PAHAL
A NEW BEGINNING

PFSPL/2020-21/04 Dt:01/08/2020

To,
**BSE Limited**
1st Floor, P.J. Towers,
Dalal Street,
Mumbai-400 001.

Sub: **Submission under Regulation 52(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

In line with the listing regulations 52(5) of SEBI (Listing Obligations and Disclosure Requirements) regulations 2015, Kindly find herewith the noting certificate signed by debenture trustee for submission of details to Stock Exchange pursuant to regulation 52(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We request you to kindly take the above on record.

Thanking you,

Yours Faithfully
For, **Pahal Financial Services Private Limited**

Nikita

Nikita Sharma
**Company Secretary**

Pahal Financial Services Pvt. Ltd.
PFSPL

**PAHAL FINANCIAL SERVICES PVT. LTD**
CIN NO. : U65910GJ1994PTC082668

079 40373857 | www.pahalfinance.com | ho@pahalfinance.com

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

No. CTL/DEB/20-21/Noting Certificate/1321

July 31, 2020

To Whomsoever It May Concern,

# CERTIFICATE FOR RECEIPT AND NOTING OF INFORMATION

[Pursuant to Regulation 52(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

We, Catalyst Trusteeship Limited (**"Debenture Trustee"**) hereby confirm that we have received (on July 31,2020) and noted the information, as specified under regulation 52(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 (**"Regulations"**), provided to us by **Pahal Financial Services Private Limited ("the Company")** for the Half year ended March 31, 2020.

This Certificate is being issued pursuant to the requirements of regulation 52(5) of the aforesaid Regulations, for onward submission to Stock Exchange(s) by the Company.

For **Catalyst Trusteeship Limited**

For CATALYST TRUSTEESHIP LIMITED

Authorised Signatory

**Authorised Signatory**

*Encl: Results submitted by Company*

PAHAL
A NEW BEGINNING

Dt:27th July 2020

To,

**Catalyst Trusteeship Limited**
GDA House, Plot No. 85,
Bhusari Colony (Right),
Paud Road, Pune
411038

**Subject: Statutory Compliance Report-Listed NCD for the half year ending March 31,2020**

**Dear Sir/Ma'am,**

With reference to the cited subject and your letter dated 31st March 2020 regarding submission of Statutory Compliance Report for the half-ended 31st March 2020

Please find below details as required:

I. Audit Financial results for the year ended 31st March 2020: **Attached**
II. Credit Rating: **ICRA BBB-**
III. Asset Cover:**1.01 times**
IV. Debt Equity Ratio:**4.75 times**
V. Previous Due Date for Payment of Interest/Principal: **Annexure A**
VI. Next Due Date for Payment of Interest/Principal: **Annexure B**
VII. Net Worth:**113.49 Cr**
VIII. Net Profit after tax:**15.90 Cr**
IX. Earnings Per Share: **Rs 6.73/-**
X. Utilization Certificates: **Attached**
XI. Default in payment of Interest or Principal: **No such Default**
XII. Material Deviation if any in use of Issue proceeds: **Not Applicable**

Kindly note the above details on your records.

**For Pahal Financial Services Private Limited**

**Kartik S Mehta**
**Managing Director**

Pahal Financial Services Pvt. Ltd. PFSPL

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CIN NO. : U65910GJ1994PTC082668

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

**Manubhai & Shah LLP**
Chartered Accountants

## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

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

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

### Basis for Opinion

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

### Key Audit Matters

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

| Sr. No. | Key Audit Matter | Auditor's Response |
|---|---|---|
| 1 | **Transition to Ind AS accounting framework:**<br>(Refer Note 4 to the Ind AS Financial Statements)<br>The Company has adopted Ind AS from April 1, 2019 with a transition date of April 1, 2018 for such transition. The Ind AS Financial Statements up to year ended March 31, 2019 were prepared in accordance with the Generally Accepted Accounting Principles in India (IGAAP). | **Principal Audit Procedures performed:**<br>• Reviewed the Ind AS impact assessment performed by the Management and resultant changes made to the accounting policies considering the requirements of the new framework. |



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<table>
<tr><th>Sr. No.</th><th>Key Audit Matter</th><th>Auditor's Response</th></tr>
<tr><td></td><td>To give effect of the transition to Ind AS, these Ind AS Financial Statements for the year ended March 31, 2020, together with the comparative financial information have been prepared in accordance with the Indian Accounting Standards (Ind AS).<br><br>The transition has involved significant changes in the Company's financial reporting policies and processes, including generation of supportable financial information and applying estimates to inter alia determine the impact of Ind AS on accounting and disclosure requirements prescribed under extant Reserve Bank of India (RBI) Directions.<br><br>In view of the material impact and complexities involved, Ind AS transition and the preparation of Ind AS Financial Statements subsequent to the transition date have been areas of key focus in our audit.</td><td>• Evaluated the exemptions and exceptions allowed by Ind AS and applied by the management in accordance with the first-time adoption principles of Ind AS 101 in respect of fair valuation of assets and liabilities existing as on transition date.<br><br>• Verified the accounting adjustments posted as at the transition date and in respect of the previous year to convert the financial information reported under IGAAP to Ind AS.<br><br>• Verified the Disclosures made in Ind AS Financial Statements as prescribed under Ind AS 101.</td></tr>
<tr><td>2</td><td>Impairment of Loans as at Balance Sheet Date (Expected Credit Losses):<br>(Refer Note 8 to the Ind AS Financial Statements)<br>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.<br><br>In the process, a significant degree of judgment has been applied by the management for:<br><br>• staging of the Loan Receivable (i.e. classification in 'significant increase in credit risk' ('SICR') and 'default' categories)<br>• grouping of borrowers based on homogeneity by using appropriate statistical techniques;<br>• estimation of behavioural life;<br>• determining macro-economic factors impacting credit quality of Loans Receivable;<br>• estimation of losses for Loans Receivable</td><td>Principal audit procedures performed are:<br><br>• Read and assessed the company's accounting policies for impairment of loans and their compliance with Ind AS 109.<br><br>• Read and assessed company's policies with respect to moratorium pursuant to the Reserve Bank of India circular dated 27 March 2020 ('RBI circular') allowing lending institutions to offer moratorium to borrowers on payment of instalments falling due between 1 March 2020 and 31 May 2020 and tested the implementation of such policy on a sample basis.<br><br>• Evaluated the reasonableness of the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction and validation.<br><br>• 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</td></tr>
</table>



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| Sr. No. | Key Audit Matter | Auditor's Response |
|---|---|---|
| | with no/minimal historical defaults.<br><br>**Additional considerations on account of COVID-19:**<br>The company has recorded a management overlay of Rs. 1,81,92,530 as part of its ECL, to reflect among other things an increased risk of deterioration in macro-economic factors caused by Novel Coronavirus (COVID-19) pandemic. Given the unique nature and scale of the economic impact of this pandemic, and its timing being close to the year-end, the management overlay is based on various uncertain variables, which could result in actual credit loss being different than that being estimated.<br><br>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. | indicators were present requiring them to be classified under stage 2 or 3.<br><br>• 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.<br><br>• 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.<br><br>• 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.<br><br>• Tested assumptions used by the management in determining the overlay for macro-economic factors (including COVID-19 pandemic).<br><br>• Assessed disclosures included in the Ind AS Financial Statements in respect of expected credit losses including the specific disclosures made with regards to the impact of COVID-19 on ECL estimation. |
| 3 | **IT Systems and Controls:**<br>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.<br><br>The Company primarily uses two systems for its overall financial reporting.<br><br>We have focused on following significant areas which could give rise to material misstatement:<br>- User access management,<br>- Change management,<br>- Segregation of duties, and<br>- System reconciliation controls and | **Principal audit procedures performed are:**<br>• 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.<br><br>• 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.<br><br>• We evaluated the design, implementation and operating effectiveness of the significant accounts related IT automated controls which are relevant to the accuracy of system |

MANUBHAI & SHAH LLP CHARTERED ACCOUNTANTS

| Sr. No. | Key Audit Matter | Auditor's Response |
|---|---|---|
| | system application controls over key financial accounting and reporting systems. | calculation, and the consistency of data transmission.<br>• Other areas that were independently assessed included password policies, system configurations, system interface controls, controls over changes to applications and databases and that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment. |

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

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

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

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

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

**Management's Responsibility for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive loss, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public



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disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

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

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.

   e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position

      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.

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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 Manubhai & Shah LLP**
**Chartered Accountants**
**ICAI Firm Registration No. 106041W/W100136**

MANUBHAI & SHAH LLP ✦ CHARTERED ACCOUNTANTS ✦

**Place: Ahmedabad**
**Date: July 7, 2020**

**(J. D. Shah)**
**Partner**
**Mem. No.100116**
**UDIN: 20100116AAAADK6477**

**Annexure A to the Independent Auditors' Report**

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

**Report on Internal Financial Controls Over Financial Reporting**

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Pahal Financial Services Private Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS Financial Statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Manubhai & Shah LLP**
**Chartered Accountants**
**ICAI Firm Registration No. 106041W/W100136**

MANUBHAI & SHAH LLP * CHARTERED ACCOUNTANTS *

**Place: Ahmedabad**
**Date: July 7, 2020**

**(J. D. Shah)**
**Partner**
**Mem. No.100116**
**UDIN: 20100116AAAADK6477**

**Annexure B to the Independent Auditors' Report**

[Annexure referred to in paragraph 2 under "Report on Other Legal and Regulatory Requirements" section of our report on Ind AS Financial Statements for the year ended March 31, 2020 to the members of Pahal Financial Services Private Limited]

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified by the Management during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, there are no immovable properties included in the fixed assets of the Company and accordingly the requirements under clause 3(i)(c) of the Order are not applicable to the Company.

(ii) The Company's business does not have inventories and accordingly the reporting requirements of clause 3(ii) of the Order are not applicable to the Company, and hence not commented upon.

(iii) According to information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3 (iii) (a), (b) and (c) of the said Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanation given to us, there are no loans given, investments made or guarantees and securities given in respect of which provisions of sections 185 and 186 of the Act are applicable and hence not commented upon.

(v) The Company has not accepted deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of Clause 3(v) of the said Order are not applicable.

(vi) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the product / services rendered by the Company.

(vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax and goods and service tax except payment of professional tax, with appropriate authorities.

According to the information and explanations given to us and the records of the Company examined by us, in our opinion, no other undisputed amounts payable as at March 31, 2020 for a period of more than six months from the date they became payable, except professional tax as detailed hereunder:

| Nature of Dues | Amount (Rs.) | Period to which Amount pertains | Status as at March 31, 2020 |
|---|---|---|---|
| Professional Tax | 1,00,519 | Monthly outstanding dues pertaining to the periods upto September, 2019 | Unpaid |

(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.

MANUBHAI & SHAH LLP CHARTERED ACCOUNTANTS

(viii) Based on our audit procedure and the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to Financial Institutions, Banks or Debenture holders. The Company has not borrowed any amount from Government.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of Initial Public Offer or Further Public Offer, hence not commented upon. Further, monies raised by the Company by way of term loans were applied for the purpose for which those were raised, though surplus funds which were not required for the immediate utilization were gainfully invested in liquid assets payable on demand.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year under audit.

(xi) The company being private limited company, provisions of Section 197, read with Schedule V to the Act are not applicable. Therefore the provisions of clause 3(ii) of the Order are not applicable to the Company, and hence not commented upon.

(xii) In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the Ind AS Financial Statements, as required by the applicable Indian accounting standards.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has issued shares under private placement during the year as per provisions of Section 42 of the Act and the amount raised have been utilised for the purpose for which the same were raised.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, the reporting requirement of paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) The company is registered under Section 45- IA of the Reserve Bank of India Act, 1934 as Non-Banking Financial Company - Micro Finance Institution ('NBFC- MFI').

