

A NEW
beginning



ANNUAL REPORT
2019-20



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VISION & MISSION



Mission

We endeavor to provide sustainable services for financial inclusion in rural and urban households with proficiency, at an affordable price while maintaining dignity, honor and transparency to enhance the livelihood and quality of life of our customers.



Vision

To reach micro finance services to 2 million clients at competitive rates.

To achieve internationally acceptable returns of investments to attract mainstream capital in the services of the segment at the bottom of the pyramid

MESSAGE FROM MDS' DESK



Purvi J. Bhavsar
Managing Director



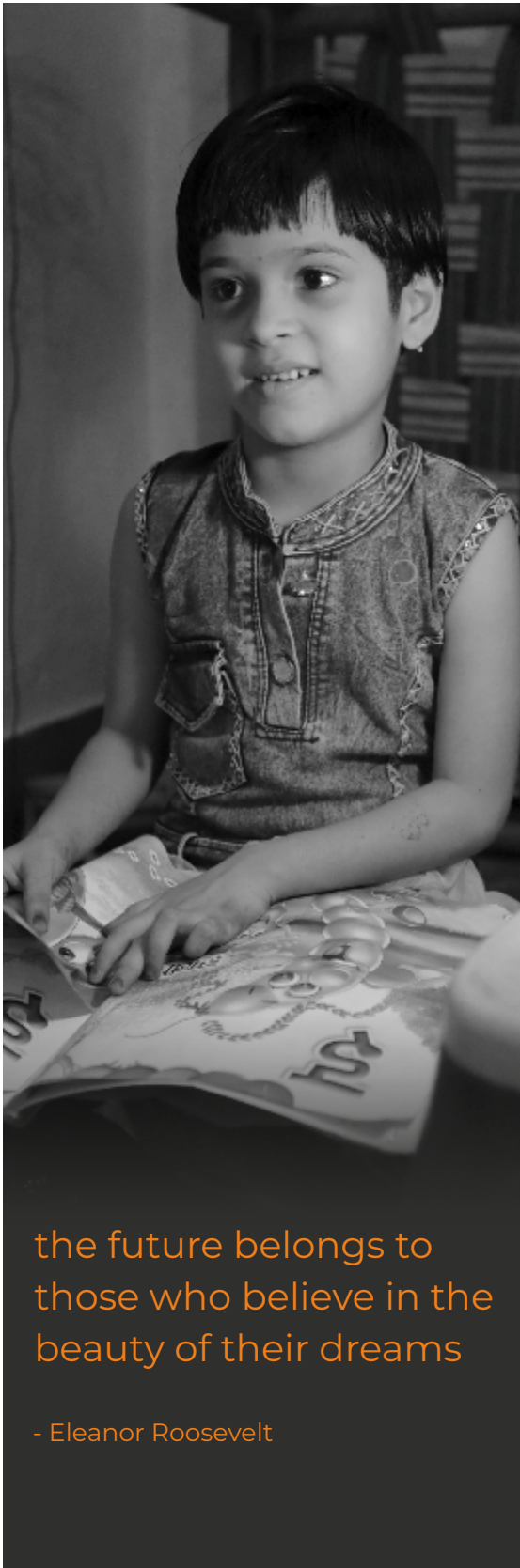
Kartik S. Mehta
Managing Director

Dear Shareholders

We are delighted to share with you the Annual Report of the company for the year 2019-20. It gives us immense pleasure to address all our stakeholders in a year, the likes of which we haven't seen in the last century. COVID 19 pandemic is raging across the world with continued uncertainties. The established norms of professional and personal lives are being re-defined by the day as humans come to grip with the wrath of the pandemic. While we will address the issue of how your organization has so far dealt with this challenge, first we would like to apprise the members on the year gone by. Arguably one of the best years for your company, Pahal Finance achieved its highest ever Asset Under Management (AUM), highest ever profitability and a very high level of all round expansion in growth across various geographies and products. Pahal has also been selected by Stanford seed program in India.

Backed by a strong set of long-term investors and funders, your company was able to achieve a stellar growth across both the top-line and the bottom line. During the past year, your company crossed 150 branches and crossed the employee strength of 1300, who are highly accomplished and committed professionals. With this, your company now has footprints in 7 states across Northern, Western, Central and Eastern India. In the process, Pahal has been able to demonstrate a near 150% topline growth of portfolio. The number of customers crossed 300,000 and consistency was maintained in the quality of the portfolio with a write off of 0.47%. Further, the company doubled its profit on the back of improved productivity and enhanced use of technology. The ROE and ROA of the company for the year ending 2020 was at over 13.84% and 2.68% respectively. Your company was able to augment its resources at competitive rates from a diverse set of borrowers. The lending institutions showed a lot of confidence in the business model of your company and the number of funders increased from 31 to 45. The rating agencies have given a strong thumbs up by improving the grading from MFr 2 to MFr 2+

Client centricity has been one of the key strategic aspects that your company espouses. Towards this, there was a lot of effort put in through identifying products and services which will have a positive impact on the lives and livelihoods of the vulnerable section of the society. Niche products like sanitation, cattle and education financing have been implemented and significant traction is established across the WASH (Water and Sanitation Health) and cattle insurance products.



the future belongs to
those who believe in the
beauty of their dreams

- Eleanor Roosevelt

The COVID 19 led to transition in overall work condition & style in Pahal. Utmost priority was given to ensure the proper health and well-being of its employees during the COVID19. Work-from-home, every employee covered in mediclaim including COVID-19 treatment, direct and regular outreach to all the employees, involving them in various online training programs etc. were established and activated to keep the employees motivated and ensure that they face the least inconvenience while carrying out their work. Safety and prevention measures were taken at the office premises to ensure employee safety and prevention of spread. Toll-free number to resolve clients' query and take feedback was put in place. Clients were reached through telephonic call by the branch and Head Office staff to persuade them to repay the instalment or opt for moratorium.

All these initiatives ensured that we have very low number of employees getting COVID.

As Managing Directors, it is our privilege and honor to lead the management team as we navigate the challenges of the pandemic and come out of the same. Your company would like to place on record its sincere appreciation to all its stakeholders including customers for their patronage, shareholders, investors and funders for their constant support, employees for their tremendous hard work and reposing their faith in the organization in a dynamic and challenging year, regulators for creating an enabling environment for financial inclusion and the Board of Directors for its continuous guidance and encouragement.

CORPORATE INFORMATION

Board of Directors

Mr. Padmanabh Pundrikay Vora

Chairman
DIN:00003192

Mr. Kartik Shailesh Mehta

Managing Director
DIN: 02083342

Ms. Purvi Jayendra Bhavsar

Managing Director
DIN:02102740

Mr. Saurabh Baroi

Nominee Director
DIN:02723687

Mr. Venkatraman Ganesh Iyer

Independent Director
DIN:01204165

Key Managerial Personnel

Mr. Chintan Desai

Chief Financial Officer

Ms. Nikita Sharma

Company Secretary & Compliance Officer

Statutory Auditors

Manubhai & Shah LLP

G-4, Capstopne, opp. Chirag
Motors, Sheth Mangaldas Road
Ellisbridge, Ahmedabad-380006

Internal Auditors

**M/s. Samir M Shah and
Associates**

Heaven 8, Western Park Society,
Near Inductotherm, Bopal
Ahmedabad, Gujarat-380058

Secretarial Auditor

M/s. Anamika Jajoo & Co.

S-506, Venus Parkland Vejalpur,
Ahmedabad Independent
Gujarat-380051

Registrar & Share Transfer Agent

**Skyline Financial Services
Pvt Ltd**

505, A Wing, Dattani Plaza,
Andheri Kurla Road, Safeed Pool,
Andheri East, Mumbai-400072

AREA OF OPERATIONS



- 📍 Gujarat
- 📍 Rajasthan
- 📍 Maharashtra
- 📍 Madhya Pradesh
- 📍 Bihar
- 📍 Uttar Pradesh
- 📍 Chhattisgarh

KEY OPERATIONAL HIGHLIGHTS

PROFITABILITY (PROFIT AFTER TAX):



₹ 6,56,68,017

17-18



₹ 7,51,06,630

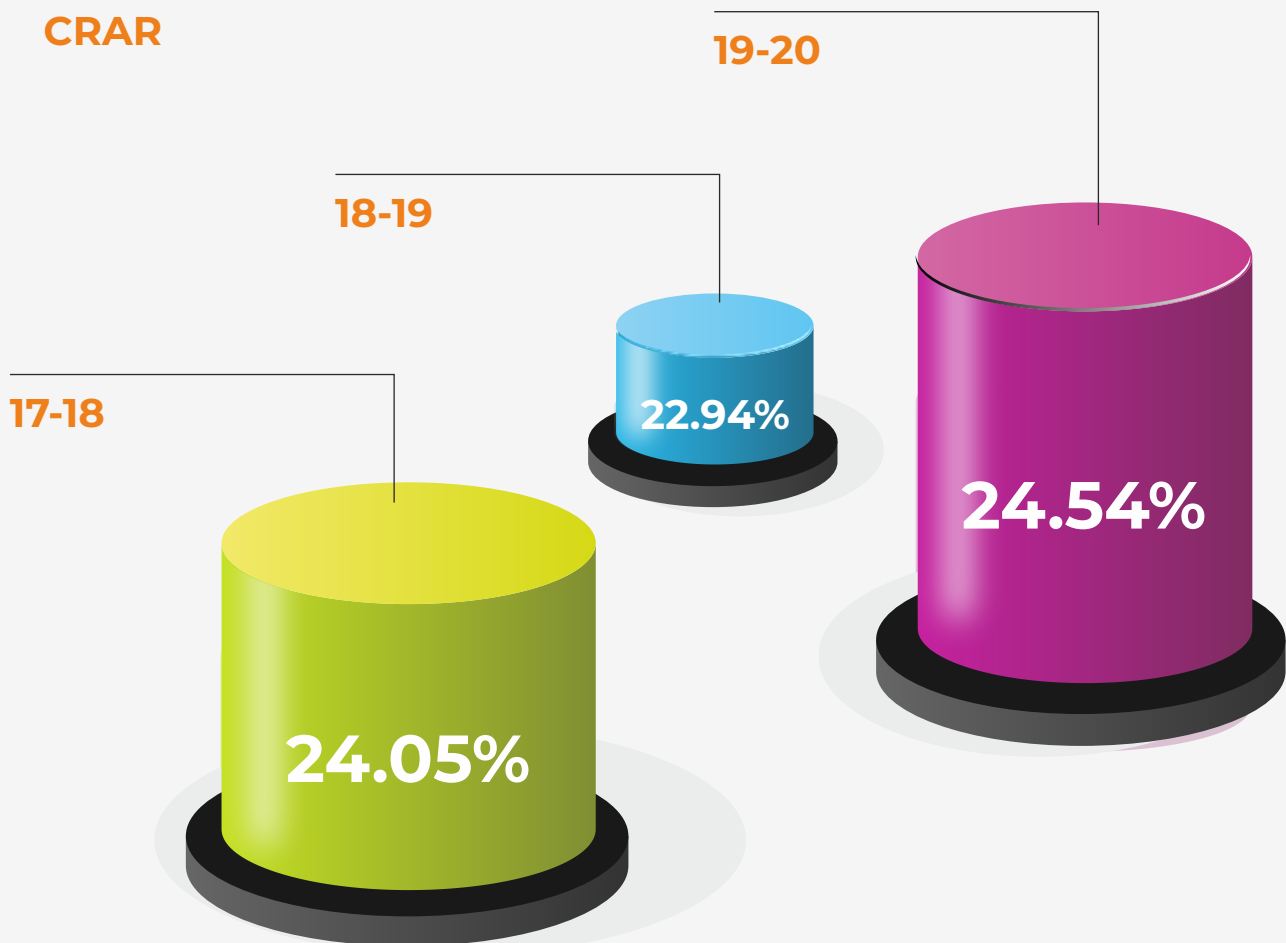
18-19



₹ 15,89,76,498

19-20

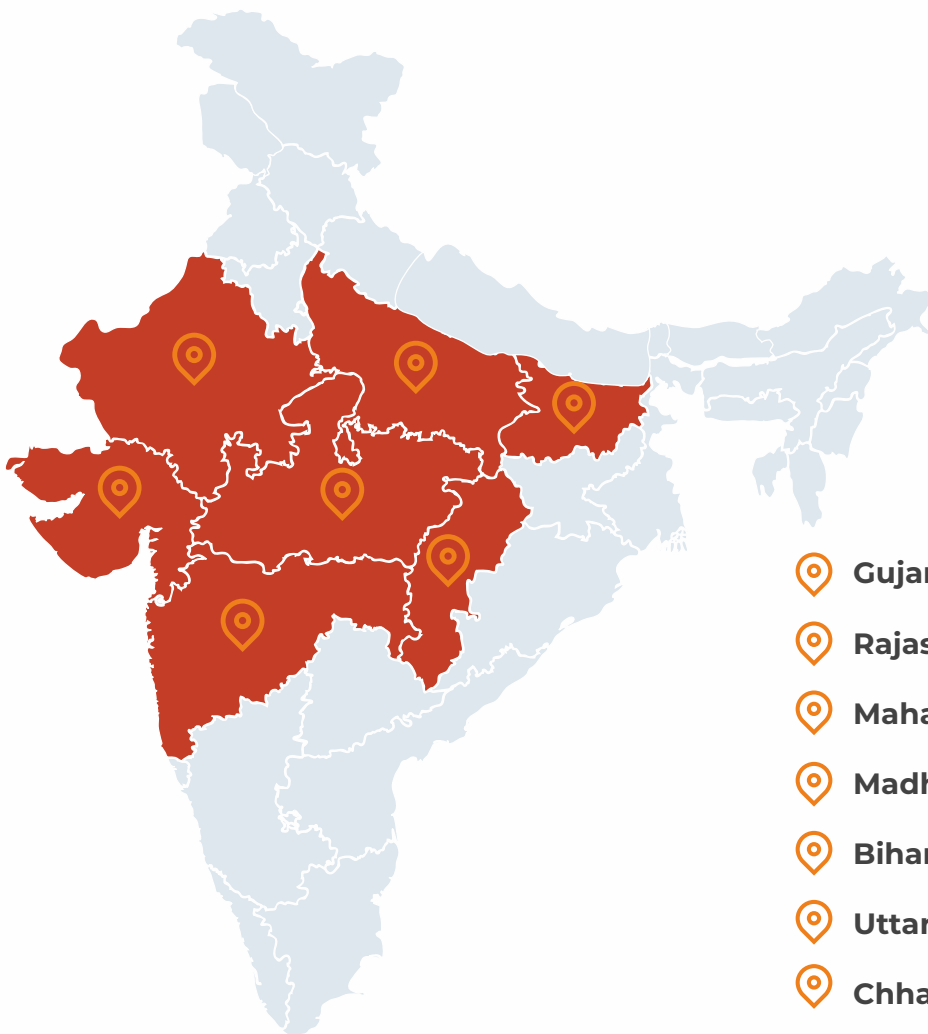
CRAR



AS ON MARCH 2020

**7**No of
States**39, 912**No of
Groups**39,912**No of
Centers**3,00,061**No of
Loan A/c

**D. PORTFOLIO CUT : STATE WISE DISTRIBUTION,
TOTAL PORTFOLIO OUTSTANDING,
AS ON MARCH 2020: 7,36,44,45,128**



	Gujarat	46.61%
	Rajasthan	21.42%
	Maharashtra	2.78%
	Madhya Pradesh	15.08%
	Bihar	13.00%
	Uttar Pradesh	0.00%
	Chhattisgarh	0.30%

PRODUCT DETAILS



MFI LOANS

“Swavlamban, Suraksha, Sampada”

Loan – 20,000 to
46,000

Purpose – Focuses on
small value collateral
free loans, encouraging
women to create an
income source



ENTERPRISE LOANS

“Samriddhi”

Loan – 50,000 to
1,50,000 (Unsecured)
80,000 to 6,00,000
(Secured)

Purpose – Empower
our borrowers to
become Entrepreneurs
and realize their
dreams



SECURED LOANS

“Saarthi”

Loan – 50,000 to
2,50,000 (3-Wheeler)
50,000 to 9,50,000
(Used 4-Wheeler)

Purpose – Enables to
own a productive asset

ADDITIONAL SEGMENTS



CONSUMER DURABLE LOANS

Pahal also provides consumer loans along with the Group Loans. We provide our clients an option for consumer product loan in order to improve their livelihoods.



CATTLE LOANS

Cattle loans are given to our existing customers as well as in the open market based on proven credit check process.

Secured 2,25,000 to 6,00,000

Tenure- 12 to 36 Months

Unsecured 50,000 to 2,00,000

Tenure-06 to 12 Months



WATER & SANITATION LOANS

Pahal is working with water.org to alleviate poverty in rural areas by enhancing productivity through improved health conditions. Pahal works in two major heads:

- Water-To educate the customers about the water contingencies and storage opportunities.
- Sanitation-To motivate customer for using Toilets and helping them building the same.



EDUCATION LOANS

- The need for capital to finance their children's education is one of the most essential struggles clients face to break the inter-generational cycle of poverty
- Families are provided loans to finance the educational needs of their children by Pahal.

BOARD OF DIRECTORS



Mr. Kartik S Mehta
Managing Director

Mr. Kartik S Mehta is a qualified Chartered Accountant from Institute of Chartered Accountants of India and a member of the Institute of Cost Accountant of India. He is also qualified Certified Financial Planner. He is a Career banker with more than 27 years of experience in the banking and the financial services industry in India. He has worked across various functions including corporate finance, treasury management, retail banking and distribution, agriculture credit and priority sector and microfinance during his banking career. Over the last couple of years, he has been associated as a Micro Finance practitioner and has extensively worked in the western geographies of India. Mr. Mehta has also been involved with some pioneering work in the banking correspondent space and has travelled extensively to study the model in Brazil and South Africa.



Purvi J. Bhavsar
Managing Director

Ms. Purvi J Bhavsar has won several awards and accolades during her professional career including the “Leading women in Telecom” for the year 2010. She has over 25 years of diverse experience in the financial services and telecom industries. Starting her career with Kotak Mahindra Finance Ltd. She has worked in various functions including corporate finance, retail, banking, channel management, distribution and sale with Apple Industries, HDFC Banks, ICICI Bank and Vodafone. Ms. Bhavsar was one of the selected few within ICICI who was identified for a fast track career development. Prior to working in Micro Finance, she was also the regional head in Mumbai looking after the liability business of more than 5000 crores in her territory and handling over fifty branches and leading a team of over 500 employees.



Mr. Padmanabh P Vora
Chairman



Mr. Saurabh Baroi
Nominee Director



Mr. Venkatraman G Iyer
Independent Director

Mr. Padmanabh Pundrikay Vora, holds a Bachelor's degree in Commerce and is a Chartered Accountant by profession. Mr. Vora is an eminent person in banking and financial markets. He is also a member of the ICAI and Associate of Indian Institute of Bankers and has over 39 years, experience in finance, banking and management. He was also the Chairman of National Housing Bank, the Regulatory body for housing finance in India. During his long and illustrious career as banker, he has held several prestigious positions in the industry such as serving as the Chairman-cum-Managing Director of the Industrial Development Bank of India from which he retired in 2003. He served as a consultant at Deloitte Touche Tohmatsu India Private Limited and also served as a member of clearing council at BSE limited (Bombay Stock Exchange Limited) and holds directorship in many other reputed companies in diversified fields.

Mr. Saurabh Baroi is working as the General Manager in DIA Vikas Capital Private Limited (DIA). DIA is a social investor and has investments in the Financial Inclusion space. Currently it has investments in 6 NBFC-MFIs, 2 SFB and 2 section 8 companies. Mr. Baroi has been working with DIA since year 2007. He has an experience of over 21 years in the field of financial inclusion, leading social impact investments and social development. Mr. Baroi has a postgraduate degree in Rural Management. Prior to working with DIA, he has worked with National and International Development Organizations like CARE International, Access Development Services and CAPART. He has also undertaken assignments/studies for International Development Organizations and World Bank Projects for Microfinance and Financial inclusion prior to joining DIA.

Mr. Venkatraman Iyer has more than 30 years of experience working in US and India and in various businesses like Renewable Sources of energy (Solar & Wind), Office Equipment (Canon USA, Canon India & Xerox), Pharma manufacturing & healthcare (Pfizer & Wockhardt), Automotive (TVS Motor), IT services (IBM@Tata Steel) and Broadcast Media (Star TV). He has been heading IT for almost 20 years and has also worked in Sales & Marketing, Digital Marketing, Business process design and Re-engineering, Logistics and distribution. His key interests are in the area of business process improvement using technology. Mr Iyer has done his BS in Physics Electronics, MBA in Marketing and 2nd MBA in Information Management from the US. He is also an active member of the CIO Angel Network. He was the Global CIO of Wockhardt Ltd. He is also an independent director in Stock Holding Document Management Services Limited and an operating Partner with a private equity firm Xponentia Capital.

CLIENT SUCCESS STORIES

Nehaben Sanjaykumar Raval

Women empowerment, entrepreneurship, and socio-economic development – are the pillars that upholds the idea of sustainable living. Pahal mission and vision lay its roots deep in the same school of thought and it can be reflected in the subset of the clients.

Nehaben Sanjaykumar Raval opted for 1st JLG loan from Pahal in the month September '19 amounting to 31000 INR. She tapped on raw materials with the same which channeled towards setting up snacks (khakhra, jalebi etc) business in her locality. With time, the business thrived and the graph of profits slowly started to climb towards the skies. Her pet projects also generated means of livelihood of other women by enrolling them into the canopy of the new venture. This fueled overall economic and social development in and around Nehaben which gave a sense of responsibility and enthusiasm to her. Going forwards there was no looking back, as the business flourished and grew which entailed towards bringing in more women under the canopy churning out monetary benefits for them.

As of today, her company makes a turnover of 1 lakh INR tagged with providing employment to other women in the community

Sunaina Sainaben Zahirbeg Mirza

Your achievements does not describe you, you aspirations does!

The statement above is justified by One of the most esteemed Pahal's customers - Sunaina Sainaben Zahirbeg Mirza. The creative mind and hard-working mindset pushed her to have an inclination towards setting up a boutique shop, churning out monetary benefits. She started off with a JLG loan amount to 15,000 and bought a sewing machine. With time her business started showing flying colours and the graph of profits shot towards the skies. She opted for two more JLG loans tagged with higher ticket sizes which resulted in the expansion of her business. Going forwards, Pahal decided to shift her under the umbrella of Individual Loan vehicle to help her make a mark in the boutique industry. With higher ticket size she tapped on more raw materials that resulted in a big brand boutique shop. As of now, the shop provides a source of livelihood to three employees. She thanks Pahal for the same and the organization hopes that she continues to fly with the wings of achievements and fan the flames of woman empowerment

INVESTOR PROFILE

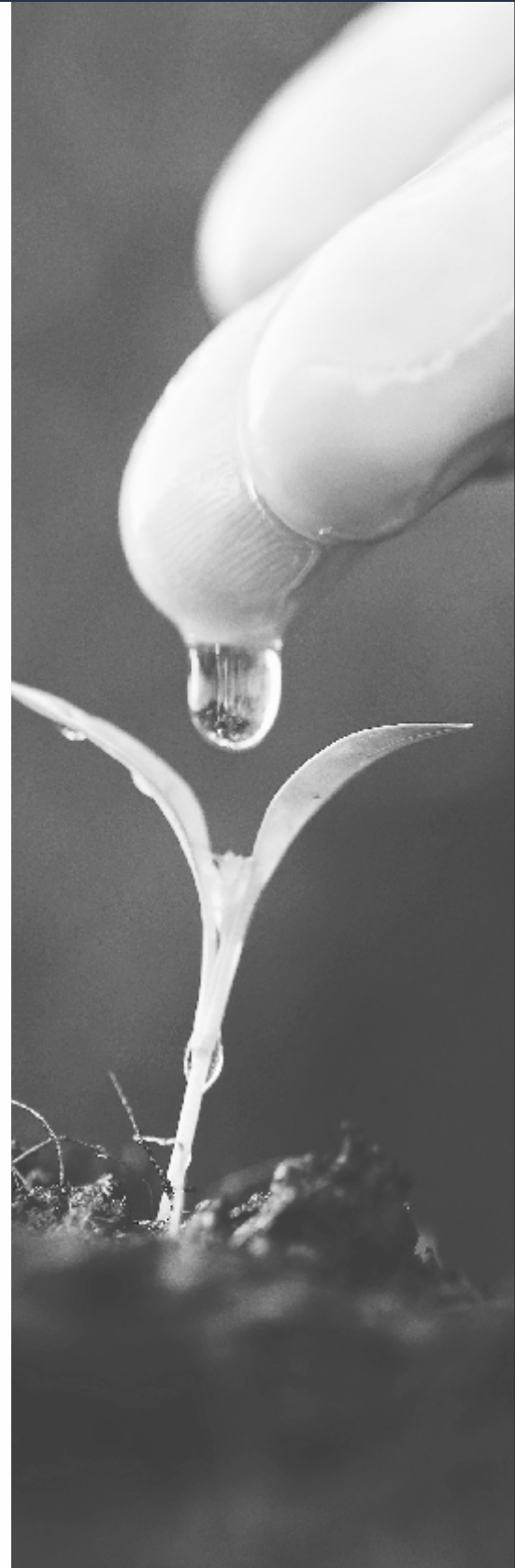
BOPA

BASE OF PYRAMID ASIA

BOPA (Base of Pyramid Asia) is a Singapore-based holding company that invests equity in smaller and early stage Microfinance Institutions in Asia and help them to scale up in a responsible way. BOPA has so far concluded investments in India, Vietnam, Cambodia, Timor Leste, Myanmar, Kazakhstan, Kyrgyzstan and Tajikistan. It invests in substantial minority equity position in smaller and early stage Asian MFIs with proven sustainability and on clear path to capture growth and scale.



