

No. CTL/DEB/21-22/Noting Certificate/1100

June 30, 2021

To Whomsoever It May Concern,

CERTIFICATE FOR RECEIPT AND NOTING OF INFORMATION

[Pursuant to Regulation 52(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

We, Catalyst Trusteeship Limited (“**Debenture Trustee**”) hereby confirm that we have received and noted the information, as specified under regulation 52(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 (“**Regulations**”), provided to us by **S.M.L.E Microfinance Ltd (“the Company”)** for the Half Year ended March 31, 2021.

This Certificate is being issued pursuant to the requirements of regulation 52(5) of the aforesaid Regulations, for onward submission to Stock Exchange(s) by the Company.

For Catalyst Trusteeship Limited



Authorised Signatory

Encl: Results submitted by Company





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

Date: 30th June, 2021

To,
Catalyst Trusteeship Ltd.
Mumbai,

Sir/Madam,

This is with reference regulation 52(5) of SEBI LODR in relation to the statutory compliance report for the year ended 31st March, 2021, please find attached the following documents and provide the certificate of debenture trustee as required under regulation 52(5) of SEBI LODR.

1. Audited Financial Results along with the Statutory Auditor's Report to be submitted to BSE Ltd. (Annexure.1)
2. Disclosure pursuant to Regulations 52(4) of the SEBI Listing Obligations and Disclosure Requirements Regulations 2015 (Annexure.2)
3. Statement with respect to Material Deviation in use of proceeds of issue of Non-Convertible Debt Security for the year ended 31st March, 2021 (Annexure.3)
4. Certificate from chartered accountant for security cover. (Annexure.4)

Kindly acknowledge receipt and update the same in your records.

Thanking You.

Yours Truly,

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

R. VENKATASUBRAMANIAN
COMPANY SECRETARY



**INDEPENDENT AUDITOR'S REPORT ON AUDIT OF ANNUAL FINANCIAL RESULTS
AND REVIEW OF HALF YEARLY FINANCIAL RESULTS
TO THE BOARD OF DIRECTORS OF
S.M.I.L.E. MICROFINANCE LIMITED**

Opinion

We have (a) audited the Financial Results for the year ended March 31, 2021 and (b) reviewed the Financial Results for the half year ended March 31, 2021 (refer 'Other Matters' section below), which were subject to limited review by us, both included in the accompanying "Statement of Audited Financial Results for the six months and Year Ended March 31, 2021" of SMILE MICROFINANCE LIMITED (the "Company") (the "Statement"), being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

(a) Opinion on Annual Financial Results

In our opinion and to the best of our information and according to the explanations given to us, these Financial Results for the year ended March 31, 2021:

- a. is presented in accordance with the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended; and
- b. gives a true and fair view in conformity with the recognition and measurement principles laid down in the Indian Accounting Standards and other accounting principles generally accepted in India of the net loss and total comprehensive loss and other financial information of the Company for the year then ended.

(b) Conclusion on Unaudited Financial Results for the six months year ended March 31, 2021

With respect to the Unaudited Financial Results for the six months ended March 31, 2021, based on our review conducted as stated in paragraph (b) of Auditor's Responsibilities section below, nothing has come to our attention that causes us to believe that the Unaudited Financial Results for the half year ended March 31, 2021, prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Basis for Opinion on the Audited Financial Results for the year ended March 31, 2021

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013 (the Act). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Results section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Financial Results for the year ended March 31, 2021 under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these

requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

We draw attention to Note 5 of the Statement, in which the Company describes that the potential impact of the COVID-19 pandemic on the Company's financial performance and financial position are dependent on future developments, which are uncertain.

Our opinion on the Statement is not modified in respect of this matter.

Management's Responsibilities for the Financial Results

This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been compiled from the related audited financial statements for the year ended March 31, 2021. The Company's Board of Directors are responsible for the preparation and presentation of the Financial Results that give a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards ("Ind AS"), prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Listing Regulations. 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 controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Results that give a true and fair view and is free from material misstatement, whether due to fraud or error.

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

The Board of Directors are also responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities

(a) Audit of the Financial Results for the year ended March 31, 2021

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



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

- Identify and assess the risks of material misstatement of the Financial Results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Results, including the disclosures, and whether the Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the annual financial results of the Company to express an opinion on the annual Financial Results.

