

CTL/DEB/19-20/Noting Certificate/3403

May 20, 2019

To Whomsoever It May Concern,


CERTIFICATE FOR RECEIPT AND NOTING OF INFORMATION

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

We, Catalyst Trusteeship Limited (“**Debenture Trustee**”) hereby confirm that we have received and noted the information, as specified under regulation 52(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 (“**Regulations**”), provided to us by **Pahal Financial Services Pvt Ltd (“the Company”)** for the Half year ended March 31, 2019.

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

For Catalyst Trusteeship Limited


Authorised Signatory

Encl: Results submitted by Company





Pahal Financial Services Pvt. Ltd.

CIN : U65910GJ1994PTC082668

Ph.: 079-40373857 • Email : ho@pahalfinance.com • Website: www.pahalfinance.com

14th May 2019

PFSP/2019-20/ 156

To
Catalyst Trusteeship Limited
Office No. 83-87, 8th Floor
B Wing, Mittal Tower,
Nariman Point Mumbai -400021

Subject: Listed NCD, Statutory Compliance Report for the half year ended 31st March 2019

With reference to cited subject and various disclosure requirements provided under Debenture Trust Deed entered into with Catalyst Trusteeship Limited (CTL) also with reference to the applicable provisions of 'Companies Act, 2013', 'Companies (Share Capital and Debenture) Rules 2014', 'SEBI (Issue and Listing of Debt Securities) 2008', and 'SEBI (Debenture Trustee) Regulations 1993', as amended from time to time. Please find below following details as required:

- Updated list of names and address of the Debentures Holders : Annexure I
- Audited Financial Results for the year ended as on 31st March 2019 signed by the statutory auditor. (Kindly refer Annexure II);
- Detail of due and unpaid interest and principal payments : None
- The number and nature of grievances received from the debenture holder and (a) number of grievances resolved by the Company (b) grievances unresolved by the company and the reasons for the same: None grievance has been received from the debenture holder.
- Credit Rating: ICRA BB+
- Debt Equity Ratio: 5.80x
- Net Worth: Rs. 68:83 Crore
- Net Profit After tax: Rs. 7.51 Crore





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- i. Earning Per Share : 3.85 (Basic) , 3.72 (Diluted)
- j. Details of the previous due date for the payment of interest/repayment of principal of Non convertible redeemable debt securities (Kindly refer Annexure III)
- k. Details of next due date for the payment of interest along with the amount of principal payable on Non convertible redeemable debt securities (Kindly refer Annexure IV)
- l. Debenture Redemption Reserve: Kindly note that Pahal is an NBFC MFI and all our debentures are privately placed debentures. Therefore we are not required to maintain Debenture Redemption reserve as per the provision of Companies Act 2013 and rules made thereunder;
- m. Details of any significant change in composition of Board of Directors , if any, which may amount to change in control as defined in SEBI (Substantial Acquisition of Shares Takeovers) Regulation 2011 (as amended from time to time): None
- n. Details of requisite/pending (if any) information / documents indicated as conditions precedent/subsequent in debenture document/s in respect of your NCD issuances: None
- o. Please find attached certificate from the Internal Auditor of the Company certifying the value of the book debts/receivables along with the value of book debts/receivables. : Annexure V

For Pahal Financial Services Private Limited

(Signature)

Authorised Signatory





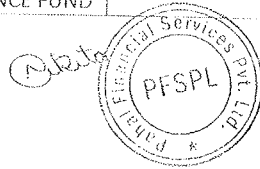
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Annexure I

| Sr. No. | Name of Debenture Holder | Address of the Debenture holder |
|---------|---|--|
| 1. | MICROFINANCE INITIATIVE FOR ASIA (MIFA) DEBT FUND SA, SICAV-SIF | Citi Bank N.A Custody Services , FIFC- 11 th Floor , Block Plot C-54 and C-55 BKC, Bandra East Mumbai – 400098 |
| 2. | BLUEORCHARD MICROFINANCE FUND | Standard Chartered Bank, Crescenzo Securities Services, 3 rd Floor C-38/39 Block, BKC Bandra (East) Mumbai - 400051 |
| 3. | IFMR FIMPACT LONG TERM CREDIT FUND | 10 th Floor Phase 1, IIT Madras Research Park, Kanagam Village, Research Park, Taramani, Chennai, Tamil Nadu - 600113 |
| 4. | IFMR FIMPACT MEDIUM TERM OPPORTUNITIES FUND | IIT Madras Research Park, Kanagam Village, Taramani, Tidel Park, Chennai - 600113 |
| 5. | MICROFINANCE ENHANCEMENT FACILITY SA, SICAV – SIF | Citi Bank N.A Custody Services, FIFC- 11 th Floor , Block Plot C-54 and C-55 BKC, Bandra East Mumbai – 400098 |
| 6. | UTI International Wealth Creator 4 | Standard Chartered Bank, Crescenzo Securities Services, 3 rd Floor C-38/39 Block, BKC Bandra (East) Mumbai - 400051 |
| 7. | IFMR FIMPACT LONG TERM MULTI ASSET CLASS FUND | 10 th Floor Phase 1, IIT Madras Research Park, Kanagam Village, Research Park, Taramani, Chennai, Tamil Nadu - 600113 |
| 8. | IFMR FIMPACT MEDIUM TERM MICROFINANCE FUND | 10 th Floor Phase 1, IIT Madras Research Park, Kanagam Village, Research Park, Taramani, Chennai, Tamil Nadu - 600113 |





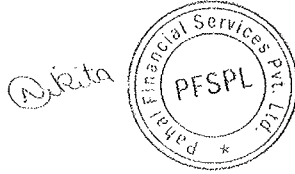
Pahal Financial Services Pvt. Ltd.

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Annexure III
Details of redemption and payment of interest during half year ending 31.03.2019

| Consent letter | Series | ISIN | Type (Principal/Interest) | Due date of the payment | Amount | Actual date of payment |
|--------------------------|-------------|--------------|------------------------------|-------------------------------|-------------|---------------------------|
| CL/MUM/18- 19/DEB/101 | 21-Jun-2018 | INE514Q07098 | Interest | 29.12.2018 | 2,58,90,740 | 29.12.2018 |
| CL/MUM/18- 19/DEB/404 | 15-Oct-2018 | INE514Q07114 | Interest | N/A | N/A | N/A |





Pahal Financial Services Pvt. Ltd.

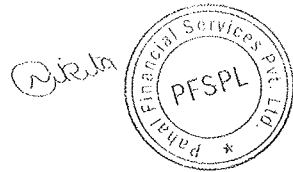
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Annexure IV

Details of redemption and interest due date in the next half year i.e 01.04.2019 to 30.09.2019

| Consent letter | Series | ISIN | Type (Principal/Interest) | Due date of the payment | Amount |
|----------------------|-------------|--------------|---------------------------|-------------------------|----------|
| CL/MUM/18-19/DEB/101 | 21-Jun-2018 | INE514Q07098 | Interest | 29.06.2019 | 25749260 |
| CL/MUM/18-19/DEB/404 | 15-Oct-2018 | INE514Q07114 | Interest | 24.04.2019 | 19406744 |



Manubhai & Shah LLP

Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying standalone financial statements of Pahal Financial Services Private Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss and the Statement of Cash Flows for the year then ended and 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 standalone 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 Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and its profits and cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone 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 standalone 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 standalone 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 standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone 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.



Manubhai & Shah LLP, a Limited Liability Partnership with LLP identity No.AAG-0878

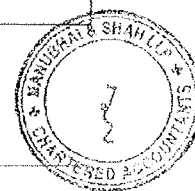
Regd. Office : G-4, Capstone, Opp. Chirag Motors, Sheth Mangaldas Road, Ellisbridge, Ahmedabad - 380 006.
Gujarat, India. Phone : +91-79-2647 0000 Fax : +91-79-2647 0050

Email : info@msglobal.co.in

Website : www.msglobal.co.in

Ahmedabad • Mumbai • Rajkot • Baroda • Gandhinagar • Udaipur

| Sr. No. | Key Audit Matter | Auditor's Response |
|---------|---|--|
| 1 | <p>Classification and Provision for loans and advances:</p> <p>At year end the Company reported total gross Portfolio loans and advances of INR 34,624.42 Lakhs (2017-18: INR 19,328.51 Lakhs) and provisions of INR 459.28 Lakhs (2017-18: INR 207.14 Lakhs). The portfolio loans outstanding at year end represents 69.79% (2017-18: 81.17%) of total assets of the Company.</p> <p>In this regard, following important aspects are required to be audited:</p> <ul style="list-style-type: none"> - Classification of Loans and Advances into JLG Loans and other Loans in accordance with NBFC Master Directions, 2016; - Ageing of Outstanding Loans and Advances; - Completeness and timing of recognition of loss events in accordance with criteria set out in AS 29; - For individually assessed provisions, the measurement of the provision may be dependent on the timing of cash flows, probability of recovery; and - For modelled provisions as prescribed under NBFC Master Directions, 2016, the measurement is primarily dependent upon key assumptions relating to classification of loan portfolio under standard, non-performing and Loss assets, probability of default, ability to repossess collateral / security and recovery rates. <p>Relevant references in the Annual Report and Accounts</p> <p>Note 2.13: Accounting policy for classification and provision for Loan Portfolio.</p> <p>Note 6: Provisions and</p> <p>Note 12: Portfolio Loans and Advances</p> | <p>Our response to the risk:</p> <p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> - Identification of loss events, including early warning and default warning indicators; - Assessment and approval of individual loss provisions; - Classification of Loans and Advances into JLG Loans and other Loans in accordance with NBFC Master Directions, 2016; - Governance including model validation and the assessment of the suitability of models, appropriateness of assumptions, and approval of provisions; and - Completeness and accuracy of data input into models and provision calculators. <p>For modelled provisions, we tested data inputs used for modelled provisions. We assessed the appropriateness of the models used and compared it with the one specified by RBI under NBFC Master Directions, 2016.</p> <p>To test the completeness of the identification of loans with loss events we selected a sample of performing loans and independently assessed whether any loss indicators were present.</p> <p>We re-performed the provision calculations and compared our measurement outcome to that prepared by management and investigated any differences arising.</p> <p>We assessed the appropriateness and presentation of disclosures against relevant accounting standards.</p> |



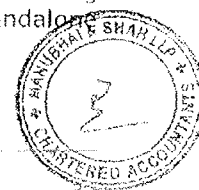
| Sr. No. | Key Audit Matter | Auditor's Response |
|---------|--|---|
| 2 | <p>IT Systems and Controls:</p> <p>The Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, hence there exists a risk that gaps in the IT control environment 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, - Change management, - Segregation of duties, and - System reconciliation controls and system application controls over key financial accounting and reporting systems. | <p>Our response to the risk:</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> |

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 standalone 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 standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone 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 standalone



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 as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Management's Responsibility for the Standalone 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 standalone 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 Standards and other accounting principles generally accepted in India. 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 standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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.

