

PAHAL FINANCIAL SERVICES PVT. LTD.

This Impact Report was produced by IIX on 03 August 2021 and is valid till 03 February 2022.

The information in this report was provided by Pahal Financial Services Pvt. Ltd. and has been verified by its customers/ beneficiaries.

Pahal Financial Services Pvt. Ltd. is a Financial Inclusion organization operating in India.

COMPANY OVERVIEW



KEY FACTS

YEAR FOUNDED:	2011
ENTITY TYPE:	Financial Insitution
LEGAL REGISTRATION:	For Profit
COUNTRY OF OPERATION(S):	India
SECTOR:	Financial Inclusion



IMPACT SCORE

8.4

out of 10

VERIFICATION LEVEL*



Low

High

Verified by 100 customers

* The verification level represents the voices of the customers and reflects the extent to which customers agree with the company's impact score.

IMPACT OVERVIEW

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



Impact

Pahal Financial Services Pvt. Ltd. has achieved the following impacts for its customers and beneficiaries, leading to direct impacts, including Beneficiaries are able to buy more/ better food for themselves, Beneficiaries have experienced improvements in their health, Beneficiaries have increased skills and knowledge, Income of beneficiaries have increased, Beneficiaries have a better relationship with the people around them, Beneficiaries have access to more information, Beneficiaries are more confident, Beneficiaries have more time to do other (recreational) activities. and Beneficiaries are able to think beyond their immediate needs and plan for their future:

- Increased income
- Increased access to (clean) energy
- Improved shelter
- Agricultural/ livestock productivity
- Increased time savings
- Increased skills and knowledge/ education
- Improved health
- Women's empowerment
- Water conservation
- Increased access to finance
- Improved access to clean water, sanitation, and hygiene
- Climate change mitigation
- Increased assets ownership

The impacts that Pahal Financial Services Pvt. Ltd. creates extend to their customers' and beneficiaries' families and community as well. Some of the indirect impacts include:

- Children are able to eat more/ better food
- Children are going to school
- Family/ community members have improved water sources and sanitation
- Daughters are going to school and have more time to study
- Family/ community members have experienced improvements in their health
- Family/ community members are able to access more information

Pahal Financial Services Pvt. Ltd.'s Contribution to the SDGs:



ORGANIZATION ACTIVITIES & IMPACT SCORE

Pahal Financial Services Pvt. Ltd.’s products & activities

Pahal Financial Services Pvt. Ltd. provides certain products/ services to its customers/ beneficiaries, including:

- Group loans
- Business loans
- Insurance
- Individual/ household loans
- Housing loans
- Agriculture loans
- Water, sanitation, and hygiene loans

To create positive impact, Pahal Financial Services Pvt. Ltd. strives to:

- Create employment opportunities
- Facilitate access to goods and services
- Provide trainings
- Ensure women are part of the impact goal
- Provide goods and services
- Conduct climate mitigation activities

Pahal Financial Services Pvt. Ltd. provides training (i.e. Financial literacy training, Job skills training and Water, sanitation, and hygiene training). It has conducted 0 training session(s) in the last 12 months, equipping 138,632 people with new skills and knowledge. The duration of each session is 1 hours on average. Customers are not required to practice their learnings after receiving training.

Pahal Financial Services Pvt. Ltd.’s overall score


IIX Values™ assesses impact across two dimensions:

- (1) Impact Performance: IIX Values™ emphasizes poverty alleviation and social and environmental sustainability
- (2) Risk Mitigation: IIX Values™ encourages risk mitigation to reduce the likelihood of customers/ beneficiaries falling back into poverty (and undertaking undesirable environmental practices) due to shocks and stresses

The overall impact score is derived from taking an average of the impact (1) and risk mitigation (2) scores.

See Appendix 1 for more information about the IIX Values™ impact assessment approach and scoring methodology

Impact Performance

Intention	2.0 / 2	 IMPACT SCORE	8.0 / 10
Activities	2.2 / 3		
Outputs/Outcomes	3.7 / 5		

‘Impact Performance’ measures the extent to which Pahal Financial Services Pvt. Ltd. is contributing towards social and/or environmental good. Based on the above scoring, the intention of Pahal Financial Services Pvt. Ltd. to do good is translated into its activities, which have contributed significantly to impact creation.

This has directly improved the **physiological** needs of customers/ beneficiaries, enabling them to experience improvements in their personal wellbeing. Moreover, the products/ services provided by Pahal Financial Services Pvt. Ltd. have also indirectly contributed towards family and community well-being through improvements in **education, food, water and health**.

