



PFSPL/2022-23/BSE/31

To,
BSE Limited,
1st Floor, P.J Towers,
Dalal Street,
Mumbai – 400001.

Sub: Intimation under Regulation 53 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 - Annual Report for the Financial Year 2021-22 including Notice of the 12th (Twelfth) Annual General Meeting of the Company

Dear Sir/Ma'am,

Pursuant to Regulation 53 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, we intimate Your Good Office that 12th (Twelfth) Annual General Meeting ("AGM") of the members of our Company will be held on Wednesday, 28th day of September 2022 at 09:30 a.m. at shorter notice at the registered office of the Company situated at 7th Floor, Binori B Square-2, Opp. Hathising Ni Vadi, Ambli Iscon Road, Ahmedabad -380054, Gujarat.

The Annual Report for the Financial Year 2021-22, including the Notice convening Annual General Meeting, being sent to the members through electronic mode, is enclosed for your record.

The Annual Report including Notice is also available on the Company's website and can be accessed at <https://www.pahalfinance.com>.

This is for your information and records.

Thanking You,

Yours Faithfully,

For Pahal Financial Services Private Limited



Nikita

Nikita Sharma
Company Secretary
ACS No: A38900

Date: 27.09.2022
Place: Ahmedabad

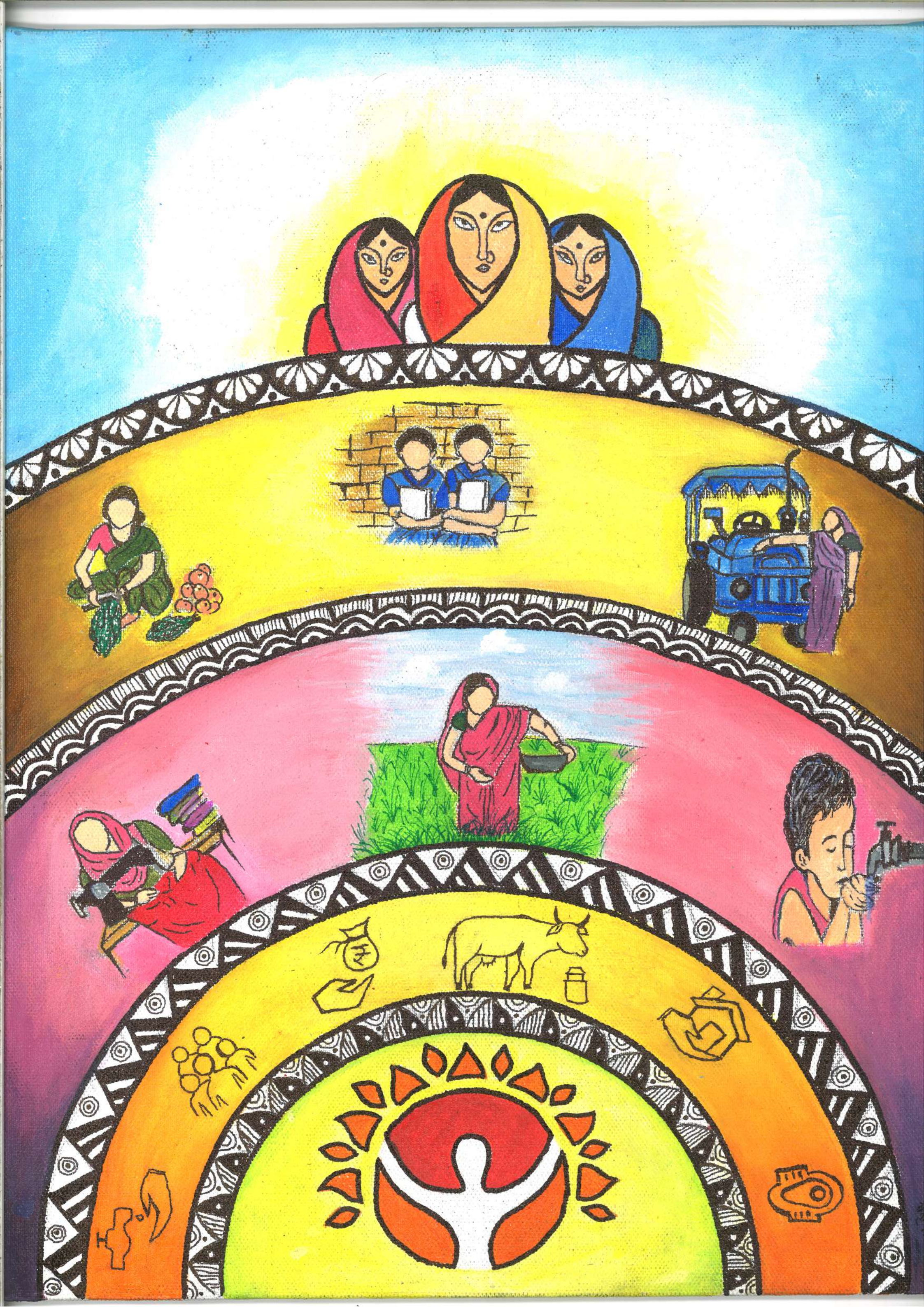
PAHAL FINANCIAL SERVICES PVT. LTD
CIN NO. : U65910GJ1994PTC082668

☎ 02717-479169

🌐 www.pahalfinance.com

✉ ho@pahalfinance.com

📍 Regd. Office : 7th Floor Binori B Square-2, Opp. Hathising Ni Vadi, Ambali-Iscon Road, Ahmedabad (Gujarat) - 380054



Tribute to Shri . Padmanabh P Vora
(Ex- Chairperson, Mentor, a family member)
(1943 - 2022)



With a heavy heart and great sorrow we pay condolence to the demise of our Mentor

Shri Padmanabh Pundrikray Vora on Friday, 05TH August 2022.

Our Ex-Chairperson, Director Shri Padmanabh P Vora was an exceptional human being and outstanding leader. He was a man of vision with high attitude of commitment. His life odyssey and achievements prove that, backed by confidence, courage and conviction, one can achieve even the impossible. He played an incumbent role in making possible the company to accomplish its present level of strength and robust fundamentals since the humble beginning of his tenure from the year 2015. Over the years, the company has been benefited immensely from his guidance and vigilance.

He was not only our mentor but also dearest Pahal family member. Shri Padmanabh P. Vora will be irreplaceable in his Family, Our Organization and in life of all those people wherein his influence was the major contributing factor. He will always be remembered for his helping nature, dedication towards work and his humbleness.

He will be immortal in our memory and Pahal family will always cherish and value his guidance and adhere to his path and values. We wish his soul rest in peace in the heavenly abode.

Corporate Information



Corporate Identification No.**U65910GJ1994PTC082668****RBI Registration No. (NBFC -MFI) :****B.01.00551****Registered Office**

Pahal Financial Services Private Limited
 7th Floor, Binori B Square - 2,
 Opp. Hathisingh Ni Vadi,
 Ambli Iscon Road,
 Ahmedabad - 380054.
 E - mail id: ho@pahalfinance.com
 Telephone no: 02717- 479169
 Website: www.pahalfinance.com

Areas of Operations

- a) Bihar
- b) Chhatisgarh
- c) Gujarat
- d) Haryana
- e) Madhya Pradesh
- f) Maharashtra
- g) Rajasthan
- h) Uttar Pradesh

Board of Directors

Mr. Kartik S Mehta
 [DIN No: 02083342]

Managing Director

Ms. Purvi J. Bhavsar
 [DIN No: 02102740]

Managing Director

Mr. Saurabh S. Baroi
 [DIN No: 02723687]

Nominee Director
 (Dia Vikas Capital Private Limited)

Mr.Satish G. Mehta
 [DIN No: 00110640]

Independent Director

Mr. Venktaraman G. Iyer
 [DIN No: 01204165]

Independent Director

Key Managerial Personnel

Mr. Kartik S Mehta
Ms. Purvi J. Bhavsar
Mr. Chintan C. Desai
Ms. Nikita S. Sharma

Managing Director
Managing Director
Chief Financial Officer
Company Secretary and Compliance Officer

Debenture Trustee Details

i. Catalyst Trusteeship Limited
 GDA House, Plot No. 85,
 Bhusari Colony (Right),
 Paud Road, Pune,
 Maharashtra 411038.
E - mail id: ComplianceCTLMumbai@ctltrustee.com
Telephone no: 022-49220555
Website: www.catalysttrustee.com

ii. IDBI Trusteeship Services Limited
 Ground Floor, Asian Building, 17,
 R Kamani Rd, Ballard Estate,
 Fort, Mumbai, Maharashtra 400001.
E - mail id: itslcompliance@idbitrustee.com
Telephone no: +91 22 40807075
Website: <http://www.idbitrustee.com>

iii. Vistra ITCL (India) Limited
 The Qube, 6th floor, A wing,
 Hasan Pada Road,
 Mittal Industrial Estate, Marol,
 Andheri (E), Mumbai - 400059
E - mail id: itclcomplianceofficer@vistra.com
Telephone no: + 91 9769120187
Website: <https://www.vistra.com/>

Depositories

i. Central Depository Services (India) Limited [CDSL]
 1305 A,A-Wing,
 Marathon Futurex Mafatlal Mills Compound
 N.M.Joshi Marg, Lower Parel Mumbai
 Maharashtra India-400013.
Website: www.cdslindia.com

ii. National Securities Depository Limited [NSDL]
 Trade World, A wing,
 4th Floor, Kamala Mills Compound,
 Lower Parel, Mumbai - 400013
Website: <https://nsdl.co.in/>

Registrar And Share Transfer Agent

Skyline Financial Services Private Limited
 505, A Wing, Dattani Plaza,
 Andheri Kurla Road, Safeed Pool,
 Mumbai-400072.
E -Mail id: kalimk@skylinerta.com
Telephone no: +91-22-28511022
Website: www.skylinerta.com



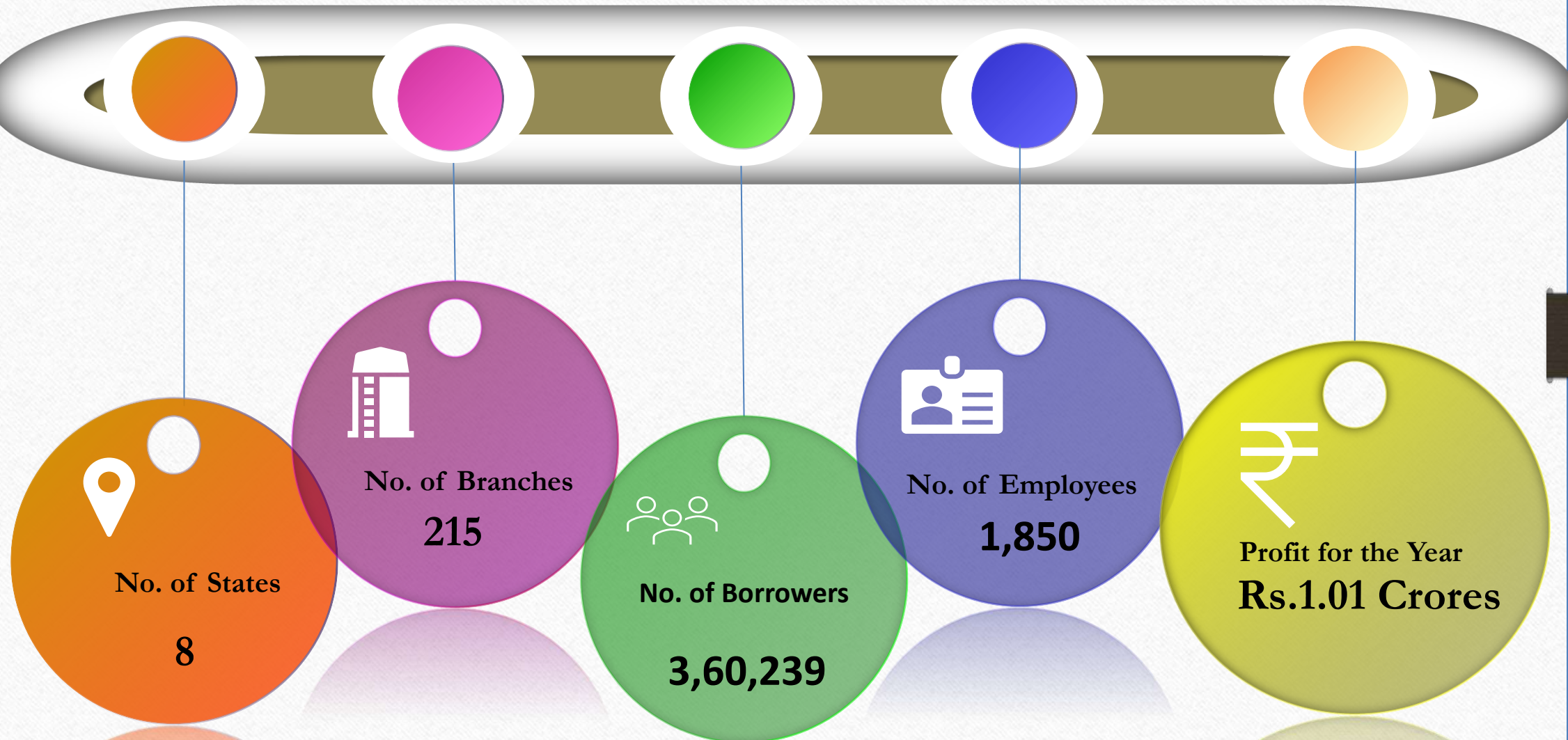
Mission:

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

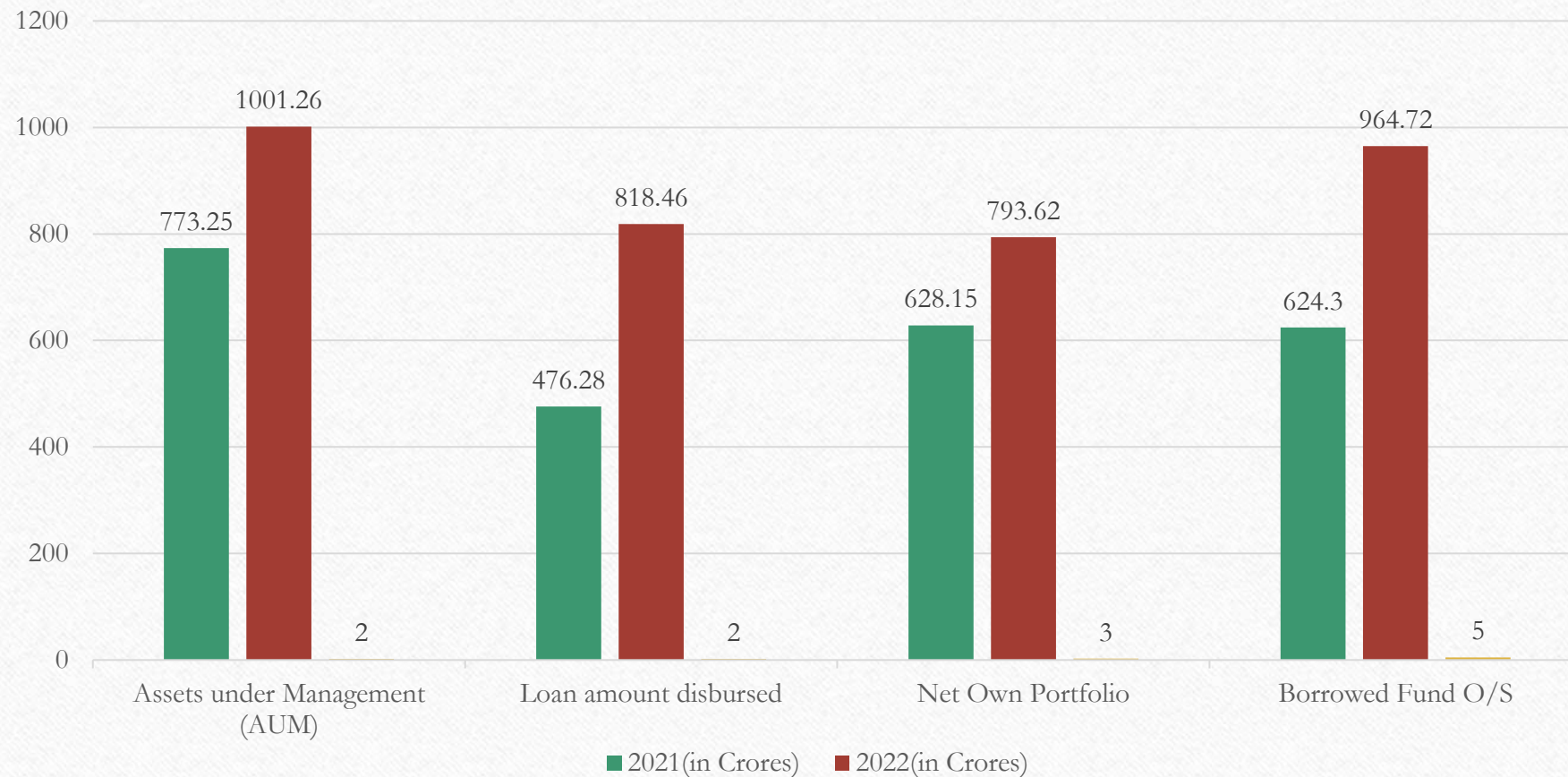
Vision:

**To reach micro finance services to 2 million clients at competitive rates.
To achieve internationally acceptable returns of investments to attract mainstream capital in the services of the segment at the bottom of the pyramid**

DATA AS ON MARCH 31, 2022



KEY OPERATIONAL HIGHLIGHTS



LENDERS

PSB



DFI



SFB



Private Banks



Impact Fund



NBFC










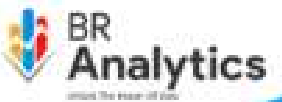


Summary

- PSB - 7
- SFB - 3
- Pvt. Banks - 6
- Impact Funds - 4
- NBFC - 19



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Loan Management System	Loan Origination System	Collection System	Digital Collection	Learning Management system	Predictive & Dashboarding
 	 	 	 		
<ul style="list-style-type: none"> ➤ Core MFI System ➤ Scalable ➤ Agile ➤ API Ready 	<ul style="list-style-type: none"> ➤ Seamless onboarding ➤ Low TAT ➤ High efficiency ➤ Geotagging 	<ul style="list-style-type: none"> ➤ Loan collection ➤ Loan utilization ➤ Loan pre-close ➤ Realtime reporting 	<ul style="list-style-type: none"> ➤ Digital payment ➤ Cashless payment 	<ul style="list-style-type: none"> ➤ Mobile Learning, Platform ➤ Create Content, surveys and quizzes ➤ Boost Employee Performance 	<ul style="list-style-type: none"> ➤ Predictive & Dashboarding ➤ Real time Data analytic ➤ Field Monitoring ➤ Catalyst for improved business efficiencies

Pahal Sangini, a Customer app for customer service to enhance customer experience with features like Loan Status, Repayment Schedule, Apply for Top Up.

A woman with a warm smile is the central figure, wearing a vibrant red sari adorned with intricate, colorful patterns. She has a red bindi on her forehead and is wearing traditional jewelry, including a ring and bangles. Her hands are gently clasped in front of her. The background is a lush, out-of-focus scene of green trees and foliage, with a small, light-colored object hanging from a branch on the right. The overall atmosphere is bright and natural.

Corporate Social Responsibility

Pahal Started an initiative for the Digital health inclusion for all in F.Y 2021-2022. Your company along with the Collaboration with M – insure runs e - clinic for the underserved people of region of Bihar and Madhya Pradesh. M-swasth is a technology driven Digital Healthcare Services Provider.



Through their tele – health & telemedicine platform, they connect India’s emerging rural population with doctors and medical specialists. More than 200 people have been benefitted from this program.

Currently e – clinics are running in the Muzzaffarpur and Jhanjharpur of Bihar and Madhya Pradesh



ACHIEVEMENTS



Pahal's top management successfully accomplished Stanford's Seed Transformation Program (STP). The program is designed specifically for business owners and members of their senior management team.

This online program is led by Stanford GSB faculty, local experts, and supported by Stanford-trained advisors. The ultimate goal of the program was to create and activate a detailed action plan to help and grow the business for maximum impact



DNA-Distinguished NBFC Awards-2021 for Best Women Customer Initiative-WASH



ISC-FICCI Sanitation awards 2021 under the category 'Best innovative Financial Model – Water & Sanitation Hygiene

MANAGEMENT DISCUSSION AND ANALYSIS

Back Ground

Pahal has started its operations by acquiring a NBFC company “Kelkar Leasing Company Private Limited” The company was duly acquired on 8th February 2011. The current promoters commenced the microfinance activities with a vision to provide holistic financial inclusion. The current promoters acquired a small microfinance portfolio of INR 2.50 CR of Lok Vikas Nidhi (a division of Vikas Centre for Development)-a well-known trust operating in the area of social development in Gujarat for over 25 years. Vikas did not wish to run the microcredit activity and hence the portfolio created under the Joint-liability group (JLG) methodology was acquired by the NBFC. The name has been subsequently changed from Kelkar Leasing Company Private Ltd to **Pahal Financial Services Private Limited** to reflect the nature of the work we have undertaken in ‘financial inclusion’.

The Fiscal Year 2021-22 began on the challenging note with the second and third wave of the Covid-19 Pandemic. State Government has imposed lockdowns at various at various location in areas where Pahal is operating, the same made the movements restricted and Income generation activities were impacted, a little severely on low earning people and it has impacted the overall annual performance.

Even though it was quite challenging for most of the companies in the industry, Pahal has managed to keep its numbers reasonably positive and encouraging comparing to the peers in the MFI segment.

The organization surpassed the benchmark of AUM of Rs. 1,000 Crores during the financial year and reached an AUM of Rs. 1,001.26 CR as compared to 773.25 CR as on 31st March 2021. Customer base has increased to 3,60,222 as against 3,26,448 as on 31st March 2021. Total Branches has reached to 215 spreads across 8 states.

Industry Update:-

As per the latest data available, microfinance industry has a loan portfolio of 2,85,441 Crores with 11.30 crores accounts. This includes a managed portfolio of 14,104 crores. Out of managed portfolio, BC portfolio accounts for 3,458 crores.

PAR 90+ has been increased to 5.90% as on March 2022 from 5.5% as on March 2021. Pahal’s PAR as on 31st March for 90+ stands to 4.92% on AUM.

As on 31 March 2021, NBFC-MFIs on aggregated basis have a network of 16,890 branches and employee base of 1.32 Lacs of majority consist of field officers who provide door-step credit to low-income clients served by the NBFC-MFIs. (Source: Micrometer Issued by MFIN for Q4 of 21-22)

Financial Year for Pahal:-

The Company has reported Profit of Rs. 1.01 Crores (Profit after Tax) during the year 2021-22 as compared to a profit of 4.29 crores during the year 2020-21. The company's AUM has grown by approx. 29 % as on 31.03.2022 to 1,001.26 Cr from 773.24 CR as on 31.03.2021.

Pahal has a PAR 30+ of 6.77% as on 31.03.2022 as compared 9.70% for overall MFI industry. Company has recorded 1,850 employees as of 31.03.2022. Pahal has also recruited senior profile employees to commensurate future growth.

Financial Performance:-

Pahal has recorded revenue of Rs.172.76 crores in the year 2021-22 as compared to 159.76 crores in the year 2020-21. The company has recorded a PBT of Rs. 2.85 crores as compared to a profit of Rs. 6.37 crores. Pahal has adopted its accounting based on Indian Accounting Standard recommended by Government of India from 01st April 2019.

The Equity Shareholder's funds have increased to 175.53 crores as on 31.03.2022 from 124.36 crores as on 31.03.2021. Company has been able to infuse compulsorily convertible Preference Shares worth Rs.7.20 Crores from HURUMA FUND S.C.A., SICAR – EuSEF & HURUMA SV SARL and equity worth Rs. 0.90 crores from Promoters & Family Friends

Equity Shareholders Group	Number of Shares	% of Holding
BOPA Pte Limited	1,15,50,000	35.59%
DIA Vikas Capital Pvt. Limited	63,75,000	19.59%
Promoters & Family and Friends	1,69,72,011	44.82%

Preference Shareholders Group (CCPS)	Number of Shares	% of Holding
HURUMA FUND S.C.A., SICAR – Eu SEF	57,74,715	80.17%
HURUMA SV SARL	14,28,372	19.83%

During the financial year company has raised a funds of Rs. 896.93 CR through various sources. These includes a Rs. 190.66 Cr raised through securitization and direct assignments and Rs. 706.27 crores through Banks/ NBFCs / FPIs and Others.

Raising a money with low cost and innovative instruments was a focused area during the year. During the next fiscal year, company is targeting to raise the funds with low cost from various banks.

Institution	%
Non-Convertible Debentures	35.76%
Sub Debt	3.84%
Term Loans-From Banks	44.34%
Term Loans-From Others	16.07%

TOP Five Lenders to Pahal

1. Blue Orchard
2. State Bank of India
3. ICICI Bank Limited
4. Annapurna Finance Private Limited
5. Northern Arc Limited

Regulations & Statutory Compliances: -

Pahal is registered with Reserve Bank of India as a NBFC- MFI since January 2014 and company has been complying with requirements prescribed by the Reserve Bank of India.

Pahal has also complied with other statutory requirements during the year.

Director's Report



DIRECTORS' REPORT

Dear Members,

The Board of Directors of your company takes pleasure in presenting the Twelfth Director's Report together with Audited Financial Statements of your Company for financial year ended 31st March 2022.

FINANCIAL HIGHLIGHTS

The summary of the Company's financial performance for F.Y 2021-22 as compared to previous FY 2020-21 is given below:

Particulars	Amount in (Amount in Lacs)	
	31st March 2022	31st March 2021
For the year ended		
Total Revenue	17,276.50	15,976.41
Total Expenditure	16,991.65	15,339.51
Profit/Loss before Tax	284.85	636.90
Provision for Tax	183.63	208.02
Profit after Tax	101.22	428.88
Transfer to General Reserves	-	-
Paid Up Share Capital	3,973.99	3,218.46
Equity Share Capital	3,253.68	3,218.46
Preference Share Capital (Compulsorily Convertible Preference Shares – Series A CCPS)	720.31	-

The operational indicators for F.Y 2021-22 as compared to previous F.Y 2020-21 is given in the following table:

OPERATIONAL HIGHLIGHT

Indicators	For the year ended 31 st March 2022	For the year ended 31 st March 2021
Number of States	8	7
Number of Branches	215	175
Number of Borrowers	3,60,239	3,26,504
The aggregate Assets under Management (AUM)	10,01,25,96,056	7,73,24,84,871
Loan Amt. disbursed during the year (in Rs)	8,18,46,15,747	4,76,28,22,891
Total Portfolio O/S (Own+ Securitized & BC)	10,01,25,96,056	7,73,24,84,871
Less Securitized & BC portfolio	2,07,63,98,553	1,45,10,09,743
Net Own Portfolio	7,93,61,97,502	6,28,14,75,128
Borrowed Fund O/S	9,64,72,27,307	6,24,30,26,133
Total Staff	1,850	1,516
PAR > 30 days in %	6.77%	7.35%
PAR > 30 days in amount	67,75,75,023	56,86,88,891

Pahal has increased its borrowers by appx. %	10.87%
Own portfolio increased by %	26.34%
New borrowed fund increased by %	104.19%
Disbursement of loan in amount increased by %	71.84%
Total staff has increased by %	22.03%
Growth in the aggregate Assets under Management (AUM)	29.49%

COVID-19 PANDEMIC

The “Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2)”, generally known as COVID-19, which was declared as a pandemic by the WHO on March 11, 2020, continued to spread across India and still there is substantial level of disruption on socioeconomic front across the country. Under the second wave of COVID-19 pandemic in April 2021, which was considered to be more severe than the first one, several parts of the Country have imposed lockdown/ curfew in order to arrest the spread of the COVID-19 pandemic. There was a high level of uncertainty about the duration of the lockdown and the time required for things to get normal.

