



PAHAL

A NEW BEGINNING

ANNUAL REPORT

2025 -26



Years of **Excellence**

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Years ago

**Pahal set out with
a clear mission**

to empower people,
uplift small
businesses, and
strengthen
communities by
making financial
services accessible to
all. Since then, Pahal
has grown into an
institution that
delivers meaningful
impact and lasting
value for every
stakeholder.



Corporate Information

Corporate identity Number : U65910GJ1994PTC082668

Registered Office Address: 7th Floor, Binori B Square – 2, Opp. Hathisingh Ni Vadi, Ambli Iscon Road, Ahmedabad – 380054

Board of Directors:

Mr. Satish G Mehta	Independent Director
Mr. Vaibhav Suhas Joshi	Independent Director
Ms. Alpana Indrajit Killawala	Independent Director
Mr. Kartik S Mehta	Managing Director
Ms. Purvi J Bhavsar	Managing Director
Mr. Guillaume Jean Barberousse	Nominee Director – SOCIÉTÉ DE PROMOTION ET DE PARTICIPATION POUR LA COOPÉRATION ECONOMIQUE S.A., appointed w.e.f. 21.07.2025
Mr. Luca Torre	Nominee Director – Huruma Fund managed by GAWA Capital
Ms. De Silva Niroshani Sawana-wadu	Nominee Director – BOPA Pte Ltd.
Mr. Saurabh Baroi	Nominee Director – DIA Vikas Capital Private Limited, appointed w.e.f. 15.09.2025
Ms. Arpita Pal Agrawal	Nominee Director – DIA Vikas Capital Private Limited, ceased to be Director w.e.f. 06.05.2025

Chief Financial Officer: Mr. Chintan C Desai

Company Secretary & Compliance Officer: Ms. Dimple R Padhiar

Statutory Auditors: M/s PKF Sridhar & Santhanam LLP, Chartered Accountants

Firm Registration No.: 003990S/S200018

201/101, 2nd Floor, Centre Point Building, Dr. Ambedkar Road, Opp. Bharat Mata Cinema, Mumbai – 400012, Maharashtra, India.

Internal Auditor: M/s. SMSR & Co. LLP

A-005, Ground Floor, Western Edge – II, Off western Express Highway, Borivali East,

Mumbai 400066, Maharashtra, India.

Secretarial Auditors: M/s Pinakin Shah & Co., Company Secretary Insolvency Professional Valuer (Shares & Securities)

C. P. No.: 2932

FCS No.: 2562

A/201 Siddhi Vinayak Towers, Next to Kataria House, off S.G. Highway, Makarba, Ahmedabad – 380051, Gujarat, India.

Debenture Trustee:

a. Catalyst Trusteeship Limited : GDA House, First Floor, Plot No. 85 S. No. 94 & 95, Bhusari Colony (Right), Kothrud, Pune, Maharashtra, India, 411038

No: +91 20 66807200 / 223 / 224

Register and Transfer Agent:

Skyline Financial Services Private Limited: D-153A, First Floor Okhla Industrial Area, Phase-I, New Delhi, Delhi, India, 110020

Pahal Financial Services Private Limited

Pahal Financial Services Private Limited was established in 2011 as an RBI-registered NBFC-MFI, providing microfinance services to low-income households. With a mission to empower marginalized communities, Pahal has grown into one of the fastest-expanding MFIs in India.

The Company operates with over 3,600 employees across 550 branches, managing a portfolio of more than ₹2,000 crores across 16 states and 1 Union Territory. Backed by over 35+ lenders, including banks, NBFCs, DFIs, and foreign investors, Pahal is also a partner institution with MUDRA.

Through its customer-first approach and tailored financial solutions, Pahal continues to drive financial inclusion and improve livelihoods in underserved communities.



Our Mission

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



Our Vision

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



Our Values

Customer Centric | People First | Integrity | Innovation
Operational Excellence | Value Creation | Diversity

From MD's Desk

Dear Shareholders, Partners and the Pahal family,

Some years you grow, and some years you find out what you are made of. FY26 was the second kind.

Pahal ended the year with a loss of ₹89.47 crore, against a small profit of ₹6.37 crore the year before. There is no comfortable way to write that sentence after fifteen years of building this company, and we are not going to try.

What we can tell you is why the number looks the way it does, and why we are not unsettled by it. The microfinance sector went through its hardest stretch in memory — stress that gathered through FY25 and broke over all of us in FY26, as households that had borrowed from too many places at once fell behind and collections across the industry came under strain. A large part of this loss is money we chose to set aside or write off: ₹14.25 crore of additional provisioning, ₹33.40 crore of write-offs, a ₹9.52 crore loss on stressed loans we sold down to an asset reconstruction company, and a one-time ₹28 crore hit from unwinding an old foreign-currency hedge. These were difficult decisions, but we decided to take it head on.

And here is the part that gives us conviction: the tide has turned. Across the industry, portfolio-at-risk has come down from about 7.2% in June 2025 to roughly 2.4% a year later. Borrowers are paying again, and lending is picking up. At Pahal, gross NPAs fell to 2.55% by March 2026 from 6.04% the year before, and net NPAs to 0.77% from 2.11%. We would like to admit that some of that improvement came from the clean-up we did, and that recovering value from what we transferred is still work in progress — we are watching it closely and providing against it carefully rather than assuming the best. We did not spend the year only playing defence. Two moves matter for where Pahal is headed. We acquired the business-correspondent portfolio of Sub-K Impact Solutions — close to ₹787 crore — which took our managed book to ₹2,056 crore from ₹1,722 crore and spread our reach across more of the country than before. More importantly, we are changing the kind of lender Pahal is: leaning into an off-book model where our real strengths, finding the right borrower and serving her well, do the earning, while the



Ms. Purvi Bhavsar
CO-FOUNDER &
MANAGING DIRECTOR

Mr. Kartik S Mehta
CO-FOUNDER &
MANAGING DIRECTOR

credit risk is shared and contained. Our off-book portfolio now stands at ₹1,160 crore against ₹895 crore on our own books, and we are steadily bringing more of our on-book lending under the CGFMU guarantee — heading toward nearly 70 percent by the end of FY27 — so that we can grow without carrying risk we cannot afford.

Through all of this the foundation held. Our net worth stood at ₹333.58 crore at year-end, and our capital adequacy actually strengthened, to 25.14% by June from 22.31% in March — well clear of what the regulator asks. Our borrowings stayed diversified, we carried ₹167 crore of cash into the new year, None of that is a victory lap. It is simply the floor we needed to stand on, and it held.

None of this changed why we come to work. Pahal exists so that women in Joint Liability Groups and families the formal system overlooks can borrow with dignity and rely on what they are told. In FY26 we stood beside 6.03 lakhs borrowers, 95% of them women, through 550 branches across 252 districts and 17 states, carried there by 3,676 colleagues. As part of its Financial Inclusion Mission, Pahal, in partnership with Sa-Dhan, conducted 48 RBI-DEA Financial Literacy Workshops across UP and MP in 2025, reaching 2,417 customers and promoting financial awareness, digital safety, and responsible financial practices.

We continued to advance several initiatives focused on climate action and sustainability, including Climate-Smart Agriculture, promoting resilient livelihoods and sustainable practices across rural communities.

Every rupee we provided for and every hard call we made this year was, underneath it all, about keeping that promise good for the long haul.

We are not going to pretend FY27 is won. But we know what it is: a year to come back — to steady profits, to normal credit costs, and to growth we earn rather than chase. This cycle taught us things we will not unlearn, and we intend for Pahal to come out of it not just repaired but sturdier than before.

A few thank-yous, and we mean every one. To the Regulators, and to the SROs, for holding the sector steady. To our investors for their continuous support and

encouragement in challenging times, to our lenders, who backed us in the year it was, to our Board, for advice that was honest even when it was uncomfortable. To every colleague who walked the last mile in a bruising year — you are Pahal, far more than any of us. And to the women and families who chose us with their trust: thank you. Because we are there, because of you.

Warmly,

Kartik S. Mehta

Joint Managing Director

Purvi Bhavsar

Joint Managing Director

Board And Senior Management



Mr. Satish G Mehta
(CHAIRMAN OF THE BOARD)

Mr. Satish G. Mehta, Founder of Athena Advisors, brings over 41 years of expertise in mortgage finance, consumer finance, credit information, and consultancy, and was instrumental in establishing India's first credit bureau – CIBIL. He has worked with leading institutions like HDFC, CIBIL, Dun & Bradstreet Dubai, Piramal Capital, and global organizations including the World Bank and IFC.



Mr. Vaibhav Suhas Joshi
(Non-Executive Independent Director)

Mr. Vaibhav is a seasoned business leader with 21+ years of experience in fintech and digital banking, having co-founded multiple startups and worked with two leading banks. An honorary PhD in Digital Banking & Fintech, he has contributed to landmark initiatives like Aadhaar, YES Bank's Digital Banking setup, and India's large-scale financial inclusion project eShakti.



Ms. Alpana Killawala
(Non-Executive Independent Director)

Ms. Alpana retired from the Reserve Bank of India in 2019 after a 26-year career, serving as Head of Communication Policy. She worked closely with several RBI Governors and played a key role in financial inclusion and literacy initiatives, including multilingual campaigns, illustrated booklets, and the establishment of the RBI Museum.



Ms. Purvi Bhavsar
(CO-FOUNDER & MANAGING DIRECTOR)

Ms. Purvi Bhavsar, a first-generation entrepreneur from Ahmedabad, brings 30+ years of diverse experience across BFSI and Telecom with organizations like Kotak Mahindra, HDFC Bank, ICICI Bank, and Vodafone. She has been recognized among the Top 10 Women in Finance (2020) and Leading Women in Telecom (2010-11), and actively mentors fintech and impact start-ups through programs by IIMB and Stanford.



Mr. Kartik S Mehta
(CO-FOUNDER & MANAGING DIRECTOR)

Mr. Kartik S. Mehta, a Chartered Accountant, Cost Accountant, and Certified Financial Planner, is a career banker with 31+ years of experience in banking and financial services. He has worked across corporate finance, treasury, retail banking, agriculture credit, priority sector, and microfinance, and has contributed to pioneering work in the banking correspondent space, with extensive exposure in India, Brazil, and South Africa.



Mr. Guillaume Barberousse
(Nominee Director- Proparco)

Mr. Barberousse, Head of Sustainability at Proparco, is an agronomist with a master's in finance from ESCP. He has held leadership roles including Deputy Head of MAS Division and Regional Director, bringing extensive experience in sustainability and development finance.



Mr. Saurabh Baroi
(NOMINEE DIRECTOR – DIA VIKAS)

Mr. Saurabh Baroi, General Manager at Dia Vikas Capital Pvt. Ltd., has over 25 years of experience in financial inclusion, lending, impact investing, and institution building. He has extensive experience in debt and equity investments and has previously worked with CARE India, Access Development Services, and CAPART.



Mr. Luca Torre
(NOMINEE DIRECTOR – GAWA CAPITAL)

He has spent his career investing in and advising microfinance institutions. Before founding GAWA, he worked at Credit Suisse, advising on capital market access, including Banco Compartamos' IPO. He also gained experience with Annapurna, an Indian MFI, and started his career at BCG. He holds an MBA from Kellogg, where he was awarded the Siebel scholarship.



Ms. Niroshani Sawanawadu
(NOMINEE DIRECTOR – BOPA)

She has extensive MSME experience, specializing in financial inclusion and digital development. As founding Country Manager in Myanmar, she built a leading microfinance company in 3 years. A CGAP certified trainer and SPI4 auditor, she holds degrees in IT and an MSc in Finance from SOAS, UK, with additional training from Harvard and Boulder Institute of Microfinance.

The Executive Suite



Mr. Chintan Desai
Chief Financial Officer

Extensive experience with Gujarat Lease Financing Limited, HDFC Bank, Sol Group (UK), and SAI Consulting Engineers. Manages strategic business planning, budgetary control, equity capital and debt syndication, treasury management, accounting, and taxation at Pahal.



Ms. Dimple Padhiar
Company Secretary

Appointed as Company Secretary & Compliance Officer in November 2023, she is a qualified Company Secretary with over 10 years of corporate compliance experience, having worked with Abellon Cleanenergy (Claris Group) and the Chiripal Group.



Ms. Anubhuti Kapadia
Chief Compliance Officer

Appointed as Chief Compliance Officer in May 2024, she is a qualified Company Secretary with 7+ years of NBFC-MFI experience, specializing in legal & compliance, audits, fundraising, strategic management, and field operations.



Mr. Dharmesh Shah
Associate Director

Joined Pahal as General Manager Operations in 2015. Previously worked in RBL Bank Limited and ING Vysya Bank. Brings over 30 years of financial sector experience.



Mr. Pavan Kumar R
Chief Growth & Risk Officer (BC Business)

Mr. Pavan has over 25 years of experience in Microfinance and NBFCs, with expertise across Operations, HR, and Marketing. He currently leads the Business Correspondent vertical at Pahal and holds a Master's degree in Agriculture.



Mr. Dinesh Yadav
Head-IT

Over 21 years of experience with organizations like Saija Finance, Indokem, and Nyanza Bottling, with expertise in implementing SAP BI, Microsoft Dynamics NAV, Core Banking Systems, and other ERPs.



Ms. Firuzi M. Vakil
Head Operations

Brings 19 years of banking experience, including 17 years with HDFC Bank and 2 years with IndusInd Bank; currently serves as Head – Operations at Pahal, overseeing JLG, IL & SL.



Mr. Jitendra Priyadarshi
Head -HR & Training

Holds an MBA from Gujarat University with 13+ years of HR leadership experience across talent management, HR transformation, employee engagement, and compliance. Has previously worked with Belstar Microfinance, Equitas SFB, Cholamandalam, and Fullerton India.



Mr. Pushkar Parashar
Chief Operating Officer

COO of Pahal with 16 years of experience in the financial sector and entrepreneurship, having worked with BFL, Axis Bank, and Vaya Trust. He was also Pahal's first COO before rejoining in 2025.



Mr. Premprakash Patel
Business Head – Secured Loans

Over 29 years of retail finance experience with expertise in business strategy, operations, sales, compliance, and P&L management, having worked with GRUH Finance, Bajaj Finance, and HDFC Bank.



Ms. Sneha Bohra
Product Manager – Digital

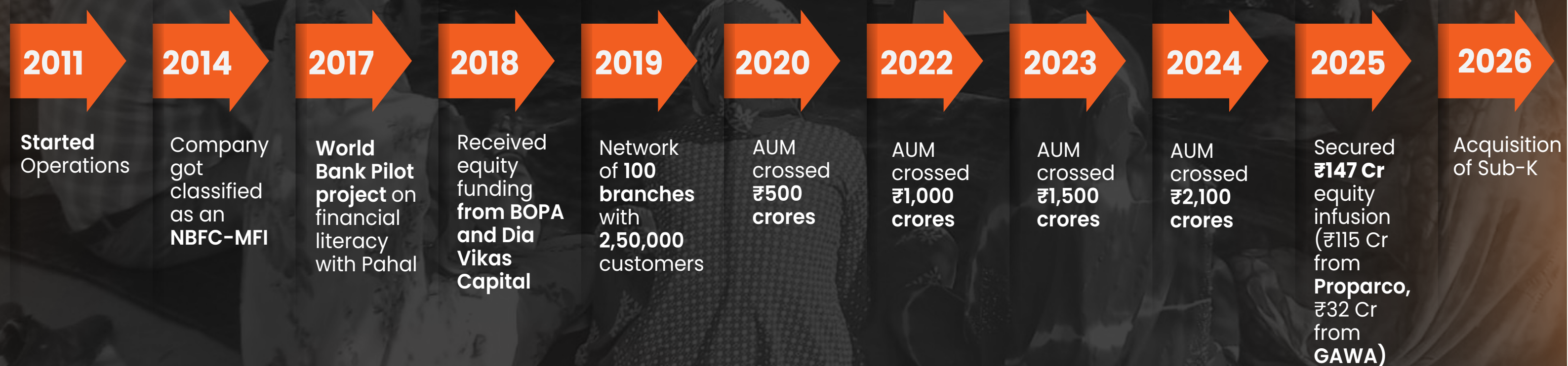
Ms. Sneha Bohra, a qualified Chartered Accountant, brings rich experience in digital initiatives and product management. She spearheaded the launch of PahalPe, the company's digital lending platform, and continues to drive innovation and customer-centric product strategy at Pahal Financial Services Pvt. Ltd.



Mr. Jitender Kalwani
Chief Operating Officer (BC Business)

Jitender Kalwani is a finance and operations leader with 25+ years of experience in financial services. As COO (BC) at Pahal Financial Services, he drives governance, operational excellence, risk management, and sustainable growth.

Key Milestones



Key metrics that defined us in FY 2025-26



Active Customers

6.04 Lakh



Branches

550



States

17



Staff Members

3,574



Assets Under Management

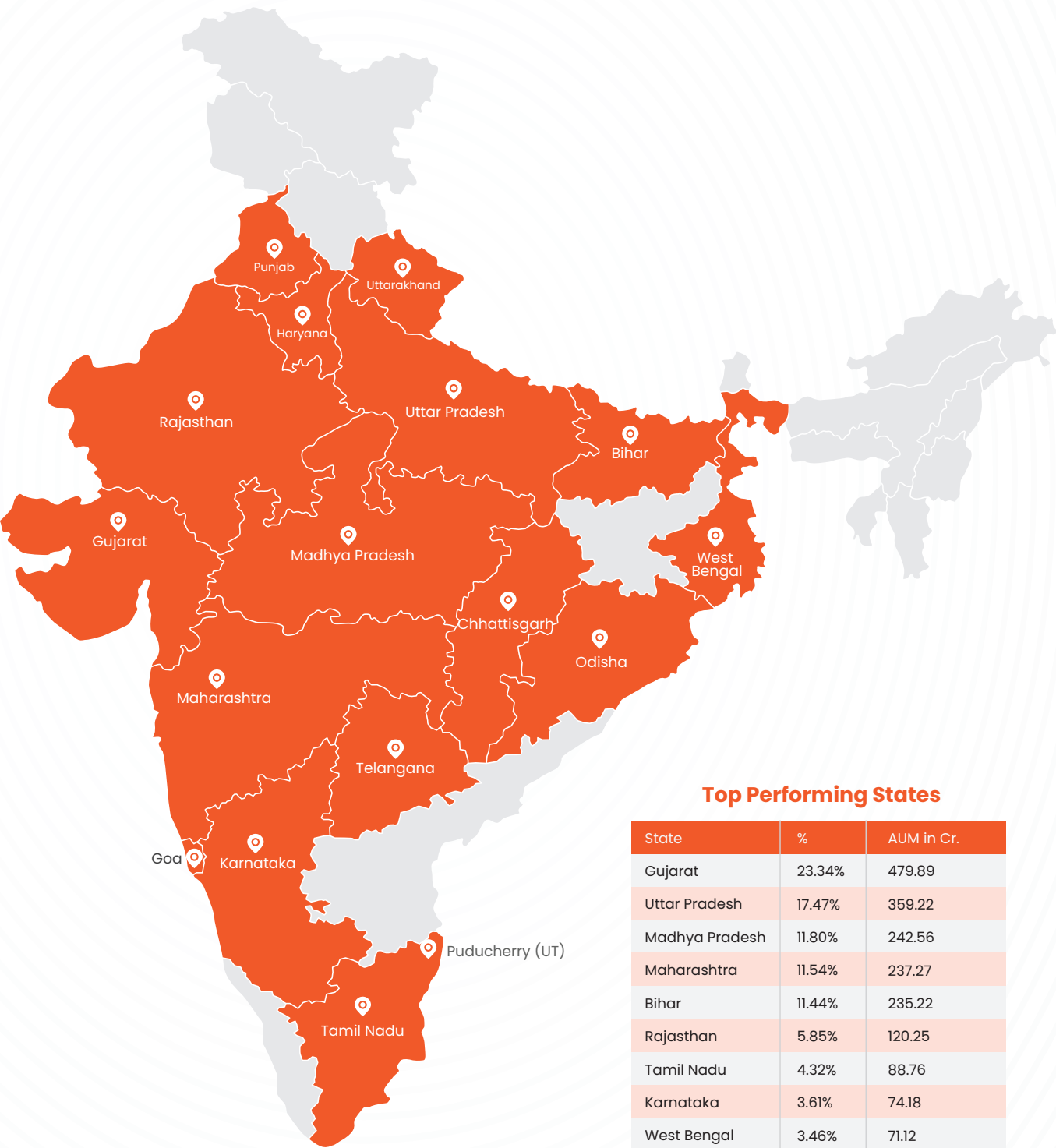
₹2,056 Cr



Loans Disbursed
During the Year

₹1,420 Cr





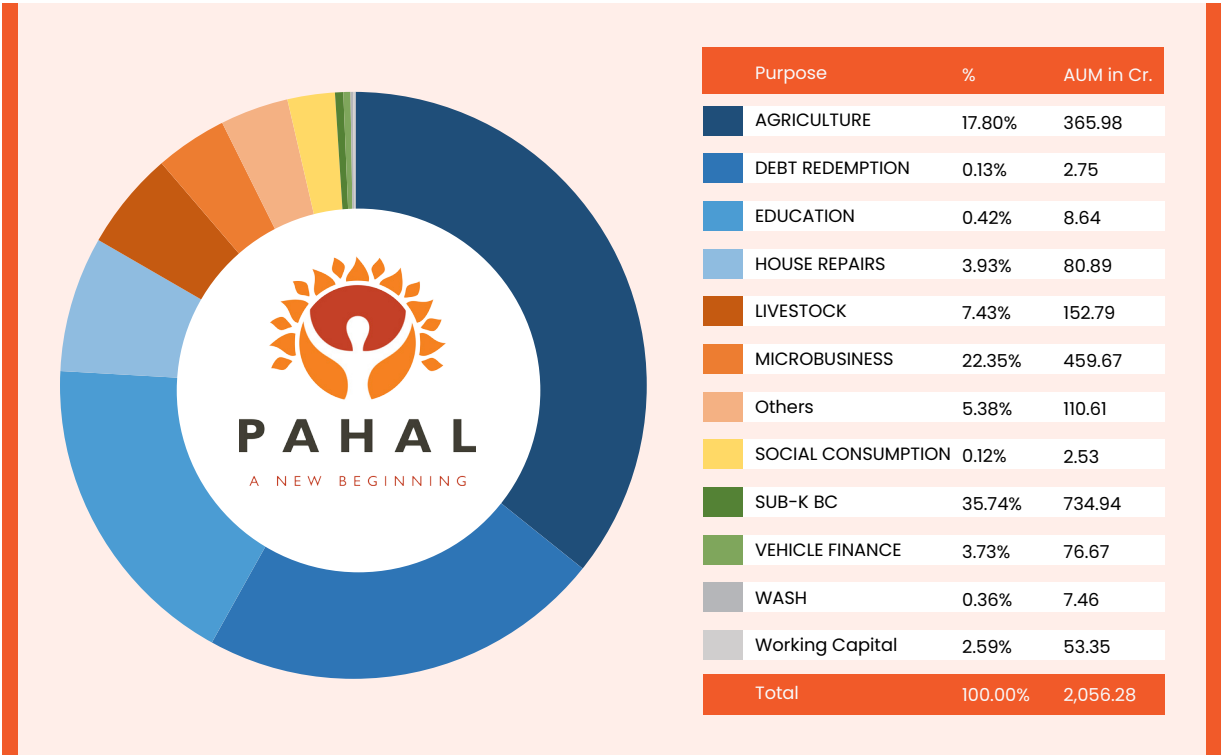
Top Performing States

State	%	AUM in Cr.
Gujarat	23.34%	479.89
Uttar Pradesh	17.47%	359.22
Madhya Pradesh	11.80%	242.56
Maharashtra	11.54%	237.27
Bihar	11.44%	235.22
Rajasthan	5.85%	120.25
Tamil Nadu	4.32%	88.76
Karnataka	3.61%	74.18
West Bengal	3.46%	71.12
Chhattisgarh	2.96%	60.94
Uttarakhand	1.40%	28.88
Telangana	1.01%	20.81
Haryana	0.99%	20.29
Goa	0.64%	13.20
PUDUCHERRY	0.14%	2.94
Odisha	0.03%	0.52
Punjab	0.01%	0.27
Total	100%	2056.28

Product Mix (Portfolio Distribution)

85.92%		10.33%	3.75%
Joint Liability Group	Individual Loan	Vehicle Finance	
AUM in : Cr. 1,766.71	212.41	77.17	Total : 2,056.28

Purpose-Wise Portfolio Allocation



Lender Partnerships

14 Banks	13 NBFCs	10 DFIs/FI
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Ratings & Recognition Credit Rating

- BBB-/Stable from India Rating
- SMERA M1 Grading
- SMERA C1 (COCA)

The Management Architecture

In our continued quest for excellence, Pahal Financial Services Private Limited takes immense pride in our team and their unwavering efforts. As the saying goes, “We are what we repeatedly do. Excellence then, is not an act, but a habit.” Our team, composed of dedicated professionals from diverse backgrounds, is the backbone of our success. Each member brings unique expertise, contributing to a cohesive and efficient operational framework that drives our mission forward. Supporting our belief that “Together we will achieve greatness beyond measure,” our collective efforts ensure sustained excellence and growth.

At the helm is our leadership team, including the Managing Directors and Executive Management, who set the strategic vision and ensure its effective implementation. Various departmental heads oversee critical functions such as Operations, Finance, Human Resources, Marketing, and Risk Management. Each department is staffed with skilled professionals committed to achieving our organizational goals.



Our Portfolio: Products Services & Technology

Joint Liability Group (JLG)

EMPOWERING LIVELIHOODS, BUILDING RESILIENT COMMUNITIES

The Joint Liability Group (JLG) business continues to be the cornerstone of Pahal Financial Services’ financial inclusion journey. Over the years, the product has evolved from a traditional group-based credit offering into a broader livelihood-financing platform designed around the changing needs of low-income households and micro-entrepreneurs.

During FY 2025–26, Pahal remained focused on building a stronger and more resilient JLG franchise. The emphasis was not merely on portfolio expansion, but on improving customer selection, strengthening portfolio quality, deepening customer relationships and using technology to make the lending journey simpler and more responsive.

As of March 2026, Pahal’s JLG portfolio stood at ₹ 1766 crore, comprising Own + Managed AUM, with 5.6 lakh customers served through 525 branches across 16 states/UTs.

The year also marked an important phase in the evolution of the JLG proposition, with greater segmentation of customers, differentiated ticket sizes, enhanced underwriting controls and increased adoption of digital processes.

Ticket Size
₹30,000 – ₹1.03laks

Purpose
Microbusiness, Livestock, Agriculture, Education, WASH

Performance
Microbusiness has the largest portfolio (40%) followed by Agriculture (39%) and Livestock (15%).

EXPANDING HORIZONS: OUR GEOGRAPHIC FOOTPRINT

Pahal's JLG network continues to provide financial access across a diverse mix of rural, semi urban and urban markets. Our geographic strategy is built around a balanced approach deepening presence in established markets while selectively expanding into areas where customer need, economic activity and portfolio potential are aligned.

Our geographic footprint enables us to serve customers engaged in a wide range of livelihood activities, including micro-enterprises, agriculture, livestock, trading and household-based businesses.

The portfolio remained diversified across our key operating regions, with Gujarat, Uttar Pradesh and Bihar emerging as major contributors to the JLG portfolio.

The focus going forward is to deepen the productivity of the existing branch network while selectively adding new locations. Greater emphasis is being placed on branch level economics, customer density, portfolio quality and local livelihood potential before entering new markets.

CUSTOMER-CENTRIC GROWTH AND RESPONSIBLE CREDIT

The evolution of the microfinance industry is increasingly being shaped by responsible lending principles.

The implementation of stronger industry guardrails has placed greater emphasis on borrower indebtedness, number of lenders, delinquency status and repayment capacity. MFIN's Guardrails 2.0 introduced a maximum of three microfinance lenders, retained the ₹2 lakh indebtedness cap while expanding its scope to unsecured retail loans, and strengthened restrictions on lending to delinquent borrowers.

For Pahal, these developments reinforce an approach that has always placed responsible credit at the centre of the JLG proposition.

During FY 2025–26, the Company continued to strengthen:

- Bureau-based customer assessment and credit checks.
- Household-level indebtedness and repayment capacity assessment.
- Customer segmentation and differentiated credit limits.
- Stronger controls around repeat and renewal lending.

- Portfolio monitoring and early identification of emerging risks.

The objective is to ensure that credit remains productive, affordable and aligned with the customer's repayment capacity.

PRODUCT INNOVATION: FROM CREDIT TO LIVELIHOOD FINANCING

Pahal continues to broaden the relevance of JLG financing by aligning credit with the economic activities of its customers.

The JLG portfolio supports multiple livelihood and household requirements, including:

- Microbusiness and working capital
- Agriculture and allied activities
- Livestock and dairy
- Education-related needs
- Water and sanitation
- Climate-resilient livelihood investments

The evolution of the product is increasingly focused on enabling customers to use credit not merely for consumption, but to protect, sustain and expand household income-generating activities.

HIGHER-TICKET AND DIFFERENTIATED JLG PROPOSITION

As customers mature within the formal financial ecosystem, their financing requirements also increase. Pahal has therefore strengthened its differentiated JLG proposition through products such as JLG+, enabling eligible customers to access higher-ticket financing with additional underwriting and verification checkpoints.

The proposition combines:

- Higher customer eligibility based on credit behaviour.
- Enhanced underwriting and repayment capacity assessment.
- Video-based verification / Video PD for applicable customers.
- Additional controls for higher-ticket exposure.
- Greater flexibility to meet established customers' livelihood requirements.

The objective is not simply to increase ticket size, but to increase the depth of the customer relationship responsibly.

OPERATIONAL INNOVATION & DIGITAL TRANSFORMATION

Technology continues to reshape the microfinance operating model. Across the industry, digital onboarding, biometric KYC, mobile applications, automated underwriting and digital servicing are increasingly becoming important enablers of efficiency and customer experience.

Pahal has continued to strengthen the digital loan journey through:

- Digital customer onboarding and application processing.
- Automated credit and policy validations.
- Digital KYC and bureau integration.
- App-based field processes.
- Real-time data capture and monitoring.
- Digital documentation and customer communication.
- Technology-enabled credit and operational controls.

These initiatives are designed to reduce turnaround time, improve data quality, minimise manual intervention and create greater transparency across the lending journey.

BUSINESS STRATEGY & EXECUTION

The JLG business is entering an important new phase. The industry is emerging from a period of correction with stronger portfolio discipline, improving asset quality and greater emphasis on responsible lending. At the same time, technology, data and changing customer needs are creating opportunities to reimagine the traditional microfinance model.

Pahal sees the next phase of JLG growth around five priorities:

Responsible Growth – expanding the portfolio without compromising customer affordability or portfolio quality.

Customer Progression – enabling customers to move progressively towards higher and more appropriate credit limits as their financial capacity develops.

Digital Intelligence – using technology and analytics to improve underwriting, servicing and portfolio monitoring.

Livelihood Resilience – financing productive activities that strengthen household income and resilience to economic and climate-related shocks.

Deep Community Connect – remaining close to customers and communities while delivering financial services with dignity, transparency and trust.

As we move into FY 2026–27, Pahal remains committed to making JLG a technology-enabled, risk-conscious and livelihood-oriented platform for inclusive growth.

CSA Pilot 50

Pahal is driving Climate Smart Agriculture (CSA) by embedding climate-focused financing into rural livelihoods by enabling access to innovative and sustainable farming solutions for underserved communities.

Our recent pilot in Gujarat, in partnership with Social Alpha and collaboration with CINI, and Viksat, marks a meaningful step in this journey – where we have successfully facilitated 50 loans and product installations across climate-resilient solutions including Protective cultivation structure (Net Houses), Drip Irrigation system, and Biodigesters. These interventions are expected to significantly improve water-use efficiency, reduce input costs, and enhance farm-level resilience to climate variability.

This pilot reinforces our approach of combining financial inclusion with sustainable agriculture to deliver measurable impact at the grassroots level.



Industry Overview And Trends

Market Size & Growth Dynamics

- India's microfinance sector remained in a consolidation phase during FY2025–26, with institutions focusing on portfolio quality, operational resilience, and sustainable growth over aggressive expansion. – MFIN Industry Overview
- Industry Gross Loan Portfolio (GLP) stood at ~₹3.40 lakh crore in September 2025 and further moderated to ~₹3.15 lakh crore by December 2025, reflecting YoY 7.35% decline due to tighter underwriting and cautious disbursements. – MFIN Micrometer Reports
- Active loan accounts declined from 11.7 crore to 10.5 crore during FY2025–26 amid stricter borrower screening and enhanced bureau-led underwriting practices. – MFIN Micrometer Reports
- NBFC-MFIs continued to remain the largest segment of the industry, contributing around 39%–42% of total portfolio share. – MFIN Micrometer Reports
- Average ticket sizes increased across the sector, with NBFC-MFI average loan outstanding reaching ₹33,277 and average disbursement size rising to ₹60,479 in Q3 FY2025–26, indicating calibrated lending toward stronger borrower profiles. – MFIN Micrometer Q3 FY2025–26
- East & North-East India remained the largest microfinance region, while Bihar, Tamil Nadu, and Uttar Pradesh continued as the top microfinance markets. – MFIN Micrometer Reports
- Despite near-term challenges, the sector's long-term outlook remains positive, supported by financial inclusion, rural credit demand, women entrepreneurship, and digital adoption. – IMARC India Microfinance Market Report

Asset Quality & Profitability Stress

- Asset quality remained under pressure during FY2025–26 due to borrower overleveraging and localized repayment stress across select geographies. – CRISIL Ratings
- Industry PAR (>180 days) remained elevated, though quarterly trends indicated gradual stabilization in collections and repayment behaviour. – MFIN Micrometer Reports
- NBFC-MFI PAR 31–180 improved significantly from 8.7% to 3.9% YoY by Q3 FY2025–26, while PAR >30 improved from 7.6% in Q2 to 7.0% in Q3 FY2025–26. – MFIN Micrometer Reports
- Institutions strengthened underwriting, collection mechanisms, analytics-driven monitoring, and early warning systems to improve portfolio resilience. – MFIN Responsible Lending Framework

Funding, Liquidity & Capital Position

- Funding conditions improved during FY2025–26 with stronger lender confidence and higher debt inflows into the sector. – QMR FY26
- NBFC-MFI borrowings increased to ₹99,166 crore in Q3 FY2025–26, with banks continuing as the primary funding source. – MFIN Micrometer Q3 FY2025–26
- Debt funding during Q3 FY2025–26 increased 55.3% YoY to ₹21,020 crore, while leverage remained stable with debt-equity ratio around 2.8x. – MFIN Micrometer Q3 FY2025–26
- ALM and liquidity positions remained comfortable across major NBFC-MFIs. – MFIN Micrometer Q3 FY2025–26

Regulatory & Policy Developments

- RBI reduced the qualifying asset requirement for NBFC-MFIs from 75% to 60%, enabling greater portfolio diversification and flexibility. – Reserve Bank of India (RBI)
- MFIN guardrails continued to strengthen responsible lending through borrower exposure caps, indebtedness limits, mandatory bureau verification, and stricter underwriting standards. – MFIN Responsible Lending Framework
- Regulatory focus increased on governance, ethical collections, cybersecurity, digital lending compliance, and customer protection practices. – RBI Digital Lending Guidelines

Operational Innovation & Digital Transformation

- Technology-led transformation accelerated across the microfinance sector during FY2025–26. – IMARC India Microfinance Market Report
- Institutions expanded adoption of AI-based underwriting, Aadhaar-enabled eKYC, UPI collections, and digital servicing platforms. – NASSCOM Insights
- Reporting NBFC-MFIs achieved 100% cashless disbursement, improving operational efficiency and customer experience. – MFIN Micrometer Reports

Women-Centric & ESG-Focused Financing

- Women borrowers continued to remain central to the microfinance ecosystem, supporting entrepreneurship and inclusive economic participation. – Equifax India
- Institutions strengthened focus on livelihood financing, women-led enterprises, and grassroots financial inclusion initiatives. – SIDBI
- ESG-linked financing gained momentum across renewable energy, sustainable agriculture, sanitation, and clean energy lending programs. – IFC Inclusive Finance Initiatives
- Agriculture and allied activities continued to dominate the NBFC-MFI portfolio mix, accounting for nearly 67% of portfolio composition in Q3 FY2025–26. – MFIN Micrometer Q3 FY2025–26

INDIVIDUAL LOAN (IL)

At Pahal Finance, customer-centricity continues to be the cornerstone of our Individual Lending (IL) strategy. We have diversified our product portfolio to address the evolving financial needs of customers, particularly those from vulnerable and underserved communities.

Our IL portfolio comprises both secured and unsecured loans for individuals and micro-enterprises, with ticket sizes ranging from ₹50,000 to ₹10 lakh and flexible repayment tenures of 6 to 36 months. In addition, cattle loans with embedded insurance coverage continue to be a key offering, helping rural households protect and strengthen their livelihood assets.

Strategic Focus

In FY 25–26, our focus remained on:

- Expanding the secured lending portfolio through the design and launch of competitive secured loan products.
- Driving regional and product diversification through new Business Correspondent (BC) and co-lending partnerships.
- Transitioning Individual Lending branches to a virtual credit model for loans up to ₹2 lakh, enabling faster turnaround times and a more seamless customer experience.

Partnerships & Initiatives

1. Parametric Insurance Initiative

Piloted a parametric insurance solution based on heat index triggers to protect dairy farmers against income losses arising from extreme heatwave conditions, thereby enhancing climate resilience and livelihood security.

2. Dvara E-Registry Partnership

Leveraged Khet Score technology to extend agricultural credit to small and marginal farmers. The initiative has successfully built a healthy portfolio of over ₹15 crore while maintaining a zero NPA track record.

Digital Transformation

Successfully completed the migration to a new Loan Origination System (LOS) and Loan Management System (LMS), with the objective of enhancing customer experience, streamlining operations, and reducing overall turnaround time (TAT) across the lending lifecycle.

Portfolio Snapshot (FY 25–26)

Loan Type	Ticket Size	Tenure	ROI Range	Clients	POS Amt.
Secured Loan	₹2.75 lakh – ₹10 lakh	6–72 months	24% – 30%	80	1,85,98,726
Unsecured Loan	₹50,000 – ₹3 lakh	6–36 months	28% – 30%	18716	1,45,09,25,183
Cattle Loan	₹50,000 – ₹10 lakh	6–36 months	24% – 28%	1200	13,50,10,020
Business Loan	₹1 lakh – ₹10 lakh	6–36 months	28% – 30%	481	3,82,48,794



VEHICLE FINANCE BUSINESS

Pahal Financial Services Private Limited ("Pahal") continues to strengthen its Vehicle Finance business with a focus on expanding access to formal credit in Tier 2, Tier 3 and Tier 4 markets, particularly for customers and small businesses dependent on vehicles as income-generating assets. The Company's portfolio focus includes Small and Light Commercial Vehicles, commercial-use cars, Three-Wheelers, used vehicles and Electric Three-Wheelers (EV-3W), with the Company also exploring opportunities in used tractor financing through strategic partnerships.

The Indian vehicle-finance opportunity remains attractive, supported by improving economic activity, rising mobility requirements, replacement demand, infrastructure development and increasing formalisation of the transportation ecosystem. During FY2025–26, domestic sales of Commercial Vehicles and Three-Wheelers grew strongly, while the broader two-wheeler market also recorded robust volumes. The continued growth of the used-vehicle market provides an additional opportunity for financiers with strong local-market understanding and field-based underwriting capabilities.

Pahal's differentiated approach is built around understanding the customer, vehicle, business activity and underlying cash flows. This is particularly relevant for self-employed and non-income-proof customers, where conventional financial documentation may not fully reflect repayment capacity. The Company's credit assessment combines centralised credit policies with field-level customer engagement, including Personal Discussion, residence/business verification and vehicle assessment, supported by formal credit and risk controls.

During the year, Pahal continued to expand its geographic presence across Gujarat, Madhya Pradesh, Tamil Nadu and Rajasthan, while its EV-3W business has expanded into Uttar Pradesh, including Mathura and adjoining markets. The Company remains focused on building market density and selectively entering locations based on customer demand, dealer ecosystem, business potential and credit-risk characteristics.