Pahal Financial Services Pvt. Ltd. also ensures women are part of the impact goal by **providing them with access to resources, treating them with respect and empowering them to make decisions in their home/ community**.

Risk Mitigation

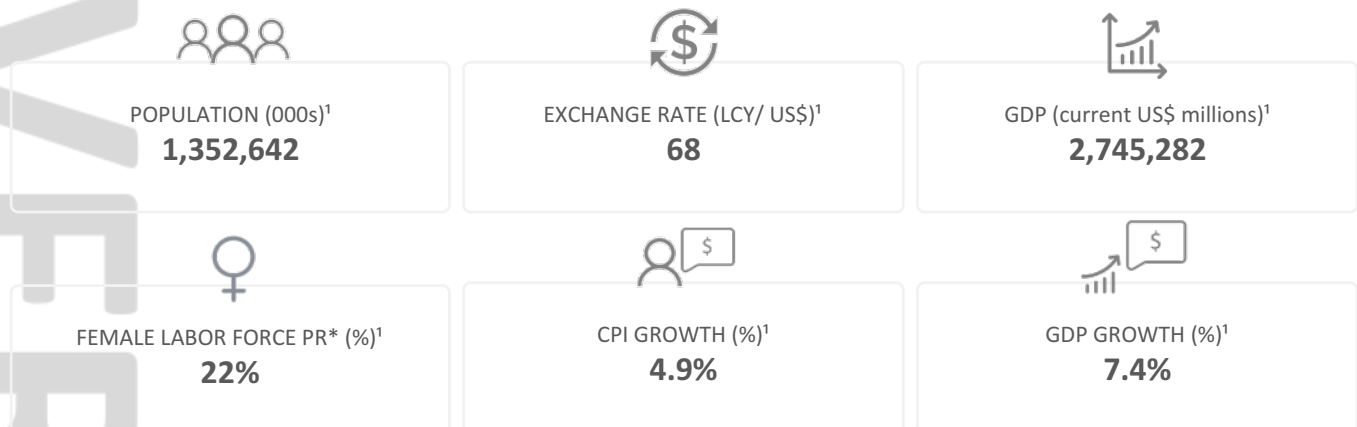
Exposure to Harm	4.0 / 5	RISK SCORE	8.8 / 10
Coping Capacity	3.8 / 5		

‘Risk Mitigation’ assesses the extent to which Pahal Financial Services Pvt. Ltd. is reducing the micro and meso risks facing individuals, households, and communities. Specifically, the main types of risks mitigated by Pahal Financial Services Pvt. Ltd. are **environment, health, social, economic and natural-disasters** risks. This is done by reducing both the sources of hazards as well as the vulnerability of customers/ beneficiaries to prevalent hazards.

Additionally, to enhance the ability of customers/ beneficiaries to adapt or respond when disasters strike, Pahal Financial Services Pvt. Ltd. contributes towards their **financial, social and human** capital. Possession of these assets (or capital) gives households a wider range of options and livelihood opportunities in times of crisis, and it can speed up their recovery from shocks (although the most extreme events may still be highly destructive).

BACKGROUND: INDIA | FINANCIAL INCLUSION

General overview of India



¹ 2018 data; *PR = participation rate
Source: UNCTAD STAT (2018), The World Bank (2018)

Country SDG Assessment



■ Major challenges ■ Significant challenges ■ Challenges remain ■ SDG achieved ■ Information unavailable

Direction of Country SDG Performance



↓ Decreasing → Stagnating ↗ Moderately improving ↑ On track or maintaining SDG achievement •• Information unavailable

Performance of India on Key SDG for Financial Inclusion

<p>8 DECENT WORK AND ECONOMIC GROWTH</p>	Adjusted Growth (%)	1 ● ●	<p>Rating</p> <ul style="list-style-type: none"> ● Major challenges ● Significant challenges ● Challenges remain ● SDG achieved ● Information unavailable
	Prevalence of Modern Slavery (victims per 1,000 population)	6.1 ● ●	
	Adults (15 years and older) with an account at a bank or other financial institution or with a mobile-money-service provider (%)	79.9 ● ↑	
	Fatal work-related accidents embodied in imports (deaths per 100,000)	0.1 ● ●	
	Employment-to-Population ratio (%)	NA ● ●	
	Youth not in employment, education or training (NEET) (%)	NA ● ●	




Source: Sachs, J., Schmidt-Traub, G., Kroll, C., Lafortune, G., Fuller, G. (2019): Sustainable Development Report 2019. New York: Bertelsmann Stiftung and Sustainable Development Solutions Network (SDSN).



