



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

21st

ANNUAL REPORT

2015-2016

REGISTERED & CORPORATE OFFICE

'The Galaxy' No.30, 48th Street, 9th Avenue, Ashok Nagar, Chennai- 600083

Tel: 044 – 2371 8588, 044 – 42910100

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CONTENTS

<i>Corporate Information</i>	2
<i>Directors' Report</i>	5
<i>Report on Corporate Governance</i>	15
<i>Independent Auditors' Report</i>	21
<i>Balance Sheet</i>	27
<i>Profit & Loss Account</i>	28
<i>Notes to Accounts</i>	29
<i>Accounting Policies</i>	34
<i>Cash Flow Statement</i>	41



CORPORATE INFORMATION

BOARD OF DIRECTORS

Name of the Director	Designation
Indrani Bhagwan Singh	Chairman & Managing Director (Nominee Director of DWM Investments (Cyprus) Limited)
J. Bradley Swanson	Nominee Director of DWM Investments (Cyprus) Limited
Aleem Remtula	Nominee Director of DWM Investments (Cyprus) Limited
P. Murali Srinivas	Independent Director
Rajan Samuel	Independent Director

CHIEF FINANCIAL OFFICER

V T Prabakaran

COMPANY SECRETARY

R Venkatasubramanian

STATUTORY AUDITORS

M/s. Victoria Mathews & Santhakumar
Chartered Accountants
Door No.12, Plot No.54, 1st Link street,
Raghava Reddy Colony, Ashok Nagar,
Chennai-600083,
Phone:044-04890848,

OFFICES

Registered & Corporate

'The Galaxy' No.30, 48th Street,
9th Avenue, Ashok Nagar,
Chennai- 600083,
Tamilnadu, India.

Regional

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

FUNDERS

SI.No	BANKS	SI.No	FINANCIAL INSTITUTIONS
1	Andhra Bank	1	Hero FinCorp Limited
2	Bank of Maharashtra	2	IFMR Capital Finance Private Limited
3	Bharatiya Mahila Bank	3	Maanaveeya Development & Finance Pvt. Ltd
4	Canara Bank	4	Muthoot Capital Services Ltd
5	DCB Bank Ltd	5	Reliance Home Finance Ltd
6	IDBI Bank Ltd	6	Religare Finvest Limited
7	Karnataka Bank Ltd		
8	South Indian Bank Ltd		
9	The Lakshmi Vilas Bank Ltd		
10	Union Bank of India		
11	Vijaya Bank		

BOARD COMMITTEES

AUDIT COMMITTEE	BORROWING & INVESTMENT COMMITTEE
<p>Mr. Aleem Remtula, Nominee Director of DWM</p> <p>Mr. Rajan Samuel, Independent Director</p> <p>Mr. Murali Srinivas, Independent Director</p>	<p>Ms. Indrani Bhagwan Singh, Chairman</p> <p>Mr. J. Bradley Swanson, Nominee Director of DWM</p> <p>Mr. Aleem Remtula, Nominee Director of DWM</p> <p>Mr. Murali Srinivas, Independent Director</p>
SHARE ALLOTMENT & TRANSFER COMMITTEE	CREDIT & NON-PERFORMING ASSETS REVIEW COMMITTEE
<p>Ms. Indrani Bhagwan Singh, Chairman</p> <p>Mr. J. Bradley Swanson, Nominee Director of DWM</p> <p>Mr. Aleem Remtula, Nominee Director of DWM</p>	<p>Ms. Indrani Bhagwan Singh, Chairman</p> <p>Mr. J. Bradley Swanson, Nominee Director of DWM</p> <p>Mr. Aleem Remtula, Nominee Director of DWM</p> <p>Mr. Murali Srinivas, Independent Director</p>
NOMINATION & REMUNERATION COMMITTEE	ASSET LIABILITY MANAGEMENT & RISK MANAGEMENT COMMITTEE
<p>Ms. Indrani Bhagwan Singh, Chairman</p> <p>Mr. Aleem Remtula, Nominee Director of DWM</p> <p>Mr. Rajan Samuel, Independent Director</p> <p>Mr. Murali Srinivas, Independent Director</p>	<p>Ms. Indrani Bhagwan Singh, Chairman</p> <p>Mr. J. Bradley Swanson, Nominee Director of DWM</p> <p>Mr. Aleem Remtula, Nominee Director of DWM</p> <p>Mr. Rajan Samuel, Independent Director</p> <p>Mr. Murali Srinivas, Independent Director</p>
CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR COMMITTEE)	STAKEHOLDER RELATIONSHIP COMMITTEE
<p>Ms. Indrani Bhagwan Singh, Chairman</p> <p>Mr. Rajan Samuel, Independent Director</p> <p>Mr. Murali Srinivas, Independent Director</p>	<p>Ms. Indrani Bhagwan Singh, Chairman</p> <p>Mr. Aleem Remtula, Nominee Director of DWM</p>



DIRECTORS' REPORT

Your Directors are pleased to present the Twenty First Annual Report of your Company (S.M.I.L.E. Microfinance Limited) together with the Audited Statement of Accounts and the Auditors' Report of your Company for the financial year ended, 31st March 2016.

FINANCIAL SUMMARY

(Rs. in Lakhs)

Particulars	2015-16	2014-15
Interest Income	3540.81	4261.38
Other Income	225.30	384.64
Total Income	3766.11	4646.02
Less		
Expenses	3364.42	4591.24
Profit before Tax	401.68	54.78
Less		
Provisions for:		
Income Tax	138.02	10.44
Fringe Benefit Tax	-	-
Deferred Tax	-3.83	-14.58
Profit after Tax	267.49	58.92
Add:		
Balance b/f from previous years	2188.21	2141.07
Amount available for Appropriation	2455.71	2199.99
Appropriations:		
Statutory Reserve	53.50	11.78
Dividend & Distribution Tax	73.04	-
Balance carried to Balance Sheet	2329.16	2188.21
	2455.71	2199.99
Equity Share Capital	1733.96	1733.96
Reserves	6669.96	6475.51
CRAR (Capital to Risk-weighted Asset Ratio)	56.01%	60.04%

OPERATIONAL REVIEW:

During the year, your company earned a GROSS INCOME of Rs. 37.66 Cr (Previous Year Rs. 46.46 Cr) and PROFIT BEFORE TAX (PBT) of Rs. 4.01 Cr (Previous Year Rs. 0.54 Cr), with expenditures of Rs. 33.64 Cr (Previous Year Rs. 45.91 Cr). The Company earned a PROFIT AFTER TAX (PAT) of Rs.2.67 Cr (Previous year Rs. 0.58 Cr). The amount transferred to Statutory Reserve is Rs. 0.53 Cr (Previous year Rs. 0.12 Cr).

TRANSFER TO RESERVES

The Company transferred Rs. 0.53 crore to Statutory Reserves. Transfer of 20% of the Profit after Tax to the statutory reserves in accordance with the provisions of section 45 – IC Reserve Bank of India Act, 1934.

CREDIT RATING

ICRA has assigned BBB- rating to SMILE in August 2015 for its Long Term Bank Facilities of Rs. 250 crore. ICRA has assigned the MFI grade of M3+.

CAPITAL ADEQUACY

The Capital Adequacy Ratio of the company was 56.01% as of March 31, 2016 as against the minimum capital adequacy requirements of 15% intimated by RBI.

**LOAN OBTAINED AND DISBURSED**

During the Year under review, the Company obtained funds amounting to Rs. 121.00 Cr through Term Loan and 123.45 Cr through Securitisation and the Company sanctioned loans to 1.68 lakh (previous year 1.78 lakh) Borrowers. Loan disbursement for the Year amounted to Rs. 292.83 Cr (previous year Rs. 220.85 Cr. Average loan size increased to Rs. 17,435 from Rs.12,399 in the previous year.

ASSETS UNDER MANAGEMENT (AUM)

The total Loan Assets under management of the Company increased to Rs. 170.18 Crore (On Book Portfolio Rs. 138.12 Cr), an increase of Rs.36.45 Cr (27.25%);

Previous Year: Loan Assets under management Rs. 133.74 Cr (On Book Portfolio Rs. 133.74 Cr + Managed Portfolio Rs. NIL).

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

Due to effective recovery efforts of the Company, the PAR and arrears after write-off remained at low levels at year-end with PAR at Rs 16.21 Lakhs representing 0.10% of the portfolio. PAR >30 days amounted to Rs.10.73 Lakhs representing 0.06% of the Portfolio. The Company made a Loan Loss Provision of Rs138.75 Lakhs.

Bad Debts written off during the year is Rs 2.82 Lakh which is lower when compared to Rs 9.32 Lakhs written off in the Previous Year.

LOAN SERVICING

During the year, the Company serviced all its Term Loans promptly and made Principal repayments of Rs.68.25 Cr to all its funding Banks & Financial Institutions. In respect of securitized assets the Company had been prompt in collecting the receivables and making the payment to the investors to the extent of Rs.91.39 Cr.

PRUDENTIAL NORMS AND GUIDELINES

The Company continues to adhere to the guidelines/Directives of the RBI with regard to prudential norms, capital adequacy, Fair practices code and all other norms as applicable to non-deposit taking NBFC-MFIs.

MICROFINANCE SECTOR SCENARIO

The Indian Microfinance sector has witnessed phenomenal growth over a period of last few years. The aggregate gross loan portfolio of all MFIs stood at 53,233 crores, as at March 16, registering an impressive growth rate of 84% year on year. The industry also witnessed year on year growth of 44% in client base.