Electric mobility remains an important emerging opportunity. Pahal is developing capabilities in EV-3W financing by evaluating not only conventional credit parameters but also vehicle utilisation, operating economics, charging ecosystem, battery-related considerations and customer cash flows. This approach is intended to support responsible growth as electric mobility penetration increases.

Technology continues to be a key enabler of the Company's operating model. Pahal is progressively digitising the lending journey from customer sourcing and enquiry generation through underwriting, documentation, disbursement and collections, with mobile-enabled processes supporting faster customer service, better process control and wider geographic reach.

Going forward, Pahal will focus on deepening its presence in existing markets, selectively expanding into high-potential geographies, scaling EV-3W financing, strengthening its used-vehicle franchise, exploring used tractor financing and further digitising credit and collections. The Company remains committed to achieving sustainable and risk-calibrated growth by combining local market knowledge, technology, disciplined underwriting and customer-centric execution.

Product Portfolio (FY 25–26)

- **New 3-wheelers (passenger & goods):**

Loans up to 110% of ex-showroom price, tenures up to 60 months.

- **Electric 3-wheelers:**

Loans up to 95%, tenures up to 48 months.

- **Used 3-wheelers (Bajaj):**

Fixed loan amounts, tenures up to 36 months.

- **Used cars & commercial vehicles:**

Loans up to 95% of valuation, tenures up to 60 months.

- **Interest rates:**

Ranged between 18% and 33%, competitive with market standards.



Product Offering: Digital Lending Application – PahalPe

As Pahal continues to evolve into a technology-led and customer-first financial institution, PahalPe represents an important step towards building a simple, accessible and digitally enabled borrowing experience.

Designed as a mobile-first personal lending platform, PahalPe will allow eligible customers to complete their loan journey digitally – from application and KYC verification to credit assessment, approval and disbursement – without the need for a branch visit.

The platform is being developed around three core principles: simplicity, accessibility and responsible credit. With minimal documentation, transparent processes and technology-enabled underwriting, PahalPe aims to make formal credit more convenient while maintaining strong credit discipline.

DESIGNED AROUND THE CUSTOMER

End-to-End Digital Journey:

A seamless smartphone-led borrowing experience from application to disbursement.

Inclusive Access:

Designed to broaden credit access, including for first-time borrowers and customers in semi-urban and underserved markets.

Flexibility & Choice:

Eligible customers will be able to select their loan amount, tenure and EMI date from available options.

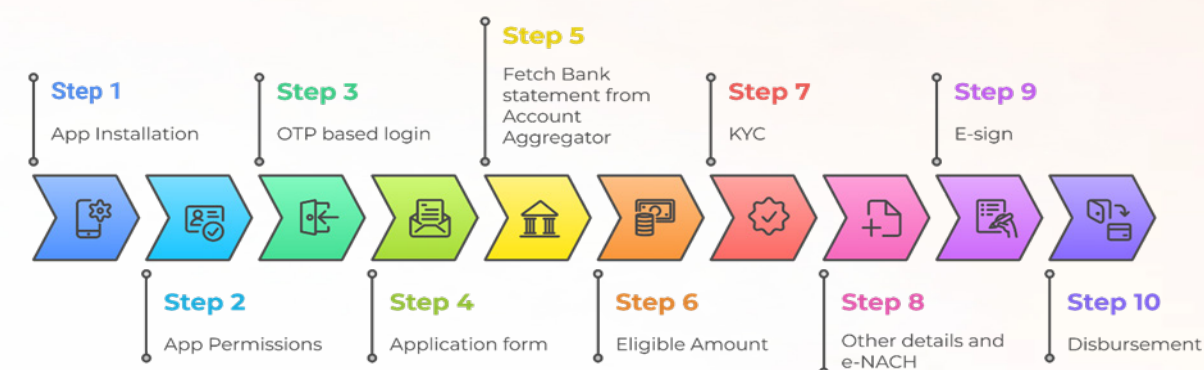
Direct Disbursement:

Approved loan amounts will be credited directly to the customer's bank account.

Faster Turnaround:

Digital processes and backend integrations are intended to reduce friction and improve processing efficiency.

PahalPe Loan Process



PAHALPE IMPACT

₹3.5 Cr+

Disbursed

1,000+

Customers Served

PRODUCT AT A GLANCE



Up to ₹1.50 Lakh
Maximum Ticket Size



Personal Loan
Product



Mobile-First
Platform



Salaried + Self-Employed
Target Segment

TECHNOLOGY INITIATIVES

During the year, we continued to strengthen our digital and technology capabilities to improve operational efficiency, customer experience, information security, and scalability of business operations. Pahal focused on leveraging emerging technologies, including Artificial Intelligence (AI) and Machine Learning (ML), to enhance business processes, analytics, and decision-making capabilities.

Key technological initiatives undertaken during the year include:

- AI & ML Based Credit Decisioning: We have been leveraging AI and ML-based credit decisioning platforms to strengthen underwriting capabilities, enable faster and data-driven credit assessments, and provide a competitive advantage in servicing returning customers while delivering enhanced experience and quicker turnaround time for new customers.
- AI-Driven Data Analytics: We have increasingly adopted AI-enabled analytics tools for business intelligence, portfolio monitoring, predictive analysis, operational reporting, and management decision support. These tools help improve data accuracy, identify trends, enhance risk assessment, and support strategic planning initiatives.
- Digital Process Automation: We continued automation of core operational and customer service processes to reduce turnaround time, improve accuracy, and enhance productivity. Key initiatives implemented include field force optimization and customer segmentation for credit risk optimization.
- Mobile and Digital Enablement: We enhanced our mobile applications and digital channels to provide seamless customer onboarding, collections, and service accessibility, particularly in underserved and remote areas.
- UPI and Digital Payment Integration: We strengthened our digital payment infrastructure through integration of multiple payment gateway solutions and mandate-based collection systems to improve customer convenience and transaction efficiency.
- Cybersecurity and IT Governance: We continued investing in cybersecurity measures, access controls, audit trail mechanisms, infrastructure monitoring, and compliance frameworks to safeguard organizational data and systems.
- Infrastructure Modernization: We upgraded IT infrastructure and network capabilities to ensure higher system availability, business continuity, and scalability to support future growth.

Pahal remains committed to adopting innovative and technology-driven solutions to enhance operational resilience, strengthen governance frameworks, and deliver superior value to customers and stakeholders.

OUR CULTURAL FABRIC EMPOWERING PEOPLE

At Pahal, our people are more than the workforce behind our operations - they are the bridge between our purpose and the communities we serve.

As our geographic footprint and portfolio expanded during FY 2025-26, we continued to invest in building a workforce that is capable, connected and aligned with our mission. From strengthening local hiring to improving employee retention and creating opportunities for continuous development, our people strategy remained centred on enabling employees to grow alongside the organisation.

 3,574 Team Members	 100% Onboarding Maintained
 45 Days Replacement Turnaround Time	 7% Reduction Voluntary Field Attrition

Building Teams from Within Our Communities

Pahal continued to strengthen community-based and local hiring, enabling us to attract employees who understand the geographies, cultures and customer communities in which we operate. This approach improves cultural alignment while creating meaningful employment opportunities within the markets we serve.



Learning Today. Leading Tomorrow.

At Pahal, learning is an ongoing investment in both individual potential and organisational capability. During FY 2025-26, we strengthened our learning and development ecosystem through structured programmes designed for employees across functions, roles and levels.



623
Training Programmes



27,522
Participants

BUILDING CAPABILITIES THAT MATTER



Employee Induction:
Creating a strong foundation for new team members.



Technology Adoption:
Helping teams adapt to evolving systems, digital processes and tools.



Technical Capabilities:
Strengthening role-specific and functional expertise.



Behavioural & Soft Skills:
Building stronger communication, collaboration and customer engagement.



Leadership Development:
Preparing employees and managers for greater responsibilities.



Regulatory & Compliance Training:
Reinforcing responsible conduct and operational discipline.



Training was delivered through classroom sessions, virtual learning, blended programmes, e-learning modules, workshops, field-based training and on-the-job learning.

Diversity. Inclusion. Belonging.

Our strength comes from the diversity of the communities and people that make Pahal what it is. Across geographies, cultures, educational backgrounds and professional experiences, we remain committed to building an organisation where employees have access to opportunity, feel respected and are empowered to contribute.



Empowering Women

Pahal continued to focus on improving female participation across field operations, branch administration and leadership roles, strengthening women's participation within the organisation as well as the communities we serve.



Inclusive Hiring

Our recruitment approach continues to create opportunities for talent from local communities and diverse social, educational and professional backgrounds, helping build teams that understand the customers and markets they serve.



A Safe & Respectful Workplace

Regular awareness programmes, anti-harassment initiatives and continued implementation of POSH reinforce our commitment to maintaining a safe, respectful and equitable workplace.



Listening to Our People

Regular feedback mechanisms and transparent communication channels help us understand employee concerns, strengthen engagement and create an environment in which people can perform and progress.

SUSTAINABLE DEVELOPMENT GOALS

Commitment to Inclusive, Sustainable, and Responsible Growth

As a responsible NBFC-MFI, Pahal Financial Services remains committed to fostering inclusive, sustainable and responsible growth while creating long-term value for all stakeholders. Our focus continues to be on expanding access to affordable and responsible financial services for underserved households, with a particular emphasis on women, low-income families, small entrepreneurs and rural communities.

Pahal's approach to sustainability extends beyond access to finance. We seek to strengthen livelihoods, enhance resilience and support the transition towards more sustainable and climate-sensitive economic activities. During the year, we continued to focus on livelihood financing, microenterprise support, clean energy, sustainable agriculture and other income-generating activities.

Aligned with our Environmental, Social and Governance (ESG) objectives and the broader Sustainable Development Goals (SDGs), our initiatives contribute particularly to:



Strengthening Climate and Sustainability

During FY 2025-26, Pahal further strengthened its sustainability and climate agenda through technical assistance programmes with Proparco and GAWA Capital.

The Proparco Technical Assistance Programme is supporting Pahal in strengthening climate governance, integrating climate considerations into its strategy and risk management framework, assessing physical climate risks across its portfolio, developing an adaptation finance strategy and enhancing its impact reporting framework. These initiatives are helping Pahal build a more structured approach to climate and sustainability across the organisation.

The GAWA Technical Assistance Programme focuses on developing sustainable agri-finance solutions for small and marginal farmers. During the year, the programme progressed from market assessment to product prototype design and testing, with further work underway on product refinement, risk assessment and partnership development.

Pahal also continued its partnership with Social Alpha to promote climate-smart agricultural solutions, including financing for solutions such as net houses, drip irrigation and biodigesters, supporting resource efficiency and climate-resilient livelihoods.

Building Resilience

Pahal continues to explore innovative solutions that help protect vulnerable customers against climate-related risks. Through its partnership with IBISA, the Company has supported cattle-holding customers against the impact of extreme temperature conditions, helping strengthen the resilience of dairy-based livelihoods.

These initiatives reflect Pahal's evolving approach to sustainability combining financial inclusion, climate resilience, sustainable agriculture and responsible finance with strategic partnerships and stronger institutional capabilities.

Looking Ahead

Going forward, Pahal will continue to deepen the integration of climate and sustainability considerations across its business, with a focus on climate-resilient financial solutions, sustainable livelihoods, impact measurement and strategic partnerships.

Through these efforts, Pahal aims to combine the scale and reach of responsible finance with meaningful environmental and social impact, enabling dignity, resilience and opportunity for underserved households and communities.



Management Reports

Management Discussion and Analysis

Pahal Financial Services Pvt. Ltd. – FY 2025–26

1. Company Overview

Pahal Financial Services Pvt. Ltd. was established in 2011 through the strategic acquisition of Kelkar Leasing Company Pvt. Ltd. and a microfinance portfolio of ₹2.50 Cr from Lok Vikas Nidhi. Since its inception, Pahal has remained focused on promoting financial inclusion by providing responsible and accessible financial services to underserved and unbanked communities across India.

Over the years, the Company has progressively strengthened its operating platform, customer franchise, geographic presence and institutional relationships. Pahal's growth strategy has been supported by a combination of customer-centric operations, disciplined risk management, robust governance practices and diversified funding relationships.

The Company continues to focus on building a sustainable financial-services franchise that balances portfolio growth with asset quality, operational efficiency and responsible lending practices.

2. Key Performance Highlights – FY 2025–26

FY 2025–26 was a challenging year for the microfinance sector, with the industry witnessing a contraction in portfolio during the year. Despite these challenging operating conditions, Pahal demonstrated resilience and was able to expand its overall portfolio and customer base.

Assets Under Management

Pahal's Assets Under Management increased from ₹1,772.74 Cr in FY 2024–25 to ₹2,056.28 Cr in FY 2025–26, representing a year-on-year growth of 15.99%.

This growth is particularly significant considering the contraction witnessed across the microfinance industry during the year. A key contributor to the increase in AUM was the acquisition of Sub-K Impact Solutions Limited's approximately ₹700 Cr BC loan portfolio. The transaction, together with the associated distribution network, helped Pahal increase the scale of its operations, expand its geographic reach and strengthen its overall portfolio franchise.

The acquisition also provided an opportunity to leverage an established distribution platform and further deepen Pahal's presence across underserved markets.

Customer Base

The Company's active customer base increased from approximately 5.65 lakh to 6.04 lakh, representing growth of approximately 6.84%.

The increase in the customer base demonstrates Pahal's continued ability to expand financial access despite the difficult operating environment. The growth also reflects the Company's continued focus on serving customers in underserved and unbanked segments.

Revenue and Profitability

Revenue for FY 2025-26 stood at ₹388.95 Cr compared with ₹445.28 Cr in the previous fiscal year.

The Company reported a loss of ₹89.47 Cr for FY 2025-26 as compared with a profit of ₹6.37 Cr in the previous fiscal year.

The financial performance needs to be viewed in the context of the challenging microfinance operating environment during the year. While the Company continued to achieve portfolio growth and maintain comparatively strong portfolio quality, the overall financial performance was impacted, resulting in a significant change in profitability during the year.

Management remains focused on improving operating efficiency, strengthening portfolio quality and creating a sustainable path towards improved profitability.

Human Capital

Pahal's employee strength increased from 2,992 employees to 3,676 employees during FY 2025-26.

The increase in workforce was aligned with the Company's expansion in portfolio, customer base and geographic footprint. A larger employee base provides the necessary operational capacity to support the Company's growing distribution network and customer servicing requirements.

Going forward, the focus will remain on improving employee productivity, strengthening operational controls and ensuring that the expansion in manpower translates into sustainable business growth.

3. Industry Context

The microfinance industry experienced a particularly challenging operating environment during FY 2025-26. The industry faced pressure on portfolio quality and overall portfolio growth.

As per the Sa-Dhan QMR report for Q4 FY 2025-26, the NBFC-MFI loan portfolio stood at approximately ₹1,41,663 Cr, with around 4.35 Cr active loan accounts. The average ticket size was approximately ₹62,945.

An important indicator of the industry's stress was the increase in Portfolio at Risk (PAR) 90+, which increased from 14.6% in March 2025 to 18.6% in March 2026.

This deterioration in industry-level portfolio quality highlights the challenging credit environment faced by microfinance institutions during the year and reinforces the importance of disciplined underwriting, customer selection, collection mechanisms and portfolio monitoring.

4. Pahal's Portfolio Quality and Risk Management

Against the broader industry backdrop, Pahal maintained comparatively strong portfolio quality.

The Company's PAR 90+ stood at 4.52% as of March 2026, significantly below the industry benchmark reported in the Sa-Dhan QMR report.

This performance reflects the Company's continued emphasis on risk management and operational discipline. Maintaining a substantially lower PAR 90+ in a difficult industry environment demonstrates the importance of Pahal's portfolio monitoring, collection processes and risk-management framework.

The Company will continue to focus on maintaining asset quality while pursuing measured growth. Management's priority remains to ensure that portfolio expansion is accompanied by appropriate credit controls, effective collections and continuous monitoring of emerging risks.

5. Capital Mobilisation and Funding Partnerships

During FY 2025-26, Pahal successfully raised a total of ₹810.27 Cr through diversified funding sources.

The funding comprised:

- ₹530.77 Cr through securitisation and direct assignment transactions.
- ₹279.50 Cr from banks, NBFCs, FPIs and other institutional partners.

The Company's ability to mobilise funds from multiple sources demonstrates the strength of its institutional relationships and provides diversification in its funding profile.

Pahal's key lending partners included ResponsAbility, Blue Orchard, Northern Arc, Bank of Maharashtra and MAS Financial Services Limited.

Diversification of funding sources remains strategically important for the Company as it supports liquidity management, enables portfolio growth and reduces dependence on any single funding channel.

6. Governance and Compliance

Pahal is an RBI-registered NBFC-MFI since 2014 and continues to operate within the applicable regulatory and governance framework.

The Company places significant emphasis on governance, compliance, transparency and responsible business practices. Strong governance is particularly important in the microfinance sector given the nature of the customer segment and the Company's role in providing financial services to underserved communities.

The Company's operating approach is focused on maintaining appropriate controls, strengthening risk-management practices and ensuring transparency with customers, lenders, investors and other stakeholders.

7. Strategic Focus Going Forward

Going forward, Pahal intends to build upon the foundation established during FY 2025-26 and focus on sustainable and profitable growth.

The key areas of management focus will include:

Expansion in underserved geographies:

The Company will continue to explore opportunities to expand its presence in underserved markets and deepen financial inclusion.

Portfolio quality:

Maintaining strong asset quality will remain a key management priority. The Company will continue to strengthen portfolio monitoring, collection efficiency and risk-management processes.

Sustainable growth:

Future portfolio growth will be pursued with a balanced approach, ensuring that expansion is supported by adequate operational infrastructure, funding availability and risk controls.

Operational efficiency:

With the increase in employee strength and the expansion of the Company's portfolio, improving productivity and operating efficiency will remain important areas of focus.

Capital and funding strength:

The Company will continue to maintain diversified institutional funding relationships and strengthen its overall financial position to support future business requirements.

8. Outlook

Despite the challenges faced by the microfinance industry during FY 2025-26, Pahal has demonstrated resilience by increasing its AUM from ₹1,772.74 Cr to ₹2,056.28 Cr and expanding its active customer base to 6.04 lakh.

The Company's PAR 90+ of 4.52% also reflects comparatively strong portfolio quality in an environment where industry-level portfolio stress increased materially.

With a stronger operating platform, diversified funding relationships, disciplined risk-management practices and an experienced workforce, Pahal is positioned to focus on the next phase of its development.

The Company's strategic objective will be to achieve sustainable growth while maintaining portfolio quality, strengthening profitability and expanding access to responsible financial services.

Ultimately, Pahal remains committed to its broader objective of contributing to financial inclusion by empowering underserved communities through accessible, responsible and sustainable financial solutions.

Directors' Report

To,

The Members of

Pahal Financial Services Private Limited

We are delighted to present on behalf of Board of Directors of Pahal Financial Services Private Limited ("the Company"), the 16th Annual Report of the Company along with Audited Financial Statements for the Financial Year ended 31st March 2026.

FINANCIAL HIGHLIGHTS

The summary of the Company's financial performance for the financial year ended March 31,2026 and March 31,2025 are as under :

(Rupees in Lakhs)

Particulars	Financial Year	
	2025-26	2024-25
Total Revenue	38,895.24	50,520.13
Total Expenditure	50,835.74	50,096.34
Profit/Loss before Tax	(11,940.50)	423.79
Tax Expense	(2,993.98)	(212.74)
Profit after Tax	(8,946.52)	636.54
Transfer to General Reserves	-	-
Paid Up Share Capital	6,484.46	6,483.71
Equity Share Capital	6,484.46	4,697.58
Preference Share Capital (Compulsorily Convertible Preference Shares - Series C CCPS)	-	1,786.13

During the year under review, the Company recorded a total income of ₹38,895.24 lakhs. The Profit Before Tax stood at ₹(11,940.50) lakhs, while the Profit After Tax amounted to ₹(8,946.52) lakhs. Despite the reported loss, the Company's Asset Under Management (AUM) registered a healthy growth of 15.99% during the year ended March 31, 2026.

OPERATIONAL HIGHLIGHT

The operational indicators for F.Y. 2025-26 as compared to previous F.Y. 2024-25 is given below:

Indicators	For the year ended	
	31 st March 2026	31 st March 2025
Number of States	17	11
Number of Branches	550	358
Number of Borrowers	6,03,519	5,64,884
The aggregate Assets under Management (AUM) (Rs. In Lakhs)	2,05,628.20	1,77,273.66
Loan Amount disbursed during the year (Rs. In Lakhs.)	1,42,004.36	1,20,943.12
Total Portfolio O/S (Own + Assigned +Securitized & BC)	2,05,628.20	1,77,273.66
(Less) Assigned + BC portfolio	1,16,037.66	35,456.68
Net Own Portfolio (Rs. In Lakhs.)	89,590.54	1,41,816.98
Borrowed Fund O/s (Rs. In Lakhs.)	1,14,836.85	1,40,248.47
Total Staff	3574	2881
PAR > 30 days in % (AUM)	5.81%	10.75%
PAR > 30 days (AUM) (Rs. In Lakhs)	11,937.68	19,063.31

Pahal has increased its borrowers by appx.	6.84%
Own portfolio increased by	-36.83%
New borrowed fund increased by	18.12%
Disbursement of loan amount increased by	-17.41%
Growth in the aggregate Assets under Management (AUM)	15.99%

CHANGE IN THE NATURE OF BUSINESS

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

MATERIAL EVENT RECORDED SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENT

There are no material changes and commitments affecting the financial position of the Company, which has occurred between the end of the Financial Year of the Company i.e. 31st March 2026 and the date of Directors' Report.

DIVIDEND

Equity Shares

In view of the losses incurred during the financial year ended March 31, 2026, the Board of Directors has not recommended any dividend on the equity shares of the Company..

AMOUNT TRANSFERRED TO RESERVES

No amount of PAT (Retained earnings) was transferred to statutory reserves of the Company pursuant to Section 45 IC of the Reserve Bank of India Act, 1934.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

During the period, the Company does not have any amount due to be credited to the Investor Education and Protection Fund as provided in the provisions of Section 125 of the Companies Act, 2013.

DEPOSITS

Being a Non-Deposit taking Non-Banking Financial Company (NBFC), your Company has not accepted any deposits from the public during the year under review. The Company is registered with the Reserve Bank of India (RBI) as a Non-Deposit accepting NBFC under Section 45-IA of the Reserve Bank of India Act, 1934. The Board of Directors hereby confirms that the Company has complied with the applicable RBI guidelines and continues to operate as a Non-Deposit taking NBFC.

DEBENTURES

During the year under review, the details of debentures issued by your Company are set out below:

ISIN	Name of Allottees	Name of Debenture Trustee	No. of Debentures	Amount (Rs. In lakh)	Listing Status
INE514Q07387	TRIODOS CUSTODY B.V. ACTING IN ITS CAPACITY AS A CUSTODIAN OF TRIODOS FAIR SHARE FUND	Catalyst Trusteeship Limited	2900	2900	Listed

ISIN	Name of Allottees	Name of Debenture Trustee	No. of Debentures	Amount (Rs. In lakh)	Listing Status
INE514Q07395	Northern Arc Capital Limited	Catalyst Trusteeship Limited	2800	2800	Listed
	IFMR Fimpro Long Term Credit Fund		1700	1700	

- Details of Debenture Trustees of the Company are as follows:

Sr. No.	Name of the Debenture trustees	Address	Contact detail
1	Catalyst Trusteeship Limited (Erstwhile GDA Trusteeship Limited)	GDA House, First Floor, Plot No. 85 S. No. 94 & 95, Bhursari Colony (Right), Kothrud, Pune, Maharashtra, India, 411038	+91 20 66807200 / 223 / 224 ComplianceCTL-Mumbai@ctl-trustee.com

CHANGE IN THE CAPITAL STRUCTURE OF THE COMPANY

a. Authorized Share Capital

During the year under review, following are the changes in Authorised Share Capital of the Company:

- Company has increased the authorized capital from Rs. 77,90,79,110/- (Rupees Seventy-Seven Crore Ninety Lakhs Seventy-Nine Thousand One Hundred Ten Only) divided into 5,54,07,911 (Five Crore Fifty-Four Lakh Seven Thousand Nine Hundred Eleven) equity shares of Rs. 10/- (Rupees Ten) each and 2,25,00,000 (Two Crore Twenty-Five Lakhs) Preference Shares of Rs. 10/- (Rupees Ten) each to Rs. 98,90,79,110/- (Ninety-Eight Crore Ninety Lakhs Seventy-Nine Thousand One Hundred Ten Only) divided into 7,64,07,911 (Seven Crore Sixty-Four Lakhs Seven Thousand Nine Hundred Eleven) equity shares of Rs. 10/- (Rupees Ten) and 2,25,00,000 (Two crore Twenty-Five Lakhs) Preference Shares of Rs. 10/- (Rupees Ten) each at the Extra-Ordinary General Meeting held on April 08, 2025.
- After the financial year and upto the date of report there are no changes in the Authorised Share Capital of the Company.

b. Paid-up Share Capital

- Equity Shares**

During the year under review, your Company had issued and allotted following Equity Shares:

- Issued and allotted 21,94,374 equity shares upon conversion of Compulsorily Convertible Preference Shares (Series C) having face value of Rs. 10/- each at Rs. 82.48/- including premium of Rs. 72.48/- each to HURUMA FUND S.C.A., SICAR- EuSEF.
- Issued and allotted 17,24,151 equity shares upon conversion of Compulsorily Convertible Preference Shares (Series C) having face value of Rs. 10/- each at Rs. 82.48/- including premium of Rs. 72.48/- each to HURUMA SV SÀRL.
- Issued and allotted 1,39,42,774 equity shares upon conversion of Compulsorily Convertible Preference Shares (Series C) having face value of Rs. 10/- each at Rs. 82.48/- including premium of Rs. 72.48/- each to SOCIÉTÉ DE PROMOTION ET DE PARTICIPATION POUR LA COOPÉRATION ECONOMIQUE S.A.
- Issued and allotted 7,500 equity shares having face value of Rs. 10/- each at Rs. 80.24/- including premium of Rs. 70.24 to Pahal Welfare Trust under ESOP.

Thus, as on 31st March 2026, the Equity Share Capital of the Company stood at Rs. 64,84,45,500/- (Rupees Sixty-Four Crore Eighty-Four Lakhs Forty-Five Thousand and Five Hundred Only).

After the financial year and upto the date of report, your Company had issued and allotted following Equity Shares:

- Issued and allotted 15,000 equity shares having face value of Rs. 10/- each at Rs. 32.25/- including premium of Rs. 22.25 to Pahal Welfare Trust under ESOP.

- Preference Shares**

During the year under review, company has converted 1,78,61,299 Series C Compulsorily Convertible Preference Shares having a face value of Rs. 10 per share into equity shares of the Company on May 13th, 2025.

Thus, as on 31st March 2026, the Compulsorily Convertible Preference Shares Capital of the Company stood at Rs. 0.

After the financial year and upto the date of report, your Company has not issued, allotted and converted any preference shares.

RESERVE BANK OF INDIA (RBI) DIRECTIONS

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

In terms of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2025 as amended from time to time, your company is classified as NBFC- Middle Layer (NBFC-ML). Your Company complies with the direction(s), circular(s), notification(s) and guideline(s) issued by the Reserve Bank of India as applicable to your company.

DECLARATION FROM INDEPENDENT DIRECTOR(S)

The Company has received declarations from all Independent Directors pursuant to the provisions of Section 149(7) of the Companies Act, 2013, confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013. The Board of Directors further confirms that there has been no change in the circumstances which may affect the status of the Independent Directors during the year under review.

CAPITAL ADEQUACY

The Company continues to fulfill all the norms and standards laid down by the RBI pertaining to the Capital Adequacy Ratio (CRAR). The Company has been able to maintain CRAR of 22.31% as on March 31, 2026, which is well above the RBI mandated norm of 15%. The Company continued to apply prudent liquidity management techniques and adopt strategy of maintaining adequate liquidity buffer throughout the financial year 2025-26.

INTERNAL FINANCIAL CONTROLS

The Company has in place an adequate system of internal financial controls commensurate with the size, scale, and nature of its operations. In accordance with the provisions of Section 138 of the Companies Act, 2013, the Board of Directors has appointed M/s SMSR & Co. LLP as the Internal Auditor of the Company to assess and strengthen the effectiveness of the internal financial control framework.

The Company has established and implemented appropriate policies and procedures to ensure the adequacy and effectiveness of its internal financial controls, commensurate with the size, scale, and nature of its business operations. These controls are designed to facilitate the orderly and efficient conduct of business, safeguard the Company's assets, ensure compliance with applicable policies and procedures, prevent and detect instances of fraud and errors, and protect the Company's resources from unauthorized use, disposal, or misappropriation. The internal financial control framework of the Company is designed to ensure the accuracy and completeness of accounting records and to facilitate the timely preparation and presentation of reliable financial information and disclosures.

Key Risk Areas and Mitigation

Type	Risks	Mitigation
Interest Rate Risk	Earnings may be impacted by fluctuations in interest rates due to mismatch in asset and liability tenures.	Regular monitoring of ALM positions to minimize interest rate sensitivity.
Currency Risk	Foreign currency borrowings expose the Company to exchange rate fluctuations as loan assets are denominated in INR.	All foreign currency borrowings are fully hedged against forex risk.
Operational Risk	- Risks arising from people, processes, systems, or external events. - Potential loss events include frauds, robberies, system failures, process failures, and business disruptions.	- Robust Risk and Control Self-Assessment (RCSA) framework implemented. - Regular monitoring of KRIs and loss events. - Strong internal controls, fraud monitoring. - Dedicated field audit team conducts investigations and recommends control improvements.
IT Risk	Dependence on technology systems exposes the Company to cyber threats, data breaches, and operational disruptions.	- Strong cybersecurity framework including SOC monitoring, endpoint security, and periodic vulnerability assessments. - Segregation of production and UAT environments. - Regular access reviews, patch management, and disaster recovery planning.

Credit Risk	Risk of borrower default or non-repayment leading to financial losses.	- Comprehensive credit risk management systems, procedures, and tools. - Defined risk-reward framework covering geographies, sectors, diversification, and concentration limits. - Continuous adherence to RBI and MFIN risk management guidelines.
Liquidity Risk	Need to maintain adequate liquidity buffers to meet debt repayments and loan disbursements.	Adherence to Board-approved ALM and liquidity tolerance limits.
ESG Risk	- Risks related to climate change, socio-political factors, borrower behaviour, overleveraging, and regulatory changes. - Environmental and social risks.	- Portfolio impact assessment for Pre & Post events to evaluate Socio-political & Environmental risk. - Compliance with RBI and SRO regulations.

Way Forward

The Company continues to enhance and strengthen its Risk Management framework in accordance with the Reserve Bank of India's applicable guidelines, including the Master Direction – on Fraud Risk Management and Guidance Note on Operational Risk & Resilience 2025 requirements and industry best practices. The framework facilitates the effective identification, assessment, monitoring, and mitigation of key risks arising from the Company's business operations, while promoting robust governance practices, operational resilience, regulatory compliance, and sustainable business growth.

DETAILS OF SUBSIDIARY, ASSOCIATE AND/OR JOINT VENTURE COMPANIES

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

RISK MANAGEMENT AND AUDIT

Overview

Pahal Financial Services Private Limited (“Pahal”) operates within a comprehensive and robust Risk Management framework designed to identify, assess, monitor, and mitigate risks in alignment with the Company’s risk appetite, business profile, and strategic objectives. The Company is committed to fostering a strong risk management culture across the organisation by promoting a balanced approach towards risk, return, capital management, and preservation of its reputation.

As a financial institution engaged in micro-lending activities, Pahal is exposed to various risks inherent to the sector and the operating environment in which it operates. To effectively address these risks, the Company has established comprehensive policies, processes, and control mechanisms to ensure prudent risk management across all key business functions.

The Company continuously reviews and strengthens its Risk Management framework to remain aligned with evolving business dynamics, regulatory requirements, and emerging risk trends. Through periodic reviews, continuous monitoring, and event-driven assessments of the risk environment, the Company endeavours to enhance operational resilience, ensure regulatory compliance, and support sustainable long-term growth.

Governance and Oversight

The overall governance and oversight of the Company’s risk management framework are vested in the Board of Directors and its Committees, including the Audit Committee, the Risk Management Committee, and the Asset Liability Management Committee (ALCO). These Committees provide strategic guidance and oversight to ensure the effective identification, assessment, monitoring, and mitigation of risks across the organisation.

The Management continuously monitors the Company’s risk profile and implements appropriate measures to mitigate risks arising from business operations and the evolving external environment. Periodic reports on key risks, the effectiveness of internal controls, and risk mitigation initiatives are placed before the Board and the respective Committees, enabling informed decision-making and ensuring the continued effectiveness of the Company’s risk management framework.

Risk Management Framework

The Company has established a comprehensive, Board-approved Risk Management Framework encompassing key risk categories, including Credit Risk, Operational Risk, Market Risk, Liquidity Risk, Reputational Risk, and Risk-Based Internal Audit. The Framework articulates the Company’s risk appetite through well-defined qualitative and quantitative parameters, including Key Risk Indicators (KRIs) and threshold limits for monitoring and managing risk exposures.

The Company undertakes periodic risk assessments, trend analysis, stress testing, and continuous monitoring of identified risks to strengthen its risk management practices and control environment while enabling timely implementation of mitigation measures. All new products, processes, and business initiatives are subject to a comprehensive risk and control assessment prior to implementation. Regular reports on the Company’s risk profile, emerging risks, and mitigation initiatives are presented to the Senior Management and the Board of Directors, facilitating effective oversight and informed decision-making.

Internal Audit

Pahal has a full-fledged in-house business internal audit department for internal audit of its branch business operations and processes. They provide regular reports to the internal stakeholders, share them with the external stakeholders as and when required, and present them to the board. The Chief Audit and Risk Officer reports to the Audit Committee (ACB) and Risk Management Committee of the Board. The audit reports are discussed with the business operations team and Branch backend operations team to minimize inconsistencies, focus on areas of improvement, and ensure the correction of operational problems. This also includes checking all compliance with regard to regulatory guidelines and statutory compliances.

Pahal has adopted a risk-based audit planning approach to conduct its audits throughout the year. The Audit Plan is developed based on an understanding of inherent risks and the control environment. Audit frequency is determined through a risk-based approach, considering historical audit grades, trends, and trend analysis of key risk indicators.

Social and Environmental Performance Management

Social and Environmental Performance Management (SEPM) is the effective translation of an institution's social and environmental mission into practice. At Pahal, the vision, mission, and values serve as the basic principles for Social and Environmental Performance Management and its approach is based on the Universal Standards for Social and Environmental Performance Management (USSEPM), a framework provided by Social Performance Task Force (SPTF) and Cerise for the effective implementation of Social and Environmental practices. SPI5 is an assessment tool which is used to assess an institution's compliance to USSEPM. It evaluates performance across various dimensions, including social strategy and commitment, client protection principles, responsible growth and development, human resource development, and environmental performance management.

Client Protection and Code of Conduct

Pahal has imbibed the spirit of Client Protection Principles and developed a strong culture of fair and responsible behaviour toward its clients. Pahal follows the client protection guidelines provided by SPTF and Cerise under the Client Protection Pathway-. Pahal has also achieved the highest Grade of C1 in Code of Conduct Assessment signifying excellent performance on Code of Conduct dimensions.

Products and Services focused on positive Social Impact

Pahal has a wide range of products and services which help in improving the quality of life of the underserved sections of society by providing safety net against socio economic risks and creating opportunities for employment generation, livelihood growth, women empowerment, education, improving sanitation etc. These products and services include water & sanitation loans, education loans, health insurance, cattle insurance etc.

Pahal provides various non-financial services such as providing financial literacy training and health consultation to clients and their community. Health consultation services is provided in collaboration with M-SWASTH. Pahal has set up E-Clinics in its branches. Through this initiative, Pahal aims to provide the most advanced and digital health facilities and create more health awareness.

Client Impact and Satisfaction Studies

Pahal regularly takes part in the annual Microfinance Index Survey by an External agency 60 Decibels. The purpose of the study is to assess the impact of microfinance services on clients' lives. The results show that Pahal has improved clients' access to financial services and improved their quality of life. Moreover, Pahal internally conducts Client Satisfaction Surveys at regular intervals to get insights on clients' satisfaction levels.

Environmental Performance

Pahal is streamlining its practices to devise an effective strategy to improve the Environmental performance. Pahal has done a gap assessment to see the scope of improvement. The ESG strategy is being planned to mitigate climate risk, reduce its impact on the portfolio, improve the resilience against climate shocks. Pahal has expanded its Environmental Strategy to include the goal of being a carbon neutral company as a part of its strategy. The lending practices have also been enhanced to include Social and Environmental Criteria in credit assessment. These measures will be a part of broader ESG framework which will include active tracking of carbon emission data.

There are products such as loans for climate smart agriculture, loans for biodigesters, ecofriendly solutions such as solar lights and induction cooktops as consumer products, climate risk insurance and loans for electric vehicles which reduce the negative impacts on environment and act as effective mitigation of climate change risk. Pahal has also reduced paper usage through increasing digitization of the core processes.

KEY MANAGERIAL PERSONNEL

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

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

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

APPOINTMENTS/RESIGNATIONS OF DIRECTORS

All the Directors have varied experience and specialized knowledge in various areas of relevance to the Company. The Board consists of directors appointed as per the provisions of the Companies Act, 2013 and RBI Master Directions issued from time to time.

During the year under review, following are the changes in Board of Directors of the Company:

- Mr. Guillaume Jean Barberousse (DIN: 11038651) was appointed as an Additional Director (Nominee) on behalf of SOCIÉTÉ DE PROMOTION ET DE PARTICIPATION POUR LA COOPÉRATION ECONOMIQUE S.A. w.e.f. 21st July 2025 and later he was regularized as a Nominee Director by the Members of the Company in the Extra-Ordinary General Meeting held on July 22, 2025.
- Ms. Arpita Pal Agrawal (DIN: 08588528) ceased to be Nominee Director w.e.f. 6th May 2025 pursuant to her withdrawal of nomination by Dia Vikas Capital Private Limited.
- Mr. Saurabh Baroi (DIN: 02723687) was appointed as an Additional Director (Nominee) in place of Ms. Arpita Pal Agrawal (DIN: 08588528) on behalf of Dia Vikas Capital Private Limited w.e.f. September 15, 2025 and later regularized as a Nominee Director by the members of the company in the Annual General Meeting held on September 30, 2025.

Subsequent to the close of the financial year and up to the date of this Report, there have been no changes in the composition of the Board of Directors, except as stated below:

The first term of 5 (five) consecutive years of Mr. Satish Mehta (DIN: 00110640), Independent Director, expired on July 20, 2026. The Company has received a declaration from Mr. Mehta confirming that he continues to meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and that he is eligible for re-appointment as an Independent Director.

Based on the recommendation of the Board, the Members of the Company approved the re-appointment of Mr. Satish Mehta as an Independent Director for a second term of 5 (five) consecutive years with effect from July 21, 2026, at the Extra-Ordinary General Meeting held on June 5, 2026.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors' Responsibility Statement as required under Section 134(5) of the Companies Act, 2013 is attached as Annexure I and form part of the Board's Report.

SIGNIFICANT AND MATERIAL ORDERS

During the period under review, there were no Significant and Material Orders passed by Regulators or Courts or Tribunals impacting the going concern status of the Company and its operations in future.

DISCLOSURES ON CORPORATE GOVERNANCE PURSUANT TO RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY FINANCIAL STATEMENTS: PRESENTATION AND DISCLOSURES) DIRECTIONS, 2025,

For the disclosures on corporate governance, please refer Annexure II which forms part of the Board's report and for disclosure related to Financial Statements pursuant to Its Reserve Bank of India (Non-Banking Financial Companies- Financial Statements: Presentation and Disclosures) Directions, 2025 (Chapter III Disclosure in Financial Statements - Notes to Accounts), please refer to Notes to Accounts which forms part of the Financial Statements.