SECTOR-SPECIFIC INFORMATION: FINANCIAL INCLUSION

Overview

Pahal Financial Services Pvt. Ltd. operates within the Financial Inclusion sector. This organization provides group loans, individual/household loans, agriculture loans, business loans, housing loans and water, sanitation, and hygiene loans. In addition, Pahal Financial Services Pvt. Ltd. provides insurance. As a result, 318,000 people have experienced improved access to finance, of which >90% are women.

 LOANS		 SAVINGS ACCOUNTS		 INSURANCE	
GROSS LOAN PORTFOLIO:	US\$ 89,132,141	NEW ACCOUNTS OPENED: (last 12 months)	N/A	% OF BENEFICIARIES PURCHASING INSURANCE:	90%
AVERAGE INTEREST RATE:	2%¹	VALUE OF NEW DEPOSITS: (last 12 months)	N/A		
AVERAGE TENURE:	24 months				

Products

Loans

Customers are better able to take care of their basic/intermediate needs after receiving a loan from Pahal Financial Services Pvt. Ltd.. Moreover, Pahal Financial Services Pvt. Ltd. has special loan provisions for women.

Insurance

Pahal Financial Services Pvt. Ltd. offers its customers various insurance coverage, including accident insurance, credit insurance, health insurance, etc.

Outcomes

Through Pahal Financial Services Pvt. Ltd.'s provision of group loans, individual/ household loans, agriculture loans, business loans, housing loans, water, sanitation, and hygiene loans and insurance, customers/ beneficiaries have experienced an increase in:

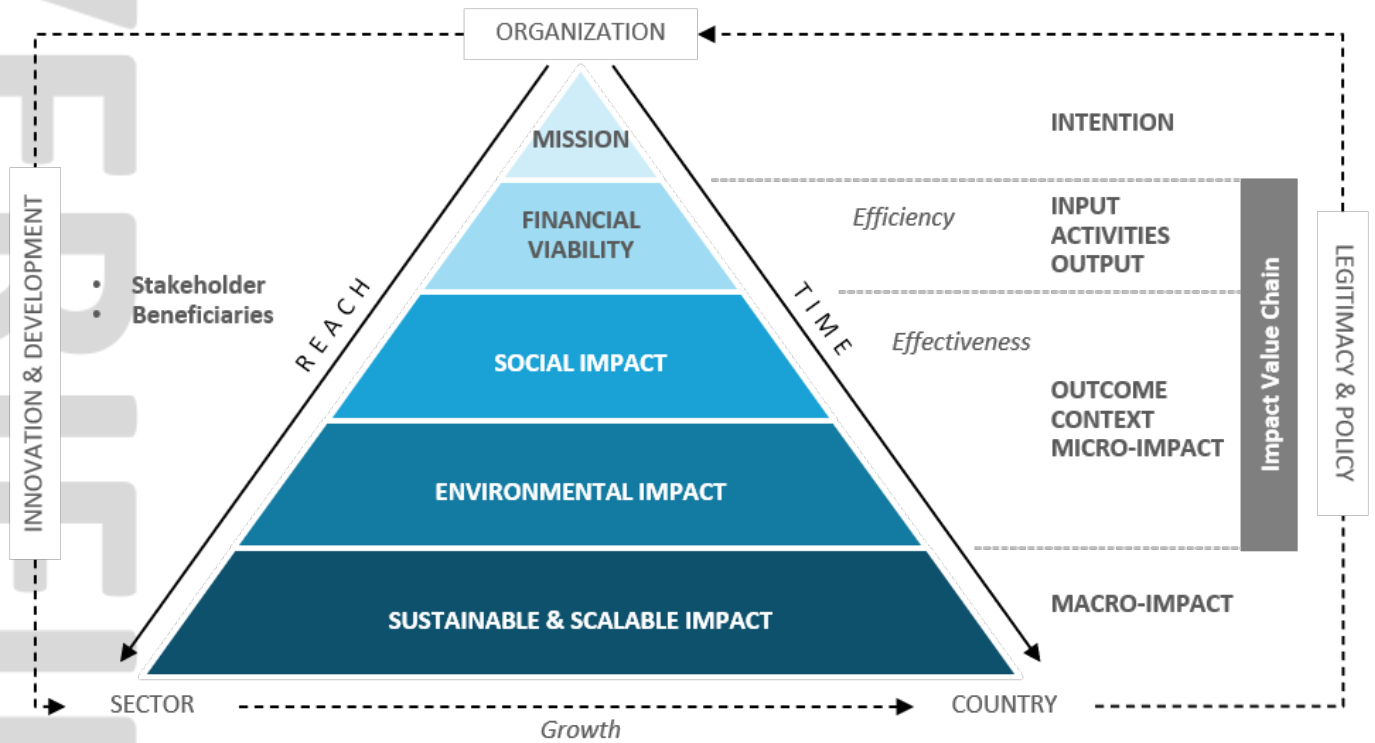
- Economic resilience
- Income levels
- Assets ownership
- Time savings

