



# **Pahal Financial Services Private Ltd.**



**2017-18**

## **Annual Report**

**Registered & Corporate Office**

**First Floor-2, City Mall, Nr. Rajpath Club, Opp. Madhur Hotel,  
S.G Highway, Bodakdev, Ahmedabad -380059**

**Phone: 079-40373857**

**Email: [ho@pahalfinance.com](mailto:ho@pahalfinance.com); Website: [www.pahalfinance.com](http://www.pahalfinance.com)**



## **CORPORATE INFORMATION**

### **MISSION STATEMENT**

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We endeavor to provide sustainable services for financial inclusion in rural and urban areas with proficiency, at an affordable price while maintaining dignity, honor and transparency with all its customers

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### **VISION STATEMENT**

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To reach micro finance services to 5,00,000 clients at competitive rates and to achieve internationally acceptable returns on investment to attract mainstream capital in the service of the segment at the bottom of the pyramid

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#### **REGISTERED OFFICE**

First Floor-2, City Mall, Nr. Rajpath Club, Opp. Madhur Hotel, S.G Highway, Bodakdev, Ahmedabad -380059

#### **CORPORATE IDENTITY NUMBER**

U65910GJ1994PTC082668



## FROM DESK OF MANAGING DIRECTOR

Dear Shareholders

The year 2017-18 has been in the overall context a challenging year for the Financial Services industry, but more challenging for the microfinance industry. The turmoil caused on account of the demonetization of the currency in India played out for the sector. At a sectoral level, the write off and provisioning touched a peek of almost 15% of Portfolio outstanding as seen in case of some states like Maharashtra and Karnataka.

Against this backdrop, your company also had to write off portfolio amounting to almost Rupees Ten crores predominantly in the geographies of Sabarkantha and Kutch where the effects of the demonetization was maximum. Whilst adhering to the prudent practice of writing off the entire portfolio where the overdues have been more than 180 days, your company is making significant efforts to recover the written off portfolio. Amongst this is having specialized teams for recovery, taking financial literacy sessions for the borrowers and giving extra incentives to the recovery team for this mammoth task.

Despite the above challenges, your company has been able to demonstrate a topline growth of portfolio and the total Asset Under Management (AUM) growth of around 70.82% during F.Y 2017-18. Further the Disbursement of the Company jump for the year at Rs.266.15 Cr showing a growth of 77.08% and the growth in the number of customers of the company is around 27.72%. The company has also crossed a mile stone of 100000 active customers during the year. The quality of portfolio (post demonetization period is back to over 99% on time collection efficiency) remains stable for the incremental portfolio. Your company is also actively working with Asian Development Bank (ADB) on a technical assistance program to strengthen the Risk Management practices as it attempts to become mid-sized institution.

The high standards of corporate governance that your company has established from day one has resulted into Dia Vikas (an arm of Opportunities International, Australia) a marquee social investor investing in equity during 2017-18. This has enabled the company to maintain the growth momentum that it had established despite the significant write off of the portfolio. Further the company has been constantly focused on bringing down its cost of finance during the last year through better rate negotiation and more efficient utilization of funds. This enabled your company to bring down the cost of funds and we have able to reduced our cost of funds from 16.44% to 15.58% during the financial year. The focus on creating greater operational efficiency is a constant endeavor that your company would continue to have; towards this the company is embarking on digitization initiatives which is expected to bring down our operational costs in future.

Going into the next year, as normalcy has been restored, your company proposes to expand its footprints in the states of Rajasthan and Madhya Pradesh whilst further consolidating its leadership position in Gujarat. Your company also plans to establish its first foot prints in eastern India by makings its presence felt in the state of Bihar. Finally, as a part of the overall business model, your company will continue to grow the Enterprise lending portfolio and intends to foray into the secured vehicle business



for the Bottom of the pyramid segment along with the conventional Joint Liability group (JLG) business in line with the regulatory guidelines for the NBFC-MFI sector.

Last but not the least, your company would like to place on record its sincere appreciation to all its stakeholders including funders and employees for reposing their faith in a difficult year and for their constant support. We will continue to stay focused on creating value for both internal as well as for external stakeholders.

Best Wishes

Purvi Bhavsar  
Managing Director

Kartik Mehta  
Managing Director



## DIRECTORS' REPORT

### **Pahal Financial Services Private Limited**

CIN: U65910GJ1994PTC082668

**Registered & Corporate Office:** First Floor-2, City Mall, Nr. Rajpath Club, Opp. Madhur Hotel, S.G Highway, Bodakdev, Ahmedabad -380059

•Ph.: 079-40373857 • Email: [ho@pahalfinance.com](mailto:ho@pahalfinance.com) •Website: [www.pahalfinance.com](http://www.pahalfinance.com)

To,

The Members of Pahal Financial Services Pvt. Ltd.

Your directors have pleasure in presenting the annual report of the Company together with the Audited Financial Statements for the year ended 31<sup>st</sup> March 2018.

The financial performance of your Company is healthy and the Company is on a growth path. The financial highlights have been summarized in the following table:

#### **1. FINANCIAL PERFORMANCE**

| Particulars                  | Amount in (Rs.) |              |
|------------------------------|-----------------|--------------|
|                              | 2017-18         | 2016-17      |
| <b>For the year ended</b>    |                 |              |
| Total Revenue                | 40,27,58,134    | 37,92,73,643 |
| Total Expenditure            | 49,30,65,948    | 34,89,10,271 |
| Profit/Loss before Tax       | -9,03,07,814    | 3,03,63,372  |
| Provision for Tax            | -2,46,39,797    | 1,14,96,657  |
| Profit after Tax             | -6,56,68,017    | 1,88,66,716  |
| Transfer to General Reserves | NIL             | NIL          |
| <b>Paid Up Share Capital</b> |                 |              |
| Equity Share Capital         | 15,40,29,440    | 11,31,96,110 |
| Preference Share Capital     | 4,50,00,000     | 3,00,00,000  |

The operational indicators also show growth in the following table.

#### **2. OPERATIONAL HIGHLIGHT**

| Indicators                                     | 2017-18  | 2016-17 |
|--|----------|---------|
| Number of States                               | 4        | 4       |
| Branches (Guj. + M.P.+ Maharashtra+ Rajasthan) | 71       | 64      |
| Number of Borrowers                            | 1,21,749 | 95,511  |



|   |                |                |
|---|----------------|----------------|
| Loan Amt. disbursed during the year (in Rs) | 2,64,89,81,000 | 1,50,31,14,026 |
| Total Portfolio O/S (Own+ Securitised & BC) | 2,25,90,19,079 | 1,32,24,52,273 |
| Less Securitised & BC portfolio             | 32,61,68,474   | 7,63,26,491    |
| Net Own Portfolio                           | 1,93,28,50,605 | 1,24,61,25,782 |
| Borrowed Fund O/S                           | 1,96,78,19,435 | 1,44,32,42,759 |
| Total Staff                                 | 562            | 383            |
| PAR > 30days In %                           | 0.68%          | 7.05%          |
| PAR > 30 days in amount                     | 1,50,91,670    | 9,01,56,648    |

- ❖ Pahal has increased its borrowers by appx. **26,238**
- ❖ Own portfolio increased by **55.11%**
- ❖ New borrowed fund increased by **36.35%**
- ❖ Disbursement of loan in amount increased by **76.23%**
- ❖ Total staff has increased by **46.74%**

### **3. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND OPERATIONS IN FUTURE**

There have been no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and operations in future.

### **4. DEPOSITS**

Being a Non Deposit taking Non - Banking Financial Company, your Company has not accepted any deposits from the public.

### **5. DEBENTURES**

During the year under review, your Company has issued 6,00,000 Compulsorily Convertible Debentures to M/s DIA Vikas Capital Private Limited on private placement basis.

Details of Debenture Trustees of the Company are as follows:

| Sr. No. | Name of the Debenture trustees                                   | Address   | Contact detail  |
|---------|--|---|-----------------|
| 1.      | Catalyst Trusteeship Limited (Erstwhile GDA Trusteeship Limited) | Office No. 83 – 87, 8th floor , 'Mittal Tower', 'B' Wing, Nariman Point, Mumbai – 400021    | 022 - 4922 0555 |
| 2.      | IDBI Trusteeship Services Limited                                | Asian Building, Ground Floor, 17R, Kamani Marg, Ballard Estate, Mumbai -400001, Maharashtra | 022-40807068    |

The Listing Fees for the Financial Year 2018-19 has been duly paid.

## 6. DECLARATION FROM INDEPENDENT DIRECTORS

The following Directors are Independent in terms of Section 149(6) of the Companies Act 2013

- i. Mr. Ambalal B Panchal
- ii. Mr. Venkatraman G. Iyer

The Company has received requisite declaration of Independence from the above Directors as required pursuant to section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as provided in section 149(6) of the Act. In the opinion of the board, these Independent Directors fulfill the conditions as specified in the Act and the rules made thereunder for appointment as Independent Director and confirm that they are independent of the management.

## 7. INTERNAL FINANCIAL CONTROL

The Company has implemented adequate procedures and internal financial controls which provide reasonable assurance regarding reliability of financial reporting and preparation of financial statements. The Company ensures that internal controls are operating effectively.

## 8. APPOINTMENTS/RESIGNATIONS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL DURING FINANCIAL YEAR 2017-18

- Mr. Pramod Kumar Vijayvargia was appointed as Nominee Director (SIDB) w.e.f 17<sup>th</sup> October 2017;
- Mr. Saurabh Baroi was appointed as Nominee Director (DIA Vikas Capital Private Limited) w.e.f 5<sup>th</sup> February 2018.

## 9. KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of section 203 of the Companies Act 2013 read with the rules made thereunder, following employees are the whole time key managerial personnel of the Company:

- Mr. Kartik S Mehta, Managing Director
- Ms. Purvi J Bhavsar, Managing Director
- Mr. Chintan C Desai, Chief Financial Officer
- Ms. Nikita Sharma, Company Secretary

## 10. BOARD MEETINGS:

The Composition of the Board as on 31<sup>st</sup> March 2018 was as follows:

| Sr. No. | Name of the Director    | Category                              |
|---------|-------------------------|---------------------------------------|
| 1.      | Mr. Ambalal B Panchal   | Non- Executive & Independent Director |
| 2.      | Mr. Kartik S. Mehta     | Executive & Managing Director         |
| 3.      | Mr. Padmanabh P Vora    | Non-Executive Director                |
| 4.      | Ms. Purvi J. Bhavsar    | Executive & Managing Director         |
| 5.      | Mr. Pramod K Vijavargia | Nominee Director                      |
| 6.      | Mr. Saurabh Baroi       | Nominee Director                      |
| 7.      | Mr. Venkatraman G Iyer  | Non- Executive & Independent Director |

The Board of Directors met 6(Six) times during the financial year. The intervening gap between any two meetings was within the period prescribed by the Companies Act 2013. The details of which are given as follows:

### Meetings and Attendance of each director Of the Board

| Sr. No. | Name of Director      | Date of Board Meeting     |                            |                              |                                |                                 |                                | Total No. of Meetings Attended |
|---------|-----------------------|---------------------------|----------------------------|------------------------------|--------------------------------|---------------------------------|--------------------------------|--------------------------------|
|         |                       | 6 <sup>th</sup> May, 2017 | 26 <sup>th</sup> May, 2017 | 5 <sup>th</sup> August, 2017 | 4 <sup>th</sup> November, 2017 | 18 <sup>th</sup> December, 2017 | 22 <sup>nd</sup> January, 2018 |                                |
| 1       | Mr. Kartik S. Mehta   | ✓                         | ×                          | ✓                            | ✓                              | ✓                               | ✓                              | 5                              |
| 2       | Ms. Purvi J. Bhavsar  | ✓                         | ✓                          | ✓                            | ×                              | ✓                               | ✓                              | 5                              |
| 3       | Mr. Padmanabh P. Vora | ✓                         | ✓                          | ✓                            | ✓                              | ✓                               | ✓                              | 6                              |

|   |                              |   |   |   |   |   |   |   |
|---|------------------------------|---|---|---|---|---|---|---|
| 4 | Mr. Venkatraman G. Iyer      | ✓ | ✓ | ✓ | ✓ | × | ✓ | 5 |
| 5 | Mr. Ambalal B. Panchal       | × | × | ✓ | ✓ | ✓ | ✓ | 4 |
| 6 | Mr. Pramod Kumar Vijayvargia | - | - | - | × | ✓ | ✓ | 2 |
| 7 | Mr. Saurabh Baroi            | - | - | - | - | - | - | 0 |

✓: Directors who have attended the meeting

×: Directors who were absent

-: Directors who were not appointed till the date of meeting

#### 11. ANNUAL GENERAL MEETING

The last Annual General Meeting was held on 25<sup>th</sup> September, 2017.

#### 12. SEPARATE MEETING OF INDEPENDENT DIRECTORS

In Compliance of section 149 of Companies Act 2013, a separate meeting of the Independent Directors of the Company was duly convened and held on 22<sup>nd</sup> January 2017. Attendance of Independent Directors at the meeting is given hereunder:

| Sr. No. | Name of the Director   | Whether present or not |
|---------|------------------------|------------------------|
| 1.      | Mr. Ambalal B Panchal  | Yes                    |
| 2.      | Mr. Venkatraman G Iyer | Yes                    |

#### 13. COMMITTEES OF THE BOARD

Currently the Board has following committees, the Audit committees, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Finance Committee.

##### 13.1 Audit Committee

The Composition of the Audit Committee as on 31<sup>st</sup> March 2018 was as follows:

| Sr. No. | Name of the Member     | Category                              | Designation |
|---------|------------------------|---------------------------------------|-------------|
| 1.      | Mr. Padmanabh P Vora   | Non-Executive Director                | Chairman    |
| 2.      | Mr. Ambalal B Panchal  | Non- Executive & Independent Director | Member      |
| 3.      | Mr. Venkatraman G Iyer | Non- Executive & Independent Director | Member      |

The members of the Audit Committee met 4(Four) times during the financial year. The details of which are given as follows:

### Meetings and Attendance of each Member of the Audit Committee

| Sr. No. | Name of Director        | Date of Meeting           |                              |                                |                                | Total No. of Meetings Attended |
|---------|-------------------------|---------------------------|------------------------------|--------------------------------|--------------------------------|--------------------------------|
|         |                         | 6 <sup>th</sup> May, 2017 | 5 <sup>th</sup> August, 2017 | 4 <sup>th</sup> November, 2017 | 22 <sup>nd</sup> January, 2018 |                                |
| 1       | Mr. Padmanabh P. Vora   | ✓                         | ✓                            | ✓                              | ✓                              | 4                              |
| 2       | Mr. Venkatraman G. Iyer | ✓                         | ✓                            | ✓                              | ✓                              | 4                              |
| 3       | Mr. Ambalal B. Panchal  | ×                         | ✓                            | ✓                              | ✓                              | 3                              |

✓: Directors who have attended the meeting

×: Directors who were absent

-: Directors who were not appointed till the date of meeting

#### Terms of Reference of Audit Committee

- ❖ Recommendation to the Board the appointment, remuneration, replacement or removal and terms of appointment of statutory auditors of the company;
- ❖ Review and monitor the auditor's independence and performance, and effectiveness of the audit process;
- ❖ Examination of the financial statement and the auditor's report thereon;
- ❖ Approval or subsequent modifications of transactions of the Company with the related parties;
- ❖ Valuation of undertaking or assets of the company, wherever it is necessary;
- ❖ Evaluation of Internal financial controls and risk management systems;
- ❖ Scrutiny of Inter – Corporate Loans and Investment;
- ❖ Monitoring the end use of funds raised through public offer (if any) and related matter.

### 13.2 Nomination and Remuneration committee

The Composition of the Nomination and Remuneration Committee as on 31<sup>st</sup> March 2018 was as follows:

| Sr. No. | Name of the Member     | Category                              | Designation |
|---------|------------------------|---------------------------------------|-------------|
| 1.      | Mr. Venkatraman G Iyer | Non- executive & Independent Director | Chairman    |
| 2.      | Mr. Ambalal B Panchal  | Non- executive & Independent Director | Member      |
| 3.      | Mr. Padmanabh P Vora   | Non- Executive Director               | Member      |

The members of the Nomination and Remuneration Committee met 2(Two) times during the financial year. The details of which are given as follows:

#### Meetings and Attendance of each Director of Nomination and Remuneration Committee

| Sr. No. | Name of Director       | Date of Meeting  |                    | Total No. of Meetings Attended |
|---------|------------------------|------------------|--------------------|--------------------------------|
|         |                        | 5th August, 2017 | 22nd January, 2018 |                                |
| 1       | Mr. Venkatraman G Iyer | ✓                | ✓                  | 2                              |
| 2       | Mr. Ambalal B Panchal  | ✓                | ✓                  | 2                              |
| 3       | Mr. Padmanabh P Vora   | ✓                | ✓                  | 2                              |

✓: Directors who have attended the meeting

×: Directors who were absent

-: Directors who were no appointed till the date of meeting

#### Terms of reference of Nomination and Remuneration Committee:

- ❖ Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the Remuneration of the Directors, Key Managerial Personnel and other Employees;
- ❖ Formulation of criteria for evaluation of Independent Directors and the Board;
- ❖ Devising a policy on Board diversity;
- ❖ Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

### 13.3 Stakeholder Relationship Committee

The Composition of the Stakeholder Relationship Committee as on 31<sup>st</sup> March 2018 was as follows:

| Sr. No. | Name of the Member    | Category                              | Designation |
|---------|-----------------------|---------------------------------------|-------------|
| 1.      | Mr. Ambalal B Panchal | Non- executive & Independent Director | Chairman    |
| 2.      | Mr. Kartik S Mehta    | Executive Director                    | Member      |
| 3.      | Ms. Purvi J Bhavsar   | Executive Director                    | Member      |

The meeting of Stakeholders Relationship Committee was held on 22<sup>nd</sup> January 2018. Attendance of Directors at the meeting is given hereunder:

| Sr. No. | Name of the Member    | No. of Meeting held | No. of Meeting attended |
|---------|-----------------------|---------------------|-------------------------|
| 1.      | Mr. Ambalal B Panchal | 1                   | 1                       |
| 2.      | Mr. Kartik S Mehta    | 1                   | 1                       |
| 3.      | Ms. Purvi J Bhavsar   | 1                   | 1                       |

#### Terms of reference of Stakeholders Relationship Committee:

The role of Stakeholders Relationship Committee involves:

- ❖ To consider and review shareholders'/ investors' grievances and complaints and ensure that all shareholders'/ investors' grievances and correspondence are attended to expeditiously and satisfactorily unless constrained by incomplete documentation and/ or legal impediments;
- ❖ To do all other acts and deeds as may be necessary or incidental to the above.

### 13.4 Finance Committee

The Composition of Finance Committee as on 31<sup>st</sup> March 2018 was as follows:

| Sr. No. | Name of the Member  | Category           | Designation |
|---------|---------------------|--------------------|-------------|
| 1.      | Mr. Kartik S Mehta  | Executive Director | Member      |
| 2.      | Ms. Purvi J Bhavsar | Executive Director | Member      |

The Finance Committee meets on regular interval of time as and when required for the proper working of the company.

## 14. BOARD EVALUATION:

In terms of provisions of the Companies Act 2013, the board has carried out an annual performance evaluation of its own performance, the director individually as well as evaluation of the working of its committees. The performance evaluation of the Independent Directors was carried out by the entire board.



The performance of the chairman and the Non-Independent directors was carried out by the Independent Directors.

## **15. AUDITORS**

### **15.1 Statutory Auditors**

At the Annual General Meeting held on 25<sup>th</sup> July 2014, M/S Manubhai & Shah LLP , Chartered Accountants, Ahmedabad, firm with ICAI Registration No.106041W/W100136, were appointed as the Statutory Auditors of the Company to hold office till the conclusion of the 9<sup>th</sup>Annual General Meeting. In terms of the first proviso to section 139 of the Companies Act 2013, the appointment of the auditors shall be placed for ratification at every Annual General Meeting.

Accordingly the appointment of M/S Manubhai & Shah LLP (Previously known as M/s Manubhai & Shah), Chartered Accountants, Ahmedabad as the Statutory Auditors of the company is placed for ratification by the shareholders. In this regard, the Company has received a certificate from the auditors to the effect that if they are re appointed, it would be in accordance with the provisions of Section 141 of the Companies Act 2013.

The Audit Report for the Financial Year ended 31<sup>st</sup> March 2018 doesnot contain any qualification, reservation or adverse remark and form part of this report.

### **15.2 Secretarial Auditor**

The Board has appointed M/s Anamika Jajoo & Co, Practicing Company Secretary to carry out Secretarial Audit of the Company under the provisions of Companies Act, 2013 for the Financial Year 2017-18. The report does not contain any qualification, reservation or adverse remark. The Secretarial Audit Report is annexed with this report as **Annexure I**.

### **15.3 Internal Auditor**

As per Section 138 of the Companies Act, 2013, M/s Dishang Shah and Co. was appointed to conduct the Internal Audit of the Company for the Financial Year 2017-18.

## **16. RELATED PARTY TRANSACTION**

During the period under review, the Company has not entered into any related party transactions under Section 188 of the Companies Act, 2013.

## **17. RISK MANAGEMENT**

With MIS system and policies in place the risks has been managed. Pahal sends all loan applications to Credit bureau check and that has controlled the over indebted borrowers from sanctioning further loans. Frequent monitoring at the branches, at least 3 times in a year to a branch, and has kept branches to comply with the company policies and processes. Accurate and robust MIS system helps the management and senior staff to take preventive and corrective steps to control events and also takes care of growth.