**For Manubhai & Shah LLP**
**Chartered Accountants**
**ICAI Firm Registration No. 106041W/W100136**

MANUBHAI & SHAH LLP CHARTERED ACCOUNTANTS

**Place:** **Ahmedabad**
**Date:** **July 7, 2020**

**(J. D. Shah)**
**Partner**
**Mem. No.100116**
**UDIN: 20100116AAAADK6477**

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

(Amount in Rs.)

| | Particulars | Note No. | As at March 31, 2020 | March 31, 2019 | April 01, 2018 |
|---|---|---|---|---|---|
| A | ASSETS | | | | |
| (1) | **Financial Assets** | | | | |
| (a) | Cash and cash equivalents | 5 | 77 98 50 153 | 105 25 72 117 | 27 39 08 825 |
| (b) | Bank balance other than (a) above | 6 | 33 64 21 441 | 17 58 98 839 | 7 22 90 959 |
| (c) | Trade receivables | 7 | 4 71 42 188 | 1 38 80 088 | 16 72 391 |
| (d) | Loans | 10 | 545 61 49 619 | 351 65 49 698 | 192 03 23 368 |
| (e) | Other Financial Assets | 8 | 18 66 59 718 | 11 75 02 271 | 4 07 32 768 |
| | **Total Financial Assets** | | **680 62 23 119** | **487 64 03 013** | **230 89 28 311** |
| (2) | **Non-Financial assets** | | | | |
| (a) | Current tax assets (Net) | 34 | 1 11 89 361 | - | 31 57 988 |
| (b) | Deferred tax assets (Net) | 34 | 20 52 983 | 1 04 28 729 | 2 51 11 131 |
| (c) | Property, Plant and Equipment | 11 | 1 40 47 018 | 66 17 392 | 54 80 755 |
| (d) | Intangible assets | 12 | 12 02 164 | 15 56 250 | 8 04 725 |
| (e) | Other non-financial assets | 9 | 53 43 209 | 51 74 949 | 50 36 447 |
| | **Total Non Financial Assets** | | **3 38 34 735** | **2 37 77 320** | **3 95 91 046** |
| | **Total Financial and Non Financial Assets** | | **684 00 57 854** | **490 01 80 333** | **234 85 19 357** |
| | **LIABILITIES AND EQUITY** | | | | |
| | **LIABILITY** | | | | |
| (1) | **Financial liabilities** | | | | |
| (a) | Payables | | | | |
| (I) | Trade Payables | 13 | | | |
| | i) total outstanding dues to micro enterprises and small enterprises | - | - | - | - |
| | ii) total outstanding due to creditors other than micro enterprises and small enterprises | - | 3 01 33 869 | 4 08 25 284 | 1 20 18 830 |
| (b) | Debt securities | 21 | 152 41 46 174 | 97 50 90 406 | 27 56 30 902 |
| (c) | Borrowings (other than debt securities) | 22 | 350 10 00 684 | 271 45 72 189 | 156 38 88 568 |
| (d) | Subordinated liabilities | 23 | 36 77 86 780 | 34 23 88 683 | 15 48 33 878 |
| (e) | Other financial liabilities | 14 | 26 38 40 204 | 23 79 90 398 | 3 70 73 000 |
| | **Total Financial Liabilities** | | **568 69 07 711** | **431 08 66 960** | **204 34 45 178** |
| (2) | **Non-Financial Liabilities** | | | | |
| (a) | Current tax liabilities (Net) | 34 | - | 57 65 371 | - |
| (b) | Provisions | 15 | 24 61 634 | 10 63 126 | 2 35 027 |
| (c) | Other non - financial Liabilities | 16 | 1 37 33 028 | 91 53 657 | 96 35 557 |
| | **Total Non Financial Liabities** | | **1 61 94 662** | **1 59 82 154** | **98 70 584** |
| (3) | **EQUITY** | | | | |
| (a) | Equity share capital | 17 | 30 54 29 440 | 21 68 29 440 | 15 40 29 440 |
| (b) | Other equity | | 83 15 26 041 | 35 65 01 779 | 14 11 74 155 |
| | **Total Equity** | | **113 69 55 481** | **57 33 31 219** | **29 52 03 595** |
| | **Total Liabilities and Equity** | | **684 00 57 854** | **490 01 80 333** | **234 85 19 357** |

The accompanying notes form an integral part of the Financial Statements

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

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

MANUBHAI & SHAH LLP CHARTERED ACCOUNTANTS

For and on behalf of the Board

Kartik S. Mehta
Managing Director
DIN: 02083342

Purvi J. Bhavsar
Managing Director
DIN: 02102740

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

Nikita Sharma
Company Secretary

Pahal Financial Services Pvt. Ltd. PFSPL

PAHAL FINANCIAL SERVICES PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR YEAR ENDED MARCH 31, 2020

(Amount in Rs.)

| | Particulars | Note No. | For the year ended March 31, 2020 | 2019 |
|---|---|---|---|---|
| **(I)** | **Revenue from operations** | | | |
| (a) | Interest Income | 24 | 135 44 32 031 | 83 37 24 380 |
| (b) | Fees and commission income | 25 | 5 62 42 205 | 2 88 98 147 |
| (c) | Net gain on fair value changes | 26 | 1 58 91 780 | 63 23 357 |
| (d) | Net Gain on derecognition of financial instruments under amortised cost category | 27 | | 24 79 495 |
| (e) | Other operating revenue | 28 | 30 74 209 | 33 63 449 |
| | **Total Revenue from Operations (I)** | | **142 96 40 225** | **87 47 88 828** |
| **(II)** | **Other Income** | 29 | 91 72 055 | 35 87 725 |
| **(III)** | **Total Income (I + II)** | | **143 88 12 280** | **87 83 76 553** |
| **(IV)** | **Expenses :** | | | |
| (a) | Finance cost | 30 | 73 93 70 087 | 45 47 09 115 |
| (b) | Impairment on financial instruments under amortised cost | 31 | 4 50 65 371 | 2 52 14 037 |
| (c) | Net Loss on derecognition of financial instruments under amortised cost category | 27 | 1 94 46 449 | |
| (d) | Employee benefits expense | 32 | 26 71 83 055 | 17 90 50 505 |
| (e) | Depreciation and amortisation expenses | 11 | 36 60 618 | 24 05 710 |
| (f) | Other expenses | 33 | 13 04 62 178 | 9 16 75 292 |
| | **Total expenses (IV)** | | **120 51 87 758** | **75 30 54 659** |
| **(V)** | **Profit before tax (III - IV)** | | **23 36 24 522** | **12 53 21 894** |
| **(VI)** | **Tax Expenses :** | | | |
| (a) | Current tax | | 7 88 92 278 | 1 77 30 960 |
| (b) | Deferred tax | | ( 42 44 254) | 2 73 02 402 |
| | **Total tax expense (VI)** | | **7 46 48 024** | **4 50 33 362** |
| **(VII)** | **Profit for the Year (V - VI)** | | **15 89 76 498** | **8 02 88 532** |
| **(VIII)** | **Other comprehensive income/(loss)** | | | |
| (a) | (i) Items that will not be reclassified to profit or loss | | ( 15 66 226) | ( 4 55 408) |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | | - | - |
| (b) | (i) Items that will be reclassified to profit or loss | | - | - |
| | (ii) Income tax relating to items that will be reclassified to profit or loss | | - | - |
| **(IX)** | **Total Comprehensive Income (VII + VIII)** | | **15 74 10 272** | **7 98 33 124** |
| **(X)** | **Earnings per Equity Share (for continuing operations):** | | | |
| | Basic (Rs.) | | 6.73 | 4.56 |
| | Diluted (Rs.) | | 6.68 | 4.40 |

The accompanying notes form an integral part of the Financial Statements

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

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

MANUBHAI & SHAH LLP * CHARTERED ACCOUNTANTS *

For and on behalf of the Board

**Kartik S. Mehta**
Managing Director
DIN: 02083342

**Purvi J. Bhavsar**
Managing Director
DIN: 02102740

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

**Nikita Sharma**
Company Secretary

Pahal Financial Services Pvt. Ltd. * PFSPL

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

(Amount in Rs.)

| | Particulars | For the year ended March 31, | |
|---|---|---|---|
| | | March 31, 2020 | March 31, 2019 |
| A | **Cash flow from operating activities** | | |
| | **Profit before tax** | 23 36 24 522 | 12 53 21 894 |
| | **Adjustments for :** | | |
| | Depreciation and amortization | 36 60 618 | 24 05 710 |
| | Net loss/ (gain) on derecognition of property, plant and equipment | 12 587 | ( 4 700) |
| | Net gain on financial instruments designated at fair value through profit or loss | (1 58 91 780) | ( 63 23 357) |
| | Share Based Payment - ESOP | 2 22 000 | 4 52 000 |
| | Share Based Payment - Sweat Equity Shares | 63 95 000 | |
| | Impairment on financial instruments | 4 50 65 371 | 2 52 14 037 |
| | Remeasurement of Defined Benefit Obligations | ( 15 66 226) | ( 4 55 408) |
| | Dividend and Tax on Dividend paid during the year | | |
| | **Operating profit before working capital changes** | **27 15 22 092** | **14 66 10 176** |
| | **Movements in working capital :** | | |
| | Increase/(decrease) in other financial liabilities | 2 58 49 805 | 20 09 17 398 |
| | Increase/(decrease) in provisions | 13 98 508 | 8 28 099 |
| | Increase/(decrease) in other non-financial liabilities | 45 79 371 | ( 4 81 900) |
| | Increase/(decrease) in trade payables | (1 06 91 415) | 2 88 06 453 |
| | (Increase)/decrease in trade receivables | (3 32 62 100) | (1 22 07 697) |
| | (Increase)/decrease in loans | (198 46 65 292) | (162 14 40 367) |
| | (Increase)/decrease in other financial assets | (6 91 57 447) | (7 67 69 503) |
| | (Increase)/decrease in other non-financial assets | ( 1 68 259) | ( 1 38 502) |
| | **Cash used in operations** | **(179 45 94 739)** | **(133 38 75 842)** |
| | Direct taxes paid (net of refunds) | (8 32 27 010) | (2 14 27 600) |
| | **Net cash used in operating activities (A)** | **(187 78 21 748)** | **(135 53 03 442)** |
| B | **Cash flow from investing activities :** | | |
| | Purchase of PPE | (1 07 50 799) | ( 43 08 124) |
| | Proceeds from disposal of Fixed Asset | 2 054 | 18 952 |
| | Proceeds from / (Purchase of) Mutual Funds and commercial papers (Net) | 1 58 91 780 | 63 23 357 |
| | Fixed Deposits matured / (placed) (Net) | (16 05 22 602) | (10 36 07 880) |
| | **Net cash used in investing activities (B)** | **(15 53 79 567)** | **(10 15 73 695)** |
| C | **Cash flow from financing activities :** | | |
| | Proceeds from issuance of Equity Share and Share Premium | 40 49 60 000 | 13 78 42 500 |
| | Dividend and Tax on Dividend paid during the year | ( 53 63 010) | - |
| | Repayment of Debt Securities | (22 09 44 232) | (7 05 40 496) |
| | Proceeds from issuance of Debt Securities | 77 00 00 000 | 83 00 00 000 |
| | Repayment of Subordinated Liabilities | (12 46 01 903) | (4 74 45 195) |
| | Proceeds from issuance of Subordinated Liabilities | 15 00 00 000 | 23 50 00 000 |
| | Repayment of Other Borrowings | (223 45 71 505) | (135 93 16 380) |
| | Proceeds from Other Borrowings | 302 10 00 000 | 251 00 00 000 |
| | **Net cash flow from financing activities (C)** | **176 04 79 351** | **223 55 40 429** |
| | Net increase/(decrease) in cash and cash equivalents (A)+(B)+(C) | (27 27 21 964) | 77 86 63 292 |
| | Cash and cash equivalents as at the beginning of the year | 1 05 25 72 117 | 27 39 08 825 |
| | **Cash and cash equivalents as at end of the year (Refer Note 5)** | **77 98 50 153** | **1 05 25 72 117** |

MANUBHAI & SHAH LLP * CHARTERED ACCOUNTANTS *

Pahal Financial Services Pvt. Ltd. * PFSPL

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

**Notes:**

(i)

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

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

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

**Conversion of Debentures into Equity:**

| Name of Instrument | (Amount in Rs.) |
|---|---|
| **Convertible Debentures Issued to Dia Vikas Limited** | |
| Balance as at April 1, 2018 | 5,84,23,483 |
| Finance Cost upto the Date of Conversion | 15,76,517 |
| Converted into Equity Share Capital | 2,00,00,000 |
| Securities Premium on Conversion | 4,00,00,000 |
| Balance as at March 31, 2019 | - |

The accompanying notes form an integral part of the Financial Statements

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

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

MANUBHAI & SHAH LLP CHARTERED ACCOUNTANTS

**For and on behalf of the Board**

Kartik S. Mehta
Managing Director
DIN: 02083342

Purvi J. Bhavsar
Managing Director
DIN: 02102740

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

**Nikita Sharma**
Company Secretary

Pahal Financial Services Pvt. Ltd. PFSPL

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

**A Equity Share Capital**

(Amount in Rs.)

