# ANNUAL REPORT 20-21



# TABLE OF CONTENT

Corporate Overview	.4
Message From Managing Director	.6
Pan India Presence	.7
Financial Highlights	11
Social Performance Management	36
Sustainable Development Goals	37
CSR Initiative	40
Pahal In News	<b>4</b> 5
Pahal's Pandemic Support	49
Management Reports	
Management Discussion And Analysis	52
Board's Report	
Note On Asset And Liability And Risk Management	54
Financial Statement	55
Notice Of Annual General Meeting	39



## 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.

000

# **CORPORATE OVERVIEW:**

#### **Corporate Identity Number:**

U65910GJ1994PTC082668

#### **Board Of Directors:**

**Mr. Padmanabh P Vora** (Non-executive non-independent director)

**Mr. Kartik S Mehta** (Managing Director)

**Ms. Purvi J Bhavsar** (Managing Director)

Chief Financial Officer: Mr. Chintan C Desai

Company Secretary & Compliance Officer:

Ms. Nikita Sharma

#### **Registered Office Address:**

7th Floor, Binori B Square – 2, Opp. Hathi singh niVadi, Ambli Iscon Road, Ahmedabad – 380054

**Mr. Saurabh S Baroi** (Nominee Director – DIA Vikas Capital Private Limited)

Mr. Satish G Mehta (Independent Director)

Mr. Venkatraman G lyer (Independent Director)

#### **Statutory Auditor:**

M/s SGDG& Associates LLP Firm Registration No.: W100188 5 & 6, Shivalik Plaza, Opp. A. M. A., Atira, Polytechnic, Ambawadi, Ahmedabad



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.

🕘 😑 🔴

#### **Internal Auditor:**

M/s. Samir M Shah and Associates Heaven 8, Western Park Society, Near Inductotherm, Bopal, Ahmedabad, Gujarat-380058

#### Secretarial Audit:

M/s Anamika Jajoo & Co. C. P. No.: 13859 ACS No.: 20918 S-506,Venus Parkland, Vejalpur Ahmedabad – 380051.

#### **Debenture Trustee :**

#### Catalyst Trusteeship Ltd

Windsor, 6th floor, office no – 604, C.S.T. Road, Kalina, Santacruz (east), Mumbai –400 098 No: +91 22 4922 0555

#### Asian building, ground floor,

**IDBI Trusteeship Services Ltd** 

17. R. Kamani Marg Ballard estate, Mumbai - 400 001 India No: 022 40807000, +91 7208822299

#### Vistra (ITCL) India Ltd

IL & FS Financial Centre plot NO C22, G Block Bandra Kurla Complex, Bandra East Mumbai MH 400051 India. No: +91 98206 61411

#### **Registrar And Transfer Agent:**

Skyline Financial Services Private Limited 4A9, Gundecha Onclave, Kherani Road, Sakinaka, Mumbai - 400072

# **MESSAGE FROM MANAGING DIRECTOR :**

#### Dear Shareholders,

We are delighted to share with you the Annual Report of the company for the year 2020-21. As the COVID 19 pandemic continued its savage impact through the year, your company continued to maintain its resilience against what is probably the worst crisis of the century. The conventional assumptions have been completely overturned as this health cum economic disaster continue to ravage the country. Your company's borrowers are among the most vulnerable sections of the society and the double whammy on them in terms of economic as well as health related challenges did unnerve them completely. Having said that, the intent to repay even in times of the worst crisis stood out exceptionally well and is clearly visible in the numbers that your company has been able to achieve. The rock-solid support of the investors, regulators, funders and the employees showed the way through this crisis.



Purvi Bhavsar Managing Director



Kartik Mehta Managing Director

Despite a tumultuous year, your company has been able to achieve a top line growth of 5.00 % (The AUM has increased from 736.44 Crores at the end of March 2020 to 773.25 Crores at the end of March 2021. During the past year, your company crossed 175 branches and crossed the employee strength of 1516, who are highly accomplished and committed professionals. The number of customers grew by 8.81%. The focus for the year has been on collections and follow up with the borrower. While required empathy was displayed in terms of the challenge that your company faced, the efforts to engage with the customer in ensuring timely repayment cannot be over emphasized. These efforts clearly translated into a much better than industry average delinquency number. Your company has an improved PAR>30 at 7.35% as against the industry average of 8.66%. The efforts on recovery will continue with the same vigour.

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. Your company has also been a recipient of a number of awards in its sanitations finance program such as Best Women Customer-Engagement Initiative-WASH.

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.

As Managing Directors, it is our privilege and honour 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.

# **PAN INDIA PRESENCE :**



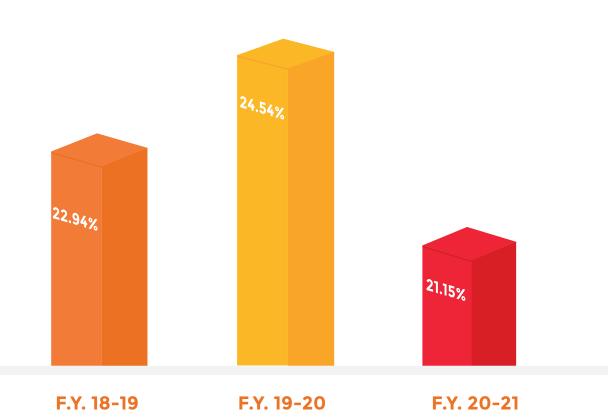


# **KEY OPERATIONAL HIGHLIGHTS**

## **PROFITABILITY (PAT)**



CRAR



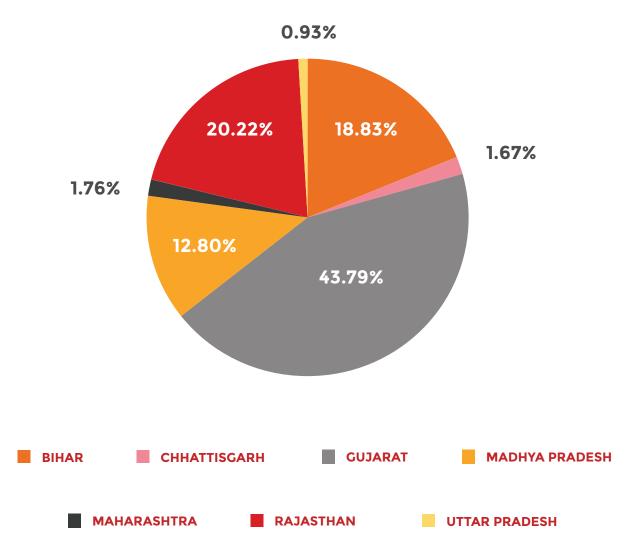
8

## AS ON DATE DATA (F.Y. 20-21)



## FY 20-21

## Total AUM: 7,73,24,84,871







# DIRECTORS' REPORT

#### **Dear Members,**

The Directors of your company have the pleasure in presenting the Eleventh Director's Report together with Audited Financial Statements of your Company for financial year ended 31st March 2021.

#### **FINANCIAL HIGHLIGHTS**

The summary of the Company's financial performance for F.Y 2020-21 as compared to previous FY 2019-20 is given below:

(Amount i	in Rs.)
-----------	---------

Particulars	31 <sup>st</sup> March 2021	31 <sup>st</sup> March 2020
For the year ended		
Total Revenue	1,59,76,39,905	1,43,88,12,280
Total Expenditure	1,53,39,50,124	1,20,51,87,758
Profit/Loss before Tax	6,36,89,781	23,36,24,522
Provision for Tax	2,08,01,730	7,46,48,024
Profit after Tax	4,28,88,051	15,89,76,498
Transfer to General Reserves	-	-
Paid Up Share Capital	32,18,46,110	30,54,29,440
Equity Share Capital	32,18,46,110	30,54,29,440
Preference Share Capital	-	-
(Optionally Convertible shares)		

The summary of the Company's financial performance for F.Y 2020-21 as compared to previous FY 2019-20 is given below:

#### **OPERATIONAL HIGHLIGHT**

Indicators	For the year ended 31 <sup>st</sup> March 2021	For the year ended 31 <sup>st</sup> March 2020
Number of States	7	7
Branches (Gujarat + M.P.+ Maharashtra + Rajasthan +	175	143
Bihar + Uttar Pradesh + Chhattisgarh)		
Number of Borrowers	3,26,448	3,00,061
Loan Amt. disbursed during the year (in Rs)	4,76,28,22,891	6,73,53,46,525
Total Portfolio O/S (Own + Securitized & BC)	7,73,24,84,871	7,36,44,45,128
Less Securitized & BC portfolio	1,45,10,09,743	2,03,00,29,326
Net Own Portfolio	6,28,14,75,128	5,33,44,15,802
Borrowed Fund O/S	6,24,30,26,133	54,295,79,554
Total Staff	1516	1244
PAR > 30days in %	7.35%	0.90%
PAR > 30 days in amount	56,86,88,891	6,63,59,184
Pahal has increased its borrowers by appx. %	8.79	
Own portfolio increased by %	17.75	
New borrowed fund increased by %	14.98	
Disbursement of loan in amount increased by %	29.29	
Total staff has increased by %	21.86	

#### 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<sup>st</sup> March 2021 and the date of Director's Report.

#### DIVIDEND

Your directors are pleased to recommend a final dividend of Rs. 0.20 per equity shares of Rs. 10 each for the year ended 31st March 2021.

#### **AMOUNT TRANSFERRED TO RESERVES**

An amount of Rs. 85,77,610/- 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	Insuresilience	Catalyst Trusteeship	587	58,70,00,000	Listed
	Investment Fund	Limited			
2	Vivriti India Impact	Catalyst Trusteeship	2,50,00,000	25,00,00,000	Unlisted
	Bond Fund	Limited			
3	Northern Arc Money	Catalyst Trusteeship	150	15,00,00,000	Listed
	Market Alpha Trust	Limited			
4	IFMR Fimpact Medium	IDBI Trusteeship	150	15,00,00,000	Unlisted
	Term Opportunities Fund	Services Limited			

Details of Debenture Trustees of the Company are as follows:

Sr No.	Name of Debenture Trustee	Address	Contact detail
1	Catalyst Trusteeship Limited (Erstwhile GDA	Office No. 83 - 87, 8th floor, 'Mittal Tower', 'B' Wing, Nariman Point, Mumbai - 400021	022 - 4922 0555
2	Trusteeship Limited) Vistra ITCL (India) Limited	The IL&FS Financial Centre, Plot C- 22, G Block, 7th Floor BandraKurla Complex, Bandra (East), Mumbai 400051	022-2659 3602
3	IDBI Trusteeship Services Limited	Asian Building, Gr Floor, 17 R. Kamani Marg, Ballard Estate – Mumbai 400001	022-40807000

## CHANGE IN THE CAPITAL STRUCTURE OF THE COMPANY

#### **Equity Shares**

The Equity Share Capital of the Company has been increased from Rs. 30,54,29,440 to 32,18,46,110 during F.Y 2020-21.

#### **DECLARATION FROM INDEPENDENT DIRECTOR(S)**

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

#### **CAPITAL ADEQUACY**

The Capital Adequacy Ratio (CRAR) of the company was 21.15% as on March 31, 2021 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**

Your company has a strong risk management system in which the Risk Management Framework covers Credit, Operational, Market, Liquidity and Reputational Risks. The risk appetite includes a series of metrics with limits which express, in quantitative and qualitative terms, the maximum risk exposure that your company is willing to assume. Your Company uses a risk matrix to assess and compare the risks.

Your Company aims to reduce the likelihood of errors, wrong decisions and the impact of risks due to unforeseen circumstances as much as possible. The management regularly monitors risk and discloses its risk profile and mitigation strategies to the board on an on-going basis. Overall governance, management and oversight on the risk management practices of the organization exists with the Board, Audit Committee, ALCO & Risk Management Committee.

In the beginning of the FY 2020-21, the world acknowledged and witnessed the Covid-19 pandemic which threatened lives and livelihoods and created immediate challenges for the institutions that serve the bottom of the pyramid. The nationwide lockdown for the prevention of this infectious disease had massive repercussions on the microfinance industry. This led to significant increase in the overall risk scenario. Covid-19 was the biggest risk event since inception of MFIs. It had been a major challenge to predict the various types of risk which emerged and threatened the sustainability of the company. Comprehensive risk management system of Pahal had helped the company being prepared for the uncertainty and unforeseeable challenges posed by the COVID 19.

Business Continuity Plan was prepared and implemented across Pahal. Analysis on various scenarios was conducted and planned accordingly with the implementation in a proactive way. The management was able to steer the company out of this crisis and brought it to a comfortable position. The Company has also taken the opportunity to learn from this crisis about ways to improve moving forward to strengthen the systems in the areas of technology, Human Resource and Internal control. Transformation of digital technology has been eradicating the manual processes on a continuous basis.

Good customer relationship management, close monitoring, dynamic changes in approach, methodology and digitization process have created a new dimension for the company to survive. Your Company is committed to strengthen the risk culture across the company and integrate systems to manage the inherent risks in the foreseeable future.

#### **KEY MANAGERIAL PERSONNEL**

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

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

## APPOINTMENTS/RESIGNATIONS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL DURING FINANCIAL YEAR 2020-21

• None of the Directors or Key Managerial Personnel's have been appointed or resigned during F.Y.2020-21.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

The Director's Responsibility Statement as required under Section 134(5) of the Companies Act, 2013 is attached as Annexure I and form part of the board's report

#### 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.

#### **BOARD MEETINGS:**

The Composition of the Board as on 31st March 2021 was as follows:

Sr No.	Name of the Director	Category
1	Mr. Padmanabh P Vora	Non-Executive Non-Independent Director
2.	Mr. Kartik S Mehta	Managing Director
3.	Ms. Purvi J Bhavsar	Managing Director
4.	Mr. Saurabh Baroi	Nominee Director
5.	Mr. Venkatraman G lyer	Non- Executive & Independent Director

The Board of Directors of the Company meets at regular intervals, they met 10(Ten) times during the financial year. The intervening gap between any two meetings was within the period prescribed by the Companies Act 2013. The Board is regularly briefed and updated on the key activities of the business and is provided with the briefings and presentations on operations, quarterly financial and operational highlights and other matters concerning the company. Besides, information about statutory compliance, minutes, and information as required under Companies act 2013, Listing regulations and guidelines of Reserve Bank of India provided to the Directors on regular interval of time. The details of meetings are given as follows:

Sr No.	Date of Meeting	Board Strength	No. of Directors present
1	14.04.2020	5	5
2	07.07.2020	5	5
3	11.08.2020	5	4
4	08.10.2020	5	5
5	27.10.2020	5	4
6	13.11.2020	5	5
7	04.12.2020	5	5
8	19.12.2020	5	5
9	12.02.2021	5	5
10	12.03.2021	5	5

Attendance of each director at the Board Meeting:

Sr No.	Name of the Director	No. of Meeting held during the year	No. of Meeting Attended
1.	Mr. Padmanabh P Vora	10	10
2.	Mr. Kartik S Mehta	10	10
3.	Ms. Purvi J Bhavsar	10	10
4.	Mr. Saurabh Baroi	10	9
5.	Mr. Venkatraman G Iyer	10	9

#### **COMMITTEES OF THE BOARD**

Currently the Board has following committees, the Audit committees, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Asset/Liability and Risk management Committee and Finance Committee.

#### AUDIT COMMITTEE

The Audit Committee of the company is chaired by the Non-Executive Director. All the members of the committee are financially literate and possess thorough knowledge of accounting or related financial management expertise.

The Statutory Auditor and Internal Auditors are invited to the Audit Committee Meeting to discuss with Directors the scope of Audit, their report along with comments. Minutes of Audit Committee Meetings are circulated to all the members and thereafter discussed and noted at the subsequent Board Meeting.

The Company Secretary of the Company act as Secretary of the Audit Committee .

The Composition of the Audit Committee as on 31st March 2021 was as follows:

Sr No.	Name of the Member	Category	Designation
1.	Mr. Padmanabh P Vora	Non-Executive & Non-Independent Director	Chairman
2. 3.	Mr. Kartik S Mehta Mr. Venkatraman G Iyer	Managing Director Non-Executive & Independent Director	Member Member

The members of the Audit Committee met 6(Six) times during the financial year. The details of which are given as follows:

Sr No.	Date of Meeting	Board Strength	No. of Directors present
_		_	_
1	14.04.2020	3	3
2	06.07.2020	3	3
3	27.10.2020	3	3
4	13.11.2020	3	3
5	19.12.2020	3	3
6	31.03.2021	3	2

Attendance of each director at the Audit Committee Meeting:

Sr No.	Name of the Director	No. of Meeting held during the year	No. of Meeting Attended
1.	Mr. Padmanabh P Vora	6	6
2.	Mr. Kartik S Mehta	6	6
3.	Mr. Venkatraman G Iyer	6	5

## **Terms of Reference of Audit Committee**

- Recommendation to the Board the appointment, remuneration, replacement or removal and terms of appointment of 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;
- Scrutiny of Inter Corporate Loans and Investment;
- Valuation of undertaking or assets of the company, wherever it is necessary;
- Evaluation of Internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offer (if any) and related matter.

## NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee review and recommends the payment of salaries, incentive and finalizes appointment and other employment conditions of Directors and Key Managerial Personnel. The Composition of the Nomination and Remuneration Committee as on 31st March 2021 was as follows:

Sr No.	Name of the Member	Category	Designation
	Mr. Venkatraman G lyer	Non-Executive & Independent Director	Chairman
	Mr. Padmanabh P Vora Ms. Purvi J Bhavsar	Non-Executive & Non-Independent Direc- tor Managing Director	Member 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:

Sr No.	Date of Meeting	Board Strength	No. of Directors present
1.	07.07.2020	3	3
2.	19.12.2020	3	3
3.	31.03.2021	3	2

Attendance of each director at the Nomination and Remuneration Committee Meeting:

Sr No.	Name of the Director	No. of Meeting held during the year	No. of Meeting Attended
1.	Mr. Venkatraman G Iyer	3	2
2.	Mr. Padmanabh P Vora	3	3
3.	Ms. Purvi J Bhavsar	3	3

## 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.
- Ensure 'fit and proper' status of proposed/existing directors and scrutinize the information stated in the signed declarations.

## STAKEHOLDER RELATIONSHIP COMMITTEE

The Stakeholder Relationship Committee is entrusted with the responsibility of addressing the shareholder's/ investor's complaints. The Composition of the Stakeholder Relationship Committee as on 31st March 2021 was as follows:

Sr No.	Name of the Member	Category	Designation
1.	Mr. Venkatraman G Iyer	Non-Executive & 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 31st March 2021. Attendance of members at the meeting is given here under:

Sr No.	Name of the Director	No. of Meeting held	No. of Meeting Attended
1.	Mr. Venkatraman G Iyer	1	0
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.

#### **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The Composition of the Corporate Social Responsibility Committee as on 31st March 2021 was as follows:

Sr No.	Name of the Member	Category	Designation
1.	Mr. Venkatraman G Iyer	Non Executive & 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 26th March 2021. Attendance of Directors at the meeting is given here under:

Sr No.	Name of the Director	No. of Meeting held	No. of Meeting Attended
1. 2.	Mr. Venkatraman G Iyer Mr. Kartik S Mehta	1 1	0 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;
- 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.