BOARD MEETINGS:

The Composition of the Board as on 31st March 2026 was as follows:

Sr. No.	Name of the Director	Director Since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	DIN	No. of Board Meetings		No. of other directorship	Remuneration (in Lakhs)			No. of shares held in and convertible instruments held in the NBFC
					Held	Attended		Salary and other compensation	Sitting Fees	Commission	
1	Mr. Kartik S Mehta	08/02/2011	Managing Director	02083342	06	06	1	115.00	-	-	41,02,868*
2	Ms. Purvi J Bhavsar	08/02/2011	Managing Director	02102740	06	06	1	115.00	-	-	42,26,669**
3	Ms. Alpana Indrajit Killawala	12/11/2024	Non-Executive and Independent Director	10821462	06	04	-	-	2.65	-	-
4	Mr. Satish G Mehta	21/07/2021	Non-Executive and Independent Director	00110640	06	06	6	-	4.80	-	34,000

5	Mr. Vaibhav Suhas Joshi	29/10/2024	Non-Executive and Independent Director	10810824	06	06	-	-	4.35	-	-
6	Mr. Saurabh Baroi#	15/09/2025	Nominee Director (Dia Vikas Capital Private Limited)	02723687	02	02	1	-	0.70	-	-
7	Mr. Luca Torre	01/09/2023	Nominee Director (Huruma Funds Managed by GAWA Capital)	09747393	06	05	8	-	2.25	-	-
8	Ms. De Silva Niroshani Sawana-wadu	01/09/2023	Nominee Director (BOPA Pte Ltd)	08227028	06	05	1	-	2.05	-	-
9	Mr. Guillaume Jean Barberousse ##	21/07/2025	Nominee Director (Société De Promotion Et De Participation Pour La Coopération Economique S.A) (PROPARCO)	11038651	04	03	1	-	1.05	-	-

*The above shareholding of Mr. Kartik S Mehta includes 30,61,200 partly paid equity shares on which Re. 1 per equity shares was paid.

**The above shareholding of Ms. Purvi J Bhavsar includes 30,61,200 partly paid equity shares on which Res. 1 per equity shares was paid.

Mr. Saurabh Baroi was appointed as Nominee Director (Additional) of Dia Vikas Capital Private Limited w.e.f. 15.09.2025 and later regularized as Nominee Director by the Members of the company in the Annual General Meeting held on 30th September 2025.

Mr. Guillaume Jean Barberousse was appointed as Nominee Director (Additional) of Société De Promotion Et De Participation Pour La Coopération Economique S.A (PROPARCO) w.e.f. 21st July 2025 and later regularized as Nominee Director by the Members of the company in the Extra-Ordinary General Meeting of the company held on 22nd July 2025.

DIRECTOR WHO CEASED TO BE DIRECTOR DURING F.Y 2025-26

Sr. No.	Name of the Director	Director Since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	DIN	No. of	No. of Board meetings attended	No. of other directorship	Salary and other compensation	Sitting Fees	Commission	No. of shares held in and convertible instruments held in the NBFC
1	Ms. Arpita Pal Agrawal	22/09/2023	Nominee Director (Dia Vikas Capital Private Limited)	08588528	0	0	1	-	-	-	-

The Board of Directors of the Company meets at regular intervals, they met 6(Six) times during the Financial Year. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013. The Board is regularly briefed and updated on the key activities of the business and is provided with briefings and presentations on operations, quarterly financials and other matters concerning the Company. Besides, information about statutory compliance, minutes, and information as required under the Companies Act, 2013, Listing Regulations and Guidelines of Reserve Bank of India being provided to the Directors on regular interval of time. The details of meetings are given as follows:

Sr. No.	Date of Meeting	Total Number of Directors associated as on the date of meeting	Attendance	
			Number of Directors attended	% of attendance
1	13.05.2025	8	7	87.50%
2	21.07.2025	7	6	85.71%
3	11.08.2025	8	8	100.00%
4	15.09.2025	8	7	87.50%
5	11.11.2025	9	7	77.78%
6	04.02.2026	9	8	88.89%

*Ms. Arpita Pal Agrawal (DIN: 08588528) ceased to be Nominee Director of the company, pursuant to withdrawal of Nomination by Dia Vikas Capital Private Limited with effect from 06th May 2026.

**Mr. Guillaume Jean Barberousse was appointed as Nominee Director (Additional) of Société De Promotion Et De Participation Pour La Coopération Economique S.A (PROPARCO) w.e.f. 21st July 2025 and later regularized as Nominee Director by the Members of the company in the Extra-Ordinary General Meeting of the company held on 22nd July 2025.

***Mr. Saurabh Baroi was appointed as Nominee Director (Additional) of Dia Vikas Capital Private Limited w.e.f. 15.09.2025 and later regularized as Nominee Director by the Members of the company in the Annual General Meeting held on 30th September 2025.

Details of change in composition of the Board during the current and previous financial year

Sr. No.	Name of Director	Capacity	Nature of Change (Resignation/Ap- pointment)	Effective Date
1	Mr. Guillaume Jean Barberousse	Nominee Director – SO-CIÉTÉ DE PROMOTION ET DE PARTICIPATION POUR LA COOPÉRATION ECONOMIQUE S.A.	Appointment	21.07.2025
2	Ms. Arpita Pal Agrawal	Nominee Director – Dia Vikas Capital Private Limited	Withdrawal of nomination by Dia Vikas Capital Private Limited	06.05.2025
3	Mr. Saurabh Baroi	Nominee Director – Dia Vikas Capital Private Limited	Appointment	15.09.2025
4	Mr. Satish Mehta	Independent Director	Re-appointment	21.07.2026

Details of any relationship amongst the directors inter se shall be disclosed – Not Applicable

COMMITTEES OF THE BOARD AND THEIR COMPOSITION

In order to facilitate effective governance and enhance the efficiency of the Board's functioning, the Board of Directors has constituted various Committees with clearly defined roles, responsibilities, and terms of reference. These Committees assist the Board in the efficient discharge of its oversight responsibilities while ensuring compliance with the provisions of the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the applicable Master Directions (RBI-Non Banking Financial Companies- Governance Directions 2025) as updated and guidelines issued by the Reserve Bank of India (RBI) for Non-Banking Financial Companies (NBFCs), and other applicable statutory and regulatory requirements. The Board Committees function as empowered forums of the Board and have been delegated appropriate authority to oversee specific areas of governance and to facilitate the timely consideration of matters within their respective mandates. As on March 31, 2026, the Company had constituted eight Board Committees. The composition, powers, and functioning of these Committees are in accordance with

the applicable provisions of the Companies Act, 2013, the SEBI Listing Regulations, the RBI Master Directions applicable to NBFCs, and the Company's governance framework.

The following Board Committees were in operation as on March 31, 2026:

1. Audit Committee;
2. Nomination and Remuneration Committee;
3. Stakeholders Relationship Committee;
4. Corporate Social Responsibility Committee;
5. Asset and Liability Management Committee
6. Risk Management Committee
7. Information Technology Strategy Committee;
8. Finance Committee

The Committee meets as often as required. The Minutes of the meeting of the Committee are circulated to the Board of Directors. The brief description of terms of reference and composition of these Committees are as follows:

1. Audit Committee

The Audit Committee of the Board is chaired by a Non-Executive Independent Director, and the majority of its members are Independent Directors. The members of the Committee are financially literate and possess the requisite accounting and financial management expertise to effectively discharge their responsibilities.

The Audit Committee has been constituted to assist the Board in overseeing the integrity of the Company's financial reporting process, the adequacy and effectiveness of internal financial controls, the audit process, and compliance with applicable legal and regulatory requirements. The Committee reviews the financial statements and related disclosures to ensure that they present a true and fair view of the Company's affairs and are prepared with the highest standards of transparency, integrity, and accountability.

The Statutory Auditors and the Internal Auditors are invited to attend the meetings of the Audit Committee to discuss the scope of their audits, significant audit observations, key findings, and management's responses thereto. The proceedings of the Audit Committee meetings are duly recorded, and the minutes are circulated to all Committee members and subsequently placed before the Board for its noting. The Company Secretary acts as the Secretary to the Audit Committee.

The Composition of the Audit Committee as on 31st March 2026 was as follows:

Sr.	Name of the Director	Member of Committee since	Category (i.e Executive/ Non- Executive/Chairman/Promoter Nominee/Independent)	Designation in the Committee	No. of Meetings of Committee		No. of shares held in the NBFC
					Held	Attended	
1	Mr. Satish G Mehta	01/10/2021	Non-Executive and Independent Director	Chairperson	5	5	34,000
2	Ms. Alpana Killawala*	21/07/2025	Non-Executive and Independent Director	Member	4	0	-
3	Mr. Vaibhav Suhas Joshi	29/10/2024	Non-Executive and Independent Director	Member	5	5	-
4	Mr. Luca Torre**	04/02/2026	Nominee Director (Huruma Funds Managed by GAWA Capital)	Member	0	0	-

* Ms. Alpana Killawala was admitted as a member of the Committee w.e.f. 21st July 2025.

**Mr. Luca Torre was admitted as a member of the committee w.e.f. 04th February 2026.

DIRECTOR WHO CEASED TO BE MEMBER DURING F.Y 2025-26

Sr. No.	Name of the Director	Member of Committee since	Category (i.e Executive/ Non- Executive/Chairman/Promoter Nominee/Independent)	Designation in the Committee	No. of Committee meetings held	No. of Committee meetings attended	No. of shares held in the NBFC
1	Ms. Arpita Pal Agrawal	22/09/2023	Nominee Director (Dia Vikas Capital Private Limited)	Member	1	0	-

The members of the Audit Committee met 5 (Five) times during the financial year. The details of which are given as follows:

Sr. No.	Date of Meeting	Total No. of Members associated as on the date of meeting	Attendance	
			No. of members attended	% of attendance
1	12.05.2025	3	2	66.67%
2	11.08.2025	3	2	66.67%
3	15.09.2025	3	2	66.67%
4	10.11.2025	3	2	66.67%
5	04.02.2026	3	2	66.67%

Terms of Reference of Audit Committee

1. Recommendation to the Board the appointment, remuneration, replacement or removal and terms of appointment of auditors of the Company;
2. Review and monitor the auditor's independence and performance, and effectiveness of the audit process;
3. Examination of the financial statement and the auditor's report thereon;
4. Approval or subsequent modifications of transactions of the Company with the related parties;
5. Scrutiny of Inter – Corporate Loans and Investment;
6. Valuation of undertaking or assets of the company, wherever it is necessary;
7. Evaluation of Internal financial controls and risk management systems;
8. Monitoring the end use of funds raised through public offer (if any) and related matter.

2. Nomination and Remuneration committee

The terms of reference of the Nomination and Remuneration Committee are in accordance with the provisions of the Companies Act 2013, the regulation framed by Reserve Bank of India. It discharges such other functions as may be delegated by the Board of Directors from time to time. The Remuneration Policy is available at Company's website and can be accessed through the weblink of the Company

<https://pahalfinance.com/wp-content/uploads/2026/05/Nomination-and-remuneration-policy.pdf>.

The Committee has recommended to the Board of Directors, the manner for an effective annual performance evaluation of the Board, its committee and individual directors. The Board expressed its satisfaction with the evaluation process. It also reviews and recommends the payment of salaries, incentive and finalizes appointment and other employment conditions of Directors and Key Managerial Personnel. The Composition of the Nomination and Remuneration Committee as on 31st March 2026 was as follows:

Sr. No.	Name of the Director	Member of Committee since	Category (i.e Executive/Non- Executive/ Chairman/Promoter Nominee/Independent)	Designation in the Committee	No. of Meetings of Committee		No. of shares held in the NBFC
					Held	Attended	
1.	Mr. Vaibhav Suhas Joshi	29/10/2024	Non-Executive & Independent Director	Chairperson	2	2	-
2	Ms. Alpana Indrajit Killa-wala	12/11/2024	Non-Executive & Independent Director	Member	2	2	-
3.	Mr. Satish G. Mehta	01/10/2021	Non-Executive & Independent Director	Member	2	2	34,000
4.	Mr. Luca Torre*	04/02/2026	Nominee Director (Huruma Funds Managed by GAWA Capital)	Member	-	-	-

*Mr. Luca Torre was admitted as a member of the committee w.e.f. 04th February 2026.

DIRECTOR WHO CEASED TO BE MEMBER DURING F.Y 2025-26 : NIL

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

Sr. No.	Date of Meeting	Total Number of Members associated as on the date of meeting	Attendance	
			Number of Members attended	% of attendance
1.	12.05.2025	3	3	100.00%
2.	03.02.2026	3	3	100.00%

Terms of reference of Nomination and Remuneration Committee:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the Remuneration of the Directors, Key Managerial Personnel and other Employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Committee or by an independent external agency and review its implementation and compliance.;
5. To determine the Fit & Proper Criteria for Directors The Reserve Bank of India ('RBI') vide its Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023 updated as on February 25th 2025 Annex XXIII requires Formulation of criteria for evaluation of Independent Directors and the Board on quarterly basis;
6. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management;
7. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board;
8. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management;
9. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations;
10. Develop a succession plan for the Board and to regularly review the plan;
11. Carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.

3. Stakeholder Relationship Committee

The Stakeholder Relationship Committee is entrusted with the responsibility of addressing the shareholder's /investor's complaints. The Composition of the Stakeholder Relationship Committee as on 31st March 2026 was as follows:

Sr. No.	Name of the Director	Member of Committee since	Category (i.e Executive/Non- Executive/Chairman/ Promoter Nominee/ Independent)	Designation in the Committee	No. of Meetings of Committee		No. of shares held in the NBFC
					Held	Attended	
1.	Mr. Vaibhav Suhas Joshi	29/10/2024	Non-Executive & Independent Director	Chairperson	1	1	-
2.	Mr. Kartik S Mehta	25/09/2015	Managing Director	Member	1	1	*41,02,868
3.	Ms. Purvi J Bhavsar	25/09/2015	Managing Director	Member	1	1	**42,26,669

*The above shareholding of Mr. Kartik S Mehta includes 30,61,200 partly paid equity shares on which Rs. 1 per equity shares was paid.

**The above shareholding of Ms. Purvi J Bhavsar includes 30,61,200 partly paid equity shares on which Rs. 1 per equity shares was paid.

DIRECTOR WHO CEASED TO BE MEMBER DURING F.Y 2025-26 : NIL

The meeting of Stakeholders Relationship Committee was held on February 03, 2026,

Terms of reference of Stakeholders Relationship Committee:

The role of Stakeholders Relationship Committee involves:

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

4. Corporate Social Responsibility Committee

The Composition of the Corporate Social Responsibility Committee as on 31st March 2026 was as follows:

Sr. No.	Name of the Director	Member of Committee since	Category (i.e Executive/Non- Executive/Chairman/Promoter Nominee/Independent)	Designation in the Committee	No. of Meetings of Committee		No. of shares held in the NBFC
					Held	Attended	
1.	Mr. Satish Mehta	09/05/2024	Non-Executive & Independent Director	Chairperson	2	2	34000
2.	Mr. Kartik S Mehta	04/05/2019	Managing Director	Member	2	2	*41,02,868
3.	Ms. Purvi J Bhavsar	04/05/2019	Managing Director	Member	2	2	**42,26,669
4.	Mr. Guillaume Jean Barberousse***	04/02/2026	Nominee Director (Société De Promotion Et De Participation Pour La Coopération Economique S.A) (PROPARCO)	Member	-	-	-

*The above shareholding of Mr. Kartik S Mehta includes 30,61,200 partly paid equity shares on which Re. 1 per equity shares was paid.

**The above shareholding of Ms. Purvi J Bhavsar includes 30,61,200 partly paid equity shares on which Re. 1 per equity shares was paid.

*** Mr. Guillaume Jean Barberousse was admitted as a member of the committee w.e.f. 04th February 2026.

DIRECTOR WHO CEASED TO BE MEMBER DURING F.Y 2025-26

Sr. No.	Name of the Director	Member of Committee since	Category (i.e Executive/Non- Executive/Chairman/ Promoter Nominee/Independent)	Designation in the Committee	No. of Meetings of Committee Held	No. of Meetings of Committee attended	No. of shares held in the NBFC
1	Ms. Arpita Pal Agrawal	22/09/2023	Nominee Director – Dia Vikas Capital Private Limited	Member	1	0	-

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

Sr. No.	Date of Meeting	Total Number of Directors associated as on the date of meeting	Attendance	
			Number of Directors attended	% of attendance
1.	12.05.2025	4	3	75%
2.	03.02.2026	3	3	100

Terms of reference of Corporate Social Responsibility Committee:

The role of Corporate Social Responsibility Committee involves:

1. To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013
2. Recommend the various CSR Activities to be undertaken by the Company
3. Recommend the amount of expenditure to be incurred on the recommended CSR activities
4. Spend the allocated CSR amount on the CSR activities once it is approved by the Board of Directors of the Company in accordance with the Act and the CSR Rules
5. Prepare a transparent monitoring mechanism for ensuring implementation of the projects/ programs/ activities proposed to be undertaken by the Company
6. The Committee shall have the authority to discharge its responsibilities, including the authority to retain and terminate the engagement of such consultants and counsels as the Committee may deem necessary or helpful in carrying out its responsibilities and to establish the fees and other terms for the retention of such consultants and counsel. However, such fees shall be borne by the company;
7. The Committee may form sub-committees for any purpose to be undertaken by it and may delegate to such sub-committees or to members of the management of the Company, such powers and authority as it deems appropriate;
8. Submit the Reports to the Board in respect of the CSR activities undertaken by the Company
9. Monitor CSR Policy from time to time
10. Authorize executives of the Company to attend the CSR Committee Meetings
11. The Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, in accordance with the applicable rules of the Companies (Corporate Social Responsibility Policy), Rules 2014 and such plan may be altered by the Board as per the recommendation of the Committee, based on the reasonable justification to that effect.

12. To do such other acts, deeds and things as may be directed by the Board and required to comply with the applicable laws.

5. Asset and Liability Management Committee

Pursuant to guidelines issued by Reserve Bank of India (RBI) on Asset Liability Management (ALM) System for NBFCs, your Company had constituted an Asset and Liability Management Committee (ALCO Committee) to maintain proper & adequate ALM systems, check the Asset Liability mismatches, interest risk exposure and to help the Company to improve the overall system for effective risk management in various portfolios held by the Company.

Mr. Kartik Mehta, Managing Director of the Company is the Chairperson of the Committee and possesses rich and varied experience and knowledge in the finance field. The other members as mentioned below are learned and eminent personalities in their respective fields. All members of the Committee are also experienced and heading the industrial and service sectors.

The Members of the Asset and Liability Management Committee meet on monthly basis to review its ALM risks and opportunities. The details of which are given as follows:

Sr. No.	Date of Meeting	Total Number of Directors/Members associated as on the date of meeting	Attendance	
			Number of Directors/Members attended	% of attendance
1	14.04.2025	4	4	100
2	27.05.2025	4	4	100
3	27.06.2025	4	4	100
4	25.07.2025	4	4	100
5	21.08.2025	4	4	100
6	17.09.2025	4	4	100
7	29.10.2025	4	4	100
8	22.11.2025	4	4	100
9	24.12.2025	4	4	100
10	29.01.2026	4	4	100
11	16.02.2026	4	4	100
12	17.03.2026	4	4	100

6. Risk Management Committee

The Composition of Risk Management Committee as on 31st March 2026 was as follows:

Sr. No.	Name of the Director/Member	Member of Committee since	Category (i.e Executive/Non- Executive/ Chairman/Promoter Nominee/Independent)	Designation in the Committee	No. of Meetings of Committee		No. of shares held in the NBFC
					Held	Attended	
1	Ms. Alpna Indrajit Killawala	12/11/2024	Non- Executive Independent Director	Chairperson	4	3	-
2	Mr. Satish Mehta	05/05/2023	Non- Executive Independent Director	Member	4	3	34,000
3	Ms. Purvi Bhavsar	29/10/2024	Managing Director	Member	4	4	**42,26,669
4	Mr. Kartik Mehta	05/05/2023	Managing Director	Member	4	4	*41,02,868
5	Mr. Guillaume Jean Barberousse***	04/02/2026	Nominee Director (Société De Promotion Et De Participation Pour La Coopération Economique S.A) (PROPARCO)	Member	-	-	-
6.	Mr. Mrugeshkumar Raval***	04/02/2026	Risk Officer	Member	-	-	-

*The above shareholding of Mr. Kartik S Mehta includes 30,61,200 partly paid equity shares on which Re. 1 per equity shares was paid.

**The above shareholding of Ms. Purvi J Bhavsar includes 30,61,200 partly paid equity shares on which Re. 1 per equity shares was paid.

*** Mr. Guillaume Jean Barberousse and Mr. Mrugeshkumar Raval admitted as a Member of the committee w.e.f. 04th February 2026

DIRECTOR/MEMBER WHO CEASED TO BE MEMBER OF COMMITTEE DURING F.Y 2025-26

Sr. No.	Name of the Director/Member	Member of Committee since	Category (i.e Executive/Non- Executive/Chairman/Promoter Nominee/Independent)	Designation in the Committee	No. of Meetings of Committee Held	No. of Meetings of Committee attended	No. of shares held in the NBFC
1	Ms. Dhara Vyas *	16/01/2025	Chief Risk Officer	Member	4	4	-
2	Mr. Luca Torre *	09/05/2024	Nominee Director (Huruma Funds Managed by GAWA Capital)	Member	4	2	-

*Ms. Dhara M Vyas and Mr. Luca torre ceased to be member of the committee w.e.f. 04th February 2026.

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

Sr. No.	Date of Meeting	Total Number of Directors/Members associated as on the date of meeting	Attendance	
			Number of Directors/Members attended	% of attendance
1.	12.05.2025	6	6	100.00%
2.	11.08.2025	6	4	66.67%
3.	10.11.2025	6	4	66.67%
4.	03.02.2026	6	6	100.00%

Terms of reference of Risk Management Committee:

The role Risk Management Committee involves:

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

7. Information Technology Strategy Committee

The Composition of Information Technology Strategy Committee as on 31st March 2026 was as follows:

Sr. No.	Name of the Director	Member of Committee since	Category (i.e Executive/ Non- Executive/Chairman/Promoter Nominee/ Independent)	Designation in the Committee	No. of Meetings of Committee		No. of shares held in the NBFC
					Held	Attended	
1.	Mr. Vaibhav Suhas Joshi	29.10.2024	Non-Executive & Independent Director	Chairperson	4	4	-
2.	Ms. De Silva Niroshani Sawanawadu	01.04.2024	Nominee Director (BOPA Pte Ltd)	Member	4	3	-
3.	Mr. Kartik S Mehta	01.04.2024	Managing Director	Member	4	4	*41,02,868
4.	Ms. Purvi J Bhavsar	01.04.2024	Managing Director	Member	4	4	**42,26,669

DIRECTOR WHO CEASED TO BE MEMBER DURING F.Y 2025-26: NIL

*The above shareholding of Mr. Kartik S Mehta includes 30,61,200 partly paid equity shares on which Re. 1 per equity shares was paid.

**The above shareholding of Ms. Purvi J Bhavsar includes 30,61,200 partly paid equity shares on which Re. 1 per equity shares was paid.

The Members of the Information Technology Strategy Committee met 4 (Four) times during the financial year. The details of which are given as follows:

Sr. No.	Date of Meeting	Total Number of Directors associated as on the date of meeting	Attendance	
			Number of Directors attended	% of attendance
1.	12.05.2025	4	4	100.00%
2.	11.08.2025	4	3	75.00%
3.	10.11.2025	4	4	100.00%
4.	03.02.2026	4	4	100.00%

Terms of reference of Information Technology Strategy Committee:

The role Information Technology Strategy Committee involves:

1. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place
2. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
3. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
4. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
5. Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls.
6. Terms of reference of the Committee in respect of outsourced operations shall include following -
 - a. Instituting an appropriate governance mechanism for outsourced processes, comprising of risk based policies and procedures, to effectively identify, measure, monitor and control risks associated with outsourcing in an end to end manner;
 - b. Defining approval authorities for outsourcing depending on nature of risks and materiality of outsourcing;
 - c. Developing sound and responsive outsourcing risk management policies and procedures commensurate with the nature, scope, and complexity of outsourcing arrangements;
 - d. Undertaking a periodic review of outsourcing strategies and all existing material outsourcing arrangements;
 - e. Evaluating the risks and materiality of all prospective outsourcing based on the framework developed by the Board;
 - f. Periodically reviewing the effectiveness of policies and procedures;

- g. Communicating significant risks in outsourcing to the NBFC's Board on a periodic basis;
- h. Ensuring an independent review and audit in accordance with approved policies and procedures;
- i. Ensuring that contingency plans have been developed and tested adequately;
- j. NBFC should ensure that their business continuity preparedness is not adversely compromised on account of outsourcing. NBFCs are expected to adopt sound business continuity management practices as issued by RBI and seek proactive assurance that the outsourced service provider maintains readiness and
- k. preparedness for business continuity on an ongoing basis.

8. Finance Committee

The Composition of Finance Committee as on 31st March 2026 was as follows:

Sr. No.	Name of the Member	Category	Designation
1.	Mr. Kartik S Mehta	Managing Director	Member
2.	Ms. Purvi J Bhavsar	Managing Director	Member
3.	Mr. Chintan Desai	Chief Financial Officer	Member

The Finance Committee deals with routine matters of the Company on day-to-day basis and the matters relating to borrowing, investment of surplus funds, opening and closure of Bank accounts, issue and allotment of NCDs & other debt instruments and all other matters as prescribed and delegated to the Committee by the Board from time to time. The Company Secretary of the Company is the secretary of the Committee. This Committee generally meets as and when required to deal with day-to-day affairs of the Company.

Independent Director's Meeting

The Meeting of the Independent Directors of the Company was held on 03rd February 2026.

Followings are the Independent Directors of the Company as on March 31, 2026

1. Mr. Vaibhav Suhas Joshi
2. Mr. Satish G. Mehta
3. Ms. Alpana Indrajit Killawala

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

Sr. No	Name of the Member	No. of Meetings which Member was entitled to attend	Attendance	
			No. of Meeting attended	% of attendance
1	Mr. Vaibhav Suhas Joshi	1	1	100
2	Mr. Satish G. Mehta	1	1	100
3	Ms. Alpana Indrajit Killawala	1	1	100

GENERAL BODY MEETING

Sr. No.	Type of Meetings	Date and Place	Special Resolution Passed
1	Annual General Meeting	30th September 2025, Ahmedabad	a. Adoption of financial statement - Ordinary resolution. b. Declaration of dividend - Ordinary resolution. c. To appoint M/s. PKF Sridhar & Santhanam LLP, Chartered Accountants as Statutory Auditors of the Company - Ordinary Resolution. d. Regularization of Mr. Saurabh Baroi (DIN: 02723687) by Appointing him as a Nominee Director of the company - Ordinary Resolution.

2.	Extra Ordinary General Meeting	08th April, 2025, Ahmedabad	a. Increase in authorized capital of the company and amendment to the Memorandum of Association of the company – Ordinary resolution. b. Adoption of Memorandum of Association as per the provisions of the Companies Act, 2013 – Special Resolution. c. Adoption of Restated Articles of Association of the company – Special Resolution.
3	Extra Ordinary General Meeting	22nd July, 2025, Ahmedabad	a. Approval for Issue of Non-Convertible Debentures (NCDs) – Special Resolution. b. Regularization of Mr. Guillaume Jean Barberousse as Nominee Director – Ordinary Resolution.

DETAILS OF NON-COMPLIANCE WITH REQUIREMENT OF COMPANIES ACT 2013: NIL

BOARD EVALUATION:

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

COMPLIANCE WITH SECRETARIAL STANDARDS

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

AUDITORS & THEIR REPORTS

• Statutory Auditors and their report:

Pursuant to the guidelines issued by RBI on April 27, 2021 for appointment of Statutory Central Auditor (SCA)/ Statutory Auditor (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) vide its circular No. RBI/2021- 22/25, Ref. No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 (“RBI Circular”) as amended from time to time, the provisions of Sections 139 and 141 of the Companies Act, 2013 and Rules made

thereunder, the Shareholders in the 15th Annual General Meeting had appointed M/s PKF Sridhar & Santhanam LLP., Chartered Accountants having Firm Registration No. 003990S/S200018 as the Statutory Auditors of the Company, to hold office for a continuous period of three years (commencing from the Financial Year 2025-26 to the Financial Year 2027-28) until the conclusion of the 18th Annual General Meeting of the Company.

The Audit Report for the Financial Year ended 31st March 2026 does not contain any qualification, reservation or adverse remark and form part of this report.

Secretarial Auditors and their report:

In terms of Section 204 of the Companies Act, 2013, and the Rules framed thereunder and based on recommendation of the Audit Committee, the Board of Directors of the Company has appointed M/s. Pinakin Shah & Co., Company Secretary Insolvency Professional Valuer (Shares & Securities) to carry out Secretarial Audit of the Company under the provisions of the Companies Act, 2013 for the Financial Year 2025-26. The Company provided all the assistance and the facilities to the Secretarial Auditor for conducting the Secretarial Audit. The report does not contain any qualification, reservation or adverse remark. The Secretarial Audit Report is annexed with this report as Annexure III.

The Board has placed on record its sincere appreciation for the services rendered by Pinakin Shah & Co., Company Secretary Insolvency Professional Valuer (Shares & Securities), as Secretarial Auditor of the Company.

Internal Auditors:

As per Section 138 of the Companies Act, 2013, and based on recommendation of the Audit Committee, the Board of Directors of the Company has appointed M/s. SMSR & Co. LLP to conduct the Internal Audit of the Company for the Financial Year 2025-26.

COST RECORDS AND COST AUDIT:

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

SECRETARIAL STANDARDS

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

REPORTING OF FRAUD BY AUDITORS

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

However, a few instances of misappropriation including embezzlement of cash of Rs. 85.93 lakhs by officers or employees of the Company have been noticed during the financial year 2025-26 and the same were reported to the Reserve Bank of India.

NOMINATION AND REMUNERATION POLICY

The policy of the Company on Director's appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a Director and other matters, as required under sub-section (3) of Section 178 of the Companies Act, 2013, are formulated by the Nomination and Remuneration Committee. The detailed policy can be accessed through Company's website from the following web link <https://pahalfinance.com/wp-content/uploads/2026/05/Nomination-and-remuneration-policy.pdf>

WHISTLE BLOWER POLICY/VIGIL MECHANISM

The Board adopted and implemented the Vigil Mechanism/Whistle Blower Policy that adopts best practice. The policy enables the employees to report to the management instances of unethical behavior, actual or suspected fraud or violation of Company's Code of Conduct. Further the mechanism adopted by the Company encourages the Whistle Blower to report genuine concerns or grievances and provide for adequate safeguards against victimization of the Whistle Blower who avails of such mechanism and also provides for direct access to the Chairman of the Audit Committee, in exceptional cases.

The said Policy can be accessed at <https://pahalfinance.com/wp-content/uploads/2026/05/Whistle-Blower-Policy.pdf>.

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

To foster a positive workplace environment, free from harassment of any nature, the Company has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at the workplace, in line with the provisions of "Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013" and the Rules made thereunder.

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

The Annual Report of ICC for the period commencing from January 01, 2025, till December 31, 2025, was submitted to the office of the Collector and District Magistrate, Ahmedabad. Further, the Company had not received any complaint of sexual harassment during such period.

The disclosure as required under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 for Financial Year 2025-26 is given below:

Number of complaints filed during the financial year: Nil

Number of complaints disposed of during the financial year: Nil

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

The said Policy can be accessed at <https://pahalfinance.com/wp-content/uploads/2026/05/POSH-Policy-1.pdf>

STATEMENT WITH RESPECT TO THE COMPLIANCE OF THE PROVISIONS OF THE MATERNITY BENEFIT ACT, 1961

The Company has complied with the applicable provisions of the Maternity Benefit Act, 1961. All the eligible women employees have been extended to the benefits as per the provisions of the Act. The Company is committed to ensuring a safe and supportive work environment for all its employees, especially women.

FINANCIAL YEAR OF THE COMPANY

The financial year of the Company is kept uniform so as to begin from April 01 and to the end on March 31 every year.

CUSTOMER GRIEVANCE

The Company has organised Grievance Redressal Processes for receiving and handling customer complaints/grievances and ensuring that the customers are treated fairly and without any bias at all the times. All issued raised by the customers are dealt with courtesy and redressed expeditiously.

FAIR PRACTICE CODE

The Company has in place a Fair Practice Code (FPC) approved by the Board in compliance with the guidelines issued by RBI, to ensure better service and provide necessary information to customers to take informed decisions. The FPC is available on the website of the Company at

<https://pahalfinance.com/wp-content/uploads/2026/05/Fair-Practices-Code-English.pdf>

<https://pahalfinance.com/wp-content/uploads/2026/05/Fair-Practices-Code-Hindi.pdf>

<https://pahalfinance.com/wp-content/uploads/2026/05/Fair-Practices-Code-Gujarati.pdf>

<https://pahalfinance.com/wp-content/uploads/2026/05/Fair-Practices-Code-Marati.pdf>

<https://pahalfinance.com/wp-content/uploads/2026/05/Fair-Practices-Code-Tamil.pdf>

<https://pahalfinance.com/wp-content/uploads/2026/05/Fair-Practices-Code-Telugu.pdf>

The Board also periodically reviews the FPC to ensure levels of adequacy and appropriateness.

PAHAL EMPLOYEE STOCK OPTION (ESOP) SCHEME

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

Further, the Board of Directors of the Company, on recommendation of the Nomination and Remuneration Committee of the Company, had also adopted Pahal ESOP Scheme III-2022 for 30,000 Equity Shares at Rs. 69.97 per share which was approved by the Shareholders vide resolution passed in the Extra Ordinary General Meeting held on 22nd March 2022. Thereafter on recommendation of the Nomination and Remuneration Committee of the Company, had also adopted Pahal ESOP Scheme IV-2023 for 6,70,000 Equity Shares at Rs. 80.24 per share which was approved by the shareholders vide resolution passed in the Annual General Meeting held on 29th September 2023.

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

Sr.	Particulars	31 st March 2026
1.	Options outstanding at the beginning of the year	1,34,000
2.	Number of options granted during the year (B)	0
3.	Number of options vested during the year (B)	0
4.	Number of options forfeited during the year	0
5.	Number of options exercised during the year	7500
6.	Total number of shares arising as a result of exercise of option	0
7.	Number of options lapsed/expired during the year	17,500
8.	The exercise price of the options	Rs. 80.24
9.	Variation of terms of options	None
10.	Money realized during the year by exercise of option (Rs. In Lakh)	-
11.	Number of options granted and in force at the end of the year	1,09,000

Options granted to the Key Managerial Personnel during the year: No

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

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

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

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

EMPLOYEE REMUNERATION

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

LISTING WITH STOCK EXCHANGES

The Company has Non-Convertible Debentures which are listed on BSE Limited (BSE). The listing fees payable to the exchange for the financial year 2025-26 have been paid.

The Company has Bonds in the form of External Commercial Borrowings which are listed on India International Exchange (IFSC) Limited (India INX).

STATUTORY DISCLOSURES

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

- Information Relating to Conservation of Energy, Technology Absorption:

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

- Foreign Exchange Earnings and Outgo:

There are no foreign exchange inflows during F.Y 2025-26 and Rs. 6,816.40 lakhs are the outflows transactions during the year 2025-26.

RELATED PARTY TRANSACTIONS

The Company has put in place a policy for Related Party Transaction (RPT Policy), which has been approved by the Board of Directors and which is reviewed every year by the Board of Directors. The Policy provides for identification, necessary approval by the Audit Committee/ Board reporting and disclosure requirement in compliance with the requirement of the companies act 2013 and the SEBI (Listing Obligation and Disclosures Requirements) 2015. The said Policy can be accessed at <https://pahalfinance.com/wp-content/uploads/2026/05/Related-Party-Transactions-Policy.pdf>.

All the related party transactions that were entered into by your Company during the year under review pursuant to Section 188(1) of the Companies Act, 2013 ("the Act") and Regulation 23 of SEBI (Listing Obligation and Disclosure Requirements), 2015, wherever applicable, were on arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions made by the Company with its promoters, directors, key managerial personnel or other designated persons, which might have any conflict with the interest of the Company. Accordingly, there are no transactions that are required to be reported in AOC-2 and as such does not form part of this report. Details of related party transactions as per Accounting Standard may be referred to in Note 47 of the Financial Statements.

EXTRACT OF ANNUAL RETURN

In terms of Section 92(3) of the Companies Act 2013 read with section 134(3)(a) thereof, the Annual Return of the Company for the year ended 31st March 2026, in the prescribed Form MGT – 7 is available on the website of the company on <https://pahalfinance.com/investors-information/annual-return/>

DISCLOSURES UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016

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

The details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof. Since during the year under review, the Company has not done One-time settlement, against loan obtained by the Company with Bank/FI, hence the above is not applicable.

CORPORATE SOCIAL RESPONSIBILITY

As per the requirements of the provisions of Section 135 of the Companies Act, 2013 read with rules made thereunder, your Company had constituted a Corporate Social Responsibility (CSR) Committee. As on March 31, 2026, members of the Committee were: -

Sr. no	Name of the Member	Designation/Nature of Directorship	No. of Meetings of CSR Committee held during the year	No. of meetings of CSR Committee attended during the year
1.	Mr. Satish Mehta	Non-Executive & Independent Director (Chairperson)	2	2
2.	Mr. Kartik S Mehta	Managing Director	2	2
3.	Ms. Purvi J Bhavsar	Managing Director	2	2
4.	Mr. Guillaume Jean Barberousse**	Nominee Director – PROPARCO	-	-

*Ms. Arpita Pal Agarwal ceased to be a Member of the committee w.e.f. 21st July, 2025, pursuant to her resignation as a Nominee Director.

**Mr. Guillaume Jean Barberousse has been appointed as a Member of the committee w.e.f. 04th February, 2026.

The Committee has in place the CSR policy in accordance with provisions of Section 135 of the Companies Act, 2013, read with Rules made thereunder, indicating the

activities to be undertaken by the Company from time to time. The Committee has been entrusted with the prime responsibility of implementation of the activities under the CSR Policy and recommend the amount to be spent on such CSR activities during the year. The Committee is also responsible for recommending to the Board such activities which could be undertaken as per CSR policy.

The CSR Policy of your Company, as adopted by the Board is available on the website of the Company and can be accessed through the weblink of the Company <https://pahalfinance.com/wp-content/uploads/2026/05/CSR-Policy.pdf>.

Your Company has undertaken the CSR activities and complied with the provisions of Section 135 of the Companies Act, 2013. During the Financial Year under review, your Company spent Rs. 20.06 Lakhs on its CSR activities towards Health (E Clinic) and education as against the required CSR liability amounting to Rs. 50.42 Lakhs, 2% of the average net profits of previous three financial years.

The CSR initiatives undertaken by your Company along with other CSR related details form part of the Annual Report on CSR activities for FY 2025-26, which is annexed as Annexure- IV

During FY 2025-26, your Company, through its ongoing initiative, collaborated with M-SWASTH to set up e-clinics at its branches, with the objective of providing timely and affordable healthcare solutions to rural communities that often face challenges due to limited resources and inadequate infrastructure.

The **e-clinic model** comprises a small kiosk equipped with a laptop or tablet for seamless digital connectivity with doctors, along with basic medical devices to measure blood pressure, sugar levels, blood counts, and other vitals. Operated by trained workers and dedicated staff, these e-clinics offer a simple, effective, and low-cost approach to healthcare, ensuring accessibility and convenience for underserved populations.

The facility is enabled by M-Insure, a technology-driven healthcare service provider, which through its tele-health and tele-medical platform connects rural patients with qualified doctors and medical specialists. At present, the project is operational in Uttar Pradesh and Bihar, with a vision to expand further in the coming years.

Village Tekri – Pahal's Commitment to Community Well-being

At Pahal, we believe that sustainable development begins with empowering communities. Guided by our core values of integrity and innovation, we continue to contribute meaningfully to improving lives through focused community initiatives.

Our engagement with Tekri Village, Mehsana District, Gujarat, began around four years ago, and we remain committed to driving positive and lasting impact. Recent initiatives undertaken in the village include:

- 1. Clean Water Access** – Ensuring availability of safe drinking water.
- 2. Solar Energy Products** – Promoting clean energy and reducing dependence on conventional sources.
- 3. Improved Sanitation** – Supporting hygiene and healthier living conditions.
- 4. Supporting Education** – Enabling better learning opportunities for children.