Dia Vikas Capital Pvt. Ltd India is a subsidiary of global microfinance and enterprise development impact investor – Opportunity International Australia, a member of the Opportunity International Network. Dia Vikas was established in early 2008 as a social investor to fill the gap of social investment and thereby support the growth of Indian microfinance sector and encourage the development of start-up operations in underserved areas. Dia Vikas partners with microfinance institutions to directly touch the lives of millions of people in profound need in an effective and very efficient way. Dia Vikas currently partners with 13 socially focused microfinance institutions that serve over 6.05 million poor through provision of credit, savings, insurance, remittance and pension products.



CORPORATE SOCIAL RESPONSIBILITY



CSR VILLAGE TEKRI

The 19-20 financial year ended with a high note as the organization undertook a CSR activity in the remote village of Tekri (Gujarat) during the month of February '19.

The village lies in the extreme and backward interior part of North Gujarat and is far from the main highway, cutting them off completely from civilization. To add to this problem statement there was no mode of transport to curb this disconnect.

In the times of emergency, the problem even magnifies causing havoc within the community. Pahal believes in overall socio-economic uplift the marginalized section, and hence it decided to donate an E-rickshaw to the community which will bridge the gap and connect them to the outside world. The rikshaw will also cater as a mode of transport for school-going children.

Pahal believes in half job done is equivalent to no job done. Hence, Pahal also adopted a school in the vicinity of the village providing it with almirah for the library, benches, blackboards, slides and swings for the students studying in the school along with uniforms.

The organization also care for the environment and believes in negative or no carbon footprints from its operations. Henceforth, underneath the umbrella of the same CSR activity, Pahal provided Sunking Home 40z solar lights to all the households in the village. A larger segment of the population in the village is majorly dependent on agriculture and cattle. The solar energy will not make their pockets light as the hefty electricity bills will be nullified. The money saved can be exploited to fund the education of their kids or for any income-generating businesses.

To sum up, the CSR activity was a positive tornado that acted as a game-changer to improve the living standards of the village and push the graph of economic-social development.

SOCIAL MANAGEMENT PERFORMANCE

“Social performance is the effective translation of an institution’s social mission into practice. At Pahal, the vision, mission and values serve as the basic principles for Social Performance Management. The mission and vision were revised in this FY to reflect Pahal’s social commitment. As a socially responsible organization, Pahal intends to develop the community in a sustainable way through its products and services. The wide range of products and services help in improving the quality of life of the underserved sections of society by creating opportunities for employment generation, livelihood growth and simultaneously enabling women empowerment, education, improving sanitation etc. Apart from these, Pahal is involved in various credit-plus activities such as providing financial literacy to clients, health check-up camps and supporting local schools. Pahal’s approach to Social Performance Management is based on Social Performance Task Force’s Universal Standards for Social Performance Management (USSPM) which provides a universal framework for the financial institutions to adopt a double bottom line approach. This ensures that Pahal has a greater understanding of its client’s needs and it design its products and services accordingly which will enable clients to bring a significant change in their future and their communities. In order to achieve that, the products, policies and procedures are being aligned according to the mission, vision and values. Pahal realizes that financial objectives alone cannot lead to robust growth. Thus, conscious efforts are made to balance both financial and social objectives. The social audit of organization’s policies and procedures in accordance with the USSPM is conducted internally through the SPI4 audit, a comprehensive social audit tool for the evaluation of the level of implementation of the USSPM and the client protection principles. The SPI4 score has improved from 66% as on March 2019 to 76% as on March 2020.

The financial products and services ensure the financial inclusion of clients in a way which is sustainable for both PFSP and its clients. These products and services are designed considering the requirements and suitability of clients. This helps in increasing the outreach of financial services to remote sections of the society. PFSP also offers various consumer products which are very useful for day-to-day household activities. Some of these consumer products are Fan, Mixer, Solar Light etc. Apart from the regular loans, Pahal also provides Water and Sanitation loans specifically for building water and sanitation facilities. The micro-insurance product, Hospicash, is a medical insurance product which provides clients with wage-loss cover for their ill health. It helps the clients in mitigating the risk of erosion of wealth due to ill health and provides them the access to better medical care.

Pahal has imbibed the spirit of client protection principles and developed a strong culture of fair behavior toward its clients. Prevention of Over-indebtedness is ensured through proper due diligence and cash flow analysis. Pahal ensures that complete transparency is maintained while providing services to the clients. With an objective of continuously improving the products services and the processes, Pahal has adopted and initiated various methods to obtain feedback from clients.

EDUCATION LOAN

“Education carves out ways to escape the cobwebs of poverty.”

Pahal believes and puts thrust on the above statement. The organization leaves no stone unturned when it comes to promoting quality education among the masses. Keeping the SDG – 4 (Quality education for all) as a frontrunner, Pahal has laid the foundation to build education a pioneer among the present customer base.

Pahal along with Opportunity International has carved out a project – Siksha Loan which will pilot in the coming month. The product aims to cater to marginalized communities with low-interest rates to uplift them using education as a fulcrum.



WATER & SANITATION

Accessibility to clean water and sanitation facilities has been in a limelight in India during the last two decades, especially for the marginalized communities residing in the rural canopy. According to the world bank, 63.30% of rural households and 19.70% of urban households are not tagged with improved sanitation facilities, which narrows towards 520 million individuals defecating in open.

Pahal believes in the socio-economic development of the marginalized communities through its operations. Henceforth, on the way forwards, the organization has aligned with SDG- 6 (Sustainable Development goal – 6) and Swachha Bharat Mission in providing clean water and sanitation facilities. The organization diffuses information about the benefits of clean water and sanitation practices via holding Focused Group Discussions (FGDs) with the help of flipbooks and AV channels encouraging them to tap to our product – JLG loans for having the dignity of a toilet and access to clean water.

As of March 31, 2020, Pahal, has touched 4000 households under the umbrella of Clean water and proper sanitation facilities. The organization is proud of the same and plans to create a difference on the grass-root level in the coming days to come.





MANAGEMENT DISCUSSION & ANALYSIS

BACK GROUND

Pahal has started its operations by acquiring a NBFC company “Kelkar Leasing Company Private Limited” The company was duly acquired on 8th February 2011. The current promoters commenced the microfinance activities with a vision to provide holistic financial inclusion. The current promoters acquired a small microfinance portfolio of INR 2.50 CR of Lok Vikas Nidhi (a division of Vikas Centre for Development)-a well-known trust operating in the area of social development in Gujarat for over 25 years. Vikas did not wish to run the microcredit activity and hence the portfolio created under the Joint-liability group (JLG) methodology was acquired by the NBFC. The name has been subsequently changed from Kelkar Leasing Company Private Ltd to Pahal Financial Services Private Limited to reflect the nature of the work we have undertaken in ‘financial inclusion’.

The fiscal year 2019-20 has become another outstanding year for us as compared to previous year of March 2019. The organization has reached AUM of Rs. 736.44 Crores with 3,00,061 loan outstanding with 143 active branches spread over 7 states.

INDUSTRY UPDATE:-

As per the latest data available, microfinance industry has a loan portfolio of 1,01,063 Crores with 42 million accounts. This includes a managed portfolio of 35,438 crores. Out of managed portfolio, BC portfolio accounts for ` 20,842 crores. The loan outstanding per borrower stood at 18,034 and 93% of loans were used for income generation purposes. (Data Source : Bharat Microfinance Report – 2020 issued by Sadhan)

PAR 90+ has been increased to 0.88% as on March 2020 from 0.41% as on March 2019. Pahal's PAR as on 31st March for 90+ stands to 0.47% on AUM.

As on 31 March 2020, NBFC-MFIs on aggregated basis have a network of 19,073 branches and employee base of 1.52 Lacs of majority consist of field officers who provide door-step credit to low-income clients served by the NBFC-MFIs.

FINANCIAL YEAR FOR PAHAL:-

Financial Year 2019-20 was a exceptional year for Pahal. Company has reported Profit of Rs. 15.74 Crores (Profit after Tax) as compared to a profit of 7.51 crores during the year 2018-19. The company's AUM has grown by 49% as on 31.03.2020 to 736.44 Cr from 495.76 CR as on 31.03.2019.

Pahal has a PAR 30+ of 0.90% as on 31.03.2020 as compared 1.78% for overall MFI industry. Company has recorded 1244 employees as of 31.03.2020. Pahal has also recruited senior profile employees to commensurate future growth.

FINANCIAL PERFORMANCE:-

Pahal has recorded revenue of Rs. 143.88 crores in the year 2019-20 as compared to 87.48 crores in the year 2018-19. The company has recorded a PBT of Rs. 23.36 crores as compared to a profit of Rs. 12.53 crores (Numbers are based on Ind AS). Pahal has adopted its accounting based on Indian Accounting Standard recommended by Government of India from 01st April 2019.

The Equity Shareholder's funds has increased to 113.70 crores as on 31.03.2020 from 57.33 crores as on 31.03.2019. Company has able to infuse equity worth Rs. 40.50 crores from BOPA Pte Limited and from Promoters & Family Friends.

Shareholders Group	Number of Shares	% of Holding
DIA Vikas Capital Pvt. Limited	53,33,333	17.46%
BOPA Pte Limited	1,15,50,000	37.82%
Promoters & Family and Friends	1,36,59,611	44.72%

During the financial year company has raised a funds of Rs. 625.56 through various sources. These includes a Rs. 192.11 raised through securitization and direct assignments and Rs. 433.45 crores through Banks/NBFCs/FPIs and Others.

Institution	%
Cash Credit	0.64%
Non Convertible Debentures	24.06%
Sub Debt	4.73%
Term Loans-From Banks	23.62%
Term Loans-From Others	46.96%

TOP FIVE LENDERS TO PAHAL

1. MAS Financial Services Limited
2. Responsibility AG
3. Blue Orchard
4. Bandhan Bank
5. Belstar Investment and Finance Pvt. Limited
6. Northern Arc – Fimpact Funds
7. Northern Arc Capital Pvt. Limited.

REGULATIONS & STATUTORY COMPLIANCES:-

Pahal is registered with Reserve Bank of India as a NBFC- MFI since January 2014 and company has been complying with requirements prescribed by the Reserve Bank of India.

Pahal has also complied with other statutory requirements during the year.



DIRECTORS' REPORT

Dear Members,

It is our immense pleasure to present the 10 th Director's Report along with Audited Financial Statements of your Company for financial year ended 31 st March 2020.

FINANCIAL HIGHLIGHTS,

Particulars	Amount in (Rs.)	
For the year ended	2019-20	2018-19
Total Revenue	1,43,88,12,280	87,83,76,553
Total Expenditure	1,20,51,87,758	75,30,54,659
Profit/Loss before Tax	23,36,24,522	12,53,21,894
Provision for Tax	7,46,48,024	4,50,33,362
Profit after Tax	15,89,76,498	8,02,88,532
Transfer to General Reserves		
Paid Up Share Capital		
Equity Share Capital	30,54,29,440	2,16,82,944
Preference Share Capital (Optionally Convertible shares)	-	12,50,00,000

The operational indicators also show growth in the following table.

Previous figures are rested due to INDAS implementation

OPERATIONAL HIGHLIGHT

Indicators	2019-20	2018-19
Number of States	7	5
Branches (Gujarat + M.P.+ Maharashtra+ Rajasthan + Bihar + Uttar Pradesh + Chhattisgarh)	143	97
Number of Borrowers	3,00,061	2,16,071
Loan Amt. disbursed during the year (in Rs)	6,73,53,46,525	5,46,23,22,846
Total Portfolio O/S (Own+ Securitized & BC)	7,36,44,45,128	4,95,72,46,456
Less Securitized & BC portfolio	2,03,00,29,326	1,49,48,04,852
Net Own Portfolio	5,33,44,15,802	3,46,24,41,604
Borrowed Fund O/S	5,39,29,33,637	4,03,20,51,277
Total Staff	1,244	805
PAR > 30days in %	6,63,59,184	1,39,19,078
PAR > 30 days in amount	0.90%	0.28%
Pahal has increased its borrowers by appx. %		38.87
Own portfolio increased by %		54.07
New borrowed fund increased by %		33.75
Disbursement of loan in amount increased by %		23.31
Total staff has increased by %		54.53

MATERIAL EVENT RECORDED SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENT

There are no material changes and commitments affecting the financial position of the company, which has occurred between the end of financial year of the Company i.e 31 st March 2020 and the date of Director's Report.

DIVIDEND**Dividend to the Preference Shareholders**

During F.Y 2019-20 your Company has paid interim dividend amounting to Rs. 1,66,36,639 (Excluding Dividend Tax) to its Preference Shareholder as Interim Dividend.

Dividend to the Equity Shareholders

The Board of Directors of your Company has declared/recommended a total dividend of Rs. 0.20 per equity shares of Rs. 10 each for year under review.

AMOUNT TRANSFERRED TO RESERVES

An amount of Rs. 3,14,82,054 being 20 % of the Profit After Tax (PAT) was transferred to statutory reserves of the Company pursuant to Section 45 IC of the Reserve Bank of India Act, 1934.

DEPOSITS

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

DEBENTURES

During the year under review, the details of debentures issued by your company is as under:

Sr No.	Name of Allottees	Name of Debenture Trustee	No. of Debentures	Amount (In Rs.)	Status
1	IFMR Long term Multi Asset Class Fund	Catalyst Trusteeship Limited	150	15,00,00,000	Unlisted
2	Japan Asean Women Empowerment Fund	Catalyst Trusteeship Limited	340	34,00,00,000	Listed
3	Northern Arc Capital Limited	Catalyst Trusteeship Limited	150	15,00,00,000	Listed
4	Blue orchard Microfinance Fund	Catalyst Trusteeship Limited	140	14,00,00,000	Listed
5	Microfinance Initiative for Asia Fund	Catalyst Trusteeship Limited	140	14,00,00,000	Listed

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	Vistra ITCL (India) Limited	The IL& FS Financial Centre, Plot C-22, G Block, 7th Floor Bandra Kurla Complex, Bandra (East), Mumbai 400051	022-2659 3602

CHANGE IN THE CAPITAL STRUCTURE OF THE COMPANY

Equity Shares

The Equity Share Capital of the Company has been increased from Rs. 21,68,29,440 to Rs. 30,54,29,440 during F.Y 2019-20.

Preference Shares

The Preference Share capital of the Company has been redeemed by Rs. 12,50,00,000 during F.Y 2019-20.

STATEMENT ON DECLARATION "CERTIFICATE OF INDEPENDENCE" U/S 149 (6) FROM INDEPENDENT DIRECTOR

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

CAPITAL ADEQUACY

The Capital Adequacy Ratio (CRAR) of the company was 24.54% as on March 31, 2020 as against the minimum capital adequacy requirements of 15 % by RBI.

INTERNAL FINANCIAL CONTROL

The Company has devised proper system of internal financial control which is commensurate with size and nature of Business. Even, the Board has appointed M/s. Samir M Shah and Associates as an Internal Auditor of the Company pursuant to provisions of Section 138 of the Companies Act, 2013 in order to ensure proper internal financial control.

RISK MANAGEMENT AND AUDIT

The Financial Year 2019-20 witnessed various external disruptions such as the liquidity crisis in the NBFC Sector, Nation's decelerating economic growth, floods in various parts of the country during the monsoon, law and order issues due to socio-political unrest in December and on top of it the Nation Wide Lockdown as a result of the biggest manmade crisis the world has seen in the recent times, the COVID 19 Pandemic. Considering all these scenarios, the significance of proactive risk management has increased more than ever. Risk management function in your company has evolved and become a critical part of the strategy and decision-making process. The company has an effective internal audit function which helps mitigate risks by monitoring process adherence and quality controls. A comprehensive risk management policy, with a forward-looking approach was implemented throughout the organization that allows the Company to maintain a low risk profile. The policy enables the organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Company's clients having access to other formal and informal financial services, there has been emerging risk from digital technology usage due to the incidents of KYC tempering, cloning, hacking, phishing, , etc. Another challenge is the penetration of digital infrastructure in the Company's operations areas is low and internet connectivity is poor hindering the real-time onboarding and verification. Your Company is committed to provide a strong customer protection architecture with data protection and Information/Cyber Security.

Company's risk management function supports its business to manage and effectively mitigate critical risks. The ability to effectively identify and manage risk is a vital element of business success for all parts of the Company's business. Risk management takes place in many different processes and operations throughout the organization.

This ensures a balance of risk and return, visibility of all the risks and enhanced quality. Risk Management Framework of your Company covers Credit, Operational, Market, Liquidity and Reputational Risks. It is based on the risk appetite defined by management and the identification and assessment of all risks. The risk appetite includes a series of metrics and limits on these metric (statements) which express in quantitative and qualitative terms the maximum risk exposure that PFSP as a whole is willing to assume. Your Company uses a risk matrix to assess and compare the risks, with the risks arranged based on an estimate of the likelihood of the risk arising, and an estimate of its severity of impact on the achievement of business objectives.

Risk Management Framework has established the following risks.

- Credit - Risk of loss from non-repayment of loans by borrowers
- Operational - Risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events
- Reputation - Risk of potential negative financial impact, due to damage to the perception or image of the institution
- Market - Risk of potential negative effect on the financial strength due to changes in the market factors
- Liquidity - Risk of an institution failing to honour its obligations towards clients, banks, investors, and others due to the lack of available funds or cash-flow mis-management

Your Company aims to reduce the likelihood of errors, wrong decisions, and the impact of surprises due to unforeseen circumstances as much as possible. The first line of defense is the management along with the internal audit and risk departments. The management is regularly monitoring risks and discloses its risk profile and mitigation strategies to the board on an on-going basis. The Board, Audit Committee and the Risk and Asset-Liability Committee are tasked to provide oversight on the risk management practices of the organization.

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:

- | | |
|--|--|
| <ul style="list-style-type: none"> ■ Mr. Kartik S Mehta
Managing Director | <ul style="list-style-type: none"> ■ Mr. Chintan C Desai
Chief Financial Officer |
| <ul style="list-style-type: none"> ■ Ms. Purvi J Bhavsar
Managing Director | <ul style="list-style-type: none"> ■ Ms. Nikita Sharma
Company Secretary |

APPOINTMENTS/RESIGNATIONS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL DURING FINANCIAL YEAR 2019-20

- Mr. Ambalal B Panchal resigned from the Board of Directors of the company wef 30 th July 2019;

BOARD MEETINGS:

The Composition of the Board as on 31 st March 2020 was as follows:

Sr No.	Name of the Director	Category
1	Mr. Padmanabh P Vora	Non-Executive Non-Independent Director
2	Mr. Venkatraman G Iyer	Non-Executive Independent Director
3	Mr. Kartik S Mehta	Managing Director
4	Ms. Purvi J Bhavsar	Managing Director
5	Mr. Saurabh Baroi	Nominee 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.	Date of Board Meeting	Name of Director					
		Mr. Padmanabh P Vora	Mr. Venkatraman G Iyer	Mr. Ambalal B Panchal*	Mr. Kartik S Mehta	Ms. Purvi Bhavsar	Mr. Saurabh Baroi
1	04.05.2019	✓	✓	✓	✓	✓	✓
2	05.08.2019	✓	✓	–	✓	✓	✓
3	19.09.2019	✓	x	–	✓	✓	✓
4	25.11.2019	✓	✓	–	✓	✓	✓
5	13.03.2020	✓	✓	–	✓	✓	✓
6	24.03.2020	✓	✓	–	✓	✓	✓
Total No. of Meetings Attended		6	5	1	6	6	6

✓: Directors who have attended the meeting

x: Directors who were absent

–: Directors who resigned till the date of meeting

*Mr. Ambalal B Panchal resigned from the Board of the Company w.e.f 30 th July 2019

COMMITTEES OF THE BOARD

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

Audit Committee

The Composition of the Audit Committee as on 31 st March 2020 was as follows:

Sr No.	Name of the Member	Category	Designation
1	Mr. Padmanabh P Vora	Non-Executive Director	Chairman
2	Mr. Venkatraman G Iyer	Non- Executive & Independent Director	Member
3	Mr. Kartik S Mehta	Managing 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
		4 th May, 2019	05 th August, 2019	19 th September, 2019	25 th November, 2019	
1	Mr. Padmanabh P. Vora	✓	✓	✓	✓	4
2	Mr. Venkatraman G. Iyer	✓	✓	*	✓	3
3	Mr. Ambalal B. Panchal	✓	-	-	-	1
4	Mr. Kartik S Mehta	#	✓	✓	✓	3

✓: Directors who have attended the meeting

×: Directors who were absent

-: Directors who resigned till the date of meeting

#: Director who was not the member of the committee 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.

*Mr. Ambalal B Panchal resigned from the Board of the Company w.e.f 30 th July 2019 and thereafter Mr. Kartik S Mehta was appointed as the member of Audit Committee.

Nomination and Remuneration committee

The Composition of the Nomination and Remuneration Committee as on 31 st March 2020 was as follows:

Sr No.	Name of the Member	Category	Designation
1	Mr. Venkatraman G Iyer	Non- executive & Independent Director	Chairman
2	Mr. Padmanabh P Vora	Non- Executive Director	Member
3	Ms. Purvi J Bhavsar	Managing Director	Member

The members of the Nomination and Remuneration Committee met 3 (Three) 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
		4 th May, 2019	05 th August, 2019	25 th November, 2019	
1	Mr. Venkatraman G Iyer	✓	✓	✓	3
2	Mr. Ambalal B Panchal	✓	-:	-:	1
3	Mr. Padmanabh P Vora	✓	✓	✓	3
4	Ms. Purvi J Bhavsar	#	✓	✓	2

✓: Directors who have attended the meeting

×: Directors who were absent

-: Directors who resigned till the date of meeting

#: Director who was not the member of the committee till the date of meeting

* Mr. Ambalal B Panchal resigned from the Board of the Company w.e.f 30 th July 2019 and thereafter Ms. Purvi J Bhavsar was appointed as the member of Nomination and Remuneration Committee.

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.

Stakeholder Relationship Committee

The Composition of the Stakeholder Relationship Committee as on 31 st March 2020 was as follows:

Sr No.	Name of the Member	Category	Designation
1	Mr. Venkatraman G Iyer	Independent Director	Chairman
2	Mr. Kartik S Mehta	Managing Director	Member
3	Ms. Purvi J Bhavsar	Managing Director	Member

The meeting of Stakeholders Relationship Committee was held on 24th March 2020. 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. Venkatraman G Iyer	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.

* Mr. Ambalal B Panchal resigned from the Board of the Company w.e.f 30 th July 2019 and thereafter Mr. Venkatraman G Iyer was appointed as the member of Stakeholders Relationship Committee.

Corporate Social Responsibility Committee

The Composition of the Corporate Social Responsibility Committee as on 31 st March 2020 was as follows:

Sr No.	Name of the Member	Category	Designation
1	Mr. Venkatraman G Iyer	Independent Director	Chairman
2	Mr. Kartik S Mehta	Managing Director	Member
3	Ms. Purvi J Bhavsar	Managing Director	Member

The meeting of Corporate Social Responsibility Committee was held on 05 th August 2019. 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. Venkatraman G Iyer	1	1
2	Mr. Kartik S Mehta	1	1
3	Ms. Purvi J Bhavsar	1	1

Terms of reference of Corporate Social Responsibility Committee:

The role of Corporate Social Responsibility Committee involves:

- Recommend the various CSR Activities to be undertaken by the Company;
- Recommend the amount of expenditure to be incurred on the recommended CSR activities;
- Spend the allocated CSR amount on the CSR activities once it is approved by the Board of Directors of the Company in accordance with the Act and the CSR Rules;
- Monitor this policy annually;
- Prepare a transparent monitoring mechanism for ensuring implementation of the projects/ programs/ activities proposed to be undertaken by the Company;
- The Committee shall have the authority to discharge its responsibilities, including the authority to retain and terminate the engagement of such consultants and counsels as the Committee may deem necessary or helpful in carrying out its responsibilities and to establish the fees and other terms for the retention of such consultants and counsel. However, such fees shall be borne by the company;
- The Committee may form sub-committees for any purpose to be undertaken by it and may delegate to such sub-committees or to members of the management of the Company, such powers and authority as it deems appropriate;

- Submit the Reports to the Board in respect of the CSR activities undertaken by the Company;
- Monitor CSR Policy from time to time;
- Authorize executives of the Company to attend the CSR Committee Meetings.

To do all other acts and deeds as may be necessary or incidental to the above.

Finance Committee

The Composition of Finance Committee as on 31 st March 2020 was as follows:

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

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

ANNUAL GENERAL MEETING

The last Annual General Meeting was held on 27 th September 2019.

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.

AUDITORS

Statutory Auditors

At the Annual General Meeting held on 27 th September 2019, M/S Manubhai & Shah LLP, Chartered Accountants, Ahmedabad, firm with ICAI Registration No.106041W, were re-appointed as the Statutory Auditors of the Company for Financial year 2019-20.