## ASSET/LIABILITY AND RISK MANAGEMENT COMMITTEE

The Composition of Asset/Liability and Risk Management Committee as on 31st March 2021 was as follows:

Sr No.	Name of the Member	Category	Designation
1.	Mr. Padmanabh P Vora	Non-Executive & Non-Independent Director	Chairman
2.	Mr. Venkatraman G Iyer	Non-Executive & Independent Director	Member
3.	Mr. Kartik S Mehta	Managing Director	Member
4.	Ms. Purvi J Bhavsar	Managing Director	Member
5.	Mr. Saurabh Baroi	Nominee Director	Member

The members of the Asset/Liability and Risk Management Committee met 2 (Two) times during the financial year. The details of which are given as follows:

Sr No.	Date of Meeting	Board Strength	No. of Directors present
1.	06.07.2020	5	5
2.	19.12.2020	5	5

The attendance of each member of Asset/Liability and Risk Management Committee during the financial year is given below:

Sr No.	Name of the Director	No. of Meeting held during the year	No. of Meeting Attended
1.	Mr. Padmanabh P Vora	2	2
2.	Mr. Venkatraman G lyer	2	2
3.	Mr. Kartik S Mehta	2	2
4.	Ms. Purvi J Bhavsar	2	2
5.	Mr. Saurabh Baroi	2	2

## Terms of reference of Asset and Risk Management Committee:

The role of Asset and Risk Management Committee involves:

- Addressing concerns regarding asset liability mismatches;
- Achieving optimal return on capital employed while maintaining acceptable levels of risk including and relating to liquidity; market and operational aspects and adhering to the relevant policies and regulations;
- Addressing concerns regarding interest rate risk exposure; and
- To do such other acts, deeds and things as may be directed by the Board and required to comply with the applicable laws.
- To monitor and review the risk management plan:
- To take strategic actions to mitigate the risk associated with the nature of the business;
- To appraise the Board of Directors at regular intervals regarding the process of putting in place a progressive risk management system, risk management policy and strategy;
- To do such other acts, deeds and things as may be directed by the Board and required to comply with the applicable laws.
- To lay down procedure to inform Board members about the risk assessment and minimization procedures.

#### FINANCE COMMITTEE

The Composition of Finance Committee as on 31st March 2021 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 29th December 2020 and all the directors of the company attended the same .

## **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 29th December 2020 M/s SGDG & Associates LLP bearing registration number W100188 was appointed as the Statutory Auditor of the company for Financial year 2020-21 for a tenure of 1 (one) year.

The Audit Report for the Financial Year ended 31st March 2021 doesnot 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 there under 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 2020-21. The report does not contain any qualification, reservation or adverse remark. The Secretarial Audit Report is annexed with this report as **Annexure II**.

#### **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 2020-21.

## **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 happened in F.Y 2020-21 and the same was reported to Reserve Bank of India.

#### 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, as required under sub-section (3) of Section 178 of the Companies Act, 2013, are formulated by the Nomination and Remuneration Committee. The detailed policy can be accessed through Company's website from the following web link: <a href="https://www.pahalfinance.com/wp-content/uploads/2021/07/nomination-and-remuneration-policy.pdf">https://www.pahalfinance.com/wp-content/uploads/2021/07/nomination-and-remuneration-policy.pdf</a>.

#### 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 there under. Further, the Company has not received any complaint of sexual harassment during the Financial Year 2020-21.

#### PAHAL EMPLOYEE STOCK OPTION (ESOP) SCHEME

Pursuant to the approval accorded by the shareholders vide resolution passed in Annual General Meeting held on 23rd 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.	Particulars	31st March 2021
1	Options outstanding at the beginning of the year	2,10,000
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	0
5.	Total number of shares arising as a result of exercise of option	0
6.	Number of options lapsed during the year	0
7.	The exercise price of the options	0
8.	Variation of terms of options	None
9.	Money realized during the year by exercise of option	0
10.	Number of options granted and in force at the end of the year	2,10,000

Options granted to the Key Managerial Personnel during the year

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

## 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.

## 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 currency earning and the expenditure is Rs. 69,71,546 during the year 2020-21.

## **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/ ratification 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 IV**. 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.

#### **ANNUAL RETURN**

In terms of Section 92(3) of the Companies Act 2013 read with section 134(3)(a) thereof, the annual return of the company for the year ended 31st March 2021, in the prescribed Form MGT - 7 is available on the website of the company on www.pahalfinance.com.

## **CORPORATE SOCIAL RESPONSIBILITY**

The Corporate Social Responsibility Committee (CSR Committee) has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board. The Company has developed and implemented the CSR Policy accordingly. The Company undertakes its CSR initiatives as per the activities covered in the CSR Policy of the Company. For a detailed CSR Policy please refer the website link: <a href="https://www.pahalfinance.com/wp-content/uploads/2021/07/csr-policy.pdf">https://www.pahalfinance.com/wp-content/uploads/2021/07/csr-policy.pdf</a>

#### 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 believe on the overall development of the section coming under the canopy or rural household and work continuously towards seeding the best opportunities for the which would germinate for a better tomorrowPahal 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 thousands 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 member of CSR committee are:

- a. Mr. Venkatraman G lyer
- b. Mr. Kartik S Mehta
- c. 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	Amount
1	Average net profit before tax of the Company for last three financial years	8,61,68,517
2.	Total amount to be spent for the financial year	17,23,370
3.	Total amount spent (including unspent amount of Rs. 39,393 of previous financial year)	17,34,867
4.	Total amount unspent, if any	27,896

#### 4. The details of the amount spent during the financial year is detailed below:

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	Distribution of Happiness Kit through Akshay		Gujarat	13,83,250	13,83,250	13,83,250	13,83,250
2.	Patra Flood Relief	malnutrition Relief	Bihar	3,51,617	3,51,617	17,34,867	0

#### 5. 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.

#### Note:

Due to ongoing Covid 19 pandemic your company was unable to spend the amount of Rs 27,896/- for the intended CSR activities, therefore pursuant to provisions of section 135 (5) of Companies Act 2013 company had transferred such unspent amount to PM CARES FUND on 11th August 2021.

#### **ACKNOWLEDGEMENT:**

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

For and on behalf of the Board of Directors

Date: 29.10.2021 Place: Ahmedabad Kartik S. Mehta Managing Director DIN: 02083342 **Purvi J. Bhavsar** Managing Director DIN: 02102740

## Annexure I

## DIRECTOR'S 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 were no material departures therefrom;
- 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.

For and on behalf of the Board of Directors

Date: 29.10.2021 Place: Ahmedabad Kartik S. Mehta Managing Director DIN: 02083342 **Purvi J. Bhavsar** Managing Director DIN: 02102740

## **Annexure II**

#### FORM MR - 3

#### SECRETARIAL AUDIT REPORT

(FOR THE FINANCIAL YEAR FROM APRIL 1, 2020 TO MARCH 31, 2021) [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) 7th Floor, Binori B Square - 2 Opp. Hathising ni vadi, Ambli Iscon Road, Ahmedabad - 380054

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 (herein after called "the company") for the audit period covering the financial year ended on March 31, 2021. 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, 2021 complied with the statutory provisions listed here under 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 herein after:

- I. The company is engaged in the business of Micro finance Institution (MFI)- 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, 2021 according to the provisions of:
- (i) The Companies Act, 2013 ("the Act") and the Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the Rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) The Foreign Exchange Management Act, 1999 ("FEMA") and the Rules and Regulations made there under to the extent of foreign direct investment, overseas direct investment and external commercial borrowings; and
- (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:
- 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;
- 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, Guide lines, Standards, etc.
- IX. I, Further report that during the period under review and audit (from 1st April, 2020 to 31st March 2021) the company has
- 1. Issued,2,50,000 fully paid equity shares of Rs.10 each, at a price of Rs.48 each (including premium of Rs.38 per share) to Mr. Rajesh P Khandwala under private placement basis
- 2. Issued 2,50,000 fully paid equity shares of Rs.10/-each, at a price of Rs.48 each (including premium of Rs.38 per share) to Mr. Vimal P Khandwala under private placement basis.
- Issued 1,00,000 fully paid equity shares of Rs 10/-each at a price of Rs.48/-each (including premium of Rs.38 per share) to Suyash Advisory LLP under private placement basis.
- 4. Issued 1041667 fully paid equity shares of Rs 10/-each at a price of Rs.48/-each (including premium Rs.38 per share) to DIA Vikas Capital Pvt. Ltd under private placement basis.
- 5. Issued following debentures during financial year 2020-21

Name of Investor	ISIN	Date of Allotment	No. of Debentures	Face Value	Amount	Listed /Unlisted
Insuresilience Investment Fund - Debt	INE514Q07155	03.04.2020	282	1000000	282000000	Listed
Sub Fund Insuresilience Investment Fund Debt Sub Fund	INE514Q07189	03.11.2020	134	1000000	134000000	Listed

Name of Investor	ISIN	Date of Allotment	No. of Debentures	Face Value	Amount	Listed /Unlisted
Vivriti India Impact Bond Fund	INE514Q07197	18.12.2020	25000000	10	250000000	Unlisted
Insuresilience Investment Fund Debt Sub Fund	INE514Q07205	12.01.2021	171	1000000	171000000	Listed
Northern Arc Money Market Alpha Trust IFMR	INE514Q07213	18.02.2021	150	1000000	15000000	Listed
Fimpact Medium Term Opp Fund	INE514Q07221	15.03.2021	150	1000000	15000000	Unlisted

#### For Anamika Jajoo & Co.,

Practicing company secretary

#### Anamika Jajoo

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

#### UDIN NO.: A020918C000976301

Place: Ahmedabad Date: 21st September, 2021

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

## Annexure – I

To,

The Members, Pahal Financial Services Pvt.Limited (CIN: U65910GJ1994PTC082668) 7th Floor, Binori B Square - 2 Opp. Hathising ni vadi, Ambli Iscon Road, Ahmedabad - 380054

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

UDIN NO.: A020918C000976301

Place: Ahmedabad Date: 21st September, 2021

## Annexure - III

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 2020-21:

Name of the Director Ratio of remuneration to median employee of the company *		Percentage increase in the remuneration for the Financial Year 2020-21 as compared to previous year remuneration	
Ms. Purvi J Bhavsar	27.73:1	0	
Mr. Kartik S Mehta	27.73:1	0	

\*Median remuneration of the employees of the company be Rs. 1,74,120.

2. The percentage increase in remuneration of following Key Managerial Personnel (KMP), if any , in the financial year 2020-21

Name of the KMP	Designation	Percentage increase in the remuneration for the Financial Year 2020-21 as compared to previous year remuneration
Mr. Kartik S Mehta	Managing Director	0
Ms. Purvi J Bhavsar	Managing Director	0
Mr. Chintan Desai	<b>Chief Financial Officer</b>	24.96
Ms. Nikita Sharma	Company Secretary	22.62

- 3. The percentage increase in the median remuneration of the employees in the financial year 2020-21: 19.30%
- 4. The number of permanent employees on the rolls of the company as on 31st March 2021: 1518
- 5. Average Percentile increase in the Salaries of the Employees other than Managerial Personnel is around 14.00% and increase in salary of Managerial Personnel during last financial year is disclosed in point 2 mentioned above.
- 6. It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.

## Annexure IV

## 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					
А. В.	Name (s) of the related party and nature of relationship Nature of contracts/arrangements/transactions					
C.	Duration of the contracts/arrangements/ transactions					
D. E.	Salient terms of the contracts or arrangements or transactions including the value, if any Justification for entering into such contracts or	NIL				
E. F.	arrangements or transactions 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					
Α.	Name(s) of the related party and nature of relationship	Name: Suyash Advisory LLP	Name: Sambandh Finserve Private Limited			
		Nature: The Managing Directors of Pahal Financial Services Private Limited are the Designated Partners of the Suyash Advisory LLP.	Nature: Mr. Saurabh Baroi (Nominee Director) of Pahal Financial Services Private Limited is also the Director of Sambandh Finserve Private Limited.			
В.	Nature of contracts/arrangements/ transactions	Transaction is to be done on actual basis in the ordinary course of business and on arm's length basisas approved by the Board of Directors of the Company	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	On going			
D.	Salient terms of the contracts or arrangements or transactions including the value, if any	As per agreement	As per agreement			
E. F.	Date(s) of approval by the Board, if any Amount paid as advances, if any:	07th July 2020 Nil	11th August 2020 Nil			

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

For and on behalf of the Board of Directors

Date: 29.10.2021 Place: Ahmedabad Kartik S. Mehta Managing Director DIN: 02083342 **Purvi J. Bhavsar** Managing Director DIN: 02102740

## **SOCIAL PERFORMANCE MANAGEMENT :**

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. 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 activities such as disaster relief and supporting social institutions. Pahal's approach to 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 clients' needs and it designs its products and services accordingly which will enable clients to bring a significant change in their future and their communities. 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 for the March 2021 quarter was 77%.

The financial products and services ensure the financial inclusion of clients in a way which is sustainable for both PFSPL 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. PFSPL 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 cover for their expenditure on 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. Cattle loans with insurance is also provided to the clients.

Pahal has imbibed the spirit of client protection principles and developed a strong culture of fair behavior toward its clients. During the COVID 19 pandemic, Pahal ensured that all the client protections principles are adhered with. Pahal has adopted various methods to obtain feedback from clients. Pahal has strong customer grievance redressal mechanism in place through which the clients' complaints are resolved in a timely manner. In the Client Satisfaction Survey, more than 90% of the clients reported full satisfaction with Pahal.

Pahal upholds its responsibility towards the employees. Pahal has provided utmost support to its employees during the COVID 19 period. Various initiatives such as Mediclaim insurance, giving immunity booster medicines to the employees were taken to ensure support to the employees.

# SUSTAINABLE DEVELOPMENT GOALS :



# END POVERTY IN ALL ITS FORMS EVERYWHERE

Poverty eradication is important for the reduction of inequalities that currently exist among people and for the socio-economic and political stability of countries left behind. Pahal has transformed lives of more than 3500000 lives individuals directly or indirectly eradicating poverty in vulnerable and marginalized communities.



# ENSURE INCLUSIVE AND EQUITABLE QUALITY EDUCATION AND PROMOTE LIFELONG LEARNING OPPORTUNITIES FOR ALL

Pahal believes in holistic and overall development and empowerment of rural communities. The socio and economic factors play a vital role in upliftment of such communities and education works as a catalyst to boost such paradigm shift. Pahal and Opportunity international came together and did R&D to come up with a specialized product - Shiksha loan, which aimed to cater the needs pertaining to good quality education.



# ENSURE AVAILABILITY AND SUSTAINABLE MANAGEMENT OF WATER AND SANITATION FOR ALL

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 forward, 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, 2021, Pahal, has touched more than 10000 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.



## ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL

Customers can opt for wide range of supplementary products along with JLG loans. There is a dynamic option of supplementary products ranging from different household items. A section of these products comes under the umbrella of Solar category ranging from solar lights and fans. These product does not only uplift the living conditions but also nullifies carbon footprints in our ecosystem. As of 31st March2020, Pahal has negated more than 35000 metric tons of carbon in the environment.





# **CSR INITIATIVE :**

#### **BIHAR FLOOD- HELPING HAND**

The state of Bihar has been a front runner for the organization when it comes to operations. The recent floods in the region have brought the livelihood of the masses to stand still, a large section has already lost their homes and had to tap on refugee camps to make their end meet. Pahal's CSR triggered a project to provide essentials/food/shelter benefits to the people affected in the region. The project covered the affected population in the districts of Muzaffarpur, Sitamarhi, Seohar, Darbhanga, Mahbubani, Samastipur, Khagaria and Bhagalpur. The team distributed flat rice, jaggery, chickpea, candle, matchbox, biscuit and tarpaulin without differentiating between borrowers and non-borrowers. The Mozart of the project is the employees of the organization, who volunteered to help the affected masses. Food packets, clothes, and many other amenities were provided to the displaced sections. The employees are the unsung heroes of the CSR activity who bridged the gap between the masses inneed to the people who wanted to help them out.

Pahal takes a lot of pride about the generous participation by its employees, more so because the entire idea behind the above initiative was pitched by the team in Bihar. The culture and values of the organization are reflected by the CSR activity in Bihar and they hope to carry out the same enthusiasm in these challenging times.





### DISTRIBUTION OF HAPPINESS KITS THROUGH AKSHAY PATRA

Pahal in collaboration with Akshay Patra distributed Happiness Kits initiative. The kit contains educational material in regional languages, hygiene products and essential food grains – thus giving children all that they would receive at school contained in a kit here. There were 2,515 beneficiary children and their families at Ahmedabad, who benefited through sponsored happiness kits. The children belonged to the urban poor communities and some even included those living on the outskirt of the city. Their parents and guardian were blue collared workers, laborers, other daily wage workers. Majority of them lost their livelihood due to the Covid 19 pandemic and closure of industries, public systems and nationwide lockdown. This resulted in further job insecurity, lack of access to food resources and increased malnutrition amongst the underprivileged society.







### **EMPLOYEES SPEAKS:**

Poverty, primitive customs, unstructured skillsets, and more – a bird's eye view of India paints an awfully sad picture of the reality that many citizens are living every day, especially women. India is home to the second largest population in the world which entails towards having one of the largest labor workforce. However, the female to male ratio in the subset is relatively low when compared to other developing countries in the world.

Amid this contrary, there are few instances that sprouts out defying the strings of the primitive social norms igniting inspiration for the generation behind. Once such pioneer in the subset is Nishaben, who is associated with ous since the inception of the organization in multiple roles. She was born in a small town of Kanpur, Uttar Pradesh. Her father was the only sole bread earner in the family of eight. The timid income cashflow coupled with the struggles of her father made her to ponder upon the curbing the economic and financial challenges in the family. She helped the family by running errands and executing part times jobs to sustain the family in tough times.

A sense of maturity was induced in her from a very early age. Apart form the traditional job, her father was involved in various social work ranging from uplifting the marginalized sections using the fulcrum of education, marriage etc. This phenomenon made a major impact in Nishaben's life which made her to explore opportunities in development sector to take her father's work to another top notch.

"Be the change you want to induce in the society!" she says and follows the same with utter grace and dignity. She settled in Ahmedabad after getting married which was not tagged with any dowry. She believes that defying the dowry culture must germinate from women, to nullify the male chauvinist culture. The new state offered her many opportunities; however, she again chose to explore the development sector where her soul and heart resided. She worked for Vikas enterprise which worked for providing small ticket size loans to underprivileged communities without collateral. The job role gave her the sense of pride and satisfaction for working for the vulnerable sections of the society. She had multiple opportunities to master her skills by attending various training programs and workshops in India and abroad. Pahal Financial Services acquired Vikas enterprise some time later and Nishaben became the most important asset of the organization. She began to climb the ladder of success and started to care of the economic and financial functions of the family. However, the good fate was not with her for too long. There was a major setback in the business of her husband, which weighted the financial parameter more on her. To add on the problems, he was also diagnosed with paralysis.

This created a havoc in her life; but her courage and will did not weigh her down. She continued to strive and support her family both financially andemotionally. This positive lookout towards life has motivated many women belonging to marginalized sections. The spotlight of women empowerment shines over her tremendously which entails towards seeding positive environment in the organization.

Nishaben is a sheer example of will and courage. She has come out with flying colors when it comes to tackling down problems pertaining to primitive cultural norms.



The magnified confidence in me has mainly came from the work I am into. Working for underprivileged women has given me a sense of superiority which helps me to fight off the problems that I face in day-to-day life. I am thankful to all women out there who put up a smile amid all the chaos in their lives! "

- Nishaben



# PAHAL IN NEWS:

# PAHAL IN NEWS

# Award | Best Women CustomerEngagementInitiative-WASH.

Pahal Financial Services Pvt. Ltd. recently raised debt capital worth 5 million US dollars from WaterEquity, a USA-based impact investment asset manager. Pahal has been working towards providing funding for clean water and proper sanitation facilities to marginalized communities since the last two years. The organization has developed strategies which are in line with the United Nation's Sustainable Development Goal – 6 (Clean Water and Sanitation for all).