## **18. NOMINATION AND REMUNERATION POLICY**

The Policy of the Company on director's appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Sub- Section (3) of Section 178 of the Companies Act, 2013, adopted by the Board, is appended as **Annexure II** to this Report.

## **19. WHISTLE BLOWER POLICY/VIGIL MECHANISM**

The Board adopted and implemented the Vigil Mechanism/Whistle Blower Policy that adopts best practice. We have established a vigil mechanism for Directors and employees to report concerns and unethical behavior, actual or suspected fraud or violation of our code of conduct and ethics. It also provides for adequate safeguards against the victimization of persons who use such mechanism and make provision for direct access to the chairperson of the Audit Committee.

## **20. POLICY ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE**

The Company has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at the workplace, in line with the provisions of "Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013" and the Rules made thereunder. Further, the Company has not received any complaint of sexual harassment during the Financial Year 2017-18.

## **21. PAHAL EMPLOYEE STOCK OPTION (ESOP) SCHEME**

Pursuant to the approval accorded by the shareholders vide special resolution passed in last Annual General Meeting held on 23<sup>rd</sup> September 2016, the board had formulated an Employee Stock Option Scheme. During the F.Y 2017-18 the company made aggregate 2, 00,000 grants to 3 employees.

### **Mandatory ESOP Disclosure:**

Disclosures as required under section 62 of the Companies Act, 2013 (to be read with rule 12 of the Companies (Share Capital and Debenture) Rule 2014:

| Sr. No. | Particulars  | 31 <sup>st</sup> March 2018 |
|---------|--|-----------------------------|
| 1.      | Number of options granted beginning of year (A)                  | 1,00,000                    |
| 2.      | Number of options granted during the year (B)                    | 2,00,000                    |
| 3.      | Number of options vested during the year                         | 30,000                      |
| 4.      | Number of options exercised during the year                      | 0                           |
| 5.      | Total number of shares arising as a result of exercise of option | 0                           |
| 6.      | Number of options lapsed during the year                         | 0                           |
| 7.      | The exercise price of the options                                | Rs. 26 each                 |
| 8.      | Variation of terms of options                                    | None                        |
| 9.      | Money realized during the year by exercise of option             | 0                           |
| 10.     | Number of options granted and in force at the end of the year    | 3,00,000                    |

#### **Options granted to the Key Managerial Personnel during the year**

| Employee name     | Designation             | Options granted | Exercise Price (In Rs.) |
|-------------------|-------------------------|-----------------|-------------------------|
| Mr. Chintan Desai | Chief Financial Officer | 50,000          | 26 each                 |

#### **Any other employee who receive a grant of options in any one year of option amounting to five percent or more of options granted during the year**

| Employee name        | Designation             | Options granted | Exercise Price (In Rs.) |
|----------------------|-------------------------|-----------------|-------------------------|
| Mr. Dharmesh Shah    | Associate Director      | 50,000          | 26 each                 |
| Mr. Pushkar Parashar | Chief Operation Officer | 1,00,000        |                         |

## **22. SWEAT EQUITY PLAN**

The members of the company are already aware that they already have granted an approval of issuance of sweat equity shares to promoter cum Managing Director as per special resolution passed in earlier general resolution passed in the general meeting of the company held on 23<sup>rd</sup> September 2016 and 25<sup>th</sup> September 2017. Members are further being informed that in consideration of the services rendered by Mr. Kartik S Mehta and Ms. Purvi J Bhavsar, Managing Directors, the Board of Directors of the company in its meeting held on 30<sup>th</sup> July 2016 and 05<sup>th</sup> August 2017 has decided to issue 1,25,000 and 2,50,000 number of sweat equity shares of the company of Rs. 10/- each respectively to them in addition to the remuneration.

Disclosures as required under section 54 of the Companies Act, 2013 (to be read with rule 8 of the Companies (Share Capital and Debenture) Rule 2014:

| Sr. No. | Particulars  | 31 <sup>st</sup> March 2018 |   |
|---------|--|-----------------------------|---|
|         |  | Date of Board Meeting       | Total No. of Sweat Equity Shares proposed |
| 1.      | The date of Board Meeting at which the proposal for issue of Sweat Equity Shares is approved | 30.07.2016                  | 2,50,000                                  |
|         |  | 05.08.2017                  | 5,00,000                                  |
|         |  |                             |   |

| 2.                  | The class of director or employee to whom sweat equity shares were issued   | Promoters- cum-Managing Directors  |                   |                              |                                       |                    |          |             |                     |          |             |            |          |             |
|---------------------|---|--|-------------------|------------------------------|---------------------------------------|--------------------|----------|-------------|---------------------|----------|-------------|------------|----------|-------------|
| 3.                  | The class of shares issued as Sweat Equity Shares   | Equity Shares of Rs. 10/- each to be ranked pari-passu with existing equity shares   |                   |                              |                                       |                    |          |             |                     |          |             |            |          |             |
| 4.                  | The number of sweat shares issued to the directors, Key Managerial Personnel, or other employees showing separately the number of such shares issued to them, if any, for consideration other than cash and the individual name of allottees holding one per cent or more of the issued share capital | <table border="1"> <thead> <tr> <th>Name of Director</th> <th>Total No. of shares</th> <th>% of the issued capital</th> </tr> </thead> <tbody> <tr> <td>Mr. Kartik S Mehta</td> <td>3,75,000</td> <td>5.14</td> </tr> <tr> <td>Ms. Purvi J Bhavsar</td> <td>3,75,000</td> <td>5.94</td> </tr> </tbody> </table>  | Name of Director  | Total No. of shares          | % of the issued capital               | Mr. Kartik S Mehta | 3,75,000 | 5.14        | Ms. Purvi J Bhavsar | 3,75,000 | 5.94        |            |          |             |
| Name of Director    | Total No. of shares   | % of the issued capital  |                   |                              |                                       |                    |          |             |                     |          |             |            |          |             |
| Mr. Kartik S Mehta  | 3,75,000  | 5.14   |                   |                              |                                       |                    |          |             |                     |          |             |            |          |             |
| Ms. Purvi J Bhavsar | 3,75,000  | 5.94   |                   |                              |                                       |                    |          |             |                     |          |             |            |          |             |
| 5.                  | The reasons or justification for the issue  | Mr. Kartik S Mehta and Ms. Purvi J Bhavsar, the Promoter Directors of the Company, since their induction in 2011 has helped the Company to gain various intangible benefits over and above tangible benefits which paved the way for the Company for its growth and prosperity. In light of this, the Company concludes to confer some tangible benefits, for the sweat they have contributed, over and above normal remuneration. |                   |                              |                                       |                    |          |             |                     |          |             |            |          |             |
| 6.                  | The principal terms and conditions for issue of sweat equity shares, including pricing formula  | <p>(1) The Sweat Equity Shares issued will be treated as a part of managerial remuneration for the purpose of applicable provisions of the Companies Act, 2013.</p> <p>(2) The Sweat Equity Shares shall be locked in for a period of three years from the date of allotment and shall be issued.</p> <p>(3) Valuation as per Registered Valuer's report</p>   |                   |                              |                                       |                    |          |             |                     |          |             |            |          |             |
| 7.                  | The total number of shares arising as a result of issue of sweat equity shares  | 7,50,000   |                   |                              |                                       |                    |          |             |                     |          |             |            |          |             |
| 8.                  | Total number of shares to be issued as sweat equity   | 5,00,000   |                   |                              |                                       |                    |          |             |                     |          |             |            |          |             |
| 9.                  | The percentage of the sweat equity shares of the total post issued and paid up share capital  | <table border="1"> <thead> <tr> <th>Date of allotment</th> <th>No. of Sweat equity allotted</th> <th>Post issued and paid up share capital</th> </tr> </thead> <tbody> <tr> <td>08.09.2017</td> <td>2,50,000</td> <td>1,15,69,611</td> </tr> <tr> <td>22.01.2018</td> <td>2,50,000</td> <td>1,18,19,611</td> </tr> <tr> <td>24.01.2018</td> <td>2,50,000</td> <td>1,20,69,611</td> </tr> </tbody> </table>                         | Date of allotment | No. of Sweat equity allotted | Post issued and paid up share capital | 08.09.2017         | 2,50,000 | 1,15,69,611 | 22.01.2018          | 2,50,000 | 1,18,19,611 | 24.01.2018 | 2,50,000 | 1,20,69,611 |
| Date of allotment   | No. of Sweat equity allotted  | Post issued and paid up share capital  |                   |                              |                                       |                    |          |             |                     |          |             |            |          |             |
| 08.09.2017          | 2,50,000  | 1,15,69,611  |                   |                              |                                       |                    |          |             |                     |          |             |            |          |             |
| 22.01.2018          | 2,50,000  | 1,18,19,611  |                   |                              |                                       |                    |          |             |                     |          |             |            |          |             |
| 24.01.2018          | 2,50,000  | 1,20,69,611  |                   |                              |                                       |                    |          |             |                     |          |             |            |          |             |
| 10.                 | The consideration (including consideration other than shares) received or benefit accrued to the company from the issue of sweat equity shares  | Rs. 10 per shares received in cash for sweat equity shares   |                   |                              |                                       |                    |          |             |                     |          |             |            |          |             |

|     |   |        |
|-----|---|--------|
| 11. | The diluted Earning Per Share (EPS) pursuant to issuance of sweat equity shares | (5.45) |
|-----|---|--------|

Other disclosure:

The following are the details of Managing Director to whom sweat equity shares issued/are to be issued:

| Name   | <b>Kartik S. Mehta</b>  | <b>Purvi J. Bhavsar</b>   |
|--|---|---|
| Age  | 50  | 45  |
| Qualification  | Chartered Accountant, Cost Accountant, Certified Financial Planner  | Graduate  |
| Experience   | Around 26 years   | Around 24 years   |
| Remuneration last drawn  | Rs. 37,51,200   | Rs. 37,51,200   |
| Date of first appointment on the Board                                     | 08 <sup>th</sup> February 2011  | 08 <sup>th</sup> February 2011  |
| Shareholding in the company (including joint holding and holding as karta) | 5.14%   | 5.94%   |
| Relationship with other director/manager/KMP of the Company:               | NIL   | NIL   |
| No. of meetings of the Board attended during the year 2017-18              | 5   | 5   |
| Details of directorship of other boards                                    | Director in other company<br>a. KIFS Housing Finance Private Limited<br><br>In addition to above, he also holds a position of Designated Partner in Suyash Advisory LP. | Director in other company<br>a. KIFS Housing Finance Private Limited<br><br>In addition to above, she also holds a position of Designated Partner in Suyash Advisory LLP. |

## 23. EMPLOYEE REMUNERATION

- ❖ None of the employees of the company was in receipt of the remuneration exceeding the limits prescribed u/s 197(12) read with rule 5, sub rule 2 of The Companies (Appointment and Remuneration of Managerial Personnel) of the Companies Act, 2013 during the year under review.

- ❖ The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of sub section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 are forming part of this report as **Annexure III**

#### **24. CODE OF CONDUCT AND TRAINING**

Code of Conduct (CoC) is a very important tool which reflects the industry benchmarks. It enshrines customer protection principles, good governance benchmarks and market behavior. Pahal has gone for CoC assessment and tries to improve on weaknesses at the field level. Pahal has a training cell to give training to new staff and to conduct refresher training for existing staff. This guides the staff on their behavior with the borrowers. Pahal has Principal Officer to take care of complaints received from the clients and resolve them to their satisfaction.

#### **25. SIGNIFICANT AND MATERIAL ORDERS**

There are no Significant and Material Orders passed by the regulators or courts or tribunal impacting the going concern status and Company's Operation in future.

#### **26. STATUTORY DISCLOSURES**

The disclosures to be made under sub-section (3) (m) of section 134 of the Companies Act 2013 read with Rule (8) (3) of the Companies (Accounts) Rules, 2014 by your company are explained as under:

- ❖ **Information Relating to Conservation of Energy, Technology Absorption:**

Though the Company is not engaged in any manufacturing activity, it consistently invests in energy efficient office equipment at all its branch office locations and strives to promote and provide funds to its borrowers to acquire eco-friendly stoves and lighting equipment.

- ❖ **Foreign Exchange Earnings and Outgo:**

There are no foreign exchange inflows and outflows transactions during the year 2017-18.

#### **27. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(5) of the Companies Act, 2013, the board of directors, to the best of their knowledge and ability, confirm that:

- ❖ in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;



- ❖ they have 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 of the Company for that period;
- ❖ they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- ❖ they have prepared the annual accounts on a going concern basis;
- ❖ they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;
- ❖ they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **28. EXTRACT OF ANNUAL RETURN**

In accordance with the section 134(3)(a) of the Companies Act 2013, the extract of the Annual Return in form MGT -9 is attached as **Annexure -IV** and forms part of this report.

## **29. ACKNOWLEDGEMENT:**

Your Directors warmly appreciate the dedication and commitment of all employees. They acknowledge the assistance, cooperation and encouragement given to your company by the shareholders, lenders, bankers and all other stake holders who have made valuable contribution for the growth of your Company.

**For and on behalf of the Board of Directors**

Date: 10<sup>th</sup> August 2018  
Place: Ahmedabad

**Kartik S. Mehta**  
Managing Director  
(DIN: 02083342)

**Purvi J. Bhavsar**  
Managing Director  
(DIN: 02102740)



**ANNEXURE -I**

**FORM MR – 3**

**SECRETARIAL AUDIT REPORT**

(FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2018)

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of

the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
Pahal Financial Services Pvt.Limited  
(CIN: U65910GJ1994PTC082668)  
First Floor 2, City Mall, Nr. Rajpath Club,  
Opp. Madhur Hotel, S.G Highway, Bodakdev  
Ahmedabad GJ 380059 IN

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Pahal Financial Services Pvt. Limited (hereinafter called “the company”) for the audit period covering the financial year ended on March 31, 2018. Secretarial audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of company’s books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that, the company has, during the audit period covering the financial year ended on March 31, 2018 complied with the statutory provisions listed hereunder and also that the company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

- I. The company is engaged in the business of non-banking financial institution as defined in Section 451 (a) of the Reserve Bank of India Act, 1934.
- II. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the company, for the financial year ended on March 31, 2018, according to the provisions of:
  - (i) The Companies Act, 2013 (“the Act”) and the Rules made thereunder;
  - (ii) The Securities Contracts (Regulation) Act, 1956 (“SCRA”) and the Rules made thereunder;
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (“SEBI Act”):

- (a) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

I have also examined compliance of the following to the extent applicable:

- (c) The Secretarial Standards issued by the Institute of Company Secretaries of India; and
- (d) The Listing Agreements entered into by the company with the Bombay Stock Exchange.

III. During the period under review provisions of following provisions were not applicable to the Company:

(i). The Foreign Exchange Management Act, 1999 (“FEMA”) and the Rules and Regulations made thereunder to the extent of foreign direct investment, overseas direct investment and external commercial borrowings; and

(ii). The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (“SEBI Act”)

- (a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (c) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (f) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

During the period under review the Company has generally complied with the applicable provisions of Acts, Rules, Regulations, guidelines, standards etc. as mentioned above.

IV. I further report that:

- (i) The board of directors of the company is duly constituted with proper balance of executive directors, non- executive directors and independent directors;
- (ii) Adequate notices are given to all the directors to conduct the meetings of board and its committees. Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting;
- (iii) Majority decision is considered while the dissenting members' views, if any, are captured and recorded as part of the minutes;
- (iv) The company has obtained all necessary approvals under the various provisions of the Act;
- (v) There were no prosecution initiated and no fines or penalties imposed during the year under review under the Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the company, its directors and officers; and
- (vi) The directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the code of business conduct & ethics for directors and managerial personnel.

V. I further report that having regard to the compliance system prevailing in the company and on examination of relevant documents and records in pursuance thereof, the company has complied with the following laws applicable specifically to the company:

- (i) The Reserve Bank of India Act, 1934 and its circulars, master circulars, notifications and directions as prescribed for NBFC companies; and
- (ii) The Prevention of Money Laundering Act, 2002.

VI. I further report that having regard to compliance of financial laws, income tax laws, goods and service tax laws, we have relied on the report of statutory auditors of the company.

VII. I further report that based on the information received and the records maintained, there are adequate systems and processes in the company that commensurate with the size and operations of the company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

VIII. I further report that, during the audit period, there were no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc.

IX. I Further report that during the period under review and audit (from 1<sup>st</sup> April,2017 to 31<sup>st</sup> March 2018) the company has:

1. Increased its Authorised share capital from Rs. 20,40,00,000 to Rs. 21,90,00,000
2. Issued 7,50,000 sweat equity shares @ nominal value of 10 Rs per share.
3. Issued 33,33,333 equity shares @Rs. 30 each including premium of Rs. 20 per shares on private Placement basis.
4. Issued compulsory convertible debentures 6,00,000 @ face value of 100 Rs each.
5. Redeemed 15,00,000 preference shares @ 10 Rs each.

**For Anamika Jajoo & Co.,  
Practicing company secretary**

**Sd/-  
Anamika Jajoo  
(Proprietor)  
C. P. No.: 13859  
ACS No.:20918**

Ahmedabad  
27<sup>th</sup> July 2018

Note: This report is to be read with our letter of even date which is annexed as ANNEXURE – I and forms an integral part of this report.



## Annexure I

To,

**The Members,  
Pahal Financial Services Pvt. Limited  
(CIN: U65910GJ1994PTC082668)  
First Floor 2, City Mall, Nr. Rajpath Club,  
Opp. Madhur Hotel, S.G Highway, Bodakdev  
Ahmedabad GJ 380059 IN**

Our report of even date is to be read along with this letter:

- I. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- II. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- III. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
- IV. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
- V. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- VI. The secretarial audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **Anamika Jajoo & Co.**,  
Practicing company secretary

Sd/-

**Anamika Jajoo**  
(Proprietor)  
C. P. No.: 13859  
ACS No.:20918

27<sup>th</sup> July 2018

## **ANNEXURE II**

### **Nomination and remuneration Policy**

This policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

#### **1. Role of Committee:**

The role of the Committee shall be:

- 1.1** To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- 1.2** Formulation of criteria for evaluation of Independent Directors and the Board;
- 1.3** Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- 1.4** To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management;
- 1.5** To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board;
- 1.6** To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management;
- 1.7** To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations;
- 1.8** Devise a policy on Board diversity;
- 1.9** Develop a succession plan for the Board and to regularly review the plan;
- 1.10** Carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.

The Nomination and Remuneration Policy has been formulated in order to bring about objectivity in determining the remuneration package while striking a balance between the interest of the Company and the shareholders.



In the context of the aforesaid criteria the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors.

## 2. Definition:

### 2.1 Key Managerial Personnel means

- Chief Executive Officer or the Managing Director or the Manager;
- Whole-time director;
- Chief Financial Officer;
- Company Secretary; and
- Such other officer as may be prescribed

## 3. Applicability:

This Policy is applicable to:

- 3.1** Directors viz. Executive, Non-Executive and Independent;
- 3.2** Key Managerial Personnel;
- 3.3** Senior Management Personnel;

This Remuneration Policy shall also apply to all future / continuing employment/ engagement(s) with the Company. In other respects, the Remuneration Policy shall be of guidance for the Board. Any departure from the policy shall be recorded and reasoned in the Committee and Board meeting minutes.

## 4. Objective of the Policy:

The policy is framed with the objective(s):

- 4.1** That the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully.
- 4.2** That the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- 4.3** Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

## 5. Chairman:

- a) Chairman of the Committee shall be an Independent Director;
- b) Chairperson of the Company may be appointed as a member of the Committee but shall not Chair the Committee;

- c) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman;
- d) Chairman of the Nomination and Remuneration Committee could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

#### **6. Frequency of Meetings:**

The meeting of the Committee shall be held at such regular intervals as may be required.

#### **7. Committee Members Interests:**

- a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated
- b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

#### **8. Appointment and Removal of Director, KMP and Senior Management:**

##### **8.1 Appointment Criteria and qualifications:**

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.
- d) Appointment of Independent Directors is subject compliance of provisions of section 149 of the Act, read with schedule IV and rules thereunder.
- e) An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- f) No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to

become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on 1 October, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he / she shall be eligible for appointment for one more term of 5 years only.

- g) The Term / Tenure of the Directors shall be governed as per provisions of the Act, and rules made thereunder as amended from time to time.

**8.2 Non-Executive Director:** The Non-Executive Directors shall be evaluated on the basis of the following criteria i.e.

Whether they:

- a) act objectively and constructively while exercising their duties;
- b) exercise their responsibilities in a bona fide manner in the interest of the company;
- c) devote sufficient time and attention to their professional obligations for informed and balanced decision making;
- d) do not abuse their position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- e) refrain from any action that would lead to loss of his independence;
- f) inform the Board immediately when they lose their independence;
- g) assist the company in implementing the best corporate governance practices;
- h) strive to attend all meetings of the Board of Directors and the Committees;
- i) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- j) strive to attend the general meetings of the company;
- k) keep themselves well informed about the company and the external environment in which it operates;
- l) do not to unfairly obstruct the functioning of an otherwise proper Board or Committee of the Board;
- m) Moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest;
- n) abide by Company's Memorandum and Articles of Association, company's policies and procedures including code of conduct.