The term of M/S Manubhai & Shah LLP, Statutory Auditors of the company is expiring at the ensuing Annual General Meeting of the Company and therefore the company proposes to appoint SGDG & Associates LLP bearing registration number W100188 as the Statutory Auditors of the Company to hold office from the Conclusion of Annual General Meeting for F.Y. 2020-21 till the conclusion of the Annual General Meeting for F.Y. 2021-22 subject to the approval of the Members of the Company

The Audit Report for the Financial Year ended 31 st March 2020 does not contain any qualification, reservation or adverse remark and form part of this report.

Secretarial Auditor

In terms of section 204 of the Companies Act 2013, and rules framed thereunder and based on recommendation of the Audit Committee, the Board of Directors of the Company 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 2019-20. The report does not contain any qualification, reservation or adverse remark. The Secretarial Audit Report is annexed with this report as **Annexure I**.

The Board has placed on record its sincere appreciation for the services rendered by M/s. Anamika Jajoo & Co., Practicing company secretary, as Secretarial Auditor of the company.

Internal Auditor

As per Section 138 of the Companies Act, 2013, and based on recommendation of the audit committee, the board of directors of the company has appointed M/s Sameer Shah and Co. to conduct the Internal Audit of the Company for the Financial Year 2019-20.

REPORTING OF FRAUD BY AUDITORS

During the period under review, neither the Statutory Auditors nor the Secretarial Auditors have reported to the Audit Committee/Board any instances of material fraud in the Company by its officers or employees under Section 143 (12) of the companies act 2013.

However few instances of misappropriation including embezzlement of cash by the employees amounting to Rs. 482,597. The company has recovered Rs. 206,401 from some employees.

RELATED PARTY TRANSACTION

The company has in place a policy on related party transactions as approved by the Board. All transactions with related parties that were entered during the financial year were on an arm's length basis. Particulars of contracts or arrangements with related parties referred to in section 188(1) of the Companies Act 2013, in the prescribed Form AOC 2 is appended as Annexure II.

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 III to this Report.

WHISTLE BLOWER POLICY/VIGIL MECHANISM

The Board adopted and implemented the Vigil Mechanism/Whistle Blower Policy that adopts best practice. The policy enables the employees to report to the management instances of unethical behavior, actual or suspected fraud or violation of Company's Code of Conduct. Further the mechanism adopted by the Company encourages the Whistle Blower to report genuine concerns or grievances and provide for adequate safeguards against victimization of the Whistle Blower who avails of such mechanism and also provides for direct access to the Chairman of the Audit Committee, in exceptional cases.

POLICY ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE

To foster a positive workplace environment, free from harassment of any nature, 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 2019-20.

PAHAL EMPLOYEE STOCK OPTION (ESOP) SCHEME

Pursuant to the approval accorded by the shareholders vide resolution passed in Annual General Meeting held on 23 rd September 2016, the board had formulated an employee Stock Option Scheme. Further in the meeting of Board of Directors of the Company, the board on recommendation of Nomination and Remuneration Committee of the company adopted Pahal Employee Stock Option Plan 2018 for 5,00,000 Equity Shares at Rs. 32.25 per share which was approved by the shareholders vide resolution passed in the General Meeting.

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.	Name of the Member	31 st March 2020
1	Options outstanding at the beginning of the year	3,00,000
2	Number of options granted during the year (B)	0
3	Number of options forfeited during the year	0
4	Number of options exercised during the year	90,000
5	Total number of shares arising as a result of exercise of option	90,000
6	Number of options lapsed during the year	0
7	The exercise price of the options	26 each
8	Variation of terms of options	None
9	Money realized during the year by exercise of option	23,40,000
10	Number of options granted and in force at the end of the year	2,10,000

Options granted to the Key Managerial Personnel during the year

Employee name	Designation	Options granted	Exercise Price (In Rs.)
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NIL

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.)
---------------	-------------	-----------------	-------------------------

NIL

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 IV

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.

Pahal has a training cell to give training to new staff and its existing staff. Training for employees include, New Joinee Induction Training, Refresher Training, Promotion Training, Need Based Training, and Soft Skills Training. Training is planned by identifying goals and objectives, Assessing training needs, Addressing logistical requirements and implementation and Feedback of training.

The Independent Directors have also confirmed that they have complied with the company's code of conduct prescribed in Schedule IV to the Companies Act 2013.

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.

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 2019-20

RELATED PARTY TRANSACTIONS

The Company has put in place a policy for Related Party Transaction (RPT Policy), which has been approved by the Board Of Directors. The Policy provides for identification, necessary approval by the Audit Committee/ Board reporting and disclosure requirement in compliance with the requirement of the companies act 2013 and the SEBI (Listing Obligation and Disclosures Requirements) 2015.

All transactions entered by the company during the financial year with the related parties were on arm's length basis and in the ordinary course of business. All such RPTs were placed before the Audit Committee /Board for approval wherever applicable. The Audit Committee review all RPTs periodically.

Particulars of contracts or arrangements with related parties referred to in section 188(1) is given in AOC - 2 as Annexure – I. Further, details of Related Party Transactions as required to be disclosed as per Indian Accounting Standard 24 "Related Party Disclosures" specified under section 133 of the Companies Act, 2013 are given in the Notes to the Financial Statement.

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 and state 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.

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 -V and forms part of this report.

CORPORATE SOCIAL RESPONSIBILITY

Pursuant to Section 135 of Companies Act, 2013

1 Brief Outline of Companies CSR Policy

Since its inception, Pahal has been closely working with the marginalized communities generating sustainable ways of livelihood, resulting in the socio-economic upliftment. This mindset of the organization is reflected in the company's CSR policies on the large side. Pahal believes on the overall development of the section coming under the canopy of rural household and work continuously towards seeding the best opportunities for them which would germinate for a better tomorrow. Pahal Financial Services Private Limited, understands that being part of this society this is our moral responsibility to aid and serve the society to the maximum possible extent. We believe in making difference to the lives of thousand of people who are staying in low income households. Your Company's CSR activities are implemented in aligned with requirement of Section 135 of the Companies Act, 2013 along with objective specified in CSR Policy of the Company.

2 Composition of CSR committee:

The CSR Committee of our Board provides oversight of CSR Policy and monitor execution of various activities to meet the set CSR objectives. The members of CSR committee are:

- Mr. Venkatraman G Iyer
- Mr. Kartik S Mehta
- Ms. Purvi J Bhavsar

3 Financial Details

The provisions pertaining to Corporate Social Responsibility as prescribed under Section 135 of the Companies Act 135 are applicable to the Company. A summary of the financial details as sought under the Companies Act, 2013 are as follows:

Sr. No.	Particulars	Rs. in lakhs
1	Average net profit before tax of the Company for last three financial years	184.18
2	Total amount to be spent for the financial year	3.68
3	Total amount spent	3.29
4	Total amount unspent, if any	0.39

4 The details of the amount spent during the financial year is detailed below: **(Rs. In Lakh)**

Sr. No.	CSR Project/ Program	Sector	Location of project /program	Amount Outlay (Budget)	Amount Spent on the projects or programs	Cumulative spend upto the reporting period	Amount spent: Direct/through external agency
1	Education	Education	Tekri Primary School, Village - Tekri, Satlasana , Gujarat	3.68	2.58	2.58	Direct
2	Agriculture	Agriculture	Katni, Madhya Pradesh	3.68	0.71	3.29	Direct

5 Reason for not spending the amount: Due to Covid 19 and sudden lockdown, Company was not able to spend rest of the amount.

6 Responsibility Statement:

We hereby confirm that the implementation of the Policy and monitoring of the CSR projects and activities is in compliance with CSR objectives and CSR policy of the Company.

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.

Date: 19.12.2020
Place: Ahmedabad

For and on behalf of the Board of Directors

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 FROM APRIL 1, 2019 TO MARCH 31, 2020)
[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 /WE 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, 2020. 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, 2020 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 Micro finance Institution (MFI)- non deposit taking, non-banking financial Company as defined in Section 45-I(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, 2020 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 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;

v 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;
- c** The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (SEBI ICDR Regulations)

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

- d** The Secretarial Standards issued by the Institute of Company Secretaries of India; for Meetings of Board of Directors and General Meetings, and
- e** 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 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, 2015;
- b** The Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014.
- c** The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- d** The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- e** 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, nominee 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 was no prosecution initiated and no fines or penalties imposed during the year under review under the Act, RBI 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, MFI companies; and
 - ii Foreign Exchange Management (FEMA) Act, 1999
 - iii The Prevention of Money Laundering Act, 2002.
- vi I, further report that we have not examined compliance by the company with applicable financial laws, income tax laws, goods & service tax laws, since the same have been subject to review by statutory financial auditor and other designated professionals.
- 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 st April, 2019 to 31 st March 2020) the company has
- 1 Issued and allotted, 60,000 fully paid equity shares of Rs.10 each, at a price of Rs.26 each (including premium of Rs.16 per share) to Pahal welfare trust under Pahal employee stock option plan.
 - 2 Issued and allotted, 5,00,000 sweat equity shares of Rs.10/-each to Mr. Kartik S Mehta and Ms. Purvi J Bhavsar, Managing directors of Company.
 - 3 Issued and allotted, 83,00,000 fully paid equity shares of Rs 10/-each at a price of Rs.48/-each (including premium Rs.38 per share) on preferential basis.

- 4 Redeemed 1,25,00,000 preference shares of Rs.10 each.
- 5 Issued and allotted, of 920 number of debentures of Rs.10,00,000 each on private placement basis.

For Anamika Jajoo & Co.,

Practicing company secretary

Anamika Jajoo

(Proprietor)

C. P. No.: 13859

ACS No.: 20918

Place: Ahmedabad

Date: 22 nd September, 2020

UDIN NO. : A020918B000752638

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

Annexure A

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** Due to Restrictions on movement of people amid covid-19 pandemic, we have to conduct our audit by examining documents, records, certificates, minutes, statutory registers and all other documents received through electronic mode from the company. Hence, we state that we have not visited the premises of the company and not verified the physical and original records of the Company
- iii** 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.
- iv** We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
- v** Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
- vi** 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.
- vii** 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

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

Place: Ahmedabad
Date: 22 nd September, 2020
UDIN NO. : A020918B000752638

Annexure II
FORM NO. AOC.2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

Sr No.	Particulars	Information
1	Details of contracts or arrangements or transactions not at arm's length basis	
A	Name(s) of the related party and nature of relationship	NIL
B	Nature of contracts/arrangements/transactions	
C	Duration of the contracts/arrangements/transactions	
D	Salient terms of the contracts or arrangements or transactions including the value, if any	
E	Justification for entering into such contracts or arrangements or transactions	
F	Date of approval by the Board	
G	Amount paid as advances, if any	
H	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	
2	Details of contracts or arrangements or transactions at arm's length basis	
A	Name(s) of the related party and nature of relationship	Name: Suyash Advisory LLP
		Nature: The Managing Directors of Pahal Financial Services Private Limited are the Designated Partners of the Suyash Advisory LLP
B	Nature of contracts/arrangements/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
c	Duration of the contracts/arrangements/transactions	On going
d	Salient terms of the contracts or arrangements or transactions including the value, if any	As per agreement
e	Date(s) of approval by the Board, if any	19 th September 2019
f	Amount paid as advances, if any:	Nil

*appropriate approvals have been taken from the Audit Committee and Board of Directors of the Company from time to time for the related party transactions as mentioned above.

Annexure III

Nomination and Remuneration Policy

1 Introduction

In terms of Section 178 of the Companies Act, 2013 this policy has been formulated by the Nomination and Remuneration Committee of the Company and approved by the Board of Directors.

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.

2 Role of Committee

The role of the Committee shall be:

- 2.1** To determine the Fit Proper Criteria for Directors as per RBI/2014-15/632 DNBR (PD) CC No.040/03.01.001/2014-15 dated June 03, 2015 at the time of Appointment and on yearly basis.
- 2.2** Formulation of criteria for evaluation of Independent Directors and the Board;
- 2.3** 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;
- 2.4** To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management;
- 2.5** To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board;
- 2.6** To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management;
- 2.7** 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;
- 2.8** Devise a policy on Board diversity;
- 2.9** Develop a succession plan for the Board and to regularly review the plan;
- 2.10** 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 at its meeting held on 04.05.2019.

3 Definition

- 3.1** Act means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- 3.2** Board means Board of Directors of the Company.
- 3.3** Company means “Pahal Financial Services Private Limited”
- 3.4** Directors mean Directors of the Company
- 3.5** Key Managerial Personnel means
- Chief Executive Officer or the Managing Director or the Manager;
 - Chief Financial Officer
 - Company Secretary; and
 - Such other officer as may be prescribed
- 3.6** Committee means Nomination and Remuneration Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013.
- 3.7** Senior Management means Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors including Functional Heads.
- 3.8** Ministry means the Ministry of Corporate Affairs.
- 3.9** Independent Director means a director referred to in Section 149 (6) of the Companies Act, 2013.
- 3.10** Policy means Nomination and Remuneration policy.
- 3.11** Remuneration means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.
- 3.12** Regulation refers to and comprise of Companies Act, 2013, The Companies (Meeting of Board and its Powers) Rules, 2014, The Companies (Appointment and Qualification of Directors) Rules, 2014, The Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014, and such other rules and provisions as applicable to the matters dealt in by this Policy.

4 Applicability

This Policy is applicable to:

- 4.1** Directors viz. Executive, Non-executive and Independent;
- 4.2** Key Managerial Personnel;
- 4.3** 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.

5 Objective of the Policy

The policy is framed with the objective(s):

- 5.1 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.
- 5.2 That the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- 5.3 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.

6 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.

7 Frequency of Meetings

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

8 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.

9 Appointment and Removal of Director, KMP and Senior Management

9.1 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.

9.2 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.

9.3 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

10 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 Executive 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.

10.1 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.

11 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.

Annexure IV

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 2019-20:

Name of the Director	Ratio of remuneration to median employee of the company *	Percentage increase in the remuneration for the Financial Year 2019-20 as compared to previous year remuneration
Ms. Purvi J Bhavsar	27.74:1	14.81
Mr. Kartik S Mehta	27.74:1	14.81

*Median remuneration of the employees of the company be app. Rs. 175,000.00
The above increase in remuneration is calculated including performance incentive.

- 2 The percentage increase in remuneration of following Key Managerial Personnel (KMP) , if any , in the financial year 2019-20

Name of the KMP	Designation	Percentage increase in the remuneration for the Financial Year 2019-20 as compared to previous year remuneration
Mr. Kartik S Mehta	Managing Director	14.81
Ms. Purvi J Bhavsar	Managing Director	14.81
Mr. Chintan Desai	Chief Financial Officer	13.61
Ms. Nikita Sharma	Company Secretary	44.73

- 3 The percentage increase in the median remuneration of the employees in the financial year 2019-20:-
- 4 The number of permanent employees on the rolls of the company as on 31st March 2020:1251
- 5 Variation in the networth of the company as at the close of the current financial year and previous financial year:
50.40% (as on March 2020) as Rs IND AS
50.40% (as on March 2019) as Rs IGAAP
- 6 Average Percentile increase in the Salaries of the Employees other than Managerial Personnel is around appx. 14.00 % and increase in salary of Managerial Personnel during last financial year is disclosed in point 2 mentioned above.
- 7 Key parameter 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 responsibilities assigned: N.A
- 8 None of the Employees other than director(s) received remuneration increase of the highest paid direction during the financial year 2019-20
- 9 It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.

FORM No. MGT 9: Extract of Annual Return

As on the financial year ended on 31.03.2020 Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014.

Particulars	Information
CIN:	U65910GJ1994PTC082668
Registration Date:	01.12.1994
Name of the Company:	Pahal Financial Services Private Limited
Category / Sub-Category of the Company:	Private Limited 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 Phone: 079-40373857 Email: ho@pahalfinance.com Website: www.pahalfinance.com
Whether listed company	Debt Listed Company
Name, Address and Contact details of Registrar and Transfer Agent	Skyline Financial Services Private Limited A / 1505, Dattani Plaza, Andheri Kurla Road, Safeed Pool, Mumbai - 400072.

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%

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

(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
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	During the year

(1) Indian

a) Individual/ HUF	16,57,137	50,000	17,07,137	7.87	22,07,137	22,07,137	7.23	-0.64
b) Central Govt	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Sub Total (A) (1)	16,57,137	50,000	17,07,137	7.87	22,07,137	0	22,07,137	7.23	-0.64
(2) Foreign									
a) NRI-Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
f) Sub Total (A) (2)	-	-	-	-	-	-	-	-	-
Total shareholding of promoters	16,57,137	50,000	17,07,137	7.87	22,07,137	0	22,07,137	7.23	-0.64
(A)= (A) (1) +(A) (2)	16,57,137	50,000	17,07,137	7.87	22,07,137	0	22,07,137	7.23	-0.64
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	11,70,000	53,33,333	65,03,333	29.99	67,53,333	-	67,53,333	22.11	-7.88
ii) Overseas	-	42,50,000	42,50,000	19.60	-	1,15,50,000	1,15,50,000	37.81	18.21
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	10,000	10,000	0.05	-	-	-	-	-0.05
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	81,52,474	10,60,000	92,12,474	42.49	91,52,474	8,80,000	1,00,32,474	32.85	-9.64

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	
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non-Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	93,22,474	1,06,53,333	1,99,75,807	92.13	1,59,05,807	1,24,30,000	2,83,35,807	92.77	0.64
Total Public Shareholding (B)=(B)(1)+(B)(2)	93,22,474	1,06,53,333	1,99,75,807	92.13	1,59,05,807	1,24,30,000	2,83,35,807	92.77	0.64
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	1,09,79,611	1,07,03,333	2,16,82,944	100.00	1,81,12,944	1,24,30,000	3,05,42,944	100.0	-

(ii) Shareholding of Promoters

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	9,15,469	4.22	-	11,65,469	3.82	-	-0.40
2	Mr. Kartik S Mehta	7,91,668	3.65	-	10,41,668	3.41	-	-0.24

*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.	Shareholder's Name	Shareholding at the beginning of the year		Transaction during the year		Cumulative Shareholding at the end of the year	
		No. of Shares held	% of total shares of the company	Date of transaction	No. of Shares	No. of Shares held	% of total shares of the company
1	Ms. Purvi J Bhavsar Allotment under Sweat Issue At the end of the year	9,15,469	4.22	01.08.2019	250000	11,65,469 11,65,469	5.24 3.82
2	Mr. Kartik S Mehta Allotment under Sweat Issue At the end of the year	7,91,668	3.65	01.08.2019	250000	10,41,668 10,41,668	4.68 3.41

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

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year		Date	Increase/ Decrease in Shareholding	Cumulative Shareholding at the end of the year	
		No. of Shares held	% of total shares			No. of Shares held	% of total shares
1	BOPA Pte. Ltd.	42,50,000	19.6				
	Allotment under private placement			24.09.2019	20,00,000	62,50,000	24.86
				31.03.2020	53,00,000	1,15,50,000	37.81
	At the end of the year					1,15,50,000	37.81
2	DIA Vikas Capital Pvt Ltd.	53,33,333	24.60	-	No Change	53,33,333	17.46
	Vimal P Khandwala	25,01,987	11.54				
3	Allotment under private placement			24.09.2019	4,00,000	29,01,987	11.54
	At the end of the year					29,01,987	9.5
	Rajesh P Khandwala	25,01,987	11.54				11.54
4	Allotment under private placement			24.09.2019	4,00,000	29,01,987	9.50
	At the end of the year						

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year		Date	Increase/ Decrease in Shareholding	Cumulative Shareholding at the end of the year	
		No. of Shares held	% of total shares			No. of Shares held	% of total shares
5	Suyash Advisory LLP	11,70,000	5.4				
				July 2019	50,000	12,20,000	5.63
	Transfer			Sep 2019	1,00,000	13,20,000	5.25
				March 2020	1,00,000	14,20,000	5.63
	At the end of the year					14,20,000	4.65
6	Sandeep Indrasen Mittal	6,20,000	2.86				
				Sep 2019	1,00,000	7,20,000	2.86
	Transfer			Dec 2019	-30,000	6,90,000	2.73
	At the end of the year					6,90,000	2.26
7	Girishbhai Naranbhai Patel	6,50,000	3	-	No Change	6,50,000	2.13
8	Niraj subrat	5,00,000	2.31	-	No Change	5,00,000	1.64
9	Zubeen Mehrotra	2,50,000	1.15	-	No Change	2,50,000	0.82
10	Jignesh J Shah J/w. Kanan J Shah	2,50,000	1.04	-	No Change	2,25,000	0.74

(v) Shareholding of Director and Key Managerial Personnel)

Sr. No.	Name of Director/KMP	Shareholding at the beginning of the year		Increase/ Decrease in	Reason	Cumulative Shareholding during the year	
		No. of Shares held	% of total shares of the company			No. of Shares held	% of total shares of the company
1	Mr. Kartik Shailesh Mehta	791668	3.65	2,50,000	Sweat Issuance on 01.08.2019	10,41,668	4.68
2	Ms. Purvi J Bhavsar	915469	4.22	2,50,000	Sweat Issuance on 01.08.2019	11,65,469	5.24
3	Mr. Padmanabh P Vora	144000	0.66	No Change		144000	0.47
4	Mr. Venkatraman G Iyer	25000	0.12			25000	0.08

Sr. No.	Name of Director/KMP	Shareholding at the beginning of the year		Increase/ Decrease in	Reason	Cumulative Shareholding during the year	
		No. of Shares held	% of total shares of the company			No. of Shares held	% of total shares of the company
5	Mr. Saurabh Baroi	-	-			-	-
6	Mr. Chintan Desai	-	-	30,000	Issuance under ESOP as on 01.08.2019	30,000	0.10
7	Ms. Nikita Sharma	-	-			-	-

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

	Ind As			In Rs.
Name of Director/KMP	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	3,68,96,62,594	34,23,88,683	-	4,03,20,51,277
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4,28,63,217	-	-	4,28,63,217
Total (i+ii+iii)	3,73,25,25,811	34,23,88,683	-	4,07,49,14,494
Change in Indebtedness during the financial year				
* Addition	3,79,10,00,000	15,00,00,000	-	3,94,10,00,000
* Reduction	2,41,89,48,489	12,46,01,903	-	2,54,35,50,392
Net Change	1,37,20,51,511	2,53,98,097	-	1,39,74,49,608
Indebtedness at the end of the financial year				
i) Principal Amount	5,02,51,46,858	36,77,86,780	-	5,39,29,33,637
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	7,94,30,464	-	-	7,94,30,464
Total (i+ ii + iii)	5,10,45,77,322	36,77,86,780	-	5,47,23,64,102

* Previous Years figures are restated due to IND AS implementation

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount (In Rs.)
		Mr. Kartik S Mehta Managing Director	Ms. Purvi J Bhavsar Managing Director	
	Gross salary			
1	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	26,88,300.00	26,88,300.00	53,76,600.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	42,72,800.00	42,72,800.00	85,45,600.00
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	25,00,000.00	25,00,000.00	50,00,000.00
4	Commission			-
	- as % of profit - others, specify...	-	-	-
5	Others, please specify (Gratuity)	9,19,038.00	9,19,038.00	18,38,076.00
	Total (A)	1,03,80,138.00	1,03,80,138.00	2,07,60,276.00
	Ceiling as per the Act	-	-	-

B. Remuneration to Non - Executive Directors

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount (In Rs.)
		Venkatraman G Iyer	Padmanabh P Vora	Ambalal B Panchal	Saurabh Baroi	
1	Independent Directors					
	Fee for attending board committee meetings	87,500	-	22,500	-	1,10,000
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (1)	87,500	87,500	22,500	-	1,10,000
1	Other Non-Executive Directors		-			
	Fee for attending board committee meetings	-	87500	-		1,75,000
	Commission	-	500000	-	-	500000
	Others, please specify					
	Total (2)		5,87,500	22,500	87500	675000
	Total (B)=(1+2)	87,500	5,87,500	22,500	87500	785000
	Total Managerial Remuneration	-	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-	-

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

Sr. No.	Particulars of Remuneration	Name of Directors		
		Company Secretary	CFO	Total
	Gross salary			
1	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6,31,529.00	31,77,036.00	38,08,565.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	59,971.00	1,63,308.00	2,23,279.00
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	7,80,000.00	7,80,000.00
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify...	-	-	-
5	Others, please specify (Gratuity)	60,553.00	2,37,663.00	2,98,216.00
	Total	7,52,053.00	43,58,007.00	51,10,060.00

VI. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES -NIL

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				
Penalty				
Punishment				
Compoundin				

For and on behalf of the Board of Directors

Date: 19/12/2020
Place: Ahmedabad

Kartik S. Mehta
Managing Director
(DIN: 02083342)

Purvi J. Bhavsar
Managing Director
(DIN: 02102740)

INDEPENDENT AUDITOR'S REPORT 2019 - 20

To The Members of Pahal Financial Services
Private Limited Report on the Audit of the Ind
AS Financial Statements

Opinion

We have audited the accompanying Ind AS Financial Statements of Pahal Financial Services Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS Financial Statements in accordance with the Standards on Auditing (Sas), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Ind AS Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS Financial Statements of the current period. These matters were addressed in the context of our audit of the Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1.	Transition to Ind AS accounting framework: (Refer Note 4 to the Ind AS Financial Statements) The Company has adopted Ind AS from April 1, 2019 with a transition date of April 1, 2018 for such transition. The Ind AS Financial Statements up to year ended March 31, 2019 were prepared in accordance with the Generally Accepted Accounting Principles in India (IGAAP).	Principal Audit Procedures performed: <ul style="list-style-type: none"> Reviewed the Ind AS impact assessment performed by the Management and resultant changes made to the accounting policies considering the requirements of the new framework.