These initiatives reflect our commitment to holistic community development by addressing essential needs such as water, energy, sanitation, and education. Through such efforts, we aim to foster a healthier, more sustainable future for the communities we serve.

The Company contributed ₹5 lakh towards HOPE School, Jalalabad, Uttar Pradesh, supporting a community-focused education model aimed at improving access to quality education and addressing challenges such as school dropouts, low literacy and socio-economic barriers. The initiative has successfully piloted its approach by directly engaging 30 children and indirectly reaching approximately 90 community members through workshops and family engagement. Strong participation from parents and local leaders, along with partnerships and the securing of one-acre land for future expansion, have provided a strong foundation for scaling the initiative. The programme aligns with the Company's CSR focus on education and its commitment to creating meaningful and sustainable community impact.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

ANNEXURE FORMING PART OF THIS REPORT OF DIRECTORS:

The Annexure referred to in this report and other information which are required to be disclosed are annexed herewith and form part of this report of the directors:

1. Director's Responsibility Statement
2. Corporate Governance Report
3. Secretarial Audit Report
4. Annual report on Corporate Social Responsibility (CSR) Activities

ACKNOWLEDGEMENT:

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

For and on behalf of the Board of Directors

-sd-

Kartik S. Mehta
Managing Director
(DIN: 02083342)

-sd-

Purvi J. Bhavsar
Managing Director
(DIN: 02102740)

Date: 21.09.2026

Place: Ahmedabad

Annexure I

DIRECTOR'S RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts for the financial year ended March 31, 2026, the applicable accounting standards have been followed and there were no material departures there from;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2026 and of the profit of the Company for that period;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts for the financial year ended March 31, 2026 on a going concern basis;
- they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively during the financial year ended March 31, 2026 and;
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively during the financial year ended March 31, 2026.

For and on behalf of the Board of Directors

Date: 21.09.2026

Place: Ahmedabad

-sd-

Kartik S. Mehta

Managing Director

(DIN: 02083342)

-sd-

Purvi J. Bhavsar

Managing Director

(DIN: 02102740)

Annexure II

CORPORATE GOVERNANCE REPORT

This Corporate Governance Report relating to the year ended on March 31, 2026 was prepared in compliance with the applicable provisions of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereof and RBI Master Direction Reserve Bank of India (Non-Banking Financial Companies - Governance Directions, 2025 (as updated from time to time) and forms a part of the Director's Report to the Members of Pahal Financial Services Private Limited ("Company")

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company believes that a good corporate governance system is necessary condition to ensure its long term success. It ensures good governance through the implementation of effective policies and procedures, which is mandated and regularly reviewed by the Board of Directors ('the Board') or the committees of the members of the Board. The Board appreciates the growing demand for accountability, honesty and transparency in fulfilling its fiduciary duties towards various stakeholders of the company. The Board believes that the observance of generally accepted governance standards provides a company with legitimacy, reduces its vulnerability to a financial crisis, and broadens and deepens its access to capital. The Board believes that the company should adopt the governance principles of highest standard to enhance its reputation as a leading micro finance institution and to maintain the trust of investors.

These Corporate Governance Principles, adopted by Company, together with the charter of the Asset and Liability Committee, Risk Management Committee, Audit Committee, Nomination and Remuneration Committee, Finance Committee, Stake Holder Relationship Committee, Information technology Committee, Information technology Strategy Committee, Corporate Social Responsibility Committee, Code of Conduct/ Ethics-for all employees, Code of Conduct for Directors & Senior Management, Customer Grievance Redressal Policy, Fair Practices Code, Investment Policy, Anti-sexual Harassment Policy, Risk Management Policy, Whistle Blower Policy provide the framework for the governance of the company. The Board of Directors along with its committees provides leadership and guidance to the Company's management and directs, supervises and controls its activities. The responsibility of the Board as a whole, and the Terms of Reference Committees are

provided in this Report.

1.	Composition of the Board	The details are provided in the Director's Report
2.	Details of change in composition of the Board during the current and previous financial year	
3.	Committees of the Board and their composition along with terms of reference	
4.	General Body Meeting	
5.	Details of non-compliance with requirements of Companies Act, 2013	None
6.	Details of penalties and strictures	During F.Y 2025-26, Company received a notice from Bombay Stock Exchange imposing fine amounting Rs. 5900 for non-submission of intimation under regulation 50(1). The Company has duly paid the fines as per the notice. During the F.Y 2025-26, the Company was imposed a fine of Rs. 3,10,000/- by the Reserve Bank of India for non-compliance with certain provisions of the RBI's Know Your Customer (KYC) Directions – specifically, for not having put in place a robust software system for the effective identification and reporting of suspicious transactions. The Company had duly paid the fines as per the notice.
7.	Breach of Covenant	The details are provided in the Financial Statements – refer note no. 85.
8.	Divergence in Asset Classification and Provisioning	Not Applicable

1. AUDIT COMMITTEE

i.	brief description of terms of reference;	The details are provided in the Director's Report
ii.	composition, name of members and chairperson	
iii.	meetings and attendance during the year	

2. NOMINATION AND REMUNERATION COMMITTEE

i.	brief description of terms of reference;	The details are provided in the Director's Report
ii.	composition, name of members and chairperson	
iii.	meetings and attendance during the year	
iv.	Performance evaluation criteria for Independent Director	The Performance Evaluation of Independent Directors is carried out on the basis of their role, expertise, skills, leadership qualities, strategic direction to align company's value and standards, effective decision making ability, initiative on knowledge updates, internal controls etc. An Independent Director shall be a person of integrity and possess appropriate balance of skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing and technical operations or any other discipline related to the Company's business. The Company did not have any pecuniary relationship or transactions with Non-Executive Directors during the year ended 31st March 2026 except for payment of sitting fees

3. STAKEHOLDERS RELATIONSHIP COMMITTEE

i.	name of the non-executive director heading the committee;	The details are provided in the Director's Report. The Company have not received any complaints from the shareholders of the company for the F.Y 2025-26
ii.	name and designation of the compliance officer	
iii.	number of shareholders' complaints received during the financial year;	
iv.	number of complaints not solved to the satisfaction of shareholders;	
v.	number of pending complaints	

4. RISK MANAGEMENT COMMITTEE

i.	brief description of terms of reference;	The details are provided in the Director's Report
ii.	composition, name of members and chairperson	
iii.	meetings and attendance during the year	

5. ASSET AND LIABILITY MANAGEMENT COMMITTEE

i.	brief description of terms of reference;	The details are provided in the Director's Report
ii.	composition, name of members and chairperson	
iii.	meetings and attendance during the year	

6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

i.	brief description of terms of reference;	The details are provided in the Director's Report
ii.	composition, name of members and chairperson	
iii.	meetings and attendance during the year	

7. INFORMATION TECHNOLOGY STRATEGY COMMITTEE

i.	brief description of terms of reference;	The details are provided in the Director's Report.
ii.	composition, name of members and chairperson	
iii.	meetings and attendance during the year	

8. SENIOR MANAGEMENT

Particulars of Senior Management including the changes therein since the close of the previous Financial Year

a. List of Senior Management as on March 31, 2026, are following -

Sr. No.	Emp ID	Name	Designation	Date of Appointment
1	P00182	Dharmesh V Shah	Associate Director	07/03/2015
2	P00274	Chintan C Desai	Chief Financial Officer	24/09/2015
3	P01065	Premprakash R Patel	Business Head	02/04/2018
4	P01484	Firuzi M Vakil	Head - Operations	23/10/2018
5	P02737	Dinesh S Yadav	Head IT	24/08/2020
6	P05064	Jitendra Priyadarshi	Head - HR and Training	02/09/2022
7	P06786	Dimple R Padhiar	Company Secretary & Compliance Officer	01/09/2023
8	P01169	Anubhuti Kapadia	Chief Compliance Officer	28/05/2024
9	P07887	Sneha P Bohra	Product Manager - Digital	05/02/2024

b. Details of changes in Senior Management during the financial year 2025-26 are following -

Sr. No.	Emp ID	Name	Designation	Type of Change (Appointment/Cessation)	Date of Change
1	PI0036	Dhara M Vyas	Chief Audit and Risk Officer	Cessation	24/03/2026

9. REMUNERATION OF DIRECTORS : The details are provided in the Director's Report

10. GENERAL BODY MEETING

GENERAL BODY MEETING	The details are provided in the Director's Report. No Resolution were passed through Postal Ballot
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11. MEANS OF COMMUNICATION

i.	quarterly results;	The primary source of information to all the stakeholders is the website of the Company. The Annual Report, quarterly financial results, corporate actions and copies of press releases, if any, among others, are regularly submitted to the Stock Exchanges and uploaded on the website of the Company including Quarterly / Annual Financial Results in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All the disclosures made to the Stock Exchanges are also available on the website of the Company i.e. The quarterly and annual results of the Company are published in one newspaper of English language national daily and in newspaper published in regional language.
ii.	newspapers wherein results normally published;	
iii.	any website, where displayed;	
iv.	whether it also displays official news releases; and	
v.	presentations made to institutional investors or to the analysts	

Annexure III

FORM NO. MR-3

Secretarial Audit Report for the financial year ended on 31st March, 2026

(Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014)

To,

The Members

Pahal Financial Services Private Limited

(CIN- U65910GJ1994PTC082668)

7th Floor, Binori B Square- 2,

Opp. Hathising ni Vadi, Ambli Iscon Road,

Ahmedabad, Gujarat- 380054 (India)

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Pahal Financial Services Private Limited (hereinafter called "the Company"). The Secretarial Audit was conducted in a manner that provided us with a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of the Secretarial Audit, we hereby report that, in our opinion, the Company has, during the financial year ended on 31st March, 2026 ("the Audit Period"), complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

The Company is engaged in the business of a Micro Finance Institution – Non-Banking Financial Company (NBFC-MFI) as defined in Section 45-I(A) of the Reserve Bank of India Act, 1934.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2026 according to the provisions of:

1. The Companies Act, 2013 (“the Act”) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 (“SCRA”) and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (“SEBI Act”):
 - a. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, in respect of dealing with clients;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (Not applicable to the Company during the Audit Period)
 - d. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - e. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (Not applicable to the Company during the Audit Period)
 - f. The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; (Not applicable to the Company during the Audit Period)
 - g. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.
6. Laws specifically applicable to the Company, as identified and confirmed by the Management:
 - i. The Reserve Bank of India Act, 1934, and the Master Directions, Directions, Circulars and Guidelines issued thereunder applicable to NBFC-MFIs;
 - ii. The Foreign Exchange Management Act, 1999;
 - iii. The Prevention of Money-Laundering Act, 2002.

7. Labour Laws applicable to the employees of the Company:

- i. The Employees’ Provident Funds and Miscellaneous Provisions Act, 1952;
- ii. The Employees’ State Insurance Act, 1948;
- iii. The Profession Tax Act, 1975;
- iv. The Payment of Gratuity Act, 1972.

We have also examined compliance with the applicable clauses of the following:

h) Secretarial Standards (SS-1 and SS-2) issued by the Institute of Company Secretaries of India;

i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the Audit Period, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above, subject to the observations noted hereinafter.

We further report that:

We have not examined compliance with applicable financial laws, such as direct and indirect tax laws, since the same have been subject to review by the Statutory Auditors and other designated professionals.

We further report that:

- The Board of Directors of the Company is duly constituted with a proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice was given to all directors to schedule the Board Meetings; agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Decisions at the meetings of the Board of Directors were carried through by the requisite majority, and there were no dissenting views requiring to be recorded as part of the minutes.
- During the year, the Company convened its Annual General Meeting on 30th September,

2025 and Extraordinary General Meetings on 8th April, 2025 (on shorter notice) and 22nd July, 2025 (on shorter notice).

- The Company had obtained the consents of the requisite majority of directors, including Independent Directors, for the Board Meetings held on shorter notice.
- The Company has obtained the necessary approvals under the various provisions of the Act.
- There was no prosecution initiated and no fine or penalty imposed during the year under review, except as under:

Sr. No.	Regulation	Responded (Yes/No)	Waiver Re-quest, if any	Amount Paid (Rs.)	Waiver Re-ceived
1	Regulation 50(1)	Yes	–	5,900	–

Observation:

- The directors have complied with the disclosure requirements in respect of their eligibility for appointment, independence and compliance with the requirements of the Companies Act, 2013.

We further report that:

Based on our review of the compliance mechanism established by the Company, and on the basis of the Compliance Certificate(s) issued by the Managing Director / Chief Executive Officer and taken on record by the Board of Directors at their meeting(s), we are of the opinion that there are adequate systems and processes in place in the Company, commensurate with its size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that:

The following material events / actions occurred in the Company during the year under review:

(a) Appointment and Resignation of Directors

The following were the changes in the composition of the Board of Directors of the Company during the Audit Period:

S r . No.	Name of Director	Capacity	Nature of Change	E f f e c t i v e Date
1	Mr. Guillaume Jean Barberousse	Nominee Director – Société de Promotion et de Participation pour la Coopération Economique S.A.	Appointment	21.07.2025
2	Ms. Arpita Pal Agrawal	Nominee Director – Dia Vikas Capital Private Limited	Withdrawal of nomination by Dia Vikas Capital Private Limited	06.05.2025
3	Mr. Saurabh Baroi	Nominee Director – Dia Vikas Capital Private Limited	Appointment	15.09.2025

(b) Change in Capital Structure (ESOP, Issue of Shares / Debentures / Bonds)

During the year under review, the Company issued and allotted the following equity shares:

- 21,94,374 equity shares upon conversion of Compulsorily Convertible Preference Shares (Series C) of face value Rs. 10/- each at Rs. 82.48/- each (including premium of Rs. 72.48/- each) to Huruma Fund S.C.A., SICAR-EuSEF;
- 17,24,151 equity shares upon conversion of Compulsorily Convertible Preference Shares (Series C) of face value Rs. 10/- each at Rs. 82.48/- each (including premium of Rs. 72.48/- each) to Huruma SV SàRL;
- 1,39,42,774 equity shares upon conversion of Compulsorily Convertible Preference Shares (Series C) of face value Rs. 10/- each at Rs. 82.48/- each (including premium of Rs. 72.48/- each) to Société de Promotion et de Participation pour la Coopération Economique S.A.;
- 7,500 equity shares of face value Rs. 10/- each at Rs. 80.24/- each (including premium of Rs. 70.24/- each) to Pahal Welfare Trust under the ESOP scheme.

During the year under review, the Company did not issue any Preference Shares.

During the year under review, the details of debentures issued by the Company are as under:

ISIN	Name of Allottee(s)	Name of Debenture Trustee	No. of Debentures	Amount (Rs. in lakh)	Listing Status
INE514Q07387	Triodos Custody B.V. acting in its capacity as a Custodian of Triodos Fair Share Fund	Catalyst Trusteeship Limited	2,900	2,900	Listed
INE514Q07395	Northern Arc Capital Limited	Catalyst Trusteeship Limited	2,800	2,800	Listed
INE514Q07395	IFMR Fimpect Long Term Credit Fund	Catalyst Trusteeship Limited	1,700	1,700	Listed

(c) Details of Transfer of Shares

Date of Registration	Type of	Class of Shares	No. Transferred	Amount per Share (Rs.)	Transferor	Transferee
05/04/2025	Equity	Equity share	3,000	10	Pahal Welfare Trust	Ujjaval Nileshkumar Vaidya
13/06/2025	Equity	Equity share	50,000	10	Kartik Shailesh Mehta HUF	Kartik Shailesh Mehta
04/07/2025	Equity	Equity share	3,000	10	Pahal Welfare Trust	Firuzi Milan Vakil
29/10/2025	Equity	Equity share	8,000	10	Pahal Welfare Trust	Dinesh Savle Yadav
16/12/2025	Equity	Equity share	20,000	10	Sandeep Indrasen Mittal	Suyash Advisory LLP

09/01/2026	Equity	Equity share	3,000	10	Pahal Welfare Trust	Harshil Maheshbhai Popat
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As informed, the Company has responded appropriately to the notices received from various statutory / regulatory authorities, including initiating corrective measures wherever found necessary.

We further report that:

During the Audit Period, there were no other events / actions having a major bearing on the Company's affairs in pursuance of the above-referred laws, rules, regulations, guidelines, etc.

Place: Ahmedabad

Date:- 29/07/2026

For, M/s Pinakin Shah & Co.

Practising Company Secretaries

Pinakin Shah

Proprietor

FCS No. 2562 | CP No. 2932

UDIN: F002562H000969836

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

ANNEXURE-A

To,

The Members,

Pahal Financial Services Private Limited

(CIN: U65910GJ1994PTC082668)

7th Floor, Binori B Square – 2,

Opp. Hathising ni Vadi, Ambli Iscon Road,

Ahmedabad, Gujarat – 380054 (India)

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

Management Responsibility:

1. Maintenance of the secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

Auditor's Responsibility:

1. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in the secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
2. We have not verified the correctness and appropriateness of the financial records and books of accounts of the Company, or verified compliance of laws other than those mentioned above. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and the happening of events, etc.

3. The compliance of the provisions of corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. Our examination was limited to the verification of procedures on a test basis.
4. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Ahmedabad

Date:- 29/07/2026

For, M/s Pinakin Shah & Co.

Practising Company Secretaries

Pinakin Shah

Proprietor

FCS No. 2562 | CP No. 2932

UDIN: F002562H000969836

Annexure IV

CORPORATE SOCIAL RESPONSIBILITY

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. Brief Outline of Companies CSR Policy

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

2. Composition of CSR committee:

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

The Composition of the Corporate Social Responsibility Committee as on 31st March 2026 was as follows:

Sr. no	Name of the Member	Designation/Nature of Directorship	No. of Meetings of CSR Committee held during the year	No. of meetings of CSR Committee attended during the year
1.	Mr. Satish Mehta	Non-Executive & Independent Director (Chairperson)	2	2
2.	Mr. Kartik S Mehta	Managing Director	2	2
3.	Ms. Purvi J Bhavsar	Managing Director	2	2

4.	Mr. Guillaume Jean Barberousse**	Nominee Director (Société De Promotion Et De Participation Pour La Coopération Economique S.A) (PROPARCO)	-	-
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*Ms. Arpita Pal Agarwal ceased to be a Member of the committee w.e.f. 21st July, 2025, pursuant to her resignation as a Nominee Director.

** Mr. Guillaume Jean Barberousse was admitted as a member of the committee w.e.f. 04th February 2026.

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:

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

CSR Policy: <https://pahalfinance.com/wp-content/uploads/2026/05/CSR-Policy.pdf>

CSR Projects approved by the Board: <https://pahalfinance.com/corporate-social-responsibility/>

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable: Not Applicable

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

Financial Year	Net Profit (Rs. In Lakh)
2022-23	1940.98
2023-24	5198.38
2024-25	423.84
Average Net Profit	2,521.07

(b) Two percent of average net profit of the company as per section 135(5): Rs. 50.42 Lakh

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

(d) Amount required to be set off for the financial year, if any: - nil

(e) Total CSR obligation for the financial year (7a+7b-7c): Rs. 50.42 Lakh

6. (a) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (in Rs. Lakh)	Amount spent in the current financial Year (in Rs. Lakh)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs. Lakh)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
1	E Clinic	Promoting health care including preventive health care	Y	State	District	3 years	44.64	30.37		Yes	Name	CSR Registration number
				Uttar Pradesh	Mirzapur						-	-
					Deoria						-	-
					Hathras						-	-
					Mathura						-	-
					Ghazipur						-	-
					Azamgarh						-	-
				Bihar	Katihar						-	-
					Banka						-	-
					Darbhanga						-	-
					Samastipur						-	-
					Muzaffarpur						-	-
					Madhubani						-	-
2	Financial Inclusion Awareness	Promoting education including special education and employment enhancing vocational skills	Y	Gujarat	Mehsana	3 years	5.78	0.00		Yes	-	-
					Ahmedabad						-	-

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr . No.	Name of Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in Rs.)	Mode of implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number
NA									

- (c) Amount spent in Administrative overheads : Nil
- (d) Amount spent on Impact Assessment, if applicable: Not Applicable
- (e) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 20,05,798,
- (f) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs. lakh)	Amount Unspent (in Rs. lakh)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
20.05	30.37	23.04.2026	-	-	-

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

Sr . No.	Particulars	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	50,42,046
(ii)	Total amount spent for the Financial Year	20,05,798
(iii)	Excess amount spent for the financial year [(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

7. Details of Unspent CSR amount for the preceding three financial years:

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs. Lakh)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in Rs. Lakh)	Amount spent in the reporting Financial Year (in Rs. Lakh)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub section (5) of section 135, if any			Amount remaining to be spent in succeeding financial years (in Rs. Lakh)	Deficiency, if any
					Name of the Fund	Amount (in Rs. Lakh)	Date of transfer		
1	2022-23	2.07	0	0	-	-	-	-	-
2	2023-24	15.69	0	0	-	-	-	-	-
3	2024-25	12.11	12.11	9.60	-	-	-	2.51	-

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year

Yes - (), No - (✓)

If Yes, enter the number of Capital assets created/ acquired: NA

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
1	2	3	4	5	6		
					CSR Registration Number, if applicable	Name	Registered address
Not Applicable							

9. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per section 135(5) - Not Applicable

Sd/-
Kartik Mehta
Managing Director

Sd/-
Satish Mehta
Chairman CSR Committee

Risk management and Audit

Safeguarding stability

Overview

Pahal Financial Services Private Limited (“Pahal”) operates within a comprehensive and robust Risk Management framework designed to identify, assess, monitor, and mitigate risks in alignment with the Company’s risk appetite, business profile, and strategic objectives. The Company is committed to fostering a strong risk management culture across the organisation by promoting a balanced approach towards risk, return, capital management, and preservation of its reputation.

As a financial institution engaged in micro-lending activities, Pahal is exposed to various risks inherent to the sector and the operating environment in which it operates. To effectively address these risks, the Company has established comprehensive policies, processes, and control mechanisms to ensure prudent risk management across all key business functions.

The Company continuously reviews and strengthens its Risk Management framework to remain aligned with evolving business dynamics, regulatory requirements, and emerging risk trends. Through periodic reviews, continuous monitoring, and event-driven assessments of the risk environment, the Company endeavours to enhance operational resilience, ensure regulatory compliance, and support sustainable long-term growth.

Governance & Oversight

The overall governance and oversight of the Company’s risk management framework are vested in the Board of Directors and its Committees, including the Audit Committee, the Risk Management Committee, and the Asset Liability Management Committee (ALCO). These Committees provide strategic guidance and oversight to ensure the effective identification, assessment, monitoring, and mitigation of risks across the organisation.

The Management continuously monitors the Company’s risk profile and implements appropriate measures to mitigate risks arising from business operations and the evolving external environment. Periodic reports on key risks, the effectiveness of internal controls, and risk mitigation initiatives are placed before the Board and the respective Committees, enabling informed decision-making and ensuring the continued effectiveness of the Company’s risk management framework.

Risk Management Framework

The Company has established a comprehensive, Board-approved Risk Management Framework encompassing key risk categories, including Credit Risk, Operational Risk, Market Risk, Liquidity Risk, Reputational Risk, and Risk-Based Internal Audit. The Framework articulates the Company's risk appetite through well-defined qualitative and quantitative parameters, including Key Risk Indicators (KRIs) and threshold limits for monitoring and managing risk exposures.

The Company undertakes periodic risk assessments, trend analysis, stress testing, and continuous monitoring of identified risks to strengthen its risk management practices and control environment while enabling timely implementation of mitigation measures. All new products, processes, and business initiatives are subject to a comprehensive risk and control assessment prior to implementation. Regular reports on the Company's risk profile, emerging risks, and mitigation initiatives are presented to the Senior Management and the Board of Directors, facilitating effective oversight and informed decision-making.

Internal Audit

Pahal has a full-fledged in-house business internal audit department for internal audit of its branch business operations and processes. They provide regular reports to the internal stakeholders, share them with the external stakeholders as and when required, and present them to the board. The Chief Audit and Risk Officer reports to the Audit Committee (ACB) and Risk Management Committee of the Board. The audit reports are discussed with the business operations team and Branch backend operations team to minimize inconsistencies, focus on areas of improvement, and ensure the correction of operational problems. This also includes checking all compliance with regard to regulatory guidelines and statutory compliances.

Pahal has adopted a risk-based audit planning approach to conduct its audits throughout the year. The Audit Plan is developed based on an understanding of inherent risks and the control environment. Audit frequency is determined through a risk-based approach, considering historical audit grades, trends, and trend analysis of key risk indicators.

Social and Environmental Performance Management

Social and Environmental Performance Management (SEPM) is the effective translation of an institution's social and environmental mission into practice.

At Pahal, the vision, mission, and values serve as the basic principles for Social and Environmental Performance Management and its approach is based on the Universal Standards for Social and Environmental Performance Management (USSEPM), a framework provided by Social Performance Task Force (SPTF) and Cerise for the effective implementation of Social and Environmental practices. SPI5 is an assessment tool which is used to assess an institution's compliance to USSEPM. It evaluates performance across various dimensions, including social strategy and commitment, client protection principles, responsible growth and development, human resource development, and environmental performance management.

Client Protection and Code of Conduct

Pahal has imbibed the spirit of Client Protection Principles and developed a strong culture of fair and responsible behaviour toward its clients. Pahal follows the client protection guidelines provided by SPTF and Cerise under the Client Protection Pathway-. Pahal has also achieved the highest Grade of C1 in Code of Conduct Assessment signifying excellent performance on Code of Conduct dimensions.

Products and Services focused on positive Social Impact

Pahal has a wide range of products and services which help in improving the quality of life of the underserved sections of society by providing safety net against socio economic risks and creating opportunities for employment generation, livelihood growth, women empowerment, education, improving sanitation etc. These products and services include water & sanitation loans, education loans, health insurance, cattle insurance etc.

Pahal provides various non-financial services such as providing financial literacy training and health consultation to clients and their community. Health consultation services is provided in collaboration with M-SWASTH. Pahal has set up E-Clinics in its branches. Through this initiative, Pahal aims to provide the most advanced and digital health facilities and create more health awareness.

Client Impact and Satisfaction Studies

Pahal regularly takes part in the annual Microfinance Index Survey by an External agency 60 Decibels. The purpose of the study is to assess the impact of microfinance services on clients' lives. The results show that Pahal has improved clients' access

to financial services and improved their quality of life. Moreover, Pahal internally conducts Client Satisfaction Surveys at regular intervals to get insights on clients' satisfaction levels.

Environmental Performance

Pahal is streamlining its practices to devise an effective strategy to improve the Environmental performance. Pahal has done a gap assessment to see the scope of improvement. The ESG strategy is being planned to mitigate climate risk, reduce its impact on the portfolio, improve the resilience against climate shocks. Pahal has expanded its Environmental Strategy to include the goal of being a carbon neutral company as a part of its strategy. The lending practices have also been enhanced to include Social and Environmental Criteria in credit assessment. These measures will be a part of broader ESG framework which will include active tracking of carbon emission data.

There are products such as loans for climate smart agriculture, loans for biodigesters, ecofriendly solutions such as solar lights and induction cooktops as consumer products, climate risk insurance and loans for electric vehicles which reduce the negative impacts on environment and act as effective mitigation of climate change risk. Pahal has also reduced paper usage through increasing digitization of the core processes.

Financial Performance Analysis

INDEPENDENT AUDITOR’S REPORT

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

Opinion

We have audited the accompanying financial statements of Pahal Financial Services Private Limited (“the Company”), which comprise the balance sheet as at 31 March 2026, and the statement of Profit and Loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as “financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (‘the Act’) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (Ind AS), the circulars, guidelines and directions issued by Reserve Bank of India (“RBI”) from time to time (“RBI Guidelines”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2026, its loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These

matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matters to be communicated in our report.

Sr.	Key Audit Matter	How our audit addressed the key audit matter
1	Impairment of Loan Assets (Expected Credit Losses): (Refer Note 7 to the Financial Statements) As at 31 March 2026, the Company reported total gross loans measured at amortised cost of ₹ 95,019 lakhs (2025: ₹ 1,45,390 lakhs) and expected credit loss provisions of ₹ 3,267 lakhs (2025: 8,102 lakhs). Ind AS 109, Financial Instruments (Ind AS 109) requires the Company to provide for impairment of its financial assets using the expected credit loss (‘ECL’) approach involving an estimation of probability of loss on the financial assets over their life, considering reasonable and supportable information about past events, current conditions and forecasts of future economic conditions which could impact the credit quality of the Company’s financial assets Expected credit loss cannot be measured precisely but can only be estimated. The estimation of impairment loss allowance on financial instruments involves significant judgement and estimates and applying appropriate measurement principles. The expected credit loss on loans is calculated using the percentage of probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each of the stages of loan portfolio. The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company’s modelling approach. The Expected Credit Loss (‘ECL’) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. Significant management judgment and assumptions involved in measuring ECL is required with respect to: • segmentation of loan book in buckets; • determining the criteria for a significant increase in credit risk, including qualitative factors; • factoring in future economic assumptions; • past experience and forecast data on customer behaviour on repayments; and • techniques used to determine probability of default, loss given default and exposure at default basis the default history of loans, subsequent recoveries made and other relevant factors. Considering the significance of the above matter to the financial statements, degree of estimation uncertainty and significant management judgment involved, this area requires significant auditor attention to test the calculation of expected credit losses, and accordingly, this matter has been identified as a key audit matter for current year audit.	• Read and assessed the company’s accounting policies for impairment of loans and their compliance with Ind AS 109. • Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions. Since modelling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant. • Assessed and tested the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized. • Tested the completeness of loans included in the Expected Credit Loss calculations by reconciling it with the balances as per loan balance register. • Assessing the Company’s rationale for determination of criteria for significant increase in credit risk. Tested sample of performing (stage 1) assets to assess whether any Significant Increase in Credit Risk or loss indicators were present requiring them to be classified under stage 2 or 3. • Testing computation of model driven impairment loss allowance on loans through re-performance on a sample basis including checking of parameters used in ECL calculations such as probability of default (PD) or loss given default (LGD). • Testing authorization and details of post model adjustments/ additional provision as well as the accelerated technical write offs recorded (if any). • On a test check basis, ensured compliance with Reserve Bank of India (Non-Banking Financial Companies – Income Recognition, Asset Classification and Provisioning) Directions, 2025, in relation to identification, upgradation and provisioning of nonperforming assets (NPAs) and ensured that the Company has classified NPAs as credit impaired loans. • In addition to the above procedures, we have obtained written representations from the management in relation to appropriateness of such ECL methodology and reasonableness of the judgements and assumptions used. • Assessed the appropriateness and adequacy of the related presentation and disclosures in the accompanying financial statements in accordance with the applicable accounting standards and related RBI circulars/ guidelines.

Information Other than the Financial Statements and Auditors' Report Thereon

The Company's Management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Company's Annual Report / Directors' report / Management Discussion and Analysis Report but does not include the financial statements and our auditors' report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the 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.

Responsibilities of the Management and Board of Directors for Financial Statements

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

fair view and are free from material misstatement, whether due to fraud or error. In preparing the financial statements, Management and Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to the financial statements 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 and Board of Directors 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

The audited financial statements of the Company for the corresponding year ended 31 March 2025 prepared in accordance with Ind AS included in these financial statements, have been audited by the predecessor auditors whose audit report dated 13 May 2025 expressed an unmodified opinion on those audited financial statements. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity 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 financial statements comply with the (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
 - e. On the basis of the written representations received from the directors as on 31 March 2026 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2026 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 with reference to the financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

- i. The Company has disclosed the impact of any pending litigations on its financial position as at 31 March 2026 – Refer Note 30 to the financial statements;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts – Refer Note 63.6 to the financial statements.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2026 – Refer Note 63.5 to the financial statements.

iv.

a. The management has represented that, to the best of its knowledge and belief and as disclosed in the note 58 to financial statement, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

b. The management has represented, that, to the best of its knowledge and belief and as disclosed in the note 58 to financial statement, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner

whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

c. Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. The interim dividend declared and paid by the Company during the year is in accordance with the Section 123 of the Act.

vi. Based on our examination which included test checks, the company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with. Additionally, The audit trail has been preserved by the company as per the statutory requirements for record retention.

3. With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act, since the Company is a private limited company, the provisions of Section 197 of the Act are not applicable to it. Accordingly, reporting on the compliance with the provisions of Section 197 of the Act is not applicable.

For **PKF Sridhar & Santhanam LLP**

Chartered Accountants

Firm's Registration Number: 003990S/S200018

Seethalakshmi M

Partner

Membership No. 208545

UDIN: 26208545RWJFDR1601

Place: Bangalore

Date: 06 May 2026

Annexure A

Referred to in paragraph 1 on 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Pahal Financial Services Private Limited ("the Company") on the financial statements as of and for the year ended 31 March 2026.

In terms of the information and explanations sought by us and given by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that

(i) a.

- A. The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
- B. The Company has maintained proper records showing full particulars of intangible assets.

- b. The Company has a regular programme of physical verification of its Property, Plant and Equipment by which all Property, Plant and Equipment are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain Property, Plant and Equipment were physically verified by the management during the year. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c. According to the information and explanations given to us, there is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), held by the Company and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the Company. In respect of immovable properties of land and building that have been taken on lease and disclosed as right of use assets in the financial statements, the lease agreements are in the name of the Company.
- d. The Company has not revalued its Property, Plant and Equipment (including

Right of Use assets) and intangible assets during the year and hence this clause is not applicable to the Company.

- e. According to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

(ii)

- a. The Company does not have any tangible inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- b. Based on our audit procedures & according to the information and explanation given to us, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. Quarterly returns or statements filed by the company with such banks or financial institutions are in agreement with the unaudited books of account of the Company for respective quarters.

(iii)

- a. The Company's principal business is to give loans and is a registered NBFC, accordingly, reporting under clause (iii)(a) is not applicable to the Company.
- b. Based on our audit procedures and according to the information and explanation given to us, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the Company's interest.
- c. In respect of loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated by the Company. Having regard to the voluminous nature of loan transactions, it is not practicable to furnish entity-wise details of amount, due date for repayment or receipt and the extent of delay in this report (as suggested in the Guidance Note on CARO 2020, issued by the Institute of Chartered

Accountants of India for reporting under this clause), in respect of loans and advances which were not repaid / paid when they were due or were repaid / paid with a delay, in the normal course of lending business. Further, except for 7,688 loans classified as credit impaired ('stage 3') with aggregate exposure of principal of Rs. 2,283 lakhs, 5,988 loans where credit risk has increased significantly since initial recognition ('stage 2') with aggregate exposure of principal of Rs. 1,243 lakhs and 14,062 loans where the credit risk has not increased significantly since initial recognition but have some overdue of up to 30 days ('stage 1') with aggregate exposure of principal of Rs. 2,690 lakhs as of March 31, 2026, in respect of which the Company has disclosed asset classification / staging in Note 66 to the financial statements in accordance with Indian Accounting Standards (Ind AS) and the guidelines issued by the Reserve Bank of India, the parties in respect of 3,10,959 loans with aggregate exposure of principal of Rs. 83,236 lakhs are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable. This does not include those loans which are held as Security Receipts.

- d. In respect of loans and advances in the nature of loans, as disclosed in Note 66 to the financial statements, the total amount outstanding of loans classified as credit impaired ('stage 3') (including loans overdue for more than ninety days) as of March 31, 2026 is Rs. 2,283 lakhs (7,688 loans). In such instances, in our opinion, reasonable steps have been taken by the Company for recovery of the overdue amount of principal and interest.
- e. The Company's principal business is to give loans, and is a registered NBFC, and hence reporting under clause 3(iii)(e) of the Order is not applicable.
- f. Based on our audit procedures and according to the information and explanation given to us, the Company has granted loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment as follows:

Particulars	All parties	Promoters	Related parties
Aggregate amount of loans/ advances in nature of loan	1,11,304	-	-

Repayable on demand (A)	28	-	-
Agreement does not specify any terms or period of repayment (B)	-	-	-
Total (A+B)	28	-	-
Percentage of loans/advances in nature of loan to the total loans	0.03%	-	-

- iv. Based on our audit procedures and according to the information and explanation given to us, the Company has neither given any loan, guarantees and security nor made any investment during the year covered under section 185 and 186 of the Act. Therefore paragraph 3(iv) of the Order is not applicable to the Company.
- v. Based on our audit procedures & according to the information and explanation given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of the Act and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. No order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- vi. The Company is not required to maintain cost records specified by the Central Government under sub section (1) of section 148 of the Act. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.
- vii.
 - a. According to the information and explanations given to us and the records of the Company examined by us, the Company has generally been regular in depositing undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees' State Insurance, Income-tax, Cess and any other material statutory dues as applicable with the appropriate authorities. According to the information and explanation given to us and the records of the Company examined by us, no undisputed amounts payable in respect of statutory dues were in arrears, as at 31 March 2026 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 based on our examination of the records of the Company, there are no statutory dues referred to in sub-clause (a) as at 31 March 2026, which have not been deposited with the appropriate authorities on account of any dispute, except as stated below:

Name of the Statute	Nature of the Dues	Amount demanded (net of amount paid)	Amount paid (Rs In Lakhs)	Period to which amount relates	Forum where dispute is pending
Income Tax	Tax, Interest and Penalty	76	15	2017-18	CIT (Appeals)
Income Tax	Tax, Interest and Penalty	127	Nil	2019-20	CIT (Appeals)
Income Tax	Tax, Interest and Penalty	2	Nil	2020-21	CIT (Appeals)
Income Tax	Tax, Interest and Penalty	89	Nil	2021-22	CIT (Appeals)
Income Tax	Tax, Interest and Penalty	171	Nil	2022-23	CIT (Appeals)
Income Tax	Tax, Interest and Penalty	568	Nil	2022-23	CIT (Appeals)

- viii. As per the information and explanations given by the management and on the basis of our examination of the records of the Company, no amount has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, paragraph 3(viii) of the order is not applicable to the Company.

ix.

- Based on our audit procedures and as per the information and explanations given by the management, the Company has not defaulted in repayment of loans or other borrowings or in payment of interest thereon to any lender.
- According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared willful defaulter by any bank or financial institution or government or government authority.
- According to the information and explanations given to us and the records of the Company examined by us, term loans were applied for the purpose for which the loans were obtained.
- According to the information and explanations given to us and the records of the Company examined by us, there were no funds raised on short term basis by the Company. Accordingly, paragraph 3(ix)(d) of the Order is not applicable to the Company.
- According to the information and explanations given to us and the records of

the Company examined by us, the Company does not have any subsidiary, associate or joint venture and hence the question of the Company taking loan from any entity or person on account of or to meet the obligations of its subsidiaries, joint ventures or associate companies does not arise. Accordingly, paragraph 3(ix)(e) of the Order is not applicable to the Company.

- According to the information and explanations given to us and the records of the Company examined by us, the Company does not have any subsidiary, associate or joint venture and hence the question of the Company raising any loans during the year on pledge of securities held in its subsidiaries, joint ventures or associate companies does not arise. Accordingly, paragraph 3(ix)(f) of the Order is not applicable to the Company.

x.

- The Company has not raised any money during the year by way of initial public offer/further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.

xi.

- To the best of our knowledge and belief and according to the information and explanations given to us, we report that no material fraud by the Company or on the Company has been noticed or reported during the year.
- According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-section 12 of Section 143 of the Act has been filed by secretarial auditor or by us in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government of India for the period covered by our audit.
- As represented to us by the management, there are no whistle blower complaints received during the year by the Company.

xii. The Company is not a Nidhi company in accordance with Nidhi Rules 2014. Accordingly, paragraph 3(xii)(a) to (c) of the Order is not applicable.

xiii. In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv.

a. To the best of our knowledge and belief and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.

b. We have considered the reports of the Internal Auditors of the Company issued till date for the period under audit.

xv. On the basis of the information and explanations given to us, in our opinion, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

xvi.

a. Based on our audit procedures and according to the information and explanations given to us, the Company is required to be registered under Section 45-IA of Reserve Bank of India Act, 1934 (2 of 1934) and the registration has been obtained.

b. Based on our audit procedures and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi)(b) of the Order is not applicable to the Company.

c. Based on our audit procedures and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and hence the questions of fulfilling criteria of a CIC, and in case the Company

is an exempted or unregistered CIC, whether it continues to fulfill such criteria, do not arise. Accordingly, paragraph 3(xvi)(c) of the Order is not applicable to the Company.

d. Based on our audit procedures and according to the information and explanations given to us, none of the group companies are Core Investment Company (CIC) and hence the question of number of CICs which are part of the Group does not arise. Accordingly, paragraph 3(xvi)(d) of the Order is not applicable to the Company.

xvii. Based on our audit procedures and according to the information and explanations given to us, the company has incurred cash losses of Rs.1200 lakhs in the financial year and has not incurred any cash losses in the immediately preceding financial year.

xviii. There has been resignation of the statutory auditors during the year and based on the information and explanations given to us by the management and the response received by us pursuant to our communication with the outgoing auditors, there have been no issues, objections or concerns raised by the outgoing auditors.

xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

XX.

