



Pahal Financial Services Pvt. Ltd.

CIN : U65910GJ1994PTC082668

Ph.: 079-26730522 / 26750277 • Email: pahalho@gmail.com • Website: www.pahalfinance.com

PFSPL/2015-16/38

28.10.2015

To
The Manager
BSE Limited,
Floor 25, P J Towers
Dalal Street
Mumbai- 400001



Sub: Issue of Non Convertible Debentures ("NCDs") aggregating to INR 10 Crs – Statutory Compliance – Half Yearly Report for the half year ending September 30, 2015

Dear Sir / Madam,

With reference to cited subject please find attached herewith –

1. Asset Cover Ratio : 1.29 times
2. Debt Equity Ratio: 4.93 times
3. Kindly note –

Updated list of the name and address of the Debenture holder as per BENPOS as on:

Name of Debenture Holder	Address
Hinduja Leyland Finance Limited	No 27 A Developed Industrial Estate South Phase, Guindy Chennai-600032
Axis Finance Limited	Axis Housec 2 Wadia International Centrep B Marg Worlimumbai Maharashtra

4. Details of redemption and payment of interest during last half year ending 30.09.2015

Series/Tranche	Type Principal	Interest	Due date of payment	Amount
13.9% Pahal Financial Services Private Limited 2016	4,166,800.00	602,075.56	15.04.2015	4,768,875.56
13.9% Pahal Financial Services Private Limited 2016	4,166,600.00	537,736.87	15.05.2015	4,704,336.87
13.9% Pahal Financial Services Private Limited 2016	4,166,600.00	509,448.04	15.06.2015	4,676,048.04
13.9% Pahal Financial Services Private Limited 2016	4,166,800.00	448,115.49	15.07.2015	4,614,915.49
13.9% Pahal Financial Services Private Limited 2016	4,166,600.00	416,820.52	15.08.2015	4,583,420.52





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13.9% Pahal Financial Services Private Limited 2016	4,166,600.00	370,507.87	15.09.2015	4,537,107.87
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Details of redemption and interest due in the next half-year:-

Series/Tranche	Type Principal	Interest	Due date of payment	Amount
13.9% Pahal Financial Services Private Limited 2016	4,166,800.00	313,681.27	15.10.2015	4,480,481.27
13.9% Pahal Financial Services Private Limited 2016	4,166,600.00	277,880.34	15.11.2015	4,444,480.34
13.9% Pahal Financial Services Private Limited 2016	4,166,600.00	224,057.75	15.12.2015	4,390,657.75
13.9% Pahal Financial Services Private Limited 2016	4,166,800.00	185,255.04	15.01.2016	4,352,055.04
13.9% Pahal Financial Services Private Limited 2016	4,166,600.00	138,940.17	15.02.2016	4,305,540.17
13.9% Pahal Financial Services Private Limited 2016	4,166,600.00	86,620.61	15.03.2016	4,253,220.61
13.9% Pahal Financial Services Private Limited 2016	4166800	46,314.87	15.04.2016	4,213,114.87

5. Creation of Debenture Redemption Reserve (DRR) is not applicable to our Company vide Circular No. 04/2013 of Ministry of Corporate Affairs. Circular is already shared to you.

Thanking you.

For, Pahal Financial Services Private Limited

Daksha Niranjani

Daksha Niranjani Shah

(Authorised Signatory)

Countersigned by:
For GDA Trusteeship Limited

[Signature]

For GDA Trusteeship Ltd
Debt Trust Signatory



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PF SPL/2015-16/43
28.10.2015

To
The Manager
BSE Limited,
Floor 25, P J Towers
Dalal Street
Mumbai- 400001

**Sub: Issue of Non Convertible Debentures ("NCDs") aggregating to INR 15 Crs – Statutory Compliance
– Half Yearly Report for the half year ending September 30, 2015**

Dear Sir / Madam,

With reference to cited subject please find attached herewith –

1. Asset Cover Ratio : 1.29 times
2. Debt Equity Ratio: 4.93 times
3. Kindly note –

Updated list of the name and address of the Debenture holder as per BENPOS as on:

Name of Debenture Holder	Address
Hinduja Leyland Finance Limited	No 27 A Developed Industrial Estate South Phase, Guindy Chennai-600032

4. Details of redemption and payment of interest during last half year ending 30.09.2015

Series/Tranche	Type Principal	Interest	Due date of payment	Amount
13.5% Pahal Financial Services Private Limited 2017	6,249,900	1,621,972	23-Apr-15	7,871,872
13.5% Pahal Financial Services Private Limited 2017	6,250,050	1,604,811	25-May-15	7,854,861
13.5% Pahal Financial Services Private Limited 2017	6,250,050	1,390,402	23-Jun-15	7,640,452
13.5% Pahal Financial Services Private Limited 2017	6,249,900	1,373,205	23-Jul-15	7,623,105
13.5% Pahal Financial Services Private Limited 2017	6,250,050	1,395,488	24-Aug-15	7,645,538
13.5% Pahal Financial Services Private Limited 2017	6,250,050	1,242,424	23-Sep-15	7,492,474



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Details of redemption and interest due in the next half-year:-

Series/Tranche	Type Principal	Interest	Due date of payment	Amount
13.5% Pahal Financial Services Private Limited 2017	6,249,900	1,177,033	23-Oct-15	7,426,933
13.5% Pahal Financial Services Private Limited 2017	6,250,050	1,148,898	23-Nov-15	7,398,948
13.5% Pahal Financial Services Private Limited 2017	6,250,050	1,046,252	23-Dec-15	7,296,302
13.5% Pahal Financial Services Private Limited 2017	6,249,900	1,079,510	25-Jan-16	7,329,410
13.5% Pahal Financial Services Private Limited 2017	6,250,050	884,802	23-Feb-16	7,134,852
13.5% Pahal Financial Services Private Limited 2017	6,250,050	821,601	23-Mar-16	7,071,651

5. Creation of Debenture Redemption Reserve (DRR) is not applicable to our Company vide Circular No. 04/2013 of Ministry of Corporate Affairs. Circular is already shared to you .

Thanking you.

For, Pahal Financial Services Private Limited

Daksha Niranjana
Daksha Niranjana Shah
(Authorised Signatory)

Countersigned by:
Arun
For GDA Trusteeship Ltd
Debtenture Trustees



DISHANG SHAH & Co.
CHARTERED ACCOUNTANTS

Date: 16.10.2015

TO WHOMSOEVER IT MAY CONCERN

Based on Unaudited financial as of 30th Septemehr, 2015, under mentioned ratios of PAHAL FINANCIAL SERVICES PRIVATE LIMITED (PFSPL) having registered office at 806, Shiromani Complex, Nehrunagar, Ahmedabad, is calculated as under:-

Debt Equity Ratio	4.93 times
Asset Coverage Ratio	1.29 times

Note:-

1. Above calculation is based on the unaudited financials as of 30th Septemehr, 2015, it may changed within acceptable level of variation subject to half year audit.
2. PFSPL has issued for Right share to existing share holder at premium of Rs. 13 per share, shares were allotted on 30th September, 2015 hence same is considered as Equity for the purpose of above calculation.