Under third wave, the recovery in economic activity has emerged. Both manufacturing and services remain in expansion with optimism on demand parameters and uptake in consumer and business confidence.

Further, in accordance with the Circulars issued by Reserve Bank of India (RBI) dated March 27, 2020, April 17, 2020, May 23, 2020 and May 05, 2021 with regard to providing relief to borrowers on account of COVID-19 pandemic, the Company had offered moratorium to eligible borrowers in accordance with a Board approved policy. Given the uncertainty over the potential macro-economic impact, the Company will continue to closely monitor any material changes to future economic conditions.

CHANGE IN THE NATURE OF BUSINESS

There were no such changes occurred in the nature of business during the financial year under review.

MATERIAL EVENT RECORDED SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENT

There are no material changes and commitments affecting the financial position of the company, which has occurred between the end of financial year of the Company i.e. 31st March 2022 and the date of Director’s Report.

DIVIDEND

a) Equity Shares

Your directors are pleased to recommend a final dividend of 2.00% per equity shares of Rs. 10 each for the year ended 31st March 2022.

b) Preference Shares

Your directors are pleased to recommend a final dividend at the rate 2.001% for all Series A Compulsorily Convertible Preference shares of Rs. 10 each for the year ended 31st March 2022

AMOUNT TRANSFERRED TO RESERVES

An amount of Rs. 20,24,220.35/- being 20.00% of the Profit After Tax (PAT) was transferred to statutory reserves of the Company pursuant to Section 45 IC of the Reserve Bank of India Act, 1934.

DEPOSITS

Being a Non-Deposit taking Non - Banking Financial Company, your Company has not accepted any deposits from the public. Your Company is registered with the Reserve Bank of India (RBI), as a Non-Deposit accepting NBFC under Section 45- IA of the RBI Act, 1934. Your Directors hereby report that the Company has not accepted any public deposits during the year under review and it continues to be a non-deposit taking non-banking financial company in conformity with the guidelines of the RBI. As such no amount of principal and interest was outstanding during the year.

DEBENTURES

During the year under review, the details of debentures issued by your company is as under:

ISIN	Name of Allottees	Name of Debenture Trustee	No. of Debentures	Amount (Rs. In lakh)	Listing Status
INE514Q07239	Global Access Fund LP	IDBI Trusteeship Services Limited	375	3750.00	Unlisted
INE514Q07240	Vivriti India Impact Bond Fund	IDBI Trusteeship Services Limited	250	2500.00	Unlisted
INE514Q07254	Northern Arc India Impact Trust	Catalyst Trusteeship Limited	3,07,840	3078.40	Unlisted
	WLB ASSET II C PTE. LTD	Catalyst Trusteeship Limited	3,07,840	3078.40	Unlisted
INE514Q07262	MAGALLANES IMPACTO, FIL	Catalyst Trusteeship Limited	1260	1260.00	Unlisted
	NORTHERN ARC CAPITAL LIMITED	Catalyst Trusteeship Limited	1260	1260.00	Unlisted

Details of Debenture Trustees of the Company are as follows:

Sr. No.	Name of the Debenture trustees	Address	Contact detail
1.	Catalyst Trusteeship Limited (Erstwhile GDA Trusteeship Limited)	GDA House, First Floor, Plot No. 85 S. No. 94 & 95, Bhusari Colony (Right), Kothrud Pune – 411038, MH, India	022 - 4922 0555 ComplianceCTL-Mumbai@ctltrustee.com
2.	Vistra ITCL (India) Limited	6 th Floor, The IL & FS Financial Centre, Plot No. C- 22, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051, MH	+91 22 69300000 itclcomplianceofficer@vistra.com
3.	IDBI Trusteeship Services Limited	Asian Building, Gr Floor, 17 R. Kamani Marg, Ballard Estate – Mumbai 400001	022-40807000 itslcompliance@idbitrustee.com

CHANGE IN THE CAPITAL STRUCTURE OF THE COMPAY

I. Authorized Share Capital

During the year under review, there has been no change in the Authorized Capital of your Company.

II. Paid-up Share Capital

a) Equity Shares

During the year under review, your Company had issued 13,11,200 Partly Paid Up Equity Shares having face value of Rs.10 each to Mr. Kartik S Mehta and Ms. Purvi J Bhavsar each, Managing Directors of the Company on which Rs.1/- per Equity shares was paid.

Thus, as on March 31, 2022, the Equity Share Capital of the Company stood as Rs.32,53,68,510/- (Rupees Thirty Two Crore, Fifty Three Lakh, Sixty Eight Thousand, Five Hundred Ten Rupees Only)

b) Preference Share Capital

During the year under review, your Company had issued 72,03,087, Compulsorily Convertible Preference Shares having a face value of Rs.10 each share, as approved by the Board of Directors of the Company.

Thus, as on March 31, 2022, the Paid-up Preference Share Capital of the Company stood as Rs.7,20,30,870/- (Rupees Seven Crore, Twenty Lakh, Thirty Thousand Eight Hundred Seventy Only).

RESERVE BANK OF INDIA (RBI) DIRECTIONS

The Company is registered with RBI as a NBFC-MFI via Registration No. B.01.00551. The Company continues to comply with the requirements prescribed by the RBI as applicable to it.

RBI via notification RBI/2021-22/112DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021 on Framework for Scale Based Regulation for Non-Banking Financial Companies, bifurcated the Regulatory structure of NBFCs in four layers i.e. NBFC - Base Layer (NBFC-BL), NBFC - Middle Layer (NBFC-ML), NBFC - Upper Layer (NBFC-UL) and NBFC - Top Layer (NBFC-TL) based on their size, activity, and perceived riskiness. Your Company being a NBFC - Middle Layer (NBFC-ML), endeavours to ensure the compliance with this notification.

RBI via notification RBI/DOR/2021-22/89 DoR.FIN.REC.95/03.10.038/2021-22 dated March 14, 2022, on Framework for Microfinance Loans Directions, 2022, provides the framework for providing the collateral free loan irrespective of end use and mode of application processing/disbursal either through physical or digital channels, provided to low-income households having household income upto INR 3,00,000/- . Pahal Financial Services Private Limited being a NBFC-MFI is under process to comply with the aforesaid directions.

DECLARATION FROM INDEPENDENT DIRECTOR(S)

Mr. Venkatraman G Iyer and Mr. Satish Gordhan Mehta (who had been appointed as Director on the Board of the Company w.e.f. July 21, 2021) are Independent Directors (IDs) in terms of Section 149(6) of the Companies Act 2013. The Company has received requisite declaration of Independence from them as required pursuant to section 149(7) of the Companies Act, 2013 confirming that they meet the criteria of independence as provided in section 149(6) of the Act. In the opinion of the board, they fulfill the conditions as specified in the Act and the rules made thereunder for appointment as IDs and confirm that they are independent of the management.

CAPITAL ADEQUACY

The Capital Adequacy Ratio (CRAR) of the company was 21.32% as on March 31, 2022 as against the minimum capital adequacy requirements of 15% by RBI.

INTERNAL FINANCIAL CONTROL

The Company has devised proper system of internal financial control which is commensurate with size and nature of Business. Even, the Board has appointed M/s. Samir M Shah and Associates as an Internal Auditor of the Company pursuant to provisions of Section 138 of the Companies Act, 2013 in order to ensure proper internal financial control.

The policies and procedures adopted by your Company take into account the design, implementation and maintenance of adequate internal financial controls, keeping in view the size and nature of the business. The internal financial controls ensure the orderly and efficient conduct of its business. The controls encompass safeguarding of your Company's assets, strict adherence to policies, and prevention and detection of frauds and errors against any unauthorised use or disposition of assets and misappropriation of funds. These controls help to keep a check on the accuracy and completeness of the accounting records and timely preparation of reliable financial disclosures.

DETAILS OF SUBSIDIARY, ASSOCIATE AND OR JOINT VENTURE COMPANIES, AS REQUIRED UNDER RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014

The Company has no subsidiary, associate and or joint venture companies.

RISK MANAGEMENT AND AUDIT

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

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

The FY 2021-22 started with the devastating COVID-19 second wave in India which threatened lives and livelihoods and created immediate challenges which were even more catastrophic than the first wave which occurred in 2020. Since the company already had experience in managing this crisis, it was able to handle it in a better way. The comprehensive risk management system of Pahal had helped the company in being prepared for the uncertainty and unforeseeable challenges posed by COVID-19.

The business Continuity Plan was prepared and implemented across Pahal. Analysis of various scenarios was conducted and planned accordingly with the implementation in a proactive way. The management was able to steer the company out of this crisis and brought it to a comfortable position. Post covid business and its collection efficiency started portraying a better and positive shine for the company as well as the sector.

The Company has also taken the opportunity to learn from this crisis about ways to improve its core strength and how to move forward to strengthen the systems in the areas of Technology, Human Resources, and Internal Control.

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

KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of section 203 of the Companies Act 2013 read with the rules made thereunder, following employees are the Whole Time Key Managerial Personnel of the Company as on the date of this report:

Sr. No.	Name	Designation
1	Mr. Kartik S Mehta	Managing Director
2	Ms. Purvi J Bhavsar	Managing Director
3	Mr. Chintan C Desai	Chief Financial Officer
4	Ms. Nikita Sharma	Company Secretary

During the year under review, there were no change in the Key Managerial Personnel of the Company.

APPOINTMENTS/RESIGNATIONS OF DIRECTORS

- During the year under review, Mr. Satish Gordhan Mehta was appointed as an Independent Director on the Board of the Company w.e.f. July 21, 2021.
- During the year under review, there were no other change in the Board except the above appointment

DIRECTORS' RESPONSIBILITY STATEMENT

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

SIGNIFICANT AND MATERIAL ORDERS

During the period under review, there were no Significant and Material Orders passed by the regulators or courts or tribunals impacting the going concern status of the Company and its Operations in future.

BOARD MEETINGS:

The Composition of the Board as on 31st March 2022 was as follows:

Sr. No.	Name of the Director	Category
1.	Mr. Padmanabh P Vora ¹	Chairperson – Non-Executive Non-Independent Director
2.	Mr. Kartik S Mehta	Managing Director
3.	Ms. Purvi J Bhavsar	Managing Director
4.	Mr. Saurabh S Baroi	Nominee Director (Dia Vikas Capital Private Limited)
5.	Mr. Venkatraman G Iyer	Non- Executive & Independent Director
6.	Mr. Satish G. Mehta ²	Non- Executive & Independent Director

¹ Mr. Padmanabh P Vora had stepped down from the directorship of the Company with effect from May 7, 2022.

² Mr. Satish G Mehta was appointed as an Independent Director w.e.f. 21st July 2021.

The Board of Directors of the Company meets at regular intervals, they met 8 (Eight) times during the financial year. The intervening gap between any two meetings was within the period prescribed by the Companies Act 2013. The Board is regularly briefed and updated on the key activities of the business and is provided with the briefings and presentations on operations, quarterly financial and other matters concerning the company. Besides, information about statutory compliance, minutes, and information as required under Companies act 2013, Listing regulations and guidelines of Reserve Bank of India provided to the Directors on regular interval of time. The details of meetings are given as follows:

Sr. No.	Date of Meeting	Total Number of Directors associated as on the date of meeting	Attendance	
			Number of Directors attended	% of attendance
1	01.04.2021	5	4	80
2	28.06.2021	5	5	100
3	21.09.2021	6*	6	100
4	20.10.2021	6	5	83.33
5	29.10.2021	6	6	100
6	14.02.2022	6	6	100
7	14.03.2022	6	6	100
8	22.03.2022	6	6	100

**Mr. Satish G Mehta was appointed as an Independent Director on the Board of the Company w.e.f. 21st July 2021.*

Attendance of each director at the Board Meeting:

Sr. No.	Name of Director	No. of Meetings which Director was entitled to attend	Attendance	
			No. of Meetings attended	% of attendance
1.	Mr. Padmanabh P Vora	8	8	100
2.	Mr. Venkatraman G Iyer	8	7	87.5
3.	Mr. Kartik S Mehta	8	8	100
4.	Ms. Purvi J Bhavsar	8	8	100
5.	Mr. Saurabh S Baroi	8	7	87.5
6.	Mr. Satish G. Mehta	6	6	100

COMMITTEES OF THE BOARD

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

Audit Committee

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

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

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

The Composition of the Audit Committee as on 31st March 2022 was as follows:

Sr. No.	Name of the Member	Category	Designation
1.	Mr. Satish G. Mehta*	Non-Executive & Independent Director	Chairperson
2.	Mr. Saurabh S Baroi	Nominee Director	Member
3.	Mr. Venkatraman G Iyer	Non-Executive & Independent Director	Member

**Mr. Satish G Mehta was appointed as Chairperson of the Committee with effect from 01st October 2021 in place of Mr. Padmanabh P. Vora.*

The members of the Audit Committee met 4 (Four) times during the financial year. The details of which are given as follows:

Sr. No.	Date of Meeting	Total No. of Members	Attendance	
			No. of members attended	% of attendance
1	28.06.2021	3	3	100
2	21.09.2021	3	3	100
3	29.10.2021	3	3	100
4	14.02.2022	3	3	100

Attendance of each Member at the Audit Committee Meeting:

Sr. No.	Name of Member	No. of Meetings which Member was entitled to attend	Attendance	
			No. of Meeting attended	% of attendance
1.	Mr. Padmanabh P Vora	2	2	100
2.	Mr. Kartik S Mehta	2	2	100
3.	Mr. Saurabh S. Baroi ²	2	2	100
4.	Mr. Satish G. Mehta ¹	2	2	100
5.	Mr. Venkatraman G Iyer	4	4	100

¹ Mr. Satish Mehta was appointed as a Member & Chairperson w.e.f. 01st October 2021 in place of Mr. Padmanabh P. Vora.

² Mr. Saurabh Baroi was appointed as a Member w.e.f. 01st October 2021 in place of Mr. Kartik S Mehta.

Terms of Reference of Audit Committee

- ❖ Recommendation to the Board the appointment, remuneration, replacement or removal and terms of appointment of auditors of the Company;
- ❖ Review and monitor the auditor's independence and performance, and effectiveness of the audit process;
- ❖ Examination of the financial statement and the auditor's report thereon;

- ❖ Approval or subsequent modifications of transactions of the Company with the related parties;
- ❖ Scrutiny of Inter – Corporate Loans and Investment;
- ❖ Valuation of undertaking or assets of the company, wherever it is necessary;
- ❖ Evaluation of Internal financial controls and risk management systems;
- ❖ Monitoring the end use of funds raised through public offer (if any) and related matter.

Nomination and Remuneration committee

The Nomination and Remuneration Committee review and recommends the payment of salaries, incentive and finalizes appointment and other employment conditions of Directors and Key Managerial Personnel. The Composition of the Nomination and Remuneration Committee as on 31st March 2022 was as follows:

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

The members of the Nomination and Remuneration Committee met 2 (Two) times during the financial year. The details of which are given as follows:

Sr. No.	Date of Meeting	Total Number of Members associated as on the date of meeting	Attendance	
			Number of Members attended	% of attendance
1.	28.06.2021	3	3	100
2.	14.02.2022	3	3	100

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

Sr. No.	Name of Director	Number of Meetings which Director was entitled to attend	Attendance	
			Number of Meeting attended	% of attendance
1.	Mr. Venkatraman G Iyer	2	2	100
2.	Mr. Padmanabh P Vora	2	2	100
3.	Ms. Purvi J Bhavsar	1	1	100
4.	Mr. Satish G. Mehta*	1	1	100

**Mr. Satish G Mehta was appointed as a member in place of Ms. Purvi J Bhavsar w.e.f. 1st October 2021.*

Terms of reference of Nomination and Remuneration Committee:

- ❖ Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the Remuneration of the Directors, Key Managerial Personnel and other Employees;
- ❖ Formulation of criteria for evaluation of Independent Directors and the Board;
- ❖ Devising a policy on Board diversity;
- ❖ Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Committee or by an independent external agency and review its implementation and compliance.;
- ❖ Ensure 'fit and proper' status of proposed/existing directors and scrutinize the information stated in the signed declarations;
- ❖ To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management;

- ❖ To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board;
- ❖ To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management;
- ❖ To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations;
- ❖ Develop a succession plan for the Board and to regularly review the plan;
- ❖ Carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.

Stakeholder Relationship Committee

The Stakeholder Relationship Committee is entrusted with the responsibility of addressing the shareholder's /investor's complaints. The Composition of the Stakeholder Relationship Committee as on 31st March 2022 was as follows:

Sr. No.	Name of the Member	Category	Designation
1.	Mr. Venkatraman G Iyer	Non-Executive & Independent Director	Chairperson
2.	Mr. Kartik S Mehta	Managing Director	Member
3.	Ms. Purvi J Bhavsar	Managing Director	Member

The meeting of Stakeholders Relationship Committee was held on March 22, 2022. Attendance of members at the meeting is given hereunder:

Sr. No.	Name of the Member	Number of Meetings which member was entitled to attend	Attendance	
			Number of Meeting attended	% of attendance
1.	Mr. Venkatraman G Iyer	1	1	100
2.	Mr. Kartik S Mehta	1	1	100
3.	Ms. Purvi J Bhavsar	1	1	100

Terms of reference of Stakeholders Relationship Committee:

The role of Stakeholders Relationship Committee involves:

- ❖ To consider and review shareholders'/ investors' grievances and complaints and ensure that all shareholders'/ investors' grievances and correspondence are attended to expeditiously and satisfactorily unless constrained by incomplete documentation and/ or legal impediments;
- ❖ To do all other acts and deeds as may be necessary or incidental to the above.

Corporate Social Responsibility Committee

The Composition of the Corporate Social Responsibility Committee as on 31st March 2022 was as follows:

Sr. No.	Name of the Member	Category	Designation
1.	Mr. Venkatraman G Iyer	Non-Executive & Independent Director	Chairperson
2.	Mr. Kartik S Mehta	Managing Director	Member
3.	Ms. Purvi J Bhavsar	Managing Director	Member

The Members of the Corporate Social Responsibility Committee met 2 (Two) times during the financial year. The details of which are given as follows:

Sr. No.	Date of Meeting	Total Number of Directors associated as on the date of meeting	Attendance	
			Number of Directors attended	% of attendance
1.	28.06.2021	3	3	100
2.	22.03.2022	3	3	100

Attendance of each Director at the Corporate Social Responsibility Committee:

Sr. No.	Name of the Member	Number of Meetings which Member was entitled to attend	Attendance	
			Number of Meeting attended	% of attendance
1.	Mr. Venkatraman G Iyer	2	2	100
2.	Mr. Kartik S Mehta	2	2	100
3.	Ms. Purvi J Bhavsar	2	2	100

Terms of reference of Corporate Social Responsibility Committee:

The role of Corporate Social Responsibility Committee involves:

- ❖ To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013
- ❖ Recommend the various CSR Activities to be undertaken by the Company;
- ❖ Recommend the amount of expenditure to be incurred on the recommended CSR activities;
- ❖ Spend the allocated CSR amount on the CSR activities once it is approved by the Board of Directors of the Company in accordance with the Act and the CSR Rules;
- ❖ Prepare a transparent monitoring mechanism for ensuring implementation of the projects/ programs/ activities proposed to be undertaken by the Company;
- ❖ The Committee shall have the authority to discharge its responsibilities, including the authority to retain and terminate the engagement of such consultants and counsels as the Committee may deem necessary or helpful in carrying out its responsibilities and to establish the fees and other terms for the retention of such consultants and counsel. However, such fees shall be borne by the company;
- ❖ The Committee may form sub-committees for any purpose to be undertaken by it and may delegate to such sub-committees or to members of the management of the Company, such powers and authority as it deems appropriate;

- ❖ Submit the Reports to the Board in respect of the CSR activities undertaken by the Company;
- ❖ Monitor CSR Policy from time to time;
- ❖ Authorize executives of the Company to attend the CSR Committee Meetings.
- ❖ The Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, in accordance with the applicable rules of the Companies (Corporate Social Responsibility Policy), Rules 2014 and such plan may be altered by the Board as per the recommendation of the Committee, based on the reasonable justification to that effect.
- ❖ To do such other acts, deeds and things as may be directed by the Board and required to comply with the applicable laws.

Asset/Liability and Risk management Committee

The Composition of Asset/Liability and Risk Management Committee as on 31st March 2022 was as follows:

Sr. No.	Name of the Member	Category	Designation
1.	Mr. Padmanabh P Vora	Non-Executive & Non-Independent Director	Chairperson
2.	Mr. Kartik S Mehta	Managing Director	Member
3.	Ms. Purvi J Bhavsar	Managing Director	Member
4.	Mr. Satish G. Mehta*	Non-Executive & Independent Director	Member
5.	Mr. Saurabh S Baroi	Nominee Director (Dia Vikas Capital Private Limited)	Member
6.	Mr. Venkatraman G Iyer	Non-Executive & Independent Director	Member

* Mr. Satish G. Mehta become member w.e.f. 01st October 2021

The members of the Asset/Liability and Risk Management Committee met 3 (Three) times during the financial year. The details of which are given as follows:

Sr. No.	Date of Meeting	Total Number of Members associated as on the date of meeting	Attendance	
			Number of Members attended	% of attendance
1.	01.04.2021	5	4	80
2.	21.09.2021	5	5	100
3.	14.02.2022	6	6	100

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

Sr. No.	Name of the Member	No. of Meetings which Member was entitled to attend	Attendance	
			No. of Meeting attended	% of attendance
1.	Mr. Padmanabh P Vora	3	3	100
2.	Mr. Venkatraman G Iyer	3	2	66.67
3.	Mr. Kartik S Mehta	3	3	100
4.	Ms. Purvi J Bhavsar	3	3	100
5.	Mr. Saurabh Baroi	3	3	100
6.	Mr. Satish G. Mehta*	1	1	100

* Mr. Satish G. Mehta become member w.e.f. 01st October 2021

Terms of reference of Asset/Liability and Risk Management Committee:

The role of Asset/Liability and Risk Management Committee involves:

- ❖ Addressing concerns regarding asset liability mismatches;
- ❖ Achieving optimal return on capital employed while maintaining acceptable levels of risk including and relating to liquidity; market and operational aspects and adhering to the relevant policies and regulations;
- ❖ Addressing concerns regarding interest rate risk exposure; and

- ❖ To do such other acts, deeds and things as may be directed by the Board and required to comply with the applicable laws;
- ❖ To monitor and review the risk management plan;
- ❖ To take strategic actions to mitigate the risk associated with the nature of the business;
- ❖ To appraise the Board of Directors at regular intervals regarding the process of putting in place a progressive risk management system, risk management policy and strategy;
- ❖ To do such other acts, deeds and things as may be directed by the Board and required to comply with the applicable laws;
- ❖ To lay down procedure to inform Board members about the risk assessment and minimization procedures.

Information Technology Committee

The Composition of the Information Technology Committee as on 31st March 2022 was as follows:

Sr. No.	Name of the Member	Category	Designation
1.	Mr. Venkatraman G Iyer	Non-Executive & Independent Director	Chairperson
2.	Mr. Kartik S Mehta	Managing Director	Member
3.	Ms. Purvi J Bhavsar	Managing Director	Member
4.	Mr. Dinesh Yadav	IT Head	Member
5.	Mr. Vishal Oza	Sr. IT Manager	Member
6.	Mr. Nimesh Kanoja	Sr. IT Executive	Member

The meeting of the Information Technology Committee was held on March 22, 2022. Attendance of members at the meeting is given hereunder:

Sr. No.	Name of the Member	Number of Meetings which member was entitled to attend	Attendance	
			Number of Meeting attended	% of attendance
1.	Mr. Venkatraman G Iyer	1	1	100
2.	Mr. Kartik S Mehta	1	1	100
3.	Ms. Purvi J Bhavsar	1	1	100
4.	Mr. Dinesh Yadav	1	1	100
5.	Mr. Vishal Oza	1	0	0
6.	Mr. Nimesh Kanoja	1	0	0

Terms of reference of Information Technology Committee:

The role of Information Technology Committee involves:

- a. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place ;
- b. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- c. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable ;
- d. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources ;
- e. Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls.

Independent Directors Meeting

The Meeting of the Independent Directors of the Company was held on 22nd March 2022.

Following are the Independent Directors of the Company as on March 31, 2022

1. Mr. Venkatraman G. Iyer
2. Mr. Satish G. Mehta

Attendance of the Members for the meeting of the Independent Directors of the Company are as under:

Sr. No	Name of the Member	No. of Meetings which Member was entitled to attend	Attendance	
			No. of Meeting attended	% of attendance
1	Mr. Venkatraman G. Iyer	1	1	100
2	Mr. Satish G. Mehta	1	1	100

Finance Committee

The Composition of Finance Committee as on 31st March 2022 was as follows:

Sr. No.	Name of the Member	Category	Designation
1.	Mr. Kartik S Mehta	Managing Director	Member
2.	Ms. Purvi J Bhavsar	Managing Director	Member

The Finance Committee meets on regular interval of time as and when required for the proper working of the company.

ANNUAL GENERAL MEETING

The last Annual General Meeting was held on Friday, November 12, 2021, and all the Directors of the Company attended the same.

BOARD EVALUATION:

In terms of provisions of the Companies Act 2013, the board has carried out an annual performance evaluation of its own performance, the Director individually as well as evaluation of the working of its Committees. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance of the Chairperson and the Non-Independent Directors was carried out by the Independent Directors.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

AUDITORS & THEIR REPORTS

Statutory Auditors & their report:

At the Annual General Meeting held on 12th November 2021, M/s. SGD& Associates LLP bearing registration number W100188 was appointed as the Statutory Auditor of the company for Financial Year 2021-22 for a tenure of 1(one) year, thus the tenure of the Statutory Auditors of the Company completes on the ensuing Annual General Meeting of the Company to be held on 28th September 2022 and due for reappointment.

However, M/s SGD & ASSOCIATES LLP, had expressed their unwillingness to be reappointed as the Statutory Auditor of the Company for the F.Y 2022-23 pursuant to the guidelines issued by RBI on April 27, 2021 for appointment of Statutory Central Auditor (SCA)/ Statutory Auditor (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) vide its circular No. RBI/2021- 22/25, Ref. No DoS.CO.ARG/SEC.01/08.91.001/2021-22 ("RBI Circular"), the Company have to appoint the Statutory Auditors for a continuous period of three years subject to the firm satisfying the eligibility norms each year since Asset Size of the Company as per the Audited Financial Statement for the financial year 2021-22 is above Rs.1000 crores i.e. this RBI guideline has become applicable on the Company after the financial year 2021-22.

. Therefore the Board of Directors of your Company in their meeting held on 19th September 2022 recommends appointment of M/s. J. H Mehta & Co., Chartered Accountants having Firm Registration No. 106227W issued by Institute of Chartered Accountants of India, having a valid Peer review Certificate issued by the Peer Review Board of ICAI, as the Statutory Auditors of the Company on the recommendation of the Audit Committee, subject to approval of Members of the Company at the ensuing Annual General Meeting to be held on 28th September 2022, for a term of three (3) years commencing from the Financial Year 2022-23 to the Financial Year 2024-25.

The Audit Report for the Financial Year ended 31st March 2022 does not contain any qualification, reservation or adverse remark and form part of this report.

The Board has placed on record its sincere appreciation for the services rendered by M/s. SGD & Associates LLP, Chartered Accountants, as Statutory Auditors of the Company.

Secretarial Auditor & its report

In terms of section 204 of the Companies Act 2013, and rules framed thereunder and based on recommendation of the Audit Committee, the Board of Directors of the Company has appointed M/s. Anamika Jajoo & Co, Practicing Company Secretary to carry out Secretarial Audit of the Company under the provisions of Companies Act, 2013 for the Financial Year 2021-22. The Company provided all the assistance and the facilities to the Secretarial Auditor for conducting the Secretarial Audit. The report does not contain any qualification, reservation or adverse remark. The Secretarial Audit Report is annexed with this report as **Annexure II**.