Sr. No.	Key Audit Matter	Auditor's Response
	<p>To give effect of the transition to Ind AS, these Ind AS Financial Statements for the year ended March 31, 2020, together with the comparative financial information have been prepared in accordance with the Indian Accounting Standards (Ind AS).</p> <p>The transition has involved significant changes in the Company's financial reporting policies and processes, including generation of supportable financial information and applying estimates to inter alia determine the impact of Ind AS on accounting and disclosure requirements prescribed under extant Reserve Bank of India (RBI) Directions.</p> <p>In view of the material impact and complexities involved, Ind AS transition and the preparation of Ind AS Financial Statements subsequent to the transition date have been areas of key focus in our audit.</p>	<ul style="list-style-type: none"> Evaluated the exemptions and exceptions allowed by Ind AS and applied by the management in accordance with the first- time adoption principles of Ind AS 101 in respect of fair valuation of assets and liabilities existing as on transition date. Verified the accounting adjustments posted as at the transition date and in respect of the previous year to convert the financial information reported under IGAAP to Ind AS. Verified the Disclosures made in Ind AS Financial Statements as prescribed under Ind AS 101.
2.	<p>Impairment of Loans as at Balance Sheet Date (Expected Credit Losses):</p> <p>(Refer Note 8 to the Ind AS Financial Statements)</p> <p>Ind AS 109 requires the company to provide for impairment of its loans designated at amortised cost using the expected credit loss (ECL) approach. ECL involves an estimation of probability-weighted loss on loans receivable over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the company's loan receivable.</p> <p>In the process, a significant degree of judgment has been applied by the management for:</p> <ul style="list-style-type: none"> staging of the Loan Receivable (i.e. classification in 'significant increase in credit risk' ('SICR') and 'default' categories) 	<p>Principal audit procedures performed are:</p> <ul style="list-style-type: none"> Read and assessed the company's accounting policies for impairment of loans and their compliance with Ind AS 109. Read and assessed company's policies with respect to moratorium pursuant to the Reserve Bank of India circular dated 27 March 2020 ('RBI circular') allowing lending institutions to offer moratorium to borrowers on payment of instalments falling due between 1 March 2020 and 31 May 2020 and tested the implementation of such policy on a sample basis. Evaluated the reasonableness of the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction and validation.

Sr. No.	Key Audit Matter	Auditor's Response
	<ul style="list-style-type: none"> ■ grouping of borrowers based on homogeneity by using appropriate statistical techniques; ■ estimation of behavioural life; ■ determining macro-economic factors impacting credit quality of Loans Receivable; ■ estimation of losses for Loans Receivable with no/minimal historical defaults. <p>Additional considerations on account of COVID- 19:</p> <p>The company has recorded a management overlay of Rs. 1,81,92,530 as part of its ECL, to reflect among other things an increased risk of deterioration in macro-economic factors caused by Novel Coronavirus (COVID-19) pandemic. Given the unique nature and scale of the economic impact of this pandemic, and its timing being close to the year-end, the management overlay is based on various uncertain variables, which could result in actual credit loss being different than that being estimated.</p> <p>Since the loan Receivable form a major portion of the Company's assets, and due to the significance of the judgements used in classifying loans into various stages as stipulated in Ind AS 109 and determining related impairment provision requirements as accentuated by the COVID-19 pandemic, this is considered to be the area that had a greater focus of our overall company audit and hence a key audit matter.</p>	<ul style="list-style-type: none"> ■ Assessed the criteria for staging of financial assets based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) assets to assess whether any SICR or loss indicators were present requiring them to be classified under stage 2 or 3. ■ Tested the ECL model, including assumptions and underlying computation. Assessed the floor / minimum rates of provisioning applied by the company for loans receivable with inadequate historical defaults. ■ Assessed the additional considerations applied by the management for staging of loans as SICR or default categories in view of factors caused by COVID-19. ■ Tested for a sample of exposures, the appropriateness of determining Exposure at Default (EAD), calculation of Probability of Default (PD) and Loss Given Default (LGD) used in ECL calculation. ■ Tested assumptions used by the management in determining the overlay for macro-economic factors (including COVID-19 pandemic). ■ Assessed disclosures included in the Ind AS Financial Statements in respect of expected credit losses including the specific disclosures made with regards to the impact of COVID-19 on ECL estimation.
3.	IT Systems and Controls: <p>The Company & key financial accounting and reporting processes are highly dependent on the automated controls in information systems, hence there exists a risk that gaps in the IT control environment</p>	<p>Principal audit procedures performed are:</p> <ul style="list-style-type: none"> ■ We tested the design and operating effectiveness of key controls over user access management which includes granting access rights,

Sr. No.	Key Audit Matter	Auditor's Response
	<p>could result in the financial accounting and reporting records being materially misstated.</p> <p>The Company primarily uses two systems for its overall financial reporting.</p> <p>We have focused on following significant areas which could give rise to material misstatement:</p> <ul style="list-style-type: none"> - User access management, - Change management, - Segregation of duties, and - System reconciliation controls and system application controls over key financial accounting and reporting systems. 	<p>new user creation, removal of user rights and preventive controls designed to enforce segregation of duties.</p> <ul style="list-style-type: none"> ■ For a selected group of key controls over financial and reporting system, we independently performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process. ■ We evaluated the design, implementation and operating effectiveness of the significant accounts related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission. ■ Other areas that were independently assessed included password policies, system configurations, system interface controls, controls over changes to applications and databases and that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment.

Information Other than the Ind AS Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors' Report including Annexures to the Directors' Report but does not include the Ind AS Financial Statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Ind AS Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the other Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and to comply with the relevant applicable requirements of the SA 720 'The Auditor's responsibilities Relating to Other Information'.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive loss, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Ind AS Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, 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 including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.

- e. On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 with reference to these Ind AS Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- 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, as amended 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 which would impact its financial position.

The Company did not have any long-term contracts including derivative contracts for which

- ii. there were any material foreseeable losses.

There were no amounts which were required to be transferred to the Investor Education and

- iii. Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

Place: Ahmedabad

Date: July 7, 2020

For Manubhai & Shah LLP

Chartered Accountants
ICAI Firm Registration No.
106041W/W100136

(J.D. Shah)

Partner
Mem. No.100116
UDIN: 20100116AAAADK6477

Annexure A to the Independent Auditors' Report

[Annexure referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report on Ind AS Financial Statements for the year ended March 31, 2020 to the members of Pahal Financial Services Private Limited]

Report on Internal Financial Controls Over Financial Reporting

Report on the Internal Financial Controls Over Financial Reporting 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, 2020 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS 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, to the best of our information and according to the explanations given to us, 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, 2020, based on the criteria for internal financial control over financial reporting 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.

Place: Ahmedabad

Date: July 7, 2020

For Manubhai & Shah LLP

Chartered Accountants
ICAI Firm Registration No.
106041W/W100136

(J.D. Shah)

Partner
Mem. No.100116
UDIN: 20100116AAAADK6477

Annexure B to the Independent Auditors' Report

[Annexure referred to in paragraph 2 under "Report on Other Legal and Regulatory Requirements" section of our report on Ind AS Financial Statements for the year ended March 31, 2020 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 have inventories and accordingly the reporting requirements of clause 3(ii) of the Order are not applicable to the Company, and 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 given, investments made or guarantees and securities given in respect of which provisions of sections 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 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of Clause 3(v) of the said Order are not applicable.
- 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 and goods and service tax except payment of professional tax, 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 other undisputed amounts payable as at March 31, 2020 for a period of more than six months from the date they became payable, except professional tax as detailed hereunder:

Nature of Dues	Amount (Rs.)	Period to which Amount pertains	Status as at March 31, 2020
Professional Tax	1,00,519	Monthly outstanding dues pertaining to the periods upto September, 2019	Unpaid
<p>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 provident fund, employees' state insurance, income tax, goods and service tax, and professional tax which have not been deposited on account of any dispute.</p>			
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 or Debenture holders. The Company has not borrowed any amount from 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 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, and 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 Ind AS Financial Statements, as required by the applicable Indian 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	The company is registered under Section 45- IA of the Reserve Bank of India Act, 1934 as Non-Banking Financial Company - Micro Finance Institution ('NBFC- MFI').		

Place: Ahmedabad

Date: July 7, 2020

For Manubhai & Shah LLP

Chartered Accountants

ICAI Firm Registration No.

106041W/W100136

(J.D. Shah)

Partner

Mem. No.100116

UDIN: 20100116AAAADK6477

PAHAL FINANCIAL SERVICES PRIVATE LIMITED
BALANCE SHEET AS AT MARCH 31, 2020

(Amount in INR)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
A ASSETS				
1 Financial Assets				
a Cash and cash equivalents	5	77 98 50 153	105 25 72 117	27 39 08 825
b Bank balance other than (a) above	6	33 64 21 441	17 58 98 839	7 22 90 959
c Trade receivables	7	4 71 42 188	1 38 80 088	16 72 391
d Loans	10	545 61 49 619	351 65 49 698	192 03 23 368
e Other Financial Assets	8	18 66 59 718	11 75 02 271	4 07 32 768
Total Financial Assets		680 62 23 119	487 64 03 013	230 89 28 311
2 Non-Financial assets				
a Current tax assets (Net)	34	1 11 89 361	-	31 57 988
b Deferred tax assets (Net)	34	20 52 983	1 04 28 729	2 51 11 131
c Property, Plant and Equipment	11	1 40 47 018	66 17 392	54 80 755
d Intangible assets	12	12 02 164	15 56 250	8 04 725
e Other non-financial assets	9	53 43 209	51 74 949	50 36 447
Total Non Financial Assets		3 38 34 735	2 37 77 320	3 95 91 046
Total Financial and Non Financial Assets		684 00 57 854	490 01 80 333	234 85 19 357
LIABILITIES AND EQUITY				
LIABILITY				
1 Financial liabilities				
a Payables				
1 Trade Payables	13			
i) total outstanding dues to micro enterprises and small enterprises	-	-	-	-
ii) total outstanding due to creditors other than micro enterprises and small enterprises	-	3 01 33 869	4 08 25 284	1 20 18 830
b Debt securities	21	152 41 46 174	97 50 90 406	27 56 30 902
c Borrowings (other than debt securities)	22	350 10 00 684	271 45 72 189	156 38 88 568
d Subordinated liabilities	23	36 77 86 780	34 23 88 683	15 48 33 878
e Other financial liabilities	14	26 38 40 204	23 79 90 398	3 70 73 000
Total Financial Liabilities		568 69 07 711	431 08 66 960	204 34 45 178
2 Non-Financial Liabilities				
a Current tax liabilities (Net)	34	-	57 65 371	-
b Provisions	15	24 61 634	10 63 126	2 35 027
c Other non - financial Liabilities	16	1 37 33 028	91 53 657	96 35 557
Total Non Financial Liabilities		1 61 94 662	1 59 82 154	98 70 584

PAHAL FINANCIAL SERVICES PRIVATE LIMITED
BALANCE SHEET AS AT MARCH 31, 2020

(Amount in INR)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
3 EQUITY				
a Equity share capital	17	30 54 29 440	21 68 29 440	15 40 29 440
b Other equity		83 15 26 041	35 65 01 779	14 11 74 155
Total Equity		113 69 55 481	57 33 31 219	29 52 03 595
Total Liabilities and Equity		684 00 57 854	490 01 80 333	234 85 19 357

The accompanying notes form an integral part of the Financial Statements

As per our report of even date
 For Manubhai & Shah LLP
 Chartered Accountants
 ICAI Firm Reg.No.
 106041W/W100136

(Jignesh D. Shah)
 Partner
 Membership No. 100116
 Place: Ahmedabad
 Date: July 7, 2020

For and on behalf of the Board

Kartik S. Mehta
 Managing Director
 DIN: 02083342

Chintan Desai
 Chief Financial Officer
 Place: Ahmedabad
 Date: July 7, 2020

Purvi J. Bhavsar
 Managing Director
 DIN: 02102740

Nikita Sharma
 Company Secretary

PAHAL FINANCIAL SERVICES PRIVATE LIMITED

STATEMENT OF PROFIT AND LOSS FOR YEAR ENDED MARCH 31, 2020

(Amount in INR)

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
I Revenue from operations			
a Interest Income	24	135 44 32 031	83 37 24 380
b Fees and commission income	25	5 62 42 205	2 88 98 147
c Net gain on fair value changes	26	1 58 91 780	63 23 357
d Net Gain on derecognition of financial instruments under amortised cost category	27	-	24 79 495
e Other operating revenue	28	30 74 209	33 63 449
Total Revenue from Operations (I)		142 96 40 225	87 47 88 828
ii Other Income	29	91 72 055	35 87 725
iii Total Income (I + II)		143 88 12 280	87 83 76 553
iv Expenses :			
a Finance cost	30	73 93 70 087	45 47 09 115
b Impairment on financial instruments under amortised cost	31	4 50 65 371	2 52 14 037
c Net Loss on derecognition of financial instruments under amortised cost category	27	1 94 46 449	-
d Employee benefits expense	32	26 71 83 055	17 90 50 505
e Depreciation and amortisation expenses	11	36 60 618	24 05 710
f Other expenses	33	13 04 62 178	9 16 75 292
Total expenses (IV)		120 51 87 758	75 30 54 659
v Profit before tax (III - IV)		23 36 24 522	12 53 21 894
vi Tax Expenses :			
a Current tax		7 88 92 278	1 77 30 960
b Deferred tax		(42 44 254)	2 73 02 402
vii Total tax expense (VI)		7 46 48 024	4 50 33 362
Profit for the Year (V - VI)		15 89 76 498	8 02 88 532
viii Other comprehensive Income (Loss)			
a (i) Items that will not be reclassified to profit or loss		(15 66 226)	(4 55 408)
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
b (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
ix Total Comprehensive Income (VII + VIII)		15 74 10 272	7 98 33 124

PAHAL FINANCIAL SERVICES PRIVATE LIMITED

STATEMENT OF PROFIT AND LOSS FOR YEAR ENDED MARCH 31, 2020

(Amount in INR)

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
x Earnings per Equity Share (for continuing operations):			
Basic (Rs.)		6.73	4.56
Diluted (Rs.)		6.68	4.40

The accompanying notes form an integral part of the Financial Statements

As per our report of even date
For Manubhai & Shah LLP
Chartered Accountants
ICAI Firm Reg.No.
106041W/W100136

(Jignesh D. Shah)
Partner
Membership No. 100116
Place: Ahmedabad
Date: July 7, 2020

For and on behalf of the Board

Kartik S. Mehta
Managing Director
DIN: 02083342

Chintan Desai
Chief Financial Officer
Place: Ahmedabad
Date: July 7, 2020

Purvi J. Bhavsar
Managing Director
DIN: 02102740

Nikita Sharma
Company Secretary

PAHAL FINANCIAL SERVICES PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(Amount in INR)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
A Cash flow from operating activities		
Profit before tax	23 36 24 522	12 53 21 894
Adjustments for :		
Depreciation and amortization	36 60 618	24 05 710
Net loss/ (gain) on derecognition of property, plant and equipment	12 587	(4 700)
Net gain on financial instruments designated at fair value through profit or loss	(1 58 91 780)	(63 23 357)
Share Based Payment - ESOP	2 22 000	4 52 000
Share Based Payment - Sweat Equity Shares	63 95 000	-
Impairment on financial instruments	4 50 65 371	2 52 14 037
Remeasurement of Defined Benefit Obligations	(15 66 226)	(4 55 408)
Dividend and Tax on Dividend paid during the year	-	-
Operating profit before working capital changes	27 15 22 092	14 66 10 176
Movements in working capital :		
Increase/(decrease) in other financial liabilities	2 58 49 805	20 09 17 398
Increase/(decrease) in provisions	13 98 508	8 28 099
Increase/(decrease) in other non-financial liabilities	45 79 371	(4 81 900)
Increase/(decrease) in trade payables	(1 06 91 415)	2 88 06 453
(Increase)/decrease in trade receivables	(3 32 62 100)	(1 22 07 697)
(Increase)/decrease in loans	(198 46 65 292)	(162 14 40 367)
(Increase)/decrease in other financial assets	(6 91 57 447)	(7 67 69 503)
(Increase)/decrease in other non-financial assets	(1 68 259)	(1 38 502)
Cash used in operations	(179 45 94 739)	(133 38 75 842)
Direct taxes paid (net of refunds)	(8 32 27 010)	(2 14 27 600)
Net cash used in operating activities (A)	(187 78 21 748)	(135 53 03 442)
B Cash flow from investing activities :		
Purchase of PPE	(1 07 50 799)	(43 08 124)
Proceeds from disposal of Fixed Asset	2 054	18 952
Proceeds from / (Purchase of) Mutual Funds and commercial papers (Net)	1 58 91 780	63 23 357
Fixed Deposits matured / (placed) (Net)	(16 05 22 602)	(10 36 07 880)
Net cash used in investing activities (B)	(15 53 79 567)	(10 15 73 695)
C Cash flow from financing activities :		
Proceeds from issuance of Equity Share and Share Premium	40 49 60 000	13 78 42 500
Dividend and Tax on Dividend paid during the year	(53 63 010)	-
Repayment of Debt Securities	(22 09 44 232)	(7 05 40 496)
Proceeds from issuance of Debt Securities	77 00 00 000	83 00 00 000
Repayment of Subordinated Liabilities	(12 46 01 903)	(4 74 45 195)

PAHAL FINANCIAL SERVICES PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(Amount in INR)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Proceeds from issuance of Subordinated Liabilities	15 00 00 000	23 50 00 000
Repayment of Other Borrowings	(223 45 71 505)	(135 93 16 380)
Proceeds from Other Borrowings	302 10 00 000	251 00 00 000
Net cash flow from financing activities (c)	176 04 79 351	223 55 40 429
Net increase/(decrease) in cash and cash equivalents (A)+(B)+(C)	(27 27 21 964)	77 86 63 292
Cash and cash equivalents as at the beginning of the year	1 05 25 72 117	27 39 08 825
Cash and cash equivalents as at end of the year (Refer Note 5)	77 98 50 153	1 05 25 72 117

Notes:

I Components of cash & Cash equivalent at the year end	As at March 31, 2020	As at March 31, 2019
Cash on hand	42 00 425	8 30 465
Balance with banks in current accounts	51 05 54 263	80 16 35 010
Deposits with maturity less than 3 months	26 50 95 465	25 01 06 642
Total	77 98 50 153	1 05 25 72 117

ii Cash Flow Statement has been prepared using Indirect Method Prescribed under Ind AS 7.

iii Disclosure of investing and financing transactions that do not require the use of cash and cash equivalents

Conversion of Debentures into Equity:

Name of Instrument	(Amount in Rs.)
Convertible Debentures Issued to Dia Vikas Limited	
Balance as at April 1, 2018	58,423,483
Finance Cost upto the Date of Conversion	15,76,517
Converted into Equity Share Capital	2,00,00,000
Securities Premium on Conversion	4,00,00,000
Balance as at March 31, 2019	-

The accompanying notes form an integral part of the Financial Statements

As per our report of even date
For Manubhai & Shah LLP
Chartered Accountants
ICAI Firm Reg.No.
106041W/W100136

(Jignesh D. Shah)
Partner
Membership No. 100116
Place: Ahmedabad
Date: July 7, 2020

Kartik S. Mehta
Managing Director
DIN: 02083342

Chintan Desai
Chief Financial Officer
Place: Ahmedabad
Date: July 7, 2020

Purvi J. Bhavsar
Managing Director
DIN: 02102740

Nikita Sharma
Company Secretary

PAHAL FINANCIAL SERVICES PRIVATE LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

(Amount in INR)

A Equity Share Capital

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Balance at the beginning of the reporting period	21 68 29 440	15 40 29 440
Changes during the Period	8 86 00 000	6 28 00 000
Balance at the end of reporting period	30 54 29 440	21 68 29 440

B Other Equity

Reserves and Surplus

Particulars	General Reserves	Securities premium	Statutory reserve	Retained earnings	Stock options outstanding	Total
Balance as at April 01, 2018	60 000	15 97 77 603	1 22 69 476	(3 13 38 924)	4 06 000	14 11 74 155
Profit for the year	-	-	-	8 02 88 532	-	8 02 88 532
Dividends (including tax on dividend)	-	-	-	-	-	-
Addition during the year	-	13 50 42 500	-	-	4 52 000	13 54 94 500
Others	-	-	-	-	-	-
Transfer from stock options outstanding amount	-	1 80 000	-	-	(1 80 000)	-
Transfer from retained earnings	-	-	1 50 21 326	(1 50 21 326)	-	-
Items of the OCI for the year, net of tax	-	-	-	-	-	-
Remeasurement benefit of defined benefit plans	-	-	-	(4 55 408)	-	(4 55 408)
Balance as at March 31, 2019	60 000	29 50 00 103	2 72 90 802	3 34 72 874	6 78 000	35 65 01 779
Balance as at April 01, 2019	60 000	29 50 00 103	2 72 90 802	3 34 72 874	6 78 000	35 65 01 779
Profit for the year	-	-	-	15 89 76 498	-	15 89 76 498
Dividends (including tax on dividend)	-	-	-	(53 63 010)	-	(53 63 010)
Addition during the year	-	32 27 55 000	-	-	2 22 000	32 29 77 000
Others	-	-	-	-	-	-
Transfer from stock options outstanding amount	-	3 00 000	-	-	(3 00 000)	-
Transfer from retained earnings	-	-	3 14 82 054	(3 14 82 054)	-	-
Items of the OCI for the year, net of tax	-	-	-	-	-	-
Remeasurement benefit of defined benefit plans	-	-	-	(15 66 226)	-	(15 66 226)
Balance as at March 31, 2019	60 000	61 80 55 103	5 87 72 856	15 40 38 082	6 00 000	83 15 26 041

a General reserve

The general reserve is a free reserve which is used from time to time to transfer profits from retained earnings for appropriation purposes.

b Securities premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of section 52 of the Companies Act, 2013.

c Statutory Reserve

As required by section 45-IC of the RBI Act 1934, the company maintains a reserve fund and transfers there in a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared. The company cannot appropriate any sum from the reserve fund except for the purpose specified by Reserve Bank of India from time to time. Till date RBI has not specified any purpose for appropriation of Reserve fund maintained under section 45-IC of RBI Act, 1984.

d Stock options outstanding account

This Reserve relates to stock options granted by the Company to employees under Employee Stock Option Schemes. This Reserve is transferred to Securities Premium or Retained Earnings on exercise or cancellation of vested options.

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date
For Manubhai & Shah LLP
Chartered Accountants
ICAI Firm Reg.No.
106041W/W100136

(Jignesh D. Shah)
Partner
Membership No. 100116
Place: Ahmedabad
Date: July 7, 2020

Kartik S. Mehta
Managing Director
DIN: 02083342

Chintan Desai
Chief Financial Officer
Place: Ahmedabad
Date: July 7, 2020

Purvi J. Bhavsar
Managing Director
DIN: 02102740

Nikita Sharma
Company Secretary

Pahal Financial Services Pvt. Ltd.**Notes forming part of Financial Statements for the period ending on March 31, 2020****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') 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, Bihar, Chhattisgarh, Uttar 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 customers.

The financial statements are approved for issue by the Company's Board of Directors on July 7, 2020.

2 Basis of Preparation & Presentation of Financial Statements**2.1 Statement of Compliance**

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian 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).

These financial statements are the company's first Ind AS financial statements.

The financial statements up to year ended March 31, 2019 were prepared in accordance with the Accounting standards notified under Companies (Accounting Standards) Rules, 2006 (IGAAP) and other relevant provisions of the Act. Previous period numbers in the financial statements have been restated to Ind AS.

In accordance with Ind AS 101 First time Adoption of Indian Accounting Standard, the Company has presented reconciliations and explanations of the effects from IGAAP to Ind AS on financial position, financial performance and cash flows in the note no. 4.

2.2 Basis of measurement

The Financial Statements have been prepared on the historical cost basis except for the following items which are measured at fair values:

- a. certain financial assets and liabilities
- b. defined benefit plans assets

2.3 Functional and presentation currency

Indian rupee is the functional and presentation currency.

The Company presents its balance sheet in the order of liquidity. Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditionally legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis.

#REF!

Notes forming part of Financial Statements for the period ending on March 31, 2020**2.4 Use of estimates and judgements**

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions.

These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements are:

- Useful lives of property, plant and equipment
- Valuation of financial instruments
- Provisions and contingencies
- Income tax and deferred tax
- Measurement of expected credit loss
- Consideration of significant related party transactions
- Measurement of defined employee benefit obligations

3 Significant accounting policies**3.1 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.

Interest income and expenses

Interest income is recognised using effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through expected life of the financial asset to the gross carrying amount of the financial asset. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest on overdue interest is recognized in the year of its receipts.

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These includes fees and commission payable to arrangers and other expenses such as external legal costs, provided these are incremental costs that are directly related to the issue of financial liability.

Dividend

Dividend income is recognised when the Company's right to receive the dividend is established, which is generally when the shareholders approve the dividend.

Gain or loss on derecognition of financial assets

Gain or Loss on derecognition of financial asset is determined as the difference between the sale price (net of selling costs) and carrying value of financial asset.

Bad Debt Recovery

Bad debt recovery is recognised as income in the year of receipt.

All other incomes are recognised and accounted for on accrual basis.

#REF!

Notes forming part of Financial Statements for the period ending on March 31, 2020**3.2 Property, plant and equipments**

Property, plant and equipments are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

The cost comprises the purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

Gains or losses arising from derecognition of property, plant and equipments are measured as the difference between the net disposal proceeds and the carrying amount of the asset at the time of disposal and are recognized in the statement of profit and loss when the asset is derecognized.