Till date, Pahal has impacted more than 10,000 households by providing access to funding for clean drinking water & sanitation and toilet facilities for households. This debt capital will help to further on-lend to women borrowers from low-income households, increasing their access to clean water and toilet facilities.

Speaking on the occasion, Mr. Sridhar Sampath, South Asia Regional Director at WaterEquity, with comments "In partnering Pahal. sustain-WaterEquity is able to support able growth in access to water and sanitation in emerging markets. Together, we are accelerating an end to the global water and sanitation crisis for millions of women. children, and men in India."

# The App offers an innovative and user-friendly interface, suited for MFI customer profiles.

Some of its core features are:

- · Convenient access to loan accounts
- · Instant alerts on loan status
- Digital Payments

### Pahal Financial Services raises 5 million USD from WaterEquity

Pahal Financial Services Pvt. Ltd. has been chosen as recipient of the DNA-Distinguished NBFC Awards-2021 for the Best Women Customer Engagement Initiative-WASH.

This award is given annually to NBFC/MFI by Banking Frontiers that demonstrates exceptional innovation and devotion towards marginalized & vulnerable communities in adherence to UN's Sustainable Development Goals (SDGs). It is a prestigious honor that serves to recognize the best of the best within the ranks of NBFCs/MFIs.

# Pahal Sangini Mobile Application - A digital inclusion initiative.

Pahal mainly cater to the low-income customer groups that have limited familiarity with technology. Pahal Sangini mobile application can deliver superior service by adopting easy-to-use technology to empower the customer with handy information related to borrowing, instalment due dates, loan status and digital payments.



# PAHAL'S INITIATIVES

# **IT INITIATIVES :**

#### **IT REFORMS**

The pace of technological advancements continues to transform financial sector globally & the traditional microfinance landscape is rapidly changing. As technology advances, MFI, s needs to deploy new tools frequently to stay competitive as well as defensive.

Pahal is leveraging its technology investments for enhancing Business process, Data Security & better Employee experience & collaboration. Below are some of Technology updates done in FY 2020 -21.



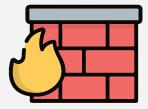
#### **INCREASED CUSTOMER TOUCHPOINT**

Pahal has rolled out Pahal Sangini, A customer app for customer service. It enables customers to view details of their loan account. It allows them to make a payment through & UPI or BBPS digital channel. Customer can also apply for loan renewal and call-back using the app.



#### **PAHAL PATHSHALA**

We have rolled out a mobile based learning management system for contact less learning experience. It facilitates video-based training sessions, conducting online surveys and online assessments.



#### **INCREASED SECURITY**

As Cyber security is becoming more and more important, Pahal has implemented Sophos Firewall across HO & Backoffice's. HO firewall device has been upgraded for increased security settings. The implementation has facilitated Pahal for 99.9% application availability, monitor health and threat & automatic threat isolation. Sophos firewall has makes it easy to extend your secure network to employees anywhere.



#### **HR SOFTWARE**

Pahal has implemented Attendance and HRMS software across organization. It is an Employee-Centric HR Cloud Platform. It helps Impacts Business Outcomes & Increases People Engagement, It is comprehensive software covering all aspect of HR activity commencing from Hire to retire process, Employee Self Service, Mobile based attendance marking, Training, compliance & governance engagement.





#### FINLY - EXPENSE MANAGEMENT SYSTEM

Finly, A card-based expense management software forhandling branch Petty Cash. It provides functionality of creating money request & submitting expenses online with pre-configured approval matrix. It empowers head office to reconcile the submitted expenses in Realtime and petty cash replenishment for seamless functioning of branches.

#### **COMPLIANCE**

We are IPV6 compliant as per requirement of regulatory agency. Training sessions & periodic assessment are conducted so as competent human resource are available. State-wise IT workforce for better hardware & software support. 5-member Glow helpdesk for quick error resolution of field staff.



# CREA T IVE EFF E CTIVE INNOV A TIVE TI M E

# **PAHAL'S PANDEMIC SUPPORT :**

COVID-19 has rapidly progressed to become a global pandemic, causing unprecedented, far-reaching impact on the health, social and economic well-being of communities around the world. As India is battling with the second wave the major concern is that the virus has spread into India's hinterland and could wreak havoc in villages, towns, and small cities. Pahal has taken multiple initiatives to ensure people safety and enable work from home for its employees.

Some of the key decisions that Pahal has taken for the staff welfare during the second wave of COVID-19 are mentioned below:

- 1) Disbursement of Ayurvedic medicine (Sanshamani Vati) approved by Ayush Mantralaya to all employees and their family members for boosting their immunity.
- 2) Health insurance of Rs. 2 Lacs covering Employee, Spouse and two children. This includes treatment of Covid 19.
- 3) Term insurance for all employees of Rs 5 Lacs.
- 4) One year's salary paid to family of employee in the unfortunate event of employee succumbing to Covid 19.
- 5) All non-essential travels discouraged at all levels.
- 6) Incremental expenses in branches for maintaining hygiene protocols and other purchases like masks.
- 7) Daily monitoring of all COVID positive employees to check their well-being and help needed.
- 8) Paying adhoc salary or advance to employees to meet immediate expenses related to self or family.
- 9) Reaching out personally by Directors to any employee losing any close family member offering help and motivation.

To sum up, Pahal has worked together with its employees to nullify the effects of the pandemic, so that it provides the best services and product to the marginalized communities and to uplift their living conditions.



# **BACK TO BASICS:**

#### **CATTLE LOANS:**

The largest country of the Indian subcontinent has witnessed two great revolutions which aimed at socio and economic functions of the most vulnerable section of the society - the green revolution and white revolution. The former revolution resulted in an exponential increase in the production of rice and wheat while the latter made India the market leader in dairy products.

Livelihood dependence on cattle rearing and cattle produce had always been a backbone of rural India since its inception. The white revolution made this dependence to have a footfall in the organized sector which arrowed towards better compensation, opportunities and fair trade practices for the marginalized communities.

The state of Gujarat was right in the center from where the revolution kicked off and fifty years later it still caters to the upliftment of living standards of the communities dependent on cattle. Pahal Financial Services has been working as a catalyst in this domain for the last 4 years. The organization gives out micro and macro lending to the cattle dependent communities to purchase cattle. The organization has been playing a vital role in bridging the gap between the consumers and livelihood opportunities.

The organization go beyond the normalized operation parameters of lending loans. To safeguard the investment of the end-users the 'cattle loan product' is coupled with cattle insurance to nullify any mishaps pertaining to cattle deaths.

Pahal has pushed forward this initiative and opened the door of a cattle dedicated branch in Kheralu, Gujarat to maximize the penetration in the most rural canopies of the state. The branch boasts to be the only cattle dedicated branch in the region which serves the needs of the end-user dependent on cattle for the source of their livelihood. The organization has plans to replicate the particular model in other states and regions in the future days to come.



# MANAGEMENT REPORTS

## **MANAGEMENT DISCUSSION AND ANALYSIS**

#### **Back Ground**

Pahal has started its operations by acquiring a NBFC company "Kelkar Leasing Company Private Limited" The company was duly acquired on 8thFebruary 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 CRof Lok Vikas Nidhi (adivision 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 2019-20was a one of the most challenging year since COVID -19 has disrupted the normal life of the people. Lockdown announced in most of the countries, India has also announced a nationwide lock down starting from March 2020 till May 2020. This has hampered the economic activities throughout India and lively hood and income generation of the common people. Income generation activities have impacted mostly low earning people and it has impacted.

Though it was a roller coaster ride for most of the industry, even in such situation Pahal has managed to keep its numbers very high comparing to companies in MFI segment.

The organization has reached an AUM of Rs. 773.24 CR as compared o 736.44 CR as on 31st March 2020. Customer base has increased to 326448 as against 3,00,061 as on 31st March 2021. Total Branches has reached to 175 spreads across 7 states.

#### **Industry Update**

As per the latest data available, microfinance industry has a loan portfolio of 2,59,377 Crores with 10.93 crores accounts. This includes a managed portfolio of 35,438 crores. Out of managed portfolio, BC portfolio accounts for 20,842 crores.

PAR 90+ has been increased to 3.95% as on March 2021 from 0.88% as on March 2020. Pahal's PAR as on 31st March for 90+ stands to 3.44% on AUM.

As on 31 March 2021, NBFC-MFIs on aggregated basis have a network of 14,673 branches and employee base of 1.19 Lacsof majority consist of field officers who provide door-step credit to low-income clients served by the NBFC-MFIs. (Source : Micrometer Issued by MFIN for Q4 of 20-21)

### **Financial Year for Pahal**

The Company has reported Profit of Rs. 3.41 Crores (Profit after Tax) during the year 2020-21 as compared to a profit of 15.74 crores during the year 2019-20. The company's AUM has grown by approx. 5 % as on 31.03.2021 to 773.24 Cr from 736.44CR as on 31.03.2020.

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.159.76 crores in the year 2020-21 as compared to 143.88 crores in the year 2019-20. The company has recorded a PBT of Rs. 4.29 crores as compared to a profit of Rs. 23.36 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 124.36 crores as on 31.03.2021 from 113.70 crores as on 31.03.2020. Company has able to infuse equity worth Rs. 7.88 crores from DIA Vikas Capital Pvt Limited and from Promotors & Family Friends.

Shareholders Group	Number of Shares	% of Holding	
BOPA Pte Limited DIA Vikas Capital Pvt. Limited Promotors & Family and Friends	1,15,50,000 63,75,000 1,36,59,611	35.89% 19.81% 44.30%	

During the financial year company has raised a funds of Rs. 439.56 CR through various sources. These includes a Rs. 89.59 Cr raised through securitization and direct assignments and Rs. 350.27 crores through Banks/ NBFCs / FPIs and Others.

Raising a money with low cost and innovative instruments was a focused area during the year. During the financial year, company has successfully concluded its first ECB transaction with renowned fund "Grameen Agricol" amounting to 3 Mn Euros. During the next fiscal year, company is targeting raise funds with low cost from various banks.

Institution	%		
Cash Credit	0.53%		
Non Convertible Debentures	28.95%		
Sub Debt	3.91%		
Term Loans-From Banks	23.17%		
Term Loans-From Others	43.43%		
TOP Five Lenders to Pahal			
1. Blue Ochard	4. Northern Arc Impact Fund.		
2. Responsibility AG	5. Hinduja Leyland Finance		
3. Mas Financials Services Limited	6. Bandhan Bank Limited.		

### **Regulations & Stuatory 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.

## NOTE ON ASSET AND LIABILITY AND RISK MANAGEMENT

Pahal has a strong risk management system in which the Risk Management Framework covers Credit, Operational, Market, Liquidity and Reputational Risks. The risk appetite includes a series of metrics with limits which express, in quantitative and qualitative terms, the maximum risk exposure that Pahal is willing to assume. Pahal uses a risk matrix to assess and compare the risks.

Pahal aims to reduce the likelihood of errors, wrong decisions and the impact of risks due to unforeseen circumstances as much as possible. The management regularly monitors risk and discloses its risk profile and mitigation strategies to the board on an on-going basis. Overall governance, management and oversight on the risk management practices of the organisation exists with the Board, Audit Committee, ALCO & Risk Management Committee.

In the beginning of the FY 2020-21, the world acknowledged and witnessed the Covid-19 pandemic which threatened lives and livelihoods and created immediate challenges for the institutions that serve the bottom of the pyramid. The nationwide lockdown for the prevention of this infectious disease had massive repercussions on the microfinance industry. This led to significant increase in the overall risk scenario. Covid-19 was the biggest risk event since inception of MFIs. It had been a major challenge to predict the various types of risk which emerged and threatened the sustainability of the company. Comprehensive risk management system of Pahal had helped the company being prepared for the uncertainty and unforeseeable challenges posed by the COVID 19.

BCP was prepared and implemented across Pahal. Analysis on various scenarios was conducted and planned accordingly with the implementation in a proactive way. The management was able to steer the company out of this crisis and brought it to a comfortable position.

Pahal has also taken the opportunity to learn from this crisis about ways to improve moving forward to strengthen the systems in the areas of technology, HR and Internal control. Transformation of digital technology has been eradicating the manual processes on a continuous basis.

Good customer relationship management, close monitoring, dynamic changes in approach, methodology and digitization process have created a new dimension for Pahal to survive. Pahal is committed to strengthen the risk culture across the company and integrate systems to manage the inherent risks in the foreseeable future.

# FINANCIAL STATEMENT

To The Members of Pahal Financial Services Private Limited

**Report on the Audit of the Ind AS Financial Statements** 

### **OPINION**

We have audited the accompanyingInd AS Financial Statements of Pahal Financial Services Private Limited ("the Company"), which comprise the Balance Sheet as atMarch 31, 2021, 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 afore said 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 IndianAccounting 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, 2021, 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 there under, 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.

### **EMPHASIS OF MATTER**

We draw attention to Note 9 to the Ind AS financial statements, which describes the economic and social disruption as a result of the 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.

## **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

I. Impairment of Loans as at Balance Sheet Date (Expected Credit Losses):

(Refer Note 9 to the Ind AS Financial Statements)

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.

In the process, a significant degree of judgment has been applied by the management for:

- Staging of the Loan Receivable (i.e. classification in 'significant increase in credit risk' ('SICR') and 'default' categories)
- 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.

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.

#### Principal audit procedures performed are:

- Read and assessed the company's accounting policies for impairment of loans and their compliance with Ind AS 109.
- Evaluated the reasonableness of the estimates management by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction and validation.
- 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.
- 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 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.
- 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.

#### Sr no Key Audit Matter

#### Auditor's Response

#### II. IT Systems and Controls:

The Company's 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 could result in the financial accounting and reporting records being materially misstated.

The Company primarily uses two systems for its overall financial reporting.

We have focused on following significant areas which could give rise to material misstatement:

- User access management,
- Change management,
- Segregation of duties, and
- System reconciliation controls and system application controls over key financial accounting and reporting systems.

#### Principal audit procedures performed are:

 We tested the design and operating effectiveness of key controls over user access management which includes granting access rights, new user creation, removal of user rights and preventive controls designed to enforce segregation of duties.

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 governanceand 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 preparation of theseInd AS Financial Statements that give a true and fair view of the financial to the position, financial performanceincluding 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 theInd AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing theInd 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 RESPONSIBILITYFOR 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.

### **OTHER MATTER**

The Audit of the Ind AS Financial Statements for the year ended March 31, 2020 was carried out and reported by another Auditor M/s Manubhai & Shah LLP, Chartered Accountants, who had expressed an unmodified opinion on those financial statements vide their audit report dated July 07, 2020.

Our opinion on the financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of this matter.

#### **Report on Other Legal and Regulatory Requirements**

- As required by Section 143(3) of the Act, based on our audit, we report that:
  - 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 Lossincluding 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.

On the basis of the written representations received from the directors as on March 31, 2021 taken on record
 by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

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.

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
- **ii.** The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and 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.

For SGDG & Associates LLP Chartered Accountants ICAI Firm Registration No. W100188

Place: Ahmedabad Date: June 28, 2021

g)

Devansh Gandhi Partner Membership No.: 129255 UDIN: 21129255AAAAEC4907

#### 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, 2021 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, 2021 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, 2021, based on the criteria for internal financial control over financial reporting established by the Company consideringthe 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.

For SGDG & Associates LLP Chartered Accountants ICAI Firm Registration No. W100188

Place: Ahmedabad Date: June 28, 2021 Devansh Gandhi Partner Membership No.: 129255 UDIN: 21129255AAAAEC4907

#### 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, 2021 to the members of Pahal Financial Services Private Limited]

- 1 (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.
- 2 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.
- 3 According to information and explanations given to us, the Company has granted loan to a company covered in the register maintained under Section 189 of the Act. The details in respect to such loan are as under:
  - (a) The terms and conditions of the grant of such loan were not prejudicial to the interest of the Company.
  - (b) The schedule of repayment of loan was stipulated, however there were default in repayment of such loan.
  - (c) The overdue amount of such loan is as under:

Particulars	Details
No. of cases	1
Principal Amount Overdue as at March 31, 2021	Rs. 1,19,04,762
Interest Overdue as at March 31, 2021	Rs. 26,00,522
Total Overdue as at March 31, 2021	Rs. 1,45,05,284

On account of default in repayment by borrower, company has initiated regulatory proceedings against the borrower and as a matter of prudence, Company has written off the total outstanding amount (including overdue) of Rs. 4,52,38,095 as at March 31, 2021.

- 4 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.
- 5 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.

- **6** 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.
- 7 (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, 2021 for a period of more than six months from the date they became payable except professional tax as detailed here under:

Nature	Amount	Period to which	Status as at
of Dues	(Rs.)	Amount pertains	March 31, 2021
Professional Tax	18,381/-	Monthly outstanding dues pertaining to the periods upto September, 2019	Unpaid

- (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.
- 8 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.
- 9 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.
- 10 According to the information and explanations given to us, no material fraud by the Company has been noticed or reported during the year under audit. However, cash embezzlement of Rs. 7,13,705/-by its officers or employees has been noticed and reported during the year under audit.
- 11 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(xi) of the Order are not applicable to the Company, and hence not commented upon.
- 12 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.
- **13** 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.

- 14 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.
- 15

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.

**16** 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').

For SGDG & Associates LLP Chartered Accountants ICAI Firm Registration No. W100188

Place: Ahmedabad Date: June 28, 2021 Devansh Gandhi Partner Membership No.: 129255 UDIN: 21129255AAAAEC4907

# PAHAL FINANCIAL SERVICES PRIVATE LIMITED

BALANCE SHEET AS AT MARCH 31, 2021

(Amount in Rs.)

	Particulars	Notes No.	As at 31 March 2021	As at 31 March 2020	
•	ASSETS				
Α	ASSEIS				
(1)	Financial Assets				
(a)	Cash and cash equivalents	4	62 02 14 200	77 98 50 153	
(b)	Bank balance other than (a) above	5	59 50 65 740	33 64 21 441	
(c)	Trade receivables	6	11 50 88 580	4 70 51 372	
(d)	Loans	9	629 54 44 816	545 61 49 619	
(e)	Other Financial Assets	7	23 72 46 016	18 66 59 718	
	Total Financial Assets		786 30 59 352	680 61 32 303	
(2)	Non-Financial assets				
(a)	Current tax assets (Net)	35	39 96 351	1 11 89 361	
(b)	Deferred tax assets (Net)	35	1 22 24 026	20 52 983	
(c)	Property, Plant and Equipment	10	3 11 93 726	1 40 47 018	
(d)	Intangible assets	11	11 09 216	12 02 164	
(e)	Right of Use Asset	12	3 37 24 041	-	
(f)	Other non-financial assets	8	69 82 479	54 34 025	
	Total Non Financial Assets		8 92 29 839	3 39 25 551	
	Total Financial and		795 22 89 191	684 00 57 854	
	Non Financial Assets				
	LIABILITIES AND EQUITY LIABILITY				
(1)	Financial liabilities				
(a)	Payables				
(I)	Trade Payables	13			
	i) total outstanding dues to micro en-	-	-	-	
	terprises and small enterprises				
	ii) total outstanding due to	-	6 57 55 886	2 82 97 839	
	creditors other than micro				
	enterprises and small enterprises	- /			
(b)	Lease Obligation	14	3 33 17 871	-	
(c)	Debt securities	22	252 15 60 249	152 41 46 174	
(d)	Borrowings (other than debt securities)	23	330 97 58 784	350 10 00 684	
(e)	Subordinated liabilities	24	36 82 27 116	36 77 86 780	
(f)	Other financial liabilities	15	31 69 50 761	26 38 40 204	
	Total Financial Liabilities		661 55 70 667	568 50 71 681	

	Particulars	Notes No.	As at 31 March 2021	As at 31 March 2020
(2)	NON-FINANCIAL LIABILITIES			
(a) (b) (c)	Current tax liabilities (Net) Provisions Other non - financial Liabilities	35 16 17	- 7 61 089 9 23 56 573	- 24 61 634 1 55 69 058
	Total Non Financial Liabilities		9 31 17 662	1 80 30 692
(3)	EQUITY			
(a) (b)	Equity share capital Other equity	18	32 18 46 110 92 17 54 752	30 54 29 440 83 15 26 041
	Total Equity		124 36 00 862	113 69 55 481
	Total Liabilities and Equity		795 22 89 191	684 00 57 854

The accompanying notes form an integral part of the Financial Statements

#### As per our report of even date For SGDG & Associates LLP

Chartered Accountants ICAI Firm Reg.No. W100188

(Devansh Gandhi) Partner Membership No. 129255 Place: Ahmedabad Date: 28 June 2021

#### For and on behalf of the Board

Kartik S. Mehta Managing Director DIN: 02083342

**Chintan Desai** Chief Financial Officer

Place: Ahmedabad Date: 28 June 2021 **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 31,2021

(Amount in Rs.)