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

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

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



(b) Review of the Financial Results for the half year ended March 31, 2021

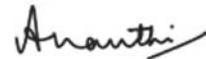
We conducted our review of the Financial Results for the half year ended March 31, 2021 in accordance with the Standard on Review Engagements ("SRE") 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the ICAI. A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with SAs specified under section 143(10) of the Act and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Other Matters

The Statement includes the results for the half ended March 31, 2021 being the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to the half year of the current financial year which were subject to limited review by us. Our report on the Statement is not modified in respect of this matter.

Our opinion on the Statement is not modified in respect of this matter.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366 W/W-100018)



Ananthi Amarnath
(Partner)
(Membership No. 209252)
(UDIN: 21209252AAAAGP3195)

Place: Chennai
Date: 29 June 2021



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

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

Regd Office: Old No.14, New No.25, Chakrapani Street, West Mambalam Chennai, Tamil Nadu - 600033

Statement of Audited Financial Results for the Year Ended 31 March 2021

Amount Rs. in lakhs

S.No	Particulars	Six months Ended		Year ended	
		31 March 2021 (Refer Note 3)	31 March 2020 (Refer Note 3)	31 March 2021 (Audited)	31 March 2020 (Audited)
(I)	Revenue from Operations	4,930.10	6,616.32	11,615.26	12,841.36
(II)	Other income	14.09	56.60	42.72	70.46
	Total Revenue (I+II)	4,944.19	6,672.92	11,657.98	12,911.82
(III)	Expenses				
	(a) Finance costs	2,330.31	3,172.09	5,873.98	6,146.59
	(b) Employee benefits expense	1,472.21	1,270.38	2,666.13	2,492.88
	(c) Depreciation and amortization expense	71.01	57.98	118.00	87.00
	(d) Impairment of financial instruments	2,646.11	340.22	3,144.95	337.98
	(e) Other expenses	669.79	687.62	1,083.39	1,299.84
	Total Expenses	7,189.43	5,528.29	12,886.45	10,364.29
(IV)	(Loss) / Profit before tax and Exceptional Item (I + II - III)	(2,245.24)	1,144.63	(1,228.47)	2,547.53
(V)	Exceptional item (Refer Note 4)	-	550.00	-	550.00
(VI)	Profit before tax (IV- V)	(2,245.24)	594.63	(1,228.47)	1,997.53
(VII)	Tax Expense				
	(a) Current tax	1.11	370.44	351.11	770.00
	(b) (Excess)/short provision relating to prior periods	(40.41)	2.73	(40.41)	(1.19)
	(c) Deferred tax	(539.05)	(78.72)	(651.25)	(15.38)
	Total tax expense	(578.35)	294.45	(340.55)	753.43
(VIII)	Profit after tax (VI - VII)	(1,666.89)	300.18	(887.92)	1,244.10
(IX)	Other Comprehensive Income				
	(i) Items that will not be reclassified to profit or loss: Remeasurement gains and (losses) on defined benefit obligations (net)	27.59	(3.94)	94.56	(85.36)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(6.94)	0.99	(23.80)	21.48
	Total Other Comprehensive Income (i+ii)	20.65	(2.95)	70.76	(63.88)
(X)	Total Comprehensive Income for the period/year (VIII + IX)	(1,646.24)	297.23	(817.16)	1,180.22
(XI)	Paid-up equity share capital	1,733.96	1,733.96	1,733.96	1,733.96
(XII)	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year	Not Applicable	Not Applicable	11,877.05	12,694.21
(XIII)	Earnings per Share of Rs.10 each (not annualised for six months)				
	- Basic (Rs.)	(9.61)	1.73	(5.12)	7.17
	- Diluted (Rs.)	(9.61)	1.73	(5.12)	7.17

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Place : London
Date : 29 June 2021

For and on behalf of the Board of

P. Murali Srinivas
P. Murali Srinivas
CEO and Managing Director
DIN - 00554309



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

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

Regd Office: Old No.14, New No.25, Chakrapani Street, West Mambalam Chennai, Tamil Nadu - 600033

Statement of Audited Financial Results for the Year Ended 31 March 2021

Notes:

1)

STATEMENT OF ASSETS AND LIABILITIES

(Amount Rs. in Lakhs)

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

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Place London
Date : 29 June 2021