Depreciation on property, plant and equipment is calculated on straight line basis using the ratio arrived as per the useful life prescribed under Schedule II to the Companies Act, 2013.

In respect of property, plant and equipment purchased during the year, depreciation is provided on a pro-rata basis from the date on which such asset is ready to use. Assets costing less than rupees ten thousand each is fully depreciated in the year of purchase.

The residual value, useful life and method of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Assets costing up to ₹ 5,000/- individually are fully depreciated in the year of purchase.

All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

For transition to Ind AS, the carrying value of property plant and equipment under previous GAAP as on 01 April 2018 is regarded as its cost. The carrying value was original cost less accumulated depreciation and cumulative impairment.

Property, plant and equipment not ready for the intended use on the date of the Balance Sheet are disclosed as "Capital work-in-progress".

3.3 Intangible assets

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.

Intangible assets are stated at cost, less accumulated amortization and impairment losses, if any.

Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "Intangible Assets Under Development".

Separately purchased intangible assets are initially measured at cost. Subsequently, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized over the expected duration of benefit on a straight-line basis. Intangible assets acquired / purchased during the year are amortised on a pro-rata basis from the date on which such assets are ready to use. Software cost related to computers is capitalized and amortized using the straight-line method over a period of three years.

The residual value, useful life and method of amortization of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

Pahal Financial Services Pvt. Ltd.**Notes forming part of Financial Statements for the period ending on March 31, 2020****3.4 Financial Instruments****3.4.1 Initial recognition**

The company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All financial assets and liabilities are recognized at fair value on initial recognition.

Regular way purchase and sale of financial assets are accounted for at trade date.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to or deducted from the fair value of financial assets or financial liabilities on initial recognition.

3.4.2 Subsequent measurement**a Non-derivative financial instruments****i Financial assets carried at amortized cost**

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. For such equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

iii Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently measured at fair valued through profit or loss. Fair value changes are recognised as other income in the Statement of Profit or Loss.

iv Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

b Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Incremental costs directly attributable to the issuance of equity instruments are recognised as a deduction from equity instrument net of any tax effects.

3.4.3 Derecognition

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability is derecognized when obligation specified in the contract is discharged or cancelled or expires.

Pahal Financial Services Pvt. Ltd.**Notes forming part of Financial Statements for the period ending on March 31, 2020****3.4.4 Off-setting**

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet when the company currently has a legally enforceable right to offset the recognised amount and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.4.5 Modification

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. The Company renegotiates loans to customers in financial difficulty to maximize collection and minimize the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness).

Not all changes in terms of loans are considered as renegotiation and changes in terms of a class of obligors that are not overdue is not considered as renegotiation and is not subjected to deterioration in staging.

3.5 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefit by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – inputs are other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices)

Level 3 – inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumption that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

3.6 Income taxes**3.6.1 Current Tax**

Current tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current tax is also recognised in other comprehensive income or directly in equity, respectively.

Pahal Financial Services Pvt. Ltd.**Notes forming part of Financial Statements for the period ending on March 31, 2020**

Current tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Current tax assets and current tax liabilities are offset, where company has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.6.2 Deferred Tax

Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the deferred tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax liabilities are recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from initial recognition of goodwill; or initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit or loss.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rules and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses and carry forward of unused tax credits to the extent that it is probable that taxable profit will be available against which those temporary differences, losses and tax credit can be utilized, except when deferred tax asset on deductible temporary differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

Deferred tax assets and deferred tax liabilities are offset, where company has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.6.3 Minimum Alternate Tax (MAT)

Minimum alternate tax (MAT) paid in a year is charged to the Statement of profit and loss as current tax for the year. The deferred tax asset is recognized for MAT credit available only to the extent that it is probable that the Company will pay normal income tax during the specific period, i.e. the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset, it is created by way of credit to the Statement of profit and loss and shown as part of deferred tax asset. The Company reviews the 'MAT credit entitlement' asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

3.7 Impairment**3.7.1 Financial assets**

Considering the prudence, the Company recognizes impairment on financial asset on higher of the provision required as per the directions issued by Reserve Bank of India or using expected credit loss (ECL) model as prescribed in Ind AS for the financial assets which are not fair valued.

Pahal Financial Services Pvt. Ltd.**Notes forming part of Financial Statements for the period ending on March 31, 2020**

The expected credit losses (ECLs) is recognized based on forward-looking information for all financial assets at amortized cost, no impairment loss is applicable on equity investments.

At the reporting date, an allowance is required for the 12 month ECLs. If the credit risk has significantly increased since initial recognition (Stage 1), an allowance (or provision) should be recognized for the lifetime ECLs for financial instruments for which the credit risk has increased significantly since initial recognition (Stage 2) or which are credit impaired (Stage 3).

The measurement of ECL is calculated using three main components: (i) probability of default (PD) (ii) loss given default (LGD) and (iii) the exposure at default (EAD). The 12 month ECL is calculated by multiplying the 12 month PD, LGD and the EAD. The 12 month and lifetime PDs represent the PD occurring over the next 12 months and the remaining maturity of the instrument respectively. The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

The Company applies a three-stage approach to measure ECL on financial assets accounted for at amortized cost. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

Stage 1: 12-months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognized. Exposures with days past due (DPD) less than or equal to 29 days are classified as stage 1. The Company has identified zero bucket and bucket with DPD less than or equal to 29 days as two separate buckets.

Stage 2: Lifetime ECL – not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognized. Exposures with DPD equal to 30 days but less than or equal to 89 days are classified as stage 2. At each reporting date, the Company assesses whether there has been a significant increase in credit risk for financial asset since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Company has identified cases with DPD equal to or more than 30 days and less than or equal to 59 days and cases with DPD equal to or more than 60 days and less than or equal to 89 days as two separate buckets.

Stage 3: Lifetime ECL – credit impaired

Financial asset is assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the asset have occurred. For financial asset that have become credit impaired, a lifetime ECL is recognized on principal outstanding as at period end. Exposures with DPD equal to or more than 90 days are classified as stage 3.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

ECL is recognized on EAD as at period end. If the terms of a financial asset are renegotiated or modified due to financial difficulties of the borrower, then such asset is moved to stage 3, lifetime ECL under stage 3 on the outstanding amount is applied.

Pahal Financial Services Pvt. Ltd.**Notes forming part of Financial Statements for the period ending on March 31, 2020**

The Company assesses when a significant increase in credit risk has occurred based on quantitative and qualitative assessments. Exposures are considered to have resulted in a significant increase in credit risk and are moved to Stage 2 when:

Quantitative test: Accounts that are 30 calendar days or more past due move to Stage 2 automatically. Accounts that are 90 calendar days or more past due move to Stage 3 automatically.

Reversal in Stages: Exposures will move back to Stage 2 or Stage 1 respectively, once they no longer meet the quantitative criteria set out above. For exposures classified using the qualitative test, when they no longer meet the criteria for a significant increase in credit risk and when any cure criteria used for credit risk management are met.

The definition of default for the purpose of determining ECLs has been aligned to the Reserve Bank of India definition of default, which considers indicators that the debtor is unlikely to pay and is no later than when the exposure is more than 90 days past due.

The measurement of all expected credit losses for financial assets held at the reporting date are based on historical experience, current conditions and reasonable and supportable forecasts. The measurement of ECL involves increased complexity and judgement, including estimation of PDs, LGD, a range of unbiased future economic scenarios, estimation of expected lives and estimation of EAD and assessing significant increases in credit risk.

Presentation of ECL allowance for financial asset

ECL related to the Financial assets measured at amortized cost are shown as a deduction from the gross carrying amount of the assets.

Methodology for calculating ECL

The Company determines ECL based on a probability weighted outcome of factors indicated below to measure the shortfalls in collecting contractual cash flows. The Company does not discount such shortfalls considering relatively shorter tenure of loan contracts.

Probability of default (PD) - The probability of default is an estimate of the likelihood of default over a given time horizon (12- months or lifetime, depending upon the stage of the asset).

Exposure at default (EAD) - It represents an estimate of the exposure of the Company at a future date after considering repayments by the counterparty before the default event occurs.

Loss given default (LGD) - It represents an estimate of the loss expected to be incurred when the event of default occurs.

Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, unemployment rates, benchmark rates set by the RBI, inflation, etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PG, LGD rates by the Company may not be always reflective of such relationships, temporary overlays are embedded in the methodology to reflect such macro-economic trends reasonably.

Pahal Financial Services Pvt. Ltd.**Notes forming part of Financial Statements for the period ending on March 31, 2020****Write off**

Impaired loans and receivables are written off, against the related allowance for loan impairment on completion of the Company's internal processes and when the Company concludes that there is no longer any realistic prospect of recovery of part or all of the loan. For loans that are individually assessed for impairment, the timing of write off is determined on a case by case basis. A write-off constitutes a de-recognition event. The Company has a right to apply enforcement activities to recover such written off financial assets. Subsequent recoveries of amounts previously written off are credited to the income statement.

3.7.2 Non-financial assets**Tangible and intangible assets**

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists the company estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an assets net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The impairment loss is recognised in the statement of profit and loss.

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 the risks specific to the asset.

In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

3.8 Borrowing costs

Borrowing cost includes interest and other costs that company has incurred in connection with the borrowing of funds.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset.

All other borrowing costs are expensed in the year they occur.

Investment income earned on temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

3.9 Employee Benefits

Short term employee benefits for salary that are expected to be settled wholly within 12 months after the end of the reporting period in which employees render the related service are recognized as an expense in the statement of profit and loss.

Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service.

Pahal Financial Services Pvt. Ltd.**Notes forming part of Financial Statements for the period ending on March 31, 2020**

The company operates two defined benefit plan for its employees, viz., gratuity plan and leave encashment plan. The costs of providing benefits under the plans are determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out using the projected unit credit method made at the end of each reporting date. Re-measurement of the net defined benefit liability (asset) comprise of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability / (asset)). Re-measurement are recognised in other comprehensive income and will not be reclassified to profit or loss in a subsequent period.

3.10 Provisions

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

3.11 Contingent Liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

3.12 Contingent Asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. The company does not recognize a contingent asset but discloses its existence in the financial statements.

3.13 Cash and cash equivalent

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank (including demand deposits) and in hand and short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.14 Earnings per share

Basic earnings per share is 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.

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

Pahal Financial Services Pvt. Ltd.**Notes forming part of Financial Statements for the period ending on March 31, 2020****3.15 Lease**

As a lessee, the company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the average cost of raising finance. Lease payments included in the measurement of the lease liability comprise the Fixed payments, including in-substance fixed payments. The lease liability is measured at amortised cost using the effective interest method. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The company presents right-of-use assets as separate line item in Non-current Assets and lease liabilities in 'borrowings' in the balance sheet.

Short-term leases and leases of low-value assets:

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of real estate properties that have a lease term of less than 12 months. The company recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

3.16 Segment Reporting

An operating segment is component of the company that engages in the business activity from which the company earns revenues and incurs expenses, for which discrete financial information is available and whose operating results are regularly reviewed by the chief operating decision maker, in deciding about resources to be allocated to the segment and assess its performance. The company's chief operating decision maker is the Board of Director.

Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as un-allocable.

Revenue and expenses directly attributable to segments are reported under each reportable segment. All other expenses which are not attributable or allocable to segments have been disclosed as un-allocable expenses.

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

3.17 Cash Flow Statement

Cash flows are reported using indirect method whereby profit for the period is adjusted for the effects of the transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts and payments and items of income or expenses associated with investing and financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

3.18 Events after reporting date

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

3.19 General

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

PAHAL FINANCIAL SERVICES PRIVATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019****4 Transition to Ind AS**

These financial statements of the Company for the year ended March 31, 2020 has been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 First-Time Adoption of Indian Accounting Standards with April 01, 2018 as the transition date and Indian GAAP as the IGAAP.

The transition to Ind AS has resulted in changes in presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note No. 3 have been applied in preparing the standalone financial statements for the year ended March 31, 2020 and the comparative information.

4.1 First time adoption of Ind AS

An explanation of how transition from IGAAP to Ind AS has affected the company's financial position, financial performance and cash flows are set hereunder:

a Exception to the retrospective application of other Ind AS**i Estimates**

Company's estimates in accordance with Ind AS as at the date of transition to Ind AS (April 01, 2018) are consistent with the estimates made for the same date as per IGAAP.

ii Classification of financial assets

The classification of financial assets to be measured at amortised cost is made on the basis of the facts and circumstances that existed on the date of transition to Ind AS.

b Exemption from other Ind AS**Deemed cost of property, plant and equipment and intangible assets**

Company has elected to measure all of its property, plant and equipment and intangible assets at their IGAAP carrying amount as on the date of transition to Ind AS.

4.2 Reconciliation between IGAAP and Ind AS**4.2.1 Reconciliation of Equity as previously reported under IGAAP to Ind AS****(Amount in INR)**

Particulars	As at March 31, 2019	As at April 01, 2018
Total Equity As per IGAAP	68 38 23 812	33 77 47 612
Recognition of Direct Assignment Transactions to the extent of present value of excess interest spread	1 61 16 829	20 96 421
Recognition of Securitization Assets to the extent of continuing involvement	54 26 392	39 93 122
Recognition of Portfolio assets as per Amortized cost using EIR Method	(3 05 30 074)	(1 70 98 102)
	(89 86 853)	(1 10 08 559)
Recognition of associated liabilities related to Securitization transactions	(54 26 393)	(39 93 122)

PAHAL FINANCIAL SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

4.2.1 Reconciliation of Equity as previously reported under IGAAP to Ind AS

(Amount in INR)

Particulars	As at March 31, 2019	As at March 31, 2018
Recognition of Borrowing, Debentures and other sub-ordinate debt liability as per Amortized cost using EIR Method	3 48 80 807	1 84 66 668
Recognition of Deferred Tax Liability on above Ind AS impact	(59 60 154)	(10 09 004)
Reclassification of Preference Share Capital to Sub-Ordinate Debt as per Ind AS 109	(12 50 00 000)	(4 50 00 000)
	(10 15 05 740)	(3 15 35 458)
Equity as per Ind AS	57 33 31 219	29 52 03 595

4.2.2 Reconciliation of Total Comprehensive Income for the year ended March 31, 2019

(Amount in INR)

Particulars	For year ended March 31, 2019
Net Profit after tax as per IGAAP	7 51 06 630
Recognition of Interest Spread Income on Direct Assignment Transactions	1 40 20 407
Recognition of Portfolio assets as per Amortized cost using EIR Method	(1 34 31 973)
Recognition of Borrowings as per Amortized cost using EIR Method	1 64 14 139
Remesurement of employee benefit expenses through other comprehensive income (OCI)	4 55 408
Consideration of preference shares Dividend and tax thereof as Finance Cost	(73 24 930)
Deferred Tax on above Ind AS impact	(49 51 150)
Profit after tax as per Ind AS	8 02 88 532
Recognition of actuarial gain through OCI	(4 55 408)
Total Comprehensive Income	7 98 33 124

4.2.3 Reconciliation of statement of cash flows

There are no material adjustments to the statement of cash flows as reported under IGAAP.

4.2.4 Notes to Reconciliations

a Recognition of preference shares as subordinated liabilities

Under Ind AS, preference shares are considered as liability component of compound financial instrument under the head subordinated liabilities, whereas in case of IGAAP, the same are considered as a part of equity. Accordingly dividend paid on preference share including tax thereon are considered as expenses under Ind AS, whereas the same are deducted from reserves and surplus under IGAAP.

b Securitisation of loan portfolio

Under Ind AS, the company recognises securitisation transactions to the extent of continuing involvement in the loan portfolio. Profit / premium to be recognized, to the extent of loan portfolio derecognized, in the accounts immediately. Associated liability to be accounted for against the loan portfolio recognized due to continuing involvement. Under IGAAP, Profit/ Premium rising at the time of securitization of loan portfolio is amortized over the life of the underlying loan/portfolio/securities and loss raising thereon is accounted immediately and income from interest strip (Gross interest spread) is recognised in the statement of Profit and Loss net off any losses redeemed in cash.

PAHAL FINANCIAL SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

c Assignment of loan portfolio

The Company derecognizes the loan portfolio assigned to assignees. Under Previous GAAP, interest income spread on the loan portfolio assigned was recognized as and when it was realized over the life of underlying loan portfolio. Under Ind AS, such interest income is recognized upfront i.e., at the time of assignment transaction.

d Recognition of Portfolio assets as per Amortized cost using EIR Method

The portfolio assets have been recognised at effective interest rate method under Ind AS, whereas in case of IGAAP, the same is disclosed at transaction value.

e Recognition of Borrowings as per Amortized cost using EIR Method

The borrowings have been recognised at effective interest rate method under Ind AS, whereas in case of IGAAP, the same is disclosed at transaction value.

f Recognition of Actuarial Gain / Loss

Actuarial gains and losses are recognized in other comprehensive income as compared to being recognized in the statement of profit and loss under IGAAP.

				(Amount in INR)
Note no.	Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2019
5	Cash and Cash Equivalents			
5.1	Cash on hand	42 00 425	8 30 465	5 06 029
5.2	Balances with banks			
	In current accounts	51 05 54 263	80 16 35 010	26 37 38 626
	In term deposit accounts	26 50 95 465	25 01 06 642	96 64 170
		77 56 49 728	105 17 41 652	27 34 02 796
	Total	77 98 50 153	105 25 72 117	27 39 08 825
6	Bank balance other than cash and cash equivalent			
	Balance with banks held as margin money (Refer Note 6.1)	33 64 21 441	17 58 98 839	7 22 90 959
	Total	33 64 21 441	17 58 98 839	7 22 90 959
6.1	Represents margin money deposits placed to avail term loans from banks and others and as cash collateral in connection with securitization transactions.			
7	Trade Receivables			
	Unsecured, considered good	4 71 42 188	1 38 80 088	16 72 391
	Total	4 71 42 188	1 38 80 088	16 72 391

PAHAL FINANCIAL SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Amount in INR)

Note no.	Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2019
8	Other financial assets			
	Interest accrued but not due on portfolio loans	11 56 77 354	9 15 56 649	3 22 40 434
	Deposits			
	Security Deposits (Refer Note 9.1)	6 15 39 051	1 95 87 961	40 17 014
	Other deposits	57 14 833	33 92 350	27 67 050
		6 72 53 884	2 29 80 311	67 84 064
	Others	37 28 480	29 65 311	17 08 270
	Total	18 66 59 718	11 75 02 271	4 07 32 768
8.1	Security deposits includes deposits placed as security against borrowings.			
9	Other non-financial assets			
	Balance with Government Authorities	11 032	-	3 872
	Prepaid expense	41 23 648	9 32 128	11 87 869
	Advances to staff	10 06 075	1 56 632	2 36 011
	Advances to vendors	2 02 454	76 993	35 82 705
	Capital advance		40 09 196	25 990
	Total	53 43 209	51 74 949	50 36 447

PAHAL FINANCIAL SERVICES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

10 Loans

Particulars		Fair value through profit or loss	Amortised cost March 31, 2020	Total	Fair value through profit or loss	Amortised cost March 31, 2019	Total	Fair value through profit or loss	Amortised cost March 31, 2018	Total
A										
i	Loan repayable on demand	-	10 000	10 000	-	7 90 000	7 90 000	-	7 90 000	7 90 000
ii	Term loans	-	554 71 33 125	554 71 33 125	-	356 16 87 832	356 16 87 832	-	194 02 47 465	194 02 47 465
	Total (A) - Gross	-	554 71 43 125	554 71 43 125	-	356 24 77 832	356 24 77 832	-	194 10 37 465	194 10 37 465
	Less: Impairment loss allowance	-	9 09 93 506	9 09 93 506	-	4 59 28 134	4 59 28 134	-	2 07 14 097	2 07 14 097
	Total (A) - Net	-	545 61 49 619	545 61 49 619	-	351 65 49 698	351 65 49 698	-	192 03 23 368	192 03 23 368
B										
i	Secured by tangible assets	-	-	-	-	-	-	-	-	-
ii	Secured by intangible assets	-	-	-	-	-	-	-	-	-
iii	Covered by bank / Government guarantees	-	-	-	-	-	-	-	-	-
iv	Unsecured	-	554 71 43 125	554 71 43 125	-	356 24 77 832	356 24 77 832	-	194 10 37 465	194 10 37 465
	Total (B) - Gross	-	554 71 43 125	554 71 43 125	-	356 24 77 832	356 24 77 832	-	194 10 37 465	194 10 37 465
	Less: Impairment loss allowance	-	-	-	-	-	-	-	-	-
	Total (A) - Net	-	554 71 43 125	554 71 43 125	-	356 24 77 832	356 24 77 832	-	194 10 37 465	194 10 37 465
C - I										
	Loans in India	-	545 61 49 619	545 61 49 619	-	351 65 49 698	351 65 49 698	-	192 03 23 368	192 03 23 368
	Total (C - I) - Gross	-	545 61 49 619	545 61 49 619	-	351 65 49 698	351 65 49 698	-	192 03 23 368	192 03 23 368
	Less: Impairment loss allowance	-	-	-	-	-	-	-	-	-
	Total (C - I) - Net	-	545 61 49 619	545 61 49 619	-	351 65 49 698	351 65 49 698	-	192 03 23 368	192 03 23 368
C - II										
	Loans outside India	-	-	-	-	-	-	-	-	-
	Total C(I+II) - Net	-	545 61 49 619	545 61 49 619	-	351 65 49 698	351 65 49 698	-	192 03 23 368	192 03 23 368

PAHAL FINANCIAL SERVICES PRIVATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

- 10.1** The outbreak of the COVID-19 pandemic and consequent lockdown announced by the Government of India for more than two and half months has impacted the revenue, collection and profitability of the Company. Given the dynamic nature of pandemic situation, the extent of impact would depend on the duration of the pandemic, the impacts of actions of governments and other authorities, the responses of businesses and consumers in different industries and the associated impact on the global economy.

In terms of the policy approved by the Board of Directors of the Company pursuant to Reserve Bank of India (RBI) Circulars dated March 27, 2020 and April 17, 2020 relating to 'COVID-19 – Regulatory Package', the Company has granted Principal moratorium to eligible customers for a period upto 3 months with regards to the payment falling due between March 01, 2020 to May 31, 2020. Further, in relation to the accounts overdue but standard as at 29 February 2020 where moratorium benefit has been extended in terms of aforesaid RBI guidelines, the staging of those accounts at March 31, 2020 is based on the days past due status as on February 29, 2020. In line with the RBI guidelines, the extension of moratorium does not result in accounts becoming past due or trigger Stage 2 or Stage 3 classification. The Company continues to recognize interest income during the moratorium period. On May 22, 2020, the RBI has extended the Moratorium Period by further three months.

Further, the Company has, based on current available information and based on the policy approved by the Board of Directors of the Company, determined the provision for impairment of financial assets. The Company has also assessed the possible impact of COVID-19 pandemic through estimation of potential stress on probability of defaults and loss given default. Accordingly, the Company has made provision for additional impairment loss allowance of Rs.181 lakhs due to the COVID-19 pandemic on the loan portfolio, which is adequate in the view of the Company based on the current information available. In addition, while assessing the liquidity situation, the Company has taken into consideration certain assumptions with respect to repayments of loan assets and its past experience which have been adjusted for current events.

Given the uncertainty over the potential macro-economic condition, the impact of the global health pandemic may be different from that estimated as at the date of approval of these financial results and the Company will continue to monitor any material changes to the future economic conditions, the effect of which, if any, will be given in the respective period.

PAHAL FINANCIAL SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

11 Property, Plant and Equipment

11.1 Property, Plant and Equipments consist of :

(Amount in INR)

No.	Particulars	Computers	Furniture & Fixtures	Vehicles	Office Equipment	Total
a	Gross Block					
	Balance as at April 01, 2018 (Deemed Cost)	17 23 051	14 07 210	18 96 245	4 54 249	54 80 755
	Additions	17 72 662	5 94 455	-	5 22 542	28 89 659
	Deductions	26 990	-	-	-	26 990
	Balance as at March 31, 2019	34 68 723	20 01 665	18 96 245	9 76 791	83 43 425
	Additions	3,648,538	11,00,192	41,90,850	14,08,219	1,03, 47, 799
	Deductions	-	-	19,946	11,709	31 655
	Balance as at March 31, 2020	71 17 261	31 01 857	60 67 149	23 73 301	1 86 59 568
b	Accumulated Depreciation					
	Balance as at April 01, 2018	-	-	-	-	-
	Additions	8 93 915	2 42 920	3 83 805	2 18 130	17 38 770
	Deductions	12 738	-	-	-	12 738
	Balance as at March 31, 2019	8 81 177	2 42 920	3 83 805	2 18 130	17 26 032
	Additions	14 11 006	2 97 591	8 82 178	3 12 757	29 03 532
	Deductions	-	-	7 415	9 599	17 014
	Balance as at March 31, 2020	22 92 183	5 40 511	12 58 567	5 21 288	46 12 550
c	Net Block					
	Balance as at April 01, 2018	17 23 051	14 07 210	18 96 245	4 54 249	54 80 755
	Balance as at March 31, 2019	25 87 546	17 58 745	15 12 440	7 58 661	66 17 392
	Balance as at March 31, 2020	48 25 078	25 61 346	48 08 582	18 52 013	1 40 47 018

11.2 Company has elected to measure all its property, plant and equipments at the previous GAAP carrying amount i.e. March 31, 2018 as its deemed cost on the date of transition i.e. April 01, 2018.