	Particulars	Notes No.	For the year ended 31 March 2021	For the year ended 31 March 2020	
(1)	REVENUE FROM OPERATIONS				
		25	152 48 32 383	135 44 32 031	
(a)					
(b)	Fees and commission income	26	6 16 91 002	5 62 42 205	
(c)	Net gain on fair value changes	27	41 44 692	1 58 91 780	
(d)	Net Gain on derecognition of financial instruments under	28	-	-	
(e)	amortised cost category Other operating revenue	29	46 26 892	30 74 209	
	Total Revenue from Operations (I)		159 52 94 969	142 96 40 225	
(11)	OTHER INCOME	30	23 44 936	91 72 055	
(111)	TOTAL INCOME (I + II)		159 76 39 905	143 88 12 280	
(IV)	EXPENSES :				
(a)	Finance cost	31	81 76 52 558	73 93 70 087	
(b)	Impairment on financial	32	2 49 37 928	4 50 65 371	
(2)	instruments under amortised cost				
(c)	Net Loss on derecognition of financial instruments under amortised cost category	28	24 37 66 154	1 94 46 449	
(d)	Employee benefits expense	33	30 54 48 812	26 71 83 055	
	Depreciation and amortisation	10 ,11	61 46 826	36 60 618	
(e)	1	& 12	01 10 020		
(f)	expenses Other expenses	34	13 59 97 846	13 04 62 178	
	Total expenses (IV)		153 39 50 124	120 51 87 758	
(V)	PROFIT BEFORE TAX (III - IV)		6 36 89 781	23 36 24 522	
(•)					
(VI)	TAX EXPENSES :				
(a)	Current tax		3 09 72 773	7 88 92 278	
(b)	Deferred tax		(1 01 71 043)	( 42 44 254)	
()					
	Total tax expense (VI)		2 08 01 730	7 46 48 024	
()				15 00 76 (00	
(VII)	PROFIT FOR THE YEAR (V - VI)		4 28 88 051	15 89 76 498	

	Particulars	Notes No.	For the year ended 31 March 2021	For the year ended 31 March 2020
(VIII)	OTHER COMPREHENSIVE INCOME/(LOSS)			
(a)	<ul> <li>(i) Items that will not be reclassified to profit or loss</li> <li>(ii) Income tax relating to items that will not be reclassified to profit or loss</li> </ul>		(129869)	( 15 66 226)
(b)	<ul><li>(i) Items that will be reclassified to profit or loss</li><li>(ii) Income tax relating to items that will be reclassified to profit or loss</li></ul>		( 86 54 563)	-
(IX)	TOTAL COMPREHENSIVE INCOME (VII + VIII)		3 41 03 619	15 74 10 272
(X)	EARNINGS PER EQUITY SHARE (FOR CONTINUING OPERATIONS):			
	Basic (Rs.) Diluted (Rs.)		1.35 1.35	6.73 6.68

The accompanying notes form an integral part of the Financial Statements

#### As per our report of even date For SGDG & Associates LLP

Chartered Accountants ICAI Firm Reg.No. W100188

(Devansh Gandhi) Partner Membership No. 129255 Place: Ahmedabad Date: 28 June 2021

#### For and on behalf of the Board

Kartik S. Mehta Managing Director DIN: 02083342

**Chintan Desai** Chief Financial Officer

Place: Ahmedabad Date: 28 June 2021 **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, 2021

Net cash used in operating activities (A)

Α

(Amount in Rs.) For the year ended For the year ended **Particulars** 31 March 2020 31 March 2021 **CASH FLOW FROM OPERATING ACTIVITIES PROFIT BEFORE TAX** 6 36 89 781 23 36 24 522 Adjustments for : Depreciation and amortization 61 46 826 36 60 618 Net loss/ (gain) on derecognition 12 587 of property, plant and equipment Net gain on financial instruments (4144692) (158 91 780) designated at fair value through profit or loss Share Based Payment - ESOP 178 668 2 22 000 Share Based Payment - Sweat Equity Shares 63 95 000 Impairment on financial instruments **Remeasurement of Defined Benefit** 2 49 37 928 4 50 65 371 Obligations (129869) (15 66 226) Dividend and Tax on Dividend paid during the year **Interest Income on Security Deposit** Interest expense on lease (18796) 16 72 475 Operating profit before working capital changes 9 23 32 321 27 15 22 092 Movements in working capital : Increase/(decrease) in other financial 4 44 55 994 2 58 49 805 liabilities Increase/(decrease) in provisions (17 00 545) 13 98 508 Increase/(decrease) in other non-financial 7 67 87 515 64 15 401 liabilities Increase/(decrease) in trade payables 3 74 58 047 (1 25 27 445) (Increase)/decrease in trade receivables (6 80 37 208) (3 31 71 284) (Increase)/decrease in loans (86 42 33 125) (198 46 65 292) (Increase)/decrease in other financial assets (5 16 09 894) (6 91 57 447) (Increase)/decrease in other non-financial assets (15 48 454) (2 59 075) Cash used in operations (73 60 95 350) (179 45 94 737) Direct taxes paid (net of refunds) (2 37 79 763) (8 32 27 010)

(75 98 75 113)

(187 78 21 747)

	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
в	CASH FLOW FROM INVESTING ACTIVITIES :		
	Purchase of PPE	(2 19 03 505)	(1 07 50 799)
	Proceeds from disposal of Fixed Asset	-	2 054
	Proceeds from / (Purchase of) Mutual Funds and commercial papers (Net)	41 44 692	1 58 91 780
	Fixed Deposits matured / (placed) (Net)	(25 86 44 299)	(16 05 22 602)
	Initial direct expenditure incurred for lease	( 4 51 545)	-
	Net cash used in investing activities (B)	(27 68 54 657)	(15 53 79 567)
С	CASH FLOW FROM FINANCING ACTIVITIES :		
	Proceeds from issuance of Equity Share and Share Premium	7 88 00 016	40 49 60 000
	Dividend and Tax on Dividend paid during the year	( 64 36 922)	( 53 63 010)
	Repayment of Debt Securities	(13 95 85 925)	(22 09 44 232)
	Proceeds from issuance of Debt Securities	113 70 00 000	77 00 00 000
	Repayment of Subordinated Liabilities	-	(12 46 01 903)
	Proceeds from issuance of Subordinated Liabilities	-	15 00 00 000
	Repayment of Other Borrowings	(250 64 66 563)	(223 45 71 505)
	Proceeds from Other Borrowings	231 56 65 000	302 10 00 000
	Repayment of lease Liabilities	( 18 81 788)	-
	Net cash flow from financing activities (C)	87 70 93 818	176 04 79 351
	Net increase/(decrease) in cash and cash equivalents (A)+(B)+(C)	(15 96 35 952)	(27 27 21 964)
	Cash and cash equivalents as at the beginning of the year	77 98 50 152	1 05 25 72 117
	Cash and cash equivalents as at end of the year (Refer Note 4)	62 02 14 200	77 98 50 152
NOTE	S:		
(i)	Components of cash & cash equivalents at the year end	As at 31 March 2021	As at 31 March 2020
	Cash on hand	4 11 57 695	42 00 425
	Balance with banks in current accounts	4 11 57 695	42 00 425 51 05 54 263
	Deposits with maturity less than 3 months	10 75 98 273	26 50 95 464
		10 / 0 00 2/ 0	20 30 33 101

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

Total

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

62 02 14 200

77 98 50 152

The accompanying notes form an integral part of the Financial Statements

#### As per our report of even date For SGDG & Associates LLP

Chartered Accountants ICAI Firm Reg.No. W100188

(Devansh Gandhi) Partner Membership No. 129255 Place: Ahmedabad Date: 28 June 2021

# For and on behalf of the Board

Kartik S. Mehta Managing Director DIN: 02083342

Chintan Desai Chief Financial Officer

Place: Ahmedabad Date: 28 June 2021 **Purvi J. Bhavsar** Managing Director DIN: 02102740

Nikita Sharma Company Secretary

	A EQUITY SHARE CAPITAL							(Amount in Rs.)	
	Particulars		For 1 31	For the year ended 31 March 2021			For	For the year ended 31 March 2020	
	Balance at the beginning of the reporting period Changes during the Period			30 54 29 440 1 64 16 670				21 68 29 440 8 86 00 000	
	Balance at the end of reporting period			32 18 46 110				30 54 29 440	
	<b>B</b> OTHER EQUITY							(Amount in Rs.)	
	Particulars				Reserves	Reserves and Surplus			
		General Reserves	Securities Premium	Statutory Reserve	Retained Earnings	Stock Options Outstanding	Cash Flow Hedge Reserve	Total	
	Balance as at April 01, 2019 Profit for the year Dividends (including tax on dividend)	- 000 09	29 50 00 103 -	2 72 90 802 -	3 34 72 874 15 89 76 498 ( 53 63 010)	6 78 000		35 65 01 779 15 89 76 498 ( 53 63 010)	
	Addition during the year Others	I	32 27 55 000	ı		2 22 000	·	32 29 77 000	
	Transfer from stock options outstanding amount	1 1	3 00 000 -	- 3 14 82 054	- (3 14 82 054)	- - -			
	Transfer from retained earnings Items of the OCI for the year, net of tax Remeasurement benefit of defined benefit plans	ı	ı		( 15 66 226)	ı		- ( 15 66 226)	
	Balance as at March 31, 2020	60 000	61 80 55 103	5 87 72 856	15 40 38 082	6 00 000		83 15 26 041	
	Balance as at April 01, 2020	60 000	61 80 55 103	5 87 72 856	15 40 38 082	6 00 000	ı	83 15 26 041	
	Profit for the year Dividends			1 1	4 28 88 051 ( 64 36 922)			4 28 88 051 ( 64 36 922)	
	Addition during the year	I	6 23 83 346	I	,	1 78 668	·	6 25 62 014	
	Others Transfer from retained earnings	I	ı	85 77 610	( 85 77 610)	ı	·	ı	
	Items of the OCI for the year, net of tax								
	Remeasurement benefit of defined benefit plans	I	I	ı	(129869)	I	1	(129869)	
	Effective portion of cash flow hedge	- 000	- 20 77 20	- - -	רצק רמ קר מר	- 70 660	(8654563) / 8654563)	(8654563) 021754752	
75	balance as at March 31, 2021		00 04 10 14 no	00+ 00 0/ 0	10/10/101	/ /0 000		701 40 11 75	

PAHAL FINANCIAL SERVICES PRIVATE LIMITED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

#### 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.

## e CASH FLOW HEDGE RESERVE

The Company has taken a cross currency interest rate swap to hedge the foreign currency risk of foreign currency borrowings. To the extent hedge is effective, the change in fair value of hedging instrument is recognised in cash flow reserve.

The accompanying notes form an integral part of the Financial Statements

#### As per our report of even date For SGDG & Associates LLP

Chartered Accountants ICAI Firm Reg.No. W100188

(Devansh Gandhi) Partner Membership No. 129255 Place: Ahmedabad Date: 28 June 2021

#### For and on behalf of the Board

Kartik S. Mehta Managing Director DIN: 02083342

**Chintan Desai** Chief Financial Officer

Place: Ahmedabad Date: 28 June 2021 **Purvi J. Bhavsar** Managing Director DIN: 02102740

Nikita Sharma Company Secretary

# PAHAL FINANCIAL SERVICES PRIVATE LIMITED NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2021

# 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 June 28th 2021

## **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 as amended time to time and the provisions of the RBI as applicable as per Master Direction - Non-Banking Finacial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued vide Notification No. DNBR.PD.008/03.10.119/2016-17 dated September 1, 2016, as amended time to time ("the NBFC Master Directions, 2016).

#### 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.

# 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 change 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.

# **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.

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".

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 live 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.

# **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 live and method of amortization of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

# 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.

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

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.

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.

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

#### **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.

#### v) 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.

## 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.

#### 3.4.6 DERIVATIVE INSTRUMENTS

The Company designates cross currency interest rate swap contracts as hedge instruments in respect of foreign exchange risks arising from foreign currency borrowings. These hedges are accounted for as cash flow hedges. The Company uses hedging instruments that are governed by the policies of the Company which are approved by their respective Board of Directors. The policies provide written principles on the use of such financial derivatives consistent with the risk management strategy of the Company. The hedge instruments are designated and documented as hedges at the inception of the contract. The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at inception and on an ongoing basis. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified in the statement of profit and loss. The effective portion of change in the fair value of the designated hedging instrument is recognised in other comprehensive income and accumulated under the heading cash flow hedging reserve.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity till that time remains and is recognised in statement of profit and loss when the forecasted transaction ultimately affects the profit and loss. Any gain or loss is recognised immediately in the statement of profit and loss when the hedge becomes ineffective.

#### 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) or indirectly (i.e. derived 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 isalso recognised in other comprehensive income or directly in equity, respectively.

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. 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 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 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 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 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.

The expected credit losses (ECLs) is recognized based on forward-looking information for all financial assetsat 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 draw downs 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 dayspast 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 risk of default occurring the expected life recognition by comparing the over 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 that 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.

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- month 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 occuring 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 PC, 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.

#### 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.

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 be 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 the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

#### 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, 2021

(Amount in Rs.)

			(Amount in RS.)
S.No	o Particulars	As at 31 March 2021	As at 31 March 2020
4	CASH AND CASH EQUIVALENTS		
4.1	CASH ON HAND	4 11 57 695	42 00 425
4.2	BALANCES WITH BANKS		
	In current accounts	47 14 58 232	51 05 54 263
	In term deposit accounts	10 75 98 273	26 50 95 465
		57 90 56 505	77 56 49 728
	Total	62 02 14 200	77 98 50 153
5	BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENT	59 50 65 740	77 67 21 771
	Balance with banks held as margin money (Refer Note 5.1)	59 50 65 740	33 64 21 441
	Total	59 50 65 740	33 64 21 441
	10(4)	59 50 65 740	55 04 21 441
5.1	Represents margin money deposits placed to avail tern connection with securitization transactions.	n loans from banks and otl	ners and as cash collateral in
6	TRADE RECEIVABLES		
	Unsecured, considered good	11 50 88 580	4 70 51 372
	Total	11 50 88 580	4 70 51 372
7	OTHER FINANCIAL ASSETS		
	Interest accrued but not due on portfo- lio loans Deposits	16 67 49 696	11 56 77 354
	Security Deposits (Refer Note 7.1)	6 30 83 878	6 15 39 051
	Other deposits	46 64 851	57 14 833
		6 77 48 729	6 72 53 884
	Others	27 47 591	37 28 480
	Total	23 72 46 016	18 66 59 718
7.1	Security deposits includes deposits placed as security a	igainst borrowings.	
8	OTHER NON-FINANCIAL ASSETS		
	Balance with Government Authorities	35 397	11 032
	Prepaid expense	61 86 572	41 23 648
	Advances to staff	6 79 853	10 06 075

Advances to vendors

2 93 270

54 34 025

80 657

69 82 479

6	LOANS						(Amount in Rs.)
	Particulars	Fair Value Through Profit Or Loss	Amortised Cost	Total	Fair Value Through Profit Or Loss	Amortised Cost	Total
		Σ	March 31, 2021			March 31, 2020	
◄ ≔	Loan repayable on demand Term loans	1 1	10 000 641 13 66 251	10 000 641 13 66 251	1 1	10 000 554 71 33 125	10 000 554 71 33 125
	Total (A) - Gross Less: Impairment loss allowance Total (A) - Net		641 13 76 251 11 59 31 434 629 54 44 816	641 13 76 251 11 59 31 434 629 54 44 816		554 71 43 125 9 09 93 506 545 61 49 619	554 71 43 125 9 09 93 506 545 61 49 618
∞∷	Secured by tangible assets Secured by intangible assets	1 1	6 33 23 900 -	6 33 23 900 -		8 44 72 627 -	8 44 72 627 -
≝.≥	Covered by bank / Covernment gurantees Unsecured	1 1	- 634 80 52 351	- 6348052350.99		- 546 26 70 497	- 5462670497.11038
	Total (B) - Gross Less: Impairment loss allowance Total (B) - Net	1 1	641 13 76 251 641 13 76 251	641 13 76 251 641 13 76 251	1 1	554 71 43 125 - 554 71 43 125	554 71 43 125 - 554 71 43 125
- U	- Loans in India	ı	629 54 44 816	629 54 44 816	ı	545 61 49 619	545 61 49 618
	Total (C - I) - Gross Less: Impairment loss allowance Total (C - I) - Net	1 1	641 13 76 251 11 59 31 434 629 54 44 817	641 13 76 251 11 59 31 434 629 54 44 817		554 71 43 125 9 09 93 506 545 61 49 619	554 71 43 125 9 09 93 506 545 61 49 619
= - 0	- II Loans outside India Less: Impairment loss allowance	1 1	1 1		1 1	1 1	1 1
	Total (C - II) - Net	1	1	1		1	
	Total C (I+II)		629 54 44 817	629 54 44 817		545 61 49 619	545 61 49 619

PAHAL FINANCIAL SERVICES PRIVATE LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

The COVID-19 pandemic has continued to cause a significant disruption of the economic activities 9.1 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 fallingdue 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.

	<b>ARCH 31, 2021</b>
	3,
	н
	Å
0	NDED N
TED	Ш
E	ш
Σ	RE
	Ш
TE LIMITE	Ъ
1	H
Σ	<b>IS FOR THE YEAR</b>
R	Ц С
ES PRIVI	
Ш	MEN
ERVICI	<b>TATEMEN</b>
$\geq$	Ë
	T A
10	L S
<b>L</b>	
N	ž
¥	Z
A	ш
Ζ	Ξ
ш	F C
7	IS TO TH
H	Ш
A	0
0	Z

# 10 PROPERTY, PLANT AND EQUIPMENT

U

**10.1** Property, Plant and Equipments consist of :

(Amount in Rs.)