Yours Faithfully,
For, Dishang Shah & Co.
Chartered Accountants

Dishang Shah
Proprietor
(Dishang Shah)
M.No. - 112517



INDEPENDENT AUDITOR'S REPORT

To
The Members of
Pahal Financial Services Private Limited

Report on Financial Statements

We have audited the accompanying financial statements of Pahal Financial Services Private Limited ('the Company'), which comprise the balance sheet as at March 31, 2015, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory 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 Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

2nd Floor, 'B' Wing, Premium House, Near Gandhigram Rly. Station, Navrangpura, Ahmedabad-380 009. Gujarat, India
Phone : 26580956, 26580966, 26582484, 26585064 Fax : 91-79-26583573
Email : info@msglobal.co.in

Website : www.msglobal.co.in

Ahmedabad • Mumbai • Rajkot • Jamnagar



Manubhai & Shah

Chartered Accountants

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, 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;



Manubhai & Shah

Chartered Accountants

- (c) The balance sheet, the statement of profit and loss and the cash flow statement 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 Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
- (f) 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, In our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company does not have any pending litigations having material effect on its financial position as at March 31, 2015;
 - (ii) The Company did not have any long-term contracts including derivative contracts as at March 31, 2015 for which there were any material foreseeable losses; and
 - (iii) There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.

Place: Ahmedabad

Date: May 22, 2015



For Manubhai & Shah
Chartered Accountants
Firm Registration No. 106041W


(Jignesh D. Shah)

Partner

Membership number: 100116

Annexure to the Independent Auditors' Report

[Annexure referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our report on financial statements for the year ended March 31, 2015 to the members of Pahal Financial Services Private Limited]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the Management during the year and no material discrepancies were noticed on such verification.
- (ii) The Company's business does not involve inventories and accordingly the reporting requirements of paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3 (iii) [(a) and (b)] of the said Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and for rendering services. The activities of the company do not involve purchase of inventory and sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system of the company in respect of these areas.
- (v) The Company has not accepted deposits within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
- (vi) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the product / services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including provident fund, income tax, service tax and other material statutory dues, as applicable, with appropriate authorities,



Manubhai & Shah

Chartered Accountants

- (b) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, no undisputed amounts payable as applicable were in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.
 - (c) According to the information and explanations given to us and according to the records of the Company examined by us, there are no dues of income tax, service tax and cess which have not been deposited on account of any dispute.
 - (d) According to the information and explanations given to us the company does not have any amount to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under.
- (viii) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (ix) Based on our audit procedure and the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks and Financial Institutions.
- (x) According to the information and explanation given to us, the Company has not provided guarantees for loans taken by others from banks and financial institutions. Therefore, the reporting requirement as per Clause 3(x) of the Order is not applicable.
- (xi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained. However company has invested idle/surplus funds which were not required for immediate utilization in liquid assets payable on demand.
- (xii) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year under audit.

Place: Ahmedabad

Date: May 22, 2015



For Manubhai & Shah
Chartered Accountants
Firm Registration No. 106041W

(Jignesh D. Shah)

Partner

Membership number: 100116

Pahal Financial Services Private Limited

CIN:U65910GJ1994PTC082668

Balance Sheet as at March 31, 2015

(Amount in ₹)

Particulars	Note No.	As at March 31, 2015	As at March 31, 2014
I EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	2	9 38 80 000	9 38 80 000
(b) Reserves and surplus	3	2 44 21 689	1 47 57 201
		11 83 01 689	10 86 37 201
(2) Non-current liabilities			
(a) Long Term Borrowings	4	24 57 37 183	11 77 04 963
(b) Other Long Term Liabilities	6	-	10 00 00 000
(c) Long-term provisions	7	22 77 432	13 89 067
		24 80 14 615	21 90 94 030
(3) Current liabilities			
(a) Short-term borrowings	8	3 49 92 557	4 48 65 336
(b) Trade Payables		33 78 590	19 35 412
(c) Other current liabilities	9	59 65 91 283	35 18 76 254
(d) Short-term provisions	7	94 27 766	52 25 420
		64 43 90 196	40 39 02 422
Total		101 07 06 500	73 16 33 653
II ASSETS			
(1) Non-current assets			
(a) Fixed assets	10		
(i) Tangible assets		46 78 100	8 37 092
(ii) Intangible assets		5 17 326	2 50 123
(b) Deferred tax assets (net)	5	3 55 902	1 74 155
(c) Long-term loans and advances	11		
(i) Portfolio Loans		9 06 80 021	8 36 45 495
(ii) Others		2 13 38 433	2 07 51 204
(d) Other Non Current Assets	12	4 16 37 114	3 32 68 755
		15 92 06 896	13 89 26 824
(2) Current assets			
(a) Cash and Bank Balances	13	31 40 92 905	18 71 78 071
(b) Short-term loans and advances	11		
(i) Portfolio Loans		51 15 05 940	38 11 54 885
(ii) Others		1 17 74 702	1 45 64 667
(c) Other Current Assets	12	1 41 26 057	98 09 206
		85 14 99 604	59 27 06 829
Total		101 07 06 500	73 16 33 653

Significant accounting policies & Notes on accounts

1

Notes on accounts form integral part of the financial statements

As per our report of even date

For and on behalf of the Board

For Manubhai & Shah
Chartered Accountants
Firm Registration No. 106041W

(Jignesh D. Shah)
Partner
Membership No. 100116

Place: Ahmedabad
Date: May 22, 2015



Chairman
DIN.00499080

Director
DIN.02083342 R

Chief Financial Officer
Place: Ahmedabad
Date: May 22, 2015

Director

DIN.00376899 D

Director

DIN.02102740 R

Company Secretary

Pahal Financial Services Private Limited

CIN:U65910GJ1994PTC082668

Statement of Profit and Loss for the year ended March 31, 2015

		(Amount in ₹)	
Particulars	Note No.	Year ended March 31, 2015	Year ended March 31, 2014
I Revenue from Operations	14	16 75 67 554	10 67 09 292
II Other income	15	32 23 582	4 28 854
III Total Revenue (I + II)		<u>17 07 91 136</u>	<u>10 71 38 146</u>
IV Expenses:			
Finance costs	16	9 08 37 222	5 62 71 453
Employee benefits expenses	17	3 57 18 819	2 45 61 177
Depreciation and Amortisation expenses	10	9 02 751	7 06 741
Other expenses	18	1 89 57 785	1 03 74 574
Provisions and write-offs	19	22 90 781	40 27 111
Total Expenses		<u>14 87 07 358</u>	<u>9 59 41 056</u>
V Profit before tax (III - IV)		<u>2 20 83 778</u>	<u>1 11 97 090</u>
VI Tax expense:			
(1) Current Tax		76 85 000	48 95 000
(2) Short provision of tax relating to earlier year		1 28 677	20 700
(3) Deferred Tax Adjustment -Charge/(Credit)		(1 81 747)	(2 23 153)
Total tax expense		<u>76 31 930</u>	<u>46 92 547</u>
VII Profit for the year (V - VI)		<u>1 44 51 848</u>	<u>65 04 543</u>
VIII Earning per share	20		
[nominal value of share ₹10 (March 31, 2014: ₹10)]			
Basic		1.75	0.95
Diluted		1.81	0.91
Significant accounting policies & Notes on accounts	1		

