

INDEPENDENT AUDITOR'S REPORT

To the Directors of Smile Train India, Vasant Kunj, New Delhi

Report on the Audit of Special Purpose Financial Statements

Opinion

We have audited the accompanying Special Purpose Financial Statements of **Smile Train India**, New Delhi ("the Company"), which comprise the Balance Sheet as at 31 March 2022, the Statement of Income and Expenditure and Receipt and Payment Account for the year then ended 31 March 2022, and notes to the Special Purpose Financial Statements, attributable to contributions received by the Company from foreign sources only in designated FCRA bank accounts, together with accompanying explanatory information. These Special Purpose Financial Statements have been prepared by the Company in accordance with the generally accepted accounting principles in India with the specific purpose of submitting them to the Ministry of Home Affairs in accordance with Section 19 of the Foreign Contribution (Regulation) Act, 2010 (42 of 2010) read with Rule 13 and Rule 17 of the Foreign Contribution (Regulation) Rules, 2011 and the Foreign Contribution (Regulation) Amendment Act, 2020 (the 'Direction').

In our opinion, the accompanying Special Purpose Financial Statements, give a true and fair view of the state of affairs of the Company (including unutilized foreign contributions) as at 31 March 2022 and its expenditure over income for the year then ended, attributable to contributions received by the Company from foreign sources only in FCRA bank accounts, in accordance with the Direction and accountings principles generally accepted in India.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Special Purpose Financial Statements 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the Special Purpose Financial Statements, which describe the basis of preparation of these Special Purpose Financial Statements. These Special Purpose Financial Statements have been prepared by the Company, attributable to contributions received by the Company from foreign sources only in designated FCRA bank accounts, in accordance with the generally accepted accounting principles in India with the specific purpose of submitting them to the Ministry of Home Affairs in accordance with the Direction.



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Restriction on Distribution and Use

The Special Purpose Financial Statements are prepared to assist the Company to submit them to Ministry of Home Affairs, in compliance with the provisions under the Section 19 of the Foreign Contribution (Regulation) Act, 2010 (42 of 2010) read with Rule 13 and Rule 17 of the Foreign Contribution (Regulation) Rules, 2011. As a result, the Special Purpose Financial Statements may not be suitable for another purpose.

Our report is intended solely for the use of Board of Directors of the Company for the specific purpose of submission to the Ministry of Home Affairs as mentioned above and should not be distributed to or used by any other parties. V.P.Thacker & Co., Chartered accounts shall not be liable to the Company or to any other concerned for any claims, liabilities or expenses relating to this assignment.

Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or whose hands it may come without our prior consent in writing.

Management's Responsibility for the Special Purpose Financial Statements

Management is responsible for the preparation of these Special Purpose Financial Statements that give a true and fair view in accordance with the Direction and generally accepted accounting principles in India and this includes design, implementation and maintenance of such internal control as management determines is necessary to enable the preparation of the Special Purpose Financial Statement that are free from material misstatement whether due to fraud or error.

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

The Company Management is also responsible for overseeing the financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Special Purpose Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing our opinion on whether the company has adequate internal financial controls with



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reference to Special Purpose Financial Statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Special Purpose Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Special Purpose Financial Statements, including the disclosures, and whether the Special Purpose Financial Statements represent the underlying transactions and events in a manner that fair presentation.

We communicate with management 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 to the management 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.

Other Matters

- As mentioned in the Basis of Accounting above, these Special Purpose Financial Statements have been prepared by the management, attributable to contributions received by the Company from foreign sources only in FCRA bank accounts, in accordance with the generally accepted accounting principles and the Direction and therefore, these Special Purpose Financial Statements do not present the affairs of the Company as a whole.
- We have audited the financial statements of the Company (as a whole) as of and for the year ended 31 March 2022 on which we issued unmodified audit opinion vide our report dated 15 September 2022. Our audit of these financial statements was conducted in accordance with the SAs and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.



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- We draw attention to Note 6 to the Special Purpose Financial Statements which states that the management has made an assessment of the impact of COVID-19 on the Company's operations, financial performance, and position as at and for the year ended 31 March 2022 and has concluded that there is no impact which is required to be recognised in the Special Purpose Financial Statements. Accordingly, no adjustments have been made to the Special Purpose Financial Statements.

