

# SGDG & ASSOCIATES LLP

Chartered Accountants

Independent Auditor's Report on the unaudited 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

1. We have reviewed the accompanying Statement of unaudited financial results of **Pahal Financial Services Private Limited** ("the Company"), for the quarter and half year ended September 30, 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").
2. This statement, which is responsibility of the Company's Management and has been approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting' (Ind AS 34), prescribed under section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India and in compliance with Regulation 52 of listing regulations. Our responsibility is to issue a report on this Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. **Other Matter**

Attention is drawn to the fact that the figures for the quarter ended September 30, 2021 are the balancing figures in respect of figures for the half year ended September 30, 2021 and figures for the quarter ended June 30, 2021. The Comparative figures for the quarter ended June 30, 2021 have not been reviewed by us. Our conclusion is not modified in respect of this matter.

Place: Ahmedabad

Date: October 29, 2021



For S G D G & Associates LLP

Chartered Accountants

ICAI Firm Registration No. W100188

*Devansh Gandhi*

Devansh Gandhi

Partner

Membership No.: 129255

UDIN: 21129255AAAAIL3671

S G D G & Associates LLP, a Limited Liability Partnership with LLP Identity No. AAI-3248

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**Statement of Unaudited Financial Results for the quarter and half year ended September 30, 2021**

(Rupees in Lakhs)

S. No.	Particulars	3 Months ended Sept 30, 2021 (Unaudited)	Preceding 3 Months ended June 30, 2021 (Unaudited)	Year to date figures for the Half Year ended Sept 30, 2021 (Unaudited)	Year to date figures for the Half Year ended Sept 30, 2020 (Unaudited)	Previous Year ended March 31, 2021 (Audited)
	<b>Revenue from operations</b>					
(i)	Interest Income	4,088.89	3,666.27	7,755.16	8,204.65	15,248.32
(ii)	Fees and commission Income	132.83	141.19	274.02	168.74	616.91
(iii)	Net gain on fair value changes	20.78	20.44	41.21	25.45	41.45
(iv)	Net gain on derecognition of financial instruments under amortised cost category	-	-	-	-	-
(v)	Other operating revenues	52.44	26.66	79.10	4.86	46.27
(I)	<b>Total Revenue from operations</b>	<b>4,294.94</b>	<b>3,854.56</b>	<b>8,149.49</b>	<b>8,403.70</b>	<b>15,952.95</b>
(II)	<b>Other Income</b>	<b>51.01</b>	<b>28.55</b>	<b>79.56</b>	<b>11.89</b>	<b>23.45</b>
(III)	<b>Total Income (I+II)</b>	<b>4,345.95</b>	<b>3,883.11</b>	<b>8,229.05</b>	<b>8,415.59</b>	<b>15,976.40</b>
	<b>Expenses</b>					
(i)	Finance Costs	2,387.91	2,194.08	4,581.99	4,169.56	8,176.53
(ii)	Net loss on derecognition of financial instruments under amortised cost category	201.86	144.26	346.11	211.06	2,437.66
(iii)	Impairment Provision / (Reversal) on financial instruments	181.97	(101.47)	80.50	836.55	249.38
(iv)	Employee Benefits Expenses	940.08	910.95	1,851.03	1,356.12	3,054.49
(v)	Depreciation, amortization and impairment	35.23	20.23	55.45	22.08	61.47
(vi)	Other expenses	411.03	374.35	785.38	642.00	1,359.98
(IV)	<b>Total Expenses</b>	<b>4,158.08</b>	<b>3,542.40</b>	<b>7,700.46</b>	<b>7,237.37</b>	<b>15,339.51</b>
(V)	<b>Profit before exceptional items and tax (III-IV)</b>	<b>187.87</b>	<b>340.71</b>	<b>528.59</b>	<b>1,178.22</b>	<b>636.89</b>
(VI)	<b>Tax Expense:</b>					
(i)	Current Tax	17.77	32.23	50.00	600.79	309.73
(ii)	Deferred Tax	62.64	37.57	100.21	(254.95)	(101.71)
	<b>Total Tax Expense</b>	<b>80.41</b>	<b>69.80</b>	<b>150.21</b>	<b>345.84</b>	<b>208.02</b>
(VII)	<b>Profit for the period (V-VI)</b>	<b>107.46</b>	<b>270.91</b>	<b>378.38</b>	<b>832.38</b>	<b>428.87</b>
(VIII)	<b>Other Comprehensive Income</b>					
	<b>A. Items that will not be reclassified to profit or loss</b>					
(i)	Remeasurement of Defined Benefit Obligations	(1.17)	0.13	(1.04)	(1.40)	(1.30)
(ii)	Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-
	<b>Subtotal (A)</b>	<b>(1.17)</b>	<b>0.13</b>	<b>(1.04)</b>	<b>(1.40)</b>	<b>(1.30)</b>
	<b>B. Items that will be reclassified to profit or loss</b>					
(i)	Items that will be reclassified to profit or loss	(17.90)	6.20	(11.70)	-	(86.55)
(ii)	Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-
	<b>Subtotal (B)</b>	<b>(17.90)</b>	<b>6.20</b>	<b>(11.70)</b>	<b>-</b>	<b>(86.55)</b>
	<b>Other Comprehensive Income (A+B)</b>	<b>(19.07)</b>	<b>6.33</b>	<b>(12.74)</b>	<b>(1.40)</b>	<b>(87.85)</b>
(IX)	<b>Total Comprehensive Income for the period (VII + VIII)</b>	<b>88.39</b>	<b>277.24</b>	<b>365.64</b>	<b>830.98</b>	<b>341.02</b>
(X)	<b>Earnings per equity share (Face value Rs. 10/- per equity share)</b>					
	Basic (Rs.)	0.33	0.84	1.17	2.66	1.35
	Diluted (Rs.)	0.33	0.84	1.17	2.65	1.35