For and on behalf of the Board of Directors

P. Murali Srinivas
P. Murali Srinivas
CEO and Managing Director
DIN - 00554309



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

- 2 The Financial Results for the half year and year ended 31 March 2021 have been prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. These Financial Results have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 29 June 2021. The statutory auditors have expressed an unmodified limited review conclusion on the financial results for the half year ended 31 March 2021 and have expressed an unmodified audit opinion on the financial results for the year ended 31 March 2021.
- 3 The figures for the half year ended 31 March 2021 and 31 March 2020 are the balancing figures between the audited figures in respect of the full financial year and the published year to date figures upto the end of first half year of the respective financial year.
- 4 The Company entered in to a non-solicitation agreement dated 20th March, 2020 with Mahasemam Trust, an entity from which the Company acquired the employee pool and client base, in order to restrict Mahasemam Trust from poaching the employees and to mitigate the consequential risk of losing the clients and business. On the basis of valuation from a SEBI approved valuer, the consideration agreed in the agreement is Rs.550 lakhs, of which Rs. 25 lakhs was paid in the previous financial year on signing the agreement. The balance shall be paid in tranches on achieving milestones as per the agreement. The amount was disclosed under 'Exceptional Items' in the financial results for the half year and year ended 31 March 2020.
- 5 The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. Reserve Bank of India (RBI) issued guidelines relating to COVID-19 Regulatory Package dated 27 March 2020 and 17 April 2020 and in accordance therewith, the Company granted a moratorium period on the payment of all principal instalments and/ or interest, as applicable, falling due from 24 March 2020 and 31 May 2020 to all eligible borrowers. Subsequently, RBI has announced an additional moratorium for a period of 3 months from 1 June 2020 to 31 August 2020 and the Company granted the option to avail the moratorium to its members.

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

The Company is actively monitoring the impact of the global health pandemic on its financial condition, liquidity, operations, borrowers and industry. The Company has used the principles of prudence in applying judgments, estimates and assumptions based in assessing the recoverability of assets such as receivables, loans, investments, financial assets and other assets. Based on current indicators of future economic conditions, the Company expects to recover the carrying amounts of its assets.
- 6 The Company is primarily engaged in the business of Micro Finance and hence, does not have any additional disclosures to be made under Ind AS 108 - Operating Segments.

Place London
Date : 29 June 2021

For and on behalf of the Board of Directors

P. Murali Pragasam
CEO and Managing Director
DIN - 00554309



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

Disclosure pursuant to Regulations 52(4) of the SEBI Listing Obligations and Disclosure Requirements Regulations 2015

Particulars	Year ended March 31, 2021
a) Credit rating	INE786V07084 : CARE BBB-; Negative INE786V07092 : CARE BBB-; Negative INE786V07076 : CARE BBB-; Negative INE786V07100 : CARE BBB-; Negative & Acute BBB; Stable
b) Asset cover available, in case of non-convertible debt	1.10 times
c) debt-equity ratio	2.85 : 1.00
d) previous due date for the payment of interest/ dividend for non-convertible redeemable preference shares/ repayment of principal of non-convertible preference shares /non convertible debt securities and whether the same has been paid or not; and,	Annexure - A
e) next due date for the payment of interest/ dividend of non-convertible preference shares /principal along with the amount of interest/ dividend of non-convertible preference shares payable and the redemption amount	Annexure - B
f) debt service coverage ratio	Not applicable for NBFCs
g) interest service coverage ratio	Not applicable for NBFCs
h) outstanding redeemable debentures (quantity and value);	Annexure - C
i) capital redemption reserve/debenture redemption reserve;	Not applicable for Privately placed debentures
j) net worth; In Lakh	13,611.01
k) net profit / (loss) after tax; In Lakh	(887.92)
l) earnings / (loss) per share: In Rs.	(5.12)





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

Consent Letters (CL) issued by Catalyst Trusteeship Ltd.

