

SGDG & ASSOCIATES LLP

Chartered Accountants

Independent Auditor's Report on the audited financial results of Pahal Financial Services Private Limited pursuant to the regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To

The Board of Directors of
Pahal Financial Services Private Limited

Report on the Audit of the Financial Results

Opinion

We have audited the accompanying statement of half yearly Financial Results of **Pahal Financial Services Private Limited** ("the Company"), for the half year and year ended March 31, 2021 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- (i) is presented in accordance with the requirements of the Listing Regulations in this regard; and
- (ii) gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net profit, other comprehensive loss and other financial information of the company for the half year and year ended March 31, 2021.

Basis of Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013, as amended ('the Act'). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Results" section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial 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.

Emphasis of Matter

We draw attention to Note 7 to the Statement, which describes the economic and social disruption, continued to be caused by COVID-19 pandemic, of the Company's business and financial metrics including the Company's estimates of impairment of loans to customers, and that such estimates may be affected by the severity and duration of the pandemic. Our opinion is not modified in respect of this matter.

Management's Responsibility for the Ind AS Financial Statements

The Statement has been prepared on the basis of the annual financial statements. The Board of Directors of the company is responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit and other comprehensive loss of the company and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate

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accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of Directors 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 is also responsible for overseeing the Company's financial reporting process.

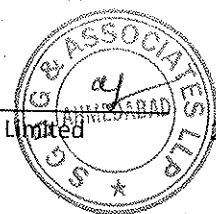
Auditor's Responsibility for the Audit of the Financial Results

Our objectives are to obtain reasonable assurance about whether the Financial Statement 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 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 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 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 financial statements, including the disclosures, and whether the 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.



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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.

Other Matter

The Statement includes the results for the half year ended March 31, 2021 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2021 and the published unaudited reviewed year-to-date figures up to the first half year of the current financial year. The figures for the full financial year ended March 31, 2020 and year-to-date figures up to the first half year of the current financial year have been audited / reviewed by another Auditor M/s Manubhai & Shah LLP, Chartered Accountants who had expressed an unmodified opinion / conclusion on those results vide their audit report dated July 6, 2020 and review report dated November 13, 2020 respectively.

Place: Ahmedabad
Date: June 28, 2021



For S G D G & Associates LLP
Chartered Accountants
ICAI Firm Registration No. W100188

Devansh Gandhi
Devansh Gandhi
Partner
Membership No.: 129255
UDIN: 21129255AAAAEB1353

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 Website : www.pahalfinance.com
 CIN : U65910GJ1994PTC082668

Balance Sheet

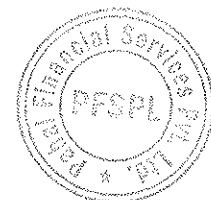
(Rupees in Lakhs)

S. No.	Particulars	As at March 31, 2021 (Audited)	As at March 31, 2020 (Audited)
	ASSETS		
[1]	Financial Assets		
	(a) Cash and cash equivalents	6,202.14	7,798.50
	(b) Bank Balance other than (a) above	5,950.66	3,364.21
	(c) Trade Receivables	1,150.89	470.51
	(d) Loans	62,954.45	54,561.50
	(e) Other Financial assets	2,372.46	1,866.60
		78,630.60	68,061.32
[2]	Non-financial Assets		
	(a) Current tax assets (Net)	39.96	111.89
	(b) Deferred tax Assets (Net)	122.24	20.53
	(c) Property, Plant and Equipment	311.94	140.47
	(d) Intangible assets	11.09	12.02
	(e) Right of Use Asset	337.24	-
	(f) Other non-financial assets	69.83	54.35
		892.30	339.26
	Total Assets	79,522.90	68,400.58
	LIABILITIES AND EQUITY		
	LIABILITIES		
[1]	Financial Liabilities		
	(a) Payables		
	(i) Trade Payables		
	(i) total outstanding dues of micro enterprises and small enterprises	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	657.56	282.98
	(b) Lease Obligation	333.18	-
	(c) Debt Securities	25,215.60	15,241.46
	(d) Borrowings (Other than Debt Securities)	33,097.59	35,010.01
	(e) Subordinated Liabilities	3,682.27	3,677.87
	(f) Other financial liabilities	3,169.51	2,638.40
		66,155.71	56,850.72
[2]	Non-Financial Liabilities		
	(a) Provisions	7.61	24.62
	(b) Other non-financial liabilities	923.57	155.69
		931.18	180.31
[3]	EQUITY		
	(a) Equity Share capital	3,218.46	3,054.29
	(b) Other Equity	9,217.55	8,315.26
	Total Equity	12,436.01	11,369.55
	Total Liabilities and Equity	79,522.90	68,400.58