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

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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.

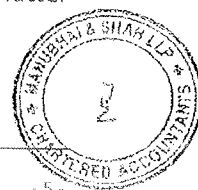
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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 standalone 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

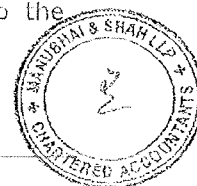


should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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 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 the requirements of section 197(16) of the Act, as amended, we report that:

In our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, section 197 of the Act related to the managerial remuneration is not applicable.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the



Manubhai & Shah LLP
Chartered Accountants

Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.



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

(J. D. Shah)

Partner

Mem. No.100116

Place : Ahmedabad
Date : May 04, 2019

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, 2019 to the members of Pahal Financial Services Private Limited]

Report on Internal Financial Controls Over Financial Reporting

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

We have audited the internal financial controls over financial reporting of Pahal Financial Services Private Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone 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.

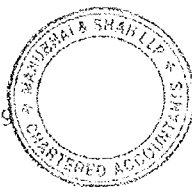
Opinion

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, 2019, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

(J. D. Shah)
Partner
Mem. No.100116

Place : Ahmedabad
Date : May 04, 2019



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, 2019 to the members of Pahal Financial Services Private Limited]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the Management during the year and no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties included in the fixed assets of the Company and accordingly the requirements under clause 3(I)(c) of the Order are not applicable to the Company.
- (ii) The Company's business does not have inventories and accordingly the reporting requirements of clause 3(ii) of the Order are not applicable to the Company, hence not commented upon.
- (iii) According to information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3 (iii) (a), (b) and (c) of the said Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanation given to us, there are no loans given, investments made or guarantees and securities given in respect of which provisions of sections 185 and 186 of the Act are applicable and hence not commented upon.
- (v) The Company has not accepted deposits within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under.
- (vi) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the product / services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, goods and service tax, and professional tax with appropriate authorities.

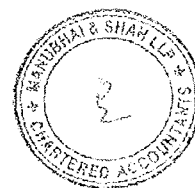
According to the information and explanations given to us and the records of the Company examined by us, in our opinion, no undisputed amounts payable as at March 31, 2019 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and according to the records of the Company examined by us, there are no statutory dues of provident fund, employees' state insurance, income tax, goods and service



tax, and professional tax which have not been deposited on account of any dispute.

- (viii) Based on our audit procedure and the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to Financial Institutions, Banks or Debenture holders. The Company has not borrowed any amount from Government.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of Initial Public Offer or Further Public Offer, hence not commented upon. Further, monies raised by the Company by way of term loans were applied for the purpose for which those were raised, though idle/surplus funds which were not required for the immediate utilization were gainfully invested in liquid assets payable on demand.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year under audit.
- (xi) The company being private limited company, provisions of Section 197, read with Schedule V to the Act are not applicable. Therefore the provisions of clause 3(ii) of the Order are not applicable to the Company, hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has issued shares under private placement during the year as per provisions of Section 42 of the Act and the amount raised have been utilised for the purpose for which the same were raised.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, the reporting requirement of paragraph 3(xv) of the Order is not applicable to the Company.

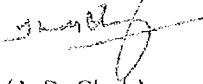


Manubhai & Shah LLP
Chartered Accountants

(xvi) According to the information and explanation given to us, we report that the company is registered under Section 45- IA of the Reserve Bank of India Act, 1934.



Place : Ahmedabad
Date : May 04, 2019

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

(J. D. Shah)
Partner
Mem. No.100116

Pahal Financial Services Private Limited

CIN:U65910GJ1994PTC082668

Balance Sheet as at March 31, 2019

(Amount in ₹)

| Particulars | Note No. | As at March 31, 2019 | As at March 31, 2018 |
|-------------------------------------|----------|----------------------|----------------------|
| I EQUITY AND LIABILITIES | | | |
| (1) Shareholders' funds | | | |
| (a) Share capital | 3 | 34 18 29 440 | 19 90 29 440 |
| (b) Reserves and surplus | 4 | 34 19 94 372 | 13 87 18 172 |
| | | 68 38 23 812 | 33 77 47 612 |
| (2) Non-current liabilities | | | |
| (a) Long term borrowings | 5 | 197 97 81 925 | 100 36 73 771 |
| (b) Other long term liabilities | 7 | - | 2 94 585 |
| (c) Long term provisions | 6 | 1 89 91 330 | 82 96 897 |
| | | 199 87 73 255 | 101 22 65 253 |
| (3) Current liabilities | | | |
| (a) Short term borrowings | 8 | 4 97 35 118 | 4 06 49 194 |
| (b) Trade Payables | | | |
| Dues to Micro and Small Enterprises | | - | - |
| Dues to Others | | 4 08 25 285 | 1 20 18 831 |
| (c) Other current liabilities | 9 | 215 41 32 704 | 96 59 17 902 |
| (d) Short term provisions | 6 | 3 37 65 302 | 1 26 52 227 |
| | | 227 84 58 409 | 103 12 38 154 |
| Total | | 496 10 55 476 | 238 12 51 019 |
| II ASSETS | | | |
| (1) Non-current assets | | | |
| (a) Property, Plant & Equipment | 10 | 66 17 394 | 54 80 756 |
| (b) Intangible assets | 10 | 15 56 250 | 8 04 725 |
| (c) Deferred tax assets (net) | 11 | 37 68 883 | 2 61 20 136 |
| (d) Long term loans and advances | 12 | | |
| (i) Portfolio loans | | 150 15 89 031 | 51 28 73 058 |
| (ii) Others | | 3 44 51 918 | 91 49 042 |
| (e) Other non-current assets | 13 | 15 79 71 668 | 6 69 08 449 |
| | | 170 59 55 144 | 62 13 36 166 |
| (2) Current assets | | | |
| (a) Trade receivables | 14 | 1 38 80 088 | 16 72 390 |
| (b) Cash and bank balances | 15 | 108 85 17 182 | 27 92 91 335 |
| (c) Short term loans and advances | 12 | | |
| (i) Portfolio loans | | 196 08 52 574 | 141 99 77 547 |
| (ii) Others | | 11 83 11 733 | 2 67 33 147 |
| (d) Other current assets | 13 | 7 35 38 755 | 3 22 40 434 |
| | | 325 51 00 332 | 175 99 14 853 |
| Total | | 496 10 55 476 | 238 12 51 019 |

See accompanying notes forming part of the financial statements

As per our report of even date

For Manubhai & Shah LLP

Chartered Accountants

ICAI Firm Reg. No. 106041W/W100136

(Jignesh D. Shah)

Partner

Membership No. 100116

Place: Ahmedabad

Date: 04th May, 2019



For and on behalf of the Board

Kartik S. Mehta
Managing Director
DIN: 02083342

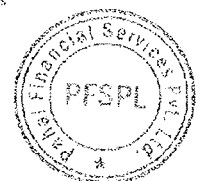
Chintan Desai
Chief Financial Officer

Place: Ahmedabad

Date: 04th May, 2019

Purvi J. Bhavsar
Managing Director
DIN: 02102740

Nikita Sharma
Company Secretary



Pahal Financial Services Private Limited

CIN:U65910GJ1994PTC082668

Statement of Profit and Loss for the year ended on March 31, 2019

| (Amount in ₹) | | | |
|--|----------|---------------------------|---------------------------|
| Particulars | Note No. | Year ended March 31, 2019 | Year ended March 31, 2018 |
| I Revenue from operations | 16 | 85 58 11 231 | 38 45 59 058 |
| II Other income | 17 | 3 88 09 229 | 1 81 99 076 |
| III Total Revenue (I + II) | | 89 46 20 460 | 40 27 58 134 |
| IV Expenses: | | | |
| Finance costs | 18 | 46 37 98 323 | 23 20 55 021 |
| Employee benefits expenses | 19 | 17 95 05 913 | 9 95 04 298 |
| Depreciation and amortisation expenses | 10 | 24 05 710 | 19 47 407 |
| Other expenses | 20 | 9 16 75 292 | 4 36 18 435 |
| Provisions & Write offs | 21 | 4 20 46 379 | 11 59 40 788 |
| Total Expenses | | 77 94 31 617 | 49 30 65 949 |
| V Profit / (Loss) before tax (III - IV) | | 11 51 88 843 | (9 03 07 815) |
| VI Tax expense: | | | |
| (1) Current Tax | | 3 00 00 000 | - |
| (2) Earlier Year Tax | | 3 50 960 | 1 90 178 |
| (3) MAT Credit Entitlement | | (1 26 20 000) | - |
| (4) Deferred Tax Adjustment -Charge/(Credit) | 11 | 2 23 51 253 | (2 48 29 975) |
| Total tax expense | | 4 00 82 213 | (2 46 39 797) |
| VII Profit / (Loss) for the year (V - VI) | | 7 51 06 630 | (6 56 68 018) |
| VIII Earning / (Loss) per share | | | |
| Basic | 22 | 3.85 | (5.45) |
| Diluted | 22 | 3.72 | (5.45) |

[Face value of share ₹10 (March 31, 2018: ₹10)]
See accompanying notes forming part of the financial statements