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

**B Other Equity**

(Amount in Rs.)

| Particulars | Reserves and Surplus | | | | | |
|---|---|---|---|---|---|---|
| | General Reserves | Securities premium | Statutory reserve | Retained earnings | Stock options outstanding | Total |
| **Balance as at April 01, 2018** | 60 000 | 15 97 77 603 | 1 22 69 476 | (3 13 38 924) | 4 06 000 | 14 11 74 155 |
| **Profit for the year** | | | | 8 02 88 532 | | 8 02 88 532 |
| **Dividends (including tax on dividend)** | | | | | | |
| **Addition during the year** | | 13 50 42 500 | | | 4 52 000 | 13 54 94 500 |
| **Others** | | | | | | |
| Transfer from stock options outstanding amount | | 1 80 000 | | | ( 1 80 000) | |
| Transfer from retained earnings | | | 1 50 21 326 | (1 50 21 326) | | |
| **Items of the OCI for the year, net of tax** | | | | | | |
| Remasurement benefit of defined benefit plans | | | | ( 4 55 408) | | ( 4 55 408) |
| **Balance as at March 31, 2019** | **60 000** | **29 50 00 103** | **2 72 90 802** | **3 34 72 874** | **6 78 000** | **35 65 01 779** |
| **Balance as at April 01, 2019** | 60 000 | 29 50 00 103 | 2 72 90 802 | 3 34 72 874 | 6 78 000 | 35 65 01 779 |
| **Profit for the year** | - | - | - | 15 89 76 498 | - | 15 89 76 498 |
| **Dividends (including tax on dividend)** | | | | ( 53 63 010) | | ( 53 63 010) |
| **Addition during the year** | - | 32 27 55 000 | - | - | 2 22 000 | 32 29 77 000 |
| **Others** | | | | | | |
| Transfer from stock options outstanding amount | - | 3 00 000 | - | - | ( 3 00 000) | |
| Transfer from retained earnings | - | - | 3 14 82 054 | (3 14 82 054) | - | |
| **Items of the OCI for the year, net of tax** | | | | | | |
| Remeasurement benefit of defined benefit plans | - | - | | ( 15 66 226) | - | ( 15 66 226) |
| **Balance as at March 31, 2020** | **60 000** | **61 80 55 103** | **5 87 72 856** | **15 40 38 082** | **6 00 000** | **83 15 26 041** |

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

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

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

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

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

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

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

MANUBHAI & SHAH LLP CHARTERED ACCOUNTANTS

**For and on behalf of the Board**

**Kartik S. Mehta**
Managing Director
DIN: 02083342

**Purvi J. Bhavsar**
Managing Director
DIN: 02102740

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

**Nikita Sharma**
Company Secretary

Pahal Financial Services Pvt. Ltd. PFSPL

PAHAL FINANCIAL SERVICES PRIVATE LIMITED
**Notes forming part of Financial Statements for the period ending on March 31, 2020**

## 1 Company overview

Pahal Financial Services Private Limited (herein after referred to as 'the Company') is a company incorporated under the provisions of the Companies Act, 1956. The company is non-deposit accepting non-banking financial company ('NBFC-ND') registered with the Reserve bank of India (RBI) under Section 45-IA of the RBI Act, 1934 and has got classified as a Non-Banking Financial Company- Micro Finance Institution ('NBFC-MFI') with effect from January 29, 2014.

The Company is primarily engaged in business of providing micro finance services by way of loans to women who are organized as Joint Liability Groups ('JLG') and individuals in the urban areas of Gujarat, Maharashtra, Madhya Pradesh, Bihar, Chhattisgarh, Uttar Pradesh & Rajasthan.

In addition to the core business of providing micro finance, the company uses its distribution channel to provide certain other financial products and services to customers.

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

## 2 Basis of Preparation & Presentation of Financial Statements

### 2.1 Statement of Compliance

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 and the provisions of the RBI as applicable as per Master Directions - Non-Banking Finacial Company -Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 issued vide Notification No. DNBR.PD.007/03.10.119/2016-17 dated September 1, 2016, as amended time to time ("the NBFC Master Directions, 2016).

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

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

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

### 2.2 Basis of measurement

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

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

### 2.3 Functional and presentation currency

Indian rupee is the functional and presentation currency.

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

### 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.

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Pahal Financial Services Pvt. Ltd. PFSPL

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

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

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

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

## 3 Significant accounting policies

### 3.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

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

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

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

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

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

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

### 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.

MANUBHAI & SHAH LLP CHARTERED ACCOUNTANTS

Pahal Financial Services Pvt. Ltd. PFSPL

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.

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Pahal Financial Services Pvt. Ltd. * PFSPL

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.

**b Equity instruments**

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

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**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.

**3.5 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.

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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

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

**3.6 Income taxes**

**3.6.1 Current Tax**

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

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

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

**3.6.2 Deferred Tax**

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

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

Deferred tax assets 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.

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**3.6.3 Minimum Alternate Tax (MAT)**

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

**3.7 Impairment**

**3.7.1 Financial assets**

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

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

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

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

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

Stage 1: 12-months ECL

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

Stage 2: Lifetime ECL – not credit impaired

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

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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.

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**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 PG, LGD rates by the Company may not be always reflective of such relationships, temporary overlays are embedded in the methodology to reflect such macro-economic trends reasonably.

**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.

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**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.

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**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.

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**4 Transition to Ind AS**

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

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

**4.1 First time adoption of Ind AS**

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

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

**i Estimates**

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

**ii Classification of financial assets**

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

**b Exemption from other Ind AS**

**Deemed cost of property, plant and equipment and intangible assets**

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

**4.2 Reconciliation between IGAAP and Ind AS**

**4.2.1 Reconciliation of Equity as previously reported under IGAAP to Ind AS** **(Amount in Rs.)**

| Particulars | As at March 31, 2019 | As at April 01, 2018 |
|---|---|---|
| **Total Equity As per IGAAP** | **68 38 23 812** | **33 77 47 612** |
| Recognition of Direct Assigment Transactions to the extent of present value of excess interest spread | 1 61 16 829 | 20 96 421 |
| Recognition of Securatization Assets to the extent of continuing involvement | 54 26 392 | 39 93 122 |
| Recognition of Portfolio assets as per Amortized cost using EIR Method | ( 3 05 30 074) | ( 1 70 98 102) |
| | **( 89 86 853)** | **( 1 10 08 559)** |
| Recognition of associated liabilities related to Securatization transactions | ( 54 26 393) | ( 39 93 122) |
| Recognition of Borrowing, Debentures and other sub-ordinate debt liability as per Amortized cost using EIR Method | 3 48 80 807 | 1 84 66 668 |
| Recognition of Deferred Tax Liability on above Ind AS impact | ( 59 60 154) | ( 10 09 004) |
| Reclassification of Preference Share Capital to Sub-Ordinate Debt as per Ind AS 109 | ( 12 50 00 000) | ( 4 50 00 000) |
| | **( 10 15 05 740)** | **( 3 15 35 458)** |
| **Equity as per Ind AS** | **57 33 31 219** | **29 52 03 595** |

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**4.2.2 Reconciliation of Total Comprehensive Income for the year ended March 31, 2019** (Amount in Rs.)

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

**4.2.3 Reconciliation of statement of cash flows**

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

**4.2.4 Notes to Reconciliations**

**a Recognition of preference shares as subordinated liabilities**

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

**b Securitisation of loan portfolio**

Under Ind AS, the company recognises securitisation transactions to the extent of continuing involvement in the loan portfolio. Profit / premium to be recognized, to the extent of loan portfolio derecognized, in the accounts immediately. Associated liability to be accounted for against the loan portfolio recognized due to continuing involvement.

Under IGAAP, profit / premium arising at the time of securitisation of loan portfolio is amortised over the life of the underlying loan / portfolio / securities and loss arising thereon is accounted immediately and income from interest strip (excess interest spread) is recognized in the statement of profit and loss net off any losses when redeemed in cash.

**c Assignment of loan portfolio**

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

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

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

**e Recognition of Borrowings as per Amortized cost using EIR Method**

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

**f Recognition of Actuarial Gain / Loss**

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

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

(Amount in Rs.)

| Note no. | Particulars | As at March 31, 2020 | As at March 31, 2019 | As at April 01, 2018 |
|---|---|---|---|---|
| 5 | **Cash and Cash Equivalents** | | | |
| 5.1 | **Cash on hand** | 42 00 425 | 8 30 465 | 5 06 029 |
| 5.2 | **Balances with banks** | | | |
| | In current accounts | 51 05 54 263 | 80 16 35 010 | 26 37 38 626 |
| | In term deposit accounts | 26 50 95 465 | 25 01 06 642 | 96 64 170 |
| | | **77 56 49 728** | **105 17 41 652** | **27 34 02 796** |
| | **Total** | **77 98 50 153** | **105 25 72 117** | **27 39 08 825** |
| 6 | **Bank balance other than cash and cash equivalent** | | | |
| | Balance with banks held as margin money (Refer Note 6.1) | 33 64 21 441 | 17 58 98 839 | 7 22 90 959 |
| | **Total** | **33 64 21 441** | **17 58 98 839** | **7 22 90 959** |

6.1 Represents margin money deposits placed to avail term loans from banks and others and as cash collateral in connection with securitization transactions.

| Note no. | Particulars | As at March 31, 2020 | As at March 31, 2019 | As at April 01, 2018 |
|---|---|---|---|---|
| 7 | **Trade Receivables** | | | |
| | Unsecured, considered good | 4 71 42 188 | 1 38 80 088 | 16 72 391 |
| | **Total** | **4 71 42 188** | **1 38 80 088** | **16 72 391** |
| 8 | **Other financial assets** | | | |
| | Interest accrued but not due on portfolio loans | 11 56 77 354 | 9 15 56 649 | 3 22 40 434 |
| | Deposits | | | |
| | Security Deposits (Refer Note 9.1) | 6 15 39 051 | 1 95 87 961 | 40 17 014 |
| | Other deposits | 57 14 833 | 33 92 350 | 27 67 050 |
| | | **6 72 53 884** | **2 29 80 311** | **67 84 064** |
| | Others | 37 28 480 | 29 65 311 | 17 08 270 |
| | **Total** | **18 66 59 718** | **11 75 02 271** | **4 07 32 768** |

8.1 Security deposits includes deposits placed as security against borrowings.

| Note no. | Particulars | As at March 31, 2020 | As at March 31, 2019 | As at April 01, 2018 |
|---|---|---|---|---|
| 9 | **Other non-financial assets** | | | |
| | Balance with Government Authorities | 11 032 | - | 3 872 |
| | Prepaid expense | 41 23 648 | 9 32 128 | 11 87 869 |
| | Advances to staff | 10 06 075 | 1 56 632 | 2 36 011 |
| | Advances to vendors | 2 02 454 | 76 993 | 35 82 705 |
| | Capital advance | | 40 09 196 | 25 990 |
| | **Total** | **53 43 209** | **51 74 949** | **50 36 447** |

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

10 Loans

(Amount in Rs.)

| | Particluars | Fair value through profit or loss | Amortised cost | Total | Fair value through profit or loss | Amortised cost | Total | Fair value through profit or loss | Amortised cost | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | March 31, 2020 | | | March 31, 2019 | | | April 01, 2018 | |
| A | | | | | | | | | | |
| i | Loan repayable on demand | - | 10 000 | 10 000 | - | 7 90 000 | 7 90 000 | - | 7 90 000 | 7 90 000 |
| ii | Term loans | - | 554 71 33 125 | 554 71 33 125 | - | 356 16 87 832 | 356 16 87 832 | - | 194 02 47 465 | 194 02 47 465 |
| | **Total (A) - Gross** | - | **554 71 43 125** | **554 71 43 125** | - | **356 24 77 832** | **356 24 77 832** | - | **194 10 37 465** | **194 10 37 465** |
| | Less: Impairment loss allowance | - | 9 09 93 506 | 9 09 93 506 | - | 4 59 28 134 | 4 59 28 134 | - | **2 07 14 097** | 2 07 14 097 |
| | **Total (A) - Net** | - | **545 61 49 619** | **545 61 49 619** | - | **351 65 49 698** | **351 65 49 698** | - | **192 03 23 368** | **192 03 23 368** |
| B | | | | | | | | | | |
| i | Secured by tangible assets | - | - | - | - | - | - | - | - | - |
| ii | Secured by intangible assets | - | - | - | - | - | - | - | - | - |
| iii | Covered by bank / Government gurantees | - | - | - | - | - | - | - | - | - |
| iv | Unsecured | - | 554 71 43 125 | 554 71 43 125 | - | 356 24 77 832 | 356 24 77 832 | - | 194 10 37 465 | 194 10 37 465 |
| | **Total (B) - Gross** | - | **554 71 43 125** | **554 71 43 125** | - | **356 24 77 832** | **356 24 77 832** | - | **194 10 37 465** | **194 10 37 465** |
| | Less: Impairment loss allowance | - | - | - | - | - | - | - | - | - |
| | **Total (B) - Net** | - | **554 71 43 125** | **554 71 43 125** | - | **356 24 77 832** | **356 24 77 832** | - | **194 10 37 465** | **194 10 37 465** |
| C - I | | | | | | | | | | |
| | Loans in India | - | 545 61 49 619 | 545 61 49 619 | - | 351 65 49 698 | 351 65 49 698 | - | 192 03 23 368 | 192 03 23 368 |
| | **Total (C - I) - Gross** | - | **545 61 49 619** | **545 61 49 619** | - | **351 65 49 698** | **351 65 49 698** | - | **192 03 23 368** | **192 03 23 368** |
| | Less: Impairment loss allowance | - | - | - | - | - | - | - | - | - |
| | **Total (C - I) - Net** | - | **545 61 49 619** | **545 61 49 619** | - | **351 65 49 698** | **351 65 49 698** | - | **192 03 23 368** | **192 03 23 368** |
| C - II | **Loans outside India** | - | - | - | - | - | - | - | - | - |
| | Total C (I+II) | - | **545 61 49 619** | **545 61 49 619** | - | **351 65 49 698** | **351 65 49 698** | - | **192 03 23 368** | **192 03 23 368** |