- a. According to the information and explanations given to us, the Company does not have any unspent amounts towards Corporate Social Responsibility in respect of any other than ongoing project as at the end of the financial year. Accordingly, reporting under Clause 3(xx)(a) of the Order is not applicable to the Company.
- b. In respect of ongoing projects, the Company has transferred unspent amount to a Special Account, within a period of 30 days from the end of the financial year in compliance with Sec.135(6) of the said Act.

For **PKF Sridhar & Santhanam LLP**

Chartered Accountants

Firm's Registration Number: 003990S/S200018

Seethalakshmi M

Partner

Membership No. 208545

UDIN: 26208545RWJFDR1601

Place: Bangalore

Date: 06 May 2026

Annexure B**Referred to in paragraph 2(f) on 'Report on Other Legal and Regulatory Requirements' of our report of even date****Report on the Internal Financial Controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

We have audited the internal financial controls with reference to financial statements of Pahal Financial Services Private Limited ("the Company") as of 31 March 2026 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's and Board of Directors' Responsibility for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements 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 (the "Guidance Note"). 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls, 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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A Company's internal financial control with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that

the internal financial control with reference to financial statements 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, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2026, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For **PKF Sridhar & Santhanam LLP**

Chartered Accountants

Firm's Registration Number: 003990S/S200018

Seethalakshmi M

Partner

Membership No. 208545

UDIN: 26208545RWJFDR1601

Place: Bangalore

Date: 06 May 2026

Independent Auditor's Report on audit of Annual financial results of Pahal Financial Services Private Limited for the quarter and year ended 31 March 2026 pursuant to the Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To the Board of Directors of Pahal Financial Services Private Limited

Opinion

1. We have audited the accompanying financial results of Pahal Financial Services Private Limited (the "Company") for the quarter and year ended 31 March 2026 ("the Statement") , being submitted by the Company pursuant to the requirements of Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").
2. In our opinion and to the best of our information and according to the explanations given to us, the Statement:
 - a. presents financial results in accordance with the requirements of Regulation 52 of the Listing Regulations; and
 - b. gives a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 ("the Act"), read with the relevant rules issued thereunder, the circulars, guidelines and directions issued by Reserve Bank of India ("RBI") from time to time ("RBI Guidelines") and other accounting principles generally accepted in India, of the net loss including other comprehensive income and other financial information of the company for the quarter and year ended 31st March 2026.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Results 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 ("the ICAI") together with the ethical requirements that are relevant to our audit of the financial results under the provisions of the Act and the Rules 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 we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Results

4. This Statement has been prepared on the basis of the audited financial statements for the year ended March 31, 2026 and has been approved by the Company's Board of Directors. The Company's Management and Board of Directors are responsible for the preparation and presentation of these Financial Results that give a true and fair view of the net loss including other comprehensive income and other financial information for the quarter ended and for the year ended in accordance with recognition and measurement principles laid down in the applicable IndAS prescribed under Section 133 of the Act, read with relevant rules issued thereunder, RBI guidelines and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 completeness of the accounting records, relevant to the preparation and presentation of the Financial Results that give a true and fair view and is free from material misstatement, whether due to fraud or error.

5. In preparing the Financial Results, the Management and the Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
6. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Results

7. Our objectives are to obtain reasonable assurance about whether the Financial Results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Results.
8. 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 misstatements of the Financial Results, 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 controls.
 - Obtain an understanding of internal 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 through a separate report on the complete set of financial statements on whether the company has adequate internal financial controls with reference to financial statements 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 in the annual financial results made by the Management and Board of Directors.
 - Conclude on the appropriateness of the Management and the Board of Directors' 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 Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the Financial Results, including the disclosures, and whether the Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.

9. 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.
10. 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.

Other Matters

11. The Statement includes the financial results for the quarter ended 31 March 2026, being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subject to limited review by us.
12. The audit of the financial results for the corresponding quarter and year ended 31 March 2025 included in the Statement was carried out and reported on by predecessor auditor who have expressed unmodified opinion vide their audit report dated 13 May 2025, whose report has been furnished to us, and which has been relied upon by us for the purpose of our audit of the Statement.

Our opinion is not modified in respect of these matters.

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration Number: 003990S/S200018

Seethalakshmi M
Partner
Membership No. 208545
UDIN: 26208545MSOEWL4789

Place: Bangalore
Date: 06 May 2026

Balance Sheet as at 31st March 2026

		(₹ in Lakhs)		
Particulars		Note No.	As at March 31, 2026	As at March 31, 2025
A	ASSETS			
(1)	Financial Assets			
(a)	Cash and cash equivalents	4	16,737.89	34,295.02
(b)	Bank balance other than (a) above	5	8,408.96	8,120.21
(c)	Derivative Financial Instruments	16	3,419.32	-
(d)	Trade receivables	6	3,613.71	1,082.01
(e)	Loans	7	1,08,036.78	1,37,287.57
(f)	Investment	8	3,123.37	2,973.34
(g)	Other Financial Assets	9	2,906.00	3,431.73
	Total Financial Assets		1,46,246.03	1,87,189.88
(2)	Non-Financial assets			
(a)	Current tax assets (Net)	10	1,272.81	516.05
(b)	Deferred tax Assets (Net)	24	4,597.06	1,694.41
(c)	Property, Plant and Equipment	11	558.28	544.63
(d)	Intangible assets under development	12.1	10.00	-
(e)	Goodwill	13	413.71	413.71
(f)	Intangible assets	12	3,960.04	43.75
(g)	Right of Use Asset	14	142.68	181.59
(h)	Other non-financial assets	15	213.09	204.09
	Total Non Financial Assets		11,167.67	3,598.73
	Total Financial and Non Financial Assets		1,57,413.70	1,90,788.61
B	LIABILITIES AND EQUITY			
(1)	Financial liabilities			
(a)	Derivative Financial Instruments	16	-	744.08
(b)	Payables	17		
	i) Trade Payables			
	ii) total outstanding dues to micro enterprises and small enterprises		-	-
	ii) total outstanding due to creditors other than micro enterprises and small enterprises		216.23	277.00
	ii) Other Payables	17		
	i) total outstanding dues to micro enterprises and small enterprises		-	-
	ii) total outstanding due to creditors other than micro enterprises and small enterprises		295.54	138.06
(c)	Lease Liabilities	18	231.54	266.53
(d)	Debt securities	19	43,400.48	58,616.43
(e)	Borrowings (other than debt securities)	20	65,779.24	73,931.83
(f)	Subordinated liabilities	21	5,657.08	7,700.70
(g)	Other financial liabilities	22	7,516.82	7,621.52
	Total Financial Liabilities		1,23,096.93	1,49,296.65

Balance Sheet as at 31st March 2026

(₹ in Lakhs)			
		Note No.	As at
			March 31, 2026
			March 31, 2025
(2)	Non-Financial Liabilities		
(a)	Provisions	23	309.05
(b)	Other non - financial Liabilities	25	649.81
	Total Non Financial Liabilities		958.86
			703.18
(3)	EQUITY		
(a)	Equity Share capital	26	6,484.45
(b)	Instruments entirely equity in nature	26.3	-
(c)	Other equity	27	26,873.56
	Total Equity		33,357.51
			40,788.77
	Total Liabilities and Equity		1,57,413.79
			1,90,788.60

The accompanying notes form an integral part of the Financial Statements

As per our report of even date
For PKF Sridhar & Santhanam LLP
Chartered Accountants
ICAI Firm Reg.No. 003990S/S200018

For and on behalf of the Board of Directors

Kartik S. Mehta
Managing Director
DIN: 02083342

Purvi J. Bhavsar
Managing Director
DIN: 02102740

Seethalakshmi M
Partner
Membership No. 208545
Place: Bengaluru
Date: 6th May, 2026

Chintan Desai
Chief Financial Officer

Dimple Padhiar
Company Secretary

Place: Hyderabad
Date: 6th May, 2026

Statement of Profit & Loss for the year ended on March 31, 2026

(₹ in Lakhs)			
		Note No.	For the Year ended
			March 31, 2026
			March 31, 2025
(I)	Revenue from operations		
(a)	Interest Income	31	29,656.70
(b)	Fees and commission income	32	4,919.38
(c)	Net Gain on derecognition of financial instruments under amortised cost category	33	4,004.92
(d)	Other operating revenue	34	139.77
	Total Revenue from Operations (I)		38,720.77
			44,407.35
(II)	Other Income	35	174.49
			120.16
(III)	Total Income (I + II)		38,895.26
			44,527.41
(IV)	Expenses		
(a)	Finance cost	36	20,187.62
(b)	Impairment on financial instruments	37	11,782.87
(c)	Employee benefits expense	38	11,665.97
(d)	Depreciation and amortisation expenses	39	709.00
(e)	Other expenses	40	6,490.33
	Total expenses (IV)		50,835.79
			44,103.67
(V)	Profit/(Loss) before tax (III - IV)		(11,940.53)
			423.74
(VI)	Tax Expenses :		
(a)	Current tax	41	-
(b)	Deferred tax	41	(2,993.98)
	Total tax expense (VI)		(2,993.98)
			(212.75)
(VII)	Profit/ (Loss) for the Year (V - VI)		(8,946.56)
			636.59
(VIII)	Other comprehensive income/(loss)		
(a)	(i) Items that will not be reclassified to profit or loss		
	- Remeasurement gain/(loss) on defined benefit plan		23.26
			(19.43)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(5.85)
			-
(b)	(i) Items that will be reclassified to profit or loss		
	- Movement in cash flow hedge reserve		1,979.59
			(1,035.62)
	(ii) Income tax relating to items that will be reclassified to profit or loss		(85.48)
			-
(IX)	Total Comprehensive Income (VII + VIII)		(7,035.03)
			(418.56)
(X)	Earnings per Equity Share:		
	Basic (Rs.)		(14.25)
	Diluted (Rs.)		(14.25)
			1.36
			1.36

The accompanying notes form an integral part of the Financial Statements.

As per our report of even date
For PKF Sridhar & Santhanam LLP
Chartered Accountants
ICAI Firm Reg.No. 003990S/S200018

For and on behalf of the Board of Directors

Kartik S. Mehta
Managing Director
DIN: 02083342

Purvi J. Bhavsar
Managing Director
DIN: 02102740

Seethalakshmi M
Partner
Membership No. 208545
Place: Bengaluru
Date: 6th May, 2026

Chintan Desai
Chief Financial Officer
Place: Hyderabad
Date: 6th May, 2026

Dimple Padhiar
Company Secretary

Cash Flow Statement for the year ended 31st March, 2026

(₹ in Lakhs)		
Particulars		
	For the year ended March 31, 2026	For the year ended March 31, 2025
A	Cash flow from operating activities	
	Profit before tax	(11,940.53)
		423.74
	Adjustments for :	
	Depreciation and amortization	709.00
	Net loss/ (gain) on derecognition of property, plant and equipment	0.00
	Net loss/ (gain) on derecognition of Lease	0.00
	Finance Cost	20,187.62
	Interest Income	(29,656.70)
	Share Based Payment	8.44
	Impairment on financial instruments - Loans	11,482.87
	Impairment on financial instruments - Investments	300.00
	Remeasurement of Defined Benefit Obligations	23.26
	Income from sale of units of AIF	(78.08)
	Income from Bonds	(23.81)
	Interest Income on Security Deposit	(1.13)
	Interest Income on Deposits	(27.88)
	Interest Income on Fixed Deposits	(1,228.16)
	Interest expense on Income Tax	18.66
	Interest expense on lease	37.71
	Interest Received	29,883.71
	Interest Paid	(19,167.55)
	Operating profit before working capital changes	527.43
		3,191.27
	Movements in working capital :	
	Increase/ (decrease) in other financial liabilities	109.74
	Increase/ (decrease) in provisions	240.33
	Increase/ (decrease) in other non-financial liabilities	15.35
	Increase/ (decrease) in trade payables	(60.77)
	Increase/ (decrease) in other payables	157.48
	(Increase)/decrease in trade receivables	(2,531.70)
	(Increase)/decrease in loans	18,158.77
	(Increase)/decrease in other financial assets	(3,510.32)
	(Increase)/decrease in other non-financial assets	(9.00)
	Cash used in operations	13,096.31
		16,982.90
	Direct taxes paid (net of refunds)	(756.76)
		(1,586.37)
	Net cash from operating activities (A)	12,338.55
		15,396.54
B	Cash flow from investing activities :	
	Purchase of Property, Plant & Equipments	(47.04)
	Purchase of Intangible Assets	0.00
	Cash paid for acquisition of business - MFI segment of SUB-K	(4,563.00)
	Proceeds from disposal of Property, Plant & Equipments	0.00
	Proceeds from Security Receipts in ARC	275.06
	Purchase of Investments - AIF	(5,002.49)
	Sale of Investments - AIF	5,080.57
	Purchase of Investments - Bonds	(2,632.28)
	Sale of Investments - Bonds	2,656.09
	Investment in Deposits	(1,000.00)
	Redemption of Deposits	302.79
	Fixed Deposits matured / (placed) (Net)	941.41
	Net cash used in investing activities (B)	(3,987.89)
		3,839.51

Cash Flow Statement for the year ended 31st March, 2026

(₹ in Lakhs)		
Particulars		
	For the year ended March 31, 2026	For the year ended March 31, 2025
C	Cash flow from financing activities :	
	Proceeds from issuance of Equity Share and Share Premium	4.77
	Share Issue Exps	(280.00)
	Interest Exps on Income tax	(18.66)
	Proceeds from issuance of Compulsorily Convertible Preference Shares	-
	Dividend paid during the year	(129.69)
	Repayment of Debt Securities	(22,615.95)
	Proceeds from issuance of Debt Securities	7,400.00
	Repayment of Other Borrowings incl. Subordinated Liabilities	(40,631.21)
	Proceeds from Other Borrowings incl. Subordinated Liabilities	30,435.00
	Repayment of lease Liabilities - net off Lease Origination/ (Derecognition)	(72.70)
	Net cash used in financing activities (C)	(25,907.94)
		1,810.76
	Net increase/ (decrease) in cash and cash equivalents (A)+(B)+(C)	(17,557.28)
	Cash and cash equivalents as at the beginning of the year	34,294.92
	Cash and cash equivalents as at end of the year (Refer Note 4)	16,737.64
		34,294.92

Notes:

(i) Components of cash & cash equivalents at the year end	As at	
	March 31, 2026	March 31, 2025
Cash on hand	1,328.30	1,796.70
Balance with banks in current accounts	8,055.07	25,210.33
Deposits with maturity less than 3 months	7,354.52	7,287.99
Total	16,737.89	34,295.02

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

The accompanying notes form an integral part of the Financial Statements

As per our report of even date
For PKF Sridhar & Santhanam LLP
Chartered Accountants
ICAI Firm Reg.No. 003990S/S200018

For and on behalf of the Board of Directors

Kartik S. Mehta Purvi J. Bhavsar
Managing Director Managing Director
DIN: 02083342 DIN: 02102740

Seethalakshmi M
Partner
Membership No. 208545
Place: Bengaluru
Date: 6th May, 2026

Chintan Desai Dimple Padhiar
Chief Financial Officer Company Secretary

Place: Hyderabad
Date: 6th May, 2026

Statement of changes in equity for the year ended March 31st, 2026

A. Equity Share Capital

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2026	March 31, 2025
Balance at the beginning of the Year	4,697.57	4,689.78
Converted from CCPS during the year	1,786.13	-
Issuance of Equity Shares during the year	0.75	7.80
Balance at the end of Year	6,484.45	4,697.57

B. Instruments entirely equity in nature

(₹ in Lakhs)

Particulars	For the year ended	For the year ended
	March 31, 2026	March 31, 2025
Balance at the beginning of the Year	1,786.13	720.31
Issuance during the year	-	1,065.82
Converted to Equity Shares during the year	(1,786.13)	-
Balance at the end of Year	-	1,786.13

C Other Equity

Particulars	Reserves and Surplus				Share-based	Cash Flow Hedge	Total
	General Reserves	Securities premium	Statutory reserve	Retained earnings	Payment Reserve (ESOP)	Reserve	
Balance as at April 01, 2025	0.60	27,704.49	1,905.75	6,299.06	35.14	(1,639.97)	34,305.07
Profit / (Loss) for the year	-	-	-	(8,946.56)	-	-	(8,946.56)
Dividends	-	-	-	(129.69)	-	-	(129.69)
Share issuance expenses	-	(275.23)	-	-	-	-	(275.23)
Transactions during the period	-	-	-	-	8.44	-	8.44
Transfer from stock options outstanding account	-	3.15	-	-	(3.15)	-	-
Transfer from retained earnings	-	-	-	-	-	-	-
Items of the OCI for the year, net of tax	-	-	-	17.41	-	-	17.41
Remeasurement benefit of defined benefit plans	-	-	-	-	-	1,894.11	1,894.11
Cash flow hedge reserve	-	-	-	-	-	-	-
Balance as at March 31, 2026	0.60	27,432.41	1,905.75	(2,759.28)	40.43	254.15	26,873.56

Statement of changes in equity for the year ended March 31st, 2026

Particulars	Reserves and Surplus				Share-based	Cash Flow Hedge	Total
	General Reserves	Securities premium	Statutory reserve	Retained earnings	Payment Reserve (ESOP)	Reserve	
Balance as at April 01, 2024	0.60	14,706.21	1,778.43	5,949.91	61.01	(604.35)	21,891.82
Profit / (Loss) for the year	-	-	-	636.59	-	-	636.59
Dividends	-	-	-	(140.69)	-	-	(140.69)
Addition during the year	-	12,963.23	-	-	9.18	-	12,972.41
Transfer from stock options outstanding amount	-	35.05	-	-	(35.05)	-	-
Transfer from retained earnings	-	-	127.32	(127.32)	-	-	-
Items of the OCI for the year, net of tax	-	-	-	(19.43)	-	-	(19.43)
Remeasurement benefit of defined benefit plans	-	-	-	-	-	-	-
Cash flow hedge reserve	-	-	-	-	-	(1,035.62)	(1,035.62)
Balance as at March 31, 2025	0.60	27,704.49	1,905.75	6,299.06	35.14	(1,639.97)	34,305.07

The accompanying notes form an integral part of the financial statements

As per our report of even date
For PKF Sridhar & Santhanam LLP
Chartered Accountants
ICAI Firm Reg.No. 003990S/S200018

Seethalakshmi M
Partner
Membership No. 208545

Place: Bengaluru
Date: 6th May, 2026

For and on behalf of the Board of Directors

Kartik S. Mehta Managing Director DIN: 02083342	Purvi J. Bhavsar Managing Director DIN: 02102740
 Chintan Desai Chief Financial Officer	 Dimple Padhiar Company Secretary
Place: Hyderabad Date: 6th May, 2026	

Notes to Financial Statements for the Year ended on March 31, 2026

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 holds a Certificate of Registration (No. B.01.00551) issued by the RBI under Section 45-IA of the RBI Act, 1934. The registered office of the Company is situated at 7th Floor, Binori B Square-2, Ambli Iscon Road, Ahmedabad – 380054, Gujarat, India.

The Company has been categorised as NBFC-ML under the RBI (NBFC – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025. Accordingly, the Company has taken steps, wherever applicable, to ensure compliance with the said regulation.

The Company is primarily engaged in business of providing micro finance services to women who are organized as Joint Liability Groups ('JLG') and individuals in the urban areas of multiple states of India.

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.

Further, with effect from February 21, 2024, Company is also registered with Insurance

Regulatory and Development Authority of India as Corporate Agent."

The financial statements are approved for issue by the Company's Board of Directors on 6th May, 2026

2. Basis of Preparation & Presentation of Financial Statements

2.1 Statement of Compliance

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended time to time and the circulars, guidelines and directions issued by the Reserve Bank of India from time to time, including the Master Direction – RBI (Non-Banking Financial Company – Microfinance Institution) Directions, 2025 and the RBI (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025, as amended time to time read with the presentation requirements of Division III of Schedule III to the Companies Act, 2013 (Ind AS compliant Schedule III), as applicable to a Non-Banking Financial Company.

2.2 Basis of measurement

The Financial Statements have been prepared on the historical cost basis except for:

- (a) financial instruments measured at fair value through profit or loss and fair value through other comprehensive income,
- (b) derivative financial instruments, and
- (c) the net defined benefit (asset)/liability

Notes to Financial Statements for the Year ended on March 31, 2026

2.3 Functional and presentation currency

Indian rupee is the functional and presentation currency. All amounts presented in financial statements are rounded off to nearest Lakhs, except otherwise stated.

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

2.4 Use of estimates and judgements

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

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

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

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

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

The preparation of financial statements requires the Company to make judgments in applying its accounting policies. The following are significant judgments made in classifying financial instruments:

i) CCPS (Compulsorily Convertible Preference Shares) as converted

Judgement Applied: Assessed whether conversion feature creates obligation to deliver cash or variable equity. Concluded conversion is into fixed number of shares with no cash settlement option.

Classification: Equity

ii) Cross Currency Interest Rate Swaps (CCIRS)

Judgement Applied: Assessed hedge effectiveness and documentation requirements. Concluded hedges are highly effective with 1:1 hedge ratio.

Classification: Cash Flow Hedge

Notes to Financial Statements for the Year ended on March 31, 2026

iii) Loans and Advances

Judgement Applied: Assessed business model (hold to collect) and SPPI test. Concluded contractual cash flows represent solely payments of principal and interest.

Classification: Amortised Cost

iv) Investment in Security Receipts and Loans held as Security Receipts

Judgement Applied: Assessed contractual cash flows and business model. The SPPI test is not met.

Classification: FVTPL

The financial statements have been prepared on a going-concern basis. Management has assessed the Company's ability to continue as a going concern, considering its business plans and funding position, and has concluded that the going-concern assumption is appropriate.

3. Material Accounting Policies

3.1 Revenue Recognition

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

Interest income and expenses

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

The Company calculates interest income by applying EIR to gross carrying amount of financial assets other than credit-impaired assets.

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

Fees and commission income

The Company earns fee and commission income, including insurance agency commission and income from business-correspondent / distribution services. Such income is recognised in accordance with Ind AS 115 when the related performance obligation is satisfied (i.e. on successful rendering of the service or sale of the product), at the amount of consideration to which the Company expects to be entitled, provided there is no significant uncertainty as to recovery. Where the Company acts as an agent, only the net commission retained is recognised as income.

Dividend

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

Gain or loss on derecognition of financial assets

Gain or Loss on derecognition of financial asset is determined as the difference between the sale price (net of selling costs) and carrying value of financial asset. It includes Income from direct assignment transactions that qualify for derecognition under Ind AS 109, the gain,

Notes to Financial Statements for the Year ended on March 31, 2026

representing the right to excess interest spread (EIS), being the difference between the interest on the assigned loan portfolio and the rate at which the assignment is entered into and, is measured at the present value of the future excess interest spread and recognised upfront in the Statement of Profit and Loss, with a corresponding EIS receivable under Loan Assets.

Bad Debt Recovery / Interest on Income Tax refund

Bad debt recovery / Interest on Income Tax refund is recognised as income in the year of receipt.

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

3.2 Property, plant and equipments

Property, plant and equipments are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

The cost comprises the purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

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

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

Gains or losses arising from derecognition of property, plant and equipments are measured

as the difference between the net disposal proceeds and the carrying amount of the asset at the time of disposal and are recognized in the statement of profit and loss when the asset is derecognized.

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

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

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

3.3 Intangible assets

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

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

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

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

Intangible assets are amortized over the expected duration of benefit on a straight-line basis. Intangible assets acquired / purchased

Notes to Financial Statements for the Year ended on March 31, 2026

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

Intangible assets acquired in a business combination (customer relationships and business-correspondent network rights) are amortised on a straight-line basis over their estimated useful life of 5 years.

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

3.4 Financial Instruments

3.4.1 Initial recognition

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

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

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

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

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

3.4.2 Subsequent measurement

a) Non-derivative financial instruments

i Financial assets carried at amortized cost

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

ii Financial assets at fair value through other comprehensive income

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

The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. For such equity instruments, the subsequent changes in fair value are recognized in other comprehensive income. As at the reporting date, the Company has not designated any equity instruments as at fair value through other comprehensive income.

iii Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently measured at fair valued through profit or loss. Fair value changes are recognised as other income in the Statement of Profit or Loss.

Notes to Financial Statements for the Year ended on March 31, 2026

iv Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

b) Equity instruments

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

c) Instruments entirely equity in nature

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

3.4.3 Derecognition

"A financial asset is derecognised when the contractual rights to the cash flows expire, or when the Company transfers the financial asset and either (a) transfers substantially all the risks and rewards of ownership, or (b) neither transfers nor retains substantially all the risks and rewards but transfers control. Where the Company retains substantially all the risks and rewards, the asset continues to be recognised and the proceeds received are recognised as a collateralised borrowing. Where the Company neither transfers nor retains substantially all risks and rewards and retains control, the asset is recognised to the extent of the Company's continuing involvement. The Company also derecognises a financial asset under 'pass-through' arrangements that meet the conditions of Ind AS 109. On derecognition in

entirety, the difference between the carrying amount and the consideration received (including any cumulative gain or loss recognised in OCI) is recognised in the Statement of Profit and Loss.

A financial liability is derecognized when obligation specified in the contract is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms are substantially modified, the exchange or modification is treated as a derecognition of the original liability and recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Profit and Loss."

3.4.4 Off-setting

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

3.4.5 Modification

"A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. The Company renegotiates loans to customers in financial difficulty to maximize collection and minimize the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original

Notes to Financial Statements for the Year ended on March 31, 2026

contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness).

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

Where the contractual cash flows of a financial asset are renegotiated or modified and the modification is substantial, the original asset is derecognised and a new financial asset is recognised at fair value. Where the modification is not substantial, the Company recalculates the gross carrying amount of the financial asset as the present value of the renegotiated cash flows discounted at the original effective interest rate, and recognises a modification gain or loss in the Statement of Profit and Loss."

3.4.6 Derivative Instruments

"The Company designates cross currency interest rate swap contracts as hedge instruments in respect of foreign exchange risks arising from foreign currency borrowings. These hedges are accounted for as cash flow hedges. The Company uses hedging instruments that are governed by the policies of the Company which are approved by their respective Board of Directors. The policies provide written principles on the use of such financial derivatives consistent with the risk management strategy of the Company. The hedge instruments are designated and

documented as hedges at the inception of the contract. The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at inception and on an ongoing basis.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately as finance cost in the Statement of Profit and Loss. When the hedged cash flow affects the Statement of Profit and Loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the Statement of Profit and Loss. When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss recognised in OCI is subsequently transferred to the Statement of Profit and Loss on ultimate recognition of the underlying hedged forecast transaction. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the Statement of Profit and Loss."

Notes to Financial Statements for the Year ended on March 31, 2026

3.4.7 Foreign exchange transactions and translations

"(A) Initial recognition: Transactions in foreign currencies are recognized at prevailing exchange rates between reporting currency and foreign currency on transaction date.

(B) Conversion: Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in Statement of profit and loss. Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of profit and loss on a net basis."

3.4.8 Securitisation and direct assignment

"The securitised assets where the Company has not transferred substantially all the risks and rewards in accordance with the provisions of Indian Accounting Standard 109 (Ind AS 109), 'Financial Instruments' is not de-recognized and proceeds received from securitisation is recognised as borrowings and interest thereon is recognised as finance cost.

The direct assignment transaction where the Company has transferred substantially all the risks and rewards in accordance with the provisions of Ind AS 109 is de-recognized. The gain on sale of assets arising from a direct assignment transactions, is recognised on de-recognition as interest only strip. It represents the right to excess interest spread (EIS), being the difference between the interest on the assigned loan portfolio and the rate at which the assignment is entered into and, is measured

at the present value of the future excess interest spread and recognised upfront in the Statement of Profit and Loss, with a corresponding EIS receivable under Loan Assets."

3.4.9 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, except in the exceptional circumstances in which the Company changes its business model for managing financial assets. Financial liabilities are not reclassified.

3.4.10 Co-lending arrangements

In respect of loans originated under co-lending arrangements, the Company recognises its proportionate share of the loan, the related interest income and impairment, and any default loss guarantee, in accordance with the terms of the arrangement and Ind AS 109.

3.5 Fair Value Measurement

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

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

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

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

Notes to Financial Statements for the Year ended on March 31, 2026

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

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

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

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

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

3.6 Income taxes

3.6.1 Current Tax

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

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

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

3.6.2 Deferred Tax

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

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

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses and carry forward of unused tax credits to the extent that it is probable that taxable profit will be available against which those temporary differences, losses and tax credit can be utilized, except when deferred tax asset on deductible temporary differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

Notes to Financial Statements for the Year ended on March 31, 2026

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rules and tax laws that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.7 Impairment

3.7.1 Financial assets

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

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

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

increased significantly since initial recognition (Stage 2) or which are credit impaired (Stage 3).

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

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

Stage 1: 12-months ECL

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

Notes to Financial Statements for the Year ended on March 31, 2026

Stage 2: Lifetime ECL – not credit impaired

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

Stage 3: Lifetime ECL – credit impaired

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

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

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

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

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

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

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

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

Notes to Financial Statements for the Year ended on March 31, 2026

Presentation of ECL allowance for financial asset

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

Methodology for calculating ECL

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

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

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

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

Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, unemployment rates, benchmark rates set by the RBI, inflation, etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PG, LGD rates by the Company may not be always reflective of such relationships, temporary overlays are embedded in the methodology to reflect such macro-economic trends reasonably.

Write off

Impaired loans and receivables are written off, against the related allowance for loan impairment on completion of the Company's internal processes and when the Company concludes that there is no longer any realistic prospect of recovery of part or all of the loan. For loans that are individually assessed for impairment, the timing of write off is determined on a case by case basis. A write-off constitutes a de-recognition event. The Company has a right to apply enforcement activities to recover such written off financial assets. Subsequent recoveries of amounts previously written off are credited to the income statement.

3.7.2 Non-financial assets

Tangible and intangible assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists the company estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an assets net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The impairment loss is recognised in the statement of profit and loss.

Notes to Financial Statements for the Year ended on March 31, 2026

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

3.8 Borrowing costs

Borrowing cost includes interest and other costs that company has incurred in connection with the borrowing of funds.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset.

All other borrowing costs are expensed in the year they occur.

Investment income earned on temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

3.9 Employee Benefits

Short term employee benefits for salary that are expected to be settled wholly within 12 months after the end of the reporting period in which employees render the related service are recognized as an expense in the statement of profit and loss.

Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service.

The company operates one defined benefit plan for its employees, viz., gratuity plan. The costs of providing benefits under the plans are determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out using the projected unit credit method made at the end of each reporting date. Re-measurement of the net defined benefit liability (asset) comprise of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability / (asset)). Re-measurement are recognised in other comprehensive income and will not be reclassified to profit or loss in a subsequent period.

Share-based Payments

Employee Stock Option Plan:

The Company recognizes compensation expense relating to share-based payments in net profit based on estimated fair-values of the awards on the grant date. The estimated fair value of awards is recognized as an expense in the statement of profit and loss on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share options outstanding account

Notes to Financial Statements for the Year ended on March 31, 2026

Cash-settled transactions:

In case of cash-settled transactions, a liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability"

3.10 Provisions

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

3.11 Contingent Liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the

obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

3.12 Contingent Asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only be occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. The company does not recognize a contingent asset but discloses its existence in the financial statements.

3.13 Cash and cash equivalent

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

3.14 Earnings per share

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

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

Notes to Financial Statements for the Year ended on March 31, 2026

3.15 Lease

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

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

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

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

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

item in Non-financial Assets and lease liabilities are presented as a separate line item ('Lease Liabilities') on the face of the balance sheet."

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

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

3.16 Segment Reporting

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

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

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

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

Notes to Financial Statements for the Year ended on March 31, 2026

3.17 Cash Flow Statement

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

3.18 Business combination and Goodwill

Business combination :

Business Combination is accounted for using the acquisition method of accounting. Transaction costs incurred in connection with business combination are expensed out in statement of profit and loss. The identifiable assets and liabilities that meet the condition for recognition is recognized at their fair values at the acquisition date. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date."

Goodwill:

Goodwill represents the excess of the consideration paid to acquire a business over underlying fair value of the identified assets acquired. Goodwill is carried at cost less accumulated impairment losses, if any. Goodwill is deemed to have an indefinite useful life and is tested for impairment annually or when events or circumstances indicate that the implied fair value of goodwill is less than its carrying amount. For impairment testing, goodwill is allocated to the cash-generating unit (CGU) expected to benefit from the synergies of the combination. The CGU is tested for impairment annually, or more frequently where there is an indication of impairment."

3.19 Events after reporting date

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

3.20 General

Any other accounting policy not specifically referred to above is consistent with the generally accepted accounting principles in India.

Notes to Financial Statements for the Year ended on March 31, 2026

3.21 Accounting Pronouncements

Ministry of Corporate Affairs (“MCA”) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time.

In May 2025, MCA notified amendments to Ind AS 21 - The Effects of Changes in Foreign Exchange Rates, applicable w.e.f. April 1, 2025. The Company has reviewed the amendment and based on its evaluation has determined that it does not have any significant impact in its financial statements.

In August 2025, MCA notified the following amendments to:

1. Ind AS 1, Presentation of Financial Statements, applicable w.e.f. April 1, 2025 – The amendment relates to classification of liabilities as current or noncurrent and non-current liabilities with covenants.

In the context of classifying a liability as current, it removes the requirement of existence of a right to defer settlement for at least 12 months after the reporting date and instead requires that the said right should exist on the reporting date and have substance. The amendment also

introduces guidance on classification of liabilities with covenants. The Company has no impact of these amendments in the primary schedules of the financial statements as current or non current bifurcation is not presented separately as per the format of financial statements applicable to the Company.

2. Ind AS 7, Statement of Cash Flows and Ind AS 107, Financial Instruments: Disclosures, applicable w.e.f. April 1, 2025 – The amendment in Ind AS 7 requires to inform users of financial statements of the existence of supplier finance arrangements and explain the nature of the arrangements, the carrying amount of liabilities and the range of payment due dates. Ind AS 107 has been amended to add supplier finance arrangements as a factor that may cause concentration of liquidity risk. The Company has reviewed the amendment and based on its evaluation has determined that it does not have any significant impact in its financial statements."

Notes to Financial Statements for the Year ended on March 31, 2026

(₹ in Lakhs)

Note no.	Particulars	As at	As at
		March 31, 2026	March 31, 2025
4	Cash and Cash Equivalents		
4.1	Cash on hand	1,328.30	1,796.70
4.2	Balances with banks		
	In current accounts	8,055.07	25,210.33
	Term deposits*	7,354.52	7,287.99
		15,409.59	32,498.32
	Total	16,737.89	34,295.02
	*Includes callable term deposit under lien against overdraft of Rs. 3,835 lakhs (PY: 3,786 lakhs).		
5	Bank balance other than cash and cash equivalent		
	Balance with banks held as margin money (Refer Note 5.1)	6,320.75	8,120.21
	Term Deposits with maturity more than three months	2,088.21	-
	Total	8,408.96	8,120.21
5.1	Represents margin money deposits placed to avail term loans from banks and others and as cash collateral in connection with securitization transactions.		
6	Trade Receivables		
	Unsecured, considered good (Refer note 53.2)	3,613.71	1,082.01
	Total	3,613.71	1,082.01
7	Loans		
A			
i	Loan repayable on demand	27.66	26.16
ii	Term loans	1,11,276.45	1,45,363.73
	Total (A) - Gross	1,11,304.11	1,45,389.89
	Less: Impairment loss allowance	3,267.33	8,102.32
	Total (A) - Net	1,08,036.78	1,37,287.57
B			
i	Secured by tangible assets	6,736.35	6,333.94
ii	Covered by bank / Government guarantees	51,381.67	-
iii	Loans held as security receipts of ARC (unsecured)	16,284.99	-
iv	Other Unsecured	36,901.10	1,39,055.95
	Total (B) - Gross	1,11,304.11	1,45,389.89
	Less: Impairment loss allowance	3,267.33	8,102.32
	Total (B) - Net	1,08,036.78	1,37,287.57

Notes to Financial Statements

for the Year ended on March 31, 2026

C - I			
	Loans in India	1,11,304.11	1,45,389.89
	Total (C - I) - Gross	1,11,304.11	1,45,389.89
	Less: Impairment loss allowance	3,267.33	8,102.32
	Total (C - I) - Net	1,08,036.78	1,37,287.57
C - II	Loans outside India	-	-
	Less: Impairment loss allowance	-	-
	Total (C - II) - Net	-	-
	Total C (I+II)	1,08,036.78	1,37,287.57
	Note: Loans are measured at Amortised Cost except for the loans held as security receipts of Asset Reconstruction Company (ARC), which are measured at FVTPL. These loans held as Security Receipts are fair valued at NAV as provided by the ARC/trust		
8	Investments		
	Recorded at Amortised Cost		
	Outside India	-	-
	In India		
	Investment in Interest bearing Deposits	725.09	-
	Recorded at FVTPL		
	Outside India		
	In India		
	Security Receipt of ARC	2,398.28	2,973.34
	Total Investments	3123.37	2973.34
8.1	Break-up of Investments		
	Security Receipt of PARAS 133 Trust		
	No. of Units (in Nos.)	1,20,208	1,37,889
	Face Value of Units (Rs.)	1,000	1,000
	Market Value of Units (Rs.)	750.43	1,000
	Amount (Rs. In Lakhs)	902.08	1,378.89
	Security Receipt of PARAS 139 Trust		
	No. of Units (in Nos.)	1,49,620	1,59,445
	Face Value of Units (Rs.)	1,000	1,000
	Market Value of Units (Rs.)	1,000	1,000
	Amount (Rs. In Lakhs)	1,496.20	1,594.45
	Deposits with Mangaldas Finance		
	Amount (Rs. In Lakhs)	725.09	-
8.2	Security Receipts are valued at fair value (NAV) as provided by the ARC/trust.		
9	Other financial assets		
	Interest Accrued and Other receivables	2,405.66	2,931.86
	Deposits		
	Security Deposit provided to Lenders	346.76	327.62
	Other deposits	150.17	144.39
		496.93	472.01
	Others	3.41	27.86
	Total	2,906.00	3,431.73
10	Current Tax Assets		
	Current Tax Assets	1,272.81	516.05
	Total	1,272.81	516.05
10.1	The Details of Income Tax Assets And Liabilities		
	Income Tax Assets	5,920.80	5,164.04
	Income Tax Liabilities	(4,647.99)	(4,647.99)
	Net Income Tax Assets / (Liabilities)	1272.81	516.05

Notes to Financial Statements

for the Year ended on March 31, 2026

11 Property, Plant and Equipment

11.1 Property, Plant and Equipments consist of:

(₹ in Lakhs)							
No.	Particulars	Computers	Furniture & Fixtures	Vehicles*	Electrical Equipments	Office Equipment	Total
a	Gross Block						
	Balance as at March 31, 2024	189.67	234.74	60.67	20.16	207.72	712.96
	Additions	20.55	15.19	216.44	-	19.06	271.24
	Deductions	-	-	21.00	-	1.01	22.01
	Balance as at March 31, 2025	210.22	249.93	256.11	20.16	225.76	962.19
	Additions	4.98	0.39	0.00	-	13.29	18.36
	Acquired through Business Combination (Refer Note 64)	51.60	38.55	-	-	86.13	176.57
	Deductions	-	-	-	-	-	-
	Balance as at March 31, 2026	266.80	288.87	256.11	20.16	325.18	1,157.12
b	Accumulated Depreciation						
	Balance as at March 31, 2024	117.95	62.53	42.05	6.17	85.82	314.52
	Additions	32.29	23.41	21.75	2.13	36.92	116.50
	Deductions	-	-	13.10	-	0.36	13.46
	Balance as at March 31, 2025	150.24	85.94	50.70	8.30	122.58	417.56
	Additions	50.11	30.45	36.48	2.66	61.60	181.28
	Deductions	-	-	-	-	-	-
	Balance as at March 31, 2026	200.35	116.38	87.18	10.96	184.18	598.84
	c	Net Block					
Balance as at March 31, 2025		59.98	163.99	205.41	11.86	103.18	544.43
Balance as at March 31, 2026		66.45	172.49	168.93	9.21	141.00	558.08
*Includes Vehicles registered in the name of directors of the Company							

12 Intangible assets

(₹ in Lakhs)				
	Particulars	Softwares	Other Intangible Assets	Total
a	Gross Block			
	Balance as at March 31, 2024	95.01	0.00	95.01
	Additions	21.39	0.00	21.39
	Balance as at March 31, 2025	116.41	0.00	116.41
	Additions	17.93	0.00	17.93
	Intangible assets recognised on business acquisition (Sub-K BTA) (Refer Note 64)	0.00	4,387.17	4,387.17
	Balance as at March 31, 2026	134.34	4387.17	4521.51
b	Amortisation			
	Balance as at March 31, 2024	53.16	0.00	53.16
	Additions	19.50	0.00	19.50
	Balance as at March 31, 2025	72.65	0.00	72.65
	Additions	36.87	451.94	488.81
	Balance as at March 31, 2026	109.52	451.94	561.46
c	Net Block			
	Balance as at March 31, 2025	43.75	0.00	43.75
	Balance as at March 31, 2026	24.81	3935.23	3960.05

Notes to Financial Statements for the Year ended on March 31, 2026

12.1 Intangible Assets Under Development

(₹ in Lakhs)	
Particulars	Computer Software
Balance as at March 31, 2024	0.00
Additions	0.00
Deductions	0.00
Balance as at March 31, 2025	0.00
Additions	10.00
Deductions	0.00
Balance as at March 31, 2026	10.00

Intangible Assets Under Development Schedule

Particulars	March 31, 2026			
	Amount in Asset Under Development for period of			
	Less than 1 year	1-2 Years	2-3 Years	More than 3 Years
Software Migration in process	10.00	0	0.00	0

13 Goodwill

(₹ in Lakhs)	
Particulars	Goodwill
Balance as at March 31, 2024	413.71
Addition during the year	0.00
Amortisation for the Year	0.00
Balance as at March 31, 2025	413.71
Addition during the year	0.00
Amortisation for the Year	0.00
Balance as at March 31, 2026	413.71

13.1 The goodwill recognised by the Company pertains to the acquisition of the microfinance lending business of Growing Opportunity Finance (India) Private Limited during FY 2022-23. The goodwill has been allocated to the Tamil Nadu microfinance lending operations of the Company, which has been identified as the CGU for the purpose of impairment testing.