As per our report of even date

For Manubhai & Shah LLP

Chartered Accountants

ICAI Firm Reg.No. 106041W/W100135

(Jignesh D. Shah)

Partner

Membership No. 100116

Place: Ahmedabad

Date: 04th May, 2019



For and on behalf of the Board

Kartik S. Mehta

Managing Director

DIN: 02083342

Chintan Desai

Chief Financial Officer

Place: Ahmedabad

Date: 04th May, 2019

Purvi J. Bhavsar

Managing Director

DIN: 02102740

Nikita Sharma

Company Secretary



Pahal Financial Services Private Limited

CIN:U65910GJ1994PTC082668

Cash Flow Statement for the Year Ended March 31, 2019

(Amount in ₹)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|--|------------------------------|------------------------------|
| A Cash flow from operating activities | | |
| Profit before tax | 11 51 88 843 | (9 03 07 815) |
| Adjustments for : | | |
| Depreciation and amortization | 24 05 710 | 19 47 407 |
| Profit on sale of Property, Plant & Equipment | (4 700) | (5 030) |
| Gain on sale of units of Mutual Fund & Shares (Net) | (63 23 357) | (91 31 264) |
| Employee stock compensation expense | 4 52 000 | 2 62 000 |
| Provision for Standard and Non Performing Assets | 2 52 14 037 | 28 96 193 |
| Finance Cost | 46 37 98 323 | 23 20 55 021 |
| Assets Written off (Loans) | 1 68 32 342 | 11 30 44 595 |
| Operating profit before working capital changes | 61 75 63 198 | 25 07 61 107 |
| Movements in working capital : | | |
| Increase/(decrease) in Other liabilities & provisions | 16 43 50 111 | 2 46 62 090 |
| Increase/(decrease) in Trade Payable | 2 88 06 454 | 66 26 004 |
| Decrease / (increase) in Loans and advances | (165 38 42 793) | (79 56 13 741) |
| Decrease / (increase) in Trade receivables | (1 22 07 698) | (1 94 547) |
| Decrease / (increase) in Other assets | (5 93 16 215) | (1 09 36 375) |
| Decrease / (increase) in Margin money deposits | (10 36 07 880) | 2 85 86 523 |
| Cash used in operations | (101 82 54 822) | (49 61 08 939) |
| Direct taxes paid (net of refunds) | (2 14 27 600) | (15 92 455) |
| Net cash used in operating activities (A) | (103 96 82 422) | (49 77 01 394) |
| B Cash flow from Investing activities : | | |
| Purchase of fixed assets | (43 08 124) | (17 36 649) |
| Proceeds from disposal of Fixed Asset | 18 952 | 6 500 |
| Purchase of Mutual Funds and shares | (224 55 14 796) | (280 68 60 598) |
| Proceeds from sale of Mutual Funds and shares | 225 18 38 153 | 281 59 91 862 |
| Net cash flow from investing activities (B) | 20 34 185 | 74 01 115 |



Pahal Financial Services Private Limited

CIN:U65910GJ1994PTC082668

*Cash Flow Statement for the Year Ended March 31, 2019***C Cash flow from financing activities :**

| | | |
|--|----------------|----------------|
| Proceeds from issuance of Equity Share and Share Premium | 32 28 42 500 | 13 74 99 990 |
| Redemption of Preference Shares | (4 50 00 000) | (1 50 00 000) |
| Dividend paid during the year | (60 75 000) | (49 63 922) |
| Tax paid on Dividend | (12 49 930) | (10 10 556) |
| Payment of Finance Cost | (42 83 18 108) | (23 20 55 021) |
| Short-term borrowings and current maturity (net) | 99 80 03 914 | (2 11 83 128) |
| Long term Borrowings (net) | 97 61 08 154 | 54 52 38 917 |

| | | |
|---|---------------|--------------|
| Net cash flow from financing activities (C) | 181 63 11 530 | 40 85 26 280 |
|---|---------------|--------------|

| | | |
|--|--------------|---------------|
| Net increase/(decrease) in cash and cash equivalents (A)+(B)+(C) | 77 86 63 293 | (8 17 73 999) |
|--|--------------|---------------|

| | | |
|---|--------------|--------------|
| Cash and cash equivalents as at the beginning of the year | 27 39 08 824 | 35 56 82 824 |
|---|--------------|--------------|

| | | |
|---|----------------|--------------|
| Cash and cash equivalents as at end of the year (Refer Note 15) | 1 05 25 72 116 | 27 39 08 825 |
|---|----------------|--------------|

Notes:

| (i) Components of cash & cash equivalents at the year end | As at | As at |
|---|-----------------------|---------------------|
| | March 31, 2019 | March 31, 2018 |
| Cash on hand | 8 30 465 | 5 06 029 |
| Balance with banks in current accounts | 80 16 35 010 | 26 37 38 626 |
| Deposits with maturity less than 3 months | 25 01 06 642 | 96 64 1 70 |
| Total | 1 05 25 72 117 | 27 39 08 825 |

(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 LLP

Chartered Accountants

ICAI Firm Reg.No. 106041W/W100136

(Jignesh D. Shah)

Partner

Membership No. 100116

Place: Ahmedabad

Date: 04th May, 2019



For and on behalf of the Board

Kartik S. Mehta

Managing Director

DIN: 02083342

Chintan Desai

Chief Financial Officer

Place: Ahmedabad

Date: 04th May, 2019

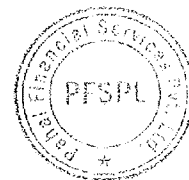
Purvi J. Bhavsar

Managing Director

DIN: 02102740

Nikita Sharma

Company Secretary



Pahal Financial Services Private Limited

Notes forming part of Financial Statements for the period ending on March 31, 2019

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 & 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.

2 Statement of Significant Accounting Policies:

2.1 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 notified under Section 133 of the Companies Act, 2013 ('Act') read together with Rule 7 of the Companies (Accounts) Rules, 2014, Companies (Accounting Standards) Amendment Rules, 2016 and the provisions of the RBI as applicable as per Master Directions - Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 issued vide Notification No. DNHR.PD.007/03.10.119/2016-17 dated September 1, 2016, as amended time to time ('the NBFC Master Directions, 2016'). 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.

2.2 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 and the disclosure of contingent 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.

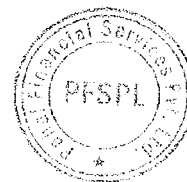
2.3 Revenue Recognition:

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 unrealized is reversed.
- (b) Loan processing fees collected from members are recognized in the period of realisation.
- (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 / share is recognized on realisation of profits.
- (e) Profit/Premium arising at the time of securitisation of loan portfolio is an artifice over the life of the underlying loan / portfolio / securities and loss arising thereon is accounted immediately. Income from interest strip (excess interest spread) is recognized in the statement of profit and loss net off any losses when redeemed in cash. Interest retained under assignment of loan receivables is recognized on realization basis over the life of underlying loan portfolio.
- (f) All the other income is recognized on accrual basis.

2.4 Property, plant and equipment:

- (a) Property, plant & equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. The 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 to the Companies Act, 2013 which is also as per the useful life of the assets estimated by the management. Depreciation on Fixed assets purchased/sold during the year is provided on proportionate basis.
- (c) Fixed assets costing up to ₹ 5,000/- individually are fully depreciated in the year of purchase.



Pahal Financial Services Private Limited

Notes forming part of Financial Statements for the period ending on March 31, 2019

2.5 Intangible Assets:

- (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.

2.6 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.

2.7 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.
- (c) Investments that are readily available and intended to be held for not more than one year from the date of acquisition, are classified as current investments. All other investments are classified as non-current investments.

2.8 Borrowing cost

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

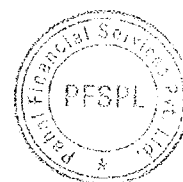
2.9 Employee Benefits :

- (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.

2.10 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



Pahal Financial Services Private Limited

Notes forming part of Financial Statements for the period ending on March 31, 2019

2.11 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.

(b) Deferred Tax liability/ Asset

Deferred income taxes reflect the impact of timing differences between the taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences 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.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

(c) Minimum Alternate Tax (MAT) credit

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal Income Tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the Guidance Note issued by the ICAI, the said assets is created by way of a credit to the Statement of Profit and Loss.

2.12 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.

2.13 Classification and Provision Policy for Loan Portfolio:

(a) Loans to JLG Portfolio

Loans to JLG Portfolio is classified in accordance with the NBFC Master Directions, 2016. 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 up to 90 days | Refer Note 2 |
| (ii) Non Performing Assets | Overdue for more than 90 days and less than 180 days | 50% |
| (iii) Loss Assets | Overdue for more than 180 days | Written off |

Note 1:

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

Note 2:

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 appropriate loan instalment which are overdue for more than 90 days and less than 180 days.



Pahal Financial Services Private Limited

Notes forming part of Financial Statements for the period ending on March 31, 2019

(b) Loans other than JLG Loans

Loans and advance, other than loans with JLG are classified in accordance with the NBFC Master Directions, 2016.

| Classification | Arrear Period | % of Provision |
|-----------------------|-------------------------------|----------------|
| Standard Assets | | 0.25% |
| Non Performing Assets | Overdue for 180 days or more | Written off |
| Loss Assets | (As identified by Management) | Written off |

(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.

2.14 Share Based Payments

In case of stock option plan, measurement and disclosure of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India as applicable for equity-settled share based payments.

The cost of equity-settled transactions is measured using the intrinsic value method and recognised, together with a corresponding increase in the "Stock options outstanding account" in reserves. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognised in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

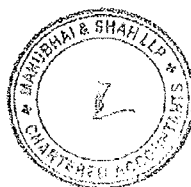
2.15 Earnings per share

Basic earnings per share are 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. Partly paid equity shares are treated as fraction of an equity share to the extent that they were entitled to participate in dividends related to a fully paid equity share during the reporting 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.