**8.3 Removal:**

Due to reasons for any disqualifications mentioned in the Act, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

## 9. Matters relating to the remuneration, perquisites for the Whole-time Director, KMP and Senior Management Personnel

- The remuneration/compensation/ profit-linked commission etc. to the Whole Time Director, Directors will be determined by the Committee and recommended to the Board for approval.
- Increments to the existing remuneration/ compensation structure shall be approved by the Committee.
- Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer or Company Secretary for indemnifying any of them against any liability, in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the company, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

- **Sitting Fees:**

The Non-executive/ Independent Directors of the Company shall be paid sitting fees as per the applicable Regulations and no sitting fee is paid to Non-Independent Directors. The quantum of sitting fees will be determined as per the recommendation of Nomination and Remuneration Committee and approved by the Board of Directors of the Company.

- **Profit Linked Commission:**

The profit –linked Commission shall be paid within the monetary limit approved by the shareholders of the Company subject to the same not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Regulations.

- **Stock Options:**

Pursuant to the provisions of the Act, an Independent Director shall not be entitled to any stock option of the Company. Only such employees of the Company and its Subsidiaries as approved by the Nomination and Remuneration Committee will be granted ESOPs.

### 9.1 Remuneration to Senior Management Personnel, Key Managerial Personnel and Other Employees:

The Senior Management Personnel and other employees of the Company shall be paid monthly remuneration as per the Company's HR policies and/ or as may be approved by the Committee. The break-up of the pay scale and quantum of perquisites including employer's contribution to P.F, pension scheme, medical expenses, club fees etc. as per the Company's HR policies.



## 10. Amendments to the policy

The Board of Directors on its own and/ or as per the recommendations of Committee can amend this policy, as and when deemed fit.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

**For and on behalf of the Board of Directors**

Date: 10<sup>th</sup> August 2018  
Place: Ahmedabad

**Kartik S. Mehta**  
Managing Director  
(DIN: 02083342)

**Purvi J. Bhavsar**  
Managing Director  
(DIN: 02102740)

### ANNEXURE III

#### **Analysis of Managerial Remuneration**

Pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the statistical analysis of the remuneration paid to Directors and Key Managerial Personnel (KMP) as against the other employees of the company and with respect to the performance of the company (PAT) is given below:

1. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2017-18:

| <b>Name of the Director</b> | <b>Ratio of remuneration to median employee of the company *</b> | <b>Percentage increase in the remuneration for the Financial Year 2017-18 as compared to previous year remuneration</b> |
|-----------------------------|--|---|
| Ms. Purvi J Bhavsar         | 26:1   | -   |
| Mr. Kartik S Mehta          | 26:1   | -   |

\*Median remuneration of the employees of the company be Rs. 1,43,628

2. The percentage increase in remuneration of following Key Managerial Personnel(KMP) , if any , in the financial year 2017-18

| <b>Name of the KMP</b> | <b>Designation</b>      | <b>Percentage increase in the remuneration for the Financial Year 2017-18 as compared to previous year remuneration</b> |
|------------------------|-------------------------|---|
| Mr. Kartik S Mehta     | Managing Director       | -   |
| Ms. Purvi J Bhavsar    | Managing Director       | -   |
| Mr. Chintan Desai      | Chief Financial Officer | 12.70   |
| Ms. Nikita Sharma      | Company Secretary       | 19.89   |

3. The percentage increase in the median remuneration of the employees in the financial year 2017-18: 0.77%
4. The number of permanent employees on the rolls of the company as on 31<sup>st</sup> March 2018: **562**
5. Variation in the net worth of the Company as at the close of the current financial year and previous financial year: **9.21%**



6. Average Percentile increase in the Salaries of the Employees other than Managerial Personnel is around 1.00 % and increase in salary of Managerial Personnel during last financial year is disclosed in point 2 mentioned above.
7. Key Parameters for any variable component of remuneration (i.e. Commission) availed by the Directors are based on their contribution at the Board, time spent on operational matters and other responsibilities assigned. N.A.
8. None of the Employee other than director(s) received remuneration in excess of the highest paid Director during the Financial Year 2017-18.
9. It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.

**For and on behalf of the Board of Directors**

Date: 10<sup>th</sup> August 2018  
Place: Ahmedabad

**Kartik S. Mehta**  
Managing Director  
(DIN: 02083342)

**Purvi J. Bhavsar**  
Managing Director  
(DIN: 02102740)



**ANNEXURE IV:**

**FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2018

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

**I. REGISTRATION AND OTHER DETAILS**

|   |  |
|---|--|
| CIN:-   | U65910GJ1994PTC082668  |
| Registration Date:  | 01.12.1994   |
| Name of the Company:  | Pahal Financial Services Private Limited   |
| Category / Sub-Category of the Company:                           | Private Company/ Non - Banking Financial Company   |
| Address of the Registered office and contact details:             | First Floor – 2, City Mall, Nr. Rajpath Club, Opp. Madhur Hotel, S.G Highway, Bodakdev, Ahmedabad -380059<br>Phone: 079-40373857<br>Email: <a href="mailto:ho@pahalfinance.com">ho@pahalfinance.com</a><br>Website: <a href="http://www.pahalfinance.com">www.pahalfinance.com</a> |
| Whether listed company  | Debt Listed Company  |
| Name, Address and Contact details of Registrar and Transfer Agent | Skyline Financial Services Private Limited<br>4 A9, Gundecha Onclave, Kherani Road, Sakinaka, Mumbai - 400072  |

**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:-

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|--|----------------------------------|------------------------------------|
| 1       | Granting loans to individuals                    | 99711352                         | 100%                               |

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

| Sl. No.               | Name & Address of the Company | CIN | Holding/Subsidiary/Associate | % of shares held | Applicable Section |
|-----------------------|-------------------------------|-----|------------------------------|------------------|--------------------|
| <b>NOT APPLICABLE</b> |                               |     |                              |                  |                    |

**IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as a percentage of Total Equity)**
**(i) Category Wise Shareholding**

| Category of Shareholders | No. of Shares held at the beginning of the year |                 |                 |                   | No. of Shares held at the end of the year |                 |                  |                   | % Change during the year |
|--------------------------|---|-----------------|-----------------|-------------------|---|-----------------|------------------|-------------------|--------------------------|
|                          | Demat   | Physical        | Total           | % of Total Shares | Demat                                     | Physical        | Total            | % of Total Shares |                          |
| <b>A. Promoters</b>      |   |                 |                 |                   |   |                 |                  |                   |                          |
| <b>(1) Indian</b>        |   |                 |                 |                   |   |                 |                  |                   |                          |
| a) Individual/ HUF       | -   | 9,57,137        | 9,57,137        | 8.45              | 9,07,137                                  | 8,00,000        | 17,07,137        | 11.08             | 2.63                     |
| b) Central Govt          | -   | -               | -               | -                 | -   | -               | -                | -                 | -                        |
| c) State Govt(s)         | -   | -               | -               | -                 | -   | -               | -                | -                 | -                        |
| d) Bodies Corp.          | -   | -               | -               | -                 | -   | -               | -                | -                 | -                        |
| e) Banks / FI            | -   | -               | -               | -                 | -   | -               | -                | -                 | -                        |
| f) Any other             | -   | -               | -               | -                 | -   | -               | -                | -                 | -                        |
| <b>Sub-total (A) (1)</b> | <b>0</b>  | <b>9,57,137</b> | <b>9,57,137</b> | <b>8.45</b>       | <b>9,07,137</b>                           | <b>8,00,000</b> | <b>17,07,137</b> | <b>11.08</b>      | <b>2.63</b>              |
| <b>(2) Foreign</b>       |   |                 |                 |                   |   |                 |                  |                   |                          |
| a) NRI – Individuals     | -   | -               | -               | -                 | -   | -               | -                | -                 | -                        |

|  |          |                 |                 |             |                 |                 |                  |              |             |
|--|----------|-----------------|-----------------|-------------|-----------------|-----------------|------------------|--------------|-------------|
| b) Other Individuals                   | -        | -               | -               | -           | -               | -               | -                | -            | -           |
| c) Bodies Corp.                        | -        | -               | -               | -           | -               | -               | -                | -            | -           |
| d) Banks/FI                            | -        | -               | -               | -           | -               | -               | -                | -            | -           |
| e) Any Other                           | -        | -               | -               | -           | -               | -               | -                | -            | -           |
| <b>f) Sub Total (A) (2)</b>            | <b>0</b> | <b>0</b>        | <b>0</b>        | <b>0</b>    | <b>0</b>        | <b>0</b>        | <b>0</b>         | <b>0</b>     | <b>0</b>    |
| <b>Total shareholding of promoters</b> | <b>0</b> | <b>9,57,137</b> | <b>9,57,137</b> | <b>8.45</b> | <b>9,07,137</b> | <b>8,00,000</b> | <b>17,07,137</b> | <b>11.08</b> | <b>2.63</b> |
| <b>(A)= (A) (1) +(A) (2)</b>           | <b>0</b> | <b>9,57,137</b> | <b>9,57,137</b> | <b>8.45</b> | <b>9,07,137</b> | <b>8,00,000</b> | <b>17,07,137</b> | <b>11.08</b> | <b>2.63</b> |
| <b>B. Public Shareholding</b>          |          |                 |                 |             |                 |                 |                  |              |             |
| <b>1. Institutions</b>                 |          |                 |                 |             |                 |                 |                  |              |             |
| a) Mutual Funds                        | -        | -               | -               | -           | -               | -               | -                | -            | -           |
| b) Banks / FI                          | -        | -               | -               | -           | -               | -               | -                | -            | -           |
| c) Central Govt                        | -        | -               | -               | -           | -               | -               | -                | -            | -           |
| d) State Govt(s)                       | -        | -               | -               | -           | -               | -               | -                | -            | -           |
| e) Venture Capital Funds               | -        | -               | -               | -           | -               | -               | -                | -            | -           |

|  |          |           |           |          |           |           |           |          |          |
|--|----------|-----------|-----------|----------|-----------|-----------|-----------|----------|----------|
| f) Insurance Companies   | -        | -         | -         | -        | -         | -         | -         | -        | -        |
| g) FII's   | -        | -         | -         | -        | -         | -         | -         | -        | -        |
| h) Foreign Venture Capital Funds   | -        | -         | -         | -        | -         | -         | -         | -        | -        |
| i) Others (specify)  | -        | -         | -         | -        | -         | -         | -         | -        | -        |
| <b>Sub-total (B)(1):-</b>  | <b>0</b> | <b>0</b>  | <b>0</b>  | <b>0</b> | <b>0</b>  | <b>0</b>  | <b>0</b>  | <b>0</b> | <b>0</b> |
| <b>2. Non-Institutions</b>   |          |           |           |          |           |           |           |          |          |
| <b>a) Bodies Corp.</b>   |          |           |           |          |           |           |           |          |          |
| i) Indian  | -        | 8,44,359  | 8,44,359  | 7.46     | -         | 41,53,333 | 41,53,333 | 26.96    | 19.50    |
| ii) Overseas   | -        | -         | -         | -        | -         | -         | -         | -        | -        |
| <b>b) Individuals</b>  |          |           |           |          |           |           |           |          |          |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh         | -        | 10,000    | 10,000    | 0.09     | -         | 10,000    | 10,000    | 0.06     | (0.02)   |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | -        | 95,08,115 | 95,08,115 | 84.00    | 66,12,115 | 29,20,359 | 95,32,474 | 61.89    | (22.11)  |
| c) Others (specify)  | -        | -         | -         | -        | -         | -         | -         | -        | -        |
| Non Resident Indians   | -        | -         | -         | -        | -         | -         | -         | -        | -        |
| Overseas Corporate Bodies  | -        | -         | -         | -        | -         | -         | -         | -        | -        |
| Foreign Nationals  | -        | -         | -         | -        | -         | -         | -         | -        | -        |
| Clearing Members   | -        | -         | -         | -        | -         | -         | -         | -        | -        |

|  |            |                    |                    |              |                  |                  |                    |               |               |
|--|------------|--------------------|--------------------|--------------|------------------|------------------|--------------------|---------------|---------------|
| Trusts   | -          | -                  | -                  | -            | -                | -                | -                  | -             | -             |
| Foreign Bodies - D R                                   | -          | -                  | -                  | -            | -                | -                | -                  | -             | -             |
| <b>Sub-total (B)(2):-</b>                              | <b>NIL</b> | <b>1,03,62,474</b> | <b>1,03,62,474</b> | <b>91.55</b> | <b>66,12,115</b> | <b>70,83,692</b> | <b>1,36,95,807</b> | <b>88.91</b>  | <b>(2.63)</b> |
| <b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>    | <b>NIL</b> | <b>1,03,62,474</b> | <b>1,03,62,474</b> | <b>91.55</b> | <b>66,12,115</b> | <b>70,83,692</b> | <b>1,36,95,807</b> | <b>88.91</b>  | <b>(2.63)</b> |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b> | -          | -                  | -                  | -            | -                | -                | -                  | -             | -             |
| <b>Grand Total (A+B+C)</b>                             | <b>Nil</b> | <b>1,13,19,611</b> | <b>1,13,19,611</b> | <b>100</b>   | <b>75,19,252</b> | <b>78,83,692</b> | <b>1,54,02,944</b> | <b>100.00</b> | <b>-</b>      |

**(ii) Shareholding of Promoter-**

| Sr. No. | 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       | Ms. Purvi J Bhavsar | 5,40,469                                  | 4.77                             | -  | 9,15,469                            | 5.94                             | -  | 1.17                                     |
| 2       | Mr. Kartik S Mehta  | 4,16,668                                  | 3.68                             | -  | 7,91,668                            | 5.14                             | -  | 1.46                                     |

\*The above shareholding of promoters of the company is inclusive of their joint shareholding and shares held as Karta of HUF

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

| Sr. No. | Name            | Shareholding at the beginning of the year -1st April 2017 | Date of Allotment | Increase/ Decrease in Shareholding | Reason                          | Cumulative Shareholding during the year(01-04-2017 to 31.03.2018) |   |
|---------|-----------------|---|-------------------|------------------------------------|---------------------------------|---|---|
|         |                 |   |                   |                                    |                                 | No. of shares   | % of total equity shares of the company |
| 1       | Kartik S Mehta  | 4,16,668  | 08.09.2017        | 1,25,000                           | Purchase of Sweat Equity Shares | 5,41,668  | 4.68                                    |
|         |                 |   | 22.01.2018        | 2,50,000                           |                                 | 7,91,668  | 6.69                                    |
|         |                 |   | 31.03.2018        |                                    |                                 | 7,91,668  | 5.14                                    |
| 2       | Purvi J Bhavsar | 5,40,469  | 08.09.2017        | 1,25,000                           |                                 | 6,65,469  | 5.75                                    |
|         |                 |   | 24.01.2018        | 2,50,000                           |                                 | 9,15,469  | 7.58                                    |
|         |                 |   | 31.03.2018        |                                    |                                 | 9,15,469  | 5.94                                    |

iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

| Sr. No. | Name of Top 10 Shareholders | Shareholding at the beginning of the year |                   | Date | Increase/ Decrease in Shareholding | Reason | Cumulative Shareholding during the year |                   |
|---------|-----------------------------|---|-------------------|------|------------------------------------|--------|---|-------------------|
|         |                             | No. of Shares                             | % of total shares |      |                                    |        | No. of shares                           | % of total shares |
|         |                             |   |                   |      |                                    |        |   |                   |

|    |                                    |           |       |                             |                             |          |           |       |
|----|------------------------------------|-----------|-------|-----------------------------|-----------------------------|----------|-----------|-------|
| 1  | DIA Vikas Capital Pvt. Ltd.        | 0         | 0     | 05.02.2018                  | 33,33,333                   | Purchase | 33,33,333 | 21.64 |
|    |                                    |           |       | 31.03.2018                  |                             |          |           |       |
| 2  | Vimal P Khandwala                  | 20,79,812 | 18.37 | No Movement during the year |                             |          | 20,79,812 | 13.50 |
| 3  | Rajesh P Khandwala                 | 20,79,803 | 18.37 |                             |                             |          | 20,79,803 | 13.50 |
| 4  | Girishbhai N Patel                 | 18,00,000 | 15.9  | 12.12.2017                  | (6,50,000)                  | Sale     | 11,50,000 | 9.94  |
|    |                                    |           |       | 31.03.2018                  |                             |          | 11,50,000 | 7.47  |
| 5  | Rajiv G Patel – HUF                | 0         | 0     | 29.03.2018                  | 8,44,359                    | Purchase | 8,44,359  | 5.48  |
|    |                                    |           |       | 31.03.2018                  |                             |          |           |       |
| 6  | Suyash Advisory LLP                | 0         | 0     | 12.12.2017                  | 6,50,000                    | Purchase | 6,50,000  | 5.62  |
|    |                                    |           |       | 13.12.2017                  | 1,70,000                    |          | 8,20,000  | 7.07  |
|    |                                    |           |       | 31.03.2018                  |                             |          | 8,20,000  | 5.32  |
| 7  | Sandeep Mittal                     | 5,40,000  | 4.77  | 06.11.2017                  | 80,000                      | Purchase | 6,20,000  | 5.36  |
|    |                                    |           |       | 31.03.2018                  |                             |          | 6,20,000  | 4.03  |
| 8  | Meenal Jai Singh                   | 3,90,000  | 3.45  | 06.11.2017                  | (1,00,000)                  | Sale     | 2,90,000  | 2.51  |
|    |                                    |           |       | 31.03.2018                  |                             |          | 2,90,000  | 1.88  |
| 9  | Zubeen Mehrotra                    | 2,50,000  | 2.21  | 31.03.2018                  | No Movement during the year |          | 2,50,000  | 1.62  |
| 10 | Jignesh J. Shah J/w. Kanan J. Shah | 2,25,000  | 1.99  | -                           |                             |          | 225000    | 1.46  |

#### v) Shareholding of Director and Key Managerial Personnel

| Sr. No. | Name of Director/KMP | Shareholding at the beginning of the year |                                  | Date       | Increase/ Decrease in Shareholding | Reason   | Cumulative Shareholding during the year | % of total shares of the company |
|---------|----------------------|---|----------------------------------|------------|------------------------------------|----------|---|----------------------------------|
|         |                      | No. of Shares                             | % of total shares of the company |            |                                    |          |   |                                  |
| 1       | Mr. Kartik S Mehta   | 4,16,668                                  | 3.24                             | 08.09.2017 | 1,25,000                           | Purchase | 5,41,668                                | 4.68                             |
|         |                      |   |                                  | 22.01.2018 | 2,50,000                           | Purchase | 7,91,668                                | 6.69                             |
|         |                      |   |                                  | 31.03.2018 |                                    |          |   | 5.14                             |

|   |                              |          |      |            |                             |              |          |      |
|---|------------------------------|----------|------|------------|-----------------------------|--------------|----------|------|
| 2 | Ms. Purvi J Bhavsar          | 5,40,469 | 4.77 | 08.09.2017 | 125000                      | Purchase     | 6,65,469 | 5.75 |
|   |                              |          |      | 24.01.2018 | 250000                      | Sweat Equity | 9,15,469 | 7.58 |
|   |                              |          |      | 31.03.2018 |                             |              |          | 5.94 |
| 3 | Mr. Ambalal B Panchal        | -        | -    | -          | -                           |              | -        | -    |
| 4 | Mr. Padmanabh P Vora         | 1,44,000 | 1.27 | 31.03.2018 | No Movement during the year |              | 1,44,000 | 0.93 |
| 5 | Mr. Venkatraman G Iyer       | 25,000   | 0.22 | 31.03.2018 |                             |              | 25,000   | 0.16 |
| 6 | Mr. Saurabh Baroi            | -        | -    |            |                             | -            | -        | -    |
| 7 | Mr. Pramod Kumar Vijayvergia | -        | -    |            |                             | -            | -        | -    |
| 8 | Mr. Chintan C Desai          | -        | -    |            |                             | -            | -        | -    |
| 9 | Ms. Nikita Sharma            | -        | -    |            |                             | -            | -        | -    |

**V. INDEBTEDNESS OF THE COMPANY INCLUDING INTEREST OUTSTANDING/ACCRUED BUT NOT DUE FOR PAYMENT**

(Rs. In lacs)

|  | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                  |                 |          |                    |
| i) Principal Amount  | 13,932.42                        | 500.00          | -        | 14,432.42          |
| ii) Interest due but not paid                              | -                                | -               | -        | -                  |
| iii) Interest accrued but not due                          | 47.31                            | -               | -        | 47.31              |
| <b>Total (i+ii+iii)</b>                                    | <b>13,979.73</b>                 | <b>500.00</b>   | -        | <b>14,479.73</b>   |
| <b>Change in Indebtedness during the financial year</b>    |                                  |                 |          |                    |
| * Addition   | 15,820.00                        | 1,200.00        | -        | 17,020.00          |
| * Reduction  | 11,774.23                        | -               | -        | 11,774.23          |
| <b>Net Change</b>  |                                  |                 |          |                    |
| <b>Indebtedness at the end of the financial year</b>       |                                  |                 |          |                    |
| i) Principal Amount  | 17,978.19                        | 1,700.00        | -        | 19,678.19          |
| ii) Interest due but not paid                              | -                                | -               | -        | -                  |
| iii) Interest accrued but not due                          | 73.83                            | -               | -        | 73.83              |
| <b>Total ( i + ii + iii)</b>                               | <b>18,052.02</b>                 | <b>1,700.00</b> | -        | <b>19,752.02</b>   |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole Time Director and/or Manager

| SN. | Particulars of Remuneration   | Name of MD/WTD/ Manager |                     | Total Amount (In Rs.) |
|-----|---|-------------------------|---------------------|-----------------------|
|     |   | Mr. Kartik S Mehta      | Ms. Purvi J Bhavsar |                       |
|     |   | Managing Director       | Managing Director   |                       |
| 1   | Gross salary  |                         |                     |                       |
|     | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 37,51,200               | 37,51,200           | <b>75,02,400</b>      |
|     | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | 0                       | 0                   | <b>0</b>              |
|     | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961             | 0                       | 0                   | <b>0</b>              |
| 2   | Stock Option  | 0                       | 0                   | <b>0</b>              |
| 3   | Sweat Equity  | 37,50,000               | 37,50,000           | <b>75,00,000</b>      |
| 4   | Commission<br>- as % of profit<br>- others, specify...                              | 0                       | 0                   | <b>0</b>              |
| 5   | <i>Others, please specify</i>   | 0                       | 0                   | <b>0</b>              |
|     | <b>Total (A)</b>  | <b>75,01,200</b>        | <b>75,01,200</b>    | <b>1,50,02,400</b>    |
|     | Ceiling as per the Act  |                         |                     |                       |