Notes on account form integral part of the financial statements

As per our report of even date

For Manubhai & Shah
Chartered Accountants
Firm Registration No. 106041W

(Jignesh D. Shah)
Partner
Membership No. 100116

Place: Ahmedabad
Date: May 22, 2015



For and on behalf of the Board

Reehvi
Chairman
DIN.00499080

[Signature]
Director
DIN.02083342

[Signature]
Chief Financial Officer
Place: Ahmedabad
Date: May 22, 2015

Sachin Niranjan
Director
DIN.00376899

[Signature]
Director
DIN.02102740

Pikita
Company Secretary

Pahal Financial Services Private Limited
CIN:U65910GJ1994PTC082668
Cash Flow Statement for the year ended March 31, 2015

(Amount in ₹)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
A Cash flow from operating activities		
Profit before tax	2 20 83 778	1 11 97 090
Adjustments for :		
Depreciation and amortization	9 02 751	7 06 741
Loss on sale of fixed asset	5 195	-
Provision for Standard and Non Performing Assets	10 87 525	38 63 790
Assets Written off (Loans)	5 82 261	1 63 321
Dividend / Gain from mutual funds (net)	(30 80 115)	(3 96 254)
Operating profit before working capital changes	2 15 81 395	1 55 34 688
Movements in working capital :		
Increase/(decrease) in other liabilities & provisions	(9 51 40 442)	(1 10 16 105)
Increase/ (decrease) In Trade Payables	14 43 178	10 23 603
Decrease / (increase) in loans and advances	(12 87 04 050)	(22 66 30 987)
Decrease / (increase) in Other Assets	(43 16 851)	25 71 517
Cash used in operations	(20 51 36 769)	(21 85 17 284)
Direct taxes paid (net of refunds)	(82 77 258)	(31 68 322)
Net cash used in operating activities (A)	(21 34 14 027)	(22 16 85 606)
B Cash flow from investing activities :		
Purchase of fixed assets	(50 23 156)	(4 20 137)
Sale of fixed assets	7 000	-
Margin money deposits (net)	(2 33 40 276)	(1 66 64 639)
Dividend income from mutual funds	30 80 115	3 96 254
Net cash used in investing activities (B)	(2 52 76 318)	(1 66 88 522)
C Cash flow from financing activities :		
Proceeds received on account of Advance against Debenture	-	10 00 00 000
Proceeds from issuance of Equity Share and Share Premium	-	1 98 00 000
Dividend paid during the year	(9 14 795)	-
Tax paid on Dividend	(1 55 470)	-
Proceeds from issuance of Preference share capital	-	3 00 00 000
Short-term borrowings and current maturity (net)	22 36 71 308	13 93 71 770
Long term Borrowings (net)	12 80 32 220	9 23 38 267
Net cash from financing activities (C)	35 06 33 263	38 15 10 037



Pahal Financial Services Private Limited
CIN:U65910GJ1994PTC082668
Cash Flow Statement for the year ended March 31, 2015

Particulars	(Amount in ₹)	
	Year ended March 31, 2015	Year ended March 31, 2014
Net increase/(decrease) in cash and cash equivalents (A)+(B)+(C)	11 19 42 918	14 31 35 909
Cash and cash equivalents as at the beginning of the year	16 02 76 186	1 71 40 277
Cash and cash equivalents as at end of the year (Refer Note 13)	27 22 19 103	16 02 76 186

Notes:

(i) Components of cash & cash equivalents at the year end

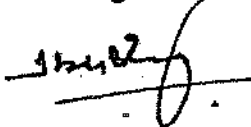
	(Amount in ₹)	
	As at March 31, 2015	As at March 31, 2014
Cash on hand	1 33 963	45 485
Balance with banks in current accounts	6 20 85 138	6 02 30 701
Deposit with maturity less than 3 months	21 00 00 002	10 00 00 000
	27 22 19 103	16 02 76 186

(ii) The cash flow statement has been prepared under indirect method as per Accounting Standard - 3 "Cash Flow Statement".

(iii) Figures in brackets represent outflows.

Notes on account forming integral part of the financial statements
As per our report of even date

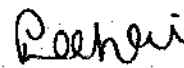
For Manubhai & Shah
Chartered Accountants
Firm Registration No. 106041W



(Jignesh D. Shah)
Partner
Membership No. 100116

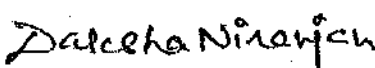



For and on behalf of the Board


Chairman
DIN.00499080


Director
DIN.02083342


Chief Financial Officer


Director
DIN.00376899


Director
DIN.02102740


Company Secretary

Place: Ahmedabad
Date: May 22, 2015

Place: Ahmedabad
Date: May 22, 2015

Pahal Financial Services Private Limited

Notes forming part of Financial Statements for the year ending on March 31, 2015

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 State.

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 members.

1 Statement of Significant Accounting Policies :

1.1 Basis of preparation of Financial Statements :

These financial statements are prepared in accordance with Generally Accepted Accounting principles in India (GAAP) under the historical cost convention on the accrual basis except interest on loans classified as non performing assets, which is accounted for on realisation basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and the provisions of the RBI as applicable to NBFC-MFI and NBFC-ND. The accounting policies have been consistently applied by the Company except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standards requires a change in accounting policy hereto in use.

1.2 Use of Accounting Estimates :

The preparation of financial statements in conformity with Generally Accepted Accounting principles in India (GAAP) requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

1.3 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.

- (a) Interest income on loan given is recognized under the internal rate of return, or IRR, method. This method of accounting matches the recognition of financial expenses, showing an equal treatment of income and expenses. Further, income on Non Performing Assets is recognized only when realized and any such interest income recognised before the assets became non performing and remaining unrealised is reversed.



Pahal Financial Services Private Limited
Notes forming part of Financial Statements for the year ending on March 31, 2015

- (b) Loan processing fees collected from members are recognized on accrual basis.
- (c) Interest income on deposits with banks is recognized on a time proportion accrual basis taking into account the amount outstanding and the rate applicable.
- (d) Profit on sale of units of mutual fund is recognized on realisation of profits.
- (e) Profit/Premium arising at the time of securitisation of loan portfolio is amortised over the life of the underlying loan/portfolio/securities and loss arising thereon is accounted immediately.
- (f) All the other income is recognised on accrual basis.

1.4 Tangible Fixed Assets and Depreciation :

- (a) All fixed assets are stated at historical cost less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and all incidental costs related to acquisition and bringing the asset to its working condition for its intended use.
- (b) Depreciation on fixed assets is provided on the Straight line method over the useful lives of assets as prescribed under Part C of Schedule II of the Companies Act, 2013.
- (c) Fixed assets costing upto ₹ 5,000/- individually are fully depreciated in the year of purchase.

1.5 Intangible Assets and Amortisation :

- (a) 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. Intangibles are stated at cost, less accumulated amortization and impairment losses, if any.
- (b) Software cost related to computers is capitalized and amortized using the straight-line method over a period of three years.

1.6 Impairment :

- (a) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on Internal/external factors. On such indication, the recoverable amount of the assets is estimated and if such estimation is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. 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 risks specific to the asset.
- (b) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.



Pahal Financial Services Private Limited
Notes forming part of Financial Statements for the year ending on March 31, 2015

1.7 Investments:

- (a) Current investments are carried at lower of cost and fair value.
- (b) Long term investments are carried at cost less provision for diminution, other than of temporary nature, in value of such investments.