2.16 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 as at March 31, 2019

3 Share capital

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

| Particulars | (Amount in ₹) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Authorised | | |
| 3,72,00,000 Equity Shares of ₹10/- each (March 31, 2018: 1,59,00,000 Equity Shares of ₹ 10/- each) | 37 20 00 000 | 15 90 00 000 |
| 1,75,00,000 Preference Shares of ₹ 10/- each (March 31, 2018: 60,00,000 Preference Shares of ₹ 10/- each) | 17 50 00 000 | 6 00 00 000 |
| Total | 54 70 00 000 | 21 90 00 000 |
| Issued, Subscribed and Paid Up | | |
| 2,16,82,944 Equity Shares of ₹ 10/- each (March 31, 2018: 1,54,02,944 Equity Shares of ₹ 10/- each) | 21 68 29 440 | 15 40 29 440 |
| 1,25,00,000 Redeemable Preference Shares of ₹ 10/- each (March 31, 2018: 45,00,000 Redeemable Preference Shares of ₹ 10/- each) | 12 50 00 000 | 4 50 00 000 |
| Total | 34 18 29 440 | 19 90 29 440 |

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

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | |
|--|----------------------|---------------------|----------------------|---------------------|
| | No. of Shares | Amount in ₹ | No. of Shares | Amount in ₹ |
| Equity Shares | | | | |
| At the beginning of the year | 1 54 02 944 | 15 40 29 440 | 1 13 19 611 | 11 31 96 110 |
| Add : Shares Issued during the year :- | | | | |
| a) As Sweat Equity | - | - | 7 50 000 | 75 00 000 |
| b) Under Employee Stock Option Plan | 30 000 | 3 00 000 | | |
| c) Under private placement basis during the year | 42 50 000 | 4 25 00 000 | 33 33 333 | 3 33 33 330 |
| d) On conversion of Compulsory Convertible Debentures | 20 00 000 | 2 00 00 000 | | |
| Outstanding at the end of the year | 2 16 82 944 | 21 68 29 440 | 1 54 02 944 | 15 40 29 440 |
| Preference Shares | | | | |
| At the beginning of the year | 45 00 000 | 4 50 00 000 | 30 00 000 | 3 00 00 000 |
| Subscribed during the year | 1 25 00 000 | 12 50 00 000 | 30 00 000 | 3 00 00 000 |
| Redeemed during the year | (45 00 000) | (4 50 00 000) | (15 00 000) | (1 50 00 000) |
| Outstanding at the end of the year | 1 25 00 000 | 12 50 00 000 | 45 00 000 | 4 50 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.
- 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.

B Preference Shares

- Terms of Preference Shares issued to Scient Capital Private Limited
- (a) No. of the Preference shares issued :
 > 50,00,000 shares Allotted on May 29, 2018
- (b) The Preference share would be redeemable at par :
 At the end of 3 years from the date of allotment.
- (c) Preference shares carry a fixed coupon rate of 11.25% annually



Pahal Financial Services Private Limited

Notes forming part of Financial Statements as at March 31, 2019

(iii) Details of the Preference shares UNIFI AIF

(a) No. of the Preference shares issued :

> 75,00,000 shares Allotted on March 29, 2019

(b) The Preference share would be redeemable at par :

At the end of 550 days from the date of allotment if put / call option not exercised after 277 days of the allotment

(c) Preference shares carry a fixed coupon rate of 11.50% annually

(iv) The details of shareholders holding more than 5 % of subscribed share capital as on March 31, 2019 is set out below:

| Name of Shareholder | As at March 31, 2019 | | As at March 31, 2018 | |
|--|----------------------|--------|----------------------|--------|
| | No. of Shares | % | No. of Shares | % |
| Equity Shares | | | | |
| Dia Vikas Capital Private Limited | 53 33 333 | 24.60% | 33 33 333 | 21.64% |
| BOPA PTE Limited | 42 50 000 | 19.60% | | |
| Vinod Khandwala | 2,501,987 | 11.54% | 20 79 812 | 13.50% |
| Rajesh Khandwala | 2,501,987 | 11.54% | 20 79 803 | 13.50% |
| Suyash Advisory LLP | 1,170,000 | 5.40% | 10 80 000 | 7.01% |
| Purvi J Bhavsar | 9 15 469 | 4.22% | 9 15 469 | 5.94% |
| Girish N Patel | 6 50 000 | 3.00% | 11 50 000 | 7.47% |
| Rajiv G Patel HUF | - | 0.00% | 8 44 359 | 5.48% |
| Preference Shares | | | | |
| UNIFI AIF | 75 00 000 | 60.00% | | |
| Scienc Capital Private Limited | 50 00 000 | 40.00% | 30 00 000 | 66.67% |
| Small Industries Development Bank of India | - | - | 15 00 000 | 33.33% |

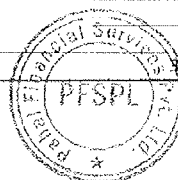
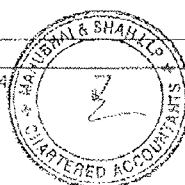
As per the records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

(v) For details of shares reserved for issue under employee stock option (ESOP) plan of the company, refer Note no. 30.

4 Reserves and surplus

| Particulars | (Amount in ₹) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Securities Premium | | |
| As per Last Balance Sheet | 15 97 77 603 | 9 31 10 943 |
| Add: Transfer from stock options outstanding | 1 80 000 | - |
| Add: Premium received during the year | 13 50 42 500 | 6 66 66 660 |
| Closing Balance | 29 50 00 103 | 15 97 77 603 |
| Stock options outstanding | | |
| Opening balance | 4 06 000 | 1 44 000 |
| Addition during the year | 4 52 000 | 2 62 000 |
| Less : Transferred to Securities Premium | (1 80 000) | - |
| | 6 78 000 | 4 06 000 |
| General Reserve | | |
| As per Last Balance Sheet | 60 000 | 60 000 |
| Statutory Reserve* | | |
| As per Last Balance Sheet | 1 22 69 476 | 1 22 69 476 |
| Add: Amount transferred from the surplus balance of profit & loss | 1 50 21 326 | - |
| Closing Balance | 2 72 90 802 | 1 22 69 476 |
| Surplus / (Deficit) | | |
| Surplus / (Deficit) at the beginning of the year | (3 37 94 907) | 3 78 47 589 |
| Add: Net Profit / (Loss) after tax transferred from Statement of Profit and Loss | 7 51 06 630 | (6 56 68 018) |
| | 4 13 11 723 | (2 78 20 429) |
| Less : Appropriation | | |
| Transfer to statutory reserve* | 1 50 21 326 | - |
| Dividend on Equity Shares | | 22 63 922 |
| Dividend on cumulative redeemable preference shares# | 60 75 000 | 27 00 000 |
| Tax on dividend | 12 49 930 | 10 10 556 |
| | 2 23 46 256 | 59 74 478 |
| Surplus / (Deficit) at the end of the year | 1 89 65 467 | (3 37 94 907) |
| Total | 34 19 94 372 | 13 87 18 172 |

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



Pahal Financial Services Private Limited

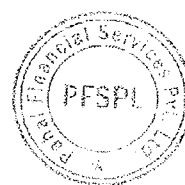
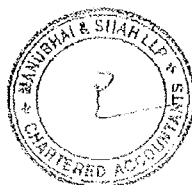
Notes forming part of Financial Statements as at March 31, 2019

5 Long Term Borrowings

| Particulars | Non-current portion | | Current Maturities | |
|---------------------------------------|----------------------|----------------------|----------------------|---------------------|
| | As at | As at | As at | As at |
| | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 |
| Secured | | | | |
| (A) Term loans from: | | | | |
| - Banks | 20 41 95 743 | 10 84 41 591 | 34 74 36 055 | 12 09 54 764 |
| - Others | 79 26 86 694 | 57 57 32 180 | 134 38 69 278 | 73 48 60 853 |
| (B) Non Convertible Debentures | 76 00 00 000 | 15 00 00 000 | 22 00 00 000 | 6 76 81 434 |
| (C) Vehicle Loan | 28 99 487 | - | 11 09 709 | - |
| Unsecured | | | | |
| (D) Sub-ordinate Debt (Tier II) | 22 00 00 001 | 11 00 00 000 | - | - |
| (E) Compulsory Convertible Debentures | - | 6 00 00 000 | - | - |
| Total | 197 97 81 925 | 100 36 73 771 | 191 24 15 042 | 92 34 97 052 |

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 | | |
| Alt Small Finance Bank Limited | | |
| Exclusive Charges by way of Hypothecation on all 110 % / 105 % of Book Debts / loan Assets, both present and future and against pledge of Fixed Deposit up to 5% of the loan amount | 13.50% to 14.50% p.a. | Principal repayable by 18 to 24 equal monthly installments starting from next month. |
| 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 | 14.00% to 15.00% p.a. | Principal repayable in 15 to 24 equal monthly installments. |
| 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 repayable in 24 equal monthly installments with a moratorium period of 3 months |
| IDFC First Bank Limited | | |
| Exclusive Charges by way of Hypothecation on 110% to 125% of Book Debts. | 13% to 15% p.a. | Principal repayable in 8-18 equal quarterly installments commencing after moratorium of 6 Months to 8 quarters after the disbursement. |
| 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 7.50% of the loan amount | 14% p.a. | Principal repayable in 24 equal monthly installments. |
| 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 10% of the loan amount | 12.9% p.a. | Principal repayable by 24 equal monthly installments starting from next month. |
| Northern Am Capital Limited | | |
| Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future created/to be created out of loan. | 14.20% to 15.00% p.a. | Principal repayable by 18 to 36 monthly installments. |