**B. Remuneration to Non - Executive Directors**

| SN. | Particulars of Remuneration                | Name of Directors     |                     |                      |                         | Total Amount<br>(In Rs.) |
|-----|--|-----------------------|---------------------|----------------------|-------------------------|--------------------------|
|     |  | Venkatraman<br>G Iyer | Padmanabh<br>P Vora | Ambalal B<br>Panchal | Pramod K<br>Vijayvargia |                          |
| 1   | Independent Directors                      |                       |                     |                      |                         |                          |
|     | Fee for attending board committee meetings | 80,000                | -                   | 72,500               | -                       | 1,52,500                 |
|     | Commission                                 | -                     | -                   | -                    | -                       | -                        |
|     | Others, please specify                     | -                     | -                   | -                    | -                       | -                        |
|     | <b>Total (1)</b>                           | <b>80,000</b>         | <b>-</b>            | <b>72,500</b>        | <b>-</b>                | <b>1,52,500</b>          |
| 2   | Other Non-Executive Directors              |                       |                     |                      |                         |                          |
|     | Fee for attending board committee meetings | -                     | 90,000              | -                    | 20,000                  | 1,10,000                 |
|     | Commission                                 | -                     | -                   | -                    | -                       | -                        |
|     | Others, please specify                     | -                     | 5,00,000            | -                    | -                       | 5,00,000                 |
|     | <b>Total (2)</b>                           | <b>-</b>              | <b>5,90,000</b>     | <b>-</b>             | <b>20,000</b>           | <b>6,10,000</b>          |
|     | <b>Total (B)=(1+2)</b>                     | <b>80,000</b>         | <b>5,90,000</b>     | <b>72,500</b>        | <b>20,000</b>           | <b>7,62,500</b>          |
|     | <b>Total Managerial Remuneration</b>       | -                     | -                   | -                    | -                       | -                        |
|     | Overall Ceiling as per the Act             | -                     | -                   | -                    | -                       | -                        |

**C. Remuneration To Key Managerial Personnel other than MD/Manager/WTD**

| SN | Particulars of Remuneration   | Key Managerial Personnel |                  |                  |
|----|---|--------------------------|------------------|------------------|
|    |   | Company Secretary        | CFO              | Total            |
|    | Gross salary  |                          |                  |                  |
| 1  | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 3,99,558                 | 19,51,044        | <b>23,50,602</b> |
|    | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | -                        | -                | -                |
|    | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              |                          |                  | -                |
| 2  | Stock Option  | -                        | -                | -                |
| 3  | Sweat Equity  | -                        | -                | -                |
| 4  | Commission  | -                        | -                | -                |
|    | - as % of profit  | -                        | -                | -                |
|    | others, specify...  | -                        | -                | -                |
| 5  | Others, please specify  | -                        | -                | -                |
|    | <b>Total</b>  | <b>3,99,558</b>          | <b>19,51,044</b> | <b>23,50,602</b> |

**VII. Penalties / Punishment/ Compounding Of Offences: N I L**

| Type                      | Section of the Companies Act | Details of the Penalty, Fees | Authority imposing (RD/NCLT/Court) | Details of Appeal made if any |
|---------------------------|------------------------------|------------------------------|------------------------------------|-------------------------------|
| Penalty                   |                              |                              |                                    |                               |
| Compounding               |                              |                              |                                    |                               |
| Other Officers in Default |                              |                              | <b>NIL</b>                         |                               |
| Penalty                   |                              |                              |                                    |                               |
| Punishment                |                              |                              |                                    |                               |
| Compounding               |                              |                              |                                    |                               |

**For and on behalf of the Board of Directors**

Date: 10<sup>th</sup> August 2018  
Place: Ahmedabad

**Kartik S. Mehta**  
Managing Director  
(DIN: 02083342)

**Purvi J. Bhavsar**  
Managing Director  
(DIN: 02102740)

# Manubhai & Shah LLP

Chartered Accountants

## INDEPENDENT AUDITOR'S REPORT

To

The Members of

Pahal Financial Services Private Limited

### Report on Financial Statements

We have audited the accompanying financial statements of **Pahal Financial Services Private Limited** ('the Company'), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss and the 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 and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read together with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's 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 the 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  
G-4, Capstone, Opp. Chirag Motors, Sheth Mangaldas Road, Ellisbridge, Ahmedabad - 380 006. Gujarat, India  
Phone : +91-79-2647 0000 Fax : +91-79-2647 0050

Email : [info@msglobal.co.in](mailto:info@msglobal.co.in)

Website : [www.msglobal.co.in](http://www.msglobal.co.in)

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evaluating the appropriateness of the 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 aforesaid 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, 2018, its loss 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 A, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss and the 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 the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 B** of the 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 does not have any pending litigations having material effect on its financial position as at March 31, 2018;
- (ii) The Company did not have any long-term contracts including derivative contracts as at March 31, 2018 for which there were any material foreseeable losses; and
- (iii) There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.



Date: May 3, 2018

Place: Ahmedabad

For Manubhai & Shah LLP  
Chartered Accountants  
ICAI Firm Reg. No. 106041W/W100136

A handwritten signature in black ink, appearing to read "J. D. Shah", written over a horizontal line.

(J. D. Shah)  
Partner  
Membership No.: 100116

**Annexure A to the Independent Auditors' Report**

[Annexure referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our report on financial statements for the year ended March 31, 2018 to the members of Pahal Financial Services Private Limited]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the Management during the year and no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties included in the fixed assets of the Company and accordingly the requirements under clause 3(i)(c) of the Order are not applicable to the Company.
- (ii) The Company's business does not involve inventories and accordingly the reporting requirements of clause 3(ii) of the Order are not applicable to the Company, hence not commented upon.
- (iii) According to 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. Therefore, the provisions of Clause 3 (iii) (a), (b) and (c) of the said Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanation given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.
- (v) The Company has not accepted deposits within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under.
- (vi) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the product / services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, excise duty, custom duty, service tax, value added tax, sales tax, goods and service tax, cess and other material statutory dues, as applicable, with appropriate authorities,

According to the information and explanations given to us and the records of the Company examined by us, in our opinion, no undisputed amounts payable as at March 31, 2018 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and according to the records of the Company examined by us, there are no dues of income tax, service tax and cess which have not been deposited on account of any dispute.



- (viii) Based on our audit procedure and the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to Financial Institutions, Banks, 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 the immediate utilization were gainfully invested in liquid assets payable on demand.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year under audit.
- (xi) The company being private limited company, provisions of Section 197, read with Schedule V to the Act are not applicable. Therefore the provisions of clause 3(ii) of the Order are not applicable to the Company, hence not commented upon.
- (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 give to us and based on our examination of the records of the Company, the Company has issued shares under private placement during the year as per provisions of Section 42 of the Act and the amount raised have been utilised for the purpose for which the same were raised.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, the reporting requirement of paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) According to the information and explanation given to us, we report that the company has registered under Section 45- IA of the Reserve Bank of India Act, 1934.



Date: May 3, 2018

Place: Ahmedabad

For Manubhai & Shah LLP  
Chartered Accountants  
ICAI Firm Reg. No. 106041W/W100136

  
(J. D. Shah)

Partner

Membership No.: 100116

**Annexure B to the Independent Auditors' Report**

[Annexure referred to in paragraph 2(f) under "Report on Other Legal and Regulatory Requirements" section of our report on financial statements for the year ended March 31, 2018 to the members of Pahal Financial Services Private Limited]

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

We have audited the internal financial controls over financial reporting of **Pahal Financial Services Private Limited ("the Company")**, as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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



**Meaning of Internal Financial Controls over Financial Reporting**

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

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**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, 2018, 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.

Date: May 3, 2018

Place: Ahmedabad



For Manubhai & Shah LLP  
Chartered Accountants  
ICAI Firm Reg. No. 106041W/W100136

A handwritten signature in black ink, appearing to read "J. D. Shah".

(J. D. Shah)

Partner

Membership No.: 100116

**Pahal Financial Services Private Limited**

CIN:U65910GJ1994PTC082668

Balance Sheet as at March 31, 2018

| Particulars                         | Note No. | (Amount in ₹)        |                      |
|-------------------------------------|----------|----------------------|----------------------|
|                                     |          | As at March 31, 2018 | As at March 31, 2017 |
| <b>I EQUITY AND LIABILITIES</b>     |          |                      |                      |
| <b>(1) Shareholders' Funds</b>      |          |                      |                      |
| (a) Share Capital                   | 3        | 19 90 29 440         | 14 31 96 110         |
| (b) Reserves and Surplus            | 4        | 13 87 18 172         | 14 34 32 008         |
|                                     |          | <b>33 77 47 612</b>  | <b>28 66 28 118</b>  |
| <b>(2) Non-current Liabilities</b>  |          |                      |                      |
| (a) Long Term Borrowings            | 5        | 100 36 73 771        | 45 84 34 854         |
| (b) Other Long Term Liabilities     | 6        | 2 94 585             | -                    |
| (c) Long Term Provisions            | 7        | 82 96 897            | 1 67 33 523          |
|                                     |          | <b>101 22 65 253</b> | <b>47 51 68 377</b>  |
| <b>(3) Current Liabilities</b>      |          |                      |                      |
| (a) Short Term Borrowings           | 8        | 4 06 49 194          | 3 78 71 820          |
| (b) Trade Payables                  |          |                      |                      |
| Dues to Micro and Small Enterprises |          |                      |                      |
| Dues to Others                      |          | 1 20 18 831          | 53 92 828            |
| (c) Other Current Liabilities       | 6        | 96 57 94 059         | 96 52 92 956         |
| (d) Short Term Provisions           | 7        | 1 26 52 227          | 14 13 507            |
|                                     |          | <b>103 11 14 311</b> | <b>100 99 71 111</b> |
| <b>Total</b>                        |          | <b>238 11 27 176</b> | <b>177 17 67 606</b> |
| <b>II ASSETS</b>                    |          |                      |                      |
| <b>(1) Non-current Assets</b>       |          |                      |                      |
| (a) Property, Plant & Equipment     | 9        | 54 90 520            | 53 39 753            |
| (b) Intangible Assets               | 10       | 7 94 962             | 11 57 957            |
| (c) Deferred Tax Assets (net)       | 11       | 2 61 20 136          | 12 90 161            |
| (d) Long Term Loans and Advances    | 12       |                      |                      |
| (i) Portfolio Loans                 |          | 51 28 73 058         | 14 31 47 906         |
| (ii) Others                         |          | 91 49 042            | 31 23 961            |
| (e) Other Non-Current Assets        | 13       | 6 69 08 449          | 4 56 02 889          |
|                                     |          | <b>62 13 36 167</b>  | <b>19 96 62 627</b>  |
| <b>(2) Current Assets</b>           |          |                      |                      |
| (a) Trade Receivables               | 14       | 15 48 547            | 13 54 000            |
| (b) Cash and Bank balances          | 15       | 27 92 91 335         | 41 09 57 416         |
| (c) Short Term Loans and Advances   | 12       |                      |                      |
| (i) Portfolio Loans                 |          | 141 99 77 547        | 110 29 77 876        |
| (ii) Others                         |          | 2 67 33 146          | 3 55 11 628          |
| (d) Other Current Assets            | 13       | 3 22 40 434          | 2 13 04 059          |
|                                     |          | <b>175 97 91 009</b> | <b>157 21 04 979</b> |
| <b>Total</b>                        |          | <b>238 11 27 176</b> | <b>177 17 67 606</b> |

See accompanying notes forming part of the financial statements 1 to 39

As per our report of even date

For Manubhai & Shah LLP

Chartered Accountants

ICAI Firm Reg. No. 106041W/W100136

*J. D. Shah*

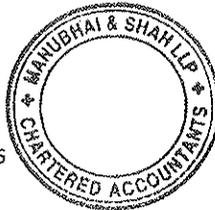
(J. D. Shah)

Partner

Membership No. 100116

Place: Ahmedabad

Date: May 3, 2018



For and on behalf of the Board

*Kartik S. Mehta*

Kartik S. Mehta

Managing Director

DIN. 02083342

*Chintan Desai*

Chintan Desai

Chief Financial Officer

Place: Ahmedabad

Date: May 3, 2018

*Purvi J. Bhasvar*

Purvi J. Bhasvar

Managing Director

DIN.02102740

*Nikita Sharma*

Nikita Sharma

Company Secretary



**Pahal Financial Services Private Limited**

CIN:U65910GJ1994PTC082668

Statement of Profit and Loss for the year ended on March 31, 2018

| Particulars  | Note No. | (Amount in ₹)             |                           |
|--|----------|---------------------------|---------------------------|
|  |          | Year ended March 31, 2018 | Year ended March 31, 2017 |
| <b>I Revenue from Operations</b>                     | 16       | 39 31 38 354              | 36 96 65 869              |
| <b>II Other Income</b>                               | 17       | 96 19 780                 | 96 07 775                 |
| <b>III Total Revenue ( I + II )</b>                  |          | <b>40 27 58 134</b>       | <b>37 92 73 644</b>       |
| <b>IV Expenses:</b>                                  |          |                           |                           |
| Finance Costs  | 18       | 23 16 69 259              | 21 99 68 353              |
| Employee Benefits Expenses                           | 19       | 9 95 04 298               | 7 44 58 004               |
| Depreciation and Amortisation Expenses               | 9 & 10   | 19 47 407                 | 16 48 467                 |
| Other Expenses                                       | 20       | 4 40 04 196               | 3 84 01 417               |
| Provisions & Write offs                              | 21       | 11 59 40 788              | 1 44 34 030               |
| <b>Total Expenses</b>                                |          | <b>49 30 65 948</b>       | <b>34 89 10 271</b>       |
| <b>V Profit / (Loss) Before Tax (III - IV)</b>       |          | <b>(9 03 07 814)</b>      | <b>3 03 63 373</b>        |
| <b>VI Tax expense:</b>                               |          |                           |                           |
| (1) Current Tax                                      |          | -                         | 1 14 15 000               |
| (2) Short provision of tax relating to earlier years |          | 1 90 178                  | 6 27 556                  |
| (3) Deferred Tax Adjustment -Charge/(Credit)         | 11       | (2 48 29 975)             | (5 45 899)                |
| <b>Total tax expense</b>                             |          | <b>(2 46 39 797)</b>      | <b>1 14 96 657</b>        |
| <b>VII Profit / (Loss) for the year (V - VI)</b>     |          | <b>(6 56 68 017)</b>      | <b>1 88 66 717</b>        |
| <b>VIII Earning / (Loss) per share</b>               |          |                           |                           |
| Basic  | 22       | (5.45)                    | 1.83                      |
| Diluted  | 22       | (5.45)                    | 1.83                      |
| [nominal value of share ₹ 10 (March 31, 2017: ₹ 10)] |          |                           |                           |

See accompanying notes forming part of the financial statements 1 to 39

As per our report of even date

For Manubhai & Shah LLP

Chartered Accountants

ICAI Firm Reg. No. 106041W/W100136

(J. D. Shah)

Partner

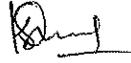
Membership No. 100116

Place: Ahmedabad

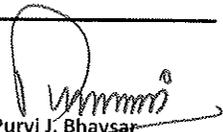
Date: May 3, 2018



For and on behalf of the Board

  
Kartik S. Mehta  
Managing Director  
DIN. 02083342

  
Chintan Desai  
Chief Financial Officer  
Place: Ahmedabad  
Date: May 3, 2018

  
Purvi J. Bhavsar  
Managing Director  
DIN.02102740  
  
Nikita Sharma  
Company Secretary



**Pahal Financial Services Private Limited**

CIN:U65910GJ1994PTC082668

Cash Flow Statement for the year ended March 31, 2018

(Amount in ₹)

| Particulars  | Year ended<br>March 31, 2018 | Year ended<br>March 31, 2017 |
|--|------------------------------|------------------------------|
| <b>A Cash flow from operating activities</b>                           |                              |                              |
| Profit / (Loss) Before Tax   | (9 03 07 814)                | 3 03 63 373                  |
| <b>Adjustments for :</b>   |                              |                              |
| Depreciation and Amortization  | 19 47 407                    | 16 48 467                    |
| Profit on sale of Property, Plant & Equipment                          | ( 5 030)                     | -                            |
| Empolyee Stock Compensation Expense                                    | 2 62 000                     | 1 44 000                     |
| Provision on Standard, Non Performing Assets & Managed Portfolio       | 28 96 193                    | 65 55 276                    |
| Assets Written off (Loans)   | 11 30 44 595                 | 78 78 754                    |
| <b>Operating profit before working capital changes</b>                 | <b>2 78 37 351</b>           | <b>4 65 89 870</b>           |
| <b>Movements in working capital :</b>                                  |                              |                              |
| Increase/(decrease) in Other liabilities & provisions                  | 2 46 62 090                  | (1 78 11 824)                |
| Increase/(decrease) in Trade Payable                                   | 66 26 004                    | ( 18 17 388)                 |
| Decrease / (increase) in Loans and advances                            | (79 56 13 741)               | (17 45 59 507)               |
| Decrease / (increase) in Trade receivables                             | (1 94 547)                   | ( 7 26 702)                  |
| Decrease / (increase) in Other assets                                  | (1 09 36 375)                | ( 38 40 830)                 |
| Decrease / (increase) in Margin money deposits                         | 2 85 86 523                  | 10 40 166                    |
| <b>Cash used in operations</b>   | <b>(71 90 32 695)</b>        | <b>(15 11 26 215)</b>        |
| Direct taxes paid (net of refunds)                                     | ( 15 92 455)                 | (1 50 53 481)                |
| <b>Net cash used in operating activities (A)</b>                       | <b>(72 06 25 150)</b>        | <b>(16 61 79 696)</b>        |
| <b>B Cash flow from investing activities :</b>                         |                              |                              |
| Purchase of fixed assets   | ( 17 36 649)                 | ( 28 93 948)                 |
| Proceeds from sale of fixed assets                                     | 6 500                        | -                            |
| <b>Net cash generated / (used) in investing activities (B)</b>         | <b>( 17 30 149)</b>          | <b>( 28 93 948)</b>          |
| <b>C Cash flow from financing activities :</b>                         |                              |                              |
| Proceeds from issuance of Equity & Preference Shares at Premium        | 12 24 99 990                 | 8 00 00 000                  |
| Dividend paid during the year  | ( 49 63 922)                 | ( 50 64 642)                 |
| Tax paid on Dividend   | ( 10 10 556)                 | ( 9 08 765)                  |
| Short-term borrowings and current maturity (net)                       | (2 11 83 128)                | 8 13 42 837                  |
| Long term Borrowings (net)   | 54 52 38 917                 | 15 97 28 004                 |
| <b>Net cash generated from financing activities (C)</b>                | <b>64 05 81 301</b>          | <b>31 50 97 434</b>          |
| Increase/(decrease) in cash and cash equivalents (A)+(B)+(C)           | (8 17 73 998)                | 14 60 23 790                 |
| Cash and cash equivalents as at the beginning of the year              | 35 56 82 823                 | 20 96 59 033                 |
| <b>Cash and cash equivalents as at end of the year (Refer Note 15)</b> | <b>27 39 08 825</b>          | <b>35 56 82 823</b>          |



**Pahal Financial Services Private Limited**

CIN:U65910GJ1994PTC082668

Cash Flow Statement for the year ended March 31, 2018

Notes:

(i) The cash flow statement has been prepared under indirect method as per Accounting Standard - 3 "Cash Flow Statement".

| (ii) Components of cash & cash equivalents at the year end | As at               | As at               |
|--|---------------------|---------------------|
|  | March 31, 2018      | March 31, 2017      |
| Cash on hand   | 5 06 029            | 9 71 978            |
| Balance with banks in current accounts                     | 26 37 38 626        | 16 47 10 845        |
| Deposit with maturity less than 3 months                   | 96 64 170           | 19 00 00 000        |
| <b>Total</b>   | <b>27 39 08 825</b> | <b>35 56 82 823</b> |

(iii) Figures in brackets represent outflows.