The Board has placed on record its sincere appreciation for the services rendered by M/s. Anamika Jajoo & Co, Practicing Company Secretary, as Secretarial Auditor of the Company.

Internal Auditor

As per Section 138 of the Companies Act, 2013, and based on recommendation of the audit committee, the board of directors of the company has appointed M/s. Radisson Consulting LLP to conduct the Internal Audit of the Company for the Financial Year 2022-23.

COST RECORDS AND COST AUDIT:

Maintenance of cost records and requirement of Cost Audit as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, is not applicable for the business activities carried out by the Company.

REPORTING OF FRAUD BY AUDITORS

During the period under review, neither the Statutory Auditors nor the Secretarial Auditors have reported to the Audit Committee/Board any instances of material fraud in the Company by its officers or employees under Section 143 (12) of the companies act 2013.

However, few instances of misappropriation including embezzlement of cash of Rs.4.56. Lacs by officers or employees of the Company have been noticed during the financial year 2021-22 and the same were reported to the Reserve Bank of India

NOMINATION AND REMUNERATION POLICY

The policy of the Company on Director's appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a Director and other matters, as required under sub-section (3) of Section 178 of the Companies Act, 2013, are formulated by the Nomination and Remuneration Committee. The detailed policy can be accessed through Company's website from the following web link <https://www.pahalfinance.com/wp-content/uploads/2022/08/Nomination-and-Remuneration-Policy-2022-23.pdf>.

WHISTLE BLOWER POLICY/VIGIL MECHANISM

The Board adopted and implemented the Vigil Mechanism/Whistle Blower Policy that adopts best practice. The policy enables the employees to report to the management instances of unethical behavior, actual or suspected fraud or violation of Company's Code of Conduct. Further the

mechanism adopted by the Company encourages the Whistle Blower to report genuine concerns or grievances and provide for adequate safeguards against victimization of the Whistle Blower who avails of such mechanism and also provides for direct access to the Chairman of the Audit Committee, in exceptional cases.

The said Policy can be accessed at <https://www.pahalfinance.com/wp-content/uploads/2022/08/Whistle-Blower-Policy-2022-23.pdf>.

POLICY ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE

To foster a positive workplace environment, free from harassment of any nature, the Company has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at the workplace, in line with the provisions of “Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013” and the Rules made thereunder. Further, the Company has not received any complaint of sexual harassment during the Financial Year 2021-22.

Your Company has complied with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Prevention of Sexual Harassment (POSH) Policy is in place and Internal Complaints Committee (ICC) has been constituted and is fully operational & functional. The constitution of ICC is as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the committee includes external member with relevant experience. The Committee meets at regular intervals in order to ensure and enhance security of female employees.

The disclosure as required under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 for Financial Year 2021-22 is given below:

Number of complaints filed during the financial year: Nil
Number of complaints disposed of during the financial year: Nil
Number of complaints pending as on end of the financial year: Nil

The said Policy can be accessed at <https://www.pahalfinance.com/wp-content/uploads/2021/07/sexual-harrasement-policy.pdf>.

PAHAL EMPLOYEE STOCK OPTION (ESOP) SCHEME

Pursuant to the approval accorded by the shareholders vide resolution passed in Annual General Meeting held on 23rd September 2016, the board had formulated an employee Stock Option Scheme. Further in the meeting of Board of Directors of the Company, the board on recommendation of Nomination and Remuneration Committee of the company adopted Pahal Employee Stock Option Plan 2018 for 5,00,000 Equity Shares at Rs. 32.25 per share which was approved by the shareholders vide resolution passed in the General Meeting.

Further, during the year, the Board of Directors of the Company, on recommendation of the Nomination and Remuneration Committee of the company, had also adopted Pahal ESOP Scheme III-2022 for 30,000 Equity Shares at Rs. 69.97 per share which was approved by the shareholders vide resolution passed in the Extra Ordinary General Meeting held on March 22, 2022.

Disclosures as required under section 62 of the Companies Act, 2013 (to be read with rule 12 of the Companies (Share Capital and Debenture) Rule 2014:

Sr. No.	Particulars	31 st March 2022
1.	Options outstanding at the beginning of the year	2,10,000
2.	Number of options granted during the year (B)	2,35,000
3.	Number of options forfeited during the year	0
4.	Number of options exercised during the year	90,000
5.	Total number of shares arising as a result of exercise of option	90,000
6.	Number of options lapsed during the year	0
7.	The exercise price of the options	26
8.	Variation of terms of options	None
9.	Money realized during the year by exercise of option	23,40,000
10.	Number of options granted and in force at the end of the year	3,35,000

Options granted to the Key Managerial Personnel during the year

Employee name	Designation	Options granted	Exercise Price (In Rs.)
Mr. Chintan C. Desai	Chief Financial Officer	25,000	32.25
Ms. Nikita Sharma	Company Secretary	25,000	32.25

Any other employee who receive a grant of options in any one year of option amounting to five percent or more of options granted during the year

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

Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant

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

EMPLOYEE REMUNERATION

None of the employees of the company was in receipt of the remuneration exceeding the limits prescribed u/s 197(12) read with rule 5, sub rule 2 of The Companies (Appointment and Remuneration of Managerial Personnel) of the Companies Act, 2013 during the year under review.

LISTING WITH STOCK EXCHANGES

The Company has Non-Convertible Debentures which are listed on BSE Limited (BSE). The listing fees payable to the exchanges for the 2022-23 have been paid.

STATUTORY DISCLOSURES

The disclosures to be made under sub-section (3) (m) of section 134 of the Companies Act 2013 read with Rule (8) (3) of the Companies (Accounts) Rules, 2014 by your company are explained as under:

❖ Information Relating to Conservation of Energy, Technology Absorption:

Though the Company is not engaged in any manufacturing activity, it consistently invests in energy efficient office equipment at all its branch office locations and strives to promote and provide funds to its borrowers to acquire eco-friendly stoves and lighting equipment.

❖ **Foreign Exchange Earnings and Outgo:**

There are no foreign exchange inflows during F.Y 2021-22 and Rs. 3,99,37,199 is the outflows transactions during the year 2021-22

RELATED PARTY TRANSACTIONS

The Company has put in place a policy for Related Party Transaction (RPT Policy), which has been approved by the Board of Directors and which is reviewed every year by the Board of Directors). The Policy provides for identification, necessary approval by the Audit Committee/ Board reporting and disclosure requirement in compliance with the requirement of the companies act 2013 and the SEBI (Listing Obligation and Disclosures Requirements) 2015.

All the related party transactions pursuant to Section 188(1) of the Companies Act, 2013 ("the Act") that were entered into by your Company during the year under review were on an arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions made by your Company with its promoters, directors, key managerial personnel or other designated persons, which might have any conflict with the interest of the Company. Accordingly, there are no transactions that are required to be reported in AOC-2 and as such does not form part of this report. Details of related party transactions may be referred to in Note 40 of the Financial Statements.

ANNUAL RETURN

In terms of Section 92(3) of the Companies Act 2013 read with section 134(3)(a) thereof, the Annual Return of the Company for the year ended 31st March 2022, in the prescribed Form MGT – 7 is available on the website of the company on <https://www.pahalfinance.com/investors-information/annual-return/>.

DISCLOSURES UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016

Your Company has neither filed any application nor any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the reporting year, hence no disclosure is required under this section.

CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility Committee (CSR Committee) has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board. The Company has developed and implemented the CSR Policy accordingly. The Company undertakes its CSR initiatives as per the activities covered in the CSR Policy of the Company. For a detailed CSR Policy please refer the website link <https://www.pahalfinance.com/wp-content/uploads/2022/08/CSR-Policy-1.pdf>.

1. Brief Outline of Companies CSR Policy

Since its inception, Pahal has been closely working with the marginalized communities generating sustainable ways of livelihood, resulting in the socio-economic upliftment. This mindset of the organization is reflected in the company's CSR policies on the large side. Pahal believes on the overall development of the section coming under the canopy or rural household and work continuously towards seeding the best opportunities for them which would germinate for a better tomorrow. Pahal Financial Services Private Limited, understands that being part of this society this is our moral responsibility to aid and serve the society to the maximum possible extent. We believe in making difference to the lives of thousands of people who are staying in low-income households. Your Company's CSR activities are implemented in aligned with requirement of Section 135 of the Companies Act, 2013 along with objective specified in CSR Policy of the Company.

2. Composition of CSR committee:

The CSR Committee of our Board provides oversight of CSR Policy and monitor execution of various activities to meet the set CSR objectives.

The Composition of the Corporate Social Responsibility Committee as on 31st March 2022 was as follows:

Sr. No.	Name of the Member	Designation/Nature of Directorship	No. of meetings of CSR Committee held during the year	No. of meetings of CSR Committee attended during the year
1.	Mr. Venkatraman G Iyer	Non-Executive & Independent Director (Chairperson)	2	2
2.	Mr. Kartik S Mehta	Managing Director	2	2

3.	Ms. Purvi J Bhavsar	Managing Director	2	2
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3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:

Composition of CSR Committee: <https://www.pahalfinance.com/investors-information/committee-details>

CSR Policy: <https://www.pahalfinance.com/wp-content/uploads/2022/08/CSR-Policy-1.pdf>.

CSR Projects approved by the Board: <https://www.pahalfinance.com/>

During 2021-22, your Company has undertaken a long-term project of three years (**'Ongoing Project' as referred in Companies Act, 2013**) to help people who live in rural areas to get them a better health treatment which is affordable and effective at the same time by providing accessible and affordable Digital healthcare facilities in the rural India.

Your Company has collaborated with M–SWASTH to set-up e-clinics in its branches for providing health treatment in speedy and effective manner to the people who are facing difficulties in getting health treatment on time and at affordable prices due to lack of resources and infrastructures in rural areas.

E-clinic are basically a small kiosk with laptop or tablet which provide a digital connection with a doctor as well as basic medical equipment for measuring blood pressure, sugar level, blood counts, etc. It is a simple, effective, and easy approach to get the medical treatment, which is affordable, quick and reaches out to the rural areas. These E-clinics are opened by trained workers and dedicated staffs.

This said facility is provided by the M – Insure, a technology driven healthcare service provider. Through their tele-health and tele-medical platform, they provide benefit to rural population with doctors and medical specialists. Currently this project is running in Muzaffarpur and Jharkhand District of Bihar. The Company is planning to launch the E -Clinic in Gujarat and Madhya Pradesh.

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report): Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Sr. No.	Financial Year	Amount available for set off from preceding financial years (in Rs.)	Amount required to be set off for the financial year, if any (in Rs.)
Nil			

6. Average Net Profit of the Company as per section 135(5)

Financial Year	Net Profit
2018-19	11,51,88,843
2019-20	23,36,24,522
2020-21	6,36,89,781
Average Net Profit	13,75,01,049

7. (a) Two percent of average net profit of the company as per section 135(5): Rs.27,50,021

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL

(c) Amount required to be set off for the financial year, if any: 2104

(d) Total CSR obligation for the financial year (7a+7b-7c): Rs. 27,47,917

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
7,79,127	19,68,790	29.04.2022	-	-	-

(b) Details of CSR amount spent against ongoing projects for the financial year:

[illegible]

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in Rs.)	Mode of implementation – Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number
1.	Flood Relief	Disaster management, including relief, rehabilitation and reconstruction activities.	Yes	Bihar	Muzaffarpur. Sitamarhi, Seohar, Darbhanga, Mahbubani, Samastipur, Khagaria Bhagalpur	6,77,633	Yes	-	-

(d) Amount spent in [Administrative overheads](#): Rs. 32,300

(e) Amount spent on Impact Assessment, if applicable: Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 7,79,127

(g) Excess amount for set off, if any: N.A

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year

Capital Assets	Date of Creation or acquisition of capital asset(s)	Amount of CSR spent for creation or acquisition of capital asset (In Rs.)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)
Not Applicable				

11. Specify the reason(s), if the company has failed to spend two per cent of the average [net profit](#) as per [section 135\(5\)](#) - Not Applicable

12. Responsibility Statement:

We hereby confirm that the implementation of the Policy and monitoring of the CSR projects and activities is in compliance with CSR objectives and CSR policy of the Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company is a Non-Banking Financial Companies classified as NBFC-MFI and the principle business of the Company is to provide loan. Hence, Section 186 will not be applicable to your Company. The Company has not entered into any such transaction as prohibited under section 186.

ACKNOWLEDGEMENT:

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

For and on behalf of the Board of Directors

Date: 19.09.2022
Place: Ahmedabad

Kartik S. Mehta
Managing Director
(DIN: 02083342)

Purvi J. Bhavsar
Managing Director
(DIN: 02102740)

Annexure I

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm and state that:

- ❖ in the preparation of the annual accounts for the financial year ended March 31, 2022, the applicable accounting standards have been followed and there were no material departures therefrom;
- ❖ they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2022 and of the profit of the Company for that period;
- ❖ they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- ❖ they have prepared the annual accounts for the financial year ended March 31, 2022 on a going concern basis;
- ❖ they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively during the financial year ended March 31, 2022 and;
- ❖ they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively during the financial year ended March 31, 2022.

For and on behalf of the Board of Directors

Date:19.09.2022
Place: Ahmedabad

Kartik S. Mehta
Managing Director
(DIN: 02083342)

Purvi J. Bhavsar
Managing Director
(DIN: 02102740)

Annexure II

FORM MR – 3

SECRETARIAL AUDIT REPORT

(FOR THE FINANCIAL YEAR FROM APRIL 1, 2021 TO MARCH 31, 2022)
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of

the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

**The Members,
Pahal Financial Services Private Limited
(CIN: U65910GJ1994PTC082668)
7th Floor, Binori B Square-2
Opp. Hathising Ni Vadi, Ambli Iscon Road
Ahmedabad, Gujarat 380054 (India)**

I, have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Pahal Financial Services Private Limited** (hereinafter called “the company”) for the audit period covering the financial year ended on March 31, 2022. Secretarial audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of company’s books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that , the company has, during the audit period covering the financial year ended on March 31, 2022 complied with the statutory provisions

listed hereunder and also that the company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

- I. The company is engaged in the business of Micro finance Institution (MFI)- non-banking financial Company as defined in Section 45-I(A) of the Reserve Bank of India Act, 1934.
- II. I, have examined the books, papers, minute books, forms and returns filed and other records maintained by the company, for the financial year ended on March 31, 2022 according to the provisions of:
 - (i) The Companies Act, 2013 ("the Act") and the Rules made thereunder;
 - (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the Rules made thereunder;
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - (iv) The Foreign Exchange Management Act, 1999 ("FEMA") and the Rules and Regulations made thereunder to the extent of foreign direct investment, overseas direct investment and external commercial borrowings; and
 - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):
 - (a) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- I have also examined compliance of the following to the extent applicable:
 - (c) The Secretarial Standards issued by the Institute of Company Secretaries of India; for Meetings of Board of Directors and General Meetings, and
 - (d) The Listing Agreements entered into by the company with the Bombay Stock Exchange.
- III. During the period under review provisions of following provisions were not applicable to the Company:

- (i) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act")
 - (a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (b) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014.
 - (c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - (e) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

During the period under review the Company has generally complied with the applicable provisions of Acts, Rules, Regulations, guidelines, standards etc. as mentioned above.

IV. I, further report that:

- (i) The board of directors of the company is duly constituted with proper balance of executive directors, non- executive directors, nominee and independent directors;
- (ii) Adequate notices are given to all the directors to conduct the meetings of board and its committees. Agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation in the meetings.
- (iii) Majority decision is considered while the dissenting members' views, if any, are captured and recorded as part of the minutes;
- (iv) The company has obtained all necessary approvals under the various provisions of the Act;
- (v) There was no prosecution initiated and no fines or penalties imposed during the year under review under the Companies Act, RBI Act, SEBI Act, SCRA, Depositories Act, FEMA Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the company, its directors and officers; and
- (vi) The directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the code of business conduct & ethics for directors and managerial personnel.
- (vii) I, further report that having regard to the compliance system prevailing in the company and on examination of relevant documents and records in pursuance thereof, the company has complied with the following laws applicable specifically to the company:

- (i) The Reserve Bank of India Act, 1934 and its circulars, master circulars, notifications and directions as prescribed for NBFC, MFI companies; and
- (ii) Foreign Exchange Management (FEMA) Act ,1999
- (iii) The Prevention of Money Laundering Act, 2002.

- V. I, further report that we have not examined compliance by the company with applicable financial laws, income tax laws, goods & service tax laws, since the same have been subject to review by statutory financial auditor and other designated professionals.
- VI. I, further report that based on the information received and the records maintained, there are adequate systems and processes in the company that commensurate with the size and operations of the company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.
- VII. I, further report that, during the audit period, there were no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc.
- VIII. I, Further report that during the period under review and audit (from 1st April,2021 to 31st March 2022)
1. The Company has appointed Mr. Satish G Mehta as non-executive independent Director of the Company for a period of 5 years w.e.f. 21st July,2021.
 2. The company has issued and allotted 90,000 equity shares (face value Rs.10/- each) at Rs.26/-each to pahal welfare trust.
 3. The Company has issued and allotted 1,311,200 partly paid-up equity shares (paid-up value Rs.1/-each share) having face value Rs.10/- each share @48 Rs each including premium of 38 Rs each to Mr. Kartik Shailesh Mehta, Managing Director of the Company.
 4. The Company has issued and allotted 1,311,200 partly paid-up equity shares (paid-up value Rs.1/-each share) having face value Rs.10/- each share @48 Rs each including premium of 38 Rs each to Ms. Purvi Jayendra Bhavsar, Managing Director of the Company.
 5. The Company has issued and allotted compulsory convertible preference shares (CCPS) on private placement basis as mentioned below:

Sr. No.	Name of Allottees	Address	No. of shares applied and allotted	Amount
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1.	Huruma Fund S.C.A, SICAR, Eu-SEF	Rue Boulevard Royal, 30 L- 2449, Luxembourg	5,774,715	404,056,808.55
2.	Huruma SV SARL	Rue Boulevard Royal, 30 L- 2449, Luxembourg	1,428,372	99,943,189

6. The Company has issued and allotted non-convertible debentures on private placement basis as mentioned below:

Sr. No.	Name of debenture holders	Allotment quantity	Issue price (Rs)	Issue Size (in crs)	Rate of interest (%)	Maturity date	Date of allotment
1.	Global Access Fund LP	375	1,000,000	37.5	11.42	22.04.2025	23.04.2021
2.	Vivriti India Impact Bond Fund	250	1,000,000	25	14	25.07.2024	21.10.2021
3.	Northern Arc India Impact Trust	307840	1,000	61.568	13.52	08.12.2025	17.03.2022
	WLB ASSET II C PTE. LTD	307840					
4.	MAGALLANES IMPACTO, FIL	1260	1,00,000	25.20	11.8648	28.03.2025	31.03.2022
	NORTHERN ARC CAPITAL LIMITED	1260					

Note: For such issue and allotment of shares and debentures the company has obtained Board and shareholders' approval and complied with all the provisions of section 42 ,62 of companies act,2013, FEMA act,1999 and filed all necessary forms and returns to ROC and RBI.

For **Anamika Jajoo & Co.,**
Practicing company secretary

Anamika Jajoo
(Proprietor)
C. P. No.: 13859

ACS No.: 20918

UDIN NO - A020918D000687221

Peer review no. 1987/2022

ICSI FRN: S2015GJ427200

Place: Ahmedabad

Date: 26th July 2022

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

Annexure – I

To,

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

Our report of even date is to be read along with this letter:

- I. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- II. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- III. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
- IV. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.

- V. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- VI. The secretarial audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **Anamika Jajoo & Co.**,
Practicing company secretary

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

UDIN NO - A020918D000687221
Peer review no. 1987/2022
ICSI FRN: S2015GJ427200

Place: Ahmedabad
Date: 26th July 2022

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying Financial Statements of Pahal Financial Services Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, 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 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 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, 2022, 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 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 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 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 Financial Statements.

Key Audit Matters

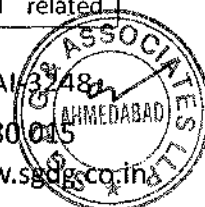
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we 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	<p>Impairment of Loans as at Balance Sheet Date (Expected Credit Losses):</p> <p>(Refer Note 9 to the Financial Statements)</p> <p>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,</p>	<p>Principal audit procedures performed are:</p> <ul style="list-style-type: none"> Read and assessed the company's accounting policies for impairment of loans and their compliance with Ind AS 109. Evaluated the reasonableness of the management estimates by understanding the process of ECL estimation and related

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Sr. No.	Key Audit Matter	Auditor's Response
	<p>current conditions, and forecasts of future economic conditions which could impact the credit quality of the company's loan receivable.</p> <p>In the process, a significant degree of judgment has been applied by the management for:</p> <ul style="list-style-type: none"> • staging of the Loan Receivable (i.e. classification in 'significant increase in credit risk' ('SICR') and 'default' categories) • grouping of borrowers based on homogeneity by using appropriate statistical techniques; • estimation of behavioural life; • determining macro-economic factors impacting credit quality of Loans Receivable; • estimation of losses for Loans Receivable with no/minimal historical defaults. <p>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.</p>	<p>assumptions and tested the controls around data extraction and validation.</p> <ul style="list-style-type: none"> • Assessed the criteria for staging of financial assets based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) assets to assess whether any SICR or loss indicators were present requiring them to be classified under stage 2 or 3. • Assessed the additional considerations applied by the management for staging of loans as SICR or default categories in view of factors caused by COVID-19. • Tested the ECL model, including assumptions and underlying computation. Assessed the floor / minimum rates of provisioning applied by the company for loans receivable with inadequate historical defaults. • Tested for a sample of exposures, the appropriateness of determining Exposure at Default (EAD), calculation of Probability of Default (PD) and Loss Given Default (LGD) used in ECL calculation. • Assessed disclosures included in the Financial Statements in respect of expected credit losses including the specific disclosures made with regards to the impact of COVID-19 on ECL estimation.
2	<p>IT Systems and Controls:</p> <p>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.</p> <p>The Company primarily uses two systems for its overall financial reporting.</p> <p>We have focused on following significant areas which could give rise to material misstatement:</p> <ul style="list-style-type: none"> - User access management, 	<p>Principal audit procedures performed are:</p> <ul style="list-style-type: none"> • We tested the design and operating effectiveness of key controls over user access management which includes granting access rights, new user creation, removal of user rights and preventive controls designed to enforce segregation of duties. • For a selected group of key controls over financial and reporting system, we independently performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process.



Sr. No.	Key Audit Matter	Auditor's Response
	<ul style="list-style-type: none"> - Change management, - Segregation of duties, and - System reconciliation controls and system application controls over key financial accounting and reporting systems. 	<ul style="list-style-type: none"> • We evaluated the design, implementation and operating effectiveness of the significant accounts related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission. • Other areas that were independently assessed included password policies, system configurations, system interface controls, controls over changes to applications and databases and that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment.

Information Other than the 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 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 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 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 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 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 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 Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 Financial Statements.

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



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 Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 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 has disclosed the impact of pending litigations on its financial position in its financial statements. (Refer Note 21)
 - 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.
 - iv. (a) The Management has represented that, to the best of their knowledge and belief, as



disclosed in the notes to the accounts, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented, that, to the best of their knowledge and belief, as disclosed in the notes to accounts, no funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

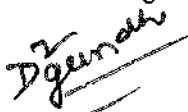
(c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material mis-statement.

- v. The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with section 123 of the Act, as applicable. The company has not proposed final dividend for the year.

2. As required by the Companies (Auditor's Report) Order, 2020 ("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.



Place: Ahmedabad
Date: May 06, 2022

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

Devansh Gandhi
Partner
Membership No.: 129255
UDIN: 22129255AINUOM9843

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 Financial Statements for the year ended March 31, 2022 to the members of Pahal Financial Services Private Limited]

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, 2022 in conjunction with our audit of the 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

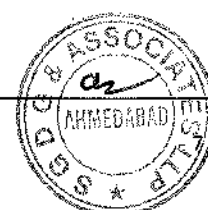
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued 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 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 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 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 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, 2022, 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.

Place: Ahmedabad
Date: May 06, 2022



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

Devansh Gandhi
Partner
Membership No.: 129255
UDIN: 22129255AINUOM9843

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 Financial Statements for the year ended March 31, 2022 to the members of Pahal Financial Services Private Limited]

To the best of our information and according to explanations provided to us by the Company and the books of accounts and records examined by us in the normal course of audit, we state that:

- i. **In respect of the Company's Property, Plant and Equipment and Intangible Assets:**
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets. The Company has maintained proper records showing full particulars of intangible assets.
 - b) Some of the Property, Plant and Equipment and right-of-use assets were physically verified during the year by the management in accordance with a programme of verification, which in our opinion provides for physical verification of all the Property, Plant and Equipment and right-of-use assets at reasonable intervals having regard to size of the Company and nature of its activities. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - c) The Company does not have any immovable property. Based on the examination of the lease agreement in respect of immovable property where the Company is the lessee, we report that lease deed is duly executed in favor of the Company and such immovable property has been disclosed in the financial statement as Right of Use of Assets as at the balance sheet date.
 - d) The company has not revalued any of its Property, Plant and Equipment (including Right of Use assets) and intangible assets during the year.
 - e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder
- ii. **In respect of Inventories:**
 - a) The Company does not have any Inventory. Therefore, the provisions of clause 3(ii)(a) of the Order are not applicable to the company.
 - b) The company has not been sanctioned working capital limits in excess of Rs. 500 Lakhs at any point of time during the year from banks or financial institutions. Therefore, the provisions of clause 3(ii)(b) of the Order is not applicable to the company.
- iii. **In respect of Investments made, loans, secured or unsecured, granted to companies, firms, Limited Liability Partnerships or any other parties during the year:**
 - a) The Company's principal business is to give loans, and hence reporting under clause (iii)(a) of the Order is not applicable.
 - b) The Investment made and terms and conditions of the grant of loans during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.



- (c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments or receipts have been generally regular as per stipulations. However, in certain loans the repayments or receipts have not been regular as per stipulations.
- (d) In respect of following loans granted by the Company, which have been overdue for more than 90 days at the balance sheet date, as explained to us, the Management has taken reasonable steps for recovery of the principal amounts and interest:

No. of cases	Principal amount overdue	Interest overdue	Total overdue	Remarks
19,191	Rs. 1,073.32 lakhs	Rs. 240.24 Lakhs	Rs. 1,313.56 Lakhs	None

- (e) The Company's principal business is to give loans, and hence reporting under clause (iii)(e) of the Order is not applicable.
- (f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year.
- iv. According to information and explanation given to us, the Company has not granted any loans, made investments or provided guarantees or securities that are covered under the provisions of sections 185 or 186 of the Companies Act, 2013, and hence reporting under clause (iv) of the Order is not applicable.
- v. The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.
- vi. The maintenance of cost records has not been specified for the activities of the Company by the Central Government under section 148(1) of the Companies Act, 2013.
- vii. **In respect of statutory dues:**
- a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities during the year.
- There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.
- b) Details of statutory dues referred in sub-clause (a) above which have not been deposited on account of disputes as on March 31, 2022 are as under:

Nature of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which amount relates	Amount (Rs. in Lakhs)
The Income Tax Act, 1961	Income Tax	CIT (Appeals)	AY 2018-19	61.72 (Net of 14.59 paid under protest)



- viii. There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- ix. **In respect of loans, borrowings, and funds:**
- a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
 - b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
 - c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained.
 - d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
 - e) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (ix)(e) of the Order is not applicable.
 - f) The Company does not have investment in any subsidiary or associates or joint ventures and hence, reporting under clause (ix)(f) of the Order is not applicable.
- x. **In respect of money raised by way of public offer, preferential allotment and private placement:**
- a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, paragraph 3 (x)(a) of the Order is not applicable.
 - b) The Company has made private placement of shares during the year. For such allotment of shares, the Company has complied with the requirements of Section 42 and 62 of the Companies Act, 2013, and the funds raised have been, prima facie, applied by the Company during the year for the purposes for which the funds were raised. The Company has not made any preferential allotment or private placement of (fully or partly or optionally) convertible debentures during the year.
- xi. **In respect of fraud:**
- a) According to the information and explanations given to us, no material fraud by the Company has been noticed or reported during the year under audit. However, cash embezzlement of Rs. 4.56 lakhs by its officers or employees has been noticed and reported during the year under audit.
 - b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
 - c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year.



- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- 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 Financial Statements, as required by the applicable Indian accounting standards.
- xiv. **In respect of Internal audit:**
- a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- b) We have considered, the internal audit reports issued to the Company during the year and covering the period April 2021 to December 2021 and the draft of the internal audit report issued after the balance sheet date covering the period from January 2022 to March 2022 for the period under audit.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. **In respect of registration under section 45-IA of the Reserve Bank of India Act, 1934:**
- a) 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').
- b) During the year the Company has not conducted any Housing Finance activities and is not required to obtain CoR for such activities from the RBI. Further, the Company is having valid certificate of registration to conduct Non-Banking Financial activities.
- c) The company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Therefore, paragraph 3(xvi) (c) and (d) of the order are not applicable.
- xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors of the Company during the year.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.



xx. In respect of CSR:

- a) According to the information and explanation given to us, in respect of other than ongoing projects, the Company has transferred unspent Corporate Social Responsibility (CSR) amount as at the end of the previous financial year, to a Fund specified in Schedule VII to the Companies Act, 2013 within a period of six months of the expiry of the said financial year in compliance with second proviso to subsection (5) of section 135 of the said Act. For current year, there is no unspent amount required to be transferred to a Fund specified in Schedule VII to the Companies Act, 2013, in respect of other than ongoing projects.
- b) In respect of ongoing projects, the Company has transferred unspent Corporate Social Responsibility (CSR) amount, to a Special account before the date of this report and within a period of 30 days from the end of the financial year in compliance with the provision of section 135(6) of the Act.



Place: Ahmedabad
Date: May 06, 2022

For SGD & Associates LLP

Chartered Accountants

ICAI Firm Registration No. W100188

Devansh Gandhi

Partner

Membership No.: 129255

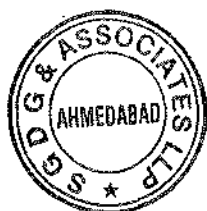
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PAHAL FINANCIAL SERVICES PRIVATE LIMITED
BALANCE SHEET AS AT March 31, 2022

Particular	Note No.	(Amount in Lacs)	
		As at March 31, 2022	March 31, 2021
A ASSETS			
(1) Financial Assets			
(a) Cash and cash equivalents	4	23,531.12	7,187.72
(b) Bank balance other than (a) above	5	10,491.72	4,965.08
(c) Trade receivables	6	986.59	1,150.89
(d) Loans	9	81,182.61	62,954.45
(e) Other Financial Assets	7	1,734.57	2,378.05
Total Financial Assets		1,17,926.61	78,631.19
(2) Non-Financial assets			
(a) Current tax assets (Net)	35	292.83	39.97
(b) Deferred tax assets (Net)	35	-	121.74
(c) Property, Plant and Equipment	10	318.19	312.94
(d) Intangible assets	11	21.41	11.09
(e) Right of Use Asset	12	298.33	337.24
(f) Other non-financial assets	8	62.28	69.82
Total Non Financial Assets		993.04	892.81
Total Financial and Non Financial Assets		1,18,919.65	79,524.00
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		1,247.02	657.58
(b) Lease Obligation	14	325.00	333.18
(c) Debt securities	22	34,148.12	25,215.60
(d) Borrowings (other than debt securities)	23	57,608.25	33,007.61
(e) Subordinated liabilities	24	3,687.17	3,682.77
(f) Other financial liabilities	15	3,798.12	3,170.07
Total Financial Liabilities		1,00,813.77	66,156.81
(2) Non-Financial Liabilities			
(a) Deferred tax liabilities (Net)	35	61.89	-
(b) Provisions	16	21.87	7.62
(c) Other non - financial Liabilities	17	468.93	923.57
Total Non Financial Liabilities		552.69	931.19
(3) EQUITY			
(a) Share capital	18	3,253.68	3,218.46
(b) Instruments entirely equity in nature	18	720.31	-
(c) Other equity		13,579.20	9,217.54
Total Equity		17,553.19	12,436.00
Total Liabilities and Equity		1,18,919.65	79,524.00

The accompanying notes form an integral part of the Financial Statements

As per our report of even date
For SGD & Associates LLP
Chartered Accountants
ICAI Firm Reg.No. W100188
D. Ganesh
(Devanish Gandhi)
Partner
Membership No. 129255
Place: Ahmedabad
Date: May 6, 2022



For and on behalf of the Board
Kartik S. Mehta
Kartik S. Mehta
Managing Director
DIN: 02083342
Chintan Desai
Chintan Desai
Chief Financial Officer
Place: Ahmedabad
Date: May 6, 2022

Purvi J. Bhaswar
Purvi J. Bhaswar
Managing Director
DIN: 02102740
Nikita Sharma
Nikita Sharma
Company Secretary



PAHAL FINANCIAL SERVICES PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022

Particulars	Note No.	(Amount in Lacs)	
		For the year ended March 31, 2022	For the year ended March 31, 2021
(I) Revenue from operations			
(a) Interest Income	25	16,041.74	15,248.33
(b) Fees and commission income	26	671.44	616.91
(c) Net gain on fair value changes	27	218.84	41.45
(d) Net Gain on derecognition of financial instruments under amortised cost category	28	-	-
(e) Other operating revenue	29	207.97	46.27
Total Revenue from Operations (I)		17,139.99	15,952.96
(II) Other Income	30	136.51	23.45
(III) Total Income (I + II)		17,276.50	15,976.41
(IV) Expenses :			
(a) Finance cost	31	10,058.84	8,176.52
(b) Impairment on financial instruments under amortised cost	32	13.88	249.38
(c) Net Loss on derecognition of financial instruments under amortised cost category	28	966.49	2,437.66
(d) Employee benefits expense	33	4,069.18	3,054.47
(e) Depreciation and amortisation expenses	10, 11 & 12	116.59	61.47
(f) Other expenses	34	1,766.67	1,360.01
Total expenses (IV)		16,991.65	15,339.51
(V) Profit before tax (III - IV)		284.85	636.90
(VI) Tax Expenses :			
(a) Current tax		0.00	309.73
(b) Deferred tax		183.63	(101.71)
Total tax expense (VI)		183.63	208.02
(VII) Profit for the Year (V - VI)		101.22	428.88
(VIII) Other comprehensive income/(loss)			
(a) (i) Items that will not be reclassified to profit or loss		(3.69)	(1.30)
(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		(9.68)	(86.55)
(ii) Income tax relating to items that will be reclassified to profit or loss			
(IX) Total Comprehensive Income (VII + VIII)		87.85	341.03
(X) Earnings per Equity Share (for continuing operations):			
Basic (Rs.)		0.31	1.35
Diluted (Rs.)		0.31	1.35

The accompanying notes form an integral part of the Financial Statements

As per our report of even date
For SGD & Associates LLP
Chartered Accountants
ICAI Firm Reg.No. W100188

Devanshi Gandhi
(Devanshi Gandhi)

Partner
Membership No. 129255
Place: Ahmedabad
Date: May 6, 2022



For and on behalf of the Board

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

Chintan Desai
Chintan Desai
Chief Financial Officer

Place: Ahmedabad
Date: May 6, 2022

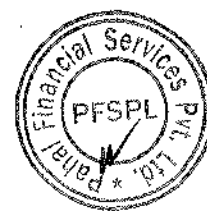
Purvi J. Bhavsar
Purvi J. Bhavsar
Managing Director
DIN: 02102740

Nikita Sharma
Nikita Sharma
Company Secretary



PAHAL FINANCIAL SERVICES PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2022

Particulars	(Amount in lacs)	
	For the year ended	
	March 31, 2022	March 31, 2021
A Cash flow from operating activities		
Profit before tax	284.85	636.90
Adjustments for :		
Depreciation and amortization	116.59	61.47
Net loss/ (gain) on derecognition of property, plant and equipment	(0.06)	0.00
Net gain on financial instruments designated at fair value through profit or loss	(218.84)	(41.45)
Share Based Payment - ESOP	4.26	1.79
Impairment on financial instruments	13.88	249.38
Remeasurement of Defined Benefit Obligations	(3.69)	(1.30)
Interest Income on Security Deposit	(0.62)	(0.19)
Interest expense on lease	49.49	16.72
Operating profit before working capital changes	245.86	923.33
Movements in working capital :		
Increase/(decrease) in other financial liabilities	620.98	444.56
Increase/(decrease) in provisions	14.25	(17.01)
Increase/(decrease) in other non-financial liabilities	(454.64)	767.88
Increase/(decrease) in trade payables	589.44	374.58
(Increase)/decrease in trade receivables	164.30	(680.37)
(Increase)/decrease in loans	(18,242.04)	(8,642.33)
(Increase)/decrease in other financial assets	639.10	(516.09)
(Increase)/decrease in other non-financial assets	7.54	(15.48)
Cash used in operations	(16,415.21)	(7,360.94)
Direct taxes paid (net of refunds)	(252.86)	(237.80)
Net cash used in operating activities (A)	(16,668.07)	(7,598.74)
B Cash flow from investing activities :		
Purchase of PPE	(92.37)	(219.04)
Proceeds from disposal of Fixed Asset	0.19	0.00
Proceeds from / (Purchase of) Mutual Funds and commercial papers (Net)	218.84	41.45
Fixed Deposits matured / (placed) (Net)	(5,526.64)	(1,600.88)
Initial direct expenditure incurred for lease	0.00	(4.52)
Net cash used in investing activities (B)	(5,399.98)	(1,782.98)
C Cash flow from financing activities :		
Proceeds from issuance of Equity Share and Share Premium	4,365.72	788.00
Proceeds from issuance of Compulsorily Convertible Preference Shares	720.31	0.00
Dividend and Tax on Dividend paid during the year	(64.55)	(64.37)
Repayment of Debt Securities	(5,994.28)	(1,395.86)
Proceeds from issuance of Debt Securities	14,926.80	11,370.00
Repayment of Other Borrowings	(31,184.96)	(25,064.67)
Proceeds from Other Borrowings	55,700.00	23,156.65
Repayment of lease Liabilities	(57.58)	(18.82)
Net cash flow from financing activities (C)	38,411.46	8,770.94



Net increase/(decrease) in cash and cash equivalents (A)+(B)+(C)	16,343.41	(610.78)
Cash and cash equivalents as at the beginning of the year	7,187.72	7,798.50
Cash and cash equivalents as at end of the year (Refer Note 4)	23,531.12	7,187.72

Notes:

(i) Components of cash & cash equivalents at the year end	As at	
	March 31, 2022	March 31, 2021
Cash on hand	80.51	411.58
Balance with banks in current accounts	12,945.91	4,714.60
Deposits with maturity less than 3 months	10,504.70	2,061.54
Total	23,531.12	7,187.72

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

The accompanying notes form an integral part of the Financial Statements

As per our report of even date
For SGD & Associates LLP
Chartered Accountants
ICAI Firm Reg. No. W100188

Devansh Gandhi
(Devansh Gandhi)

Partner
Membership No. 129255
Place: Ahmedabad
Date: May 6, 2022



For and on behalf of the Board

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

Chintan Desai
Chintan Desai
Chief Financial Officer
Place: Ahmedabad
Date: May 6, 2022

Purvi T. Bhavsar
Purvi T. Bhavsar
Managing Director
DIN: 02102740

Nikita Sharma
Nikita Sharma
Company Secretary



PAHAL FINANCIAL SERVICES PRIVATE LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022

A. Equity Share Capital

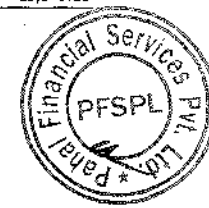
Particulars	(Amount in Lacs)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Balance at the beginning of the reporting period	3,218.46	3,054.29
Changes during the Period	35.22	164.17
Balance at the end of reporting period	3,253.68	3,218.46

B Instruments entirely equity in nature

Particulars	(Amount in Lacs)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Balance at the beginning of the reporting period	-	-
Changes during the Period	720.31	-
Balance at the end of reporting period	720.31	-

C Other Equity

	(Amount in Lacs)						
Particulars	Reserves and Surplus						Total
	General Reserves	Securities premium	Statutory reserve	Retained earnings	Stock options outstanding account	Cash Flow Hedge Reserve	
Balance as at April 01, 2020	0.60	6,180.55	587.73	1,540.38	6.00	-	8,315.26
Profit for the year	-	-	-	428.88	-	-	428.88
Dividends	-	-	-	(64.37)	-	-	(64.37)
Addition during the year	-	623.83	-	-	1.79	-	625.62
Others	-	-	-	-	-	-	0.00
Transfer from stock options outstanding amount	-	-	-	-	-	-	0.00
Transfer from retained earnings	-	-	85.78	(85.78)	-	-	0.00
Items of the OCI for the year, net of tax	-	-	-	-	-	-	0.00
Remeasurement benefit of defined benefit plans	-	-	-	(1.30)	-	-	(1.30)
Effective portion of cash flow hedge	-	-	-	-	-	(86.55)	(86.55)
Balance as at March 31, 2021	0.60	6,804.38	673.51	1,817.82	7.79	(86.55)	9,217.54
Balance as at April 01, 2021	0.60	6,804.38	673.51	1,817.82	7.79	(86.55)	9,217.54
Profit for the year	-	-	-	101.22	-	-	101.22
Dividends	-	-	-	(64.55)	-	-	(64.55)
Addition during the year	-	4,334.10	-	-	4.26	-	4,338.35
Others	-	-	-	-	-	-	0.00
Transfer from stock options outstanding amount	-	3.60	-	-	(3.60)	-	0.00
Transfer from retained earnings	-	-	20.24	(20.24)	-	-	0.00
Items of the OCI for the year, net of tax	-	-	-	-	-	-	0.00
Remeasurement benefit of defined benefit plans	-	-	-	(3.69)	-	-	(3.69)
Effective portion of cash flow hedge	-	-	-	-	-	(9.68)	(9.68)
Balance as at March 31, 2022	0.60	11,142.08	693.75	1,830.55	8.45	(96.23)	13,579.20



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, 1934.

d Stock options outstanding account

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

e Cash flow hedge reserve

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

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

As per our report of even date
For SGD& Associates LLP
Chartered Accountants
ICAI Firm Reg.No. W100188

Devansh Gandhi

(Devansh Gandhi)
Partner
Membership No. 129255
Place: Ahmedabad
Date: May 6, 2022



For and on behalf of the Board

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

Chintan Desai

Chintan Desai
Chief Financial Officer
Place: Ahmedabad
Date: May 6, 2022

Purvi J. Bhavsar

Purvi J. Bhavsar
Managing Director
DIN: 02102740

Nikita Sharma

Nikita Sharma
Company Secretary



PAHAL FINANCIAL SERVICES PRIVATE LIMITED

Notes forming part of Financial Statements for the Year ended on March 31, 2022

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, Haryana & 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 May 6th 2022

2 Basis of Preparation & Presentation of Financial Statements

2.1 Statement of Compliance

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended time to time and the provisions of the RBI as applicable as per Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued vide Notification No. DNBR.PD.008/03.10.119/2016-17 dated September 1, 2016, as amended time to time ('the NBFC Master Directions, 2016').

2.2 Basis of measurement

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

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

2.3 Functional and presentation currency

Indian rupee is the functional and presentation currency.

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

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions.

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



Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of 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.

The Company calculates interest income by applying EIR to gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

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.

All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

For transition to Ind AS, the carrying value of property plant and equipment under previous GAAP as on 01 April 2018 is regarded as its cost. The carrying value was original cost less accumulated depreciation and cumulative impairment.

Property, plant and equipment not ready for the intended use on the date of the Balance Sheet are disclosed as "Capital work-in-progress".

Gains or losses arising from derecognition of property, plant and equipments are measured as the difference between the net disposal proceeds and the carrying amount of the asset at the time of disposal and are recognized in the statement of profit and loss when the asset is derecognized.

Depreciation on property, plant and equipment is calculated on straight line basis using the ratio arrived as per the useful life prescribed under Schedule II to the Companies Act, 2013.

In respect of property, plant and equipment purchased during the year, depreciation is provided on a pro-rata basis from the date on which such asset is ready to use. Assets costing less than rupees ten thousand each is fully depreciated in the year of purchase.

The residual value, useful live and method of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Assets costing up to ₹ 5,000/- individually are fully depreciated in the year of purchase.

3.3 Intangible assets

An intangible asset is recognised, only where it is probable that future economic benefits attributable to the asset will accrue to the enterprise and the cost can be measured reliably.

Intangible assets are stated at cost, less accumulated amortization and impairment losses, if any.

Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "Intangible Assets Under Development".

Separately purchased intangible assets are initially measured at cost. Subsequently, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

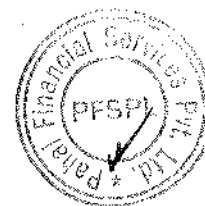
Intangible assets are amortized over the expected duration of benefit on a straight-line basis. Intangible assets acquired / purchased during the year are amortised on a pro-rata basis from the date on which such assets are ready to use. Software cost related to computers is capitalized and amortized using the straight-line method over a period of three years.

The residual value, useful live and method of amortization of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

3.4 Financial Instruments

3.4.1 Initial recognition

The company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.



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

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to or deducted from the fair value of financial assets or financial liabilities on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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

3.4.2 Subsequent measurement

a Non-derivative financial instruments

i Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. For such equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

iii Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently measured at fair value 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.

c Instruments entirely equity in nature

An option embedded in financial instruments to exchange a fixed number of the company's own equity instruments for a fixed amount of any currency are considered as equity instruments. Such instruments in financial statements are disclosed as instruments entirely equity in nature.

3.4.3 Derecognition

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability is derecognized when obligation specified in the contract is discharged or cancelled or expires.



3.4.4 Off-setting

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet when the company currently has a legally enforceable right to offset the recognised amount and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.4.5 Modification

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. The Company renegotiates loans to customers in financial difficulty to maximize collection and minimize the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness).

Not all changes in terms of loans are considered as renegotiation and changes in terms of a class of obligors that are not overdue is not considered as renegotiation and is not subjected to deterioration in staging.

3.4.6 Derivative Instruments

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

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

3.5 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefit by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.



All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – inputs are other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived prices)

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

3.6 Income taxes

3.6.1 Current Tax

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



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.

Stage 3: Lifetime ECL – credit impaired

Financial asset is assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial asset that have become credit impaired, a lifetime ECL is recognized on principal outstanding as at period end. Exposures with DPD equal to or more than 90 days are classified as stage 3.



A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

ECL is recognized on EAD as at period end. If the terms of a financial asset are renegotiated or modified due to financial difficulties of the borrower, then such asset is moved to stage 3, lifetime ECL under stage 3 on the outstanding amount is applied.

The Company assesses when a significant increase in credit risk has occurred based on quantitative and qualitative assessments. Exposures are considered to have resulted in a significant increase in credit risk and are moved to Stage 2 when:

Quantitative test: Accounts that are 30 calendar days or more past due move to Stage 2 automatically. Accounts that are 90 calendar days or more past due move to Stage 3 automatically.

Reversal in Stages: Exposures will move back to Stage 2 or Stage 1 respectively, once they no longer meet the quantitative criteria set out above. For exposures classified using the qualitative test, when they no longer meet the criteria for a significant increase in credit risk and when any cure criteria used for credit risk management are met.

The definition of default for the purpose of determining ECLs has been aligned to the Reserve Bank of India definition of default, which considers indicators that the debtor is unlikely to pay and is no later than when the exposure is more than 90 days past due.

The measurement of all expected credit losses for financial assets held at the reporting date are based on historical experience, current conditions and reasonable and supportable forecasts. The measurement of ECL involves increased complexity and judgement, including estimation of PDs, LGD, a range of unbiased future economic scenarios, estimation of expected lives and estimation of EAD and assessing significant increases in credit risk.

Presentation of ECL allowance for financial asset

ECL related to the Financial assets measured at amortized cost are shown as a deduction from the gross carrying amount of the assets.

Methodology for calculating ECL

The Company determines ECL based on a probability weighted outcome of factors indicated below to measure the shortfalls in collecting contractual cash flows. The Company does not discount such shortfalls considering relatively shorter tenure of loan contracts.

Probability of default (PD) - The probability of default is an estimate of the likelihood of default over a given time horizon (12- month or lifetime, depending upon the stage of the asset).

Exposure at default (EAD) - It represents an estimate of the exposure of the Company at a future date after considering repayments by the counterparty before the default event occurs.

Loss given default (LGD) - It represents an estimate of the loss expected to be incurred when the event of default occurs.

Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring 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.

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 by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. The company does not recognize a contingent asset but discloses its existence in the financial statements.

3.13 Cash and cash equivalent

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank (including demand deposits) and in hand and short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.14 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

3.15 Lease

As a lessee, the company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the average cost of raising finance.

Lease payments included in the measurement of the lease liability comprise the Fixed payments, including in-substance fixed payments.

The lease liability is measured at amortised cost using the effective interest method. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The company presents right-of-use assets as separate line item in Non-current Assets and lease liabilities in 'borrowings' in the balance sheet.



Short-term leases and leases of low-value assets:

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of real estate properties that have a lease term of less than 12 months. The company recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

3.16 Segment Reporting

An operating segment is component of the company that engages in the business activity from which the company earns revenues and incurs expenses, for which discrete financial information is available and whose operating results are regularly reviewed by the chief operating decision maker, in deciding about resources to be allocated to the segment and assess its performance. The company's chief operating decision maker is the Board of Director.

Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as un-allocable.

Revenue and expenses directly attributable to segments are reported under each reportable segment. All other expenses which are not attributable or allocable to segments have been disclosed as un-allocable expenses.

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

3.17 Cash Flow Statement

Cash flows are reported using indirect method whereby profit for the period is adjusted for the effects of the transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts and payments and items of income or expenses associated with investing and financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

3.18 Events after reporting date

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

3.19 General

Any other accounting policy not specifically referred to are in consistent with generally accepted accounting principles.



PAHAL FINANCIAL SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(Amount in Lacs)

Note no.	Particulars	As at	
		March 31, 2022	March 31, 2021
4	Cash and Cash Equivalents		
4.1	Cash on hand	80.51	411.58
4.2	Balances with banks		
	In current accounts	12,945.91	4,714.60
	In term deposit accounts	10,504.70	2,061.54
		<u>23,450.61</u>	<u>6,776.14</u>
	Total	<u>23,531.12</u>	<u>7,187.72</u>
5	Bank balance other than cash and cash equivalent		
	Balance with banks held as margin money (Refer Note 5.1)	10,491.72	4,965.08
	Total	<u>10,491.72</u>	<u>4,965.08</u>
5.1	Represents margin money deposits placed to avail term loans from banks and others and as cash collateral in connection with securitization transactions.		
6	Trade Receivables		
	Unsecured, considered good		
	-Debts dues by LLP in which Directors are Partner	64.61	57.33
	-Others	921.98	1,093.56
	Total	<u>986.59</u>	<u>1,150.89</u>
7	Other financial assets		
	Interest accrued but not due on portfolio loans	1,353.33	1,667.50
	Deposits		
	Security Deposits (Refer Note 7.1)	230.78	630.82
	Other deposits	53.11	46.74
		<u>283.89</u>	<u>677.56</u>
	Others	96.83	27.47
	Total	<u>1,734.57</u>	<u>2,373.05</u>
7.1	Security deposits includes deposits placed as security against borrowings.		
8	Other non-financial assets		
	Balance with Government Authorities		
	Prepaid expense	53.77	61.87
	Advances to staff	7.23	6.79
	Advances to vendors	0.81	0.81
	Total	<u>62.28</u>	<u>69.82</u>



PAHAL FINANCIAL SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

9 Loans

Particulars	(Amount in Lacs)					
	Fair value through profit or loss	Amortised cost	Total	Fair value through profit or loss	Amortised cost	Total
	March 31, 2022			March 31, 2021		
A						
i Loan repayable on demand	-	7.90	7.90	-	-	-
ii Term loans	-	82,347.90	82,347.90	-	64,113.66	64,113.66
Total (A) - Gross	-	82,355.80	82,355.80	-	64,113.76	64,113.76
Less: Impairment loss allowance	-	1,173.19	1,173.19	-	1,159.31	1,159.31
Total (A) - Net	-	81,182.61	81,182.61	-	62,954.45	62,954.45
B						
i Secured by tangible assets	-	997.89	997.89	-	633.24	633.24
ii Secured by intangible assets	-	-	-	-	-	-
iii Covered by bank / Government guarantees	-	-	-	-	-	-
iv Unsecured	-	81,357.91	81,357.91	-	63,480.52	63,480.52
Total (B) - Gross	-	82,355.80	82,355.80	-	64,113.76	64,113.76
Less: Impairment loss allowance	-	1,173.19	1,173.19	-	1,159.31	1,159.31
Total (B) - Net	-	81,182.61	81,182.61	-	62,954.45	62,954.45
C - I						
Loans in India	-	81,182.61	81,182.61	-	64,113.76	64,113.76
Total (C - I) - Gross	-	82,355.80	82,355.80	-	64,113.76	64,113.76
Less: Impairment loss allowance	-	1,173.19	1,173.19	-	1,159.31	1,159.31
Total (C - I) - Net	-	81,182.61	81,182.61	-	62,954.45	62,954.45
C - II Loans outside India	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-
Total (C - II) - Net	-	-	-	-	-	-
Total C (I+II)	-	81,182.61	81,182.61	-	62,954.45	62,954.45



PAHAI FINANCIAL SERVICES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

10 Property, Plant and Equipment

10.1 Property, Plant and Equipments consist of :

(Amount in Lacs)

No.	Particulars	Computers	Furniture & Fixtures	Vehicles	Electrical Equipments	Office Equipment	Total
a	Gross Block						
	Balance as at March 31, 2020	71.17	31.02	60.67	-	73.73	186.59
	Additions	19.47	134.88	-	19.01	39.37	212.73
	Deductions	-	-	-	-	-	-
	Balance as at March 31, 2021	90.64	165.90	61.17	19.51	63.10	399.32
	Additions	22.00	30.12	-	-	20.91	73.03
	Deductions	-	-	-	-	0.86	0.86
	Balance as at March 31, 2022	112.64	196.02	61.17	20.01	83.15	471.49
b	Accumulated Depreciation						
	Balance as at March 31, 2020	22.92	5.41	12.59	-	5.21	46.13
	Additions	21.03	5.11	8.78	-	6.19	41.25
	Deductions	-	-	-	-	-	-
	Balance as at March 31, 2021	43.95	10.52	21.37	-	11.40	87.88
	Additions	23.14	17.81	8.78	2.01	16.92	68.66
	Deductions	-	-	-	-	0.73	0.73
	Balance as at March 31, 2022	67.09	28.33	30.15	2.15	27.59	155.80
c	Net Block						
	Balance as at March 31, 2021	46.69	155.38	39.80	19.37	51.70	312.94
	Balance as at March 31, 2022	45.55	167.69	31.02	17.86	55.56	318.19

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

10.3 Vehicles are registered in the name of directors of the Company

11 Other Intangible assets

(Amount in Lacs)

Particulars	Softwares
a	Gross Block
	Balance as at March 31, 2020
	Additions
	Deductions
	Balance as at March 31, 2021
	Additions
	Deductions
	Balance as at March 31, 2022
b	Amortisation
	Balance as at March 31, 2020
	Additions
	Deductions
	Balance as at March 31, 2021
	Additions
	Deductions
	Balance as at March 31, 2022
c	Net Block
	Balance as at March 31, 2021
	Balance as at March 31, 2022

12 Right of use assets (RoU Assets)

(Amount in Lacs)

Particulars	Building
As at 31st March, 2020	-
Addition during the year	350.21
Amortisation for the Year	12.97
As at 31st March, 2021	337.24
Addition during the year	-
Amortisation for the Year	28.91
Balance as at March 31, 2022	298.33



PAHAL FINANCIAL SERVICES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(Amount in Lacs)

Note no.	Particulars	As at	
		March 31, 2022	March 31, 2021
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	1,247.02	657.58
	Total	1,247.02	657.58
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, 2021 no supplier has intimated the company about its status as Micro or small enterprise or its registration with the appropriate authority under MSME.		
14	Lease Obligation		
	Lease Liability	325.09	333.18
	Total	325.09	333.18
15	Other financial liabilities		
	Interest accrued	942.60	980.40
	Payable towards securitisation and assignment transactions	2,163.52	1,828.67
	Liabilities Associated with Securitised Assets	399.59	164.56
	Derivative Liability	241.49	146.28
	Others	50.92	50.16
	Total	3,798.12	3,170.07
16	Provisions		
	Provision for employee benefit	21.87	7.62
	Total	21.87	7.62
17	Other non financial liabilities		
	Statutory dues	178.14	115.32
	Installment Received in Advance	340.79	808.25
	Total	468.93	913.57
18	Share Capital		
18.1	Authorized Capital		
	3 72 00 000 (As at March 31, 2021: 3 72 00 000) Equity Shares of Rs.10/- each	3,720.00	3,720.00
	1 75 00 000 (As at March 31, 2021: 1 75 00 000) Preference Shares of Rs.10/- each	1,750.00	1,750.00
	Total	5,470.00	5,470.00
18.2	Issued, Subscribed and Paid Up Capital		
	3 22 74 611 (As at March 31, 2021: 3 21 84 611) Equity Shares of Rs.10/- each	3,227.46	3,218.46
	26 22 400 (As at March 31, 2021: Nil) Equity Shares of Rs.10/-, Paid 1Rs./ each	26.22	-
	Total	3,253.68	3,218.46
18.3	Instruments entirely equity in nature		
	72 03 087 (As at March 31 2021: Nil) Compulsorily Convertible Preference Shares of Rs. 10/- each	720.31	-
	Total	720.31	-
18.4	Rights, preferences and restrictions :		

- 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.
- 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.
- 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.



iv Terms of Compulsorily Convertible Preference Shares (CCPS):

I. Each CCPS is issued at a face value of Rs. 10/- and are entitled to preferential dividend at the rate of 0.001% per year on cumulative basis.