The total branch network of MFIs stands at 9669 and with employee base of 87,402. The MFIs now cover 30 states and Union Territories. Even with the stellar growth rate, the portfolio at risk (PAR) is maintained at less than 1%.

The period under reporting has witnessed several new developments in the sector. Launching MUDRA, graduation of Bandhan as a universal bank, advent of small finance banks and payment banks, positive changes in regulatory and legislative framework and various other initiatives by the Government and the regulator augurs well for the sector.

During this period 10 MFI's were given licence to operate as Small Finance Banks. Two of the established microfinance companies, Ujjivan Financial Services and Equitas Holdings have tapped the capital markets, which have attracted huge investors interest.

DIVIDEND

The Company made the payment of interim dividend of Rs. 0.35p per share.

SHARE CAPITAL

The paid up equity capital as on March 31, 2016 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 nor sweat equity.

FIXED DEPOSITS

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

(A) Conservation of energy:

The Company has continued to adopt measures to conserve electrical energy by installing Capacitors & Power Factor Meter in its Corporate Office and also by replacing incandescent bulbs and tube lights with CFL lighting.

(B) Technology absorption:

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

(C) Foreign exchange earnings and Outgo

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the FY 2015-16 Mrs Indrani Bhagwan Singh was re-appointed as Managing Director of the Company for a period of Two years w.e.f. 27th August, 2015.

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

S.no	Name of the Director/Key Managerial Personnel	Designation
1	Mrs Indrani Bhagwan Singh	Chairman & Managing Director
2	Mr Bradley Swanson	Nominee Director
3	Mr Aleem Remtula	Nominee Director
4	Mr Murali Srinivas	Independent Director
5	Mr Rajan Samuel	Independent Director
6	Mr V T Prabakaran	Chief Financial Officer
7	Mr R Venkatasubramanian	Company Secretary

Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

MEETINGS

A calendar of Meetings is prepared and circulated in advance to the Directors.

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



DIRECTOR'S RESPONSIBILITY STATEMENT

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

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (f) 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

There were no events occurred subsequent to the date of financial statements

RELATED PARTY TRANSACTIONS

During the financial year there were no related party transactions made by the company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the company at large.

SUBSIDIARY COMPANIES

The Company does not have any subsidiary.

AUDITOR'S REPORT

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

AUDITORS

M/s Victoria Mathews & Santhakumar, Chartered Accountants, Chennai retire at the conclusion of the Twenty First Annual General Meeting and are eligible for reappointment. Directors recommend their reappointment from the conclusion of this forthcoming annual general meeting till the conclusion of the 22nd annual general meeting.

VIGIL MECHANISM

The Company has a vigil mechanism named Risk Management Policy to deal with instance of fraud and mismanagement, if any.

The RM Policy ensures that 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. The Policy is under the supervision of the Audit Committee and the Board.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as "Annexure A".

CORPORATE GOVERNANCE

Even though, Clause 49 of the Listing Agreement and the Corporate Governance Report required under this Clause are not applicable to the Company, as per the requirements of Guidelines issued by RBI, a separate Report on Corporate Governance is attached which forms part of Directors' Report.

CORPORATE SOCIAL RESPONSIBILITY

Annual Report on Corporate Social Responsibility (CSR) Activities

<p>1. A brief outline of the company's CSR policy As a responsible and socially committed organization, SMILE strives to improve the social welfare and the quality of life of the communities in which it operates. SMILE commits itself that it will not discriminate beneficiaries of CSR based on membership, gender, caste or creed. SMILE works for and strives to:</p> <ul style="list-style-type: none"> ✓ Support the health, education and community welfare activities. ✓ Protect the environment by adopting "Go Green" culture in work place. ✓ Provide suitable facilities to people with special needs and facilitate their requirements ✓ Partner with community development authorities to promote, support and participate in community development initiatives. <p>2. Composition Mrs. Indrani Bhagwan Singh, Chairman Mr. Rajan Samuel, Independent Director Mr. Murali Srinivas, Independent Director</p>	<p>3. Average net profit of the Company for the last 3 financial years Rs. 4.33 Crs</p> <p>4. Prescribed CSR Expenditure (2% of the amount as in above) allocated Rs. 8.70 lakh</p> <p>5. Details of CSR Spent during the financial year</p> <table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">Activity</th> <th style="text-align: right;">Amount Spent in Rs.</th> </tr> </thead> <tbody> <tr> <td>Natural Calamities (Flood, Fire, Eviction)</td> <td style="text-align: right;">1046499</td> </tr> <tr> <td>Vocational Guidance & Training Centre</td> <td style="text-align: right;">32755</td> </tr> <tr> <td>Eye Camp</td> <td style="text-align: right;">6053</td> </tr> <tr> <td>Prize money for school toppers</td> <td style="text-align: right;">548383</td> </tr> <tr> <td>TOTAL</td> <td style="text-align: right;">1633690</td> </tr> </tbody> </table> <p>a. Total amount to be spent for the financial year: Rs. 16.33 lakh</p> <p>b. Amount unspent, if any: NIL</p>	Activity	Amount Spent in Rs.	Natural Calamities (Flood, Fire, Eviction)	1046499	Vocational Guidance & Training Centre	32755	Eye Camp	6053	Prize money for school toppers	548383	TOTAL	1633690
Activity	Amount Spent in Rs.												
Natural Calamities (Flood, Fire, Eviction)	1046499												
Vocational Guidance & Training Centre	32755												
Eye Camp	6053												
Prize money for school toppers	548383												
TOTAL	1633690												

C. Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity identified.	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (in Rs.)	Amount spent on the projects or Programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads: (in Rs.)	Cumulative expenditure upto to the reporting period (in Rs.)	Amount spent: Direct or through implementing agency *
1	Natural Calamities (Flood, Fire, Eviction)		Tamilnadu, Chennai & Madurai	1046499	1046499	1046499	Direct
2	Vocational Guidance & Training Centre	Skill Development	Tamilnadu, Chennai & Madurai	32755	32755	1079254	Direct
3	Eye Camp	Health Care	Tamilnadu, Chennai & Madurai	6053	6053	1085307	Agency
4	Prize money for school toppers	Education	Tamilnadu, Chennai & Madurai	548383	548383	1633690	Direct

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

The Company has spent the two per cent of the average net profit of the last three financial years.

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

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

OTHER CSR ACTIVITIES

During this year Chennai and certain parts of Tamilnadu had witnessed unprecedented rains and heavy flooding. Millions of people have lost their homes and belongings were seriously affected in this record rains.

SMILE and its employees had contributed a sum of Rs.6,00,000/- and Rs.2,27,932/- respectively towards flood relief/rehabilitation.



DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

<p>The Board of Directors M/s S.M.I.L.E. Microfinance Limited</p> <p>Dear Sir,</p> <p>I undertake to comply with the conditions laid down in section 149 and Schedule IV of the Companies Act, 2013 in relation to conditions of independence and in particular:</p> <p>(a) I declare that upto the date of this certificate, apart from receiving director's remuneration, I did not have any material pecuniary relationship or transactions with the Company, its promoter, its directors, senior management or its holding Company, its subsidiary and associates as named in the Annexure thereto which may affect my independence as director on the Board of the Company. I further declare that I will not enter into any such relationship/transactions. However, if and when I intend to enter into such relationships/transactions, whether material or non-material I shall keep prior approval of the Board. I agree that I shall cease to be an independent director from the date of entering into such relationship/transaction.</p> <p>(b) I declare that I am not related to promoters or persons occupying management positions at the Board level or at one level below the board and also have not been executive of the Company in the immediately preceding three financial years.</p> <p>(c) I was not a partner or an executive during the preceding three years, of any of the following:</p> <p>(i) the statutory audit firm or the internal audit firm that is associated with the Company and</p> <p>(ii) the legal firm(s) and consulting firm(s) that have a material association with the company</p> <p>(d) I have not been a material suppliers, service provider or customer or lessor or lessee of the company, which may affect independence of the director, and was not a substantial shareholder of the Company i.e., owning two percent or more of the block of voting shares.</p> <p style="text-align: right;">Thanking You.</p> <p style="text-align: right;">Yours Faithfully, P Murali Srinivas (Independent director)</p> <p>Date: 7th June, 2016 Place: Chennai</p>	<p>The Board of Directors M/s S.M.I.L.E. Microfinance Limited</p> <p>Dear Sir,</p> <p>I undertake to comply with the conditions laid down in section 149 and Schedule IV of the Companies Act, 2013 in relation to conditions of independence and in particular:</p> <p>(a) I declare that upto the date of this certificate, apart from receiving director's remuneration, I did not have any material pecuniary relationship or transactions with the Company, its promoter, its directors, senior management or its holding Company, its subsidiary and associates as named in the Annexure thereto which may affect my independence as director on the Board of the Company. I further declare that I will not enter into any such relationship/transactions. However, if and when I intend to enter into such relationships/transactions, whether material or non-material I shall keep prior approval of the Board. I agree that I shall cease to be an independent director from the date of entering into such relationship/transaction.</p> <p>(b) I declare that I am not related to promoters or persons occupying management positions at the Board level or at one level below the board and also have not been executive of the Company in the immediately preceding three financial years.</p> <p>(c) I was not a partner or an executive during the preceding three years, of any of the following:</p> <p>(i) the statutory audit firm or the internal audit firm that is associated with the Company and</p> <p>(ii) the legal firm(s) and consulting firm(s) that have a material association with the company</p> <p>(d) I have not been a material suppliers, service provider or customer or lessor or lessee of the company, which may affect independence of the director, and was not a substantial shareholder of the Company i.e., owning two percent or more of the block of voting shares.</p> <p style="text-align: right;">Thanking You.</p> <p style="text-align: right;">Yours Faithfully, Rajan Samuel (Independent director)</p> <p>Date: 7th June, 2016 Place: Chennai</p>
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ACKNOWLEDGEMENTS