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

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

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

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

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11 Property, Plant and Equipment

11.1 Property, Plant and Equipments consist of :

(Amount in Rs.)

| No. | Particulars | Computers | Furniture & Fixtures | Vehicles | Office Equipment | Total |
|---|---|---|---|---|---|---|
| a | **Gross Block** | | | | | |
| | **Balance as at April 01, 2018 (Deemed Cost)** | **17 23 051** | **14 07 210** | **18 96 245** | 4 54 249 | 54 80 755 |
| | Additions | 17 72 662 | 5 94 455 | - | 5 22 542 | **28 89 659** |
| | Deductions | 26 990 | - | - | - | **26 990** |
| | **Balance as at March 31, 2019** | **34 68 723** | 20 01 665 | 18 96 245 | **9 76 791** | **83 43 425** |
| | Additions | 36,48,538 | 11,00,192 | 41,90,850 | 14,08,219 | **1 03 47 799** |
| | Deductions | - | - | 19,946 | 11,709 | **31 655** |
| | **Balance as at March 31, 2020** | **71 17 261** | **31 01 857** | **60 67 149** | **23 73 301** | **1 86 59 568** |
| b | **Accumulated Depreciation** | | | | | |
| | **Balance as at April 01, 2018** | - | - | - | - | - |
| | Additions | 8 93 915 | 2 42 920 | 3 83 805 | 2 18 130 | **17 38 770** |
| | Deductions | 12 738 | - | - | - | **12 738** |
| | **Balance as at March 31, 2019** | **8 81 177** | **2 42 920** | **3 83 805** | **2 18 130** | **17 26 032** |
| | Additions | 14 11 006 | 2 97 591 | 8 82 178 | 3 12 757 | **29 03 532** |
| | Deductions | - | - | 7 415 | 9 599 | **17 014** |
| | **Balance as at March 31, 2020** | **22 92 183** | **5 40 511** | **12 58 567** | **5 21 288** | **46 12 550** |
| c | **Net Block** | | | | | |
| | **Balance as at April 01, 2018** | **17 23 051** | **14 07 210** | **18 96 245** | **4 54 249** | **54 80 755** |
| | **Balance as at March 31, 2019** | **25 87 546** | **17 58 745** | **15 12 440** | **7 58 661** | **66 17 392** |
| | **Balance as at March 31, 2020** | **48 25 078** | **25 61 346** | **48 08 582** | **18 52 013** | **1 40 47 018** |

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

12 Other Intangible assets

(Amount in Rs.)

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

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

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(Amount in Rs.)

| Note no. | Particulars | As at March 31, 2020 | As at March 31, 2019 | As at April 01, 2018 |
|---|---|---|---|---|
| 13 | **Payables** | | | |
| | **Trade payables (Refer Note 13.1)** | | | |
| | Dues to micro enterprises and small enterprises | - | - | - |
| | Due to creditors other than micro enterprises and small enterprises | 3 01 33 869 | 4 08 25 284 | 1 20 18 830 |
| | **Total** | **3 01 33 869** | **4 08 25 284** | **1 20 18 830** |

13.1 There are no amount that needs to be disclosed in accordance with the Micro, Small and Medium Enterprise Development Act, 2006 (the "MSME") pertaining to Micro or small enterprise. For the year ended March 31, 2019, no supplier has intimated the company about its status as Micro or small enterprise or its registration with the appropriate authority under MSMED.

| Note no. | Particulars | As at March 31, 2020 | As at March 31, 2019 | As at April 01, 2018 |
|---|---|---|---|---|
| 14 | **Other financial liabilities** | | | |
| | Interest accrued | 7 94 30 464 | 4 28 63 217 | 73 83 002 |
| | Payable towards securitisation and assignment transactions | 16 11 61 413 | 18 87 17 165 | 2 46 14 842 |
| | Liabilities Associated with Securitised Assets | 2 08 79 787 | 54 26 393 | 39 93 122 |
| | Others | 23 68 540 | 9 83 623 | 10 82 034 |
| | **Total** | **26 38 40 204** | **23 79 90 398** | **3 70 73 000** |
| 15 | **Provisions** | | | |
| | Provision for employee benefit | 24 61 634 | 10 63 126 | 2 35 027 |
| | **Total** | **24 61 634** | **10 63 126** | **2 35 027** |
| 16 | **Other non financial liabilities** | | | |
| | Statutory dues | 1 37 33 028 | 86 69 430 | 61 88 453 |
| | Others | | 4 84 227 | 34 47 104 |
| | **Total** | **1 37 33 028** | **91 53 657** | **96 35 557** |
| 17 | **Equity Share Capital** | | | |
| 17.1 | **Authorized Capital** | | | |
| | 3 72 00 000 (As at March 31, 2019: 3 72 00 000; As at April 1, 2018: 1 59 00 000) Equity Shares of Rs.10/- each | 37 20 00 000 | 37 20 00 000 | 15 90 00 000 |
| | **Total** | **37 20 00 000** | **37 20 00 000** | **15 90 00 000** |
| 17.2 | **Issued, Subscribed and Paid Up Capital** | | | |
| | 3 05 42 944 (As at March 31, 2019: 2 16 82 944 As at April 1, 2018: 1 54 02 944) Equity Shares of Rs.10/- each | 30 54 29 440 | 21 68 29 440 | 15 40 29 440 |
| | **Total** | **30 54 29 440** | **21 68 29 440** | **15 40 29 440** |

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17.3 **Rights, preferences and restrictions :**

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

ii Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Dividend declared and paid would be in Indian rupees.

iii In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The amount distributed will be in proportion to the number of equity shares held by the shareholders.

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

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

17.5 **Reconciliation of number of equity shares outstanding:**

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

**18 Employee stock option plan**

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

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

| Particulars | Tranche I | Tranche II |
|---|---|---|
| Date of Grant | October 1, 2016 | January 22, 2018 |
| No. of options granted | 1 00 000 | 2 00 000 |
| Method of Settlement | Equity | Equity |
| **Graded Vesting period:** | | |
| Day following the completion of 12 months from grant | 30.00% | 30.00% |
| Day following the completion of 36 months from grant | 30.00% | 30.00% |
| Day following the completion of 60 months from grant | 40.00% | 40.00% |
| Exercise Period | 36 months from the respective date of vesting | 36 months from the respective date of vesting |
| Vesting conditions | Continuous service & performance gradation | Continuous service & performance gradation |
| Average remaining contractual life (Years) | 3.5 | 4.83 |
| Average exercise price per option (₹) | 26 | 26 |
| Average intrinsic value of option (₹) | 32 | 30 |

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

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

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

18.2 **Expense arising from share based payment transactions**

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

**(Amount in Rs.)**

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

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**19 Capital Management**

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

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

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

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

**20 Contingent Liabilities and Capital Commitments**

20.1 **Contingent Liabilities** **(Amount in Rs.)**

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

20.2 **Commitments not provided for:** **(Amount in Rs.)**

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

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**21 Debt Securities** (Amount in Rs.)

| | Particulars | As at March 31, 2020 | March 31, 2019 | April 01, 2018 |
|---|---|---|---|---|
| A | | | | |
| i | Convertible debentures classified as financial liability (At Amortised Cost) | - | - | 5 84 23 483 |
| ii | Non convertible debentures (At Amortised Cost) | 152 41 46 174 | 97 50 90 406 | 21 72 07 418 |
| | **Total (A)** | **152 41 46 174** | **97 50 90 406** | **27 56 30 902** |
| B | | | | |
| i | Debt securities in India | 1 52 41 46 174 | 97 50 90 406 | 27 56 30 902 |
| ii | Debt securities outside India | - | - | - |
| | **Total B ( i + ii )** | **152 41 46 174** | **97 50 90 406** | **27 56 30 902** |

**21.1 Cumpulsory Convertible Debentures**

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

**21.2 Non Convertible Debentures**

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

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**22 Borrowings - Other than debt securities**

(Amount in Rs.)

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

**22.1 Details of Security and terms of repayment**

**22.1.1 Term loan from Banks and Financial Institutions**

| Sr. No | Particulars of loan and security details | Rate of Interest | Term of repayment of loan |
|---|---|---|---|
| 1 | **IDBI Bank Limited**<br>Exclusive Charges by way of Hypothecation on all 110 % of Book Debts / loan Assets, both present and future and against pledge of Fixed Deposit up to 10% of the loan amount | 1 year MCLR + 4.95% p.a. | Principal - 24 equal monthly installments with a moratorium period of 3 months |
| 2 | **Fincare Small Finance Bank Limited**<br>Exclusive Charges by way of Hypothecation on all 100 % of Book Debts / loan Assets, both present and future and against pledge of Fixed Deposit up to 7.50% of the loan amount | 14.00% to 15.00% p.a. | Principal repayable in 15 to 24 equal monthly installments. |
| 3 | **State Bank of India**<br>Exclusive Hypothecation charge over specific pool of receivables/book debts created out of Bank finance and against pledge of Fixed Deposit up to 10% of the loan amount | 12.9% p.a. | Principal - 36 equal monthly installments starting from next month. |
| 4 | **Arohan Financial Services Limited**<br>Exclusive Charges by way of Hypothecation of 100% on Book Debts / loan Assets, both present and future created/to be created out of loan. | 14.00% to 14.75% | Principal repayable by 24 equal monthly installments |
| 5 | **Manappuram Finance Limited**<br>Exclusive Charges by way of Hypothecation on 110% of Book Debts. | 13.75% to 15.00% p.a. | Principal repayable in 12 equal quarterly installments commencing from 3 months after |
| 6 | **Reliance Capital Limited**<br>Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future created/to be created out of loan and against pledge of Fixed Deposit of 5% to 7.5% of the loan amount | 14.00% to 14.25% p.a. | Principal repayable in 18 equal monthly installments as per Loan sanction Document. |
| 7 | **NABARD Financial Services Limited**<br>Exclusive Charges by way of Hypothecation on all 105 % of Book Debts / loan Assets, both present and future and against pledge of Fixed Deposit up to 5% of the loan amount | 13.00% p.a. | Principal repayable in 12 equal quarterly/24 monthly installments commencing from 3 months after first disbursement. |

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| Sr. No | Particulars of loan and security details | Rate of Interest | Term of repayment of loan |
|---|---|---|---|
| 8 | **NABSAMMRUDHHI Financial Services Limited**<br>Exclusive Charges by way of Hypothecation on all 110 % of Book Debts / loan Assets, both present and future and against pledge of Fixed Deposit up to 5% of the loan amount | 13.50% p.a. | Principal repayable in 12 equal quarterly installments commencing from 3 months after first disbursement. |
| 9 | **Profectus Captial Pvt Limited**<br>Exclusive Charges by way of Hypothecation on all 100 % of Book Debts / loan Assets, both present and future and against pledge of Fixed Deposit upto 10% of the loan amount | 14.75% p.a. | Principal repayable in 18 equal monthly installments. |
| 10 | **Maanaveeya Development & Finance Private Limited**<br>Exclusive Charges by way of Hypothecation on all 100 % of Book Debts / loan Assets, both present and future and against pledge of Fixed Deposit of 7.50% to 10% of the loan amount | 14.40 to 14.50% p.a. | Principal repayable in 8/12 equal quarterly installments commencing from 3 months after first disbursement. |
| 11 | **Hinduja Leyland Finance Limited**<br>Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Loan Amount | 11.34% to 11.95% (Yield) p.a. | Principal repayable by 24 to 36 monthly installment |
| 12 | **Mahindra & Mahindra Financial Services Limited**<br>Exclusive Charges by way of Hypothecation of 110% on Book Debts / loan Assets, both present and future created/to be created out of loan and against pledge of Fixed Deposit of 8% of the loan amount | 11.34% to 13% p.a. | Principal repayable by 24 equal monthly installments as per Loan sanction Document. |
| 13 | **Suryodaya Small Finance Bank Limited**<br>Exclusive Charges by way of Hypothecation on all 105 % of Book Debts / loan Assets, both present and future and against pledge of Fixed Deposit up to 7.50% of the loan amount | 14% p.a. | Principal repayable in 24 equal monthly installments. |
| 14 | **Northen Arc Capital Limited**<br>Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future created/to be created out of loan. | 14.20% to 15.00% p.a. | Principal repayable by 18 to 36 monthly installments. |
| 15 | **Satin Creditcare Network Ltd**<br>Exclusive Charges by way of Hypothecation of 105% on Book Debts / loan Assets, both present and future created/to be created out of loan and against pledge of Fixed Deposit of 10% of the loan amount | 15.5% p.a. | Principal repayable by 18 monthly installments. |
| 16 | **Mas Financial Services Limited**<br>Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future created/to be created out of loan. | 15.5% p.a. | Principal repayable by 24 equal monthly installments as per Loan sanction Document. |
| 17 | **Vivriti Capital Private Limited**<br>Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 100% of Loan Amount | 14.50% to 15.25% p.a. | Principal repayable by 18 to 30 equal monthly installments as per Loan sanction Document. |
| 18 | **Avanse Financial Services Limited**<br>Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future created/to be created out of loan and against pledge of Fixed Deposit of 5% of the loan amount | 14% p.a. | Principal repayable by 18 equal monthly installments as per Loan sanction Document. |
| 19 | **Jain Sons Finlease Limited**<br>Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 100% of Loan Amount | 13.90% to 15.25% | Principal repayable by 18 equal monthly installments as per Loan sanction Document. |
| 20 | **Shriram City Union Finance Limited**<br>Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Loan Amount | 13.5% p.a. | Principal repayable by 36 equal monthly installments as per Loan sanction Document. |
| 21 | **Incred Financial Services Private Limited (Visu)**<br>Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 105% of Loan Amount | 14.50% to 15% p.a. | Principal repayable by 18 equal monthly installments as per Loan sanction Document. |
| 22 | **Proud Securities and Credits Private Limited (Incred)**<br>Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 105% of Loan Amount | 15.25% p.a. | Principal repayable by 24 equal monthly installments as per Loan sanction Document. |