II. CCPS will be converted into Equity Shares within a period of 60 (Sixty) days of receipt of the audited financial statements for the FY 2022-2023, based on the conversion ratio provided herein below:

Number of Equity shares issued upon conversion of CCPS = Issue Price of 1 (One) CCPS / Book Multiple of 2.0x multiplied by adjusted Book Value per share as at March 31, 2021

Arrears of Proportionate Preference dividend in respect of compulsorily convertible preference shares, for the year ended on March 31, 2022 amounts to Rs. 2/-

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

Name of the Shareholder	As at	As at
	March 31, 2022	March 31, 2021
	No. of shares %	No. of shares %
Dia Vikas Capital Private Limited	63 75 000 19.59%	63 75 000 19.81%
BOPA PTE Limited	1 15 50 000 35.50%	1 15 50 000 35.89%
Vimal Khandwala	31 51 987 9.69%	31 51 987 9.79%
Rajesh Khandwala	31 51 987 9.69%	31 51 987 9.79%

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

Name of the Shareholder	As at	As at
	March 31, 2022	March 31, 2021
	No. of shares %	No. of shares %
HURUMA FUND S.C.A., SICAR - EUSEF	57 74 715 80.17%	-
HURUMA SV SARL	14 28 372 19.83%	-

18.6 Shares held by promoters at the end of the year

Promoter name	No. of Shares	% of total shares (Voting Rights)	% Change during the year
As at 31st March 2022			
Fully Paid Equity Shares of Rs. 10 each			
Mr. Kartik S Mehta	9 91 668	3.05%	0.00%
Mr. Kartik S Mehta (holding as Karta of Kartik S mehta HUF)	50 000	0.15%	0.00%
Ms. Purvi J Bhavsar	11 65 469	3.58%	0.00%
Partly Paid up Equity Shares of Rs. 10 each, Paid Rs.1 each			
Mr. Kartik S Mehta	13 11 200	0.40%	100.00%
Ms. Purvi J Bhavsar	13 11 200	0.41%	100.00%
As at 31st March 2021			
Fully Paid Equity Shares of Rs. 10 each			
Mr. Kartik S Mehta	9 91 668	1.08%	0.00%
Mr. Kartik S Mehta (holding as Karta of Kartik S mehta HUF)	50 000	0.16%	0.00%
Ms. Purvi J Bhavsar	11 65 469	3.62%	0.00%

18.7 Reconciliation of number of equity shares & preference shares outstanding:

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Equity Shares at the beginning of the year	3 21 84 611	3 05 42 944
Add: Issued during the Period		
- Sweat shares issued during the year	-	-
- Under Employee stock option plan	90 000	-
- Fully paid Shares issued under private placement basis during the year	-	16 41 667
- Partly paid Shares issued under private placement basis during the year	26 22 400	-
- On conversion of Compulsory Convertible Debentures	-	-
Equity Shares at the end of the year	3 48 97 011	3 21 84 611
Particulars	As at	As at
	March 31, 2022	March 31, 2021
Compulsorily Convertible Preference Shares at the beginning of the year	-	-
Add: Issued during the Period		
- Sweat shares Issued during the year	-	-
- Under Employee stock option plan	-	-
- Shares issued under private placement basis during the year	72 03 087	-
Compulsorily Convertible Preference Shares at the end of the year	72 03 087	-



19 Employee stock option plan

19.1 The company has also granted 5,35,000 Equity shares to employees under 'Patil Employee Stock Option Plan'. Details of the same as follows:

During the year ended March 31, 2022, the following stock option grants were in operation:

Particulars	ESOP - I		ESOP - II
	Tranche I	Tranche II	Tranche I
Date of Grant	October 1, 2016	January 22, 2018	February 14, 2022
No. of options granted	1 00 000	2 00 000	2 35 000
Method of Settlement	Equity	Equity	Equity
Graded Vesting period:			
Day following the completion of 12 months from grant	30.00%	30.00%	30.00%
Day following the completion of 36 months from grant	30.00%	30.00%	30.00%
Day following the completion of 60 months from grant	40.00%	40.00%	40.00%
Exercise Period	36 months from the respective date of vesting	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	Continuous service & performance gradation

Average remaining contractual life (Years)

3.5

4.83

4.5

Average exercise price per option (₹)

26

26

32.25

Fair value of Shares (₹)

32

30

55.92

Average Value of Options (₹)

6

4

36

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	For the year ended
	March 31, 2022	March 31, 2021
Patil Employee Stock Option Plan		
Options outstanding at beginning of the year	2 10 000	2 10 000
Granted during the year	2 35 000	-
Forfeited during the year	-	-
Exercised during the year	90 000	-
Expired during the year	-	-
Outstanding during the year	3 55 000	2 10 000
Exercisable at the end of the year	-	-

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Stock options outstanding (gross)	90.20	9.20
Deferred compensation cost outstanding	81.75	1.41
Stock options outstanding (Net)	8.45	1.79

19.2 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:

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Employee stock option plan	4.26	1.79
Total	4.26	1.79

20 Capital Management

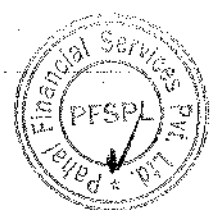
For the purpose of the Company's capital management, capital includes issued equity capital and all other reserves attributable to the equity holders of the Company.

The Company's objective for capital management is to maximize shareholder value and safeguard business continuity. The Company determines the capital requirement based on annual operating plans and other strategic plans. The funding requirements are met through equity and operating cash flows. The company's strategy is to effectively determine, raise and deploy capital so as to create value for its Shareholders. It is achieved by maintaining a balance mix of Equity and Debt as may be appropriate. The company determines the amount of funds required on the basis of operations, capital expenditure and business plans. The capital structure is monitored on the basis of capital adequacy ratio and maturity profile of overall debt portfolio of the company.

No Changes were made in the objectives, policies or process for managing capital during the year ended March 31, 2022 & 2021.

Summary of Quantitative Data is given hereunder:

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Equity	3,253.68	3,218.46
Instruments in nature of Equity	720.31	-
Other Equity	13,579.20	9,217.54
Total	17,553.19	12,436.00



21 Contingent Liabilities and Capital Commitments

21.1 Contingent Liabilities

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Cash collaterals given and outstanding for the assigned loans	1,370.62	794.00
Cash collaterals given and outstanding pursuant to service provider agreement	242.07	664.31
Statutory Dues - Income Tax (AY 18-19, Appeal is pending with CIT(A))	76.31	-
Total	1,689.00	1,458.31

21.2 Commitments not provided for

NIL	NIL
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PAHAL FINANCIAL SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

22 Debt Securities

(Amount in Lacs)

Particulars	As at	
	March 31, 2022	March 31, 2021
A		
i Non convertible debentures (At Amortised Cost)	34,148.12	25,215.60
Total (A)	34,148.12	25,215.60
B		
i Debt securities in India	34,148.12	25,215.60
ii Debt securities outside India	-	-
Total B (i + ii)	34,148.12	25,215.60

22.1 Non Convertible Debentures

Sr. no	Particulars	Rate of interest
1	Microfinance Initiative for Asia (Blue Orchard)	
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Debenture Value.	13.90 % to 14.05 % p.a. (Yield)
		25 % of Principal repayable after 12 months, 25% after 24 months & 50% at the end of 36 months
2	Blue Orchard Micorfinance Fund (Blue Orchard)	
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Debenture Value.	13.90 % to 14.05 % p.a. (Yield)
		25 % of Principal repayable after 12 months, 25% after 24 months & 50% at the end of 36 months
3	JAPAN ASEAN Women Empowerment Fund (Blue Orchard)	
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Debenture Value.	13.14% p.a. (Yield)
		25 % of Principal repayable after 18 months, 75% at the end of 36 months
4	UTI International Wealth Creator 4	
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Debenture Value.	13.65 % p.a. (yield)
		Principal repayable at the end of tenure of 60 months
5	IFMR Fimpact Medium Term Microfinance Fund	
	Exclusive Charges by way of Hypothecation on Book Debts / 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.



6 Insuresilience Investment Fund - Debt Sub-Fund		
Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Debenture Value.	13.15% p.a. (Yield)	25.00 % of Principal repayable after 24 months, and balance at the end of 36 months
7 Insuresilience Investment Fund - Debt Sub-Fund		
Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Debenture Value.	12.30% p.a. (Yield)	25.00 % of Principal repayable after 24 months, and balance at the end of 36 months
8 Insuresilience Investment Fund - Debt Sub-Fund		
Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Debenture Value.	12.40% p.a. (Yield)	25.00 % of Principal repayable after 24 months, and balance at the end of 36 months
9 Microfinance Enhancement Facility Sa, Sicav-Sif		
Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Debenture Value.	13.65% p.a. (Yield)	Principal repayable at the end of tenure of 60 months
10 Vivriti India Impact Bond Fund		
Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 100%/110% of Debenture Value.	14.00% -14.50% p.a. (Coupon)	Principal repayable in 6 equated semi annual instalment
11 IFMR Fimpact Medium Term Opportunities Fund		
Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 105% of Debenture Value.	14.50% p.a. (Coupon)	Principal repayable at the end of 24 months
12 Northern Arc Money Market Alpha Trust		
Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 105% of Debenture Value.	14.50% p.a. (Coupon)	20%/23.33%/23.33%/33.34% Principal repayable every quarter starting from May 21



13 Global Access Fund Lp

Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 100% of Debenture Value.

12.30% p.a.
(Coupon)

Loan Principal
Will be repaid in
4 semi annual
payments
starting from the
end of 10th
Quarter after
disbursement

14 Impact Investment Xchange

Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Debenture Value.

15.02% p.a.
(Coupon)

Loan Principal
Will be repaid at
the end of 1326
days

15 Magallanes Impacto FIL

Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110.00% of Debenture Value.

12.55% p.a.
(Coupon)

Loan Principal
Will be repaid on
semi annual
basis after one
year



PAHAL FINANCIAL SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

23 Borrowings - Other than debt securities

(Amount in Lacs)

Particulars	As at	
	March 31, 2022	March 31, 2021
A		
a Term loans - Secured (At Amortised Cost)		
(i) from banks	42,315.71	13,996.91
(ii) from others	15,292.54	18,653.23
b Loans repayable on demand - from bank (At Amortised Cost)		447.47
Total	57,608.25	33,097.61
B		
i Borrowings in India	55,068.45	30,515.21
ii Borrowings outside India	2,539.80	2,582.40
Total B (i+ii)	57,608.25	33,097.61

23.1 Details of Security and terms of repayment

23.1.1 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 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 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	13.50% to 14.50% p.a.	Principal repayable in 18 to 24 equal monthly installments
3	State Bank of India Exclusive Hypothecation charge over specific pool of receivables/book debts created out of Bank finance and against pledge of Fixed Deposit up to 12%/10% of the loan amount	10.05% p.a./9.45% p.a.	Principal repayable by 36 equal monthly installments
4	Arohan Financial Services Limited Exclusive Charges by way of Hypothecation of 100% on Book Debts / loan Assets, both present and future created/to be created out of loan.	13.50% to 14.75% p.a.	Principal repayable by 24 equal monthly installments
5	NABARD Financial Services Limited 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	14.00% p.a.	Principal repayable 24 Monthly installments
6	NABSAMMRUDHHI Financial Services Limited 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 2.50%/0.5% of the loan amount	13.50%/12.75% p.a.	Principal repayable in 36 equal quarterly installments.



7	Profectus Captial Pvt Limited Exclusive Charges by way of Hypothecation on all 100 % / 110% 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.
8	Maanaveeya Development & Finance Private Limited 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 5% of the loan amount	15.00% / 13.75% p.a.	Principal repayable in 12 equal quarterly installments commencing from 3 months after first disbursement / 24 Monthly installments
9	Hinduja Leyland Finance Limited Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 105% / 110% of Loan Amount and Fixed Deposit of 5% of the loan amount	11.95 % to 12.28% (Yield) p.a.	Principal repayable by 24 to 36 monthly installment
10	Suryodaya Small Finance Bank Limited 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 5.00%/ 10.00% of the loan amount	13.50% p.a.	Principal repayable in 24 equal monthly installments.
11	Northern Arc Capital Limited Exclusive Charges by way of Hypothecation of 100% / 105% on Book Debts / loan Assets, both present and future created/to be created out of loan.	14.25% to 15.00% p.a.	Principal repayable by 18 to 36 monthly installments.
12	Mas Financial Services Limited Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future created/to be created out of loan.	14.15 % / 15.50 % p.a.	Principal repayable by 24 equal monthly installments
13	Vivriti Capital Private Limited Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 105% of Loan Amount.	15.25% / 14.50p.a.	Principal repayable by 30 equal monthly installments
14	Shriram City Union Finance Limited 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
15	Incred Financial Services Private Limited (Visu) 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 24 monthly installments
16	Proud Securities and Credits Private Limited (Incred) Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 105% of Loan Amount and against 5% of the Fixed Deposit	15.25% p.a.	Principal repayable by 24 equal monthly installments



17 Bandhan Bank Ltd. (Formerly known as Gruh Finance Limited)		
Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 105% of Loan Amount & against 10% of the Fixed Deposit	14.00% / 14.50% p.a.	Principal repayable by 24 equal monthly installments
18 Hiranandani Financial Services Private Limited		
Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 105% of Loan Amount & against 0% of the Fixed Deposit	14.95% p.a.	Principal repayable by 18 equal monthly installments
19 Axis Bank Limited		
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.
20 Ujjivan Small Finance Bank Limited		
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 the loan amount.	14.25% p.a.	Principal repayable in 24 equal monthly installments.
21 Bandhan Bank Limited		
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%/14.00% p.a.	Principal repayable in 24 equal monthly installments.
22 IDFC First Bank Limited		
Exclusive Charges by way of Hypothecation of 110% on Book Debts, both present and Future value to loan amount.	13% p.a.	Initial moratorium of 48 months, Principal repayable in 24 monthly installment starting from March 2022 / 48 monthly installments
23 Union Bank of India		
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 the loan amount	11.30% p.a.	Principal repayable by 36 equal monthly installments starting from next month.
24 Capital Small Finance Bank Limited		
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.
25 Muthoot Capital Service Limited		
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.
26 Annapurna Finance Pvt. Limited		
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 Deposit.	15.00% p.a.	Principal repayable by 23 to 25 equal monthly installments



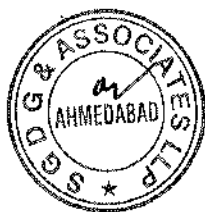
27	Electronica Finance Limited Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 100% of Loan Amount.	15.00% p.a.	Principal repayable by 24 equal monthly installments
28	Western Capital Advisorys Pvt. Ltd Exclusive Charges by way of Hypothecation 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
29	Utkarsh Small Finance Bank Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 100% /105% of Loan Amount & against 10 % of the Fixed Deposit.	13.50% / 14.25% p.a.	Principal repayable by 24 equal monthly installments
30	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
31	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 110% of Loan Amount.	14.50% / 13.75% p.a.	Principal repayable by 24 equal monthly installments
32	ICICI Bank Ltd 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 10% of the Fixed Deposit.	14.25% p.a.	Principal repayable by 24 equal monthly installments
33	Nabkisan Finance Ltd. Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 115% of Loan Amount & against 7.5% of the Fixed Deposit	14.50% p.a.	Principal repayable by 8 equal quarterly installments
34	Federal Bank Exclusively Charges created on 100% of Fixed Deposit Bookdebt 110%	6.85% / 10.10% p.a.	Principal repayable by 24 monthly installments
35	HDFC Bank Exclusively Charges created on 100% of Fixed Deposit	4.75% p.a.	Principal repayable by 18 monthly installments
36	SIDBI Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Loan Amount.	6.97% p.a.	Principal repayable by 10 monthly installments
37	MUDRA Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 100% of Loan Amount and against 10% of the Fixed Deposit	5.83% p.a.	Principal repayable by 23 monthly installments
38	Bank of Maharashtra Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110 % of Loan Amount and against 10% of Fixed Deposit	10.55% p.a.	Principal repayable by 36 monthly installments



39	NABARD Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 118% of Loan Amount and against 15% of Fixed Deposit	8.50% p.a.	Principal repayable by 18 month in 2 equal installments
40	Kotak bank Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Loan Amount and against 10% of Fixed Deposit	11.15% p.a./9.20% p.a	Principal repayable by 24 months/27 months in equal monthly installments
41	Kissandhan Agri Financial Services Private Limited Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Loan Amount and against 10% of Fixed Deposit	13.75% p.a.	Principal repayable by 24 months in equal monthly installments
42	Jana Small Finance Bank Ltd Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 100% of Loan Amount	12.47% p.a.	Principal repayable by 36 months in equal monthly installments
43	Indian Bank Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 100% of Loan Amount and against 10% of Fixed Deposit	9.35% p.a.	Principal repayable by 36 months in 12 Quarterly installments
44	IDBI Bank Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 100% of Loan Amount.	9.65% p.a.	Principal repayable by 36 months
45	Jana Small Finance Bank Ltd Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 100% of Loan Amount	12.47% p.a.	Principal repayable by 36 months
46	Bank of Baroda Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Loan Amount and against 10% Fixed deposit	9.35% p.a.	Principal repayable by 36 months
47	Indian Overseas Bank Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Loan Amount and against 10% Fixed deposit	11.55% p.a.	Principal repayable by 33 monthly installments after moratorium Period of 3 months

23.1.2 External Commercial Borrowings

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



23.1.3 Vehicle Loan

Sr. No	Particulars of loan and security details	Rate of Interest	Term of repayment of 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 per Loan sanction Document.

23.1.4 Loans repayable on demand

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



PAHAL FINANCIAL SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

24 Subordinated liabilities

Particulars	(Amount in Lacs)	
	As at	
	March 31, 2022	March 31, 2021
A		
1 Subordinated debt-NCD	2,087.50	2,083.56
2 Subordinated debt-Loans	1,599.17	1,598.71
Total (A)	3,687.17	3,682.77
B		
i Subordinated liabilities in India	3,687.17	3,682.77
ii Subordinated liabilities outside India	-	-
Total (B)	3,687.17	3,682.77

24.1 Details of terms of repayment

Sr. no	Particulars	Rate of interest	Terms of redemption
1	IDFC First Bank Limited	16.9% p.a.	Principal repayable after 84 months from the date of receipt.
2	MAS Financial Services Limited	16.75% p.a.	Principal repayable after 72 months from the date of receipt.
3	Vivriti Capital Private Limited	16.75% p.a.	Principal repayable after 73 months from the date of receipt.
4	Northern Arc Sub Debt	16.50% p.a.	Principal repayable after 63 months from the date of receipt.

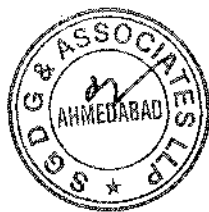


PAHAL FINANCIAL SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(Amount in Lacs)

Note No.	Particulars	For the Year ended	For the Year ended
		March 31, 2022	March 31, 2021
25	Interest Income		
	Interest on Financial Assets carried at Amortized Cost		
	Interest on Loans	15,569.57	14,728.87
	Interest on deposits with Banks	472.17	519.46
	Total	16,041.74	15,248.33
25.1	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 securitisation transactions.		
26	Fees and Commission Income		
	Fees Income	516.34	542.41
	Marketing commission	155.10	74.50
	Total	671.44	616.91
27	Net gain on fair value changes		
	Net gain on financial instruments designated at fair value through profit or loss	218.84	41.45
	Total	218.84	41.45
27.1	Fair value changes		
	Realised	218.84	41.45
	Unrealised		
	Total	218.84	41.45
28	Net gain/(Loss) on derecognition of financial instruments under amortised cost category		
	Income / (Loss) from securitization / assignment of Loans	521.56	(218.23)
	Assets Written Off	(1,488.05)	(2,219.43)
	Total	(966.49)	(2,437.66)
29	Other operating revenue		
	Recovery from loans written off	207.97	46.27
	Total	207.97	46.27
30	Other income		
	Interest on Income Tax Refund		3.58
	Consultancy Charges	80.00	
	Miscellaneous Income	56.51	19.87
	Total	136.51	23.45
31	Finance Cost		
31.1	Interest on financial liabilities measured at amortized cost		
	Interest on borrowing	6,969.11	5,035.79
	Interest on debt securities	2,308.81	2,389.62
	Interest on subordinated liabilities	592.06	607.52
	Total Interest on financial liabilities measured at amortized cost	9,869.98	8,032.93
31.2	Other Borrowing Cost		
	Arranger Fees	61.87	78.18
	Loan Processing Fees & Franking Charges	42.99	27.33
	Rating Fees	34.51	21.36
	Interest on Lease Liability	49.49	16.72
	Total other borrowing cost	188.86	143.59
	Total Finance Cost	10,058.84	8,176.52



31.2 Other Borrowing Cost		
Arranger Fees	61.87	78.18
Loan Processing Fees & Franking Charges	42.99	27.33
Rating Fees	34.51	21.36
Interest on Lease Liability	49.49	16.72
Total other borrowing cost	188.86	143.59
Total Finance Cost	10,058.84	8,176.52
32 Impairment on financial instruments		
On financial instruments measured at amortized cost	13.88	249.38
Total	13.88	249.38
33 Employee Benefits Expense		
Salaries	3,914.52	2,945.13
Contribution to Provident Fund and other funds	143.47	106.60
Share Based Payment to employees	4.26	1.79
Staff Welfare expenses	6.93	0.95
Total	4,069.18	3,054.47
34 Other Expense		
Rent, taxes and energy costs	402.52	333.39
Repair and Maintenance	164.17	155.54
Communication cost	59.89	63.95
Printing and Stationery	32.98	41.23
Advertisement expenses	1.10	2.43
Directors Sitting fees	5.85	6.88
Auditors' fees and expenses	7.22	5.81
Legal and Professional charges	134.09	88.00
Travelling and Conveyance	491.10	326.14
Insurance	95.10	47.45
Customer Credit information Fees & KYC Charges	35.06	54.97
Net loss on derecognition of property, plant and equipment	0.00	0.00
CSR Expenses	27.78	17.35
Others	309.81	216.87
Total	1,766.67	1,360.01
34.1 Payment to auditors :-		
- for statutory audit	5.00	3.40
- for tax audit	1.00	0.85
- for Limited Review, Certificates and other services	1.22	1.56
Total	7.22	5.81



PAHAL FINANCIAL SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

35 Current Tax Asset

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

Particulars	(Amount in Lacs)	
	As at March 31, 2022	March 31, 2021
Current tax	-	309.73
	-	309.73
Deferred Tax in Statement of Profit and Loss		
Relating to origination and reversal of temporary difference	183.63	(101.71)
Deferred tax expense / (income)	183.63	(101.71)
Total	183.63	208.02

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

Particulars	As At	
	March 31, 2022	March 31, 2021
Income Tax Assets	1,681.57	1,428.71
Income Tax Liabilities	(1,388.74)	(1,388.74)
Net Income Tax Assets / (Liabilities)	292.83	39.97
Deferred Tax Liabilities / (Assets)	61.89	(121.74)

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

Particulars	F.Y. 2021-2022	F.Y. 2020-2021
Accounting profit before tax	284.85	636.89
Normal tax rate	0.25	0.25
Tax liability on accounting profit	71.69	160.29
Tax Effect of non deductible expenses	30.56	176.68
Tax Effect of deductible expenses	(203.22)	(31.93)
Tax Effect on Other Adjustments	-	4.67
Tax Effect on Carried Forward Losses	100.97	-
Income tax expenses as per normal tax rate	0.00	309.43



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

Particulars	(Amount in Lacs)	
	March 31, 2022	March 31, 2021
Deferred Tax Related to Item Recognised Through Profit or Loss		
Deferred Tax Liabilities		
Related to Property, Plant and Equipments	(2.71)	0.06
	(2.71)	0.06
Deferred Tax Assets		
Deferred Tax Liability / Assets - Ind AS Impact	(64.60)	121.80
	(64.60)	121.80
Total	61.89	(121.74)

35.5 Details of Movement in Deferred Tax Balances

Particulars	(Amount in Lacs)
Deferred Tax Liabilities / (Assets) as at March 31, 2020	(20.03)
Charged / (Credit) to Statement of P&L	(101.71)
Deferred Tax Liabilities / (Assets) as at March 31, 2021	(121.74)
Charged / (Credit) to Statement of P&L	183.63
Deferred Tax Liabilities / (Assets) as at March 31, 2022	61.89



PAHAL FINANCIAL SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

36 Financial Instruments

36.1 Disclosure of Financial Instruments by Category

As at March 31, 2022

(Amount in Lacs)

Particulars	Note No.	FVTPL	FVTOCI	Amortized cost	Total Carrying Value	Fair Value	Fair Value			Total
							Level 1	Level 2	Level 3	
Financial Assets										
Cash and Cash Equivalents	4	-	-	23,531.12	23,531.12	23,531.12	-	-	-	-
Bank balance other than above	5	-	-	10,491.72	10,491.72	10,491.72	-	-	-	-
Trade receivables	6	-	-	986.59	986.59	986.59	-	-	-	-
Loans	9	-	-	81,182.61	81,182.61	81,182.61	-	-	-	-
Other Financial Assets	7	-	-	1,734.57	1,734.57	1,734.57	-	-	-	-
Total Financial Assets				1,17,926.06	1,17,926.06	1,17,926.06	-	-	-	-
Financial Liabilities										
Trade Payables	13	-	-	1,247.02	1,247.02	1,247.02	-	-	-	-
Lease Obligation	14	-	-	325.09	325.09	325.09	-	-	-	-
Debt securities	22	-	-	34,148.12	34,148.12	34,148.12	-	-	-	-
Borrowings	23	-	-	57,608.25	57,608.25	57,608.25	-	-	-	-
Subordinated liabilities	24	-	-	3,687.17	3,687.17	3,687.17	-	-	-	-
Other financial liabilities	15	-	241.49	3,556.63	3,798.12	3,798.12	-	241.49	-	241.49
Total Financial Liabilities			241.49	1,00,572.28	1,00,813.77	1,00,813.77	-	241.49	-	241.49

As at March 31, 2021

(Amount in Rs.)