No.	No. Particulars	Computers	Furniture & Fixtures	Vehicles	Electrical Equipments	Office Equipment	Total
σ	GROSS BLOCK						
	Balance as at April 1, 2019 Additions Deductions	34 68 723 36,48,538 	20 01 665 11,00,192 21 01 957	18 96 245 41,90,850 19,946	1 1 1	9 76 791 14,08,219 11,709	83 43 425 1 03 47 799 31 655
	Balance as at March 31, 2020 Additions Deductions Balance as at March 31, 2021	71 17 261 19,46,701 - 90 63 962	1 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	60 67 149 - 60 67 150	- 19,00,550 - 19 00 551	29,36,683 39,36,683 - 63 09 984	1 86 59 568 2 12 71 755 - 3 99 31 323
٩	ACCUMULATED DEPRECIATION						
	Balance as at April 1st, 2019 Additions Deductions Balance as at March 31, 2020 Additions Deductions Balance as at March 31, 2021	8 81 177 14 11 006 - 22 92 183 21 03 182 - 43 95 366	2 42 920 2 97 591 5 40 511 5 10 587 - 10 51 098	3 83 805 8 82 178 7 415 12 58 567 8 77 849 21 36 417 21 36 417	- - - 14 290 14 290	2 18 130 3 12 757 9 599 5 21 288 6 19 140 - 11 40 428	17 26 032 29 03 532 17 014 46 12 550 41 25 049 - 87 37 599
U	Net Block Balance as at March 31, 2020 Balance as at March 31, 2021	48 25 078 46 68 597	25 61 346 1 55 38 580	48 08 582 39 30 733	- 18 86 260	18 52 013 51 69 556	1 40 47 018 3 11 93 726

- **10.2** 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.
- **10.3** Vehicles are registered in the name of directors of the Company.

11	OTHER INTANGIBLE ASSETS	(Amount in Rs.)
	Particulars	Softwares
а	GROSS BLOCK	
	Balance as at April 1st, 2019	22 23 190
	Additions	4 03 000
	Deductions	-
	Balance as at March 31, 2020	26 26 190
	Additions	6 31 750
	Deductions	-
	Balance as at March 31, 2021	32 57 940
b	AMORTISATION	
	Balance as at April 1st, 2019	6 66 941
	Additions	7 57 085
	Deductions	-
	Balance as at March 31, 2020	14 24 026
	Additions	7 24 699
	Deductions	-
	Balance as at March 31, 2021	21 48 724
С	NET BLOCK	
	Balance as at March 31, 2020	12 02 164
	Balance as at March 31, 2021	11 09 216

# **12** RIGHT OF USE ASSETS (ROU ASSETS)

# (Amount in Rs.)

Particulars	Building
Balance as at April 1st, 2019	-
Addition during the year	-
Amortisation for the Year	-
As at 31st March, 2020	-
Addition during the year	3 50 21 119
Amortisation for the Year	( 12 97 078)
As at 31st March, 2021	3 37 24 041

# PAHAL FINANCIAL SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(Amount in Rs.)

			(Amount in Rs.)	
No.	Particulars	As at 31 March 2021	As at 31 March 2020	
13	PAYABLES			
	<b>Trade payables (Refer Note 13.1 )</b> Dues to micro enterprises and small enterprises Due to creditors other than micro enterprises and small enterprises	- 6 57 55 886	- 2 82 97 839	
	Total	6 57 55 886	2 82 97 839	
13.1	There are no amount that needs to be disclose Enterprise Development Act, 2006 (the "MSME") ended March 31, 2021 no supplier has intimated enterprise or its registration with the appropriate auth	pertaining to Micro or sma d the company about its	all enterprise. For the year	
14	LEASE OBLIGATION			
	Lease Liability	3 33 17 871	-	
	Total	3 33 17 871	-	
15	OTHER FINANCIAL LIABILITIES			
	Interest accrued	9 80 40 204	7 94 30 464	
	Payable towards securitisation and assignment transactions	18 28 68 421	16 11 61 413	
	Liabilities Associated with Securitised Assets	1 64 56 121	2 08 79 787	
	Derivative Liability	1 46 27 665	-	

Total

Others

## 16 **PROVISIONS**

	Provision for employee benefit	7 61 089	24 61 634
	Total	7 61 089	24 61 634
17	OTHER NON FINANCIAL LIABILITIES		
	Statutory dues	1 15 31 866	1 37 33 028
	Installment Received in Advance	8 08 24 707	18 36 030
	Others		
	Total	9 23 56 573	1 55 69 058

49 58 350

31 69 50 761

23 68 540

26 38 40 204

No.	Particulars	As at 31 March 2021	As at 31 March 2020	
18	EQUITY SHARE CAPITAL			
18.1	Authorized Capital 3 72 00 000 (As at March 31, 2020: 3 72 00 000) Equity Shares of Rs. 10/- each	37 20 00 000	37 20 00 000	
	Total	37 20 00 000	37 20 00 000	
18.2	<b>Issued, Subscribed and Paid Up Capital</b> 3 21 84 611 (As at March 31, 2020: 3 05 42 944) Equity Shares of Rs. 10/- each	32 18 46 110	30 54 29 440	
	Total	32 18 46 110	30 54 29 440	

#### **18.3** 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.

#### **18.4** Details of equity shareholders holding more than 5 per cent shares :

Name of the Shareholder	As on March 31, 2021 No. of shares %	As on March 31, 2020 No. of shares %
Dia Vikas Capital Private Limited	63 75 000	53 33 333
	19.81%	17.46%
BOPA PTE Limited	1 15 50 000	1 15 50 000
	35.89%	37.82%
Vimal Khandwala	31 51 987	29 01 987
	9.79%	9.50%
Rajesh Khandwala	31 51 987	29 01 987
	9.79%	9.50%

#### **18.5** Reconciliation of number of equity shares outstanding:

Particulars	As at 31 March 2021	As at 31 March 2020
Equity Shares at the beginning of the year Add: Issued during the Period	3 05 42 944	2 16 82 944
- Sweat shares issued during the year - Under Employee stock option plan	-	5 00 000 60 000
- Shares issued under private placement basis during the year	16 41 667	83 00 000
- On conversion of Compulsory Convertible Debentures	-	-
Equity Shares at the end of the year	3 21 84 611	3 05 42 944

## **19** EMPLOYEE STOCK OPTION PLAN

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

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

Particulars	Tranche I	Tranche II	
Date of Grant			
No. of options granted	October 1, 2016	January 22, 2018	
Method of Settlement	1 00 000	2 00 000	
	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	36 months from the	
	respective date	respective date	
	of vesting	of vesting	
Vesting conditions	Continuous service &	Continuous service &	
	performance gradation	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 31 March 2021	For the year ended 31 March 2020
Pahal Employee Stock Option Plan		
Options outstanding at beginning of the year	2 10 000	2 70 000
Granted during the year	-	-
Forfeited during the year	-	-
Exercised during the year	-	60 000
Expired during the year	-	-
Outstanding during the year	2 10 000	2 10 000
Exercisable at the end of the year	-	-

Particulars	As at 31 March 2021	As at 31 March 2020
Stock options outstanding (gross)	9 20 000	9 20 000
Deferred compensation cost outstanding Stock options outstanding (Not)	1 41 332	3 20 000
Stock options outstanding (Net)	7 78 668	6 00 000

#### **19.1** 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 31 March 2021	As at 31 March 2020	
Employee stock option plan Issue of Sweat Equity Shares	1 78 668	2 22 000 63 95 000	
Total	1 78 668	66 17 000	

#### 20 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 here under:

# Particulars As at 31 March 2021 As at 31 March 2020 Equity Other Equity 32 18 46 110 92 17 54 752 30 54 29 440 83 15 26 041 Total 124 36 00 862 113 69 55 481

# 21 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

#### **21.1** Contingent Liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Cash collaterals given and outstanding for the assigned loans	7 94 00 029	9 17 73 033
Cash collaterals given and outstanding pursuant to service provider agreement Preference Dividend in arrears	6 64 30 748 -	5 39 93 120
Total	14 58 30 777	14 57 66 153

#### **21.2** Commitments not provided for:

#### (Amount in Rs.)

(Amount in Rs.)

(Amount in Rs.)

Particulars	As at 31 March 2021	As at 31 March 2020	
Commitments related to loans sanctioned but undrawn	107 50 00 000	35 00 00 000	
Total	107 50 00 000	35 00 00 000	

# PAHAL FINANCIAL SERVICES PRIVATE LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

22	DEBT SECURITIES		(Amount in Rs.)
	Particulars	As at 31 March 2021	As at 31 March 2020
Α			
i	Non convertible debentures (At Amor- tised Cost)	252 15 60 249	152 41 46 174
В	Total (A)	252 15 60 249	152 41 46 174
i ii	Debt securities in India Debt securities outside India	2 52 15 60 249 -	1 52 41 46 174 -
	Total B ( i + ii )	252 15 60 249	152 41 46 174
22.1	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 / Ioan 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	UTI International Wealth Creator 4		
	Exclusive Charges by way of Hypothecation on Book Debts / Ioan Assets, both present and future equivalent to 110% of Debenture Value.	13.65 % p.a. (yield)	Principal repayable at the end of tenure of 60 months
5	IFMR Fimpact Medium Term Microfinance Fund		
	Exclusive Charges by way of Hypothecation on Book Debts / Ioan Assets, both present and future equivalent	14.20% - 14.75% p.a. (Coupon)	Principal repayable at the end of 36 / 57 months.

to 100% and 110% of Debenture Value.

Sr. no	Particulars	Rate of interest	Terms of redemption
6	Insuresilience Investment Fund – Debt Sub-Fund		
U	Exclusive Charges by way of Hypothecation on Book Debts / Ioan Assets, both present and future equivalent to 110% of Debenture Value.	13.15% p.a.	25.00 % of Principal repayable after 24 months, and balance at the end of 36 months
7	Insuresilience Investment Fund - Debt Sub-Fund		
	Exclusive Charges by way of Hypothecation on Book Debts / Ioan Assets, both present and future equivalent to 110% of Debenture Value.	12.30% p.a. (Yield)	25.00 % of Principal repayable after 24 months, and balance at the end of 36 months
8	Insuresilience Investment Fund - Debt Sub-Fund		
	Exclusive Charges by way of Hypothecation on Book Debts / Ioan Assets, both present and future equivalent to 110% of Debenture Value.	12.40% p.a. (Yield)	25.00 % of Principal repayable after 24 months, and balance at the end of 36 months
9	Microfinance Enhancement Facility Sa, Sicav-Sif		
	Exclusive Charges by way of Hypothecation on Book Debts / Ioan Assets, both present and future equivalent to 110% of Debenture Value.	13.65% p.a. (Yield)	Principal repayable at the end of tenure of 60 months
10	Vivriti India Impact Bond Fund		
	Exclusive Charges by way of Hypothecation on Book Debts / Ioan Assets, both present and future equivalent to 110% of Debenture Value.	14.50% p.a. (Coupon)	Principal repayable in 6 equated semi annual instalment starting from June 21
11	IFMR Fimpact Medium Term Opportunities Fund		
	Exclusive Charges by way of Hypothecation on Book Debts / Ioan Assets, both present and future equivalent to 105% of Debenture Value.	14.50% p.a. (Coupon)	Principal repayable at the end of 24 months
12	Northern Arc Money Market Alpha Trust		
	Exclusive Charges by way of Hypothecation on Book Debts / Ioan Assets, both present and future equivalent to 105% of Debenture Value.	14.50% p.a. (Coupon)	20%/23.33%/23.33%/33.34% Principal repayable every quarter starting from May 21

# PAHAL FINANCIAL SERVICES PRIVATE LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

# 23 BORROWINGS - OTHER THAN DEBT SECURITIES

(Amount in Rs.)

	Particulars	As at 31 March 2021	As at 31 March 2020	
Α				
а	Term loans - Secured (At Amortised Cost)			
	(i) from banks	139 96 90 081	130 75 91 291	
	(ii) from others	186 53 21 695	214 80 28 124	
b	Loans repayable on demand - from bank	4 47 47 008	4 53 81 269	
	(At Amortised Cost)			
	Total	330 97 58 784	350 10 00 684	
В				
i	Borrowings in India	305 15 18 784	350 10 00 684	
ii	Borrowings outside India	25 82 40 000	-	
	Total B (I+II)	330 97 58 784	350 10 00 684	

## 23.1 Details of Security and terms of repayment

# 23.1.1 Term Ioan 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 / Ioan Assets, both present and future and against pledge of Fixed Deposit up to 10% of the Ioan 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 / Ioan Assets, both present and future and against pledge of Fixed Deposit up to 7.50% of the Ioan amount	13.50% to 14.50% p.a.	Principal repayable in 18 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 12% of the loan amount	10.05% p.a.	Principal repayable by 36 equal monthly installments
4	Arohan Financial Services Limited		
	Exclusive Charges by way of Hypothecation of 100% on Book Debts / Ioan Assets, both present and future created/to be created out of Ioan.	13.50% to 14.75% p.a.	Principal repayable by 24 equal monthly installments

Sr. no	Particulars of loan and security details	Rate of interest	Term of repayment of loan
5	Manappuram Finance Limited		
	Exclusive Charges by way of Hypothecation on 110% of Book Debts, present and future created/to be created out of loan.	13.75% to 15.00% p.a.	Principal repayable in 36/24 monthly installments
6	NABARD Financial Services Limited		
	Exclusive Charges by way of Hypothecation on all 105 % of Book Debts / Ioan Assets, both present and future and against pledge of Fixed Deposit up to 5% of the Ioan amount	13.00% p.a./ 14.00% p.a.	Principal repayable in 12 equal quarterly/24 monthly installments commencing from 3 months after first disbursement / 24 Monthly installments
7	NABSAMMRUDHHI Financial Services Limited		
	Exclusive Charges by way of Hypothecation on all 110 % of Book Debts / Ioan Assets, both present and future and against pledge of Fixed Deposit up to 5% of the Ioan amount	13.50% p.a.	Principal repayable in 12 equal quarterly installments commencing from 3 months after first disbursement.
8	Profectus Captial Pvt Limited		
	Exclusive Charges by way of Hypothecation on all 100 % of Book Debts / Ioan Assets, both present and future and against pledge of Fixed Deposit upto 10% of the Ioan amount	14.50% p.a.	Principal repayable in 18 equal monthly installments.
9	Maanaveeya Development & Finance Private Limited		
	Exclusive Charges by way of Hypothecation on all 100 % of Book Debts / Ioan Assets, both present and future and against pledge of Fixed Deposit of 5% of the Ioan amount	14.40 to 15.00% p.a.	Principal repayable in 12 equal quarterly installments commencing from 3 months after first disbursement / 24 Monthly installments
10	Hinduja Leyland Finance Limited		
	Exclusive Charges by way of Hypothecation on Book Debts / Ioan Assets, both present and future equivalent to 105% / 110% of Loan Amount and Fixed Deposit of 5% of the Ioan amount	11.80 % to 12.28% (Yield) p.a.	Principal repayable by 24 to 36 monthly installment
n	Suryodaya Small Finance Bank Limited		
	Exclusive Charges by way of Hypothecation on all 105 % of Book Debts / Ioan Assets, both present and future and against pledge of Fixed Deposit up to 7.50%/ 10.00% of the Ioan amount	13.50% / 14% p.a.	Principal repayable in 24 equal monthly installments.

Sr. no	Particulars of loan and security details	Rate of interest	Term of repayment of loan
12	Northen Arc Capital Limited		
	Exclusive Charges by way of Hypothecation of 100% / 105% on Book Debts / Ioan Assets , both present and future created/to be created out of Ioan.	14.25% to 15.00% p.a.	Principal repayable by 18 to 36 monthly installments.
13	Satin Creditcare Network Ltd		
	Exclusive Charges by way of Hypothecation of 105% on Book Debts / Ioan Assets, both present and future created/to be created out of Ioan and against pledge of Fixed Deposit of 10% of the Ioan amount	15.5% p.a.	Principal repayable by 18 monthly installments.
14	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.	14.15 % /15.50 % p.a.	Principal repayable by 24 equal monthly installments as per Loan sanction Document.
15	Vivriti Capital Private Limited		
	Exclusive Charges by way of Hypothecation on Book Debts / Ioan Assets, both present and future equivalent to 105% of Loan Amount.	15.25% p.a.	Principal repayable by 30 equal monthly installments as per Loan sanction Document.
16	Jain Sons Finlease Limited		
	Exclusive Charges by way of Hypothecation on Book Debts / Ioan 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.
17	Shriram City Union Finance Limited		
	Exclusive Charges by way of Hypothecation on Book Debts / Ioan 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.
18	Incred Financial Services Private Limited (Visu)		
	Exclusive Charges by way of Hypothecation on Book Debts / Ioan Assets, both present and future equivalent to 105% of Loan Amount	14.50% p.a.	Principal repayable by 24 monthly installments as per Loan sanction Document.

Sr. no	Particulars of loan and security details	Rate of interest	Term of repayment of loan
19	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 and against 5% of the Fixed Deposit	15.25% p.a.	Principal repayable by 24 equal monthly installments as per Loan sanction Document.
20	Bandhan Bank Ltd. (Formerly known as 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 Depsoit	14.00% p.a.	Principal repayable by 36 equal monthly installments as per Loan sanction Document.
21	Hiranandani Financial Services Private Limited		
	Exclusive Charges by way of Hypothecation on Book Debts / Ioan Assets, both present and future equivalent to 105% of Loan Amount & against 5% of the Fixed Depsoit	14.75% / 14.95% p.a.	Principal repayable by 18 to 24 equal monthly installments as per Loan sanction Document.
22	AU Small Finance Bank Limited		
	Exclusive Charges by way of Hypothecation on all 110 % / 105 % of Book Debts / Ioan Assets, both present and future and against pledge of Fixed Deposit up to 10 % of the Ioan amount	13.50% to 14.50% p.a.	Principal repayable by 18 to 24 equal monthly installments starting from next month.
23	Axis Bank Limited		
	Exclusive Charges by way of Hypothecation on all 105 % of Book Debts / Ioan Assets, both present and future.	11.00% p.a.	Principal repayable in 24 equal monthly installments.
24	Ujjivan Small Finance Bank Limited		
	Exclusive Charges by way of Hypothecation on all 105 % of Book Debts / Ioan Assets, both present and future and against pledge of Fixed Deposit up to 7.5% of the Ioan amount.	14.25% p.a.	Principal repayable in 24 equal monthly installments.
25	Bandhan Bank Limited		
	Exclusive Charges by way of Hypothecation on all 105 % of Book Debts / Ioan Assets, both present and future and against pledge of Fixed Deposit up to 10% of the Ioan amount.	14.50%/14.00% p.a.	Principal repayable in 24 equal monthly installments.

Sr. no	Particulars of loan and security details	Rate of interest	Term of repayment of loan
26	IDFC First Bank Limited		
	Exclusive Charges by way of Hypothecation of 110% / 125% on Book Debts, both present and Future value to loan amount.	13% to 15% p.a.	Initial moratorium of 48 months, Principal repayable in 24 monthly installment starting from March 2022 / 48 monthly installments
27	Union Bank of India		
	Exclusive Charges by way of Hypothecation on all 120 % of Book Debts / Ioan Assets, both present and future and against pledge of Fixed Deposit up to 12% of the Ioan amount.	11.30% p.a.	Principal repayable by 24 equal monthly installments starting from next month.
28	Capital Small Finance Bank Limited		
	Exclusive Charges by way of Hypothecation of 105% on Book Debts / Ioan Assets, both present and future created/to be created out of Ioan.	14.75% p.a.	Principal repayable by 24 equal monthly installments starting from next month.
29	Muthoot Capital Service Limited		
	Exclusive Charges by way of Hypothecation on Book Debts / Ioan Assets, both present and future equivalent to 105% of Loan Amount.	15.00% p.a.	Repayable in 24 months.
30	Annapurna Finance Pvt. Limited		Principal repayable by 23
	Exclusive Charges by way of Hypothecation on Book Debts / Ioan Assets, both present and future equivalent to 105% of Loan Amount & against 5% of the Fixed Deposit.	15.00% p.a.	to 25 equal monthly installments as per Loan sanction Document.
31	Electronica Finance Limited		
	Exclusive Charges by way of Hypothecation on Book Debts / Ioan 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.
32	Western Capital Advisorys Pvt. Ltd		
	Exclusive Charges by way of Hypothecation on Book Debts / Ioan 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.
33	Utkarsh Small Finance Bank		
	Exclusive Charges by way of Hypothecation on Book Debts / Ioan Assets, both present and future equivalent to 100% /105% of Loan Amount & against 10% of the Fixed Deposit.	13.50% / 14.25% p.a.	Principal repayable by 24 equal monthly installments as per Loan sanction Document.

