

Press Release

Pahal Financial Services Private Limited

September 17, 2019



Rating Withdrawn

Total Bank Facilities Rated	Rs.60.00 Cr. #
Long Term Rating	ACUITE BB (Withdrawn)

Refer Annexure for details

Acuité has withdrawn the long-term rating of '**ACUITE BB**' (**read as ACUITE double B**) on the bank facilities of PAHAL FINANCIAL SERVICES PRIVATE LIMITED (PFPL). This rating withdrawal is in accordance with the Acuité's policy on withdrawal of rating.

The rating is being withdrawn on account of request received from the company and NOC from the bankers.

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. PFSPL lends under the Joint Liability Group (JLG) model to women and operates through 98 branches across Gujarat, Madhya Pradesh, Maharashtra, Rajasthan and Bihar. The company is led by Mr. Kartik Mehta and Mrs. Purvi J. Bhavsar.

Analytical Approach

Acuité has considered standalone business and financial risk profile of Pahal Financial Services Ltd.

About the Rated Entity - Key Financials

	Unit	FY19 (Actual)	FY18 (Actual)	FY17 (Actual)
Total Assets	Rs. Cr.	495.73	235.51	177.01
Total Income (Net of Interest Expense)	Rs. Cr.	42.60	16.52	16.32
PAT	Rs. Cr.	7.51	(6.57)	1.89
Net Worth	Rs. Cr.	55.88	29.27	25.66
Return on Average Assets (RoAA)	(%)	2.05	(3.18)	1.18
Return on Average Net Worth (RoNW)	(%)	17.64	(23.90)	9.11
Total Debt/Tangible Net Worth (Gearing)	Times	7.28	6.88	5.74
Gross NPAs	(%)	0.09	0.44	2.61
Net NPAs	(%)	0.05	0.22	1.31

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

None.

Any other information

None.

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>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
24-Jul-2019	Cash Credit	Long Term	5.00	ACUITE BB/ (Indicative)
	Term Loan	Long Term	20.00	ACUITE BB/ (Indicative)
	Term Loan	Long Term	2.12	ACUITE BB/ (Indicative)
	Proposed Term Loan	Long Term	32.88	ACUITE BB/ (Indicative)
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/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE BB (Withdrawn)
Term Loan	Not Applicable	Not Applicable	Not Applicable	20.00	ACUITE BB (Withdrawn)
Term Loan	Not Applicable	Not Applicable	Not Applicable	2.12	ACUITE BB (Withdrawn)
Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	32.88	ACUITE BB (Withdrawn)

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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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