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it may be impaired, in accordance with Ind AS 36 – Impairment of Assets. For the purpose of impairment testing, goodwill is allocated to the Cash Generating Unit (“CGU”) which is expected to benefit from the synergies of the business combination and represents the lowest level at which goodwill is monitored for internal management purposes.

Based on the assessment performed as per IND AS 36, management has concluded that no impairment loss is required to be recognised for the year ended March 31, 2026 (March 31, 2025: Nil).

Notes to Financial Statements for the Year ended on March 31, 2026

14 Right of use assets (RoU Assets)

(₹ in Lakhs)	
Particulars	Building
As at 31st March, 2024	670.36
Addition during the year	0.00
Derecognised during the year	410.20
Amortisation for the Year	78.58
Balance as at March 31, 2025	181.59
Addition during the year	0.00
Derecognised during the year	0.00
Amortisation for the Year	38.91
Balance as at March 31, 2026	142.68

Notes to Financial Statements for the Year ended on March 31, 2026

(₹ in Lakhs)

Note no.	Particulars	As at	As at
		March 31, 2026	March 31, 2025
15	Other non-financial assets		
	Balance with Government Authorities	30.96	29.57
	Prepaid expense	172.57	165.18
	Advances to staff	9.40	9.34
	Advances to vendors	0.16	-
	Total	213.09	204.09
16	Derivative Financial Instruments		
	Part I		
	(i) Currency / Interest Rate Derivatives		
	- Cross Currency Interest rate derivative Receivable / (Payable)	3,419.32	(744.08)
	(ii) Credit Derivatives	-	-
		3,419.32	(744.08)
	Part II		
	Included in above Part I are derivatives held for		
	(i) Fair Value Hedging	-	-
	(ii) Cash Flow Hedging		
	- Cross Currency Interest rate derivative	3,419.32	(744.08)
	(iii) Net Investment Hedging	-	-
	(iv) Undesignated Derivatives	-	-
	Total	3,419.32	(744.08)
16.1	Notional amount of the cross currency interest rate derivative	54,445.54	49,713.13
16.2	For Risk Management arising from derivatives refer note 44 & for use of derivatives refer note 79		
16.3	Hedge Ineffectiveness		
	The Company applies cash flow hedge accounting for its Cross Currency Interest Rate Swaps (CCIRS) used to hedge foreign currency risk on External Commercial Borrowings (ECB). The Company establishes a hedge ratio of 1:1 for its hedging relationships, as the underlying risk of the hedging instrument (CCIRS) and the hedged item (ECB foreign currency borrowings) are identical in terms of currency, notional amount, and timing of cash flows. The critical terms of the hedging instruments match the critical terms of the hedged items The hedge relationship is assessed for effectiveness on a prospective basis. During the year, the hedges were determined to be highly effective.		

Notes to Financial Statements for the Year ended on March 31, 2026

(₹ in Lakhs)

Note no.	Particulars	As at	As at
		March 31, 2026	March 31, 2025
16.4	Maturity Profile of Hedging Instruments		
	The following table shows the maturity profile of the notional amounts of the Company's hedging instruments.		
	Cross Currency Interest Rate Swaps (CCIRS)	March 31, 2026	March 31, 2025
	Within 1 year	16,454.96	952.83
	1-2 years	17,487.13	14,726.20
	2-3 years	3,741.23	15,705.74
	3-5 years	12,703.78	14,096.22
	More than 5 years	4,058.93	4,232.13
	Total Notional Amount	54,446.04	49,713.13
17	Payables (Refer Note 53)		
	Trade payables		
	Dues to micro enterprises and small enterprises	-	-
	Due to creditors other than micro enterprises and small enterprises	216.23	277.00
	Total	216.23	277.00
	Other payables		
	Dues to micro enterprises and small enterprises	-	-
	Due to creditors other than micro enterprises and small enterprises	295.54	138.06
	Total	295.54	138.06
17.1	There are no amount that needs to be disclosed in accordance with the Micro, Small and Medium Enterprise Development Act, 2006 (the "MSME") pertaining to Micro or small enterprise. For the year ended March 31, 2026, no supplier has intimated the company about its status as Micro or small enterprise or its registration with the appropriate authority under MSMED (PY - Nil).		
18	Lease Obligation		
	Lease Liability (Refer Note 50)	231.54	266.53
	Total	231.54	266.53

Notes to Financial Statements for the Year ended on March 31, 2026**19 Debt Securities**

(₹ in Lakhs)

Sr. no	Particulars	As at	As at
		March 31, 2026	March 31, 2025
A	Classification based on Nature of Borrowing		
i	Non convertible debentures (At Amortised Cost)	25,030.31	41,988.05
ii	Bonds (At Amortised Cost)	18,370.17	16,628.38
	Total (A)	43,400.48	58,616.43
B	Classification based on Geography		
i	Debt securities in India	25,030.31	41,942.68
ii	Debt securities outside India	18,370.17	16,673.75
	Total B (i + ii)	43,400.48	58,616.43

19.1 Non Convertible Debentures

Sr. no	Particulars	Rate of Interest	Term of repayment of loan
1	Microfinance Initiative for Asia (Blue Orchard)		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Debenture Value.	12.55%	25 % of Principal repayable after 24 months, 75% at the end of 36 months
2	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.	11.28% to 13.43%	25 % of Principal repayable after 24 months, 75% at the end of 36 months/ Bullet repayment at maturity
3	JAPAN ASEAN Women Empowerment Fund (Blue Orchard)		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Debenture Value.	11.28% to 12.55%	25 % of Principal repayable after 24 months, 75% at the end of 36 months
4	Microfinance Enhancement Facility Sa, Sicav-Sif (ResponsAbility)		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Debenture Value.	13.65%	Principal repayable at the end of tenure of 60 months

Notes to Financial Statements for the Year ended on March 31, 2026

Sr. no	Particulars	Rate of Interest	Term of repayment of loan
5	UTI INTERNATIONAL WEALTH CREATOR 4 (Responsibility)		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Debenture Value.	13.3% to 13.50%	Principal repayable at the end of tenure of 36/48 months
6	Northern Arc India Impact Trust		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Debenture Value.	15.02%	Loan Principal Will be repaid at the end of 45 months.
7	Northern Arc Capital Limited		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Debenture Value.	12.4% to 12.61%	Loan Principal Will be repaid on annual basis after one year / Loan Principal will be repaid on quarterly basis
8	IFMR Fimpact Long Term Credit Fund		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Debenture Value.	12.40%	Loan Principal will be repaid on quarterly basis
9	Global Access Fund Lp		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 100% of Debenture Value.	12.30%	Loan Principal Will be repaid in 4 semi annual payments starting form the end of 10th Quarter after disbursement
10	WLB ASSET II C PTE. LTD.(IIX)		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Debenture Value.	15.02%	Loan Principal Will be repaid at the end of 45 months.
11	Magallanes Impacto FIL		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Debenture Value.	13.35%	Loan Principal Will be repaid on annual basis after one year
12	Stiching Juridisch Eigenaar Actiam Institutional Microfinance Fund (DWM)		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 100% of Debenture Value.	15.35%	Loan Principal Will be repaid at the end of 36 months.
13	DWM Income Funds SCA SICAV SIF		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 100% of Debenture Value.	15.35%	Loan Principal Will be repaid at the end of 36 months.
14	Incred Alternative Investments Private Limited – Incred Credit Opportunities Fund – I		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Debenture Value.	14.00%	Loan Principal will be repaid in equal instalments on monthly basis.

Notes to Financial Statements for the Year ended on March 31, 2026

Sr. no	Particulars	Rate of Interest	Term of repayment of loan
15	Symbiotics NCD 1 Masala Investments Sar		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 100% of Debenture Value.	13.00%	Bullet repayment at maturity
16	Symbiotics NCD 1 AAV Sarl		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 100% of Debenture Value.	13.00%	Bullet repayment at maturity
17	ResponsAbility GGSF –ECB Bond		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of principal outstanding	13.00%	Bullet repayment at maturity
18	TRIODOS FAIR SHARE FUND		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 100% of principal outstanding	12.25%	Bullet repayment at maturity

20 Borrowings - Other than debt securities (At amortised cost)

(₹ in Lakhs)

Particulars		As at	As at
		March 31, 2026	March 31, 2025
A	Classification based on Nature of Borrowing		
a	Term loans - Secured		
	(i) from banks	7,315.49	21,688.92
	(ii) from others	49,593.63	48,552.13
b	Borrowing under Securitisation Agreement - Secured	6,364.66	2,990.78
c	Loans repayable on demand - from bank	2,505.46	700.00
	Total	65,779.24	73,931.83
B	Classification based on Geography		
i	Borrowings in India	34,362.90	45,149.27
ii	Borrowings outside India	31,416.34	28,782.56
	Total B (I+II)	65,779.24	73,931.83
20.1	Details of Security and terms of repayment		
20.1.1	Term loan from Banks and Financial Institutions		

Notes to Financial Statements for the Year ended on March 31, 2026

Sr. No	Particulars of loan and security details	Rate of Interest	Term of repayment of loan
1	Profectus Capital Pvt Limited		
	Exclusive Charges by way of Hypothecation on all 110%/100% of Book Debts / loan Assets, both present and future and against pledge of Fixed Deposit of 5% of the loan amount	PLR - 1.50% /13.65%	Principal repayable in 24 equal monthly instalments.
2	Maanaveeya Development & Finance Private 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	13.25%	Principal repayable in 24 Monthly instalments
3	Northern Arc Capital Limited		
	Exclusive Charges by way of Hypothecation of 105% /110% on Book Debts / loan Assets , both present and future created/to be created out of loan.	FBLR - 1.05% to FBLR + 2.70%	Principal repayable by 24 to 27 monthly instalments.
4	Mas Financial Services Limited		
	Exclusive Charges by way of Hypothecation 100% on Book Debts / loan Assets, both present and future created/to be created out of loan.	Mas PLR-1.75% to Mas PLR-2.60%	Principal repayable by 24 equal monthly instalments
5	Vivriti Capital Private Limited		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 105% of Loan Amount.	VCPL +3.85% to VCPL + 4.8%	Principal repayable by 24 to 36 monthly instalments.
6	Incred Financial Services Private Limited		
	Exclusive Charges by way of Hypothecation on all 105% of Book Debts / loan Assets, both present and future and against pledge of Fixed Deposit up to 5% of the loan amount	14.00%	Principal repayable by 24 monthly instalments
7	Union Bank of India Limited		
	Exclusive Charges by way of Hypothecation on all 120 % of Book Debts / loan Assets, both present and future and against pledge of Fixed Deposit of 20%/25% of the loan amount.	1 Yr MCLR + 2.75%	Principal repayable by 36 equal monthly instalments with a moratorium period of 3 months

Notes to Financial Statements for the Year ended on March 31, 2026

Sr. No	Particulars of loan and security details	Rate of Interest	Term of repayment of loan
8	ICICI Bank Ltd		
	Exclusive Charges by way of Hypothecation of 110% on Book Debts / loan Assets , both present and future created/to be created out of loan and against 3% of the Fixed Deposit.	1 Yr MCLR + 4.40% / I- MCLR-6M+ 4.40%	Principal repayable by 24 equal monthly /9 quarterly instalments
9	Federal Bank Limited		
	Exclusive Charges by way of Hypothecation on all 110 % of Book Debts / loan Assets and against pledge of Fixed Deposit up to 10.00% of the loan amount	1 Yr MCLR + 3.35% to 1 Yr MCLR + 4.25%	Principal repayable in 8 quarterly instalments
10	SIDBI		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Loan Amount and against 5%-10% of the Fixed Deposit	10.50% (Repo rate+2.95%) to 11.00% (MCLR+2.85%)	Principal 36 equal monthly instalments including a moratorium period of 2-6 months
11	Kotak Mahindra Bank Limited		
	Exclusive Charges by way of Hypothecation on all 110 % of Book Debts / loan Assets and against pledge of Fixed Deposit up to 10.00% of the loan amount	12.50%	Principal repayable by 24 months in equal monthly instalments
12	Kissandhan Agri 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 and against 5% of Fixed Deposit	13.90% to 14.00%	Principal repayable by 24 months in equal monthly instalments
13	Indian Bank Limited		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 100%/111% of Loan Amount and against 10% of Fixed Deposit	1 Year MCLR + 3.95%	Principal repayable by 42 monthly /12 Quarterly instalments
14	SBM Bank (India) Limited		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Loan Amount	1 year MCLR+ 3.20%/3.50%/3.65%	Principal repayable by 24 months
15	DCB Bank Limited		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Loan Amount and against 5% of Fixed deposit	12.50%	Principal - 24 equal monthly instalments and a moratorium period of 2 months
16	Indian Overseas Bank Limited		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Loan Amount and against 10% of Fixed Deposit	1 Year MCLR + SP (0.2%)+ RP (3.9%)	Principal - 33 equal monthly instalments after a moratorium period of 3 months
17	Bank of Baroda Limited		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Loan Amount and against 10% of Fixed deposit	1 Year MCLR + 2% to 1 Year MCLR + SP(0.25%) + Spread (3.25%)	Principal repayable by 36 months
18	OXYZO Financial Services Private Limited		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Loan Outstanding.	6M HDFC MCLR + Spread 5.70% ,6M OBLR + Spread -0.8%	Principal will be repaid in 24 equal monthly instalments.

Notes to Financial Statements for the Year ended on March 31, 2026

Sr. No	Particulars of loan and security details	Rate of Interest	Term of repayment of loan
19	Shriram Finance Limited		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Loan Outstanding.	14.20%	Principal will be repaid in 24 equal monthly instalments.
20	South Indian Bank		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Loan Amount and against 10% of Fixed deposit	MCLR + Spread - Concession Granted	Principal will be repaid in 12 quarterly instalments
21	Capri Global Capital Limited		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 109% of Loan Outstanding.	CGCL LTRR +/- Margin	Principal will be repaid in 24 equal monthly instalments.
22	Dhan Laxmi Bank		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Loan Amount and against 10% of Fixed deposit	1 Year MCLR + 3.30%	Principal - 33 equal monthly instalments after a moratorium period of 3 months
23	ELECTRONICA FINANCE LIMITED		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 100% of Loan Amount	13.50%	Principal will be repaid in 24 equal monthly instalments.
24	IKF Finance Limited		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Loan Amount and against 10% of Fixed deposit	13.5% to 14.50%	Principal will be repaid in 36 equal monthly instalments.
25	National Scheduled Castes Finance and Development Corporation		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 100% of Loan Amount and against 10% of Fixed deposit	5.00%	Principal will be repaid in 20 quarterly instalments And a moratorium period of 7 months
26	Blacksoil Private Capital Limited		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 105% of Loan Outstanding.	14.00%	Principal will be repaid in 24 equal monthly instalments.
27	Tamilnadu Grama Bank		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets to 100% of Loan Amount and against pledge of Fixed Deposit of 10.00% of the loan amount	13.00%	Principal will be repaid in 36 equal monthly instalments.
28	Yes Bank		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Loan Amount and against 5% of Fixed deposit	1 year MCLR +Spread 2.05%	Principal will be repaid in 24 equal monthly instalments.
29	HSBC Bank		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Loan Amount and against 10% of Fixed Deposit	12.95%	Principal will be repaid in 24 equal monthly instalments.

Notes to Financial Statements for the Year ended on March 31, 2026

Sr. No	Particulars of loan and security details	Rate of Interest	Term of repayment of loan
30	Annapurna Finance Pvt Ltd		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Loan Amount	13.50% to 13.75%	Principal will be repaid in 24 equal monthly instalments.
31	Suryoday Small Finance Bank Ltd		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of Loan Amount	12.25%	Principal will be repaid in 24 equal monthly instalments.

20.1.2 External Commercial Borrowings

Sr. No	Particulars of loan and security details	Rate of Interest	Term of repayment of loan
1	Grameen Credit Agricole Microfinance Foundation		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 105% of ECB value.	11.45% to 12.47%	Principal repayable in 5 equated semi annual instalment starting from June 2023.
2	Agents For Impact		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 100% of ECB value.	12.85%	Principal repayable after 36 months from the date of receipt.
3	Blue Orchard		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of ECB value.	12.69% to 12.80%	Principal repayable after 36 months from the date of receipt.
4	Triple Jump		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 100% of the outstanding loan amount	11.29% to 13.48%	Principal repayable after 36 months from the date of receipt.
5	ResponsAbility CLO		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of the outstanding loan amount	14.30%	Principal repayable after 60 months from the date of receipt.
6	United States Development Finance Corporation(DFC)		
	Exclusive Charges by way of Hypothecation on Book Debts / loan Assets, both present and future equivalent to 110% of the outstanding loan amount	8.95%	Principal repayment will start after 24 months from the date of receipt on quarterly basis. Total tenure of the loan is 96 months

Notes to Financial Statements for the Year ended on March 31, 2026

20.1.3 Loans repayable on demand

Sr. No	Particulars of loan and security details	Rate of Interest	Term of repayment of loan
1	State Bank of India Limited		
	Encumbrance over Fixed Deposit	6.60%	N.A.
2	HDFC Bank Limited		
	Encumbrance over Fixed Deposit	6.35% to 6.65%	N.A.
3	Federal Bank Limited		
	Encumbrance over Fixed Deposit	7.40%	N.A.
4	IDFC First Bank Limited		
	Encumbrance over Fixed Deposit	7.30%	N.A.
5	Bank of Maharashtra		
	Encumbrance over Fixed Deposit	7.45%	N.A.

20.1.4 Borrowing under Securitisation Agreement

Sr. No	Particulars of loan and security details	Rate of Interest	Term of repayment of loan
1	Kotak Mahindra Bank Ltd		
	External Credit Enhancement in the form of Fixed Deposit to 6.85%	11.00%	As per Waterfall
2	Mas Financial Services Limited		
	External Credit Enhancement in the form of Fixed Deposit up to 7.00%	13.60% to 13.70%	As per Waterfall

21 Subordinated liabilities (At Amortised Cost)

(₹ in Lakhs)

Particulars		As at	As at
		March 31, 2026	March 31, 2025
A	Classification based on Nature of Borrowing		
1	Subordinated debt-NCD	-	2,099.33
2	Subordinated debt-Loans	5,657.08	5,600.87
	Total (A)	5,657.08	7,700.70
B	Classification based on Geography		
i	Subordinated liabilities in India	998.05	3,443.88
ii	Subordinated liabilities outside India	4,659.03	4,256.82
	Total (B)	5,657.08	7,700.70

Notes to Financial Statements for the Year ended on March 31, 2026

21.1 Details of terms of repayment

Sr. no	Particulars	Rate of interest	Terms of redemption
1	IDFC First Bank Limited	16.00%	Principal repayable after 84 months from the date of receipt.
2	Vivriti Capital Private Limited	16.75%	Principal repayable after 73 months from the date of receipt.
3	Northern Arc Sub Debt	16.50%	Principal repayable after 63 months from the date of receipt.
4	Maanaveeya Development and Finance Pvt Ltd	16.50%	50% of the total loan amount will be repaid at the end of 5 years and 6 months and remaining 50% will be repaid at the end of 6th year.

21.2 External Commercial Borrowings

Sr. no	Particulars	Rate of interest	Terms of redemption
1	Triple Jump Financial Inclusion Resilience Fund B.V	12.88%	33.33% each of the loan amount will be repaid after 5th, 6th and 7th year respectively from the drawdown date.

Note no.	Particulars	As at	As at
		March 31, 2026	March 31, 2025
22	Other financial liabilities		
	Interest accrued	1,626.39	2,646.46
	Payable towards securitisation and assignment transactions	5,834.88	4,940.74
	Others	55.55	34.32
	Total	7,516.82	7,621.52
23	Provisions		
	Retirement Benefits (Refer Note 52)	309.05	68.72
	Total	309.05	68.72
24	Deferred Tax Liabilities/(Assets)		
	Deferred Tax Liabilities/(Assets)	(4,597.06)	(1,694.41)
	Total	(4,597.06)	(1,694.41)

Notes to Financial Statements for the Year ended on March 31, 2026

24.1	Details of each type of recognized temporary differences, unused tax losses and unused tax credits		
	Deferred Tax Liabilities		
	Financial instruments (including assignment transactions and processing fee amortisation)	609.31	370.89
	Property, plant and equipment	131.00	-
	A	740.30	370.89
	Deferred Tax Assets		
	Property, plant and equipment	-	(17.59)
	Derivative valuation / foreign exchange differences	(611.90)	(412.75)
	Expected credit loss on loans	(4,202.78)	(1,611.81)
	Lease liabilities / right-of-use assets (Ind AS 116)	(23.86)	(23.16)
	Carry forward tax losses	(423.32)	-
	Reduction in Fair Value of Investments	(75.50)	-
	B	(5,337.37)	(2,065.30)
	Total (A+B)	(4,597.06)	(1,694.41)

24.2	Details of Movement in Deferred Tax Balances		
	Particulars		(₹ in Lakhs)
	Deferred Tax Liabilities / (Assets) as at March 31, 2024		128.33
	Charged / (Credit) to Statement of P&L		(1,822.75)
	Deferred Tax Liabilities / (Assets) as at March 31, 2025		(1,694.42)
	Charged / (Credit) to Statement of P&L		(2,993.98)
	Charged / (Credit) to Statement of OCI		91.33
	Deferred Tax Liabilities / (Assets) as at March 31, 2026		(4,597.07)

24.3	There are no deductible temporary differences, unused tax losses or unused tax credits for which deferred tax assets have not been recognised as at March 31, 2026 (March 31, 2025: Nil).
24.4	Deferred tax assets are recognised for deductible temporary differences and carry forward of unused tax losses to the extent that it is probable that future taxable profits will be available for utilisation. During the year ended March 31, 2026, the Company has recognised a deferred tax asset of ₹ 423 lakhs in respect of carry forward business losses. The Company has assessed the recoverability of deferred tax assets based on expected future taxable profits supported by management-approved business plans. Based on this assessment, management has concluded that it is probable that sufficient taxable profits will be available to utilise these losses within the permissible period.

Notes to Financial Statements for the Year ended on March 31, 2026

25	Other non financial liabilities		
	Statutory dues	491.57	522.67
	Instalment Received in Advance	158.24	111.79
	Total	649.81	634.46
26	Share Capital		
26.1	Authorized Capital		
	7 64 07 911 (As at March 31, 2025: 5 24 07 911) Equity Shares of Rs.10/- each	7,640.79	5,540.79
	2 25 00 000 (As at March 31, 2025: 2 25 00 000) Preference Shares of Rs.10/- each	2,250.00	2,250.00
	Total	9,890.79	7,790.79
26.2	Issued, Subscribed and Paid Up Capital		
	6 42 32 310 (As at March 31, 2025:- 4 63 63 511) Equity Shares of Rs. 10/- each	6,423.23	4,636.35
	61 22 400 (As at March 31,2025 :- 61 22 400) Equity Shares of Rs. 10/- , Partly Paid 1 Rs./ each share	61.22	61.22
	Total	6,484.45	4,697.57
26.3	Instruments entirely equity in nature		
	NIL (As at March 31 2025 :- 1 78 61 300) Compulsorily Convertible Preference Shares of Rs. 10/- each	-	1 786.13
		-	1 786.13
26.4	Rights, preferences and restrictions :		
i	The Company has only one class of equity shares having a par value of Rs. 10/- . Each holder of equity share is entitled to one vote per share. 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. Terms of Series C Compulsorily Convertible Preference Shares (CCPS): I. Each CCPS is issued at a face value of Rs. 10/- and are entitled to preferential dividend at the rate of 0.001% per year on cumulative basis. II. The Series C CCPS shall be compulsorily converted into Equity Shares no later than May 31, 2025 or such other date as may be mutually agreed between the Company and the holders of Series C CC, based on the conversion ratio provided herein below: Based on the above terms the said CCPS were converted into the Equity shared during the Financial year 2025-26. Number of Equity shares issued upon conversion of CCPS = Issue Price of 1 (One) CCPS / Book Multiple of 2.1x multiplied by adjusted Book Value per share as at March 31, 2025		
ii			
iii			

Notes to Financial Statements for the Year ended on March 31, 2026

26.5	Details of equity shareholders holding more than 5 per cent shares :				
	Name of the Shareholder	As at March 31, 2026		As at March 31, 2025	
		No of Shares	% shareholding	No of Shares	% shareholding
	SOCIÉTÉ DE PROMOTION ET DE PARTICIPATION POUR LA COOPÉRATION ECONOMIQUE S.A	1,39,42,774	21.50%	-	-
	Bopa Pte Ltd	1,15,50,000	17.81%	1,15,50,000	24.59%
	HURUMA FUND S.C.A., SICAR – EuSEF	1,12,75,935	17.39%	90,81,561	19.33%
	Dia Vikas Capital Private Limited	88,67,522	13.68%	88,67,522	18.88%
	Vimal Parmanand Khandwala	31,51,987	4.86%	31,51,987	6.71%
	Rajesh Parmanand Khandwala	31,51,987	4.86%	31,51,987	6.71%
	HURUMA SV SARL	39,70,468	6.12%	22,46,317	4.78%
	Details of preference shareholders holding more than 5 per cent shares :				
	Name of the Shareholder	As at March 31, 2026		As at March 31, 2025	
		No of Shares	% shareholding	No of Shares	% shareholding
	Series C CCPS				
	SOCIÉTÉ DE PROMOTION ET DE PARTICIPATION POUR LA COOPÉRATION ECONOMIQUE S.A	-	-	1,39,42,774	78.06%
	HURUMA FUND S.C.A., SICAR- EuSEF	-	-	21,94,374	12.29%
	HURUMA SV SÂRL	-	-	17,24,151	9.65%

26.6	Shares held by promoters at the end of the year			
	Promoter name	No. of Shares	% of total shares (Voting Rights)	% Change during the year*
	As at 31st March 2026			
	Fully Paid Equity Shares of Rs. 10 each			
	Mr. Kartik S Mehta	10 41 668	1.61%	-23.70%
	Mr. Kartik S Mehta (including holding as Karta of Kartik S Mehta HUF)	-	0.00%	-100.00%
	Ms. Purvi J Bhavsar	11 65 469	1.80%	-27.42%
	Partly Paid up Equity Shares of Rs. 10 each, Paid Rs.1 each			
	Mr. Kartik S Mehta	30 61 200	0.47%	-27.69%
	Ms. Purvi J Bhavsar	30 61 200	0.47%	-27.69%
	As at 31st March 2025			
	Fully Paid Equity Shares of Rs. 10 each			
	Mr. Kartik S Mehta	9 91 668	2.11%	0.00%
	Mr. Kartik S Mehta (including holding as Karta of Kartik S Mehta HUF)	50 000	0.11%	0.00%
	Ms. Purvi J Bhavsar	11 65 469	2.48%	-0.40%
	Partly Paid up Equity Shares of Rs. 10 each, Paid Rs.1 each			
	Mr. Kartik S Mehta	30 61 200	0.65%	0.00%
	Ms. Purvi J Bhavsar	30 61 200	0.65%	0.00%
	*Indicates change in respective shareholding percentage in comparison from the PY.			

Notes to Financial Statements

for the Year ended on March 31, 2026

26.7	Reconciliation of number of equity shares & preference shares outstanding:		
	Particulars	As at	As at
		March 31, 2026	March 31, 2025
	Equity Shares at the beginning of the year	5 24 85 911	5 24 07 911
	Add: Issued during the Period		
	- Under Employee stock option plan	7,500.00	78,000.00
	- On conversion of Compulsory Convertible Preference Shares	1,78,61,299	
	Equity Shares at the end of the year	7 03 54 710	5 24 85 911
	Particulars	As at	As at
		March 31, 2026	March 31, 2025
	Compulsorily Convertible Preference Shares at the beginning of the year	1,78,61,299.00	
	Add: Issued during the Period		
	- Shares issued under private placement basis during the year	-	1,78,61,299.00
	Less: CCPS converted into Equity during the Period	1,78,61,299.00	-
	Compulsorily Convertible Preference Shares at the end of the year		1,78,61,299.00

27	Other Equity		
	Particulars	As at	As at
		March 31, 2026	March 31, 2025
	General Reserve		
	Balance as per Last Balance Sheet	0.60	0.60
	Add: Transferred during year	-	-
	Closing Balance	0.60	0.60
	Securities Premium		
	Balance as per Last Balance Sheet	27,704.49	14,706.21
	Add: Premium on Shares issued during year	-	12,963.23
	Less: Share Issue expenses during the year	(275.23)	
	Add: Transfer from Stock Option Outstanding	3.15	35.05
	Closing Balance	27,432.41	27,704.49
	Statutory Reserve (Pursuant to Section 45-IC of the RBI Act)		
	Balance as per Last Balance Sheet	1,905.75	1,778.43
	Add: Transferred during year	-	127.32
	Closing Balance	1,905.75	1,905.75
	Share Based Payment Reserve (ESOP)		
	Balance as per Last Balance Sheet	35.14	61.01
	Add: Addition during year	8.44	9.18
	Less: Transferred to Securities Premium	(3.15)	(35.05)
	Closing Balance	40.43	35.14

Notes to Financial Statements

for the Year ended on March 31, 2026

Particulars	As at	As at
	March 31, 2026	March 31, 2025
Cash Flow Hedge Reserve		
Balance as per Last Balance Sheet	(1,639.97)	(604.35)
Add: Addition during year	1,894.11	(1,035.62)
Closing Balance	254.15	(1,639.97)
Retained Earnings		
Balance as per Last Balance Sheet	6,299.06	5,949.91
Add: Profit/(Loss) during the year	(8,946.56)	636.59
Less: Transferred to Statutory Reserve	-	(127.32)
Less: Dividend paid	(129.69)	(140.69)
Less: Remeasurement of Defined Benefit Plan	17.41	(19.43)
Closing Balance	(2,758.78)	6,299.06
Total	26,873.56	34,305.07

a. General Reserve
General reserve represents amounts appropriated from retained earnings for general corporate purposes and is available for distribution in accordance with applicable laws.

b. Securities Premium
Securities premium represents premium received on issue of shares and is utilised in accordance with the provisions of Section 52 of the Companies Act, 2013.

c. Statutory Reserve
Statutory reserve represents the amount transferred in accordance with Section 45-IC of the RBI Act, 1934, whereby the Company transfers not less than twenty per cent of its net profit each year. The reserve can be utilised only for purposes specified by the Reserve Bank of India.

d. Share-based Payment Reserve (ESOP)
Share-based payment reserve represents the cumulative expense recognised for equity-settled share-based payments in accordance with Ind AS 102. Upon exercise of options, the balance is transferred to share capital and securities premium, and upon lapse of options, it is transferred to retained earnings.

e. Retained Earnings
Retained earnings represent the accumulated profits of the Company net of any transfers to statutory reserve, general reserve, dividends or other such appropriations to specific reserves.

f. Cash Flow Hedge Reserve
Cash flow hedge reserve represents the cumulative gain or loss on the hedging instrument for designated and qualifying cash flow hedges, which is recognised in Other Comprehensive Income and accumulated in equity. When the hedged cash flows affect profit or loss, the accumulated gain or loss is reclassified to the Statement of Profit and Loss.

Notes to Financial Statements for the Year ended on March 31, 2026

28	Employee stock option plan		
28.1	The company has also granted 6,35,000 Equity shares to employees under 'Pahal Employee Stock Option Plan'. Details of the same as follows:		
	During the year ended March 31, 2026, the following stock option grants were in operation:		
	Particulars	ESOP – I	
		Tranche I	Tranche II
	Date of Grant	October 1, 2016	January 22, 2018
	No. of options granted	1 00 000	2 00 000
	Method of Settlement	Equity	Equity
	Graded Vesting period:		
	Day following the completion of 12 months from grant		
	Day following the completion of 36 months from grant		
	Day following the completion of 60 months from grant		
	Exercise Period	36 months from the respective date of vesting	36 months from the respective date of vesting
	Vesting conditions	Continuous service & performance gradation	Continuous service & performance gradation
	Average remaining contractual life (Years)	3.50	4.83
	Average exercise price per option (₹)	26.00	26.00
	Fair value of Shares (₹)	32.00	30.00
	Average Value of Options (₹)	6.00	4.00
	Particulars	ESOP – II	
		Tranche I	Tranche II
	Date of Grant	February 14, 2022	April & May 2023
	No. of options granted	2 35 000	1 50 000
	Method of Settlement	Equity	Equity
	Graded Vesting period:		
	Day following the completion of 12 months from grant		
	Day following the completion of 36 months from grant		
	Day following the completion of 60 months from grant		
	Exercise Period	36 months from the respective date of vesting	36 months from the respective date of vesting
	Vesting conditions	Continuous service & performance gradation	Continuous service & performance gradation
	Average remaining contractual life (Years)	4.50	4.50
	Average exercise price per option (₹)	32.25	32.25
	Fair value of Shares (₹)	55.92	88.34
	Average Value of Options (₹)	36.00	67.11

Notes to Financial Statements for the Year ended on March 31, 2026

Particulars	ESOP – III	
	Tranche I	
Date of Grant	May – 2024	
No. of options granted	1 75 000	
Method of Settlement	Equity	
Graded Vesting period:		
Day following the completion of 12 months from grant		
Day following the completion of 36 months from grant		
Day following the completion of 60 months from grant		
Exercise Period	36 months from the respective date of vesting	
Vesting conditions	Continuous service & performance gradation	
Average remaining contractual life (Years)	4.50	
Average exercise price per option (₹)	80.24	
Fair value of Shares (₹)	80.24	
Average Value of Options (₹)	42.22	
The expected price volatility is based on historic volatility (based on remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.		
Particulars	For the year ended	For the year ended
	March 31, 2026	March 31, 2025
Pahal Employee Stock Option Plan		
Options outstanding at beginning of the year	1,34,000	2,47,000
Granted during the year	-	1,75,000
Forfeited during the year	-	-
Exercised during the year	7,500	78,000
Expired during the year	17,500	2,10,000
Outstanding during the year	1,09,000	1,34,000
Exercisable at the end of the year	-	-
Particulars	As at	As at
	March 31, 2026	March 31, 2025
Stock options outstanding (gross)	50.09	60.59
Deferred compensation cost outstanding	9.66	25.45
Stock options outstanding (Net)	40.43	35.14

Notes to Financial Statements for the Year ended on March 31, 2026

28.2	Expense arising from share based payment transactions		
	Total expense arising from share based payment transactions recognised in profit and loss as part of employee benefit expense were as follows:		
	Particulars	As at March 31, 2026	As at March 31, 2025
	Employee stock option plan	8.44	9.18
	Total	8.44	9.18
29	Capital Management		
	For the purpose of the Company's capital management, capital includes issued equity capital and all other reserves attributable to the equity holders of the Company.		
	The Company's objective for capital management is to maximize shareholder value and safeguard business continuity. The Company determines the capital requirement based on annual operating plans and other strategic plans. The funding requirements are met through equity and operating cash flows.		
	Summary of Quantitative Data is given hereunder:		
	Particulars	As at March 31, 2026	As at March 31, 2025
	Equity	6,484.45	4,697.57
	Instruments in nature of Equity	-	1,786.13
	Other Equity	26,873.56	34,305.07
	Total	33,358.01	40,788.77
30	Contingent Liabilities and Capital Commitments		
30.1	Contingent Liabilities		
	Particulars	As at March 31, 2026	As at March 31, 2025
	Cash collaterals given and outstanding for the assigned & securitised loans	827.53	602.20
	Cash collaterals given and outstanding pursuant to service provider agreement	271.27	721.14
		1,048.45	220.09
	Statutory Dues - Income Tax (Appeals pending with CIT(A) for AY 18-19, 20-21, 21-22 & 23-24)		
	Total	2,147.25	1,543.43
30.2	Commitments not provided for		
	Capital Commitment for the Software Migration in process	15.00	-
		15.00	-

Notes to Financial Statements for the Year ended on March 31, 2026

(₹ in Lakhs)			
Note No.	Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
31	Interest Income		
	Interest on Financial Assets carried at Amortized Cost		
	Interest on Loans	28,428.54	37,402.85
	Interest on deposits with Banks	1,228.16	1,373.48
	Total	29,656.70	38,776.33
32	Fees and Commission Income		
	Insurance Agency Commission Income	1,101.45	1,368.82
	Income from business correspondence services	3,455.08	443.66
	Other Fees Income	362.85	373.88
	Marketing commission	-	52.60
	Total	4,919.38	2,238.96
33	Net gain/(Loss) on derecognition of financial instruments under amortised cost category		
	Income / (Loss) from securitization / assignment of Loans	4,004.92	3,034.23
	Total	4,004.92	3,034.23
34	Other operating revenue		
	Income from Investments	129.77	37.83
	Consultancy Charges	10.00	320.00
	Total	139.77	357.83
35	Other Income		
	Collection Incentive from ARC	117.34	20.67
	Service fees for management of assigned portfolio of loans	32.11	35.74
	Miscellaneous Income	25.04	59.02
	Net gain on derecognition of property, plant and equipment	-	4.73
	Total	174.49	120.16
36	Finance Cost		
36.1	Interest on financial liabilities measured at amortized cost		
	Interest on borrowing (including bank borrowings, ECB and other loan facilities)	10,122.15	11,824.40
	Interest on securitisation borrowings	140.07	941.01
	Interest on debt securities	7,961.27	7,807.61
	Interest on subordinated liabilities	1,134.54	1,452.86
	Interest on Lease Liabilities	37.71	87.29
	Total Interest on financial liabilities measured at amortized cost	19,395.73	22,113.17

