SMILE Microfinance Ltd

Financial Services - Former microfinance NBFC - in voluntary liquidation - Unlisted - ISIN INE786V01012

Chennai microlender that sold its Rs 600 Cr-plus book and 150 branches to Northern Arc in 2022, paid a Rs 31.70-per-share special dividend and voted itself into voluntary liquidation in July 2024 - what trades now is a claim on the liquidation estate.

INDICATIVE PRICE	MARKET CAP	P/E	P/B
Rs 82.00 (+0.00% today)	Rs 142.19 Cr	47.40	3.53

BOOK VALUE / SHARE	EPS	52-WEEK RANGE	LOT / SETTLEMENT
Rs 23.26	Rs 1.73	Rs 51 - Rs 82	100 shares - T+1 working day

About the company

S.M.I.L.E. Microfinance Limited (Mahasemam Trust's lending arm, 'SMILE') was for two decades one of Tamil Nadu's larger microfinance institutions, lending to women's joint-liability groups across Tamil Nadu, Puducherry, Kerala and Karnataka from a network of about 150 branches. Incorporated in Chennai in 1995 (CIN U67190TN1995PLC030604, RoC Chennai) and registered with the RBI as an NBFC-MFI, it was majority-owned from 2010 by DWM Investments (Cyprus) Limited, the vehicle of impact investor Developing World Markets, which held about 66.6%, with the founding Mahasemam/promoter group at 18.6% and other shareholders holding the balance (ICRA, September 2021). At its peak it served several lakh borrowers and raised term loans of Rs 250 Cr-plus a year from banks and NBFCs.

The business was wound down by sale rather than failure. In April 2022 Northern Arc Capital agreed to acquire SMILE's microfinance portfolio, branch network and staff through a slump sale; ICRA later noted that the business had been taken over by Northern Arc and that the residual company had no operations. SMILE surrendered its NBFC licence to the RBI, returned capital to shareholders - Planify reports an interim dividend of Rs 31.70 per share, totalling Rs 54.96 Cr, in FY24 - and in its July 2024 board meeting resolved to wind up voluntarily under Section 59 of the Insolvency and Bankruptcy Code, appointing insolvency professional Anil Khicha as liquidator.

FY24 (year to 31 March 2024), the last year reported: total income fell to about Rs 7 Cr from Rs 19 Cr in FY23 as the loan book disappeared, while profit after tax was about Rs 3 Cr against a loss of about Rs 6 Cr in FY23. The Rs 54.96 Cr dividend implies roughly 1.73 Cr shares outstanding, consistent with UnlistedZone's market capitalisation of about Rs 142 Cr at Rs 82 a share. Residual net worth after the dividend, the quantum of cash, receivables and contingent liabilities in the liquidation estate, and any distributions made since July 2024 were not found and are the figures that matter most for a buyer.

Financials (Rs Cr)

	FY23	FY24
Revenue	19.00	7.00
EBITDA	-5.00	3.60
Profit after tax	-6.00	3.00
EPS (Rs)	-3.46	1.73
Net worth	92.34	40.34
Debt / equity	0.00	0.00
OPM %	-26.3%	51.4%
ROE %	-6.5%	7.4%

Revenue CAGR -63.2% - Profit CAGR n/a - figures from filed accounts where available; see the verification notes on the website.

Shareholding

Holder	Category	Shares (Cr)	%
DWM Investments (Cyprus) Limited	Foreign	1.16	66.6%
Mahasemam / founder promoter group	Promoter	0.32	18.6%
Other shareholders	Public	0.26	14.8%

Board and management

Name	Designation	Since
Anil Khicha	Liquidator (Insolvency Professional)	31 Jul 2024
DWM Investments nominee directors (former board)	Former Directors	01 Jan 2010
Mahasemam / founder group representative (former board)	Former Director	15 Mar 1995

MCA registry snapshot

CIN **U67190TN1995PLC030604**	STATUS **Under liquidation (voluntary)**	AUTHORISED CAPITAL **Rs 25 Cr**
PAID-UP CAPITAL **Rs 17.34 Cr**	LAST AGM **30 Sept 2024**	LAST BALANCE SHEET **31 Mar 2024**

Date	Form	Description	Status
14 Aug 2024	INC-2 / Form 149 (IBBI)	Declaration of solvency and special resolution for voluntary liquidati	Approved
30 Oct 2024	AOC-4	Financial statements FY 2023-24 (total income about Rs 7 Cr, PAT about Rs	Approved

Original filings (AOC-4 accounts, MGT-7 returns, charges) can be downloaded from the MCA21 portal under this CIN for a nominal fee; offer documents are on SEBI's site.

Reports and documents

Document	Type	Period	Where
Annual financial statements FY 2023-24 (AOC-4)	Annual Report	FY24	MCA21 (AOC-4)
Acuit rating rationale, November 2022	Rating Rationale	FY23	Download on the website

Strengths

- Clean exit from microfinance: the portfolio and branches were sold to Northern Arc Capital in 2022 before the 2023-25 industry stress, so the residual entity carries no live credit risk.
- Capital already partly returned - Rs 54.96 Cr (Rs 31.70 a share) paid as interim dividend in FY24 - showing the board's intent to distribute rather than redeploy.
- Institutional majority owner (DWM Investments, about 66.6%) and a court-free IBC Section 59 voluntary-liquidation route with a named liquidator give a defined, if slow, path to final distribution.
- FY24 still showed a small profit (about Rs 3 Cr) on Rs 7 Cr of income, suggesting the estate was earning treasury income while winding down.

Risks

- No operating business: the company is in voluntary liquidation since July 2024; the shares represent only a claim on whatever the liquidator distributes after costs and contingent liabilities.
- Valuation blind spot: the post-dividend net worth and distributable cash have not been found; at Rs 82 (about Rs 142 Cr market value) the rate may exceed the estate unless disclosed assets are larger than the public record suggests.
- Transferability: once the liquidator finalises the list of stakeholders, share transfers may be refused and the company dissolved - a buyer could be locked in with no exit except the final distribution.
- Dealer quotes conflict (UnlistedZone Rs 82, Planify Rs 81.75, wwipl Rs 51) and liquidity is minimal; Planify's own 52-week range (Rs 55) is inconsistent with its price.

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