1.8 Borrowing cost

All borrowing cost are expensed in the period they occur. Borrowing cost include interest and other costs incurred in connection with the arrangement of borrowings.

1.9 Employee Benefits :

(a) Defined Contribution Plan:

Employee benefits in the form of Provident Fund and Employee State Insurance Contribution are defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due.

(b) Defined Benefit Plan:

Gratuity liability for eligible employees is defined benefit obligation and are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Obligation is measured at the present value of estimated future cash flows using discounted rate that is determined by reference to market yields at the Balance Sheet date on Government Securities where the currency and terms of the Government Securities are consistent with the currency and estimated terms of the defined benefit obligation. Actuarial gains/losses are immediately taken to Statement of Profit and Loss.

1.10 Leases:

Where the Company is the lessee :

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of Profit and Loss.

1.11 Income Taxes :

Tax expense comprises of current and deferred tax.

(a) Current Income tax

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Provision is made for income tax annually based on the tax liability computed, after considering tax allowances and exemptions under the Income Tax Act, 1961.



Pahal Financial Services Private Limited

Notes forming part of Financial Statements for the year ending on March 31, 2015

(b) Deferred Tax liability/ Asset

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. Deferred Tax Assets and Deferred Tax Liabilities are reviewed for appropriateness of their respective carrying values at each balance sheet date.

1.12 Provisions, Contingent Liabilities and Contingent Assets:

(a) A provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(b) Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

1.13 Classification and Provision Policy for Loan Portfolio:

(a) Loans to JLG Portfolio

Loans to JLG Portfolio is classified in accordance with Non-Banking Financial Institution (Reserve Bank) Direction, December 02, 2011 ('NBFC-MFI Directions') as amended from time to time. Classification of loan along with the percentage of provision made on such loans is as under:

Classification	Arrear Period	% of Provision
(i) Standard Asset	Overdue* upto 90 days	1%
(ii) Non Performing Assets	Overdue* for more than 90 days and less than 180 days	50%
	Overdue* for 180 days and more	100%
(iii) Loss Assets	Overdue* for more than 365 days	Written off

"Overdue" refers to interest and/or installment remaining unpaid from the day it became receivable.

The overall provision for loans to JLG is made as per the provision prescribed in the Non -Banking Finance Company- Micro Finance Institution (Reserve Bank) Directions, 2011 ('NBFC- MFI Directions'). These directions require the total provisions for Overall loans to be higher of (a) 1% of the outstanding loan portfolio or (b) 50% of the aggregate loan installment which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan installment which are overdue for 180 days of more.



Pahal Financial Services Private Limited

Notes forming part of Financial Statements for the year ending on March 31, 2015

(b) Loans other than JLG Loans

Loans and advance, other than loans with JLG are classified in accordance with Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 issued vide Notification No.DNBR.008/ CGM (CDS) - 2015 dated March 27, 2015.

Classification	Arrear Period	% of Provision
Standard Assets		0.25%
Non Performing Assets	Overdue for 180 days or more	-
Sub- Standard Assets	NPA for a period not exceeding 18 months	10%
Doubtful Assets	NPA for a period exceeding 18 months	
Category - I	NPA for a period exceeding 18 months and upto 30 months	20%
Category - II	NPA for a period exceeding 30 months and upto 54 months	30%
Category - III	NPA for a period exceeding 54 months	50%
	NPA not covered by realizable security	100%
Loss Assets	(As Identified by Management)	100%

(c) Assigned Loans:

Provision for losses arising under securitisation arrangements is made as higher of the Incurred loss and provision in relation to overdue receivable subject to the maximum guarantee given in respect of these arrangements.

1.14 General

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



Pahal Financial Services Private Limited
Notes forming part of Financial Statements for the year ending on March 31, 2015

2 Share capital

(i) Authorised, Issued, Subscribed and Paid- Up Capital:

Particulars	(Amount in ₹)	
	As at March 31, 2015	As at March 31, 2014
Authorised		
74,00,000 Equity Shares of ₹10/- each (March 31, 2014: 74,00,000 Equity Shares of ₹ 10/- each)	7 40 00 000	7 40 00 000
30,00,000 Preference Shares of ₹ 10/- each (March 31, 2014: 1,00,000 Preference Shares of ₹ 10/- each)	3 00 00 000	3 00 00 000
Total	10 40 00 000	10 40 00 000
Issued , Subscribed and Paid Up		
63,88,000 Equity Shares of ₹ 10/- each (March 31, 2014: 63,88,000 Equity Shares of ₹ 10/-each)	6 38 80 000	6 38 80 000
30,00,000 Redeemable Preference Shares of ₹ 10/- each (March 31, 2014: 30,00,000 Redeemable Preference Shares of ₹ 10/- each)	3 00 00 000	30,00,000
Total	9 38 80 000	9 38 80 000

(ii) Reconciliation of number of shares outstanding at beginning and at the end of the reporting period is as

Particulars	As at March 31, 2015		As at March 31, 2014	
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
Equity Shares				
At the beginning of the year	63 88 000	6 38 80 000	50 58 000	5 05 80 000
Issued during the year	-	-	13 30 000	1 33 00 000
Outstanding at the end of the year	63 88 000	6 38 80 000	63 88 000	6 38 80 000
Preference Shares				
At the beginning of the year	30 00 000	3 00 00 000	-	-
Issued during the year	-	-	30 00 000	3 00 00 000
Outstanding at the end of the year	30 00 000	3 00 00 000	30 00 000	3 00 00 000

(iii) Terms / Rights of Shareholders, Dividend and Repayment of Capital:

A Equity Shares

- The Company has one class of Equity shares having a par value of ₹ 10/-.
- Each holder of equity shares is entitled to one vote per share.
- In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive any of the



Pahal Financial Services Private Limited
Notes forming part of Financial Statements for the year ending on March 31, 2015

B Preference Shares

- (a) The preference share is convertible at the option of Shareholder within two years from the date of allotment as indicated below.
- > 10,00,000 Preference shares on or before September 30, 2015 (Date of Allotment is October 1, 2013)
 - > 20,00,000 Preference shares on or before December 26, 2015 (Date of Allotment is December 27, 2013)
- (b) In case option of conversion is not exercised, the Preference share would be redeemable at par at as below:
- > 50% at the end of 4 years from the date of allotment
 - > Remaining 50% at the end of 5 years from the date of allotment.
- (c) Preference shares carry a fixed cumulative dividend @ 9% per annum.
- (iv) The details of shareholders holding more than 5 % of issued share capital as on March 31, 2015 is set out below:

Name of Shareholder	As at March 31, 2015		As at March 31, 2014	
	No. of Shares	%	No. of Shares	%
Equity Shares				
Girish N. Patel	12 00 000	18.79%	12 00 000	18.79%
Vimal Khandwala	7 50 000	11.74%	7 50 000	11.74%
Rajesh Khandwala	7 50 000	11.74%	7 50 000	11.74%
Kartik Shallesh Mehta	3 66 668	5.74%	3 66 668	5.74%
Sandip Mittal	4 50 000	7.04%	3 80 000	5.95%
Daksha Niranjana Shah*	3 66 666	5.74%	3 66 666	5.74%
Preference Shares				
Small Industries Development				
Bank of India	30 00 000	100.00%	30 00 000	100%

* Includes Joint Shares held with other share holders

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

- (v) No shares were reserved at the year-end for issue under options and contracts / commitments for the sale of shares / disinvestment.