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| Sr. No | Particulars of loan and security details | Rate of Interest | Term of repayment of loan |
|---|---|---|---|
| 23 | **Gruh Finance Limited**<br>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. |
| 24 | **Samunnati Financial Intermediation & Services Private Limited**<br>Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Loan Amount | 14.25% p.a. | Principal repayable by 18 equal monthly installments as per Loan sanction Document. |
| 25 | **Svakarma Finance Pvt. Limited**<br>Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 105% of Loan Amount | 14.50% p.a. | Principal repayable by 18 equal monthly installments as per Loan sanction Document. |
| 26 | **Hiranandani Financial Services Private Limited**<br>Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 105% of Loan Amount & against 5% of the Fixed Depsoit | 14.75% p.a. | Principal repayable by 18 to 24 equal monthly installments as per Loan sanction Document. |
| 27 | **Capri Global Capital Limited**<br>Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 107.5% of Loan Amount & against 7.5% of the Fixed Depsoit | 14.30% p.a. | Principal repayable by 24 equal monthly installments as per Loan sanction Document. |
| 28 | **AU Small Finance Bank Limited**<br>Exclusive Charges by way of Hypothecation on all 110 % / 105 % of Book Debts / loan Assets, both present and future and against pledge of Fixed Deposit up to 5% | 13.50% to 14.50% p.a. | Principal repayable by 18 to 24 equal monthly installments starting from next month. |
| 29 | **Axis Bank Limited**<br>Exclusive Charges by way of Hypothecation on all 105 % of Book Debts / loan Assets, both present and future. | 11.00% p.a. | Principal repayable in 24 equal monthly installments. |
| 30 | **Ujjivan Small Finance Bank Limited**<br>Exclusive Charges by way of Hypothecation on all 105 % of Book Debts / loan Assets, both present and future and against pledge of Fixed Deposit up to 7.5% of | 14.25% p.a. | Principal repayable in 24 equal monthly installments. |
| 31 | **Bandhan Bank Limited**<br>Exclusive Charges by way of Hypothecation on all 105 % of Book Debts / loan Assets, both present and future and against pledge of Fixed Deposit up to 10% of the loan amount. | 14.50% p.a. | Principal repayable in 24 equal monthly installments. |
| 32 | **IDFC First Bank Limited**<br>Exclusive Charges by way of Hypothecation on 110% to 125% of Book Debts. | 13% to 15% p.a. | Principal repayable in 8-18 equal quarterly installments commencing after moratorium of 6 Months to 8 quarters after the disbursement. |
| 33 | **Union Bank of India**<br>Exclusive Charges by way of Hypothecation on all 120 % of Book Debts / loan Assets, both present and future and against pledge of Fixed Deposit up to 12% of | 11.30% p.a. | Principal repayable by 36 equal monthly installments starting from next month. |
| 34 | **Capital Small Finance Bank Limited**<br>Exclusive Charges by way of Hypothecation of 105% on Book Debts / loan Assets, both present and future created/to be created out of loan. | 14.75% p.a. | Principal repayable by 24 equal monthly installments starting from next month. |
| 35 | **Muthoot Capital Service Limited**<br>Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 105% of Loan Amount. | 15.00% p.a. | Repayable in 24 months. |
| 36 | **Annapurna Finance Pvt. Limited**<br>Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 105% of Loan Amount & against 5% of the Fixed | 15.00% p.a. | Principal repayable by 23 to 25 equal monthly installments as per Loan sanction Document. |

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Patel Financial Services Pvt. Ltd. PFSPL

| Sr. No | Particulars of loan and security details | Rate of Interest | Term of repayment of loan |
|---|---|---|---|
| 37 | **Electronica Finance Limited** | | |
| | Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 100% of Loan Amount. | 15.00% p.a. | Principal repayable by 24 equal monthly installments as per Loan sanction Document. |
| 38 | **Western Capital Advisorys Pvt. Ltd** | | |
| | Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 105% of Loan Amount. | 15.00% p.a. | Principal repayable by 18 equal monthly installments as per Loan sanction Document. |
| 39 | **Utkarsh small Finance Bank** | | |
| | Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 100% of Loan Amount. | 14.25% p.a. | Principal repayable by 24 equal monthly installments as per Loan sanction Document. |
| 40 | **Fedbank Financial Services limited** | | |
| | Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Loan Amount. | 14.50% p.a. | Principal repayable by 24 equal monthly installments as per Loan sanction Document. |
| 41 | **Habitat Micro Build India Housing Finance Co. Pvt. Ltd.** | | |
| | Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 100% of Loan Amount. | 14.50% p.a. | Principal repayable by 24 equal monthly installments as per Loan sanction Document. |
| 42 | **ICICI Bank Ltd** | | |
| | Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Loan Amount. | 14.25% p.a. | Principal repayable by 24 equal monthly installments as per Loan sanction Document. |
| 43 | **Nabkisan Finance Ltd.** | | |
| | Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 115% of Loan Amount. | 14.50% p.a. | Principal repayable by 8 equal quarterly installments as per Loan sanction Document. |
| 44 | **IFMR Capital Finance Ltd.** | | |
| | Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future created/to be created out of loan. | 14.20% to 15.00% p.a. | Principal repayable by 18 to 36 monthly installments. |

**22.1.2 Vehicle Loan**

| Sr. No | Particulars of loan and security details | Rate of Interest | Term of repayment of loan |
|---|---|---|---|
| 1 | **HDFC Bank Limited** | | |
| | Exclusive Charges by way of Hypothecation on Innova Cars | 9.25% p.a. | Repayable by 36 equal monthly installments as |

**22.1.3 Loans repayable on demand**

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

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**23 Sub ordinated liabilities**

(Amount in Rs.)

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

**23.1 Reconciliation of number of preference shares outstanding:**

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

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

| Name of the Shareholder | As on April 01, 2018 | |
|---|---|---|
| | No. of shares | % |
| Scient Capital Private Limited | 30 00 000 | 66.67% |
| Small Industries Development Bank of India | 15 00 000 | 33.33% |

| Name of the Shareholder | As on March 31, 2019 | |
|---|---|---|
| | No. of shares | % |
| UNIFI AIF | 75 00 000 | 60.00% |
| Scient Capital Private Limited | 50 00 000 | 40.00% |

As per the records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

**23.3 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. |

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(Amount in Rs.)

| Note No. | Particulars | For the year ended March 31, 2020 | 2019 |
|---|---|---|---|
| 24 | **Interest Income** | | |
| | **Interest on Financial Assets carried at Amortized Cost** | | |
| | Interest on Loans | 132 26 06 909 | 81 89 01 944 |
| | Interest on deposits with Banks | 3 18 25 122 | 1 48 22 436 |
| | **Total** | **135 44 32 031** | **83 37 24 380** |
| 24.1 | Interest on deposits with Banks represents interest on margin money deposits placed to avail term loans from banks & others and as cash collateral in connection with securtisation transactions. | | |
| 25 | **Fees and Commission Income** | | |
| | Fees Income | 3 74 42 206 | 1 69 59 249 |
| | Marketing commission | 1 87 99 999 | 1 19 38 898 |
| | **Total** | **5 62 42 205** | **2 88 98 147** |
| 26 | **Net gain on fair value changes** | | |
| | Net gain on financial instruments designated at fair value through profit or loss | 1 58 91 780 | 63 23 357 |
| | **Total** | **1 58 91 780** | **63 23 357** |
| 26.1 | **Fair value changes** | | |
| | Realised | 1 58 91 780 | 63 23 357 |
| | Unrealised | - | - |
| | **Total** | **1 58 91 780** | **63 23 357** |
| 27 | **Net gain/(Loss) on derecognition of financial instruments under amortised cost category** | | |
| | Income from securitization / assignment of Loans | 1 52 61 598 | 1 93 11 837 |
| | Asset Written Off | -3 47 08 047 | -1 68 32 342 |
| | **Total** | **-1 94 46 449** | **24 79 495** |
| 28 | **Other operating revenue** | | |
| | Recovery from loans written off | 30 74 209 | 33 63 449 |
| | **Total** | **30 74 209** | **33 63 449** |

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| Note No. | Particulars | For the year ended March 31, 2020 | 2019 |
|---|---|---|---|
| 29 | **Other Income** | | |
| | Net gain on derecognition of property, plant and equipment | - | 4 700 |
| | Consultancy Charges | 60 00 000 | 30 00 000 |
| | Miscellaneous Income | 31 72 055 | 5 83 025 |
| | **Total** | **91 72 055** | **35 87 725** |
| 30 | **Finance Cost** | | |
| 30.1 | **Interest on financial liabilities measured at amortized cost** | | |
| | Interest on borrowing | 47 55 18 217 | 31 24 76 683 |
| | Interest on debt securities | 17 44 98 708 | 9 39 93 020 |
| | *Interest on subordinated liabilities* | 6 14 53 558 | 3 04 87 610 |
| | **Total Interest on financial liabilities measured at amortized cost** | **71 14 70 483** | **43 69 57 313** |
| 30.2 | **Other Borrowing Cost** | | |
| | Arranger Fees | 1 26 94 210 | 92 36 412 |
| | Franking Charges | 1 33 54 834 | 65 11 378 |
| | Rating Fees | 18 50 560 | 20 04 012 |
| | **Total other borrowing cost** | **2 78 99 604** | **1 77 51 802** |
| | **Total Finance Cost** | **73 93 70 087** | **45 47 09 115** |
| 31 | **Impairment on financial instruments** | | |
| | On financial instruments measured at amortized cost | 4 50 65 371 | 2 52 14 037 |
| | **Total** | **4 50 65 371** | **2 52 14 037** |

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

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PAHAL FINANCIAL SERVICES PRIVATE LIMITED
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**34 Current Tax Asset**

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

(Amount in Rs.)

| Particulars | As at March 31, 2020 | 2019 |
|---|---|---|
| Current tax | 7 88 92 278 | 1 77 30 960 |
| | **7 88 92 278** | **1 77 30 960** |
| **Deferred Tax in Statement of Profit and Loss** | | |
| Relating to origination and reversal of temporary difference | ( 42 44 254) | 2 73 02 402 |
| **Deferred tax expense / (income)** | **( 42 44 254)** | **2 73 02 402** |
| **Total** | **7 46 48 024** | **4 50 33 362** |

**34.2 The Details of Income Tax Assets And Liabilities and Deferred Tax**

(Amount in Rs.)

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

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

(Amount in Rs.)

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

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

(Amount in Rs.)

| Particulars | As at March 31, 2020 | As at March 31, 2019 | As at April 01, 2018 |
|---|---|---|---|
| **Deferred Tax Related to Item Recognised Through Profit or Loss** | | | |
| **Deferred Tax Liabilities** | | | |
| Related to Property, Plant and Equiptments | 5 79 817 | ( 50 002) | 25 880 |
| Deferred Tax Liability / Assets - Ind AS Impact | 39 73 375 | 59 60 154 | 10 09 004 |
| | **45 53 192** | **59 10 152** | **10 34 885** |
| **Deferred Tax Assets** | | | |
| Related to Disallowance under Income Tax Act, 1961 | 66 06 175 | 37 18 881 | 2 61 46 016 |
| | **66 06 175** | **37 18 881** | **2 61 46 016** |
| **Unused Tax Credit** | - | 1 26 20 000 | - |
| **Total** | **( 20 52 983)** | **( 1 04 28 729)** | **( 2 51 11 131)** |

34.5 **Details of Movement in Deferred Tax Balances**

(Amount in Rs.)

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

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35 **Financial Instruments**

35.1 **Disclosure of Financial Instruments by Category**

**As at March 31, 2020** (Amount in Rs.)

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

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As at March 31, 2019

(Amount in Rs.)