Sr. no	Particulars of loan and security details	Rate of interest	Term of repayment of loan
34	Fedbank Financial Services limited		
	Exclusive Charges by way of Hypothecation on Book Debts / Ioan 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.
35	Habitat Micro Build India Housing Finance Co. Pvt. Ltd.		
	Exclusive Charges by way of Hypothecation on Book Debts / Ioan 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.
36	ICICI Bank Ltd		
	Exclusive Charges by way of Hypothecation of 110% on Book Debts / Ioan Assets , both present and future created/to be created out of Ioan and against 10% of the Fixed Deposit.	14.25% p.a.	Principal repayable by 24 equal monthly installments as per Loan sanction Document.
37	Nabkisan Finance Ltd.		
	Exclusive Charges by way of Hypothecation on Book Debts / Ioan Assets, both present and future equivalent to 115% of Loan Amount & against 7.5% of the Fixed Deposit	14.50% p.a.	Principal repayable by 8 equal quarterly installment as per Loan sanction Document.
38	Federal Bank		
	Exclusively Charges created on 100% of Fixed Deposit	6.85% p.a.	Principal repayable by 24 monthly installments as per Loan sanction Document.
39	HDFC Bank		
	Exclusively Charges created on 100% of Fixed Deposit	4.75% p.a.	Principal repayable by 18 monthly installments as per Loan sanction Document.
40	SIDBI		
	Exclusive Charges by way of Hypothecation on Book Debts / Ioan Assets, both present and future equivalent to 110% of Loan Amount.	4.75% p.a.	Principal repayable by 18 monthly installments as per Loan sanction Document.
41	MUDRA		
	Exclusive Charges by way of Hypothecation on Book Debts / Ioan Assets, both present and future equivalent to 100% of Loan Amount and against 10% of the Fixed Deposit	5.83% p.a.	Principal repayable by 23 monthly installments as per Loan sanction Document.

Sr. no	Particulars of loan and security details	Rate of interest	Term of repayment of loan
42	Bank of Maharashtra		
	Exclusive Charges by way of Hypothecation on Book Debts / Ioan Assets, both present and future equivalent to 110 % of Loan Amount and against 10% of Fixed Deposit	10.55% p.a.	Principal repayable by 36 monthly installments as per Loan sanction Document.

# 23.1.2 External Commercial Borrowings

Sr. no	Particulars of loan and security details	Rate of interest	Term of repayment of loan
1	Grameen Credit Agricole Microfinance Foundation		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 105% of ECB value.	11.45% p.a.	Principal repayable in 5 equated semi annual instalment starting from June 2023.

# 23.1.3 Vehicle Loan

Sr. no	Particulars of loan and security details	Rate of interest	Term of repayment of Ioan
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.

# 23.1.4 Loans repayable on demand

Sr. no	Particulars of loan and security details	Rate of interest	Term of repayment of Ioan
1	State Bank of India		
	Exclusive Hypothecation charge over specific pool of receivables / book debts created out of Bank finance	10.05% p.a.	N.A.

# 24 SUB ORDINATED LIABILITIES

	Particulars	As at 31 March 2021	As at 31 March 2020	
A				
a b	Sub ordinated debt-NCD Sub ordinated debt-Loans	20 83 55 951 15 98 71 164	20 79 61 760 15 98 25 020	
	Total (A)	36 82 27 116	36 77 86 780	
B i ii	Sub ordinated liabilities in India Sub ordinated liabilities outside India	36 82 27 116 -	36 77 86 780 -	
	Total (B)	36 82 27 116	36 77 86 780	

## **24.1** Reconciliation of number of preference shares outstanding:

Particulars	As at 31 March 2021	As at 31 March 2020	
At the beginning of the year	-	12 50 00 000	
Subscribed during the year	-	-	
Redeemed during the year	-	(12 50 00 000)	
Outstanding at the end of the year	-	-	

# 24.2 Details of terms of repayment

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.

# PAHAL FINANCIAL SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(Amount in Rs.)

			(Amount in Ks.)
Note No.	Particulars	For the Year ended 31 March 2021	For the Year ended 31 March 2020
25	INTEREST INCOME		
	Interest on Financial Assets carried at Amortized Cost		
	Interest on Loans	147 28 86 786	132 26 06 909
	Interest on deposits with Banks	5 19 45 597	3 18 25 122
	Total	152 48 32 383	135 44 32 031
25.1	Interest on deposits with Banks represents interest on banks & others and as cash collateral in connection witl		
26	FEES AND COMMISSION INCOME		
	Fees Income	5 42 41 003	3 74 42 206
	Marketing commission	74 49 999	1 87 99 999
	Total	6 16 91 002	5 62 42 205
27	NET GAIN ON FAIR VALUE CHANGES		
	Net gain on financial instruments designated at fair value through profit or loss	41 44 692	1 58 91 780
	Total	41 44 692	1 58 91 780
27.1	Fair value changes		
	Realised Unrealised	41 44 692 -	1 58 91 780 -
	Total	41 44 692	1 58 91 780
28	NET GAIN/(LOSS) ON DERECOGNITION OF FINAN CATEGORY	ICIAL INSTRUMENTS UI	NDER AMORTISED COST
	Income / (Loss) from securitization / assignment of Loans	( 2 18 23 783)	1 52 61 598
	Assets Written Off	( 22 19 42 371)	( 3 47 08 047)
	Total	( 24 37 66 154)	(19446449)
29	OTHER OPERATING REVENUE		
	Recovery from loans written off	46 26 892	30 74 209
	Total	46 26 892	30 74 209
30	OTHER INCOME		
	Interest on Income Tax Refund	3 57 534	-
	Consultancy Charges	/ •••	60 00 000
	Miscellaneous Income	19 87 402	31 72 055
	Total	23 44 936	91 72 055

			(Amount in Rs.)
Note No.	Particulars	As at 31 March 2021	As at 31 March 2020
NO.			
31	FINANCE COST		
31.1	Interest on financial liabilities measured at amortized o	ost	
	Interest on borrowing	52 50 87 790	47 55 18 217
	Interest on debt securities	21 74 53 799	17 44 98 708
	Interest on subordinated liabilities	6 07 52 596	6 14 53 558
	Total Interest on financial liabilities	80 32 94 184	71 14 70 483
	measured at amortized cost		
31.2	Other Borrowing Cost		
	Arranger Fees	78 17 078	1 26 94 210
	Franking Charges	27 33 069	1 33 54 834
	Rating Fees	21 35 752	18 50 560
	Interest on Lease Liability	16 72 475	
	Total other borrowing cost	1 43 58 374	2 78 99 604
	Total Finance Cost	81 76 52 558	73 93 70 087
32	IMPAIRMENT ON FINANCIAL INSTRUMENTS		
	On financial instruments measured	2 49 37 928	4 50 65 371
	at amortized cost	2 43 37 320	+ 50 05 571
	Total	2 49 37 928	4 50 65 371
33	EMPLOYEE BENEFITS EXPENSE		
	Salaries	29 45 14 172	25 05 90 371
	Contribution to Provident Fund and	1 06 60 724	84 48 876
	other funds		
	Share Based Payment to employees	1 78 668	66 17 000
	Staff Welfare expenses	95 248	15 26 808
	Total	30 54 48 812	26 71 83 055
34	OTHER EXPENSE		
	Rent, taxes and energy costs	3 33 38 844	2 95 43 530
	Repair and Maintenance	1 55 53 551	1 41 43 920
	Communication cost	63 95 106	59 90 130
	Printing and Stationery	41 22 624	43 39 710
	Advertisement expenses	2 43 056	13 41 500
	Directors Siting fees	6 87 500	2 25 000
	Auditors' fees and expenses	4 25 000	4 50 751
	Legal and Professional charges	89 56 357	1 55 15 599
	Travelling and Conveyance Insurance	3 26 12 506 47 45 070	3 01 12 250 21 82 722
	Customer Credit information Fees &	54 96 924	76 56 002
	KYC Charges	JT JU J2T	70 30 002
	Net loss on derecognition of property,	-	12 587
	plant and equipment		
	CSR Expenses	17 34 867	3 28 903
	Others	2 16 86 441	1 86 19 574
	Total	13 59 97 846	13 04 62 178

		(Amount in Rs.)	
Note Particulars No.	As at 31 March 2021	As at 31 March 2020	
<b>34.1</b> Payment to audito	rs :		
- for statutory aud	it 3 40 000	3 00 000	
- for tax audit	85 000	50 000	
- for other services		1 00 751	
Total	4 25 000	4 50 751	

### 35 CURRENT TAX ASSET

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

		(Amount in Rs.)	
Particulars	As at 31 March 2021	As at 31 March 2020	
Current tax	3 09 72 773 <b>3 09 72 773</b>	7 88 92 278 <b>7 88 92 278</b>	
Deferred Tax in Statement of Profit and Loss			
Relating to origination and reversal of temporary difference	(10171043)	( 42 44 254)	
Deferred tax expense/(income)	(1 01 71 043)	( 42 44 254)	
Total	2 08 01 730	7 46 48 024	

### 35.2 The Details of Income Tax Assets And Liabilities and Deferred Tax Liabilities :

		(Amount in Rs.)	
Particulars	As at 31 March 2021	As at 31 March 2020	
Income Tax Assets	14 28 70 808	11 90 63 818	
Income Tax Liabilities	( 13 88 74 457)	( 10 78 74 457)	
Net Income Tax Assets / (Liabilities)	39 96 351	1 11 89 361	
Deferred Tax Liabilities / (Assets)	(12224026)	( 20 52 983)	

**35.3** 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:

		(Amount in Rs.)	
Particulars	F.Y. 2020-2021	F.Y. 2019-2020	
Accounting profit before tax	6 36 89 781	23 36 24 522	
Normal tax rate	25.17%	29.12%	
Tax liability on accounting profit	1 60 29 444	6 80 31 461	
Tax Effect of non deductible expenses	1 76 68 425	1 71 73 049	
Tax Effect of deductible expenses	( 31 92 587)	( 52 03 161)	
Tax Effect of income taxed at different rate	-	( 14 41 103)	
Tax Effect on Ind AS impact		-	
Tax Effect on account of MAT credit	-	-	
Tax Effect on Other Adjustments	4 67 491	3 32 032	
Income tax expenses as per normal tax rate	3 09 72 773	7 88 92 278	

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

(Amount in Rs.)

Particulars	As at 31 March 2021	As at 31 March 2020	
Deferred Tax Related to Item Recognised Through Profit			
or Loss			
Deferred Tax Liabilities			
Related to Property, Plant and Equiptments	5 899	5 79 817	
Deferred Tax Liability / Assets - Ind AS Impact	-	39 73 375	
	5 899	45 53 192	
Deferred Tax Assets			
Deferred Tax Liability / Assets - Ind AS Impact	1 22 29 925	-	
Related to Property, Plant and Equiptments	-	-	
Related to Disallowance under Income Tax Act, 1961	-	66 06 175	
	1 22 29 925	66 06 175	
Total	(12224026)	( 20 52 983)	

### 35.5 Details of Movement in Deferred Tax Balances

Particulars	Amount (Rs.)	
Deferred Tax Liabilities / (Assets) as at April 01, 2019	(10428729)	
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)	
Charged / (Credit) to Statement of P&L	(1 01 71 043)	
Charged / (Credit) to Statement of Other Comprehensive Income	-	
MAT Credit Utilisation	-	
Deferred Tax Liabilities / (Assets) as at March 31, 2021	(12224026)	

	l, 2021
	<b>1ARCH 3</b>
	Å
	Σ
	DED
ū	0
	N EN
Σ	ĸ
	Ĕ
Ш	E YE
	H
2	<b>5 FOR THI</b>
R R	Щ
	TS
Щ	Ш
0	Ш
2	AT
Ū.	ST
S S	<b>NANCIAL ST</b>
A	บิ
ບັ	AN
Ž	Ż
≤	ш
	H
	0
A	S
I	E
2	S

### **FINANCIAL INSTRUMENTS** 36 36 1

## Ć 2 **Disclosure of Financial In**

36.1 Disclosure of Financial Instruments by Category	nstrume	ents by Ca	tegory						Ś	(Amount in De )	
Darticulare	Note	EVTDI	EVTOCI	Amortized	Total Carrying	Eair Value		L	Eair Value		
	No.		) ) -	cost	Value			-			
<b>FINANCIAL ASSETS</b>							Level 1	Level 2	Level 3	Total	
Cash and Cash Equivalents	4	ı	'	62 02 14 200	62 02 14 200	62 02 14 200	•	•		•	
Bank balance other than above	വ	ı	ı	59 50 65 740	59 50 65 740	59 50 65 740	ı	1	ı		
Trade recievables	9	ı	I	11 50 88 580	11 50 88 580	11 50 88 580	ı	I	ı	ı	
Loans	6	ı	'	629 54 44 816	629 54 44 816	629 54 44 816	ı	ı	ı	ı	
Other Financial Assets	7	ı	'	23 72 46 016	23 72 46 016	23 72 46 016	ı	I	ı	ı	
<b>Total Financial Assets</b>				786 30 59 352	786 30 59 352	786 30 59 352	ı	I	ı	ı	
FINANCIAL LIABILITIES											
Trade Payables	13	,	I	6 57 55 886	6 57 55 886	6 57 55 886	'	I	I	I	
Lease Obligation	14			3 33 17 871	3 33 17 871	3 33 17 871	ı	I	ı	ı	
Debt securities	22	,	'	252 15 60 249	252 15 60 249	252 15 60 249	ı	ı	ı	ı	
Borrowings	23	,	'	330 97 58 784	330 97 58 784	330 97 58 784	ı	ı	ı	ı	
Sub ordinated liabilities	24	ı	'	36 82 27 116	36 82 27 116	36 82 27 116	ı	ı	ı	ı	
Other financial liabilities	15	ı	1 46 27 665	30 23 23 096	31 69 50 761	31 69 50 761	ı	1 46 27 665	ı	1 46 27 665	
<b>Total Financial Liabilities</b>			1 46 27 665	660 09 43 001	661 55 70 666	661 55 70 666	ı	1 46 27 665	ı	1 46 27 665	
As at March 31, 2020									∀)	(Amount in Rs.)	
Particulars	Note No.	FVTPL	FVTOCI	Amortized cost	Total Carrying Value	Fair Value		Fa	Fair Value		
							Level 1	Level 2	Level 3	Total	
FINANCIAL ASSEIS Cash and Cash Equivalents	4	,	ı	77 98 50 153	77 98 50 153	77 98 50 153	ı	ı	ı	I	
Bank balance other than above	. го	,	ı	33 64 21 441	33 64 21 441	33 64 21 441	,	,	ı	,	
Trade recievables	9 0	,	ı	4 70 51 372	4 70 51 372	4 70 51 372	ı	ı	·	ı	
Loans	6	ı	ı	545 61 49 619	545 61 49 619	545 61 49 619	·	ı	I	ı	
Other Financial Assets	7	·	ı	18 66 59 718	18 66 59 718	18 66 59 718	·	ı	ı	ı	
<b>Total Financial Assets</b>				680 61 32 303	680 61 32 303	680 61 32 303	ı	ı	ı	ı	
<b>FINANCIAL LIABILITIES</b>											
Trade Payables	13		·	2 82 97 839	2 82 97 839	2 82 97 839	ı		ı	ı	
Lease Obligation	14			I	I	ı	ı	ı	ı	ı	
Debt securities	22	ı	ı	152 41 46 174	152 41 46 174	152 41 46 174	I	ı	I	ı	
Borrowings	23	ı	ı	350 10 00 684	350 10 00 684	350 10 00 684	I	ı	I	ı	
Sub ordinated liabilities	24	ı	ı	36 77 86 780	36 77 86 780	36 77 86 780	ı	ı	ı	I	
Other financial liabilities	15		ı	26 38 40 204	26 38 40 204	26 38 40 204	ı	ı	ı	ı	
Total Financial Liabilities				568 50 71 680	568 50 71 680	568 50 71 680	1		1	I	

### **37** FAIR VALUE MEASUREMENT

Fair Value Measurement of Financial asset and Financial liabilties

- **37.1** 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.
- **37.2** 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.
- **37.3** Derivative Financial Liability on account of cross currency interest rate swap is classified as FVOCI.

### 38 FINANCIAL RISK MANAGEMENT

### **38.1** 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.

### 38.2 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 currency risk and interest rate risk. The company does not have any investments, hence it is not exposed to other price risk.

### 38.3 Currency Risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency. The Company has foreign currency borrowing and hence is exposed to foreign exchange risk. The Company uses derivative instruments as part of its management of exposure to fluctuations in foreign currency exchange rates. The derivative transactions are in form of cross currency interest rate swaps, fair value of which is separately disclosed under other financial assets / liabilities.

### The exposure of foreign currency borrowing is as under:

ParticularsCurrency31 March 202131 March 2020LiabilitiesBorrowingsCash on HandTHB37 535Cash on HandUSD144 23825 91 81 234

### **Sensitivity Analysis**

Impact on Profit a 31 March 2021	nd Loss after tax 31 March 2020
38 76 290	-
( 38 76 290)	-
	31 March 2021 38 76 290

(Amount in Rs.)

### 38.4 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 :		(Amount in Rs.)
Particulars	31 March 2021	31 March 2020
Liabilities		
Working capital facility	4 47 47 008	4 53 81 269
Debt securities	252 15 60 249	152 41 46 174
Borrowings (Term loans and Vehicle Loan)	326 50 11 776	345 56 19 415
Subordinated liabilities	36 82 27 116	36 77 86 780
	619 95 46 149	539 29 33 637
Sensitivity Analysis		(Amount in Rs.)
	Impact on Drofit a	
Particulars	Impact on Profit a	
	31 March 2021	31 March 2020
Liabilities		
Interest rate increase by 50 basis point	(2 31 96 222)	(2 01 78 200)
Interest rate decrease by 50 basis point	2 31 96 222	2 01 78 200

### 38.5 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 adequatesources of financing including debt at an optimised cost.

The Company measures risk by forecasting cash flows.

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:

			(Amount in Rs.)
As at March 31, 2021	Contractual Maturity	Within 12 months	After 12 months
Trade Payables	6 57 55 886	6 57 55 886	-
Lease Obligation	3 33 17 871	6 10 279	3 27 07 592
Debt securities	252 15 60 249	52 71 96 016	199 43 64 233
Borrowings	330 97 58 784	214 48 92 092	116 48 66 693
Subordinated liabilities	36 82 27 116	-	36 82 27 115
Other financial liabilities	31 69 50 761	28 58 66 975	3 10 83 786
	661 55 70 666	302 43 21 247	359 12 49 419

			() (modife in rts.)
As at March 31, 2020	Contractual Maturity	Within 12 months	After 12 months
Trade Payables	2 82 97 839	2 82 97 839	
Lease Obligation	-	-	-
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 50 71 680	280 21 02 804	288 29 68 875

### 38.6 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 :

		(Amount in R3.)	
Particulars	31 March 2021	31 March 2020	
Bank Balance	70 26 64 014	60 15 16 906	
Trade Receivables	11 50 88 580	4 70 51 372	
Loans	641 13 76 251	554 71 43 125	
Other Financial Assets	23 72 46 016	18 66 59 718	
	746 63 74 860	638 23 71 120	

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.

### (Amount in Rs.)

(Amount in Rs.)