3 Reserves and surplus

Particulars	(Amount in ₹)	
	As at March 31, 2015	As at March 31, 2014
Securities Premium		
As per Last Balance Sheet	65 00 000	-
Add: Received during the year	-	65 00 000
Closing Balance	65 00 000	65 00 000
General Reserve		
As per Last Balance Sheet	60 000	60 000



Pahal Financial Services Private Limited
Notes forming part of Financial Statements for the year ending on March 31, 2015

Particulars	(Amount in ₹)	
	As at March 31, 2015	As at March 31, 2014
Statutory Reserve*		
As per Last Balance Sheet	18 53 493	5 52 585
Add: Amount transferred from the surplus	28 90 370	13 00 909
Closing Balance	47 43 863	18 53 493
Surplus		
Surplus at the beginning of the year	63 43 708	22 10 338
Add: Net Profit after tax transferred from Statement of Profit and Loss	1 44 51 848	65 04 543
	2 07 95 555	87 14 881
Less : Appropriation		
Transfer to statutory reserve*	28 90 370	13 00 909
Dividend on Equity Shares	12 77 600	-
Dividend on redeemable preference shares	27 00 000	9 14 795
Tax on dividend	8 09 760	1 55 470
	76 77 730	23 71 174
Surplus at the end of the year	1 31 17 826	63 43 708
Total	2 44 21 689	1 47 57 201

* As required by Sec 45 - IC of Reserve Bank of India Act, 1934

4 Long Term Borrowings

Particulars	(Amount in ₹)			
	Non- current portion		Current Maturities	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
Secured				
(A) Term loans from:				
-Banks	6 89 64 230	5 27 53 373	10 68 87 578	8 82 62 310
-Others	9 61 61 634	6 49 51 590	33 26 67 469	24 35 75 025
(B) Non Convertible Debentures	7 91 66 800	-	12 50 00 000	-
(C) Vehicle Loan	14 44 519	-	8 26 375	-
Total	24 57 37 183	11 77 04 963	56 53 81 422	33 18 37 334



Pahal Financial Services Private Limited
Notes forming part of Financial Statements for the year ending on March 31, 2015

Details of Security, terms of repayment, interest rates and other terms and conditions in respect of Long Term loans are as under:

Security details	Interest rate	Terms of Repayment
(A) Term Loan		
Dena Bank		
Exclusive Charges by way of Hypothecation on all Book Debts / loan Assets, both present and future and against pledge of Fixed Deposit of 10% to 15% of the Loan Amount	Base rate + 3.5%	Principal repayable by 12 equal quarterly installments commencing from next quarter after first disbursement.
DCB Bank		
Exclusive Charges by way of Hypothecation on all Book Debts / loan Assets, both present and future and against pledge of Fixed Deposit of 10% of the loan amount	Base rate + 3.15%	Principal repayable by 12 to 18 equal monthly installments starting from 3rd month of disbursement.
IDBI		
Exclusive Charges by way of Hypothecation on all 110 % of Book Debts / loan Assets, both present and future and against pledge of Fixed Deposit of 10% of the loan amount	Base Rate + 3.5%	Principal repayable by 24 equal monthly installments starting from 3rd month of disbursement.
Gruh Finance Limited		
Exclusive Charges by way of Hypothecation on 125% of Book Debts / loan Assets, both present and future created/to be created out of loan and against pledge of Fixed Deposit of 10% of the loan amount	Non housing prime lending rate (NHPLR)- 3.25/3.50%	Principal repayable by 36 equal monthly installments.
IFMR Capital Finance Private Limited		
Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future created/to be created out of loan and against pledge of Fixed Deposit of 10% of the loan amount	15% to 15.5%	Principal repayable by 15 to 18 monthly installments as per detailed repayment schedule in the Loan Document.



Pahal Financial Services Private Limited
Notes forming part of Financial Statements for the year ending on March 31, 2015

Security details	Interest rate	Terms of Repayment
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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 and against pledge of Fixed Deposit of 10% of the loan amount	MAS PLR + 0.5% to 1.1%	Principal repayable by 20 to 24 equal monthly installments as per Loan sanction Document.
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Reliance Capital Limited

Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future created/to be created out of loan and against pledge of Fixed Deposit of 10% of the loan amount	14.75% to 15.5% p.a.(Floating)	Principal repayable in 18 equal monthly installments as per Loan sanction Document.
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Ratnakar Bank Limited

Exclusive Charges by way of Hypothecation on 110% of Book Debts / loan Assets, both present and future created/to be created out of loan and against pledge of Fixed Deposit of 5% of the loan amount	Base Rate + 3.25%	Principal repayable by 8 equal quarterly installments commencing from 3 months after first disbursement.
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(B) Non Convertible Debentures

Hinduja Layland Finance Limited

Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of	13.5% to 13.9%	Principal repayable by 24 monthly installment
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(C) Vehicle Loans

HDFC Bank Limited

Exclusive charge by way of Hypothecation of the vehicle	10.26% to 13.54%	Principal repayable in 36 monthly installment
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Pahal Financial Services Private Limited
Notes forming part of Financial Statements for the year ending on March 31, 2015

5 Deferred tax liability/ (assets)

In accordance with Accounting Standard 22 "Accounting for Taxes on Income", the Company has Deferred Tax Liabilities of ₹ 1,32,072/- (March 31, 2014: ₹ 15,926/-) and Deferred Tax Assets of ₹ 4,87,974/- (March 31, 2014: ₹ 1,90,081/-).

The components of Deferred Tax Assets and Liabilities are as under:

Particulars	(Amount in ₹)	
	As at March 31, 2015	As at March 31, 2014
Deferred Tax Liability		
Difference between book and tax depreciation	1 32 072	15 926
Deferred Tax Liability (ii)	1 32 072	15 926
Deferred Tax Assets		
Provision for Non Performing Assets	4 87 974	1 90 081
Deferred Tax Assets (i)	4 87 974	1 90 081
Net Deferred Tax Liability/ (Assets) (i)-(ii)	(3 55 902)	(1 74 155)

6 Other Long Term Liabilities

Particulars	(Amount in ₹)	
	As at March 31, 2015	As at March 31, 2014
Advance Against issue of Debentures	-	10 00 00 000
Total	-	10 00 00 000

7 Provisions

Particulars	(Amount in ₹)			
	Long-term		Short-term	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
Other Provision				
Income Taxes (Net of Advance)	-	-	6 69 463	10 04 367
Proposed Dividend :				
Equity Shares	-	-	12 77 600	-
Preference Shares	-	-	27 00 000	9 14 795
			39 77 600	9 14 795
Tax on Dividend :				
Equity Shares	-	-	2 60 094	-
Preference Shares	-	-	5 49 666	1 55 470
			8 09 760	1 55 470
Loans:				
-Standard Assets	8 01 540	8 03 210	39 70 943	31 50 788
-Non Performing Assets	8 54 897	5 85 857	-	-
-Securitized/Managed portfolio	6 20 995	-	-	-
	22 77 432	13 89 067	39 70 943	31 50 788
Total	22 77 432	13 89 067	94 27 766	52 25 420



Pahal Financial Services Private Limited
Notes forming part of Financial Statements for the year ending on March 31, 2015