¹Compared to the industry average of between 2% and 4% on a monthly basis and 20% to 80% per annum, depending upon the package, in emerging countries

APPENDIX 1: IIX VALUES™ IMPACT ASSESSMENT APPROACH

IIX Values™ utilizes the IIX Sustainability Pyramid™ which takes into consideration the organization’s mission, financial viability, and positive social and environmental impact to assess its contribution toward the United Nation’s Sustainable Development Goals. The Pyramid is built on the information reported by the organization.

IIX Sustainability Pyramid™



Mission

The bottom-up approach of IIX’s analytical framework begins by considering the goal and objectives of the organizations (e.g., its central purpose, strategies, and values). Highlighting the basic principles that guide the actions of employees, partners, and management, the mission statement offers a point of reference to examine the strategy that the organization uses to accomplish its goal and objectives.

Activities

The framework investigates the intricacies of the organization’s business/ operational model and how its activities align with the mission of creating social and environmental outcomes. This involves understanding the products and services provided by the organization as well as the stakeholders and the type of target customers it serves. The survey ensures the link between the mission to impact customers and the model used to deliver this impact.

Outcomes

It is key to link outputs to outcomes. The survey employs a broad set of sector-, country-, and enterprise-specific indicators to assess the social and environmental impact of the organization, its contribution to the Sustainable Development Goals (SDGs), and the resultant empowerment of stakeholders. Outcomes can then be verified amongst the organization’s customers/ beneficiaries to confirm actual positive impact is created.

IIX VALUES™ SCORING METHODOLOGY

Organizations are scored on a scale of 0-10. An Impact Score of 0 suggests a traditional business that does not create any social and/or environment change while an Impact Score of 10 denotes an all-rounded enterprise creating maximum social and environmental impact. Similarly, a Risk Score of 0 implies that the organization’s operation does not contribute towards risk reduction while a Risk Score of 10 denotes maximum risk mitigation i.e. the organization is reducing exposure to harm and increasing coping capacity in most, if not all, aspects. The overall impact score is derived from taking an average of the impact (1) and risk mitigation (2) scores.

The organization’s impact score is weighted across three dimensions - Mission (20%), Practices (30%), and Outputs and Outcomes (50%). The risk score is weighted across two dimensions – Exposure to Harm (50%) and Coping Capacity (50%).

Points are received for every positive answer to a question and points can never be lost. Every point reflects incremental positive impact.

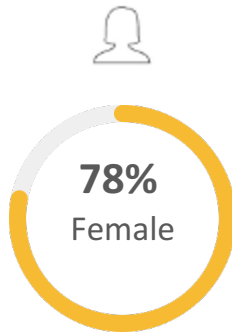
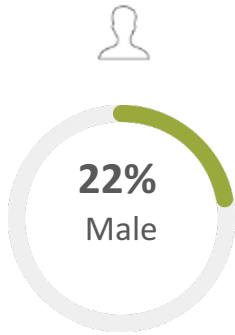
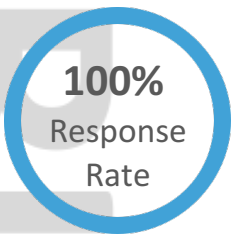
Key Findings of Pahal Financial Services Pvt. Ltd.'s Customer Surveys

As part of the verification on its impact creation, Pahal Financial Services Pvt. Ltd. has obtained customer feedback on the affordability, accessibility and equity of its products and services.