Pahal Financial Services Private Limited

Notes forming part of Financial Statements as at March 31, 2019

| | | |
|--|-------------------------------|---|
| 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. | 14.75% p.a. | Principal repayable by 24 monthly installments |
| Satin Creditcare Network Ltd | | |
| Exclusive Charges by way of Hypothecation of 105% on Book Debts / loan Assets, both present and future created/to be created out of loan and against pledge of Fixed Deposit of 10% of the loan amount | 15.5% p.a. | Principal repayable by 18 monthly installments. |
| Max 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. | 15.5% p.a. | Principal repayable by 24 equal monthly installments as per Loan sanction Document. |
| Manappuram Finance Limited | | |
| Exclusive Charges by way of Hypothecation on 110% of Book Debts. | 13.75% to 15.00% p.a. | Principal repayable in 12 equal quarterly installments commencing from 3 months after first disbursement. |
| 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 5% to 7.5% of the loan amount | 14.00% to 14.25% p.a. | Principal repayable in 18 equal monthly installments as per Loan sanction Document. |
| 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 | 13.00% p.a. | Principal repayable in 12 equal quarterly installments commencing from 3 months after first disbursement. |
| NABSAMMRUDHI 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 5% of the loan amount | 13.50% p.a. | Principal repayable in 12 equal quarterly installments commencing from 3 months after first disbursement. |
| Profectus Capital Pvt 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 upto 10% of the loan amount | 14.50% p.a. | Principal repayable in 12 equal monthly installments |
| Maanaveyya 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 7.50% to 10% of the loan amount | 14.40 to 14.50% p.a. | Principal repayable in 8 equal quarterly installments commencing from 3 months after first disbursement. |
| Hinduja Leyland Finance Limited | | |
| Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Loan Amount | 11.34% to 11.95% (Yield) p.a. | Principal repayable by 24 to 36 monthly installment |



Pahal Financial Services Private Limited

Notes forming part of Financial Statements as at March 31, 2019

| | | |
|--|-----------------------|---|
| Mahindra & Mahindra Financial Services Limited | | |
| Exclusive Charges by way of Hypothecation of 11.0% on Book Debts / loan Assets, both present and future created/to be created out of loan and against pledge of Fixed Deposit of 8% of the loan amount | 11.34% to 13% p.a. | Principal repayable by 24 equal monthly installments as per Loan sanction Document. |
| Vivriti Capital Private Limited | | |
| Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 100% of Loan Amount | 14.50% to 15.25% p.a. | Principal repayable by 18 to 30 equal monthly installments as per Loan sanction Document. |
| Avanse 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 5% of the loan amount | 14% p.a. | Principal repayable by 18 equal monthly installments as per Loan sanction Document. |
| Jain Sons Finance Limited | | |
| Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 100% of Loan Amount | 13.90% to 15.25% p.a. | Principal repayable by 18 equal monthly installments as per Loan sanction Document. |
| 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 as per Loan sanction Document. |
| 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% to 15% p.a. | Principal repayable by 18 equal monthly installments as per Loan sanction Document. |
| 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 | 15.25% p.a. | Principal repayable by 24 equal monthly installments as per Loan sanction Document. |
| Gruh Finance Limited | | |
| Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Loan Amount & against 10% of the Fixed Deposit | 14.00% p.a. | Principal repayable by 36 equal monthly installments as per Loan sanction Document. |
| Sannam Financial Intermediation & Services Private Limited | | |
| Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Loan Amount | 14.25% p.a. | Principal repayable by 18 equal monthly installments as per Loan sanction Document. |
| Svakarma Finance Pvt. Limited | | |
| Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 105% of Loan Amount | 14.50% p.a. | Principal repayable by 18 equal monthly installments as per Loan sanction Document. |
| Hiranandani Financial Services Private Limited | | |
| Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 100% of Loan Amount & against 5% of the Fixed Deposit | 14.75% p.a. | Principal repayable by 24 equal monthly installments as per Loan sanction Document. |



Pahal Financial Services Private Limited

Notes forming part of Financial Statements as at March 31, 2019

| | | |
|--|-------------|---|
| Capri Global Capital Limited | | |
| Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 107.5% of Loan Amount & against 7.5% of the Fixed Deposit | 14.30% p.a. | Principal repayable by 24 equal monthly installments as per Loan sanction Document. |

(B) Non Convertible Debentures

| Security details | Interest Rate | Terms of Repayment |
|---|-------------------------------|--|
| 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% p.a. (Yield) | 25 % of Principal repayable after 12 months, 25% after 24 months & 50% at the end of 36 months |
| Blue Orchard Microfinance 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% p.a. (Yield) | 25 % of Principal repayable after 12 months, 25% after 24 months & 50% at the end of 36 months |
| Microfinance Enhancement Facility SA, (ResponsAbility) | | |
| Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Debenture Value. | 13.65% p.a. (Yield) | Principal repayable by 60 monthly installment |
| ResponsAbility India Business Advisors Pvt. Limited | | |
| Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Debenture Value. | 13.65% p.a. (Yield) | Principal repayable by 60 monthly installment |
| 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 | 14.25% / 14.20% p.a. (Coupon) | Principal repayable at the end of 36 / 57 months |

(C) Vehicle Loans

| Secured Loan | Interest Rate | Terms of Repayment |
|--|---------------|---|
| 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. |

(D) Sub ordinate Debt (Tier II)

| Unsecured sub ordinate loan | Interest Rate | Terms of Repayment |
|--|---------------|---|
| Capital First Limited | 16.9% p.a. | Principal repayable after 84 months from the date of receipt. |
| MAS Financial Services Limited | 16.75% p.a. | Principal repayable after 72 months from the date of receipt. |
| Vivriti Capital Private Limited | 16.75% p.a. | Principal repayable after 73 months from the date of receipt. |

(E) Compulsory Convertible Debentures

| | | |
|--------------------------------------|----------|--|
| Bia Vikas Capital Private Ltd | 15% p.a. | Debentures fully convertible into Equity within 10 years |
|--------------------------------------|----------|--|



Pahal Financial Services Private Limited

Notes forming part of Financial Statements as at March 31, 2019

6 Provisions

| Particulars | (Amount in ₹) | | | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | Long-term | | Short-term | |
| | As at March 31, 2019 | As at March 31, 2018 | As at March 31, 2019 | As at March 31, 2018 |
| Provision for Employee Benefits | | | | |
| Provision for Gratuity | 10 63 126 | 2 35 027 | - | - |
| | 10 63 126 | 2 35 027 | - | - |
| Income Tax Provision (Net) | - | - | 57 65 371 | - |
| Other Provisions | | | | |
| - Contingent provision against Standard Assets | 1 34 23 065 | 36 45 965 | 1 75 65 335 | 1 02 65 991 |
| - Provision for Non Performing Assets | 15 73 060 | 42 84 146 | - | - |
| - Provision for Securitised/Managed portfolio | 29 32 078 | 1 31 759 | 1 04 34 596 | 23 86 236 |
| | 1 79 28 204 | 80 61 870 | 2 79 99 931 | 1 26 52 227 |
| Total | 1 89 91 330 | 82 96 897 | 3 37 65 302 | 1 26 52 227 |

7 Other long term liabilities

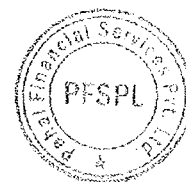
| Particulars | (Amount in ₹) | |
|------------------------------------|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Unamortised gain on securitisation | - | 2 94 585 |
| | - | 2 94 585 |

8 Short-Term Borrowings

| Particulars | (Amount in ₹) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Secured | | |
| Working Capital loan from Bank | 4 97 35 118 | 4 06 49 194 |
| Total | 4 97 35 118 | 4 06 49 194 |
| Security details | | |
| State Bank of India | | |
| Exclusive Hypothecation charge over specific pool of receivables/book debts created out of Bank finance | | |

9 Other current liabilities

| Particulars | (Amount in ₹) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Current Maturities of Long Term Debt (Refer Note No 5) | | |
| Term Loan | | |
| From Banks | 34 74 36 055 | 12 09 54 764 |
| From Others | 134 38 69 278 | 79 48 60 853 |
| Non Convertible Debenture | 22 00 00 000 | 6 76 81 434 |
| Vehicle Loan | 11 09 709 | - |
| | 191 24 15 042 | 92 34 97 052 |
| Interest accrued but not due on borrowings | 4 28 63 217 | 73 83 002 |
| Payable towards securitisation and assignment | 18 87 17 165 | 2 46 14 842 |
| Unamortised gain on securitisation | 4 84 227 | 31 52 519 |
| Statutory dues | 86 69 430 | 61 88 453 |
| Others | 9 83 523 | 10 82 034 |
| Total | 215 41 32 704 | 96 59 17 902 |



Pahal Financial Services Private Limited

Notes forming part of Financial Statements as at March 31, 2019

11 Deferred tax Assets:

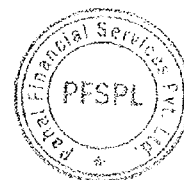
In accordance with Accounting Standard 22 "Accounting for Taxes on Income", the Company has Deferred Tax Liabilities of ₹ (50,002/-) (March 31, 2018: ₹ 25,880/-) and Deferred Tax Assets of ₹ 37,18,881/- (March 31, 2018: ₹ 2,61,46,016/-).