See accompanying notes forming part of the financial statements (Note No. 1 to 39)

As per our report of even date

For Manubhai & Shah LLP

Chartered Accountants

ICAI Firm Reg. No. 106041W/W100136



(J. D. Shah)

Partner

Membership No. 100116

Place: Ahmedabad

Date: May 3, 2018



For and on behalf of the Board



Kartik S. Mehta

Managing Director

DIN. 02083342

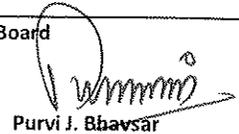


Chintan Desai

Chief Financial Officer

Place: Ahmedabad

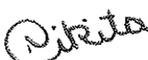
Date: May 3, 2018



Purvi J. Bhavsar

Managing Director

DIN. 02102740



Nikita Sharma

Company Secretary



## Pahal Financial Services Private Limited

Notes forming part of Financial Statements for the year ended on March 31, 2018

### 1 Company Overview:

Pahal Financial Services Private Limited (herein after referred to as 'the Company') is a company incorporated under the provisions of the Companies Act, 1956. The company is non-deposit accepting Non-Banking Financial Company ('NBFC-ND') registered with the Reserve Bank of India (RBI) under Section 45-IA of the RBI Act, 1934 and has got classified as a Non-Banking Financial Company- Micro Finance Institution ('NBFC- MFI') vide registration no. B.0100551 with effect from January 29, 2014.

The Company is primarily engaged in business of providing micro finance services by way of loans to women who are organized as Joint Liability Groups ('JLG') and individuals in the urban areas of Gujarat, Maharashtra, Madhya Pradesh & Rajasthan.

In addition to the core business of providing micro finance, the company uses its distribution channel to provide certain other financial products and services to members.

### 2 Statement of Significant Accounting Policies :

#### 2.1 Basis of preparation of Financial Statements :

These financial statements are prepared in accordance with Generally Accepted Accounting principles in India (GAAP) under the historical cost convention on the accrual basis except interest on loans classified as non performing assets, which is accounted for on realisation basis. GAAP comprises mandatory accounting standards notified under Section 133 of the Companies Act, 2013 ('Act') read together with Rule 7 of the Companies (Accounts) Rules, 2014, Companies (Accounting Standards) Amendment Rules, 2016 and the provisions of the RBI as applicable as per Master Directions - Non-Banking Financial Company -Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 issued vide Notification No. DNBR.PD.007/03.10.119/2016-17 dated September 1, 2016, as amended time to time ("the NBFC Master Directions, 2016). The accounting policies have been consistently applied by the Company except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standards requires a change in accounting policy hereto in use.

#### 2.2 Use of Accounting Estimates :

The preparation of financial statements in conformity with Generally Accepted Accounting principles in India (GAAP) requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

#### 2.3 Revenue Recognition :

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

- (a) Interest income on loan given is recognized under the internal rate of return, or IRR, method. This method of accounting matches the recognition of financial expenses, showing an equal treatment of income and expenses. Further, income on Non Performing Assets is recognized only when realized and any such interest income recognised before the assets became non performing and remaining unrealized is reversed.
- (b) Loan processing fees collected from members are recognized in the period of realisation.
- (c) Interest income on deposits with banks is recognized on a time proportion accrual basis taking into account the amount outstanding and the rate applicable.
- (d) Profit on sale of units of mutual fund / shares is recognized on realisation of profits.
- (e) Profit/Premium arising at the time of securitisation of loan portfolio is amortised over the life of the underlying loan / portfolio / securities and loss arising thereon is accounted immediately. Income from Interest strip (excess interest spread) is recognized in the statement of profit and loss net off any losses when redeemed in cash. Interest retained under assignment of loan receivables is recognized on realization basis over the life of underlying loan portfolio.
- (f) All the other income is recognised on accrual basis.



## **Pahal Financial Services Private Limited**

*Notes forming part of Financial Statements for the year ended on March 31, 2018*

### **2.4 Property, plant and equipment:**

- (a) All Property, plant & equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. The cost comprises the purchase price and all incidental costs related to acquisition and bringing the asset to its working condition for its intended use.
- (b) Depreciation on fixed assets is provided on the Straight line method over the useful lives of assets as prescribed under Part C of Schedule II of the Companies Act, 2013 which is also as per the useful life of the assets estimated by the management.
- (c) Fixed assets costing up to ₹5,000/- individually are fully depreciated in the year of purchase.

### **2.5 Intangible Assets:**

- (a) An intangible asset is recognised, only where it is probable that future economic benefits attributable to the asset will accrue to the enterprise and the cost can be measured reliably. Intangibles are stated at cost, less accumulated amortization and impairment losses, if any.
- (b) Software cost related to computers is capitalized and amortized using the straight-line method over a period of three years.

### **2.6 Impairment :**

- (a) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. On such indication, the recoverable amount of the assets is estimated and if such estimation is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.
- (b) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

### **2.7 Investments:**

- (a) Current investments are carried at lower of cost and fair value, on an individual investment basis.
- (b) Long term investments are carried at cost less provision for diminution, other than of temporary nature, in value of such investments.

### **2.8 Borrowing cost**

All borrowing cost are expensed in the period they occur. Borrowing cost include interest and other costs incurred in connection with the arrangement of borrowings.

### **2.9 Employee Benefits :**

- (a) Defined Contribution Plan:  
Employee benefits in the form of Provident Fund and Employee State Insurance Contribution are defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due.
- (b) Defined Benefit Plan:  
Gratuity liability for eligible employees is defined benefit obligation and are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Obligation is measured at the present value of estimated future cash flows using discounted rate that is determined by reference to market yields at the Balance Sheet date on Government Securities where the currency and terms of the Government Securities are consistent with the currency and estimated terms of the defined benefit obligation. Actuarial gains/losses are immediately taken to Statement of Profit and Loss.



## Pahal Financial Services Private Limited

Notes forming part of Financial Statements for the year ended on March 31, 2018

### 2.10 Leases:

Where the Company is the lessee :

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of Profit and Loss.

### 2.11 Income Taxes :

Tax expense comprises of current and deferred tax.

#### (a) Current income tax

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Provision is made for income tax annually based on the tax liability computed, after considering tax allowances and exemptions under the Income Tax Act, 1961.

#### (b) Deferred Tax liability/ Asset

Deferred income taxes reflect the impact of timing differences between the taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

### 2.12 Provisions, Contingent Liabilities and Contingent Assets:

- (a) A provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
- (b) Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

### 2.13 Classification and Provision Policy for Loan Portfolio:

#### (a) Loans to JLG Portfolio

Loans to JLG Portfolio is classified in accordance with the NBFC Master Directions, 2016. Classification of loan along with the percentage of provision made on such loans is as under:

| Classification             | Arrear Period   | % of Provision   |
|----------------------------|---|------------------|
| (i) Standard Asset         | Overdue* up to 90 days                                | Refer Note 1 & 2 |
| (ii) Non Performing Assets | Overdue* for more than 90 days and less than 180 days | 50%              |
| (iii) Loss Assets          | Overdue* for more than 180 days                       | Written off      |



## Pahal Financial Services Private Limited

Notes forming part of Financial Statements for the year ended on March 31, 2018

Note 1:

"Overdue" refers to interest and/or instalment remaining unpaid from the day it became receivable.

Note 2:

The overall provision for loans to JLG is made as per the provision prescribed in the Non -Banking Finance Company- Micro Finance Institution (Reserve Bank) Directions, 2011 ('NBFC- MFI Directions'). These directions require the total provisions for Overall loans to be higher of (a)1% of the outstanding loan portfolio or (b)50% of the aggregate loan instalment which are overdue for more than 90 days and less than 180 days.

### (b) Loans other than JLG Loans

Loans and advance, other than loans with JLG are classified in accordance with the NBFC Master Directions, 2016.

| Classification        | Arrear Period                   | % of Provision |
|-----------------------|---------------------------------|----------------|
| Standard Assets       | Up to 180 Days                  | 0.25%          |
| Non Performing Assets | Overdue for 180 days or more    | Written off    |
| Loss Assets           | ( As identified by Management ) | Written off    |

### (c) Assigned Loans:

Provision for losses arising under securitisation arrangements is made as higher of the incurred loss and provision in relation to overdue receivable subject to the maximum guarantee given in respect of these arrangements.

## 2.14 Share Based Payments

In case of stock option plan, measurement and disclosure of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India as applicable for equity-settled share based payments.

The cost of equity-settled transactions is measured using the intrinsic value method and recognised, together with a corresponding increase in the "Stock options outstanding account" in reserves. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognised in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

## 2.15 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as fraction of an equity share to the extent that they were entitled to participate in dividends related to a fully paid equity share during the reporting year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

## 2.16 General

Any other accounting policy not specifically referred to are consistent with generally accepted accounting principles.



### Pahal Financial Services Private Limited

Notes forming part of Financial Statements for the year ended on March 31, 2018

#### 3 Share Capital

##### (i) Authorised, Issued, Subscribed and Paid- Up Capital:

| Particulars   | (Amount in ₹)           |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2018 | As at<br>March 31, 2017 |
| <b>Authorised</b>   |                         |                         |
| 1,59,00,000 Equity Shares of ₹10/- each<br>(March 31, 2017: 1,44,00,000 Equity Shares of ₹ 10/- each)                           | 15 90 00 000            | 14 40 00 000            |
| 60,00,000 Preference Shares of ₹ 10/- each<br>(March 31, 2017: 30,00,000 Preference Shares of ₹ 10/- each)                      | 6 00 00 000             | 3 00 00 000             |
| <b>Total</b>  | <b>21 90 00 000</b>     | <b>17 40 00 000</b>     |
| <b>Issued, Subscribed and Paid Up</b>   |                         |                         |
| 1,54,02,944 Equity Shares of ₹ 10/- each<br>(March 31, 2017: 1,13,19,611 Equity Shares of ₹ 10/-each)                           | 15 40 29 440            | 11 31 96 110            |
| 45,00,000 Redeemable Preference Shares of ₹ 10/- each<br>(March 31, 2017: 30,00,000 Redeemable Preference Shares of ₹ 10/-each) | 4 50 00 000             | 3 00 00 000             |
| <b>Total</b>  | <b>19 90 29 440</b>     | <b>14 31 96 110</b>     |

##### (ii) Reconciliation of number of shares outstanding at beginning and at the end of the reporting period is as under:

| Particulars   | As at March 31, 2018 |                     | As at March 31, 2017 |                     |
|---|----------------------|---------------------|----------------------|---------------------|
|   | No. of Shares        | Amount in ₹         | No. of Shares        | Amount in ₹         |
| <b>Equity Shares</b>  |                      |                     |                      |                     |
| At the beginning of the year                                | 1 13 19 611          | 11 31 96 110        | 88 19 611            | 8 81 96 110         |
| Sweat shares issued during the year                         | 7 50 000             | 75 00 000           | -                    | -                   |
| Shares issued under private placement basis during the year | 33 33 333            | 3 33 33 330         | 25 00 000            | 2 50 00 000         |
| <b>Outstanding at the end of the year</b>                   | <b>1 54 02 944</b>   | <b>15 40 29 440</b> | <b>1 13 19 611</b>   | <b>11 31 96 110</b> |
| <b>Preference Shares</b>                                    |                      |                     |                      |                     |
| At the beginning of the year                                | 30 00 000            | 3 00 00 000         | 30 00 000            | 3 00 00 000         |
| Subscribed during the year                                  | 30 00 000            | 3 00 00 000         | -                    | -                   |
| Redeemed during the year                                    | (15 00 000)          | (1 50 00 000)       | -                    | -                   |
| <b>Outstanding at the end of the year</b>                   | <b>45 00 000</b>     | <b>4 50 00 000</b>  | <b>30 00 000</b>     | <b>3 00 00 000</b>  |

##### (iii) Terms / Rights of Shareholders, Dividend and Repayment of Capital:

###### A Equity Shares

- The Company has one class of Equity shares having a par value of ₹ 10/-.
- Each holder of equity shares is entitled to one vote per share.
- Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Dividend declared and paid would be in Indian rupees.
- In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The amount distributed will be in proportion to the number of equity shares held by the shareholders.

###### B Preference Shares

###### (i) Tranch I - Preference Shares Issued to Small Industries Development Bank of India (SIDBI)

###### (a) Details of the Preference shares issued are as under :

- > 10,00,000 shares Allotted on October 1, 2013
- > 20,00,000 shares Allotted on December 27, 2013

###### (b) The Preference share would be redeemable at par as below:

- > The company has redeemed 1st Installment of 50% preference shares amounting to Rs. 150 Lakhs during the year out of proceeds from fresh issue of preference shares in terms of proviso (a) of sub section 2 of Section 55 of Companies Act, 2013.
- > Remaining 50% at the end of 5 years from the date of allotment.

###### (c) Preference shares carry a fixed cumulative dividend @ 9% per annum.



## Pahal Financial Services Private Limited

Notes forming part of Financial Statements for the year ended on March 31, 2018

### (ii) Tranch II - Preference Shares Issued to Scient Capital Private Limited

- (a) Details of the Preference shares issued are as under :
- > 30,00,000 shares Allotted on May 31, 2017
- (b) The Preference share would be redeemable at par as below:
- > 100% at the end of 2 years from the date of allotment.
- (c) Preference shares carry a fixed coupon rate of 11.25% semi annual.

(iv) The details of shareholders holding more than 5 % of subscribed share capital as on March 31, 2018 is set out below:

| Name of Shareholder                        | As at March 31, 2018 |        | As at March 31, 2017 |         |
|--|----------------------|--------|----------------------|---------|
|  | No. of Shares        | %      | No. of Shares        | %       |
| <b>Equity Shares</b>                       |                      |        |                      |         |
| Dia Vikas Capital Private Limited          | 33 33 333            | 21.64% | -                    | -       |
| Vimal Khandwala                            | 20 79 812            | 13.50% | 20 79 812            | 18.37%  |
| Rajesh Khandwala                           | 20 79 803            | 13.50% | 20 79 803            | 18.37%  |
| Girish N. Patei                            | 11 50 000            | 7.47%  | 18 00 000            | 15.90%  |
| Rajiv G Patel HUF                          | 8 44 359             | 5.48%  | -                    | -       |
| Purvi J Bhavsar                            | 9 15 469             | 5.94%  | 5 40 469             | 4.77%   |
| Suyash Advisory LLP                        | 8 20 000             | 5.32%  | -                    | -       |
| Kusum Finserve LLP                         | -                    | -      | 8 44 359             | 7.46%   |
| <b>Preference Shares</b>                   |                      |        |                      |         |
| Small Industries Development Bank of India | 15 00 000            | 33.33% | 30 00 000            | 100.00% |
| Scient Capital Private Limited             | 30 00 000            | 66.67% | -                    | -       |

As per the records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

(v) For details of shares reserved for issue under employee stock option (ESOP) plan of the company, Refer note no. -30.

## 4 Reserves and Surplus

| Particulars  | (Amount in ₹)           |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2018 | As at<br>March 31, 2017 |
| <b>Securities Premium</b>  |                         |                         |
| As per Last Balance Sheet  | 9 31 10 943             | 3 81 10 943             |
| Add: Premium received during the year  | 6 66 66 660             | 5 50 00 000             |
| Closing Balance  | 15 97 77 603            | 9 31 10 943             |
| <b>General Reserve</b>   |                         |                         |
| As per Last Balance Sheet  | 60 000                  | 60 000                  |
| <b>Statutory Reserve*</b>  |                         |                         |
| As per Last Balance Sheet  | 1 22 69 476             | 84 96 132               |
| Add: Amount transferred from the surplus balance of profit & loss                | -                       | 37 73 343               |
| Closing Balance  | 1 22 69 476             | 1 22 69 476             |
| <b>Surplus</b>   |                         |                         |
| Surplus at the beginning of the year   | 3 78 47 589             | 2 27 54 216             |
| Add: Net Profit / (Loss) after tax transferred from Statement of Profit and Loss | (6 56 68 017)           | 1 88 66 717             |
|  | (2 78 20 428)           | 4 16 20 933             |
| Less: Appropriation  |                         |                         |
| Transfer to statutory reserve*   | -                       | 37 73 343               |
| Dividend on Equity Shares  | 22 63 922               | -                       |
| Dividend on Cumulative Redeemable Preference Shares                              | 27 00 000               | -                       |
| Tax on dividend  | 10 10 556               | -                       |
|  | 59 74 478               | 37 73 343               |
| Surplus / (Deficit) at the end of the year                                       | (3 37 94 906)           | 3 78 47 589             |



**Pahal Financial Services Private Limited**

Notes forming part of Financial Statements for the year ended on March 31, 2018

| Particulars                | (Amount in ₹)           |                         |
|----------------------------|-------------------------|-------------------------|
|                            | As at<br>March 31, 2018 | As at<br>March 31, 2017 |
| Stock options outstanding  |                         |                         |
| Opening balance            | 1 44 000                | -                       |
| Addition during the period | 2 62 000                | 1 44 000                |
|                            | 4 06 000                | 1 44 000                |
| <b>Total</b>               | <b>13 87 18 172</b>     | <b>14 34 32 008</b>     |

\* As required by Sec 45 - IC of Reserve Bank of India Act, 1934

**5 Long Term Borrowings**

| Particulars                           | (Amount in ₹)           |                         |                         |                         |
|---------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                       | Non- current portion    |                         | Current Maturities      |                         |
|                                       | As at<br>March 31, 2018 | As at<br>March 31, 2017 | As at<br>March 31, 2018 | As at<br>March 31, 2017 |
| <b>Secured</b>                        |                         |                         |                         |                         |
| (A) Term loans from:                  |                         |                         |                         |                         |
| - Banks                               | 10 84 41 591            | 53 12 500               | 12 09 54 764            | 10 10 41 674            |
| - Others                              | 57 52 32 180            | 18 54 41 188            | 73 48 60 853            | 64 83 21 251            |
| (B) Non Convertible Debentures        | 15 00 00 000            | 21 76 81 166            | 6 76 81 434             | 19 75 72 530            |
| (C) Vehicle Loan                      | -                       | -                       | -                       | 5 22 098                |
| <b>Unsecured</b>                      |                         |                         |                         |                         |
| (D) Sub-ordinate Debt (Tier II)       | 11 00 00 000            | 5 00 00 000             | -                       | -                       |
| (E) Compulsory Convertible Debentures | 6 00 00 000             | -                       | -                       | -                       |
| <b>Total</b>                          | <b>100 36 73 771</b>    | <b>45 84 34 854</b>     | <b>92 34 97 052</b>     | <b>94 74 57 553</b>     |

Details of Security, terms of repayment, interest rates and other terms and conditions in respect of Long Term loans are as under:

| Security details   | Interest rate       | Terms of Repayment  |
|--|---------------------|---|
| <b>(A) Term Loans:</b>   |                     |   |
| <b>DCB Bank</b>  |                     |   |
| Exclusive Charges by way of Hypothication on all Book Debts / loan Assets, both present and future and against pledge of Fixed Deposit of 10% of the loan amount               | 1 year MCLR + 2.52% | Principal repayable by 16 equal monthly installments starting from 3rd month of disbursement. |
| <b>IDBI Bank Limited</b>   |                     |   |
| Exclusive Charges by way of Hypothication on all 110 % of Book Debts / loan Assets, both present and future and against pledge of Fixed Deposit up to 10% of the loan amount   | 1 year MCLR + 4.95% | Principal repayable in 24 equal monthly installments with a moratorium period of 3 months     |
| <b>Fincare Small Finance Bank Limited</b>  |                     |   |
| Exclusive Charges by way of Hypothication on all 100 % of Book Debts / loan Assets, both present and future and against pledge of Fixed Deposit up to 7.50% of the loan amount | 14%                 | Principal repayable in 24 equal monthly installments.   |



**Pahal Financial Services Private Limited**

*Notes forming part of Financial Statements for the year ended on March 31, 2018*

| <b>Security details</b>   | <b>Interest rate</b> | <b>Terms of Repayment</b>  |
|---|----------------------|--|
| <b>State Bank of India</b>  |                      |  |
| Exclusive Hypothication charge over specific pool of receivables/book debts created out of Bank finance and against pledge of Fixed Deposit up to 10% of the loan amount                              | 12.90%               | Principal repayable by 36 equal monthly installments starting from next month.   |
| <b>Capital First Limited</b>  |                      |  |
| Exclusive Charges by way of Hypothication on 110% to 125% of Book Debts.  | 13% to 15%           | Principal repayable in 8-18 equal quarterly installments commencing after moratorium of 6 Months to 8 quarters after the disbursement. |
| <b>IFMR Capital Finance Pvt. Ltd.</b>   |                      |  |
| Exclusive Charges by way of Hypothication on Book Debts / loan Assets, both present and future created/to be created out of loan and against pledge of Fixed Deposit of 5% to 7.5% of the loan amount | 13.65% to 14.75%     | Principal repayable by 18 monthly installments.  |
| <b>Mas Financial Services Limited</b>   |                      |  |
| Exclusive Charges by way of Hypothication on Book Debts / loan Assets, both present and future created/to be created out of loan and against pledge of Fixed Deposit of 0% of the loan amount         | 14.75%               | Principal repayable by 24 equal monthly installments as per Loan sanction Document.  |
| <b>Manappuram Finance Limited</b>   |                      |  |
| Exclusive Charges by way of Hypothication on 110% of Book Debts.  | 13.75% to 14.5%      | Principal repayable in 12 equal quarterly installments commencing from 3 months after first disbursement.                              |
| <b>Reliance Capital Limited</b>   |                      |  |
| Exclusive Charges by way of Hypothication on Book Debts / loan Assets, both present and future created/to be created out of loan and against pledge of Fixed Deposit of 5% to 7.5% of the loan amount | 14.25% to 14.50%     | Principal repayable in 18 equal monthly installments as per Loan sanction Document.  |
| <b>NABARD Financial Services Limited</b>  |                      |  |
| Exclusive Charges by way of Hypothication on all 105 % of Book Debts / loan Assets, both present and future and against pledge of Fixed Deposit up to 5% of the loan amount                           | 13.00% p.a.          | Principal repayable in 12 equal quarterly installments commencing from 3 months after first disbursement.                              |
| <b>NABSAMMRUDHHI Financial Services Limited</b>   |                      |  |
| Exclusive Charges by way of Hypothication on all 110 % of Book Debts / loan Assets, both present and future and against pledge of Fixed Deposit up to 5% of the loan amount                           | 13.50% p.a.          | Principal repayable in 12 equal quarterly installments commencing from 3 months after first disbursement.                              |