Particulars	Note No.	FVTPL	FVTOCI	Amortized cost	Total Carrying Value	Fair Value	Fair Value			Total
							Level 1	Level 2	Level 3	
Financial Assets										
Cash and Cash Equivalents	4	-	-	7,187.72	7,187.72	7,187.72	-	-	-	-
Bank balance other than above	5	-	-	4,965.08	4,965.08	4,965.08	-	-	-	-
Trade receivables	6	-	-	1,150.89	1,150.89	1,150.89	-	-	-	-
Loans	9	-	-	62,954.45	62,954.45	62,954.45	-	-	-	-
Other Financial Assets	7	-	-	2,373.05	2,373.05	2,373.05	-	-	-	-
Total Financial Assets				78,631.19	78,630.64	78,630.64	-	-	-	-



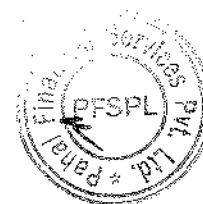
Financial Liabilities

Trade Payables	13	-	-	657.58	657.58	657.58	-	-	-	-
Lease Obligation	14	-	-	333.18	333.18	333.18	-	-	-	-
Debt securities	22	-	-	25,215.60	25,215.60	25,215.60	-	-	-	-
Borrowings	23	-	-	33,097.61	33,097.61	33,097.61	-	-	-	-
Subordinated liabilities	24	-	-	3,682.77	3,682.77	3,682.77	-	-	-	-
Other financial liabilities	15	-	146.28	3,023.79	3,170.07	3,170.07	-	146.28	-	146.28
Total Financial Liabilities			146.28	66,010.53	66,156.81	66,156.81	-	146.28	-	146.28

37 Fair Value Measurement

Fair Value Measurement of Financial asset and Financial liabilities

- 37.1** The Fair value of Loan given and funds borrowed approximate carrying value as the respective interest rates of the said instruments are at the prevailing market rate of interest.
- 37.2** The carrying amount of other financial assets and other financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled. Hence, fair value hierarchy is not given for the same.
- 37.3** Derivative Financial Liability on account of cross currency interest rate swap is classified as FVOCI.



38 Financial Risk Management

38.1 Financial Instruments Risk management objectives and Policies

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

38.2 Market Risk

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

38.3 Currency Risk

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

The exposure of foreign currency borrowing is as under:		(Amount in Lacs)	
Particulars	Currency	March 31, 2022	March 31, 2021
Liabilities			
Borrowings	EUR	2,539.80	2,589.99
Cash on Hand	THB	-	0.38
Cash on Hand	USD	-	1.44
		<u>2,539.80</u>	<u>2,591.81</u>

Sensitivity Analysis		(Amount in Lacs)	
Particulars		Impact on Profit and Loss after tax	
		March 31, 2022	March 31, 2021
Liabilities			
Exchange rate increase by 2%		38.01	38.76
Exchange rate decrease by 2%		(38.01)	(38.76)

38.4 Interest Rate Risk

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

The company's exposure to interest rate risk is as follows :		(Amount in Lacs)	
Particulars		March 31, 2022	March 31, 2021
Liabilities			
Working capital facility			447.47
Debt securities		34,148.12	25,215.60
Borrowings (Term loans and Vehicle Loan)		57,608.25	32,650.14
Subordinated liabilities		3,687.17	3,682.77
		<u>95,443.54</u>	<u>61,995.98</u>

Sensitivity Analysis		(Amount in Lacs)	
Particulars		Impact on Profit and Loss after tax	
		March 31, 2022	March 31, 2021
Liabilities			
Interest rate increase by 50 basis point		(357.11)	(231.96)
Interest rate decrease by 50 basis point		357.11	231.96



38.5 Liquidity Risk

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

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

As at	Contractual Maturity	(Amount in Lacs)	
		Within 12 months	After 12 months
Trade Payables	1,247.02	1,247.02	-
Lease Obligation	325.09	13.09	312.00
Debt securities	34,148.12	18,351.62	15,796.50
Borrowings	57,608.25	31,843.97	25,764.28
Subordinated liabilities	3,687.17	-	3,687.17
Other financial liabilities	3,798.12	3,157.04	641.08
	1,00,813.77	54,612.74	46,201.04

As at March 31, 2021	Contractual Maturity	(Amount in Lacs)	
		Within 12 months	After 12 months
Trade Payables	657.58	657.58	-
Lease Obligation	333.18	6.10	327.08
Debt securities	25,215.60	5,271.96	19,943.64
Borrowings	33,097.61	21,448.92	11,648.69
Subordinated liabilities	3,682.77	-	3,682.77
Other financial liabilities	3,170.07	2,859.23	310.84
	66,156.81	30,243.79	35,913.02

38.6 Credit Risk

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

The maximum exposure to the credit risk is as follows :

Particulars	(Amount in Lacs)	
	March 31, 2022	March 31, 2021
Deposits with Bank	20,996.42	7,026.62
Trade Receivables	986.59	1,150.89
Loans	82,355.80	64,113.76
Other Financial Assets	1,734.57	2,373.05
	1,06,073.38	74,664.32

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	(Amount in Lacs)			
	March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Exposure at Default (EAD)	92,610.33	1,775.12	4,282.15	98,667.60
Impairment Allowances as per ECL Method	55.17	133.13	984.89	1,173.20
Provision for impairment allowance as per RBI Regulations	878.06	17.11	68.33	963.50



Loan amount	As on March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Exposure at Default (EAD)	68,228.13	2,892.04	2,351.99	73,472.16
Impairment Allowances as per ECL Method	60.42	216.90	882.00	1,159.31
Provision for impairment allowance as per RBI Regulations	557.21	23.70	230.48	811.39

Reconciliation of Gross carrying balance of EAD

Particulars	(Amount in Lacs)			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at April 01, 2020	69,130.48	306.71	330.58	69,767.78
- Transfers to Stage 1	3.67	(3.23)	(0.44)	0.00
- Transfers to Stage 2	(2,302.18)	2,302.18	0.00	0.00
- Transfers to Stage 3	(2,240.27)	(50.05)	2,290.32	0.00
New asset originated, netted off for repayment and loans derecognised during the year	4,931.57	523.08	15.86	5,470.51
- Write offs	(1,295.13)	(186.66)	(284.33)	(1,766.12)
Gross carrying amount balance as at March 31, 2021	68,228.13	2,892.04	2,351.99	73,472.16
- Transfers to Stage 1	174.81	(172.19)	(2.61)	(0.00)
- Transfers to Stage 2	(1,438.08)	1,443.86	(5.78)	(0.00)
- Transfers to Stage 3	(2,779.06)	(751.79)	3,530.85	0.00
New asset originated, netted off for repayment and loans derecognised during the year	28,748.89	(1,331.94)	(794.48)	26,622.47
- Write offs	(324.37)	(304.85)	(797.81)	(1,427.03)
Gross carrying amount balance as at March 31, 2022	92,610.33	1,775.12	4,282.15	98,667.60

Reconciliation of ECL Balance

Particulars	(Amount in Lacs)			
	Stage 1	Stage 2	Stage 3	Total
ECL Allowance as at March 31, 2020	524.42	119.29	266.22	909.94
- Transfers to Stage 1	0.01	(0.24)	(0.16)	(0.40)
- Transfers to Stage 2	(1.15)	172.66	0.00	171.51
- Transfers to Stage 3	(1.12)	(3.75)	858.87	854.00
New asset originated, netted off for repayment and loans derecognised during the year	833.39	115.60	41.40	990.39
- Write offs	(1,295.13)	(186.66)	(284.33)	(1,766.12)
ECL Allowance as at March 31, 2021	60.42	216.90	882.00	1,159.31
- Transfers to Stage 1	0.75	(12.91)	(0.60)	(12.77)
- Transfers to Stage 2	(2.36)	108.29	(1.33)	104.61
- Transfers to Stage 3	(0.04)	(56.38)	812.09	755.67
New asset originated, netted off for repayment and loans derecognised during the year	320.76	182.09	90.55	593.40
- Write offs	(324.37)	(304.85)	(797.81)	(1,427.03)
ECL Allowance as at March 31, 2022	55.17	133.13	984.89	1,173.20

39 Transfer of financial assets that are not derecognised in their entirety

39.1 Nature of loan portfolio transferred under securitization transaction

During the year 2021-22 and corresponding previous year, company has entered securitization arrangement with various banks and financial institutions. Under the arrangement company has transferred a select pool of loan portfolio which was originated in its books after completion of the minimum retention period as prescribed by Reserve Bank of India under its securitization guidelines. Derecognition of pool transferred which does not fulfil the derecognition criteria specified in AS 109 as the risk and rewards with respect to these assets are not substantially transferred.

Following such transfer, the company's involvement in these assets is as follows:-

- As a servicer of the transferred assets
- To the extent of credit enhancements provided to such parties.



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

The company has transferred a part of its portfolio (measured at amortised cost) vide securitization deals executed with various parties as a source of funds. As per the terms of deal, the derecognition criteria as per Ind AS 109 including transaction substantially at the risks and rewards relating assets being transferred to the buyer being met. The assets have been derecognized. However, to the extent of continuing involvement company has created assets with respect to the interest spread receivables and corresponding liability on account of credit enhancements provided. 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 securitization transaction executed during the year on its business model. Based on the future business plan, the company's business model remains to hold assets for collecting contractual cash flows.

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

Particulars	(Amount in Lacs)	
	March 31, 2022	March 31, 2021
Carrying amount of the original assets before transfer	11,188.30	7,605.38
Carrying amount of the assets that continue to recognize	399.59	164.56
Carrying amount of associated liabilities	399.59	164.56



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

40 Related Party Disclosures:

40.1 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) Enterprises having common director(s)

- 1 Dia Vikas Capital Private Ltd
- 2 Sambandh Finserv Private Limited

(c) Enterprises over which KMP have significant influence

- 1 Suyash Advisory LLP

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

(Amount in Lacs)			
Sr no.	Particulars	F.Y. 2021-2022	F.Y. 2020-2021
I	Transactions with KMPs		
(i)	Managerial Remuneration		
	Ms. Purvi J Bhavsar	93.01	87.22
	Mr. Kartik Mehta	93.01	87.22
(ii)	Remuneration		
	Mr. Chintan Desai	43.17	31.07
	Ms. Nikita Sharma	9.03	7.86
(iii)	Partly Paid Equity Shares issued during the year		
	Ms. Purvi J Bhavsar (13,11,200 Shares of ₹ 10 each, Paid ₹ 1 each)	13.11	-
	Mr. Kartik Mehta (13,11,200 Shares of ₹ 10 each, Paid ₹ 1 each)	13.11	-
(iv)	Shares issued under ESOP Scheme during the year		
	Mr. Chintan Desai	3.00	-
II	Transactions with Enterprises over which KMP have significant influence		
(i)	Marketing Commission Received from Suyash Advisory	155.10	74.50
(ii)	Equity shares issued to Suyash Advisory LLP (1,00,000 shares of F.V 10/- ₹ issued at 48/- ₹)	-	48.00
III	Transactions with Enterprises having common director(s)		
(i)	Processing Fees Paid to Dia Vikas Capital Private Limited	-	5.00
(ii)	Equity shares issued to Dia Vikas Capital Private Limited (10,41,667 shares of F.V 10/- ₹ issued at 48/- ₹)	-	500.00
(iii)	Loan Given to Sambandh Finserv Private Limited	-	500.00
(iv)	Processing Fees Earned from Loan Given to Sambandh Finserv Private Limited	-	5.00
(v)	Interest Income Earned from Loan Given to Sambandh Finserv Private Limited	-	13.07
(vi)	Loan Written off - Given to Sambandh Finserv Private Limited	-	452.38

(Amount in Lacs)			
Sr no.	Compensation of Key Managerial Personnel	F.Y. 2021-2022	F.Y. 2020-2021
1	Short Term Employee Benefits	198.17	188.44
2	Post Employment Benefits	32.20	24.92
3	Share Based Payments	6.60	106.61
	Total	236.97	319.97

40.3 Balances Outstanding at the end of the year

(Amount in Lacs)			
Sr no.	Particulars	2021-22	2020-21
1	Suyash Advisory LLP		
	Receivable	64.61	57.38
	Payable	245.51	163.50



41 Earning Per Share

Particulars	March 31, 2022	March 31, 2021
Basic		
Net Profit as as per statement of Profit & Loss	101.22	428.87
Less: Dividend on cumulative redeemable preference shares		
Less: Dividend distribution tax on preference dividend		
Profit available to Equity Shareholders	101.22	428.87
Weighted average of number of equity shares outstanding during the year (in Nos.)	324.30	317.03
Basic Earning per share of face value of ₹ 10 each (₹)	0.31	1.35
Diluted		
Effect of dilution: Stock options granted under ESOP	3.55	2.10
Compulsorily Convertible Preference Shares	0.20	0.00
Adjusted net profit as per statement of Profit & Loss	105.48	430.66
Weighted average of number of equity shares for diluted EPS calculation	328.05	319.13
Diluted Earning per share of face value of ₹ 10 each (₹)	0.31	1.35

42 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM is considered to 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.

43 Leases

The Company has taken various office premises under lease. The lease terms in respect of such premises are on the basis of individual agreement entered into with the respective landlords. Tenure of leases ranges from eleven months to nine years. Lease payments in respect of short term leases and leases of assets with low value are accounted as an expense in the year of incurrence.

Particulars	March 31, 2022	March 31, 2021
Maturity Analysis of Lease Liabilities (Amount in lacs)		
Carrying amount	325.09	333.18
Upto 3 months	2.80	1.64
Over 3 months upto 1 year	10.29	6.45
Over 1 year upto 3 years	45.46	32.21
Over 3 years upto 5 years	80.27	61.33
Over 5 years	186.26	231.54
Total	324.09	332.18

Particulars	(Amount in lacs)
Lease Liability movement	
As at 31st March, 2020	-
Addition during the year	335.27
Interest on Lease Liability	16.72
Lease rent paid for the year	(18.82)
As at 31st March, 2021	333.17
Addition during the year	0.00
Interest on Lease Liability	49.49
Lease rent paid for the year	(57.58)
As at 31st March, 2022	325.08



Amount recognised in Statement of Profit & Loss		(Amount in Lacs)
Particulars	March 31, 2022	March 31, 2021
Expense related to short term lease	246.25	219.14
Interest on Lease Liabilities	49.49	16.72

Amount recognised in Statement of Cash Flows		(Amount in Lacs)
Particulars	March 31, 2022	March 31, 2021
Outflow under Operating activities (Short term leases)	246.25	219.14
Outflow under Financing activities	57.58	18.82

44 CSR Expenses		(Amount in Lacs)
Particulars	March 31, 2022	March 31, 2021
a) Gross Amount required to be spent by the Company during the year	27.50	17.23
b) Previous Year's unspent amount	0.28	0.39
c) Total Amount to be spent	27.78	17.63
d) Amount of Expenditure incurred	27.78	17.35
i) Acquisition of any asset	-	-
ii) Others	8.09	17.35
iii) Provision made for the CSR Expenditure	19.69	-
e) Paid (Including transferred to CSR Fund) (Refer Note Below)	8.09	17.35
f) Shortfall	-	0.28
g) Unspent amount pursuant to ongoing project	19.69	-
h) Subsequently Transferred to Escrow Account	19.69	-
Total	27.78	17.35

Nature of CSR Activities undertaken

1. Bihar Floods: Pahal's CSR triggered a project to provide essentials/food/shelter benefits to the people affected by floods in the Bihar region. The project covered the affected population in the districts of Muzaffarpur, Sitamarhi, Seohar, Darbhanga, Mahubani, Samastipur, Khagaria and Bhagalpur. The team distributed flat rice, jaggery, chickpea, candle, matchbox, biscuit, and tarpaulin without differentiating between borrowers and non-borrowers.

2. E-clinic : With an aim to provide accessible and affordable Digital Healthcare facilities in rural India, Pahal has collaborated with M-SWASTH to set up e-clinics in its branches. In January'22, Pahal has already launched 2 E-clinics to serve the population of Jhanjharpur and Minapur villages in Bihar. In these 3 months around 200 consultations have been provided.

45 Retirement Benefits

(i) Defined Contribution Plan:

Contribution to Provident Fund and ESIC are included in note 33 "Employee benefits expense" includes ₹147.47 Lakhs (P.Y. ₹ 106.61 Lakhs) 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 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.



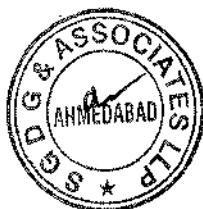
The following tables set out the status of the gratuity plan as required under Ind AS 19.

(Amount in Lacs)		
Particulars	March 31, 2022	March 31, 2021
i) Employee benefit expense recognized in Statement of Profit & Loss:		
Current service cost	17.69	12.91
Net interest cost	0.49	1.49
Net benefit expense	18.19	14.39
ii) Employee benefit expense recognized in Other comprehensive income (OCI):		
Actuarial (gain)/losses on obligation for the period	3.39	1.62
Actual Returns on Plan Assets excluding interest income	0.29	(0.33)
Net expense recognized in OCI for the period	3.69	1.30
iii) Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	77.17	60.61
Interest cost	5.01	3.66
Current service cost	17.69	12.91
Actuarial (gains) / losses arising from change in demographic assumptions	(0.01)	2.95
Actuarial (gains) / losses arising from change in financial assumptions	(4.48)	(3.85)
Actuarial (gains) / losses arising from experience adjustments	7.89	2.53
Benefits Paid	(1.69)	(1.64)
Closing defined benefit obligation	101.57	77.17
iv) Changes in Plan Asset:		
Fair Value of Plan Assets at the Beginning of the Year	69.55	36.00
Expected Returns on Plan Assets	4.51	2.17
Employer's Contribution	7.61	32.70
Benefits Paid	(1.69)	(1.64)
Actuarial Gains/ (Losses)	(0.29)	0.33
Fair Value of Plan Asset at the end of the year**	79.70	69.55
v) Amount Recognised in Balance Sheet		
Defined benefit obligation	101.57	77.17
Fair value of plan assets	79.70	69.55
Plan asset / (liability)	(21.88)	(7.61)

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

Particulars	March 31, 2022	March 31, 2021
Discount Rate per annum	6.90%	6.49%
Expected return on plan assets	6.90%	6.49%
Rate of salary increase	7.00%	7.00%
Employee turnover rate	For service 2 years and below 35% p.a. & For service 3 to 4 years 15% p.a. and service 5 years & above 5% p.a.	For service 2 years and below 35% p.a. & For service 3 to 4 years 15% p.a. and service 5 years & above 5% p.a.
Mortality Rate	Indian Assured Lives Mortality 2012-14 (Urban)	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 salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Funding Arrangement and Policy

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

viii) Maturity Profile of Defined Benefit Obligations

Particulars	(Amount in Lacs)	
	March 31, 2022	March 31, 2021
Maturity benefits payable in future years from the date of reporting		
1st Following year	3.94	2.88
2nd Following year	4.63	3.30
3rd Following year	5.23	3.81
4th Following year	5.68	4.13
5th Following year	6.02	4.35
Sum of Years 6 to 10	47.62	36.04
Sum of Years 11 and above	185.11	130.69

ix) Quantitative sensitivity analysis for significant assumption

Particulars	(Amount in Lacs)	
	March 31, 2022	March 31, 2021
Projected benefit obligation on current assumption	101.57	77.17
Increase/decrease on present value of defined benefits obligation		
1% increase in discount rate	(9.68)	(7.56)
1% decrease in discount rate	11.54	9.00
1% increase in salary escalation rate	10.70	8.24
1% decrease in salary escalation rate	(9.13)	(7.07)
1% increase in employee turnover rate	(0.66)	(0.84)
1% decrease in employee turnover rate	0.68	0.90

x) Prescribed Contribution for Next year(12 Months) 44.45 25.31

xi) Asset Information

Particulars	(Amount in Lacs)	
	March 31, 2022	March 31, 2021
Insurance fund	79.70	69.55



PAHAL FINANCIAL SERVICES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

46 Aging Analysis

46.1 Trade Payables ageing schedule

(Amount in Lacs)

March 31, 2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed					
i) MSME	-	-	-	-	-
ii) Others	1,245.99	0.01	0.76	0.27	1,247.02
Disputed					
i) MSME	-	-	-	-	-
ii) Others	-	-	-	-	-
Total	1,245.99	0.01	0.76	0.27	1,247.02
Unbilled	-	-	-	-	-
Not Due	-	-	-	-	-
Grand Total	1,245.99	0.01	0.76	0.27	1,247.02

March 31, 2021

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed					
i) MSME	-	-	-	-	-
ii) Others	654.44	2.87	-	0.27	657.58
Disputed					
i) MSME	-	-	-	-	-
ii) Others	-	-	-	-	-
Total	654.44	2.87	0.00	0.27	657.58
Unbilled	-	-	-	-	-
Not Due	-	-	-	-	-
Grand Total	654.44	2.87	0.00	0.27	657.58

46.2 Trade Receivables ageing schedule

(Amount in Lacs)

March 31, 2022

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 Months	6 months - 1 Year	1-2 years	2-3 years	More than 3 years	
Undisputed						
i) considered good	574.76	23.13	-	378.99	0.39	986.59
ii) Considered Doubtful	-	-	-	-	-	-
Disputed						
i) considered good	-	-	-	-	-	-
ii) Considered Doubtful	-	-	-	-	-	-
Total	574.76	23.13	-	378.99	0.39	986.59
Unbilled	-	-	-	-	-	-
Not Due	-	-	-	-	-	-
Grand Total	574.76	23.13	-	378.99	0.39	986.59

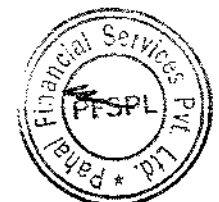


March 31, 2021

(Amount in Lacs)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 Months	6 months - 1 Year	1-2 years	2-3 years	More than 3 years	
Undisputed						
i) considered good	206.69	384.48	550.29	9.40	0.03	1,150.89
ii) Considered Doubtful	-	-	-	-	-	-
Disputed						
i) considered good	-	-	-	-	-	-
ii) Considered Doubtful	-	-	-	-	-	-
Total	206.69	384.48	550.29	9.40	0.03	1,150.89
Unbilled	-	-	-	-	-	-
Not Due	-	-	-	-	-	-
Grand Total	206.69	384.48	550.29	9.40	0.03	1,150.89

- 47 The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date
- 48 In respect of borrowings on the basis of security of current assets from banks and financial institutions, quarterly returns / statements of current assets filed by the Company with banks and financial institutions were in agreement with the books of accounts.
- 49 There were no charges or satisfaction yet to be registered with ROC beyond the statutory period.
- 50 The Company is not declared as wilful defaulter by any bank or financial institution or government authorities
- 51 (a) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding that the Intermediary shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
(b) The Company has not received any fund from any person(s) or entity(ies), including foreign entities ("Funding Party") with the understanding that the company shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
(c) Funds transferred under Business Corrorespondent (BC) operations by funding Parties are directly disbursed to ultimate borrowers, wherein Company acts as a servicer to the Loan Portfolio. Therefore, loans granted under this mechanism are not considered for reporting under this clause.
- 52 The Company has not granted any Loans or Advances in the nature of loans to Promoters, Directors, KMP's and related parties which are repayable on demand or given without specifying terms or period of repayment
- 53 The Company does not hold any Benami Property under the Benami Transactions (Prohibition) Act, 1988
- 54 The Company has not entered into any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956
- 55 The Company has not made any Investment in violation to the provisions related to number of layers prescribed under clause (87) of section 2 of the Companies Act, 2013 read with the Companies (Restriction on number of Layers) Rules, 2017
- 56 The Company has not traded or invested in Crypto Currency or Virtual Currency

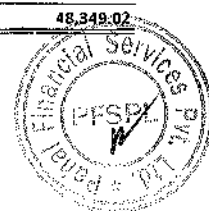


PAHAL FINANCIAL SERVICES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

57 Maturity analysis of assets and liabilities

(Amount in Lacs)

Particulars	As at March 31, 2022			As at March 31, 2021		
	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months
A ASSETS						
(1) Financial Assets						
(a) Cash and cash equivalents	23,531.12	23,531.12	-	7,187.72	7,187.72	-
(b) Bank balance other than (a) above	10,491.72	4,647.59	5,844.13	4,965.08	2,890.34	2,074.74
(c) Trade receivables	986.59	986.59	-	1,150.89	1,150.89	-
(d) Loans	81,182.61	45,081.83	36,100.78	62,954.45	38,451.83	24,502.62
(e) Other Financial Assets	1,734.57	1,734.57	-	2,373.05	2,230.03	143.02
Total Financial Assets	1,17,926.61	75,981.70	41,944.91	78,631.19	51,910.80	26,720.39
(2) Non-Financial assets						
(a) Current tax assets (Net)	292.83	-	292.83	39.97	-	39.97
(b) Deferred tax assets (Net)	-	-	-	121.74	-	121.74
(c) Property, Plant and Equipment	318.19	-	318.19	312.94	-	312.94
(d) Intangible assets	21.41	-	21.41	11.09	-	11.09
(e) Right of Use Asset	298.33	-	298.33	337.24	-	337.24
(e) Other non-financial assets	62.28	62.28	-	69.82	69.82	-
Total Non-Financial Assets	993.04	62.28	930.76	892.81	69.82	822.99
Total assets	1,18,919.65	76,043.98	42,875.67	79,524.00	51,980.62	27,543.38
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	1,247.02	1,247.02	-	657.58	657.58	-
(b) Lease Obligation	325.09	13.09	312.00	333.18	6.10	327.08
(b) Debt securities	34,148.12	18,351.62	15,796.50	25,215.60	5,271.96	19,943.64
(c) Borrowings (other than debt securities)	57,608.25	31,843.97	25,764.28	33,097.61	21,448.92	11,648.69
(d) Subordinated liabilities	3,687.17	-	3,687.17	3,682.77	-	3,682.77
(e) Other financial liabilities	3,798.12	3,157.04	641.08	3,170.07	2,859.23	310.84
Total Financial Liabilities	1,00,813.77	54,612.74	46,201.04	66,156.81	30,243.79	35,913.02
(2) Non-Financial Liabilities						
(a) Deferred tax liabilities (Net)	61.89	-	61.89	-	-	-
(b) Provisions	21.87	21.87	-	7.62	7.62	-
(c) Other non-financial Liabilities	468.93	468.93	-	923.57	923.57	-
Total Non-Financial Liabilities	552.69	490.80	61.89	931.19	931.19	-
(3) EQUITY						
(a) Equity share capital	3,253.68	-	3,253.68	3,218.46	-	3,218.46
(b) Instruments entirely equity in nature	720.31	-	720.31	-	-	-
(c) Other equity	13,579.20	-	13,579.20	9,217.54	-	9,217.54
Total Equity	17,553.19	-	17,553.19	12,436.00	-	12,436.00
Total Liabilities and Equity	1,18,919.65	55,103.54	63,816.11	79,524.00	31,174.98	48,349.02



PAHAL FINANCIAL SERVICES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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