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

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

INDRANI BHAGWAN SINGH
CHAIRMAN & MANAGING DIRECTOR

Place: Chennai
Date :08June, 2016



**FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended 31.03.2016**

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

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U67190TN1995PLC030604
2.	Registration Date	21/03/1995
3.	Name of the Company	S.M.I.L.E. MICROFINANCE LIMITED
4.	Category/Sub-category of the Company	Company Limited by Shares/ Indian Non –Government Company
5.	Address of the Registered office & contact details	'The Galaxy' No.30, 48th Street, 9th Avenue, Ashok Nagar, Chennai-600083
6.	Whether listed company	NO
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	-NA-

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN/GLN	Holding /Subsidiary/ Associate	% of Shares Held	Applicable Section
1	-NA-	-NA-	-NA-	-NA-	-NA-

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

Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2015]				No. of Shares held at the end of the year[As on 31-March-2016]				Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	Nil	3219997	3219997	18.57%	Nil	3219997	3219997	18.57%	Nil
Total shareholding of Promoter (A)	0	3219997	3219997	18.57%	0	3219997	3219997	18.57%	Nil
B. Public Shareholding									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	Nil	2565003	2565003	14.79%	Nil	2565003	2565003	14.79%	Nil
Overseas Corporate Bodies	Nil	11554639	11554639	66.64%	Nil	11554639	11554639	66.64%	Nil
Total Public Shareholding (B)	Nil	14119642	14119642	81.43%	Nil	14119642	14119642	81.43%	Nil
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	Nil	17339639	17339639	100.00%	Nil	17339639	17339639	100.00%	Nil

B) Shareholding of Promoter-

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	RAMESH.S	49998	0.29	Nil	49998	0.29	Nil	Nil
2	GURUSHANKAR.S	2702499	15.59	Nil	2702499	15.59	Nil	Nil
3	BUVANESWARI.N	110000	0.63	Nil	110000	0.63	Nil	Nil
4	DR.MRS.BRATHIBA	150000	0.87	Nil	150000	0.87	Nil	Nil
5	DR.N.SETHURAMAN & S.RAMESH	100000	0.58	Nil	100000	0.58	Nil	Nil
6	DR.N.SETHURAMAN & DR.S .PRATHIBHA	80000	0.46	Nil	80000	0.46	Nil	Nil
7	RAMESH.S & DR. SETHURAMAN. N	27500	0.16	Nil	27500	0.16	Nil	Nil
Total		1380497	3219997	18.57	Nil	18.57	Nil	Nil

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

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
-No change in Promoters shareholding during the FY 2015-16-					

D) Shareholding Pattern of top ten Shareholders:

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

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	DWM Investments (Cyprus) Limited	11554639	66.64	11554639	66.64
2	SRINIVASAN.N	50000	0.29	50000	0.29
3	PANDURANGAN. K	47500	0.27	47500	0.27
4	ESAKKIMUTHU.S	20000	0.12	20000	0.12
5	PANNIR SELVAM.G	20000	0.12	20000	0.12
6	BACKIYATHAI.M	15000	0.09	15000	0.09
7	MAHESWARI.M	15000	0.09	15000	0.09
8	KOTHAI.S	10000	0.06	10000	0.06
9	DR.THIRUMALAI.P	10000	0.06	10000	0.06
10	MANOJ KUMAR.R	10000	0.06	10000	0.06

E) Shareholding of Directors and Key Managerial Personnel:

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



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

V) **IN DEBTEDNESS** -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	90,49,48,160	-	-	90,49,48,160
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	18,86,104	-	-	18,86,104
Total (i+ii+iii)	90,68,34,264	-	-	90,68,34,264
Change in Indebtedness during the financial year				
* Addition	-	-	-	-
* Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	143,23,89,203	-	-	143,23,89,203
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	34,74,340	-	-	34,74,340
Total (i+ii+iii)	143,58,63,543	-	-	143,58,63,543

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (Rs. In Lakhs)

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount in Rs.
1	Gross salary	Mrs. Indrani Bhagwan Singh (Chairman & Managing Director)	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		29,61,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		Nil
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961		Nil
2	Stock Option		Nil
3	Sweat Equity	Nil	
4	Commission - as % of profit - others, specify...		Nil
5	Others		2,46,750
	Total (A)		32,07,750
	Ceiling as per the Act (Upto Rs. 42 Lakh under Schedule V of the act)		Rs. 42,00,000/-

B. Remuneration to other Directors

SN.	Particulars of Remuneration	Name of Directors		Total Amount
		Mr. Murali Srinivas	Mr. Rajan Samuel	
1	Independent Directors			
	Fee for attending board & committee meetings	Rs. 3,85,000	Rs. 2,27,500	Rs. 6,12,500
	Commission	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil
	Total (1)	Rs. 3,85,000	Rs. 2,27,500	Rs. 6,12,500
2	Other Non-Executive Directors			
	Fee for attending board committee meetings	Nil	Nil	Nil
	Commission	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil
	Total (2)	Nil	Nil	Nil
	Total (B)=(1+2)	Nil	Nil	Nil
	Total Managerial Remuneration	Rs. 3,85,000	Rs. 2,27,500	Rs. 6,12,500
	Overall ceiling as per the Act (sitting fees not to exceed Rs. 1,00,000 per meeting)	The Company is paying only sitting fees to Non-Executive Independent Directors which is below the ceiling of Rs 1,00,000/- per meeting as prescribed under the Companies Act, 2013		

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

Amount in Rs.

SN	Particulars of Remuneration	Key Managerial Personnel		Total
		Company Secretary	Chief Financial Officer	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	7,19,000	18,00,000	26,10,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	
2	Stock Option	Nil	Nil	
3	Sweat Equity	Nil	Nil	
4	Commission	Nil	Nil	
	- as % of profit others, specify...	Nil	Nil	
5	Others, please specify	60,000	1,57,500	2,17,500
	Total	7,79,000	20,47,500	28,26,500

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the year ended March 31, 2016

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 even though it is only an Unlisted Public Limited Company.

COMPANY PHILOSOPHY

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

BOARD of DIRECTORS

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

The Current Board of Directors of the Company:

S.no	Name of the Directors	Designation
1	Mrs Indrani Bhagwan Singh	Chairman & Managing Director
2	Mr Bradley Swanson	Non- Executive & Nominee Director of DWM Investments (Cyprus) Limited
3	Mr Aleem Remtula	Non- Executive & Nominee Director of DWM Investments (Cyprus) Limited
4	Mr Murali Srinivas	Independent Director
5	Mr Rajan Samuel	Independent Director

During the Financial Year ended 31st March 2016, four (4) Board Meetings were conducted on the following dates viz., 17th June,2015 ; 10th September, 2015; 17thDecember, 2015 and 24thFebruary, 2016 and not more than four months elapsed between any two Board Meetings.

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

NAME	Nature of Directorship	Attendance		Other
		Board	Committee	Directorships
Mrs. Indrani Bhagwan Singh	Chairman & Managing Director	4	26	Nil
Mr. Bradly Swanson	Non-Executive & Nominee of DWM Investments (Cyprus) Limited	4	11	Nil
Mr. Aleem Remtula	Non-Executive & Nominee of DWM Investments (Cyprus) Limited	3	18	1
Mr. P. Murali Srinivas	Independent	4	34	2
Mr. Rajan Samuel	Independent	4	9	Nil

COMMITTEES OF BOARD

The Board has currently Eight Committees, namely, Asset Liability Management & Risk Management Committee (ALCO); Audit Committee; Borrowing & Investment Committee; Credit & Non-Performing Assets Review Committee; Nomination & Remuneration Committee; Share Allotment & Transfer Committee, Corporate Social Responsibility Committee and Stakeholder Relationship Committee. The Board is responsible for constituting, assigning and co-opting the members of these Committees. The Board fixes the Terms of Reference of Committees and also delegates powers to the Committees from time to time.

The Minutes of the meetings of the Committees are circulated to the Board for its information and confirmation.

AUDIT COMMITTEE

Composition

Mr. Aleem Remtula, Nominee Director of DWM
Mr. Rajan Samuel, Independent Director
Mr. Murali Srinivas, Independent Director

Meetings

The Audit Committee met four (4) times during the Financial Year 2015-16 viz., on 16th June, 2015; 09th September, 2015; 17th December, 2015 and 24th February, 2016.

Terms of Reference

The Role of the Committee, among others will include - :

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

The Committee shall review the following information:

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

Terms of Reference

BORROWING & INVESTMENT COMMITTEE

Composition

Mrs. Indrani Bhagwan Singh, Chairman
Mr. J. Bradley Swanson, Nominee Director of DWM
Mr. Aleem Remtula, Nominee Director of DWM
Mr. Murali Srinivas, Independent Director

Meetings

The Committee met Nineteen (19) times during the Financial Year 2015-16 viz., 26th May, 2015; 16th June, 2015; 17th July, 2015; 23rd July, 2015; 10th September, 2015; 13th September, 2015; 29th October, 2015; 24th November, 2015; 17th December, 2015; 30th December, 2015; 12th February, 2016; 22nd February, 2016; 04th March, 2016; 11th March, 2016; 15th March, 2016; 22nd March, 2016; 24th March, 2016; 29th March, 2016; 31st March, 2016

Terms of Reference

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

CREDIT & NON-PERFORMING ASSETS REVIEW COMMITTEE

Composition

Mrs. Indrani Bhagwan Singh, Chairman
Mr. J. Bradley Swanson, Nominee Director of DWM
Mr. Aleem Remtula, Nominee Director of DWM
Mr. Murali Srinivas, Independent Director

The Committee met four (4) times during the Financial Year 2015-16 viz., on 16th June, 2015; 09th September, 2015; 17th December, 2015 and 24th February, 2016.