8 Short-Term Borrowings

	(Amount in ₹)	
	As at	As at
Particulars	March 31, 2015	March 31, 2014
Secured		
Working Capital Loan from Bank	3 49 92 557	3 95 82 388
Short-term loans from:		
- Others	-	52 82 948
Total	3 49 92 557	4 48 65 336

Security details	Interest rate	Terms of Repayment
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State Bank of India

Exclusive Charges by way of Bank Rate + 4% Not Applicable
Hypothecation on Book Debts /
loan Assets, both present and
future created/to be created out
of loan

9 Other Current Liabilities

	(Amount in ₹)	
	As at	As at
Particulars	March 31, 2015	March 31, 2014
Current Maturities of Long Term Debt		
Term Loan		
-From Banks	10 68 87 578	8 82 62 310
-From Others	33 26 67 469	24 35 75 025
Non Convertible Debenture	12 50 00 000	-
Vehicle Loans	8 26 375	-
	56 53 81 422	33 18 37 334
Interest accrued but not due on borrowings	38 78 111	14 67 624
Payable towards securitisation	2 09 43 833	1 00 15 320
Statutory dues	19 43 756	13 80 393
Unamortised gain on securitisation	39 00 798	65 79 332
Others	5 43 363	5 96 250
Total	59 65 91 283	35 18 76 254



Pahal Financial Services Private Limited
Notes forming part of Financial Statements for the year ending on March 31, 2015

10 Fixed assets

Particulars	Gross Block			Depreciation & Amortisation			Net Block	
	As on April 1, 2014	Additions	Deduction	As on March 31, 2015	Up to March 31, 2014	For the Year	Up to March 31, 2015	As on March 31, 2015
(i) Tangible Assets								
Mobile Phones & Modern Furniture & Fixtures	45 140	-	45 140	-	45 140	-	-	-
Computers	4 59 260	5 41 518	-	10 00 778	1 75 927	73 889	2 49 816	7 50 962
Vehicles*	9 41 109	5 09 000	-	14 50 109	5 19 876	3 07 033	8 26 909	6 23 200
Office Equipments	24 883	31 85 358	24 883	31 85 358	9 985	1 92 750	1 90 047	29 95 311
	1 49 215	2 72 780	-	4 21 995	31 587	81 781	1 13 368	3 08 627
Total (A)	16 19 607	45 08 656	70 023	60 58 240	7 82 515	6 55 454	13 80 141	46 78 100
Previous Year	11 99 470	4 20 137	-	16 19 607	3 92 450	3 90 066	7 82 516	8 37 092
(ii) Intangible Assets								
Goodwill	5 40 308	-	5 40 308	-	5 40 308	-	-	-
Software	5 27 516	5 14 500	-	10 42 016	2 77 393	2 47 297	5 24 690	5 17 326
Total (B)	10 67 824	5 14 500	5 40 308	10 42 016	8 17 701	2 47 297	5 24 690	5 17 326
Previous Year	10 67 824	-	-	10 67 824	5 01 026	3 16 675	8 17 701	2 50 123
Total (A) + (B)	26 87 431	50 23 156	6 10 331	71 00 256	16 00 216	9 02 751	19 04 831	51 95 426
Previous Year	22 67 294	4 20 137	-	26 87 431	8 93 476	7 06 741	16 00 217	10 87 215

* Vehicles having gross value of Rs 31,51,403/- purchased during the year are registered in the name of Directors of the Company.



Pahal Financial Services Private Limited
Notes forming part of Financial Statements for the year ending on March 31, 2015

11 Loans and Advances:

Particulars	(Amount in ₹)			
	Non Current		Current	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
(i) Portfolio Loans				
Unsecured, considered good				
Joint Liability Group Loans	7 72 75 409	7 94 82 572	46 96 94 950	36 98 44 703
Individual Loans	1 15 14 407	33 54 158	4 18 10 990	1 13 10 182
	8 87 89 816	8 28 36 730	51 15 05 940	38 11 54 885
Unsecured, considered doubtful				
Joint Liability Group Loans	18 29 523	7 88 386	-	-
Individual Loans	60 682	20 379	-	-
	18 90 205	8 08 765	-	-
Total	9 06 80 021	8 36 45 495	51 15 05 940	38 11 54 885
(ii) Others				
A. Advance for Capital Items	3 50 000	-	-	-
B. Security Deposits*				
Unsecured, Considered good	2 07 50 000	2 05 00 000	55 00 000	1 25 00 000
C. Other Loans and Advance				
Unsecured, considered good				
Prepaid Expenses	-	-	16 87 828	8 83 679
Staff Advances	-	-	1 57 886	56 789
Other deposits	2 34 350	2 14 250	2 51 368	2 01 568
Others	4 083	36 954	41 77 620	9 22 631
Total	2 13 38 433	2 07 51 204	1 17 74 702	1 45 64 667
* Includes Security deposits held as security against borrowings				
Total	11 20 18 454	10 43 96 699	52 32 80 642	39 57 19 552

12 Other Assets

Particulars	(Amount in ₹)			
	Non Current		Current	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
Non Current bank Balance	4 02 41 345	3 23 81 534	-	-
Interest accrued but not due on portfolio loans	-	-	86 29 011	64 87 424
Interest accrued but not due on security deposit	13 95 769	8 87 221	54 97 046	33 21 782
Total	4 16 37 114	3 32 68 755	1 41 26 057	98 09 206



Pahal Financial Services Private Limited
Notes forming part of Financial Statements for the year ending on March 31, 2015

13 Cash & Bank Balances:

Particulars	(Amount in ₹)			
	Non Current		Current	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
Cash and Cash Equivalents				
- In current accounts	-	-	6 20 85 138	6 02 30 701
-In Deposit Account with Maturity less than three months	-	-	21 00 00 002	10 00 00 000
Cash on hand	-	-	1 33 963	45 485
	-	-	27 22 19 103	16 02 76 186
Other bank Balances				
- In fixed deposit accounts held as security against borrowings from banks **	4 02 41 345	3 23 81 534	4 18 73 802	2 69 01 885
	4 02 41 345	3 23 81 534	4 18 73 802	2 69 01 885
Amount disclosed under non current assets (Refer note 12)	(4 02 41 345)	(3 23 81 534)	-	-
Total	-	-	31 40 92 905	18 71 78 071

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



Pahal Financial Services Private Limited
Notes forming part of Financial Statements for the year ending on March 31, 2015

Particulars	(Amount in ₹)	
	For the year ended March 31, 2015	For the year ended March 31, 2014

14 Revenue from Operations:

Interest income on:

Portfolio Loans	14 09 58 450	9 22 10 293
Others*	88 39 945	50 85 983

	14 97 98 395	9 72 96 276
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Processing Fees	91 68 691	66 72 940
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Income from securitization /assignment of Loans	84 49 317	27 40 076
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Other Operating Income	1 51 151	-
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Total	16 75 67 554	10 67 09 292
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* Represents interest on margin money deposits placed to avail term loans from banks & others and as cash collateral in connection with securitisation transactions.