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**SIGNED FOR IDENTIFICATION BY**

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**S G D G & ASSOCIATES LLP**  
**CHARTERED ACCOUNTANTS**

**Pahal Financial Services Private Limited**  
 Regd. Office : 7th Floor, Binori B Square-2 Opp. Hathising ni vadi, Ambli Iscon Road Ahmedabad 380054  
 Ph. : 027 - 17479169 Email : ho@pahalfinance.com  
 Website : www.pahalfinance.com  
 CIN : U65910GJ1994PTC082668  
**Statement of Assets and Liabilities**

(Rupees in Lakhs)

S. No.	Particulars	As at September 30, 2021 (Unaudited)	As at March 31, 2021 (Audited)
	<b>ASSETS</b>		
[1]	<b>Financial Assets</b>		
(a)	Cash and cash equivalents	13,149.17	6,202.14
(b)	Bank Balance other than (a) above	7,783.42	5,950.66
(c)	Derivative financial instruments		
(c)	Trade Receivables		
	(I) Trade Receivables	957.34	1,150.89
	(II) Other Receivables	-	-
(d)	Loans	65,252.42	62,954.45
(e)	Other Financial assets	2,303.06	2,372.46
		<b>89,445.41</b>	<b>78,630.60</b>
[2]	<b>Non-financial Assets</b>		
(a)	Current tax assets (Net)	107.10	39.96
(b)	Deferred tax Assets (Net)	22.03	122.24
(c)	Property, Plant and Equipment	310.31	311.94
(d)	Intangible assets under development	-	-
(e)	Other Intangible assets	21.90	11.09
(f)	Right of Use Asset	317.78	337.24
(g)	Other non-financial assets	110.49	69.83
		<b>889.61</b>	<b>892.30</b>
	<b>Total Assets</b>	<b>90,335.02</b>	<b>79,522.90</b>
	<b>LIABILITIES AND EQUITY</b>		
	<b>LIABILITIES</b>		
[1]	<b>Financial Liabilities</b>		
(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	527.03	657.56
(b)	Lease Obligation	329.84	333.18
(c)	Debt Securities	26,270.87	25,215.60
(d)	Borrowings (Other than Debt Securities)	43,869.49	33,097.59
(e)	Subordinated Liabilities	3,684.48	3,682.27
(f)	Other financial liabilities	2,105.06	3,169.51
		<b>76,786.77</b>	<b>66,155.71</b>
[2]	<b>Non-Financial Liabilities</b>		
(a)	Provisions	11.43	7.61
(b)	Other non-financial liabilities	711.35	923.57
		<b>722.78</b>	<b>931.18</b>
[3]	<b>EQUITY</b>		
(a)	Equity Share capital	3,227.46	3,218.46
(b)	Other Equity	9,598.01	9,217.55
	<b>Total Equity</b>	<b>12,825.47</b>	<b>12,436.01</b>
	<b>Total Liabilities and Equity</b>	<b>90,335.02</b>	<b>79,522.90</b>