As at March 31, 2022						(Amount in Lacs)
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	92,610.33	55.17	92,555.16	878.06	(822.89)
	Stage 2	1,775.12	133.13	1,641.99	17.11	116.02
	Stage 3	-	-	-	-	-
Subtotal		94,385.45	188.30	94,197.15	895.17	(706.87)
Non-Performing Assets (NPA)						
Substandard	Stage 3	4,282.15	984.89	3,297.26	68.33	916.57
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		4,282.15	984.89	3,297.26	68.33	916.57
Other items	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage 1	92,610.33	55.17	92,555.16	878.06	(822.89)
	Stage 2	1,775.12	133.13	1,641.99	17.11	116.02
	Stage 3	4,282.15	984.89	3,297.26	68.33	916.57
Total	Total	98,667.60	1,173.20	97,494.40	963.50	209.70
As at March 31, 2021						(Amount in Lacs)
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	68,228.13	60.42	68,167.72	557.21	(496.80)
	Stage 2	2,892.04	216.90	2,675.14	23.70	193.21
	Stage 3	255.91	95.97	159.94	0.64	95.33
Subtotal		71,376.08	373.29	71,002.80	581.55	(208.26)
Non-Performing Assets (NPA)						
Substandard	Stage 3	2,096.08	786.03	1,310.05	229.84	556.19
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		2,096.08	786.03	1,310.05	229.84	556.19
Other items	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage 1	68,228.13	60.42	68,167.72	557.21	(496.80)
	Stage 2	2,892.04	216.90	2,675.14	23.70	193.21
	Stage 3	2,351.99	882.00	1,469.99	230.48	651.51
Total	Total	73,472.16	1,159.31	72,312.85	811.39	347.92



59 Disclosures pursuant to various RBI Circulars

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

Particulars	(Amount in Lacs)	
	FY 21-22	FY 20-21
(A) SMA/overdue categories, where the moratorium/deferment was extended	1,003.74	1,003.74
(B) Out of (A) above, amount on which asset classification benefits is extended	36.76	153.53
(C) Provision Made on (B)	76.83	76.83
(D) Provisions adjusted during the respective accounting periods against slippages	69.98	0.00
(E) Residual Provision	6.85	76.83

59.2 Disclosure required as per Reserve Bank of India Circular on Resolution Framework - 2.0 dated May 5, 2021 is as under:

Particulars	(Amount in Lacs)	
	FY 21-22	FY 20-21
(A) Number of requests received for invoking resolution process under Part A (Nos.)	8,110.00	-
(B) Number of accounts where resolution plan has been implemented under this window (Nos.)	8,110.00	-
(C) Exposure to accounts mentioned at (B) before implementation of the plan	2,646.88	-
(D) Of (C), aggregate amount of debt that was converted into other securities	-	-
(E) Additional funding sanctioned, if any, including between invocation of the plan and implementation	-	-
(F) Increase in provisions on account of the implementation of the resolution plan	78.42	-

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

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

Period	Number of Significant Counterparties	Amount (Rs.in Lacs)	% of Total deposits	% of Total liabilities
March 31, 2022	1	9,820.00	NA	10.18%
March 31, 2021	1	12,770.00	NA	20.45%

60.2 Details of Top 20 large deposits

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

60.3 Details of Top 10 borrowings

Period	Amount (Rs.in Lacs)	% of Total Borrowings
March 31, 2022	55,753.77	57.79%
March 31, 2021	39,340.93	63.02%

60.4 Funding Concentration based on significant instrument/product

Name of the Instrument/ Product	As at March 31, 2022		As at March 31, 2021	
	Amount (Rs.in Lacs)	% of Total liabilities	Amount (Rs.in Lacs)	% of Total liabilities
Debt securities	34,148.12	35.78%	25,215.60	40.67%
Borrowings (other than debt securities)	57,608.25	60.36%	33,097.61	53.39%
Subordinated liabilities	3,687.17	3.86%	3,682.77	5.94%
Total	95,443.54	100.00%	61,995.98	100.00%

60.5 Stock Ratios

Particulars	As at March 31, 2022			As at March 31, 2021		
	As a % of public funds	As a % of Total liabilities	As a % of total assets	As a % of public funds	As a % of Total liabilities	As a % of total assets
Commercial papers	NA	-	-	NA	-	-
Non-Convertible Debentures	NA	33.69%	28.72%	NA	37.59%	31.71%
Other Short term liabilities	NA	-	-	NA	0.67%	0.56%

60.6 Institutional set-up for Liquidity Risk Management

Refer Note No.: 38.5



61 (i) Capital to Risk Assets ratio (CRAR) (Computed as per method prescribed by RBI)

Sr. No.	Particulars	As at	
		March 31, 2022	March 31, 2021
(i)	CRAR (%) [(iii) + (iv)]	21.32%	21.15%
(ii)	CRAR- Tier I Capital(%)	19.92%	17.89%
(iii)	CRAR- Tier II Capital(%)	1.40%	3.25%
(iv)	Amount of subordinated debt considered as Tier-II capital (in ₹ lacs)	1 680	2 300

(ii) Liquidity Coverage Ratio

Sr. No.	Particulars	As at	
		March 31, 2022	March 31, 2021
(i)	Highly Liquid Assets		
(A)	Cash and Cash equivalents	23,531.12	7,187.72
(B)	Marketable Securities	-	-
(ii)	Net Cash outflows of next 30 days from year end		
(A)	Cash Outflows	16,880.10	9,347.78
(B)	Cash inflows	6,010.53	5,222.00
(iii)	Liquidity Coverage Ratio	216.49%	174.21%

- 62 - The Company has no exposure to the real estate sector directly or indirectly in the current and previous year.
- The company has not disbursed any loans against security of gold.
- The Company has no exposure to capital market.

63 Details of Provisions and contingencies

Sr. No.	Particulars	For the year ended	
		March 31, 2022	March 31, 2021
(i)	Provision for Impairment on Financial Instruments	13.88	249.38
(ii)	Provision made towards Tax Expenses	183.63	208.02
(iii)	Provision for Depreciation on Investments	-	-
(iv)	Other Provision and contingencies	-	-
		197.51	457.40

64 Details of the Customer Complaints

Sr. No.	Particulars	As at	
		March 31, 2022	March 31, 2021
(i)	No. of complaints pending at the beginning of the year	2	-
(ii)	No. of complaints received during the year	338	117
(iii)	No. of complaints redressed during the year	335	115
(iv)	No. of complaints pending at the end of the year	5	2

65 Movements of NPAs

Refer movements provided under Note 38.6

66 Unsecured Advances

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

67 Draw Down from Reserves:

The Company has not made any drawdown from existing reserves.

68 Details of concentration of advances, exposures & NPA:

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

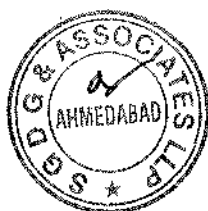
69 Details of Sector wise NPA:

Particular	Percentage of NPAs to total advances in	
	March 31 2022	March 31 2021
Micro Finance Loans	4.13%	2.48%
Corporate borrowers	-	-
Unsecured personal loans	0.19%	-
Vehicle Loans	0.02%	-

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

Particulars	As at March 31, 2022		As at March 31, 2021	
	Loans	Borrowings	Loans	Borrowings
1 day to 30/31 day (one month)	3,359.51	4,151.44	3,067.80	3,192.56
Over one month to 2 months	4,039.12	2,359.07	3,404.63	2,453.00
Over 2 months to 3 months	3,956.91	8,863.29	3,430.48	3,289.89
Over 3 months upto 6 months	11,799.82	10,604.10	10,132.07	6,334.95
Over 6 months upto 1 year	22,570.31	24,232.29	19,124.85	11,220.00
Over 1 year upto 3 years	36,413.99	35,694.60	24,843.91	31,329.13
Over 3 years upto 5 years	208.24	9,538.27	110.02	4,175.92
Over 5 years	0.00	0.00	0.00	0.00
Total	82,347.89	95,443.05	64,113.76	61,995.46

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



Type of Hedge and Risk	Notional Amount	Carrying amount (Derivative Liability)		Maturity Dates	Change in Fair value of Hedging Instruments
		March 31, 2022	March 31, 2021		
Foreign exchange risk	EUR				
Cross Currency Interest Rate Swaps	15.00	128.50	64.81	Jun-25	63.69
Cross Currency Interest Rate Swaps	15.00	112.99	81.47	Jun-25	31.52
Total	30.00	241.49	146.28		95.21

Type of Hedge and Risk	Notional Amount	Particulars	
		Strike Price	Interest Rate
Foreign exchange risk	EUR		
Cross Currency Interest Rate Swaps	15.00	88.01	11.45%
Cross Currency Interest Rate Swaps	15.00	87.10	11.45%
Total	30.00		

Movement in Cash Flow Hedge Reserve			(Amount in Lacs)
Particulars	March 31, 2022	March 31, 2021	
Opening Balance of Cash Flow Hedge Reserve	(86.55)	-	
Change in Fair value of hedging Instruments	(95.21)	(146.28)	
Less: Amount reclassified to Statement of P&L	(85.53)	(59.73)	
Net Amount Charged (to)/from Other Comprehensive Income	(9.68)	(86.55)	
Closing Balance of Cash Flow Hedge Reserve	(96.23)	(86.55)	

Expense Booked in Statement of P&L			(Amount in Lacs)
Particulars	March 31, 2022	March 31, 2021	
Hedge Ineffective Portion	-	-	
Amount reclassified from Other Comprehensive Income	85.53	59.73	
Line Item affected	Foreign exchange Gain / Loss and Interest Expense		

Disclosure required under Master Directions issued by RBI			(Amount in Lacs)
Particulars	March 31, 2022	March 31, 2021	
(i) The Notional principal of Swap agreements for hedging	2,539.80	2,582.40	
(ii) Losses which would be incurred if counterparties failed to fulfill their obligations under agreement	In case of failure by the counterparty, the company would have to discharge the outstanding exposure of the ECB at the prevailing forex rates on the respective repayment dates		
(iii) Collateral Required upon entering into swaps	-	-	
(iv) Concentration of Credit risk arising from the swaps	Since the company has only one outstanding derivative contract, there is no concentration of credit risk involved		
(v) Fair Value/Mark to Market Position of the Swap book (Derivative Liability)	241.49	146.28	

72 During the year under review, The company had total Outstanding towards frauds totalling to Rs.463.69 Lakhs (31st March 2021: Rs. 459.13 Lakhs) in respect of its lending operations. Out of the above, frauds amounting to Rs. 6.75 Lakhs (31st March 2021: Rs. 1.09 Lakhs) has already been recovered. Suitable action has been taken by the company to recover the balance amounts.

The Above Information for Individual frauds exceeding Rs. 1,00,000/- has been compiled from Fraud Monitoring Return filed with the RBI)

The Above Information has been compiled by the management and relied upon by the Auditors.

73 Disclosure of Whistle blower Complaints

Particular	March 31 2022	March 31 2021
No. of complaints pending at the beginning of the year	-	-
No. of complaints received during the year	-	-
No. of complaints redressed during the year	-	-
No. of complaints pending at the end of the year	-	-

74 Credit Rating

The CARE and ICRA have assigned following ratings to Company.

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

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

76 No penalties Imposed by RBI and other regulators during current and previous year.

77 Details of Average Interest paid on Borrowings and charged on loans given to JLG:

The details of Average Interest Rate on Borrowings and charged on loans is as under:

Particulars	F.Y. 2021-2022	F.Y. 2020-2021
Average Interest Rate on Loans given (A)	21.13%	22.43%
Average effective cost of Borrowing (B)	14.18%	14.57%
Net interest Margin (A-B)	6.95%	7.86%



78 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:

(a) Particulars	(Amount in Lacs)	
	Year ended	
	March 31, 2022	March 31, 2021
Total number of loans assigned/securitised during the year	81,804.00	38,834.00
Total book value of loans assigned/securitised during the year	20,928.48	8,632.07
Sale consideration received for loans assigned/ securitised during the year	18,717.29	7,699.12
Income recognised in the statement of profit and loss during the year	521.56	(218.23)
Balance of loans assigned /securitised as at the balance sheet date	19,784.37	10,434.58
Cash Collateral provided and outstanding as at the balance sheet date	1,370.62	794.00

(b) Details of Securitisation transactions undertaken:

Sr. No	Particulars	(Amount in Lacs)	
		Year ended	
		March 31, 2022	March 31, 2021
1	No. of SPVs sponsored by the NBFC for securitisation transactions (Nos.)	5	5
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	11,188.30	6,559.89
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	1,792.51	1,273.98
	- 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	1,370.62	794.00
	- Others	-	-
	ii) Exposure to third party securitisations		
	- First loss	-	-
	- Others	-	-
5	Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	10,025.14	6,764.57
6	Outstanding value of services provided by way of post-securitisation asset servicing	-	-
7	Performance of facility provided: Credit enhancement and servicing agent:		
	(a) Amount Paid	8,347.51	3,899.14
	(b) Repayment Received	9,060.19	4,246.82
	(c) Outstanding Amount	1,261.35	851.93
8	Average default rate of portfolios observed in the past.	3.85%	3.85%
9	Amount and number of additional/top up loan given on same underlying asset.	-	-
10	Investor complaints:		
	(a) Directly/Indirectly Received	-	-
	(b) Complaints Outstanding	-	-

(c) Details of assignment transactions undertaken:

Sr. No.	Particulars	(Amount in Lacs)	
		Year ended	
		March 31, 2022	March 31, 2021
(i)	Number of Accounts	32,304	-
(ii)	Aggregate value (net of provision) of accounts sold to SC/RC	9,740.18	3,063.95
(iii)	Aggregate consideration	8,692.15	1,693.62
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain or loss over net book value	521.56	(218.23)



79 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

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

(Amount in Lacs)

Particulars	F.Y. 2021-2022		F.Y. 2020-2021	
	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
a) Debentures :				
Secured	34,787.41	-	25,956.29	-
Unsecured (other than falling within the meaning of public deposits)*	2,398.77	-	2,094.83	-
b) Deferred Credits	-	-	-	-
c) Term Loans	57,355.72	-	32,814.51	-
d) Inter-corporate loans and borrowing	-	-	-	-
e) Commercial Paper	-	-	-	-
f) Other Loans				
Sub ordinate debt	1,506.35	-	1,613.86	-
Working capital facility	-	-	447.47	-

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

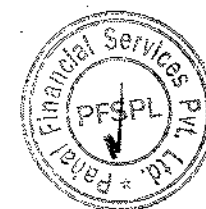
(Amount in Lacs)

Amount Outstanding	F.Y. 2021-2022	F.Y. 2020-2021
a) Secured	997.89	533.24
b) Unsecured	81,357.91	63,480.52

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

(Amount in Lacs)

Particulars	F.Y. 2021-2022	F.Y. 2020-2021
(i) Lease assets including lease rentals under sundry debtors:		
(a) Financial Lease	-	-
(b) Operating Lease	-	-
(ii) Stock on hire including hire charges under sundry debtors:		
(a) Assests on hire	-	-
(b) Repossessed Assests	-	-
(iii) Other Loans counting towards AFC activities		
(a) Loans where assests have been repossessed	-	-
(b) Loan other than (a) Above	-	-



19.4 Break up of Investments

(Amount in Lacs)

Particulars	F.Y. 2021-2022	F.Y. 2020-2021
Current Investments:		
1. Quoted		
(i) Shares:		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
2. Unquote		
(i) Shares:		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Unit of Alternate Investment Fund	-	-
Long Term Investments:		
1. Quoted		
(i) Shares:		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
2. Unquote		
(i) Shares:		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Unit of Alternate Investment Fund	-	-
Total Gross Value of Investments	-	-
Less: Provision for Depreciation held towards investments	-	-
Net Value of Investments	-	-



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

Category	(Amount in Lacs)					
	F.Y. 2021-2022			F.Y. 2020-2021		
	Amount net of Provisions			Amount net of Provisions		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties						
a) Subsidiaries	-	-	-	-	-	-
b) Companies in the same group	-	-	-	-	-	-
c) Other Related parties	-	-	-	-	-	-
2. Other than related parties	997.89	81,357.91	82,355.80	633.24	63,480.52	64,113.76
Total	997.89	81,357.91	82,355.80	633.24	63,480.52	64,113.76

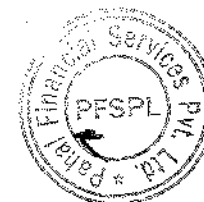
79.6 Investor group wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Category	(Amount in Lacs)			
	F.Y. 2021-2022		F.Y. 2020-2021	
	Market Value/Break up or FAIR Value or NAV	Book Value(Net of Provisions)	Market Value/Break up or FAIR Value or NAV	Book Value(Net of Provisions)
1. Related parties				
a) Subsidiaries	-	-	-	-
b) Companies in the same group	-	-	-	-
c) Other Related parties	-	-	-	-
2. Other than related parties	-	-	-	-
Total	-	-	-	-

79.7 Other Information

Particulars	(Amount in Lacs)	
	F.Y. 2021-2022	F.Y. 2020-2021
(i) Gross Non-Performing Assets		
a) Related Parties	-	-
b) Other than related parties	3,268.13	1,446.10
(ii) Net Non performing Assets		
a) Related Parties	-	-
b) Other than related parties	3,213.85	1,431.64
(iii) Assets acquired in satisfaction of Debt		

80 Disclosure pursuant to RBI Notification – RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020 ("Resolution Framework for COVID-19 Related Stress") is not applicable as the Company has not restructured any loan accounts during the year.



- 81 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.
- 82 Previous year's figures have been regrouped / reclassified, where necessary, to confirm to current year's presentation.

As per our report of even date
For SGDG & Associates LLP
Chartered Accountants
ICAI Firm Reg.No. W100188

Devansh Gandhi

(Devansh Gandhi)
Partner
Membership No. 129255
Place: Ahmedabad
Date: May 6, 2022



For and on behalf of the Board

Kartik S. Mehta

Kartik S. Mehta
Managing Director
DIN: 02083342

Chintan Desai

Chintan Desai
Chief Financial Officer
Place: Ahmedabad
Date: May 6, 2022

Purvi L. Bhavsar

Purvi L. Bhavsar
Managing Director
DIN: 02102740

Nikita Sharma

Nikita Sharma
Company Secretary





NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the (12th) Twelfth Annual General Meeting(AGM) of the Members of **Pahal Financial Services Private Limited** having its CIN U65910GJ1994PTC082668 will be held as scheduled below –

Date: September 28, 2022
Day : Wednesday
Time: 09:30 A.M.
Place : 7th Floor, Binori B Square-2, Opp. Hathising Ni Vadi, Ambli Iscon Road, Ahmedabad -380054, Gujarat

to transact the following business:

Ordinary Business:

1. Approval and Adoption of Audited Financial Statements and the reports of the Directors and Auditors:

To consider and if thought fit, to pass with or without modification(s) following resolution as an Ordinary Resolution

To receive, consider and adopt the Annual Audited Financial Statements of the Company for the Financial year ended March 31, 2022, including Balance Sheet as at March 31, 2022, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.

2. Declaration of Dividend:

To declare a Final Dividend on Equity Shares of the Company for the Financial Year 2021-22 @ Rs. 2.00% per equity shares outstanding.

To declare a Final Dividend on Compulsorily Convertible Preference Shares of the Company for the Financial Year 2021-22@ 2.001% per preference shares outstanding.





3. To appoint M/s. J. H. Mehta & Co, Chartered Accountants as Statutory Auditors of The Company:

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 139, 141, 142, 143 of the Companies Act, 2013 (“the Act”) and other applicable provisions of the Act, read with Rules made thereunder as well as RBI Master Direction for Non-Banking Financial Company–Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 and RBI Guidelines RBI/2021-22/25 Ref.No.DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 (“RBI Guidelines) for Appointment of Statutory Central Auditors(SCAs)/Statutory Auditors (SAs), (including any statutory modification(s) or re-enactment for the time being in force), M/s. J. H. Mehta & Co, Chartered Accountants, be and are hereby appointed as the Statutory Auditors of the Company from the conclusion of the ensuing Annual General Meeting to hold such office for a period of three years till the conclusion of the 15th Annual General Meeting, at mutually agreed audit fees plus all the taxes and out of pocket expenses as per actual, to conduct the audit for the financial years 2022-23 to 2024-25.”

Special Business:

4. Appointment of Dr. Deepali Pant Joshi (DIN – 07139051) as an Independent Director of the Company

To consider and if thought fit, to pass, with or without modification the following resolution as an Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 149,150, 152, and other applicable provisions, if any, of the Companies Act, 2013(“the Act”) and rules made thereunder (including any statutory modification(s) or re-enactment (s) thereof for the time being in force) read with Schedule IV of the Companies Act,2013, in accordance with the Articles of Association of the Company, and on recommendation of Nomination & Remuneration Committee and Board of Directors of the Company, Dr. Deepali Pant Joshi(DIN: 07139051) who has submitted a declaration that she meets the criteria of independence as provided in the Act and who is eligible for appointment, be and is hereby appointed as Non Executive Independent Director of the Company w.e.f 01st October 2022 to hold office for a term of five consecutive years i.e upto 30th September 2027.

RESOLVED FURTHER THAT Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things as may be required, desirable or expedient to give effect to this resolution.”



5. APPROVAL OF OFFER AND ISSUE OF COMPULSORY CONVERTIBLE PREFERENCE SHARES ON PREFERENTIAL ALLOTMENT BASIS AND ISSUE OF OFFER LETTER

To consider and if thought fit, to pass, with or without modification the following resolution as an Special Resolution:

“RESOLVED THAT, in accordance with the provisions of sections 55, 42, 62(1)(c) of the Companies Act, 2013, Rule 14 of Companies (Prospectus and Allotment of Securities) Rules, 2014, Rule 9 and Rule 13 of the Companies (Share Capital and Debentures) Rules 2014 and all other applicable provisions, if any, including any statutory modifications or re-enactment thereof for the time being in force (“the act”), the foreign Exchange Management Act, 1999 as amended, rules, regulations, guidelines, notifications, clarifications, circulars, if any, prescribed by the Government of India, Reserve Bank of India and in accordance with the provisions of Memorandum and Articles of Association of the Company and subject to such other consent, approval, if any, as may be required and on such conditions and modifications as may be prescribed by any and all other appropriate authorities and institutions, rules, regulations, guidelines and directions for the time being in force, and subject further to such other terms, conditions, stipulations, alterations, amendments, modifications or variations and Share Subscription Agreement dated 22nd March 2022 and amendment thereafter and Shareholders Agreement dated 22nd March 2022 and the first amendment to the same, the consent of members of the Company be and is hereby accorded to create, offer, issue and allot on preferential allotment basis up to **30,87,037 Series A Compulsory Convertible Preference Shares (“Series A CCPS”) with face value of Rs. 10/- (Ten) each at a premium of Rs. 59.97 for a total value 21,59,99,978.89/- (Twenty One Crores Fifty Nine Lakhs Ninety Nine Thousand Nine Hundred Seventy Eight and Paise Eight Nine Only)** to the investors as specified in the table below, on such terms and conditions as set out in **Explanatory Statement** and that the draft letter of preferential allotment offer in Form **PAS-4** for issue of such securities and record of such Preferential allotment offer in Form **PAS-5** be and are hereby approved.

Sr. No.	Names of the proposed investors	Number of Series A CCPS to be offered on preferential allotment basis	Investment Amount (In Rs.)
1.	HURUMA FUND S.C.A., SICAR- EuSEF	24,74,878	INR 17,31,67,213.66
2.	HURUMA SV SÀRL	6,12,159	INR 4,28,32,765.23
	Total	30,87,037	INR 21,59,99,978.89



RESOLVED FURTHER THAT the aforesaid Series A CCPS shall:

- (i) Carry a dividend at the rate of [0.001]% ([zero point zero zero one] percent) and the payment of the dividend shall be as detailed in the Annexure I,
- (ii) Have priority with respect to payment of dividend or repayment of capital vis-à-vis equity shares,
- (iii) Participate in surplus assets and profits, on winding up as per the terms agreed,
- (iv) be compulsorily convertible into such number of equity shares of Rs. [10]/- (Rupees [Ten] only) each as per the terms and conditions laid down in the Annexure I, and
- (v) Shall carry voting rights on an as-if-converted basis.

RESOLVED FURTHER THAT the copy of the offer documents as placed in the meeting initialed by the Chairman for the purpose of identification, be and is hereby approved and the Board is hereby empowered, in accordance with the provisions of section 42 of the Act to make the preferential allotment offer and take necessary action in this matter;

RESOLVED FURTHER THAT any of the Directors or the Company Secretary of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary and settle any or all questions/matters arising with respect to the offer, issue and allotment, utilization of the proceeds of the issue of the of the CCPS, execute all such deeds, documents, agreements and writings as may be necessary for the purpose of giving effect to the aforesaid resolution, take such further steps as are required for the allotment and to take such other steps that are incidental and ancillary in this regard; and to do, make or accept such alterations, modifications or variations in the foregoing resolution, as may be considered desirable without being required to seek any further consent or approval of the members;

RESOLVED FURTHER THAT any of the Directors or the Company Secretary of the Company is authorized to execute or sign all and any agreements, documents, forms and deeds and writings and to take all and any actions and steps as may be necessary, expedient or appropriate to complete the issue of the CCPS by the Company without limitation, submit any and all filings with the Registrar of Companies.”





Explanatory Statement pursuant to section 102 of the Companies act 2013

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

ITEM NO. 3

APPOINTMENT OF STATUTORY AUDITORS OF THE COMPANY

M/s SGD & ASSOCIATES LLP, had expressed their unwillingness to be reappointed as the Statutory Auditor of the Company for the F.Y 2022-23 due to regulatory changes announced by Reserve Bank of India.

The Company has obtained a written certification from M/s J.H Mehta & Co., Chartered Accountant (Firm Registration No. 106227W) to the effect that their appointment as Auditors of the Company for the Financial Year 2022-23 to 2024-25 (i.e for a period of 3 years) as per RBI Circular dated 27th April 2021 i.e Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) and are eligible for appointment under Companies Act 2013 and the rules made thereunder.

Accordingly the Board recommends the resolution in relation to appointment of M/s J.H Mehta & Co., Chartered Accountants for the approval of shareholders of the company .

ITEM NO. 4:

Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company on 19th September 2022 has recommended, appointment of Dr. Deepali Pant Joshi (DIN 07139051) as Non-Executive Independent Director of the Company for a term of consecutive years to hold office from 01st October 2022 to 30th September 2027 to the members for their approval by way of Special resolution in terms of Companies Act 2013('the Act').

Dr. Deepali Pant Joshi, is a development economist and holds D Phil from the University of Allahabad. She has also Law and Management degrees. She is a fellow of the Harvard University Asia Centre. She is a career banker and had served the Reserve Bank of India for more than three and a half decades. She





headed various departments in RBI including Departments of Rural Planning and Credit and Financial Inclusion Department and Customer Services & Financial Education Department. During her long career with the Regulator, she also held some key positions like Banking Ombudsman for the State of Andhra Pradesh, Regional Director at RBI, Jaipur, heading RBI Banking operations in Rajasthan, Principal of Bankers Training College, Mumbai, etc.

She is also a prolific writer with more than six books to her credit, she works as an Independent Strategy Consultant and is also on the executive council of the University of Allahabad and is an advocate at the High Court of Allahabad.

The Company has received from Dr. Joshi (i) consent in writing to act as an Independent Director in Form DIR 2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect she is not disqualified under sub-section (2) of 164 of the Companies Act 2013; (ii) intimation in Form DIR-8 in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that she is not disqualified under Section 164(2) of the Act; and (iii) a declaration to the effect that she meets the criteria of independence as provided under Section 149(6) of the Act and Rules framed thereunder (iv) Notice of her Interest in Form MBP 1 pursuant to Section 184 (1) (v) Deed of Covenant and Undertaking under Fit and Proper Criteria of Director pursuant to Master Direction NBFC Systematically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

In the opinion of Board, Dr Joshi fulfil all the conditions specified under Companies Act 2013 and rules made thereunder and also RBI Master Direction NBFC Systematically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 for her appointment as an Independent Director of the Company and is Independent of Management, electric Copy of the draft letter for her appointment as a an Independent Director setting out terms and conditions will be available on the website of the company at www.pahalfinance.com.