Our opinion is not modified in respect of the above matters.

For V. P. Thacker & Co.
Chartered Accountants
Firm Registration No. 118696W



Shitij Bahl
Partner
Membership No. 519873
UDIN: 22519873BGCOMS2538

Place: New Delhi
Date: 26th December 2022

Smile Train India

Registered office: Plot No 3, LSC, Sector C, Pocket 6/7, Vasant Kunj, New Delhi, Delhi 110070

Balance Sheet as at 31 March 2022

Particulars	Schedule	31 March 2022 INR	31 March 2021 INR
Sources of Funds			
Restricted Fund for Specific Purpose	A	17,098,527	83,993,396
TOTAL		17,098,527	83,993,396
Application of Funds			
Non Current Assets			
Property, Plant and Equipment			
-Tangible Assets	B	734,836	1,343,902
Other Recoverables		300,000	300,000
Security Deposit		1,584,000	1,584,000
Tds Receivable		84,780	53,495
Current Assets			
Cash and Bank Balances		5,606,380	72,208,911
Other Recoverables		2,500,000	2,500,000
Fixed Deposit		6,288,531	6,003,088
TOTAL		17,098,527	83,993,396

For V. P. Thacker & Co.
Chartered Accountants
Firm Registration No. 118696W

For and on behalf of the Board of Directors
Smile Train India

Shitij Bahl
Partner
Membership No.-519873

Renu Mehta
Wholetime Director
DIN: 05236879

Mamta Carroll
Wholetime Director
DIN: 05236972

Date: 26-12-2022



Date: 26-12-2022

Date: 26-12-2022



Smile Train India

Registered office: Plot No 3, LSC, Sector C, Pocket 6/7, Vasant Kunj, New Delhi, Delhi 110070

Statement of Income and Expenditure Account for the Year ended 31 March 2022

S.No.	Particulars	Note No.	Year ended 31 March 2022 INR	Year ended 31 March 2021 INR
I	Income			
	Grant Received		786,419,948	604,417,952
	Donations Received		715,378	9,363,907
II	Other Income*		607,616	402,477
III	Total Revenue		787,742,942	614,184,336
IV	Expenses			
	Program Expenditure		794,554,875	496,644,942
	Depreciation and Amortization Expenses		1,293,674	-
	Employee Benefit Expenses		40,281,121	24,824,673
	Other Expenses		18,508,142	48,702,119
	Total Expenses		854,637,812	570,171,734
V	Surplus/ (Deficit) for the year		(66,894,870)	44,012,602

Note :

* The other income reflects interest income added to principal amount for fixed deposit at the time of renewal including tds receivable of Rs.31,285.

For V. P. Thacker & Co.
Chartered Accountants
Firm Registration No. 118696W

For and on behalf of the Board of Directors
Smile Train India

Shitij Bahl
Partner
Membership No.-519873



Date: 26-12-2022

Renu Mehta
Wholetime Director
DIN: 05236879

Mamta Carroll
Wholetime Director
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Date: 26-12-2022

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Smile Train India

Schedule attached to and forming part of the Balance Sheet as at 31 March 2022

Schedule -(A) - Restricted funds for specific purpose

Particulars	As at 31 March 2022	As at 31 March 2021
Opening Balance	83,993,396	37,180,794
Amount received during the year	787,135,326	613,781,859
Addition to Property, plant and equipment	684,608	361,970
Advance to vendors for Capital Expenses	-	300,000
Advance to vendors	-	2,500,000
Depreciation	(1,293,674)	-
Interest from SBI	290,888	4,550
Interest received adjusted as TDS	31,285	25,679
Increase/(decrease) in Fixed Deposits (net)	285,443	372,248
Utilisation during the year	(854,028,745)	(570,533,704)
Closing Balance	17,098,527	83,993,396



Smile Train India

Schedule attached to and forming part of the Balance Sheet as at 31 March 2022

Schedule - (B) - Property, Plant and Equipment

(Amount in INR)