Notes to Financial Statements for the Year ended on March 31, 2026

(₹ in Lakhs)			
Note No.	Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
36.2	Other Finance Cost		
	Arranger Fees	11.19	3.82
	Loan Processing Fees & Franking Charges	712.28	321.27
	Interest on Income Tax	18.66	7.41
	Rating Fees	49.76	45.93
	Total other finance cost	791.89	378.43
	Total Finance Cost	20,187.62	22,491.60
37	Impairment on financial instruments		
	On financial instruments measured at amortized cost	8,369.80	4,638.66
	On financial instruments measured at FVTPL	300.00	-
	Assets Written Off	3,339.90	3,271.03
	Recovery from loans written off	(226.83)	(273.65)
	Total	11,782.87	7,636.04
38	Employee Benefits Expense		
	Salaries	10,713.68	8,608.38
	Contribution to Provident Fund and other funds	587.45	392.00
	Gratuity Exps (Refer Note 52)	335.60	56.44
	Share Based Payment to employees	8.44	9.18
	Staff Welfare expenses	20.80	14.49
	Total	11,665.97	9,080.49
39	Depreciation and amortisation expenses		
	Depreciation on property, plant and equipment	181.28	116.50
	Depreciation on right-of-use assets	38.91	78.58
	Amortisation of intangible assets		
	i) Existing intangible assets	36.87	19.50
	ii) Intangible assets recognised on business acquisition (Refer Note 64)	451.94	-
	Total	709.00	214.58

Notes to Financial Statements for the Year ended on March 31, 2026

(₹ in Lakhs)			
Note No.	Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
40	Other Expense		
	Rent, taxes and energy costs	827.21	642.96
	Net Indirect Tax Expense (Including ITC reversal)	429.24	280.29
	Repair and Maintenance	34.90	59.86
	Computer and Software related charges	403.86	430.95
	Communication expenses	224.53	146.89
	Printing and Stationery	57.06	76.63
	Directors Siting fees	21.53	16.15
	Auditors' remuneration	42.70	23.00
	Legal and Professional charges	704.05	701.83
	Travelling and Conveyance	1,402.40	1,072.09
	Insurance	239.94	196.60
	Customer Credit information Fees & KYC Charges	100.01	58.46
	CSR Expenses	50.42	49.49
	Bank Charges	94.73	108.93
	Office Expense	375.88	281.49
	Cash Management Charges	167.85	279.07
	Loss on BC Operations	512.07	0.03
	CGFMU Guarantee Fees	469.52	-
	Others	331.43	256.24
	Total	6,490.33	4,680.96
40.1	Payment to auditors :-		
	- for statutory audit	37.00	21.50
	- for tax audit	1.50	1.50
	- for other services	4.20	-
	Total	42.70	23.00

Notes to Financial Statements for the Year ended on March 31, 2026

41	Tax Expenses		
41.1	Income Tax Expense in The Statement of Profit and Loss Comprises of:		
		(Rs. In lakhs)	
	Particulars	As at March 31, 2026	As at March 31, 2025
	Current tax	-	1,610.00
		-	1,610.00
	Deferred Tax in Statement of Profit and Loss		
	Relating to origination and reversal of temporary difference	(2,993.98)	(1,822.75)
	Deferred tax expense / (income)	(2,993.98)	(1,822.75)
	Total	(2,993.98)	(212.75)
41.2	A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:		
	Particulars	As at March 31, 2026	As at March 31, 2025
	Accounting profit before tax	(11,940.53)	423.74
	Normal tax rate	0.25	0.25
	Tax liability on accounting profit	(3,005.19)	106.65
	Tax Effect of non deductible expenses	18.54	15.86
	CSR Exps	12.69	12.46
	Interest and Penalties (GST, Income Tax, etc.)	5.85	3.40
	Tax Effect of deductible temporary differences and OCI items	2,563.33	1,487.52
	Tax Effect on Carried Forward Losses	423.32	-
	Income tax expenses as per normal tax rate	-	1,610.02

Notes to Financial Statements for the Year ended on March 31, 2025

42. Financial Instruments

42.1 Disclosure of Financial Instruments by Category

As at March 31, 2026											
Particulars	Note No.	FVTPL	FVTOCI	Amortized cost	Total Carrying Value	Fair Value	Fair Value				
							Level 1	Level 2	Level 3	Total	
Financial Assets											
Cash and Cash Equivalents	4	-	-	16,737.89	16,737.89	16,737.89	16,737.89	-	-	-	16,737.89
Bank balance other than above	5	-	-	8,408.96	8,408.96	8,408.96	8,408.96	-	-	-	8,408.96
Investment	8	2,398.28	-	725.09	3,123.37	3,123.37	3,123.37	-	-	3,123.37	3,123.37
Derivative Financial Instruments	16	-	3,419.32	-	3,419.32	3,419.32	3,419.32	-	3,419.32	-	3,419.32
Trade receivables	6	-	-	3,613.71	3,613.71	3,613.71	3,613.71	-	-	3,613.71	3,613.71
Loans	7	16,284.99	-	91,751.79	1,08,036.78	1,08,036.78	1,08,036.78	-	-	1,08,036.78	1,08,036.78
Other Financial Assets	9	-	-	2,906.00	2,906.00	2,906.00	2,906.00	-	-	2,906.00	2,906.00
Total Financial Assets		18,683.27	3,419.32	1,24,143.44	1,46,246.03	1,46,246.03	25,146.85	3,419.32	1,17,679.86		1,46,246.03
Financial Liabilities											
Trade Payables	17	-	-	216.23	216.23	216.23	216.23	-	-	216.23	216.23
Other Payables	17	-	-	295.54	295.54	295.54	295.54	-	-	295.54	295.54
Lease Obligation	18			231.54	231.54	231.54	231.54	-	-	231.54	231.54
Debt securities	19	-	-	43,400.48	43,400.48	43,400.48	43,400.48	-	-	43,400.48	43,400.48
Borrowings	20	-	-	65,779.24	65,779.24	65,779.24	65,779.24	-	-	65,779.24	65,779.24
Sub ordinated liabilities	21	-	-	5,657.08	5,657.08	5,657.08	5,657.08	-	-	5,657.08	5,657.08
Derivative Financial Instruments	16	-	-	-	-	-	-	-	-	-	-
Other financial liabilities	22	-	-	7,516.82	7,516.82	7,516.82	7,516.82	-	-	7,516.82	7,516.82
Total Financial Liabilities		-	-	1,23,096.93	1,23,096.93	1,23,096.93	-	-	1,23,096.93		1,23,096.93

Notes to Financial Statements for the Year ended on March 31, 2026

As at March 31, 2025										
Particulars	Note No.	FVTPL	FVTOCI	Amortized cost	Total Carrying Value	Fair Value	Fair Value			Total
							Level 1	Level 2	Level 3	
Financial Assets										
Cash and Cash Equivalents	4	-	-	34,295.02	34,295.02	34,295.02	34,295.02	-	-	34,295.02
Bank balance other than above	5	-	-	8,120.21	8,120.21	8,120.21	8,120.21	-	-	8,120.21
Investment	8	2,973.34	-	-	2,973.34	2,973.34	-	2,973.34	-	2,973.34
Trade receivables	6	-	-	1,082.01	1,082.01	1,082.01	-	-	1,082.01	1,082.01
Loans	7	-	-	1,37,287.57	1,37,287.57	1,37,287.57	-	-	1,37,287.57	1,37,287.57
Other Financial Assets	9	-	-	3,431.73	3,431.73	3,431.73	-	-	3,431.73	3,431.73
Total Financial Assets		2,973.34	-	1,84,216.54	1,87,189.88	1,87,189.88	42,415.23	2,973.34	1,41,801.31	1,87,189.88
Financial Liabilities										
Trade Payables	17	-	-	277.00	277.00	277.00	-	-	277.00	277.00
Other Payables	17	-	-	138.06	138.06	138.06	-	-	138.06	138.06
Lease Obligation	18			266.53	266.53	266.53	-	-	266.53	266.53
Debt securities	19	-	-	58,616.43	58,616.43	58,616.43	-	-	58,616.43	58,616.43
Borrowings	20	-	-	73,931.83	73,931.83	73,931.83	-	-	73,931.83	73,931.83
Sub ordinated liabilities	21	-	-	7,700.70	7,700.70	7,700.70	-	-	7,700.70	7,700.70
Derivative Financial Instruments	16	-	744.08	-	744.08	744.08	-	744.08	-	744.08
Other financial liabilities	22	-	-	7,621.52	7,621.52	7,621.52	-	-	7,621.52	7,621.52
Total Financial Liabilities		-	744.08	1,48,552.07	1,49,296.15	1,49,296.15	-	744.08	1,48,552.07	1,49,296.15

Notes to Financial Statements for the Year ended on March 31, 2025

43 Fair Value Measurement of Financial asset and Financial liabilities

- 43.1 The Fair value of Loan given and funds borrowed approximate carrying value as the respective interest rates of the said instruments are at the prevailing market rate of interest.
- 43.2 The carrying amount of other financial assets and other financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled. Hence, fair value hierarchy is not given for the same.
- 43.3 Derivative Financial Liability / Assets on account of cross currency interest rate swap is valued on the basis of estimated mid-market levels. Midmarket valuations attempt to approximate the current economic value of a given position using estimates of the midpoint between theoretical bid-side levels and offer-side levels.
- 43.4 Investments in Security Receipts of ARC & Loans Transferred to ARC are classified as FVTPL with Level 3 Categorisation.

44 Financial Risk Management

44.1 Financial Instruments Risk management objectives and Policies

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

44.2 Market Risk

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and other price risk.

Notes to Financial Statements for the Year ended on March 31, 2026

44.3 Currency Risk

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

The exposure of foreign currency borrowing is as under:			(Rs. In lakhs)
Particulars	Currency	March 31, 2026	March 31, 2025
Liabilities			
Borrowings	Euro	14,095.26	12,962.70
Borrowings	USD	17,455.78	15,819.86
Debt Securities	USD	18,370.17	16,628.38
Subordinated Liabilities	USD	4,659.03	4,256.82
		54,580.24	49,667.76
Sensitivity Analysis			(Rs. In lakhs)
Particulars	Impact on Profit and Loss after tax		
	March 31, 2026	March 31, 2025	
Liabilities			
Exchange rate increase by 2%	816.87	743.35	
Exchange rate decrease by 2%	(816.87)	(743.35)	

44.4 Interest Rate Risk

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

Notes to Financial Statements for the Year ended on March 31, 2026

The company’s exposure to interest rate risk is as follows :		(Rs. In lakhs)
Particulars	March 31, 2026	March 31, 2025
Liabilities		
Loan Repayable on Demand	2,505	700
Debt securities	-	58,616
Borrowings (Term loans and Vehicle Loan)	18,557	73,232
Subordinated liabilities	-	7,701
	21,062	1,40,249
Sensitivity Analysis		(Rs. In lakhs)
Particulars	Impact on Profit and Loss after tax	
	March 31, 2026	March 31, 2025
Liabilities		
Interest rate increase by 50 basis point	(79)	(525)
Interest rate decrease by 50 basis point	79	525

44.5 Other Price Risk

The Company is exposed to price risks arising from Security Receipts (SRs). The sensitivity analysis have been determined based on the exposure to price risks for SRs at the end of the reporting period

The company’s exposure to other price risk is as follows :		(Rs. In lakhs)
Particulars	March 31, 2026	March 31, 2025
Assets		
Investment in Security Receipts of ARC	2,398	2,973
Loans held as security receipts of ARC	16,285	-
	18,683	2,973
Sensitivity Analysis		(Rs. In lakhs)
Particulars	Impact on Profit and Loss after tax	
	March 31, 2026	March 31, 2025
Price increase by 5%	70	11
Price decrease by 5%	(70)	(11)

Notes to Financial Statements for the Year ended on March 31, 2026

44.6 Liquidity Risk

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

The Company measures risk by forecasting cash flows.

The Company’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company’s reputation. The Company ensures that it has sufficient fund to meet expected operational expenses, servicing of financial obligations. The table below summarises the maturity profile of the Company’s financial liabilities based on contractual undiscounted value.

The table below provide details regarding the contractual maturities of financial liabilities as at:			(Rs. In lakhs)
Contractual Maturity			
As at March 31, 2026	Carrying Value	Within 12 months	After 12 months
Trade Payables	216	216	-
Other Payables	296	296	-
Lease Obligation	232	45	186
Debt securities	43,400	10,628	32,773
Borrowings	65,779	34,985	30,794
Subordinated liabilities	5,657	-	5,657
Other financial liabilities	7,517	7,517	-
	1,23,097	53,686	69,411
(Rs. In lakhs)			
Contractual Maturity			
As at March 31, 2025	Carrying Value	Within 12 months	After 12 months
Trade Payables	277	277	-
Other Payables	138	138	-
Lease Obligation	267	35	232
Debt securities	58,616	14,075	44,542
Borrowings	73,932	31,705	42,227
Subordinated liabilities	7,701	2,500	5,201
Derivative Financial Instruments	744	-	744
Other financial liabilities	7,622	7,622	-
	1,49,296	56,351	92,945
The amounts disclosed in the above maturity analysis are the discounted cash flows as carried in the balance sheet, which may differ from the contractual undiscounted cash flows due to the effect of discounting			

Notes to Financial Statements for the Year ended on March 31, 2026

44.7 Credit Risk

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

The maximum exposure to the credit risk is as follows :		
(Rs. In lakhs)		
Particulars	March 31, 2026	March 31, 2025
Fixed Deposits with Bank	15,763	15,408
Trade Receivables	3,614	1,082
Loans (measured at amortized cost)	95,019	1,45,390
Derivative Financial Instruments	3,419	-
Other Financial Assets	2,906	3,432
Investments measured at amortized cost	725	-
	1,21,447	1,65,312

There is no Credit risk on cash and bank balance

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

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

				(Rs. In lakhs)
Loan amount	March 31, 2026			Total
	Stage 1	Stage 2	Stage 3	
Exposure at Default (EAD)	85,926	1,243	2,283	89,453
Impairment Allowances as per ECL Method	1,383	286	1,598	3,267
Provision for impairment allowance as per RBI Regulations	1,059	16	281	1,355
				(Rs. In lakhs)
Loan amount	March 31, 2025			Total
	Stage 1	Stage 2	Stage 3	
Exposure at Default (EAD)	1,53,787	8,023	10,395	1,72,204
Impairment Allowances as per ECL Method	383	963	6,756	8,102
Provision for impairment allowance as per RBI Regulations	89	2	1,607	1,698
Reconciliation of gross carrying amount of loan portfolio				

Notes to Financial Statements for the Year ended on March 31, 2026

				(Rs. In lakhs)
Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at March 31, 2024	1,97,995	2,560	4,007	2,04,562
- Transfers to Stage 1	23	(19)	(4)	-
- Transfers to Stage 2	(5,466)	5,470	(3)	-
- Transfers to Stage 3	(9,440)	(436)	9,876	-
New asset originated ,netted off for repayment and loans derecognised during the year	(28,093)	877	(1,878)	(29,093)
- Write offs	(1,232)	(430)	(1,603)	(3,264)
Gross carrying amount balance as at March 31, 2025	1,53,786.53	8,023.03	10,394.54	1,72,204.10
- Transfers to Stage 1	40	(24)	(16)	-
- Transfers to Stage 2	(866)	866	(0)	-
- Transfers to Stage 3	(1,731)	(105)	1,836	-
New asset originated, repayments, loans derecognised and loans covered under CGMFU scheme during the year	(65,298)	(7,361)	(8,267)	(80,926)
- Write offs	(5)	(155)	(1,665)	(1,825)
Gross carrying amount balance as at March 31, 2026	85,926	1,243	2,283	89,453
Reconciliation of ECL Balance				
				(Rs. In lakhs)
Particulars	Stage 1	Stage 2	Stage 3	Total
ECL Allowance as at March 31, 2024	352	307	2,805	3,464
- Transfers to Stage 1	(33)	656	6,136	6,759
- Transfers to Stage 2	0	(55)	283	229
- Transfers to Stage 3	0	0	(5)	(5)
New asset originated ,netted off for repayment and loans derecognised during the year	72	105	(1,421)	(1,243)
- Write offs	(8)	(52)	(1,042)	(1,102)
ECL Allowance as at March 31, 2025	383	963	6,756	8,102
- Transfers to Stage 1	1	(6)	(11)	(16)
- Transfers to Stage 2	(14)	199	(0)	185
- Transfers to Stage 3	(30)	(24)	1,285	1,231
Impact of new asset originated, repayments, loans derecognised, loans covered under CGMFU scheme during the year and change in Expected Credit Loss (ECL) rates	1,043	(811)	(5,267)	(5,034)
- Write offs	(0)	(36)	(1,165)	(1,201)
ECL Allowance as at March 31, 2026	1,383	286	1,598	3,267
The company does not have any history of defaults with respect to other financial assets (other than loans) and hence no expected credit loss is carried for the same.				

Notes to Financial Statements for the Year ended on March 31, 2026

45	Transfer of financial assets that are not derecognised in their entirety
45.1	Nature of loan portfolio transferred under securitization transaction
	During the year 2025-26 and corresponding previous year, company has entered securitization arrangement with various banks and financial institutions. Under the arrangement company has transferred a select pool of loan portfolio which was originated in its books after completion of the minimum retention period as prescribed by Reserve Bank of India under its securitization guidelines. The company has not done the derecognition of the pool transferred which does not fulfil the derecognition criteria specified in AS 109 as the risk and rewards with respect to these assets are not substantially transferred. In addition, during the year ended March 31, 2026, the Company sold a pool of stressed (non-performing) loan assets to an Asset Reconstruction Company (ARC) under sale agreements executed in terms of the applicable Reserve Bank of India directions. The consideration for the sale was discharged by the ARC primarily by way of Security Receipts (SRs) issued by the trust(s) set up by the ARC, which were subscribed to and held by the Company and other investor. As the Company, through its holding of these Security Receipts, retains substantially all the risks and rewards of, and continuing involvement in, the underlying loans, the derecognition criteria specified in Ind AS 109 are not met. Accordingly, the loans sold to the ARC continue to be recognised in the books to the extent of the Company's continuing involvement and have not been derecognised in their entirety. Following such transfer, the company's involvement in these assets is as follows:- - as servicer of the transferred assets; - to the extent of credit enhancements provided; and - to the extent of Security Receipts held in respect of the loans sold to the ARC.
45.2	Nature of risk and rewards of ownership to which the entity is exposed
	In respect of the securitised loan pools and the stressed loans sold to the Asset Reconstruction Company against Security Receipts, the Company continues to be exposed to the risks and rewards of ownership of the underlying assets, as substantially all such risks and rewards have not been transferred and the Company retains continuing involvement. In particular: for the securitised pools, the Company remains exposed to the credit risk of the underlying borrowers to the extent of the credit enhancement provided, continues to earn the residual interest spread, and services the assets; and for the loans sold to the ARC, the Company, through its holding of Security Receipts, remains exposed to the variability in recoveries from the underlying stressed assets. The carrying value of the Security Receipts, and the timing and quantum of their redemption, are dependent on the actual realisations from the underlying loans. Separately, during the year the Company also transferred a part of its loan portfolio (measured at amortised cost) by way of direct assignment transactions with various parties as a source of funds. In these transactions the derecognition criteria under Ind AS 109 including the substantial transfer to the buyer of the risks and rewards relating to the assets have been met, and the assets have accordingly been derecognised. The Company has evaluated the impact of the assignment transactions on its business model and, based on its future business plan, the Company's business model continues to be to hold assets for the collection of contractual cash flows.

Notes to Financial Statements for the Year ended on March 31, 2026

45.3 Details of assets transferred, assets continue to recognize and associated liabilities

(Rs. In lakhs)		
Particulars	March 31, 2026	March 31, 2025
Carrying amount of the original assets before transfer during the year ended	31,267	4,482
Carrying amount of the assets that continue to recognize as at Balance Date	24,105	4,119
Carrying amount of associated liabilities as at Balance Sheet Date	6,365	2,991

46 Changes in liabilities arising from financing activities

						(Rs. In lakhs)
Particulars	As at March 31, 2025	Cash Flows (Net)	Changes in Fair Value	Exchange Differences	Others	As at March 31, 2026
Debt Securities	58,616	(16,940)	-	1,713	11	43,400
Borrowings - Other than debt securities	73,932	(11,657)	-	3,728	(224)	65,779
Subordinated liabilities	7,701	(2,468)	-	439	(15)	5,657
Lease Liabilities	267	(35)	-	-	-	232
Particulars	As at March 31, 2024	Cash Flows (Net)	Changes in Fair Value	Exchange Differences	Others	As at March 31, 2025
Debt Securities	37,492	20,685	-	386	54	58,616
Borrowings - Other than debt securities	1,06,254	(32,629)	-	727	(420)	73,932
Subordinated liabilities	9,174	(1,564)	-	109	(18)	7,701
Lease Liabilities	743	(477)	-	-	-	267

Notes to Financial Statements for the Year ended on March 31, 2026

47 Related Party Disclosures:

47.1 Related party

(a)	Name of Key Management Personnel :	Designation
1	Mr. Kartik Mehta	Managing Director
2	Ms. Purvi J Bhavsar	Managing Director
3	Mr. Chintan Desai	Chief Financial Officer
4	Ms. Dimple Padhiar	Company Secretary
(b)	Enterprise having significant influence on company	
1	Dia Vikas Capital Private Limited	
2	HURUMA FUND S.C.A., SICAR - EuSEF	
3	BOPA Pte Ltd	
4	SOCIÉTÉ DE PROMOTION ET DE PARTICIPATION POUR LA COOPÉRATION ECONOMIQUE S.A	

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

			(Rs. In lakhs)	
Sr no.	Particulars	F.Y. 2025-2026	F.Y. 2024-2025	
I	Transactions with KMPs			
(i)	Managerial Remuneration			
	Ms. Purvi J Bhavsar	147	196	
	Mr. Kartik Mehta	147	196	
(ii)	Remuneration			
	Mr. Chintan Desai	76	79	
	Ms. Dimple Padhiar	22	15	
	*Above Numbers include Post employment benefits payable to KMPs			
(iii)	Equity Shares acquired under ESOP Scheme during the year			
	Mr. Chintan Desai	-	2	
II	Transactions with Associated Enterprises			
(i)	Fees Paid to Dia Vikas Capital Private Limited	1	3	
(ii)	Fees Paid to HURUMA FUND S.C.A., SICAR - EuSEF	5	1	
(iii)	Fees Paid to Bopa Pte Ltd	5	-	
(iv)	21,94,374 CCPS issued to HURUMA FUND S.C.A., SICAR - EuSEF (FV Rs.10/-)	-	1,810	
(v)	1,39,42,774 CCPS converted to 1,39,42,774 Equity Shares of SOCIÉTÉ DE PROMOTION ET DE PARTICIPATION POUR LA COOPÉRATION ECONOMIQUE S.A (FV Rs. 10/-)	11,500	-	
			(Rs. In lakhs)	
Sr no.	Compensation of Key Managerial Personnel	F.Y. 2025-2026	F.Y. 2024-2025	
1	Short Term Employee Benefits	314	418	
2	Post Employment Benefits	79	64	
3	Share Based Payments	-	4	
	Total	393	486	

Notes to Financial Statements for the Year ended on March 31, 2026

48 Earning Per Share

Particulars	March 31, 2026	March 31, 2025
Basic		
Net Profit/(Loss) as per statement of Profit & Loss	(8,946.56)	636.59
Less: Dividend on cumulative redeemable preference shares		
Less: Dividend distribution tax on preference dividend		
Profit available to Equity Shareholders	(8,946.56)	636.59
Weighted average of number of equity shares outstanding during the year (in Nos.)	627.88	469.15
Basic Earning per share of face value of ₹ 10 each (₹)	(14.25)	1.36
Diluted		
Potential Effect of dilution: Stock options granted under ESOP	1.09	1.34
Adjusted net profit as per statement of Profit & Loss	(8,940.24)	643.46
Weighted average of number of equity shares for diluted EPS calculation	628.97	470.49
Diluted Earning per share of face value of ₹ 10 each (₹)	(14.25)	1.36

Company has issued compulsory convertible preference shares during financial year ended March 2025. 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 preference shares were not included in calculation of diluted EPS.

Employee stock options granted under ESOP were excluded from the calculation of diluted weighted average number of equity shares as their effect would have been anti-dilutive.

49 Segment Reporting

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

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

Notes to Financial Statements for the Year ended on March 31, 2026

50 Leases

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

Maturity Analysis of Lease Liabilities		(Rs. In lakhs)
Particulars	March 31, 2026	March 31, 2025
Carrying amount	232	267
Up to 3 months	10	8
Over 3 months up to 1year	35	27
Over 1 year upto 3 years	130	103
Over 3 years up to 5 years	57	129
Over 5 years	-	-
Total	232	267
Lease Liability movement		(Rs. In lakhs)
Particulars		
As at 31st March, 2024		743
Addition during the year		-
Interest on Lease Liability		87
Lease rent paid for the year		(127)
Liabilities derecognised during the year		(437)
As at 31st March, 2025		267
Addition during the year		-
Interest on Lease Liability		38
Lease rent paid for the year		(73)
As at 31st March, 2026		232
Amount recognised in Statement of Profit & Loss		
Particulars	March 31, 2026	March 31, 2025
Expense related to short term lease	751	551
Interest on Lease Liabilities	38	87
Amount recognised in Statement of Cash Flows		
Particulars	March 31, 2026	March 31, 2025
Outflow under Operating activities (Short term leases)	751	551
Outflow under Financing activities	73	437

Notes to Financial Statements

for the Year ended on March 31, 2026

51 CSR Expenses

		(Rs. In lakhs)
Particulars	March 31, 2026	March 31, 2025
a) Gross Amount required to be spent by the Company during the year	51	49
b) Previous Year's unspent amount	12	27
c) Total Amount to be spent	63	77
d) Amount of Expenditure incurred	30	65
i) Acquisition of any asset	-	-
ii) Others	30	65
e) Paid (including transferred to CSR Fund) (Refer Note Below)	30	65
f) Shortfall including unspent pursuant to ongoing project	33	12
g) Unspent amount pursuant to ongoing project	33	12
h) Subsequently Transferred to Designated Bank Account	33	12

Nature of CSR Activities undertaken

1. E-clinic : Currently Pahal has 14 e-clinics in various locations of UP & Bihar and 80,000+ customers have been benefitted from M-Swasth e-clinics. Swasthya offers remote diagnosis of diseases and general treatment through the use of Tele-health and Telemedicine, thereby building a digital healthcare ecosystem for the mass-market population.

2. Education : During the year, the Company supported Hope School in Jalalabad, Uttar Pradesh, which has successfully piloted a community-focused education model aimed at reducing dropout rates, bridging literacy gaps, and addressing socio-economic challenges. The initiative directly impacted 30 children by strengthening access to quality education and indirectly benefited around 90 community members through awareness and engagement programs.

Company also extended its support by providing essential stationery to students and further contributing towards durable school infrastructure and furniture to enhance the learning environment.

This contribution reflects the Company's commitment to inclusive growth and its focus on education as a key driver of social development under its CSR framework."

Notes to Financial Statements

for the Year ended on March 31, 2026

52	Retirement Benefits
(i)	Defined Contribution Plan: Contribution to Provident Fund and ESIC are included in note 38 "Employee benefits expense" includes ₹587 Lakhs (P.Y. ₹ 392 Lakhs) being expenses debited under defined contribution plan.
(ii)	Defined Benefit Plan: The Company has funded defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for a gratuity on separation at 15 days basic salary (last drawn salary) for each completed year of service. The following disclosures have been made as required by the standard IND AS 19 'Employee Benefits' specified under section 133 of the Companies Act, 2013 read with rule 7 of Companies(Accounts) Rules, 2014: Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below: Asset volatility : The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets underperform compared to this yield, this will create or increase a deficit. The defined benefit plans may hold equity type assets, which may carry volatility and associated risk. Change in bond yields : A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plan's investment in debt instruments. Inflation risk : The present value of some of the defined benefit plan obligations are calculated with reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability. The post retirement medical benefit obligation is sensitive to medical inflation and accordingly, an increase in medical inflation rate would increase the plan's liability. Life expectancy : The present value of defined benefit plan obligation is calculated by reference to the best estimate of the mortality of plan participants, both during and after the employment. An increase in the life expectancy of the plan participants will increase the plan's liability. The following tables set out the status of the gratuity plan as required under Ind AS 19.

Notes to Financial Statements for the Year ended on March 31, 2026

		(Rs. In lakhs)	
	Particulars	March 31, 2026	March 31, 2025
i)	Employee benefit expense recognized in Statement of Profit & Loss:		
	Current service cost	95	52
	Past service cost	231	-
	Net Interest cost	9	5
	Net benefit expense	336	56
ii)	Employee benefit expense recognized in Other comprehensive income (OCI):		
	Actuarial (gain)/losses on obligation for the period	(10)	21
	Actual Returns on Plan Assets excluding Interest Income	(13)	(1)
	Net expense recognized in OCI for the period	(23)	19
iii)	Changes in the present value of the defined benefit obligation are as follows:		
	Opening defined benefit obligation	328	266
	Interest cost	36	19
	Current service cost	95	52
	Past service cost	231	-
	Liability Transferred In/ Acquisitions	309	-
	Actuarial (gains) / losses arising from change in demographic assumptions	-	-
	Actuarial (gains) / losses arising from change in financial assumptions	(37)	16
	Actuarial (gains) / losses arising from experience adjustments	27	5
	Benefits Paid	(36)	(30)
	Closing defined benefit obligation	952	328
			(Rs. In lakhs)
	Particulars	March 31, 2026	March 31, 2025
iv)	Changes in Plan Asset:		
	Fair Value of Plan Assets at the Beginning of the Year	259	203
	Expected Returns on Plan Assets	26	15
	Employer's Contribution	72	70
	Assets transferred in acquisition	309	-
	Benefits Paid	(36)	(30)
	Actuarial Gains/ (Losses)	13	1
	Fair Value of Plan Asset at the end of the year*	643	259
v)	Amount Recognised in Balance Sheet		
	Defined benefit obligation	952	328
	Fair value of plan assets	643	259
	Net asset / (Liability)	(309)	(69)

Notes to Financial Statements for the Year ended on March 31, 2026

vi)	The principal assumptions used in determining gratuity obligation for the Company's plans are shown below:		
	Particulars	March 31, 2026	March 31, 2025
	Discount Rate per annum	7.06%	6.71%
	Expected return on plan assets	7.06%	6.71%
	Rate of salary increase	7.00%	7.00%
	Employee turnover rate	For service 2 years and below 35.00% p.a. For service 3 years to 4 years 15.00% p.a. For service 5 years and above 5.00% p.a.	For service 2 years and below 35.00% p.a. For service 3 years to 4 years 15.00% p.a. For service 5 years and above 5.00% p.a.
	Mortality Rate	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)
	*The Plan Asset is managed by LIC of India.		
vii)	Projection Risks:		
	Investment Risk – The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit.		
	Interest Risk – A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.		
	Longevity Risk – The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.		
	Salary Risk –The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.		
	Funding Arrangement and Policy		
	The money contributed by the Group to the fund to finance the liabilities of the plan has to be invested. The trustees of the plan are required to invest the funds as per the prescribed pattern of investments laid out in the Income Tax Rules for such approved schemes.		
viii)	Maturity Profile of Defined Benefit Obligations		
	Particulars	March 31, 2026	March 31, 2025
	Maturity benefits payable in future years from the date of reporting		
	1st Following year	40	14
	2nd Following year	69	15
	3rd Following year	62	37
	4th Following year	54	23
	5th Following year	85	18
	Sum of Years 6 to 10	344	128
	Sum of Years 11 and above	1,833	577
ix)	Quantitative sensitivity analysis for significant assumption		
	Particulars	March 31, 2026	March 31, 2025
	Projected benefit obligation on current assumption	952	328
	Increase/decrease on present value of defined benefits obligation		
	1% increase in discount rate	(92)	(31)
	1% decrease in discount rate	110	37
	1% increase in salary escalation rate	105	36
	1% decrease in salary escalation rate	(90)	(31)
	1% increase in employee turnover rate	(4)	(3)
	1% decrease in employee turnover rate	4	3
x)	Prescribed Contribution for Next year (12 Months)	466	130
xi)	Asset Information		
	Particulars	March 31, 2026	March 31, 2025
	Insurance fund	643	259

Notes to Financial Statements

for the Year ended on March 31, 2026

53	Aging Analysis					
53.1	Trade Payables ageing schedule					
March 31,2026					(Rs. In lakhs)	
Particulars	Outstanding for following periods from due date of payment				Total	
	Less than 1 year	1-2 years	2-3 years	More than 3 years		
Undisputed						
i) MSME	-	-	-	-	-	
ii) Others	215	-	-	1		216
Disputed						
i) MSME	-	-	-	-	-	
ii) Others	-	-	-	-	-	
Total	215	-	-	1		216
Unbilled	-	-	-	-	-	
Grand Total	215	-	-	1		216
March 31,2025						
Particulars	Outstanding for following periods from due date of payment				Total	
	Less than 1 year	1-2 years	2-3 years	More than 3 years		
Undisputed						
i) MSME	-	-	-	-	-	
ii) Others	276	1	0	0		277
Disputed						
i) MSME	-	-	-	-	-	
ii) Others	-	-	-	-	-	
Total	276	1	0	0		277
Unbilled	-	-	-	-	-	
Grand Total	276	1	0	0		277
53.2	Trade Receivables ageing schedule					
March 31,2026					(Rs. In lakhs)	
Particulars	Outstanding for following periods from due date of payment				Total	
	Less than 6 Months	6 months - 1 Year	1-2 years	2-3 years		
Undisputed						
i) considered good	3,066	-	49	-	18	3,132
ii) Considered Doubtful	-	-	-	-	-	-
Disputed						
i) considered good	-	-	-	-	-	-
ii) Considered Doubtful	-	-	-	-	-	-
Total	3,066	-	49	-	18	3,132
Unbilled	-	-	-	-	-	481
Grand Total	3,066	-	49	-	18	3,614
March 31,2025					(Rs. In lakhs)	
Particulars	payment				Total	
	Less than 6 Months	6 months - 1 Year	1-2 years	2-3 years		
Undisputed						
i) considered good	1,041	14	10	17	0	1,082
ii) Considered Doubtful	-	-	-	-	-	-
Disputed						
i) considered good	-	-	-	-	-	-
ii) Considered Doubtful	-	-	-	-	-	-
Total	1,041	14	10	17	0	1,082
Unbilled	-	-	-	-	-	-
Grand Total	1,041	14	10	17	0	1,082

Notes to Financial Statements

for the Year ended on March 31, 2026

53.3	The ageing of trade payables and trade receivables has been computed from the due date of payment
53.4	Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified based on information available with the Company
53.5	Unbilled amounts represent revenue recognised for which invoices have not yet been raised
54	The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date.
55	In respect of borrowings on the basis of security of current assets from banks and financial institutions, quarterly returns / statements of current assets filed by the Company with banks and financial institutions were in agreement with the books of accounts.
56	There were no charges or satisfaction yet to be registered with ROC beyond the statutory period.
57	The Company is not declared as wilful defaulter by any bank or financial Institution or government authorities
58	(a) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding that the Intermediary shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries (b) The Company has not received any fund from any person(s) or entity(ies), including foreign entities ("Funding Party") with the understanding that the company shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. (c) Funds transferred under Business Correspondent (BC) operations by funding Parties are directly disbursed to ultimate borrowers, wherein Company acts as a servicer to the Loan Portfolio. Therefore, loans granted under this mechanism are not considered for reporting under this clause.
59	The Company has not granted any Loans or Advances in the nature of loans to Promoters, Directors, KMP's and related parties which are repayable on demand or given without specifying terms or period of repayment.
60	The Company does not hold any Benami Property under the Benami Transactions (Prohibition) Act, 1988.
61	The Company has not entered into any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
62	The Company has not made any Investment in violation to the provisions related to number of layers prescribed under clause (87) of section 2 of the Companies Act, 2013 read with the Companies (Restriction on number of Layers) Rules, 2017.