Terms of Reference

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

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

ASSET LIABILITY MANAGEMENT & RISK MANAGEMENT COMMITTEE (ALCO)

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

Composition

Mrs. Indrani Bhagwan Singh, Chairman
Mr. J. Bradley Swanson, Nominee Director of DWM
Mr. Aleem Remtula, Nominee Director of DWM
Mr. Rajan Samuel, Independent Director
Mr. Murali Srinivas, Independent Director

The Committee met four (4) times during the Financial Year 2014-15 viz.2015-16 viz., on 16th June, 2015; 09th September, 2015; 17th December, 2015 and 24th February, 2016.

Terms of Reference

1. Liquidity Risk Management
2. Management of Market (Interest Rate) Risk
3. Funding and Capital Planning
4. Pricing, Profit planning and Growth projections
5. Credit and Portfolio Risk Management



6. Setting credit norms for lending products of the company
7. Operational and Process Risk Management
8. Laying down guidelines on KYC norms
9. To approve and revise the actual interest rates to be charged from customers for different products from time to time applying the interest rate model.

SHARE ALLOTMENT & TRANSFER COMMITTEE

Share Allotment & Transfer Committee was constituted as per the guidelines of the Companies Act, 1956.

Composition

Mrs. Indrani Bhagwan Singh, Chairman
Mr. J. Bradley Swanson, Nominee Director of DWM
Mr. Aleem Remtula, Nominee Director of DWM

There were no meetings held during the Financial Year 2015-16

Share Allotment & Transfer Committee:

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

The Company did not receive any complaints during the Financial Year 2015-16.

NOMINATION & REMUNERATION COMMITTEE

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

Composition

1. Mrs. Indrani Bhagwan Singh, Chairman
2. Mr. Aleem Remtula, Nominee Director of DWM
3. Mr. Rajan Samuel, Independent Director
4. Mr. Murali Srinivas, Independent Director

There were no meeting held during the Financial Year 2015-16

Terms of Reference

The terms of reference of the Nomination Committee includes:

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

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

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Corporate Social Responsibility Committee was constituted as provided by Section 135 of the Companies Act, 2013 The outline and composition of the Committee which are more particularly given in annual report on CSR activities

Composition

1. Mrs. Indrani Bhagwan Singh, Chairman
2. Mr. Rajan Samuel, Independent Director
3. Mr. Murali Srinivas, Independent Director



The Committee met three (3) times during the Financial Year 2015-16 viz., on 09th September, 2015; 17th December, 2015 and 24th February, 2016.

Terms of Reference

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

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

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

Sd/-
INDRANI BHAGWAN SINGH
CHAIRMAN & MANAGING DIRECTOR

Place: Chennai
Date: 08th June, 2016

The details of sitting fees paid to directors are as follows:

Name	Sitting Fees in Rs.		No. of Equity Shares held in the Company
	Board	Committee	
Mr. J. Bradley Swanson	-	-	Nil
Mr. Aleem Remtula	-	-	Nil
Mrs. Indrani Bhagwan Singh	-	-	Nil
Mr. Rajan Samuel	70000	157500	Nil
Mr. P. Murali Srinivas	70000	315000	Nil

GENERAL BODY MEETINGS

During the financial year ended 31st March 2016, an Extra-ordinary General Meeting (EGM) and an Annual General Meeting (AGM) were held as per details given below:

Date	Time	Venue
05 th May, 2015	11:00 A.M.	Hotel Gokulam Park - Gayathri Hall - 4th Floor No. 67, 1st Avenue, Ashok Nagar, Chennai -600083
09 th September, 2015	11:00 A.M.	Hotel Gokulam Park - Gayathri Hall - 4th Floor No. 67, 1st Avenue, Ashok Nagar, Chennai -600083

All the proposed resolutions, including special resolutions, were passed by the shareholders as set out in the respective Notices.

CODE OF CONDUCT

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

FAIR PRACTICES CODE

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



DISCLOSURES

The particulars of transactions between the Company and its related parties, as defined in Accounting Standard 18, are set out in the financial statements.

GENERAL SHAREHOLDER INFORMATION

Financial year: 1stApril to 31stMarch: Shareholding pattern as on 31st March 2016

Category	# of Shares	Percentage
Promoter & Promoter Group	3219997	18.57%
Other Members	2562303	14.78%
Foreign Shareholding:		
DWM Investments (Cyprus) Limited	11554639	66.64%
Total	17339639	100.00%

Address for Correspondence

'The Galaxy' No.30, 48th Street,
9th Avenue, Ashok Nagar,
Chennai- 600083

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

INDRANI BHAGWAN SINGH
CHAIRMAN & MANAGING DIRECTOR

CMD / CFO Certificate

The Board of Directors

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

This is to certify that

- We have reviewed financial statements and the cash flow statement for the Financial Year ended 31st March 2016 and that to the best of our knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- There are, to the best of our knowledge and belief, no transactions entered into by the Company during the Financial Year which are fraudulent or illegal.
- We accept responsibility for establishing and maintaining internal controls for financial reporting.

Sd/-

Indrani Bhagwan Singh
Chairman & Managing Director

Sd/-

V.T. Prabakaran
Chief Financial Officer

Place: Chennai

Date: 08th June, 2016

Independent Auditors' Report to the Members of S.M.I.L.E. MICROFINANCE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of S.M.I.L.E. MICROFINANCE LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit & Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation 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 accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the design, implementation and maintenance of adequate internal financial control 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, its profit, and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1, a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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, Statement of Profit & Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ;

(e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure 2 to this report;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has no pending litigations impacting its financial position.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts, which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For VICTORIA MATHEWS & SANTHAKUMAR
Chartered Accountants (FRN: 05458S)**

**sd/-
B. Santhakumar
Partner
Membership Number: 027583/200**

**Chennai
June 8, 2016**



ANNEXURE 1 TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date)

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

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the management during the year and according to the information and explanation given to us, no material discrepancies were identified on such verification.

(c) According to the information and explanations given by the management, there are no immovable properties included in fixed assets of the Company and accordingly reporting requirement under clause 3 (i) (c) of the Order is not applicable to the Company.

(ii) a) The Company's business does not involve dealing in inventories, even though the Company has stock of stationary. Accordingly, the physical verification of inventory has been conducted at reasonable intervals by the management.

b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its businesses.

c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on such physical verification.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 1 85 and 1 86 of the Act are applicable and hence not commented upon.

(v) The Company has not accepted any deposits from the public.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act, for the products/ services of the Company.

(vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales- tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax , service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, there are no dues outstanding of income-tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute.

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to any financial institution, bank, debenture holders or government.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer, hence not commented upon.

Further, monies raised by the Company by way of term loans were applied for the purpose for which those were raised, though idle/surplus funds which were not required for immediate utilization were gainfully invested in liquid assets payable on demand.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no material



fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of section 197, read with Schedule V to the Act.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act, where applicable, and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully / partly convertible debentures during the year and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.

(xvi) According to the information and explanations given to us, we report that the Company has been registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

**For VICTORIA MATHEWS & SANTHAKUMAR
Chartered Accountants (FRN: 05458S)**

**sd/-
B. Santhakumar
Partner
Membership Number: 027583/200**

**Chennai
June 8, 2016**

ANNEXURE 2 TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 (f) under the heading "Report on other legal and regulatory requirements" of our report of even date)

Re: Report on Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act to the Members of S.M.I.L.E. MICROFINANCE LIMITED

We have audited the internal financial controls over financial reporting of S.M.I.L.E MICROFINANCE LIMITED ("the Company") as of March 31, 2016 in conjunction with our audit of financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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 Act.