Loop oppount		As on March 31, 2021			
Loan amount	Stage 1	Stage 2	Stage 3	Total	
Loan portfolio	682 28 13 403	28 92 03 879	23 51 98 742	734 72 16 025	
Impairment Allowances	60 41 614	2 16 90 291	8 81 99 528	11 59 31 433	
as per ECL Method					
Provision for impairment	5 57 21 447	23 69 563	2 30 48 180	8 11 39 190	
allowance as per RBI					
Regulations					

### (Amount in Rs.)

(Amount in Rs.)

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	5 24 41 991	1 19 29 201	2 66 22 314	9 09 93 505
ECL Method				
Provision for impairment	6 48 99 901	1 99 932	77 01 142	7 28 00 976
allowance as per RBI Regulations				

### Reconciliation of gross carrying amount of loan portfolio

**Particulars** Stage 1 Stage 2 Stage 3 Total Gross carrying amount 489 28 04 853 75 21 576 63 97 502 490 67 23 931 balance as at April 01, 2019 - Transfers to Stage 1 - Transfers to Stage 2 (1 88 01 601) 18801601 - Transfers to Stage 3 (2 61 37 730) (586059) 2 67 23 789 New asset originated ,netted 208 59 18 286 1 06 02 187 82 41 177 210 47 61 649 off for repayment and loans derecognised during the year - Write offs (2 07 35 802) (56 67 900) (83 04 345) (3 47 08 047) Gross carrying amount 691 30 48 004 3 06 71 405 3 30 58 123 697 67 77 533 balance as at March 31, 2020 - Transfers to Stage 1 3 67 049 (323480) (43 569) - Transfers to Stage 2 (23 02 18 469) 23 02 18 469 - Transfers to Stage 3 (22 40 27 476) (50 04 651) 22 90 32 128 New asset originated ,netted 49 31 57 069 5 23 08 103 15 85 513 54 70 50 685 off for repayment and loans derecognised during the year - Write offs (12 95 12 773) (186 65 967) (2 84 33 452) (17 66 12 193) Gross carrying amount 682 28 13 403 28 92 03 879 23 51 98 742 734 72 16 025 balance as at March 31, 2021

### **Reconciliation of ECL Balance**

(Am	ount	in R	(s.)

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL Allowance as at April 01, 2019	1 50 98 512	28 87 801	51 20 038	2 31 06 351
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2 - Transfers to Stage 3	( 2 07 691) ( 9 34 473)	72 17 935 ( 2 24 988)	- 2 13 87 049	70 10 244 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)

118

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL Allowance as at March 31, 2020 - Transfers to Stage 1 - Transfers to Stage 2 - Transfers to Stage 3 New asset originated, netted off for repayment and loans derecognised during the year	<b>5 24 41 991</b> 921 ( 1 15 109) ( 1 12 014) 8 33 38 599	<b>1 19 29 201</b> ( 24 261) 1 72 66 385 ( 3 75 349) 1 15 60 282	<b>2 66 22 314</b> ( 16 338) - 8 58 87 048 41 39 957	<b>9 09 93 505</b> ( 39 678) 1 71 51 276 8 53 99 685 9 90 38 838
- Write offs ECL Allowance as at March 31, 2021	(12 95 12 773) <b>60 41 614</b>	(1 86 65 967) <b>2 16 90 291</b>	(2 84 33 452) <b>8 81 99 528</b>	(17 66 12 193) <b>11 59 31 433</b>

### **39 TRANSFER OF FINANCIAL ASSETS THAT ARE NOT DERECOGNISED IN THEIR ENTIRETY**

### **39.1** Nature of loan portfolio transferred under securitization transaction

During the year 2020-21 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.

### 39.2 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.

### **39.3** Details of assets transferred, assets continue to recognize and associated liabilities under securitization transactions

Particulars	31 March 2021	31 March 2020
Carrying amount of the original assets before transfer	76 05 38 208	1 64 23 61 731
Carrying amount of the assets that continue to recognize	1 64 56 121	2 08 79 787
Carrying amount of associated liabilties	1 64 56 121	2 08 79 787

### PAHAL FINANCIAL SERVICES PRIVATE LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

### 40 RELATED PARTY DISCLOSURES:

40.1	Re	lated	party
<b>TO</b> .1	- NC	acca	purcy

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) Enterprises Related through Significant Influence / Having Common Director(s)
- 1 Suyash Advisory LLP
- 2 Dia Vikas Capital Private Ltd
- **3** Sambandh Finserv Private Limited

### **40.2** Particulars of transactions with related parties. The transactions are disclosed in aggregate value.

			(Amount in Rs.)
Sr. no	Particulars	F.Y. 2020-2021	F.Y. 2019-2020
i	Managerial Remuneration		
	Ms. Purvi J Bhavsar	87 21 634	78 80 138
	Mr. Kartik Mehta	87 21 634	78 80 138
ii	Remuneration		
	Mr. Chintan Desai	31 06 792	35 78 007
	Ms.Nikita Sharma	7 85 953	7 52 053
iii	Sweat equity issued during the year		
	Ms. Purvi J Bhavsar	-	25 00 000
	Mr. Kartik Mehta	-	25 00 000
iv	Shares issued under ESOP Scheme during the year		
	Mr. Chintan Desai	-	7 80 000
v	Marketing Commission Received from Suyash Advisory	74 49 999	1 87 99 999
vi	Processing Fees Paid to Dia Vikas Capital Private Limited	5 00 000	-
vii	Equity shares issued to Dia Vikas Capital Private Limited	5 00 00 016	-
	(10,41,667 shares of F.V 10/- ₹ issued at 48/- ₹)		
viii	Equity shares issued to Suyash Advisory LLP (1,00,000 shares of	48 00 000	-
	F.V 10/- ₹ issued at 48/- ₹)		
ix	Equity shares issued to BOPA PTE Limited (73,00,000 shares of	-	35 04 00 000
	F.V 10/- ₹ at 48/- ₹)		
x	Loan Given to Sambandh Finserv Private Limited	5 00 00 000	-
xi	Processing Fees Earned from Loan Given to Sambandh Finserv	5 00 000	-
	Private Limited		
xii	Interest Income Earned from Loan Given to Sambandh Finserv	13 07 339	-
	Private Limited		
xiii	Loan Written off - Given to Sambandh Finserv Private Limited	4 52 38 095	-

### (Amount in Rs.)

Sr. no	Compensation of Key Managerial Personnel	F.Y. 2020-2021	F.Y. 2019-2020
1	Short Term Employee Benefits	1 88 44 027	1 79 54 044
2	Post Employment Benefits	24 91 986	21 36 292
3	Share Based Payments	1 78 668	66 17 000
	Total	2 15 14 681	2 67 07 336
	Total	2 15 14 681	2 67 07 336

### 40.3 Balances Outstanding at the end of the year

Sr. no	Particulars	2020-2021	2019-2020
1	Suyash Advisory LLP Receivable	57 33 296	28 36 797
	Payable	1 61 52 597	73 48 700

### PAHAL FINANCIAL SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

### 41 EARNING PER SHARE

		(Amount in Rs.)
Particulars	March 31, 2021	March 31, 2020
Basic		
Net Profit as as per statement of Profit & Loss	4 28 88 051	15 89 76 498
Less: Dividend on cumulative redeemable		
preference shares		
Less: Dividend distribution tax on preference dividend Profit		
available to Equity Shareholders	4 28 88 051	15 89 76 498
Weighted average of number of equity shares	3 17 03 355	2 36 27 862
outstanding during the year (in Nos.)		
Basic Earning per share of face value of ₹ 10 each (₹)	1.35	6.73
Diluted		
Effect of dilution: Stock options granted under ESOP	2 10 000	2 10 000
Sweat Equity Sahres	-	
Adjusted net profit as per statement of Profit & Loss	4 30 66 719	15 91 98 498
Weighted average of number of equity shares for diluted EPS	3 19 13 355	2 38 37 862
	1 7 -	6.60
Diluted Earning per share of face value of ₹ 10 each (₹)	1.35	6.68

### 42 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 bethe Board of Directors who makes strategic decisions and is responsible for allocatingresources 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.

### 43 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. Tenure of leases ranges from eleven months to nine years. Lease payments in respect of short term leases and leases of assets with low value are accounted as an expense in the year of incurrence.

### **Maturity Analysis of Lease Liabilities**

### (Amount in Rs.)

(Amount in Dr.)

Particulars	March 31, 2021	March 31, 2020
Carrying amount	3 33 17 871	-
Upto 3 months	1 63 953	-
Over 3 months upto lyear	6 45 209	-
Over 1 year upto 3 years	32 20 852	-
Over 3 years upto 5 years	61 33 399	-
Over 5 years	2 31 54 459	-
Total	3 33 17 871	-

### Lease Liability movement

Particulars	Amount
As at 1st April, 2019	-
Addition during the year	-
Interest on Lease Liability	-
Lease rent paid for the year	-
As at 31st March, 2020	-
Addition during the year	3 35 27 184
Interest on Lease Liability	16 72 475
Lease rent paid for the year	( 18 81 788)
As at 31st March, 2021	3 33 17 871

### Amount recognised in Statement of Profit & Loss

		(,	
Particulars	March 31, 2021	March 31, 2020	
Expense related to short term lease Interest on Lease Liabilities	2 19 14 274 16 72 475	1 66 21 761 -	

### Amount recognised in Statement of Cash Flows

Particulars	March 31, 2021	March 31, 2020
Outflow under Operating activities (Short term leases)Outflow under Financing activities	2 19 14 274 18 81 788	1 66 21 761 -

### 44 CSR EXPENSES

Particulars	March 31, 2021	March 31, 2020
a) Gross Amount required to be spent by the Company during the year	17 23 370	3 68 296
b) Previous Year's unspent amount	39 393	-
c) Total Amount to be spent	17 62 763	3 68 296
b) Amount spent during the year on purposes other than con- struction/ acquisition of any asset	17 34 867	3 28 903
Paid	17 34 867	3 28 903
Yet to be paid	27 896	39 393
Total	17 34 867	3 28 903

### 45 **RETIREMENT BENEFITS**

### i) Defined Contribution Plan:

Contribution to Provident Fund and ESIC are included in note 33 "Employee benefits expense" includes ₹ 1,06,60,724/- (P.Y. ₹ 84,48,876/-) 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.

(Amount in Rs.)

(Amount in Rs.)

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, 2021	March 31, 2020
i)	Employee benefit expense recognized in Statement		
	of Profit & Loss:		
	Current service cost	12 90 653	8 04 297
	Net Interest cost	1 48 683	81 427
	Net benefit expense	14 39 336	8 85 724
ii)	Employee benefit expense recognized in Other		
	comprehensive income (OCI):		
	Acturial (gain)/losses on obligation for the period	1 62 394	15 10 190
	Actual Returns on Plan Assets excluding Interest Income	( 32 525)	56 036
	Net expense recognized in OCI for the period	1 29 869	15 66 226
iii)	Changes in the present value of the defined benefit		
	obligation are as follows:		
	Opening defined benefit obligation	60 61 151	35 87 598
	Interest cost	3 66 094	2 72 299
	Current service cost	12 90 653	8 04 297
	Actuarial (gains) / losses arising from change in	2 94 983	-
	demographic assumptions	<i>(</i>	
	Actuarial (gains) / losses arising from change in	( 3 85 199)	12 64 386
	financial assumptions		
	Actuarial (gains) / losses arising from experience adjustments	2 52 610	2 45 804
	Benefits Paid	(163781)	(113233)
	Closing defined benefit obligation	77 16 511	60 61 151

			(Amount in Rs.)
	Particulars	March 31, 2021	March 31, 2020
iv)	Changes in Plan Asset:		
	Fair Value of Plan Assets at the Beginning of the Year	35 99 517	25 14 788
	Expected Returns on Plan Assets	2 17 411	1 90 872
	Employer's Contribution	32 69 750	10 63 126
	Benefits Paid	(163781)	(113233)
	Actuarial Gains/ (Losses)	32 525	(56 036)
	Fair Value of Plan Asset at the end of the year**	69 55 422	35 99 517
v)	Amount Recognised in Balance Sheet		
	Defined benefit obligation	77 16 511	60 61 151
	Fair value of plan assets	69 55 422	35 99 517
	Plan asset / (liability)	( 7 61 089)	( 24 61 634)

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

Particulars	March 31, 2021	March 31, 2020
Discount Rate per annum	6.49%	6.49%
Expected return on plan assets	6.49%	6.49%
Rate of salary increase	7.00%	7.00%
Employee turnover rate	For service 2 years and	For service 2 years and
	below 35% p.a. & For	below 35% p.a. & For
	service 3 to 4 years 15%	service 3 to 4 years 15%
	p.a andFor service 5 years	p.a andFor service 5 years
	& above 5% p.a.	& above 5% p.a.
Mortality Rate	Indian Assured Lives	Indian Assured Lives
	Mortality (2006-08)	Mortality (2006-08)
	Ultimate	Ultimate

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

### 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.

**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

,		(Amount in Rs.)
Particulars	March 31, 2021	March 31, 2020
Maturity benefits payable in future years from the date of reporting		
1st Following year	2 88 369	61 039
2nd Following year	3 30 049	68 333
3rd Following year	3 81 429	76 871
4th Following year	4 13 431	86 356
5th Following year	4 34 907	95 147
Sum of Years 6 to 10	36 03 715	21 00 164
Sum of Years 11 and above	1 30 69 325	1 65 66 319

### ix) Quantitative sensitivity analysis for significant assumption

	Particulars	March 31, 2021	March 31, 2020
	Projected benefit obligation on current assumption Increase/decrease on present value of defined	77 16 511	60 61 151
	benefits obligation		
	1% increase in discount rate	(755549)	( 8 62 218)
	1% decrease in discount rate	9 00 214	10 73 140
	1% increase in salary escalation rate	8 23 868	9 52 000
	1% decrease in salary escalation rate	(706965)	( 7 90 866)
	1% increase in employee turnover rate	(83536)	(118727)
	1% decrease in employee turnover rate	89 734	1 35 987
x)	Prescribed Contribution for Next year (12 Months)	25 30 552	37 52 287

### xi) Asset Information

		(
Particulars	March 31, 2021	March 31, 2020
Insurance fund	69 55 422	35 99 517

(Amount in Rs.)

	) MARCH 31, 2021
	EMENTS FOR THE YEAR ENDED N
LIMIT	ы Ш
Ξ	YEA
	H
RIV	OR J
d	ы М
<b>CES PI</b>	EN
<b>N</b>	TEM
<b>ANCIAL SERVIC</b>	STATE
S L	₹
SIA	NC
ž	NII.
Ż	Ξ
IAL FI	S TO TH
Į	ES
PA	NOTE

# 46 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

			As at March 31, 2021		As	As at March 31, 2020	
	Particulars	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months
۷	ASSETS						
(۲	Financial Assets						
a)	Cash and cash equivalents	62 02 14 200	62 02 14 200	I	77 98 50 153	77 98 50 153	ı
<b>(</b> q	Bank balance other than (a)	59 50 65 740	28 90 33 753	30 60 31 987	33 64 21 441	15 06 32 497	18 57 88 944
	above						
<b>(</b> )	Trade receivables	11 50 88 580	11 50 88 580	I	4 70 51 372	4 70 51 372	ı
<b>(</b> p	Loans	629 54 44 816	384 51 82 532	245 02 62 285	545 61 49 619	340 56 28 537	205 05 21 082
<b>e</b> )	Other Financial Assets	23 72 46 016	22 30 02 780	1 42 43 236	18 66 59 718	13 87 74 027	4 78 85 691
	Total Financial Assets	786 30 59 353	509 25 21 845	277 05 37 508	680 61 32 303	452 19 36 586	228 41 95 718
2)	Non-Financial assets						
a)	Current tax assets (Net)	39 96 351	I	39 96 351	1 11 89 361	I	1 11 89 361
(q	Deferred tax assets (Net)	1 22 24 026	ı	1 22 24 026	20 52 983		20 52 983
ິບ	Property, Plant and Equipment	3 11 93 726	I	3 11 93 726	1 40 47 018	I	1 40 47 018
<b>q</b> )	Intangible assets	11 09 216	I	11 09 216	12 02 164	I	12 02 164
<b>e</b> )	Right of Use Asset	3 37 24 041	I	3 37 24 041	I	I	
f)	Other non-financial assets	69 82 479	69 82 479	I	54 34 025	54 34 025	I
	Total Non-Financial Assets	8 92 29 838	69 82 479	8 22 47 359	3 39 25 550	54 34 025	2 84 91 526
	Total Assets	795 22 89 190	509 95 04 324	285 27 84 867	684 00 57 853	452 73 70 610	231 26 87 244

₹	
EQU	
AND	
ITIES	Ę
IABIL	IABIL

				As at March 31, 2021		As	As at March 31, 2020		
		Particulars	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	
	-	Financial liabilities							
	a)	Payables							
	Ξ	Trade Payables							
		i) total outstanding dues to micro							
		enterprises and small enterprises							
		ii) total outstanding due to	6 57 55 886	6 57 55 886	ı	2 82 97 839	2 82 97 839		
		creditors other than micro							
		enterprises and small enterprises							
	<b>(</b> q	Lease Obligation	3 33 17 871	6 10 279	3 27 07 592	ı			
	ີ ບ	Debt securities	252 15 60 249	52 71 96 016	199 43 64 233	152 41 46 174	13 94 64 356	138 46 81 818	
	<b>d</b> )	Borrowings (other than debt	330 97 58 784	214 48 92 092	116 48 66 693	350 10 00 684	237 07 36 427	113 02 64 256	
		securities)							
	<b>e</b> )	Subordinated liabilities	36 82 27 116		36 82 27 115	36 77 86 780		36 77 86 779	
	f)	Other financial liabilities	31 69 50 761	28 58 66 975	3 10 83 786	26 38 40 204	26 36 04 182	2 36 021	
		Total Financial Liabilities	661 55 70 667	302 43 21 247	359 12 49 419	568 50 71 680	280 21 02 804	288 29 68 875	
	2)	Non-Financial Liabilities							
	a)	Current tax liabilities (Net)	I	I	I	I	I		
	<b>(</b> 9	Provisions	7,61,089.00	7,61,089.00	I	24 61 634	24 61 634	ı	
	ິບ	Other non - financial Liabilities	9,23,56,572.94	9,23,56,572.94	'	1 55 69 058	1 55 69 058		
		Total Non-Financial Liabilities	9 31 17 662	9 31 17 662		1 80 30 692	1 80 30 692		
	3)	EQUITY							
	1	Estity chart control	011 37 01 62			40 E7 30 770		70 E/ 20 //0	
	() ()		011 04 01 70	I	011 04 01 70	00 24 Z2 440	I	20 24 ZA 440	
	<b>(</b> q	Other equity	92 17 54 752		92 17 54 752	83 15 26 041	I	83 15 26 041	
120		Total Equity	124 36 00 862		124 36 00 862	113 69 55 481		113 69 55 481	
		Total Liabilities and Equity	7,95,22,89,191	3,11,74,38,909	4,83,48,50,281	6,84,00,57,853	2,82,01,33,496	4,01,99,24,357	

# DISCLOSURE REQUIRED AS PER CIRCULAR DOR (NBFC).CC.PD.NO.109/22.10.106/2019-20 - IMPLEMENTATION OF INDIAN ACCOUNTING STANDARDS 47