PAHAL FINANCIAL SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

12 Other Intangible assets

(Amount in INR)

No.	Particulars	Software
a	Gross Block	
	Balance as at April 01, 2018 (Deemed Cost)	8 04 725
	Additions	14 18 465
	Deductions	-
	Balance as at March 31, 2019	22 23 190
	Additions	4 03 000
	Deductions	
	Balance as at March 31, 2020	26 26 190
b	Amortisation	
	Balance as at April 01, 2018	
	Additions	6 66 941
	Deductions	-
	Balance as at March 31, 2019	6 66 941
	Additions	7 57 085
	Deductions	-
	Balance as at March 31, 2020	14 24 026
c	Net Block	
	Balance as at April 01, 2018	8 04 725
	Balance as at March 31, 2019	15 56 250
	Balance as at March 31, 2020	12 02 164

- 12.1** Company has elected to measure other intangible assets at the previous GAAP carrying amount i.e. March 31, 2018 as its deemed cost on the date of transition i.e. April 01, 2018.

PAHAL FINANCIAL SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Amount in INR)

No.	Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
13	Payables			
	Trade payables (Refer Note 13.1)			
	Dues to micro enterprises and small enterprises	-	-	-
	Due to creditors other than micro enterprises and small enterprises	3 01 33 869	4 08 25 284	1 20 18 830
	Total	3 01 33 869	4 08 25 284	1 20 18 830
13.1	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, 2019, no supplier has intimated the company about its status as Micro or small enterprise or its registration with the appropriate authority under MSMED.			
14	Other financial liabilities			
	Interest accrued	7 94 30 464	4 28 63 217	73 83 002
	Payable towards securitisation and assignment transactions	16 11 61 413	18 87 17 165	2 46 14 842
	Liabilities Associated with Securitised Assets	2 08 79 787	54 26 393	39 93 122
	Others	23 68 540	9 83 623	10 82 034
	Total	26 38 40 204	23 79 90 398	3 70 73 000
15	Provisions			
	Provision for employee benefit	24 61 634	10 63 126	2 35 027
	Total	24 61 634	10 63 126	2 35 027
16	Other non financial liabilities			
	Statutory dues	1 37 33 028	86 69 430	61 88 453
	Others		4 84 227	34 47 104
	Total	1 37 33 028	91 53 657	96 35 557
17	Equity Share Capital			
17.1	Authorized Capital			
	3 72 00 000 (As at March 31, 2019: 3 72 00 000; As at April 1, 2018: 1 59 00 000) Equity Shares of Rs.10/- each	37 20 00 000	37 20 00 000	15 90 00 000
	Total	37 20 00 000	37 20 00 000	15 90 00 000
17.2	Issued, Subscribed and Paid Up Capital			
	3 05 42 944 (As at March 31, 2019: 2 16 82 944 As at April 1, 2018: 1 54 02 944) Equity Shares of Rs.10/- each	30 54 29 440	21 68 29 440	15 40 29 440
	Total	30 54 29 440	21 68 29 440	15 40 29 440

PAHAL FINANCIAL SERVICES PRIVATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020****17.3 Rights, preferences and restrictions :**

- i The Company has only one class of equity shares having a par value of Rs. 10/-. Each holder of equity share is entitled to one vote per share.
- ii 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.
- iii 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.

17.4 Details of equity shareholders holding more than 5 per cent shares :

Name of the Shareholder	As On March 31, 2020 No. of shares %	As On March 31, 2019 No. of shares %	As On April 01, 2018 No. of shares %
Dia Vikas Capital Private Limited	53 33 333 17.46%	53 33 333 24.60%	33 33 333 21.64%
BOPA PTE Limited	1 15 50 000 37.82%	42 50 000 19.60%	- 0.00%
Vimal Khandwala	29 01 987 9.50%	25 01 987 11.54%	20 79 812 13.50%
Rajesh Khandwala	29 01 987 9.50%	25 01 987 11.54%	20 79 803 13.50%
Suyash Advisory LLP	14 20 000 4.65%	11 70 000 5.40%	10 80 000 7.01%
Purvi J Bhavsar	9 21 666 3.02%	9 15 469 4.22%	9 15 469 5.94%
Girish N Patel	6 50 000 2.13%	6 50 000 3.00%	11 50 000 7.47%
Rajiv G Patel HUF	- -	- -	8 44 359 5.48%

17.5 Reconciliation of number of equity shares outstanding:

Particulars	As at March 31, 2020	As at March 31, 2019
Equity Shares at the beginning of the year	2 16 82 944	1 54 02 944
Add: Issued during the Period		
- Sweat shares issued during the year	5 00 000	-
- Under Employee stock option plan	60 000	30 000
- Shares issued under private placement basis during the year	83 00 000	42 50 000
- On conversion of Compulsory Convertible Debentures	-	20 00 000
Equity Shares at the end of the period	3 05 42 944	2 16 82 944

18 Employee stock option plan

- 18.1** The company has also granted 3,00,000 Equity shares to employees under 'Pahal Employee Stock Option Plan'. Details of the same as follows:

PAHAL FINANCIAL SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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
No. of options granted	1 00 000	2 00 000
Method of Settlement	Equity	Equity
Graded Vesting period:		
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 (₹)	26	26
Average intrinsic value of option (₹)	32	30

The expected price volatility is based on historic volatility (based on remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Pahal Employee Stock Option Plan		
Options outstanding at beginning of the year	2 70 000	3 00 000
Granted during the year	-	-
Forfeited during the year	-	-
Exercised during the year	60 000	30 000
Expired during the year	-	-
Outstanding during the year	2 10 000	2 70 000
Exercisable at the end of the year	-	-

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Stock options outstanding (gross)	9 20 000	12 20 000	14 00 000
Deferred compensation cost outstanding	3 20 000	5 42 000	9 94 000
Stock options outstanding (Net)	6 00 000	6 78 000	4 06 000

18.2 Expense arising from share based payment transactions

Total expense arising from share based payment transactions recognised in profit and loss as part of employee benefit expense were as follows:

Amount in Rs.

Particulars	As at March 31, 2020	As at March 31, 2019
Employee stock option plan	2 22 000	4 52 000
Issue of Sweat Equity Shares	63 95 000	
Total	66 17 000	4 52 000

PAHAL FINANCIAL SERVICES PRIVATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020****19 Capital Management**

For the purpose of the Company's capital management, capital includes issued equity capital and all other reserves attributable to the equity holders of the Company.

The Company's objective for capital management is to maximize shareholder value and safeguard business continuity. The Company determines the capital requirement based on annual operating plans and other strategic plans. The funding requirements are met through equity and operating cash flows.

Summary of Quantitative Data is given hereunder:**(Amount in INR)**

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Equity	30 54 29 440	21 68 29 440	15 40 29 440
Other Equity	83 15 26 041	35 65 01 779	14 11 74 155
Total	113 69 55 481	57 33 31 219	29 52 03 595

20 Contingent Liabilities and Capital Commitments**20.1 Contingent Liabilities****(Amount in INR)**

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Cash collaterals given and outstanding for the assigned loans	9 17 73 033	5 23 35 015	1 26 12 999
Cash collaterals given and outstanding pursuant to service provider agreement	5 39 93 120	81 91 545	59 85 818
Preference Dividend in arrears	-	-	14 05 479
Total	14 57 66 153	6 05 26 560	2 00 04 296

20.2 Commitments not provided for:**(Amount in INR)**

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Commitments related to loans sanctioned but undrawn	35 00 00 000	45 50 00 000	15 00 00 000
Total	35 00 00 000	45 50 00 000	15 00 00 000

21 Debt Securities**(Amount in INR)**

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
A			
i Convertible debentures classified as financial liability (At Amortised Cost)	-	-	5 84 23 483
ii Non convertible debentures (At Amortised Cost)	152 41 46 174	97 50 90 406	21 72 07 418
Total (A)	152 41 46 174	97 50 90 406	27 56 30 902

PAHAL FINANCIAL SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Amount in INR)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
B			
Debt securities in India	1 52 41 46 174	97 50 90 406	27 56 30 902
Debt securities outside India	-	-	-
Total B (i + ii)	152 41 46 174	97 50 90 406	27 56 30 902

21.1 Compulsory Convertible Debentures

Sr. no	Particulars	Rate of interest	Terms of conversion
1	Dia Vikas Capital Private Ltd	15.00%	Debentures fully convertible into Equity within 10 years

21.2 Non Convertible Debentures

Sr. no	Particulars	Rate of interest	Terms of redemption
1	Microfinance Initiative for Asia (Blue Orchard) Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Debenture Value.	13.90% to 14.05%p.a. (Yield)	25 % of Principal repayable after 12 months, 25% after 24 months & 50% at the end of 36 months
2	Blue Orchard Micorfinance Fund (Blue Orchard) Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Debenture Value.	13.90% to 14.05%p.a. (Yield)	25 % of Principal repayable after 12 months, 25% after 24 months & 50% at the end of 36 months
3	JAPAN ASEAN Women Empowerment Fund (Blue Orchard) Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Debenture Value.	13.14% p.a. (Yield)	25 % of Principal repayable after 18 months, 75% at the end of 36 months
4	ResponsAbility India Business Advisors Pvt. Limited Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Debenture Value.	13.65% p.a. (yield)	Principal repayable by 60 monthly installment
5	IFMR Fimpace Medium Term Microfinance Fund Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 100% and 110% of Debenture Value.	14.20% - 14.75% p.a.(Coupon)	Principal repayable at the end of 36 / 57 months.

PAHAL FINANCIAL SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

22 Borrowings - Other than debt securities

(Amount in INR)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
A			
a Term loans - Secured (At Amortised Cost)			
(i) from banks	130 75 91 291	55 04 33 597	22 48 90 251
(ii) from others	214 80 28 124	211 44 03 474	129 83 49 124
b Loans repayable on demand - from bank (At Amortised Cost)	4 53 81 269	4 97 35 118	4 06 49 194
Total	350 10 00 684	271 45 72 189	156 38 88 568
B			
i Borrowings in India	350 10 00 684	271 45 72 189	156 38 88 568
ii Borrowings outside India	-	-	-
Total B (I+II)	350 10 00 684	271 45 72 189	156 38 88 568

22.1 Details of Security and terms of repayment

22.1.1 Term loan from Banks and Financial Institutions

Sr. no	Particulars of loan and security details	Rate of interest	Term of repayment of loan
1	IDBI Bank Limited Exclusive Charges by way of Hypothecation 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% p.a.	Principal - 24 equal monthly installments with a moratorium period of 3 months
2	Fincare Small Finance Bank Limited Exclusive Charges by way of Hypothecation 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	14.00% to 15.00% p.a.	Principal repayable in 15 to 24 equal monthly installments.
3	State Bank of India Exclusive Hypothecation 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	12.9% p.a.	Principal - 36 equal monthly installments starting from next month.
4	Arohan Financial Services Limited Exclusive Charges by way of Hypothecation of 100% on Book Debts / loan Assets, both present and future created/to be created out of loan.	14.00% to 14.75% p.a.	Principal repayable by 24 equal monthly installments
5	Manappuram Finance Limited Exclusive Charges by way of Hypothecation on 110% of Book Debts.	13.75% to 15.00% p.a.	Principal repayable in 12 equal quarterly installments commencing from 3 months after first disbursement.

PAHAL FINANCIAL SERVICES PRIVATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

Sr. no	Particulars of loan and security details	Rate of interest	Term of repayment of loan
6	Reliance Capital Limited Exclusive Charges by way of Hypothecation 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	14.00% to 14.25% p.a.	Principal repayable in 18 equal monthly installments as per Loan sanction Document.
7	NABARD Financial Services Limited Exclusive Charges by way of Hypothecation 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/24 monthly installments commencing from 3 months after first disbursement.
8	NABSAMMRUDHHI Financial Services Limited Exclusive Charges by way of Hypothecation 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.
9	Profectus Captial Pvt Limited Exclusive Charges by way of Hypothecation on all 100 % of Book Debts / loan Assets, both present and future and against pledge of Fixed Deposit upto 10% of the loan amount	14.75% p.a.	Principal repayable in 18 equal monthly installments.
10	Maanaveeya Development & Finance Private Limited Exclusive Charges by way of Hypothecation 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% p.a.	Principal repayable in 8/12 equal quarterly installments commencing from 3 months after first disbursement.
11	Hinduja Leyland Finance Limited Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Loan Amount	11.34% to 11.95% (Yield) p.a.	Principal repayable by 24 to 36 monthly installment
12	Mahindra & Mahindra Financial Services Limited Exclusive Charges by way of Hypothecation of 110% 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% p.a.	Principal repayable by 24 equal monthly installments as per Loan sanction Document.
13	Suryodaya Small Finance Bank Limited Exclusive Charges by way of Hypothecation on all 105 % of Book Debts / loan Assets, both present and future and against pledge of Fixed Deposit up to 7.50% of the loan amount	14% p.a.	Principal repayable in 24 equal monthly installments.

PAHAL FINANCIAL SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Sr. no	Particulars of loan and security details	Rate of interest	Term of repayment of loan
14	Northern Arc Capital Limited Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future created/to be created out of loan.	14.20% to 15.00% p.a.	Principal repayable by 18 to 36 monthly installments.
15	Satin Creditcare Network Ltd Exclusive Charges by way of Hypothecation of 105% on Book Debts / loan Assets, both present and future created/to be created out of loan and against pledge of Fixed Deposit of 10% of the loan amount	15.5% p.a.	Principal repayable by 18 monthly installments.
16	Mas Financial Services Limited Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future created/to be created out of loan.	15.5% p.a.	Principal repayable by 24 equal monthly installments as per Loan sanction Document.
17	Vivriti Capital Private Limited Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 100% of Loan Amount	14.50% to 15.25% p.a.	Principal repayable by 18 to 30 equal monthly installments as per Loan sanction Document.
18	Avanse Financial Services Limited Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future created/to be created out of loan and against pledge of Fixed Deposit of 5% of the loan amount	14% p.a.	Principal repayable by 18 equal monthly installments as per Loan sanction Document.
19	Jain Sons Finlease Limited Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 100% of Loan Amount	13.90% to 15.25% p.a.	Principal repayable by 18 equal monthly installments as per Loan sanction Document.
20	Shriram City Union Finance Limited Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Loan Amount	13.5% p.a.	Principal repayable by 36 equal monthly installments as per Loan sanction Document.
21	Incred Financial Services Private Limited (Visu) Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 105% of Loan Amount	14.50% to 15% p.a.	Principal repayable by 18 equal monthly installments as per Loan sanction Document.
22	Proud Securities and Credits Private Limited (Incred) Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 105% of Loan Amount	15.25% p.a.	Principal repayable by 24 equal monthly installments as per Loan sanction Document.

PAHAL FINANCIAL SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Sr. no	Particulars of loan and security details	Rate of interest	Term of repayment of loan
23	Gruh Finance Limited Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Loan Amount & against 10% of the Fixed Deposit	14.00% p.a.	Principal repayable by 36 equal monthly installments as per Loan sanction Document.
24	Samunnati Financial Intermediation & Services Private Limited Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Loan Amount	14.25% p.a.	Principal repayable by 18 equal monthly installments as per Loan sanction Document.
25	Svakarma Finance Pvt. Limited Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 105% of Loan Amount	14.50% p.a.	Principal repayable by 18 equal monthly installments as per Loan sanction Document.
26	Hiranandani Financial Services Private Limited Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 105% of Loan Amount & against 5% of the Fixed Deposit	14.75% p.a.	Principal repayable by 18 to 24 equal monthly installments as per Loan sanction Document.
27	Capri Global Capital Limited Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 107.5% of Loan Amount & against 7.5% of the Fixed Deposit	14.30% p.a.	Principal repayable by 24 equal monthly installments as per Loan sanction Document.
28	AU Small Finance Bank Limited Exclusive Charges by way of Hypothecation on all 110 % / 105 % of Book Debts / loan Assets, both present and future and against pledge of Fixed Deposit up to 5% of the loan amount.	13.50% to 14.50% p.a.	Principal repayable by 18 to 24 equal monthly installments starting from next month.
29	Axis Bank Limited Exclusive Charges by way of Hypothecation on all 105 % of Book Debts / loan Assets, both present and future.	11.00% p.a.	Principal repayable in 24 equal monthly installments.
30	Ujjivan Small Finance Bank Limited Exclusive Charges by way of Hypothecation on all 105 % of Book Debts / loan Assets, both present and future and against pledge of Fixed Deposit up to 7.5% of the loan amount.	14.25% p.a.	Principal repayable in 24 equal monthly installments.
31	Bandhan Bank Limited Exclusive Charges by way of Hypothecation on all 105 % of Book Debts / loan Assets, both present and future and against pledge of Fixed Deposit up to 10% of the loan amount.	14.50% p.a.	Principal repayable in 24 equal monthly installments.

PAHAL FINANCIAL SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Sr. no	Particulars of loan and security details	Rate of interest	Term of repayment of loan
32	IDFC First Bank Limited Exclusive Charges by way of Hypothecation on 110% to 125% of Book Debts.	13% to 15% p.a.	Principal repayable in 8-18 equal quarterly installments commencing after moratorium of 6 Months to 8 quarters after the disbursement.
33	Union Bank of India Exclusive Charges by way of Hypothecation on all 120 % of Book Debts / loan Assets, both present and future and against pledge of Fixed Deposit up to 12% of the loan amount.	11.30% p.a.	Principal repayable by 36 equal monthly installments starting from next month.
34	Capital Small Finance Bank Limited Exclusive Charges by way of Hypothecation of 105% on Book Debts / loan Assets, both present and future created/to be created out of loan.	14.75% p.a.	Principal repayable by 24 equal monthly installments starting from next month.
35	Muthoot Capital Service Limited Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 105% of Loan Amount.	15.00% p.a.	Repayable in 24 months.
36	Annapurna Finance Pvt. Limited Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 105% of Loan Amount & against 5% of the Fixed Deposit.	15.00% p.a.	Principal repayable by 23 to 25 equal monthly installments as per Loan sanction Document.
37	Electronica Finance Limited Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 100% of Loan Amount.	15.00% p.a.	Principal repayable by 24 equal monthly installments as per Loan sanction Document.
38	Western Capital Advisorys Pvt. Ltd Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 105% of Loan Amount.	15.00% p.a.	Principal repayable by 18 equal monthly installments as per Loan sanction Document.
39	Utkarsh small Finance Bank Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 100% of Loan Amount.	14.25% p.a.	Principal repayable by 24 equal monthly installments as per Loan sanction Document.
40	Fedbank Financial Services limited Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Loan Amount.	14.50% p.a.	Principal repayable by 24 equal monthly installments as per Loan sanction Document.

PAHAL FINANCIAL SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Sr. no	Particulars of loan and security details	Rate of interest	Term of repayment of loan
41	Habitat Micro Build India Housing Finance Co. Pvt. Ltd. Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 100% of Loan Amount.	14.50% p.a.	Principal repayable by 24 equal monthly installments as per Loan sanction Document.
42	ICICI Bank Ltd Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Loan Amount.	14.25% p.a.	Principal repayable by 24 equal monthly installments as per Loan sanction Document.
43	Nabkisan Finance Ltd. Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 115% of Loan Amount.	14.50% p.a.	Principal repayable by 8 equal quarterly installments as per Loan sanction Document.
44	IFMR Capital Finance Ltd. Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future created/to be created out of loan.	14.20% to 15.00% p.a.	Principal repayable by 18 to 36 monthly installments.

22.1.2 Vehicle Loan

Sr. no	Particulars of loan and security details	Rate of interest	Term of repayment of loan
1	HDFC Bank Limited Exclusive Charges by way of Hypothecation on Innova Cars	9.25% p.a.	Repayable by 36 equal monthly installments as per Loan sanction Document.

22.1.3 Loans repayable on demand

Sr. no	Particulars of loan and security details
1	State Bank of India Exclusive Hypothecation charge over specific pool of receivables / book debts created out of Bank finance

PAHAL FINANCIAL SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

23 Subordinated liabilities

(Amount in INR)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
A			
i Preference shares other than those that qualify as equity (At Amortised Cost)		12 32 68 144	4 49 65 468
		12 50 00 000	
ii Others (At Amortised Cost)			
1. Subordinated debt-NCD	20 79 61 760	5 93 41 773	
2. Subordinated debt-Loans	15 98 25 020	15 97 78 766	10 98 68 410
Total (A)	36 77 86 780	34 23 88 683	15 48 33 878
B			
i Subordinated liabilities in India	36 77 86 780	34 23 88 683	15 48 33 878
ii Subordinated liabilities outside India	-	-	-
Total (B)	36 77 86 780	34 23 88 683	15 48 33 878

23.1 Reconciliation of number of preference shares outstanding:

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
At the beginning of the year	12 50 00 000	4 50 00 000	30 00 000
Subscribed during the year	-	12 50 00 000	30 00 000
Redeemed during the year	(12 50 00 000)	(4 50 00 000)	(15 00 000)
Outstanding at the end of the year	-	12 50 00 000	45 00 000

23.2 Details of preference shareholders holding more than 5 per cent shares :

As on April 01, 2018

Name of the Shareholder	No. of shares	%
Scient Capital Private Limited	30 00 000	66.67%
Small Industries Development Bank of India	15 00 000	33.33%

As on March 31, 2019

Name of the Shareholder	No. of shares	%
UNIFI AIF	75 00 000	60.00%
Scient Capital Private Limited	50 00 000	40.00%

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.

PAHAL FINANCIAL SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

23.3 Details of terms of repayment

(Amount in INR)

Sr. no	Particulars	Rate of interest	Terms of redemption
1	Capital First Limited	16.9% p.a.	Principal repayable after 84 months from the date of receipt.
2	MAS Financial Services Limited	16.75% p.a.	Principal repayable after 72 months from the date of receipt.
3	Vivriti Capital Private Limited	16.75% p.a.	Principal repayable after 73 months from the date of receipt.
4	Northern Arc Sub Debt	16.50% p.a.	Principal repayable after 63 months from the date of receipt.