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 as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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



Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, 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 VICTORIA MATHEWS & SANTHAKUMAR
Chartered Accountants (FRN: 05458S)**

**sd/-
B. Santhakumar
Partner
Membership Number: 027583/200**

**Chennai
June 8, 2016**



BALANCE SHEET AS AT MARCH 31, 2016

Particulars	Notes	₹	₹
		31.03.2016	31.03.2015
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	17,33,96,390	17,33,96,390
(b) Reserves and Surplus	2	66,69,95,685	64,75,50,940
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	3	53,47,73,427	25,10,61,229
(3) Current Liabilities			
(a) Short-Term Borrowings	4	45,00,00,000	9,21,92,122
(b) Other Current Liabilities	5	60,32,42,316	61,38,72,539
(c) Short-Term Provisions	6	1,60,69,746	1,74,51,542
Total Equity & Liabilities		2,44,44,77,564	1,79,55,24,762
II.ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	7	1,15,90,759	1,41,81,817
(b) Deferred tax assets (net)	8	19,13,050	15,29,743
(c) Long Term Loans & Advances	9	8,91,69,511	2,40,98,868
(d) Other Non-Current Assets	10	1,57,74,004	63,15,152
(2) Current Assets			
(a) Inventories	11	3,14,010	3,88,337
(b) Cash and cash equivalents	12	1,00,84,02,019	40,38,21,933
(c) Short Term Loans & Advances	9	1,31,73,14,211	1,34,51,88,912
Total Assets		2,44,44,77,564	1,79,55,24,762
Significant Accounting Policies	18		

Per our report of even date

for and on behalf of the Board

for VICTORIA MATHEWS & SANTHAKUMAR

Chartered Accountants

FRN: 05458S

sd/-

B. SANTHAKUMAR

Partner

Membership No: 27583/200

sd/-

INDRANI BHAGWAN SINGH

CHAIRMAN & MANAGING DIRECTOR

sd/-

J. BRADLEY SWANSON

DIRECTOR

sd/-

V.T PRABAKARAN

CHIEF FINANCIAL OFFICER

sd/-

R. VENKATASUBRAMANIAN

COMPANY SECRETARY

Place : Chennai

Dated : 08.06.2016

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

S.No.	Particulars	Notes	₹	
			31.03.2016	31.03.2015
I	Revenue from operations	13	35,40,81,393	42,61,38,291
II	Other Income	14	2,25,30,104	3,84,63,861
III	Total Revenue (I +II)		37,66,11,497	46,46,02,152
IV	Expenses:			
	Financial Costs	15	12,60,42,281	19,48,49,834
	Employee Benefit Expenses	16	14,07,68,600	18,87,40,659
	Other Administrative Expenses	17	6,40,91,744	7,49,53,959
	Depreciation and Amortization Expenses	7	50,88,848	91,02,389
	Loan Loss Provision		4,51,411	(85,22,498)
	Total Expenses (IV)		33,64,42,884	45,91,24,343
V	Profit before tax (III - IV)		4,01,68,613	54,77,809
VI	Tax expense:			
	(1) Current tax		1,38,02,819	10,43,797
	(2) Deferred tax Provision		(3,83,306)	(14,58,703)
VII	Profit/(Loss) for the year		2,67,49,100	58,92,715
VIII	Earning per equity share of Rs.10/- each:			
	(1) Basic		1.54	0.34
	(2) Diluted		1.54	0.34
	Significant Accounting Policies	18		

Per our report of even date

for and on behalf of the Board

for VICTORIA MATHEWS & SANTHAKUMAR

Chartered Accountants

FRN: 05458S

sd/-

B. SANTHAKUMAR

Partner

Membership No: 27583/200

sd/-

INDRANI BHAGWAN SINGH

CHAIRMAN & MANAGING DIRECTOR

sd/-

J. BRADLEY SWANSON

DIRECTOR

sd/-

V.T PRABAKARAN

CHIEF FINANCIAL OFFICER

sd/-

R. VENKATASUBRAMANIAN

COMPANY SECRETARY

Place : Chennai

Dated : 08.06.2016

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Note 1: Share Capital		₹	₹
S. No.	Particulars	31.03.2016	31.03.2015
1	AUTHORIZED CAPITAL 20,000,000 Equity Shares of Rs. 10/- each	20,00,00,000	20,00,00,000
		20,00,00,000	20,00,00,000
2	ISSUED, SUBSCRIBED & PAID UP CAPITAL 17,339,639 Equity Shares of Rs. 10/- each, Fully Paid up	17,33,96,390	17,33,96,390
	Total	17,33,96,390	17,33,96,390

There is no increase in the capital during the year.

Details of shareholding more than 5%:

S. No.	Name of the Shareholder	31.03.2016		31.03.2015	
		No.	% of holding	No.	% of holding
1	DWM Investments (Cyprus) Limited	1,15,54,639	66.64%	1,15,54,639	66.64%
2	Dr. S. Gurushankar	27,02,499	15.59%	27,02,499	15.59%

Note 2: Reserves & Surplus

1	Share Premium	37,40,19,752	37,40,19,752
2	Statutory Reserve Balance at the beginning of the Year Add: Amount transferred from surplus in the statement of Profit & Loss	5,47,09,579 53,49,820	5,35,31,036 11,78,543
	Closing Balance	6,00,59,399	5,47,09,579
3	Surplus in the statement of Profit & Loss Balance brought forward from previous year Add: Profit for the year Less: Transfer to Statutory reserve Dividend & Distribution Tax	21,88,21,609 2,67,49,100 53,49,820 73,04,354	21,41,07,437 58,92,715 11,78,543 -
	Closing Balance	23,29,16,535	21,88,21,609
	Total	66,69,95,685	64,75,50,940

There is no change in the Share premium account during the year.

Note 3: Term Borrowings

	Non-current portion		Current maturities	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
1 Term Loan Secured by charge on present Micro Credit Loan Receivables - From Banks - From Others: Bodies Corporates	34,81,13,643 7,49,24,220	21,88,31,878 2,94,67,020	35,56,96,314 5,00,75,780	51,52,82,233 4,55,32,980
Secured by charge on future Micro Credit Loan Receivables: - From Banks - From Others: Bodies Corporates	3,63,50,000 7,29,09,763	- -	1,36,50,000 2,70,90,237	- -
Secured by charge on Vehicles Amount disclosed under the head "Other Current Liabilities" (refer Note 5)	24,75,801 -	27,62,331 -	11,03,445 (44,76,15,776)	8,79,596 (56,16,94,809)
Total	53,47,73,427	25,10,61,229	-	-

Note 4: Short Term Borrowings

	Non-current portion		Current maturities	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
1 Term Loan Secured by charge on present Micro Credit Loan Receivables - From Bodies Corporates	-	-	30,00,00,000	9,21,92,122
Secured by charge on future Micro Credit Loan Receivables - From Bodies Corporates	-	-	15,00,00,000	-
Total	-	-	45,00,00,000	9,21,92,122

These loans are secured against hypothecation of the book debts arising out of micro loans.

		₹	₹
Term Loans:	Total	Non-current portion	Current maturities
From Banks			
Andhra Bank -TL-4	1,25,00,000	-	1,25,00,000
Andhra Bank -TL-5	3,12,50,000	62,50,000	2,50,00,000
Andhra Bank -TL-6	5,00,00,000	2,50,00,000	2,50,00,000
Bank of Maharashtra - TL 2	1,60,25,873	-	1,60,25,873
Bank of Maharashtra - TL 3	4,50,00,000	2,70,00,000	1,80,00,000
Bharatiya Mahila Bank *	5,00,00,000	3,63,50,000	1,36,50,000
Canara Bank	1,36,60,000	-	1,36,60,000
DCB Bank - TL-8	50,00,000	-	50,00,000
DCB Bank - TL-9	2,00,00,000	-	2,00,00,000
IDBI Bank Ltd - TL-4	2,08,33,331	-	2,08,33,331
The Karnataka Bank Ltd - TL-2	1,24,99,990	-	1,24,99,990
The Karnataka Bank Ltd - TL-3	1,40,00,000	60,00,000	80,00,000
The Karnataka Bank Ltd - TL-4	5,00,00,000	4,16,66,668	83,33,332
The Lakshmi Vilas Bank Ltd - TL 4	10,00,00,000	6,96,96,970	3,03,03,030
The South Indian Bank Ltd -TL-2	83,26,000	-	83,26,000
The South Indian Bank Ltd -TL-3	1,63,81,430	-	1,63,81,430
The South Indian Bank Ltd -TL-4	3,00,00,000	2,25,00,000	75,00,000
Union Bank Of India	5,00,00,000	2,50,00,004	2,49,99,996
Vijaya Bank-TL-3	5,83,33,333	2,50,00,001	3,33,33,332
Vijaya Bank-TL-4	15,00,00,000	10,00,00,000	5,00,00,000
Total	75,38,09,957	38,44,63,643	36,93,46,314
From Bodies Corporate			
Hero Fincorp Limited *	5,00,00,000	3,95,74,763	1,04,25,237
IFMR Capital Finance Private Limited - TL-11	20,00,00,000	-	20,00,00,000
IFMR Capital Finance Private Limited - TL-12*	15,00,00,000	-	15,00,00,000
Maanaveeya Development & Finance Private Ltd	2,50,00,000	-	2,50,00,000
Muthoot Capital Services Ltd	10,00,00,000	6,60,00,000	3,40,00,000
Reliance Home Finance Ltd	10,00,00,000	89,24,220	9,10,75,780
Religare Finvest Limited *	5,00,00,000	3,33,35,000	1,66,65,000
Total	67,50,00,000	14,78,33,983	52,71,66,017
Vehicle Loans			
HDFC Bank	35,79,246	24,75,801	11,03,445
Grand Total	1,43,23,89,203	53,47,73,427	89,76,15,776

* Secured against the Book debts to be created out of their funds.