15 Other Income:

Gain on sale of units of Mutual Fund (net)	30 80 115	3 96 254
Others	1 43 468	32 600
Total	32 23 582	4 28 854

16 Finance Costs:

Interest on:

Term Loans from Banks and others	8 18 28 752	4 68 12 527
Cash Credit	4 74 650	30 03 479

	8 23 03 403	4 98 16 006
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Securitisation Charges	3 55 823	3 94 426
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Loan Processing Fees	52 87 506	60 51 230
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Debenture issue Expenses	28 90 490	9 791
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Total	9 08 37 222	5 62 71 453
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17 Employee benefits expense :

Salaries, wages and other benefits	3 22 98 676	2 21 87 424
Contribution to provident fund and ESIC	19 82 995	13 73 639
Staff Welfare	14 37 148	10 00 114
Total	3 57 18 819	2 45 61 177



		(Amount in ₹)	
Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014	
18 Other expenses:			
Rent	22 76 756	15 26 755	
Rates & Taxes	9 61 560	6 00 795	
Insurance	2 95 120	2 79 906	
Repair and Maintenance	1 09 792	97 715	
Electricity Expenses	2 29 946	1 31 942	
Stamp Duty and Filing Fees	18 06 576	2 90 562	
Legal and Professional fees	52 93 842	25 09 021	
Travelling and Conveyance	38 98 352	25 35 942	
Telephone and Postage	7 87 809	5 38 180	
Bank Charges	64 709	91 278	
Directors Sitting fees	34 000	14 000	
Auditors' remuneration**	2 36 000	2 21 200	
Printing and Stationery	8 62 404	3 99 666	
Customer Credit & Information Fees	3 02 033	2 17 070	
Advertisement expenses	1 60 088	62 722	
Entertainment expense	2 97 064	1 84 071	
Listing Fees (Debentures)	34 583	-	
Miscellaneous expenses	13 07 150	6 73 748	
Total	1 89 57 785	1 03 74 574	

****Auditors' remuneration comprises of the following:**

Payment to Auditors:

- as Statutory Auditor	1 70 000	1 60 000
- as Tax Auditor	34 000	30 000
- for Other Services	32 000	31 200
Total	2 36 000	2 21 200

19 Provisions and write offs

Provision for Standard Assets	7 17 945	32 89 508
Provision for Non Performing Assets	3 69 580	5 74 282
Provision on Securitised/Managed portfolio	6 20 995	-
Asset Written Off	5 82 261	1 63 321
Total	22 90 781	40 27 111



Pahal Financial Services Private Limited

Notes forming part of Financial Statements for the year ending on March 31, 2015

20 Earning Per Share (EPS):

Earnings per share is calculated by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year which is as under :

Particulars	Unit	(Amount in ₹)			
		2014-15		2013-14	
		Basic	Diluted	Basic	Diluted
Profit available to Equity	Amount in ₹	1 12 02 182	1 44 51 848	54 34 278	65 04 543
Weighted average of number of equity shares outstanding	In Nos.	63 88 000	79 85 000	57 08 493	71 35 616
Earning per share of face value	₹	1.75	1.81	0.95	0.91

21 Contingent liabilities not provided for

Particulars	2014-15	2013-14
Cash collaterals given and outstanding for the assigned loans	1 74 74 615	88 24 663
Cash collaterals given and outstanding pursuant to service agreement	15 00 000	-

22 Capital and Other Commitments

Estimated amount of contract remaining to be executed on capital account (net of capital advance) and

Particulars	2014-15	2013-14
Capital Commitment for purchase of computer software	3 50 000	-

23 Employee benefits:

Disclosures envisaged in Accounting Standard (AS) 15 – Employee Benefits as given below:

(i) Defined Benefit Plan:

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

Consequent to the adoption of AS 15 '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:

Particulars	(Amount in ₹)	
	Year ended March 31, 2015	Year ended March 31, 2014
Net employee benefit expense recognized in Statement of Profit & Loss		
Current service cost	2 43 621	2 02 693
Interest cost on benefit obligation	(280)	23 776
Expected return on plan assets	-	-
Net actuarial loss recognised in the year	2 02 529	(64 065)
Past service cost	-	-
Net benefit expense	4 45 870	1 62 404



Pahal Financial Services Private Limited
Notes forming part of Financial Statements for the year ending on March 31, 2015

Particulars	As at March 31,2015	As at March 31,2014
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	4 81 150	2 97 195
Interest cost	44 795	23 776
Current service cost	2 43 621	2 02 693
Actuarial (gains) / losses on obligation	1 89 688	(42 514)
Employers Contribution		
Closing defined benefit obligation	9 59 254	4 81 150
Changes In Plan Asset:		
Fair Value of Plan Assets at the Beginning of the Year	5 18 104	1 29 548
Expected Returns on Plan Assets	-	-
Employer's Contribution	4 45 233	3 67 005
Benefits Paid	-	-
Actuarial Gains/ Losses	-	21 551
Fair Value of Plan Asset at the end of the year**	9 63 337	5 18 104
Amount Recognised in Balance Sheet		
Defined benefit obligation	9 59 254	4 81 150
Fair value of plan assets	9 63 337	5 18 104
Plan asset / (liability)	4 083	36 954

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

Particulars	2014-15	2013-14
Discount Rate per annum	8.00%	9.31%
Expected salary increase per annum	7.00%	7.00%
Attrition rate	2% at each age	2% at each age
Mortality Rate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

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

(ii) Defined Contribution Plan:

Contribution to Provident Fund and ESIC are included in note 17 "Employee benefits expense" includes ₹ 21,07,028/- (PY ₹ 13,73,639/-) being expenses debited under defined contribution plan.



Pahal Financial Services Private Limited
Notes forming part of Financial Statements for the year ending on March 31, 2015

24 Segment Information:

The Company is engaged in the 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. Thus, the Company has only one reportable segment.

Further, the Company operates in a single geographical segment i.e. domestic.

25 Related Party Disclosures:

Related party disclosures as required under the Accounting Standard (AS) – 18 on "Related Party Disclosures" notified in Companies (Accounting Standards) Rules, 2006 are given below:

(a) Name of the related parties and description of relationship :

Description of Relationship	Designation	Name of the Related Party
Key Management Personnel	Director	Ms. Daksha N Shah
	Director	Ms. Purvi J Bhavsar
	Director	Mr. Kartik Mehta
	Chief Financial Officer (wef 17/11/2014)	Ms. Urvi Dharaiya
	Company Secretary	Ms. Chinara Jethwani
	Company Secretary (wef 23/03/2015)	Ms. Nikita Sharma
Relative of Key Management Personnel		Mr. Janak Niranjana Shah

(b) Details of Transactions with Related Parties during the year:

Particulars	2014-15	2013-14
(i) Managerial Remuneration		
Ms. Daksha N Shah	26 18 968	24 23 196
Ms. Purvi J Bhavsar	25 88 506	24 81 440
Mr. Kartik Mehta	26 31 846	23 33 320
Ms. Urvi Dharaiya	3 57 333	-
Ms. Chinara Jethwani	3 24 000	-
Ms. Nikita Sharma	5 529	-
(ii) Purchase of Car		
Mr. Janak Niranjana Shah	9 85 000	-

26 Dues to Micro, Small and Medium Enterprises

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, 2015, no supplier has intimated the company about its status as Micro or small enterprise or its registration with the appropriate authority under MSME.