Particulars	Depreciation Life as per Companies Act, 2013 (in Years)	Gross Block				Depreciation				Net Block	
		As at 1 April 2021	Additions	Deletion / Adjustment	As at 31 March 2022	As at 1 April 2021	For the year	Deletion / Adjustment	As at 31 March 2022	As at 31 March 2022	As at 31 March 2021
Tangible Assets											
Furniture & Fixture	10	534,132	-	-	534,132	351,204	47,353	-	398,557	135,575	182,928
Office Equipments	5	98,000	-	-	98,000	89,431	3,523	-	92,954	5,046	8,569
Computer	3	711,770	684,608	-	1,396,378	442,261	359,902	-	802,163	594,215	269,509
Total		1,343,902	684,608	-	2,028,510	882,896	410,778	-	1,293,674	734,836	461,006
Previous Year		1,076,232	267,670	-	1,343,902	512,981	141,986	-	654,967	461,006	401,551



Smile Train India

Notes to Financial Statements for the year ended March 31, 2022

1 Corporate Information

Smile Train India has been registered under section 25 of the Companies Act, 1956 vide Registration no. U85100DL2009NPL193169 dated 13th August 2009. The Company was established as a not-for-profit entity in India mainly to provide free corrective surgery to poor children with cleft lips and palates.

2 Basis of preparation

The Special Purpose Financial Statements of the Company have been prepared, attributable to contributions received by the Company from foreign sources only in designated FCRA bank accounts, in accordance with the requirement of Section 19 of the Foreign Contribution (Regulation) Act, 2010 (42 of 2010) read with Rule 13 and Rule 17 of the Foreign Contribution (Regulation) Rules, 2011 and generally accepted accounting principles in India (Indian GAAP). The Special Purpose Financial Statements have been prepared under cash basis of accounting.

3 Total interest received on maturity amounts to Rs. 316,728 which is disclosed as income in Income and expenditure account. Out of total interest Rs. 31,285 were adjusted against tds and balance of Rs.285,443 reinvested as a principal amount. Additionally total Interest earned from Savings Bank is Rs 290,888.

4 Property, Plant and Equipment & Depreciation

Property, Plant and Equipment are stated at cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation on Property, Plant and Equipment is provided on written down value method as per Schedule II to the Companies Act, 2013 based on the estimated remaining useful life of the asset. Depreciation on additions to tangible assets is provided on pro-rata basis from the date of additions.

Asset	Useful Life adopted by Company	Useful Life per Schedule II of the Act
Furniture & Fixtures	10 years	10 years
Computer Equipment's	3 years	3 years
Office Equipment's	5 years	5 years

Property, Plant and Equipment costing up to Rs 65,000 are fully amortized in the year of purchase under the head 'Capital Items Charged to Revenue'.

5 Taxation Of Income

The Company is registered under Section 12AA of Income Tax Act, 1961 and its income is exempted from income tax under Section 11 & 12 of that Act accordingly provision for income tax does not arise.



6 Impact of Covid-19 pandemic on Operations

The operations of the Company have been impacted by the COVID-19. Number of surgeries conducted by partner hospitals have reduced post lockdown. Company has also advised partner hospital to postpone surgeries in cases which are not critical and where risk to patient remain minimal due to such postponement. Company is continuously supporting its medical teams based on their unique needs, and many of Company's local medical partners are providing services and acting as invaluable resources to their communities, especially in terms of education, awareness, counselling, comprehensive care, personal protective equipment kits and financial support to cover costs of COVID testing for patients and attendants.

The COVID-19 also impacted mobilization of donations from CSR grants of local corporate organizations, charitable organizations/institutions & individual donations with a 150%+ drop-in overall donations.

Further, management does not foresee any major conditions which have adverse impact on the operations or going concern of the Company due to our sustainable model of empowering local medical professionals within their own communities, we are able to respond better to unprecedented events like the pandemic.

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying value of other assets; which management expects to recover in ordinary course of business considering internal and external information up to the date of approval of these financial statements and management. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly the impact may be different from that estimated as at the date of approval of these financial results. The Company will continue to monitor any material changes to future economic conditions.