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 CHARTERED ACCOUNTANTS

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Statement of Audited Financial Results For the Year Ended March 31, 2021

(Rupees in Lakhs)

S. No.	Particulars	For the half Year ended		For the Year ended	
		March 31, 2021 (Refer Note 3)	March 31, 2020 (Refer Note 3)	March 31, 2021 (Audited)	March 31, 2020 (Audited)
	Revenue from operations				
(i)	Interest Income	7,043.67	7,416.08	15,248.32	13,544.32
(ii)	Fees and commission Income	448.17	444.76	616.91	562.47
(iii)	Net gain on fair value changes	16.00	58.72	41.45	158.92
(iv)	Other operating revenues	41.41	18.34	46.27	30.74
(I)	Total Revenue from operations	7,549.25	7,937.70	15,952.95	14,296.40
(II)	Other Income	11.56	44.13	23.45	91.72
(III)	Total Income (I+II)	7,560.81	7,981.83	15,976.40	14,388.12
	Expenses				
(i)	Finance Costs	4,006.97	3,985.07	8,176.53	7,393.70
	Net loss on derecognition of financial instruments under amortised cost category	249.38	636.64	249.38	450.65
(iii)	Impairment on financial instruments	1,601.13	(33.26)	2,437.66	194.46
(iv)	Employee Benefits Expenses	1,698.37	1,462.33	3,054.49	2,671.83
(v)	Depreciation, amortization and impairment	39.39	20.62	61.47	36.61
(vi)	Other expenses	717.98	782.09	1,359.98	1,304.62
(IV)	Total Expenses	8,313.20	6,853.49	15,339.51	12,051.87
(V)	Profit before exceptional items and tax (III-IV)	(752.41)	1,128.34	636.89	2,336.25
(VI)	Tax Expense:				
(i)	Current Tax	(291.06)	463.92	309.73	788.92
(ii)	MAT Credit Adjustment	-	-	-	-
(iii)	Deferred Tax	153.24	(26.68)	(101.71)	(42.44)
	Total Tax Expense	(137.82)	437.24	208.02	746.48
(VII)	Profit for the period (V-VI)	(614.58)	691.09	428.88	1,589.77
(VIII)	Other Comprehensive Income				
	A. Items that will not be reclassified to profit or loss				
(i)	Remeasurement of Defined Benefit Obligations	0.10	(8.38)	(1.30)	(15.66)
(ii)	Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-
	Subtotal (A)	0.10	(8.38)	(1.30)	(15.66)
	B. Items that will be reclassified to profit or loss				
(i)	Items that will be reclassified to profit or loss	(86.55)	-	(86.55)	-
(ii)	Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
	Subtotal (B)	(86.55)	-	(86.55)	-
	Other Comprehensive Income (A+B)	(86.45)	(8.38)	(87.85)	(15.66)
(IX)	Total Comprehensive Income for the period (VII + VIII)	(701.03)	682.71	341.03	1,574.11
(X)	Earnings per equity share (Face value Rs. 10/- per equity share)				
	Basic (Rs.)	(1.91)	2.73	1.35	6.73
	Diluted (Rs.)	(1.91)	2.72	1.35	6.68

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Notes:

1. The company is a Non Banking Finance Company - Micro Finance Institution ('NBFC-MFI'), registered with the Reserve Bank of India
2. The above financial results of the Company (the "Statement") have been reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Company at its Meeting held on 28th June 2021 and have been subjected to audit by the statutory auditors of the Company on which the auditors have expressed an unmodified opinion.
3. The Statement includes the financial results for the half year ended March 31, 2021 and March 31, 2020 being the balancing figure between the audited figures in respect of the full financial year and the published year to date figures up to the half year ended on September 30, 2020 and September 30, 2019 respectively which were subjected to limited review.
4. These financial results have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with relevant Rules issued there under (Ind-AS) and other accounting principles generally accepted in India and in accordance with the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended.
5. The Company is engaged primarily in the business of financing and all its operations are in India only. Accordingly, there is no separate reportable segment as per Ind AS 108 on 'Operating Segments' in respect of the Company.
6. Earning per share (EPS) for the full year ended March 31, 2021 and March 31, 2020 have been calculated on yearly basis and for the half year ended March 31, 2021 and March 31, 2020 is calculated for six months and not annualised.
7. The COVID-19 pandemic has continued to cause a significant disruption of the economic activities across the globe including India throughout the year, with second wave of the pandemic emerging towards the later part of the financial year in India. The Government of India announced a nation-wide lockdown to contain the spread of the virus which continued till May 31, 2020. Subsequently, various state governments and local statutory authorities imposed restrictions on economic activities in different parts of the country which continued to impact Company's operations including lending and collection activities. Further, pursuant to the Reserve Bank of India ('RBI') COVID-19 Regulatory package issued vide circulars dated March 27, 2020 and May 23, 2020 which allowed lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and August 31, 2020, the Company had offered a moratorium to its borrowers until May 31, 2020 which was further extended up to August 31, 2020.
 In assessing the impairment allowance for loan portfolio, the Company has considered internal and external sources of information available including indicators of deterioration in the macro-economic factors. Further, the management has estimated the impact of the ongoing second wave of the pandemic on its loan portfolio, based on reasonable and supportable information available till date and considering performance after the first wave, and has noted that the existing provisioning levels are adequate to cover any further delinquencies. Given the unique nature and scale of this pandemic, its full extent of impact on the Company's operations and financial metrics, more specifically on the borrower's ability to service their obligations on a timely basis, will depend on the severity and duration of the pandemic as well as on highly uncertain future developments including governmental and regulatory measures and the Company's responses thereto. Accordingly, the management's estimate of impairment losses based on various variables and assumptions could result in actual credit loss being different than that being estimated.
8. Further, in view of the matters mentioned in note 7 above, the Company has assessed the impact of the pandemic on its liquidity and ability to repay its obligations as and when they are due. The collections of the Company for second half year have improved significantly. Further, the Company has considered its current liquidity position, expected inflows from various sources of borrowings and stimulus packages announced by the Government of India. Based on the foregoing, management believes that the Company will be able to pay its obligations as and when these become due in the foreseeable future.

Disclosure required as per Circular DOR.No.BP.BC.63/21.04.048/2019-20 - COVID19 Regulatory Package - Asset Classification and Provisioning

Particulars	(Amount in Rs.)	
	FY 20-21	FY 19-20
(A) SMA/overdue categories, where the moratorium/deferment was extended	100,373,900	100,373,900
(B) Out of (A) above, amount on which asset classification benefits is extended	15,353,340	76,830,451
(C) Provision Made on (B)	7,683,046	3,841,523
(D) Provisions adjusted during the respective accounting periods against slippages		
(E) Residual Provision	7,683,046	3,841,523

9. The information as required by Regulation 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as per "Annexure A" attached.
10. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.
11. The above financial results are available on the stock exchange website (www.bseindia.com) and the website of the company (https://pahalfinance.com/)
12. Previous year's/period's figures have been regrouped / reclassified wherever necessary.



For and on behalf of the Board of Directors

Kartik S. Mehta

Kartik S. Mehta
 Managing Director
 DIN: 02083342

Place : Ahmedabad
 Date : June 28, 2021

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Pahal Financial Services Private Limited
Annexure A
Additional Information

a) 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

b) Asset cover available:-

Disclosure requirement of asset cover is not applicable for non banking financial companies registered with the Reserve Bank of India.

c) Debt-Equity Ratio*

The debt-equity ratio as per the reviewed financial results by statutory auditors for the year ended March 31, 2021 is 5.03

d) Previous Due Date for payment of Interest / Repayment of principal of non-convertible debt securities and whether the same has been paid or not.