Note 5: Other Current Liabilities

S. No.	Particulars	31.03.2016	31.03.2015
1	Current maturities of long term borrowings (refer note 3)	44,76,15,776	56,16,94,809
2	Interest Accrued but not due on Secured Loans	34,74,340	18,86,104
3	Portfolio collections in respect of Securitisation	10,15,22,240	-
4	Others	4,43,36,971	4,81,48,110
5	Sundry Creditors for Expenses	62,92,989	21,43,516
	Total	60,32,42,316	61,38,72,539

Note 6: Short Term Provisions

1	Provision For Employees' Benefit		
	Gratuity payable	-	40,27,508
2	Others		
	Loan Loss Provision	1,38,75,445	1,34,24,034
	Provision for Taxation	21,94,301	-
	Total	1,60,69,746	1,74,51,542



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

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

Notes Forming Integral Part of the Balance Sheet as at 31st March, 2016

Note 7: Fixed Asset
I. Tangible Assets

₹

Particulars (A)	COST				DEPRECIATION				NET BLOCK	
	As at 01.04.2015 (B)	Additions During the year (C)	Deductio n during the year (D)	As at 31.03.2016 (E)=B+C-D	As at 01.04.2015 (F)	Additions During the year (G)	Deduction during the year (H)	As at 31.03.2016 (I)=F+G-H	As at 31.03.2016 (J)	As at 31.03.2015 (K)
Computers	1,43,10,550	-	3,49,744	1,39,60,806	12,937,242	5,81,342	3,13,204	1,32,05,380	7,55,426	13,73,309
Electricals & Installation	32,44,613	-	3,19,401	29,25,212	1,903,510	4,04,724	2,81,448	20,26,786	8,98,426	13,41,102
Furniture & Fittings	69,57,752	20,21,425	11,43,346	78,35,831	3,601,765	12,44,003	10,02,783	38,42,985	39,92,846	33,55,987
Office Equipments	29,23,314	92,285	5,75,538	24,40,061	2,127,409	4,21,672	5,18,033	20,31,048	4,09,013	7,95,905
Motor Vehicles:										
Car	92,69,847	9,25,250	11,58,259	90,36,838	4,807,200	13,35,170	8,52,276	52,90,094	37,46,744	44,62,647
Two Wheeler	2,43,300	-	1,864	2,41,436	23,507	57,887	1,738	79,656	1,61,780	2,19,793
Server & Networks	88,26,789	37,500	-	88,64,289	6,193,715	10,44,050	-	72,37,765	16,26,524	26,33,074
TOTAL	4,57,76,165	30,76,460	35,48,152	4,53,04,473	3,15,94,348	50,88,848	29,69,482	3,37,13,714	1,15,90,759	1,41,81,817

Note 8: Deferred Tax Assets

S.No	Particulars	₹	₹
		31.03.2016	31.03.2015
1	Impact of difference between tax depreciation & depreciation/amortisation charged for the financial reporting	19,13,050	15,29,743
	Total	19,13,050	15,29,743

Note 9: Loans & Advances

		Long Term (Non-current)		Short Term (Current)	
		31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
1	Secured – Considered good: Loans against hypothecation of Two Wheelers to Staff	-	67,268	42,318	3,10,655
2	Unsecured - Considered good: Micro Credit Loans to Poor Women	8,91,69,511	2,40,31,600	1,29,03,04,295	1,31,21,33,793
	Staff Loans	-	-	17,21,116	8,17,965
	Interest Accrued on Micro Credit Loans	-	-	63,07,266	50,42,142
	Advance Recoverable in cash or in kind for value to be received	-	-	85,37,358	1,16,36,773
	Amount Receivable from Bajaj Allianz Life Insurance Company Ltd towards Death Claim & Insurance claims of Borrowers	-	-	3,00,000	2,83,500
3	Other Loans & Advances (Unsecured considered good): Income Tax and TDS (Previous Years)	-	-	1,01,01,858	94,41,337
	Advance Income Tax and TDS (Current Year)	-	-	-	55,22,747
	Total	8,91,69,511	2,40,98,868	1,31,73,14,211	1,34,51,88,912

Note 10: Other Non-current Assets

1	Unamortized Expenses	1,57,74,004	63,15,152
	Total	1,57,74,004	63,15,152

Note 11: Inventories

1	Stock of Stationery	3,14,010	3,88,337
	Total	3,14,010	3,88,337

Note 12: Cash & Cash Equivalent

1	Cash Balance Cash-in-Hand	12,75,379	18,56,856
2	Bank Balance in Current Accounts in Fixed Deposits (a) Earmarked for staff security deposit	61,54,26,611	17,12,41,174
	(b) Earmarked to Term Lenders towards Margin Money: - upto 12 months of Maturity	27,97,500	35,17,963
	- More than 12 months Maturity	25,17,50,114	9,90,58,174
	(c) Fixed Deposit -Not covered by Term Loan or Securitisation	11,80,06,625	9,38,22,337
		-	1,37,50,000
3	Interest Accrued on Deposits with banks	1,91,45,790	2,05,75,429
	Total	1,00,84,02,019	40,38,21,933

Note 13: Revenue from Operations

1	Interest on Loans	29,25,08,754	38,74,59,983
2	Profit on Securitisation of Micro Credit Loan Receivables	3,21,81,417	1,64,88,501
3	Processing Fee Receipts	2,92,83,200	2,20,84,700
4	Bad Debts Recovered	1,08,022	1,05,107
	Total	35,40,81,393	42,61,38,291

Note 14: Other Income

		₹	₹
1	Interest on Fixed Deposits	2,08,19,902	3,36,65,442
2	Dividend earned on Liquid Fund Investments	2,52,731	26,95,866
3	Profit on Sale of Assets (current year net of loss)	20,072	1,43,878
4	Misc. Income	14,37,399	19,58,675
	Total	2,25,30,104	3,84,63,861

Note 15: Financial Cost

1	Interest to - Banks	8,53,14,580	14,89,16,318
	- Bodies Corporate	1,87,62,585	3,55,30,873
2	Documentation Charges	1,18,941	64,196
3	Bank Charges	5,18,942	10,48,365
4	Processing Fees - Banks	91,86,512	74,42,860
	- Bodies Corporate	1,21,40,721	18,47,222
	Total	12,60,42,281	19,48,49,834

Note 16: Employee Benefit Expenses

S.No.	Particulars	31.03.2016	31.03.2015
1	Salaries & Bonus	11,71,42,231	15,45,91,844
2	Staff Welfare Expenses	87,80,347	1,44,82,217
3	Gratuity Expenses	23,24,425	44,69,808
4	PF and ESI Expenses	95,60,597	1,23,76,790
5	Directors' Remuneration	29,61,000	28,20,000
	Total	14,07,68,600	18,87,40,659

Note 17: Other Administrative Expenses

1	Telephone Expenses	30,28,772	39,39,572
2	Travelling Expenses	1,15,23,455	1,65,81,165
3	Repairs & Maintenance (Building)	5,07,978	2,94,175
4	Repairs & Maintenance (Machinery)	66,00,543	33,84,919
5	Electricity Charges	24,15,339	32,49,064
6	CSR Activity Expenses	13,36,344	10,08,021
7	Customer Welfare Expenses	3,27,470	30,94,348
8	Bad Debts written off	2,82,093	9,32,084
9	General Expenses	16,53,929	9,23,399
10	Insurance Expenses	18,37,776	16,84,855
11	Membership fees	3,06,045	-
12	Postage & Telegram	8,81,032	6,17,481
13	Professional Charges	64,99,171	41,99,036
14	Vehicle Maintenance	13,98,650	19,88,103
15	Filing Fees	10,724	62,170
16	Directors' Sitting Fees	6,12,500	5,95,000
17	Security Expenses	9,17,094	11,65,679
18	Stationery Expenses	23,16,875	30,65,962
19	Auditors' Remuneration		
	Statutory Auditor:	11,59,567	9,00,000
	Branch Auditors (including Previous Year)	2,55,000	-
20	Rents, Rates & Taxes	1,62,14,000	2,23,02,416
21	Software Expenses	38,75,153	47,26,830
22	Meeting and Seminar Expenses	1,32,234	2,39,680
	Total	6,40,91,744	7,49,53,959



18) SIGNIFICANT ACCOUNTING POLICIES:

a) Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the RBI as applicable to a NBFC-MFI and NBFC-ND-SI. The financial statements have been prepared on an accrual basis and under the historical cost convention except interest on loans which have been classified as non-performing assets and are accounted for on realisation basis.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

b) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/ (loss) before 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. Cash and Cash equivalent for the purpose of cash flow statement comprises of cash in hand and Bank in current account, fixed deposit account and Interest receivable thereon.

c) Revenue Recognition:

- 1) Interest on microfinance loans is recognized on accrual basis, as per the contract with the borrowers.
- 2) Processing fee is recognized based on its collections, at the time of disbursement of Loans.
- 3) Interest on Non-Performing Assets, representing microfinance loans, is recognized only when received.
- 4) Profit on sale of loan receivables is recognized on transfer of clear title and is apportioned on time basis.
- 5) Interest on deposits is recognized on accrual basis.

d) Borrowing Costs:

The interest costs incurred in connection with borrowing of funds are charged to revenue on accrual basis, and processing fees paid upfront to the funders are charged to revenue on time basis.

e) Fixed Asset:

- 1) All fixed assets have been valued at cost inclusive of direct and incidental expenses related to acquisition.
- 2) Depreciation on the assets is provided on Written down value method at the rates specified in the Schedule II to the Companies Act, 2013.
- 3) In respect of additions and sale of fixed assets, the depreciation is provided on proportionate basis from the date when the asset is put into use and till the date of sale respectively.
- 4) **Depreciation:** Depreciation of tangible fixed assets is provided on the written down value method using the rates arrived at based on the useful life of the assets prescribed under Schedule II to the Companies Act, 2013.

f) Inventories:

Inventories comprise of stationery items. These are stated at cost.

g) Provisions:

1. A provision arising out of a present obligation is recognized when it is probable that an outflow of resources will be required to settle the obligation and the amount that be reasonably estimated.



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

2. Whenever there is a possible obligation that may, but probably will not, require an outflow of resources, the same is disclosed by way of contingent liability.
3. Loans are classified and provided for as per the norms applicable to NBFC-MFIs in terms of RBI circular dated 1st July, 2015.
4. The Company has made a provision on the entire outstanding loan portfolio @ 1% as per the Reserve Bank of India directions, applicable to Microfinance Institutions.

h) Gratuity:

The Company has covered its employees under group gratuity scheme of Life Insurance Corporation of India. The premium payable/paid to Life Insurance Corporation of India is charged to revenue.

i) Unamortized Expenses:

This represents the processing fee on loans to the extent not written off.