As at March 31, 2021

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
(L)	(2)	(3)	(4)	(5)=(3)-(4)	(9)	(7) = (4)-(6)
	()		6-A			
Performing Assets						
Standard	Stage 1	682 28 13 403	60 41 614	681 67 71 789	5 57 21 447	(4 96 79 833)
	Stage 2	28 92 03 879 2 EE 00 070	2 16 90 291 05 06 617	26 75 13 588 1 50 07 256	23 69 563 62 077	1 93 20 728 of z2 626
Subtotal	0.000	713 76 08 253	<b>3 73 28 519</b>	710 02 79 734	<b>5 81 54 987</b>	(2 08 26 469)
Non-Performing Assets (NPA)						
Substandard	Stage 3	20 96 07 772	7 86 02 915	13 10 04 858	2 29 84 202	5 56 18 712
Doubtful - up to I year	Stage 3	I		ı	I	·
1 to 3 years	Stage 3	·	I	I		I
More than 3 years	Stage 3		I			I
Subtotal for doubtful		I	I	I	I	I
Loss	Stage 3	·		I		·
Subtotal for NPA		20 96 07 772	7 86 02 915	13 10 04 858	2 29 84 202	5 56 18 712
	Stage 1	ı		I		
Other items	Stage 2	ı			ı	
	Stage 3		I			1
Subtotal		ı	I	ı	I	I
	Stage 1	682 28 13 403	60 41 614	681 67 71 789	5 57 21 447	(4 96 79 833)
Total	Stage 2 Stage 3	28 92 03 879 23 51 98 742	2 16 90 291 8 81 99 528	26 75 13 588 14 69 99 214	23 69 563 2 30 48 180	1 93 20 728 6 51 51 349
	Total	734 72 16 025	11 59 31 433	723 12 84 592	8 11 39 190	3 47 92 243

	As at March 31, 2020						(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)	(9)	(7) = (4)-(6)	
	<b>Performing Assets</b> Standard	Stage 1 Stage 2 Stage 3	691 30 48 004 3 06 71 405 87 49 029	5 24 41 991 1 19 29 201 70 45 754	686 06 06 013 1 87 42 205 17 03 275	6 48 99 901 1 99 932 38 63 395	(1 24 57 910) 1 17 29 268 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 vear	Stade 3		I			ı	
	1 to 3 vears	Stage 3		ı			ı	
	More than 3 years	Stage 3	ı	I		ı	I	
	Subtotal for doubtful		ı	ı	I	ı		
	Loss	Stage 3	ı	·	I	ı	ı	
	Subtotal for NPA		2 43 09 094	1 95 76 560	47 32 534	38 37 747	1 57 38 813	
		Stage 1	I	I		I	I	
	Other items	Stage 2		I	ı		I	
		stage s	1	I	I			
	Subtotal		I	I	I	I	I	
		Stade 1	691 30 48 004	5 24 41 991	686 06 06 013	6 48 99 901	(1 24 57 910)	
	Total	Stade 2	3 06 71 405	119 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	
	48 Disclosure required as	Disclosure required as per Circular DOR.No.BP.BC.63/21.04.048/201	P.BC.63/21.04.048/	'2019-20 - COVID19 Regulatory Package - Asset Classification and Provisioning	tory Package - Ass	et Classification an	id Provisioning	
							(Amount in Rs.)	
	Particulars				F.Y. 20	F.Y. 2020-2021	F.Y. 2019-2020	
13	<ul> <li>(A) SMA/overdue categories, where the moratorium/deferment was extended</li> <li>(B) Out of (A) above, amount on which asset classification benefits is extended</li> <li>(C) Provision Made on (B)</li> <li>(D) Provisions adjusted during the respective accounting periods against slippage</li> </ul>	where the moratorium/de on which asset classificatio the respective accountin	eferment was extend on benefits is extend q periods against slic	ed ed pages	01	10 03 73 900 1 53 53 340 76 83 046 -	10 03 73 900 7 68 30 451 38 41 523 -	
0	(E) Residual Provision	-	-	) -		76 83 046	38 41 523	

### 49 PURSUANT TO RBI GUIDELINES ON LIQUIDITY RISK MANAGEMENT FRAMEWORK FOR NON-BANKING FINANCIAL COMPANIES DATED NOVEMBER 4, 2019

### 49.1 Funding Concentration based on significant counterparty (both deposits and borrowings)

Period	Number of Significant Counterparties	Amount (Rs.)	% of Total deposits	% of Total liabilities
March 31, 2020	1	83 00 00 000	NA	15.29%
March 31, 2021		127 70 00 000	NA	20.45%

### 49.2 Details of Top 20 large deposits

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

### 49.3 Details of Top 10 borrowings

Period	Amount (Rs.)	% of Total Borrowings
March 31, 2020	341 95 79 114	62.98%
March 31, 2021	393 40 92 555	63.02%

### 49.4 Funding Concentration based on significant instrument/product

Name of the Instrument/ Product	As at I	March 31, 2021	As at M	larch 31, 2020
	Amount (Rs.)	% of Total Liabilities	Amount (Rs.)	% of Total Liabilities
Debt securities	252 15 60 249	40.67%	152 41 46 174	28.26%
Borrowings (other than debt securities)	330 97 58 784	53.39%	350 10 00 684	64.92%
Subordinated liabilities	36 82 27 116	5.94%	36 77 86 780	6.82%
Total	619 95 46 149	100.00%	539 29 33 637	100.00%

### 49.5 Stock Ratios

Particulars		As at March 31,	2021	As	at March 31, 20	20
	As a % of public funds	As a % of Total liabilities	As a % of total assets	As a % of public funds	As a % of Total liabilities	As a % of total assets
Commercial papers	NA	-	-	NA	-	-
Non- Convertible Debentures	NA	37.59%	31.71%	NA	22.72%	19.17%
Other Short term liabilities	NA	0.67%	0.56%	NA	0.80%	0.66%

### 49.6 Institutional set-up for Liquidity Risk Management

Refer Note No.: 38.5

### PAHAL FINANCIAL SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

### 50 CAPITAL TO RISK ASSETS RATIO (CRAR) (COMPUTED AS PER METHOD PRESCRIBED BY RBI)

Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020
(i)	CRAR (%) [(ii) + (iii)]	21.15%	24.54%
(ii)	CRAR- Tier I Capital(%)	17.89%	19.09%
(iii)	CRAR- Tier II Capital(%)	3.25%	5.45%
(iv)	Amount of subordinated debt	23 00 00 000	30 40 00 000
	considered as Tier-II capital (In ₹)		

- 51 The Company has no exposure to the real estate sector directly or indirectly in the current and previous year.
- 52 The company has not disbursed any loans against security of gold.
- 53 The Company has no exposure to capital market.
- 54 As at the respective month ends during the year, the Company has not exceeded the prudential exposure limits in respect of Single Borrower and Group Borrower.

### 55 Unsecured Advances

The Company has not obtained any intangible security towards the unsecured advances.

### 56 Draw Down from Reserves :

The Company has not made any drawdown from existing reserves.

### 57 Details of concentration of exposures & NPA:

The Company being MFI, there is no concentration of exposures & NPA to specific person or individual.

### 58 Details of Sector wise NPA:

Particulars	Percentage of NPAs to total advances in that sector		
	As at March 31, 2021	As at March 31, 2020	
Micro Finance Loans	2.48%	0.25%	
Corporate borrowers	-	-	
Unsecured personal loans	-	-	
Vehicle Loans	-	-	

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

Particulars	As at March 31, 2021		21 As at Ma	arch 31, 2020
	Loans	Borrowings	Loans	Borrowings
1 day to 30/31 day (one month)	30 67 80 329	31 92 56 431	26 44 52 601	26 87 29 751
Over one month to 2 months	34 04 62 893	24 52 99 629	27 58 05 985	22 66 68 505
Over 2 months to 3 months	34 30 48 250	32 89 88 719	28 53 39 651	20 49 00 398
Over 3 months upto 6 months	101 32 06 606	63 34 95 438	85 57 29 700	63 40 11 535
Over 6 months upto 1 year	191 24 84 863	112 20 00 213	168 89 38 027	117 82 54 349
Over 1 year upto 3 years	248 43 91 341	313 29 13 342	216 18 27 276	213 99 40 028
Over 3 years upto 5 years	1 10 01 967	41 75 92 377	1 50 39 886	60 11 54 243
Over 5 years	-	-	-	13 92 74 828
Total	641 13 76 251	619 95 46 149	554 71 33 125	539 29 33 637

60 The Company has entered into derivative transaction to hedge foreign exchange risk arising from foreign currency borrowing. The Company designates cross currency interest rate swap contracts as hedge instruments in respect of foreign exchange risks arising from foreign currency borrowings. These hedges are accounted for as cash flow hedges. The hedge instruments are designated and documented as hedges at the inception of the contract. The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at inception and on an ongoing basis. The effective portion of change in the fair value of the designated hedging instrument is recognised in other comprehensive income and accumulated under the heading cash flow hedging reserve. Any gain or loss recognised in other comprehensive income and accumulated transaction ultimately affects the profit and loss.

### (Amount in Rs.)

Type of Hedge and Risk	Notional Amount	Carrying amount (Derivative Liability)		Maturity Dates	Change in Fair value of Hedging Instruments
Foreign exchange risk	EUR	As at March 31, 2021	As at March 31, 2020		
Cross Currency Interest Rate Swaps	15 00 000	64 80 602	-	Jun-25	( 64 80 602)
Cross Currency Interest Rate Swaps	15 00 000	81 47 063	-	Jun-25	( 81 47 063)
Total	30 00 000	1 46 27 665	-		(1 46 27 665)

Type of Hedge and Risk	Notional Amount	Particulars
Foreign exchange risk	EUR	Strike Pric Interest Rat
Cross Currency Interest Rate Swaps	15 00 000	88.01 11.4
Cross Currency Interest Rate Swaps	15 00 000	87.10 11.4
Total	30 00 000	

### **Movement in Cash Flow Hedge Reserve**

-		(Amount in Rs.)
Particulars	March 31, 2021	March 31, 2020
Opening Balance of Cash Flow Hedge Reserve	-	-
Change in Fair value of hedging Instruments	(1 46 27 665)	-
Less: Amount reclassified to Statement of P&L	( 59 73 102)	-
Closing Balance of Cash Flow Hedge Reserve	( 86 54 563)	-

### **Expense Booked in Statement of P&L**

Particulars	Amount (Rs.)
Hedge Ineffective Portion	-
Amount reclassified from Other	( 59 73 102)
Comprehensive Income	Foreign exchange Gain /
Line Item affected	Loss and Interest Expense

61 During the year under review, The company had come across frauds totalling to Rs. 4,59,51,800 in respect of its lending operations. Out of the above, frauds amounting to Rs. 1,08,960 Lakhs has already been recovered. Suitable action has been taken by the company to recover the balance amounts. (The Above Information for Individual frauds exceeding Rs. 1,00,000/- has been compiled from Fraud Monitoring Return filed with the RBI) The Above Information has been compiled by the management and relied upon by the Auditors.

### 62 DISCLOSURE OF COMPLAINTS

(A)	mo	unt	in I	RS.)

March 31, 2021	March 31, 2020
-	-
-	-
-	-
-	-
	- - -

### 63 CREDIT RATING

The CARE and ICRA have assigned following ratings to Company.

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

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

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

### 66 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 is as under:

		(Amount in Rs.)
Particulars	F.Y. 2020-2021	F.Y. 2019-2020
Average Interest Rate on Loans given (A)	22.43%	24.24%
Average effective cost of Borrowing (B)	14.57%	15.63%
Net Interest Margin (A-B)	7.86%	8.61%

### 67 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:

(Am	oun	t in	Rs.)
(	oun		1.3.7

a)	Particulars	Year ended March 31, 2021	Year end March 31, 2020
	Total number of loans assigned/securitised during the year	38 834	75 808
	Total book value of loans assigned/securitised during the year	86 32 06 776	214 77 25 785
	Sale consideration received for loans assigned/ securitised	76 99 11 594	193 42 76 931
	during the year		
	Income recognised in the statement of profit and loss during	(2 18 23 783)	1 52 61 598
	the year		
	Balance of loans assigned /securitised as at the balance sheet date	104 34 58 197	164 23 80 717
	Cash Collateral provided and outstanding as at the balance sheet date	7 94 00 029	9 17 73 033

### (Amount in Rs.)

### b) **Details of Securitisation transactions undertaken:**

Sr.	Particulars	Year ended March 31, 2021	Year end March 31, 2020
No.		March 31, 2021	March 51, 2020
1	No. of SPVs sponsored by the NBFC for securitisation	5	8
	transactions (Nos.)		
2	Total amount of securitised assets as per books of the	65 59 89 342	45 83 72 037
	SPVs sponsored by the NBFC		
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	12 73 98 213	10 22 78 812
	- Others	-	-
4	Amount of exposures to securitisation transactions		
	other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	- First loss	-	-
	- Others	-	-
	ii) Exposure to third party securitisations		
	- First loss	-	-
	- Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	- First loss	7 94 00 029	9 17 73 033
	- Others	-	-
	ii) Exposure to third party securitisations		
	- First loss	-	-
	- Others	-	-

### c) Details of assignment transactions undertaken:

C)	Details of assignment transactions undertaken:		(Amount in Rs.)
Sr. No.	Particulars	Year ended March 31, 2021	Year end March 31, 2020
(i)	Number of Accounts	1 744	54 911
(ii)	Aggregate value (net of provision) of accounts sold to SC/RC	9 88 82 113	162 61 91 220
(iii)	Aggregate consideration	9 34 54 388	146 48 95 522
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain or loss over net book value	(2 18 23 783)	1 52 61 598

### PAHAL FINANCIAL SERVICES PRIVATE LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

### 68 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:

68.1 Loans and advances availed by the non- banking financial company inclusive of interest accrued thereon but not paid:

(Amount in Rs.)

Particulars	F.Y. 2020-2021		F.Y. 2019-3	2020
	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
a) Debentures :				
Secured	259 56 28 887	-	158 08 37 182	-
Unsecured (other than falling within the meaning of public deposits)*	20 94 83 211	-	20 90 89 020	-
b) Deferred Credits	-	-	-	-
c) Term Loans	328 14 48 458	-	347 46 29 742	-
d) Inter-corporate loans and	-	-	-	-
borrowing	-	-	-	-
e) Commercial Paper				
f) Other Loans				
Sub ordinate debt	16 13 85 547	-	16 13 20 640	-
Working capital facility	4 47 47 008	-	4 58 94 512	-

### 68.2 Break up of Loans and advances including bills receivables[other than those included in (4) below]: excluding interest accrued

		(Amount in Rs.)
Amount Outstanding	F.Y. 2020-2021	F.Y. 2019-2020
a) Secured b) Unsecured	6 33 23 900 634 80 52 351	8 44 72 627 546 26 70 498

### 68.3 Break up of Leased Assets and stock on hire and other assests counting towards AFC activities:

		(Amount in Rs.)
Amount Outstanding	F.Y. 2020-2021	F.Y. 2019-2020
(i) Lease assets including lease rentals under sundry debtors:		
(a) Financial Lease	-	-
(b) Operating Lease	-	-
(ii) Stock on hire including hire charges under sundry debtors:		
(a) Assests on hire	-	-
(b) Repossessed Assests	-	-
(iii) Other Loans counting towards AFC activities		
(a) Loans where assests have been repossessed	-	-
(b) Loan other than (a) Above	-	-

68.4 Break up of Investments

Amount Outstanding	F.Y. 2020-2021	F.Y. 2019-2020
Current Investments:		
1. Quoted		
(i) Shares:		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
2. Unquote		
(i) Shares:		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Unit of Alternate Investment Fund	-	-
Long Term Investments:		
1. Quoted		
(i) Shares:		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
2. Unquote		
(i) Shares:		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Unit of Alternate Investment Fund	-	-

### 68.5 Borrowers group wise classification of assets financed as in 68.3 and 68.4 above:

Category			020-2021 et of Provision	s Am	F.Y. 2019-20 nount net of P	
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties a) Subsidiaries	-	-	_	-	-	
b) Companies in the same group	-	-	-	-	-	
c) Other Related parties	-	-	-	-	-	
2. Other than related parties	6 33 23 900	634 80 52 351	641 13 76 251	8 44 72 627	546 26 70 498	554 71 43 12
Total	6 33 23 900	634 80 52 351	641 13 76 251	8 44 72 627	546 26 70 498	554 71 43 12

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

(A)	mo	unt	in	Rs.)

Category	F.Y. 2020-2021		F.Y. 2019-2	2020
	Market Value/ Break up or FAIR Value or NAV	Book Value (Net of Provisions)	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				

### 68.7 Other Information

(Amount in Rs.)

Amount Outstanding	F.Y. 2020-2021	F.Y. 2019-2020
(i) Gross Non-Performing Assests a) Related Parties b) Other than related parties	-	_
<ul><li>(ii) Net Non performing Assests</li><li>a) Related Parties</li></ul>	14 46 10 230	1 22 42 201
b) Other than related parties (iii) Assets acquired in satisfaction of Debt	- 14 31 64 128	- 1 21 19 <b>77</b> 9

- **69** Disclosure pursuant to RBI Notification RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020 ("Resolution Framework for COVID-19 Related Stress") is not applicable as the Company has not restructured any loan accounts during the year.
- **70** 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.
- 71 Previous year's figures have been regrouped/reclassified, where necessary, to confirm to current year's presentation.

As per our report of even date For SGDG & Associates LLP

Chartered Accountants ICAI Firm Reg.No. W100188

(Devansh Gandhi) Partner Membership No. 129255 Place: Ahmedabad Date: 28 June 2021

### For and on behalf of the Board

Kartik S. Mehta Managing Director DIN: 02083342

Chintan Desai Chief Financial Officer

Place: Ahmedabad Date: 28 June 2021 **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 the Pahal Financial Services Private Limited having its CIN : U65910GJ1994PTC082668 will be held on Friday, 12th November 2021 at 10:30 A.M through Video Conferencing facility as per theGeneral Circular No. 02/2021 dated 13th January 2021, issued by Ministry of Corporate Affairs at the Registered office situated at 7th Floor, Binori B Square - 2, Opp. Hathi singh ni Vadi, Amblilscon Road, Ahmedabad-380054 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 through 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 financial year ended 31st March 2021 including the Audited Balance Sheet as on 31st March 2021, including the statement of Profit and Loss for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.

### Item No.2: Declaration of Dividend:

To declare a Final Dividend on Equity Shares of the Company for the Financial Year 2020-21 @ Rs. 0.20 per equity shares. To declare a Final Dividend on Equity Shares of the Company for the Financial Year 2020-21 @ 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 here under, M/s SGDG & Associates LLP be and are hereby appointed as Statutory Auditors of the Company for F.Y 2021-22and the Board of Directors of the Company be and is here by authorized to fix the irremuneration for the said period."

On behalf of the Board of Directors

Sd/-Kartik S Mehta (Managing Director)

Date: 29.10.2021 Place: Ahmedabad

### Note:

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ('MCA') has vide its General Circular No. 02/2021 dated 13th January 2021 other applicable circulars issued by the Securities and Exchange Board of India (SEBI) has allowed the Companies toconduct the annual general meeting ('ACM') through Video Conferencing (VC) or Other Audio Visual Means (OAVM) during the calendar year 2021, 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 here in below:

Link of Video Conferencing	https://us02web.zoom.us/j/82540251192
Meeting ID	825 4025 1192
Password	872913

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 formand Attendance Slip including Route Map are not annexed to this Notice. Howeve rInstitutional/Corporate shareholders are entitled to appoint Authorized Representatives toattend the AGM on its behalf and to vote on their behalf. They are required to send acertified true copy of its board resolution together with the specimen signature(s) of therepresentatives 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 dated 5 May 2020 read with Circular No. 14/2020 dated 08th 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 here to 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 29th October 2021.
- 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 29th October 2021.
- 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 30th September 2021.

- 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: 29.10.2021 Place: Ahmedabad