Due Date	Debentures/ Pref sh holder	Nature of Payment	Status of Payment
08/10/2020	Blue Orchard Finance Ltd.	Interest	Paid
08/10/2020	Blue Orchard Finance Ltd.	Interest	Paid
23/10/2020	Blue Orchard Finance Ltd.	Interest	Paid
23/10/2020	Blue Orchard Finance Ltd.	Interest	Paid
23/10/2020	Blue Orchard Finance Ltd.	Principal	Paid
23/10/2020	Blue Orchard Finance Ltd.	Principal	Paid
30/12/2020	Blue Orchard Finance Ltd.	Interest	Paid
05/10/2020	Blue Orchard Finance Ltd.	Interest	Paid
31/12/2020	Northern Arc (IFMR)	Interest	Paid
31/12/2020	Northern Arc (IFMR)	Interest	Paid
29/12/2020	Responsibility	Interest	Paid
29/12/2020	Responsibility	Interest	Paid
31/03/2021	Northern Arc (IFMR)	Interest	Paid
31/03/2021	Northern Arc (IFMR)	Interest	Paid
29/03/2021	Responsibility	Interest	Paid
29/03/2021	Responsibility	Interest	Paid
26/02/2021	Northern Arc (IFMR)	Interest	Paid
31/03/2021	Northern Arc (IFMR)	Interest	Paid
31/03/2021	Northern Arc (IFMR)	Interest	Paid

e) Next due date for the payment of interest / principal along with the amount of interest of non-convertible debt securities

Due Date	Debentures/ Pref sh holder	Nature of Payment
08/04/2021	Blue Orchard Finance Ltd.	Interest
08/04/2021	Blue Orchard Finance Ltd.	Interest
08/04/2021	Blue Orchard Finance Ltd.	Principal
08/04/2021	Blue Orchard Finance Ltd.	Principal
23/04/2021	Blue Orchard Finance Ltd.	Interest
23/04/2021	Blue Orchard Finance Ltd.	Interest
30/06/2021	Blue Orchard Finance Ltd.	Interest
30/06/2021	Blue Orchard Finance Ltd.	Principal
05/04/2021	Blue Orchard Finance Ltd.	Interest

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30/06/2021	Northern Arc (IFMR)	Interest
30/09/2021	Northern Arc (IFMR)	Interest
30/06/2021	Northern Arc (IFMR)	Interest
30/09/2021	Northern Arc (IFMR)	Interest
29/06/2021	Responsibility	Interest
29/09/2021	Responsibility	Interest
29/06/2021	Responsibility	Interest
29/09/2021	Responsibility	Interest
03/05/2021	Blue Orchard Finance Ltd.	Interest
15/06/2021	Vivriti AMC	Interest
15/06/2021	Vivriti AMC	Principal
12/07/2021	Blue Orchard Finance Ltd.	Interest
30/04/2021	Northern Arc (IFMR)	Interest
27/05/2021	Northern Arc (IFMR)	Interest
27/05/2021	Northern Arc (IFMR)	Principal
30/06/2021	Northern Arc (IFMR)	Interest
31/07/2021	Northern Arc (IFMR)	Interest
30/08/2021	Northern Arc (IFMR)	Interest
30/08/2021	Northern Arc (IFMR)	Principal
30/09/2021	Northern Arc (IFMR)	Interest
30/06/2021	Northern Arc (IFMR)	Interest
30/09/2021	Northern Arc (IFMR)	Interest
30/06/2021	Water Equity's Global Access Fund	Interest
30/09/2021	Water Equity's Global Access Fund	Interest

f) **Debt service coverage ratio:**

Disclosure requirement of debt service coverage ratio is not applicable for non banking financial companies registered with the Reserve Bank of India.

g) **Interest service coverage ratio:**

Disclosure requirement of interest service coverage ratio is not applicable for non banking financial companies registered with the Reserve Bank of India.

h) **Debenture Redemption Reserve**

Debenture redemption reserve is not required in respect of privately placed debentures in terms of Rule 18 (7) (b) (ii) of Companies (Share Capital and Debenture) Rules, 2014.

h) **Net Worth****

Rs. 12313.77 Lakhs

i) **Net Profit After Tax**

Rs. 428.88 Lakhs

j) **Earnings Per Share**

Rs. 1.35

*Debt Equity Ratio is (Long Term Borrowing + Short Term Borrowing + Current Maturities of Long term borrowing) / Networth

** Networth is equal to share capital plus reserves and surplus less deferred tax

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