19) Microcredit Loans & Staff Loans:

All loan exposures to borrowers with installments structure are stated at the outstanding balance including overdue.

20) Confirmation of balances is yet to be received from a few parties.

21) Estimated amount of Contracts remaining to be executed on capital account and not provided for is Rs.NIL (Previous Year – Rs. NIL).

22) The entire operation of the company falls under one business segment only viz Microfinance.

23) ASSET QUALITY:

	Non-Performing Assets (NPAs)	2015–16 ₹	2014–15 ₹
i	Net NPA to Advances (%)	NIL	NIL
ii	Movement of NPAs (Gross):		
	a) Opening Balance	5,92,069	5,01,276
	b) Additions during the year	14,15,638	10,75,565
	c) Reduction during the year	11,55,019	52,688
	d) Written-off during the year	2,82,093	9,32,084
	e) Closing Balance	5,70,595	5,92,069
iii	Movement of NPAs (Net):		
	a) Opening Balance	-	-
	b) Additions during the year	-	-
	c) Reduction during the year	-	-
	d) Closing Balance	-	-
iv	Movement of Loan Loss Provision:		
	a) Opening Balance	1,34,24,034	2,19,46,532
	b) Provision made during the year	451,411	-
	c) Write-off/ Write back of excess provisions	-	85,22,498
	d) Closing balance	1,38,75,445	1,34,24,034
	Contingent Provision against Standard Assets	NA	NA

24) Details of Financial Assets sold under Securitization System:

Under securitization of financial assets (Micro Finance Portfolio) arrangement between the Company and the Assignees, the Company acts as a collection agent for managing such Portfolio. The Company entered into a separate collection agency agreement in this respect. The Principal outstanding in respect of such loan contracts as on 31st March 2016 is Rs. 32,06,00,953/-.

a. RELIANCE CAPITAL LTD. – ALPHA TRUST 2015

	PARTICULARS	2015-16	2014-15
I	No. of Accounts	43,377	NIL
II	Aggregate value (net of Provisions) of accounts sold ₹	19,45,20,317	NIL
III	Aggregate Consideration ₹	18,75,43,836	NIL
IV	Additional consideration realized in respect of accounts transferred in earlier years	Nil	NIL
V	Aggregate gain/loss over net book value ₹	69,76,481	NIL

b. RELIANCE CAPITAL LTD. – ALPHA TRUST JUNE 2015

	PARTICULARS	2015-16	2014-15
I	No. of Accounts	17,781	NIL
II	Aggregate value (net of Provisions) of accounts sold ₹	18,93,92,760	NIL
III	Aggregate Consideration ₹	19,68,05,018	NIL
IV	Additional consideration realized in respect of accounts transferred in earlier years	Nil	NIL
V	Aggregate gain/loss over net book value ₹	74,12,258	NIL

c. RELIANCE CAPITAL LTD. – ALPHA TRUST JULY 2015

	PARTICULARS	2015-16	2014-15
I	No. of Accounts	40,953	NIL
II	Aggregate value (net of Provisions) of accounts sold ₹	17,38,34,178	NIL
III	Aggregate Consideration ₹	17,88,77,906	NIL
IV	Additional consideration realized in respect of accounts transferred in earlier years	Nil	NIL
V	Aggregate gain/loss over net book value ₹	50,43,728	NIL

d. RELIANCE CAPITAL LTD. – ALPHA TRUST SEPTEMBER 2015

	PARTICULARS	2015-16	2014-15
I	No. of Accounts	18,511	NIL
II	Aggregate value (net of Provisions) of accounts sold ₹	18,74,17,446	NIL
III	Aggregate Consideration ₹	19,43,74,473	NIL
IV	Additional consideration realized in respect of accounts transferred in earlier years	Nil	NIL
V	Aggregate gain/loss over net book value ₹	69,57,027	NIL

e. RELIANCE CAPITAL LTD. – ALPHA TRUST OCTOBER 2015

	PARTICULARS	2015-16	2014-15
I	No. of Accounts	12,269	NIL
II	Aggregate value (net of Provisions) of accounts sold ₹	11,83,74,160	NIL
III	Aggregate Consideration ₹	12,22,57,571	NIL
IV	Additional consideration realized in respect of accounts transferred in earlier years	Nil	NIL
V	Aggregate gain/loss over net book value ₹	38,83,411	NIL



f. RELIANCE CAPITAL LTD. – ALPHA TRUST DECEMBER 2015

	PARTICULARS	2015-16	2014-15
I	No. of Accounts	18,878	NIL
II	Aggregate value (net of Provisions) of accounts sold ₹	20,98,96,951	NIL
III	Aggregate Consideration ₹	21,83,72,294	NIL
IV	Additional consideration realized in respect of accounts transferred in earlier years	Nil	NIL
V	Aggregate gain/loss over net book value ₹	84,75,343	NIL

g. IFMR CAPITAL FINANCE PRIVATE LTD – AURELIUS 2015

	PARTICULARS	2015-16	2014-15
I	No. of Accounts	25,780	NIL
II	Aggregate value (net of Provisions) of accounts sold ₹	22,67,73,589	NIL
III	Aggregate Consideration ₹	24,13,15,950	NIL
IV	Additional consideration realized in respect of accounts transferred in earlier years	Nil	NIL
V	Aggregate gain/loss over net book value ₹	1,43,42,362	NIL

The Company maintains a Cash Collateral in respect of the above Securitization transactions and the balance as on 31st March 2016 is Rs.7,38,77,115/-

25) Details of financial assets sold to securitisation / reconstruction company for asset reconstruction:

The Company has not sold financial assets to Securitisation/Reconstruction companies for asset reconstruction in the current and previous year.

26) Details of non-performing financial assets purchased/sold:

The Company has not purchased/sold non-performing financial assets in the current and previous year.

27) Comparative Figures:

Previous year's figures have been regrouped/ rearranged wherever necessary.

28) Related Party Transactions:-

Disclosures of transactions with the related parties are given below:

Key Management Personnel:

- Mrs. INDRANI BHAGWAN SINGH, Chairman & Managing Director
- Mr. PRABAKARAN, Chief Financial Office
- Mr. VENKATASUBRAMANIAN, Company Secretary

Other Directors:

- Mr. MURALI SRINIVAS, Independent Director
- Mr. RAJAN SAMUEL, Independent Director
- Mr. J. BRADLEY SWANSON, Director
- Mr. ALEEM REMTULA, Director



Relatives of Key Management Personnel with whom transactions have taken place are given below:

Associates/ Related entities with whom transactions have taken place: Nil

Remuneration to whole-time Directors:

During the year ended March 31, 2016, the Company paid remuneration to the whole-time Director: –

Mrs. INDRANI BHAGWAN SINGH

Nature	₹	
	2015-16	2014-15
Salary	29,61,000	16,45,000
Ex-gratia & Incentive	2,46,750	-
Total	32,07,750	16,45,000

Directors' Sitting Fee Paid

Name	2015-16	2014-15
Mrs. Indrani Bhagwan Singh	-	1,92,500
Mr. Murali Srinivas	3,85,000	3,15,000
Mr. Rajan Samuel	2,27,500	87,500
Total	6,12,500	5,95,000

Remuneration for Key Managerial Personnel

Name	2015-16		2014-15	
	Salary	Ex-gratia & Incentive	Salary	Ex-gratia & Incentive
Mr. Prabakaran	18,90,000	1,57,500	18,00,000	-
Mr. Venkatasubramanian	7,19,000	60,000	21,428	-
Total	26,09,000	2,17,500	18,21,428	-

29) Earnings per Share:

Particulars	2015-16	2014-15
Profit after tax (₹)	2,67,49,100	58,92,715
No. of Equity Shares of Rs.10 each as on 31 st March	1,73,39,639	1,73,39,639
Basic EPS (₹)	1.54	0.34

30) Taxation:

Income Tax:

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

Deferred tax:

Income tax expenses comprise of current and deferred tax charge or credit. Deferred tax assets / liabilities are measured by applying tax rate and tax laws that are in force on the date of adoption of the balance sheet. Deferred tax assets on account of timing differences are recognized only to the extent there is certainty of its realization. At each balance sheet date, the carrying amount of deferred tax asset is reviewed based on developments to reassess realization.

The Company has arrived at a Deferred Tax Asset of Rs.19,13,050/- as at 31st March, 2016. (Previous year Deferred Tax Asset: Rs. 15,29,744/-).

31) Impairment of Assets:

In the opinion of the management, there is no impairment of any of the Fixed Assets of the Company.

32) Contingent Liabilities and Contingent Assets:

Contingent Liabilities:

There exists a contingent liability in respect of one MCOP case for a minimum of Rs. 5 Lacks.

33) Auditors' Remuneration:

Particulars	Year ended	
	March 31, 2016	March 31, 2015
As Auditor		
For Statutory Audit	11,59,567	9,00,000
Total	11,59,567	9,00,000

34) Micro, Small & Medium Enterprises

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) and relied upon by the auditors, the relevant particulars as at the yearend is NIL

35) Expenditure in foreign currency:

There are no foreign currency transactions during the year (Previous year: NIL)

36) Information on instances of fraud:

Instances of fraud for the year ended March 31, 2016

Nature of fraud	No. of cases	Amount of fraud	Recovery
Cash misappropriation	37	2,65,017	1,67,594

The management is taking necessary action for recovery of the balance amount.