Consent Letter / Tranche Reference No.	Consent / Tranche Date	ISIN	Series Name	Issue Size (Rs. in Crore)
CL/MUM/17-18/DEB/185	16-Aug-17	INE786V07092	-	25.15
CL/MUM/17-18/DEB/186	16-Aug-17	INE786V07084	-	8.38

ANNEXURE - A

Details of redemption & payment of interest during last half-year ending March 31, 2021:

Consent Letter / Tranche Reference No.	Series / Tranche	ISIN	Type (Principal / Interest)	Due date of payment	Amount (Rs.)	Actual date of payment
CL/MUM/17-18/DEB/186	-	INE786V07084	Principal	05-10-2020	13,54,50,000/-	05-10-2020
			Interest	05-10-2020	2,50,77,600/-	
CL/MUM/17-18/DEB/185	-	INE786V07092	Principal	05-10-2020	9,03,00,000/-	05-10-2020
			Interest	05-10-2020	18,27,148/-	
			Principal	15-03-2021	8,38,50,000/-	11-03-2021
			Interest	15-03-2021	95,72,473/-	

ANNEXURE - B

Details of redemption & interest due in the next half-year i.e. 01.04.2021 to 30.09.2021

Consent Letter / Tranche Reference No.	Series / Tranche	NEW ISIN	Type (Principal / Interest)	Due date of payment	Amount (Rs.)
CL/MUM/17-18/DEB/186	-	INE786V07084 MIFA	Principal	05-04-2021	12,57,75,000/-
			Interest		1,62,34,306/-
CL/MUM/17-18/DEB/185	-	INE786V07092 JAWEF	Principal	15-09-2021	8,38,50,000/-
			Interest		54,78,139/-

Company does not expect default in payment of principal / interest due in next half year

ANNEXURE - C

Details of Outstanding redeemable Non-Convertible Debentures (Quantity and face value)

S.No	NEW ISIN	Issue /redemption date	Quantity (No. of Debentures)	Face Value	Amount outstanding (in Rs.)
1	INE786V07084	05-10-2020	387	Rs.6,50,000/-	25,15,50,000/-
2	INE786V07092	15-03-2021	258	Rs.3,25,000/-	8,38,50,000/-





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

SMILE/BSE/DEBT/2021/93

June 30, 2021

To,
The General Manager
BSE Limited.
1st Floor P J Towers,
Dalal Street,
Mumbai - 400001,

Sir/ Madam,

Ref. No:- Scrip ID: 11625	Scrip Code: 956942; 957071; 959936 & 960347
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Sub: Statement with respect to material deviation in use of proceeds of issue of Non-Convertible Debt Security for the half year ended 31st March, 2021.

Pursuant to Regulation 52(7) of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation, 2015, the Company hereby confirms that there were no deviations in use of proceeds of issue of Non-Convertible Debt Security from the objects stated in respective offer document for the half year ended 31st March, 2021.

Kindly update the same in your records.

Thanking You.

Yours Truly,

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

R. VENKATASUBRAMANIAN
COMPANY SECRETARY





Jagadeesh & Keerthy
Chartered Accountants

CATALYST Trusteeship Limited
Office No. 83 – 87, 8th floor,
'Mittal Tower', 'B' Wing,
Nariman Point, Mumbai – 400021

This is to certify that S.M.I.L.E. MICROFINANCE LIMITED having its registered office at No.14/25, Chakrapani Street, West Mambalam, Chennai – 600 033 has appointed us to verify the pool of receivables/Book Debts of Rs. 138,928,738 hypothecated by them in favor of CATALYST Trusteeship Limited as on 31st March 2021 in connection with their issue of Non-convertible debentures ("NCD") aggregating to Rs.83,850,000.

On the basis of information and explanation given to us and other records and documents produced before us for verification with respect to the loan contracts, we hereby certify that the said receivables of Rs. 138,928,738 forming the security charged to the Debenture Trustee is adequate to cover the outstanding amount of debentures and the same is within the agreed security margin.

The Details of Receivables statements are as follows:

1. No. Of Loan Accounts Hypothecated : 11,072
2. Receivables from Hypothecated Loan Accounts : Rs. 138,928,738
3. Outstanding Debentures : Rs. 83,850,000
4. Security cover available as on date 31-March-2021 : 110%

We further certify that; the underlying receivables are created out of finance or loan given to customers which qualify as advances.