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

| Particulars | As at March 31, 2019 | Charge for the period | As at March 31, 2018 |
|--|-------------------------|--------------------------|-------------------------|
| Deferred Tax Liability | | | |
| Difference between book and tax depreciation | (50 002) | (75 882) | 25 880 |
| Deferred Tax Liability (ii) | (50 002) | (75 882) | 25 880 |
| Deferred Tax Assets | | | |
| Provision for Non Performing Assets & on managed portfolio | 37 18 881 | 30 64 202 | 6 54 679 |
| Impact of accumulated losses and unabsorbed depreciation | - | (2 54 91 337) | 2 54 91 337 |
| Deferred Tax Assets (i) | 37 18 881 | (2 24 27 135) | 2 61 46 016 |
| Net Deferred Tax Assets (i) - (ii) | 37 68 883 | (2 23 51 253) | 2 61 20 136 |

12 Loans and Advances:

| Particulars | Non Current | | Current | |
|---|----------------------|---------------------|----------------------|----------------------|
| | As at | As at | As at | As at |
| | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 |
| (i) Portfolio Loans | | | | |
| Unsecured, considered good | | | | |
| Loan given to JLG | 140 67 83 966 | 46 66 27 596 | 177 73 20 290 | 130 66 67 534 |
| Loan given to consumer and Individuals | 5 45 06 257 | 3 76 77 170 | 16 78 57 679 | 11 33 10 013 |
| Loans - Secured Loan | 3 71 52 685 | - | 1 56 74 605 | - |
| | 149 84 42 908 | 50 43 04 766 | 196 08 52 574 | 141 99 77 547 |
| Unsecured, considered doubtful | | | | |
| Loan given to JLG | 31 46 123 | 85 68 292 | - | - |
| Loan given to IL | - | - | - | - |
| | 31 46 123 | 85 68 292 | - | - |
| Total | 150 15 89 031 | 51 28 73 058 | 196 08 52 574 | 141 99 77 547 |
| (ii) Others | | | | |
| A. Security Deposits Placed with FI | | | | |
| Unsecured, Considered good | 1 52 99 672 | 40 17 014 | 42 88 289 | - |
| B. Balance with Government Authorities | - | - | - | 3 872 |
| C. Other Loans and Advance | | | | |
| Unsecured, considered good | | | | |
| Capital Advance | 40 09 196 | 25 990 | - | - |
| MAT Credit Entitlement | 1 26 20 000 | - | - | - |
| Advance Payment of Taxes (Net of Provision) | - | 31 57 988 | - | - |
| Other deposits | 25 23 050 | 19 48 040 | 8 69 300 | 8 19 000 |
| Receivable on managed portfolio | - | - | 10 22 33 079 | 1 84 05 413 |
| Loan to Pahal Welfare Trust (Refer Note) | - | - | 7 90 000 | 7 90 000 |
| Prepaid Expenses | - | - | 9 32 128 | 11 87 869 |
| Staff Advances | - | - | 1 56 632 | 2 36 011 |
| Advance to vendors | - | - | 76 993 | 35 82 705 |
| Others | - | - | 29 65 311 | 17 08 270 |
| Total | 3 44 51 918 | 91 49 042 | 11 83 11 733 | 2 67 33 147 |
| Includes Security deposits held as security against borrowings | | | | |
| Total (i) + (ii) | 153 60 40 949 | 52 20 22 100 | 207 91 64 307 | 144 67 10 694 |



Pahal Financial Services Private Limited

Notes forming part of Financial Statements as at March 31, 2019

13 Other Assets

| Particulars | Non Current | | Current | |
|---|---------------------|--------------------|--------------------|--------------------|
| | As at | As at | As at | As at |
| | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 |
| Term deposits with Banks | 13 99 53 774 | 6 69 08 449 | - | - |
| Interest accrued but not due on portfolio loans | 1 80 17 894 | - | 7 35 38 755 | 3 22 40 434 |
| Total | 15 79 71 668 | 6 69 08 449 | 7 35 38 755 | 3 22 40 434 |

14 Trade Receivables:

| Particulars | As at | As at |
|---|--------------------|------------------|
| | March 31, 2019 | March 31, 2018 |
| Outstanding for a period of six months or less from the date they are due for payment | | |
| Unsecured, considered good | 1 22 23 278 | 16 72 390 |
| Outstanding for a period exceeding six months from the date they are due for payment | | |
| Unsecured, considered good | 16 56 810 | - |
| Total | 1 38 80 088 | 16 72 390 |

15 Cash & Bank Balances:

| Particulars | Non Current | | Current | |
|--|---------------------|--------------------|----------------------|---------------------|
| | As at | As at | As at | As at |
| | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 |
| Cash and Cash Equivalents | | | | |
| - In current accounts | - | - | 80 16 35 010 | 26 37 38 626 |
| - In term deposit accounts with maturity less than three months | - | - | 25 01 06 642 | 96 64 170 |
| Cash on hand | - | - | 8 30 465 | 5 06 029 |
| | | | 105 25 72 117 | 27 39 08 825 |
| Other bank Balances | | | | |
| - In term deposit accounts held as security borrowings from banks ** | 13 99 53 774 | 6 69 08 449 | 3 59 45 065 | 53 82 510 |
| | 13 99 53 774 | 6 69 08 449 | 3 59 45 065 | 53 82 510 |
| Amount disclosed under non current assets (Refer Note 13) | (13 99 53 774) | (6 69 08 449) | | |
| Total | - | - | 108 85 17 182 | 27 92 91 335 |

** 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 Pvt. Limited
Notes to Financial Statements for the year ending on March 31, 2019

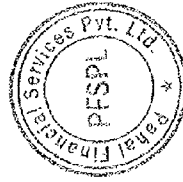
10 Property, Plant & Equipment

| Particulars | Gross block | | | | Depreciation | | | | Net block | |
|--------------------------|---------------------|-----------|----------------------|----------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| | As at April 1, 2018 | Additions | Deletions/Adjustment | As at March 31, 2019 | As at April 1, 2018 | Charge for the year | Deletion/Adjustment | As at March 31, 2019 | As at March 31, 2019 | As at March 31, 2018 |
| 1 Furniture and fixtures | 24,36,086 | 5,94,455 | - | 30,30,541 | 7,15,635 | 2,42,920 | - | 5,59,554 | 20,74,587 | 17,23,052 |
| 2 Office Instruments | 9,43,431 | 5,22,542 | - | 14,65,973 | 4,85,171 | 2,18,130 | - | 7,07,301 | 7,58,652 | 4,54,750 |
| 3 Computer | 24,05,317 | 17,72,662 | 26,990 | 51,54,889 | 20,02,009 | 9,93,915 | 12,738 | 28,83,184 | 22,71,705 | 14,07,270 |
| 4 Vehicles | 32,37,528 | - | - | 32,37,528 | 13,34,082 | 3,83,605 | - | 27,17,887 | 15,12,491 | 13,95,246 |
| Total | 1,00,22,652 | 28,85,659 | 26,990 | 1,28,85,321 | 45,41,895 | 17,38,770 | 12,738 | 62,67,927 | 66,17,394 | 54,80,756 |
| Previous Year | 86,58,065 | 13,33,989 | 29,400 | 1,00,22,652 | 39,18,302 | 12,41,762 | 27,930 | 45,41,896 | 54,80,756 | - |

Vehicles having Gross Value of Rs. 21,51,403/- are registered in the name of Directors of the company.

10 Intangible assets

| Description | Gross block | | | | Depreciation | | | | Net block | |
|-------------------|---------------------|-----------|----------------------|----------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| | As at April 1, 2018 | Additions | Deletions/Adjustment | As at March 31, 2019 | As at April 1, 2018 | Charge for the year | Deletion/Adjustment | As at March 31, 2019 | As at March 31, 2019 | As at March 31, 2018 |
| Computer software | 31,35,104 | 14,18,465 | - | 45,53,569 | 23,30,379 | 6,66,541 | - | 29,97,319 | 15,56,250 | 8,04,725 |
| Total | 31,35,104 | 14,18,465 | - | 45,53,569 | 23,30,379 | 6,66,541 | - | 29,97,319 | 15,56,250 | 8,04,725 |
| Previous Year | 17,92,459 | 3,42,850 | - | 21,35,309 | 16,34,457 | 7,05,665 | - | 23,30,379 | 8,04,725 | - |



Pahal Financial Services Private Limited

Notes forming part of Financial Statements for the period ended on March 31, 2019

(Amount in ₹)

| Particulars | Year Ended March 31, 2019 | Year Ended March 31, 2018 |
|--|------------------------------|------------------------------|
| 16 Revenue from Operations: | | |
| Interest income on: | | |
| Portfolio Loans | 76 85 75 470 | 33 71 51 254 |
| Others* | 1 48 22 436 | 92 45 083 |
| | 78 33 97 906 | 34 63 96 337 |
| Processing Fees | 6 37 58 446 | 3 12 82 460 |
| Other operating revenue | | |
| Income from securitization /assignment of Loans | 52 91 430 | 18 72 978 |
| Recovery from loans written off | 33 63 449 | 50 07 283 |
| Total | 85 58 11 231 | 38 45 59 058 |
| * Represents interest on margin money deposits placed to avail term loans from banks & others and as cash collateral in connection with securitisation transactions. | | |
| 17 Other income: | | |
| Gain on sale of units of Mutual Fund & Shares (Net) | 63 23 357 | 91 31 264 |
| Other Fee Income | 1 69 59 249 | 85 79 296 |
| Marketing Commission | 1 19 38 898 | - |
| Others | 35 87 725 | 4 88 516 |
| Total | 3 88 09 229 | 1 81 99 076 |
| 18 Finance Costs: | | |
| Interest expense on | | |
| Term Loans from Banks and others | 36 88 54 836 | 16 40 65 281 |
| Debentures | 3 27 22 861 | 4 20 21 516 |
| Cash Credit | 28 81 675 | 4 82 314 |
| | 40 44 59 372 | 20 65 69 111 |
| Other Borrowing Cost | | |
| Loan Processing Fees | 3 91 86 028 | 1 67 59 013 |
| Debenture issue Expenses | 1 81 48 912 | 81 31 622 |
| Securitisation Charges | - | 2 09 513 |
| Rating Fees | 20 04 012 | 3 85 762 |
| | 5 93 38 952 | 2 54 85 910 |
| Total | 46 37 98 323 | 23 20 55 021 |
| 19 Employee benefits expense : | | |
| Salaries & wages | 17 13 50 725 | 9 39 06 891 |
| Contribution to provident & other funds | 71 85 864 | 50 98 372 |
| Employee stock option scheme expense | 4 52 000 | 2 62 000 |
| Staff Welfare expense | 5 17 324 | 2 37 035 |
| Total | 17 95 05 913 | 9 95 04 298 |



| Particulars | Year Ended March 31, 2019 | Year Ended March 31, 2018 |
|--|------------------------------|------------------------------|
| 20 Other expenses: | | |
| Rent | 1 19 79 615 | 73 99 693 |
| Rates & Taxes | 81 26 593 | 39 22 323 |
| Insurance | 8 81 762 | 5 93 842 |
| Repair and Maintenance | 2 11 719 | 2 41 781 |
| Electricity Expenses | 13 08 558 | 8 81 132 |
| Stamp Duty and Filing Fees | 21 14 022 | 2 34 918 |
| Legal and Professional fees | 88 45 383 | 31 86 647 |
| Software Maintenance Charges | 82 71 916 | 38 42 003 |
| Travelling and Conveyance | 2 21 55 135 | 1 24 54 481 |
| Telephone and Postage | 37 53 938 | 20 57 194 |
| Bank Charges | 14 11 155 | 4 98 069 |
| Directors Siting fees | 4 55 500 | 2 62 500 |
| Auditors' remuneration* | 3 51 000 | 3 48 200 |
| Printing and Stationery | 30 54 174 | 17 73 098 |
| Customer Credit Information Fees & KYC Charges | 94 32 424 | 14 93 974 |
| Advertisement expenses | 1 63 974 | 1 45 501 |
| Staff Welfare Expense | 11 84 667 | 9 75 011 |
| Listing Fees & other charges (Debentures) | 4 06 483 | 80 948 |
| Miscellaneous expenses | 75 67 274 | 32 27 119 |
| Total | 9 16 75 292 | 4 36 18 435 |

