

Press Release

Pahal Financial Services Private Limited

July 24, 2019

Rating Update



Total Bank Facilities Rated	Rs. 60.00 Cr. #
Long Term Rating	ACUITE BB Issuer not co-operating*

Refer Annexure for details

* The issuer did not co-operate; Based on best available information.

Acuité has reviewed long-term rating of '**ACUITE BB**' (read as **ACUITE double B**) on the Rs. 60.00 crore bank facilities of PAHAL FINANCIAL SERVICES PRIVATE LIMITED (PFPL). This rating is now an indicative rating and is based on best available information.

PFPL, incorporated in 1994, is a Gujarat-based non-deposit taking NBFC-MFI. The promoters acquired the microfinance portfolio of Lok Vikas Nidhi (a division of Vikas Centre for Development) - a trust operating in the area of social development in Gujarat for over 25 years and commenced commercial operations in 2011. PFPL lends under the Joint Liability Group (JLG) model to women and operates through 60 branches across Gujarat, Madhya Pradesh and Maharashtra. The company is led by Mr. Kartik Mehta and Mrs. Purvi J. Bhavsar.

Non-cooperation by the issuer/borrower

Acuité has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer / borrower failed to submit such information before due date.

This rating is therefore being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuité's policies.

Applicable Criteria

- Non-Banking Financial Entities - <https://www.acuite.in/view-rating-criteria-44.htm>
- Default Recognition: - <https://www.acuite.in/view-rating-criteria-17.htm>

Limitation regarding information availability

The rating is based on information available from sources other than the issuer / borrower (in the absence of information provided by the issuer / borrower). Acuité endeavoured to gather information about the entity / industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

About the Rated Entity - Key Financials

Particulars	FY2018	FY2017	FY2016
Total Assets	238.11	177.01	143.76
Total Income	17.11	16.32	11.88
PAT	-6.57	1.89	1.88
Net worth	33.77	33.66	18.76
Return on Average Assets (RoAA)	-3.16	1.18	1.53
Return on Average Net Worth (RoNW)	-19.48	7.20	12.26
Total Debt/Tangible Net Worth (Gearing)	3.09	4.41	6.41
Gross NPA	0.44	3.26	0.32
Net NPA	0.22	1.63	0.13

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
14-May-2018	Cash Credit	Long Term	5.00	ACUITE BB/ Stable (Reaffirmed)
	Term Loan	Long Term	20.00	ACUITE BB/ Stable (Reaffirmed)
	Term Loan	Long Term	2.12	ACUITE BB/ Stable (Reaffirmed)
	Proposed Term Loan	Long Term	32.88 (Enhanced from Rs. 22.88 Cr.)	ACUITE BB/ Stable (Reaffirmed)
24-Oct-2017	Cash Credit	Long Term	5.00	ACUITE BB/ Stable (Downgraded from ACUITE BB+/Stable)
	Term Loan	Long Term	20.00	ACUITE BB/ Stable (Assigned)
	Term Loan	Long Term	3.88	ACUITE BB/ Stable (Withdrawn)
	Term Loan	Long Term	2.12	ACUITE BB/ Stable (Downgraded from ACUITE BB+/Stable)
	Proposed Term Loan	Long Term	22.88	ACUITE BB/ Stable (Downgraded from ACUITE BB+/Stable)
25-Aug-2016	Cash Credit	Long Term	4.00	ACUITE BB+/ Stable (Assigned)
	Term Loan	Long Term	6.00	ACUITE BB+/ Stable (Assigned)
	Proposed Term Loan	Long Term	40.00	ACUITE BB+/ Stable (Assigned)

#Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs.Cr.)	Ratings
Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE BB Issuer not co-operating*
Term Loan	Not Applicable	Not Applicable	Not Applicable	20.00	ACUITE BB Issuer not co-operating*
Term Loan	Not Applicable	Not Applicable	Not Applicable	2.12	ACUITE BB Issuer not co-operating*

Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	32.88	ACUITE BB Issuer not co-operating*
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*The issuer did not co-operate; Based on best available information.

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About Acuité Ratings & Research:

Acuité Ratings & Research Limited (Erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

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