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

As at April 01, 2018

(Amount in Rs.)

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

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**36 Fair Value Measurement**

Fair Value Measurement of Financial asset and Financial liabilties

**36.1** The Fair value of Loan given and funds borrowed approximate carrying value as the respective interest rates of the said instruments are at the prevailing market rate of interest.

**36.2** The carrying amount of other financial assets and other financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled. Hence, fair value hierarchy is not given for the same.

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## 37 Financial Risk Management

### 37.1 Financial Instruments Risk management objectives and Policies

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

### 37.2 Market Risk

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

**Interest Rate Risk**

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

**The company's exposure to interest rate risk is as follows :** (Amount in Rs.)

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

**Sensitivity Analysis**

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

### 37.3 Liquidity Risk

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

The Company measures risk by forecasting cash flows.

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.

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

| As at March 31, 2020 | Contractual Maturity | Within 12 months | After 12 months |
|---|---|---|---|
| Trade Payables | 3 01 33 869 | 3 01 33 869 | - |
| Debt securities | 152 41 46 174 | 13 94 64 356 | 138 46 81 818 |
| Borrowings | 350 10 00 684 | 237 07 36 427 | 113 02 64 256 |
| Subordinated liabilities | 36 77 86 780 | - | 36 77 86 779 |
| Other financial liabilities | 26 38 40 204 | 26 36 04 182 | 2 36 021 |
| | **568 69 07 710** | **280 39 38 834** | **288 29 68 875** |

| As at March 31, 2019 | Contractual Maturity | Within 12 months | After 12 months |
|---|---|---|---|
| Trade Payables | 4 08 25 284 | 4 08 25 284 | - |
| Debt securities | 97 50 90 406 | 21 88 97 846 | 75 61 92 560 |
| Borrowings | 271 45 72 189 | 172 47 66 415 | 98 98 05 773 |
| Subordinated liabilities | 34 23 88 683 | 12 32 68 144 | 21 91 20 539 |
| Other financial liabilities | 23 79 90 398 | 23 79 90 398 | - |
| | **431 08 66 959** | **234 57 48 087** | **196 51 18 872** |

| As at April 01, 2018 | Contractual Maturity | Within 12 months | After 12 months |
|---|---|---|---|
| Trade Payables | 1 20 18 830 | 1 20 18 830 | - |
| Debt securities | 27 56 30 902 | 6 71 81 642 | 20 84 49 259 |
| Borrowings | 156 38 88 568 | 88 72 45 642 | 67 66 42 927 |
| Subordinated liabilities | 15 48 33 878 | 4 49 65 468 | 10 98 68 410 |
| Other financial liabilities | 3 70 73 000 | 3 70 73 000 | - |
| | **204 34 45 178** | **104 84 84 582** | **99 49 60 596** |

## 37.4 Credit Risk

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

The maximum exposure to the credit risk is as follows :

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

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

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

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

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

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

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

**Reconciliation of gross carrying amount of loan portfolio**

| Particulars | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **Gross carrying amount balance as at April 01, 2018** | **221 50 58 556** | **55 70 846** | **95 20 824** | **223 01 50 226** |
| - Transfers to Stage 1 | 18 030 | ( 18 030) | - | - |
| - Transfers to Stage 2 | ( 23 02 280) | 23 02 280 | - | - |
| - Transfers to Stage 3 | ( 36 08 293) | ( 19 983) | 36 28 276 | - |
| New asset originated ,netted off for repayment and loans derecognised during the year | 268 96 46 199 | 25 80 876 | 11 78 972 | 269 34 06 047 |
| - Write offs | ( 60 07 359) | ( 28 94 413) | ( 79 30 570) | (1 68 32 342) |
| **Gross carrying amount balance as at March 31, 2019** | **489 28 04 853** | **75 21 576** | **63 97 502** | **490 67 23 931** |
| - Transfers to Stage 1 | | | | |
| - Transfers to Stage 2 | (1 88 01 601) | 1 88 01 601 | - | - |
| - Transfers to Stage 3 | (2 61 37 730) | ( 5 86 059) | 2 67 23 789 | - |
| New asset originated ,netted off for repayment and loans derecognised during the year | 208 59 18 286 | 1 06 02 187 | 82 41 177 | 210 47 61 649 |
| - Write offs | (2 07 35 802) | ( 56 67 900) | ( 83 04 345) | (3 47 08 047) |
| **Gross carrying amount balance as at March 31, 2020** | **691 30 48 004** | **3 06 71 405** | **3 30 58 123** | **697 67 77 533** |

**Reconciliation of ECL Balance**

| Particulars | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **ECL Allowance as at April 01, 2018** | **72 56 450** | **21 38 846** | **76 19 690** | **1 70 14 986** |
| - Transfers to Stage 1 | 31 | ( 6 922) | - | ( 6 891) |
| - Transfers to Stage 2 | ( 15 716) | 8 83 845 | - | 8 68 129 |
| - Transfers to Stage 3 | ( 11 914) | ( 7 671) | 29 03 709 | 28 84 123 |
| New asset originated ,netted off for repayment and loans derecognised during the year | 1 38 77 021 | 27 74 116 | 25 27 209 | 1 91 78 346 |
| - Write offs | ( 60 07 359) | ( 28 94 413) | ( 79 30 570) | (1 68 32 342) |

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| | | | | |
|---|---|---|---|---|
| **ECL Allowance as at March 31, 2019** | **1 50 98 512** | **28 87 801** | **51 20 038** | **2 31 06 351** |
| - Transfers to Stage 1 | - | - | - | - |
| - Transfers to Stage 2 | ( 2 07 691) | 72 17 935 | - | 70 10 244 |
| - Transfers to Stage 3 | ( 9 34 473) | ( 2 24 988) | 2 13 87 049 | 2 02 27 587 |
| New asset originated ,netted off for repayment and loans derecognised during the year | 5 92 21 445 | 77 16 353 | 84 19 572 | 7 53 57 370 |
| - Write offs | (2 07 35 802) | ( 56 67 900) | ( 83 04 345) | (3 47 08 047) |
| **ECL Allowance as at March 31, 2020** | **5 24 41 991** | **1 19 29 201** | **2 66 22 314** | **9 09 93 505** |

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

**38.1 Nature of loan portfolio transferred under securitization transaction**

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

Following such transfer, the company's involvement in these assets is as follows:-
- As a servicer of the transferred assets
- To the extent of credit enhancements provided to such parties.

**38.2 Nature of risk and rewards of ownership to which the entity is exposed**

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

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

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

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

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**39 Related Party Disclosures:**

**39.1 Related party**

**(a) Name of Key Management Personnel :**

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

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

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

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

(Amount in Rs.)

| Sr no. | Particulars | 2019-20 | 2018-19 |
|---|---|---|---|
| (i) | Managerial Remuneration | | |
| | Ms. Purvi J Bhavsar | 78 80 138 | 50 22 439 |
| | Mr. Kartik Mehta | 78 80 138 | 50 22 439 |
| (ii) | Remuneration | | |
| | Mr. Chintan Desai | 35 78 007 | 22 80 000 |
| | Ms.Nikita Sharma | 7 52 053 | 4 56 000 |
| (iii) | Sweat equity issued during the year | | |
| | Ms. Purvi J Bhavsar | 25 00 000 | - |
| | Mr. Kartik Mehta | 25 00 000 | - |
| (iv) | Shares issued under ESOP Scheme during the year | | |
| | Mr. Chintan Desai | 7 80 000 | - |
| (v) | Marketing Commission Received from Suyash Advisory | 1 87 99 999 | 1 19 38 898 |
| (vi) | Processing Fees Paid to Dia Vikas Capital Private Limited | - | 16 00 000 |
| (vii) | Interest Paid to Dia Vikas Capital Private Limited | - | 88 52 055 |
| (viii) | Equity shares issued to Dia Vikas Capital Private Limited on conversion of Debentures ( 20,00,000 shares of F.V 10/- ₹ Coverted at 30/-₹) | - | 6 00 00 000 |
| (ix) | Equity shares issued to BOPA PTE Limited ( 73,00,000 shares of F.V 10/- ₹ at 48/-₹) | 35 04 00 000 | - |

(Amount in Rs.)

| Sr no. | Compensation of Key Managerial Personnel | 2019-20 | 2018-19 |
|---|---|---|---|
| 1 | Short Term Employee Benefits | 1 79 54 044 | 1 13 64 000 |
| 2 | Post Employment Benefits | 21 36 292 | 14 16 878 |
| 3 | Share Based Payments | 66 17 000 | 4 52 000 |
| | **Total** | **2 67 07 336** | **1 32 32 878** |

**39.3 Balances Outstanding at the end of the year**

(Amount in Rs.)

| Sr no. | Particulars | 2019-20 | 2018-19 |
|---|---|---|---|
| 1 | Suyash Advisory LLP | | |
| | Receivable | 28 36 797 | 73 16 000 |
| | Payable | 73 48 700 | 80 69 732 |

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**40 Earning Per Share**

(Amount in Rs.)

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

**41 Segment Reporting**

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

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

**42 Leases**

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

**Amount recognised in Statement of Profit & Loss**

(Amount in Rs.)

| Particulars | March 31, 2020 | March 31, 2019 |
|---|---|---|
| Expense related to short term lease | 1 66 21 761 | 1 19 79 615 |

**Amount recognised in Statement of Cash Flows**

| Particulars | March 31, 2020 | March 31, 2019 |
|---|---|---|
| Under Operating activities (Short term leases) | 1 66 21 761 | 1 19 79 615 |

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**43 CSR Expenses** (Amount in Rs.)

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

**44 Retirement Benefits**

**(i) Defined Contribution Plan:**

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

**(ii) Defined Benefit Plan:**

The Company has funded defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for a gratuity on separation at 15 days basic salary (last drawn salary) for each completed year of service.

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 ₹)

| Particulars | March 31, 2020 | March 31, 2019 |
|---|---|---|
| **i) Employee benefit expense recognized in Statement of Profit & Loss:** | | |
| Current service cost | 8 04 297 | 5 99 281 |
| Net Interest cost | 81 427 | 18 121 |
| **Net benefit expense** | **8 85 724** | **6 17 402** |
| **ii) Employee benefit expense recognized in Other comprehensive income (OCI):** | | |
| Acturial (gain)/losses on obligation for the period | 15 10 190 | 3 58 943 |
| Actual Returns on Plan Assets excluding Interest Income | 56 036 | 96 465 |
| **Net expense recognized in OCI for the period** | **15 66 226** | **4 55 408** |

| Particulars | March 31, 2020 | March 31, 2019 |
|---|---|---|
| **iii) Changes in the present value of the defined benefit obligation are as follows:** | | |
| Opening defined benefit obligation | 35 87 598 | 25 24 472 |
| Interest cost | 2 72 299 | 1 94 637 |
| Current service cost | 8 04 297 | 5 99 281 |
| Actuarial (gains) / losses arising from change in financial | 12 64 386 | 63 880 |
| Actuarial (gains) / losses arising from experience adjustments | 2 45 804 | 2 95 063 |
| Benefits Paid | ( 1 13 233) | ( 89 735) |
| **Closing defined benefit obligation** | **60 61 151** | **35 87 598** |
| **iv) Changes in Plan Asset:** | | |
| Fair Value of Plan Assets at the Beginning of the Year | 25 14 788 | 22 89 445 |
| Expected Returns on Plan Assets | 1 90 872 | 1 76 516 |
| Employer's Contribution | 10 63 126 | 2 35 027 |
| Benefits Paid | ( 1 13 233) | ( 89 735) |
| Actuarial Gains/ (Losses) | ( 56 036) | ( 96 465) |
| **Fair Value of Plan Asset at the end of the year**** | **35 99 517** | **25 14 788** |
| **v) Amount Recognised in Balance Sheet** | | |
| Defined benefit obligation | 60 61 151 | 35 87 598 |
| Fair value of plan assets | 35 99 517 | 25 14 788 |
| **Plan asset / (liability)** | **( 24 61 634)** | **( 10 72 810)** |

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

| Particulars | March 31, 2020 | March 31, 2019 |
|---|---|---|
| Discount Rate per annum | 6.04% | 7.59% |
| Expected return on plan assets | 6.04% | 7.59% |
| Rate of salary increase | 7.00% | 7.00% |
| Employee turnover rate | For service 4 years and below 30% p.a. & For service 5 years and above 1% p.a. | For service 4 years and below 30% p.a. & For service 5 years and above 1%p.a. |
| Mortality Rate | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate |

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

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 salariesof plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

**Funding Arrangement and Policy**

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

viii) **Maturity Profile of Defined Benefit Obligations**

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

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45 Maturity analysis of assets and liabilities

(Amount in Rs.)