## Pahal Financial Services Private Limited

Notes forming part of Financial Statements for the year ended on March 31, 2018

| Security details  | Interest rate            | Terms of Repayment   |
|---|--------------------------|--|
| <b>Profectus Captial Pvt Limited</b>  |                          |  |
| Exclusive Charges by way of Hypothication on all 100 % of Book Debts / loan Assets, both present and future and against pledge of Fixed Deposit upto 10% of the loan amount                   | 14.50% p.a               | Principal repayable in 12 equal monthly installments.  |
| <b>Maanaveeya Development &amp; Finance Private Limited</b>   |                          |  |
| Exclusive Charges by way of Hypothication on all 100 % of Book Debts / loan Assets, both present and future and against pledge of Fixed Deposit of 7.50% to 10% of the loan amount            | 14.40 to 14.50%          | Principal repayable in 8 equal quarterly installments commencing from 3 months after first disbursement. |
| <b>Hinduja Leyland Finance Limited</b>  |                          |  |
| Exclusive Charges by way of Hypothication on Book Debts / loan Assets, both present and future equivalent to 110% of loan Amount  | 11.34% to 11.80% (Yield) | Principal repayable by 24 to 36 monthly installment  |
| <b>Mahindra &amp; Mahindra Financial Services Limited</b>   |                          |  |
| Exclusive Charges by way of Hypothication on Book Debts / loan Assets, both present and future created/to be created out of loan and against pledge of Fixed Deposit of 8% of the loan amount | 11.34% to 13%            | Principal repayable by 24 equal monthly installments as per Loan sanction Document.                      |
| <b>(B) Non Convertible Debentures</b>   |                          |  |
| <b>Hinduja Leyland Finance Limited</b>  |                          |  |
| Exclusive Charges by way of Hypothication on Book Debts / loan Assets, both present and future equivalent to 100% to 110% of Debenture Value.   | 12.78% to 13.9% (Yield)  | Principal repayable by 24 monthly installment  |
| <b>L &amp; T Financial Services Limited</b>   |                          |  |
| Exclusive Charges by way of Hypothication on Book Debts / loan Assets, both present and future equivalent to 100% of Debenture Value.   | 12.15% (Yield)           | Principal repayable by 24 monthly installment  |
| <b>IFMR FLMPACT MEDIUM TERM MICROFINANCE FUND</b>   |                          |  |
| Exclusive Charges by way of Hypothication on Book Debts / loan Assets, both present and future equivalent to 100% of Debenture Value.   | 14.25% (Coupon)          | Principal repayable at the end of 36 months.   |
| <b>(D) Sub ordinate Debt (tier II)</b>  |                          |  |
| Capital First Limited   | 16.90%                   | Principal repayable after 84 months from the date of receipt.  |
| MAS Financial Services Limited  | 16.75%                   | Principal repayable after 84 months from the date of receipt.  |
| <b>(E) Compulsory Convertible Debentures</b>  |                          |  |
| Dia Vikas Capital Private Ltd   | 15.00%                   | Debentures fully convertible into Equity within 10 years   |



**Pahal Financial Services Private Limited**

Notes forming part of Financial Statements for the year ended on March 31, 2018

**6 Other Liabilities:**

| Particulars  | (Amount in ₹)           |                         |                         |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Non Current             |                         | Current                 |                         |
|  | As at<br>March 31, 2018 | As at<br>March 31, 2017 | As at<br>March 31, 2018 | As at<br>March 31, 2017 |
| Current Maturities of Long Term Debt (Refer Note No 5) |                         |                         |                         |                         |
| Term Loan  | -                       | -                       | -                       | -                       |
| - From Banks   | -                       | -                       | 12 09 54 764            | 10 10 41 674            |
| - From Others  | -                       | -                       | 73 48 60 853            | 64 83 21 251            |
| Non Convertible Debenture                              | -                       | -                       | 6 76 81 434             | 19 75 72 530            |
| Vehicle Loans  | -                       | -                       | -                       | 5,22,098                |
|  | -                       | -                       | 92 34 97 052            | 94 74 57 553            |
| Interest accrued but not due on borrowings             | -                       | -                       | 73 83 002               | 47 30 733               |
| Payable towards securitisation and assignment          | -                       | -                       | 2 46 14 842             | 55 22 894               |
| Unamortised gain on securitisation                     | 2 94 585                | -                       | 31 52 519               | 27 20 278               |
| Statutory dues   | -                       | -                       | 61 88 453               | 36 07 517               |
| Others   | -                       | -                       | 9 58 191                | 12 53 981               |
| <b>Total</b>   | <b>2 94 585</b>         | <b>-</b>                | <b>96 57 94 059</b>     | <b>96 52 92 956</b>     |

**7 Provisions:**

| Particulars                                   | (Amount in ₹)           |                         |                         |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Long -term              |                         | Short-term              |                         |
|   | As at<br>March 31, 2018 | As at<br>March 31, 2017 | As at<br>March 31, 2018 | As at<br>March 31, 2017 |
| <b>Provision for Employee Benefits</b>        |                         |                         |                         |                         |
| Provision for Gratuity                        | 2 35 027                | 3 29 126                | -                       | -                       |
|   | <b>2 35 027</b>         | <b>3 29 126</b>         | -                       | -                       |
| <b>Other Provisions</b>                       |                         |                         |                         |                         |
| -Contingent provision against Standard Assets | 36 45 965               | 11 840                  | 1 02 65 991             | 1 18 116                |
| -Provision for Non Performing Assets          | 42 84 146               | 1 62 91 443             | -                       | -                       |
| -Provision for Securitised/Managed portfolio  | 1 31 759                | 1 01 114                | 23 86 236               | 12 95 391               |
|   | <b>80 61 870</b>        | <b>1 64 04 397</b>      | <b>1 26 52 227</b>      | <b>14 13 507</b>        |
| <b>Total</b>                                  | <b>82 96 897</b>        | <b>1 67 33 523</b>      | <b>1 26 52 227</b>      | <b>14 13 507</b>        |

**8 Short -Term Borrowings:**

| Particulars   | (Amount in ₹)           |                           |
|---|-------------------------|---------------------------|
|   | As at<br>March 31, 2018 | As at<br>March 31, 2017   |
| <b>Secured</b>  |                         |                           |
| Working Capital Loan from Bank  | 4 06 49 194             | 3 78 71 820               |
| <b>Total</b>  | <b>4 06 49 194</b>      | <b>3 78 71 820</b>        |
| <b>Security details</b>   | <b>Interest rate</b>    | <b>Terms of Repayment</b> |
| <b>State Bank of India</b>  |                         |                           |
| Exclusive Hypothecation charge over specific pool of receivables/book debts created out of Bank finance | MCLR + 3%               | Repayable on demand       |





**Pahal Financial Services Private Limited**

Notes forming part of Financial Statements for the year ended on March 31, 2018

**13 Other Assets:**

| Particulars                                     | (Amount in ₹)           |                         |                         |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Non Current             |                         | Current                 |                         |
|   | As at<br>March 31, 2018 | As at<br>March 31, 2017 | As at<br>March 31, 2018 | As at<br>March 31, 2017 |
| Term deposits with Banks                        | 6 69 08 449             | 4 56 02 889             | -                       | -                       |
| Interest accrued but not due on portfolio loans | -                       | -                       | 3 17 74 377             | 2 04 17 454             |
| Others  | -                       | -                       | 4 66 057                | 8 86 605                |
| <b>Total</b>                                    | <b>6 69 08 449</b>      | <b>4 56 02 889</b>      | <b>3 22 40 434</b>      | <b>2 13 04 059</b>      |

**14 Trade Receivables:**

| Particulars  | As at            | As at            |
|--|------------------|------------------|
|  | March 31, 2018   | March 31, 2017   |
| <b>Outstanding for a six months or less from the date they are due for payment</b> |                  |                  |
| Unsecured, considered good   | 15 48 547        | 13 54 000        |
| <b>Outstanding for more than six months from the date they are due for payment</b> |                  |                  |
| Unsecured, considered good   | -                | -                |
| <b>Total</b>   | <b>15 48 547</b> | <b>13 54 000</b> |

**15 Cash & Bank Balances:**

| Particulars  | Non Current    |                | Current             |                     |
|--|----------------|----------------|---------------------|---------------------|
|  | As at          | As at          | As at               | As at               |
|  | March 31, 2018 | March 31, 2017 | March 31, 2018      | March 31, 2017      |
| <b>Cash and Cash Equivalents</b>                                     |                |                |                     |                     |
| Cash on hand   | -              | -              | 5 06 029            | 9 71 978            |
| Balances with banks  |                |                |                     |                     |
| - In current accounts  | -              | -              | 26 37 38 626        | 16 47 10 845        |
| - In term deposit accounts with maturity less than three months      | -              | -              | 96 64 170           | 19 00 00 000        |
|  | -              | -              | 27 39 08 825        | 35 56 82 823        |
| <b>Other bank Balances</b>   |                |                |                     |                     |
| - In term deposit accounts held as security borrowings from banks ** | 6 69 08 449    | 4 56 02 889    | 53 82 510           | 5 52 74 593         |
|  | 6 69 08 449    | 4 56 02 889    | 53 82 510           | 5 52 74 593         |
| Amount disclosed under non current assets (Refer Note 13)            | (6 69 08 449)  | (4 56 02 889)  | -                   | -                   |
| <b>Total</b>   | <b>-</b>       | <b>-</b>       | <b>27 92 91 335</b> | <b>41 09 57 416</b> |

\*\* Represents margin money deposits placed to avail term loans from banks and others and as cash collateral in connection with securitization transactions.



**Pahal Financial Services Private Limited**

Notes forming part of Financial Statements for the year ended on March 31, 2018

**9 Property, Plant & Equipment:**

| Particulars          | Gross Block         |                  |               | Depreciation         |                     |                     | Net Block     |                      |                      |
|----------------------|---------------------|------------------|---------------|----------------------|---------------------|---------------------|---------------|----------------------|----------------------|
|                      | As at April 1, 2017 | Additions        | Deduction     | As at March 31, 2018 | As at April 1, 2017 | Charge for the Year | Deduction     | As at March 31, 2018 | As at March 31, 2017 |
| Furniture & Fixtures | 23 73 038           | 66 650           | -             | 24 39 688            | 4 98 287            | 2 18 350            | -             | 7 16 637             | 18 74 751            |
| Computers            | 22 33 952           | 12 04 665        | 29 400        | 34 09 217            | 15 24 517           | 4 95 655            | 27 930        | 19 92 242            | 14 16 975            |
| Vehicles*            | 32 30 328           | -                | -             | 32 30 328            | 9 49 600            | 3 84 483            | -             | 13 34 083            | 22 80 728            |
| Office Equipment     | 8 20 737            | 1 22 684         | -             | 9 43 421             | 3 45 898            | 1 43 274            | -             | 4 89 172             | 4 74 839             |
| <b>Total</b>         | <b>86 58 055</b>    | <b>13 93 999</b> | <b>29 400</b> | <b>1 00 22 654</b>   | <b>33 18 302</b>    | <b>12 41 762</b>    | <b>27 930</b> | <b>45 32 134</b>     | <b>54 90 520</b>     |
| Previous Year        | 68 14 545           | 18 43 510        | -             | 86 58 055            | 22 70 641           | 10 47 661           | -             | 33 18 302            | 53 39 753            |

\* Vehicles having Gross Value of Rs. 31,51,403/- are registered in the name of Directors of the company.

**10 Intangible Assets**

| Particulars   | Gross Block         |                 |           | Amortisation         |                     |                     | Net Block |                      |                      |
|---------------|---------------------|-----------------|-----------|----------------------|---------------------|---------------------|-----------|----------------------|----------------------|
|               | As at April 1, 2017 | Additions       | Deduction | As at March 31, 2018 | As at April 1, 2017 | Charge for the Year | Deduction | As at March 31, 2018 | As at March 31, 2017 |
| Software      | 27 92 454           | 3 42 650        | -         | 31 35 104            | 16 34 497           | 7 05 645            | -         | 23 40 142            | 11 57 957            |
| <b>Total</b>  | <b>27 92 454</b>    | <b>3 42 650</b> | <b>-</b>  | <b>31 35 104</b>     | <b>16 34 497</b>    | <b>7 05 645</b>     | <b>-</b>  | <b>23 40 142</b>     | <b>11 57 957</b>     |
| Previous Year | 17 42 016           | 10 50 438       | -         | 27 92 454            | 10 33 691           | 6 00 806            | -         | 16 34 497            | 11 57 957            |



**Pahal Financial Services Private Limited**

Notes forming part of Financial Statements for the year ended on March 31, 2018

| Particulars                                     | Year Ended<br>March 31, 2018 | Year ended<br>March 31, 2017 |
|---|------------------------------|------------------------------|
| <b>16 Revenue from Operations:</b>              |                              |                              |
| Interest income on:                             |                              |                              |
| Portfolio Loans                                 | 33 71 51 254                 | 32 57 08 704                 |
| Others*   | 92 45 083                    | 1 36 78 247                  |
|   | <u>34 63 96 337</u>          | <u>33 93 86 951</u>          |
| Processing Fees                                 | 3 12 82 460                  | 1 58 69 946                  |
| <b>Other Operating Revenue</b>                  |                              |                              |
| Income from securitization /assignment of Loans | 18 72 978                    | 93 53 036                    |
| Recovery from loans written off                 | 50 07 283                    | 1 01 812                     |
| Others  | 85 79 296                    | 49 54 124                    |
| <b>Total</b>                                    | <b>39 31 38 354</b>          | <b>36 96 65 869</b>          |

\* Represents interest on margin money deposits placed to avail term loans from banks & others and as cash collateral in connection with securitisation transactions.

**17 Other Income:**

|   |                  |                  |
|---|------------------|------------------|
| Gain on sale of units of Mutual Fund & Shares (Net) | 91 31 264        | 90 21 992        |
| Others  | 4 88 516         | 5 85 782         |
| <b>Total</b>  | <b>96 19 780</b> | <b>96 07 775</b> |

**18 Finance Costs:**

|                                  |                     |                     |
|----------------------------------|---------------------|---------------------|
| <b>Interest expense on</b>       |                     |                     |
| Term Loans from Banks and others | 16 40 65 281        | 16 19 20 126        |
| Debentures                       | 4 20 21 516         | 3 73 12 824         |
| Cash Credit                      | 4 82 314            | 6 03 068            |
|                                  | <u>20 65 69 111</u> | <u>19 98 36 018</u> |
| <b>Other Borrowing Cost</b>      |                     |                     |
| Loan Processing Fees             | 1 67 59 013         | 1 38 46 648         |
| Debenture issue Expenses         | 81 31 622           | 45 70 429           |
| Securitisation Charges           | 2 09 513            | 17 15 258           |
|                                  | <u>2 51 00 148</u>  | <u>2 01 32 335</u>  |
| <b>Total</b>                     | <b>23 16 69 259</b> | <b>21 99 68 353</b> |

**19 Employee Benefits Expense :**

|   |                    |                    |
|---|--------------------|--------------------|
| Salaries & wages                        | 9 39 06 891        | 6 99 09 527        |
| Contribution to provident & other funds | 50 98 372          | 42 36 328          |
| Employee stock option scheme expense    | 2 62 000           | 1 44 000           |
| Staff Welfare expense                   | 2 37 035           | 1 68 149           |
| <b>Total</b>                            | <b>9 95 04 298</b> | <b>7 44 58 004</b> |



**Pañal Financial Services Private Limited**

Notes forming part of Financial Statements for the year ended on March 31, 2018

| Particulars                                    | Year Ended<br>March 31, 2018 | Year ended<br>March 31, 2017 |
|--|------------------------------|------------------------------|
| <b>20 Other Expenses:</b>                      |                              |                              |
| Rent   | 73 99 693                    | 57 24 043                    |
| Rates & Taxes                                  | 39 22 323                    | 24 62 024                    |
| Insurance                                      | 5 93 842                     | 5 55 125                     |
| Repair and Maintenance                         | 2 41 781                     | 2 13 962                     |
| Electricity Expenses                           | 8 81 132                     | 6 98 312                     |
| Stamp Duty and Filling Fees                    | 2 34 918                     | 2 72 219                     |
| Legal and Professional fees                    | 35 72 409                    | 51 50 094                    |
| Software Maintenance Charges                   | 38 42 003                    | 35 91 381                    |
| Travelling and Conveyance                      | 1 24 54 481                  | 1 02 44 353                  |
| Telephone and Postage                          | 20 57 194                    | 17 37 254                    |
| Bank Charges                                   | 4 98 069                     | 71 478                       |
| Directors Siting fees                          | 2 62 500                     | 2 05 000                     |
| Auditors' remuneration*                        | 3 48 200                     | 5 05 300                     |
| Printing and Stationery                        | 17 73 098                    | 14 09 692                    |
| Customer Credit information Fees & KYC Charges | 14 93 974                    | 11 78 793                    |
| Advertisement expenses                         | 1 45 501                     | 2 27 953                     |
| Entertainment expense                          | 9 75 011                     | 7 73 061                     |
| Listing Fees & other charges (Debentures)      | 80 948                       | 3 82 681                     |
| Miscellaneous expenses                         | 32 27 119                    | 29 98 692                    |
| <b>Total</b>                                   | <b>4 40 04 196</b>           | <b>3 84 01 417</b>           |

**\*Auditors' remuneration comprises of the following:**

Payment to Auditors:

|                        |                 |                 |
|------------------------|-----------------|-----------------|
| - as Statutory Auditor | 2 25 000        | 2 00 000        |
| - as Tax Auditor       | 40 000          | 40 000          |
| - for other services   | 83 200          | 2 65 300        |
| <b>Total</b>           | <b>3 48 200</b> | <b>5 05 300</b> |

**21 Provisions and Write offs:**

|   |                     |                    |
|---|---------------------|--------------------|
| Contingent Provision / (Reversal of Provision) for Standard Assets<br>(Refer Note - 29) | 1 37 82 000         | (82 72 107)        |
| Provision on Securitised/Managed portfolio  | 11 21 490           | 4 73 880           |
| Provision for Non Performing Assets   | (1 20 07 297)       | 1 43 53 503        |
| Asset Written Off   | 11 30 44 595        | 78 78 754          |
| <b>Total</b>  | <b>11 59 40 788</b> | <b>1 44 34 030</b> |



**Pahal Financial Services Private Limited**

Notes forming part of Financial Statements for the year ended on March 31, 2018

**22 Earning Per Share (EPS):**

Earnings per share is calculated by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year which is as under :

| Particulars   | Unit    | (Amount in ₹) |             |
|---|---------|---------------|-------------|
|   |         | 2017-18       | 2016-17     |
| <b>Basic and Diluted</b>  |         |               |             |
| <b>Basic</b>  |         |               |             |
| Profit / (Loss) available to Equity Shareholders                        |         | (6 56 68 017) | 1 88 66 717 |
| Weighted average of number of equity shares outstanding during the year | in Nos. | 1 20 54 086   | 1 03 12 762 |
| Basic Earning per share of face value of ₹ 10 each                      | ₹       | (5.45)        | 1.83        |
| <b>Diluted</b>  |         |               |             |
| Effect of dilution: Stock options granted under ESOP                    |         | 3 00 000      | 1 00 000    |
| Adjusted net profit as per statement of Profit & Loss                   |         | (6 54 06 017) | 1 90 10 717 |
| Weighted average of number of equity shares for diluted EPS calculation |         | 1 23 54 086   | 1 04 12 762 |
| Diluted Earning per share of face value of ₹ 10 each                    | ₹       | (5.45)        | 1.83        |

While calculating dilutive EPS becomes anti dilutive, hence basic EPS becomes diluted EPS

Company has issued compulsory convertible debentures during the current financial year. Currently for calculation of diluted EPS, no. of equity shares to be issued at the time of conversion based on future financial information. Hence, compulsory convertible debentures are not included in calculation of diluted EPS.

**23 (i) Contingent liabilities not provided for:**

| Particulars   | (Amount in ₹) |           |
|---|---------------|-----------|
|   | 2017-18       | 2016-17   |
| Cash collaterals given and outstanding for the assigned loans                 | 1 26 12 999   | 97 14 353 |
| Cash collaterals given and outstanding pursuant to service provider agreement | 59 85 818     | 47 98 294 |
| Preference Dividend in arrears  | 14 05 479     | -         |

**(ii) Commitment not provided for:**

| Particulars   | (Amount in ₹) |              |
|---|---------------|--------------|
|   | 2017-18       | 2016-17      |
| Commitments related to loans sanctioned but undrawn | 15 00 00 000  | 20 00 00 000 |

**24 Employee benefits:**

Disclosures envisaged in Accounting Standard (AS) 15 – Employee Benefits as given below:

**(i) Defined Benefit Plan:**

The Company has funded defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for a gratuity on separation at 15 days basic salary (last drawn salary) for each completed year of service.