*Auditors' remuneration comprises of the following:

Payment to Auditors:

| | | |
|------------------------|----------|----------|
| - as Statutory Auditor | 2 59 000 | 2 25 000 |
| - as Tax Auditor | 46 000 | 40 000 |
| - for other services | 46 000 | 83 200 |
| Total | 3 51 000 | 3 48 200 |

21 Provisions and write offs

| | | |
|---|--------------|---------------|
| Contingent Provision for Standard Assets (Refer Note 29) | 1 70 76 443 | 1 37 82 000 |
| Provision / (Reversal of Provision) for Non Performing Assets | (27 11 085) | (1 20 07 297) |
| Provision on Securitised/Managed portfolio | 1 08 48 679 | 11 21 490 |
| Loans Written Off | 1 68 32 342 | 11 30 44 595 |
| Total | 4 20 46 379 | 11 59 40 788 |



Pahal Financial Services Private Limited

Notes forming part of Financial Statements for the period ended on March 31, 2019

22 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 ₹) | |
|---|---------|-------------------|---------------|
| | | 2018-19 | 2017-18 |
| | | Basic and Diluted | |
| Basic | | | |
| Net Profit as per statement of Profit & Loss | | 7 51 06 630 | (6 56 68 018) |
| Less: Dividend on cumulative redeemable preference shares | | 60 75 000 | - |
| Less: Dividend distribution tax on preference dividend | | 12 49 930 | - |
| Profit available to Equity Shareholders | | 6 77 81 700 | (6 56 68 018) |
| Weighted average of number of equity shares outstanding during the year | in Nos. | 1 75 92 040 | 1 20 54 086 |
| Basic Earning per share of face value of ₹ 10 each | ₹ | 3.85 | (5.45) |
| Diluted | | | |
| Effect of dilution: Stock options granted under ESOP | | 2 70 000 | 3 00 000 |
| Sweat Equity Shares | | 5 00 000 | - |
| Adjusted net profit as per statement of Profit & Loss | | 6 82 33 700 | (6 54 06 018) |
| Weighted average of number of equity shares for diluted EPS calculation | | 1 83 62 040 | 1 23 54 086 |
| Diluted Earning per share of face value of ₹ 10 each | ₹ | 3.72 | (5.45) |

While calculating dilutive EPS becomes anti dilutive, hence basic EPS becomes diluted EPS

Company has issued compulsory convertible debentures during Previous financial year. For calculation of diluted EPS, no. of equity shares to be issued at the time of conversion was based on future financial information. Hence, compulsory convertible debentures were not included in calculation of diluted EPS of previous year.

23 (i) Contingent liabilities not provided for:

| Particulars | 2018-19 | 2017-18 |
|---|-------------|-------------|
| Cash collaterals given and outstanding for the assigned loans | 5 23 35 015 | 1 26 12 999 |
| Cash collaterals given and outstanding pursuant to service provider agreement | 81 91 545 | 59 85 818 |
| Preference Dividend in arrears | | 14 05 479 |

(ii) Commitments not provided for:

| Particulars | 2018-19 | 2017-18 |
|---|--------------|--------------|
| Commitments related to loans sanctioned but undrawn | 45 50 00 000 | 15 00 00 000 |

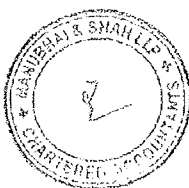
24 Employee benefits:

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.

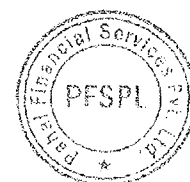
Consequent to the adoption of AS 15 'Employee Benefits' specified under section 133 of the Companies Act, 2013 read with rule 7 of Companies(Accounts) Rules, 2014, the following disclosures have been made as required by the standard



Pahal Financial Services Private Limited

Notes forming part of Financial Statements for the period ended on March 31, 2019

| Particulars | (Amount in ₹) | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Net employee benefit expense recognized in Statement of Profit & Loss: | | |
| Current service cost | 5,99,281 | 6,42,734 |
| Interest cost on benefit obligation | 1,94,637 | 1,61,044 |
| Expected return on plan assets | (1,76,516) | (1,38,598) |
| Net actuarial (gain) / loss recognised in the year | 4,55,408 | (4,30,153) |
| Net benefit expense | 10,72,810 | 2,35,027 |
| Changes in the present value of the defined benefit obligation are as follows: | | |
| Opening defined benefit obligation | 25,24,472 | 23,61,356 |
| Interest cost | 1,94,637 | 1,61,044 |
| Current service cost | 5,99,281 | 6,42,734 |
| Actuarial (gains) / losses on obligation | 3,58,943 | (4,88,017) |
| Benefits Paid | (89,735) | (1,52,645) |
| Closing defined benefit obligation | 35,87,598 | 25,24,472 |
| Changes in Plan Asset: | | |
| Fair Value of Plan Assets at the Beginning of the Year | 22,89,445 | 20,32,240 |
| Expected Returns on Plan Assets | 1,76,516 | 1,38,598 |
| Employer's Contribution | 2,35,027 | 3,29,126 |
| Benefits Paid | (89,735) | (1,52,645) |
| Actuarial Gains/ (Losses) | (96,465) | (57,864) |
| Fair Value of Plan Asset at the end of the year** | 25,14,788 | 22,89,445 |
| Amount Recognised in Balance Sheet | | |
| Defined benefit obligation | 35,87,598 | 25,24,472 |
| Fair value of plan assets | 25,14,788 | 22,89,445 |
| Plan asset / (liability) | (10,72,810) | (2,35,027) |
| Prescribed Contribution for Next year(12 Months) | 18,77,107 | 8,34,308 |
| Experience Adjustment | | |
| Actuarial (Gains)/Losses on obligations- Due to Experience | 2,95,063 | (1,03,192) |
| Actuarial Gains/(Losses) on Plan assets - Due to Experience | (96,465) | (57,864) |



Pahal Financial Services Private Limited

Notes forming part of Financial Statements for the period ended on March 31, 2019

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

| Particulars | 2018-19 | 2017-18 |
|------------------------------------|--|---|
| Discount Rate per annum | 7.59% | 7.71% |
| Expected salary increase per annum | 7.00% | 7.00% |
| Attrition rate | For service 4 years and below 30% p.a. & For service 4 years and above 1% p.a. | |
| Mortality Rate | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate |

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

(ii) Defined Contribution Plan:

Contribution to Provident Fund and ESIC are included in note 17 "Employee benefits expense" includes ₹ 71,85,864/- (P.Y. ₹ 50,98,372/-) being expenses debited under defined contribution plan.

25 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, Maharashtra, Rajasthan, Bihar and Madhya Pradesh. Thus, the Company has only one reportable segment. Further, the Company operates in a single geographical segment i.e. domestic.

26 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 | Managing Director | Mr. Kartik Mehta |
| | Managing Director | Ms. Purvi J Bhavsar |
| | Chief Financial Officer | Mr. Chintan Desai |
| | Company Secretary | Ms. Nikita Sharma |
| Enterprises related through Significant influence | | Suyash Advisory LLP Din Vikas Capital Private Ltd |



Pahal Financial Services Private Limited

Notes forming part of Financial Statements for the period ended on March 31, 2019

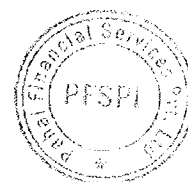
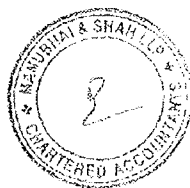
| (b) Details of Transactions with Related Parties during the year: | | |
|---|----------------------|----------------|
| | (Amount in ₹) | |
| Particulars | 2018-19 | 2017-18 |
| (i) Managerial Remuneration | | |
| Ms. Purvi J Bhavsar | 43 14 000 | 37 51 200 |
| Mr. Kartik Mehta | 43 14 000 | 37 51 200 |
| (ii) Remuneration | | |
| Mr. Chintan Desai | 22 80 000 | 19 51 044 |
| Ms. Nikita Sharma | 4 56 000 | 3 99 558 |
| (iii) Sweat equity issued during the year | | |
| Ms. Purvi J Bhavsar | - | 37 50 000 |
| Mr. Kartik Mehta | - | 37 50 000 |
| (iv) Marketing Commission Received from Suyash Advisory | 1 19 38 898 | |
| (v) Processing Fees Paid to Dia Vikas Capital Private Limited | 16 00 000 | 16 00 000 |
| (vi) Interest Paid to Dia Vikas Capital Private Limited | 88 52 055 | - |
| (vii) Equity shares issued to Dia Vikas Capital Private Limited on conversion of Debentures (20,00,000 shares of F.V 10/- ₹ Converted at 30/- ₹) | 6 00 00 000 | - |
| (viii) Equity shares issued to Dia Vikas Capital Private Limited (33,33,333 shares of F.V 10/- ₹ Converted at 30/- ₹) | - | 9 99 99 999 |
| (ix) Compulsory Convertible Debentures issued to Dia Vikas Capital Private Limited (6,00,000 Debentures of F.V 100/- ₹ each) | - | 6 00 00 000 |

| (c) Balances Outstanding at the end of the year | | |
|--|----------------------|----------------|
| | (Amount in ₹) | |
| Particulars | 2018-19 | 2017-18 |
| (i) Suyash Advisory LLP | | |
| Receivable | 73 16 000 | - |
| Payable | 80 69 732 | - |

27 Leases

Registered office and branch office premises are obtained on operating lease. The branch office premises are generally rented on cancellable term for 11 months. The registered office premise has been obtained on a lease term of 5 years without any escalation clause. The said lease is non-cancellable for a period of 2 years. There are no subleases. Lease Payments during the year are charged to statement of profit and loss.

| Particulars | 2018-19 | 2017-18 |
|---|----------------|----------------|
| Operating lease expenses recognised in the statement of profit and loss (both cancellable and non-cancellable leases) | 1 19 79 615 | 73 99 693 |
| Minimum lease obligation for non-cancellable lease | | |
| Not later than one year | 26 84 241 | 25 56 422 |
| Later than one year but less than five years | 19 23 105 | 46 07 346 |



Pahal Financial Services Private Limited

Notes forming part of Financial Statements for the period ended on March 31, 2019

28 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, 2019, no supplier has intimated the company about its status as Micro or small enterprise or its registration with the appropriate authority under MSME.