For JAGADEESH & KEERTHY
CHARTERED ACCOUNTANTS
Firm Registration No 013761S

KEERTHY S
PARTNER
Membership No. 228621



Place: Chennai
Date: April 5, 2021

UDIN: 21228621AAAAHD4396

Prestige Bella Vista, Flat No.4091, Tower 4A, 8th Floor, No.4,
Mount Poonamallee Road, Ayyappanthangal, Chennai - 600056.
98845 75950, 96770 83943 contact.us.jks@gmail.com Web : www.cajandk.com



CATALYST Trusteeship Limited,
Office No. 83 – 87, 8th floor,
'Mittal Tower', 'B' Wing,
Nariman Point, Mumbai – 400 021.

This is to certify that S.M.I.L.E. MICROFINANCE LIMITED having its registered office at No.14/25, Chakrapani Street, West Mambalam, Chennai – 600 033 has appointed us to verify the pool of receivables/Book Debts of Rs. 276,724,919 hypothecated by them in favor of CATALYST Trusteeship Limited as on 31st March 2021 in connection with their issue of Non-convertible debentures ("NCD") aggregating to Rs.251,550,000.

On the basis of information and explanation given to us and other records and documents produced before us for verification with respect to the loan contracts, we hereby certify that the said receivables of Rs. 276,724,919 forming the security charged to the Debenture Trustee is adequate to cover the outstanding amount of debentures and the same is within the agreed security margin.

The Details of Receivables statements are as follows:

1. No. Of Loan Accounts Hypothecated : 25,296
2. Receivables from Hypothecated Loan Accounts : Rs. 276,724,919
3. Outstanding Debentures : Rs. 251,550,000
4. Security cover available as on date 31-March -2021 : 110%

We further certify that; the underlying receivables are created out of finance or loan given to customers which qualify as advances

For **JAGADEESH & KEERTHY**
CHARTERED ACCOUNTANTS
Firm Registration No 013761S

KEERTHY S
PARTNER
Membership No. 228621



Place: Chennai
Date: April 5, 2021

UDIN: 21228621AAAAHE7475

CARE/CRO/RL/2020-21/1818

Shri Prabakaran
Chief Financial Officer
S.M.I.L.E. Microfinance Limited
No.14/25, Chakrapani Street,
West Mambalam,
Chennai, Tamil Nadu 600033

February 10, 2021

Confidential

Dear Sir,

Credit rating for Non-Convertible Debenture issues

On the basis of recent developments including operational and financial performance of your company for FY20 (Audited) and H1FY21 (Provisional), our Rating Committee has reviewed the following ratings:

Sr. No.	Instrument	Amount (Rs. crore)	Rating ¹	Rating Action
1.	Non Convertible Debentures – I	25.16 (Reduced from 38.70)	CARE BBB-; Negative (Triple B Minus; Outlook: Negative)	Reaffirmed
2.	Non Convertible Debentures - II	16.77 (Reduced from 25.80)	CARE BBB-; Negative (Triple B Minus; Outlook: Negative)	Reaffirmed
3.	Non Convertible Debentures - IV	25.00	CARE BBB-; Negative (Triple B Minus; Outlook: Negative)	Reaffirmed
	Total Instruments	66.93 (Rs. Sixty-Six Crore and Ninety-Three Lakhs Only)		

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

CARE Ratings Ltd.

2. Refer **Annexure 1** for details of rated instruments
3. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as **Annexure 2**. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by February 11, 2021, we will proceed on the basis that you have no any comments to offer.
4. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
5. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instruments, CARE shall carry out the review on the basis of best available information throughout the life time of such bank facilities. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the aforementioned rating actions in any manner considered appropriate by it, without reference to you.
6. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.
7. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
8. CARE ratings are **not** recommendations to sanction, renew, disburse or recall any bank facilities.

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If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,



Hareesh H
Analyst

hareesh.h@careratings.com



Ravi Shankar R
Manager

ravi.s@careratings.com

Encl.: As above

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating. CARE's ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

CARE Ratings Ltd.

Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai - 600 002.

Tel: +91-44-2849 0811 / 13 / 76 • Tel./ Fax : +91-44-2849 7812

Annexure - I

Details of rated instruments

Instruments	ISIN No	Date of Issue	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)
NCD-I	INE786V07084	Oct 05, 2017	12.96%	Oct 05, 2021	25.16
NCD-II	INE786V07092	Sept 15, 2017	12.96%	Sept 15, 2021	16.77
NCD-IV	INE786V07076	Aug 14, 2020	11.50%	Feb 14, 2022	25.00

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