Consequent to the adoption of AS 15 'Employee Benefits' specified under section 133 of the Companies Act, 2013 read with rule 7 of Companies(Accounts) Rules, 2014, the following disclosures have been made as required by the standard:

| Particulars   | (Amount in ₹)                |                              |
|---|------------------------------|------------------------------|
|   | Year ended<br>March 31, 2018 | Year ended<br>March 31, 2017 |
| <b>Net employee benefit expense recognized in Statement of Profit &amp; Loss:</b> |                              |                              |
| Current service cost  | 6 42 734                     | 7 51 798                     |
| Interest cost on benefit obligation   | 1 61 044                     | 1 35 731                     |
| Expected return on plan assets  | ( 1 38 598)                  | ( 59 061)                    |
| Net actuarial (gain) / loss recognised in the year                                | ( 4 30 153)                  | ( 1 49 875)                  |
| <b>Net benefit expense</b>  | <b>2 35 027</b>              | <b>6 78 593</b>              |



**Pahal Financial Services Private Limited**

Notes forming part of Financial Statements for the year ended on March 31, 2018

| Particulars   | (Amount in ₹)                |                              |
|---|------------------------------|------------------------------|
|   | Year ended<br>March 31, 2018 | Year ended<br>March 31, 2017 |
| <b>Changes in the present value of the defined benefit obligation are as follows:</b> |                              |                              |
| Opening defined benefit obligation  | 23 61 356                    | 17 07 311                    |
| Interest cost   | 1 61 044                     | 1 35 731                     |
| Current service cost  | 6 42 734                     | 7 51 798                     |
| Actuarial (gains) / losses on obligation  | ( 4 88 017)                  | ( 1 80 922)                  |
| Benefits Paid   | ( 1 52 645)                  | ( 52 562)                    |
| <b>Closing defined benefit obligation</b>   | <b>25 24 472</b>             | <b>23 61 356</b>             |
| <b>Changes in Plan Asset:</b>   |                              |                              |
| Fair Value of Plan Assets at the Beginning of the Year                                | 20 32 230                    | 7 42 905                     |
| Expected Returns on Plan Assets   | 1 38 598                     | 59 061                       |
| Employer's Contribution   | 3 29 126                     | 13 13 873                    |
| Benefits Paid   | ( 1 52 645)                  | ( 52 562)                    |
| Actuarial Gains/ (Losses)   | ( 57 864)                    | ( 31 047)                    |
| <b>Fair Value of Plan Asset at the end of the year**</b>                              | <b>22 89 445</b>             | <b>20 32 230</b>             |
| <b>Amount Recognised in Balance Sheet</b>   |                              |                              |
| Defined benefit obligation  | 25 24 472                    | 23 61 356                    |
| Fair value of plan assets   | 22 89 445                    | 20 32 230                    |
| <b>Plan asset / (liability)</b>   | <b>( 2 35 027)</b>           | <b>( 3 29 126)</b>           |

The principal assumptions used in determining gratuity obligation for the Company's plans are shown below:

| Particulars                        | 2017-18  | 2016-17  |
|------------------------------------|--|--|
| Discount Rate per annum            | 7.71%  | 6.82%  |
| Expected salary increase per annum | 7.00%  | 7.00%  |
| Attrition rate                     | For service 4 years and below<br>30% p.a. & For service 4 years<br>and above 1% p.a. | For service 4 years and below 30%<br>p.a. & For service 4 years and above<br>1% p.a. |
| Mortality Rate                     | Indian Assured Lives Mortality<br>(2006-08) Ultimate                                 | Indian Assured Lives Mortality (2006-<br>08) Ultimate                                |

\*\* The Plan Asset is managed by LIC of India.

**(ii) Defined Contribution Plan:**

Contribution to Provident Fund and ESIC are included in note 19 "Employee benefits expense" includes ₹ 50,98,372 (P.Y. ₹ 42,36,328/-) being expenses debited under defined contribution plan.

**25 Segment Information:**

The Company is engaged in the business of providing micro finance services by way of loans to women who are organized as Joint Liability Groups ('JLG') and individuals in the urban areas of Gujarat, Maharashtra, Rajasthan and Madhya Pradesh. Thus, the Company has only one reportable segment. Further, the Company operates in a single geographical segment i.e. domestic.



**Pahal Financial Services Private Limited**

Notes forming part of Financial Statements for the year ended on March 31, 2018

**26 Related Party Disclosures:**

Related party disclosures as required under the Accounting Standard (AS) – 18 on “Related Party Disclosures” notified in Companies (Accounting Standards) Rules, 2006 are given below:

**(a) Name of the related parties and description of relationship :**

| Description of Relationship | Designation             | Name of the Related Party |
|-----------------------------|-------------------------|---------------------------|
| Key Management Personnel    | Managing Director       | Mr. Kartik Mehta          |
|                             | Managing Director       | Ms. Purvi J Bhavsar       |
|                             | Chief Financial Officer | Mr. Chintan Desai         |
|                             | Company Secretary       | Ms. Nikita Sharma         |

**(b) Details of Transactions with Related Parties during the year:**

| Particulars                               | (Amount in ₹) |           |
|---|---------------|-----------|
|   | 2017-18       | 2016-17   |
| (i) Managerial Remuneration               |               |           |
| Ms. Purvi J Bhavsar                       | 37 51 200     | 37 51 200 |
| Mr. Kartik Mehta                          | 37 51 200     | 37 51 200 |
| (ii) Remuneration                         |               |           |
| Mr. Chintan Desai                         | 19 51 044     | 17 31 216 |
| Ms. Nikita Sharma                         | 3 99 558      | 3 33 264  |
| (iii) Sweat equity issued during the year |               |           |
| Ms. Purvi J Bhavsar                       | 37 50 000     | -         |
| Mr. Kartik Mehta                          | 37 50 000     | -         |

**27 Leases**

Registered office and branch office premises are obtained on operating lease. The branch office premises are generally rented on cancellable term for 11 months. The registered office premise has been obtained on a lease term of 5 years without any escalation clause. The said lease is non-cancellable for a period of 2 years. There are no subleases. Lease Payments during the year are charged to statement of profit and loss.

| Particulars   | 2017-18   | 2016-17   |
|---|-----------|-----------|
| Operating lease expenses recognised in the statement of profit and loss (both cancellable and non-cancellable leases) | 73 99 693 | 57 24 043 |
| <b>Minimum lease obligation for non-cancellable lease</b>   |           |           |
| Not later than one year   | 8 64 000  | 11 87 500 |
| Later than one year but less than five years  | 5 04 000  | Nil       |

**28 Dues to Micro, Small and Medium Enterprises**

There are no amount that needs to be disclosed in accordance with the Micro, Small and Medium Enterprise Development Act, 2006 (the “MSME”) pertaining to Micro or small enterprise. For the year ended March 31, 2018, no supplier has intimated the company about its status as Micro or small enterprise or its registration with the appropriate authority under MSMED.

**29 Movement of Provisions during the year:**

| Particulars                | (Amount in ₹)      |                       |                       |
|----------------------------|--------------------|-----------------------|-----------------------|
|                            | Standard Assets    | Non Performing Assets | Securitised Portfolio |
| Balance at the beginning   | 1 29 957           | 1 62 91 443           | 13 96 505             |
| Reversed During the Year   | -                  | (1 20 07 297)         | -                     |
| Recognized during the Year | 1 37 82 000        | -                     | 11 21 490             |
| <b>Balance at the End</b>  | <b>1 39 11 957</b> | <b>42 84 146</b>      | <b>25 17 995</b>      |



## Pahal Financial Services Private Limited

Notes forming part of Financial Statements for the year ended on March 31, 2018

- 30 The members have authorized the board to issue and allot 5,00,000 Equity Shares under the 'Pahal Sweat Equity Plan 2016' of the company as Sweat Equity on face value, for the intangible value additions made by promoter directors of the Company on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the Act issued by the relevant authority.

The company has also granted 2,00,000 Equity shares to employees under 'Pahal Employee Stock Option Plan'. Details of the same as follows:

During the year ended March 31, 2018, the following stock option grants were in operation:

| Particulars  | Tranche I                                     | Tranche II                                    |
|--|---|---|
| Date of Grant  | October 1, 2016                               | January 22, 2018                              |
| Date of approval from members in AGM                 | September 23, 2016                            | September 23, 2016                            |
| No. of options granted                               | 1 00 000                                      | 2 00 000                                      |
| Method of Settlement                                 | Equity  | Equity  |
| <b>Graded Vesting period:</b>                        |   |   |
| Day following the completion of 12 months from grant | 30.00%  | 30.00%  |
| Day following the completion of 36 months from grant | 30.00%  | 30.00%  |
| Day following the completion of 60 months from grant | 40.00%  | 40.00%  |
| Exercise Period                                      | 36 months from the respective date of vesting | 36 months from the respective date of vesting |
| Vesting conditions                                   | Continuous service & performance gradation    | Continuous service & performance gradation    |
| Average remaining contractual life (Years)           | 3.5   | 4.83  |
| Average exercise price per option (Rs.)              | 26  | 26  |
| Average intrinsic value of option (Rs.)              | 32  | 30  |

| Particulars                                  | Year ended on<br>March 31, 2018 | Year ended on<br>March 31, 2017 |
|--|---------------------------------|---------------------------------|
| <b>Pahal Employee Stock Option Plan</b>      |                                 |                                 |
| Options outstanding at beginning of the year | 1 00 000                        | -                               |
| Granted during the year                      | 2 00 000                        | 1 00 000                        |
| Options outstanding at end of the year       | 3 00 000                        | 1 00 000                        |

| Particulars                            | As at<br>March 31, 2018 | As at<br>March 31, 2017 |
|--|-------------------------|-------------------------|
| Stock options outstanding (gross)      | 14 00 000               | 6 00 000                |
| Deferred compensation cost outstanding | 9 94 000                | 4 56 000                |
| Stock options outstanding (Net)        | 4 06 000                | 1 44 000                |

### 31 Loan given to Pahal Welfare Trust:

The Company has given interest free collateral free loan to an employee benefit trust under the Employee Stock Purchase Scheme to provide financial assistance to its employees to purchase equity shares of the Company under such scheme. The loan is repayable by the trust under a back to back arrangement by the trust with the employees of the Company.

### 32 Previous year figures:

The previous year's figures have been regrouped, rearranged and reclassified wherever necessary to facilitate comparability with current year's figures.



**Pahal Financial Services Private Limited**

Notes forming part of Financial Statements for the year ended on March 31, 2018

**33 Loan Portfolio and Provisioning for Standard and Non Performing Assets:**

| Particulars                                      | (Amount in ₹)   |                       |                 |
|--|-----------------|-----------------------|-----------------|
|  | Classification  |                       |                 |
|  | Standard Assets | Non Performing Assets | Total           |
| Portfolio Loan Outstanding (Gross)               | 192 42 82 313   | 85 68 292             | 193 28 50 605   |
|  | (121 35 42 896) | (3 25 82 886)         | (124 61 25 782) |
| Provision for Standard and Non performing Assets | 1 39 11 956     | 42 84 146             | 1 81 96 102     |
|  | ( 1 29 957)     | (1 62 91 443)         | (1 64 21 400)   |
| Portfolio Loan Outstanding (Net)                 | 191 03 70 357   | 42 84 146             | 191 46 54 503   |
|  | (121 34 12 939) | (1 62 91 443)         | (122 97 04 382) |

(Figures in brackets represent numbers of previous years.)

**34 Capital to Risk Assets ratio (CRAR) (Computed as per method prescribed by RBI)**

| Sr. No. | Particulars  | As at          | As at          |
|---------|--|----------------|----------------|
|         |  | March 31, 2018 | March 31, 2017 |
| (i)     | CRAR (%) [(ii) + (iii)]                                      | 24.05          | 24.75          |
| (ii)    | CRAR- Tier I Capital(%)                                      | 12.95          | 19.01          |
| (iii)   | CRAR- Tier II Capital(%)                                     | 11.10          | 5.74           |
| (iv)    | Amount of subordinated debt raised as Tier-II capital (In `) | 11 00 00 000   | 5 00 00 000    |

35 The Company has no exposure to the real estate sector directly or indirectly in the current and previous year.

36 The company has not disbursed any loans against security of gold.

**37 Details of Average Interest paid on Borrowings and charged on loans given to JLG:**

The details of Average Interest Rate on Borrowings and charged on loans during the Financial Year 2017-18 is as under:

| Particulars                              | 2017-18 | 2016-17 |
|--|---------|---------|
| Average Interest Rate on Loans given (A) | 23.31%  | 24.60%  |
| Average effective cost of Borrowing (B)  | 15.58%  | 16.44%  |
| Net Interest Margin (A-B)                | 7.73%   | 8.16%   |

**38 Assignment / securitization of loans:**

During the year the Company has sold loans through direct assignment / securitisation. The information on direct assignment activity of the Company as an originator is as shown below:

| (a) Particulars   | (Amount in ₹)             |                           |
|---|---------------------------|---------------------------|
|   | Year ended March 31, 2018 | Year ended March 31, 2017 |
| Total number of loans assigned/securitized                            | 26 140                    | 9 761                     |
| Total book value of loans assigned/securitized                        | 40 37 45 899              | 13 59 71 552              |
| Safe consideration received for loans assigned/ securitized           | 38 37 76 084              | 14 04 95 453              |
| Income recognised in the statement of profit and loss                 | 11 46 419                 | 91 53 035                 |
| Balance of loans assigned /securitized as at the balance sheet date   | 29 72 99 621              | 3 22 63 665               |
| Cash Collateral provided and outstanding as at the balance sheet date | 1 26 12 999               | 97 14 353                 |



**Pahal Financial Services Private Limited**

Notes forming part of Financial Statements for the year ended on March 31, 2018

|             |  | (Amount in ₹)                |                              |
|-------------|--|------------------------------|------------------------------|
| (b) Sr. No. | Particulars  | Year ended March<br>31, 2018 | Year ended<br>March 31, 2017 |
| 1           | No. of SPVs sponsored by the NBFC for securitisation transactions                                  | 2                            | 2                            |
| 2           | Total amount of securitised assets as per books of the SPVs sponsored by the NBFC                  | 29 72 99 621                 | 3 22 63 665                  |
| 3           | Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet: |                              |                              |
|             | a) Off-balance sheet exposures   |                              |                              |
|             | - First loss   | -                            | -                            |
|             | - Others   | -                            | -                            |
|             | b) On-balance sheet exposures  |                              |                              |
|             | - First loss   | 1 26 12 999                  | 97 14 353                    |
|             | - Others   | -                            | -                            |
| 4           | Amount of exposures to securitisation transactions other than MRR                                  |                              |                              |
|             | a) Off-balance sheet exposures   |                              |                              |
|             | i) Exposure to own securitisations   |                              |                              |
|             | - First loss   | -                            | -                            |
|             | - Others   | -                            | -                            |
|             | ii) Exposure to third party securitisations  |                              |                              |
|             | - First loss   | -                            | -                            |
|             | - Others   | -                            | -                            |
|             | b) On-balance sheet exposures  |                              |                              |
|             | i) Exposure to own securitisations   |                              |                              |
|             | - First loss   | -                            | -                            |
|             | - Others   | -                            | -                            |
|             | ii) Exposure to third party securitisations  |                              |                              |
|             | - First loss   | -                            | -                            |
|             | - Others   | -                            | -                            |

39 As required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, the following information is given.

**I. Liabilities side**

|         |   | (Amount in ₹)               |                |
|---------|---|-----------------------------|----------------|
| Sr. No. | Particulars   | Total Amount<br>Outstanding | Amount Overdue |
| 1)      | <b>Loans and Advances availed by the non-banking financial company inclusive of interest accrued thereon and not paid</b> |                             |                |
| a)      | Debentures :  |                             |                |
|         | - Secured   | 21 76 81 434                | -              |
|         | - Unsecured   | 6 00 00 000                 | -              |
|         | (other than falling within the meaning of public deposits*)   |                             |                |
| b)      | Deferred Credits  | -                           | -              |
| c)      | Term Loans  | 153 94 89 388               | -              |
| d)      | Inter-corporate loans and borrowing   | -                           | -              |
| e)      | Commercial Paper  | -                           | -              |
| f)      | Other Loans   |                             |                |
|         | Sub ordinate debt   | 11 00 00 000                | -              |
|         | Working capital facility  | 4 06 49 194                 | -              |



**Pahal Financial Services Private Limited**

Notes forming part of Financial Statements for the year ended on March 31, 2018

| II. Assets side |  | (Amount in ₹) |
|-----------------|--|---------------|
| Sr.             | Particulars  | Amount        |
| 2)              | <b>Break-up of Loans and Advances including bills receivables [other than those included in (4) below]</b> |               |
|                 | :  |               |
| a)              | Secured  | 45 363        |
| b)              | Unsecured  | 193 28 05 242 |
| 3)              | <b>Break up of Leased Assets and stock on hire and other assets counting towards AFC activities:</b>       |               |
| i               | Lease assets including lease rentals under sundry debtors :  |               |
| a)              | Financial lease  |               |
| b)              | Operating lease  |               |
| ii              | Stock on hire including hire charges under sundry debtors:   |               |
| a)              | Assets on hire   |               |
| b)              | Repossessed Assets   |               |
| iii             | Other loans counting towards AFC activities :  |               |
| a)              | Loans where assets have been repossessed   |               |
| b)              | Loans other than (a) above   |               |
| 4)              | <b>Break- up of investments:</b>   |               |
|                 | <b>Current Investments</b>   |               |
| i               | <b>Quoted</b>  |               |
| i               | Shares   |               |
| a)              | Equity   |               |
| b)              | Preference   |               |
| ii              | Debenture and Bonds  |               |
| iii             | Units of Mutual Funds  |               |
| iv              | Government Securities  |               |
| v               | Others   |               |
| ii              | <b>Unquoted</b>  |               |
| i               | Shares   |               |
| a)              | Equity   |               |
| b)              | Preference   |               |
| ii              | Debenture and Bonds  |               |
| iii             | Units of Mutual Funds  |               |
| iv              | Government Securities  |               |
| v               | Others   |               |
|                 | <b>Long Term Investments</b>   |               |
| i               | <b>Quoted</b>  |               |
| i               | Shares   |               |
| a)              | Equity   |               |
| b)              | Preference   |               |
| ii              | Debenture and Bonds  |               |
| iii             | Units of Mutual Funds  |               |
| iv              | Government Securities  |               |
| v               | Others   |               |
| ii              | <b>Unquoted</b>  |               |
| i               | Shares   |               |
| a)              | Equity   |               |
| b)              | Preference   |               |
| ii              | Debenture and Bonds  |               |
| iii             | Units of Mutual Funds  |               |
| iv              | Government Securities  |               |
| v               | Others   |               |



**Pahal Financial Services Private Limited**

Notes forming part of Financial Statements for the year ended on March 31, 2018

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

(Amount in ₹)

| Category                       | Amount net of Provision |                      |                      |
|--------------------------------|-------------------------|----------------------|----------------------|
|                                | Secured                 | Unsecured            | Total                |
| 1 Related Parties              |                         |                      |                      |
| a) Subsidiaries                | -                       | -                    | -                    |
| b) Companies in the same group | -                       | -                    | -                    |
| c) Other related parties       | -                       | -                    | -                    |
| 2 Other than related parties   | -                       | 191 46 54 503        | 191 46 54 503        |
| <b>Total</b>                   | -                       | <b>191 46 54 503</b> | <b>191 46 54 503</b> |

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

(Amount in ₹)

| Category                       | Market Value/<br>Break up or<br>Fair Value or<br>NAV | Book Value (Net of<br>Provisions) |
|--------------------------------|--|-----------------------------------|
|                                | 1 Related Parties                                    |                                   |
| a) Subsidiaries                | -  | -                                 |
| b) Companies in the same group | -  | -                                 |
| c) Other related parties       | -  | -                                 |
| 2 Other than related parties   | -  | -                                 |
| <b>Total</b>                   | -  | -                                 |

7) Other Information

(Amount in ₹)

| Particulars                                    |           |
|--|-----------|
| (i) Gross Non- Performing Assets               |           |
| a) Related Parties                             | -         |
| b) Other than related parties                  | 85 68 292 |
| (ii) Net Non- Performing Assets                |           |
| a) Related Parties                             | -         |
| b) Other than related parties                  | 42 84 146 |
| (iii) Assets acquired in satisfaction of Debts | -         |

As per our report of even date

For Manubhai & Shah LLP

Chartered Accountants

ICAI Firm Reg. No. 106041W/W100136

*J. D. Shah*

(J. D. Shah)

Partner

Membership No. 100116

Place: Ahmedabad

Date: May 3, 2018



For and on behalf of the Board

*Kartik S. Mehta*

Kartik S. Mehta

Managing Director

DIN. 02083342

*Chintan Desai*

Chintan Desai

Chief Financial Officer

Place: Ahmedabad

Date: May 3, 2018

*Purvi J. Bhavsar*

Purvi J. Bhavsar

Managing Director

DIN.02102740

*Nikita Sharma*

Nikita Sharma

Company Secretary





## **Notice of Annual General Meeting**

Notice is hereby given that Annual General Meeting (AGM) of the Members of Pahal Financial Services Private Limited having CIN – **U65910GJ1994PTC082668** will be held on **Friday, 17<sup>th</sup> August 2018** at **10:30 A.M** at its Registered Office situated at First Floor -2, City Mall, Nr. Rajpath Club, Opp. Madhur Hotel, S. G Highway, Bodakdev, Ahmedabad - 380059 to transact the following business:

### **Ordinary Business:**

#### **Item No. 1: Adoption of Financial Statements:**

To receive, consider and adopt the financial statements of the company for the year ended 31<sup>st</sup> March 2018, including the Audited Balance Sheet as at 31<sup>st</sup> March 2018, the Statement of Profit and Loss for the year ended on that date together with Reports of the Board of Directors and the Auditors thereon.

