessary, to correspond with the current year's classification/disclosure.

In terms of our report of even date attached
For **P.B. Vijayaraghavan & Co.**
Chartered Accountants
Firm Reg. No.: 004721S





P.B. Santhanakrishnan
Partner
M.No.020309



Place : Bengaluru
Date: 03-Jun-2024

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



V.T. Prabakaran
Managing Director & CFO
DIN: 10106320

Place : Chennai
Date: 03-Jun-2024



Aleem Remtula
Director
DIN: 02872107

Place : New York, USA
Date: 03-Jun-2024