| Particulars | As at 31st March 2020 | | | As at 31st March 2019 | | | As at 1st April 2018 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Total | Within 12 Months | After 12 Months | Total | Within 12 Months | After 12 Months | Total | Within 12 Months | After 12 Months |
| **A ASSETS** | | | | | | | | | |
| **( 1 ) Financial Assets** | | | | | | | | | |
| (a) Cash and cash equivalents | 77 98 50 153 | 77 98 50 153 | - | 105 25 72 117 | 105 25 72 117 | - | 27 39 08 825 | 27 39 08 825 | - |
| (b) Bank balance other than (a) above | 33 64 21 441 | 15 06 32 497 | 18 57 88 944 | 17 58 98 839 | 3 59 45 065 | 13 99 53 774 | 7 22 90 959 | 53 82 510 | 6 69 08 449 |
| (c) Trade receivables | 4 71 42 188 | 4 71 42 188 | - | 1 38 80 088 | 1 38 80 088 | - | 16 72 391 | 16 72 391 | - |
| (d) Loans | 545 61 49 619 | 340 56 28 537 | 205 05 21 082 | 351 65 49 698 | 204 67 60 162 | 146 97 89 536 | 192 03 23 368 | 141 73 84 941 | 50 29 38 426 |
| (e) Other Financial Assets | 18 66 59 718 | 13 87 74 027 | 4 78 85 691 | 11 75 02 271 | 8 16 61 656 | 3 58 40 615 | 4 07 32 768 | 3 47 67 704 | 59 65 064 |
| **Total Financial Assets** | 680 62 23 119 | 452 20 27 402 | 228 41 95 718 | 487 64 03 013 | 323 08 19 087 | 164 55 83 926 | 230 89 28 311 | 173 31 16 372 | 57 58 11 939 |
| **( 2 ) Non-Financial assets** | | | | | | | | | |
| (a) Current tax assets (Net) | 1 11 89 361 | - | 1 11 89 361 | - | - | - | 31 57 988 | - | 31 57 988 |
| (b) Deferred tax assets (Net) | 20 52 983 | - | 20 52 983 | 1 04 28 729 | - | 1 04 28 729 | 2 51 11 131 | - | 2 51 11 131 |
| (c) Property, Plant and Equipment | 1 40 47 018 | - | 1 40 47 018 | 66 17 392 | - | 66 17 392 | 54 80 755 | - | 54 80 755 |
| (d) Intangible assets | 12 02 164 | - | 12 02 164 | 15 56 250 | - | 15 56 250 | 8 04 725 | - | 8 04 725 |
| (e) Other non-financial assets | 53 43 209 | 53 43 209 | | 51 74 949 | 11 65 753 | 40 09 196 | 50 36 447 | 50 10 457 | 25 990 |
| **Total Non-Financial Assets** | 3 38 34 735 | 53 43 209 | 2 84 91 527 | 2 37 77 320 | 11 65 753 | 2 26 11 567 | 3 95 91 046 | 50 10 457 | 3 45 80 590 |
| **Total assets** | 684 00 57 854 | 452 73 70 610 | 231 26 87 244 | 490 01 80 333 | 323 19 84 841 | 166 81 95 492 | 234 85 19 357 | 173 81 26 829 | 61 03 92 529 |
| **LIABILITIES AND EQUITY** | | | | | | | | | |
| **LIABILITY** | | | | | | | | | |
| **( 1 ) Financial liabilities** | | | | | | | | | |
| (a) Payables | | | | | | | | | |
| (I) Trade Payables | | | | | | | | | |
| i) total outstanding dues to micro enterprises and small enterprises | | | | | | | | | |
| ii) total outstanding due to creditors other than micro enterprises and small enterprises | 3 01 33 869 | 3 01 33 869 | - | 4 08 25 284 | 4 08 25 284 | - | 1 20 18 830 | 1 20 18 830 | - |
| (b) Debt securities | 152 41 46 174 | 13 94 64 356 | 138 46 81 818 | 97 50 90 406 | 21 88 97 846 | 75 61 92 560 | 27 56 30 902 | 6 71 81 642 | 20 84 49 259 |
| (c) Borrowings (other than debt securities) | 350 10 00 684 | 237 07 36 427 | 113 02 64 256 | 271 45 72 189 | 172 47 66 415 | 98 98 05 773 | 156 38 88 568 | 88 72 45 642 | 67 66 42 927 |
| (d) Subordinated liabilities | 36 77 86 780 | - | 36 77 86 779 | 34 23 88 683 | 12 32 68 144 | 21 91 20 539 | 15 48 33 878 | 4 49 65 468 | 10 98 68 410 |
| (e) Other financial liabilities | 26 38 40 204 | 26 36 04 182 | 2 36 021 | 23 79 90 398 | 23 79 90 398 | - | 3 70 73 000 | 3 70 73 000 | - |
| **Total Financial Liabilities** | 568 69 07 711 | 280 39 38 834 | 288 29 68 875 | 431 08 66 959 | 234 57 48 087 | 196 51 18 872 | 204 34 45 178 | 104 84 84 582 | 99 49 60 596 |

MANUBHAI & SHAH LLP ✦ CHARTERED ACCOUNTANTS ✦

Pahal Financial Services Pvt. Ltd. ✦ PFSPL

(Amount in Rs.)

| Particulars | As at 31st March 2020 | | | As at 31st March 2019 | | | As at 1st April 2018 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Total | Within 12 Months | After 12 Months | Total | Within 12 Months | After 12 Months | Total | Within 12 Months | After 12 Months |
| **(2) Non-Financial Liabilities** | | | | | | | | | |
| (a) Current tax liabilities (Net) | - | - | - | 57 65 371 | 57,65,371.33 | - | - | - | - |
| (b) Provisions | 24 61 634 | 24 61 634 | - | 10 63 126 | - | 10 63 126 | 2 35 027 | | 2 35 027 |
| (c) Other non - financial Liabilities | 1 37 33 028 | 1 37 33 028 | - | 91 53 657 | 91 53 657 | - | 96 35 557 | 93 40 972 | 2 94 585 |
| **Total Non-Financial Liabilities** | **1 61 94 662** | **1 61 94 662** | | **1 59 82 154** | **1 49 19 028** | **10 63 126** | **98 70 584** | **93 40 972** | **5 29 612** |
| **(3) EQUITY** | | | | | | | | | |
| (a) Equity share capital | 30 54 29 440 | - | 30 54 29 440 | 21 68 29 440 | - | 21 68 29 440 | 15 40 29 440 | - | 15 40 29 440 |
| (b) Other equity | 83 15 26 041 | - | 83 15 26 041 | 35 65 01 779 | - | 35 65 01 779 | 14 11 74 155 | - | 14 11 74 155 |
| **Total Equity** | **113 69 55 481** | | **113 69 55 481** | **57 33 31 219** | | **57 33 31 219** | **29 52 03 595** | | **29 52 03 595** |
| **Total Liabilities and Equity** | 6,84,00,57,854 | 2,82,01,33,496 | 4,01,99,24,356 | 4,90,01,80,333 | 2,36,06,67,116 | 2,53,95,13,217 | 2,34,85,19,357 | 1,05,78,25,554 | 1,29,06,93,803 |

MANUBHAI & SHAH LLP ✦ CHARTERED ACCOUNTANTS ✦

Paras Financial Services Pvt. Ltd. ★ PFSPL

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

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

(Amount in Rs.)

| Asset Classification as per RBI Norms | Asset classification as per Ind AS 109 | Gross Carrying Amount as per Ind AS | Loss Allowances (Provisions) as required under Ind AS 109 | Net Carrying Amount | Provisions required as per IRACP norms | Difference between Ind AS 109 provisions and IRACP norms |
|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5)=(3)-(4) | (6) | (7) = (4)-(6) |
| Performing Assets | | | | | | |
| Standard | Stage 1 | 691 30 48 004 | 5 24 41 991 | 686 06 06 013 | 6 48 99 901 | (1 24 57 910) |
| | Stage 2 | 3 06 71 405 | 1 19 29 201 | 1 87 42 205 | 1 99 932 | 1 17 29 268 |
| | Stage 3 | 87 49 029 | 70 45 754 | 17 03 275 | 38 63 395 | 31 82 359 |
| Subtotal | | 695 24 68 439 | 7 14 16 945 | 688 10 51 494 | 6 89 63 228 | 24 53 717 |
| Non-Performing Assets (NPA) | | | | | | |
| Substandard | Stage 3 | 2 43 09 094 | 1 95 76 560 | 47 32 534 | 38 37 747 | 1 57 38 813 |
| Doubtful - up to 1 year | Stage 3 | - | - | - | - | - |
| 1 to 3 years | Stage 3 | - | - | - | - | - |
| More than 3 years | Stage 3 | - | - | - | - | - |
| Subtotal for doubtful | | - | - | - | - | - |
| Loss | Stage 3 | - | - | - | - | - |
| Subtotal for NPA | | 2 43 09 094 | 1 95 76 560 | 47 32 534 | 38 37 747 | 1 57 38 813 |
| Other items such as | Stage 1 | - | - | - | - | - |
| guarantees, loan | Stage 2 | - | - | - | - | - |
| commitments, etc. which | Stage 3 | - | - | - | - | - |
| Subtotal | | - | - | - | - | - |
| Total | Stage 1 | 691 30 48 004 | 5 24 41 991 | 686 06 06 013 | 6 48 99 901 | (1 24 57 910) |
| | Stage 2 | 3 06 71 405 | 1 19 29 201 | 1 87 42 205 | 1 99 932 | 1 17 29 268 |
| | Stage 3 | 3 30 58 123 | 2 66 22 314 | 64 35 809 | 77 01 142 | 1 89 21 172 |
| | Total | 697 67 77 533 | 9 09 93 505 | 688 57 84 028 | 7 28 00 976 | 1 81 92 530 |

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

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

48 Pursuant to RBI Guidelines on Liquidity Risk Management Framework for Non-Banking Financial Companies dated November 4, 2019

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

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

48.2 Details of Top 20 large deposits

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

48.3 Details of Top 10 borrowings

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

48.4 Funding Concentration based on significant instrument/product

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

48.5 Stock Ratios

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

48.6 Institutional set-up for Liquidity Risk Management

Refer Note No.: 37.3

MANUBHAI & SHAH LLP CHARTERED ACCOUNTANTS

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

**49 Capital to Risk Assets ratio (CRAR) (Computed as per method prescribed by RBI)**

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

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

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

52 The Company has no exposure to capital market.

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

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

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

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

**56 Credit Rating**

The CARE and ICRA have assigned following ratings to Company.

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

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

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

**59 Details of Average Interest paid on Borrowings and charged on loans given to JLG:**
**The details of Average Interest Rate on Borrowings and charged on loans during the Financial Year 2019-20 is as under:**

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

**60 Assignment / securitization of loans:**
During the year the Company has sold loans through direct assignment / securitisation. The information on direct assignment activity of the Company as an originator is as shown below:

(Amount in Rs.)

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

MANUBHAI & SHAH LLP CHARTERED ACCOUNTANTS

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

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

| Sr No | Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| 1 | No. of SPVs sponsored by the NBFC for securitisation transactions | 8 | 6 |
| 2 | Total amount of securitised assets as per books of the SPVs sponsored by the NBFC | 45 83 72 037 | 60 55 75 210 |
| 3 | Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet | | |
| | a) Off-balance sheet exposures | | |
| | - First loss | - | - |
| | - Others | - | - |
| | b) On-balance sheet exposures | | |
| | - First loss | 10 22 78 812 | 5 01 25 332 |
| | - 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 | 9 17 73 033 | 5 23 35 015 |
| | - Others | - | - |
| | ii) Exposure to third party securitisations | | |
| | - First loss | - | - |
| | - Others | - | - |

( c) **Details of assignment transactions undertaken:**

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

61 As required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, the following information is given.

I. **Liabilities side**

**(Amount in Rs.)**

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

MANUBHAI & SHAH LLP CHARTERED ACCOUNTANTS

Pahal Financial Services Pvt. Ltd. PFSPL

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

| II. | Assets side | (Amount in Rs.) |
|---|---|---|
| **Sr.** | **Particulars** | **Amount** |
| **2)** | **Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :** | |
| a) | Secured | 8 44 72 627 |
| b) | Unsecured | 546 26 70 498 |
| **3)** | **Break up of Leased Assets and stock on hire and other assets counting towards AFC activities:** | |
| 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: | -----Nil----- |
| | a) Assets on hire | |
| | b) Repossessed Assets | |
| iii | Other loans counting towards AFC activities : | |
| | a) Loans where assets have been repossessed | |
| | b) Loans other than (a) above | |
| **4)** | **Break- up of Investments:** | |
| | **Current Investments** | |
| **I** | **Quoted** | |
| i | Shares | |
| | a) Equity | |
| | b) Preference | |
| ii | Debenture and Bonds | |
| iii | Units of Mutual Funds | |
| iv | Government Securities | -----Nil----- |
| v | Others | |
| **II** | **Unquoted** | |
| i | Shares | |
| | a) Equity | |
| | b) Preference | |
| ii | Debenture and Bonds | |
| iii | Units of Mutual Funds | |
| iv | Government Securities | |
| v | Others | |
| | **Long Term Investments** | |
| **I** | **Quoted** | |
| i | Shares | |
| | a) Equity | |
| | b) Preference | -----Nil----- |
| ii | Debenture and Bonds | |
| iii | Units of Mutual Funds | |
| iv | Government Securities | |
| v | Others | |
| **II** | **Unquoted** | |
| i | Shares | |
| | a) Equity | |
| | b) Preference | |
| ii | Debenture and Bonds | -----Nil----- |
| iii | Units of Mutual Funds | |
| iv | Government Securities | |
| v | Others | |

MANUBHAI & SHAH LLP CHARTERED ACCOUNTANTS

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

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

(Amount in Rs.)

| | Category | Amount net of Provision | | |
|---|---|---|---|---|
| | | Secured | Unsecured | Total |
| 1 | Related Parties | | | |
| | a) Subsidiaries | - | - | - |
| | b) Companies in the same group | - | - | - |
| | c) Other related parties | - | - | - |
| 2 | Other than related parties | 8 44 72 627 | 546 26 70 498 | 554 71 43 125 |
| | Total | 8 44 72 627 | 546 26 70 498 | 554 71 43 125 |

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

(Amount in Rs.)