(Amount in INR)

Note no.	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
24	Interest Income		
	Interest on Financial Assets carried at Amortized Cost		
	Interest on Loans	132 26 06 909	81 89 01 944
	Interest on deposits with Banks	3 18 25 122	1 48 22 436
	Total	135 44 32 031	83 37 24 380
24.1	Interest on deposits with Banks represents interest on margin money deposits placed to avail term loans from banks & others and as cash collateral in connection with securitisation transactions.		
25	Fees and Commission Income		
	Fees Income	3 74 42 206	1 69 59 249
	Marketing commission	1 87 99 999	1 19 38 898
	Total	5 62 42 205	2 88 98 147
26	Net gain on fair value changes		
	Net gain on financial instruments designated at fair value through profit or loss	1 58 91 780	63 23 357
	Total	1 58 91 780	63 23 357

PAHAL FINANCIAL SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note no.	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
26.1	Fair value changes		
	Realised	1 58 91 780	63 23 357
	Unrealised	-	-
	Total	1 58 91 780	63 23 357
27	Net gain/(Loss) on derecognition of financial instruments under amortised cost category		
	Income from securitization / assignment of Loans	1 52 61 598	1 93 11 837
	Asset Written Off	-3 47 08 047	-1 68 32 342
	Total	-1 94 46 449	24 79 495
28	Other operating revenue		
	Recovery from loans written off	30 74 209	33 63 449
	Total	30 74 209	33 63 449
29	Other Income		
	Net gain on derecognition of property, plant and equipment	-	4 700
	Consultancy Charges	60 00 000	30 00 000
	Miscellaneous Income	31 72 055	5 83 025
	Total	91 72 055	35 87 725
30	Finance Cost		
30.1	Interest on financial liabilities measured at amortized cost		
	Interest on borrowing	47 55 18 217	31 24 76 683
	Interest on debt securities	17 44 98 708	9 39 93 020
	Interest on subordinated liabilities	6 14 53 558	3 04 87 610
	Total Interest on financial liabilities measured at amortized cost	71 14 70 483	43 69 57 313
30.2	Other Borrowing Cost		
	Arranger Fees	1 26 94 210	92 36 412
	Franking Charges	1 33 54 834	65 11 378
	Rating Fees	18 50 560	20 04 012
	Total other borrowing cost	2 78 99 604	1 77 51 802
	Total Finance Cost	73 93 70 087	45 47 09 115

PAHAL FINANCIAL SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note no.	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
31	Impairment on financial instruments		
	On financial instruments measured at amortized cost	4 50 65 371	2 52 14 037
	Total	4 50 65 371	2 52 14 037
32	Employee Benefits Expense		
	Salaries	25 05 90 371	17 08 95 317
	Contribution to Provident Fund and other funds	84 48 876	71 85 864
	Share Based Payment to employees	66 17 000	4 52 000
	Staff Welfare expenses	15 26 808	5 17 324
	Total	26 71 83 055	17 90 50 505
33	Other Expense		
	Rent, taxes and energy costs	2 95 43 530	2 14 14 766
	Repair and Maintenance	1 41 43 920	84 83 635
	Communication cost	59 90 130	37 53 938
	Printing and Stationery	43 39 710	30 54 174
	Advertisement expenses	13 41 500	1 63 974
	Directors Siting fees	2 25 000	4 55 500
	Auditors' fees and expenses	4 50 751	3 51 000
	Legal and Professional charges	1 55 15 599	88 45 383
	Travelling and Conveyance	3 01 12 250	2 21 55 135
	Insurance	21 82 722	8 81 762
	Customer Credit information	76 56 002	94 32 424
	Fees & KYC Charges		
	Net loss on derecognition of property, plant and equipment	12 587	-
	CSR Expenses	3 28 903	-
	Others	1 86 19 574	1 26 83 601
	Total	13 04 62 178	9 16 75 292
33.1	Payment to auditors :-		
	- for statutory audit	3 00 000	2 59 000
	- for tax audit	50 000	46 000
	- for other services	1 00 751	46 000
	Total	4 50 751	3 51 000
34	Current Tax Asset		
34.1	Income Tax Expense in The Statement of Profit and Loss Comprises of:	Amount in Rs.	
	Particulars	As at March 31, 2020	As at March 31, 2019
	Current tax	7 88 92 278	1 77 30 960
		7 88 92 278	1 77 30 960

PAHAL FINANCIAL SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

34.1 Income Tax Expense in The Statement of Profit and Loss Comprises of:

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred Tax in Statement of Profit and Loss		
Relating to origination and reversal of temporary difference	(42 44 254)	2 73 02 402
Deferred tax expense / (income)	(42 44 254)	2 73 02 402

34.2 The Details of Income Tax Assets And Liabilities and Deferred Tax Liabilities : Amount in Rs.

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Income Tax Assets	11 90 63 818	3 58 36 808	3 46 47 154
Income Tax Liabilities	(10 78 74 457)	(4 16 02 179)	(3 14 89 166)
Net Income Tax Assets / (Liabilities)	1 11 89 361	(57 65 371)	31 57 988
Deferred Tax Liabilities / (Assets)	(20 52 983)	(1 04 28 729)	(2 51 11 131)

34.3 A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

Particulars	2019 - 2020	2018 - 2019
Accounting profit before tax	23 36 24 522	12 53 21 894
Normal tax rate	29.12%	27.82%
Tax liability on accounting profit	6 80 31 461	3 48 64 551
Tax Effect of non deductible expenses	1 71 73 049	83 27 630
Tax Effect of deductible expenses	(52 03 161)	(2 63 80 074)
Tax Effect of income taxed at different rate	(14 41 103)	-
Tax Effect on Ind AS impact	-	(28 19 015)
Tax Effect on account of MAT credit	-	37 37 868
Tax Effect on Other Adjustments	3 32 032	-
Income tax expenses as per normal tax rate	7 88 92 278	1 77 30 960

34.4 Details of each type of recognized temporary differences, unused tax losses and unused tax credits

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Deferred Tax Related to Item Recognised Through Profit or Loss			
Deferred Tax Liabilities			
Related to Property, Plant and Equipments	5 79 817	(50 002)	25 880
Deferred Tax Liability / Assets - Ind AS Impact	39 73 375	59 60 154	10 09 004
	45 53 192	59 10 152	10 34 885

PAHAL FINANCIAL SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Deferred Tax Assets			
Related to Disallowance under Income Tax Act, 1961	66 06 175	37 18 881	2 61 46 016
	66 06 175	37 18 881	2 61 46 016
Unused Tax Credit	-	1 26 20 000	-
Total	(20 52 983)	(1 04 28 729)	(2 51 11 131)

34.5 Details of Movement in Deferred Tax Balances**Amount in Rs.**

Particulars	Amount
Deferred Tax Liabilities / (Assets) as at April 1, 2018	(2 51 11 131)
Charged / (Credit) to Statement of P&L	2 73 02 402
Charged / (Credit) to Statement of Other Comprehensive Income	-
MAT Credit Entitlement	(1 26 20 000)
Deferred Tax Liabilities / (Assets) as at March 31, 2019	(1 04 28 729)
Charged / (Credit) to Statement of P&L	(42 44 254)
Charged / (Credit) to Statement of Other Comprehensive Income	-
MAT Credit Utilisation	1 26 20 000
Deferred Tax Liabilities / (Assets) as at March 31, 2020	(20 52 983)

35 Financial Instruments

35.1 Disclosure of Financial Instruments by Category

As at March 31, 2020

Amount in Rs.

Particulars	Note No.	FVTPL	FVTOCI	Amortized cost	Total Carrying Value	Fair Value	Fair Value			Total
							Level 1	Level 2	Level 3	Level 4
Financial Assets										
Cash and Cash Equivalents	5	-	-	77 98 50 153	77 98 50 153	77 98 50 153	-	-	-	-
Bank balance other than above	6	-	-	33 64 21 441	33 64 21 441	33 64 21 441	-	-	-	-
Trade recievables	7	-	-	4 71 42 188	4 71 42 188	4 71 42 188	-	-	-	-
Loans	10	-	-	545 61 49 619	545 61 49 619	545 61 49 619	-	-	-	-
Other Financial Assets	8	-	-	18 66 59 718	18 66 59 718	18 66 59 718	-	-	-	-
Total Financial Assets				680 62 23 119	680 62 23 119	680 62 23 119	-	-	-	-
Financial Liabilities										
Trade Payables	13	-	-	3 01 33 869	3 01 33 869	3 01 33 869	-	-	-	-
Debt securities	21	-	-	152 41 46 174	152 41 46 174	152 41 46 174	-	-	-	-
Borrowings	22	-	-	350 10 00 684	350 10 00 684	350 10 00 684	-	-	-	-
Sub ordinated liabilities	23	-	-	36 77 86 780	36 77 86 780	36 77 86 780	-	-	-	-
Other financial liabilities	14	-	-	26 38 40 204	26 38 40 204	26 38 40 204	-	-	-	-
Total Financial Liabilities				568 69 07 710	568 69 07 710	568 69 07 710	-	-	-	-

35 Financial Instruments

35.1 Disclosure of Financial Instruments by Category

As at March 31, 2019

Amount in Rs.

Particulars	Note No.	FVTPL	FVTOCI	Amortized cost	Total Carrying Value	Fair Value	Fair Value			
							Level 1	Level 2	Level 3	Level 4
Financial Assets										
Cash and Cash Equivalents	5	-	-	105 25 72 117	105 25 72 117	105 25 72 117	-	-	-	-
Bank balance other than above	6	-	-	17 58 98 839	17 58 98 839	17 58 98 839	-	-	-	-
Trade recievables	7	-	-	1 38 80 088	1 38 80 088	1 38 80 088	-	-	-	-
Loans	10	-	-	351 65 49 698	351 65 49 698	351 65 49 698	-	-	-	-
Other Financial Assets	8	-	-	11 75 02 271	11 75 02 271	11 75 02 271	-	-	-	-
Total Financial Assets				487 64 03 013	487 64 03 013	487 64 03 013	-	-	-	-
Financial Liabilities										
Trade Payables	13	-	-	4 08 25 284	4 08 25 284	4 08 25 284	-	-	-	-
Debt securities	21	-	-	97 50 90 406	97 50 90 406	97 50 90 406	-	-	-	-
Borrowings	22	-	-	271 45 72 189	271 45 72 189	271 45 72 189	-	-	-	-
Sub ordinated liabilities	23	-	-	34 23 88 683	34 23 88 683	34 23 88 683	-	-	-	-
Other financial liabilities	14	-	-	23 79 90 398	23 79 90 398	23 79 90 398	-	-	-	-
Total Financial Liabilities				431 08 66 959	431 08 66 959	431 08 66 959	-	-	-	-

35 Financial Instruments

35.1 Disclosure of Financial Instruments by Category

As at April 01, 2018

Amount in Rs.

Particulars	Note No.	FVTPL	FVTOCI	Amortized cost	Total Carrying Value	Fair Value	Fair Value			
							Level 1	Level 2	Level 3	Level 4
Financial Assets										
Cash and Cash Equivalents	5	-	-	27 39 08 825	27 39 08 825	27 39 08 825	-	-	-	-
Bank balance other than above	6	-	-	7 22 90 959	7 22 90 959	7 22 90 959	-	-	-	-
Trade recievables	7	-	-	16 72 391	16 72 391	16 72 391	-	-	-	-
Loans	10			192 03 23 368	192 03 23 368	192 03 23 368	-	-	-	-
Other Financial Assets	8			4 07 32 768	4 07 32 768	4 07 32 768	-	-	-	-
Total Financial Assets				230 89 28 311	230 89 28 311	230 89 28 311	-	-	-	-
Financial Liabilities										
Trade Payables	13	-	-	1 20 18 830	1 20 18 830	1 20 18 830	-	-	-	-
Debt securities	21	-	-	27 56 30 902	27 56 30 902	27 56 30 902	-	-	-	-
Borrowings	22	-	-	156 38 88 568	156 38 88 568	156 38 88 568	-	-	-	-
Sub ordinated liabilities	23	-	-	15 48 33 878	15 48 33 878	15 48 33 878	-	-	-	-
Other financial liabilities	14	-	-	3 70 73 000	3 70 73 000	3 70 73 000	-	-	-	-
Total Financial Liabilities				204 34 45 178	204 34 45 178	204 34 45 178	-	-	-	-

36 Fair Value Measurement

Fair Value Measurement of Financial asset and Financial liabilities

- 36.1** The Fair value of Loan given and funds borrowed approximate carrying value as the respective interest rates of the said instruments are at the prevailing market rate of interest.
- 36.2** The carrying amount of other financial assets and other financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled. Hence, fair value hierarchy is not given for the same.

PAHAL FINANCIAL SERVICES PRIVATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020****37 Financial Risk Management****37.1 Financial Instruments Risk management objectives and Policies**

The company's activities expose it to variety of financial risks : market risk, credit risk and liquidity risk. The company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established a risk management policy to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Board of Directors oversee compliance with the Company's risk management policies and procedures, and reviews the risk management framework.

37.2 Market Risk

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk. The company does not have any foreign currency transactions and investments, hence it is not exposed to currency risk and other price risk respectively.

Interest Rate Risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company has no interest rate risk in case of lending activities, as rates of interest on the same are fixed during their tenure. With respect to Interest rate risk on borrowing, company manages risk by obtaining fixed as well as floating rate borrowing. In case of borrowing, the Company measures risk through sensitivity analysis.

The company's exposure to interest rate risk is as follows :

Particulars	Amount in Rs.		
	March 31, 2020	March 31, 2019	April 01, 2018
Liabilities			
Working capital facility	4 53 81 269	4 97 35 118	4 06 49 194
Debt securities	152 41 46 174	97 50 90 406	27 56 30 902
Borrowings (Term loans and Vehicle Loan)	345 56 19 415	266 48 37 071	152 32 39 375
Subordinated liabilities	36 77 86 780	34 23 88 683	15 48 33 878
	539 29 33 637	403 20 51 277	199 43 53 348

Sensitivity Analysis

Particulars	Impact on Profit and Loss after tax	
	March 31, 2020	March 31, 2019
Liabilities		
Interest rate increase by 50 basis point	(1 91 12 557)	(1 42 89 590)
Interest rate decrease by 50 basis point	1 91 12 557	1 42 89 590

37.3 Liquidity Risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys cash management system. It maintains adequate sources of financing including debt at an optimised cost.

The Company measures risk by forecasting cash flows.

PAHAL FINANCIAL SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient fund to meet expected operational expenses, servicing of financial obligations. The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted value.

The table below provide details regarding the contractual maturities of financial liabilities as at:

As at March 31, 2020	Contractual Maturity	Within 12 months	After 12 months
Trade Payables	3 01 33 869	3 01 33 869	-
Debt securities	152 41 46 174	13 94 64 356	138 46 81 818
Borrowings	350 10 00 684	237 07 36 427	113 02 64 256
Subordinated liabilities	36 77 86 780	-	36 77 86 779
Other financial liabilities	26 38 40 204	26 36 04 182	2 36 021
	568 69 07 710	280 39 38 834	288 29 68 875
As at March 31, 2019	Contractual Maturity	Within 12 months	After 12 months
Trade Payables	4 08 25 284	4 08 25 284	-
Debt securities	97 50 90 406	21 88 97 846	75 61 92 560
Borrowings	271 45 72 189	172 47 66 415	98 98 05 773
Subordinated liabilities	34 23 88 683	12 32 68 144	21 91 20 539
Other financial liabilities	23 79 90 398	23 79 90 398	-
	431 08 66 959	234 57 48 087	196 51 18 872
As at April 01, 2018	Contractual Maturity	Within 12 months	After 12 months
Trade Payables	1 20 18 830	1 20 18 830	-
Debt securities	27 56 30 902	6 71 81 642	20 84 49 259
Borrowings	156 38 88 568	88 72 45 642	67 66 42 927
Subordinated liabilities	15 48 33 878	4 49 65 468	10 98 68 410
Other financial liabilities	3 70 73 000	3 70 73 000	-
	204 34 45 178	104 84 84 582	99 49 60 596

37.4 Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk encompasses both, the direct risk of default and the risk of deterioration of credit worthiness.

The maximum exposure to the credit risk is as follows:

Particulars	March 31, 2020	March 31, 2019	April 01, 2018
Bank Balance			
Trade Receivables	60 15 16 906	42 60 05 481	8 19 55 129
Loans	4 71 42 188	1 38 80 088	16 72 391
Other Financial Assets	554 71 43 125	356 24 77 832	194 10 37 465
	18 66 59 718	11 75 02 271	4 07 32 768
	638 24 61 937	411 98 65 672	206 53 97 753

PAHAL FINANCIAL SERVICES PRIVATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

Credit risk on cash and cash equivalents is limited as company deposits with the banks.

For the loan portfolio, an impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of credit risk. For the purposes of this analysis, the loan portfolio is categorised into groups based on days past due. Each group is then assessed for impairment using the ECL model as per the provisions of Ind AS 109 - financial instruments. The impairment assessment also carried out in accordance with the regulations prescribed by RBI. The provision for impairment is considered at higher of the amount worked out as per Ind AS 109 or as per RBI Regulations.

The table below shows the credit quality based on credit concentration and the maximum exposure to credit risk based on the days past due and year-end stage classification of Loans. The amounts presented are gross of impairment allowances.

Loan amount	As on March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Loan portfolio	691 30 48 004	3 06 71 405	3 30 58 123	697 67 77 533
Impairment Allowances as per ECL Method	5 24 41 991	1 19 29 201	2 66 22 314	9 09 93 505
Provision for impairment allowance as per RBI Regulations	6 48 99 901	1 99 932	77 01 142	7 28 00 976

Loan amount	As on March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Loan portfolio	489 28 04 853	75 21 576	63 97 502	490 67 23 931
Impairment Allowances as per ECL Method	1 50 98 512	28 87 801	51 20 038	2 31 06 351
Provision for impairment allowance as per RBI Regulations	4 55 07 598	48 850	3 71 687	4 59 28 136

Loan amount	As on April 01, 2018			
	Stage 1	Stage 2	Stage 3	Total
Loan portfolio	221 50 58 556	55 70 846	95 20 824	223 01 50 226
Impairment Allowances as per ECL Method	72 56 450	21 38 846	76 19 690	1 70 14 986
Provision for impairment allowance as per RBI Regulations	2 05 73 645	50 689	89 763	2 07 14 097

Reconciliation of gross carrying amount of loan portfolio

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at April 01, 2018	221 50 58 556	55 70 846	95 20 824	223 01 50 226
- Transfers to Stage 1	18 030	(18 030)	-	-
- Transfers to Stage 2	(23 02 280)	23 02 280	-	-
- Transfers to Stage 3	(36 08 293)	(19 983)	36 28 276	-
New asset originated ,netted off for repayment and loans derecognised during the year	268 96 46 199	25 80 876	11 78 972	269 34 06 047
- Write offs	(60 07 359)	(28 94 413)	(79 30 570)	(1 68 32 342)

PAHAL FINANCIAL SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at March 31, 2019	489 28 04 853	75 21 576	63 97 502	490 67 23 931
- Transfers to Stage 1				
- Transfers to Stage 2	(1 88 01 601)	1 88 01 601	-	-
- Transfers to Stage 3	(2 61 37 730)	(5 86 059)	2 67 23 789	-
New asset originated ,netted off for repayment and loans derecognised during the year	208 59 18 286	1 06 02 187	82 41 177	210 47 61 649
- Write offs	(2 07 35 802)	(56 67 900)	(83 04 345)	(3 47 08 047)
Gross carrying amount balance as at March 31, 2020	691 30 48 004	3 06 71 405	3 30 58 123	697 67 77 533

Reconciliation of ECL Balance

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL Allowance as at April 01, 2018	72 56 450	21 38 846	76 19 690	1 70 14 986
- Transfers to Stage 1	31	(6 922)	-	(6 891)
- Transfers to Stage 2	(15 716)	8 83 845	-	8 68 129
- Transfers to Stage 3	(11 914)	(7 671)	29 03 709	28 84 123
New asset originated ,netted off for repayment and loans derecognised during the year	1 38 77 021	27 74 116	25 27 209	1 91 78 346
- Write offs	(60 07 359)	(28 94 413)	(79 30 570)	(1 68 32 342)
ECL Allowance as at March 31, 2019	1 50 98 512	28 87 801	51 20 038	2 31 06 351
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	(2 07 691)	72 17 935	-	70 10 244
- Transfers to Stage 3	(9 34 473)	(2 24 988)	2 13 87 049	2 02 27 587
New asset originated ,netted off for repayment and loans derecognised during the year	5 92 21 445	77 16 353	84 19 572	7 53 57 370
- Write offs	(2 07 35 802)	(56 67 900)	(83 04 345)	(3 47 08 047)
ECL Allowance as at March 31, 2020	5 24 41 991	1 19 29 201	2 66 22 314	9 09 93 505

38 Transfer of financial assets that are not derecognised in their entirety

38.1 Nature of loan portfolio transferred under securitization transaction

During the year 2019-20 and corresponding previous year, company has entered securitization arrangement with various banks and financial institutions. Under the arrangement company has transferred a select pool of loan portfolio which was originated in its books after completion of the minimum retention period as prescribed by Reserve Bank of India under its securitization guidelines. Derecognition of pool transferred which does not fulfil the derecognition criteria specified in AS 109 as the risk and rewards with respect to these assets are not substantially transferred.

Following such transfer, the company's involvement in these assets is as follows:-

- As a servicer of the transferred assets
- To the extent of credit enhancements provided to such parties.

PAHAL FINANCIAL SERVICES PRIVATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020****38.2 Nature of risk and rewards of ownership to which the entity is exposed**

The company has transferred a part of its portfolio (measured at amortised cost) vide assignment deals executed with various parties as a source of funds. As per the terms of deal, the derecognition criteria as per Ind AS 109 including transaction substantially at the risks and rewards relating assets being transferred to the buyer being met. The assets have been derecognized. These transactions are being done as per the guidelines laid down by the Reserve Bank of India.

The arrangement has evaluated the impact of the assignment transaction executed during the year on its business model. Based on the future business plan, the company's business model remains to hold assets for collecting contractual cash flows.

38.3 Details of assets transferred, assets continue to recognize and associated liabilities under securitization transactions

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Carrying amount of the original assets before transfer	1 64 23 61 731	1 44 38 90 542	29 72 99 621
Carrying amount of the assets that continue to recognize	2 08 79 787	54 26 393	39 93 122
Carrying amount of associated liabilities	2 08 79 787	54 26 393	39 93 122

39 Related Party Disclosures:**39.1 Related party****(a) Name of Key Management Personnel :**

1	Mr. Kartik Mehta	Managing Director
2	Ms. Purvi J Bhavsar	Managing Director
3	Mr. Chintan Desai	Chief Financial Officer
4	Ms. Nikita Sharma	Company Secretary

(b) Enterprise over which Key Managerial Personnel having significant influence:

1	Suyash Advisory LLP
2	Dia Vikas Capital Private Ltd
3	BOPA PTE Limited

39.2 Particulars of transactions with related parties. The transactions are disclosed in aggregate value.

		Amount In Rs.	
Sr no.	Particulars	2019 - 2020	2018 - 2019
I	Managerial Remuneration		
	Ms. Purvi J Bhavsar	78 80 138	50 22 439
	Mr. Kartik Mehta	78 80 138	50 22 439
II	Remuneration		
	Mr. Chintan Desai	35 78 007	22 80 000
	Ms. Nikita Sharma	7 52 053	4 56 000
III	Sweat equity issued during the year		
	Ms. Purvi J Bhavsar	25 00 000	-
	Mr. Kartik Mehta	25 00 000	-

PAHAL FINANCIAL SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Sr no.	Particulars	2019 - 2020	2018 - 2019
IV	Shares issued under ESOP Scheme during the year		
	Mr. Chintan Desa	7 80 000	-
V	Marketing Commission Received from Suyash Advisory	1 87 99 999	1 19 38 898
VI	Processing Fees Paid to Dia Vikas Capital Private Limited	-	16 00 000
VII	Interest Paid to Dia Vikas Capital Private Limited	-	88 52 055
VIII	Equity shares issued to Dia Vikas Capital Private Limited on conversion of Debentures (20,00,000 shares of F.V 10/- ₹ Covered at 30/-₹)	-	6 00 00 000
IX	Equity shares issued to BOPA PTE Limited (73,00,000 shares of F.V 10/- ₹ at 48/-₹)	35 04 00 000	-

Amount In Rs.

Sr no.	Compensation of Key Managerial Personnel	2019 - 2020	2018 - 2019
1	Short Term Employee Benefits	1 79 54 044	1 13 64 000
2	Post Employment Benefits	21 36 292	14 16 878
3	Share Based Payments	66 17 000	4 52 000
Total		267 073 36	132 328 78

39.3 Balances Outstanding at the end of the year

Amount In Rs.

Sr no.	Particulars	2019 - 2020	2018 - 2019
1	Suyash Advisory LLP		
	Receivable	28 36 797	73 16 000
	Payable	73 48 700	80 69 732

40 Earning Per Share

Amount In Rs.

Particulars	March 31, 2020	March 31, 2019
Basic		
Net Profit as as per statement of Profit & Loss	15 89 76 498	8 02 88 532
Less: Dividend on cumulative redeemable preference shares		
Less: Dividend distribution tax on preference dividend		
Profit available to Equity Shareholders	15 89 76 498	8 02 88 532
Weighted average of number of equity shares outstanding during the year (in Nos.) 2 36 27 862	2 36 27 862	1 75 92 040
Basic Earning per share of face value of ₹ 10 each (₹)	6.73	4.56
Diluted		
Effect of dilution: Stock options granted under ESOP	2 10 000	2 70 000
Sweat Equity Sahres		5 00 000
Adjusted net profit as per statement of Profit & Loss	15 91 98 498	8 07 40 533
Weighted average of number of equity shares for diluted EPS	2 38 37 862	1 83 62 040
Diluted Earning per share of face value of ₹ 10 each (₹)	6.68	4.40

PAHAL FINANCIAL SERVICES PRIVATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020****41 Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM is considered to be the Board of Directors who makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments.

The CODM considers the entire business of the Company on a holistic basis to make operating decisions reviews the operating results of the Company as a whole. Further the Company operates in a single reportable segment i.e. financing wherein loans are given to women who are organized as Joint Liability Groups ('JLG') and individuals in the urban areas of various states of India. These activities have similar risks and returns for the purpose of Ind AS 108 "Operating segments", and is considered to be the only reportable business segment. Further, The Company is operating in India which is considered as a single geographical segment.

42 Leases

The Company has taken various office premises under lease. The lease terms in respect of such premises are on the basis of individual agreement entered into with the respective landlords. All lease agreements are cancellable at the discretion of the lease i.e. the company by serving a notice to the lessor and hence there are no obligations or commitments with reference to such short-term leases as at reporting date.

Amount recognised in Statement of Profit & Loss		Amount In Rs.
Particulars	March 31, 2020	March 31, 2019
Expense related to short term lease	1 66 21 761	1 19 79 615

Amount recognised in Statement of Cash Flows		Amount In Rs.
Particulars	March 31, 2020	March 31, 2019
Under Operating activities (Short term leases)	1 66 21 761	1 19 79 615

43 CSR Expenses

		Amount In Rs.
Particulars	March 31, 2020	March 31, 2019
a) Gross Amount required to be spent by the Company during the year	3 68 296	-
b) Amount spent during the year on purposes other than construction/ acquisition of any asset	3 28 903	-
Paid	3 28 903	-
Yet to be paid	39 393	-
Total	3 28 903	-

44 Retirement Benefits**i Defined Contribution Plan:**

Contribution to Provident Fund and ESIC are included in note 32 "Employee benefits expense" includes ₹ 84,48,876/- (P.Y. ₹ 71,85,864/-) being expenses debited under defined contribution plan.

ii 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.

PAHAL FINANCIAL SERVICES PRIVATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

Consequent to the adoption of IND AS 19 '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:

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility :

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets underperform compared to this yield, this will create or increase a deficit. The defined benefit plans may hold equity type assets, which may carry volatility and associated risk.

Change in bond yields :

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plan's investment in debt instruments.

Inflation risk :

The present value of some of the defined benefit plan obligations are calculated with reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability. The post retirement medical benefit obligation is sensitive to medical inflation and accordingly, an increase in medical inflation rate would increase the plan's liability.

Life expectancy :

The present value of defined benefit plan obligation is calculated by reference to the best estimate of the mortality of plan participants, both during and after the employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

The following tables set out the status of the gratuity plan as required under Ind AS 19.