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**Statement of Cash Flow**

(Rupees in Lakhs)

S. No.	Particulars	For the half year ended September 30, 2021 (Unaudited)
A	<b>Cash flow from operating activities</b>	
	Profit before tax	528.57
	Adjustments for :	
	Depreciation and amortization	55.45
	Net loss/ (gain) on derecognition of property, plant and equipment	(0.06)
		(41.21)
	Net gain on financial instruments designated at fair value through profit or loss	
	Share Based Payment - ESOB	0.44
	Share Based Payment - Sweat Equity Shares	-
	Impairment on financial instruments	80.50
	Remeasurement of Defined Benefit Obligations	(1.04)
	Interest Income on Security Deposit	(0.30)
	Interest expense on lease	24.89
	<b>Operating profit before working capital changes</b>	<b>647.24</b>
	Movements in working capital :	
	Increase/(decrease) in other financial liabilities	(1,076.13)
	Increase/(decrease) in provisions	3.82
Increase/(decrease) in other non-financial liabilities	(212.21)	
Increase/(decrease) in trade payables	(130.53)	
(Increase)/decrease in trade receivables	193.54	
(Increase)/decrease in loans	(2,378.47)	
(Increase)/decrease in other financial assets	69.70	
(Increase)/decrease in other non-financial assets	(40.66)	
<b>Cash used in operations</b>	<b>(2,923.70)</b>	
Direct taxes paid (net of refunds)	(117.15)	
<b>Net cash used in operating activities (A)</b>	<b>(3,040.85)</b>	
B	<b>Cash flow from investing activities :</b>	
	Purchase of PPE	(45.31)
	Proceeds from disposal of Fixed Asset	0.20
	Proceeds from / (Purchase of) Mutual Funds and commercial papers (Net)	41.21
	Fixed Deposits matured / (placed) (Net)	(1,832.76)
<b>Net cash used in investing activities (B)</b>	<b>(1,836.67)</b>	
C	<b>Cash flow from financing activities :</b>	
	Proceeds from issuance of Equity Share and Share Premium	23.40
	Repayment of Debt Securities	(2,694.74)
	Proceeds from issuance of Debt Securities	3,750.00
	Repayment of Subordinated Liabilities	-
	Proceeds from issuance of Subordinated Liabilities	-
	Repayment of Other Borrowings	(13,975.89)
	Proceeds from Other Borrowings	24,750.00
	Repayment of lease Liabilities	(28.23)
	<b>Net cash flow from financing activities (C)</b>	<b>11,824.55</b>
Net increase/(decrease) in cash and cash equivalents (A)+(B)+(C)	6,947.03	
Cash and cash equivalents as at the beginning of the period	6,202.14	
<b>Cash and cash equivalents as at end of the period</b>	<b>13,149.17</b>	

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**Notes attached to Unaudited Financial Results For the Quarter and Half Year Ended September 30, 2021**