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

7) Other Information

(Amount in Rs.)

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

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

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

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

MANUBHAI & SHAH LLP
CHARTERED ACCOUNTANTS

For and on behalf of the Board

Kartik S. Mehta
Managing Director
DIN: 02083342

Purvi J. Bhavsar
Managing Director
DIN: 02102740

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

Nikita Sharma
Company Secretary

Pahal Financial Services Pvt. Ltd.
PFSPL

**LAKHANI ISMAILI TUNDIYA & CO.**
CHARTERED ACCOUNTANTS

**UDIN: 20106726AAAACZ9150**

To

**Catalyst Trusteeship Limited**
Office No. 83 - 87,8th Floor,
'Mittal Tower', 'B' Wing,
Nariman Point, Mumbai

This is to certify that **Pahal Financial Services Private Limited** having its registered office at First Floor 2, City Mall, Nr. Rajpath Club, Opp. Madhur Hotel, S G Highway, Bodakdev, Ahmedabad, Gujarat has appointed us to verify the pool of receivables/Book Debts of **23.16 Cr (23,16,30,038/-)** hypothecated by them in favour of **Blue Orchard Finance Limited NCD-1** as on 31st March 2020 in connection with their issue of Non-convertible debentures ("NCD") aggregating to 28 Cr.

On the basis of information and explanation given to us and other records and documents produced before us for verification with respect to the loan contracts, we hereby certify that the said receivables of **23.16 Cr (Rs 23,16,30,038/-)** forming the security are standard performing assets and the value of the assets charged to the Debenture Trustee is adequate to cover the outstanding amount of debentures and the same is within the agreed security margin.

The Details of Receivables statements are as follows:

| | | |
|---|---|---|
| 1. | No. Of Loan Accounts Hypothecated | : 5242 |
| 2. | Receivables from Hypothecated Loan Accounts | : 23,16,30,038.00 |
| 3. | Outstanding Debentures | : 21,00,00,000.00 |
| 4. | Security cover available as on date 31st March 2020 | : 23,16,30,038.00 |

**For, Lakhani Ismaili Tundiya & Co.**
*Chartered Accountants*
**(Registration No. 119573W)**

LAKHANI ISMAILI TUNDIYA & CO. CHARTERED ACCOUNTANTS K. S. LAKHANI M.No.106726

**Karmi S Lakhani**
*Partner*
Membership No.106726

Place: Ahmedabad
Date: 8th June 2020.

Enclosed :- Pool List of Receivables/book debts hypothecated

911-912-913, Span Trade Centre, Opp. Kocharab Ashram, Ashram Road, Paldi, Ahmedabad-380 007.
Phone : 40092010 / 26578785 / 26578781 Fax : 26578781 E-mail : calit1999@yahoo.com, calit1999@gmail.com

LAKHANI ISMAILI TUNDIYA & CO.
CHARTERED ACCOUNTANTS

**UDIN: 20106726AAAADA1413**

To

**Catalyst Trusteeship Limited**
Office No. 83 - 87,8th Floor,
'Mittal Tower', 'B' Wing,
Nariman Point, Mumbai

This is to certify that **Pahal Financial Services Private Limited** having its registered office at First Floor 2, City Mall, Nr. Rajpath Club, Opp. Madhur Hotel, S G Highway, Bodakdev, Ahmedabad, Gujarat has appointed us to verify the pool of receivables/Book Debts of **30.89 Cr (Rs 30,89,78,686/-)** hypothecated by them in favour of **Blue Orchard Finance Limited NCD-2** as on 31st March 2020 in connection with their issue of Non-convertible debentures ("NCD") aggregating to 28 Cr.

On the basis of information and explanation given to us and other records and documents produced before us for verification with respect to the loan contracts, we hereby certify that the said receivables of **30.89 Cr (Rs 30,89,78,686/-)** forming the security are standard performing assets and the value of the assets charged to the Debenture Trustee is adequate to cover the outstanding amount of debentures and the same is within the agreed security margin.

The Details of Receivables statements are as follows:

| | | |
|---|---|---|
| 1. | No. Of Loan Accounts Hypothecated | : 9338 |
| 2. | Receivables from Hypothecated Loan Accounts | : 30,89,78,686.00 |
| 3. | Outstanding Debentures | : 28,00,00,000.00 |
| 4. | Security cover available as on date 31st March 2020 | : 30,89,78,686.00 |

**For, Lakhani Ismaili Tundiya & Co.**
*Chartered Accountants*
**(Registration No. 119573W)**

LAKHANI ISMAILI TUNDIYA & CO.
K. S. LAKHANI
M.No.106726
CHARTERED ACCOUNTANTS

**Karmi S Lakhani**
*Partner*
Membership No.106726

Place: Ahmedabad
Date: 8th June 2020.

Enclosed :- Pool List of Receivables/book debts hypothecated

911-912-913, Span Trade Centre, Opp. Kocharab Ashram, Ashram Road, Paldi, Ahmedabad-380 007.
Phone : 40092010 / 26578785 / 26578781 Fax : 26578781 E-mail : calit1999@yahoo.com, calit1999@gmail.com

LAKHANI ISMAILI TUNDIYA & CO.
CHARTERED ACCOUNTANTS

**UDIN: 20106726AAAADB8453**

To

**Catalyst Trusteeship Limited**
Office No. 83 - 87,8th Floor,
'Mittal Tower', 'B' Wing,
Nariman Point, Mumbai

This is to certify that **Pahal Financial Services Private Limited** having its registered office at First Floor 2, City Mall, Nr. Rajpath Club, Opp. Madhur Hotel, S G Highway, Bodakdev, Ahmedabad, Gujarat has appointed us to verify the pool of receivables/Book Debts of **37.46 Cr (Rs 37,46,66,903/-)** hypothecated by them in favour of **Blue Orchard Finance Limited NCD-3** as on 31st March 2020 in connection with their issue of Non-convertible debentures ("NCD") aggregating to 34 Cr.

On the basis of information and explanation given to us and other records and documents produced before us for verification with respect to the loan contracts, we hereby certify that the said receivables of **37.46 Cr (Rs 37,46,66,903/-)** forming the security are standard performing assets and the value of the assets charged to the Debenture Trustee is adequate to cover the outstanding amount of debentures and the same is within the agreed security margin.

The Details of Receivables statements are as follows:

| | | |
|---|---|---|
| 1. | No. Of Loan Accounts Hypothecated | : 13863 |
| 2. | Receivables from Hypothecated Loan Accounts | : 37,46,66,903.00 |
| 3. | Outstanding Debentures | : 34,00,00,000.00 |
| 4. | Security cover available as on date 31st March 2020 | : 37,46,66,903.00 |

**For, Lakhani Ismaili Tundiya & Co.**
*Chartered Accountants*
**(Registration No. 119573W)**

LAKHANI ISMAILI TUNDIYA & CO. K. S. LAKHANI M.No.106726 CHARTERED ACCOUNTANTS

**Karmi S Lakhani**
*Partner*
Membership No.106726

Place: Ahmedabad
Date: 8th June 2020.

Enclosed :- Pool List of Receivables/book debts hypothecated

911-912-913, Span Trade Centre, Opp. Kocharab Ashram, Ashram Road, Paldi, Ahmedabad-380 007.
Phone : 40092010 / 26578785 / 26578781 Fax : 26578781 E-mail : calit1999@yahoo.com, calit1999@gmail.com

**LAKHANI ISMAILI TUNDIYA & CO.**
CHARTERED ACCOUNTANTS

**UDIN: 20106726AAAADE2255**

To

**Catalyst Trusteeship Limited**
Office No. 83 - 87,8th Floor,
'Mittal Tower', 'B' Wing,
Nariman Point, Mumbai

This is to certify that **Pahal Financial Services Private Limited** having its registered office at First Floor 2, City Mall, Nr. Rajpath Club, Opp. Madhur Hotel, S G Highway, Bodakdev, Ahmedabad, Gujarat has appointed us to verify the pool of receivables/Book Debts of` **44.15**Cr (44,15,39,299/-) hypothecated by them in favour of **Catalyst Trusteeship Limited** as on 31st March 2020 in connection with their issue of Non-convertible debentures("NCD") aggregating to ` **40 Cr.**

On the basis of information and explanation given to us and other records and documents produced before us for verification with respect to the loan contracts, we hereby certify that the said receivables of ` **44.15**Cr (44,15,39,299/-) forming the security are standard performing assets and the value of the assets charged to the Debenture Trustee is adequate to cover the outstanding amount of debentures and the same is within the agreed security margin.

The Details of Receivables statements are as follows:

| | | | |
|---|---|---|---|
| 1 | No. Of Loan Accounts Hypothecated | : | **19050** |
| 2 | Receivables from Hypothecated Loan Accounts | : | **44,15,39,299.00** |
| 3 | Outstanding Debentures | : | **40,00,00,000.00** |
| 4 | Security cover available as on date 31st March 2020 | : | **44,15,39,299.00** |

**For, Lakhani Ismaili Tundiya & Co.**
*Chartered Accountants*
**(Registration No. 119573W)**

**Karim S Lakhani**
*Partner*
Membership No.106726

ISMAILI TUNDIYA & CO.
K. S. LAKHANI
M.No.106726
CHARTERED ACCOUNTANTS

Place: Ahmedabad
Date:. 8th June 2020.

Enclosed:- Pool List of Receivables/book debts hypothecated

911-912-913, Span Trade Centre, Opp. Kocharab Ashram, Ashram Road, Paldi, Ahmedabad-380 007.
Phone : 40092010 / 26578785 / 26578781 Fax : 26578781 E-mail : calit1999@yahoo.com, calit1999@gmail.com

Annexure

Name of Company:**Pahal Financial Services Private Limited**

**Half-Yearly Compliance - Listed NCDs - Statement on ISIN, payment on due dates, Credit rating & DRR Requirement**

| Sr. No. | Consent Letter / Tranche Reference | Consent Letter/ Tranche Date | ISIN ** | Issue Size (per ISIN)Rs. Crore | Listed/ Unlisted | Secured / Unsecured | Principal / Interest payment during current half-year | Due Dates during current Half-Year | Amount (Rs) paid during current Half-Year | Actual Payment date during current Half-Year | Date of information sharing with Credit Rating Agency (in case of default) | Principal / Interest due in the next half-year | Due Date due in the next half-year | Amount (Rs) due during the next half-year | DRR required to be created (Rs Crore) | DRR Created upto March 31, 2020 (Rs Crore) | Funds invested for debentures maturing this year | Credit Rating Agency & Rating as on March 31, 2020 | Change in Credit Rating during Half Year ended March 31, 2020 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | ResponsAbility | 29-Jun-2018 | INE514Q07098 | 40 | Listed | Secured | 2,73,86,016 | 29-12-2020 | 2,73,86,016 | 27-12-2020 | N/A | 2,73,12,418 | 29-06-2020 | 2,73,12,418 | NA | NA | NA | ICRA, BBB- | No change |
| 2 | Blue Orchard | 23-Oct-2018 | INE514Q07114 | 21 | Listed | Secured | 8,95,13,371 | 23-10-2019 | 8,95,13,371 | 23-10-2019 | N/A | 1,46,10,337 | 23-04-2020 | 1,46,10,337 | NA | NA | NA | ICRA, BBB- | No change |
| 3 | Blue Orchard | 08-Apr-2019 | NE514Q07122 | 28 | Listed | Secured | 1,97,23,890 | 08-10-2019 | 1,97,23,890 | 08-10-2019 | N/A | 8,96,95,031 | 08-04-2020 | 8,96,95,031 | NA | NA | NA | ICRA, BBB- | No change |
| 4 | Blue Orchard | 30-Dec-2019 | INE514Q07148 | 34 | Listed | Secured | | | | | N/A | 2,49,95,460 | 30-06-2020 | 2,49,95,460 | NA | NA | NA | ICRA, BBB- | No change |