37) Disclosure of Capital Adequacy, Pricing of Credit, Exposure to Real Estate Sector & Liquidity:

Though the Company is not SI, the Company makes the following disclosure as per the Guidelines for Systemically Important Non-deposit taking Non-Banking Finance Companies as regards Capital Adequacy, Pricing of Credit, Liquidity and Disclosure Norms issued by the Reserve Bank:

Capital Adequacy Ratio:

Particulars	(Rs. In Crores)	
	As at 31 March 2016	As at 31 March 2015
Tier I Capital	78.69	81.31
Tier II Capital	0.00	0.00
Total Capital	78.69	81.31
Total Risk Weighted Assets	140.49	135.43
Capital Ratios		
Tier I Capital as a Percentage of Total Risk Weighted Assets (%)	56.01	60.04
Tier II Capital as a Percentage of Total Risk Weighted Assets (%)	0.00	0.00
Total Capital (%)	56.01	60.04

Pricing of Credit:

The average interest paid on borrowings for the Company for financial year 2015-16 is 13.49% and the average interest charged by the Company on the loans granted to members is 22.81%, calculated as per the RBI guidelines.

On micro-credit, the Company was charging interest not exceeding 26% on diminishing balance method, which is in compliance with the pricing guidelines.

Information on Net Interest Margin:

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Average interest (a)	22.81%	24.34%
Average effective cost of borrowing (b)	13.49%	14.61%
Net interest margin (a-b)	9.32%	9.73%



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

Exposure to Real Estate Sector, both Direct and Indirect:

The Company does not have any direct or indirect exposure to the real estate sector during the year ended 31st March 2016 and 31st March 2015.

38) The Company has no derivative transaction during the year, neither in the previous years as well.

Asset Liability Management:

Maturity Pattern of Certain Items of Assets and Liabilities

(Rs in Crores)

	Up to 1 month	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 yr	Over 1 yr up to 3 yrs	Over 3 yrs up to 5 yrs	Over 5 yrs
Liabilities								
Borrowing from Banks	6.55	6.56	10.80	23.90	41.96	53.46	0.02	Nil
Assets								
Advances	13.74	14.05	13.86	38.03	49.52	8.92	NIL	NIL
Investments	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Per our report of even date

for and on behalf of the Board

for **VICTORIA MATHEWS & SANTHAKUMAR**

Chartered Accountants

FRN: 05458S

sd/-

B. SANTHAKUMAR

Partner

Membership No: 27583/200

sd/-

INDRANI BHAGWAN SINGH

CHAIRMAN & MANAGING DIRECTOR

sd/-

J. BRADLEY SWANSON

DIRECTOR

sd/-

V.T PRABAKARAN

CHIEF FINANCIAL OFFICER

sd/-

R. VENKATASUBRAMANIAN

COMPANY SECRETARY

Place : Chennai

Dated : 08.06.2016



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

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

CASH FLOW STATEMENT		31.03.2016	31.03.2015
		₹	₹
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit Before Taxes		4,01,68,613	54,77,809
Adjustment for Non- Cash Items			
Loan Loss Provision/ Provision for NPA & on Contingent Provision		4,51,411	(85,22,498)
Loss / (Profit) on Sale of Assets (Net)		(20,072)	(1,43,878)
Depreciation		50,88,848	91,02,389
Operating Profit Before Changes in Working Capital		4,56,88,800	59,13,822
Adjustments for:			
(Increase)/ Decrease in Micro-credit Advances		(4,33,08,413)	85,58,77,612
(Increase)/ Decrease in Other Current Assets		(11,90,797)	60,85,026
(Increase)/ Decrease in Other Loans & Advances		73,77,594	53,84,479
(Increase)/ Decrease in Miscellaneous Assets		(94,58,852)	66,87,082
(Decrease)/Increase in Other Liabilities and Provisions		(1,24,63,430)	(1,01,51,29,470)
Net cash generated from operating activities Before Tax		(1,33,55,097)	(13,51,81,448)
Income Tax Paid		(1,38,02,819)	(10,43,797)
Net cash Generated / (used) from Operating Activities After Tax	(A)	(2,71,57,917)	13,62,25,246
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets		(30,76,460)	(5,12,169)
Sale of Fixed Assets		5,98,742	1,91,000
Net Cash Generated from Investing Activities	(B)	24,77,718	(3,21,169)
CASH FLOW FROM FINANCING ACTIVITIES			
Net Increase in Loans Received		64,15,20,075	(22,41,94,093)
Dividend & distribution tax		(73,04,354)	
Net Cash Generated from Financing Activities	(C)	63,42,15,721	(22,41,94,093)
Net Increase/(Decrease) in Cash and Cash equivalents during the year (A)+(B)+(C)		60,45,80,086	(36,07,40,508)
Cash and Cash Equivalents at the beginning of the year		40,38,21,933	76,45,62,441
Cash and Cash Equivalents at the end of the year		1,00,84,02,019	40,38,21,933

Per our report of even date
for VICTORIA MATHEWS & SANTHAKUMAR
Chartered Accountants
FRN: 05458S

for and on behalf of the Board

sd/-
B. SANTHAKUMAR
Partner
Membership No: 27583/200

sd/-
INDRANI BHAGWAN SINGH
CHAIRMAN & MANAGING DIRECTOR

sd/-
J. BRADLEY SWANSON
DIRECTOR

Place : Chennai
Dated : 08.06.2016

sd/-
V.T PRABAKARAN
CHIEF FINANCIAL OFFICER

sd/-
R. VENKATASUBRAMANIAN
COMPANY SECRETARY



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

Schedule to the Balance Sheet of a non-deposit taking Non-Banking Financial Company (as required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 as at 31.03.2016.

Liabilities side :

Particulars	(Rs. in lakhs)	
	Amount Outstanding	Amount Overdue
(1) Loans and advances availed by the Non-Banking Financial Company Inclusive of interest accrued thereon but not paid		
(a) Debentures : Secured	0	0
: Unsecured (other than falling within the meaning of public deposits*)	0	0
(b) Deferred Credits	0	0
(c) Term Loans	143.24	0
(d) Inter-Corporate loans and borrowing	0	0
(e) Commercial Paper	0	0
(f) Other Loans (specify nature)	0	0
* Please see Note 1 below		

Assets side :

(2) Break-up of Loans and Advances including bills receivables (other than those included in (4) below):		
(a) Secured	17	0
(b) Unsecured	13795	6
(3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		
(i) Lease assets including lease rentals under sundry debtors:		
(a) Financial lease	0	0
(b) Operating lease	0	0
(ii) Stock on hire including hire charges under sundry debtors:		
(a) Assets on hire	0	0
(b) Repossessed Assets	0	0
(iii) Other loans counting towards AFC activities		
(a) Loans where assets have been repossessed	0	0
(b) Loans other than (a) above	0	0

(4) Break-up of Investments :	Cost	Market Value
Current Investments :		
1. Quoted :		
(i) Shares : (a) Equity		0
(b) Preference		0
(ii) Debentures and Bonds		0
(iii) Units of mutual funds		0
(iv) Government Securities		0
(v) Others (please specify)		0
2. Unquoted :		
(i) Shares : (a) Equity		0
(b) Preference		0
(ii) Debentures and Bonds		0
(iii) Units of mutual funds		0
(iv) Government Securities		0
(v) Others (please specify)		0



Long Term Investments :		
1. Quoted :		
(i) Shares : (a) Equity		0
(b) Preference		0
(ii) Debentures and Bonds		0
(iii) Units of mutual funds		0
(iv) Government Securities		0
(v) Others (please specify)		0
2. Unquoted :		
(i) Shares : (a) Equity		0
(b) Preference		0
(ii) Debentures and Bonds		0
(iii) Units of mutual funds		0
(iv) Government Securities		0
(v) Others (please specify)		0

(5) Borrower group-wise classification of assets financed as in (2) and (3) above:

Please see Note 2 below

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties **			
(a) Subsidiaries	0	0	0
(b) Companies in the same group	0	0	0
(c) Other related parties	0	0	0
2. Other than related parties	17	13795	13812
TOTAL	17	13795	13812

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): Please see note 3 below

Category	Market / Break-up value or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties **		
(a) Subsidiaries	0	0
(b) Companies in the same group	0	0
(c) Other related parties	0	0
2. Other than related parties	0	0
TOTAL	0	0

** As per Accounting Standard of ICAI (Please see Note 3)

(7) Other Information

Particulars	Amount
(i) Gross Non-Performing Assets	
(a) Related parties	0
(b) Other than related parties	6
(ii) Net Non-Performing Assets	
(a) Related parties	0
(b) Other than related parties	0
(iii) Assets acquired in satisfaction of debt	0

NOTES:

- As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in Non-Banking Financial Company- Micro Finance Institutions (NBFC-MFIs) – Direction dated 1st July 2015.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (4) above.



FAIR PRACTICES CODE

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

1. LOAN APPLICATION – PROCESSING

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

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

Receipt of completed application forms will be duly acknowledged.

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

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

2. LOAN APPRAISAL AND TERMS/ CONDITIONS

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

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

3. DISBURSEMENT OF LOAN

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

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

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

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

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

rates and other charges and ensure that they are not excessive.

4. POST DISBURSEMENT

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

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

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

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

5. GRIEVANCES – REDRESSAL

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

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

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

6. ASSURANCE

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

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

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

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