#### **Item No.2: Ratification of appointment of Statutory Auditor**

To ratify the appointment of Statutory Auditor of the Company, and to fix their remuneration and in this regard, to consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

**“RESOLVED THAT**, pursuant to provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act 2013 (the Act) read with Companies {Audit and auditors} Rules 2014, { including any statutory modification(s) or re-enactment thereof , for the time being in force} and pursuant to the resolution passed by the members at the Annual General Meeting of the Company held on 25<sup>th</sup> July 2014, the appointment of M/s Manubhai & Shah LLP (Previously known as M/s Manubhai & Shah) Chartered Accountants (Firm Registration no. 106041W/W100136) who hold office till the conclusion of the 9<sup>th</sup> AGM be and is hereby ratified for the F.Y 2018-19 at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company, be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to give this resolution”

### **Special Business:**

#### **Item No. 3:- Re-appointment of Mr. Ambalal B Panchal as the Independent Director of the Company**

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

**“RESOLVED THAT** pursuant to the provisions of section 149 and 152 and other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification (s) or re-enactment thereof for the time being in force), Mr. A.B Panchal (DIN: 00829668), who was appointed as an Independent Director of the Company for 2(two) years was due



for re-appointment, and in this respect he has submitted a declaration that he meets the criteria for independence as provided in section 149 (6) of the Companies Act, 2013 and is eligible for re-appointment, be and is hereby re-appointed as Independent Director of the company who shall hold office for 1 (one) year w.e.f 30<sup>th</sup> July 2018.

**RESOLVED FURTHER THAT** the Board of Directors of the Company, be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effort to give this resolution.”

**Item No. 4:- Increase the authorized share capital and amendment to the Memorandum of Association of the company**

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

“**RESOLVED THAT** pursuant to the provisions of section 61 read with section 64 and all other applicable provisions, if any, of the Companies Act 2013 (including any amendment thereto or re-enactment thereof) and the relevant rules made thereunder, the consent of the members of the Company be and is hereby accorded to increase the existing Authorised Share Capital of the Company from Rs. 29,40,00,000/- (Rupees Twenty Nine Crore Forty Lacs Only) divided into 1,99,00,000 (One Crore Ninety Nine Lacs Only) Equity Shares of Rs. 10/- each and 95,00,000 (Ninety Five Lacs Only) Preference Shares of Rs. 10/- each to Rs. 32,50,00,000/- (Rupees Thirty Two Crore and Fifty Lacs Only) divided into 2,30,00,000 Equity Shares of Rs. 10/- each and 95,00,000 Preference Shares of Rs. 10/- each.

**RESOLVED FURTHER THAT** consequent to the increase in the Authorised Share Capital, Clause V of the Memorandum of Association of the Company is hereby altered as under:-

v. The Authorised Share Capital of the Company is Rs. 32,50,00,000/- (Rupees Thirty Two Crore and Fifty Lacs Only) divided into 2,30,00,000 Equity Shares of Rs. 10/- each and 95,00,000 Preference Shares of Rs. 10/- each.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as may be necessary, proper or expedient to give effect to the above resolution.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to delegate all or any of its power herein conferred to any Committee or directors/director/any officer(s)/Authorised Representative(s) of the Company to give effect to the aforesaid resolution.”

**Item No. 5:- Issue of Equity Shares on Preferential allotment/Private Placement Basis:**

To consider and, if thought fit, pass with or without modification, the following Resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 42 and 62 (1) ( c) and other applicable provisions, if any, of Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules 2014 and Companies (Prospectus and Allotment of Securities) Rules 2014 (Collectively, Companies Act 2013) (including any statutory modification or re-enactment thereof for the time being in force), the Memorandum and Article of Association of the Company, Foreign Exchange Management Act, 1999 (“**FEMA**”), the FDI Policy read with the circular, rules, regulations, notifications and guidelines issued under FEMA (including any re-enactment(s)



or modification(s) thereof for the time being in force and such other rules, regulations, guidelines, laws and acts as applicable in this regard; subject to approval(s)/consent(s)/permission(s)/sanction(s) as may be required from the appropriate regulatory authorities/institutions/bodies and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board” which term be deemed to include any Committee thereof constituted by the Board to create, offer, issue and allot from time to time, in one or more tranches upto 42,50,000 (Forty Two Lacs, Fifty Thousand Only) fully paid equity shares for Rs. 32.25 (Rupees Thirty Two and Twenty Five Paise only) (having face value of Rs. 10/- each and premium of Rs. 22.25/- each) aggregating upto INR 13,70,62,500 (Rupees Thirteen Crore, Seventy Lacs, Sixty Two Thousand and Five Hundred Only) to the below mentioned investor (hereinafter known as “**Proposed Allottees**”) by way of preferential issue on such terms and conditions as the Board may, in its absolute discretion think fit:

| Sr. No. | Name of proposed Allottee | Address of proposed Allottee                                   | Amount (In Rs.) |
|---------|---------------------------|--|-----------------|
| 1.      | BOPA PTE. LTD.            | 60 Paya Lebar Road #06-01, Paya Lebar Square, Singapore 409051 | 13,70,62,500    |

**RESOLVED FURTHER THAT** the Equity Shares to be issued and allotted pursuant to this resolution shall rank pari passu with the existing Equity Shares of the Company in all respects.

**RESOLVED FURTHER THAT** pursuant to the provisions of Companies Act 2013, the names of the Subscribers be recorded for the issue of invitation to subscribe to the Equity Shares, a private placement offer letter in Form No. PAS 4, the Shareholder’s Agreement, Share Subscription Agreement and the terms sheet be and is hereby approved.

**RESOLVED FURTHER THAT** application money towards subscription to the Equity Shares of the company shall be deposited in a separate bank account opened in the name of company with HDFC Bank Limited in compliance with Section 42 of the Companies Act 2013.

**RESOLVED FURTHER THAT** the Board of Directors of the company be and are hereby authorized severally/jointly to take all such acts, deeds, matters and things as they may in their absolute discretion deem necessary and desirable for such purposes, including without limitation, preparing, signing, executing and filling applications with the appropriate authorities for obtaining requisite approvals for the issuance of the Equity Shares, as may be required, issuing any clarifications on the issue and allotment of the Equity Shares, resolving any difficulties, effecting any modifications, changes, variation, alterations, additions and/or deletion of the foregoing conditions as may be required by any regulator or other authorities or agencies involved in or concerned with the issue of the Equity Shares.



**Item No. 6: Approval of related party transaction under section 188 of the Companies Act, 2013**

To consider and, if thought fit, pass with or without modification, the following Resolution as a Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of section 188 and all other applicable provisions, if any, of the Companies Act 2013, rule made thereunder (subject to any modification(s) and re-enactment(s) thereof) and provisions of the relevant regulations of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, consent, sanction, permission or approval as the case may be, of the members of the company be and is hereby accorded to the Board of Directors of the company for the F.Y 2018-19, to enter into any contract or arrangement with M/s Suyash Advisory LLP i.e Related Party of Pahal Financial Services Private Limited as defined under act, with respect procurement and supply of goods and availing or rendering of any services or appointment of such related party to any office or place of profit in the company or reimbursement of any transaction, loan transaction as may be approved by the Board of Directors of the Company and permitted as per provisions of the Companies Act, 2013 and applicable rules framed thereunder and other statutory regulations as may be applicable, or any other transaction of whatever nature, including the transactions subsequent, foreseen and repetitive in the nature, whether or not made in the ordinary course of business & at Arm’s Length Price by the company upto Rs. 30,00,00,000/- (Rupees Thirty Crores Only).

**RESOLVED FURTHER THAT** the board of directors of the Company be and are hereby jointly/severally authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all acts, deeds, matters and things that may be necessary, proper, expedient or incidental thereto for the purpose of giving effects to this Resolution.”

**On behalf of the Board of Directors**

**Sd/-**

**Kartik S Mehta  
(Managing Director)**

**Date: 10.08.2018  
Place: Ahmedabad**



**Notes:**

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE MEETING) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN THE MEETING INSTEAD OF HIMSELF/HERSELF, AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE DULY STAMPED, FILLED AND SIGNED INSTRUMENT APPOINTING THE PROXY, SHOULD, HOWEVER, MUST BE DEPOSITED AT THE REGISTERED OFFICE NOT LESS THAN 48(FORTY EIGHT)HOURS BEFORE COMMENCEMENT OF THE MEETING.**
2. A person can act as a proxy on behalf of members not exceeding 50 (Fifty) members and holding in aggregate not more than 10 (ten) percent of the total share capital of the company carrying voting rights. A member holding more than 10 (ten) percent of the total share capital of the company carrying voting right may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
3. An Explanatory Statement setting out material facts pursuant to section 102 of the Companies Act 2013 relating to the Special Business to be transacted at the Annual General Meeting is annexed hereto and form part of this notice.
4. Members are requested to note that Dividends not encashed or remaining unclaimed for a period of 7 (seven) years from the date of transfer to the Company's Unpaid Dividend Account(s)/ Money shall be transferred to the Investor Education and Protection Fund (IEPF) established under Section 205 C of the Companies Act, 1956.
5. Members are requested to advise any change in their address in written immediately to the Company at its Registered Office.
6. Members desiring any information relating to the accounts are requested to write to the Company well in advance so as to enable the management to keep the information ready.

**On behalf of the Board of Directors**

**Sd/-**

**Kartik S Mehta  
(Managing Director)**

**Date: 10.08.2018  
Place: Ahmedabad**

**ANNEXURE TO THE NOTICE  
EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

**Item No. 3: Re-appointment of Mr. Ambalal B Panchal as the Independent Director of the Company**

Mr. AB Panchal was appointed as an Independent Director of the Company, not liable to retire by rotation at the Board Meeting of the Company held on 30th July 2016 for a term of two consecutive years.

As per 149(10) of the Companies Act, 2013 ("the Act"), an Independent Director shall hold office for a term of up to five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term of up to five consecutive years on the Board of a Company.

In accordance with the aforesaid provisions and in view of long, rich experience, continued valuable guidance to the management and strong Board performance of Mr. AB Panchal and on recommendation of Nomination and Remuneration Committee, it is proposed to reappoint him for the second term as an Independent Director on the Board of the Company for a period of one year.

Mr. AB Panchal has confirmed that he is not disqualified in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as Director of the Company. The necessary declarations as required under the Companies Act, 2013 have been received.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested in the proposed resolution.

**Item No. 4 :- Increase the authorized share capital and amendment to the Memorandum of Association of the company**

Presently the Authorised Share Capital of the Company stands at Rs. 29,40,00,000/- (Rupees Twenty Nine Crore Forty Lacs Only) divided into 1,99,00,000 (One Crore Ninety Nine Lacs Only) Equity Shares of Rs. 10/- each and 95,00,000 (Ninety Five Lacs Only) Preference Shares of Rs. 10/- each.

In order to meet its business objectives and to maintain CRAR and leverage ratio, it is proposed to increase the authorized Share Capital of the Company from from Rs. 29,40,00,000/- (Rupees Twenty Nine Crore Forty Lacs Only) divided into 1,99,00,000 (One Crore Ninety Nine Lacs Only) Equity Shares of Rs. 10/- each and 95,00,000 (Ninety Five Lacs Only) Preference Shares of Rs. 10/- each to Rs. 32,50,00,000/- (Rupees Thirty Two Crore and Fifty Lacs Only) divided into 2,30,00,000 Equity Shares of Rs. 10/- each and 95,00,000 Preference Shares of Rs. 10/- each.

Subsequent to the increase in the authorized share capital of the company, Clause V of the Memorandum of Association would have to be altered.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested in the proposed resolution.

**Item No. 5: Issue of Equity Shares on Preferential allotment/Private Placement Basis:**

In order to undergo strategic business expansion in future, augment of working capital, for general corporate purpose, your board of directors proposes to raise capital for Company by issuing Equity Shares of the company on Private Placement basis after complying with the requirement of applicable provisions of the Companies Act 2013, if any. The Board of Directors of the Company in its meeting held on 10<sup>th</sup> August 2018 proposes the issuance of Equity Shares of the Company on private placement basis/preferential allotment.

The information as required for Preferential Issue/Private Placement is as under:

**a. Object of the Issue:**

To meet the Working capital requirement, your Company intends to raise fund through issue of Equity Shares . The proceeds of the issue will be utilized by the Company for company's ongoing operations, to meet its working capital needs and general corporate purposes.

**b. The total number of shares or other securities to be issued:**

42,50,000 (Forty Two Lacs Fifty Thousand Only) Equity Shares having face value of Rs. 10/- each

**c. The price or price band at/within which the allotment is proposed:**

The allotment is proposed to be made Rs. 32.25/- (inclusive of premium of Rs. 22.25/-) each equity shares.

**d. Amount which the company intends to raise by way of such securities**

Amount aggregating upto Rs. 13,70,62,500/- (Rupees Thirteen Crore, Seventy Lacs, Sixty Two Thousand and Five Hundred Only).

**e. Basis on which the price has been arrived at along with report of the registered valuer:**

- Report obtained from B Pandit and Company, Chartered Accountant (having office at 2<sup>nd</sup> Floor, Varsha Niketan, Nr. Kharakuwa's Pole, Relief Road, Ahmedabad – 380001
- Value of Equity Shares calculated as per Discounted Cash Flow method is Rs. 32.25 per share.

**f. Relevant date with reference to which the price has been arrived at:**

The price of shares has been arrived at considering 31<sup>st</sup> March 2018 as relevant date.

**g. The Class or Classes of the person to whom the allotment is proposed to be made:**

The allotment is proposed to be made to Non Resident Entities

**h. Intention of promoters, directors or the key managerial personnel to subscribe the offer:**

None of the promoter, director or the Key Managerial Personnel intend to subscribe to the proposed issue.

**i. The proposed time within which the allotment shall be completed:**

The allotment of the securities shall be made within 60 days from the date of receipt of the application for the securities.

**j. The names of the proposed Allottees and the percentage of post preferential offer capital that may be held by them :**

| Sr. No. | Name of Proposed Allottees | Pre Issue % holding | No. of equity shares proposed to be allotted | Post Issue % holding |
|---------|----------------------------|---------------------|--|----------------------|
| 1.      | BOPA PTE. LTD.             | -                   | 42,50,000                                    | 21.63                |

**k. The change in control, if any, in the company that would occur consequent to the preferential offer:**

There shall be no change in the management or control of the Company pursuant to the issue of the equity shares.

**l. The number of persons to whom the allotment on preferential basis have already been made during the year, in terms of number of securities as well as price.**

During the Financial year, no preferential allotment of equity share has been made to any person.

**m. The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer:**

Not Applicable

**n. The pre and post issue shareholding pattern of the company in the following format:**

| Sr. No.   | Category                             | Pre Issue          |                    | Post Issue         |                    |
|-----------|--------------------------------------|--------------------|--------------------|--------------------|--------------------|
|           |                                      | No. of Shares held | % of share holding | No. of Shares held | % of share holding |
| <b>A.</b> | <b>Promoter's holding</b>            |                    |                    |                    |                    |
| <b>1</b>  | <b>Indian</b>                        |                    |                    |                    |                    |
|           | Individual (Including Joint holding) | 17,07,137          | 11.08              | 17,07,137          | 8.69               |
|           | Bodies Corporate                     | -                  | -                  | -                  | -                  |
|           | <b>Sub Total</b>                     | 17,07,137          | 11.08              | 17,07,137          | 8.69               |
| <b>2</b>  | <b>Foreign Promoter</b>              | -                  | -                  | -                  | -                  |
|           | <b>Subtotal (A)</b>                  | <b>17,07,137</b>   | <b>11.08</b>       | <b>17,07,137</b>   | <b>8.69</b>        |

| <b>B.</b> | <b>Non Promoter's holding</b>              |                    |               |                    |               |
|-----------|--|--------------------|---------------|--------------------|---------------|
| <b>1</b>  | <b>Institutional Investors</b>             | -                  | -             | -                  | -             |
| <b>2</b>  | <b>Non- Institution Investors</b>          |                    |               |                    |               |
|           | Bodies Corporate(Including Foreign Bodies) | 41,83,333          | 27.16         | 84,33,333          | 42.91         |
|           | Directors and Relatives                    | 4,89,000           | 3.18          | 4,89,000           | 2.49          |
|           | Indian Public                              | -                  | -             | -                  | -             |
|           | Others (Including NRIs)                    | 90,23,474          | 58.58         | 90,23,474          | 45.91         |
|           | <b>Subtotal (B)</b>                        | <b>1,36,95,807</b> | <b>88.92</b>  | <b>1,79,45,807</b> | <b>91.31</b>  |
|           | <b>Grand Total (A) + (B)</b>               | <b>1,54,02,944</b> | <b>100.00</b> | <b>1,96,52,944</b> | <b>100.00</b> |

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested in the proposed resolution

#### **Item No. 6: Approval of related party transaction under section 188 of the Companies Act 2013**

Suyash advisory LLP is a Related Party within the meaning of Section 2(76) of the Companies Act 2013. The Board of Directors of the Company had, on recommendation of the Audit Committee, passed a resolution at its meeting held on 10<sup>th</sup> August 2018 approving the related party transaction with Suyash Advisory LLP.

The particulars of the transaction are as under:

| <b>Particulars</b>   | <b>Information</b>  |
|--|---|
| Name of the Related Party  | Suyash Advisory LLP   |
| Name of the Director(s) or Key Managerial Personnel who is related | Mr. Kartik S Mehta and Ms. Purvi J Bhavsar  |
| Nature of Relationship   | The Managing Directors of Pahal Financial Services Private Limited are the Designated Partner of Suyash Advisory LLP  |
| Material terms of the transactions                                 | Transaction is to be done on actual basis in the ordinary course of business and on arm's length basis as approved by the Board of Directors of the Company |
| Monetary Value   | Upto Rs. 30,00,00,00 (Rupees Thirty Crore)  |



None of the Directors, Key Managerial Personnel and their relatives except Mr. Kartik S Mehta and Ms. Purvi J Bhavsar are concerned or interested in the proposed resolution.

**On behalf of the Board of Directors**

**Sd/-**

**Kartik S Mehta**

**(Managing Director)**

**Date: 10.08.2018**

**Place: Ahmedabad**



**PROXY FORM**

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member(s) ..... E mail id : .....

Registered address ..... Folio No.: .....

I/We being the member(s) .....Shares of the above named company, hereby appoint:

- 1) .....R/o .....having email id .....or failing him
- 2) .....R/o .....having email id .....or failing him
- 3) .....R/o .....having email id .....

and whose signature(s) are appended below, as my/our proxy to attend and vote (on a poll) for me/us and on my behalf at the Annual General Meeting of the Company, to be held on Friday, 17<sup>th</sup> August 2018 at 10:30 A.M at First Floor-2, City Mall, Nr. Rajpath Club, Opp. Madhur Hotel, S.G Highway, Bodakdev, Ahmedabad – 380059 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Sr. No. | Resolution  |
|---------|---|
| 1.      | Adoption of Financial Statement   |
| 2.      | Ratification of appointment of Statutory Auditor  |
| 3.      | Re-appointment of Mr. Ambalal B Panchal as the Independent Director of the Company                  |
| 4.      | Increase the Authorised Share Capital and amendment to the Memorandum of Association of the Company |
| 5.      | Issue of Equity Shares on Preferential allotment/Private Placement Basis                            |
| 6.      | Approval of Related Party Transaction under section 188 of the Companies act 2013                   |

Signed this..... day of.....2018

\_\_\_\_\_  
Signature of Shareholder

\_\_\_\_\_  
Signature of Proxy holder

Rs. 1  
Revenue  
Stamp

Notes:

1. A Proxy need not be a member of the Company.
2. This form of proxy, in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. Corporate members intending to send their authorised representative(s) to attend the meeting are requested to send a Certified Copy of the Board Resolution authorising their representative(s) to attend and vote on their behalf at the meeting.



**ATTENDANCE SLIP**

Regd. Folio No./Client ID: .....

Name and Address of First/Sole Shareholder: .....

.....

No. of Shares held: .....

I hereby record my presence at the Annual General Meeting of the Company held on Friday, 17<sup>th</sup> August 2018 at First Floor-2, City Mall, Nr. Rajpath Club, Opp. Madhur Hotel, S.G Highway, Bodakdev, Ahmedabad -380059 at 10:30 a.m.

.....  
Signature of Member/Proxy

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Notes:

- a) Only Member/Proxy can attend the meeting.
- b) Member/Proxy who wish to attend the meeting must bring his attendance slip to the meeting and hand it over at the entrance of meeting hall.
- c) Member/Proxy should bring his/her copy of the Annual Report for reference at the meeting.

**MAP FOR PAHAL FINANCIAL SERVICES PRIVATE LIMITED**