- 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 October 29, 2021 and have been subjected to review by the statutory auditors of the Company.
- 3 The Standalone financial results has been prepared in accordance with recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34") as prescribed under section 133 of the Companies Act, 2013 ('the Act') read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, and other accounting principles generally accepted in India.
- 4 The Figures for the quarter ended September 30, 2021 are the balancing figures between reviewed figures in respect of half year ended September 30, 2021 and figures for the quarter ended June 30, 2021 which is not subject to limited review by auditors.
- 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 half year ended September 30, 2021 and September 30, 2020 and quarter ended September 30, 2021 and June 30, 2021 are not annualised.
- 7 The Secured listed Non-Convertible debt securities of the company are secured by first and exclusive charge on receivables of the company by way of hypothecation to the extent required as per issue terms.
- 8 Asset cover available as on September 30, 2021 in case of non-convertible debt securities issued by Company is 1.09.
- 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 Company has not implemented resolution plan as per resolution framework for COVID-19 related Stress dated August 6, 2020 and hence additional disclosure required under that framework are not applicable.
- 11 The information required as per Reserve Bank of India Circular on Resolution Framework - 2.0 dated May 5, 2021 is as under:

Sr No.	Description	Individual Borrowers		Small Business
		Personal Loans	Business Loans	
(a)	Number of requests received for invoking resolution process under Part A (Nos.)	8,110	-	-
(b)	Number of accounts where resolution plan has been implemented under this window (Nos.)	8,110	-	-
(c)	Exposure to accounts mentioned at (B) before implementation of the plan (Rs. In Lakhs)	2,646.88	-	-
(d)	Of (C), aggregate amount of debt that was converted into other securities	-	-	-
(e)	Additional funding sanctioned, if any, including between invocation of the plan and implementation	-	-	-
(f)	Increase in provisions on account of the implementation of the resolution plan (Rs. In Lakhs)	264.70	-	-

- 12 Previous year's/period's figures have been regrouped / reclassified wherever necessary.

For and on behalf of the Board of Directors

  
 Kartik Mehta  
 Managing Director  
 DIN: 02083342

Place : Ahmedabad  
 Date : October 29, 2021



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Notes attached to Unaudited Financial Results For the Quarter and Half Year Ended  
September 30, 2021

Annexure A

Additional Information required by Regulation 52(4) of the Securities and Exchange Board of India (Listing  
Obligations and Disclosure Requirements) Regulations, 2015

- a. **Debt-Equity Ratio\***  
Debt-Equity Ratio of the Company as per the reviewed Standalone financial results by statutory auditors as at 30 September 2021 is 5.77
- b. **Capital Redemption Reserve/Debenture Redemption Reserve**  
Debenture Redemption reserve is not require in respect of privately placed debentures in terms of Rule 18(7)(b)(ii) of Companies (Share Capital and Debentures) Rules, 2014.
- c. **Net Worth\*\***  
Rs. 12803.44 Lakhs
- d. **Net Profit after Tax**  
Rs. 378.35 Lakhs
- e. **Earnings per share**  
i) Basic - Rs. 1.17  
ii) Diluted - Rs. 1.17
- f. **Current Ratio**  
Current Ratio is 1.49
- g. **Long Term Debt to Working Capital Ratio**  
Long Term Debt to Working Capital Ratio is 1.86
- h. **Bad debts to Account receivable ratio**  
Bad debts to Account receivable ratio is 0.46%
- i. **Current Liability Ratio**  
Current Liability Ratio is 52%
- j. **Total Debts to Total Assets**  
Total Debts to Total Assets is 82%
- k. **Operating Margin(%)**  
Operating Margin for the half year ended 30 september 2021 is 38.54%
- l. **Net Profit Margin(%)**  
Net Profit Margin for the half year ended 30 september 2021 is 4.49%
- m. **Sector specific equivalent ratios**  
Qualifying Assets Ratio is 89.21%  
Capital Risk Adequacy Ratio is 20.65%  
Net Interest Margin is 8.30%
- n. Debtors Turnover and Inventory Turnover Ratios are not applicable. There are no outstanding redeemable preference shares as on September 30, 2021.

\* Debt Equity Ratio is (Debt Securities + Borrowings + Subordinated Liabilities) / Net worth

\*\* Net worth is equal to Paid up equity Share capital plus other equity less deferred tax



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