Pahal Financial Services Private Limited
Notes forming part of Financial Statements for the year ending on March 31, 2015

27 Movement of Provisions during the year:			(Amount in ₹)
Particulars	Standard Assets	Non Performing Assets	Securitized Portfolio
Balance at the beginning	31 50 788	5 85 857	-
Reversed During the Year	(31 50 788)	(5 85 857)	-
Recognized during the Year	47 72 483	8 54 897	6 20 995
Balance at the End	47 72 483	8 54 897	6 20 995

28 Depreciation on Fixed Assets:

- (a) Till the Financial Year 2013-14, depreciation on Fixed Assets was charged on Written-down value method at the rate specified in Schedule XIV to the Companies Act, 1956. From the Financial Year 2014-15, the company has changed the method of depreciation from Written down value to Straight line method. However there is no material impact on the financial statement due to such change in depreciation method.
- (b) Pursuant to the enactment of the Companies Act, 2013, the company has applied the estimated useful lives as specified in Schedule II. Accordingly, the un-amortized carrying value is depreciated over the revised/remaining useful lives. The written down value of fixed assets whose lives have expired as at April 01, 2014 have been charged to Statement of Profit and Loss.

29 Previous year figures:

The previous year's figures have been regrouped, rearranged and reclassified wherever necessary to facilitate comparability with current year's figures.



Pahal Financial Services Private Limited
Notes forming part of Financial Statements for the year ending on March 31, 2015

30 Loan Portfolio and Provisioning for Standard and Non Performing Assets:

(Amount in ₹)

Classification	Portfolio Loan Outstanding (Gross)		Provision for Standard and Non performing Assets		Portfolio Loan Outstanding (Net)	
	March 31,2015	March 31,2014	March 31,2015	March 31,2014	March 31,2015	March 31,2014
Standard Assets	60 02 95 756	46 39 91 615	47 72 483	39 53 998	59 55 23 273	46 08 40 827
Non Performing Assets	18 90 205	8 08 765	8 54 897	5 85 857	10 35 308	2 22 908
Total	60 21 85 961	46 48 00 380	56 27 380	45 39 855	59 65 58 581	46 10 63 735

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

Particulars	% as at 31/03/2015
CRAR (%)	18.23
CRAR- Tier I Capital(%)	13.06
CRAR- Tier II Capital(%)	5.17

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

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

34 Details of Average Interest paid on Borrowings and charged on loans given to

The details of Average Interest Rate on Borrowings and charged on loans during the Financial Year 2013-14 is as under:

Particulars	2014-2015		2013-2014	
	Rate of Interest in % for All loan	Rate of Interest in % for JLG Loan	Rate of Interest in % for All loan	Rate of Interest in % for JLG Loan
Average Interest rate on Borrowings	15.57%	15.57%	15.36%	15.36%
Average Interest Rate on Loans given	25.94%	26.39%	26.05%	25.95%
Net Interest Margin	10.37%	10.82%	10.69%	10.59%

35 Assignment / securitization of loans:

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

(Amount in ₹)

(a) Particulars	Year ended March 31,2015	Year ended March 31,2014
Total number of loans assigned/securitised	21 245	9 067
Total book value of loans assigned/securitized	24 72 56 161	8 84 93 096
Sale consideration received for loans assigned/ securitized	28 00 16 373	9 61 70 568
Income recognised in the statement of profit and loss	84 49 317	27 40 076
Balance of loans assigned /securitized as at the balance sheet date	11 79 55 796	7 49 91 381
Cash Collateral provided and outstanding as at the balance sheet date	1 74 74 615	88 24 663



Pahal Financial Services Private Limited
Notes forming part of Financial Statements for the year ending on March 31, 2015

(b)	Sr No	Particulars	Year ended March 31, 2015	Year ended March 31, 2014
	1	No of SPVs sponsored by the NBFC for securitisation transactions	7	3
	2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	13 53 68 570	8 23 90 492
	3	Total amount of exposures retained by the NBFC to comply with		
		a) Off-balance sheet exposures		
		- First loss	-	-
		- Others	-	-
		b) On-balance sheet exposures		
		- First loss	1 74 74 615	88 24 663
		- 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	-	-
		- Others	-	-
		ii) Exposure to third party securitisations		
		- First loss	-	-
		- Others	-	-

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

I. Liabilities side (Amount in ₹)

Sr. No.	Particulars	Total Amount Outstanding	Amount Overdue
1)	Loans and Advances availed by the non- banking financial company inclusive of interest accrued thereon and not paid		
a)	Debentures :		
	- Secured	-	-
	- Unsecured	-	-
	(other than falling within the meaning of public deposits*)		
b)	Deferred Credits	-	-
c)	Term Loans	81 11 18 605	
d)	Inter-corporate loans and borrowing	-	
e)	Commercial Paper	-	
f)	Other Loans	3 49 92 557	



Pahal Financial Services Private Limited
Notes forming part of Financial Statements for the year ending on March 31, 2015

II. Assets side		(Amount in ₹)
Sr.	Particulars	Amount
2)	Break-up of Loans and Advances including bills receivables [other than those included in (4)]	
a)	Secured	
b)	Unsecured	60 21 85 961
3)	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities:	
i	Lease assets including lease rentals under sundry debtors :	
a)	Financial lease	
b)	Operating lease	
ii	Stock on hire including hire charges under sundry debtors:	
a)	Assets on hire	
b)	Repossessed Assets	
iii	Other loans counting towards AFC activities :	
a)	Loans where assets have been repossessed	
b)	Loans other than (a) above	
4)	Break- up of Investments:	
	Current Investments	
i	Quoted	
i	Shares	
a)	Equity	
b)	Preference	
ii	Debenture and Bonds	
iii	Units of Mutual Funds	
iv	Government Securities	
v	Others	
ii	Unquoted	
i	Shares	
a)	Equity	
b)	Preference	
ii	Debenture and Bonds	
iii	Units of Mutual Funds	
iv	Government Securities	
v	Others	
	Long Term Investments	
i	Quoted	
i	Shares	
a)	Equity	
b)	Preference	
ii	Debenture and Bonds	
iii	Units of Mutual Funds	
iv	Government Securities	
v	Others	
ii	Unquoted	
i	Shares	
a)	Equity	
b)	Preference	
ii	Debenture and Bonds	
iii	Units of Mutual Funds	
iv	Government Securities	
v	Others	



Pahal Financial Services Private Limited
Notes forming part of Financial Statements for the year ending on March 31, 2015

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

Category	Amount net of Provision		
	Secured	Unsecured	Total
1 Related Parties			
a) Subsidiaries	-	-	-
b) Companies in the same group	-	-	-
c) Other related parties	-	-	-
2 Other than related parties	-	59 65 58 581	59 65 58 581
Total	-	59 65 58 581	59 65 58 581

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

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

7) Other Information (Amount in ₹)

(i) Gross Non- Performing Assets	
a) Related Parties	-
b) Other than related parties	18 90 205
(ii) Net Non- Performing Assets	
a) Related Parties	-
b) Other than related parties	10 35 308
(iii) Assets acquired in satisfaction of Debts	-

As per our report of even date

For Manubhai & Shah
Chartered Accountants
Firm Registration No. 106041W

(Jignesh D. Shah)
Partner
Membership No. 100116

Place: Ahmedabad
Date: May 22, 2015



For and on behalf of the Board

Palshree
Chairman
DIN.00499080

Pam
Director
DIN.02083342

Atthury
Chief Financial Officer

Place: Ahmedabad
Date: May 22, 2015

Dalcho Niranjan

Director
DIN.00376899

Dharm
Director
DIN.02102740

Qikita
Company Secretary