		Amount In Rs.	
Particulars	March 31, 2020	March 31, 2019	
i Employee benefit expense recognized in Statement of Profit & Loss:			
Current service cost	8 04 297	5 99 281	
Net Interest cost	81 427	18 121	
Net benefit expense	8 85 724	6 17 402	
ii Employee benefit expense recognized in Other comprehensive income (OCI):			
Actuarial (gain)/losses on obligation for the period	15 10 190	3 58 943	
Actual Returns on Plan Assets excluding Interest Income	56 036	96 465	
Net expense recognized in OCI for the period	15 66 226	4 55 408	
Particulars	March 31, 2020	March 31, 2019	
iii Changes in the present value of the defined benefit obligation are as follows:			
Opening defined benefit obligation	35 87 598	25 24 472	
Interest cost	2 72 299	1 94 637	
Current service cost	8 04 297	5 99 281	

PAHAL FINANCIAL SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Particulars	March 31, 2020	March 31, 2019
Actuarial (gains) / losses arising from change in financial assumptions	12 64 386	63 880
Actuarial (gains) / losses arising from experience adjustments	2 45 804	2 95 063
Benefits Paid	(1 13 233)	(89 735)
Closing defined benefit obligation	60 61 151	35 87 598
iv Changes in Plan Asset:		
Fair Value of Plan Assets at the Beginning of the Year	25 14 788	22 89 445
Expected Returns on Plan Assets	1 90 872	1 76 516
Employer's Contribution	10 63 126	2 35 027
Benefits Paid	(1 13 233)	(89 735)
Actuarial Gains/ (Losses)	(56 036)	(96 465)
Fair Value of Plan Asset at the end of the year**	35 99 517	25 14 788
v Amount Recognised in Balance Sheet		
Defined benefit obligation	60 61 151	35 87 598
Fair value of plan assets	35 99 517	25 14 788
Plan asset / (liability)	(24 61 634)	(10 72 810)
vi The principal assumptions used in determining gratuity obligation for the Company's plans are shown below:		
Particulars	March 31, 2020	March 31, 2019
Discount Rate per annum	6.04%	7.59%
Expected return on plan assets	6.04%	7.59%
Rate of salary increase	7.00%	7.00%
Employee turnover rate	For service 4 years and below 30% p.a. & For service 5 years and above 1% p.a.	For service 4 years and below 30% p.a. & For service 5 years and above 1% p.a.
Mortality Rate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

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

Closing defined benefit obligation	60 61 151	35 87 598
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vii Projection Risks:

Investment Risk -

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit.

Interest Risk -

A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.

PAHAL FINANCIAL SERVICES PRIVATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020****Longevity Risk -**

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary Risk -

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Funding Arrangement and Policy

The money contributed by the Group to the fund to finance the liabilities of the plan has to be invested. The trustees of the plan are required to invest the funds as per the prescribed pattern of investments laid out in the Income Tax Rules for such approved schemes.

viii Maturity Profile of Defined Benefit Obligations

Particulars	March 31, 2020	March 31, 2019
Maturity benefits payable in future years from the date of reporting		
1st Following year	61 039	41 283
2nd Following year	68 333	49 715
3rd Following year	76 871	55 556
4th Following year	86 356	62 013
5th Following year	95 147	68 902
Sum of Years 6 to 10	21 00 164	16 31 492
Sum of Years 11 and above	1 65 66 319	1 29 62 384

ix Quantitative sensitivity analysis for significant assumption

Particulars	March 31, 2020	March 31, 2019
Projected benefit obligation on current assumption	60 61 151	35 87 598
Increase/decrease on present value of defined benefits obligation		
1% increase in discount rate	(8 62 218)	(4 87 333)
1% decrease in discount rate	10 73 140	6 00 031
1% increase in salary escalation rate	9 52 000	5 74 530
1% decrease in salary escalation rate	(7 90 866)	(4 93 920)
1% increase in employee turnover rate	(1 18 727)	5 658
1% decrease in employee turnover rate	1 35 987	(11 345)

x Prescribed Contribution for Next year(12 Months)**xi Quantitative sensitivity analysis for significant assumption**

Particulars	March 31, 2020	March 31, 2019
Insurance fund	35 99 517	25 14 788

45 Maturity analysis of assets and liabilities

Particulars	As at 31st March 2020			As at 31st March 2019			As at 1st April 2018		
	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months
A ASSETS									
1 Financial Assets									
a Cash and cash equivalents	77 98 50 153	77 98 50 153	-	105 25 72 117	105 25 72 117	-	27 39 08 825	27 39 08 825	-
b Bank balance other than (a) above	33 64 21 441	15 06 32 497	18 57 88 944	17 58 98 839	3 59 45 065	13 99 53 774	7 22 90 959	53 82 510	6 69 08 449
c Trade receivables	4 71 42 188	4 71 42 188	-	1 38 80 088	1 38 80 088	-	16 72 391	16 72 391	-
d Loans	545 61 49 619	340 56 28 537	205 05 21 082	351 65 49 698	204 67 60 162	146 97 89 536	192 03 23 368	141 73 84 941	50 29 38 426
e Other Financial Assets	18 66 59 718	13 87 74 027	4 78 85 691	11 75 02 271	8 16 61 656	3 58 40 615	4 07 32 768	3 47 67 704	59 65 064
Total Financial Assets	680 62 23 119	452 20 27 402	228 41 95 718	487 64 03 013	323 08 19 087	164 55 83 926	230 89 28 311	173 31 16 372	57 58 11 939
2 Non-Financial assets									
a Current tax assets (Net)	1 11 89 361	-	1 11 89 361	-	-	-	31 57 988	-	31 57 988
b Deferred tax assets (Net)	20 52 983	-	20 52 983	1 04 28 729	-	1 04 28 729	2 51 11 131	-	2 51 11 131
c Property, Plant and Equipment	1 40 47 018	-	1 40 47 018	66 17 392	-	66 17 392	54 80 755	-	54 80 755
d Intangible assets	12 02 164	-	12 02 164	15 56 250	-	15 56 250	8 04 725	-	8 04 725
e Other non-financial assets	53 43 209	53 43 209	-	51 74 949	11 65 753	40 09 196	50 36 447	50 10 457	25 990
Total Non-Financial Assets	3 38 34 735	53 43 209	2 84 91 527	2 37 77 320	11 65 753	2 26 11 567	3 95 91 046	50 10 457	3 45 80 590
Total assets	684 00 57 854	452 73 70 610	231 26 87 244	490 01 80 333	323 19 84 841	166 81 95 492	234 85 19 357	173 81 26 829	61 03 92 529
LIABILITIES AND EQUITY									
LIABILITY									
1 Financial liabilities									
a Payables									
1 Trade Payables									
i) total outstanding dues to micro enterprises and small enterprises									
ii) total outstanding due to creditors other than micro enterprises and small enterprises	3 01 33 869	3 01 33 869		4 08 25 284	4 08 25 284	-	1 20 18 830	1 20 18 830	-

45 Maturity analysis of assets and liabilities

		As at 31st March 2020			As at 31st March 2019			As at 1st April 2018		
Particulars		Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months
b	Debt securities	152 41 46 174	13 94 64 356	138 46 81 818	97 50 90 406	21 88 97 846	75 61 92 560	27 56 30 902	6 71 81 642	20 84 49 259
c	Borrowings (other than debt securities)	350 10 00 684	237 07 36 427	113 02 64 256	271 45 72 189	172 47 66 415	98 98 05 773	156 38 88 568	88 72 45 642	67 66 42 927
d	Subordinated liabilities	36 77 86 780	-	36 77 86 779	34 23 88 683	12 32 68 144	21 91 20 539	15 48 33 878	4 49 65 468	10 98 68 410
e	Other financial liabilities	26 38 40 204	26 36 04 182	2 36 021	23 79 90 398	23 79 90 398	-	3 70 73 000	3 70 73 000	-
Total Financial Liabilities		568 69 07 711	280 39 38 834	288 29 68 875	431 08 66 959	234 57 48 087	196 51 18 872	204 34 45 178	104 84 84 582	99 49 60 596
2 Non-Financial Liabilities										
a	Current tax liabilities (Net)	-	-	-	57 65 371	5,765,371.33	-	-	-	-
b	Provisions	24 61 634	24 61 634	-	10 63 126	-	10 63 126	2 35 027		2 35 027
c	Other non - financial Liabilities	1 37 33 028	1 37 33 028	-	91 53 657	91 53 657	-	96 35 557	93 40 972	2 94 585
Total Non-Financial Liabilities		1 61 94 662	1 61 94 662		1 59 82 154	1 49 19 028	10 63 126	98 70 584	93 40 972	5 29 612
3 EQUITY										
a	Equity share capital	30 54 29 440	-	30 54 29 440	21 68 29 440	-	21 68 29 440	15 40 29 440	-	15 40 29 440
b	Other equity	83 15 26 041	-	83 15 26 041	35 65 01 779	-	35 65 01 779	14 11 74 155	-	14 11 74 155
Total Equity		113 69 55 481		113 69 55 481	57 33 31 219		57 33 31 219	29 52 03 595		29 52 03 595
Total Liabilities and Equity		6,84,00,57,854	2,82,01,33,496	4,01,99,24,356	4,90,01,80,333	2,36,06,67,116	2,53,95,13,217	2,34,85,19,357	1,05,78,25,554	1,29,06,93,803

46 Disclosure required as per Circular DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 - Implementation of Indian Accounting Standards

Amount In Rs.

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets Standard	Stage 1	691 30 48 004	5 24 41 991	686 06 06 013	6 48 99 901	(1 24 57 910)
	Stage 2	3 06 71 405	1 19 29 201	1 87 42 205	1 99 932	1 17 29 268
	Stage 3	87 49 029	70 45 754	17 03 275	38 63 395	31 82 359
Subtotal		695 24 68 439	7 14 16 945	688 10 51 494	6 89 63 228	24 53 717
Non-Performing Assets (NPA)						
Substandard	Stage 3	2 43 09 094	1 95 76 560	47 32 534	38 37 747	1 57 38 813
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		2 43 09 094	1 95 76 560	47 32 534	38 37 747	1 57 38 813
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal for NPA		-	-	-	-	-
Total	Stage 1	691 30 48 004	5 24 41 991	686 06 06 013	6 48 99 901	(1 24 57 910)
	Stage 2	3 06 71 405	1 19 29 201	1 87 42 205	1 99 932	1 17 29 268
	Stage 3	3 30 58 123	2 66 22 314	64 35 809	77 01 142	1 89 21 172
	Total	697 67 77 533	9 09 93 505	688 57 84 028	7 28 00 976	1 81 92 530

PAHAL FINANCIAL SERVICES PRIVATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020****47 Disclosure required as per Circular DOR.No.BP.BC.63/21.04.048/2019-20 - COVID19 Regulatory Package - Asset Classification and Provisioning**

Particulars	Amount
(A) SMA/overdue categories, where the moratorium/deferment was extended	10 03 73 900
(B) Out of (A) above, amount on which asset classification benefits is extended	7 68 30 451
(C) Provision Made on (B) as at 31-03-2020	38 41 523
(D) Provisions adjusted during the respective accounting periods against slippages	
(E) Residual Provision	38 41 523

48 Pursuant to RBI Guidelines on Liquidity Risk Management Framework for Non-Banking Financial Companies dated November 4, 2019**48.1 Funding Concentration based on significant counterparty (both deposits and borrowings)**

Number of Significant Counterparties	Amount (Rs.)	% of Total deposits	% of Total liabilities
1	83 00 00 000	NA	15.29%

48.2 Details of Top 20 large deposits

Not Applicable. The Company being a Non-Systemically Important Non-Deposit Non-Banking Financial Company registered with Reserve Bank of India does not accept public deposits.

48.3 Details of Top 10 borrowings

Amount (Rs.)	% of Total Borrowings
341 95 79 114	62.98%

48.4 Funding Concentration based on significant instrument/product

Name of the Instrument/ Product	Amount (Rs.)	% of Total Liabilities
Debt securities	152 41 46 174	28.26%
Borrowings (other than debt securities)	350 10 00 684	64.92%
Subordinated liabilities	36 77 86 779	6.82%
Total	539 29 33 637	100.00%

48.5 Stock Ratios

Particulars	As a % of public funds	As a % of Total liabilities	As a % of total assets
Commercial papers	-	-	-
Non- Convertible Debentures	-	-	-
Other Short term liabilities	-	0.80%	0.66%

48.6 Institutional set-up for Liquidity Risk Management

Refer Note No.: 37.3

PAHAL FINANCIAL SERVICES PRIVATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020****49 Capital to Risk Assets ratio (CRAR) (Computed as per method prescribed by RBI)**

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
(i)	CRAR (%) [(ii) + (iii)]	24.54%	23.18%
(ii)	CRAR- Tier I Capital(%)	19.09%	14.65%
(iii)	CRAR- Tier II Capital(%)	5.45%	8.54%
(iv)	Amount of subordinated debt considered as Tier-II capital (In ₹)	30 40 00 000	19 80 00 000

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

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

52 The Company has no exposure to capital market.

53 Asset Liability Management - Maturity pattern of certain items of assets and liabilities

	As at 31st March 2020		As at 31st March 2019	
	Loans	Borrowings	Loans	Borrowings
1 day to 30/31 day (one month)	26 44 52 601	26 87 29 751	14 85 20 268	14 56 10 499
Over one month to 2 months	27 58 05 985	22 66 68 505	16 64 35 930	18 62 40 555
Over 2 months to 3 months	28 53 39 651	20 49 00 398	16 64 42 716	15 73 91 813
Over 3 months upto 6 months	85 57 29 700	63 40 11 535	52 00 89 172	44 71 77 739
Over 6 months upto 1year	168 89 38 027	117 82 54 349	101 72 92 052	113 16 50 736
Over 1 year upto 3 years	216 18 27 276	213 99 40 028	153 68 49 193	114 10 11 053
Over 3 years upto 5 years	1 50 39 886	60 11 54 243	60 58 502	74 93 50 786
Over 5 years	-	13 92 74 828	-	7 36 18 096
Total	554 71 33 125	539 29 33 637	356 16 87 832	403 20 51 277

54 The Company has no transactios/ Exposures in derivatives in the current and previous year.

55 The company has not witnessed/reported any instances of fraud in the current and previous year.

56 Credit Rating

The CARE and ICRA have assigned following ratings to Company.

Facility	Credit Rating Agency ICRA	Credit Rating Agency CARE
Bank Facilities	BBB - / Stable	
Non-Convertible Debentures	BBB - / Stable	BBB - / Stable
Subordinated Debt		BBB - / Stable

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

58 No penalties imposed imposed by RBI and other regulators during current and previous year.

59 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 2019-20 is as under:

Particulars	2019-20	2018-19
Average Interest Rate on Loans given (A)	24.24%	24.87%
Average effective cost of Borrowing (B)	15.63%	15.90%
Net Interest Margin (A-B)	8.61%	8.97%

PAHAL FINANCIAL SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

60 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:

(Amount in Rs.)

(a) Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Total number of loans assigned/securitised during the year	75 808	1 05 675
Total book value of loans assigned/securitised during the year	214 77 25 785	203 01 11 151
Sale consideration received for loans assigned/ securitised during the year	193 42 76 931	188 93 21 431
Income recognised in the statement of profit and loss during the year	1 52 61 598	1 93 11 837
Balance of loans assigned /securitised as at the balance sheet date	164 23 80 717	144 38 90 541
Cash Collateral provided and outstanding as at the balance sheet date	9 17 73 033	5 23 35 015

(b) Details of Securitisation transactions undertaken:

Sr No	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
1	No. of SPVs sponsored by the NBFC for securitisation transactions	8	6
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	45 83 72 037	60 55 75 210
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		
	- Others	10 22 78 812	5 01 25 332
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	9 17 73 033	5 23 35 015
	- Others	-	-
	ii) Exposure to third party securitisations		
	- First loss		
	- Others		

(c) Details of assignment transactions undertaken:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Number of Accounts	54 911	68 537
Aggregate value of accounts sold	162 61 91 220	133 96 02 871
Aggregate consideration	146 48 95 522	124 89 38 481
Additional consideration realized in respect of accounts transferred in earlier years		
Aggregate gain or loss over net book value	1 52 61 598	1 93 11 837

PAHAL FINANCIAL SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

61 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 Rs.)
Sr. No.	Particulars	Total Amount Outstanding	Amount Overdue
1	Loans and Advances availed by the non- banking financial company inclusive of interest accrued thereon and not paid		
a	Debentures :		
	- Secured	158 08 37 182	
	- Unsecured	20 90 89 020	
	(other than falling within the meaning of public deposits*)		
b	Deferred Credits		
c	Term Loans	347 46 29 742	
d	Inter-corporate loans and borrowing	-	
e	Commercial Paper	-	
f	Other Loans		
	Sub ordinate debt	16 13 20 640	
	Working capital facility	4 58 94 512	

II.Assets side

			(Amount in Rs.)
Sr. No.	Particulars	Amount Outstanding	
2	Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :		
a	Secured	8 44 72 627	
b	Unsecured	546 26 70 498	
3	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities:		
1	Lease assets including lease rentals under sundry debtors :		
	a) Financial lease		
	b) Operating lease		
2	Stock on hire including hire charges under sundry debtors:		
	a) Assets on hire		
	b) Repossessed Assets		
3	Other loans counting towards AFC activities :		
	a) Loans where assets have been repossessed		
	b) Loans other than (a) above		
3	Break- up of Investments:		
	Current Investments		
I	Quoted		
I	Shares		
	a) Equity		
	b) Preference		
ii	Debenture and Bonds		
iii	Units of Mutual Funds		
iv	Government Securities		
v	Others		

NIL

NIL

PAHAL FINANCIAL SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

II.Assets side		(Amount in Rs.)
Sr. No.	Particulars	Amount Outstanding
II	Unquoted	
I	Shares	NIL
	a) Equity	
	b) Preference	
ii	Debenture and Bonds	
iii	Units of Mutual Funds	
iv	Government Securities	
v	Others	
	Long Term Investments	
I	Quoted	
I	Shares	NIL
	a) Equity	
	b) Preference	
ii	Debenture and Bonds	
iii	Units of Mutual Funds	
iv	Government Securities	
v	Others	
I	Unquoted	
I	Shares	NIL
	a) Equity	
	b) Preference	
ii	Debenture and Bonds	
iii	Units of Mutual Funds	
iv	Government Securities	
v	Others	

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

(Amount in Rs.)

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	8 44 72 627	546 26 70 498	554 71 43 125
Total	8 44 72 627	546 26 70 498	554 71 43 125

PAHAL FINANCIAL SERVICES PRIVATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020****6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):**

		(Amount in Rs.)
Particulars	Market Value/ Break up or Fair Value or NAV	Book Value (Net of Provisions)
1 Related Parties		
a) Subsidiaries		
b) Companies in the same group		
c) Other related parties		
2 Other than related parties		
Total		

7) Other Information

		(Amount in Rs.)
Particulars		
I Gross Non- Performing Assets		
a) Related Parties		-
b) Other than related parties		1 22 42 201
iii Net Non- Performing Assets		
a) Related Parties		-
b) Other than related parties		1 21 19 779
iii Assets acquired in satisfaction of Debts		

62 Previous year's figures have been regrouped / reclassified wherever necessary to make them comparable with current year's figures.

As per our report of even date
For Manubhai & Shah LLP
Chartered Accountants
ICAI Firm Reg.No.
106041W/W100136

(Jignesh D. Shah)
Partner
Membership No. 100116
Place: Ahmedabad
Date: July 7, 2020

For and on behalf of the Board

Kartik S. Mehta
Managing Director
DIN: 02083342

Chintan Desai
Chief Financial Officer
Place: Ahmedabad
Date: July 7, 2020

Purvi J. Bhavsar
Managing Director
DIN: 02102740

Nikita Sharma
Company Secretary

NOTICE OF ANNUAL GENERAL MEETING

Notice to Members

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 Tuesday, 29 th December 2020 at 05:00 P.M through Video Conferencing (VC) facility as per the General Circular No. 20/2020 dated 05 th May 2020, issued by Ministry of Corporate Affairs at the 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: Approval and Adoption of Audited Financial Statements and the reports of the Directors and Auditors

To consider, and if thought fit, to pass with or without modification(s), following resolution as **an Ordinary Resolution**

To receive, consider and adopt the audited financial statements of the company for the year ended 31 st March 2020, including the Audited Balance Sheet as at 31 st March 2020, 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: Declaration of Dividend:

To confirm the payment of Interim Dividend to the Preference Shareholders of the Company for the Financial Year 2019-20 amounting to Rs. 1,66,36,639/- (excluding dividend tax).

To declare a Final Dividend on Equity Shares of the Company for the Financial Year 2019-20 @Rs. 0.20 per equity shares.

Item No. 3: Appointment of Statutory Auditor

To appoint the 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 the provisions of Section 139,142 and other applicable provisions, if any, of the Companies Act, 2013, read with rules made there under, M/s SGD & Associates LLP bearing registration number W100188 , be and are hereby appointed as Statutory Auditors of the Company for F.Y 2020-21 and the Board of Directors of the Company be and is hereby authorized to fix their remuneration for the said period.”

Date: 19.12.2020

Place: Ahmedabad

On behalf of the Board of Directors

**Sd/-
Kartik S Mehta
(Managing Director)**

Notes

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ('MCA') has vide its general circular no. 20/2020 dated 5 th May 2020 read with general circular no. 14/2020 dated 8 th April 2020 and general circular no.17/2020 dated 13 th April 2020 and other applicable circulars issued by the Securities and Exchange Board of India (SEBI) has allowed the Companies to conduct the annual general meeting ('AGM') through Video Conferencing (VC) or Other Audio Visual Means (OAVM) during the calendar year 2020, without the physical presence of the members at a common venue. In compliance with the provisions of the Companies Act, 2013 (the 'Act'), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and MCA Circulars, the AGM of the Company is being conducted using Zoom Meeting App. Meeting ID and password to participate the said AGM is given herein below:

Link of Video Conferencing	https://us02web.zoom.us/j/6790098056?
Meeting ID	679 009 8056
Password	084227

The detailed procedure for participation in the meeting through Video Conferencing by using Zoom App, please refer Annexure A as enclosed.

2. Pursuant to MCA Circular No. 14/2020 dated April 8, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM, Hence the Proxy form and Attendance Slip including Route Map are not annexed to this Notice. However Institutional/Corporate shareholders are entitled to appoint Authorized Representatives to attend the AGM on its behalf and to vote on their behalf. They are required to send a certified true copy of its board resolution together with the specimen signature(s) of the representatives authorised under the said Board resolution to attend and vote on their behalf at the meeting. The said resolution/authorization shall be sent to Ms. Nikita Sharma, Company Secretary of the Company by email through its registered email address to nikita.sharma@pahalfinance.com.
3. Pursuant to MCA Circular dated 5 May 2020 read with Circular No. 14/2020 dated 08 th April 2020. A member or authorized representative of the Corporate member entitled to vote at the Annual General Meeting can cast his/her vote at nikita.sharma@pahalfinance.com through his registered mail address.
4. 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.
5. Payment of Dividend as recommended by the Directors, if approved at the Meeting, will be made to those members whose names are on the Company's Register of Members at the end of business hours of 29 th December 2020.
6. The payment of dividend will be made to all members holding Equity Shares in respect of shares held in dematerialized form and/or in physical form (if any) as per data made available by National Securities Depository Limited (NSDL) and/or Registrar & Share Transfer Agent of the closure of business hours on 29 th December 2020.

7. The notice is being sent to all the members of the company; whose name appears on the register of members/record (s) of depository as on 29 th December 2020.
8. Members are requested to note that Dividends not uncashed 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.
9. Members may also note that the Notice of this AGM will be available on the website of the Company i.e www.pahalfinance.com.
10. Members are requested to advise any change in their address in written immediately to the Company at its Registered Office.
11. Members desiring any information relating to the accounts are requested to write to the Company well in advance to enable the management to keep the information ready.

**On behalf of the Board of
Directors**

Sd/-

**Kartik S Mehta
(Managing Director)**

Date: 19.12.2020

Place: Ahmedabad

Annexure A

Instructions for participating in the Annual General Meeting of the members of Pahal Financial Services Private Limited, to be held on Tuesday, 29 th December 2020 at 05:00 P.M through Video Conferencing, by using Zoom Meeting App.

Instructions for participating the aforesaid AGM through Video Conference:

- Step 1.** Download the Zoom Meeting App – from Google Play store in your Mobile or Laptop.
- Step 2.** Click on “Sign Up”
- Step 3.** For verification, please enter your “Date of Birth”
- Step 4.** Please enter “Your Email”, “First Name” and “Last Name” and click on “I agree to the terms of service”
- Step 5.** Now go to your Registered email provided, check inbox for the registration email and click on the “Activate Account”
- Step 6.** Go to your Zoom App, click on the “Join” and enter the meeting id and password and now click on the “Join Meeting” Tab and ensure that you have proper internet facility through mobile phone or Wifi connect to your devise.

Other instructions:

- 1.** Please note that, if you have already downloaded/using Zoom App then you need not to do the aforesaid activities and you have to just enter the Zoom Meeting ID and Password, as provided in this Notice.
- 2.** You can sign in/join the meeting before 15 minutes on the meeting day for timely participation in the AGM through video conferencing.
- 3.** Please listen and participate in the discussion carefully.
- 4.** Please Propose and Second any of the resolution by raising your hand /show of hands and by saying “I propose the resolution” or “I Second the Resolution” whenever it is asked by the Company Secretary/Chairperson.
- 5.** Please click on the “Mute” tab when there is any disturbance or noise around you or not talking.
- 6.** Please ensure that, no other person is sitting with you /participating in the aforesaid meeting through Video Conferencing.
- 7.** Please click on “Unmute” tab when you want to say something.

On behalf of the Board of Directors

Date: 19.12.2020
Place: Ahmedabad

Sd/-

Kartik S Mehta
(Managing Director)



GET IN TOUCH

079 40373857

www.pahalfinance.com

ho@pahalfinance.com

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