Except Dr. Joshi none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution. Dr. Joshi is not related to any Director or Key Managerial Personnel of the Company. As an Independent Director, She will be entitled to remuneration by way of commission on net profits and sitting fees for attending meeting(s) of the Board of Directors or Committee(s) thereof or for any other purpose, whatsoever as may be decided by the Board of Directors of the Company in accordance with the provisions of the Companies Act, 2013 and rules made thereunder.





Brief profile of Dr. Deepali Pant Joshi is mentioned below:

Sr. No.	Particulars	Profile Details		
1.	Qualification	She is a fellow of Harvard University Asia Centre where she did post-doctoral research in the areas of Finance and Economics. She holds a doctoral degree from the University of Allahabad and Law and Management degree.		
2.	Brief Profile and Nature of Expertise	<p>Dr. Deepali Pant Joshi, has four decades of experience in public life, of which, 36 years were spent at the Reserve Bank of India, the RBI where she was a career Central Banker she superannuated as its Executive Director. During the course of her long and distinguished career she was entrusted with several difficult and challenging assignments including demonetisation.</p> <p>She is known for her work in the public policy domain and for her commitment to growth with equity and her policy work in Microfinance and financial inclusion.</p>		
3.	Directorship held in other companies	Name of Company	Date of Appointment	
		Kan and More Private Limited	06/05/2022	
		Ambadi Enterprises Limited	27/07/2021	
		IFCI Factors Limited	03/08/2021	
		Satya Microcapital Limited	24/09/2021	
		Nabfins Limited	19/01/2021	

In the opinion of the Board, Dr. Deepali Pant Joshi is Independent from the management and that

The Company has received consent and declaration in writing from Dr. Deepali Pant Joshi that she is not disqualified from being appointed as Director in terms of the provision of Section 164 of the Companies Act, 2013. The consent and approval of the Shareholders is sought for her appointment as an Independent Director of the Company.



The Board of the Directors of the Company considers that this resolution is in the best interests of the Company, its shareholders and therefore recommends the passing of the special resolution as set out in the Notice.

None of the Directors of the Company except Dr. Deepali Pant Joshi is concerned or interested in this resolution.

ITEM NO. 5:

APPROVAL OF OFFER AND ISSUE OF COMPULSORY CONVERTIBLE PREFERENCE SHARES ON PREFERENTIAL ALLOTMENT BASIS AND ISSUE OF OFFER LETTER:

The Company, in order to meet its growth objectives and to strengthen its financial position, is contemplating generation of long-term resources by offering CCPS on preferential allotment basis.

The provisions of the Companies Act, 2013 (including any statutory modifications(s) or re-enactment thereof, for the time being in force) require the Company to seek the approval of the members for approval for issue of securities on preferential allotment basis.

The additional information as per section 102(1) (a) and (b) is as follows:

- a. The nature of concern or interest, financial or otherwise, if any:
 - a. Every director and the manager, if any : *None*
 - b. Every other key managerial personnel : *None*
 - c. Relatives of the persons mentioned in sub-clauses (i) and (ii) above : *None*
- b. Any other information and facts that may enable members to understand the meaning, scope and implication of the items of business to take decision thereon. – *As above.*

Your directors have accordingly recommended the Resolution in Item No.5 as a **Special Resolution** for your approval.

Pursuant to proviso to Rule 13 and 14 (1) of the Companies (Prospectus and Allotment of Securities) Rules, 2014, the following disclosures are made:



1.	Particulars of the offer including date of passing of Board resolution.	<p>The purpose of the offer of the CCPS is for expansion of business of the Company.</p> <p>Date of the Board resolution: 19th September 2022</p> <p>The offer being made is with respect to issuance and allotment on preferential allotment basis up 30,87,037 Series A Compulsory Convertible Preference Shares (Series A CCPS) with face value of Rs. 10/- (Ten) each at a premium of Rs. 59.97 for a total value of Rs. 21,59,99,978.89/- (Twenty One Crores Fifty Nine Lakhs Ninety Nine Thousand Nine Hundred Seventy Eight and Paise Eight Nine Only)</p>
2.	Kind of securities offered and the price at which security is being allotted.	Series A Compulsorily Convertible Preference Shares at Rs 69.97 each
3.	Basis or justification for the price (including premium, if any) at which the offer or invitation is being made.	<p>Valuation report issued by Bhavesh M Rathod by Chartered Accountants, Registered Valuer – SFA</p> <p>And</p> <p>Valuation report issued by CAPITALSQUARE ADVISORS PRIVATE LIMITED (Category – I Merchant Banker)</p>
4.	Name and address of valuer who performed valuation.	Name: Bhavesh M Rathod

		<p>Address: A/101, Shelter CHSL, CSC Road, Dahisar East, Mumbai 400068</p> <p>And</p> <p>Name: CAPITAL SQUARE ADVISORS PRIVATE LIMITED</p> <p>Address: 208, Aarpee Centre, CTS 70, MIDC Road no. 11, Andheri (East), Mumbai 400093, India</p>
5.	Relevant date with preference to which the price has been arrived at	31.07.2022
6.	The class or classes of persons to whom the allotment is proposed to being made	Non-promoter, Non-Director, new investors.
7.	Proposed time within which the allotment shall be completed	Within 15 days of receipt of subscription money
8.	Names of the proposed allottees and the percentage of the post preferential offer capital that may be held by them	Annexure II
9.	Change in control, if any, in the company that would occur consequent to the preferential offer	NIL
10.	Number of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price	Annexure III
11.	Justification for allotment proposed to be made for consideration other than cash together with valuation report of registered valuer	Nil
12.	Principle terms of assets charged as securities	Not applicable.
13.	Pre and post issue shareholding pattern of the company	Annexure -IV

14.	Amount which the Company intends to raise by way of such securities.	Rs.21,59,99,978.89/- (Twenty One Crores Fifty Nine Lakhs Ninety Nine Thousand Nine Hundred Seventy Eight and Paise Eight Nine Only)
15.	Material terms of raising such securities, proposed time schedule, purposes or objects of offer, contribution being made by the promoters or directors either as part of the offer or separately in furtherance of objects; principle terms of assets charged as securities.	Kindly refer Annexure -I





The following disclosures are made pursuant to Rule 9 (3) of the Companies (Share Capital and Debentures) Rules, 2014 with respect to the issue of the Series A CCPS:

a)	the size of the issue and number of preference shares to be issued and nominal value of each share;	30,87,037 Series A Compulsory Convertible Preference Shares ("Series A CCPS") with face value of Rs. 10/- (Ten) each at a premium of Rs. 59.97 for a total value of 21,59,99,978.89/- (Twenty One Crores Fifty Nine Lakhs Ninety Nine Thousand Nine Hundred Seventy Eight and Paise Eight Nine Only)
b)	the nature of such shares i.e. cumulative or non - cumulative, participating or non - participating, convertible or non – convertible	Compulsorily Convertible participating Preference Shares
c)	the objectives of the issue;	Immediate working capital and long term funding requirements for the business
d)	the manner of issue of shares;	Private Placement
e)	the price at which such shares are proposed to be issued;	Rs. [69.97/-]
f)	the basis on which the price has been arrived at;	Valuation report issued by Bhavesh M Rathod by Chartered Accountants, Registered Valuer – SFA And Valuation report issued by CAPITALSQUARE ADVISORS PRIVATE LIMITED (Category – I Merchant Banker)
g)	the terms of issue, including terms and rate of dividend on each share, etc.;	Kindly refer Annexure -I

h)	the terms of redemption, including the tenure of redemption, redemption of shares at premium and if the preference shares are convertible, the terms of conversion;	Not applicable as the preference shares are compulsory convertible
i)	the manner and modes of redemption;	Not applicable as the preference shares are compulsory convertible
j)	the current shareholding pattern of the company;	Kindly refer Annexure -V
k)	the expected dilution in equity share capital upon conversion of preference shares.	24.00

Accordingly, the Board recommends passing of the resolution as set out in the accompanying notice.

None of the Directors, Managers or other Key Managerial Personnel or their relatives, are concerned/interested, financially or otherwise in respect of the proposed resolution.





ANNEXURE I

[Capitalized terms used herein but not defined shall have the meaning prescribed under the shareholders agreement ("SHA")]

1. Issue

- a) Each Series A CCPS shall be a cumulative, mandatorily and fully convertible preference share.
- b) Each Series A CCPS will have a face value of INR 10/- (Rupees Ten only).

2. Transferability

The Series A CCPS will be transferable in the manner as may be agreed between the Company and the investors.

- 3. **Dividends.** The holder of each Series A CCPS shall be entitled to preferential dividend at the rate of 0.001% per year for all the Series A CCPS till such time that the Series A CCPS are outstanding. The Series A shall be participating preference shares and shall be entitled to participate in any dividend distribution to holders of Equity Shares on the basis of Voting Percentage or Fully Diluted Basis, as may be applicable.

4. Conversion.

- a) The valuation shall be based on a Price to Book Multiple of 2.0x multiplied by the audited net worth as on March FY2021 (INR 1,243.60 million), normalized for any unusual or non-recurring items and subject to adjustments set out in paragraph 4 (b) below. For an approximation based upon audited figures provided to Huruma, the valuation would be INR 2,487.20 million. The estimated



calculation and the methodology used for calculating the expected credit loss is set forth under the SHA.

- b) The Parties agree that the Series A CCPS shall be converted into Equity Shares within a period of 60 (Sixty) days of receipt of the audited financial statements for the FY 22-2023. The Company shall also provide a price adjustment mechanism at the end of FY 22-23 (31st March 2023) which may result in a change in the price per Share of Huruma's investment, leading to change in the conversion ratio of the Series A CCPS held by Huruma, under the following conditions:
 - i. The business plan credit cost ratio will serve as a benchmark for the target credit cost ratio for FY 2022 and FY 2023. The "Benchmark Credit Cost Ratio" shall be calculated as follows:
 - 1. "Credit Cost Ratio" equals Total Net Credit Cost divided by AUM (on and off-balance sheet) whereas;
 - 2. "Total Net Credit Cost" equals all P&L loans loss provisions and write offs. For FY2022 and FY2023 Total Net Credit Cost will be calculated as Expected Credit Cost calculation methodology described in Annexure 2.
 - ii. FY2022, the Benchmark Credit Cost Ratio equals INR 186 million divided by INR 10,067 million or 1.85%
 - iii. For FY2023, the Benchmark Credit Cost Ratio equals INR 199 million divided by INR 14,902 million or 1.34%
 - iv. For comparison, for FY2021, the audited Credit Cost Ratio equals INR 269 million divided by INR 7.746 million or 3.47%.
- c) Once audited 31st March 2022 and 31st March 2023 financials are available, if the Expected Credit Cost Ratio is higher than the Benchmark Credit Cost Ratio, then the transaction shall be re-priced using the same 2.0x P/BV multiple but with a lower book value subtracting the following from the 31st March 2021 book value:
 - i. The Expected Credit Cost Ratio minus Benchmark Credit Cost Ratio, multiplied by the relevant net loan portfolio (for each of FY2022 and FY2023, net loan portfolio includes all on and off-balance sheet assets under management ("AUM") including on book, securitized book and managed book; for audited financial statements for FY2021 net loan portfolio is equivalent to INR 7.746 million). The sum of both results for FY2022 and FY 2023 shall be the value to be subtracted from 31st March 2021 book value, with a permitted deviation from Benchmark Credit Cost Ratio of up to 10.0%. If the deviation from Benchmark Credit Cost Ratio is higher than 10.00% for any of FY2022 or FY2023, then the full amount shall be the value to be subtracted from



31st March 2021 book value.

- d) If the Expected Cost Ratio is lower than the Benchmark Credit Cost Ratio, then there shall be no change in the valuation.
- e) The maximum possible amount to be subtracted from the 31st March 2021 book value will be such that the Huruma's stake on the Closing Date does not exceed 25.90% on the basis of Voting Percentage or a Fully Diluted Basis, as may be applicable.
- f) If there is an unexpected liquidity event involving Huruma's Series A CCPs before audited financials for FY23 are available, then the Credit Cost Ratio shall be calculated using the last available half-yearly or annual financial statements, and any adjustment to the 31st March 2021 book value shall be relative to the time period elapsed from 31st March 2021 to the latest available financials. The procedures for all such calculations and additional shares (if applicable) shall be completed prior to the liquidity event.
- g) If there are any RBI or other regulatory dispensations that become effective at any time through the end of FY23 that have the effect of reducing provisioning for the portfolio, then the Total Net Credit Costs will also be adjusted for any additional provision expense that would result from the Expected Credit Cost calculation if not for the RBI dispensation.
- h) The ratios and calculations as detailed above shall be calculated using the same accounting treatment, including usage of IndAS accounting standards and internal accounting policy as of 31st March 2021 and as per methodology set forth in Annexure 2. In addition, the Company shall not use acquisitions and divestures to manage the ratios above; any inclusion of acquisition or divestures of assets in the calculations above will be at Huruma's discretion.
- i) The holders of the Series A CCPS shall be issued fully paid up Equity Shares and will not be required at the time of conversion of such Series A CCPS into Equity Shares, to pay any amounts to the Company towards such Equity Shares. The Equity Shares issued pursuant to conversion of Series A CCPS shall carry the same rights and obligations as agreed between the Parties.
- j) The Series A CCPS shall be compulsorily convertible into Equity Shares and shall not be redeemable.



- k) **Anti-dilution adjustment:** The Series A CCPS shall have such anti-dilution rights as may be agreed between the Company and the Investors.

5. Adjustments.

- a) If, whilst any Series A CCPS remain capable of being converted into Equity Shares, the Company splits, sub-divides (stock split) or consolidates (reverse stock split) the Equity Shares into a different number of securities of the same class, the number of Equity Shares issuable upon a conversion of the Series A CCPS shall, subject to Applicable Law and receipt of requisite approvals, be proportionately increased in the case of a split or sub-division (stock split), and likewise, the number of Equity Shares issuable upon a conversion of the Series A CCPS shall be proportionately decreased in the case of a consolidation (reverse stock split).
- b) If, whilst any Series A CCPS remain capable of being converted into Equity Shares, the Company makes or issues a dividend or other distribution of Equity Shares to the holders of Equity Shares then the number of Equity Shares to be issued on any subsequent conversion of Series A CCPS shall, subject to Applicable Law and receipt of requisite approvals, be increased proportionately and without payment of additional consideration thereof by the holders of Series A CCPS subject to non-receipt of dividend or other distribution of Equity Shares by the holders Series A CCPS.
- c) If the Company, by re-classification or conversion of Securities or otherwise, changes any of the Equity Shares into the same or a different number of Securities of any other class or classes, the right to convert the Series A CCPS into Equity Shares shall thereafter represent the right to acquire such number and kind of Securities as would have been issuable as the result of such change with respect to the Equity Shares that were subject to the conversion rights of the holder of Series A CCPS immediately prior to the record date of such re-classification or conversion.
- d) The holders of Series A CCPS shall be entitled to the cumulative benefit of all adjustments referred to herein.





6. **Registration rights.** The holders of Series A CCPS shall receive typical and customary registration rights, where available, in all global market(s) where the Company lists the Securities. Termination of the agreements entered by the Company with the Investors shall not affect the obligation of the Company to provide registration rights to the holders of Series A CCPS.
7. **Meeting and Voting rights.** The holders of Series A CCPS shall be entitled to attend meetings of all Shareholders of the Company.
8. **Governing Law:** The Series A CCPS shall be governed and construed in accordance with the laws of India.





Annexure – II

Sr. No.	Names of the proposed allottees	Number of Series A CCPS held post preferential allotment	% of CCPS
1.	HURUMA FUND S.C.A., SICAR- EuSEF	82,49,593	80.17
2.	HURUMA SV SÀRL	20,40,531	19.83
	Total	1,02,90,124	100.00





Annexure – III

During the Financial year, following allotment on preferential basis or any allotment on a private placement basis has been made to following persons:

a. Secured, Unlisted, Senior, Rated, Transferable, Redeemable, Non-Convertible Debentures

- Number of persons to whom allotment made: 1
- No. of Debentures: 250
- Price: Rs. 10,00,000/- each
- Date of allotment: 21st October, 2021

b. Partly paid Equity Shares

- No. of persons to whom allotment made: 2
- No. of Equity Shares: 26,22,400
- Price: Rs.48(Including Premium of Rs.38/-) each (Till now Rs.1 is paid on each share)
- Date of allotment: 26th December, 2021

c. Secured, Rated, Redeemable, Non-Convertible Debentures

- Number of persons to whom allotment made: 2
- No. of Debentures: 615680
- Price: Rs. 1000/- each
- Date of allotment: 17th March 2022

d. Compulsorily Convertible Preference Shares (Series A CCPS)

- Number of persons to whom allotment made: 2
- No. of CCPSs: 7203087
- Price: Rs. 69.97/- (Including Premium of Rs.59.97/-) each
- Date of allotment: 31st March 2022





e. Unlisted, Rated, Secured, Taxable, Transferable, Redeemable, Non-Convertible Debentures

- Number of persons to whom allotment made: 2
- No. of Debentures: 2520
- Price: Rs. 1,00,000/- each
- Date of allotment: 31st March 2022

f. Secured, Rated, Listed, Transferable, Redeemable, Non-Convertible Debentures

- Number of persons to whom allotment made: 3
- No. of Debentures: 600
- Price: Rs. 10,00,000/- each
- Date of allotment: 10th June 2022

g. Equity Shares under Pahal Employee Stock Options

- No. of persons to whom allotment made: 1
- No. of Equity Shares: 40,000
- Price: Rs.26(Including Premium of Rs.16/-) each
- Date of allotment: 6th May, 2022



Annexure IV

S. No.	Category	Pre-Issue		Post-Issue	
		No. of Equity Shares held	% of Voting	No. of Equity Shares held	% of voting
A.	Promoter's holding				
1	Indian				
	Individual (Including Joint holding)	22,07,137 26,22,400(Partly)	7.59	22,07,137 26,22,400(Partly)	7.59
	Bodies Corporate	-	-	-	-
	Sub Total	22,07,137 26,22,400(Partly)	7.59	22,07,137 26,22,400(Partly)	7.59
2	Foreign Promoter	-		-	
	Subtotal (A)	22,07,137		22,07,137	

		26,22,400(Partly)	7.59	26,22,400(Partly)	7.59
B.	Non Promoter's holding				
1	Institutional Investors	-	-	-	-
2	Non- Institution Investors				
	Private Bodies Corporate (Including Foreign Bodies)	1,95,64,000	60.05	1,95,64,000	60.05
	Directors and Relatives	3,45,000	1.06	3,45,000	1.06
	Indian Public	1,01,98,474	31.31	1,01,98,474	31.31
	Others (Including NRIs)	-	-	-	-
	Subtotal (B)	3,01,07,474	92.35	3,01,07,474	92.35
	Grand Total (A) + (B)	3,23,14,611 26,22,400(Partly)	100.00	3,23,14,611 26,22,400(Partly)	100.00



No.	Category	Pre-Issue		Post-Issue	
		No. of Preference Shares held	% of share holding	No. of Preference Shares held	% of share holding
A.	Promoter's holding				
1	Indian				
	Individual (Including Joint holding)	-	-	-	-
	Bodies Corporate	-	-	-	-
	Sub Total	-	-	-	-
2	Foreign Promoter	-	-	-	-
	Subtotal (A)	0	0	0	0
B.	Non Promoter's holding				
1	Institutional Investors	-	-	-	-
2	Non- Institution Investors				

	Private Bodies Corporate (Including Foreign Bodies)	72,03,087	100	1,02,90,124	100
	Directors and Relatives	-	-	-	-
	Indian Public	-	-	-	-
	Others (Including NRIs)	-	-	-	-
	Subtotal (B)	72,03,087	100	1,02,90,124	100
	Grand Total (A) + (B)	72,03,087	100	1,02,90,124	100

*Preference shares referred in the above table is Compulsorily Convertible Preference Shares



Annexure V

Current Shareholding pattern of the Company

S. No.	Category	Pre-Issue	
		No. of Equity Shares held	% of share holding
A.	Promoter's holding		
1	Indian		
	Individual (Including Joint holding)	22,07,137 26,22,400(Partly)	7.59
	Bodies Corporate	-	-
	Sub Total	22,07,137 26,22,400(Partly)	7.59
2	Foreign Promoter	-	
	Subtotal (A)	22,07,137 26,22,400(Partly)	7.59
B.	Non Promoter's holding		
1	Institutional Investors	-	-



2	Non- Institution Investors		
	Private Bodies Corporate (Including Foreign Bodies)	1,95,64,000	60.05
	Directors and Relatives	3,45,000	1.06
	Indian Public	1,01,98,474	31.31
	Others (Including NRIs)	-	-
	Subtotal (B)	3,01,07,474	92.35
	Grand Total (A) + (B)	3,23,14,611 26,22,400(Partly)	100.00

By Order of the Board of Directors
Pahal Financial Services Private Limited

Sd-
Kartik Mehta
Managing Director

Date: September 24, 2022
Place: Ahmedabad





NOTES:

1. In terms of section 105 of the Companies Act, 2013, a member of a Company entitled to attend and vote at the Annual General Meeting is entitled to appoint another person as a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the company.
2. The proxy form duly completed must reach the registered office not later than 48 hours before the commencement of the Meeting. A body corporate being a member shall be deemed to be personally present at the meeting, if represented in accordance with the provisions of Section 113 of the Companies Act, 2013. The representative so appointed, shall have the right to appoint a proxy.
3. **FOR ATTENDING THE AGM THROUGH VC / OAVM:** Members who are unable to attend the meeting in person at the registered office of the Company, can join the through VC / OAVM.
4. **PROCEDURE FOR ATTENDING THE AGM THROUGH VC / OAVM:** The AGM of the Company is being conducted using Zoom Meeting App. Meeting ID and password to participate the said AGM is given herein below :

Link of Video Conferencing	https://us02web.zoom.us/j/6790098056?
Meeting ID	679 009 8056
Password	084227

The detailed procedure for participation in the meeting through Video Conferencing by using Zoom App, is as mentioned below:

Go to your Zoom App, click on the “Join” and enter the meeting id and password and now click on the “Join Meeting” Tab and ensure that you have proper internet facility through mobile phone or Wifi connect to your devise or you can directly join the meeting by clicking on above mentioned link.

Other instructions:

- a) Please note that, if you have already downloaded/using Zoom App then you need not to do the aforesaid activities and you have to just enter the Zoom Meeting ID and Password, as provided in this Notice.
- b) You can sign in/join the meeting before 15 minutes on the meeting day for timely participation in the AGM through video conferencing.





- c) Please listen and participate in the discussion carefully.
 - d) Please Propose and Second any of the resolution by raising your hand /show of hands and by saying “I propose the resolution” or “I Second the Resolution” whenever it is asked by the Company Secretary/Chairperson.
 - e) Please click on the “Mute” tab when there is any disturbance or noise around you or not talking.
 - f) Please ensure that, *no other person is sitting with you /participating in the aforesaid meeting through Video Conferencing.*
 - g) Please click on “Unmute” tab when you want to say something.
 - h) In case of any queries/clarification or assistance being required with respect to the Annual General Meeting members may write to acs@pahalfinance.com .
-
- 5. Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses for receiving all communications including Annual Report, Notices, Circular, etc. from the Company in electronic mode.
 - 6. Members who still hold share certificates in physical form are advised to dematerialise their shareholding to also avail of numerous benefits of dematerialisation, which include easy liquidity, ease of trading and transfer, savings in stamp duty and elimination of any possibility of loss of documents and bad deliveries.
 - 7. Members may please note that no gifts/ gift coupons shall be distributed at the venue of the General Meeting.
 - 8. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send to the Company, a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
 - 9. The Explanatory Statement, pursuant to section 102 of the Companies Act, 2013 has been annexed hereto and forms part of this Notice.
 - 10. In terms of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule IV of the Companies Act, 2013, as amended, the Independent Directors are required to be appointed for a term up to Five (5) consecutive years and are not liable to retire by rotation. Accordingly, resolution proposing appointment of Independent Director is given at item no. 4 of this Notice. In terms of the Companies Act, 2013, as amended, the Board of Directors has reviewed the declaration made by him that she meets the criteria of independence as provided in section 149(6) of the Companies Act, 2013 and the Board is of the opinion that she fulfils the conditions specified in the Companies Act, 2013 and the rules made thereunder and is independent of the management



11. Payment of Dividend as recommended by the Directors, if approved at the Meeting, will be made to those members whose names are on the Company's Register of Members at the end of business hours of September 19, 2022.
12. The payment of dividend will be made to all members holding Equity Shares in respect of shares held in dematerialized form and/or in physical form (if any) as per data made available by National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL) and/or Registrar & Share Transfer Agent of the Company at the closure of the business hours on September 19, 2022.
13. The notice is being sent to all the members of the company, whose name appears on the register of members/record(s) of depository as on September 19, 2022.
14. Members are requested to note that Dividends not encashed or remaining unclaimed for a period of 7 (seven) years from the date of transfer to the Company's Unpaid Dividend Account(s)/ Money shall be transferred to the Investor Education and Protection Fund (IEPF) established as per the provisions of the Companies Act, 2013.
15. Members may also note that the Notice of this AGM will be available on the website of the Company i.e www.pahalfinance.com.
16. Members are requested to advise any change in their address in written immediately to the Company at its Registered Office.
17. All documents referred to in the accompanying notice and the statement shall be open for inspection at the Registered Office of the Company or through electronic mode at the request of the shareholder during normal business hour.
18. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.
19. In terms of the requirements of the Secretarial Standard on General Meetings (SS-2) Attendance Slip and a route map of the venue of the AGM is enclosed.
20. The designated email address of the Company is acs@pahalfinance.com



Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: U65910GJ1994PTC082668
Name of the company: Pahal Financial Services Private Limited
Registered office: 7th Floor, Binori B Square-2, Opposite Hathising Ni Vadi, Ambli, Iscon
Road, Ahmedabad - 380054, Gujarat, India

Name of Member(s):
Registered address:
E-mail Id:
Folio No/ Client Id:
DP ID:

I, _____ S/o _____, resident of _____,
being the member of _____
(_____ (in word)) Fully Paid-Up Equity Shares of Rs.10/- each, of the above named company, hereby appoint

Name:
Address:

E-mail Id:

Signature:





as my proxy to attend and vote (on a poll) for me and on my behalf at the Annual General Meeting of the company, to be held on Wednesday, 28th day of September 2022 at 09:30 a.m. at the registered office of the Company situated at 7th Floor, Binori B Square-2 Opp. Hathising Ni Vadi, Ambli Iscon Road Ahmedabad – 380054, Gujarat, India and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

Sr. No.	Resolution
1.	Approval and Adoption of Audited Financial Statements and the reports of the Directors and Auditors for the Financial year ended March 31, 2022
2.	Declaration of Dividend
3.	To appoint Statutory Auditors of the Company
4.	Appointment of Dr. Deepali Pant Joshi (DIN – 07139051) as an Independent Director of the Company
5.	Approval of offer and issue of Compulsory Convertible Preference Shares on preferential allotment basis and issue of offer letter

Date:

Signature of Authorised Representative / Shareholder

Rs. 1
Revenue
Stamp

Signature of Proxy holder

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



Attendance Slip

Registered Folio No./Client ID:

Name and Address of First/Sole Shareholder:

.....

.....

No. of shares held:

I hereby record my presence at the Annual General Meeting of the Members of the Pahal Financial Services Private Limited held on Wednesday, 28th September 2022 at 09:30 A.M at the Registered Office situated at 7th Floor, Binori B Square – 2, Opp. Hathisingh Ni Vadi, Ambli Iscon Road, Ahmedabad – 380054, Gujarat, India.

Signature of the Shareholder

NOTES:

(1) Members/Proxy holders are requested to produce the attendance slip duly signed for admission to the Meeting Venue.

(2) In the case of joint holders, the votes of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Registers of Members.



Route Map for venue of Annual General Meeting