29 Movement of Provisions during the year:

(Amount in ₹)

| Particulars | Standard Assets | Non Performing Assets | Securitized Portfolio |
|----------------------------|-----------------|-----------------------|-----------------------|
| Balance at the beginning | 1 39 11 957 | 42 84 146 | 25 17 995 |
| Reversed During the Year | - | [27 11 085] | - |
| Recognized during the Year | 1 70 76 443 | - | 1 08 48 679 |
| Balance at the End | 3 09 88 400 | 15 73 061 | 1 33 66 674 |

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

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

| Particulars | Tranche I | Tranche II |
|--|--|---|
| Date of Grant | October 1, 2016 | January 22, 2018 |
| No. of options granted | 100000 | 200000 |
| Method of Settlement | Equity | Equity |
| Graded Vesting period: | | |
| Day following the completion of 12 months from grant | 30.00% | 30.00% |
| Day following the completion of 36 months from grant | 30.00% | 30.00% |
| Day following the completion of 60 months from grant | 40.00% | 40.00% |
| Exercise Period | 36 months from the date of vesting | 36 months from the respective date of vesting |
| Vesting conditions | Continuous service & performance gradation | Continuous service & performance gradation |
| Average remaining contractual life (Years) | 3.5 | 4.83 |
| Average exercise price per option (₹) | 26 | 26 |
| Average intrinsic value of option (₹) | 32 | 30 |

| Particulars | Year ended on March 31, 2019 | Year ended on March 31, 2018 |
|--|------------------------------|------------------------------|
| Pahal Employee Stock Option Plan | | |
| Options outstanding at beginning of the year | 3 00 000 | 1 00 000 |
| Granted during the year | - | 2 00 000 |
| Forfeited during the year | - | - |
| Exercised during the year | 30 000 | - |
| Expired during the year | - | - |
| Outstanding during the year | 2 70 000 | 3 00 000 |
| Exercisable at the end of the year | - | - |

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| Stock options outstanding (gross) | 14 00 000 | 14 00 000 |
| Deferred compensation cost outstanding | 7 72 000 | 4 94 000 |
| Stock options outstanding (Net) | 6 28 000 | 9 06 000 |

31 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 period ended on March 31, 2019

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

(Amount in ₹)

| Particulars | Classification | |
|--|-----------------|-----------------------|
| | Standard Assets | Non Performing Assets |
| Portfolio Loan Outstanding (Gross) | 345 92 95 482 | 31 46 123 |
| | (192 42 82 313) | (85 68 292) |
| Provision for Standard and Non performing Assets | 3 09 88 399 | 15 73 060 |
| | (1 39 11 956) | (42 84 146) |
| Portfolio Loan Outstanding (Net) | 342 83 07 083 | 15 73 063 |
| | (191 03 70 357) | (42 84 146) |
| | | (191 46 54 503) |

(Figures in brackets represent numbers of previous years.)

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

| Sr. No. Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| (i) CRAR (%) [(ii) + (iii)] | 22.94 | 24.05 |
| (ii) CRAR- Tier I Capital(%) | 14.15 | 12.95 |
| (iii) CRAR- Tier II Capital(%) | 8.80 | 11.10 |
| (iv) Amount of subordinated debt considered as Tier-II capital (in ₹) | 19 80 00 001 | 11 00 00 000 |

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

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

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

The details of Average Interest Rate on Borrowings and charged on loans during the Financial Year 2018-19 is as under:

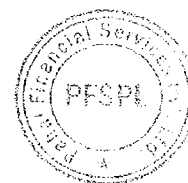
| Particulars | 2018-19 | 2017-18 |
|--|---------|---------|
| Average Interest Rate on Loans given (A) | 24.87% | 23.31% |
| Average effective cost of Borrowing (B) | 15.90% | 15.58% |
| Net Interest Margin (A-B) | 8.97% | 7.73% |

37 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 ₹)

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|------------------------------|------------------------------|
| Total number of loans assigned/securitised during the year | 1 05 675 | 25 140 |
| Total book value of loans assigned/securitised during the year | 203 01 11 151 | 40 37 45 899 |
| Sale consideration received for loans assigned/ securitised during the year | 188 93 21 431 | 38 37 76 084 |
| Income recognised in the statement of profit and loss during the year | 36 51 267 | 11 46 419 |
| Balance of loans assigned /securitised as at the balance sheet date | 144 38 90 541 | 29 72 99 621 |
| Cash Collateral provided and outstanding as at the balance sheet date | 5 23 35 015 | 1 26 12 999 |



Pahal Financial Services Private Limited

Notes forming part of Financial Statements for the period ended on March 31, 2019

(h) Details of Securitisation transactions undertaken:

| Sr No | Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|-------|---|---------------------------|---------------------------|
| 1 | No. of SPVs sponsored by the NBFC for securitisation transactions | 6 | 2 |
| 2 | Total amount of securitised assets as per books of the SPVs sponsored by the NBFC | 60 55 75 210 | 12 77 32 884 |
| 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 | 5 01 25 332 | 1 03 44 030 |
| | - 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 | 5 23 35 015 | 1 26 12 999 |
| | - Others | - | - |
| | ii) Exposure to third party securitisations | | |
| | - First loss | - | - |
| | - Others | - | - |

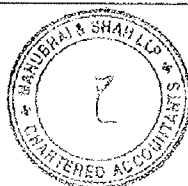
(c) Details of assignment transactions undertaken:

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---------------------------|---------------------------|
| Number of Accounts | 68 537 | 17 218 |
| Aggregate value of accounts sold | 133 96 02 871 | 25 77 89 390 |
| Aggregate consideration | 124 89 38 481 | 24 47 16 501 |
| Additional consideration realized in respect of accounts transferred in earlier years | | |
| Aggregate gain or loss over net book value | 2 94 881 | - |

38 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.

1. Liabilities side

| Sr. No. | Particulars | Total Amount Outstanding | (Amount in ₹) Amount Overdue |
|---------|--|--------------------------|---------------------------------|
| 1) | Loans and Advances availed by the non-banking financial company inclusive of interest accrued thereon and not paid | | |
| a) | Debentures: | | |
| | - Secured | 101 10 89 830 | - |
| | - Unsecured | - | - |
| | (other than falling within the meaning of public deposits*) | | |
| b) | Deferred Credits | - | - |
| c) | Term Loans | 270 17 77 613 | - |
| d) | Inter corporate loans and borrowing | - | - |
| e) | Commercial Paper | - | - |
| f) | Other Loans | - | - |
| | Sub ordinate debt | 27 01 92 741 | - |
| | Working capital facility | 4 97 35 118 | - |



Pahal Financial Services Private Limited

Notes forming part of Financial Statements for the period ended on March 31, 2019

| II. Assets side | | (Amount in ₹) |
|-----------------|---|---------------|
| Sr. | Particulars | Amount |
| 2) | Break-up of Loans and Advances including bills receivables [other than those included in (4) below] : | |
| a) | Secured | 5 28 27 290 |
| b) | Unsecured | 340 96 14 115 |
| 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 period ended on March 31, 2019

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

(Amount in ₹)

| Category | Amount net of Provision | | Total |
|--------------------------------|-------------------------|---------------|---------------|
| | Secured | Unsecured | |
| 1 Related Parties | | | |
| a) Subsidiaries | - | - | - |
| b) Companies in the same group | - | - | - |
| c) Other related parties | - | - | - |
| 2 Other than related parties | 5 28 27 290 | 340 96 14 315 | 346 24 41 605 |
| Total | 5 28 27 290 | 340 96 14 315 | 346 24 41 605 |

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

(Amount in ₹)

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

7) Other Information

(Amount in ₹)

| Particulars | |
|--|-----------|
| (i) Gross Non-Performing Assets | |
| a) Related Parties | - |
| b) Other than related parties | 31 46 123 |
| (ii) Net Non-Performing Assets | |
| a) Related Parties | - |
| b) Other than related parties | 15 73 063 |
| (iii) Assets acquired in satisfaction of Debts | |

As per our report of even date

For Manubhai & Shah LLP

Chartered Accountants

ICAI Firm Reg.No. 106041W/W100136

(Jignesh D. Shah)

Partner

Membership No. 100116

Place: Ahmedabad

Date: 04th May, 2019



For and on behalf of the Board

(Kartik S. Mehta)

Kartik S. Mehta

Managing Director

CIN: 02083342

(Chintan Desai)

Chintan Desai

Chief Financial Officer

Place: Ahmedabad

Date: 04th May, 2019

(Purvi L. Bhavsar)

Purvi L. Bhavsar

Managing Director

CIN: 02102740

(Nikita Sharma)

Nikita Sharma

Company Secretary