Statistics Profile

100 Survey Sent
GENDER *0% of respondents selected "Other" or "Prefer not to say"

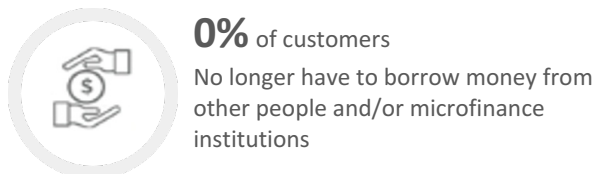
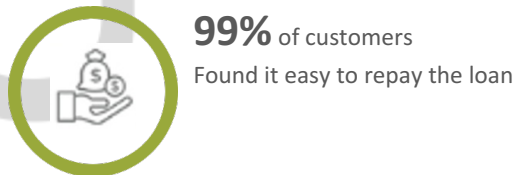
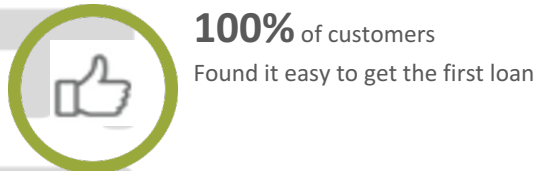
100 Respondents



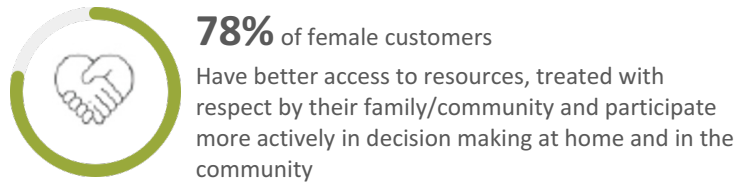
Sector-specific: Access to Finance

89,132,141 USD

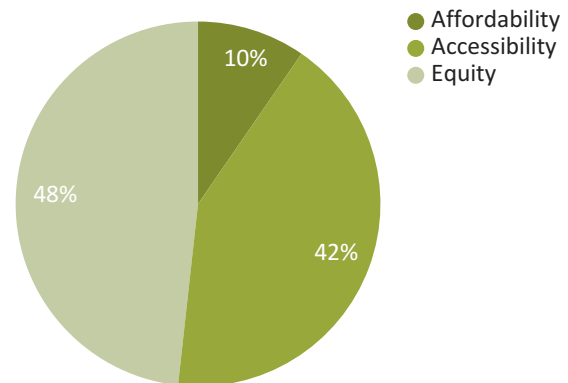
The gross amount of loans received by its customers



Women Empowerment



Customer Feedback on products/ services offered



Affordability Feedback was obtained from Pahal Financial Services Pvt. Ltd.'s customers that through the affordable loan terms and other product/service offerings provided by Pahal Financial Services Pvt. Ltd., it has improved both the customers as well as their families and communities through increased income/ savings/ asset ownership and productivity, etc.

Accessibility Feedback was obtained from Pahal Financial Services Pvt. Ltd.'s customers on the ability to pay back the loan, the ease on obtaining the loan from Pahal Financial Services Pvt. Ltd. and whether Pahal Financial Services Pvt. Ltd.'s has improved accessibility for women.

Equity Feedback was obtained from Pahal Financial Services Pvt. Ltd.'s customers that they were treated with respect and dignity, obtained satisfaction and value from Pahal Financial Services Pvt. Ltd.'s products and services and experienced a sense of empowerment as a result.

VERIFIED


ABOUT IIX VALUES™

Impact is the change experienced by people or the environment due to certain product, service or activity. Impact Assessments measure that change. IIX Values™ is a platform solution that values it all. Building on our decade of experience in impact measurement and data analytics, IIX Values™ is about giving value to impact.

ABOUT IIX

IIX is a global organization dedicated to building a more inclusive world by changing financial systems and innovating solutions for women empowerment, climate action, and community resilience. Over the past decade, we have built the world's largest crowdfunding platform for impact investing (Impact Partners), created innovative financial products such as the Women's Livelihood Bond, operated award-winning enterprise technical assistance programs such as IIX ACTS, and established an Impact Institute for training and education. To date, our work has spanned 46 countries, unlocked US\$200+ million of private sector capital to support 150+ enterprises, avoided over a million tons of carbon and impacted over 80 million direct and household lives. The foundation of IIX's work is its proprietary Impact Assessment which effectively measures the social and environmental impact of the investment and gives value to the voices of the underserved. IIX has received numerous awards for its work including the Oslo Business for Peace Award, the 'Nobel Prize for Business.'



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