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Notes to Financial Statements for the Year ended on March 31, 2026

B LIABILITIES AND EQUITY							
LIABILITY							
(1) Financial liabilities							
(a)	Derivative Financial Instruments	-	-	-	744	-	744
(b)	Payables						
	(i) Trade Payables						
	i) total outstanding dues to micro enterprises and small enterprises	-	-	-	-	-	-
	ii) total outstanding due to creditors other than micro enterprises and small enterprises	216	216	-	277	277	-
	ii) Other Payables						
	i) total outstanding dues to micro enterprises and small enterprises	-	-	-	-	-	-
	ii) total outstanding due to creditors other than micro enterprises and small enterprises	296	296	-	138	138	-
(c)	Lease Obligation	232	45	186	267	35	232
(d)	Debt securities (refer note 85)	43,400	10,628	32,773	58,616	14,075	44,542
(e)	Borrowings (other than debt securities) (refer note 85)	65,779	34,985	30,794	73,932	31,705	42,227
(f)	Subordinated liabilities	5,657	-	5,657	7,701	2,500	5,201
(g)	Other financial liabilities	7,517	7,517	-	7,622	7,622	-
	Total Financial Liabilities	1,23,097	53,686	69,411	1,49,296	56,351	92,945
(2) Non-Financial Liabilities							
(a)	Deferred tax liabilities (Net)	-	-	-	-	-	-
(b)	Provisions	309	309	-	69	69	-
(c)	Other non - financial Liabilities	650	650	-	634	634	-
	Total Non-Financial Liabilities	959	959	-	703	703	-
(3) EQUITY							
(a)	Equity Share capital	6,484	-	6,484	4,698	-	4,698
(b)	Instruments entirely equity in nature	-	-	-	1,786	-	1,786
(c)	Other equity	26,874	-	26,874	34,305	-	34,305
	Total Equity	33,358	-	33,358	40,789	-	40,789
	Total Liabilities and Equity	1,57,414	54,645	1,02,769	1,90,788	57,054	1,33,734

Notes to Financial Statements for the Year ended on March 31, 2026

66 Disclosure as per Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025 - Comparison between provisions required under IRACP and impairment allowances made under Ind AS 109:							
(Rs. in lakhs)							
	Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
(a)	As at March 31, 2026						
	Performing Assets						
	Standard	Stage 1	85,926	1,383	84,543	1,059	325
		Stage 2	1,243	286	957	16	269
		Stage 3	-	-	-	-	-
	Subtotal		87,169	1,669	85,500	1,075	594
	Non-Performing Assets (NPA)						
	Substandard	Stage 3	2,111	1,477	633	108	1,370
	Doubtful - up to 1 year	Stage 3	173	121	52	173	(52)
	1 to 3 years	Stage 3	-	-	-	-	-
	More than 3 years	Stage 3	-	-	-	-	-
	Subtotal for doubtful		2,283	1,598	685	281	1,318
	Loss	Stage 3	-	-	-	-	-
	Subtotal for NPA		2,283	1,598	685	281	1,318
	Other items	Stage 1	-	-	-	-	-
		Stage 2	-	-	-	-	-
		Stage 3	-	-	-	-	-
	Subtotal		-	-	-	-	-
	Total	Stage 1	85,926	1,383	84,543	1,059	325
		Stage 2	1,243	286	957	16	269
		Stage 3	2,283	1,598	685	281	1,370
		Total	89,453	3,267	86,185	1,355	1,964
(b)	As at March 31, 2025						(Rs. in lakhs)
	Performing Assets						
	Standard	Stage 1	1,53,787	383	1,53,403	89	294
		Stage 2	8,023	963	7,060	2	961
		Stage 3	-	-	-	-	-
	Subtotal		1,61,810	1,346	1,60,464	91	1,255
	Non-Performing Assets (NPA)						
	Substandard	Stage 3	10,385	6,750	3,635	1,598	5,152
	Doubtful - up to 1 year	Stage 3	10	6	3	10	(3)
	1 to 3 years	Stage 3	-	-	-	-	-
	More than 3 years	Stage 3	-	-	-	-	-
	Subtotal for doubtful		10,395	6,756	3,638	1,607	5,149
	Loss	Stage 3	-	-	-	-	-
	Subtotal for NPA		10,395	6,756	3,638	1,607	5,149
	Other items	Stage 1	-	-	-	-	-
		Stage 2	-	-	-	-	-
		Stage 3	-	-	-	-	-
	Subtotal		-	-	-	-	-
	Total	Stage 1	1,53,787	383	1,53,403	89	294
		Stage 2	8,023	963	7,060	2	961
		Stage 3	10,395	6,756	3,638	1,607	5,149
		Total	1,72,204	8,102	1,64,102	1,698	6,404

Notes to Financial Statements for the Year ended on March 31, 2026

66.1	Gross Carrying amount as per Ind AS represents Exposure at Default as specified in Ind-AS 109		
66.2	The impairment allowances under Ind AS 109 made by the Company exceeds the total provision required under IRACP (including standard assets provisioning), as at 31 March 2026 and 31 March 2025 and accordingly, no amount is required to be transferred to impairment reserve.		
66.3	Reconciliation of Exposure at default (EAD) vis-à-vis Loan Portfolio		
			(Rs. In lakhs)
	Particulars	FY 25-26	FY 24-25
	Balance of Loans as per Note 7	1,11,304	1,45,390
	Add:		
	Direct Assignment Portfolio	37,242	30,387
	Effective Interest Rate (EIR) Adjustment	1,057	1,447
	Less:		
	Interest Spread Balance	2,733	1,950
	Covered under the CGFMU (Reduced 72.75% from EAD)	37,380	-
	Transferred to ARC	16,285	-
	Receivable on Direct Assignment Portfolio (Assignors' Pool)	3,724	3,044
	Loan Repayable on demand	28	26
	Exposure at Default (EAD)	89,453	1,72,204
67	Disclosures pursuant to various RBI Circulars		
67.1	Disclosure for COVID19 Regulatory Package - Asset Classification and Provisioning:		
			(Rs. In lakhs)
	Particulars	FY 25-26	FY 24-25
(a)	SMA/overdue categories, where the moratorium/deferment was extended	-	-
(b)	Out of (A) above, amount on which asset classification benefits is extended	-	-
(c)	Provision Made on (B)	-	-
(d)	Provisions adjusted during the respective accounting periods against slippages	-	-
(e)	Residual Provision	-	-
67.2	Disclosure on Resolution Framework:		
			(Rs. In lakhs)
	Particulars	FY 25-26	FY 24-25
(a)	Number of requests received for invoking resolution process under Part A (Nos.)	-	-
(b)	Number of accounts where resolution plan has been implemented under this window (Nos.)	-	-
(c)	Exposure to accounts mentioned at (B) before implementation of the plan	-	-
(d)	Of (c), aggregate amount of debt that was converted into other securities	-	-
(e)	Additional funding sanctioned, if any, including between invocation of the plan and implementation	-	-
(f)	Increase in provisions on account of the implementation of the resolution plan	-	-
67.3	Disclosures pursuant to Reserve Bank of India (Non-Banking Financial Companies - Financial Statements: Presentation and Disclosures) Directions, 2025 on Transfer and acquisition of loan exposures :		
(i)	Details of stressed loans transferred to ARC		
			(Rs. In lakhs)
	Particulars	FY 25-26	FY 24-25
(a)	Total number of loans (Nos.)	1,71,178	-
(b)	Aggregate principal outstanding of loans transferred	39,123	-
(c)	Weighted average residual maturity (in months) (at the time of transfer)	11.80	-
(d)	Net book value of loans transferred (at the time of transfer)	19,773	-
(e)	Aggregate Consideration	20,000	-
(f)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(ii)	Security Receipts (SR) Ratings		
			(Rs. In lakhs)
	Particulars	FY 25-26	FY 24-25
	PARAS - 133 Trust (*) - Infomercs Valuations & Rating Pvt. Ltd.	IVR RR 1+	IVR RR 1+
	PARAS - 139 Trust (*) - Infomercs Valuations & Rating Pvt. Ltd.	IVR RR 1	IVR RR 1
	PARAS - 177 Trust (*) - Infomercs Valuations & Rating Pvt. Ltd.	IVR RR 1	NA
	PARAS - 195 Trust	Under Planning period	NA
	(*) Rating band awarded by SEBI Approved rating agencies to Security Receipts issued by above mentioned trust set by Pridhvi Asset Reconstruction and Securitisation Company Ltd.		

Notes to Financial Statements for the Year ended on March 31, 2026

(iii)	Details of transfer through direct assignment in respect of Loans not in default		
			(Rs. In lakhs)
	Particulars	FY 25-26	FY 24-25
(a)	Total number of loans (Nos.)	1,40,901	79,115
(b)	Aggregate principal outstanding of loans transferred	47,991	35,182
(c)	Total number of transactions (Nos.)	18	14
(d)	Weighted average residual maturity (in months) (at the time of transfer)	16.27	18.32
(e)	Aggregate Consideration	43,192	31,664
(f)	Retention of Beneficial Economic Interest	10%	10%
(g)	Coverage of Tangible Security Coverage	-	-
(h)	Number of instances where transferred as agreed to replace the transferred loans	-	-
(i)	Number of transferred loans replaced	-	-
(iv)	Details of loans acquired through direct assignment in respect of Loans not in default		
			(Rs. In lakhs)
	Particulars	FY 25-26	FY 24-25
(a)	Total number of loans (Nos.)	15,920	14,727
(b)	Aggregate principal outstanding of loans transferred	2,188	1,799
(c)	Total number of transactions (Nos.)	1	1
(d)	Weighted average residual maturity (in months) (at the time of transfer)	4.92	10.22
(e)	Aggregate Consideration	1,969	1,619
(f)	Retention of Beneficial Economic Interest	10%	10%
(g)	Coverage of Tangible Security Coverage	-	-
(h)	Number of instances where transferred as agreed to replace the transferred loans	-	-
(i)	Number of transferred loans replaced	-	-
67.4	Details of Co-Lending Arrangements (CLA) as a Partner RE		
			(Rs. In lakhs)
	Particulars	FY 25-26	FY 24-25
1	Quantum of CLAs		
(a)	Number of CLA partners	2	-
(b)	Number of outstanding cases	16,782	-
(c)	Amount of Gross Outstanding (₹ in lakhs)*	5,335	-
2	Range of Interest Rate Charged	15.5% - 19%	-
3	Broad sectors in which CLA was made	Individual Lending	-
4	Performance of loans under CLA (₹ in lakhs)*	-	-
(a)	Stage 1	5,281	-
(b)	Stage 2	42	-
(c)	Stage 3	12	-
5	Details related to default loss guarantee	1. Partner I : 5% of the peak POS 2. Partner II : 5% of the POS	-
68	Disclosures pursuant to Reserve Bank of India (Non-Banking Financial Companies - Financial Statements: Presentation and Disclosures) Directions, 2025 on Liquidity Risk:		
68.1	Funding Concentration based on significant counterparty (both deposits and borrowings)		
	Period	Number of Significant Counterparties	Amount (Rs.in Lakhs)
	March 31, 2026	17	98,600
	March 31, 2025	20	1,24,023
68.2	Details of Top 20 large deposits		
	Not Applicable. The Company being a Systemically Important Non-Deposit Non-Banking Financial Company registered with Reserve Bank of India does not accept public deposits.		

Notes to Financial Statements for the Year ended on March 31, 2026

68.3	Details of Top 10 borrowings					
	Period	Amount (Rs.in Lakhs)		% of Total Borrowings		
	March 31, 2026	83,038		79.63%		
	March 31, 2025	94,456		69.07%		
68.4	Funding Concentration based on significant instrument/product					
	Name of the Instrument/ Product	As at March 31, 2026		As at March 31, 2025		
		Amount (Rs.in Lakhs)	% of Total Liabilities	Amount (Rs.in Lakhs)	% of Total Liabilities	
	Debt securities	43,400	34.98%	58,616	39.08%	
	Borrowings (other than debt securities)	65,779	53.02%	73,932	49.29%	
	Subordinated liabilities	5,657	4.56%	7,701	5.13%	
	Total	1,14,836	92.57%	1,40,249	93.50%	
68.5	Stock Ratios					
	Particulars	As at March 31, 2026			As at March 31, 2025	
		As a % of public funds	As a % of Total liabilities	As a % of total assets	As a % of public funds	As a % of Total liabilities
	Commercial papers	NA	-	-	NA	-
	Non- Convertible Debentures (original maturity less than 1 year)	NA	-	-	NA	-
	Other Short term liabilities	NA	2.02%	1.59%	NA	0.47%
68.6	Institutional set-up for Liquidity Risk Management					
	Refer Note: 44.6					
69	Ratios:					
A	Capital to Risk Assets ratio (CRAR) (Computed as per method prescribed by RBI)					
	Particulars	As at				
		March 31, 2026	March 31, 2025			
(i)	CRAR (%) [(ii) + (iii)]	22.31%	29.89%			
(ii)	CRAR- Tier I Capital(%)	18.81%	26.54%			
(iii)	CRAR- Tier II Capital(%)	3.50%	3.35%			
(iv)	Amount of subordinated debt considered as Tier-II capital (In ₹ lacs)	2,964	3,795			
70	Other Notes:					
(i)	The Company has no exposure to the real estate sector directly or indirectly in the current and previous year.					
(ii)	The company has not disbursed any loans against security of gold in the current and previous year.					
(iii)	The Company has no exposure to capital market in the current and previous year.					
(iv)	The company has no intra-group exposure in the current and previous year.					
(v)	Details of Single Borrower Limit ("SGL") / Group Borrower Limit ("GBL") exceeded by the NBFC a) Loans and advances, excluding advance funding but including off-balance sheet exposures to any single party in excess of 15 per cent of owned fund of the NBFC: Nil b) Loans and advances to (excluding advance funding but including debentures/bonds and off-balance sheet exposures) and investment in the shares of single party in excess of 25 per cent of the owned fund of the NBFC: Nil					
(vi)	The Company is registered with RBI and has all its operations in India, it has not obtained registration from any other financial sector regulators other than Corporate Agency License from IRDAI.					
(vii)	The Company does not have any Overseas assets / overseas operations for current and previous year.					

Notes to Financial Statements for the Year ended on March 31, 2026

71	Details of Provisions and contingencies shown in the Statement of Profit and Loss			
	Particulars	For the year ended		
		March 31, 2026	March 31, 2025	
(i)	Provision for impairment on Financial Instruments	8,370	4,639	
(ii)	Provision made towards Tax Expenses	(2,903)	(213)	
(iii)	Provision for reduction in fair value of Investments	300	-	
(iv)	Other Provision and contingencies	312	76	
		6,079	4,502	
72	Details of the Customer Complaints			
72.1	Details of the Customer Complaints			
	Particulars	As at		
		March 31, 2026	March 31, 2025	
(i)	No. of complaints pending at the beginning of the year	10	10	
(ii)	No. of complaints received during the year	299	265	
(iii)	No. of complaints disposed during the year	309	265	
	(a) of which, number of complaints rejected by the NBFC	-	-	
(iv)	No. of complaints pending at the end of the year	-	10	
	Maintainable complaints received by the NBFC from Office of Ombudsman			
(v)	Number of maintainable complaints received by the NBFC from Office of Ombudsman	20	-	
	v.i) Of (v), number of complaints resolved in favour of the NBFC by Office of Ombudsman	20	-	
	v.ii) Of (v), number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	20	-	
	v.iii) Of (v), number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-	
(vi)	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-	
72.1.1	Top 5 Grounds of Complaints received by NBFC from Customers			
	Particulars	Credit Bureau Report	Credit-linked Insurance related	Disbursement Related
				Staff Behaviour Related
				Instalment and Other Service Related
A	March 31, 2026			
(i)	Complaints pending at the beginning of the year	4	-	-
(ii)	Complaints received during the year	75	36	24
(iii)	Complaints disposed during the year	79	36	24
	(a) of which, complaints rejected by the NBFC	-	-	-
(iv)	Complaints pending at the end of the year	-	-	-
(iv)	Complaints pending beyond 30 days	-	-	-
B	March 31, 2025			
(i)	Complaints pending at the beginning of the year	2	4	-
(ii)	Complaints received during the year	95	29	7
(iii)	Complaints disposed during the year	93	33	7
	(a) of which, complaints rejected by the NBFC	-	-	-
(iv)	Complaints pending at the end of the year	4	-	-
(iv)	Complaints pending beyond 30 days	-	-	-

Notes to Financial Statements

for the Year ended on March 31, 2026

73	Movements of NPAs		
	Refer movements provided under Note 44.7		
74	Unsecured Advances		
	The Company has not obtained any intangible security towards the unsecured advances.		
75	Draw Down from Reserves :		
	The Company has not made any drawdown from existing reserves.		
76	Details of concentration of advances, exposures & NPA:		
76.1	Concentration of Deposits is not applicable as the company is Non-deposit Taking NBFC		
76.2	Concentration of Advances		
	Particulars	As at	
		March 31, 2026	March 31, 2025
	Total Advances to Twenty Largest Borrowers - Rs. In lacs	305	225
	% of Advance to Top 20 Borrowers to Total Advances	0.34%	0.13%

76.3	Concentration of Exposures		
	Particulars	As at	
		March 31, 2026	March 31, 2025
	Total Exposure to Twenty Largest Borrowers - Rs. In lacs	305.66	225.30
	% of Advance to Top 20 Borrowers to Total Advances	0.34%	0.13%

76.4	Concentration of NPAs		
	Particulars	As at	
		March 31, 2026	March 31, 2025
	Total Exposure to top four NPA Accounts - Rs in Lakhs	32.31	37.73

77	Sectoral Exposure:						
	Particulars	As at March 31, 2026			As at March 31, 2025		
		Total Exposure	Gross NPA	% of GNPA to total Exposure	Total Exposure	Gross NPA	% of GNPA to total Exposure
	Micro Finance Loans	98,169.95	1,706.49	0.02	1,48,418.11	9,281.27	0.06
	Corporate borrowers	50.00	-	-	-	-	-
	Unsecured personal loans	20,946.14	633.31	0.03	16,945.76	546.37	0.03
	Vehicle Loans	7,666.64	446.22	0.06	6,840.23	566.91	0.08
	Total	1,26,832.74	2,785.02	0.02	1,72,204.10	10,394.54	0.06
	The sectoral exposure above also includes the off-balance sheet portion of loans transferred under direct assignment that continue to be serviced by the Company. Loans sold to an Asset Reconstruction Company (ARC) against Security Receipts, including those of earlier years, are not included in the table above.						

78	Asset Liability Management - Maturity pattern of certain items of assets and liabilities				
	Particulars	As at March 31, 2026		As at March 31, 2025	
		(Rs. In lakhs)			
		Loans	Borrowings	Loans	Borrowings
	1 day to 7 days	1,981.55	3,146.39	3,356.11	1,330.54
	8 day to 14 days	1,981.55	495.82	3,356.11	809.78
	15 day to 30/31 days	1,413.34	1,383.50	1,678.06	3,896.20
	Over one month to 2 months	5,216.43	3,097.08	8,331.15	4,889.38
	Over 2 months to 3 months	5,175.69	15,204.08	8,184.45	10,861.29
	Over 3 months up to 6 months	13,621.95	9,280.63	23,528.20	9,292.25
	Over 6 months up to 1year	26,285.42	21,788.17	42,689.09	19,505.61
	Over 1 year up to 3 years	37,587.58	41,669.57	46,620.74	68,093.99
	Over 3 years up to 5 years	1,755.64	15,456.44	7,619.18	17,405.81
	Over 5 years	16,284.99	3,315.17	0.66	4,163.60
	Total	1,11,304.13	1,14,836.85	1,45,363.74	1,40,248.47
	Note - refer note 85.				

Notes to Financial Statements

for the Year ended on March 31, 2026

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

					(Rs. In lakhs)	
Type of Hedge and Risk		Notional Amount (Foreign Currency in Lakhs)	Carrying amount -Derivative Liability/ (Assets)		Maturity Dates	Change in Fair value of Hedging Instruments
			March 31, 2026	March 31, 2025		
Foreign exchange risk						
Cross Currency Interest Rate Swaps						
Euro		15.00	0.00	(5.35)	Jun-25	5.35
Euro		15.00	0.00	(8.20)	Jun-25	8.20
USD		50.00	(310.08)	97.04	Apr-30	(407.12)
USD		30.00	(169.85)	(25.70)	Jun-26	(144.15)
USD		20.00	(113.18)	(17.03)	Jun-26	(96.15)
USD		30.00	(173.69)	(46.56)	Jun-26	(127.13)
Euro		50.00	(211.42)	(9.40)	Jun-26	(202.02)
Euro		15.00	(68.28)	26.71	Aug-26	(95.00)
Euro		19.00	(65.24)	(38.91)	Dec-27	(26.32)
USD		25.00	(151.73)	62.78	Jul-29	(214.51)
USD		70.00	(418.31)	209.74	Jun-29	(628.04)
USD		50.00	(298.79)	59.72	Jun-27	(358.51)
USD		75.00	(448.75)	81.09	Jun-27	(529.84)
USD		80.00	(777.71)	213.50	Jul-32	(991.22)
Euro		25.00	(99.03)	54.51	Oct-28	(153.54)
Euro		23.00	(104.30)	83.12	Aug-27	(187.42)
Euro		2.00	(8.98)	7.01	Aug-27	(15.98)
Total			(3,419.32)	744.08		(1,084.34)
Type of Hedge and Risk			Notional Amount (Foreign Currency in Lakhs)	Strike Price	Interest Rate	
Foreign Exchange Risk						
Cross Currency Interest Rate Swaps						
Euro			15.00	88.01	11.45%	
Euro			15.00	87.10	11.45%	
USD			50.00	88.80	12.88%	
USD			30.00	88.80	11.27%	
USD			20.00	88.80	11.20%	
USD			30.00	88.80	11.40%	
Euro			50.00	104.25	10.45%	
Euro			15.00	104.25	10.97%	
Euro			19.00	104.25	10.90%	
USD			25.00	88.80	11.48%	
USD			70.00	88.80	11.28%	
USD			50.00	88.00	11.28%	
USD			75.00	88.00	11.54%	
USD			80.00	83.71	8.95%	
Euro			25.00	104.25	11.23%	
Euro			23.00	104.25	12.64%	
Euro			2.00	104.25	10.53%	
Movement in Cash Flow Hedges					(Rs. In lakhs)	
Particulars					March 31, 2026	March 31, 2025
Opening Balance of Cash Flow Hedges					(1,639.97)	(604.35)
Change in Fair value of hedging Instruments					1,084.34	620.40
Less: Amount reclassified to Statement of P&L					(809.78)	1,656.02
Net Amount Charged (to)/from Other Comprehensive Income					1,894.11	(1,035.62)
Closing Balance of Cash Flow Hedges					254.15	(1,639.97)
Expense Booked in Statement of P&L					(Rs. In lakhs)	
Particulars					March 31, 2026	March 31, 2025
Hedge Ineffective Portion					-	-
Amount reclassified from Other Comprehensive Income					809.78	(1,656.02)
Line Item affected					Foreign exchange Gain / Loss and Interest Expense	

Notes to Financial Statements for the Year ended on March 31, 2026

Disclosure required under Master Directions issued by RBI		(Rs. In lakhs)		
Particulars		March 31, 2026	March 31, 2025	
(i)	The National principal of Swap agreements for hedging	54,445.54	49,713.13	
(ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under agreement	In case of failure by the counterparty, the company would have to discharge the outstanding exposure of the ECB at the prevailing forex rates on the respective repayment dates.		
(iii)	Collateral Required upon entering into swaps	1,024.40	632.36	
(iv)	Concentration of Credit risk arising from the swaps	Since the company has entered the swaps with the Bank, it does not foresee any credit risk arising from swaps.		
(v)	Fair Value/Mark to Market Position of the Swap book - (Gain)/Loss	(3,419.32)	744.08	
(vi)	Credit Exposure	54,445.54	49,713.13	
(vii)	Unhedged Exposure	NIL	NIL	
80	During the year under review, The company had total Outstanding towards frauds totalling to Rs.560.52 Lakhs (31st March 2025: Rs. 524.04 Lakhs) in respect of its lending operations. Out of the above, frauds amounting to Rs.127.25 Lakhs (31st March 2025: Rs. 87.01 Lakhs) has already been recovered. Suitable action has been taken by the company to recover the balance amounts. The Above Information for Individual frauds has been compiled from Fraud Monitoring Return filed with the RBI.			
81	Disclosure of Whistle blower Complaints			
Particular		March 31 2026	March 31 2025	
No. of complaints pending at the beginning of the year		-	-	
No. of complaints received during the year		-	-	
No. of complaints addressed during the year		-	-	
No. of complaints pending at the end of the year		-	-	
82	Credit Rating			
The CARE and ICRA have assigned following ratings to Company				
Facility		Credit Rating Agency India Ratings	Credit Rating Agency ICRA	Credit Rating Agency CARE
Bank Facilities		BBB-/Stable	BBB-/Negative	-
Non-Convertible Debentures		BBB-/Stable	BBB-/Negative	BBB-/Negative
Subordinated Debt		-	-	BBB-/Negative
There are no changes in the ratings during the current financial year.				
83	Details of penalties & RBI Findings			
83.1	Details of Penalties		(Rs. In lakhs)	
Particulars		FY 2025-2026	FY 2024-2025	
(A) Penalties imposed by RBI		-	-	
(B) Penalties imposed by Other regulators				
- Penalties imposed by SEBI		-	-	
Less : Waiver applied for		-	-	
Net Penalties Paid		-	-	
83.2	Findings of the RBI Inspection (Inspection and Risk Assessment Report) on the financial position as at 31 March 2025			
The Reserve Bank of India carried out an Onsite Inspection for Supervisory Evaluation of the Company under Section 45N of the RBI Act, 1934, from 17 to 22 November 2025, with reference to the Company's financial position as at 31 March 2025, and issued its Inspection and Risk Assessment Report (IRAR). The key findings are summarised below:				
A. Capital Adequacy				
As at 31 March, 2025 the company had reported CRAR at 29.89%, the same was assessed at 28.51%. The divergence in CRAR was on account of reduction of ₹ 963 lakhs from Standard Assets Provisioning (Lifetime ECL), which reduced the Tier II capital from ₹ 4,839 lakhs to ₹ 3,877 lakhs. Subsequently, the company also miscalculated its RWAs by not adding back the Expected Credit Loss (ECL) provisions of ₹ 383 lakhs to the RWAs. Additionally, certain consumer credit exposure which required 125% risk weight, were included in RWAs with 100% and the additional RWAs assessed for the same were ₹ 1,152 lakhs. The assessed NOF was ₹ 37,615 lakhs as on March 31, 2025 due to deduction of Default Loss Guarantee (DLG) amounting ₹ 721 lakhs by the inspection team.				
B. ICAAP and Stress Testing				
The company had not prepared an ICAAP document for 2024-25. Later, it formulated an ICAAP policy in January 2025 in compliance with the previous IRAR observation. The company was only carrying out stress testing exercise for its Asset Liability Management. The full-fledged stress testing exercise including Operational risk, Credit risk, Market risk, Strategic risk, etc. was not yet completed .				
C. Other Operational areas				
There were certain operational observations on control gaps in credit policy, JLG Loan origination, KFS Provided to customers, Customer Service, EWS set in the ALM policy, CFP etc. The company has submitted the action taken report on all the observations of the said inspection report on 28th March, 2026. There were no further remarks from the authorities till the date of the board meeting.				

Notes to Financial Statements for the Year ended on March 31, 2026

84	Details of Average Interest paid on Borrowings and charged on loans given to JLG:		
The details of Average Interest Rate on Borrowings and charged on loans is as under:			
Particulars		FY 2025-2026	FY 2024-2025
Average Interest Rate on Loans given (A)		23.66%	25.47%
Average effective cost of Borrowing (B)		12.60%	13.63%
Net Interest Margin (A-B)		11.06%	11.84%
85	Breach of Covenants		
Particulars		No. of Lenders wherein breach of covenant found as at	
		March 31, 2026	March 31, 2025
In case of Loans availed		15	24
In case of Debt Securities		6	9
The Company was not compliant of certain specific covenants associated with its borrowings as mentioned above. Although the respective borrowing agreements may provide the lenders with a right of recall on breach of covenants, no lender has, as at the date of approval of these financial statements, communicated or exercised any such right and the Company has consistently met its debt servicing obligations. The Company is in the process of obtaining formal waivers / condonations from the respective lenders. While no such waivers have been received as at 31 March 2026, management is confident, based on past conduct of lenders and ongoing discussions, of obtaining such waivers. Accordingly, these borrowings have not been reclassified as current as at 31 March 2026 and all disclosures in these financial statements are based on the contractual maturity dates.			
86	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:			
		(Rs. In lakhs)	
(a)	Particulars	Year ended	
		March 31, 2026	March 31, 2025
Total number of loans assigned/securitised during the year		1,69,378.00	90,755.00
Total book value of loans assigned/securitised during the year		59,485.20	39,663.20
Sale consideration received for loans assigned/ securitised during the year		53,076.92	35,554.27
Income recognised in the statement of profit and loss during the year		4,004.92	3,034.23
Balance of loans assigned /securitised as at the balance sheet date		45,061.74	34,506.48
Cash Collateral provided and outstanding as at the balance sheet date		827.53	602.20
(b)	Details of Securitisation transactions undertaken:		
		(Rs. In lakhs)	
Particulars	Year ended		
	March 31, 2026	March 31, 2025	
1	a) No. of SPVs sponsored by the NBFC during the year for securitisation transactions (Nos.)	6.00	2.00
	b) No. of SPVs sponsored by the NBFC outstanding as at balance sheet date for securitisation transactions (Nos.)	6.00	4.00
2	Total amount of securitised assets as per books of the SPVs sponsored during the year by the NBFC	11494.21	4481.90
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	0.00	0.00
	- Others	0.00	0.00
	b) On-balance sheet exposures		
	- First loss	1609.20	1281.41
	- Others	0.00	0.00
4	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	828	602
	- Others	6,210	2,838
	ii) Exposure to third party securitisations		
	- First loss	-	-
	- Others	-	-
5	Sale consideration received for the securitised assets during the year and gain/loss on sale on account of securitisation	9,885	3,891
6	Outstanding value of services provided by way of post-securitisation asset servicing	-	-
7	Performance of facility provided: Credit enhancement and servicing agent:		
	(a) Amount Paid	7,219	7,978
	(b) Repayment Received	7,386	8,436
	(c) Outstanding Amount	1,006	675
8	Average default rate of portfolios observed in the past.	1.90%	1.47%
9	Amount and number of additional/top up loan given on same underlying asset.	-	-
10	Investor complaints:		
	(a) Directly/Indirectly Received	-	-
	(b) Complaints Outstanding	-	-

Notes to Financial Statements for the Year ended on March 31, 2026

87	As required in terms of paragraph 20 of Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025, the following information is given:				
87.1	Loans and advances availed by the non- banking financial company inclusive of interest accrued thereon but not paid:				
					(Rs. In lakhs)
	Particulars	FY 2025-2026		FY 2024-2025	
		Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
	a) Debentures :				
	Secured	25,521.07	-	44,149.67	-
	Unsecured (other than falling within the meaning of public deposits)	-	-	2,109.92	-
	b) Deferred Credits	-	-	-	-
	c) Term Loans	67,298.27	-	75,005.77	-
	d) Inter-corporate loans and borrowing	-	-	-	-
	e) Commercial Paper	-	-	-	-
	f) Other Loans				
	Sub ordinate debt	5,657.99	-	5,733.22	-
	Working capital facility	-	-	-	-
87.2	Break up of Loans and advances including bills receivables: excluding interest accrued				
					(Rs. In lakhs)
	Amount Outstanding net of provision	FY 2025-2026		FY 2024-2025	
	a) Secured	6,736.35		6,333.94	
	b) Unsecured	1,01,300.43		1,30,953.63	
87.3	Break up of Leased Assets and stock on hire and other assists counting towards assets financing activities:				
					(Rs. In lakhs)
	Particulars	FY 2025-2026		FY 2024-2025	
	(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) Loan other than (a) Above	-		-	

Notes to Financial Statements for the Year ended on March 31, 2026

87.4	Break up of Investments		
		(Rs. In lakhs)	
	Particulars	FY 2025-2026	FY 2024-2025
	Current Investments:		
	1. Quoted		
	(i) Shares:		
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	2. Unquoted		
	(i) Shares:		
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Unit of Alternate Investment Fund	-	-
	Long Term Investments:		
	1. Quoted		
	(i) Shares:		
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-
	2. Unquoted		
	(i) Shares:		
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Unit of Alternate Investment Fund	-	-
	(vi) Interest bearing deposits	725.09	-
	(vii) Investment in SR of ARC	2,698.28	2,973.34
	Total Gross Value of Investments	3,423.37	2,973.34
	Less: Provision for reduction in value of investments	300.00	-
	Net Value of Investments	3,123.37	2,973.34

Notes to Financial Statements

for the Year ended on March 31, 2026

87.5	Borrowers group wise classification of assets financed as in 86.2 and 86.3 above:					
Category	FY 2025-2026			FY 2024-2025		
	Amount net of Provisions			Amount net of Provisions		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties						
a) Subsidiaries	-	-	-	-	-	-
b) Companies in the same group	-	-	-	-	-	-
c) Other Related parties	-	-	-	-	-	-
2. Other than related parties	6,736.35	1,01,300.43	1,08,036.48	6,333.94	1,30,953.63	1,37,287.57
Total	6,736.35	1,01,300.43	1,08,036.48	6,333.94	1,30,953.63	1,37,287.57

87.6	Investor group wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):					
Category	FY 2025-2026			FY 2024-2025		
	Market Value/ Break up or FAIR Value or NAV	Book Value(Net of Provisions)		Market Value/ Break up or FAIR Value or NAV	Book Value(Net of Provisions)	
1. Related parties						
a) Subsidiaries	-	-		-	-	
b) Companies in the same group	-	-		-	-	
c) Other Related parties	-	-		-	-	
2. Other than related parties		3,123.37	3,123.37		2,973.34	2,973.34
Total		3,123.37	3,123.37		2,973.34	2,973.34

87.7	Other Information		
Particulars	FY 2025-2026		(Rs. In lakhs)
	FY 2024-2025		
(i) Gross Non-Performing Assets			
a) Related Parties			-
b) Other than related parties	2,785.02		10,394.54
(ii) Net Non performing Assets			
a) Related Parties			-
b) Other than related parties	1,186.58		3,638.09
(iii) Assets acquired in satisfaction of Debt			-

88	Pending clarification on the applicability and issuance of detailed rules under the Labour Codes, the Company has exercised judgement in determining eligible wages for the purpose of calculation of gratuity obligations and for assessing impact of other employee benefits. Any impact of changes in regulations will be recognised when such changes are enacted or further clarifications are received.
89	The Accounting softwares used by Company for maintaining its books of accounts are having a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all transactions recorded in the software. Further, the audit trail feature of accounting software has not been tampered with during the financial year 2025-26 as required by Proviso to Rule 3(1) of Companies (Accounts) Rules, 2014. Additionally, the audit trail has been preserved by the company as per the statutory requirements for record retention.
90	Previous year's figures have been regrouped, where necessary, to confirm to current year's presentation.

As per our report of even date	For and on behalf of the Board of Directors	
For PKF Sridhar & Santhanam LLP		
Chartered Accountants		
ICAI Firm Reg.No. 003990S/S200018	Kartik S. Mehta Managing Director DIN: 02083342	Purvi J. Bhavsar Managing Director DIN: 02102740
Seethalakshmi M Partner Membership No. 208545	Chintan Desai Chief Financial Officer	Dimple Padhiar Company Secretary
Place: Bengaluru	Place: Hyderabad	
Date: 6th May, 2026	Date: 6th May, 2026	

Notice of Annual General Meeting

Notice is hereby given that the Sixteenth (16th) Annual General Meeting (AGM) of the Members of **Pahal Financial Services Private Limited** having CIN U65910GJ1994PTC082668 will be held through Video Conferencing as per below schedule:

Date: 29th September 2026

Day: Tuesday

Time: 5:00 p.m. (IST)

Place: 7th Floor, Binori B Square - 2, Opp. Hathising Ni Vadi, Ambli Iscon Road, Ahmedabad - 380054, Gujarat, India

to transact the following business:

Ordinary Business:

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

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

To receive, consider and adopt the Annual Audited Financial Statements of the Company for the Financial Year ended March 31, 2026, including Balance Sheet as of March 31, 2026, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.

By Order of the Board of Directors

Pahal Financial Services Private Limited

Sd-

Dimple Padhiar

Company Secretary

Date: September 21, 2026

Place: Ahmedabad

NOTES:

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

- **PROCEDURE FOR ATTENDING THE AGM THROUGH VC / OAVM:** The AGM of the Company is being conducted using Zoom Meeting App. Meeting ID and password to participate in the said AGM is given herein below:

Link of Video Conferencing	https://zoom.us/j/92624533775?pwd=FnZzQnzZ6vOwJeQF8LzrAl7CpFb19P.1
Meeting ID	926 2453 3775
Password	565432

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

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

Other instructions:

- a) Please note that, if you have already downloaded/using Zoom App then you need not to do the aforesaid activities and you have to just enter the Zoom Meeting ID and Password, as provided in this Notice.
 - b) You can sign in/join the meeting before 15 minutes on the meeting day for timely participation in the AGM through video conferencing.
 - c) Please listen and participate in the discussion carefully.
 - d) Please Propose and Second any of the resolution by raising your hand/ show of hands and by saying “I propose the resolution” or “I second the resolution” whenever it is asked by the Company Secretary/Chairperson.
 - e) Please click on the “Mute” tab when there is any disturbance or noise around you or not talking.
 - f) Please ensure that *no other person is sitting with you/ participating in the aforesaid meeting through Video Conferencing.*
 - g) Please click on “Unmute” tab when you want to say something.
 - h) In case of any queries/ clarification or assistance being required with respect to the Annual General Meeting, members may write to acs@pahalfinance.com.
- Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses for receiving all communications including Annual Report, Notices, Circular, etc. from the Company in electronic mode.
 - Members who still hold share certificates in physical form are advised to dematerialize their shareholding to also avail of numerous benefits of dematerialization, which include easy liquidity, ease of trading and transfer, savings in stamp duty and elimination of any possibility of loss of documents and bad deliveries.

- Members may please note that no gifts/ gift coupons shall be distributed at the venue of the General Meeting.
- Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send to the Company, a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 has been annexed hereto and forms part of this Notice.
- The notice is being sent to all the members of the company, whose name appears on the register of members/ record(s) of depository as on September 11, 2026.
- Members may also note that the Notice of this AGM will be available on the website of the Company i.e., www.pahalfinance.com.
- Members are requested to advise any change in their address in written immediately to the Company at its Registered Office.
- All documents referred to in the accompanying notice and the statement shall be open for inspection at the Registered Office of the Company or through electronic mode at the request of the shareholder during normal business hour.
- In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.
- In terms of the requirements of the Secretarial Standards on General Meetings (SS-2), Attendance Slip and a route map of the venue of the AGM is enclosed.
- The designated email address of the Company is acs@pahalfinance.com.

Proxy Form

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

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

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

I/ We, being the member(s) of _____ shares of the above-named company, hereby appoint

Name:	
Address:	
E-mail ID:	
Signature:	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held through Video Conferencing on Tuesday, 29th September 2026 at the registered office of the Company situated at 7th Floor, Binori B Square-2, Opp. Hathising Ni Vadi, Ambli Iscon Road, Ahmedabad – 380054, Gujarat, India and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No. Sr. No.	Resolution
1.	Approval and Adoption of Audited Financial Statements and the reports of the Directors and Auditors for the Financial year ended March 31, 2026

Date:

Signature of Authorised Representative/ Shareholder

Signature of Proxy holder

Re. 1
Revenue
Stamp

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

Attendance Slip

Registered Folio No./ Client ID:
Name and Address of First/ Sole Shareholder:
.....
.....
No. of shares held:

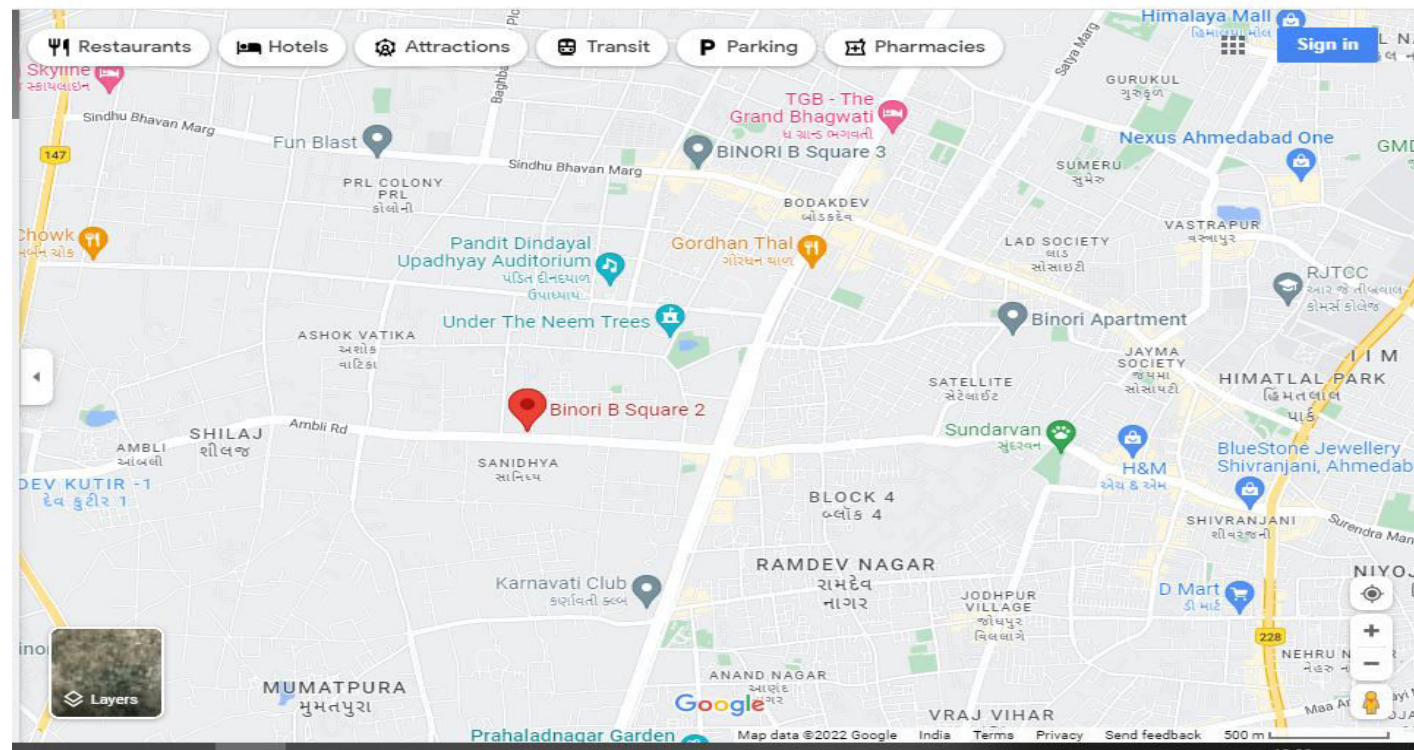
I hereby record my presence at the Annual General Meeting of the Members of Pahal Financial Services Private Limited held on Tuesday, 29th September 2026 through Video Conferencing at the Registered Office of the Company situated at 7th Floor, Binori B Square – 2, Opp. Hathisingh Ni Vadi, Ambli Iscon Road, Ahmedabad – 380054, Gujarat, India.

Signature of the Shareholder

NOTES:

- (1) Members/ Proxy holders are requested to produce the attendance slip duly signed for admission to the Meeting Venue.
- (2) In the case of joint holders, the votes of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.

Route Map for venue of Annual General Meeting



Our Sincere THANKS TO OUR FUNDERS





15 Years of Transforming Lives

Every smile, every opportunity, every success story reflects the collective impact of our journey. Thank you for being part of it.

🌐 <https://pahalfinance.com/> 🌐 ho@pahalfinance.com 📞 +91 2717 479169